

Consolidated Annual Report

20
24



TŘINECKÉ ŽELEZÁRNY

Table of contents

GENERAL SECTION

01	Company Profile	04
02	Profile of the Consolidation Group	08
03	Key Performance Indicators 2020–2024	10
04	Supervisory Board and Board of Directors	13
05	Introductory Word by the Chairman of the Supervisory Board	14
06	Board of Directors Report	16
	Development of macroeconomic and competitive environment	16
	Production and position on the market	18
	Production and sales	20
	Investment and modernisation	24
	Investment and modernisation – Companies in the TŽ Group	25
	Technology and research	25
	Environment	28
	Employees	33
	Management system	36
	Financial situation	39
	Strategic objectives	42

FINANCIAL SECTION

07	Auditors' Report	44
08	Financial Statements	46
	Balance Sheet full version	47
	Profit and Loss Account	51
	Statement of Changes in Equity	53
	Cash Flow Statement	54
	Notes to the Financial Statement	56
09	Consolidated Financial Statements	102
	Consolidated Balance Sheet full version	103
	Consolidated Profit and Loss Account	108
	Consolidated Statement of Changes in Equity	110
	Consolidated Cash Flow Statement	111
	Notes to the Financial Statement	113
10	Report on Related Party Transactions for the Year 2024	174



GENERAL SECTION



Company Profile

TŘINECKÉ ŽELEZÁRNY, a. s. (hereinafter “Třinecké železářny”, “TŽ” or the “Company”), was founded in 1839 and for more than 185 years it has been a successor to the long tradition of metallurgical production in Těšín Silesia. The sole shareholder of Třinecké železářny today is MORAVIA STEEL a.s.

Třinecké železářny is the largest steel producer in the Czech Republic. The corporate mission “Together for the Generations to Come” clearly describes the long-term relationship of Třinecké železářny with its surrounding region, the co-responsibility for the continuous improvement of the environment in its vicinity and the effort to improve the quality of life of its inhabitants.



Annual production of Třinecké železářny reaches around 2.5 million tonnes of steel and the main product portfolio consists of long rolled products – wire rod, sections, special bar steel, drawn steel, rails including railway superstructure accessories, wide steel, seamless tubes and semis. Additional products include coke and by-products

resulting from its production, further artificial compact aggregates and granulated slag.

Třinecké železářny is an integrated production plant that includes operations from coke production to the final hot-rolled steel product. The coke-chemical production plant includes two coke-oven batteries and a pulverized

coal injection into the blast furnace hearth. The produced coke and the pulverized coal are used in the plant's own blast furnaces together with the sinter charge, which has been prepared in two sinter plants. More than 98% of Třinec steel is produced in the BOF converter plant, on the basis of oxygen refining of iron. The BOF plant is equipped with complete ladle

metallurgy enabling chemical and thermal homogenization, additional alloying as well as vacuum treatment. The BOF plant includes two machines for the continuous casting of blooms and billets. Steel from Třinec is also produced in the EAF steel plant.

