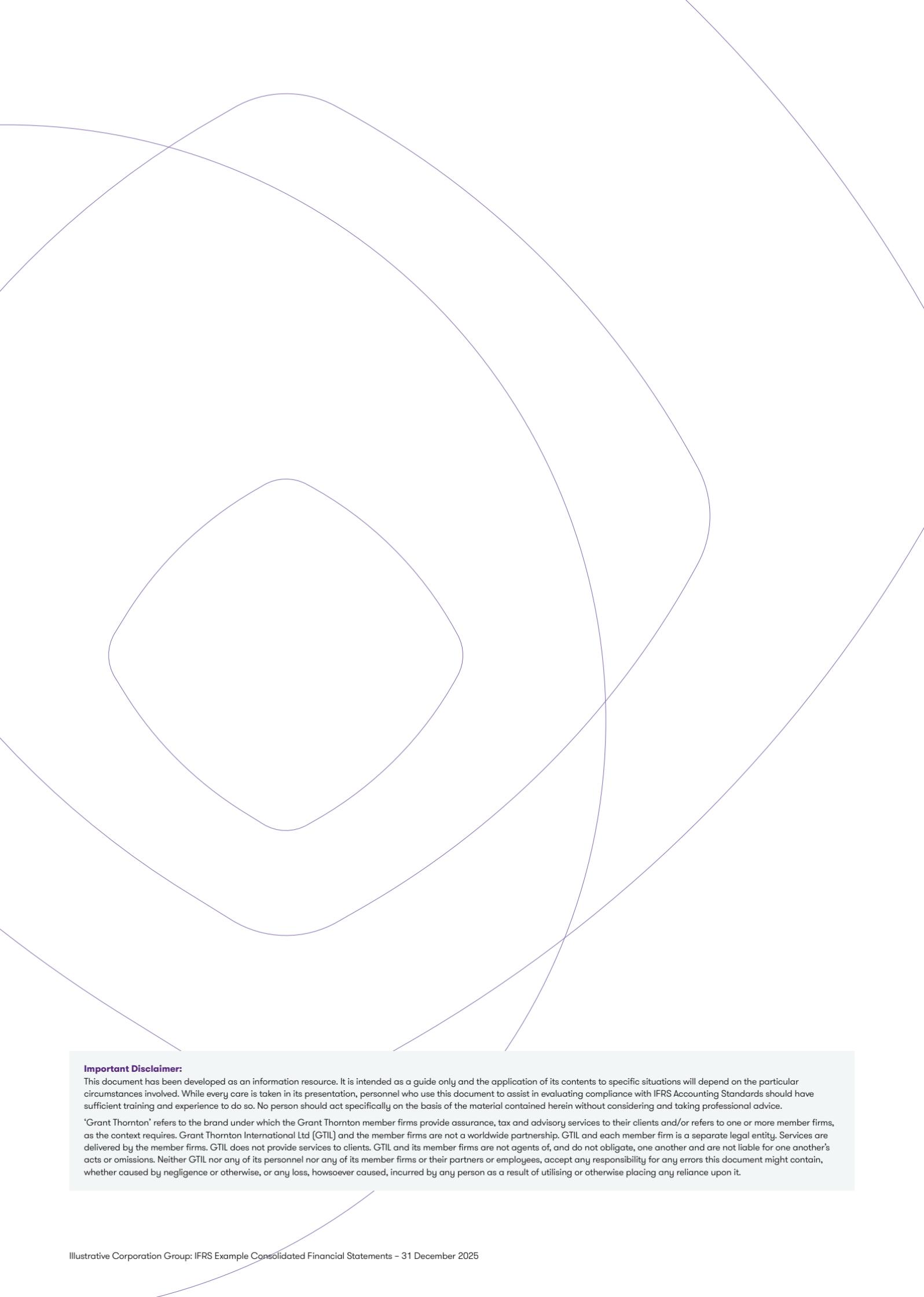


IFRS Example Consolidated Financial Statements 2025

with guidance notes





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Contents

Introduction	1		
IFRS Example Consolidated Financial Statements	7		
Consolidated statement of profit or loss	8	20 Disposal groups classified as held for sale and discontinued operations	83
Consolidated statement of other comprehensive income	9	21 Equity	84
Consolidated statement of financial position	10	22 Employee remuneration	86
Consolidated statement of changes in equity	12	23 Provisions	92
Consolidated statement of cash flows	13	24 Trade and other payables	93
Notes to the IFRS Example Consolidated Financial Statements	14	25 Contract and other liabilities	93
01 Nature of operations	15	26 Reconciliation of liabilities arising from financing activities	94
02 General information, statement of compliance with IFRS Accounting Standards and going concern assumption	16	27 Finance costs and finance income	95
03 New or revised Standards or Interpretations	17	28 Other financial items	95
04 Material accounting policies	20	29 Income tax expense	96
05 Acquisitions and disposals	50	30 Earnings per share and dividends	96
06 Interests in subsidiaries	53	31 Non-cash adjustments and changes in working capital	97
07 Investments accounted for using the equity method	55	32 Related party transactions	98
08 Revenue	57	33 Contingent liabilities	99
09 Segment reporting	59	34 Financial instruments risk	99
10 Goodwill	63	35 Fair value measurement	106
11 Other intangible assets	65	36 Capital management policies and procedures	111
12 Property, plant and equipment	67	37 Events after the reporting date	112
13 Leases	68	38 Authorisation of financial statements	112
14 Investment property	71	Appendices to the IFRS Example Consolidated Financial Statements	113
15 Financial assets and liabilities	72	Appendix A: Organising the statement of profit or loss by function of expenses	114
16 Deferred tax assets and liabilities	79	Appendix B: Statement of comprehensive income presented in a single statement	116
17 Inventories	80	Appendix C: IFRS 17 'Insurance contracts' for non-insurers, and warranties	118
18 Trade and other receivables	81	Appendix D: Effective dates of new IFRS Accounting Standards	120
19 Cash and cash equivalents	82		



Introduction

IFRS Example Consolidated Financial Statements 2025

The preparation of financial statements in accordance with IFRS Accounting Standards is challenging. Each year, new Standards and amendments are published by the International Accounting Standards Board ('IASB') with the potential to significantly impact the presentation of a complete set of financial statements, and 2025 is no different.

The member firms of Grant Thornton International Ltd ('GTIL') have extensive expertise in the application of IFRS Accounting Standards. GTIL, through its IFRS team, develops general guidance that supports its member firms' commitment to high quality, consistent application of IFRS Accounting Standards and is therefore pleased to share its insights by publishing 'IFRS Example Consolidated Financial Statements 2025' ('Example Financial Statements').

These Example Financial Statements are based on the activities and results of Illustrative Corporation and its subsidiaries ('the Group' or the 'Illustrative Corporation Group') – a fictional consulting, service and retail entity that has been preparing IFRS Accounting Standards consolidated financial statements for several years. The form and content of IFRS financial statements will always depend on the activities and transactions of the reporting entity. Our objective in preparing these Example Financial Statements is to illustrate financial reporting by an entity engaging in transactions that are typical across a range of non-specialist sectors.

About us

We're a network of independent assurance, tax and advisory firms, made up of 76,000 people in 156 markets. For more than 100 years, we have helped dynamic organisations realise their strategic ambitions. Whether you're looking to finance growth, manage risk and regulation, optimise your operations or realise stakeholder value, we can help you.

We've got scale, combined with local market understanding. That means we're everywhere you are, as well as where you want to be.

However, as with any publication of this type, these Example Financial Statements cannot envisage every possible transaction and therefore cannot be regarded as comprehensive. Management, as defined by the IASB, is ultimately responsible for the fair presentation of financial statements and therefore they may find other approaches more appropriate for the entity's specific circumstances.

These Example Financial Statements have been updated to reflect changes in IFRS Accounting Standards that are effective for the year ending 31 December 2025. No account has been taken of any new developments after **31 August 2025**.

Economic uncertainty

In the current environment, there are many economic, political and other uncertainties that can affect financial reporting. Potential examples include the Russia-Ukraine and the Israel-Hamas conflicts, rising inflation, changes to tariff regimes, natural disasters and any other major global events that could occur. Preparers of financial statements will need to perform a thorough risk assessment to determine which events or circumstances could have an impact or future impact on their financial reporting, and then assess where and in what form to disclose the impact within their financial statements in light of IFRS Accounting Standards as they currently exist. We believe it is important to not only comply with the guidance set out in IFRS Accounting Standards, but to also ensure the financial statements are an effective part of any wider communication the entity intends to share with its stakeholders. Refer to our article **Changing economic environments** for guidance on assessing the financial impact and disclosure requirements in relation to economic uncertainty. Our article focuses on the potential impact of recent changes to the import tariff regime in the United States of America (US), and the suspension of foreign development assistance by the US government, however the guidance can be applied to any geopolitical events giving rise to economic uncertainty.

Climate-related matters

Climate change is resulting in new and significant risks being assessed by many entities because of the impact it will have on their future activities and the economic sectors they operate in. It also creates opportunities for entities focused on climate-change mitigation and adaptation. Entities may be exposed to these risks and opportunities directly, or through third parties such as suppliers and customers beyond their direct operational control because of interconnected global value chains.

Climate change is accelerating, and so the consequences of increasing environmental risks and opportunities that are likely to impact entities' business models, financial performance, cashflows and financial position need to be reported on if they are material.

In this context, expectations from investors and other stakeholders for more transparency about the risks being identified and commitments being made to respond to climate change and its financial impact are strong.

This matter raises challenges for entities to assess and then disclose all the relevant information needed by users and investors so they can evaluate how climate-related matters impact the assumptions that were used to prepare financial statements.

What about climate change in the current IFRS Accounting Standards?

In November 2020, the IASB released educational material on the effects of climate-related matters on financial statements prepared applying IFRS Accounting Standards. This highlights how existing standards require entities to consider climate-related matters when the impact to the financial statements is material. The IASB provides a helpful, but non-exhaustive list of possible impacts of climate issues on financial statements (eg inventory valuation, fair value measurement, impairment test, etc). **The publication has since been updated in July 2023** and adds, among other things, an illustration relating to IFRS 17.

As stated by the IASB in this publication, "IFRS Accounting Standards do not refer explicitly to climate-related matters. However, companies must consider climate-related matters in applying IFRS Accounting Standards when the effect of those matters is material in the context of the financial statements taken as a whole". IAS 1 'Presentation of Financial Statements' contains relevant requirements when considering climate-related matters.¹ Hence, paragraph 112 requires entities to disclose information not presented elsewhere in the financial statements but that is relevant to an understanding of any of the financial statements. All material information must be disclosed and both

IAS 1 and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' state that information is deemed material if omitting, misstating or obscuring it could reasonably be expected to influence decisions of those referring to or using the Group's financial statements. Materiality must therefore be assessed on a quantitative and qualitative basis; accordingly, climate-related matters may be material, due to their nature, even if the numerical impact on financial statements is not material (see the IFRS Practice Statement 2 *Making Materiality Judgements*).

In March 2023, and in response to concerns expressed by stakeholders that information about the effect of climate-related risks is sometimes insufficient or appears to be inconsistent with information provided outside the financial statements, the IASB added to its work plan a project to explore targeted actions to improve the reporting of the effects of climate-related risks in the financial statements. The objective of this project is to determine whether and how financial statements could better communicate information about climate-related risks and extend to other uncertainties (eg due to changes in biodiversity) that could arise in the future.

In July 2024, the IASB published an Exposure Draft that proposed eight examples illustrating how an entity applies IFRS Accounting Standards to report the effects of climate related and other uncertainties in its financial statements.

At the date of the issue of this publication, the IASB has moved forward with its Exposure Draft, incorporating limited changes based on stakeholder feedback and in July 2025 issuing **near-final illustrative examples on reporting uncertainties**.

The examples aim to improve the reporting of the effects of climate-related and other uncertainties in the financial statements consistently with other information provided by an entity, without adding or changing requirements to the current IFRS Accounting Standards. They address three different areas: materiality judgements, disclosures about assumptions and other sources of estimation uncertainties and disaggregation of information (applying the new requirements set out in IFRS 18).

These examples are supposed to be sufficiently generic to apply to different fact patterns in several industries, and the principles and requirements illustrated could apply equally to other types of uncertainties. The disclosure requirements illustrated are not exhaustive to the fact patterns illustrated.

The illustrative examples will not have an effective date; however, the IASB expects that entities will be granted sufficient time to implement any changes to the information disclosed in their financial statements resulting from the issuance of these illustrative examples.

¹ Note that these requirements will be retained under IFRS 18 'Presentation and Disclosure of Financial Statements' (either within the new Standard or via amendments to IAS 8).

The IASB expects to issue the final illustrative examples in October 2025, and we encourage entities to pay close attention to them. By issuing an early near-final version of the examples, the IASB is aiming to ensure timely and informed application. More information about the IASB project 'Climate-related and Other Uncertainties in the Financial Statements' are available on the IASB website ([click here](#)).

These Example Financial Statements do not aim to provide exhaustive illustrative guidance on how climate-related matters could impact the preparation of financial statements and disclosures. Climate-related information contained within financial statements should always be entity specific, taking into account both the level of information and the nature of the impacts will have on the entity's business, the geographical areas it operates in, the type of work being undertaken, etc. Such assessment of the impact of climate change will inevitably be subject to change over time and so the nature and the level of disclosures should be continuously reassessed.

In response to a call from stakeholders for more transparency on climate-related matters and more connectivity between the non-financial reporting and the financial reporting, the International Sustainability Standards Board (ISSB) issued in June 2023 its first two Sustainability Disclosure Standards; IFRS S1 'General Requirements for Disclosure of Sustainability-related Financial Information' and IFRS S2 'Climate-related Disclosures'.

The ISSB encourages and promotes the need for a high level of consistency between information contained within and outside financial statements. Accordingly, we encourage preparers of IFRS Accounting Standards financial statements to carefully assess the relevance of assumptions and estimations used to prepare financial statements and information provided elsewhere (eg on decarbonisation plans, greenhouse gas (GHG) emissions etc) notably to fulfil requirements of the new ISSB Standards if they are applicable to the entity, or equivalent standards such as the European Sustainability Reporting Standards (ESRS).

Please also note that the IASB is intending to issue written educational materials about connectivity in financial reporting. The IASB also decided consult on the priority of additional work on connected financial reporting during its Fourth Agenda Consultation.

Lastly, we strongly suggest entities to consider recommendations of their local regulators when preparing their financial statements and assessing the nature and extent of information to disclose.

Using the Example Financial Statements

The Appendices illustrate an alternative presentation of the statement of profit or loss and the statement of comprehensive income and contain an overview of effective dates of new Standards.

For guidance on the Standards and Interpretations applied, reference is made to IFRS Accounting Standards sources throughout the Example Financial Statements on the left-hand side of each page.

The Example Financial Statements do not address any jurisdictional or regulatory requirements in areas such as management commentary, remuneration reporting or audit reporting. They also do not take into account any specific economic situations around the world.

Most importantly, these Example Financial Statements should not be used as a standalone disclosure checklist as facts and circumstances vary between entities and each entity should assess individually what information needs to be disclosed in its financial statements.

IFRS Taxonomy

The IFRS taxonomy reflects the presentation and disclosure requirements of the IFRS Standards issued by the IASB and includes elements from the accompanying materials to the IFRS Accounting Standards such as implementation guidance and illustrative examples. In addition, it contains elements for disclosures not specifically required by IFRS Accounting Standards but commonly reported in practice. The IFRS taxonomy is designed to improve communication between preparers and users of IFRS Accounting Standards financial statements by enabling preparers to tag required disclosures, making them easily accessible when viewing financial statements electronically. The IASB usually publishes the annual IFRS taxonomy in the first quarter of each year, and 2025 was no different. These are the high level changes that were made:

- 'IFRS 18 Presentation and Disclosure in Financial Statements' (**IFRS Accounting Taxonomy 2024—Update 1**)
- 'Contracts Referencing Nature-dependent Electricity' (**IFRS Accounting Taxonomy 2024—Update 2**), and
- 'IFRS 19 Subsidiaries without Public Accountability: Disclosures, Classification and Measurement of Financial Instruments and Annual Improvements to the IFRS Accounting Standards—Volume 11' (**IFRS Accounting Taxonomy 2024—Update 3**).

Grant Thornton International Ltd

September 2025



Events external to the entity

Disclosures outside financial statements

The financial statements are just one part of a reporting entity's communication with stakeholders. Depending on jurisdictional requirements, an annual report typically includes the financial statements, a management commentary and information about governance, strategy and business developments (often including corporate and social responsibility). It is important the annual report is considered holistically to ensure it delivers a consistent and coherent message to investors and other stakeholders ('users'), and this includes ensuring that events external to the entity's operations, such as the potential impacts of rising inflation or changes in tariff regimes, are taken into account.

IAS 1 acknowledges an entity may present, outside the financial statements, a financial review that describes and explains the main features of the organisation's financial performance (including cashflows) and financial position, both locally and internationally. Reports and statements presented outside financial statements are currently outside the scope of IFRS Accounting Standards.

Even though reports and statements outside financial statements are excluded from the scope of IFRS Accounting Standards, they are often not outside the scope of domestic regulation. If users are told what they need to know in a well-constructed and logical manner, it is highly likely the reporting entity will have done a great deal to comply and satisfy local regulatory requirements. In certain jurisdictions there may be certain reconciliations required between alternative performance measures (APMs – which are also often referred to as non-GAAP measures) and IFRS Accounting Standards.

Remember it is always important to make sure certain required information is placed either in the primary financial statements or in the notes to the financial statements. Particular attention should be given to making sure any disclosures placed outside the financial statements are not required by IFRS Accounting Standards to be included within the financial statements.

When reporting on the economic consequences of events external to the entity on the reporting entity, a key factor is considering whether the message communicated is consistent and coherent. It should always align with any narrative contained elsewhere in the annual report.

In our view, when drafting content for the annual report and the financial statements, preparers should question:

- what is important to the business and what are its main objectives?
- are these objectives consistent throughout the annual report?
- is the right level of emphasis being placed on disclosures relating to events external to the entity?
- are the messages about the impact of events external to the entity consistent?
- is the disclosure sufficient for the reader to be able to understand the impact of events external to the entity on the entity and assist them in making economic decisions?
- is the same terminology used in the financial statements and management commentary, including any APMs, that are being referred to? For example, if the statement of financial position is referred to as the balance sheet, is this title used consistently throughout the report – rather than switching between the two titles for the same primary financial statement?
- where the annual report includes APMs, have they all been properly reconciled to IFRS-based amounts included in the financial statements?
- if any changes have been made to assumptions in light of events external to the entity since the entity last reported or if any new assumptions have been made, has a full explanation of these changes and their impact on the financial statements been disclosed?

Complementary information not required by IFRS Accounting Standards

There may be occasions where financial statements refer to complementary information that is not required by IFRS Accounting Standards. This could be relevant in relation to information that is not necessary to comply with statutory or IFRS Accounting Standards requirements, where management wishes to refer to this additional data on the basis it complements the financial statements. Cross-referencing to external information is a way an entity can refer readers to complementary data outside the financial statements, eg on the Group's website, without cluttering the financial statements with immaterial information. An entity does not need to state that information is not required by IFRS Accounting Standards when providing the cross-reference, it should be obvious from the nature of the information.

Signposting to information outside the financial statements might include:

- standing data (eg share option terms set out in more granular detail than required to meet the disclosure requirements in IFRS 2 'Share-based Payment')
- additional information supporting financial statement disclosures (where the additional information is in excess of what is required to be disclosed by IFRS Accounting Standards), and
- other connected but not financial data.

In our view, only 'complementary' information, ie information not required to meet the disclosure requirements of IFRS Accounting Standards should be 'sign-posted' to data outside the annual report in this way.

Cross referencing – placement of information required by IFRS Accounting Standards outside the financial statements

There are certain specific instances where IFRS Accounting Standards state that disclosure requirements may be met by cross referencing to information outside the financial statements, for example information elsewhere in the annual report (eg IFRS 7.21B,35C, B6) or in a group entity's financial statements (IAS 19.150). We note that while the IASB previously considered including a general principle in IFRS Accounting Standards in relation to the placement of IFRS Accounting Standards information outside the financial statements, they chose not to develop guidance or requirements in relation to this. In general, information required by IFRS Accounting Standards to be included in the financial statements should be presented in the primary statements or disclosed in the notes, as there is a risk that if information required IFRS Accounting Standards is included elsewhere in the annual report by cross reference, this could cause fragmentation of disclosures, making it harder for users to find information. Any information required by IFRS Accounting Standards that is included in the annual report outside the financial statements should be clearly labelled, and cross referenced from the financial statements.



IFRS Example Consolidated Financial Statements

Illustrative Corporation Group
31 December 2025

Consolidated statement of profit or loss

For the year ended 31 December 2025

(expressed in thousands of Euroland currency units (CU), except per share amounts)

		Notes	2025	2024
IAS 1.51(c)				
IAS 1.51(d-e)				
IAS 1.82(a)	Revenue	8, 9	205,793	191,228
IAS 1.85	Other income		299	708
IAS 1.85	Changes in inventories		(7,923)	(6,815)
IAS 1.85	Costs of material		(42,535)	(39,420)
IAS 1.85	Employee benefits expense	22	(113,809)	(109,515)
IAS 1.85	Change in fair value of investment property	14	310	175
IAS 1.85	Depreciation, amortisation and impairment of non-financial assets		(9,993)	(8,881)
IAS 1.82(ba)	Impairment losses of financial assets and contract assets	34.2	(212)	(228)
IAS 1.85	Other expenses		(8,628)	(8,943)
	Operating profit		23,302	18,309
IAS 1.82(c)	Share of profit from equity accounted investments	7	391	141
IAS 1.82(b)	Finance costs	27	(3,939)	(3,993)
IAS 1.85	Finance income	27	964	885
IAS 1.85	Other financial items	28	943	1,182
	Profit before tax		21,661	16,524
IAS 1.82(d)	Tax expense	29	(6,794)	(4,888)
	Profit for the year from continuing operations		14,867	11,636
IAS 1.82(ea)	Loss for the year from discontinued operations	20	(9)	(325)
IAS 1.81A(a)	Profit for the year		14,858	11,311
	PROFIT FOR THE YEAR ATTRIBUTABLE TO:			
IAS 1.81B(a)(i)	Non-controlling interest	6.2	121	116
IAS 1.81B(a)(ii)	Owners of the parent		14,737	11,195
			14,858	11,311
		Notes	2025	2024
	Earnings per share	30		
IAS 33.67A	Basic earnings (loss) per share			
IAS 33.66	– From continuing operations		1.19	0.93
IAS 33.68A	– From discontinued operations		(0.00)	(0.03)
IAS 33.66	Total		1.19	0.90
IAS 33.67A	Diluted earnings (loss) per share			
IAS 33.66	– From continuing operations		1.19	0.93
IAS 33.68A	– From discontinued operations		(0.00)	(0.03)
IAS 33.66	Total		1.19	0.90

Guidance note

IAS 1 permits an entity to present a statement of profit or loss and comprehensive income as:

- a single statement with profit or loss and other comprehensive income presented in two sections, or
- two statements: a separate statement of profit or loss and a separate statement of other comprehensive income. If so, the separate statement of profit or loss shall immediately precede the statement presenting other comprehensive income, which shall begin with profit or loss (IAS 1.10A).

These Example Financial Statements illustrate a statement of profit or loss and other comprehensive income in two statements. A single statement presentation is shown in Appendix B.

This statement of profit or loss illustrates an example of the 'nature of expense' method. See Appendix A for a format illustrating the 'function of expense' or 'cost of sales' method.

There may be situations where additional line items, headings and subtotals need to be included. IAS 1.85 requires an entity to present such additional items (including the disaggregation of the line items listed in IAS 1.82) in the statements of profit or loss and other comprehensive income when such presentation is relevant to an understanding of the entity's financial performance.

IAS 1.85A requires any additional subtotals presented to be:

- comprised of line items made up of amounts recognised and measured in accordance with IFRS Accounting Standards
- presented and labelled in a manner that makes the line items that constitute the subtotal clear and understandable
- consistent from period to period
- no more prominent than the subtotals and totals required in IFRS Accounting Standards for the statement(s) presenting profit or loss and other comprehensive income.

This statement of profit or loss presents an operating profit subtotal, which is commonly seen but is not required or defined in IFRS Accounting Standards prior to adoption of IFRS 18. Where this subtotal is provided, the figure disclosed should include items that would normally be considered to be operating. It is inappropriate to exclude items clearly related to operations (eg inventory write-downs and restructuring and relocation expenses) on the basis they do not occur regularly or are unusual in amount, or to omit items on the basis they are 'non-cash' amounts, such as depreciation and amortisation (IAS 1.BC56).

This statement of profit or loss includes an amount representing the entity's share of profit from equity accounted investments (after tax and, if applicable, non-controlling interest).

Guidance note

If an entity additionally chooses to disclose amounts per share using a reported component of the statement of comprehensive income other than one required by IAS 33, this should be presented in the notes to the financial statements (IAS 33.73). Amounts per share based on such alternative earnings measures are not permitted to be disclosed on the face of the statement of comprehensive income or statement of profit or loss.

Consolidated statement of other comprehensive income

For the year ended 31 December 2025

(expressed in thousands of Euroland currency units (CU), except per share amounts)

Guidance note

IAS 1 requires the entity to disclose reclassification adjustments (amounts previously recognised in other comprehensive income that are reclassified to profit or loss) and related tax effects (IAS 1.90–1.92). These Example Financial Statements present reclassification adjustments and current year gains and losses relating to other comprehensive income in the statement of comprehensive income. An entity may instead present reclassification adjustments in the notes, in which case the components of other comprehensive income are presented after any related reclassification adjustments (IAS 1.94).

IAS 1.82A requires an entity to present line items of other comprehensive income for the period, classified by nature and grouped into those that (in accordance with other IFRS Accounting Standards):

- will not be reclassified subsequently to profit or loss, and
- will be reclassified subsequently to profit or loss when specific conditions are met.

IAS 1.82A requires the share of the other comprehensive income of associates and joint ventures accounted for using the equity method to be classified and presented in the same way.

IAS 1.90 permits a choice for disclosure of the amount of income tax relating to each component of other comprehensive income. In this example the entity presents components of other comprehensive income before tax with one amount shown for the aggregate amount of income tax relating to all components of other comprehensive income (IAS 1.91(b)). When an entity selects this alternative, it must allocate the tax between the items that might be reclassified subsequently to the profit or loss section and those that will not be reclassified subsequently to the profit or loss section.

Alternatively, an entity may present each component of other comprehensive income net of related tax effects (IAS 1.91(a)).

If the tax effect of each component of other comprehensive income is not presented in the statement of profit or loss and other comprehensive income, it is presented in the notes (IAS 1.90 – see Note 21.3).

	Notes	2025	2024
IAS 1.51(c) IAS 1.51(d-e)			
IAS 1.81A(a)	Profit for the year	14,858	11,311
OTHER COMPREHENSIVE INCOME:			
IAS 1.82A(a)(i)	Items that will not be reclassified subsequently to profit or loss		
IAS 16.77(f)	Revaluation of land	12	303
IAS 19.120(c)	Remeasurement of net defined benefit liability	22	3,830
IAS 1.90 IAS 1.91(b)	Income tax relating to items not reclassified	21.3	(1,240)
IAS 1.82A(a)(ii)	Items that will be reclassified subsequently to profit or loss		
	Cash flow hedging		
IFRS 7.24C(b)(i)	– current year gains (losses)	21.3	890
IAS 1.92 IFRS 7.24C(b)(iv)	– reclassification to profit (or loss)	21.3	(640)
IAS 21.52(b)	Exchange differences on translating foreign operations		(664)
IAS 1.82A(b)	Share of other comprehensive income of equity accounted investments	7	5
IAS 1.92	– reclassification to profit (or loss)		(3)
IAS 1.90 IAS 1.91(b)	Income tax relating to items that will be reclassified	21.3	176
IAS 1.81A(b)	Other comprehensive income for the year, net of tax	2,657	(2,897)
IAS 1.81A(c)	Total comprehensive income for the year	17,515	8,414
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO:			
IAS 1.81B(b)(i)	Non-controlling interest	121	116
IAS 1.81B(b)(ii)	Owners of the parent	17,394	8,298
		17,515	8,414

Guidance note

Below are the common examples of other comprehensive income items that:

- Will not be reclassified subsequently to profit or loss:
 - Revaluation gains or losses pertaining to property and equipment and intangible assets (IAS 16.39-40 and IAS 38.85-86)
 - Remeasurements of net defined benefit liabilities (assets) (IAS 19.120(c))
 - Remeasurement gains or losses on equity instruments at fair value through other comprehensive income (IFRS 7.20(a)(vii), IFRS 9.5.7.5 and IFRS 9.5.7.1(b))
 - Changes in the fair value that is attributable to changes in the liability's credit risk for particular liabilities designated as at fair value through profit or loss (IFRS 7.20(a)(i), IFRS 9.5.7.1(c), and IFRS 9.5.7.7(a))
- Will be reclassified subsequently to profit or loss when specific conditions are met:
 - Exchange differences from translation of financial statements of foreign operations (IAS 21.48)
 - Remeasurement gains or losses on debt instruments at fair value through other comprehensive income (IFRS 7.20(a)(viii), IFRS 9.5.7.1(d) and IFRS 9.5.7.10)
 - Effective portion of gains or losses on hedging instruments in a cash flow hedge (IFRS 7.24C(b) and IFRS 9.6.6.4)
 - Changes in the value of the time value of options, in the value of the forward elements of forward contracts and in the value of the foreign currency basis spread of financial instruments, where these are not included in the designation of the related instruments as hedging instruments (IFRS 9.6.5.15 and IFRS 9.6.5.16).

Consolidated statement of financial position

as at 31 December 2025

(expressed in thousands of Euroland currency units (CU), except per share amounts)

IAS 1.51(c) IAS 1.51(d-e)	Notes	31 Dec 2025	31 Dec 2024
ASSETS			
IAS 1.60 IAS 1.66-67	Non-current		
IAS 1.55	Goodwill	10	5,041
IAS 1.54(c)	Other intangible assets	11	17,424
IAS 1.54(a)	Property, plant and equipment	12	18,606
	Right-of-use assets	13	29,534
IAS 1.54(e)	Investments accounted for using the equity method	7	860
IAS 1.54(b) IFRS 16.48	Investment property	14	12,662
IAS 1.55	Other long-term assets	8	185
IAS 1.54(d)	Other long-term financial assets	15.1	4,051
IAS 1.54(o) IAS 1.56	Deferred tax assets	16	1,036
	Non-current assets	89,399	84,063
IAS 1.60 IAS 1.66	Current		
IFRS 5.38 IAS 1.54(j)	Assets included in disposal group classified as held for sale	20	103
IAS 1.54(g)	Inventories	17	18,298
IAS 1.55	Prepayments and other short-term assets	8	406
IAS 1.54(h)	Trade and other receivables	18	32,720
IAS 1.54(d) IAS 1.55	Derivative financial instruments	15.4 15.1	716
IAS 1.54(d)	Other short-term financial assets	15.1	655
IAS 1.54(i)	Cash and cash equivalents	19	34,729
	Current assets	87,627	58,668
IAS 1.55	Total assets	177,026	142,731

Guidance note:

These Example Financial Statements use the terminology in IAS 1. However, an entity is permitted to use other titles (eg 'balance sheet' instead of 'statement of financial position') for the statements identified in IAS 1 (IAS 1.10).

IAS 1.38A requires an entity to present, at a minimum, two statements of financial position, two statements of profit or loss and other comprehensive income, two statements of cash flows, two statements of changes in equity and related notes. These statements and related notes should be prepared for the current period and prior period.

In addition, IAS 1.10(f) and IAS 1.40A require an entity to present a third statement of financial position as at the beginning of the preceding period if:

- it applies an accounting policy retrospectively, makes a retrospective restatement of items in its financial statements or reclassifies items in the financial statements, and
- the retrospective application, retrospective restatement or the reclassification has a material effect on the information in the statement of financial position at the beginning of the preceding period.

An entity can also elect to include additional comparative information (such as a third statement of financial position) as long as that information is prepared in accordance with IFRS Accounting Standards (IAS 1.38C). When the additional comparative information includes one or more of the statements identified in IAS 1.10, an entity must also present related note information.

In contrast, IAS 1.40C states an entity that is required to present a third statement of financial position at the beginning of the preceding period does not need to present the related notes for that statement.

The consolidated statement of financial position reflects the separate classification of current and non-current assets and liabilities. When presentation based on liquidity is reliable and more relevant, the entity instead presents assets and liabilities in order of liquidity (IAS 1.60). Regardless of which method is used, the entity shall disclose the amount expected to be recovered or settled after more than 12 months for each asset and liability line item that combines amounts expected to be recovered or settled within and after more than 12 months (IAS 1.61).

Consolidated statement of financial position

as at 31 December 2025

(expressed in thousands of Euroland currency units (CU), except per share amounts)

IAS 1.51(c) IAS 1.51(d-e)	Notes	31 Dec 2025	31 Dec 2024	
	EQUITY AND LIABILITIES			
	EQUITY			
	Equity attributable to owners of the parent			
IAS 1.54(r)	Share capital	21.1	13,770	12,000
IAS 1.78(e)	Share premium	21.2	19,645	3,050
IAS 1.78(e)	Other components of equity	21.3	2,265	(392)
IAS 1.54(r)	Retained earnings		49,076	37,041
	Equity attributable to owners of the parent		84,756	51,699
IAS 1.54(q)	Non-controlling interest		713	592
IAS 1.55	Total equity		85,469	52,291
	LIABILITIES			
IAS 1.60 IAS 1.69	Non-current			
IAS 1.55	Pension and other employee obligations	22.3	11,632	14,835
IAS 1.54(m)	Borrowings	15.5	21,070	21,265
IFRS 16.47(b)	Lease liabilities	13	31,194	33,003
IAS 1.54(o) IAS 1.56	Deferred tax liabilities	16	2,939	340
IAS 1.55	Other liabilities	25	620	–
	Non-current liabilities		67,455	69,443
IAS 1.60 IAS 1.69	Current			
IFRS 5.38 IAS 1.54(p)	Liabilities included in disposal group classified as held for sale	20	–	449
IAS 1.54(l)	Provisions	23	1,215	3,345
IAS 1.55	Pension and other employee obligations	22.3	221	303
IAS 1.54(m)	Borrowings	15.5	4,815	3,379
IFRS 16.47(b)	Lease liabilities	13	2,522	2,506
IAS 1.54(k)	Trade and other payables	24	8,497	6,550
IAS 1.54(n)	Current tax liabilities		4,174	930
IAS 1.54(m)	Derivative financial instruments	15.4	–	160
IAS 1.55	Contract and other liabilities	25	2,658	3,375
	Current liabilities		24,102	20,997
IAS 1.55	Total liabilities		91,557	90,440
IAS 1.55	Total equity and liabilities		177,026	142,731

Consolidated statement of changes in equity

For the year ended 31 December 2025

(expressed in thousands of Euroland currency units (CU), except per share amounts)

IAS 1.51(c) IAS 1.51(d-e)	Notes	Share capital	Share premium	Other components of equity	Retained earnings	Total attributable to owners of parent	Non-controlling interest	Total equity
IAS 1.106(d)	Balance at 1 January 2025	12,000	3,050	(392)	37,041	51,699	592	52,291
	Dividends	30	-	-	(3,000)	(3,000)	-	(3,000)
	Issue of share capital on exercise of employee share options	22.2	270	1,415	-	1,685	-	1,685
	Employee share-based compensation	22.2	-	-	298	298	-	298
	Issue of share capital on private placement	21.1	1,500	15,180	-	16,680	-	16,680
IAS 1.106(d)(iii)	Transactions with owners	1,770	16,595	-	(2,702)	15,663	-	15,663
IAS 1.106(d)(i)	Profit for the year	-	-	-	14,737	14,737	121	14,858
IAS 1.106(d)(ii) IAS 1.106A	Other comprehensive income	21.3	-	2,657	-	2,657	-	2,657
IAS 1.106(a)	Total comprehensive income for the year	-	-	2,657	14,737	17,394	121	17,515
	Balance at 31 December 2025	13,770	19,645	2,265	49,076	84,756	713	85,469
IAS 1.106(d)	Balance at 1 January 2024	12,000	3,050	2,505	25,380	42,935	476	43,411
	Employee share-based compensation	22.2	-	-	466	466	-	466
IAS 1.106(d)(iii)	Transactions with owners	-	-	-	466	466	-	466
IAS 1.106(d)(i)	Profit for the year	-	-	-	11,195	11,195	116	11,311
IAS 1.106(d)(ii) IAS 1.106A	Other comprehensive income	21.3	-	(2,897)	-	(2,897)	-	(2,897)
IAS 1.106(a)	Total comprehensive income for the year	-	-	(2,897)	11,195	8,298	116	8,414
	Balance at 31 December 2024	12,000	3,050	(392)	37,041	51,699	592	52,291

Guidance note

IAS 1.106 provides a list of items to be presented in the statement of changes in equity. An entity may present the required reconciliations for each component of other comprehensive income either in:

- the statement of changes in equity or
- the notes to the financial statements (IAS 1.106A).