Blooms, billets and to a smaller extent ingots from steel plants form a charge

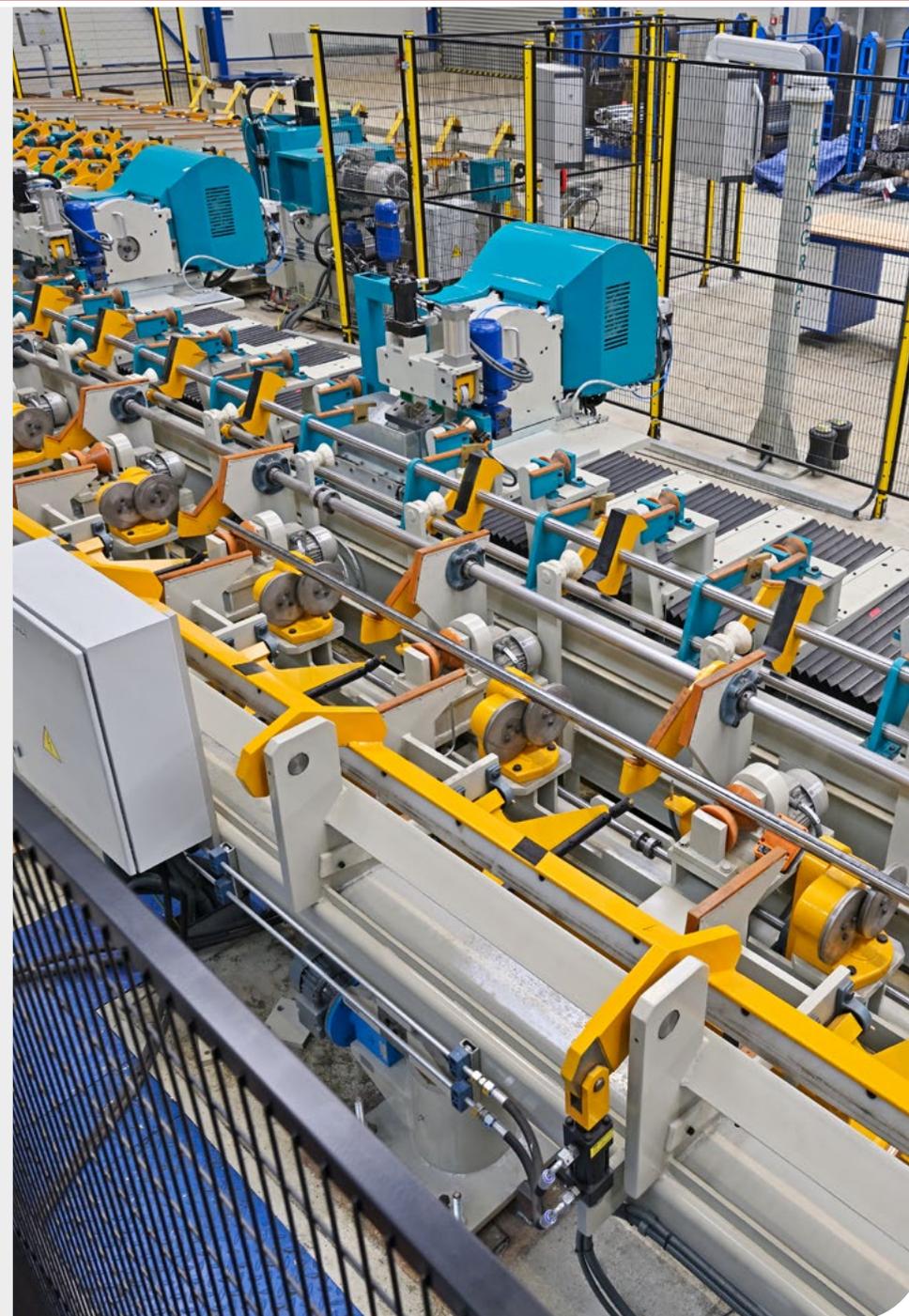
for the rolling mill plants in Třinec – a rolling mill for blooms and heavy profiles, medium section mill, rolling mill for wire rod and light sections – as well as for the tube mill in Ostrava, for the universal strip mill in Bohumín, the steel drawing plant in Staré Město or for the billet mill located in Kladno.

The accompanying products, resulting from metallurgical production, are processed into artificial normal weight aggregate and further construction material at the secondary raw material plant. Metalliferous waste goes back to the metallurgical process.

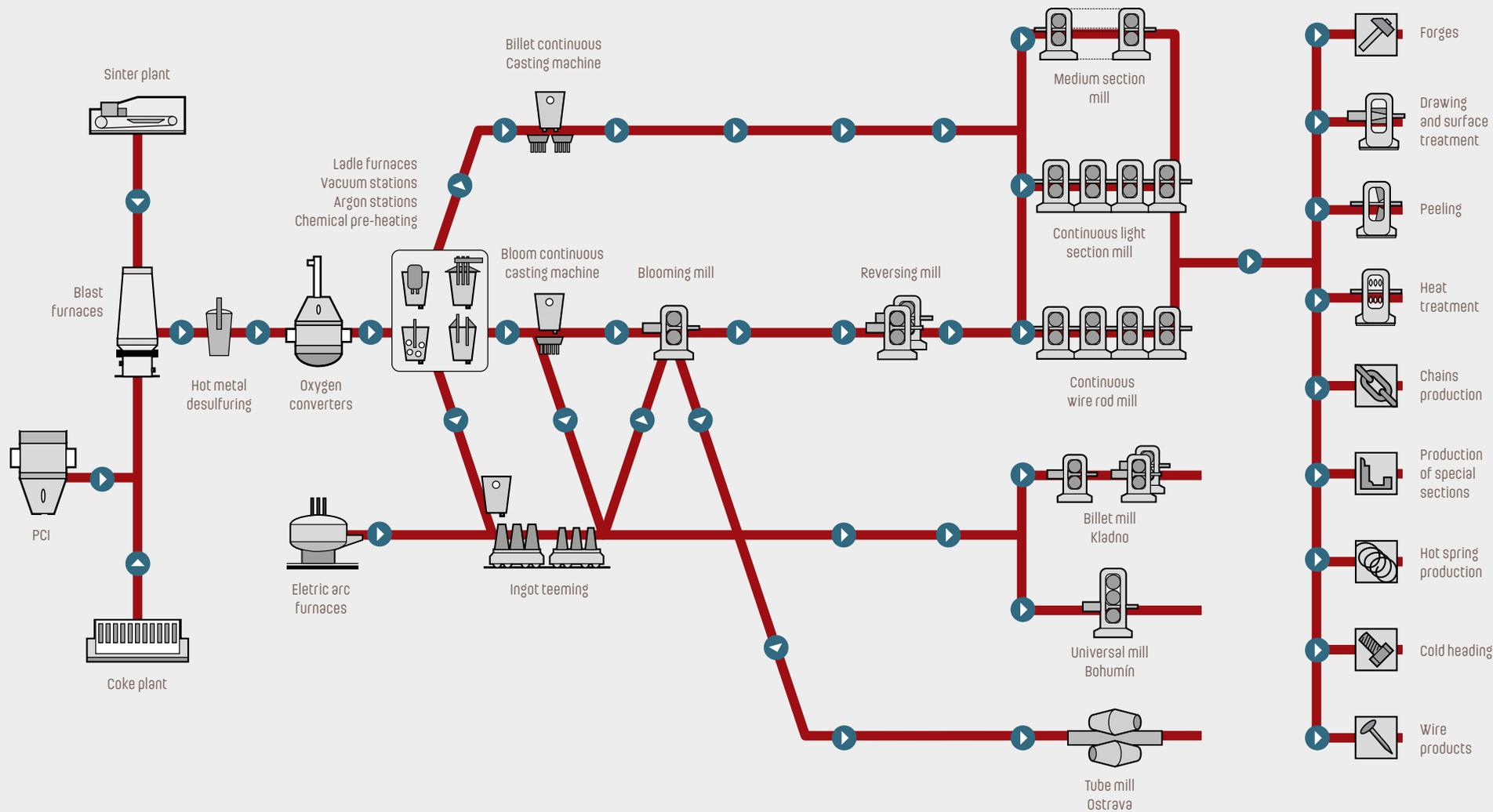
Over the entire period of its existence, Třinecké železářny has produced almost 190 million tonnes of steel and rolled products, which

have long been used not only on the domestic market but also worldwide. The products marked with the trademark of Třinecké železářny – three hammers in a circle – go to customers from more than 60 countries every year.

The company's commitment to sustainable development is reflected in its social, economic and environmental responsibility and is an integral part of Třinecké železářny corporate culture and strategy. The company has long been devoting considerable efforts to improving the state of the environment in its surroundings. Extensive modernisation investment projects aim not only to make production more efficient, but also to green a number of production facilities.



MATERIAL FLOWS AND TECHNOLOGY



II

Profile of the Consolidation Group

The consolidation group (hereinafter referred to as “TŽ Group”) consists of TŘINECKÉ ŽELEZÁRNY, a. s. together with the following subsidiaries and associated companies:

ENERGETIKA TŘINEC, a.s.

– supplier of the whole spectrum of energies and energy services – electricity, process steam, heat, heating gases, compressed and blown air, utility and potable water.

Slévárny Třinec, a.s.

– manufacturer of castings from steel, cast iron and non-ferrous metals.

VÚHŽ a.s. – special metallurgical production and supply of automation technologies for the metallurgical industry.

Šroubárna Kyjov, spol. s r.o.

– manufacturer of fasteners – bolts, nuts, special fasteners and forgings of a similar nature.

Strojírny a stavby

Třinec, a.s. – custom engineering production of technological units and weldments, including machining on CNC machines; turnkey industrial and civil constructions, road construction.

„METALURGIA“ S.A.

– manufacturer of drawn wire.



„D&D“ Drótáru Zrt.

– manufacture of cold-drawn wire and strands for pre-stressed reinforcement for use mainly in the construction and mining industries; manufacture of steel fibres for concrete floors.

ŽDB DRÁTOVNA a.s. –

drawing plant for unpatented and patented wire, rope mill, spring and wire production.