The Example Financial Statements present the reconciliations for each component of other comprehensive income in the notes to the financial statements (see Note 21.3). This reduces duplicated disclosures and allows the overall changes in equity to be presented more clearly in the statement of changes in equity.

IFRS 2 requires an entity to recognise equity-settled share-based payment transactions as changes in equity but does not specify how this is presented, that is, in a separate reserve within equity or within retained earnings. In our view, either approach is allowed under IFRS (although this may be subject to local regulations in some jurisdictions). In these Example Financial Statements, the changes in equity are credited to retained earnings.

Consolidated statement of cash flows

For the year ended 31 December 2025

(expressed in thousands of Euroland currency units (CU), except per share amounts)

IAS 1.51(c) IAS 1.51(d-e)	Notes	2025	2024
IAS 7.10	OPERATING ACTIVITIES		
	Profit before tax	21,661	16,524
	Non-cash adjustments	31 12,519	12,017
	Contributions to defined benefit plans	(1,186)	(1,273)
	Net changes in working capital	31 (2,032)	4,189
	Settling of derivative financial instruments	586	716
IAS 7.35	Taxes paid	(1,978)	(7,229)
	Net cash from operating activities	29,570	24,944
IAS 7.10	INVESTING ACTIVITIES		
	Purchase of property, plant and equipment	(76)	(3,281)
	Proceeds from disposal of property, plant and equipment	86	–
	Purchase of other intangible assets	(3,746)	(3,313)
	Proceeds from disposal of other intangible assets	809	–
	Acquisition of subsidiaries, net of cash acquired	5 (15,491)	(12,075)
IAS 7.39	Proceeds from sale of subsidiaries, net of cash sold	6.3 3,117	–
	Proceeds from disposal and redemption of non-derivative financial assets	196	73
IAS 7.31	Interest received	655	447
IAS 7.31	Dividends received	27 69	21
IAS 7.35	Taxes paid	(244)	(140)
	Net cash used in investing activities	(14,625)	(18,628)
IAS 7.10	FINANCING ACTIVITIES		
	Proceeds from borrowings	26 1,449	8,300
	Repayment of borrowings and leasing liabilities	26 (5,571)	(2,147)
	Proceeds from issue of share capital	18,365	–
IAS 7.31	Interest paid	26 (3,314)	(3,340)
IAS 7.31	Dividends paid	30 (3,000)	–
	Net cash from (used in) financing activities	7,929	2,813
IAS 7.45	Net change in cash and cash equivalents	22,874	9,489
	Cash and cash equivalents, beginning of year	11,141	1,609
IAS 7.28	Exchange differences on cash and cash equivalents	60	43
	Cash and cash equivalents, end of year	34,075	11,141
	Cash and cash equivalents included in disposal group	20 –	(22)
IAS 7.45	Cash and cash equivalents for continuing operations	34,075	11,119

Guidance note

IAS 7 'Statement of Cash Flows' paragraph 18 allows an entity to prepare their cash flow statement using either the direct method or the indirect method. While IAS 7.19 encourages the use of the direct method, practice varies, and an entity might find it easier to apply the indirect method. These Example Financial Statements present a cash flow statement using the indirect method whereby profit or loss is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments, and items of income or expense associated with investing or financing cash flows. If the direct method was applied, an entity would disclose major classes of gross cash receipts and gross cash payments.

A statement of cashflows is required to present cash flows from total operations, including cash flows from continuing and discontinued operations. These Example Financial Statements do not disaggregate cashflows into cashflows from continuing and discontinued operations on the face of the statement of cash flows. Instead, the net cash flows attributable to the operating, investing and financing activities of discontinued operations are disclosed in the notes (Refer to note 20). An alternative would be to present the net cash flows attributable to the operating, investing and financing activities of discontinued operations on the face of the statement of cash flows (IFRS 5.33(e)).

Notes to the IFRS Example Consolidated Financial Statements

Illustrative Corporation Group
For the year ended 31 December 2025
(expressed in thousands of Euroland currency units (CU),
except per share amounts)

Guidance note

IAS 1 sets out the basic principles governing the form and content of financial statements and related notes. The notes shall be presented in a systematic manner, and disclose information about the specific accounting policies used, the basis of preparation of the financial statements and any other information either required by other IFRS, or necessary to the understanding of the statements (IAS 1.113 and IAS 1.117).

An entity applies materiality when preparing the financial statements, and there is no need to disclose immaterial information even when it is explicitly required by an IFRS (IAS 1.31). An entity should apply judgement when determining the best way to present the notes to the financial statements and should consider how decisions made will impact the understandability and comparability of the financial statements (IAS 1.113).

For convenience, these Example Financial Statements generally follow the order suggested by IAS 1.114(c) although we encourage an entity to consider alternatives that may enhance the understandability of the financial statements to readers. For example, in recent years there has been a growing trend towards integrating information about accounting policies and significant judgements and estimates with the related notes.

While a traditional narrative format has been adopted for use in these Example Financial Statements, an entity should consider whether alternative presentation formats (such as presenting the information in a table) would enhance readers' understanding.

1. Nature of operations

IAS 1.51(a)
IAS 1.138(b)

The principal activities of Illustrative Corporation Ltd and subsidiaries (the Group) include selling of telecommunications hardware and software, related after-sales service, consulting and the construction of telecommunications systems. These activities are grouped into the following service lines:

- **retail** – focusing on the sale of the Group's proprietary hardware and software products and related customisation and integration services
- **after-sales service** – providing fixed-price maintenance of extended warranty agreements to the Group's retail customers
- **consulting and outsourcing** – advising companies on telecommunications systems strategies and IT security, and providing IT outsourcing services including payroll and accounts payable transaction processing
- **construction** – providing customers with complete telecommunications systems solutions from design to development and installation.

Guidance note: The notes to these Example Financial Statements only include disclosures relevant to the fictitious entity Illustrative Corporation Ltd and its subsidiaries, collectively referred to as the Illustrative Corporation Group. IFRS Accounting Standards may require different or additional disclosures in other situations. Disclosures should always be tailored to reflect an entity's specific facts and circumstances.

2. General information, statement of compliance with IFRS Accounting Standards and going concern assumption

Going concern assessment in times of economic uncertainty

IAS 1 contains guidance related to the going concern assumption and outlines when financial statements are prepared on the assumption the entity will continue as a going concern. IAS 1 explicitly states at each reporting date, management is required to assess the entity's ability to continue as a going concern and consider all available information about the future, which is for a period of at least, but not limited to, 12 months from the annual reporting date. Management should consider a wide range of factors, such as: current and expected profitability, debt repayment schedules and potential sources of replacement financing, and their ability to continue to provide services. If management concludes the entity may be liquidated (either by choice or because it has no realistic alternative but to do so) within 12 months from the end of the reporting period, the going concern assumption would not be appropriate and the financial statements may have to be prepared on another basis, such as a liquidation basis. For more information, refer to our IFRS Viewpoint '**Preparing financial statements when the going concern basis is not appropriate**'. If there is material uncertainty about the entity's ability to continue as a going concern, the entity should include going concern disclosure in the notes to its financial statements.

Because the assessment regarding an entity's ability to continue as a going concern covers a period no less than 12 months from the annual reporting date, all events that occur during an entity's subsequent events period should be considered when evaluating whether there is significant doubt about the entity's ability to continue as a going concern. In other words, even if events during the subsequent events period are not considered adjusting subsequent events, they should still be incorporated into the going concern assessment. Furthermore, events or conditions that cast significant doubt on an entity's ability to continue as a going concern should be disclosed if there are material uncertainties or if a significant amount of judgement is involved in reaching the conclusion about whether the going concern assumption is appropriate. IFRS Interpretations Committee (IFRIC) agenda decisions from **July 2010** and **July 2014** should also be taken into consideration here. For further guidance on the disclosure requirements in relation to going concern, please see the **IASB's educational materials on going concern**.

We recommend caution when considering the relevant period of assessment for going concern. There has been modification to the auditing standards at a local level in some jurisdictions, including Australia, New Zealand and the UK. They stipulate the auditor must ensure that management has considered a period of no less than 12 months from the date of approval of the financial statements.

The impact of the current environment of economic uncertainty, arising from geopolitical events and conflict, and changes in individual governments' fiscal and economic policies, including the US tariff regime, can be far reaching and difficult to predict, and as a result it is important to critically assess the potential impact on the entity's ability to continue as a going concern. For examples of disclosures where there is significant doubt about an entity's ability to continue as a going concern, refer to our article **Changing economic environments**.

Climate guidance: Climate-related matters may create material uncertainties that may cast significant doubts upon the entity's ability to continue as a going concern (eg due to a new environmental regulation that negatively affects its business model) and that may require additional disclosures in the financial statements (see above). Additional information about any judgement made by management is also required even though it has been concluded that there were no material uncertainties that require disclosure if reaching that conclusion involved significant judgement (eg about the feasibility and effectiveness of any planned mitigation).

IAS 1.138(a)
IAS 1.138(c)

Illustrative Corporation Ltd (Illustrative Corporation), the Group's ultimate parent company, is a limited liability company incorporated and domiciled in Euroland. Its registered office and principal place of business is 149 Great Place, 40237 Greatville, Euroland. Illustrative Corporation's shares are listed on the Greatstocks Stock Exchange.

IAS 1.16
IAS 1.51(b)
IAS 1.25

The consolidated financial statements of the Group have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB). They have been prepared under the assumption the Group operates on a going concern basis, which assumes the Group will be able to discharge its liabilities as they fall due. In confirming the validity of the going concern basis of preparation, the Group has considered the following specific factors:

- the Group reported a profit of CU 14,858 for the year and had an excess of current assets over current liabilities of CU 63,525
- the Group generated positive operating cash flows of CU 29,570 in the current period
- as disclosed in Note 34.3, liquidity needs of the Group are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for a 180-day and a 360-day lookout period are identified monthly. Net cash requirements are compared to available borrowing facilities in order to determine headroom or any shortfalls. This analysis shows that available borrowing facilities are expected to be sufficient over the lookout periods, which is typically 12 months from the date of authorisation of these financial statements
- management prepares an annual budget and longer-term strategic plan, including an assessment of cash flow requirements, and continues to monitor actual performance against budget and plan throughout the reporting period.

Based on these factors, management has a reasonable expectation that the Group has and will have adequate resources to continue in operational existence for the foreseeable future.

IAS 1.51(c)
IAS 10.17

The consolidated financial statements for the year ended 31 December 2025 (including comparatives) were approved and authorised for issue by the board of directors on 1 March 2026 (see Note 38). Under the Security Regulations Act of Euroland, amendments to the financial statements are not permitted after approval.

3. New or revised Standards or Interpretations

Guidance note: The discussion of the initial application of IFRS Accounting Standards only needs to be disclosed in the first financial statements after the new or revised Standards have been adopted by the entity.

3.1 New Standards adopted as at 1 January 2025

Guidance note: Included in this note are amendments that have a significant impact on these Example Financial Statements, and therefore detailed disclosures have been made as required by IAS 8.28. For 2025, there are none to be disclosed.

Some accounting pronouncements which have become effective from 1 January 2025 and have therefore been adopted do not have a significant impact on the Group's financial results or position.

Guidance note: As illustrated above, IAS 8.28 requires an entity to disclose detailed information on certain Standards that have been applied for the first time in the current period. Other Standards and amendments that are effective for the first time in 2025 (for an entity with a 31 December 2025 year-end) and could be applicable to the Group are:

- Lack of Exchangeability (Amendments to IAS 21)

These amendments do not have a significant impact on these Example Financial Statements and therefore the disclosures have not been made. However, whilst they do not affect these Example Financial Statements they will impact some entities. An entity should assess the impact of these amendments on their financial statements based on their own facts and circumstances and make appropriate disclosures.

3.2 Standards, amendments and interpretations to existing Standards that are not yet effective and have not been adopted early by the Group

Guidance note: IAS 8.30 requires an entity to disclose Standards issued but not yet effective that they will apply in the future. As part of this disclosure an entity must provide known or reasonably estimable information relevant to assessing the possible impact the new IFRS will have on their financial statements in the period of initial application. For new or amended IFRS or Interpretations that are expected to have a material impact, an entity should consider disclosing the title of the new IFRS Standard, the nature of the expected change in accounting policy, the effective date of the Standard, and the date at which the entity intends to first apply the Standard (IAS 8.31). Where there is not expected to be a material impact, it is not necessary to do this, and doing so may actually contribute to disclosure overload.

The adoption of IFRS 18 'Presentation and Disclosure in Financial Statements', effective for periods commencing on or after 1 January 2027, is expected to have a material impact on the presentation of these Example Financial Statements, and therefore relevant disclosures are included below.

These disclosures reflect the situation where management is still in the process of identifying the possible impact of IFRS 18. Depending on where management are in this process, it may be possible to provide further information about the possible impact of applying IFRS 18.

Other Standards and amendments that are not yet effective and have not been adopted early by the Group include:

- Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and 7)
- Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7)
- Annual Improvements to IFRS Accounting Standards—Volume 11
- IFRS 19 'Subsidiaries without Public Accountability: Disclosures'
- Amendments to IFRS 19 'Subsidiaries without Public Accountability: Disclosures'

These Standards and amendments are not expected to have a significant impact on the financial statements in the period of initial application and therefore no disclosures have been made. However, whilst they do not affect these Example Financial Statements, they will impact some entities. An entity should assess the anticipated impact of these new Standards and amendments on their financial statements based on their own facts and circumstances and make appropriate disclosures.

IAS 8.30
IAS 8.31

At the date of authorisation of these consolidated financial statements, several new, but not yet effective, Standards and amendments to existing Standards, and Interpretations have been published by the IASB or IFRIC. None of these Standards or amendments to existing Standards have been adopted early by the Group and no Interpretations have been issued that are applicable and need to be taken into consideration by the Group at either reporting date.

Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement.

In April 2024, the IASB issued IFRS 18, which replaces IAS 1 'Presentation of Financial Statements'. Although IFRS 18 includes many of the requirements of IAS 1, it introduces new requirements to better structure financial statements and to provide more detailed and useful information to investors, including:

- two new subtotals defined in the statement of profit or loss, namely (1) operating profit and (2) profit or loss before financing and income taxes
- the classification of all income and expenses within the statement of profit or loss in one of five categories
- a new requirement to disclose performance measures defined by management, and
- an improvement in the principles related to the aggregation and disaggregation of information in the financial statements and accompanying notes.

Some of the disclosure requirements previously contained in IAS 1 have been transferred to IAS 8 without any material changes. This applies in particular to disclosures on accounting policies and sources of estimation uncertainty. As a result of these changes, IAS 8 will be renamed 'Basis of Preparation of Financial Statements'.

The publication of IFRS 18 also results in consequential amendments to other IFRS Accounting Standards, including IAS 7.

IFRS 18 is effective for annual periods beginning on or after 1 January 2027, with earlier application permitted. IFRS 18 will be applied retrospectively with specific transitional provisions.

The Group is currently working to identify all of the impacts that IFRS 18 will have on the primary financial statements and notes to the financial statements.

Other new Standards, amendments and Interpretations not adopted in the current year have not been disclosed as they are not expected to have a material impact on the Group's consolidated financial statements.

4. Material accounting policies

Guidance note: An entity should disclose its material accounting policies. The guidance in IAS 1.117 states that accounting policies are material and must be disclosed if they can reasonably be expected to influence the decisions of users of the financial statements. Additionally:

- a accounting policies related to quantitatively immaterial transactions or events may need to be disclosed due to the nature of the transaction, event or condition
- b if a user of the financial statements would need information on an accounting policy in order to understand other material information in the financial statements, the accounting policy would be considered material
- c information specific to the entity and how they have applied IFRS requirements to their own circumstances is more useful than standardised information
- d if immaterial information is disclosed, it must not obscure material accounting policy information
- e if an entity concludes that an accounting policy is not material, this does not change the disclosures required by other IFRS Accounting Standards.

Deciding which accounting policies are material requires judgement. As noted in (a) above, the nature of the facts and circumstances surrounding a specific transaction may cause an accounting policy to be qualitatively material even if the amounts involved are not material. In accordance with IAS 1.117B, accounting policy information is likely to be material if it relates to a material transaction, event or condition, and:

- the entity has changed its accounting policy during the reported period and this resulted in a material change to financial statement information
- the policy was selected among alternatives provided by the relevant Standard
- the policy was developed for a type of transaction not covered by IFRS Accounting Standards in accordance with IAS 8
- there was significant judgement or estimation uncertainty involved in applying the policy, or
- the accounting is complex and disclosing the policy would assist users in understanding particular material transactions or events.

We recommend an entity makes their accounting policy disclosures clear and specific as these will add value and insight to the users. Entity-specific accounting policy disclosures:

- explain how the entity applies the policy
- are written in plain English so are easy to understand
- are up-to-date in terms of IFRS Accounting Standards' requirements and the business, and
- state if an accounting policy choice was made from the Standard and why this choice was made.

4.1 Basis of preparation

IAS 1.27
IAS 1.51(d-e)
IAS 1.53

The Group's consolidated financial statements have been prepared on an accruals basis and under the historical cost convention except for the revaluation of properties, investments and derivatives. Monetary amounts are expressed in Euroland currency (CU) and are rounded to the nearest thousands, except for earnings per share.

4.2 Basis of consolidation

IFRS 10.B92
IAS 1.51(c)

The Group's financial statements consolidate those of the parent company and all of its subsidiaries at 31 December 2025. All subsidiaries have a reporting date of 31 December.

IAS 1.117(c)	Guidance note: During the previous reporting period, the Group assessed whether the basis of consolidation policy note met the requirements of a material accounting policy following the amendments to IAS 1, effective for annual reporting periods beginning on or after 1 January 2023, and determined that some information in the policy note could be considered to be information that only duplicates or summarises the requirements of IFRS 10 'Consolidated Financial Statements'. As a result, the policy note was revised to exclude this information and to be more specific to the entity's circumstances. For comparison purposes, the text below contains the equivalent basis of consolidation note before the revisions as a result of the amendments to IAS 1.
IFRS 10.B92 IAS 1.51(c)	The Group's financial statements consolidate those of the parent company and all of its subsidiaries at 31 December 2025. All subsidiaries have a reporting date of 31 December.
IFRS 10.B86(c)	All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a Group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.
IFRS 10.B88	Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.
IFRS 10.22 IFRS 10.B94	The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests.

4.3 Climate-related matters

Climate guidance: Inclusion of material climate-related information together with a description of management's assessment of their impact on the financial statements (both current and potential future effects on companies' financial performance, financial position and cash flows) is key to helping users of financial statements understand how climate-related risks and opportunities impact the reporting entity.

Even if the effects of climate-related matters are quantitatively insignificant (eg because the entity has assessed that there is no impact on the financial position and financial performance at the reporting date), the entity should also consider qualitative factors to assess whether and what information should be disclosed (eg considering the level and/or nature of information provided outside the financial statements, such as information disclosed about a climate-related transition plan). For instance, where the entity operates in an industry that is particularly exposed to climate-related risk which creates an expectation that this may impact the ongoing activities of the entity, information about the reasons why management concluded that it has no effect in the short, medium or long term on performance and financial position may be useful and relevant for the users.

Entities should provide information about the significant assumptions, judgements and estimates expected to be impacted by climate-related matters. Major sources of estimation uncertainty should also be disclosed (eg uncertainties related to changes in environmental regulations).

These requirements arise from specific disclosure requirements in IFRS Accounting Standards (eg applying IAS 36 to disclose key assumptions and sensitivity analysis in measuring the value in use of a material cash-generating unit (CGU) with goodwill), and of the general disclosure requirements in IAS 1 about assumptions made and other major sources of estimation uncertainties. Applying IAS 1.31, an entity shall also provide additional disclosures when it is necessary to enable users of financial statements to understand the impact—or the absence of impact—of transactions, other events and conditions on the entity's financial statement.

Climate guidance continued: Judgements used in the materiality assessment to determine what disclosures to provide in the financial statements should be reassessed at each reporting date.

Furthermore, the effects of climate-related risks on financial statements are entity specific, and depending on the entity, can be pervasive. The level of disclosures required will depend on the business of the entity, its organisation, sector, geographical localisation, commitments made, etc. Information in relation to climate-related risks presented in the financial statements should also be consistent with information provided in other general purpose financial reports (see above for the work of the IFRS Foundation on connectivity).

This article may be useful in understanding how climate change is impacting financial statements.

In this publication, the Group Illustrative Corporation considered that the primary users of its financial statements might reasonably expect quantitative effects of its detailed transition plan that had been communicated in a general-purpose financial report outside the financial statements (eg due to future investment needed). In the case illustrated in this publication, even if the industry in which the Group operates is generally not expected to be significantly affected by climate changes, users of the financial statements could expect the energy consumption of data centres operated by the Group to be significant. The management considered this information in assessing the materiality of the information about climate-related matters that would be required to be disclosed.

Accounting for carbon credits and other environmental credits

There is currently no specific guidance under IFRS Accounting Standards for the recognition of carbon credits and other environmental credits, irrespective of whether they are acquired within:

- A compliance scheme (an example is a 'cap-and-trade' scheme where a government sets a limit on the overall level of GHG emission of an entity and distributes emission-units (allowances) to the participating entity which is authorised to buy or sell those units; at the end of a specified period, the entity is required to deliver emission-units equal to its actual emissions).
- A voluntary scheme in order to offset its carbon emissions by acquiring carbon credits.

Generally, IFRS Accounting Standards do not contain any specific requirements regarding the accounting for emission trading schemes.

The IFRIC received a request to clarify whether an entity's expenditures for carbon credits meet the requirements in IAS 38 'Intangible Assets' to be recognised as intangible assets. In March 2025, the IFRIC decided not to consider this question, as the IASB has separately been carrying out research on pollutant pricing mechanisms (PPMs), including the use of carbon credits, and expects to decide whether to add a project on accounting for PPMs to its workplan during the Fourth Agenda Consultation.

If material, we encourage entities to disclose information on the accounting policies used for the recognition, measurement and presentation of these schemes (and/or of carbon credits and other environmental credits acquired), and their impact in the statement of financial position and in the statement of profit or loss. An example of useful information could be to provide quantitative disclosures about the number of emission-units granted, owned and/or owed, consumed or sold during the reporting period.

IAS 1.117
IAS 1.112
IAS 1.125

Risks induced by climate changes may have future adverse effects on the Group's business activities. These risks include transition risks (eg regulatory changes and reputational risks) and physical risks (even if the risk of physical damage is low due to the company activities and geographical locations). How the Group operates its businesses may be affected by new regulatory constraints on the CO₂ emissions it generates via the data centres that the Group operates in several jurisdictions. Energy consumption of data centres is high, and the Group is currently implementing new technology solutions to reduce the level of energy needed, particularly in the area of maintaining the maximum protection possible for its critical IT infrastructure (through using highly efficient evaporative cooling solutions). The Group has indicated it is committed to sourcing 100% of its energy needs from renewable resources, no later than 2035. To achieve this goal, the Group is considering projects to install solar heating systems in all its offices around the world because using renewable energy should eventually lead to much lower energy costs.

The Group is also committed to reducing the carbon footprint of its employees by updating its business trip policies and minimising its use of air-freight travel. Management notes the cost of production of computer and telecommunications hardware could increase significantly in the future, due to the increasing price of commodities which in turn could affect the operational results of the Group (decrease in sales and/or of the gross margin of the retail segment). The Group could also be subject to new environmental taxes as a retailer of low recyclable hardware.

As part of its actions against climate change, the Group is committed to reduce its carbon emissions by 50% by 2030 and to be carbon neutral no later than 2050. Please refer to the management Report² for further information on climate risk and any commitments made by the Group to address it.

Consistent with the prior year, as at 31 December 2025, the Group has not identified significant risks induced by climate changes that could negatively and materially affect the Group's financial statements. Management continuously assesses the impact of climate-related matters.

The Group's financial statements integrate climate-related matters in various items. Notably the Group's commitments to reduce carbon emissions were considered when performing impairment tests and assessing the useful life of its non-current assets (for more details on these specific impacts, please refer to Note 10 – Goodwill, Note 12 – Property, plant and equipment, and Note 33 – Contingent liabilities). The Group also considered whether applying IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' for its climate-related commitments would result in recognition of a liability (see Note 23 – Provisions).

Assumptions could change in the future in response to forthcoming environmental regulations, new commitments taken and changing consumer demand. These changes, if not anticipated, could have an impact on the Group's future cash flows, financial performance and financial position.

4.4 Business combinations

IFRS 3.4
IFRS 3.37

The Group applies the acquisition method in accounting for business combinations. The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and the equity interests issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred.

IFRS 3.42

If the Group acquires a controlling interest in a business in which it previously held an equity interest, that equity interest is remeasured to fair value at the acquisition date with any resulting gain or loss recognised in profit or loss or other comprehensive income, as appropriate.

IFRS 3.B52

Consideration transferred as part of a business combination does not include amounts related to the settlement of pre-existing relationships. The gain or loss on the settlement of any pre-existing relationship is recognised in profit or loss.

IFRS 3.18

Assets acquired and liabilities assumed are measured at their acquisition-date fair values.

4.5 Investments in associates and joint ventures

IAS 28.16
IFRS 11.24

Investments in associates and joint ventures are accounted for using the equity method.

IAS 28.10

The carrying amount of the investment in associates and joint ventures is increased or decreased to recognise the Group's share of the profit or loss and other comprehensive income of the associate and joint venture, adjusted where necessary to ensure consistency with the accounting policies of the Group.

IAS 28.38-39

Where the Group's share of losses of an associate or joint venture equals or exceeds its equity accounted interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses unless it has incurred obligations or made payments on behalf of the other entity.

IAS 28.28

Unrealised gains and losses on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in those entities. Where unrealised losses are eliminated, the underlying asset is also tested for impairment.

² Or the applicable area in the financial report of the entity

Notes to the consolidated financial statements

For the year ended 31 December 2025 (expressed in thousands of Euroland currency units (CU), except per share amounts)

4.6 Foreign currency translation

Functional and presentation currency

IAS 1.51(d)
IAS 21.53 The consolidated financial statements are presented in currency units CU, which is also the functional currency of the parent company.

Foreign currency transactions and balances

IAS 21.21 Foreign currency transactions are translated into the functional currency of the respective Group entity, using the exchange rates prevailing at the dates of the transactions (spot exchange rate).
IAS 21.28 Foreign exchange gains and losses resulting from the settlement of such transactions and from the
IAS 21.23(a) remeasurement of monetary items denominated in foreign currency at period-end exchange rates are recognised in profit or loss.

IAS 21.23(b) Non-monetary items are not retranslated at the period-end. They are measured at historical cost
IAS 21.23(c) (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

Foreign operations

IAS 21.47 In the Group's financial statements, all assets, liabilities and transactions of Group entities with a functional currency other than the CU are translated into CU upon consolidation. The functional currencies of entities within the Group have remained unchanged during the reporting period.

IAS 21.48 On consolidation, assets and liabilities have been translated into CU at the closing rate at the reporting date. Goodwill and fair value adjustments arising on the acquisition of a foreign entity have been treated as assets and liabilities of the foreign entity and translated into CU at the closing rate. Income and expenses have been translated into CU at the average rate² over the reporting period. Exchange differences are charged or credited to other comprehensive income and recognised in the currency translation reserve in equity. On disposal of a foreign operation, the related cumulative translation differences recognised in equity are reclassified to profit or loss and are recognised as part of the gain or loss on disposal.

4.7 Segment reporting

Climate guidance: Climate-related matters may cause changes to the information reviewed by the Chief Operating Decision Maker (CODM), eg due to the potential impacts of new commitments that could lead to discontinuation of existing activities and/or significant investment in new ones. They could also impact the analysis performed to aggregate operating segments, eg due to changes in long-term gross profit margins that could differ significantly between operating segments. They may also significantly affect the business model of the entity by modifying the characteristics of its products and services and how they are distributed. That change in the business model may impact the operational segments the CODM is reviewing for financial internal purposes.

IFRS 8.22(a) The Group has three operating segments: consulting, service and retail. In identifying these
IFRS 8.22(b) operating segments, management generally follows the Group's service lines representing its main products and services (see Note 9).

IFRS 8.27(a) Each of these operating segments is managed separately as each requires different technologies, marketing approaches and other resources. All inter-segment transfers are carried out at arm's length prices based on prices charged to unrelated customers in stand-alone sales of identical goods or services.

² Note that the use of average rates is appropriate only if rates do not fluctuate significantly (IAS 21.40).

IFRS 8.29 The Group has previously reported four operating segments: project consulting, service, retail and construction. During the year an internal reorganisation occurred where the project consulting and construction segments were combined into a single segment, consulting. This reflects a realignment of internal management structures and resource allocation where the General Manager roles of the previous project consulting and construction segments were combined into a single line of reporting. This change better reflects the connected end-to-end delivery of its consumer centric telecommunication consulting services. As such, comparative information has been restated (see Note 9) to reflect the new business operating model.

IFRS 8.27(b-d) For management reporting purposes, the Group uses the same measurement policies as those used in its financial statements, except for certain items not included in determining the operating profit of the operating segments, as follows:

- post-employment benefit expenses
- share-based payment expenses
- research costs relating to new business activities, and
- revenue, costs and fair value gains from investment property.

In addition, corporate assets which are not directly attributable to the business activities of any operating segment are not allocated to a segment. This primarily applies to the Group's headquarters and the Illustrative Research Lab in Greatville.

4.8 Revenue

Climate guidance: Climate-related matters could lead to new disaggregation of revenue in an entity's financial communication (eg due to the development of detailed sustainability information if the entity produces new segmentation of revenues). Where appropriate, it could impact the information provided in the financial statements when applying requirements of the standard on revenue disaggregation.

IAS 1.117(b) **Guidance note:** Revenue is one of the most important line items for most entities, and therefore a policy is almost always disclosed. Entities with multiple revenue streams should always remember to address each significant revenue stream separately.

Overview

Revenue arises mainly from the sale of telecommunications hardware and non-customised software, bespoke solutions, after-sales maintenance and extended warranty services, consulting and IT services, and contracts for the construction of telecommunication systems.

To determine whether to recognise revenue, the Group follows a 5-step process:

- | | |
|--------------|-----------------------------------------------------------------------------|
| IFRS 15.9-12 | 1 Identifying the contract with a customer |
| IFRS 15.22 | 2 Identifying the performance obligations |
| IFRS 15.47 | 3 Determining the transaction price |
| IFRS 15.73 | 4 Allocating the transaction price to the performance obligations, and then |
| IFRS 15.31 | 5 Recognising revenue when/as performance obligation(s) are satisfied. |
| IFRS 15.46 | |

IFRS 15.47 The Group often enters into customer contracts to supply a bundle of products and services (eg telecommunications hardware, software and related after-sales service). The contract is then assessed to determine whether it contains a single combined performance obligation or multiple performance obligations. If applicable the total transaction price is allocated amongst the various performance obligations based on their relative stand-alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties.

IFRS 15.22
IFRS 15.74

Revenue is recognised either at a point in time or over time, when (or as) the Group satisfies performance obligations by transferring the promised goods or services to its customers.

Notes to the consolidated financial statements

For the year ended 31 December 2025 (expressed in thousands of Euroland currency units [CU], except per share amounts)

IFRS 15.106 The Group recognises contract liabilities for consideration received in respect of unsatisfied
IFRS 15.107 performance obligations and reports these amounts as other liabilities in its consolidated statement
IFRS 15.108 of financial position (see Note 25). Similarly, if the Group satisfies a performance obligation before
it receives the consideration, the Group recognises either a contract asset or a receivable in its
consolidated statement of financial position, depending on whether something other than the
passage of time is required before the consideration is due.

Hardware and software sales

IFRS 15.31 Revenue from the sale of telecommunications hardware and non-customised software is recognised
IFRS 15.119(a) when or as the Group transfers control of the asset to the customer.

IFRS 15.38 For stand-alone sales of telecommunications hardware and/or non-customised software without
IFRS 15.B56 installation services, control transfers when the customer takes delivery of the hardware or is
provided with a download key for the software. Non-customised software is supplied under licences
with a fixed term of between 1 and 3 years which convey a right to use software as it exists at the
start of the licence period. The Group does not modify the software during the licence period.

Bespoke solutions

The Group also supplies customers with bespoke telecommunication solutions that include
customised hardware and software and an installation service that enables the solution to interface
with the customer's existing systems. The Group has determined that the hardware, software and
installation service are each capable of being distinct as, in theory, the customer could benefit from
them individually by acquiring the other elements elsewhere. However, the Group also provides a
significant service of integrating these items to deliver a working solution such that, in the context of
the actual contract, there is a single performance obligation to provide that solution.

IFRS 15.35(c) The Group has assessed that control of these solutions transfers to the customer over time. This is
because each solution is unique to the customer (has no alternative use) and under local law the
Group is entitled to a right to payment for the work completed to date in the event the customer
sought to terminate the contract in the absence of an explicit right to terminate in the contract.
Revenue for these performance obligations is recognised as the customisation or integration work is
performed, using the cost-to-cost method to estimate progress towards completion. Costs incurred
IFRS 15.B19 are considered to be proportionate to the entity's performance, so the cost-to-cost method provides
a faithful depiction of the transfer of goods and services to the customer. The cost of uninstalled
materials is excluded from the calculation because the Group assesses that including these costs
could overstate its progress towards delivering the solution.

Billings on bespoke solutions contracts are based on attaining specified contract milestones.
Contract assets will arise in situations where revenue is recognised in advance of the next progress
billing.

Customer loyalty programme

IFRS 15.119(e) The Group's retail division operates a customer loyalty incentive programme. For each CU 100
spent, customers obtain one loyalty point which they can redeem to receive discounts on future
purchases. Loyalty points are considered to be a separate performance obligation as they provide
customers with a material right they would not have received otherwise. Unused points expire if not
used within two years. The Group allocates the transaction price between the material right and
other performance obligations identified in a contract on a relative stand-alone selling price basis.
The amount allocated to the material right is initially recorded as a contract liability and is later
recognised in revenue when the points are redeemed by the customer.

IFRS 15.B46 The Group's experience is that a portion of the loyalty points will expire without being used
(‘breakage’). The Group recognises revenue from expected breakage in proportion to the points
redeemed and trues-up this estimate when points expire. The Group has assessed it is highly
improbable a significant reversal of revenue will arise if actual experience differs from expectations
and therefore no further revenue constraint is needed.

Warranty arrangements

IFRS 15.B28

The Group provides a basic one-year product warranty in connection with the sale of telecommunications hardware whether sold on a stand-alone basis or as part of an integrated telecommunications system. Under the terms of this warranty customers can return the product for repair or replacement if it fails to perform in accordance with published specifications. These assurance-type warranties are not considered to be performance obligations so revenue is not allocated to them. The estimated costs of serving these warranties are recognised as provisions under IAS 37.

After-sales ServicesIFRS 15.35(a)
IFRS 15.124(a)

The Group enters into fixed price maintenance and extended warranty contracts with its customers for non-cancellable terms between one and three years in length. Customers are required to pay in advance for each 12-month service period. Payments received in advance of performance obligations being satisfied are recognised as contract liabilities.

IFRS 15.124(b)
IFRS 15.35(a)
IFRS 15.124(a)

- **Maintenance contracts** – these agreements provide customers with regularly scheduled maintenance on telecommunications hardware purchased from the Group. The contracts consist of a single performance obligation that is transferred over time (ie the contract period) because they involve a series of services that are substantially the same and the benefit of each service is received and consumed immediately. Revenue is recognised over time based on the ratio between the number of hours of maintenance services provided in the current period and the total number of such hours expected to be provided under each contract. This method best depicts the transfer of services to the customer because: (a) details of the services to be provided are specified by management in advance as part of its published maintenance program, and (b) the Group has a long history of providing these services to its customers, allowing it to make reliable estimates of the total number of hours involved in providing the service.