HŽP a.s. – manufacturer of helical, leaf and parabolic springs.

SV servisní, s.r.o. – energy services, construction and installation work.

Řetězárna a.s. – production of a wide range of length chains for various applications.

REFRASIL, s.r.o. – refractory materials for lining of metallurgical facilities and refractory building materials.

BOHEMIA RINGS s.r.o.

– precision engineering components, bearing rings for wind power plants.

VESUVIUS ČESKÁ REPUBLIKA, a.s. –

isostatically pressed ceramics for the control and protection of steel flow in the continuous casting process in metallurgical plants.



III

Key Performance Indicators 2020-2024

Indicator	Unit	2020	2021	2022	2023	2024
Pig iron production	kt	2 107	1 943	1 970	1 973	1 965
Crude steel production	kt	2 581	2 400	2 440	2 415	2 425
Of which continuous castings	kt	2 517	2 294	2 366	2 355	2 370
Sales of rolled products including steel	kt	2 360	2 288	2 198	2 216	2 192
Total revenues	CZK mil.	39 352	50 953	66 139	64 479	57 077
Income from sales of products, goods and services	CZK mil.	35 114	43 715	57 602	49 692	47 371
Export share of sales of rolled products, including semi-finished products	%	67.4	67.7	68.5	69.4	68.3
Total costs excluding income tax	CZK mil.	38 822	49 340	63 216	64 370	56 737
Net profit or loss	CZK mil.	469	1 306	2 393	44	316
Net total assets	CZK mil.	39 487	41 769	48 932	44 985	44 330
Gross tangible fixed assets	CZK mil.	42 908	44 013	45 689	46 866	48 212
Provisions against tangible fixed assets	CZK mil.	26 573	27 469	28 785	30 183	31 570
Equity	CZK mil.	28 969	30 276	31 669	31 744	32 082
Capital investments	CZK mil.	1 275*	1 663*	1 863*	1 364*	1 578*
Other capital including other liabilities	CZK mil.	10 517	11 494	17 263	13 242	12 248
Employees (average recalculated headcount)	Persons	7 010	6 878	6 825	6 831	6 864
Average monthly wage	CZK/person	36 778	38 353	41 559	41 752	43 177

* without subsidies



TŽ Group Indicators	Unit	2020	2021	2022	2023	2024
Income from sales of products, goods and services	CZK mil.	45 700	56 727	74 117	63 764	59 934
Net Total Assets	CZK mil.	45 357	48 695	56 686	52 289	50 744
Net tangible fixed assets	CZK mil.	24 529	24 205	24 477	24 056	23 741
Equity	CZK mil.	31 395	33 595	35 607	34 488	34 730
Consolidated profit or loss excluding minority interests	CZK mil.	436	2 254	3 105	-1 223	238
External equity, including accruals	CZK mil.	13 674	14 792	20 745	17 469	15 672

IV

Supervisory Board and Board of Directors

Supervisory Board

Chairman	Tomáš Chrenek
First Vice-Chairman	Ján Moder
Second Vice-Chairman	Evžen Balko
Member	Jozef Blaško
Member	Jana Kantorová
Member	Marcel Pielesz

Board of Directors

Chairman	Roman Heide
First Vice-Chairman	Tomáš Gajdzica
Second Vice-Chairman	Henryk Huczala
Member	Radomíra Pekárková
Member	Daniel Heczko



Introductory Word by the Chairman of the Supervisory Board

**DEAR EMPLOYEES,
CUSTOMERS AND
PARTNERS,**
steel producers in Europe have had another difficult year. The downturn in the economy is having an impact on industrial production, which is still unable to emerge from the recession in the face of adverse circumstances. Apparent steel consumption has fallen four times in the last five years. Since 2018, production in Europe has fallen by 20%. The steel industry is thus facing its biggest crisis in a decade.

Low demand is hurting traditional European producers of high-quality, environmentally friendly steel, while cheap products from Asia, North Africa and the Middle East are flooding in. The negative balance is fuelled by the enormously high cost of energy and the environmental, administrative and legislative commitments of the European political bureaucracy. European companies are not able to compete on price with cheap supplies, so the strong price pressure is spilling over into other industries.

All the more reason to highlight the indomitability of Třinecké železářny. Despite all the problems on the market and the enormously high energy prices in the Czech Republic, we managed to maintain production in 2024 at 2.425 million tonnes of steel, which is even slightly higher than in 2023. This result is all the more positive because the short-term shutdown due to the extreme September floods, which did not escape Třinecké železářny and its subsidiaries, was reflected in the production volume.

Considering the low market prices, it is obvious that the positive result of CZK 316 million was achieved mainly thanks to the cost-saving measures set by the company. We achieved

a profit of CZK 238 million for the consolidated result.

Despite the difficult economic situation, we did not stop investment construction. Last year, we invested CZK 1.578 billion in the development of Třinecké železářny and our production technologies.

Třinecké železářny is currently the only major producer of iron and steel in the Czech Republic. Our key position in steel production is not as positive news as it might seem. It is proof that there is something sick in the European Union, which was founded as a strategic alliance based on steel and coal.

The move away from coal and the massive pressure to reduce CO₂ have presented us with a challenge unprec-

edented in the modern history of our steel industry. For us, the need to switch to low-emission steelmaking means implementing several projects with a total cost in excess of CZK 25 billion, the largest of which is the construction of an electric arc furnace and represents a fundamental change in steel-making technology. Without subsidy support, low-emission steel production will not be possible, as European countries are well aware.

We are therefore looking forward to an economic recovery that could kick-start the steel market across the board. Therefore, investments in decarbonisation and related government support, energy prices and geopolitical developments will be crucial for us this year.

Dear employees, customers and partners,

On behalf of the management of Třinecké železářny, which in 2024 entered the 185th year of its history, allow me to thank you for your efforts in 2024. Thanks to your work, support and cooperation, we were able to maintain employment, further develop the company and continue to supply the market with top-quality products with the brand of three hammers in a circle. Steel is a strategic material that no country can do without. Třinec steel made by the art of local people only confirms this.



TOMÁŠ CHRENEK

Chairman of the Supervisory Board

VI

Board of Directors Report

DEVELOPMENT OF MACROECONOMIC AND COMPETITIVE ENVIRONMENT

Gross domestic product adjusted for price effects and seasonality was 1.0% higher in 2024 than in 2023, supported by higher final consumption expenditure by households and general government. On the other hand, gross capital formation was mainly negative. The development of gross value added was mainly supported by the trade, transport, accommodation and food services industry group. The manufacturing sector declined.

Industrial production was 1.4% lower year-on-year in 2024. The main contributor to the decline was machinery

manufacturing, where the production fell by 10.2% year-on-year.

The production of parts and accessories for motor vehicles also declined. This had a negative impact on the entire motor vehicle manufacturing segment, which declined by 2.3%. The production of basic metals, metallurgy and foundries fell by 8.3%. These are very energy-intensive industries, which suffer from high energy prices in international comparison. Coal mining declined by 12% year-on-year. On the other hand, the highest positive contributions were recorded in the food products, other manufacturing and paper and paper products sectors.

The average inflation rate in 2024 was 2.4%, the lowest in six years.

By comparison, average inflation in 2023 was 10.7%. Lower inflation combined with an increase in real wages had a positive impact on household consumption. This has become one of the main drivers of growth in the Czech economy.

World crude steel production in 2024 will reach 1,882.6 million tonnes, a decrease of 0.8% compared to 2023. Crude steel production in 2024 increased mainly in India, Turkey and Vietnam, with decreases mainly in China, Russia and South Korea.

Annual crude steel production in Asia was 1,352.4 million tonnes,

down 1.0% from 2023. China produced 1,005.1 million tonnes, down 1.7% from the previous year, and had the largest decline in production in the world in 2024, by volume, at 17.4 million tonnes. China's share of world production fell to 53.4%. India produced 149.6 million tonnes of crude steel in 2024, up 6.3% from 2023, maintained its position as the world's second largest steel producer and achieved the world's largest production growth of 8.8 million tonnes in volume terms in 2024. Japan produced 84.0 million tonnes in 2024, down 3.4% year-on-year. South Korea produced 63.5 million tonnes of crude steel, down 4.7% from 2023.

North America's crude steel production in 2024 was 105.9 million tonnes, down

4.2% from 2023. The US reduced its steel production to 79.5 million tonnes, down 2.4% from 2023.