IFRS 15.B32
IFRS 15.B18

- **Extended warranty program** – these agreements cover repairs and after-sales support for telecommunications hardware outside the Group's standard warranty period. These warranties are sold in connection with the sale of telecommunications hardware manufactured by the Group, and are therefore scoped out of IFRS 17. This service involves an indeterminate number of acts as the Group is required to 'stand ready' to perform whenever a request falling within the scope of the program is made by a customer. The benefits of the Group standing ready are received and consumed immediately and the service has therefore been assessed as a single performance obligation that is transferred over time (ie the warranty period). Revenue is recognised on a straight-line basis over the term of the contract. This method best depicts the transfer of services to the customer as (a) the Group's historical experience demonstrates no statistically significant variation in the quantum of services provided in each year of a multi-year contract, and (b) no reliable prediction can be made as to if and when any individual customer will require service.

Consulting and IT outsourcing servicesIFRS 15.35(a)
IFRS 15.124(a)
IFRS 15.107

The Group provides consulting services relating to the design of telecommunications systems strategies and IT security. These involve developing a customer-specific design (no alternative use) with billings based on a specified payment schedule. Revenue is recognised over time if the schedule ensures the Group is entitled to payment for its performance to date throughout the contract period (including a profit margin that, in percentage terms, is equal to or more than the final expected profit margin). In other cases the payment schedule enables the Group to recover at least its costs at all times in the contract but not necessarily a full or proportionate profit margin. In these cases, taking into consideration the applicable contract law, the Group does not have an enforceable right to payment for performance completed to date and recognises revenue only on delivery and acceptance of the final design.

Revenue for over-time contracts is recognised on a time-and-materials basis as services are provided and costs are expensed as incurred. Amounts remaining unbilled at the end of a reporting period are presented in the consolidated statement of financial position as accounts receivable if only the passage of time is required before payment of these amounts will be due or as contract assets if payment is conditional on future performance. For the point-in-time contracts, materials and supplies are recognised as inventory and other directly attributable costs are initially recognised as contract fulfilment assets. These costs are expensed on delivery and acceptance (ie when the related revenue is recognised).

Notes to the consolidated financial statements

For the year ended 31 December 2025 (expressed in thousands of Euroland currency units (CU), except per share amounts)

IFRS 15.B18 The Group also provides IT outsourcing services including payroll and accounts payable transaction processing to customers in exchange for a fixed monthly fee. These contracts involve a series of services that are substantially the same and the benefit of each service is received and consumed immediately. These contracts therefore consist of a single performance obligation for which control is transferred over time and revenue is recognised on a straight-line basis over the term of each contract. This method provides a faithful depiction of the transfer of goods or services because the work required does not vary significantly from month-to-month.

Construction of telecommunication systems

IFRS 15.35(b)
IFRS 15.74 The Group enters into contracts for the design, development and installation of telecommunication systems in exchange for a fixed fee. Due to the high degree of interdependence between the various elements of these projects, they are accounted for as a single performance obligation. The Group recognises the related revenue over time because the systems are constructed at the customer sites and the customer controls the asset as it is constructed. When a contract also includes promises to perform after-sales services, these services represent a second performance obligation that is also satisfied over time (for the same reasons as the Group's maintenance contracts) but over a different period. The total transaction price is allocated between the two distinct performance obligations based on relative stand-alone selling prices.

IFRS 15.39
IFRS 15.41
IFRS 15.45 To depict the Group's progress in satisfying these performance obligations, and to establish when and to what extent revenue can be recognised, the Group measures its progress by comparing actual hours spent to date with the total estimated hours required to design, develop, and install each system. The hours-to-hours basis provides the most faithful depiction of the transfer of goods and services to each customer due to the Group's ability to make reliable estimates of the total number of hours required to perform, arising from its significant historical experience constructing similar systems. In the early stage of some of these contracts the Group is unable to make a reliable estimate of the outcome of the project but still expects to recover its costs. The Group then recognises revenue equal to the costs incurred until it can make a reliable estimate.

IFRS 15.53
IFRS 15.56 Some contracts include bonus payments which the Group can earn by completing a project in advance of a targeted delivery date. At the inception of each contract the Group begins by estimating the amount of the bonus to be received using the "most likely amount" approach. The bonus is included in the Group's estimate of the transaction price if it is expected to be received but the amount is constrained to the extent necessary to ensure it is highly probable that no significant reversal of revenue will arise in the future. In making this assessment the Group considers its historical record of performance on similar contracts, whether the Group has access to the labour and materials resources needed to exceed the agreed-upon completion date, and the potential impact of other reasonably foreseen constraints. The Group updates its estimates of the transaction price at each period end and adjusts revenue accordingly.

IFRS 15.91 These arrangements include detailed customer payment schedules. When payments received from customers exceed revenue recognised to date on a particular contract, any excess (a contract liability) is reported in the consolidated statement of financial position under other liabilities (see Note 25).

The construction of telecommunication systems normally takes 10–12 months from commencement of design through to completion of installation. As the period of time between customer payment and performance will always be one year or less, the Group applies the practical expedient in IFRS 15.63 and does not adjust the promised amount of consideration for the effects of financing.

IFRS 15.94 In obtaining these contracts, the Group incurs a number of incremental costs, such as commissions paid to sales staff. As the amortisation period of these costs, if capitalised, would be less than one year, the Group makes use of the practical expedient in IFRS 15 'Revenue from Contracts with Customers' and expenses them as incurred.

4.9 Operating expenses

IAS 37.14 Operating expenses are recognised in profit or loss upon utilisation of the service or as incurred. Expenditure for warranties is recognised when the Group incurs an obligation. For assurance type warranties, this is typically when the related goods are sold.

IAS 23.8

4.10 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that it undertakes activities necessary to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period in which they are incurred and reported in finance costs (see Note 27).

IFRS 5 Appendix A
IFRS 5.33(a)
IFRS 5.32**4.11 Profit or loss from discontinued operations**

A discontinued operation is a component of the Group that either has been disposed of, or is classified as held for sale. A discontinued operation represents a separate major line of business or geographical area of operations. Profit or loss from discontinued operations comprises the post-tax profit or loss of discontinued operations and the post-tax gain or loss recognised on the measurement to fair value less costs to sell or on the disposal of the assets or disposal group(s) constituting the discontinued operation (see also Note 4.22 and Note 20).

IFRS 3 Appendix A

4.12 Goodwill

Goodwill represents the future economic benefits arising from a business combination that are not individually identified and separately recognised. Goodwill is carried at cost less accumulated impairment losses. Refer to Note 4.16 for a description of impairment testing procedures.

4.13 Other intangible assets

Climate guidance: Climate-related matters could result in new research and development activities to adapt the entity's business model to the risks identified. Entities should consider whether costs incurred satisfy the recognition criteria of IAS 38.57 for capitalisation. An example of useful information that can be disclosed is the amount of research and development (R&D) costs incurred during the reporting period and the amount planned to be incurred in the next 12 months to satisfy the entity's transition plan as communicated in a report outside the financial statements.

The IFRIC received a submission about whether an entity's expenditures for research and development activities meet the requirements in IAS 38 to be recognised as intangible assets. The committee concluded (see IFRIC Update from March 2025) that there is no material diversity in the accounting for expenditure on research and development activities (application of IAS 38 capitalisation criteria).

Initial recognition of other intangible assets**Brand names and customer lists**IFRS 3.18
IAS 38.27

Brand names and customer lists acquired in a business combination that qualify for separate recognition are recognised as intangible assets at their fair values.

Internally developed software

IAS 38.54

Expenditure on the research phase of projects to develop new customised software for IT and telecommunication systems is recognised as an expense as incurred.

IAS 38.57

Costs that are directly attributable to a project's development phase are recognised as intangible assets, provided they meet all of the following recognition requirements:

- the development costs can be measured reliably
- the project is technically and commercially feasible
- the Group intends to and has sufficient resources to complete the project
- the Group has the ability to use or sell the software, and
- the software will generate probable future economic benefits.

Development costs not meeting these criteria for capitalisation are expensed as incurred.

Directly attributable costs include employee costs incurred on software development along with an appropriate portion of relevant overheads and borrowing costs.

Notes to the consolidated financial statements

For the year ended 31 December 2025 (expressed in thousands of Euroland currency units (CU), except per share amounts)

Subsequent measurement

IAS 38.72 IAS 38.74 IAS 38.118(a) IAS 38.118(b)	<p>All finite-lived intangible assets, including capitalised internally developed software, are accounted for using the cost model whereby capitalised costs are amortised on a straight-line basis over their estimated useful lives. Residual values and useful lives are reviewed at each reporting date. In addition, they are subject to impairment testing as described in Note 4.16. The following useful lives are applied:</p> <ul style="list-style-type: none">• software: 3-5 years• brand names: 15-20 years• customer lists: 4-6 years. <p>Any capitalised internally developed software that is not yet complete and intangible assets with indefinite useful life are not amortised but are subject to impairment testing as described in Note 4.16.</p>
IAS 38.118(d)	<p>Amortisation has been included within depreciation, amortisation and impairment of non-financial assets.</p>
IAS 38.20	<p>Subsequent expenditures on the maintenance of computer software and brand names are expensed as incurred.</p>
IAS 38.113	<p>When an intangible asset is disposed of, the gain or loss on disposal is determined as the difference between the proceeds and the carrying amount of the asset, and is recognised in profit or loss within other income or other expenses.</p>
IAS 38.107 IAS 38.108 IAS 38.109	<p>Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.</p>

4.14 Property, plant and equipment

Land

IAS 16.29 IAS 16.31 IAS 16.39-40 IAS 16.73(a) IAS 16.58	<p>Land owned is stated at revalued amounts. Revalued amounts are fair values based on appraisals prepared by external professional valuers once every two years, or more frequently if market factors indicate a material change in fair value (see Note 35.2). Any revaluation surplus is recognised in other comprehensive income and credited to the revaluation reserve in equity. To the extent that any revaluation decrease or impairment loss (see Note 4.16) has previously been recognised in profit or loss, a revaluation increase is credited to profit or loss with the remaining part of the increase recognised in other comprehensive income. Downward revaluations of land are recognised upon appraisal or impairment testing, with the decrease being charged to other comprehensive income to the extent of any revaluation surplus in equity relating to this asset and any remaining decrease recognised in profit or loss. Any revaluation surplus remaining in equity on disposal of the asset is transferred to retained earnings.</p>
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As land does not have a finite useful life, related carrying amounts are not depreciated.

Buildings, IT equipment and other equipment

Climate guidance: Useful lives and residual values of assets may be affected by climate-related risks, for instance due to faster than expected obsolescence or new legal restrictions of some polluting specific assets. Entities are required to disclose the expected useful lives for each class of asset and the nature and amount of any change in estimated residual values or expected useful lives. Climate-related matters may also impact the fair value of property, plant and equipment used when applying the revaluation model or when determining the recoverable amount used for impairment tests.

IAS 16.15–16 IAS 16.73(a) IAS 16.29 IAS 16.30	Buildings, IT equipment and other equipment (comprising fittings and furniture) are initially recognised at acquisition cost or manufacturing cost, including any costs directly attributable to bringing the assets to the location and condition necessary for them to be capable of operating in the manner intended by the Group's management. Buildings and IT equipment also include leasehold property (see Note 4.15). Buildings, IT equipment and other equipment are subsequently measured at cost less accumulated depreciation and impairment losses.
IAS 16.43 IAS 16.73(b) IAS 16.73(c)	Depreciation is recognised on a straight-line basis to write down the cost less estimated residual value of buildings, IT equipment and other equipment. The following useful lives are applied: <ul style="list-style-type: none"> • buildings: 25–50 years • IT equipment: 2–5 years • other equipment: 3–12 years.
IFRS 16.31	In the case of right-of-use assets, expected useful lives are determined by reference to comparable owned assets or the lease term, if shorter. Material residual value estimates and estimates of useful life are updated as required, but at least annually.
IAS 16.68 IAS 16.71	Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss either within other income or other expenses.

4.15 Leased assets

Climate guidance: Climate-related matters could impact lease contracts. For instance, if the underlying asset is highly polluting, entities may have to renegotiate the lease term and to remeasure the lease asset and the lease liability. In addition, any dismantling provision recognised with respect to removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, may also need to be reassessed to consider new regulation requirements and or technologies.

The Group as a lessee

IFRS 16.59(a)(c)	The Group makes the use of leasing arrangements principally for the provision of the main warehouse and related facilities, office space, and IT equipment and motor vehicles (although the Group currently has no motor vehicles). The rental contracts for offices are typically negotiated for terms of between 3 and 20 years and some of these have extension terms. Lease terms for office fixtures and equipment and motor vehicles have lease terms of between 6 months and 6 years without any extension terms. The Group does not enter into sale and leaseback arrangements. All the leases are negotiated on an individual basis and contain a wide variety of different terms and conditions such as purchase options and escalation clauses.
IFRS 16.9	The Group assesses whether a contract is or contains a lease at inception of the contract. A lease conveys the right to direct the use and obtain substantially all of the economic benefits of an identified asset for a period of time in exchange for consideration.
IFRS 16.15	Some lease contracts contain both lease and non-lease components. These non-lease components are usually associated with facilities management services at offices and servicing and repair contracts in respect of motor vehicles. The Group has elected to not separate its leases for offices into lease and non-lease components and instead accounts for these contracts as a single lease component. For its other leases, the lease components are split into their lease and non-lease components based on their relative stand-alone prices.
IFRS 16.24	<p>Measurement and recognition of leases as a lessee</p> <p>At lease commencement date, the Group recognises a right-of-use asset and a lease liability in its consolidated statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).</p>

Notes to the consolidated financial statements

For the year ended 31 December 2025 (expressed in thousands of Euroland currency units (CU), except per share amounts)

IFRS 16.32-33	The Group depreciates the right-of-use asset on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist.
IFRS 16.26	At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the Group's incremental borrowing rate because as the lease contracts are negotiated with third parties it is not possible to determine the interest rate that is implicit in the lease. The incremental borrowing rate is the estimated rate that the Group would have to pay to borrow the same amount over a similar term, and with similar security to obtain an asset of equivalent value. This rate is adjusted should the lessee entity have a different risk profile to that of the Group.
IFRS 16.27	Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.
IFRS 16.36(a)-(b)	Subsequent to initial measurement, the liability will be reduced by lease payments that are allocated between repayments of principal and finance costs. The finance cost is the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability.
IFRS 16.39-41	The lease liability is reassessed when there is a change in the lease payments. The lease liability is remeasured using a revised discount rate if the changes in lease payments arise from a change in the lease term or a change in the assessment of an option to purchase a leased asset. The revised lease payments are discounted using the Group's incremental borrowing rate at the date of reassessment when the rate implicit in the lease cannot be readily determined. The amount of the remeasurement of the lease liability is reflected as an adjustment to the carrying amount of the right-of-use asset. The exception being when the carrying amount of the right-of-use asset has been reduced to zero then any excess is recognised in profit or loss.
IFRS 16.42-43	Payments under leases can also change when there is either a change in the amounts expected to be paid under residual value guarantees or when future payments change through an index or a rate used to determine those payments, including changes in market rental rates following a market rent review. The lease liability is remeasured only when the adjustment to lease payments takes effect. The revised contractual payments for the remainder of the lease term are discounted using an unchanged discount rate, unless the change in lease payments results from a change in floating interest rates, in which case the discount rate is amended to reflect the change in interest rates.
IFRS 16.44	To respond to business needs, particularly in the demand for office space, the Group will enter into negotiations with landlords to either increase or decrease available office space or to renegotiate amounts payable under the respective leases. In some instances, the Group is able to increase office capacity by taking additional floors available and therefore agrees with the landlord to pay an amount that is commensurate with the stand-alone pricing adjusted to reflect the particular contract terms. In these situations, the contractual agreement is treated as a new lease and accounted for accordingly.
IFRS 16.45	In other instances, the Group is able to negotiate a change to a lease such as reducing the amount of office space taken, reducing the lease term or by reducing the total amount payable under the lease, both of which were not part of the original terms and conditions of the lease. In these situations, the Group does not account for the changes as though there is a new lease. Instead, the revised contractual payments are discounted using a revised discount rate at the date the lease is effectively modified. For the reasons explained above, the discount rate used is the Group's incremental borrowing rate determined at the modification date, as the rate implicit in the lease is not readily determinable.

IFRS 16.60	The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. These leases relate to items of office equipment such as desks, chairs, and certain IT equipment. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.
	The Group as a lessor
IFRS 16.61	As a lessor the Group classifies its leases as either operating or finance leases.
IFRS 16.62	The Group assessed whether it transfers substantially all the risks and rewards of ownership. Those assets that do not transfer substantially all the risks and rewards are classified as operating leases. The Group has currently not entered into any lease that is classified as a finance lease.
	Rental income is accounted for on a straight-line basis over the lease term and is included in revenue due to its operating nature.

4.16 Impairment testing of goodwill, other intangible assets and property, plant and equipment

Climate guidance: Entities are required to test goodwill and any intangible asset with an indefinite life for impairment at least once a year and assess whether there is any indication of impairment at the end of each reporting period (for other non-current assets). Climate-related matters may give rise to indications that an asset (or a group of assets) is impaired (eg due to programs to decarbonise production facilities and/or new regulations progressively restricting their use).

The impact on impairment tests may come from the Group's climate-related commitments, expected changes in environmental regulations, future changes in customer demand, any adaptation of production models or process, any effect of the price increase of certain products or raw materials due to production processes being more environmentally friendly, the increase in insurance premiums due to the increased probability of natural disasters, etc.

In measuring value-in-use, entities should base cash flow projections on reasonable and supportable assumptions that represent management's best estimate of the range of future economic conditions (IAS 36.33).

Estimating value in use when determining the recoverable amount will require entities to assess whether climate-related issues have an impact on the business plans and financial and operational assumptions used (ie discount rate, long-term growth rate). Climate-related issues may also impact the methodology used to perform impairment tests (eg extending cash flow projections to consider the effects of commitments taken by the entity). Furthermore, as IAS 36.33(b) and IAS 36.44 require the exclusion of cashflows relating to improvement and capacity increases, this could require significant judgement for investments made to support environmental commitments.

According to the disclosure requirements of IAS 36, information about climate-related assumptions should be disclosed if they are assessed as key assumptions when determining the recoverable amount and the related sensitivity analysis. For instance, the costs of future emissions allowances may have been considered key when computing the value in use. In that case entities should indicate the price they use in estimating the cash projections and describe management's approach in determining the value assigned to it (eg external sources of information used).

Even if specific disclosure requirements in IAS 36 do not apply (eg because the entity tests a CGU without goodwill or intangible assets with indefinite lives), applying general disclosures requirements in IAS 1 (paragraphs 125-133) would result in disclosing additional information about assumptions and uncertainties when changes in those assumptions have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next financial year, even though these uncertainties will not be resolved within the next financial year.

Climate guidance continued: In its Exposure Draft 'Climate-related and Other Uncertainties in the Financial Statements' published in July 2024, the IASB set out factors to consider when entities are assessing whether disclosure is required. Factors that might be considered include:

- The size of the CGU's carrying amount: since the CGU makes up a large portion of the entity's total assets, even a slight adjustment to its carrying amount could have a material impact
- The level of subjectivity and complexity in judgements made to determine the assumptions: the higher the degree of subjectivity and complexity, the higher the risk of changes in the value assigned to assumptions (eg due to new information or developments). The risk additionally increases when the judgements cover the medium or long term
- The risk that new information or new developments in the next financial year may result in changes in the assumptions (eg due to new regulations), and
- The sensitivity of the CGU's carrying amount to changes in the assumptions.

Furthermore, entities may have to consider adapting sensitivity analysis for the judgements or estimates used to take into account climate risks, particularly if long-term impacts on the assumptions used are complex to assess, or if a reasonably possible change to the value assigned to an assumption (eg cost of future emissions allowance) would result in an impairment loss. These include sensitivities to new assumptions (eg changes in the cost per ton of CO₂, regulatory changes or timing of implementing new technologies in liaison with climate constraints), and changes to key assumption variations considered reasonably possible (such as adopting higher risk assumptions).

IAS 36.66
IAS 36.80

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of a related business combination and represent the lowest level within the Group at which management monitors goodwill.

IAS 36.90
IAS 36.15
IAS 36.10(b)
IAS 36.9

Cash-generating units to which goodwill or intangible assets that have an indefinite useful life or are not yet available for use have been allocated (determined by the Group's management as equivalent to its operating segments) are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate the carrying amount may not be recoverable.

IAS 36.59
IAS 36.18
IAS 36.30–31

An impairment loss is recognised for the amount by which the asset's (or cash-generating unit's) carrying amount exceeds its recoverable amount, which is the higher of fair value less costs of disposal and value-in-use. To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable discount rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures is directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of future reorganisations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect current market assessments of the time value of money and asset-specific risk factors.

IAS 36.104

Impairment losses for cash-generating units reduce first the carrying amount of any goodwill allocated to the cash-generating unit. Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit.

With the exception of goodwill, all assets are subsequently reassessed for indications an impairment loss previously recognised may no longer exist. An impairment loss is reversed if the asset's or cash-generating unit's recoverable amount exceeds its carrying amount.

4.17 Investment property

Climate guidance: Climate change and new energy regulations may significantly impact the fair value of investment properties, eg new renovation requirements that could impact the valuation of the asset. For assets whose fair value is measured using the Level 3 fair value hierarchy, entities may have to consider the impact of climate-related matters on assumptions used (rate of return, market rental value, discount rate, etc).

IAS 40.5
IAS 40.75(a) Investment properties are properties held to earn rentals or for capital appreciation, or both, and are accounted for using the fair value model.

IAS 40.33
IAS 40.35 Investment properties are revalued annually with resulting gains and losses recognised in profit or loss. These are included in the consolidated statement of financial position at their fair values. See Note 35.2.

4.18 Financial instruments

Recognition and derecognition

IFRS 7.21
IFRS 9.3.1.1 Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument.

IFRS 9.3.2.3
IFRS 9.3.3.1 Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement of financial assets

Climate guidance: An increasing number of entities, especially banks and insurers, are aligning their short and long-term investments policy with their climate strategy (eg investments in sustainability-linked bonds, green bonds or structured instruments with flows indexed to an environmental, social and governance (ESG) market index).

In May 2024, the IASB published amendments to IFRS 9 'Financial Instruments' clarifying, among other things, how to assess whether the contractual terms of such ESG-linked assets give rise to cash flows that are solely payments of principal and interest (SPPI). As a reminder, only financial assets that meet this SPPI test (and that are held within a 'hold-to-collect' business model) are measured at amortised cost (rather than fair value). These amendments clarify that financial assets with features linked to the borrower's ESG performance targets will be considered to meet the SPPI test only if, in all contractually possible scenarios, the contractual cash flows would not be significantly different from the contractual cash flows on a financial instrument with identical contractual terms but without such a contingent ESG-linked feature.

The related amendments to IFRS 7 'Financial Instruments: Disclosures' also require additional disclosures for such assets where material.

IFRS 9.5.1.1
IFRS 9.5.1.3 Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

IFRS 9.5.2.1 Financial assets, other than those designated and effective as hedging instruments, are classified into one of the following categories:

- amortised cost
- fair value through profit or loss (FVTPL), or
- fair value through other comprehensive income (FVOCI).

In the periods presented the Group does not have any financial assets categorised as FVOCI.

Notes to the consolidated financial statements

For the year ended 31 December 2025 (expressed in thousands of Euroland currency units (CU), except per share amounts)

- IFRS 9.4.1.1 The classification is determined by both:
- the entity's business model for managing the financial asset, and
 - the contractual cash flow characteristics of the financial asset.
- IFRS 7.20(a)
IAS 1.82 (ba) All revenue and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within impairment losses of financial assets and contract assets.

Subsequent measurement of financial assets

Financial assets at amortised cost

- IFRS 9.4.1.2 Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):
- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows, and
 - the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

Financial assets at fair value through profit or loss (FVTPL)

- IFRS 9.4.1.4 Financial assets held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised at FVTPL. Further, irrespective of the business model used, financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply (see below).

- IFRS 9.4.1.4 The category also contains an equity investment. The Group accounts for the investment at FVTPL and did not make the irrevocable election to account for the investment in XY Ltd and listed equity securities at FVOCI. The fair value was determined in line with the requirements of IFRS 13 'Fair Value Measurement'.

Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

Guidance note: The reporting entity does not have any assets classified at FVOCI, and so this section would not be required. However, it is included for those entities where it may be relevant. The policy below refers to debt assets which have solely payment of principal and interest cash flows in a business model which is held to collect and sell. Any gains or losses recognised in other comprehensive income (OCI) in relation to these debt assets will be recycled to profit or loss upon derecognition of the asset.

A further potential category exists of equity FVOCI. Where an entity has made an irrevocable election to designate equity instruments at FVOCI, subsequent changes in the fair value of the equity instrument are recognised in OCI, however dividend income is recognised in the statement of profit or loss. There is no recycling of gains and losses recognised in OCI at the time of derecognition.

Financial assets at fair value through other comprehensive income (FVOCI)

- IFRS 9.4.1.2A The Group accounts for financial assets at FVOCI if the assets meet the following conditions:
- they are held under a business model whose objective it is "hold to collect" the associated cash flows and sell, and
 - the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Any gains or losses recognised in OCI will be recycled upon derecognition of the asset.

Impairment of financial assets

IFRS 9.5.5.1

IFRS 9's impairment requirements use forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'. Instruments within the scope of the requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under IFRS 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

The Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category (ie Stage 1) while 'lifetime expected credit losses' are recognised for the second category (ie Stage 2).

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Guidance note: Credit losses are defined as the difference between all the contractual cash flows that are due to an entity and the cash flows it actually expects to receive ('cash shortfalls'). This difference is discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets).

Trade and other receivables and contract assets

Climate guidance: Climate-related matters could affect an entity's exposure to credit losses in relation to long-term assets (eg if the debtor's business could be negatively affected by new environmental regulations or rising temperatures or other climate change-related phenomena, or if it might suffer physical damage to its main assets) and consequently the measurement of ECL.

If, as a result of climate-related factors, the entity experiences a significant change in the allowance for expected credit losses, it may be necessary to provide information about the impact of climate on the measurement of ECL and on concentrations of credit risk.

For instance, if the entity considers that climate-related risks have a material impact on its exposure to credit risk due to the number of clients or debtors affected by these risks relative to the entity's client portfolio, it will consider whether to provide additional information such as:

- how these risks have been incorporated in the inputs used to measure ECL (eg probabilities of default, forward-looking information incorporated into the determination of ECL, etc.), and
- what are the credit risk management practices related to climate-related risks.

IFRS 9.5.5.15
IFRS 9.B5.5.35

The Group makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. The Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The Group assesses impairment of trade receivables on a collective basis as they possess shared credit risk characteristics they have been grouped based on the days past due. Refer to Note 34.2 for a detailed analysis of how the impairment requirements of IFRS 9 are applied.

Where consistent with the provisioning horizon, the possible impact of climate risks on the determination of expected credit losses has been integrated.

Guidance note: The assessment of impairment for trade receivables can either be done individually or collectively and that assessment should be based on how an entity manages its credit risk. If an entity has a small number of receivables with large value and these receivables are managed on an account basis (ie individually) it may not be appropriate in that case to base the impairment on a provision matrix, as such a matrix would unlikely be in line with the expected credit loss of the individual receivable.

Classification and measurement of financial liabilities

Climate guidance: An increasing number of entities obtain ‘green financing’ (in the form of loans from banks or bonds) in order to link funding with their climate strategy. For instance, this could be the case where the proceeds from financing are dedicated to ‘green’ projects or where the rate of interest on a loan is indexed to ESG indicators which measure the borrower’s performance in terms of sustainable development. Borrowings with interest payments linked to ESG criteria may raise accounting issues on the borrower’s side (such as the existence of an embedded derivative and their separation analysis, the calculation of the effective interest rate or the subsequent accounting for changes in cash flows resulting from the difference between the entity’s actual performance and its initial estimates of ESG-linked cash flows at inception).

In order to give a sufficient understanding of the financial consequences of sustainable financing, it is important to provide all the necessary information about the contractual characteristics and the accounting treatment of these instruments.

The Group’s financial liabilities include borrowings, trade and other payables and derivative financial instruments.

IFRS 9.5.1.1 Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at FVTPL.
IFRS 9.4.2.2

IFRS 9.5.3.1 Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried
IFRS 9.4.2.1 subsequently at fair value with gains or losses recognised in profit or loss (other than derivative
IFRS 9.5.3.2 financial instruments that are designated and effective as hedging instruments).

All interest-related charges and, if applicable, changes in an instrument’s fair value that are reported in profit or loss are included within finance costs or finance income.

Guidance note: In May 2024, the IASB issued Amendments to the Classification and Measurement of Financial Instruments which amended IFRS 9 and IFRS 7.

These amendments are effective for annual reporting periods beginning on or after 1 January 2026, with earlier application permitted.

Among other things, these amendments added new guidance to IFRS 9 to specifically address when a financial liability should be derecognised when it is settled by electronic payment. Previously, an entity was required to wait until the settlement date of the transaction to discharge the liability, but the new guidance allows for the liability to be discharged before the settlement date if:

- the payment cannot be withdrawn, stopped or cancelled
- the entity no longer has the practical ability to access the cash, and
- settlement risk associated with the electronic payment system is insignificant.

Derivative financial instruments and hedge accounting

IFRS 9.6.4.1	<p>Derivative financial instruments are accounted for at FVTPL except for derivatives designated as hedging instruments in cash flow hedge relationships, which require a specific accounting treatment. To qualify for hedge accounting, the hedging relationship must meet all of the following requirements:</p> <ul style="list-style-type: none"> • there is an economic relationship between the hedged item and the hedging instrument • the effect of credit risk does not dominate the value changes that result from that economic relationship, and • the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the entity actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged item.
IFRS 7.21A	<p>For the reporting periods under review, the Group has designated certain forward currency contracts as hedging instruments in cash flow hedge relationships. These arrangements have been entered into to mitigate foreign currency exchange risk arising from certain highly probable sales transactions denominated in foreign currency.</p> <p>All derivative financial instruments used for hedge accounting are recognised initially at fair value and reported subsequently at fair value in the consolidated statement of financial position.</p>
IFRS 9.6.5.11	<p>To the extent that the hedge is effective, changes in the fair value of derivatives designated as hedging instruments in cash flow hedges are recognised in other comprehensive income and included within the cash flow hedge reserve in equity. Any ineffectiveness in the hedge relationship is recognised immediately in profit or loss.</p>
IFRS 9.6.5.11(d)	<p>At the time the hedged item affects profit or loss, any gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss and presented as a reclassification adjustment within other comprehensive income. However, if a non-financial asset or liability is recognised as a result of the hedged transaction, the gains and losses previously recognised in other comprehensive income are included in the initial measurement of the hedged item.</p>
IFRS 9.6.5.12	<p>If a forecast transaction is no longer expected to occur, any related gain or loss recognised in other comprehensive income is transferred immediately to profit or loss. If the hedging relationship ceases to meet the effectiveness conditions, hedge accounting is discontinued and the related gain or loss is held in the equity reserve until the forecast transaction occurs.</p>

4.19 Inventories

Climate guidance: The net realisable value of inventories may be impacted by climate-related matters (eg due to a decline in selling prices of non-sustainable products because of a significant disaffection of consumers or an increase in completion costs). If the cost of inventories is not recoverable, IAS 2 requires reporting entities to write down those inventories to their net realisable value.

Notes to the consolidated financial statements

For the year ended 31 December 2025 (expressed in thousands of Euroland currency units (CU), except per share amounts)

IAS 2.36(a) IAS 2.9 IAS 2.10–15 IAS 2.25 IAS 2.6	Inventories are stated at the lower of cost and net realisable value. Cost includes all expenses directly attributable to the manufacturing process as well as suitable portions of related production overheads, based on normal operating capacity. Costs of ordinarily interchangeable items are assigned using the first in, first out cost formula. Net realisable value is the estimated selling price in the ordinary course of business less any directly attributable selling expenses.
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4.20 Income taxes

Climate guidance: Climate-related matters may negatively affect the future taxable profits on which recognition of deferred tax assets are based. For instance, if a subsidiary has a significant amount of unused tax losses and operates in a jurisdiction whose government just enacted a new restrictive environmental regulation that negatively affects its business, the entity should consider whether this impacts the assessment of future taxable profits and whether these are sufficient to justify the recognition of deferred tax assets.

Lastly, it is expected that the business plan used for the recognition of deferred tax assets is based on the same assumptions used when assessing the recoverable amount of non-current assets (see Note 4.16).

IAS 12.5	Tax expense recognised in profit or loss comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.
IAS 12.46 IFRIC 23	The calculation of current and deferred tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Deferred income taxes are calculated using the liability method. The carrying amounts of deferred tax are reviewed at the end of each reporting period on the basis of its most likely amount and adjusted if needed. Assessing the most likely amount of current and deferred tax in case of uncertainties (eg as a result of the need to interpret the requirements of the applicable tax law), requires the Group to apply judgements in considering whether it is probable that the taxation authority will accept the tax treatment retained.
IAS 12.24	Deferred tax assets are recognised to the extent it is probable that the underlying tax loss or deductible temporary difference will be utilised against future taxable income. This is assessed based on the Group's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit.
IAS 12.39 IAS 12.74	Deferred tax liabilities are generally recognised in full, although IAS 12 'Income Taxes' specifies limited exemptions. As a result of these exemptions the Group does not recognise deferred tax on temporary differences relating to goodwill, or to its investments in subsidiaries (only to the extent that the Group control the timing of the reversal of the taxable temporary difference and that reversal is not likely to occur in the foreseeable future). The Group does not offset deferred tax assets and liabilities unless it has a legally enforceable right to do so and intends to settle on a net basis.
IAS 12.88(B-D)	<p>Pillar Two legislation has been implemented in some of the jurisdictions in which subsidiaries of the Group operate. Legislation applicable to the Group is effective on 1 January 2024. The Group has assessed the applicable tax legislation for the regions in which subsidiaries of the Group operate to determine potential exposure to Pillar Two tax liability.</p> <p>The Group performed this assessment based on current information available regarding the Group entities' operations, as well as applicable effective tax rates in each affected jurisdiction and prior year and expected effective tax rates, adjusted for Pillar Two disallowed deductions, for each affected jurisdiction. Based on the information gathered and the result of the assessment, the Pillar Two effective tax rates in each affected jurisdiction are above 15% and management does not have reason to believe that there are any circumstances that would result in the Pillar Two effective tax rate in any jurisdiction in which a subsidiary operates dropping below 15%. Based on this assessment, the Group does not expect to be subject to any Pillar Two top-up taxes.</p>

Guidance note:**International Tax Reform: Pillar Two Model Rules**

In December 2021, the Organisation for Economic Co-operation and Development (OECD) published its Pillar Two Model GloBE (or Global Anti-Base Erosion) Rules. The intent of the Pillar Two Model Rules is to ensure a minimum level of taxation will ultimately be paid by multinational entities who operate in very low or no tax jurisdictions. Currently, more than 135 countries have signaled they will be modifying their tax local legislation, but they are at different stages of drafting legislation that aligns to the GloBE Rules. At the date of this publication, many countries have implemented legislation aligned to the framework; but many countries have still to do this.

The GloBE rules ensure multinational enterprises pay a minimum tax rate of 15%. Jurisdictions can implement a Qualified Domestic Minimum Top-up Tax (QDMTT) when the domestic effective tax rate is below this minimum in order to ensure that the Pillar Two minimum tax framework effect is to the benefit of the domestic jurisdiction. If there is no QDMTT, applying the GloBE rules will result in low-taxed profits being topped up in foreign jurisdictions via the Income Inclusion Rule (IIR), ensuring the parent entity pays additional tax to match the minimum tax rate of 15%.

This means if a subsidiary of a multinational entity pays less than a 15% effective tax rate, the entity will trigger liability for the top-up tax at the ultimate parent entity level. The parent entity will then need to pay the additional tax required to bring the subsidiary's effective tax rate up to the 15% minimum. As a result, ultimate parent companies with subsidiaries in jurisdictions with effective tax rates below 15% will have to pay additional income tax going forward. It is also important to note that when calculating local taxable income certain deductions may be disallowed when starting from the local taxable income. This could result in a subsidiary triggering the top-up tax even if the local effective tax rate set out in legislation is 15% or above.

Applying the IAS 12 amendments 'International Tax Reform – Pillar Two Model Rules' the Group does not recognise any deferred taxes associated with the GloBE rules. The impact of the reform is presented as part of income tax and is separately disclosed.

Disclosures regarding Pillar 2 'top-up' tax will depend on the countries the group reporting entity operates in, their local effective tax rates, and whether those jurisdictions have fully implemented Pillar Two legislation. Illustrative Corporation Group is incorporated in Euroland, where the statutory tax rate is 30%, and it has subsidiaries in Euroland, the United Kingdom, and the United States. As the US is not currently in the process of implementing any Pillar Two Tax legislation and the effective tax rate in the UK when taking into account deductions disallowed for Pillar Two purposes is above 15%, the entity will not be liable for any top-up tax in the current period. To address the disclosure requirements, Illustrative Corporation Group has added Pillar Two Tax information to the income tax expense note below.

Although Illustrative Corporation Group is not subject to any top-up tax in the current reporting period (the OECD Pillar Two model rules apply to multinational enterprises that have consolidated revenues of €750 million in at least two out of the last four years), the following is an illustrative disclosure for reporting entities that would be subject to a 'top-up' tax. Please note there are two scenarios that can trigger a 'top-up' tax liability in the ultimate parent's group financial statements:

1. The statutory tax rate in the jurisdiction in which a subsidiary operates is less than 15%, or
2. The statutory tax rate in the jurisdiction in which a subsidiary operates is greater than 15% but certain deductions allowed for calculation of tax expense are disallowed under Pillar Two legislation, resulting in an effective tax rate below 15%.

Guidance note:

International Tax Reform: Pillar Two Model Rules continued

The illustrative example below includes an example of each scenario that can trigger top-up liability:

‘Following the adoption of the Pillar Two model rules in Euroland in 2024, the Group qualifies as a multinational enterprise subject to the Pillar Two regulations. Since 2024, most of the countries in which the Group operates are also subject to Pillar Two Legislation.

The Group updated its assessment of the tax legislation in all the countries in which subsidiaries of the Group operate to determine whether a Pillar Two ‘top-up’ tax liability needs to be recognised. No change has been identified in 2025 compared to 2024 in the scope of jurisdictions in which the Group is exposed to pay a top-up tax.

Therefore, based on the information gathered, management has assessed that the Group is still subject to a top-up tax for the period ended 31 December 2025 for its operations in [Name the country that has circumstances set out above in point 1] and [Name the country that has circumstances set out above in point 2] where the statutory tax rate is [tax rate below 15%] and [tax rate below 15%] respectively and the effective tax rate is [tax rate below 15%] after accounting for certain deductions disallowed by Pillar Two tax legislation. Since both are less than the 15% global minimum required by the Pillar Two legislation, the Group has recognised and presented in its current tax expense, a top-up tax amount of [CU current tax expense amount] that will be levied against the Group’s ultimate parent company for the period ended 31 December 2025.

IAS 12.88A
IAS 12.4(a)

The Group has applied the amendment to IAS 12 which allows for temporary mandatory relief from accounting for the deferred tax impacts of the top-up tax and allows for recognition of the top-up as current tax expense as incurred.’

4.21 Cash and cash equivalents

IAS 7.46

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments maturing within 90 days from the date of acquisition that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts are repayable on demand and are integral to the Group’s cash management, regularly fluctuating from negative to positive, and are therefore included in cash and cash equivalents in the consolidated statement of cash flows. As the offsetting criteria in IAS 32 are not met, bank overdrafts are included in liabilities in the consolidated statement of financial position.

4.22 Non-current assets and liabilities classified as held for sale and discontinued operations

IFRS 5.15
IFRS 5.5

Non-current assets classified as held for sale are presented separately and measured at the lower of their carrying amounts immediately prior to their classification as held for sale and their fair value less costs to sell. However, some held for sale assets such as financial assets or deferred tax assets, continue to be measured in accordance with the Group’s relevant accounting policy for those assets. Once classified as held for sale, the assets are not subject to depreciation or amortisation.

IFRS 5.33(a)

Any profit or loss arising from the sale of a discontinued operation or its remeasurement to fair value less costs to sell is presented as part of a single line item, profit or loss from discontinued operations (see Note 4.11).

4.23 Equity, reserves and dividend payments

Share capital represents the nominal (par) value of shares that have been issued.

Share premium includes any premiums received on the issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits.

IAS 1.79(b)

Other components of equity include the following:

- **revaluation reserve** – comprises gains and losses from the revaluation of land (see Note 4.14)
- **remeasurement of net defined benefit liability** – comprises the actuarial losses from changes in demographic and financial assumptions and the return on plan assets (see Note 4.24)
- **translation reserve** – comprises foreign currency translation differences arising from the translation of financial statements of the Group's foreign entities into CU (see Note 4.6)
- **reserves for cash flow hedges** – comprises gains and losses relating to these types of financial instruments (see Note 4.18).

Retained earnings includes all current and prior period retained profits and share-based employee remuneration (see Note 4.25).

IAS 24.3

All transactions with owners of the parent are recorded separately within equity.

IFRIC 17.10

Dividend distributions payable to equity shareholders are included in other liabilities when the dividends have been approved in a general meeting prior to the reporting date.

4.24 Post-employment benefits and short-term employee benefits**Post-employment benefit plans**

The Group provides post-employment benefits through various defined contribution and defined benefit plans.

Defined contribution plans

The Group pays fixed contributions into independent entities in relation to several retirement plans and insurances for individual employees. The Group has no legal or constructive obligations to pay contributions in addition to its fixed contributions, which are recognised as an expense in the period that related employee services are received.

Defined benefit plans

IAS 19.135(a)

Under the Group's defined benefit plans, the amount of pension benefit that an employee will receive on retirement is defined by reference to the employee's length of service and final salary. The legal obligation for any benefits remains with the Group, even if plan assets for funding the defined benefit plan have been set aside. Plan assets may include assets specifically designated to a long-term benefit fund as well as qualifying insurance policies.

IAS 19.135(b)

The liability recognised in the consolidated statement of financial position for defined benefit plans is the present value of the defined benefit obligation (DBO) at the reporting date less the fair value of plan assets.

IAS 19.76

Management estimates the DBO annually with the assistance of independent actuaries. This is based on standard rates of inflation, salary growth rate and mortality. Discount factors are determined close to the end of each annual reporting period by reference to high quality corporate bonds that are denominated in the currency in which the benefits will be paid and have terms to maturity approximating the terms of the related pension liability.

IAS 19.120

IAS 19.87

IAS 19.122

Service cost on the Group's defined benefit plan is included in employee benefits expense. Employee contributions, all of which are independent of the number of years of service, are treated as a reduction of service cost. Net interest expense on the net defined benefit liability is included in finance costs. Gains and losses resulting from remeasurements of the net defined benefit liability are included in other comprehensive income and are not reclassified to profit or loss in subsequent periods.

Short-term employee benefits

Short-term employee benefits, including holiday entitlement, are current liabilities included in pension and other employee obligations, measured at the undiscounted amount the Group expects to pay as a result of the unused entitlement.

4.25 Share-based employee remuneration

Climate guidance: Share-based payment arrangements may include climate-related performance conditions (eg meeting GHG emission reduction targets and other environmental targets by the end of the service period). Provided the period in which the ESG target must be met is not longer than the related service period, these will be non-market vesting conditions. They will not affect the fair value calculation of the share-based payment, but will be taken into account when determining the number of equity instruments expected to vest, and therefore impact the overall expense of the plan.

The Group operates two share option plans for employees. Both plans are equity-settled share-based remuneration plans. None of the Group's plans are cash-settled.

IFRS 2.10	All goods and services received in exchange for the grant of any share-based payment are measured at their fair values.
IFRS 2.11	Where employees are rewarded using share-based payments, the fair value of employees' services is determined indirectly by reference to the fair value of the equity instruments granted. This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions (eg profitability and sales growth targets and performance conditions).
IFRS 2.8 IFRS 2.20 IFRS 2.19	All share-based remuneration is ultimately recognised as an expense in profit or loss with a corresponding credit to retained earnings ³ . If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest.
IFRS 2.20 IFRS 2.23	Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised if there is any indication the number of share options expected to vest differs from previous estimates. Any adjustment to cumulative share-based compensation resulting from a revision is recognised in the current period. The number of vested options ultimately exercised by holders does not impact the expense recorded in any period.
	Upon exercise of share options, the proceeds received, net of any directly attributable transaction costs, are allocated to share capital up to the nominal (or par) value of the shares issued with any excess being recorded as share premium.

4.26 Provisions, contingent assets and contingent liabilities

Climate guidance: Climate-related matters may affect recognition and measurement of provisions for a number of reasons. For example, due to circumstances such as:

- new regulatory requirements to remediate environmental damages, such as site restoration constraints
- changes in the timing of incurring costs because of an acceleration of the climate changes and the need to undertake some environmental measures more rapidly or,
- contracts that may become onerous since the climate changes may potentially decrease the entities' revenue and/or increase its operating expenses.

³ IFRS 2 does not stipulate where in equity the credit entry in an equity-settled transaction should be recognised. It is acceptable for the credit to be taken to retained earnings, however, this is subject to national law. Alternatively, it could be taken to a separate equity reserve. The accounting upon the exercise of the share options may also depend on applicable national law relating to share capital.

Climate guidance continued: Additional risks to which an entity is exposed due to its location or activities may also give rise to new contingent liabilities that must be disclosed if material.

Applying IAS 37, an entity is required to disclose information for each class of provisions and contingent assets and liabilities.

Even if the amount of a provision is quantitatively immaterial, information could be useful to users to understand the nature of the obligation, major assumptions used and the amount and timing of outflows of economic benefits required to settle it. For instance, a decommissioning provision may be immaterial because the costs required to settle the obligation are expected to be incurred in a far extreme horizon so that the discounting effects significantly reduce the provision to an immaterial amount. Information about uncertainties and assumptions used when considering this obligation can nevertheless be qualitatively material because of factors such as the risk that the entity will be required to settle the obligation earlier than expected and the size of the outflows that will be required to settle them.

What about net zero transition commitments?

In March 2024, the IFRIC published a decision about the application of IAS 37 for climate-related commitments (such as commitments to reduce or offset greenhouse gas emissions).

The IFRIC concluded that:

- Entities use judgement to assess whether a public statement of a net zero transition commitment gives an entity a constructive obligation to fulfil the commitment, considering all facts and circumstances surrounding the commitment made (eg the language used in the statement, the specificity and status of plans supporting the statement, the timing of the actions required to fulfil the commitment and publicly available evidence of progress to date).
- If a constructive obligation exists, the entity applies the three recognition criteria of IAS 37 to assess whether a provision should be recognised. (The IFRIC noted that an entity does not have a present obligation for costs of operating with lower emissions in the future. The obligation does not exist independently of the entity's future actions).

Even if no provision is recognised, disclosures about judgements and estimates made to conclude whether a constructive obligation exists, the events that could create the obligation to record a liability and the time frame (eg at the point the emissions that the entity is committed to compensate occur) might be provided to help users of financial statements understanding the effects of transition plans on financial statements.

IAS 37.14	Provisions for product warranties, legal disputes, onerous contracts or other claims are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required from the Group and amounts can be estimated reliably. The timing or amount of the outflow may still be uncertain.
IAS 37.72	Restructuring provisions are recognised only if a detailed formal plan for the restructuring exists and management has either communicated the plan's main features to those affected or started implementation. Provisions are not recognised for future operating losses.
IAS 37.36 IAS 37.45	Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.
IAS 37.33	Any reimbursement that the Group is virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.
IAS 37.27–28	No liability is recognised if an outflow of economic resources as a result of present obligations is not probable. Such situations are disclosed as contingent liabilities unless the outflow of resources is remote.

4.27 Significant management judgement in applying accounting policies and estimation uncertainty

When preparing the Group's consolidated financial statements, management makes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, revenue and expenses.

Climate guidance: Judgements made as well as estimates and assumptions used in the financial statements should be consistent with information provided outside the financial statements (eg net zero emission commitments, transition plans, etc).

For climate-related matters, judgements made by management may involve a high level of subjectivity and complexity because they cover a long-term horizon. The longer the term over which the events are expected to be resolved, the more the entity's expectations about these events are highly uncertain, and the more risk there is that assumptions might change.

In this situation, in addition to describing the nature of these uncertainties, the entity might provide sensitivity disclosures.

Significant management judgements

IAS 1.122

Guidance note: IAS 1 provides general guidance on disclosures about judgements made in applying accounting policy. Other Standards, such as IFRS 7, IFRS 12 'Disclosure of Interests in Other Entities' and IFRS 15 supplement IAS 1 by requiring disclosure about particular judgements.

The following are examples of disclosures for management judgements under IAS 1.122. An entity should disclose judgements that have the most significant effect on the amounts recognised in the financial statements. These can be disclosed in either the accounting policies or the other notes to the financial statements.

The following are the judgements made by management in applying the accounting policies of the Group that have the most significant effect on these consolidated financial statements.

Recognition of contract revenue over time or at a point in time

For some of the Group's contracts with customers, significant judgement is required to assess whether control of the related performance obligation(s) transfers to the customer over time or at a point in time in accordance with IFRS 15. Specifically, for contracts that involve developing a customer-specific asset with no alternative use to the Group, judgement is needed to determine whether the Group is entitled to payment for its performance throughout the contract period if the customer sought to cancel the contract. This relates mainly to consulting contracts for design services which represent CU 110,810 (2024: CU 109,302) of the Group's revenue. In making this assessment the Group compares the amount it is entitled to collect based on the agreed payment schedule to the estimated level of costs at all stages in the contract in order to estimate the percentage margin it would retain on cancellation. The Group then compares the lowest margin percentage through the contract period to the expected margin percentage on completion. If the lowest expected margin percentage is at least equal to the final percentage margin, within a tolerance of 2%, the Group assesses it has a right to payment for its performance throughout the contract period and recognises revenue over time. In the majority of cases the payment schedule is sufficiently front-loaded to meet this condition. If the condition is not met the Group recognises revenue on only completion. In making this judgement the Group has considered the applicable contract law in the event of a customer seeking to cancel a contract without having the right to do so and has concluded that the court of law would not necessarily enforce specific contract performance.

Capitalisation of internally developed software

Distinguishing the research and development phases of a new customised software project and determining whether the recognition requirements for the capitalisation of development costs are met requires judgement. After capitalisation, management monitors whether the recognition requirements continue to be met and whether there are any indicators that capitalised costs may be impaired (see Note 4.13).

Recognition of deferred tax assets

The extent to which deferred tax assets can be recognised is based on an assessment of the probability that future taxable income will be available against which the deductible temporary differences and tax loss carry-forwards can be utilised. In addition, significant judgement is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions (see Note 4.20).

Control assessment

See Note 6.1.

Estimation uncertainty

IAS 1.125
IAS 1.129

Guidance note: IAS 1 explains the overall requirements for disclosures about estimates.

The focus is on assumptions the entity makes about the future, and other major sources of estimation uncertainty at the end of the reporting period, when there is a significant risk of a material adjustment within the next financial year.

IAS 1 requires disclosure about the assumptions made and the nature and carrying amounts of the assets and liabilities affected. It does not prescribe the exact information an entity should disclose about these assumptions but gives examples including:

- the nature of the assumptions
- sensitivity of carrying amounts
- expected resolution/range of reasonably possible outcomes, and
- changes made to past assumptions.

Some Standards also include disclosure requirements about particular estimates. For example:

- IAS 36 'Impairment of Assets' specifies disclosures about impairment testing
- IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' requires disclosures about uncertainties and major assumptions affecting provisions
- IFRS 13 'Fair Value Measurement' requires information about how fair values have been estimated.

IAS 1.125
IAS 1.129

Information about estimates and assumptions that may have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Impairment of non-financial assets and goodwill

In assessing impairment, management estimates the recoverable amount of each asset or cash-generating unit based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate (see Note 4.16). In 2025, the Group recognised an impairment loss on goodwill (see Note 10) and internally generated software (see Note 11).

Notes to the consolidated financial statements

For the year ended 31 December 2025 (expressed in thousands of Euroland currency units (CU), except per share amounts)

Useful lives and residual values of depreciable assets

Management reviews its estimate of the useful lives and residual values of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technological obsolescence that may change the utility of certain software and IT equipment. Software with a carrying value of CU 1,100 is judged to be at an increased risk of early obsolescence due to the potentially disruptive influence on the market of Artificial Intelligence. Based on the latest information available, management continue to assess that this software and related IT equipment has a three year useful life, with two years remaining. If the useful life was instead two years, the carrying value of this software at 31 December 2025 would decrease by CU 275 and amortisation would increase by CU 275. IT hardware used to run this software may also require upgrading in the event of early obsolescence of the software. The carrying value of this IT equipment as at 31 December 2025 is CU 1,200. A one year decrease in the useful life of this hardware would reduce the carrying amount at 31 December 2025 by CU 300 and increase depreciation by CU 300.

Inventories

Management estimates the net realisable values of inventories, taking into account the most reliable evidence available at each reporting date. The future realisation of these inventories may be affected by future technology or other market-driven changes that may reduce future selling prices. The carrying value of inventories at the year end is CU 18,298 (See Note 17). If selling prices dropped by 20% (with all else remaining equal), an inventory write down of CU 400 would be required. If selling prices dropped by 30% an inventory write down of CU 1,750 would be required.

Business combinations

Management uses various valuation techniques when determining the fair values of certain assets and liabilities acquired in a business combination (see Note 4.4). In particular, the fair value of contingent consideration is dependent on the outcome of many variables including the acquirees' future profitability (see Note 5.1).

Construction contract revenue

Recognised amounts of construction contract revenues and related receivables reflect management's best estimate of each contract's outcome and stage of completion. For more complex contracts in particular, costs to complete and contract profitability are subject to significant estimation uncertainty (see Note 4.8).

Defined benefit obligation (DBO)

Management's estimate of the DBO is based on a number of critical underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses amount (as analysed in Note 22.3).

Fair value measurement

Management uses various valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as far as possible but this is not always available. In that case, management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date (see Note 35).

Leases – determination of the appropriate discount rate to measure lease liabilities

As noted above, the Group enters into leases with third party landlords and as a consequence the rate implicit in the relevant lease is not readily determinable. Therefore, the Group uses its incremental borrowing rate as the discount rate for determining its lease liabilities at the lease commencement date. The incremental borrowing rate is the rate of interest that the Group would have to pay to borrow over similar terms which requires estimations when no observable rates are available.

The Group consults with its main bankers to determine what interest rate they would expect to charge the Group to borrow money to purchase a similar asset to that which is being leased. These rates are, where necessary, then adjusted to reflect the credit worthiness of the entity entering into the lease and the specific condition of the underlying leased asset. The estimated incremental borrowing rate is higher than the parent company for leases entered into by its subsidiary undertakings.

Other accounting estimates

IAS 1.112(c)

Guidance note: As an overarching principle, IAS 1 requires disclosure of information that is not specifically required by any other IFRS Accounting Standard and is not presented elsewhere, if this information is relevant to understanding the financial statements. Reporting entities may therefore disclose other estimates that do not meet the IAS 1 definition of a significant estimate, if they conclude that this provides material information that is relevant to understanding the financial statements. If management discloses information about such ‘other’ estimates, for example, estimates where the impact is expected to crystallise over the longer term, we would expect these estimates to be clearly distinguished from significant estimates, and the reason these disclosures have been made to be explained.

The Group makes other judgements involving estimation uncertainty, that, although they do not meet the IAS 1 definitions of a significant accounting estimate, they are nevertheless considered to be important to understanding the longer-term risks and uncertainties that the group faces:

Climate-related risks:

The long-term consequences of climate change on financial statements are challenging to predict and require entities to make significant assumptions and develop estimates. Assumptions used in impairment testing and the useful lives of assets are subject to uncertainties related to regulatory changes (eg green taxes adopted by governments), the development of new technologies, the depletion of natural resources used to produce telecommunication hardware, and other factors. The assumptions used to prepare financial statements reflect the Group’s best estimates at the end of the reporting period.

5. Acquisitions and disposals

5.1 Acquisition of Goodtech GmbH in 2025

IFRS 3.B64 (a-d) On 31 March 2025, the Group acquired 100% of the equity instruments of Goodtech GmbH (Goodtech), a Hamburg (Euroland) based business, thereby obtaining control. The acquisition was made to enhance the Group's position in the online retail market for computer and telecommunications hardware in Euroland. Goodtech is a significant business in Euroland in the Group's targeted market

The details of the business combination are as follows:

IFRS 3.B64(f)	FAIR VALUE OF CONSIDERATION TRANSFERRED	
IFRS 3.B64(f)(i)	Amount settled in cash	16,058
IFRS 3.B64(f)(iii)	Fair value of contingent consideration	600
IAS 7.40(a)	Total	16,658
IFRS 3.B64(i)	RECOGNISED AMOUNTS OF IDENTIFIABLE NET ASSETS	
IAS 7.40(d)	Property, plant and equipment (Note 12)	4,622
	Intangible assets (Note 11)	5,255
	Investment property (Note 14)	75
	Total non-current assets	9,952
	Inventories	8,995
	Trade and other receivables	7,792
IAS 7.40(c)	Cash and cash equivalents	567
	Total current assets	17,354
	Borrowings	(3,478)
	Deferred tax liabilities	(632)
	Total non-current liabilities	(4,110)
	Provisions	(1,320)
	Other liabilities	(2,312)
	Trade and other payables	(5,344)
	Total current liabilities	(8,976)
	Identifiable net assets	14,220
	Goodwill on acquisition (Note 10)	2,438
IAS 7.40(b)	Consideration transferred settled in cash	16,058
IAS 7.40(c)	Cash and cash equivalents acquired	(567)
IAS 7.42	Net cash outflow on acquisition	15,491
	Acquisition costs charged to expenses	223

Consideration transferred

IFRS 3.B64 (f)(i)

The acquisition of Goodtech was settled in cash amounting to CU 16,058.

IFRS 3.B64 (g)(i-iii)
IFRS 3.B64(j)
IFRS 3.B64(m)

The purchase agreement included an additional consideration of CU 1,310, payable only if the average profits of Goodtech for 2025 and 2026 exceed a target level agreed by both parties. The additional consideration will be paid on 1 April 2027. The CU 600 of contingent consideration liability recognised represents the present value of the Group's probability-weighted estimate of the cash outflow. It reflects management's estimate of a 50% probability that the targets will be achieved and is discounted using an interest rate of 4.4%. As at 31 December 2025, there have been no changes in the estimate of the probable cash outflow but the liability has increased to CU 620 due to the change in fair value.

Guidance note: The determination of the acquisition date fair value of the contingent consideration should consider the expected outcome of the contingency. This example illustrates one possible approach in estimating the fair value of the contingent consideration.

Acquisition-related costs amounting to CU 223 are not included as part of consideration transferred and have been recognised as an expense in the consolidated statement of profit or loss, as part of other expenses.

Identifiable net assets

IFRS 3.B64 (h)(i-iii)

The fair value of the trade and other receivables acquired as part of the business combination amounted to CU 7,792, with a gross contractual amount of CU 7,867. As of the acquisition date, the Group's best estimate of the contractual cash flow not expected to be collected amounted to CU 75.

Goodwill

IFRS 3.B64(e)
IFRS 3.B64(k)

Goodwill of CU 2,438 is primarily growth expectations, expected future profitability, the substantial skill and expertise of Goodtech's workforce and expected cost synergies. Goodwill has been allocated to the retail segment and is not expected to be deductible for tax purposes.

Guidance note: If goodwill arising from a business combination has not been fully allocated to a cash-generating-unit or group of units, an entity shall disclose that fact together with the reason why that amount remains unallocated.

Goodtech's contribution to the Group results

IFRS 3.B64 (q)(i-ii)

Goodtech incurred a loss of CU 20 for the nine months from 31 March 2025 to the reporting date, primarily due to integration costs. Revenue for the nine months to 31 December 2025 was CU 24,800.

If Goodtech had been acquired on 1 January 2025, revenue of the Group for 2025 would have been CU 212,000, and profit for the year would have increased by CU 14,000.

5.2 Acquisition of Good Buy Inc. in 2024

IFRS 3.B64 (a-d)

On 30 June 2024, the Group acquired 100% of the equity instruments of Good Buy Inc. (Good Buy), a Delaware (USA) based business, thereby obtaining control. The acquisition of Good Buy was made to enhance the Group's position as an online retailer for computer and telecommunications hardware in the US market.

Notes to the consolidated financial statements

For the year ended 31 December 2025 (expressed in thousands of Euroland currency units (CU), except per share amounts)

The details of the business combination are as follows:

IFRS 3.B64(f)	FAIR VALUE OF CONSIDERATION TRANSFERRED	
IFRS 3.B64(f)(i) IAS 7.40(a)	Amount settled in cash	12,420
IFRS 3.B64(i) IAS 7.40(d)	RECOGNISED AMOUNTS OF IDENTIFIABLE NET ASSETS	
	Property, plant and equipment (Note 12)	3,148
	Intangible assets (Note 11)	3,005
	Total non-current assets	6,153
	Inventories	5,469
	Trade and other receivables	5,200
IAS 7.40(c)	Cash and cash equivalents	345
	Total current assets	11,014
	Deferred tax liabilities	(435)
	Total non-current liabilities	(435)
	Provisions	(1,234)
	Other liabilities	(657)
	Trade and other payables	(4,990)
	Total current liabilities	(6,881)
	Identifiable net assets	9,851
	Goodwill on acquisition (Note 10)	2,569
IAS 7.40(b)	Consideration transferred settled in cash	12,420
IAS 7.40(c)	Cash and cash equivalents acquired	(345)
IAS 7.42	Net cash outflow on acquisition	12,075
	Acquisition costs charged to expenses	76

Consideration transferred

IFRS 3.B64 (f)(i) The acquisition of Good Buy was settled in cash amounting to CU 12,420.

IFRS 3.B64 (g)(i-iii)
IFRS 3.B64(j)
IFRS 3.B64(m) Acquisition-related costs amounting to CU 76 are not included as part of consideration transferred and have been recognised as an expense in the consolidated statement of profit or loss, as part of other expenses.

Settlement of pre-existing relationship

IFRS 3.B64(l)(iv) The Group and Good Buy Inc. were parties to a long-term supply agreement. Good Buy Inc. provided services to entities within the Group at agreed contract rates. This pre-existing relationship was terminated at the acquisition date. The Group has determined that the fair value to settle the pre-existing relationship was CU 450. The fair value of the settlement has been determined based on an assessment of the difference between current market rates and the rates previously agreed in the long-term contract for the supply of services. This amount has been included within other expenses for the year.

Identifiable net assets

IFRS 3.B64 (h)(i-iii) The fair value of the trade and other receivables acquired as part of the business combination amounted to CU 5,200, with a gross contractual amount of CU 5,350. As of the acquisition date, the Group's best estimate of the contractual cash flow not expected to be collected amounted to CU 150.

Goodwill

IFRS 3.B64(e)
IFRS 3.B64(k) Goodwill of CU 2,569 is primarily the sales force and the sales know-how of key personnel. Goodwill has been allocated to the retail segment and is not expected to be deductible for tax purposes.

Good Buy's contribution to the Group results

IFRS 3.B64 (q)(i-iii) Good Buy contributed CU 9,540 of revenue and CU 400 to the consolidated profit for the six months from 1 July 2024 to 31 December 2024. If Good Buy had been acquired on 1 January 2024, revenue of the Group for 2024 would have been CU 196,000. However, due to lack of IFRS-specific data prior to the acquisition of Good Buy, pro-forma profit or loss of the combined entity for the complete 2024 reporting period cannot be determined reliably.

5.3 Disposal of Highstreet Ltd in 2025

See Note 6.3 below.

6. Interests in subsidiaries**6.1 Composition of the Group**

IFRS 12.10(a)(i)
IFRS 12.12

Set out below are the details of the subsidiaries held directly by the Group:

Name of the subsidiary	Country of incorporation and principal place of business	Principal activity	Proportion of ownership interests held by the Group at period-end	
			2025	2024
Goodtech GmbH	Euroland	Online retailer of computer and telecommunications hardware	100%	–
Good Buy Inc.	USA	Online retailer of computer and telecommunications hardware	100%	100%
Tech Squad Ltd	Euroland	Design and sale of phone and intranet applications	80%	80%
Data Corp	UK	Online sales of hardware and software products	100%	100%
Highstreet Ltd	UK	Design and sale of phone and intranet applications	–	100%

IFRS 12.11
IFRS 10.B92

The annual reporting date of Tech Squad Ltd is 30 September, to align with the year ends of its major competitors. Additional information is obtained by the Group, including monthly management accounts for the period between 30 September and 31 December to allow the parent to consolidate the financial information of Tech Squad Ltd as at 31 December.

Significant judgements and assumptions

IFRS 12.7
IFRS 12.9

The Group holds 45% of the ordinary shares and voting rights in Equipe Consultants S.A. (Equipe). Two other investors each hold 15%. The remaining 25% is held by several other unrelated investors, none of whom own more than 2% individually. There are no arrangements for the other shareholders to consult one another or act collectively, and past experience indicates that few of the other owners actually exercise their voting rights at all. The Group has appointed four of Equipe's Board of Directors out of a total of eleven.

Notes to the consolidated financial statements

For the year ended 31 December 2025 (expressed in thousands of Euroland currency units [CU], except per share amounts)

IFRS 10.5–7
IFRS 10.B41-B46

Management continually reassesses its involvement in Equipe in accordance with IFRS 10's control definition and guidance. It has concluded it has significant influence but not outright control at both reporting dates. In making its judgement, management considered the Group's voting rights, the relative size and dispersion of the voting rights held by other shareholders and the extent of recent participation by those shareholders in general meetings. Recent experience demonstrates that a sufficient number of the smaller shareholders participate in such a way that they, along with the two other main shareholders, have prevented the Group from having the practical ability to direct the relevant activities of Equipe unilaterally.

6.2 Subsidiary with material non-controlling interests

IFRS 12.12(a)

The Group includes one subsidiary, Tech Squad Ltd, with material⁴ non-controlling interests (NCI):

Name	Proportion of ownership interests and voting rights held by the NCI	Total comprehensive income allocated to NCI	Accumulated NCI			
	2025	2024	2025	2024		
Tech Squad Ltd	20%	20%	121	116	713	592

IFRS 12.B10(a)

No dividends were paid to the NCI during the years ended 31 December 2025 and 2024.

IFRS 12.12(g)
IFRS 12.B10(b)

Summarised financial information for Tech Squad Ltd, before intragroup eliminations, is set out below:

IFRS 12.B10(b)

	2025	2024
Non-current assets	5,019	5,182
Current assets	3,924	3,452
Total assets	8,943	8,634
Non-current liabilities	(3,806)	(3,402)
Current liabilities	(1,561)	(2,268)
Total liabilities	(5,367)	(5,670)
Equity attributable to owners of the parent	2,863	2,372
Non-controlling interests	713	592
	2025	2024
Revenue	7,658	7,116
Profit for the year attributable to owners of the parent	479	464
Profit for the year attributable to NCI	121	116
Profit for the year	600	580
Other comprehensive income for the year (all attributable to owners of the parent)	6	4
Total comprehensive income for the year attributable to owners of the parent	485	468
Total comprehensive income for the year attributable to NCI	121	116
Total comprehensive income for the year	606	584
	2025	2024
Net cash from operating activities	957	779
Net cash used in investing activities	(531)	(673)
Net cash from (used in) financing activities	446	(61)
Net cash inflow	872	45

⁴ For the purposes of Illustrative Corporation Group it is assumed that the NCI are material to the Group. The thresholds are not intended to indicate what could be material to other entities.

6.3 Losing control over a subsidiary during the reporting period

On 30 September 2025, the Group disposed of its 100% equity interest in its subsidiary, Highstreet Ltd (Highstreet). The subsidiary was classified as held for sale in the 2024 consolidated financial statements (see Note 20).

IAS 7.40(b) The consideration was received fully in cash in 2025. At the date of disposal, the carrying amounts of Highstreet's net assets were as follows:

IAS 7.40(d)

Property, plant and equipment	2,475
Total non-current assets	2,475

IAS 7.40(c)

Inventories	1,121
Cash and cash equivalents	-
Total current assets	1,121

Provisions	(232)
Borrowings	(8)
Trade and other payables	(210)
Total current liabilities	(450)
Total net assets	3,146

IAS 7.40(a)

Total consideration received in cash	3,117
Cash and cash equivalents disposed of	-

IAS 7.42

Net cash received	3,117
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IFRS 10.25

Loss on disposal	(29)
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IFRS 12.19(b)

The loss on disposal is included in the loss for the year from discontinued operations in the consolidated statement of profit or loss. See Note 20.

6.4 Interests in unconsolidated structured entities

IFRS 12.24

The Group has no interests in any unconsolidated structured entities during both of the reporting periods presented.

7. Investments accounted for using the equity method**7.1 Investment in joint venture**

IFRS 12.21(a)

The Group has one material joint venture, Halftime Ltd (Halftime):

Name of the joint venture	Country of incorporation and principal place of business	Principal activity	Proportion of ownership interests held by the Group at year end	
			2025	2024
Halftime Ltd	UK	Online sales of hardware and software products	50%	50%

IFRS 12.21(b)(i)

The investment in Halftime is accounted for using the equity method in accordance with IAS 28.

Notes to the consolidated financial statements

For the year ended 31 December 2025 (expressed in thousands of Euroland currency units (CU), except per share amounts)

IFRS 12.21(b)(ii)
IFRS 12.B12-B13 Summarised financial information for Halftime is set out below:

		2025	2024
IFRS 12.B12(b)(ii)	Non-current assets	838	500
IFRS 12.B12(b)(i)	Current assets ^(a)	528	380
	Total assets	1,366	880
IFRS 12.B12(b)(iv)	Non-current liabilities ^(b)	(240)	(298)
IFRS 12.B12(b)(iii)	Current liabilities ^(c)	(160)	(138)
	Total liabilities	(400)	(436)
IFRS 12.B14	Net assets	966	444
IFRS 12.B13(a)	(a) Includes cash and cash equivalents	60	80
IFRS 12.B13(c)	(b) Includes financial liabilities (excluding trade and other payables and provisions)	(100)	-
IFRS 12.B13(b)	(c) Includes financial liabilities (excluding trade and other payables and provisions)	(80)	-

		2025	2024
IFRS 12.B12(b)(v)	Revenue	1,200	730
IFRS 12.B12(b)(vi) IFRS 12.B12(b)(ix)	Profit and total comprehensive income for the year	522	258
IFRS 12.B13(d)	Depreciation and amortisation	30	20
IFRS 12.B13(g)	Tax expense	68	58

IFRS 12.B14 A reconciliation of the above summarised financial information to the carrying amount of the investment in Halftime is set out below:

	2025	2024
Total net assets of Halftime	966	444
Proportion of ownership interests held by the Group	50%	50%
Carrying amount of the investment in Halftime	483	222

IFRS 12.B12(a) No dividends were received from Halftime during the years ended 31 December 2025 and 2024.

IFRS 12.21(b)(iii) Halftime is a private company; therefore no quoted market prices are available for its shares.

IFRS 12.23 The Group has no additional commitments relating to Halftime.

7.2 Investments in associates

IFRS 12.21(c)
IFRS 12.B16 The Group has a 45% equity interest in Equipe and a 30% equity interest in Shopmore GmbH. Neither associate is individually material to the Group.

Summarised aggregated financial information of the Group's share in these associates is as follows:

		2025	2024
IFRS 12.B16(a)	Profit from continuing operations	130	12
IFRS 12.B16(c)	Other comprehensive income	2	-
	Total comprehensive income	132	12
IFRS 12.B16	Aggregate carrying amount of the Group's interests in these associates	377	245

IFRS 12.22(c) In 2022, the Group stopped recognising its share of losses in Shopmore GmbH because it has no further obligations arising from incurring these losses. In 2025, the Group's proportionate share in the losses of Shopmore GmbH amounting to CU 30 (2024: CU 25), cumulatively, CU 220 (2024: CU 190).

IFRS 12.23(b) The Group has contingent liabilities pertaining to legal claims amounting to CU 40 (2024: CU 25) incurred jointly with other investors in the Group's associates.

8. Revenue

IFRS 15.116 For 2025, revenue includes CU 2,718 (2024: CU 2,534) included in the contract liability balance at the beginning of the reporting period, and CU 134 (2024: CU 125) from performance obligations satisfied (or partially satisfied) in previous periods due to changes in transaction price.

Guidance note: For purposes of these Example Financial Statements, it is assumed that changes to the Group's contract liabilities (ie deferred revenue) are attributable solely to the satisfaction of performance obligations. For other entities, where contract liability balances are affected by other significant factors, IFRS 15.118 requires these changes to be explained. For example, changes due to business combinations or a change in the time frame required for a performance obligation to be satisfied.

IFRS 15.116	Contract balances	31 December 2025	31 December 2024	1 January 2024
	Trade receivables (Note 18)	30,498	23,333	22,764
	Contract assets (Note 18)	1,374	974	960
	Advances received for construction contract work	513	427	439
	Deferred service revenue	2,123	2,291	2,275
	Total contract liabilities (Note 25)	2,636	2,718	2,714

IFRS 15.114 The Group's revenue disaggregated by primary geographical markets is as follows:

IFRS 15.115

	For the year ended 31 December 2025				
	Consulting	Service	Retail	Other	Total
Euroland (domicile)	88,648	14,512	57,678	2,943	163,781
United Kingdom	10,522	1,814	7,210	368	19,914
USA	9,892	1,633	6,489	331	18,345
Other countries	1,108	181	721	37	2,047
Total revenue from contracts with customers	110,170	18,140	72,098	3,679	204,087
Cash flow hedge reclassification adjustment (Note 15.4)	640	–	–	–	640
Rental income from investment property (Note 14)	–	–	–	1,066	1,066
Total revenue	110,810	18,140	72,098	4,745	205,793

Notes to the consolidated financial statements

For the year ended 31 December 2025 (expressed in thousands of Euroland currency units (CU), except per share amounts)

For the year ended 31 December 2024					
	Consulting	Service	Retail	Other	Total
Euroland (domicile)	87,442	14,266	46,143	3,004	150,855
United Kingdom	10,653	1,783	5,768	376	18,580
USA	9,402	1,605	5,191	338	16,536
Other countries	1,093	178	2,208	38	3,517
Total revenue from contracts with customers	108,590	17,832	59,310	3,756	189,488
Cash flow hedge reclassification adjustment (Note 15.4)	712	–	–	–	712
Rental income from investment property (Note 14)	–	–	–	1,028	1,028
Total revenue	109,302	17,832	59,310	4,784	191,228

The Group's revenue disaggregated by pattern of revenue recognition is as follows:

IFRS 15.115

For the year ended 31 December 2025					
	Consulting	Service	Retail	Other	Total
Goods transferred at a point in time	23,738	3,991	15,862	809	44,400
Services transferred over time	86,432	14,149	56,236	2,870	159,687
Total revenue from contracts with customers	110,170	18,140	72,098	3,679	204,087
Cash flow hedge reclassification adjustment (Note 15.4)	640	–	–	–	640
Rental income from investment property (Note 14)	–	–	–	1,066	1,066
Total revenue	110,810	18,140	72,098	4,745	205,793

IFRS 15.115

For the year ended 31 December 2024					
	Consulting	Service	Retail	Other	Total
Goods transferred at a point in time	23,335	3,923	13,048	826	41,132
Services transferred over time	85,255	13,909	46,262	2,930	148,356
Total revenue from contracts with customers	108,590	17,832	59,310	3,756	189,488
Cash flow hedge reclassification adjustment (Note 15.4)	712	–	–	–	712
Rental income from investment property (Note 14)	–	–	–	1,028	1,028
Total revenue	109,302	17,832	59,310	4,784	191,228

IFRS 15.120

The following aggregated amounts of transaction prices relate to the performance obligations from existing contracts that are unsatisfied or partially unsatisfied as at 31 December 2025:

	2026	2027	Total
Revenue expected to be recognised	1,575	788	2,363

Prepayments and other assets contain both deferred IT set-up costs and prepayment. IT set-up costs comprise between 1% and 2% of the total labour and materials costs incurred.

	31 December 2025	31 December 2024
CURRENT		
Deferred customer set-up costs	109	107
Prepayments	297	315
Other current assets	406	422
NON-CURRENT		
Deferred customer set-up costs	185	160
Total	591	582

9. Segment reporting

IFRS 8.22(a)

Management currently identifies the Group's three service lines as its operating segments (see Note 4.7). The Group's CODM is its chief executive, and she monitors the performance of these operating segments as well as deciding on the allocation of resources to them. Segmental performance is monitored using adjusted segment operating results.

As disclosed in Note 4.7, during the year the previous project consulting and construction segments were combined into a single line of reporting to better reflect the connected end-to-end delivery of consumer centric telecommunication consulting services. As such, the comparative information below has been restated to reflect the new operating model.

IFRS 8.16

In addition, two minor operating segments are combined below under other segments. The main sources of revenue for this segment is the sale and disposal of used IT equipment the Group collects from its customers.

Guidance note: IFRS 8 'Operating Segments' requires the amount of each operating segment item to be disclosed using the measures reported to the chief operating decision maker (ie based on internal management information). The disclosures in these Example Financial Statements are therefore based on substantial assumptions, and so cannot be viewed as the only acceptable way of providing segment disclosures. It is therefore important to emphasise that segment reporting should be tailored to reflect the basis of the entity's internal management reporting.

IFRS 8.23(f)

In June 2024, the IFRIC published an agenda decision about the application of IFRS 8.23.

IFRS 8 sets out specific items that should be reported if they are included in the measure of profit or loss reviewed by the CODM (even if they are not provided to the CODM separately), or that are otherwise regularly provided to the CODM, even if they are not included in the measure of segment profit or loss, including a requirement to disclose 'material items of income and expense disclosed in accordance with paragraph 97 of IAS 1'.

The IFRIC observed that these material items are not limited to only unusual or non-recurring items. Judgement is therefore required in determining the level of detail required, based on the core principle of IFRS 8 – which requires an entity to disclose information to enable users to evaluate the nature and financial effects of the business activities in which it engages and the economic environments in which it operates.

IFRS 8.24

We note that the disclosures required will depend on what information is regularly provided to the CODM. If items listed under IFRS 8.23 such as interest are not included in the measure of profit or loss provided to the CODM, but are nevertheless reported regularly to the CODM, these should be disclosed in the segmental reporting. The segmental reporting in these Example Financial Statements reflects a situation where the CODM is provided with a measure of operating profit by segment, and is provided with segmental assets and liabilities information that excludes the amount of investment in associates and joint ventures accounted for by the equity method.

Notes to the consolidated financial statements

For the year ended 31 December 2025 (expressed in thousands of Euroland currency units [CU], except per share amounts)

Segment information for the reporting period is as follows:

		For the year ended 31 December 2025				
		Consulting	Service	Retail	Other	Total
REVENUE						
IFRS 8.23(a)	From external customers	110,810	18,140	72,098	3,679	204,727
	Discontinued operations	-	-	9,803	-	9,803
IFRS 8.23(b)	From other segments	231	-	-	-	231
	Segment revenues	111,041	18,140	81,901	3,679	214,761
	Changes in inventories	(4,794)		(3,129)		(7,923)
IFRS 8.23(f)	Costs of materials	(17,368)	(5,442)	(22,040)	(1,398)	(46,248)
IFRS 8.23(f)	Employee benefits expense	(58,164)	(9,694)	(43,799)	(2,154)	(113,811)
IFRS 8.23(e)	Depreciation and amortisation of non-financial assets	(3,922)	(1,104)	(3,273)	(25)	(8,324)
IAS 36.129(a)	Impairment of non-financial assets	(1,669)	-	-	-	(1,669)
IFRS 8.23(f)	Other expenses	(5,911)	(30)	(1,333)	(40)	(7,314)
IFRS 8.23	Segment operating profit (loss)	19,213	1,870	8,327	62	29,472
IFRS 8.23	Segment assets	75,057	18,326	56,107	2,521	152,011
IFRS 8.23	Segment liabilities	32,494	16,316	28,673	1,185	78,668
		For the year ended 31 December 2024 (Restated)				
		Consulting	Service	Retail	Other	Total
REVENUE						
IFRS 8.23(a)	From external customers	109,302	17,832	59,310	3,756	190,200
	Discontinued operations	-	-	11,015	-	11,015
IFRS 8.23(b)	From other segments	110	-	-	-	110
	Segment revenues	109,412	17,832	70,325	3,756	201,325
	Changes in inventories	(4,123)	-	(2,692)	-	(6,815)
IFRS 8.23(f)	Costs of materials	(17,737)	(5,350)	(18,734)	(1,315)	(43,136)
IFRS 8.23(f)	Employee benefits expense	(58,487)	(9,542)	(38,148)	(2,010)	(108,187)
IFRS 8.23(e)	Depreciation and amortisation of non-financial assets	(3,578)	(596)	(3,084)	(133)	(7,391)
IAS 36.129(a)	Impairment of non-financial assets	(190)	-	-	-	(190)
IFRS 8.23(f)	Other expenses	(9,213)	(100)	(1,761)	(20)	(11,094)
IFRS 8.23	Segment operating profit	16,084	2,244	5,906	278	24,512
IFRS 8.23	Segment assets	58,097	15,100	48,442	1,911	123,550
IFRS 8.23	Segment liabilities	29,763	14,994	29,110	1,095	74,962

The Group's exposure to polluting assets is concentrated in the consulting division (and mainly relates to data centres). The net book value of the assets concerned is CU 3,202 at 31 December 2025 (including for CU 2,101 in Euroland and CU 1,101 in USA).

The Group's non-current assets (other than financial instruments, investments accounted for using the equity method, deferred tax assets and post-employment benefit assets) are located into the following geographic regions:

IFRS 8.33(b)

	31 December 2025	31 December 2024 (Restated)
Euroland (domicile)	45,991	40,170
United Kingdom	5,749	5,021
USA	5,174	4,519
Other countries	575	502
Total	57,489	50,212

IFRS 8.33(a)

Non-current assets are allocated based on their physical location. The above table does not include discontinued operations (disposal groups), for which revenue and assets can be attributed to Euroland.

Revenues from external customers in the Group's domicile, Euroland, as well as its major markets, the United Kingdom and the USA, have been identified on the basis of the customer's geographical location and are disclosed in Note 8.

IFRS 8.34

During 2025, CU 24,744 or 12% (2024: CU 21,076 or 11%) of the Group's revenues depended on a single customer in the consulting segment.

The totals presented for the Group's operating segments reconcile to the key financial figures as presented in its consolidated financial statements as follows:

	2025	2024 (Restated)
IFRS 8.28(a)	REVENUES	
	Total reportable segment revenues	211,082 197,569
	Other segment revenues	3,679 3,756
	Discontinued operations	(9,803) (11,015)
	Elimination of intersegment revenues	(231) (110)
		204,727 190,200
	Rental income from investment property	1,066 1,028
	Group revenues	205,793 191,228
IFRS 8.28(b)	PROFIT OR LOSS	
	Total reportable segment operating profit	29,410 25,637
	Other segment profit	62 278
	Rental income from investment property	1,066 1,028
	Change in fair value of investment property	310 175
	Share-based payment expenses	(298) (466)
	Post-employment benefit expenses	(5,799) (7,273)
	Research and development costs	(1,690) (1,015)
	Other income not allocated	676 341
	Other expenses not allocated	(304) (263)
	Operating profit of discontinued operations	(73) (106)
	Elimination of intersegment profits	(58) (27)
	Group operating profit	23,302 18,309
	Share of profits from equity accounted investments	391 141
	Finance costs	(3,939) (3,993)
	Finance income	964 885
	Other financial items	943 1,182
	Group profit before tax	21,661 16,524

Notes to the consolidated financial statements

For the year ended 31 December 2025 (expressed in thousands of Euroland currency units (CU), except per share amounts)

		31 December 2025	31 December 2024 (Restated)
IFRS 8.28(c)	ASSETS		
	Total reportable segment assets	149,490	121,639
	Other segment assets	2,521	1,911
	Group headquarters	3,925	2,127
	Investment property	12,662	12,277
	Illustrative Research Lab	5,046	2,735
	Other assets	3,364	2,080
	Consolidation	(1,018)	(378)
	Group assets	175,990	142,391

		31 December 2025	31 December 2024 (Restated)
IFRS 8.28(d)	LIABILITIES		
	Total reportable segment liabilities	77,483	73,867
	Other segment liabilities	1,185	1,095
	Pension and employee obligations	11,853	15,138
	Group liabilities	90,521	90,100

IFRS 8.28 Unallocated operating income and expense mainly consist of research expenditure as well as post-employment benefits expenses. The Group's corporate assets, consisting of its headquarters, investment properties and research facility, are not allocated to any segment.

IFRS 8.32 An analysis of the Group's revenue from external customers for each major product and service category (excluding revenue from discontinued operations) is as follows:

		2025	2024 (Restated)
IAS 40.75(f)	Sale of hardware	47,585	39,145
	Sale of software	24,513	20,165
	Other	3,679	3,756
	Sale of goods	75,777	63,066
	After-sales service and maintenance	18,140	17,832
	Consulting	59,837	60,116
	Construction contracts for telecommunication systems	50,973	49,186
	Investment property rental	1,066	1,028
	Rendering of services	130,016	128,162
	Group revenue	205,793	191,228

10. Goodwill

IFRS 3.B67(d) The movements in the net carrying amount of goodwill are as follows:

	2025	2024
GROSS CARRYING AMOUNT		
IFRS 3.B67(d)(i) Balance 1 January	3,727	1,234
IFRS 3.B67(d)(ii) Acquired through business combination	2,438	2,569
IFRS 3.B67(d)(vi) Net exchange difference	(135)	(76)
IFRS 3.B67(d)(viii) Balance 31 December	6,030	3,727
ACCUMULATED IMPAIRMENT		
IFRS 3.B67(d)(i) Balance 1 January	(190)	–
IFRS 3.B67(d)(v) Impairment loss recognised	(799)	(190)
IFRS 3.B67(d)(vi) Net exchange difference	–	–
IFRS 3.B67(d)(viii) Balance 31 December	(989)	(190)
Carrying amount at 31 December	5,041	3,537

Impairment testing

IAS 36.80 For the purpose of annual impairment testing, goodwill is allocated to the operating segments expected to benefit from the synergies of the business combinations in which the goodwill arises as set out below, and is compared to its recoverable value:

	31 December 2025	31 December 2024
Goodwill allocated to operating segments		
IAS 36.134(a) Retail	4,796	2,493
Consulting	245	1,044
	5,041	3,537

IAS 36.134(c-d)
IAS 36.130(e) The Group tests cash-generating units with goodwill annually for impairment, or more frequently if there is an indication that a cash-generating unit to which goodwill has been allocated may be impaired. The recoverable amount of a cash generating unit is the higher of the cash-generating unit's fair value less cost of disposal ('FVLCD') and its value-in-use.

FVLCD is determined based on the market capitalisation approach, using the turnover and earnings multiples derived from observable market data. The fair value measurement is categorised as a level 2 fair value based on the inputs in the valuation techniques used.

Calculation of the value-in-use is determined based on a detailed five-year forecast approved by management, with expected cash flows beyond the five-year period extrapolated for the remaining useful lives using a declining growth rate determined by management. The present value of the expected cash flows of each cash generating unit is determined by applying a suitable discount rate reflecting current market assessments of the time value of money.

The values of key assumptions used reflect historical data from both external and internal sources. Licenses amounting to CU 561 million (31 December 2024: CU 561 million) are intangible assets with indefinite useful life. They are part of the retail segment.

Notes to the consolidated financial statements

For the year ended 31 December 2025 (expressed in thousands of Euroland currency units (CU), except per share amounts)

Recoverable amount of each operating segment	31 December 2025	31 December 2024
Retail	41,835	30,679
Consulting	62,562	48,354

	Growth rates		Discount rates	
	2025	2024	2025	2024
Retail	3.0%	3.0%	9.3%	9.5%
Consulting	0.1%	0.5%	10.9%	10.1%

Growth rates

The growth rates reflect the long-term average growth rates for the product lines and industries of the segments (all publicly available). The growth rate for online retailing exceeds the overall long-term average growth rates for Euroland because this sector is expected to continue to grow at above-average rates for the foreseeable future.

At this stage, and considering the direct exposure of the Group to the climate changes, management has considered growth rates were not significantly affected and were still consistent with long-term perspectives of its industry and expectations from market participants. Despite risks mentioned in Note 4.3, climate-related matters could nevertheless generate new business opportunities for the Group (eg acceleration of the Group's digital transformation presents a major opportunity for the Group to develop new consulting missions or accelerated technological progress together with the development of the circular economy. This could help the Group to gain a stronger foothold in the highly competitive market of retailing telecommunications hardware).

Discount rates

The discount rates reflect appropriate adjustments relating to market risk and specific risk factors of each segment.

Cash flow assumptions

The Group scrutinises climate-related matters to identify whether any event (eg new regulation) associated with climate change is an indicator of impairment of its non-current assets. Without being an indicator of impairment, climate-related matters may nevertheless negatively affect several assumptions used for determining the estimated cash flows used in computing the value-in-use for the impairment test. Projections of cash flows as referred to above are extracted from the Group's business plan for the next five years and take account of action plans implemented by management to reduce its greenhouse gas emissions, the effect of newly endorsed environmental regulations, and the cost of adaptation of its infrastructure (mainly data centres) and mitigation efforts.

At this stage, those assumptions and the climate strategy of the Group have not resulted in a material impact on the recoverable amount of its non-current assets.

Retail segment

IAS 36.134(d)(i)
IAS 36.134(d)(ii)

The estimate of FVLCD for this segment is determined based on earnings before interest, tax, depreciation, and amortisation (EBITDA) multiples of comparable listed companies.

Under the income approach, management's key assumptions include stable profit margins, based on past experience in this market. The Group's management believes this is the best available input for forecasting this mature market. Cash flow projections reflect stable profit margins achieved immediately before the most recent budget period. No expected efficiency improvements have been taken into account and prices and wages reflect publicly available forecasts of inflation for the industry.

IAS 36.134(f)
IAS 1.125

The recoverable amount of 'Retail Segment' was substantially in excess of its carrying amount. A 1% decrease in EBITDA would reduce the headroom in 'Retail Segment' by CU 562 in 2025 (2024: CU 463) but would not result in an impairment loss.

Consulting segment

IAS 36.130(a)
IAS 36.130(d)
IAS 36.134(d)(i)
IAS 36.134(d)(ii)

The forecast was adjusted in 2024 for the continued decline in consulting services related to conventional telecommunication solutions. The market shift seen in recent years, towards inter and intranet based solutions continued in 2025. As a result, management expects lower growth and moderately declining profit margins for this segment.

Impairment testing, taking into account the latest developments, resulted in the further reduction of goodwill in 2025 to its recoverable amount. See Note 11 for the impairment of other intangible assets.

IAS 38.118(d)

The related goodwill impairment loss of CU 799 in 2025 (2024: CU 190) was included within depreciation, amortisation and impairment of non-financial assets.

IAS 36.134(f)
IAS 1.125

The estimate of recoverable amount for the consulting segment is particularly sensitive to the discount rate. If the discount rate used is increased by 1%, a further impairment loss of CU 300 would have to be recognised, of which CU 245 would be written off against goodwill and CU 55 against property, plant and equipment. A 1% decrease in forecasted EBITDA would result in additional impairment loss in 'Consulting Segment' by CU 238 in 2025 (2024: CU 196). Management is not currently aware of any other reasonably possible changes to key assumptions that would cause the carrying amount of the consulting segment to exceed its recoverable amount.

As this assumption is important in determining recoverable value of the consulting segment, sensitivity analyses are conducted on long-term price curves of electricity when impairment tests are carried out. The outcome of this analysis does not result in any potential impairment loss.

11. Other intangible assets

Details of the Group's other intangible assets and their carrying amounts are as follows:

	Acquired software licenses	Internally developed software	Licenses	Brand names	Customer lists	Total	
IAS 38.118	GROSS CARRYING AMOUNT						
IAS 38.118(c)	Balance at 1 January 2025	13,608	14,233	561	760	374	29,536
IAS 38.118(e)(i)	Additions, separately acquired	440	–	–	–	–	440
IAS 38.118(e)(i)	Additions, internally developed	–	3,306	–	–	–	3,306
IAS 38.118(e)(i)	Acquisition through business combination	3,653	–	–	215	1,387	5,255
IAS 38.118(e)(ii)	Disposals	(1,159)	–	–	–	–	(1,159)
IAS 38.118(e)(vii)	Net exchange differences	(73)	(54)	–	–	–	(127)
IAS 38.118(c)	Balance at 31 December 2025	16,469	17,485	561	975	1,761	37,251
	AMORTISATION AND IMPAIRMENT						
IAS 38.118(c)	Balance at 1 January 2025	(6,063)	(9,381)	–	(162)	(89)	(15,695)
IAS 38.118(e)(vi)	Amortisation	(1,978)	(1,315)	–	(125)	(110)	(3,528)
IAS 38.118(e)(iv)	Impairment losses	–	(870)	–	–	–	(870)
IAS 38.118(e)(ii)	Disposals	350	–	–	–	–	350
IAS 38.118(e)(vii)	Net exchange differences	(48)	(36)	–	–	–	(84)
IAS 38.118(c)	Balance at 31 December 2025	(7,739)	(11,602)	–	(287)	(199)	(19,827)
	Carrying amount 31 December 2025	8,730	5,883	561	688	1,562	17,424

Notes to the consolidated financial statements

For the year ended 31 December 2025 (expressed in thousands of Euroland currency units (CU), except per share amounts)

	Acquired software licenses	Internally developed software	Licenses	Brand names	Customer lists	Total	
IAS 38.118	GROSS CARRYING AMOUNT						
IAS 38.118(c)	Balance at 1 January 2024	8,672	14,039	561	–	–	23,272
IAS 38.118(e)(i)	Additions, separately acquired	3,097	–	–	–	–	3,097
IAS 38.118(e)(i)	Additions, internally developed	–	216	–	–	–	216
IAS 38.118(e)(i)	Acquisition through business combination	1,859	–	–	768	378	3,005
IAS 38.118(e)(vii)	Net exchange differences	(20)	(22)	–	(8)	(4)	(54)
IAS 38.118(c)	Balance at 31 December 2024	13,608	14,233	561	760	374	29,536
	AMORTISATION AND IMPAIRMENT						
IAS 38.118(c)	Balance at 1 January 2024	(4,442)	(8,166)	–	–	–	(12,608)
IAS 38.118(e)(vi)	Amortisation	(1,607)	(1,201)	–	(156)	(87)	(3,051)
IAS 38.118(e)(vii)	Net exchange differences	(14)	(14)	–	(6)	(2)	(36)
IAS 38.118(e)(iv)	Impairment losses	–	–	–	–	–	–
IAS 38.118(c)	Balance at 31 December 2024	(6,063)	(9,381)	–	(162)	(89)	(15,695)
	Carrying amount 31 December 2024	7,545	4,852	561	598	285	13,841

IAS 23.8
IAS 38.126
Additions to internally developed software include capitalised borrowing costs of CU 80 (2024: CU 78). In addition, research and development costs of CU 1,690 (2024: CU 1,015) were recognised as employee benefits expenses.

IAS 36.130(b)
IAS 36.130(c)(i)
IAS 36.130(c)(ii)
IAS 36.130(a)
IAS 36.130(e)
IAS 36.130(g)
An impairment loss of CU 870 (2024: Nil) was recognised for internally developed software used to provide certain after-sales and maintenance services within the consulting segment (see Note 9). The recoverable amount of the asset is its value-in-use, determined using management's expectation the market will shift considerably towards other alternative software products and will significantly reduce future revenues and profits in the next two to three years (see Note 10 for the growth and discount rates used). Should the shift in the market to other software products occur more rapidly, the carrying amount of the software of CU 100 (2024: CU 970) would be reduced to CU Nil.

IAS 38.118(d)
All amortisation and impairment charges are included within depreciation, amortisation and impairment of non-financial assets.

IAS 38.122(e)
During the year ended 31 December 2025 the Group entered into an agreement to acquire enterprise resource planning software to support the planning and administration of the Group's operations. Minimum contractual commitments resulting from this agreement are CU 97 payable during 2026. There are no other material contractual commitments at 31 December 2025 (2024: None).

12. Property, plant and equipment

Details of the Group's property, plant and equipment and their carrying amounts are as follows:

		Land	Buildings	IT equipment	Other equipment	Total
	GROSS CARRYING AMOUNT					
IAS 16.73(d)	Balance 1 January 2025	7,697	14,499	4,379	2,334	28,909
IAS 16.73(e)(i)	Additions	–	76	–	–	76
IAS 16.73(e)(iii)	Acquisition through business combination	730	1,221	2,306	365	4,622
IAS 16.73(e)(ii)	Disposals	–	(401)	–	–	(401)
IAS 16.73(e)(iv)	Revaluation increase	303	–	–	–	303
IAS 16.73(e)(viii)	Net exchange differences	(21)	(81)	(79)	(54)	(235)
IAS 16.73(d)	Balance 31 December 2025	8,709	15,314	6,606	2,645	33,274
	DEPRECIATION AND IMPAIRMENT					
IAS 16.73(d)	Balance 1 January 2025	–	(11,019)	(783)	(913)	(12,715)
IAS 16.73(e)(ii)	Disposals	–	315	–	–	315
IAS 16.73(e)(viii)	Net exchange differences	–	(54)	(53)	(36)	(143)
IAS 16.73(e)(vii)	Depreciation	–	(954)	(641)	(530)	(2,125)
IAS 16.73(d)	Balance 31 December 2025	–	(11,712)	(1,477)	(1,479)	(14,668)
	Carrying amount 31 December 2025	8,709	3,602	5,129	1,166	18,606
		Land	Buildings	IT equipment	Other equipment	Total
	GROSS CARRYING AMOUNT					
IAS 16.73(d)	Balance 1 January 2024	7,697	18,204	3,116	966	29,983
IAS 16.73(e)(i)	Additions	–	1,001	1,390	890	3,281
IAS 16.73(e)(iii)	Acquisition through business combination	–	–	2,310	838	3,148
IAS 16.73(e)(ii)	Held for sale or included in disposal group	–	(4,598)	(2,422)	(348)	(7,368)
IAS 16.73(e)(viii)	Net exchange differences	–	(108)	(15)	(12)	(135)
IAS 16.73(d)	Balance 31 December 2024	7,697	14,499	4,379	2,334	28,909
	DEPRECIATION AND IMPAIRMENT					
IAS 16.73(d)	Balance 1 January 2024	–	(12,164)	(1,334)	(551)	(14,049)
IAS 16.73(e)(viii)	Net exchange differences	–	(72)	(10)	(8)	(90)
IAS 16.73(e)(ii)	Held for sale or included in disposal group	–	3,200	990	200	4,390
IAS 16.73(e)(vii)	Depreciation	–	(1,983)	(429)	(554)	(2,966)
IAS 16.73(d)	Balance 31 December 2024	–	(11,019)	(783)	(913)	(12,715)
	Carrying amount 31 December 2024	7,697	3,480	3,596	1,421	16,194

IAS 36.126(a) All depreciation and impairment charges are included within depreciation, amortisation and impairment of non-financial assets.

The Group reviewed the useful lives of its main IT equipment assets potentially affected by its strategy to reduce greenhouse gas emissions generated by its activities (see Note 4.3) and concluded that no changes were required at this stage. This is consistent with the Group's overall climate commitments and measures the Group will implement in the future.

IAS 16.74(a)
IFRS 7.14(a) Land and buildings have been pledged as security for the Group's other bank borrowings (see Note 15.5).

Notes to the consolidated financial statements

For the year ended 31 December 2025 (expressed in thousands of Euroland currency units (CU), except per share amounts)

The Group has a contractual commitment to acquire IT equipment of CU 1,304 payable in 2025. There were no other material contractual commitments to acquire property, plant and equipment at 31 December 2025 (2024: None).

The Group has no capital work in progress at 31 December 2025 (2024: Nil).

If the cost model had been used, the carrying amounts of the revalued land, including the fair value adjustment upon acquisition of Goodtech, would be CU 7,421 (2024: CU 6,712). The revalued amounts include a revaluation surplus of CU 1,288 before tax (2024: CU 985), which is not available for distribution to the shareholders of Illustrative Corporation.

A review of the useful life for fixed assets has been performed in regard to climate change and environmental regulations as known at the reporting date and which has not identified any significant impact to the Group's carrying amounts of property, plant and equipment.

Fair value measurement of the land

See Note 35.2.

13. Leases

Right-of-use assets

IFRS 16.47(a)(ii)		Buildings	IT equipment	Total
	GROSS CARRYING AMOUNT			
	Balance 1 January 2025	33,163	2,967	36,130
	Additions	-	-	-
	Disposals	-	-	-
	Balance 31 December 2025	33,163	2,967	36,130
	DEPRECIATION AND IMPAIRMENT			
	Balance at 1 January 2025	(3,015)	(910)	(3,925)
	Disposals	-	-	-
IFRS 16.53(a)	Depreciation	(2,236)	(435)	(2,671)
	Balance 31 December 2025	(5,251)	(1,345)	(6,596)
IFRS 16.53(j)	Carrying amount 31 December 2025	27,912	1,622	29,534
		Buildings	IT equipment	Total
	GROSS CARRYING AMOUNT			
	Balance 1 January 2024	33,163	2,967	36,130
	Additions	-	-	-
	Disposals	-	-	-
	Balance 31 December 2024	33,163	2,967	36,130
	DEPRECIATION AND IMPAIRMENT			
	Balance at 1 January 2024	(780)	(471)	(1,251)
IFRS 16.53(a)	Depreciation	(2,235)	(439)	(2,674)
	Balance 31 December 2024	(3,015)	(910)	(3,925)
IFRS 16.53(j)	Carrying amount 31 December 2024	30,148	2,057	32,205

Lease liabilities

Lease liabilities are presented in the consolidated statement of financial position as follows:

	31 Dec 2025	31 Dec 2024
Current	2,522	2,506
Non-current	31,194	33,003
	33,716	35,509

IFRS 16.59(a) The Group has leases for the main warehouse and related facilities, an office and production building, and some IT equipment. With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected in the consolidated statement of financial position as a right-of-use asset and a lease liability. Variable lease payments which do not depend on an index or a rate (such as lease payments based on a percentage of Group sales) are excluded from the initial measurement of the lease liability and asset. The Group classifies its right-of-use assets in a consistent manner to its property, plant and equipment (see Note 12).

IFRS 16.59(c) Each lease generally imposes a restriction that, unless there is a contractual right for the Group to sublet the asset to another party, the right-of-use asset can only be used by the Group. Leases are either non-cancellable or may only be cancelled by incurring a substantive termination fee. Some leases contain an option to purchase the underlying leased asset outright at the end of the lease, or to extend the lease for a further term. The Group is prohibited from selling or pledging the underlying leased assets as security. For leases over office buildings and factory premises the Group must keep those properties in a good state of repair and return the properties in their original condition at the end of the lease. Further, the Group must insure right-of-use assets and incur maintenance fees on such items in accordance with the lease contracts.

IFRS 16.59 The table below describes the nature of the Group's leasing activities by type of right-of-use asset recognised in the consolidated statement of financial position at 31 December 2025:

IFRS 16.59(b)(ii)	Right-of-use asset	No of right-of-use assets leased	Range of remaining term	Average remaining lease term	No of leases with extension options	No of leases with options to purchase	No of leases with variable payments linked to an index	No of leases with termination options
	Office building	2	10-20 years	15 years	2	1	1	0
	Warehouse and related facilities	3	14-16 years	15 years	2	0	3	0
	IT equipment	35	2-6 years	3 years	0	20	0	0

The lease liabilities are secured by the related underlying assets. Future lease payments at 31 December 2025 were as follows:

IFRS 16.58	Lease payments due						
	Within 1 year	1-2 years	2-3 years	3-4 years	4-5 years	After 5 years	Total
31 DECEMBER 2025							
Lease payments	2,979	2,960	2,960	2,942	2,935	21,702	36,478
Finance charges	(457)	(360)	(340)	(272)	(260)	(1,073)	(2,762)
Net present values	2,522	2,600	2,620	2,670	2,675	20,629	33,716
31 DECEMBER 2024							
Lease payments	2,966	2,960	2,942	2,935	2,957	23,858	38,618
Finance charges	(460)	(311)	(282)	(387)	(189)	(1,480)	(3,109)
Net present values	2,506	2,649	2,660	2,548	2,768	22,378	35,509

Notes to the consolidated financial statements

For the year ended 31 December 2025 (expressed in thousands of Euroland currency units (CU), except per share amounts)

Lease payments not recognised as a liability

The Group has elected not to recognise a lease liability for short-term leases (leases with an expected term of 12 months or less) or for leases of low-value assets. Payments made under such leases are expensed on a straight-line basis. In addition, certain variable lease payments are not permitted to be recognised as lease liabilities and are expensed as incurred.

The expense relating to payments not included in the measurement of the lease liability is as follows:

		31 Dec 2025	31 Dec 2024
IFRS 16.53(c)	Short-term leases	1,324	1,560
IFRS 16.53(d)	Leases of low-value assets	160	195
IFRS.16.53(e)	Variable lease payments	475	534
		1,959	2,289

IFRS 16.55 At 31 December 2025 the Group was committed to short-term leases and the total commitment at that date was CU 5,960 (2024: CU 6,549).

IFRS 16.59(b)(i) Variable lease payments expensed on the basis that they are not recognised as a lease liability include rentals based on revenue from the use of the underlying asset and excess use charges on office equipment. Variable payment terms are used for a variety of reasons, including minimising costs for IT equipment with infrequent use. Variable lease payments are expensed in the period they are incurred. Potential future variable lease payments the Group are exposed to at 31 December 2025 are estimated to be:

	Within 1 year	1-2 years	2-3 years	3-4 years	4-5 years	After 5 years	Total
31 DECEMBER 2025							
Variable lease payments	452	436	412	401	401	0	2,102
31 DECEMBER 2024							
Variable lease payments	470	450	435	415	400	400	2,570

The potential additional future cashflows to which the Group are exposed if extension options are exercised are as follows:

	Within 1 year	1-2 years	2-3 years	3-4 years	4-5 years	After 5 years	Total
31 DECEMBER 2025							
Extension options	51	36	42	40	0	0	169
31 DECEMBER 2024							
Extension options	68	52	36	45	40	0	241

IFRS 16.59(b)(iv) At 31 December 2025 the Group had committed to leases which had not yet commenced. The total future cash outflows for leases that had not yet commenced were as follows:

Type of asset	31 Dec 2025	31 Dec 2024
IT equipment	4,900	–
	4,900	–

IFRS 16.53(g) Total cash outflow for leases for the year ended 31 December 2025 was CU 5,473 (2024: CU 1,919).

Operating leases as lessor

IFRS 16.92(a) The Group leases out investment properties under operating leases consisting of certain office buildings (see Note 14).

Guidance note: A sale and leaseback transaction is one where an entity (the seller-lessee) transfers an asset to another entity (the buyer-lessor) for consideration and leases that asset back from the buyer-lessor. Refer to our article **Insights into IFRS 16 – Sale and leaseback accounting** for more information on accounting and presentation requirements.

Entities who have entered into sale and leaseback transactions may additionally include the lessee's reasons for sale and leaseback transactions and the prevalence of those transactions; key terms and conditions of individual sale and leaseback transactions; payments not included in the measurement of lease liabilities; and the cash flow effect of sale and leaseback transactions in the reporting period.

14. Investment property

IAS 40.5 Investment property includes real estate properties in Euroland and in the United States, which are owned to earn rentals and for capital appreciation.

IFRS 13.93(a) Note 35.2 sets out how the fair value of the investment properties has been determined.
IAS 40.76

Changes to the carrying amounts are as follows:

	2025	2024
Carrying amount 1 January	12,277	12,102
IAS 40.76(a) Additions:		
IAS 40.76(b) – Through business combination	75	–
Change in fair value:		
IAS 40.76(d) – Net gain	288	150
IAS 40.76(e) – Net exchange differences	22	25
Total change in fair value	310	175
Carrying amount 31 December	12,662	12,277

IAS 40.75(g) Investment properties valued at CU 8,327 are pledged as security for related borrowings (2024: CU 8,113).

IAS 40.75(f) Investment properties are either leased to third parties on operating leases or are vacant. Rental
IFRS 16.92(a) income of CU 1,066 (2024: CU 1,028) is shown within revenue and includes CU 37 (2024: CU 34)
IFRS 16.90(b) from variable lease payments not dependent on an index or rate. Direct operating expenses of CU 213 (2024: CU 206) are reported within other expenses, of which CU 18 (2024: CU 12) is incurred on vacant properties that did not generate rental income.

IFRS 16.92(b) Although the risks associated with rights the Group retains in underlying assets are not considered to be significant, the Group employs strategies to further minimise these risks. For example, ensuring all contracts include clauses requiring the lessee to compensate the Group when a property has been subjected to excess wear-and-tear during the lease term. The unguaranteed residual values do not represent a significant risk for the Group, as they relate to properties in locations where market value, year on year, has always increased. The lessee does not have an option to purchase the property at the expiry of the lease period.

Notes to the consolidated financial statements

For the year ended 31 December 2025 (expressed in thousands of Euroland currency units [CU], except per share amounts)

IFRS 16.92 The lease contracts are all non-cancellable for eight years from the commencement of the lease.
IFRS 16.97 Maturity analysis of future operating lease rentals are as follows:

	Undiscounted lease payments due						Total
	Within 1 year	1-2 years	2-3 years	3-4 years	4-5 years	After 5 years	
31 December 2025	1,030	1,124	1,227	1,339	1,460	1,978	8,158
31 December 2024	1,075	1,173	1,280	1,397	1,525	2,090	8,540

15. Financial assets and liabilities

15.1 Categories of financial assets and financial liabilities

Note 4.18 provides a description of each category of financial assets and financial liabilities and the related accounting policies. The carrying amounts of financial assets and financial liabilities in each category are as follows:

IFRS 7.8	31 December 2025	Amortised cost	FVTPL	Derivatives used for hedging (FV)	Total
	FINANCIAL ASSETS				
	Bonds and debentures	2,878	–	–	2,878
	Other investments	–	1,173	–	1,173
	Other long-term financial assets	2,878	1,173	–	4,051
	Other short-term financial assets	–	655	–	655
	Derivative financial instruments	–	115	601	716
	Trade and other receivables ^a	30,606	–	–	30,606
	Cash and cash equivalents	34,729	–	–	34,729
	Total financial assets	68,213	1,943	601	70,757

^a these amounts only represent trade receivables that are financial assets (see Note 18)

31 December 2025	Other liabilities at FVTPL	Other liabilities (amortised cost)	Total
FINANCIAL LIABILITIES			
Non-current borrowings	–	21,070	21,070
Current borrowings	–	4,815	4,815
Trade and other payables	–	8,497	8,497
Contingent consideration	620	–	620
Total financial liabilities	620	34,382	35,002

31 December 2024	Amortised Cost	FVTPL	Derivatives used for hedging (FV)	Total
FINANCIAL ASSETS				
Bonds and debentures	3,074	–	–	3,074
Other investments	–	1,063	–	1,063
Other long-term financial assets	3,074	1,063	–	4,137
Other short-term financial assets	–	649	–	649
Derivative financial instruments	–	212	230	442
Trade and other receivables ^a	23,441	–	–	23,441
Cash and cash equivalents	11,197	–	–	11,197
Total financial assets	37,712	1,924	230	39,866

^a these amounts only represent trade receivables that are financial assets (see Note 18)

31 December 2024	Derivatives (FV) used for hedging	Other liabilities (amortised cost)	Total
FINANCIAL LIABILITIES			
Non-current borrowings	–	21,265	21,265
Current borrowings	–	3,379	3,379
Trade and other payables	–	6,550	6,550
Derivative financial instruments	160	–	160
Total financial liabilities	160	31,194	31,354

IFRS 7.33 A description of the Group's financial instrument risks, including risk management objectives and policies is given in Note 34.

IFRS 13.91(a) The methods used to measure financial assets and liabilities reported at fair value are described in Note 35.1.

15.2 Financial assets at amortised cost

IFRS 7.7
IFRS 7.25 Financial assets at amortised cost include publicly traded zero coupon and US straight bonds with fixed interest rates between 5.5% and 6.2%. They mature in 2027 and 2028. The carrying amounts (measured at amortised cost) and fair values of these bonds are as follows:

	31 December 2025	31 December 2024
IFRS 7.8(f) Carrying amount at amortised cost:		
– Zero coupon bonds	1,077	1,159
– US straight bonds	1,704	1,803
– Debentures	97	112
	2,878	3,074
IFRS 7.8(a) Fair value:		
– Zero coupon bonds	1,101	1,156
– US straight bonds	1,705	1,809
– Debentures	99	114
	2,905	3,079

IFRS 13.93 Fair values of these bonds and debentures have been estimated by reference to quoted bid prices in active markets at the reporting date and are categorised within Level 1 of the fair value hierarchy. The fair value of the US straight bonds also reflects the US-dollar spot rate as at the reporting date.

15.3 Financial assets at fair value through profit or loss (FVTPL)

Financial assets at FVTPL include the equity investment in XY Ltd together with listed equity securities. The Group accounts for the investment at FVTPL and did not make the irrevocable election to account for it at FVOCI.

	31 December 2025	31 December 2024
Investment in XY Ltd	752	720
Listed equity securities	421	343
	1,173	1,063

Notes to the consolidated financial statements

For the year ended 31 December 2025 (expressed in thousands of Euroland currency units (CU), except per share amounts)

15.4 Derivative financial instruments and hedge accounting

The Group's derivative financial instruments are measured at fair value and are summarised below:

		31 December 2025	31 December 2024
IAS 1.77 IFRS 7.24A(a)	US-dollar forward contracts – cash flow hedge	467	–
IAS 1.77 IFRS 7.24A(a)	GBP forward contracts – cash flow hedge	134	230
IAS 1.77	Other forward exchange contracts – held-for-trading	115	212
	Derivative financial assets	716	442
IAS 1.77 IFRS 7.24A(a)	US-dollar forward contracts – cash flow hedge	–	(160)
	Derivative financial liabilities	–	(160)

IFRS 7.21A The Group uses forward foreign exchange contracts to mitigate exchange rate exposure arising from forecast sales in US dollars (USD) and British pounds (GBP) (where this is not the functional currency of the Group entity making the sale). The Group's policy is to hedge up to 75% of all highly probable forecast non-CU sales in the United States and the United Kingdom a quarter in advance of the forecast sales transaction. During the year ended 31 December 2025, 75% of the non-CU denominated sales were hedged in respect of foreign currency risk using foreign currency forwards.

IFRS 7.22B Hedge effectiveness is determined at inception of the hedge relationship and at every reporting period end through the assessment of the hedged items and hedging instrument to determine whether there is still an economic relationship between the two.

The critical terms of the foreign currency forwards entered into exactly match the terms of the hedged item. As such the economic relationship and hedge effectiveness are based on the qualitative factors and the use of a hypothetical derivative where appropriate.

Hedge ineffectiveness may arise where the critical terms of the forecast transaction no longer meet those of the hedging instrument. For example if there was a change in the timing of the forecast sales transactions from what was initially estimated or if the volume of currency in the hedged item was below expectations leading to over-hedging.

The hedged items and the hedging instrument are denominated in the same currency and as a result the hedging ratio is always one to one.

All derivative financial instruments used for hedge accounting are recognised initially at fair value and reported subsequently at fair value in the consolidated statement of financial position.

To the extent the hedge is effective, changes in the fair value of derivatives designated as hedging instruments in cash flow hedges are recognised in other comprehensive income and included within the cash flow hedge reserve in equity. Any ineffectiveness in the hedge relationship is recognised immediately in profit or loss.

At the time the hedged item affects profit or loss, any gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss and presented as a reclassification adjustment within other comprehensive income.

If a forecast transaction is no longer expected to occur, any related gain or loss recognised in other comprehensive income is transferred immediately to profit or loss. If the hedging relationship ceases to meet the effectiveness conditions, hedge accounting is discontinued, and the related gain or loss is held in the equity reserve until the forecast transaction occurs.

Other forward exchange contracts are considered by management to be part of economic hedge arrangements but have not been formally designated.

During the year ended 31 December 2025 a gain of CU 890 (2024: CU 540) was recognised in other comprehensive income.

During the year ended 31 December 2025 a gain of CU 640 (2024: CU 712) was reclassified from equity into profit or loss.

The cumulative gain recorded in equity is CU 390 (2024: CU 140).

Guidance note: The requirements in IFRS 7 'Financial Instruments Disclosures' are to provide the hedge accounting disclosure by risk category. We have provided the disclosure below showing the difference between the USD and GBP forwards. This is because some required disclosures would not be appropriately disclosed without separating the two forwards. IFRS does not prescribe risk categories. IFRS 7.BC35O says an entity should apply judgement and categorise risks on the basis of how it manages its risks through hedging.

The following movements in the cash flow hedge reserve relate to one risk category being hedges relating to cash flows arising from foreign currency sales.

		Cash flow hedge reserve – USD hedges	Cash flow hedge reserve – GBP hedges	Total
IFRS 7.24B(b)(ii)	Opening balance 1 January 2024	196	116	312
IFRS 7.24E(b),(c)	Change in fair value of hedging instrument recognised in OCI	199	341	540
	Reclassified from OCI to profit or loss	(435)	(277)	(712)
IFRS 7.24C(b)(iv)	Deferred tax	–	–	–
	Closing balance 31 December 2024	(40)	180	140
IFRS 7.24B(b)(ii)	Change in fair value of hedging instrument recognised in OCI	385	505	890
IFRS 7.24C(b)(iv)	Reclassified from OCI to profit or loss	(81)	(559)	(640)
	Deferred tax	–	–	–
	Closing balance 31 December 2025	264	126	390

IFRS 7.24C(b)(v) The amounts reclassified to profit or loss have been included in revenue.

IFRS 7.24C(b)(ii) and (iii) No ineffectiveness arose during the year ended 31 December 2025 (2024: Nil).

IFRS 7.24E

The hedging instrument relates to the forward contracts in their entirety, with hedging on a forward to forward basis.

Notes to the consolidated financial statements

For the year ended 31 December 2025 (expressed in thousands of Euroland currency units (CU), except per share amounts)

The effect of hedge accounting on the Group's consolidated financial position and performance is as follows, including the outline timing and profile of the hedging instruments:

		31 December 2025	31 December 2024
IFRS.7.24A(a)	Carrying amount		
	– USD forward contracts	467	(160)
	– GBP forward contracts	134	230
IFRS.7.24A(d)	Notional amount		
	– USD forward contracts (in USD)	2,880	2,546
	– GBP forward contracts (in GBP)	2,952	2,526
IFRS 7.22B(c)	Hedge ratio	1:1	1:1
IFRS 7.23B(a)	Maturity date	January to March 2025	January to March 2025
IFRS 7.23B(b)	Average forward rate		
	– USD forward contracts	1.196	1.247
	– GBP forward contracts	1.205	1.382
IFRS 7.24A(c)	Change in the fair value of the currency forward (excluding amounts reclassified)		
	– USD forward contracts	275	(40)
	– GBP forward contracts	115	180
IFRS 7.24B(b)(i)	Change in the fair value of the hedged item used to determine hedge effectiveness		
	– USD highly probable sales	275	(40)
	– GBP highly probable sales	115	180
IFRS 7.24B(b)(ii)	Amounts in the cash flow hedge reserve:		
	– USD foreign exchange hedges over highly probable sales	264	(40)
	– GBP foreign exchange hedges over highly probable sales	126	180
		390	140

IFRS 7.23D The hedge relationships relate to the foreign exchange risk arising from the highly probable sales and the resulting receivable. Reclassification to profit or loss occurs at the time of the associated sale being recognised and then further movements to profit or loss to match the retranslation of the associated receivable. The above movements relating to the hedging instrument and hedged item exclude those elements reclassified by the reporting date.

The potential sources of ineffectiveness result from either (a) differences between the timing of the cash flows of the hedged item and hedging instrument, (b) changes in credit risk of the hedging instrument, or (c) potential overhedging should volumes of highly probable sales fall below hedged amounts.

Due to the low interest rate environment, the small differences in timing are not considered to give rise to any significant ineffectiveness. At the current time, no significant ineffectiveness has arisen from credit risk or from over-hedging although this is monitored on an ongoing basis.

15.5 Borrowings

Guidance note:

Non-current debts with covenants

Amendments to IAS 1 apply for periods beginning on or after 1 January 2024. The amendments added disclosure requirements for loan arrangements classified as non-current, when the entity's right to defer settlement is subject to the entity complying with covenants within twelve months after the reporting period.

In such situations, the entity shall disclose information that enables users of financial statements to understand the risk that the liabilities could become repayable within twelve months after the reporting period, specifically:

- Information about the covenant (the nature and when the entity is required to comply with it);
- The carrying amount of related liabilities, and,
- Facts and circumstances that may indicate that the entity could have difficulties complying with covenants (if any). For instance, the entity may consider whether it has acted during or after the reporting period to avoid or mitigate a potential breach, or whether it would not have complied with the covenants if they were to be assessed for compliance based on the entity's circumstances at the end of the reporting period.

Borrowings include the following financial liabilities:

	Current		Non-current	
	31 Dec 2025	31 Dec 2024	31 Dec 2025	31 Dec 2024
IFRS 7.8(g)	At amortised cost:			
US-dollar loans	250	255	7,770	7,965
Other bank borrowings	4,565	3,124	–	–
Non-convertible bond	–	–	8,300	8,300
Subordinated shareholder loan	–	–	5,000	5,000
	4,815	3,379	21,070	21,265
IFRS 7.8(e)	Fair value:			
US-dollar loans	251	256	7,801	7,997
Other bank borrowings	4,565	3,124	–	–
Non-convertible bond	–	–	8,259	8,383
Subordinated shareholder loan	–	–	4,975	5,050
	4,816	3,380	21,035	21,430

Other than the US-dollar loans, all borrowings are denominated in CU.

Borrowings at amortised cost

IFRS 7.31
IAS 1.69(d) US-dollar loans are secured over investment properties owned by the Group (see Note 14). The interest rate on the loan is fixed at 3%.

IAS 16.74(a)
IFRS 7.29
IFRS 7.31 Furthermore, the contractual terms of the loan include a 'group debt to revenue' covenant that requires repayment on demand of the loan if the amount of the annual revenue is less than 6 times the amount of the Group's total debt (calculated as the sum of the Group's borrowings – excluding the lease liability – and trade and other payables at the end of the annual period). Expecting that the ratio will not be met by the end of the annual reporting period (mainly due to delay of an important contract of consulting services from October 2025 to January 2026, the entity entered into negotiations with the lending bank in November 2025 and obtained a waiver as of December 2025 to change the ratio from 6 times the amount of the Group's total debt to 5.5 times. As the waiver was obtained before the reporting date, the Group has considered that it had no obligation to reclassify the non-current part of the loan as current at the reporting date.

Notes to the consolidated financial statements

For the year ended 31 December 2025 (expressed in thousands of Euroland currency units (CU), except per share amounts)

IAS 1.76ZA The US-dollar loan is also subject to a “net financial cost to EBITDA ratio” covenant at the end of each annual and half-year reporting period. This ratio must not exceed 7%. At the end of the 2025 reporting period, the Group was in compliance with this covenant as this ratio was computed to be 6%. The Group expects to comply with this covenant at the June and December 2026 reporting dates.

The other bank borrowing and bond contracts are not subject to covenants.

Other bank borrowings are secured by land and buildings owned by the Group (see Note 12). Current interest rates are variable and average 4.0 % (2024: 4.1%). The carrying amount of the other bank borrowings is considered to be a reasonable approximation of the fair value.

IFRS 13.93(d)
IFRS 13.97 The Group’s non-convertible bond with a fixed interest rate of 5.0% matures on 25 June 2028 and is therefore classified as non-current. The estimated fair value of the non-convertible bond is categorised within Level 2 of the fair value hierarchy. The fair value estimate has been determined from the perspective of a market participant that holds these non-convertible bonds as assets at 31 December 2025. The fair value CU 8,259 is estimated using a present value technique, by discounting the contractual cash flows using implied yields of non-convertible bonds of an entity with a similar standing and marketability.

The most significant input being the discount rate that reflects the credit risk of issuer entity.

IAS 24.18
IFRS 13.93(d)
IFRS 13.97 The subordinated shareholder loan was provided by Illustrative Corporation Ltd’s main shareholder, SRC Investment Trust, in 2021. It is perpetual and carries a fixed coupon of 4.0%. It is repayable only upon liquidation of Illustrative Corporation Ltd. The estimated fair value of the subordinated shareholder loan is categorised within Level 3 of the fair value hierarchy. The fair value estimate has been determined using a present value technique. The amount of CU 4,975 (2024: CU 5,050) is estimated by discounting the contractual cash flows at 4.1% (2024: 4.3%). The discount rate has been determined using the interest rate that the entity would pay to an unrelated party, at the reporting date, adjusted to reflect the subordination feature.

The most significant input in both reporting periods is the discount rate of 4.1%.

15.6 Other financial instruments

IFRS 7.29 The carrying amounts of the following financial assets and liabilities are considered a reasonable approximation of fair value:

- trade and other receivables
- cash and cash equivalents, and
- trade and other payables.

16. Deferred tax assets and liabilities

Deferred taxes arising from temporary differences and unused tax losses are summarised as follows:

IAS 12.81(g)

Deferred tax liabilities (assets)	Net balance at 1 January 2025	Recognised in other comprehensive income	Recognised in business combination	Recognised in profit or loss	Net balance at 31 December 2025
NON-CURRENT ASSETS					
Other intangible assets	847	(63)	444	30	1,258
Property, plant and equipment	2,130	(22)	188	406	2,702
Other long-term financial assets	(95)	-	-	19	(76)
Investment property	1,914	-	-	93	2,007
CURRENT ASSETS					
Trade and other receivables	(168)	-	-	38	(130)
Non-current liabilities					
Provisions	(707)	-	-	639	(68)
Pension and other employee obligations	(4,451)	1,149	-	(188)	(3,490)
Unused tax losses	(375)	-	-	75	(300)
Net deferred tax (assets) liabilities	(905)	1,064	632	1,112	1,903
Deferred tax assets	(1,245)				(1,036)
Deferred tax liabilities	340				2,939

IAS 12.81(g)

Deferred tax liabilities (assets)	Net balance at 1 January 2024	Recognised in other comprehensive income	Recognised in disposal group	Recognised in business combination	Recognised in profit or loss	Net balance at 31 December 2024
NON-CURRENT ASSETS						
Other intangible assets	409	(27)	-	210	255	847
Property, plant and equipment	1,528	(68)	-	225	445	2,130
Other long-term financial assets	-	-	-	-	(95)	(95)
Investment property	1,861	-	-	-	53	1,914
CURRENT ASSETS						
Trade and other receivables	(34)	-	-	-	(134)	(168)
Non-current liabilities						
Provisions	(1,020)	-	70	-	243	(707)
Pension and other employee obligations	(2,996)	(1,062)	-	-	(393)	(4,451)
Unused tax losses	(600)	-	-	-	225	(375)
Net deferred tax (assets) liabilities	(852)	(1,157)	70	435	599	(905)
Deferred tax assets	(1,312)					(1,245)
Deferred tax liabilities	460					340

The amounts recognised in other comprehensive income relate to revaluation of land, exchange differences on translating foreign operations and the remeasurement of the defined benefit liability. See Note 21.3 for the income tax relating to these components of other comprehensive income.

Notes to the consolidated financial statements

For the year ended 31 December 2025 (expressed in thousands of Euroland currency units [CU], except per share amounts)

IAS 12.81(f)	A deferred tax liability of CU 1 (31 December 2024: CU 2) associated with an investment in a domestic subsidiary has not been recognised, as the Group controls the timing of the reversal and it is not probable that the temporary difference will not reverse in the foreseeable future. The tax value is equivalent to a temporary difference of CU 3 (31 December 2024: CU 7).
IAS 12.82	<p>CU 300 of deferred tax assets arise from the carrying forward of unused tax losses in Euroland. These unused tax losses have no expiry dates.</p> <p>The Group considers it is highly probable that sufficient future taxable profits will be available on the basis of its well-established earnings history. The Group also considered the level of its sales backlog at the end to 31 December 2025 and the associated margins it expects to generate in supporting the recognition of these deferred tax assets.</p>
IAS 12.81(e)	For entities not in the Euroland tax consolidation group, CU 27 (31 December 2024: CU Nil) of deferred tax assets arising from tax losses have not been recognised in the consolidated statement of financial position since the taxable entity has tax credits expiring soon which shall be deducted first from the taxable benefits.
IFRIC 23.10-11	<p>One of the Group's entities is being subject to a tax audit by tax authorities. Some of the transactions under review are complex and relate to intra-group transactions. Considering all the available information and the legal opinion of its tax advisors, the Group has taken in its income tax filing an income tax position that the management considers as being acceptable, anticipating that it is highly probable that the taxation authority will not challenge the tax treatment applied.</p> <p>The Group has not undertaken any other income tax positions that are not probable of being accepted by tax authorities.</p>

17. Inventories

Inventories consist of the following:

		31 December 2025	31 December 2024
IAS 2.36(b)	Raw materials and consumables	7,737	7,907
IAS 2.36(b)	Merchandise	10,561	9,319
		18,298	17,226

IAS 2.36(d)
IAS 2.39

Guidance note: IAS 2.36(d) requires disclosure of the amount of inventories recognised as an expense during the period. As the statement of profit or loss in the main body of these Example Financial Statements is prepared on a 'nature of expenses' basis, the entity discloses the costs recognised as an expense for raw materials and consumables, labour costs and other costs together with the amount of the net change in inventories for the period. In these Example Financial Statements these are presented on the face of the statement of profit or loss. If an entity instead chooses to present its statement of profit or loss based on a 'function of expenses' basis, then the entity will be required to disclose the amount of inventories recognised as an expense for the year. This expense will be made up of a combination of costs previously included in the measurement of inventory that has now been sold, unallocated production overheads and any abnormal amounts of production costs of inventories. An example disclosure for an entity presenting the statement of profit or loss by function of expense is shown below:

'In 2025, a total of CU 50,458 (2024: CU 46,235) of inventories was included in profit or loss as an expense as part of cost of sales.'

IAS 2.36(e)
IAS 2.36(f)

The Group recorded an amount of CU 361 (2024: CU 389) resulting from write-down of inventories to their net realisable value. The aforementioned 2025 write-down amount is net of a reversal of the write-down that was recognised in 2024 of CU 27 due to an increase in the market value of merchandise during the year ended 31 December 2025.

18. Trade and other receivables

Trade and other receivables consist of the following:

IAS 1.77

IAS 1.78(b)

	31 December 2025	31 December 2024
Trade receivables, gross	31,165	23,809
Allowance for credit losses	(667)	(476)
Trade receivables	30,498	23,333
Receivable due from ABC Ltd	112	112
Allowance for expected credit losses	(4)	(4)
Financial assets	30,606	23,441
Social security and other taxes	740	409
Contract assets, gross	1,474	1,054
Allowance for expected credit losses	(100)	(80)
Contract assets	1,374	974
Non-financial assets	2,114	1,383
Trade and other receivables	32,720	24,824

IFRS 7.29(a)

All amounts are short-term. The net carrying value of trade receivables is considered a reasonable approximation of fair value.

The receivable due from ABC Ltd relates to the remaining consideration due on the sale of a former subsidiary in 2022. The carrying amount of the receivable is considered a reasonable approximation of fair value as this financial asset (which is measured at amortised cost) is expected to be paid within six months, such that the effect of any difference between the effective interest rate applied and the estimated current market rate is not significant.

Note 34.2 includes disclosures relating to the credit risk exposures and analysis relating to the allowance for expected credit losses. Both the current and comparative impairment provisions apply the IFRS 9 expected loss model.

IFRS 15(118)

Contract assets have increased as the Group has entered into more bespoke contracts where revenue is recognised in advance of contract billing milestones.

19. Cash and cash equivalents

IAS 32.42
IAS 32.AG38A-B

Guidance note: Presentation of overdrafts in the statement of financial position and statement of cash flows.

In most cases, cash and bank overdrafts should not be offset when presenting them in the statement of financial position. This is because the offsetting criteria in IAS 32.42 are only met when the entity both has a legally enforceable right to offset, and also intends to settle on a net basis (or realise the asset and settle the liability at the same time). This means that cash and bank overdrafts should only be offset where:

- the entity has a legal right to offset
 - that is not contingent on future events, and
 - is legally enforceable in the ordinary course of business, in the event of default and in the event of insolvency or bankruptcy of the entity and all counterparties, and
- the entity intends to settle on a net basis, ie the net amount will be settled shortly after the period end without further cash or overdraft transactions taking place before settlement.

Where the offsetting criteria are not met, overdrafts will be presented in liabilities.

IAS 7.8

In addition, an entity must assess whether bank overdrafts form part of cash and cash equivalents in the statement of cash flows. Bank overdrafts will form part of cash and cash equivalents under IAS 7 if they are repayable on demand, and form an integral part of an entity's cash management. A characteristic of such banking arrangements is that the bank balance often fluctuates from being positive to overdrawn. If overdrafts do not meet the criteria for classification as cash and cash equivalents in the statement of cash flows, they will form part of financing activities.

These Example Financial Statements illustrate the presentation when overdrafts do not meet the IAS 32 offsetting criteria – overdrafts are therefore included within liabilities in the statement of financial position. In these Example Financial Statements overdrafts due on demand are integral to the Group's cash management, and therefore meet the criteria to be included as a component of cash and cash equivalents in the statement of cash flows.

IAS 7.45

Cash and cash equivalents consist of the following:

	31 December 2025	31 December 2024
Cash at bank and in hand:		
– CU	24,292	7,827
– GBP	2,087	674
– USD	1,392	449
Short-term deposits (CU)	6,958	2,247
	34,729	11,197
Cash and cash equivalents (consolidated statement of financial position)	34,729	11,197
Short-term bank overdrafts included in creditors (Note 24)	(654)	(78)
Cash and cash equivalents included in disposal group (Note 20)	–	22
Cash and cash equivalents (consolidated statement of cash flows)	34,075	11,141

Following the acquisition of Goodtech, some bank deposits of the acquiree are not available for general use by the wider Group because of restrictions, under the terms of Goodtech's borrowing facility, restricting transfer of these funds to other group companies. These funds are available to Goodtech on 48 hours' notice and are used to meet Goodtech's ongoing cash commitments. These short-term deposits are consequently included within cash and cash equivalents in the consolidated cash flow statement. The amount of cash and cash equivalents inaccessible to the wider Group as at 31 December 2025 amounts to CU 3,478 (31 December 2024: CU Nil).

20. Disposal group classified as held for sale and discontinued operations

At the end of 2024, management decided to discontinue in-store sale of IT and telecommunications hardware in line with the Group's strategy to focus on its on-line retail business. Consequently, assets and liabilities allocable to Highstreet (included in the retail segment) were classified as a disposal group. Revenue and expenses, gains and losses relating to the discontinuation of this subgroup have been eliminated from profit or loss from the Group's continuing operations and are shown as a single line item in the consolidated statement of profit or loss.

On 30 September 2025, Highstreet was sold for a total of CU 3,117 in cash resulting in a loss of CU 29 before tax primarily due to related selling costs [see Note 6.3].

Operating profit of Highstreet until the date of disposal and the profit or loss from remeasurement and disposal of assets and liabilities classified as held for sale are summarised as follows:

	2025	2024	
IFRS 5.33(b)(i)	Revenue	9,803	11,015
	Costs of materials	(3,540)	(3,633)
	Employee benefits expense	(6,100)	(6,411)
	Depreciation and amortisation	–	(765)
	Other expenses	(90)	(100)
	Operating profit	73	106
	Finance costs	(56)	(60)
IFRS 5.33(b)(i)	Profit from discontinued operations before tax	17	46
IFRS 5.33(b)(ii) IAS 12.81(h)	Tax expense	(5)	(14)
	Profit for year	12	32
	Loss on remeasurement and disposal		
IFRS 5.33(b)(iii)	Loss before tax on remeasurement to fair value less costs to sell	–	(510)
	Loss before tax on disposal (Note 6.3)	(29)	–
IFRS 5.33(b)(iv) IAS 12.81(h)	Tax recovery	8	153
	Total loss on remeasurement and disposal	(21)	(357)
	Loss for the year from discontinued operations	(9)	(325)

Most of the assets and all of the liabilities have been disposed of in this transaction, however, the Group continues to own some former Highstreet storage facilities. Management expects to sell these remaining assets during 2025.

Notes to the consolidated financial statements

For the year ended 31 December 2025 (expressed in thousands of Euroland currency units (CU), except per share amounts)

IFRS 5.38

The carrying amounts of assets and liabilities in this disposal group are summarised as follows:

	2025	2024
NON-CURRENT ASSETS		
Property, plant and equipment	103	2,578
Deferred tax	–	227
CURRENT ASSETS		
Inventories	–	1,081
Cash and cash equivalents	–	22
Assets classified as held for sale	103	3,908
CURRENT LIABILITIES		
Provisions	–	(245)
Trade and other payables	–	(190)
Current tax liabilities	–	(14)
Liabilities classified as held for sale	–	(449)

Cash flows generated by Highstreet for the reporting periods under review until its disposal are as follows:

IFRS 5.33(c)

	2025	2024
Operating activities	(22)	811
Investing activities (Note 6.3)	3,117	–
Cash flows from discontinued operations	3,095	811

Cash flows from investing activities relate solely to the proceeds from the sale of Highstreet.

21. Equity

21.1 Share capital

IAS 1.79(a)(iii)
IAS 1.79(a)(v)

The share capital of the parent company, Illustrative Corporation Ltd, consists only of fully paid ordinary shares with a nominal (par) value of CU 1 per share. All shares are equally eligible to receive dividends and the repayment of capital and represent one vote at shareholders' meetings of Illustrative Corporation Ltd.

IAS 1.79(a)(iv)
IAS 1.79(a)(ii)

	2025	2024
Shares issued and fully paid:		
– Beginning of the year	12,000,000	12,000,000
– Issued on exercise of employee share options	270,000	–
– Share issue, private placement	1,500,000	–
Shares issued and fully paid	13,770,000	12,000,000
Shares authorised for share based payments	600,000	600,000
Total shares authorised at 31 December	14,370,000	12,600,000

IAS 1.79(a)(i)

Additional shares were issued during 2025 relating to share-based payments (see Note 22.2 for details on the Group's share-based employee remuneration programmes).

The Group issued 1,500,000 shares on 30 October 2025, corresponding to 12.5% of total shares issued. Each share has the same right to receive dividends and the repayment of capital and represents one vote at shareholders' meetings of Illustrative Corporation Ltd.

IAS 1.79(a)(vii)

The authorised shares that have not yet been issued have been authorised solely for use in the Group's share-based remuneration programmes (see Note 22.2).

21.2 Share premium

Proceeds received in addition to the nominal value of the shares issued during the year have been included in share premium, less registration and other regulatory fees and net of related tax benefits. Costs of new shares charged to equity amounted to CU 70 (2024: CU Nil).

Share premium has also been recorded in respect of the issue of share capital related to employee share-based payment (see Note 22.2).

21.3 Other components of equity

IAS 1.106A

The details of other components of equity are as follows:

		Translation reserve	Revaluation reserve	Cash-flow hedges	Net defined benefit liability	Total
	Balance at 1 January 2025	(359)	689	140	(862)	(392)
IAS 19.120(c)	Remeasurement of net defined benefit liability	-	-	-	3,830	3,830
	Cash flow hedges					
IFRS 7.24C(b)(ii)	- current year gains	-	-	890	-	890
IFRS 7.24C(b)(iv) IAS 1.92	- reclassification to profit or loss	-	-	(640)	-	(640)
	Financial assets FVOCI					
IFRS 7.20(a)(viii)	- current year gains	-	-	-	-	-
IFRS 7.20(a)(viii) IAS 1.92	- reclassification to profit or loss	-	-	-	-	-
IAS 16.77(f)	Revaluation of land	-	303	-	-	303
IAS 21.52(b)	Exchange differences on translating foreign operations	(664)	-	-	-	(664)
	Equity accounted investments	-	-	5	-	5
IAS 1.92	- reclassification to profit or loss	-	-	(3)	-	(3)
IAS 1.91(b)	Before tax	(664)	303	252	3,830	3,721
	Tax benefit (expense)	176	(91)	-	(1,149)	(1,064)
IAS 12.81(ab) IAS 1.90	Net of tax	(488)	212	252	2,681	2,657
	Balance at 31 December 2025	(847)	901	392	1,819	2,265
		Translation reserve	Revaluation reserve	Cash-flow hedges	Net defined benefit liability	Total
	Balance at 1 January 2024	(113)	689	312	1,617	2,505
IAS 19.120(c)	Remeasurement of net defined benefit liability	-	-	-	(3,541)	(3,541)
	Cash flow hedges					
IFRS 7.24C(b)(ii)	- current year gains	-	-	540	-	540
IFRS 7.24C(b)(iv) IAS 1.92	- reclassification to profit or loss	-	-	(712)	-	(712)
IAS 21.52(b)	Exchange differences on translating foreign operations	(341)	-	-	-	(341)
IAS 1.91(b)	Before tax	(341)	-	(172)	(3,541)	(4,054)
IAS 12.81(ab) IAS 1.90	Tax benefit	95	-	-	1,062	1,157
	Net of tax	(246)	-	(172)	(2,479)	(2,897)
	Balance at 31 December 2024	(359)	689	140	(862)	(392)

22. Employee remuneration

22.1 Employee benefits expense

Expenses recognised for employee benefits are analysed below:

	2025	2024
Wages, salaries	97,808	91,318
Social security costs	11,229	10,608
IFRS 2.51(a) Share-based payments	298	466
Pensions – defined benefit plans	1,308	1,930
IAS 19.53 Pensions – defined contribution plans	4,491	5,343
Less: capitalised as development costs	(1,325)	(150)
	113,809	109,515

IFRS 8.23(f) Wages and salaries above include a credit of CU 510 (2024 – expense of CU 980) relating to restructuring in the consulting segment – see Note 23.

22.2 Share-based employee remuneration

IFRS 2.44
IFRS 2.45(a) As at 31 December 2025, the Group maintained two share-based payment schemes for employee remuneration, the Star Programme and the Stay Programme. Both programmes will be settled in equity.

IFRS 2.45(a) The Star Programme is part of the remuneration package of the Group's senior management. Options under this programme will vest if certain conditions, as defined in the programme, are met. It is based on the performance of the Illustrative Corporation's shares compared to other companies in the Greatstocks Stock Exchange within a specified period. In addition, participants in this programme have to be employed until the end of the agreed vesting period. Upon vesting, each option allows the holder to purchase one ordinary share at a discount of 20-25% to the market price determined at grant date.

IFRS 2.45(a) The Stay Programme is part of the remuneration package of the Group's research and development and sales personnel. Options under this programme will vest if the participant remains employed for the agreed vesting period. The maximum term of the options granted under the Stay Programme (ie the vesting period) ends on 31 January 2026. Upon vesting, each option allows the holder to purchase one ordinary share at a discount of 15-20% of the market price determined at grant date.

Share options and weighted average exercise prices are as follows for the reporting periods presented:

	Star Programme		Stay Programme	
	Number of shares	Weighted average exercise price per share	Number of shares	Weighted average exercise price per share
IFRS 2.45(b)(i) Outstanding at 31 December 2024	300,000	6.24	95,250	5.81
IFRS 2.45(b)(ii) Granted	–	–	–	–
IFRS 2.45(b)(iii) Forfeited	(513)	6.24	(1,012)	5.81
IFRS 2.45(b)(iv) Exercised	–	–	–	–
IFRS 2.45(b)(vi) Outstanding at 31 December 2024	299,487	6.24	94,238	5.81
IFRS 2.45(b)(ii) Granted	100,000	7.81	–	–
IFRS 2.45(b)(iii) Forfeited	(312)	6.24	(3,489)	5.81
IFRS 2.45(b)(iv) Exercised	(270,000)	6.24	–	–
IFRS 2.45(b)(vi) Outstanding at 31 December 2025	129,175	7.45	90,749	5.81
IFRS 2.45(b)(vii) Exercisable at 31 December 2024	–	–	–	–
IFRS 2.45(b)(vii) Exercisable at 31 December 2025	29,175	6.24	–	–

IFRS 2.45(c) The weighted average share price per share at the date of exercise was CU 11.19 (no options were exercised in 2024).

IFRS 2.47(a)(i) The fair values of options granted were determined using a variation of the binomial option pricing model that takes into account factors specific to the share incentive plans, such as the vesting period. The performance condition related to the Star Programme, being a market condition, has been incorporated into the measurement by means of actuarial modelling. The following principal assumptions were used in the valuation:

	The Star Programme		The Stay Programme
	1 Jan 2021	1 Feb 2025	5 Jan 2020
IFRS 2.47(a)(i) Grant date	31 Dec 2024	31 Jan 2028	31 Jan 2026
Vesting period ends	CU 8.00	CU 10.01	CU 7.00
Share price at date of grant	50%	50%	50%
Volatility	5 years	5 years	7 years
Option life	1%	1%	1%
Dividend yield	4%	4%	4%
Risk-free investment rate	CU 4.00	CU 6.70	CU 5.30
Fair value per option at grant date	CU 6.08	CU 7.61	CU 5.81
Exercise price at date of grant	1 Jan 2025/ 31 Dec 2026	1 Feb 2028/ 31 Dec 2030	1 Feb 2026/ 4 Jan 2028
IFRS 2.45(d) Exercisable from / to	1.0 years	4.1 years	2.0 years
Weighted average remaining contractual life			

IFRS 2.47(a)(ii) The underlying expected volatility was determined by reference to historical data of Illustrative Corporation Ltd's shares over a period of time since its flotation on the Greatstocks Stock Exchange.

IFRS 2.47(a)(iii) No special features inherent to the options granted were incorporated into measurement of fair value.

IFRS 2.51(a) In total, CU 298 (2024: CU 466) of employee remuneration expense (all of which related to equity-settled share-based payment transactions) has been included in profit or loss and credited to retained earnings.

22.3 Pensions and other employee obligations

The liabilities recognised for pensions and other employee remuneration consist of the following amounts:

	31 December 2025	31 December 2024
IAS 19.131 Non-current:		
– Defined benefit liability (net)	11,632	14,835
Current:		
– Other short-term employee obligations	221	303

IAS 19.133
IAS 19.BC200

Guidance note: IAS 19 does not require a distinction to be made between the current and non-current portions of assets and liabilities relating to defined benefit pension schemes. Therefore, in these Example Financial Statements, all of the net defined benefit liability is presented as a non-current liability, on the basis that any disaggregation of the net amount into current and non-current liabilities would be arbitrary. However, if an entity is able to distinguish between the current and non-current portions of a defined benefit liability on a non-arbitrary basis, it would be possible to present these separately.

Notes to the consolidated financial statements

For the year ended 31 December 2025 (expressed in thousands of Euroland currency units (CU), except per share amounts)

IAS 1.69I
IAS 19.131 Other short-term employee obligations arise mainly from accrued holiday entitlement at the reporting date and expected pension payments in the next 12 months (without deduction of plan assets). As it is not possible to distinguish between the current and non-current portion of the net defined benefit obligation on a non-arbitrary basis, the entire pension obligation for the defined benefit plan is presented as non-current. The defined benefit liability is presented net of plan assets.

Defined benefit plan

IAS 19.139(a) The Group has set up a partly funded pension scheme for mid to senior management, mainly in Euroland, the UK and the US. The scheme is available to certain senior workers after completing five years of service.

According to the plan, a certain percentage of the current salary is converted into a pension component each year until retirement. Pensions under this scheme are paid out when a beneficiary has reached the age of 65. The pensionable salary is limited to CU 100 for a year. Eligible employees are required to contribute a stated percentage of pensionable salary.

In Euroland and the UK, the pension payments are linked to the consumer price index (CPI), although certain limitations apply.

IAS 19.139(a) The plan assets are managed by a pension fund that is legally separated from the Group. The board of trustees of the pension fund is required by its articles of association to act in the best interest of the fund and it is responsible for setting the investment policies. The Group has no representation on the board of the fund.

IAS 19.139(b) The plan exposes the Group to actuarial risks such as interest rate risk, investment risk, longevity risk and inflation risk:

- **Interest rate risk** – The present value of the defined benefit liability is calculated using a discount rate determined by reference to market yields of high-quality corporate bonds. The estimated term of the bonds is consistent with the estimated term of the DBO and it is denominated in CU. A decrease in market yield on high quality corporate bonds will increase the Group's defined benefit liability, although it is expected that this would be offset partially by an increase in the fair value of certain of the plan assets.
- **Investment risk** – The plan assets at 31 December 2025 are predominantly real estate, equity and debt instruments. The fair value of the plan assets is exposed to the real estate market (in Euroland and the US). The equity instruments are significantly weighted towards the finance and pharmaceuticals sectors in Euroland.
- **Longevity risk** – The Group is required to provide benefits for life for the members of the defined benefit liability. Increase in the life expectancy of the members, particularly in Euroland and in the UK where the pension payments are linked to CPI, will increase the defined benefit liability.
- **Inflation risk** – A significant proportion of the defined benefit liability is linked to inflation. An increase in the inflation rate will increase the Group's liability. A portion of the plan assets are inflation-linked debt securities which will mitigate some of the effects of inflation.

IAS 19.147(a) Employees of the Group are required to contribute a fixed 5% of the pensionable salary. The remaining contribution is partly funded by the Group's subsidiaries. The funding requirements are based on the pension fund's actuarial measurement framework as set out in the funding policies.

IAS 19.147(b) Based on historical data, the Group expects contributions of CU 2,500 to be paid for 2025.

IAS 19.131 The liability recognised for the Group's DBO is represented net of plan assets in accordance with
IAS 19.135(b) IAS 19.131(a) and (b). It consists of the following amounts:

	31 December 2025	31 December 2024
Defined benefit obligation	53,874	47,410
Fair value of plan assets	(42,242)	(32,575)
Pension liability	11,632	14,835
Classified as:		
– Non-current liability	11,632	14,835

IAS 19.138(a) The defined benefit obligation and plan assets are composed by geographical locations as follows:

31 December 2025	Euroland	UK	US	Others	Total
Defined benefit obligation	24,482	17,321	11,529	542	53,874
Fair value of plan assets	(18,586)	(13,057)	(10,427)	(172)	(42,242)
	5,896	4,264	1,102	370	11,632

31 December 2024	Euroland	UK	US	Others	Total
Defined benefit obligation	21,594	15,063	10,256	497	47,410
Fair value of plan assets	(14,123)	(9,748)	(8,553)	(151)	(32,575)
	7,471	5,315	1,703	346	14,835

A reconciliation of the Group's DBO and plan assets to the amounts presented in the consolidated statement of financial position for each of the reporting periods is presented below:

Defined benefit obligation

	2025	2024
IAS 19.140(a)(ii) Defined benefit obligation 1 January	47,410	38,889
IAS 19.141(a) Current service cost before deduction of beneficiary contributions	1,966	2,180
IAS 19.141(b) Interest expense	2,488	2,267
IAS 19.141(c)(ii) Remeasurement – actuarial losses from changes in demographic assumptions	916	1,091
IAS 19.141(c)(iii) Remeasurement – actuarial losses from changes in financial assumptions	2,345	2,670
IAS 19.141(g) Benefits paid	(1,251)	(1,187)
IAS 19.141(d) Past service cost	–	1,500
IAS 19.140(a)(ii) Defined benefit obligation 31 December	53,874	47,410
IAS 19.138(e) Unfunded	–	–
Partly or wholly funded	53,874	47,410

Plan assets

	2025	2024
IAS 19.140(a)(i) Fair value of plan assets 1 January	32,575	28,801
IAS 19.141(b) Interest income	1,983	1,718
IAS 19.141(c)(i) Return on plan assets (excluding amounts included in interest)	7,091	220
IAS 19.141(f) Contributions by the Group	1,186	1,273
IAS 19.141(f) Contributions by beneficiaries	658	1,750
IAS 19.141(g) Benefits paid	(1,251)	(1,187)
19.140(a)(i) Fair value of plan assets 31 December	42,242	32,575

Notes to the consolidated financial statements

For the year ended 31 December 2025 (expressed in thousands of Euroland currency units (CU), except per share amounts)

The actual return on plan assets (including interest income) was CU 9,074 in 2025 (2024: CU 1,938).

IAS 19.142 Plan assets can be broken down into the following categories of investments:

	31 December 2025	31 December 2024	
IAS 19.142(a)	Cash and cash equivalents	3,442	2,075
IAS 19.142(b)	Equity instruments:		
	– Financial institutions	9,800	7,600
	– Pharmaceuticals	8,100	4,300
	– Oil and gas industry	1,600	1,700
	– Manufacturing industry	1,500	1,200
		21,000	14,800
IAS 19.142(c)	Debt instruments:		
	– Euroland government bonds	4,800	5,800
	– Corporate bonds (rated AA and above)	3,100	5,600
		7,900	11,400
IAS 19.142(d)	Real estate:		
	– in Euroland	6,700	2,500
	– in the US	3,200	1,800
		9,900	4,300
	Total	42,242	32,575

Estimates and assumptions

Defined benefit obligation

The significant actuarial assumptions for the determination of the defined benefit obligation are the discount rate, the salary growth rate and the average life expectancy. The assumptions used for the valuation of the defined benefit obligation are as follows⁵:

	31 December 2025	31 December 2024
Discount rate at date shown	5.3%	5.5%
Salary growth rate	3.0%	3.2%
Average life expectancies:		
– Male, 45 years of age at reporting date	84.5	84.5
– Female, 45 years of age at reporting date	87.5	87.5
– Male, 65 years of age at reporting date	82.5	82.5
– Female, 65 years of age at reporting date	84.5	84.5

IAS 1.125(a) These assumptions were developed by management with the assistance of independent actuaries. Discount factors are determined close to each period-end by reference to market yields of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension obligation. Other assumptions are based on current actuarial benchmarks and management's historical experience.

IAS 19.67 The present value of the DBO was measured using the projected unit credit method.

IAS 19.147(c) The weighted average duration of the defined benefit obligation at 31 December 2025 is 23.3 years (2024: 23.2 years).

⁵ For the purposes of these Example Financial Statements, it is assumed that the significant actuarial assumptions for the different geographical locations are the same. In practice, it is likely that there will be differences in the significant actuarial assumptions in different geographical locations, which will require their disclosure.

Plan assets

Plan assets do not comprise any of the Group's own financial instruments or any assets used by Group companies.

All equity and debt instruments have quoted prices in active markets (Level 1). Fair values of real estate investments do not have quoted prices and have been determined based on professional appraisals that would be classified as Level 3 of the fair value hierarchy as defined in IFRS 13.

Defined benefit plan expenses

Amounts recognised in profit or loss related to the Group's defined benefit plans are as follows:

	2025	2024
IAS 19.120(a) Current service cost	1,308	430
IAS 19.120(a) Past service cost	–	1,500
IAS 19.120(b) Net interest expense	505	549
Total expenses recognised in profit or loss	1,813	2,479

IAS 19.134 The current service cost and the past service cost are included in employee benefits expense. The net interest expense is included in finance costs.

IAS 19.120(c) Amounts recognised in other comprehensive income related to the Group's defined benefit plans are as follows:

	2025	2024
IAS 19.127(a) Actuarial losses from changes in demographic assumptions	(916)	(1,091)
IAS 19.127(a) Actuarial losses from changes in financial assumptions	(2,345)	(2,670)
IAS 19.127(b) Return on plan assets (excluding amounts included in net interest)	7,091	220
Total income (expenses) recognised in other comprehensive income	3,830	(3,541)

IAS 19.122 The income of CU 3,830 (2024: expense of CU 3,541) resulting from the remeasurement of the defined benefit liability/asset is included in the consolidated statement of other comprehensive income within items that will not be reclassified subsequently to profit or loss.

Changes in the significant actuarial assumptions

IAS 19.144 The calculation of the net defined benefit liability is sensitive to the significant actuarial assumptions mentioned above. The following table summarises the effects of changes in these actuarial assumptions on the defined benefit liability at 31 December:

	2025		2024	
Discount rate	Increase to 6.3%	Decrease to 4.3%	Increase to 6.5%	Decrease to 4.5%
Increase (decrease) in the defined benefit liability	(2,000)	2,100	(1,900)	2,000
Salary Growth rate	Increase to 4%	Decrease to 2%	Increase to 4.2%	Decrease to 2.2%
Increase (decrease) in the defined benefit liability	950	(780)	900	(730)
Average life expectancies of males	Increase of one year	Decrease of one year	Increase of one year	Decrease of one year
Increase (decrease) in the defined benefit liability	1,140	(930)	1,120	(910)
Average life expectancies of females	Increase of one year	Decrease of one year	Increase of one year	Decrease of one year
Increase (decrease) in the defined benefit liability	1,280	(1,090)	1,250	(1,060)

Notes to the consolidated financial statements

For the year ended 31 December 2025 (expressed in thousands of Euroland currency units [CU], except per share amounts)

IAS 19.145(b) The present value of the defined benefit obligation has been calculated with the same method (project unit credit) as the defined benefit obligation recognised in the consolidated statement of financial position. The sensitivity analyses are based on a change in one assumption while not changing all other assumptions. This analysis may not be representative of the actual change in the defined benefit obligation as it is unlikely the change in any of the assumptions would occur in isolation of one another as some of the assumptions are correlated.

23. Provisions

IAS 1.69 All provisions are considered current. The carrying amounts and the movements in the provision account are as follows:

		Restructuring	Other	Total
IAS 37.84(a)	Carrying amount 1 January 2025	2,110	1,235	3,345
IAS 37.84(b)	Additional provisions	–	1,570	1,570
IAS 37.84(c)	Amount utilised	(876)	(2,211)	(3,087)
IAS 37.84(d)	Reversals	(510)	(103)	(613)
IAS 37.84(a)	Carrying amount 31 December 2025	724	491	1,215

Provisions recognised at acquisition date in a business combination are included in additions (see Note 5.1). Provisions classified as held for sale are included within amount utilised (see Note 20).

IAS 37.85(a)
IAS 1.125(a)
IAS 37.85(b)
IAS 37.85(c) The provision for restructuring relates to the Phoenix programme, which was initiated in late 2022 and carried out predominantly in 2024 and 2025. The restructuring provision reduced during the year to 31 December 2025, following the outcome of several lawsuits brought against the Group during 2025 by former employees. Out of court settlements based on the outcome of earlier settlements are expected for most of the remaining claims. The Group's management expects to settle the remaining termination remuneration for former employees and legal fees relating to the restructuring programme in 2026. The Group is not eligible for any reimbursement by third parties in this regard.

IAS 37.85(a) Other provisions relate to various legal and other claims by customers, such as warranties for which customers are covered for the cost of repairs.

IAS 37.85(b)
IAS 1.61 Usually, these claims are settled between 3 and 18 months from initiation, depending on the procedures used for negotiating the claims. As the timing of settlement of these claims is to a large extent dependent on the pace of negotiation with various counterparties and legal authorities, the Group cannot reliably estimate how much of the amount provided will eventually be paid in settlement after more than 12 months from the reporting date. Therefore, the amount is classified as current.

IAS 1.125
IAS 37.92 The majority of the other provisions recognised at 31 December 2024 related to claims initiated in 2024 that were settled during 2025. Management, on the advice of counsel, does not expect that the outcome of any of the remaining cases will give rise to any significant loss beyond the amounts recognised at 31 December 2025. None of the provisions will be discussed here in further detail so as to not seriously prejudice the Group's position in the related disputes.

IAS 37.85(a)
IAS 1.31 The Group has no material asset retirement obligations. The Group considered that the public statement of its commitments to reduce its greenhouse gas emissions to 50% by 2035 and to be carbon neutral in 2050 creates a constructive obligation to discharge the commitment. In reaching this conclusion, the management considered all the facts and circumstances surrounding the commitment, notably the level of detail of its plan and its past realisations achieving determined targets.

However, this constructive obligation does not result in a present obligation requiring the recognition of a provision at the end of the reporting period as the Group has not taken the actions to which the statement applies.

This is because the costs that the Group will need to incur (i) to operate with modified manufacturing methods, (ii) to make investments in more energy-efficient technologies and (iii) to offset the greenhouse gases that it will emit in 2035 onwards are costs that it will need to incur to operate in the future. Nevertheless, those actions to take in the future have been considered in the measurement of the entity's other asset and liabilities (notably, see Note 10 – Goodwill, and Note 12 – Property, plant and equipment).

24. Trade and other payables

Trade and other payables consist of the following:

	31 December 2025	31 December 2024
Current:		
– Trade payables	7,843	6,472
– Short-term bank overdrafts	654	78
	8,497	6,550

IFRS 7.25
IFRS 7.29(a)

All amounts are short-term. The carrying values of trade payables and short-term bank overdrafts are considered to be a reasonable approximation of fair value.

25. Contract and other liabilities

Contract and other liabilities consist of the following:

	31 December 2025	31 December 2024
Advances received for construction contract work	513	427
Deferred service revenue	2,123	2,291
Other	22	657
Other liabilities – current	2,658	3,375
Contingent consideration for the acquisition of Goodtech	620	–
Other liabilities – non-current	620	–

IAS 1.69
IAS 1.61

Advances received for construction contract work and deferred service revenue represent customer payments received in advance of performance (contract liabilities) that are expected to be recognised as revenue in 2026. As described in Note 4.8:

- the construction of telecommunication systems normally takes 10–12 months from commencement of design through to completion of installation, and
- maintenance and extended warranty contracts vary from 12–36 months in length, however, customers are only required to pay in advance for each successive 12-month period.

The amounts recognised as a contract liability will generally be utilised within the next annual reporting period.

26. Reconciliation of liabilities arising from financing activities

IAS 7:4A

The changes in the Group's liabilities arising from financing activities can be classified as follows:

	Long-term borrowings	Short-term borrowings	Lease liabilities	Subordinated shareholder loan	Total
1 January 2025	21,265	3,874	35,509	-	60,153
Cash-flows:					
- Repayment	(3,478)	(300)	(1,793)	-	(5,571)
- Proceeds	-	1,449	-	-	1,449
- Interest paid (financing cashflows)	(588)	(138)	(2,388)	(200)	(3,314)
- Interest paid (investing cashflows)	(60)	(20)	-	-	(80)
Non-cash:					
- Acquired on business combination	3,478	-	-	-	3,478
- Foreign exchange movements	70	30	-	-	100
- Reclassification	(265)	265	-	-	-
- Classified as held for sale	-	(8)	-	-	(8)
- Interest expense	588	138	2,388	200	3,314
- Interest capitalised	60	20	-	-	80
31 December 2025	21,070	4,815	33,716	-	59,601
	Long-term borrowings	Short-term borrowings	Lease liabilities	Subordinated shareholder loan	Total
1 January 2024	13,105	3,818	37,007	-	53,986
Cash-flows:					
- Repayment	-	(649)	(1,498)	-	(2,147)
- Proceeds	8,300	-	-	-	8,300
- Interest paid (financing cashflows)	(394)	(171)	(2,575)	(200)	(3,340)
- Interest paid (investing cashflows)	(58)	(20)	-	-	(78)
Non-cash:					
- Foreign exchange movements	-	70	-	-	70
- Reclassification	(140)	140	-	-	-
- Interest expense	394	115	2,575	200	3,284
- Interest capitalised	58	20	-	-	78
31 December 2024	21,265	3,379	35,509	-	60,153

27. Finance costs and finance income

Finance costs for the reporting periods consist of the following:

	2025	2024
IFRS 7.20(b)	Interest expense for borrowings at amortised cost:	
	200	200
	806	587
	1,006	787
IFRS 16.49 IFRS 16.53(b)	Interest expense for leasing arrangements	2,388 2,575
IFRS 7.20(b)	Total interest expense	3,394 3,362
IAS 23.26(a)	Interest expense capitalised into intangible assets	(80) (78)
	3,314	3,284
	Net interest expense on defined benefit liability	505 549
	Change in fair value relating to contingent consideration liability	20 –
IAS 21.6(e)	Foreign exchange loss on borrowings	100 70
IFRS 7.20(a)(i)	Change in fair value of equity investments	– 90
	Total finance costs	3,939 3,993

IAS 23.26(b) The average capitalisation rate for interest expense included in the cost of intangible assets was 4.4% (2024: 4.5%).

Finance income for the reporting periods consists of the following:

	2025	2024
IFRS 7.20(b)	Interest from cash and cash equivalents	484 357
IFRS 7.20(b)	Interest on financial assets carried at amortised cost	171 182
IFRS 7.20(b)	Total interest for financial assets not at FVTPL	655 539
	Dividends from XY Ltd	40 –
	Change in fair value of equity investments	110 –
	Dividends from listed equity securities	29 21
IFRS 7.20(a)(i)	Fair value gains on forward exchange contracts held for trading	130 325
	Total finance income	964 885

28. Other financial items

Other financial items consist of the following:

	2025	2024
IFRS 7.20(a)(i)	Gain from financial assets classified as FVTPL	6 18
IAS 21.52(a) IFRS 7.20(a)(iv)	Gain from other exchange differences	937 1,164
	943	1,182

29. Income tax expense

IAS 12.79 The major components of tax expense⁶ and the reconciliation of the expected tax expense based on
IAS 12.81(c) the domestic effective tax rate of Illustrative Corporation Ltd at 30% (2024: 28%) and the reported tax expense in profit or loss is as follows:

	2025	2024	
IAS 12.81(c)(i)	Profit before tax	21,661	17,466
IAS 12.85	Domestic tax rate for Illustrative Corporation	30%	28%
	Expected tax expense	6,498	4,890
IAS 12.84	Adjustment for tax rate differences in foreign jurisdictions	16	18
IAS 12.84	Adjustment for tax-exempt income:		
	– Relating to equity accounted investments	(24)	(41)
	– Other tax-exempt income	(102)	(100)
IAS 12.84	Adjustment for non-deductible expenses:		
	– Relating to goodwill impairment	232	53
	– Impairment of financial assets	48	63
	– Other non-deductible expenses	126	5
	Actual tax expense	6,794	4,888
IAS 12.80	Tax expense comprises:		
	– Current tax expense	5,682	4,289
	– Deferred tax expense:	–	–
IAS 12.80(c)	– Origination and reversal of temporary differences	1,037	374
	– Utilisation of previously recognised tax loss carryforwards	75	225
	Tax expense	6,794	4,888
	Deferred tax expense (income), recognised directly in other comprehensive income	1,064	(1,157)

IAS 12.81(ab) Note 16 provides information on deferred tax assets and liabilities. Note 21.3 provides information on deferred income tax recognised directly in each component of other comprehensive income.

30. Earnings per share and dividends

Earnings per share

IAS 33.70(a) Both the basic and diluted earnings per share have been calculated using the profit attributable to shareholders of the parent company (Illustrative Corporation Ltd) as the numerator, ie no adjustments to profit were necessary in 2025 or 2024.

IAS 33.70(b) The reconciliation of the weighted average number of shares for the purposes of diluted earnings per share to the weighted average number of ordinary shares used in the calculation of basic earnings per share is as follows:

Amounts in thousand shares:	2025	2024
Weighted average number of shares used in basic earnings per share	12,520	12,000
Shares deemed to be issued for no consideration in respect of share-based payments	17	21
Weighted average number of shares used in diluted earnings per share	12,537	12,021

⁶ Examples of major components of tax expense are included in IAS 12.80.

Dividends

IAS 1.137(a)

During 2025, Illustrative Corporation Ltd paid dividends of CU 3,000 (2024: CU Nil) to its equity shareholders. This represents a payment of CU 0.25 per share (2024: CU Nil per share).

Also during 2025, the directors proposed the payment of a dividend of CU 6,885 (CU 0.50 per share). As the distribution of dividends by Illustrative Corporation Ltd requires approval at the shareholders' meeting, no liability in this respect is recognised in these consolidated financial statements. No income tax consequences are expected to arise as a result of this transaction at the parent company level.

31. Non-cash adjustments and changes in working capital

The following non-cash flow adjustments and adjustments for changes in working capital have been made to profit before tax to arrive at operating cash flow:

Non-cash adjustments	2025	2024
Depreciation, amortisation and impairment of non-financial assets	9,993	8,881
Foreign exchange gains	(937)	(1,164)
Interest and dividend income	(724)	(560)
Fair value gains on financial assets recognised in profit or loss	(136)	(343)
Cash flow hedges reclassified from equity	(640)	(712)
Interest expense	3,314	3,284
Impairment of financial assets	212	228
Fair value loss on financial liabilities recognised in profit or loss	100	70
Change in fair value of equity investments	(110)	90
Share-based payment expenses	298	466
Net interest on defined benefit liability	505	549
Current and past service costs	1,308	1,930
Result from equity accounted investments	(391)	(141)
Change in fair value of investment property	(310)	(175)
Change in fair value of contingent consideration	20	-
Other	17	(386)
Total non-cash adjustments	12,519	12,017
Net changes in working capital:	2025	2024
Change in inventories	7,883	6,814
Change in trade and other receivables	612	545
Change in trade and other payables	(3,953)	(5,637)
Change in other liabilities	(717)	(114)
Change in other employee obligations	(3,780)	4,870
Change in provisions	(2,077)	(2,289)
Total changes in working capital	(2,032)	4,189

IAS 7.43

In 2025, the consideration transferred for the Group's acquisition of Goodtech (see Note 5.1) included a contingent payment arrangement amounting to CU 600 as of the acquisition date. The initial recognition of this liability and the subsequent change in fair value of CU 20 (2024: Nil) are non-cash transactions excluded from the consolidated statement of cash flows.

32. Related party transactions

The Group's related parties include its associates and joint venture, key management, post-employment benefit plans for the Group's employees and others as described below. In addition, Illustrative Corporation has a subordinated loan from its main shareholder, the SRC Investment Trust (see Note 15.5 for information on terms and conditions), on which interest of CU 200 (2024: CU 200) is paid.

IAS 24.18(b)(i)
IAS 24.18(b)(ii) Unless otherwise stated, none of the transactions incorporate special terms and conditions and no guarantees were given or received. Outstanding balances are usually settled in cash.

32.1 Transactions with associates

IAS 24.19(d)
IAS 24.18(a)
IAS 24.18(b) In order to meet peak demands by its customers, some of the Group's consulting services are sub-contracted to its associate, Equipe. During 2025, Equipe provided services valued at CU 568 (2024: CU 590). The outstanding balance of CU 20 (31 December 2024: CU 22) due to Equipe is included in trade payables.

32.2 Transactions with joint ventures

IAS 24.19(e)
IAS 24.18(a)
IAS 24.18(b) During 2025, Halftime provided services valued at CU 10 (2024: CU 3). There is no outstanding balance as at 31 December 2025 (31 December 2024: Nil).

32.3 Transactions with key management personnel

IAS 24.19(f) Key management of the Group are the executive members of Illustrative Corporation Ltd's board of directors, members of the executive council and non-executive directors. Key management personnel remuneration includes the following expenses:

	2025	2024
IAS 24.17(a) Short-term employee benefits:		
– Salaries including bonuses	2,420	2,210
– Social security costs	70	34
– Car allowance	220	190
	2,710	2,434
IAS 24.17(b) Post-employment benefits:		
– Defined benefit pension plans	312	299
– Defined contribution pension plans	25	12
	337	311
IAS 24.17(d) Termination benefits	100	–
IAS 24.17(e) Share-based payments	103	175
Total remuneration	3,250	2,920

IAS 24.18(a) During 2025, certain key management personnel exercised share options with total exercise price of CU 1,685 (2024: Nil) granted in the Group's Star Programme.

IAS 24.18(a)
IAS 24.18(b) The Group allows its employees to take up limited short-term loans to fund merchandise and other purchases through the Group's business contacts. This facility is also available to the Group's key management personnel. During 2025, the Group's key management received short-term loans totalling CU 40 (2024: CU 38). The outstanding balance of CU 1 (31 December 2024: CU 1) has been included in trade and other receivables.

During 2025, the Group obtained legal services from a law firm over which one of the directors exercises significant influence. The amount billed related to this legal service amounted to CU 21 (2024: Nil), based on normal market rates and was fully repaid at the reporting date.

32.4 Transactions with the defined benefit plan

IAS 24.9(b)(v) The defined benefit plan is a related party. The defined benefit plan does not hold shares in Illustrative Corporation Ltd. The Group's only transaction with the defined benefit plan relate to contributions paid to the plan (see Note 22.3).

33. Contingent liabilities

IAS 37.86

Various warranty and legal claims were brought against the Group during both reporting periods. Unless recognised as a provision (see Note 23), management considers these claims to be unjustified and the probability they will require settlement at the Group's expense to be remote. This evaluation is consistent with external independent legal advice.

Consistent with the prior year, the Group during 2025 was not subject to any claim related to environmental considerations and it has not identified any onerous contracts due to climate-related matters.

34. Financial instruments risk

Risk management objectives and policies

IFRS 7.33
IFRS 7.IG15

The Group is exposed to various risks in relation to financial instruments. The Group's financial assets and liabilities by category are summarised in Note 15.1. The main types of risks are market risk, credit risk and liquidity risk.

The Group's risk management is coordinated at its headquarters, in close cooperation with the board of directors, and focuses on actively securing the Group's short to medium-term cash flows by minimising the exposure to volatile financial markets. Long-term financial investments are managed to generate lasting returns.

The Group does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Group is exposed are described below.

The Group enters into derivatives, principally for hedging foreign exchange risk. Associated disclosures relating to hedge accounting are included in Note 15.4.

IFRS 7.B6

Guidance note: IFRS 7 allows disclosures of financial instruments risks arising from the entity's hedge accounting activities and associated risk managing strategies to be placed outside the financial statements, provided they are incorporated into the financial statements by cross reference. Although paragraph IFRS 7.21B requires an entity to present the required disclosures in a single note or separate section in its financial statements, an entity need not duplicate information that is already presented elsewhere, provided that the information is incorporated by cross-reference from the financial statements to the statement containing the required disclosures. For example, reference could be made to a management commentary or risk report, so long as those reports are made available to users of the financial statements on the same terms and at the same time as the financial statements. Without the information incorporated by cross-reference, the financial statements would be incomplete.

34.1 Market risk analysis

The Group is exposed to market risk through its use of financial instruments and specifically to currency risk, interest rate risk and certain other price risks, which result from both its operating and investing activities.

Foreign currency sensitivity

IFRS 7.33(a)

Most of the Group's transactions are carried out in CU. Exposures to currency exchange rates arise from the Group's overseas sales and purchases, which are primarily denominated in US dollars (USD) and Pounds Sterling (GBP). The Group also holds an investment in a USD bond. Further, the Group has a USD loan, which has been used to fund the purchase of investment property in the United States.

IFRS 7.33(b)
IFRS 7.16
IFRS 7.22A

To mitigate the Group's exposure to foreign currency risk, cash flows that are not in the functional currency of the group company carrying out the transaction are monitored and forward exchange contracts are entered into in accordance with the Group's risk management policies. Generally, the Group's risk management procedures distinguish short-term foreign currency cash flows (due within six months) from longer-term cash flows (due after six months). Where the amounts to be paid and received in a specific currency are expected to largely offset one another, no further hedging activity is undertaken. Forward exchange contracts are mainly entered into for significant longer-term foreign currency exposures that are not expected to be offset by other same-currency transactions. Hedge accounting disclosures are included in Note 15.4.

Foreign currency denominated financial assets and liabilities (denominated in a currency other than the functional currency of the relevant Group company) which expose the Group to currency risk are disclosed below. The amounts shown are those reported to key management translated into CU at the closing rate:

IFRS 7.34(a)
IFRS 7.34(c)

	Short-term exposure			Long-term exposure
	USD	GBP	Other	USD
31 December 2025				
Financial assets	4,518	3,629	308	1,363
Financial liabilities	(710)	(1,658)	-	(7,770)
Total exposure	3,808	1,971	308	(6,407)
31 December 2024				
Financial assets	2,920	1,840	233	1,442
Financial liabilities	(586)	(1,368)	-	(7,965)
Total exposure	2,334	472	233	(6,523)

IFRS 7.40(a)
IFRS 7.40(b)

The following table illustrates the sensitivity of profit and equity in relating to the Group's financial assets and financial liabilities and the USD/CU exchange rate and GBP/CU exchange rate 'all other things being equal'. It assumes a +/- 10% change of the CU/USD exchange rate for the year ended 31 December 2025 (2024: 10%). A +/- 5% change is considered for the CU/GBP exchange rate (2024: 5%). Both of these percentages have been determined based on the average market volatility in exchange rates in the previous 12 months. The sensitivity analysis is based on the Group's foreign currency financial instruments held at each reporting date and also takes into account forward exchange contracts that offset effects from changes in currency exchange rates.

If the CU had strengthened against the USD by 10% (2024: 10%) and GBP by 5% (2024: 5%) respectively then this would have had the following impact:

	Profit for the year			Equity		
	USD	GBP	Total	USD	GBP	Total
31 December 2025	(97)	(99)	(196)	(47)	(99)	(146)
31 December 2024	(53)	(24)	(77)	(3)	(24)	(27)

If the CU had weakened against the USD by 10% (2024: 10%) and GBP by 5% (2024: 5%) respectively then this would have had the following impact:

	Profit for the year			Equity		
	USD	GBP	Total	USD	GBP	Total
31 December 2025	97	97	194	37	97	134
31 December 2024	53	20	73	13	20	33

The higher foreign currency exchange rate sensitivity in profit in 2025 compared with 2024 is attributable to an increase in foreign currency denominated trade payables and receivables, due to an increase in foreign currency denominated purchases and increased activity on foreign currency denominated consulting contracts in Q4 2025 compared to the same period in 2024. Equity is more sensitive in 2025 than in 2024 because of an increase in use of foreign currency forwards.

Interest rate sensitivity

IFRS 7.33(a)
IFRS 7.33(b)
IFRS 7.IG15

The Group's policy is to minimise interest rate cash flow risk exposures on long-term financing. Longer-term borrowings are therefore usually at fixed rates. At 31 December 2025, the Group is exposed to changes in market interest rates through bank borrowings at variable interest rates. Other borrowings are at fixed interest rates. The Group's investments in bonds and debentures all pay fixed interest rates. The exposure to interest rates for the Group's money market funds is considered immaterial.

IFRS 7.40(a)
IFRS 7.40(b)

The following table illustrates the sensitivity of profit and equity to a reasonably possible change in interest rates of +/- 1% (2024: +/- 1%). These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on a change in the average market interest rate for each period, and the financial instruments held at each reporting date that are sensitive to changes in interest rates. All other variables are held constant.

	Profit for the year		Equity	
	+ 1%	- 1%	+ 1%	- 1%
31 December 2025	36	(36)	26	(16)
31 December 2024	32	(32)	23	(14)

Other price sensitivity

IFRS 7.33(a)
IFRS 7.33(b)
IFRS 7.IG15
IFRS 7.40(a)
IFRS 7.40(b)

The Group is exposed to other price risk in respect of its listed equity securities and the investment in XY Ltd (see Note 15.3).

For the listed equity securities, an average volatility of 20% has been observed during 2025 (2024: 18%). This volatility figure is considered to be a suitable basis for estimating how profit or loss and equity would have been affected by changes in market risk that were reasonably possible at the reporting date. If the quoted stock price for these securities increased or decreased by that amount, profit or loss and equity would have changed by CU 85 (2024: CU 62).

IFRS 7.33(b)

The investments in listed equity securities and in XY Ltd are considered long-term, strategic investments. In accordance with the Group's policies, no specific hedging activities are undertaken in relation to these investments. The investments are continuously monitored and voting rights arising from these equity instruments are utilised in the Group's favour.

IFRS 7.33(a) IFRS 7.33(b)	<p>34.2 Credit risk analysis</p> <p>Credit risk is the risk that a counterparty fails to discharge an obligation to the Group. The Group is exposed to credit risk from financial assets including cash and cash equivalents held at banks, trade and other receivables.</p> <p>Credit risk management</p> <p>The credit risk is managed on a group basis based on the Group's credit risk management policies and procedures.</p> <p>The credit risk in respect of cash balances held with banks and deposits with banks are managed via diversification of bank deposits, and are only with major reputable financial institutions.</p> <p>The Group continuously monitors the credit quality of customers based on a credit rating scorecard. Where available, external credit ratings and/or reports on customers are obtained and used. The Group's policy is to deal only with credit-worthy counterparties. The credit terms range between 30 and 90 days. The credit terms for customers, as negotiated with customers, are subject to an internal approval process which considers the credit rating scorecard. The ongoing credit risk is managed through regular review of ageing analysis, together with credit limits per customer.</p> <p>Service customers are required to pay the annual amount of the service upfront, mitigating the credit risk.</p> <p>Trade receivables consist of a large number of customers in various industries and geographical areas.</p> <p>The Group has determined that climate-related risks have no significant impact on credit risk exposure and credit risk management practices because (a) of the short-term nature of credit exposure and (b) given the absence of recent major climate-related events in the main areas where debtors operate.</p> <p>Security</p> <p>Trade receivables consist of a large number of customers in various industries and geographical areas. The Group does not hold any security on any trade receivables balance at each annual reporting date.</p> <p>In addition, the Group does not hold any collateral relating to other financial assets (eg derivative assets, cash and cash equivalents held with banks) at each annual reporting date.</p>
IFRS 7.21	<p>Trade receivables and contract assets</p> <p>The Group applies the IFRS 9 simplified model of recognising lifetime expected credit losses for all trade receivables as these items do not have a significant financing component.</p>
IFRS 7.35F(c)	<p>In measuring the expected credit losses, the trade receivables have been assessed on a collective basis as they possess shared credit risk characteristics. They have been grouped based on the days past due and also according to the geographical location of customers.</p>
IFRS 7.35G	<p>The expected loss rates are based on the payment profile for sales over the past 48 months before 31 December 2025 and 31 December 2024 respectively as well as the corresponding historical credit losses during that period. The historical rates are adjusted to reflect current and forwarding looking macroeconomic factors affecting the customer's ability to settle the amount outstanding. The Group has identified gross domestic product (GDP) and unemployment rates of the countries in which the customers are domiciled to be the most relevant factors and according adjusts historical loss rates for expected changes in these factors. However, given the short period exposed to credit risk, the impact of these macroeconomic factors has not been considered significant within each annual reporting period.</p>
IFRS 7.35F(e)	<p>Trade receivables are written off (ie derecognised) when there is no reasonable expectation of recovery. Failure to make payments within 180 days from the invoice date and failure to engage with the Group on alternative payment arrangement amongst other is considered indicators of no reasonable expectation of recovery.</p>

On the above basis the expected credit loss for trade receivables as at 31 December 2025 and 31 December 2024 was determined as follows:

Guidance note: The credit risk disclosure as illustrated in the financial statements does not include all the required disclosure in IFRS 7 for each class of financial asset, this is because such disclosure was immaterial for that class of financial asset. In practice it may be challenging to determine how much detail to provide to satisfy the requirements of IFRS 7, how much emphasis to place on different aspects of the requirements and the level of aggregation. It is necessary to strike a balance between overburdening financial statements with excessive detail that may not assist the users of the financial statements and obscuring important information as a result of too much aggregation.

Detailed credit risk disclosures on the following items have not been included as they were immaterial:

- amounts due from banks (material in value but short-term and assumed the omitted disclosures are not material due to their nature. However, this could be challenging in a number of cases, depending on credit worthiness of the banks and also depending on the period the entity is exposed to credit risk)
- listed bonds and other debentures, and
- derivative financial assets (not subject to the impairment model as carried at fair value).

Particular challenge will apply where there are material long-term financial assets, particularly where these are carried at amortised cost or FVOCI and hence are within the scope of the IFRS 9 impairment model. While many groups will not have these there will be a number of exceptions to this.

For instance, for this note in particular, in different circumstances an entity may have to include:

- enhanced disclosures in areas such as credit risk management practices where IFRS 7.35F-35G has specific requirements relating to various judgements made in applying the IFRS 9 expected credit loss model, and
- quantitative and qualitative information about amounts arising from expected credit losses in accordance with IFRS 7.35H -35L. These disclosures require quantitative information about changes in the credit loss provisions within the three buckets along with other information relating to changes in the equivalent gross amounts.

IFRS 7.35N	31 December 2025	Contract assets days past due		Trade receivables days past due				
IFRS 7.IG20D		Current	Total	Current	More than 30 days	More than 60 days	More than 90 days	Total
IFRS 7.35G(a)	Expected credit loss rate	6.8%	–	1.37%	6.5%	18%	60%	–
IFRS 7.35G(a)	Gross carrying amount	1,474	1,474	29,520	827	671	147	31,165
	Lifetime expected credit loss	100	100	404	54	121	88	667
IFRS 7.35N	31 December 2024	Contract assets days past due		Trade receivables days past due				
IFRS 7.42P		Current	Total	Current	More than 30 days	More than 60 days	More than 90 days	Total
IFRS 7.35G(a)	Expected credit loss rate	7.6%	–	1.1%	6%	14%	55%	–
IFRS 7.35G(a)	Gross carrying amount	1,054	1,054	21,952	925	828	104	23,809
	Lifetime expected credit loss	80	80	251	56	112	57	476

Notes to the consolidated financial statements

For the year ended 31 December 2025 (expressed in thousands of Euroland currency units (CU), except per share amounts)

IFRS 7.35H(b)(iii) The closing balance of the trade receivables and contract assets loss allowance as at 31 December 2025 reconciles with the trade receivables and contract assets loss allowance opening balance as follows:

	Contract assets	Trade receivables
Opening loss allowance as at 1 January 2024	80	251
Loss allowance recognised during the year	–	225
Loss allowance as at 31 December 2024	80	476
IFRS 7.35I(c) Loss allowance recognised during the year	20	201
Loss allowance unused and reversed during the year	–	(10)
Loss allowance as at 31 December 2025	100	667

Guidance note: In these Example Financial Statements, the trade receivables and contract assets have all been assessed collectively for credit risk. There may be situations in practice where it would not be appropriate to assess all the receivables collectively either due to the receivables having different subcategories which do not share the same credit risk or the size of receivable is such that is managed and assessed on an individual basis. As such an entity must disclose information about how it has grouped financial instruments if they are assessed or measured on a collective basis.

The disclosure of credit risk disclosure under IFRS 9 is provided by credit risk grades and in this case the aging is a proxy of the credit risk grades (IFRS 7.35M, 35N). For the reasons expressed above, the entity has not included IFRS 7.35M disclosures relating to other financial assets such as amounts due from banks.

Debt investments

IFRS 7.35F All the Group's investments in bonds and debentures measured at amortised cost are considered to have low credit risk and the loss allowance recognised is based on the 12 months expected loss. Management consider "low credit risk" for listed bonds and debentures to be those with high-quality external credit ratings (investment grade).

Other receivables

Other financial assets at amortised cost include amounts due from ABC limited.

The closing balance of the of the other receivables and debt investments at amortised costs loss allowance as at 31 December 2025 reconciles with the other receivables and debt investments at amortised cost loss allowance opening balance as follows:

	Other receivables	Debt investments
IFRS 7.42P Opening loss allowance as at 1 January 2024	3	30
Loss allowance recognised during the year	1	2
Loss allowance as at 31 December 2024	4	32
Loss allowance recognised during the year	–	1
Loss allowance as at 31 December 2025	4	33

IFRS 7.36 The Group is also exposed to credit risk relating to derivative assets that are measured at fair value through profit or loss. The maximum exposure as at 31 December 2025 is the carrying amount of these instruments CU 212 (2024: CU 490).

34.3 Liquidity risk analysis

IFRS 7.33(a)
IFRS 7.33(b)
IFRS 7.39(c)
IFRS 7.18

Liquidity risk is that the Group might be unable to meet its obligations. The Group manages its liquidity needs by monitoring scheduled debt servicing payments for long-term financial liabilities as well as forecast cash inflows and outflows due in day-to-day business. The data used for analysing these cash flows is consistent with that used in the contractual maturity analysis below. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for a 180-day and a 360-day lookout period are identified monthly. Net cash requirements are compared to available borrowing facilities in order to determine headroom or any shortfalls. This analysis shows that available borrowing facilities are expected to be sufficient over both the lookout periods.

The US borrowing loan is subject to a group debt to revenue ratio. Since the Group anticipated it would not meet the agreed-upon ratio at the end of the 2025 financial year it obtained before the reporting date the right to temporarily modify the ratio the Group needed to comply with at the end of the year (see Note 15).

IFRS 7.39(c)
IFRS 7.B1F

The Group's objective is to maintain cash and marketable securities to meet its liquidity requirements for 30-day periods at a minimum. This objective was met for the reporting period. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the ability to sell long-term financial assets.

The Group considers expected cash flows from financial assets in assessing and managing liquidity risk, in particular its cash resources and trade receivables. The Group's existing cash resources and trade receivables (see Note 15) significantly exceed the current cash outflow requirements. Cash flows from trade and other receivables are all contractually due within six months.

IFRS 7.39(a)
IFRS 7.B1

As at 31 December 2025, the Group's non-derivative financial liabilities have contractual maturities (including interest payments where applicable) as summarised below:

31 December 2025	Current		Non-current	
	within 6 months	6 to 12 months	1 to 5 years	later than 5 years
US-dollar loans	280	280	1,761	8,215
Other bank borrowings	4,565	–	–	–
Non-convertible bond	208	208	8,888	–
Trade and other payables	8,497	–	–	–
Total	13,550	488	10,649	8,215

IFRS 7.39(a)
IFRS 7.B1

This compares to the maturity of the Group's non-derivative financial liabilities in the previous reporting period as follows:

31 December 2024	Current		Non-current	
	within 6 months	6 to 12 months	1 to 5 years	later than 5 years
US-dollar loans	289	289	1,781	8,508
Other bank borrowings	3,124	–	–	–
Non-convertible bond	208	208	9,303	–
Trade and other payables	6,550	–	–	–
Total	10,171	497	11,084	8,508

The above amounts reflect the contractual undiscounted cash flows, which may differ to the carrying values of the liabilities at the reporting date. The subordinated shareholder loan amounting to CU 5,000 throughout all reporting periods is not included as this is only repayable upon liquidation of Illustrative Corporation Ltd. Annual interest payments amount to CU 200.

Notes to the consolidated financial statements

For the year ended 31 December 2025 (expressed in thousands of Euroland currency units (CU), except per share amounts)

IFRS 7.39(b)
IFRS 7.B11

In assessing and managing liquidity risks of its derivative financial instruments, the Group considers both contractual inflows and outflows. The contractual cash flows of the Group's derivative financial assets and liabilities are as follows:

	31 December 2025		31 December 2024	
	within 6 months	6 to 12 months	within 6 months	6 to 12 months
Gross-settled forward contracts:				
– Cash outflow	(212)	(6,978)	(190)	(7,100)
– Cash inflow	300	7,509	203	7,050
Total	88	531	13	(50)

Derivative financial instruments reflect forward exchange contracts (see Note 15.4) that will be settled on a gross basis.

35. Fair value measurement

35.1 Fair value measurement of financial instruments

IFRS 13.76
IFRS 13.81
IFRS 13.86

Financial assets and financial liabilities measured at fair value in the consolidated statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3: unobservable inputs for the asset or liability.

The following table shows the levels within the hierarchy of financial assets and liabilities measured at fair value on a recurring basis:

31 December 2025	Level 1	Level 2	Level 3	Total
FINANCIAL ASSETS				
Listed securities	421	–	–	421
Investment in XY Ltd	–	–	752	752
Other short-term financial assets	655	–	–	655
US-dollar forward contracts – cash flow hedge	–	467	–	467
GBP forward contracts – cash flow hedge	–	134	–	134
Other forward exchange contracts – held-for-trading	–	115	–	115
Total assets	1,076	716	752	2,544
FINANCIAL LIABILITIES				
Contingent consideration (Note 25)	–	–	(620)	(620)
Net fair value	1,076	716	132	1,924

31 December 2024	Level 1	Level 2	Level 3	Total
FINANCIAL ASSETS				
Listed securities	343	–	–	343
Investment in XY Ltd	–	–	720	720
GBP forward contracts – cash flow hedge	–	230	–	230
Other short-term financial assets	649	–	–	649
Other forward exchange contracts – held-for-trading	–	212	–	212
Total assets	992	442	720	2,154
FINANCIAL LIABILITIES				
US-dollar forward contracts – cash flow hedge	–	(160)	–	(160)
Net fair value	992	282	720	1,994

IFRS 13.93(c) There were no transfers between Level 1 and Level 2 during the year ended 31 December 2025 or 2024.

Measurement of fair value of financial instruments

IFRS 13.93(d)
IFRS 13.93(g) The Group's finance team performs valuations of financial items for financial reporting purposes, including Level 3 fair values, in consultation with third-party valuation specialists for complex valuations. Valuation techniques are selected based on the characteristics of each instrument, with the overall objective of maximising the use of market-based information. The finance team reports directly to the chief financial officer (CFO) and to the audit committee. Valuation processes and fair value changes are discussed among the audit committee and the valuation team at least every year, in line with the Group's annual reporting dates.

The following valuation techniques are used for instruments categorised in Levels 2 and 3:

- IFRS 13.93(d)
IFRS 13.93(h) • **Foreign currency forward contracts (Level 2)** – The Group's foreign currency forward contracts are not traded in active markets. These contracts have been fair valued using observable forward exchange rates and interest rates corresponding to the maturity of the contract. The effects of non-observable inputs are not significant for foreign currency forward contracts.
- **Contingent consideration (Level 3)** – The fair value of contingent consideration related to the acquisition of Goodtech (see Note 5.1) is estimated using a present value technique. The CU 620 fair value is estimated by probability-weighting the estimated future cash outflows, adjusting for risk and discounting at 7.4%. The probability-weighted cash outflows before discounting are CU 655 and reflect management's estimate of a 50% probability that the contract's target level will be achieved. The discount rate used is 7.4%, based on the Group's estimated incremental borrowing rate for unsecured liabilities at the reporting date, and therefore reflects the Group's credit position. The effects on the fair value of risk and uncertainty in the future cash flows are dealt with by adjusting the estimated cash flows rather than adjusting the discount rate.
- **Investment in XY Ltd (Level 3)** – The fair value of this investment was determined based on an appropriate equity pricing model that takes into account the investee's dividends policy and its historical and expected future performance and based on an appropriate growth factor for a similar listed entity and a risk-adjusted discount rate.

Notes to the consolidated financial statements

For the year ended 31 December 2025 (expressed in thousands of Euroland currency units (CU), except per share amounts)

The following table provides information about the sensitivity of the fair value measurement to changes in the most significant inputs:

IFRS 13.93(h)	Description	Significant unobservable input	Estimate of the input	Sensitivity of the fair value measurement to input
	Contingent consideration	Probability of meeting target	50%	An increase to 60% (decrease to 40%) would increase (decrease) fair value by CU 125.
	Investment in XY Ltd	Earnings growth factor	5%	An increase of the growth factor by 100 basis points and a lower discount rate of 100 basis points would increase the fair value by CU 65. Lowering the growth factor by 100 basis points and increasing the discount factor by 100 basis point would decrease fair value by CU 85
	Investment in XY Ltd	Risk adjusted discount rate	15%	

There are no major interrelationships between the significant input (management's estimate of the probability that the contract's target level will be achieved) and the other unobservable inputs.

Level 3 fair value measurements

The reconciliation of the carrying amounts of financial instruments classified within Level 3 is as follows:

	Contingent consideration	Investment in XY Ltd
Balance at 1 January 2024	–	460
Amount recognised in profit or loss	–	260
IFRS 13.93(e) Balance at 31 December 2024	–	720
IFRS 13.93(e)(iii) Acquired through business combination	(600)	–
IFRS 13.93(e)(i) Amount recognised in profit or loss	(20)	32
Balance at 31 December 2025	(620)	752
IFRS 13.93(f) Total amount included in profit or loss for unrealised losses on Level 3 instruments		
2024		
Finance income	–	260
2025		
Finance costs	(20)	–
Finance income	–	32

Financial instruments measured at amortised cost for which the fair value is disclosed
See Note 15.2.

35.2 Fair value measurement of non-financial assets

The following table shows the levels within the hierarchy of non-financial assets measured at fair value on a recurring basis:

31 December 2025	Level 1	Level 2	Level 3	Total
Property, plant and equipment:				
– land owned in Euroland	–	–	7,697	7,697
– Goodtech land	–	–	730	730
Investment property:				
– office building in Euroland	–	–	4,552	4,552
– Goodtech investment property	–	–	75	75
– office building in the US	–	–	8,035	8,035
31 December 2024	Level 1	Level 2	Level 3	Total
Property, plant and equipment:				
– land owned in Euroland	–	–	7,697	7,697
– Goodtech land	–	–	–	–
Investment property:				
– office building in Euroland	–	–	4,366	4,366
– office building in the US	–	–	7,911	7,911

IFRS 13.93(d)
IAS 40.75(e)
IAS 16.77(b)

The fair value of the Group's main property assets is estimated based on appraisals performed by independent, professionally qualified property valuers. The significant inputs and assumptions are developed in close consultation with management. The valuation processes and fair value changes are reviewed by the board of directors and audit committee at each reporting date.

Land owned in Euroland (Level 3)

IFRS 13.93(d)
IFRS 13.93(g)
IAS 16.77(a)

The appraisal was carried out using a market approach that reflects observed prices for recent market transactions for similar properties and incorporates adjustments for factors specific to the land in question, including plot size, location, encumbrances and current use. In 2025, a negative adjustment of 7.5% was incorporated for these factors. The land was revalued on 23 November 2025. The land was previously revalued in November 2022.

IFRS 13.93(h)

The significant unobservable input is the adjustment for factors specific to the land in question. The extent and direction of this adjustment depends on the number and characteristics of the observable market transactions in similar properties that are used as the starting point for valuation. Although this input is a subjective judgement, management considers that the overall valuation would not be materially affected by reasonably possible alternative assumptions.

IFRS 13.93(d)

Land with a fair value of CU 730, recognised upon the acquisition of Goodtech in March 2025 (see Note 5.1), was not revalued at the reporting date. Management determined that the effect of changes in fair values between the acquisition and reporting date is immaterial.

Office buildings in Euroland and the US (Level 3)

IFRS 13.93(d)

The fair values of the office buildings are estimated using an income approach which capitalises the estimated rental income stream, net of projected operating costs, using a discount rate derived from market yields implied by recent transactions in similar properties. When the actual rent differs materially from the estimated rent, adjustments have been made to the estimated rental value. The estimated rental stream takes into account current occupancy level, estimates of future vacancy levels, the terms of in-place leases and expectations for rentals from future leases over the remaining economic life of the buildings. The office buildings are revalued annually on 31 December.

Notes to the consolidated financial statements

For the year ended 31 December 2025 (expressed in thousands of Euroland currency units (CU), except per share amounts)

IFRS 13.93(h) The most significant inputs, all of which are unobservable, are the estimated rental value, assumptions about vacancy levels and the discount rate. The estimated fair value increases if the estimated rental increases, vacancy levels decline or if discount rate (market yields) decline. The overall valuations are sensitive to all three assumptions. Management considers the range of reasonably possible alternative assumptions is greatest for rental values and vacancy levels and that there is also an interrelationship between these inputs. The inputs used in the valuations at 31 December 2025 were:

	Euroland	US
Rental value	CU 108/sqm	USD 65/sqm
Vacancy levels	9%	11%
Discount rate (market yield)	7.4%	3.7%

IFRS 13.93(d) An investment property with a fair value of CU 75, recognised upon the acquisition of Goodtech (see Note 5.1) in March 2025, was not revalued at the reporting date. Management has determined the effect of changes in fair values between the acquisition and reporting date is immaterial.

The reconciliation of the carrying amounts of non-financial assets classified within Level 3 is as follows:

	PP&E	Investment properties		
	Land held	Euroland	US	
IFRS 13.93(e)	Balance at 1 January 2025	7,697	4,366	7,911
IFRS 13.93(e)(i)	Gains recognised in profit or loss:			
	– increase in fair value of investment property	–	186	124
IFRS 13.93(e)(ii)	Gains recognised in other comprehensive income:			
	– revaluation of land	303	–	–
	– exchange differences on translating foreign operations	(21)	–	–
IFRS 13.93(e)(iii)	Acquired in business combination	730	75	–
	Balance at 31 December 2025	8,709	4,627	8,035
IFRS 13.93(f)	Total amount included in profit or loss for unrealised gains on Level 3 assets	–	186	124

	PP&E	Investment properties		
	Land held	Euroland	US	
IFRS 13.93(e)	Balance at 1 January 2024	7,697	4,293	7,809
IFRS 13.93(e)(i)	Gains recognised in profit or loss:			
	– increase in fair value of investment property	–	73	102
IFRS 13.93(e)(ii)	Gains recognised in other comprehensive income:			
	– revaluation of land	–	–	–
	– exchange differences on translating foreign operations	–	–	–
	Balance at 31 December 2024	7,697	4,366	7,911
IFRS 13.93(f)	Total amount included in profit or loss for unrealised gains on Level 3 assets	–	73	102

36. Capital management policies and procedures

- IAS 1.134 The Group's capital management objectives are:
- to ensure the Group's ability to continue as a going concern, and
 - to provide an adequate return to shareholders by pricing products and services in a way that reflects the level of risk involved in providing those goods and services.
- IAS 1.135(a)(i) The Group monitors capital on the basis of the carrying amount of equity plus its subordinated loan, less cash and cash equivalents as presented in the consolidated statement of financial position and cash flow hedges recognised in other comprehensive income.
- IAS 1.135(a)(ii) The Group's goal in capital management is to maintain a capital-to-overall financing ratio of 1:6 to 1:4. This is in line with the Group's covenants included in the terms of the subordinated loan from its main shareholder advanced in 2021 (see Note 15.5).
- IAS 1.135(a)(iii) Management assesses the Group's capital requirements in order to maintain an efficient overall financing structure while avoiding excessive leverage. This takes into account the subordination levels of the Group's various classes of debt. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.
- The amounts managed as capital by the Group for the reporting periods under review are summarised as follows:

IAS 1.135(b)	2025	2024
Total equity	85,469	52,291
Subordinated loan	5,000	5,000
Cash flow hedges	(467)	160
Cash and cash equivalents	(34,729)	(11,197)
Capital	55,273	46,254
Total equity	85,469	52,291
Borrowings	25,885	24,644
Leasing liabilities	33,716	35,509
Overall financing	145,070	112,444
Capital-to-overall financing ratio	0.38	0.41

- IAS 1.135(d) The Group has honoured its covenant obligations, including maintaining capital ratios, since the subordinated loan was taken out in 2021. The ratio-reduction during 2025 is primarily a result of an increase in cash and cash equivalents, mainly arising as a result of profitable (cash-generative) trading in the period.

37. Events after the reporting date

IAS 10.8 No adjusting or significant non-adjusting events have occurred between the 31 December reporting
IAS 10.21 date and the date of authorisation.

Guidance note: IAS 10.3 and 10.8 require the financial statements to consider events occurring before the financial statements are authorised for issue. Events occurring after this date are not reflected.

38. Authorisation of financial statements

IAS 10.17 The consolidated financial statements for the year ended 31 December 2025 (including comparatives) were approved by the board of directors on 1 March 2026.

C Executive **C Finance**
(Board member 1) (Board member 2)

Guidance note: IAS 10.18 emphasises that it is important for users to know when the financial statements were authorised for issue as they do not reflect events after that date.



Appendices to the IFRS Example Consolidated Financial Statements

Illustrative Corporation Group
31 December 2025

Appendix A

Organising the statement of profit or loss by function of expenses

IAS 1.99
IAS 1.100

IAS 1.99 requires an analysis of expenses using a classification based on either the nature of expenses (NOE) or based on the function of expenses (FOE) within the entity. This depends on management's assessment of which format provides information that is reliable and more relevant. This analysis must either be presented on the face of the statement of profit or loss or in the notes, but IAS 1 encourages presentation in the statement of profit or loss (as illustrated in these Example Financial Statements).

The NOE format is illustrated in the main body of the Example Financial Statements. The FOE format is illustrated in this appendix. This appendix presents a separate statement of profit or loss, ie other comprehensive income is presented in a separate statement of comprehensive income (see the main body of the Example Financial Statements).

If the entity presents a single statement of comprehensive income (as illustrated in Appendix B) and concludes a FOE format is most appropriate, the FOE format included in this appendix may replace the NOE format presented in Appendix B.

The FOE or NOE formats only affect the statement of profit or loss but do not affect the presentation requirements for other comprehensive income.

IAS 1.104

Presenting the statement of profit or loss in the FOE format requires additional considerations:

- additional disclosures of the nature of certain expenses are required. These disclosures should include employee benefit expenses and depreciation, amortisation and impairment of non-financial assets and the amount of inventories recognised as an expense during the period (see Note 17). However disclosure of other NOE categories may also be required if material
- the disclosures of the specific line items in the statement of profit or loss where certain transactions or amounts are recognised (eg see Note 9, Note 10 and Note 22 of the Example Financial Statements) should reflect the actual line items presented in the FOE statement of profit or loss.

In addition, when an entity includes the analysis of profit or loss from a discontinued operation in the notes to the financial statements (see Note 20), such information should be presented in the same format as the main consolidated statement of profit or loss. This will facilitate a better understanding of the financial effects of the discontinued operations.

IAS 1.82(ba)

It is not usually appropriate to present a mixed presentation, showing some expenses by nature and others by function. Therefore in most cases, if a FOE format is used, all expenses are included in the relevant FOE categories, with the exception of impairment charges in relation to financial assets and contract assets, which must be presented separately if material. All other expenses are allocated to the appropriate FOE class based on the function of the expenses/related assets within the business. For example, expenses would be allocated to cost of sales if the costs are directly attributable to generating revenues.

Expenses by nature, such as depreciation or impairment of non-financial assets, would not normally be presented separately on the face of the statement of comprehensive income under a FOE presentation, although additional information may be included, eg by including a footnote or subtotal to provide additional analysis of the relevant FOE categories.

If a mixed presentation is used on the face of the statement of profit or loss:

- this should not present misleading information; for example it would not be appropriate to exclude expenses directly related to the costs of goods sold from the cost of sales total, and
- an analysis either by nature or by function should be presented in the notes to the financial statements.

Consolidated statement of profit or loss

	Notes	2025	2024
IAS 1.51(c)			
IAS 1.82(a)	Revenue	205,793	191,228
IAS 1.85	Costs of sales	(110,526)	(103,918)
IAS 1.85	Gross profit	95,267	87,310
IAS 1.85	Other income	299	708
IAS 1.85	Distribution costs	(12,014)	(11,537)
IAS 1.85	Administrative expenses	(57,730)	(56,434)
IAS 1.85	Research and development costs	(1,690)	(1,015)
IAS 1.85	Change in fair value of investment property	310	175
IAS 1.82(ba)	Impairment losses of financial assets and contract assets	(212)	(228)
IAS 1.85	Other expenses	(928)	(670)
	Operating profit	23,302	18,309
IAS 1.82(c)	Share of profit from equity accounted investments	391	141
IAS 1.82(b)	Finance costs	(3,939)	(3,993)
IAS 1.85	Finance income	964	885
IAS 1.85	Other financial items	943	1,182
	Profit before tax	21,661	16,524
IAS 1.82(d)	Tax expense	(6,794)	(4,888)
	Profit for the year from continuing operations	14,867	11,636
IAS 1.82(ea)	Loss for the year from discontinued operations	(9)	(325)
IAS 1.81A(a)	Profit for the year	14,858	11,311
	Profit for the year attributable to:		
IAS 1.81B(a)(i)	– Non-controlling interest	121	116
IAS 1.81B(a)(ii)	– Owners of the parent	14,737	11,195
		14,858	11,311
	Earnings per share	2025	2024
IAS 33.67A	Basic earnings (loss) per share:		
IAS 33.66	– Earnings from continuing operations	1.19	0.93
IAS 33.68A	– Loss from discontinued operations	(0.00)	(0.03)
IAS 33.66	Total	1.19	0.90
IAS 33.67A	Diluted earnings (loss) per share:		
IAS 33.66	– Earnings from continuing operations	1.19	0.93
IAS 33.68A	– Loss from discontinued operations	(0.00)	(0.03)
IAS 33.66	Total	1.19	0.90

Appendix B

Statement of comprehensive income presented in a single statement

The main body of these Example Financial Statements presents the statement of comprehensive income in two statements (see guidance note to the consolidated statement of profit or loss). This appendix presents the alternative of a single statement of comprehensive income (using the NOE format).

Disclosure requirements, however, remain unchanged (see guidance note to the consolidated statement of comprehensive income).

In general, notes to the financial statements will need to be tailored so that they refer to the statement of comprehensive income and not the statement of profit or loss, where appropriate. For example, tailoring is necessary to reflect that discontinued operations are shown as a separate line item in the statement of comprehensive income (see Note 4.11). However, it should be noted the term profit or loss continues to apply.

Consolidated statement of comprehensive income

	Notes	2025	2024
IAS 1.51(c)			
IAS 1.82(a)	Revenue	8, 9	205,793
IAS 1.85	Other income	299	708
IAS 1.85	Changes in inventories	(7,923)	(6,815)
IAS 1.85	Costs of materials	(42,535)	(39,420)
IAS 1.85	Employee benefits expense	22	(113,809)
IAS 1.85	Change in fair value of investment property	14	310
IAS 1.85	Depreciation, amortisation and impairment of non-financial assets	(9,993)	(8,881)
IAS 1.85	Impairment losses of financial assets and contract assets	34.2	(212)
IAS 1.85	Other expenses	(8,628)	(8,943)
	Operating profit	23,302	18,309
IAS 1.82(c)	Share of profit from equity accounted investments	7	391
IAS 1.82(b)	Finance costs	27	(3,939)
IAS 1.85	Finance income	27	964
IAS 1.85	Other financial items	28	943
	Profit before tax	21,661	16,524
IAS 1.82(d)	Tax expense	29	(6,794)
	Profit for the year from continuing operations	14,867	11,636
IAS 1.82(ea)	Loss for the year from discontinued operations	20	(9)
IAS 1.81A(a)	Profit for the year	14,858	11,311

Consolidated statement of comprehensive income

	Notes	2025	2024
	Other comprehensive income:		
IAS 1.82A(a)(i)	Items that will not be reclassified subsequently to profit or loss		
IAS 16.77(f)	Revaluation of land	12	303
IAS 19.120(c)	Remeasurement of net defined benefit liability	22	3,830
IAS 1.90			(3,541)
IAS 1.91(b)	Income tax relating to items not reclassified	21.3	(1,240)
			1,062
IAS 1.82A(a)(ii)	Items that will be reclassified subsequently to profit or loss		
	Cash flow hedging:		
IFRS 7.24C(b)(i)	– current year gains (losses)	21.3	890
IFRS 7.24C(b)(iv)	– reclassification to profit or loss	21.3	(640)
IAS 1.92			(712)
IAS 21.52(b)	Exchange differences on translating foreign operations		(664)
			(341)
IAS 1.82A(b)	Share of other comprehensive income of equity accounted investments:	7	5
IAS 1.92	– reclassification to profit or loss		(3)
IAS 1.90			–
IAS 1.91(b)	Income tax relating to items that will be reclassified	21.3	176
IAS 1.81A(b)	Other comprehensive income for the year, net of tax	2,657	(2,897)
IAS 1.81A(c)	Total comprehensive income for the year	17,515	8,414
	Profit for the year attributable to:		
IAS 1.81B(a)(i)	Non-controlling interest	121	116
IAS 1.81B(a)(ii)	Owners of the parent	14,737	11,195
		14,858	11,311
	Total comprehensive income attributable to:		
IAS 1.81B(b)(i)	Non-controlling interest	121	116
IAS 1.81B(b)(ii)	Owners of the parent	17,394	8,298
		17,515	8,414
	Earnings per share		
	Notes	2025	2024
IAS 33.67A	Basic earnings (loss) per share:		
IAS 33.66	– Earnings from continuing operations	1.19	0.93
IAS 33.68A	– Loss from discontinued operations	(0.00)	(0.03)
IAS 33.66	Total	1.19	0.90
IAS 33.67A	Diluted earnings (loss) per share:		
IAS 33.66	– Earnings from continuing operations	1.19	0.93
IAS 33.68A	– Loss from discontinued operations	(0.00)	(0.03)
IAS 33.66	Total	1.19	0.90

Appendix C

IFRS 17 ‘Insurance contracts’ for non-insurers, and warranties

IFRS 17 at a glance

IFRS 17 came into effect for periods beginning on or after 1 January 2023. The scope of IFRS 17 is not limited to insurance entities. Instead, it provides a definition of an insurance contract that can apply to any entity, including entities that are not considered to be insurers.

IFRS 17 sets out a general measurement model for insurance contracts which takes into account discounted probability-weighted cash flows and explicit risk adjustments, and requires the calculation of a contractual service margin that represents the unearned profits of the contract which is recognised as revenue over the insurance contract over the coverage period. This general measurement model is supplemented by:

- a specific adaptation for contracts with direct participation features (the variable fee approach), and
- an optional simplified approach (the premium allocation approach) mainly for short-duration contracts.

Some notable scope exclusions exist in IFRS 17 and they include manufacturer’s warranties provided in connection with a sale (see below), residual value guarantees, contingent consideration resulting from a business combination and insurance contracts where the entity is a policyholder, unless the contract is a reinsurance contract.

IFRS 17 considerations in the Example Financial Statements

The Example Financial Statements do not include the impact of applying IFRS 17 to the Group’s insurance contracts, on the basis these contracts are not material to the consolidated financial statements or are subject to scope exclusions. Activities of the Group that could be in scope of IFRS 17 may include:

Activities	Financial statements potentially impacted
Some financial guarantees that were issued by the parent entity to its subsidiaries where the parent entity previously made an explicit assertion that these contracts were insurance (IFRS 17.7(e) provides a choice to apply IFRS 17 or IFRS 9).	Parent’s individual financial statements
Providing certain extended warranties beyond that set out in consumer legislation where these are not provided in connection with a sale (see below for further discussion of IFRS 17 scope exclusions in relation to warranties)	Group financial statements and individual financial statements of entity providing warranty
Providing certain warranties to customers of fellow group entities, where the entity issuing the warranty is not the manufacturer, retailer or dealer (see below for further discussion of IFRS 17 scope exclusions in relation to warranties)	Individual financial statements of entity issuing warranty
Loan contracts with death waivers, such as store card arrangements where debt is forgiven in the event of the retail customer’s death (IFRS 17.8A allows a policy choice to apply IFRS 17 or IFRS 9)	Group financial statements and individual financial statements of entity providing warranty
Some IT maintenance arrangements where these are priced based on the risk associated with the contract	Group financial statements and individual financial statements of entity selling maintenance service
Performance guarantees issued by the parent entity in association with various construction activities its subsidiaries undertake	Parent’s individual financial statements

For further assistance in assessing whether IFRS 17 will have an impact on an entity's financial statements, please refer to our publication '**Insights into IFRS 17 – Impact on Non-Insurance Entities**'

Warranties

As explained in Note 4.8 'Revenue' in the Example Financial Statements, the Group provides both standard-type warranties and extended-type warranties.

Determining the appropriate accounting treatment for warranties first requires an entity to assess whether warranties should be accounted for as insurance contracts under IFRS 17:

IFRS 17 scope assessment:

There are two potential scope exemptions from IFRS 17 that may apply to warranties.

IFRS 17.7(a)	The first exemption, which is mandatory if it applies, scopes warranties out of IFRS 17 if they are provided by a manufacturer, dealer or retailer in connection with the sale of its goods or services to a customer.
IFRS 17.8	The second exemption, which is optional if it applies, allows contracts which meet the definition of an insurance contract, where the primary purpose is to provide services for a fixed fee, to be accounted for under IFRS 15 instead of IFRS 17, provided specific conditions are met.

Applicability to the Example Financial Statements:

The Group has determined that standard-type warranties and extended warranties that are provided at the time of the sale of the hardware, or offered for future purchase at a fixed price under the original terms of the hardware sale, meet the first scope exception, as outlined in IFRS 17.7(a), as the Group is the manufacturer of the hardware.

IAS 37 or IFRS 15 assessment:

If warranties are not in scope of IFRS 17 or if they qualify for an optional exemption from applying IFRS 17 (which the entity decides to take), warranties are assessed to determine if they are assurance type warranties accounted for under IAS 37 or whether they provide an additional service and should be treated as separate performance obligations under IFRS 15.

When determining the nature of warranty-related promises, an entity considers:

IFRS 15.B29	• whether the customer has the option to separately purchase the warranty
IFRS 15.B30	• whether all or part of the warranty provides the customer with an additional service beyond the basic assurance that it will perform in accordance with published specifications.

IFRS 15.B28	Applicability to the Example Financial Statements:
-------------	-----------------------------------------------------------

The Group has concluded that, as standard-type warranties are not sold separately and do not provide an additional service, these are accounted for under IAS 37. The Group has concluded that, as extended type warranties can be purchased separately and provide an additional service beyond basic assurance, they are separate performance obligations under IFRS 15.

Appendix D

Effective dates of new IFRS Accounting Standards

Based on IFRS Accounting Standards issued at 31 August 2025

Standard	Title of Standard or Interpretation	Effective for annual reporting periods beginning on or after	Considered for preparation of EFS?	Early application?
IAS 1	Classification of Liabilities as Current or Non-current (Amendments to IAS 1)	1 January 2024	✓	✓
IFRS 16	Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)	1 January 2024	✓	✓
IAS 1	Non-current Liabilities with Covenants (Amendments to IAS 1)	1 January 2024	✓	✓
IFRS 7 and IAS 7	Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)	1 January 2024	✓	✓
IAS 21	Lack of Exchangeability (Amendments to IAS 21)	1 January 2025	✓	✓
IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 7 and 9)	1 January 2026	no	✓
IFRS 1, IFRS 7, IFRS 9, IFRS 10, IAS 7	Annual Improvements to IFRS Accounting Standards – Volume 11	1 January 2026	no	✓
IFRS 9, IFRS 7	Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7)	1 January 2026	no	✓
IFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027	no	✓
IFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027	no	✓
IFRS 19	Amendments to IFRS 19 ‘Subsidiaries without Public Accountability: Disclosures’	1 January 2027	no	✓

Not all Standards listed above are necessarily applicable to these Example Financial Statements but they have been considered in the preparation of them where indicated.





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