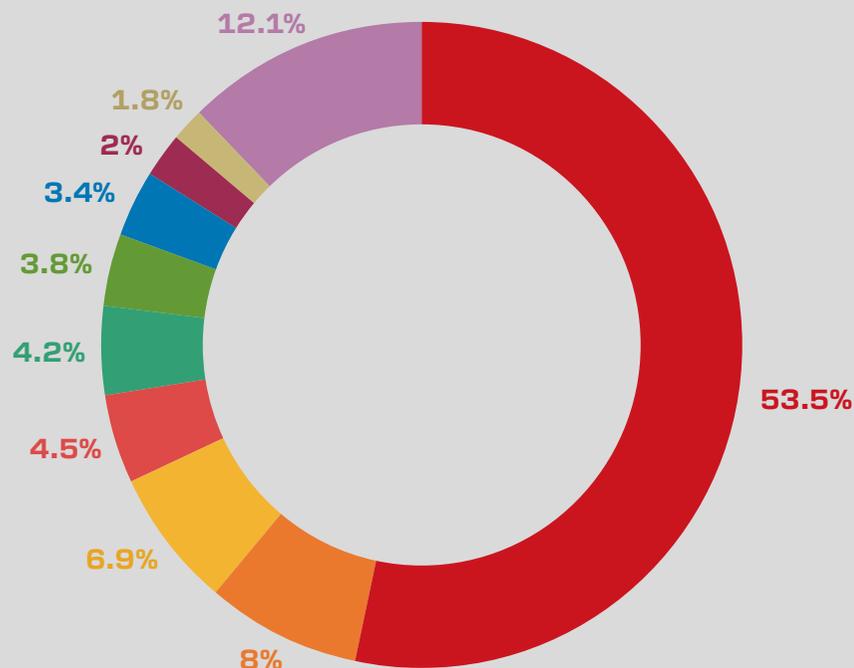
In 2024, the EU27 produced 129.5 million tonnes of crude steel, up 2.6% from 2023. Germany, the largest producer, produced 37.2 million tonnes, up 5.2%, while Italy produced 20.0 million tonnes, down 5.0% year-on-year. Spain produced 11.8 million tonnes, 3.3% more than the previous year, while France produced 10.8 million tonnes of crude steel, up 7.6% year-on-year. This was the first increase in EU production since 2021, but still remains below the 2020 level (Covid). The share of EU27 in global crude steel production increased slightly from 6.7% in 2023 to 6.9% today.

In 2024, the CIS countries produced 84.8 million tonnes of crude steel, down by 4.2% year-on-year. Russia produced 70.7 million tonnes of crude steel, down by 7.0% compared to 2023. Ukraine saw its production increase by 21.6% to 7.6 million tonnes.

In 2024, South America's crude steel production was 41.9 million tonnes, up 0.6% from 2023. Brazil produced 33.7 million tonnes, up 5.3% from the previous year.

The Middle East produced 54.1 million tonnes in 2024, up 0.5% from the previous year. Iran recorded an increase of 0.8% to 31.0 million tonnes.

Share of crude steel production by country



- 53.5%** China
- 8%** India
- 6.9%** EU27
- 4.5%** Japan
- 4.2%** USA
- 3.8%** Russia
- 3.4%** South Korea
- 2%** Turkey
- 1.8%** Brazil
- 12.1%** The rest

PRODUCTION AND POSITION ON THE MARKET

The European industry sees a decline in steel consumption in 2024 in all major downstream sectors. Consumption has been gradually declining since the start of the war in Ukraine and is mainly the result of persistently high energy costs and low steel product prices. The automotive industry, one of the core consumer segments, is facing a decline in demand, high production costs and at the same time is threatened by cheap imports of electric vehicles from Asia. At the same time, the automotive industry is being forced by a European Commission regulation to increase production of electric vehicles at a time

when consumer interest and purchasing power are declining. These unfavourable factors have resulted in an 8.4% year-on-year decline in car production. The construction industry, as the main pillar of steel consumption, saw a 2.4% decline in 2024. Engineering and pipe production fell by 4.7% and 3.0% respectively. Overall, the European industry recorded a cumulative decline of 3.3% compared to 2023.

The outlook for next year is uncertain and may be affected by easing global tensions, rising government and private investment, the abundance of raw materials and energy resources and the establishment of orderly and workable trade barrier measures.

Crude steel production in the Czech Republic in 2024 reached 2.5 million tonnes, down 24.7% than in the previous year. The volume of pig iron production decreased by 26.7% to just under 2.0 million tonnes. The significant decline in pig iron and steel production in the Czech Republic was the result of the cessation of production of these materials by Liberty Ostrava, a.s. The outlook for 2025 foresees an increase in production.

The share of Třinecké železářny in domestic crude steel production increased to 95% in 2024. Production totalled 2.4 million tonnes of crude steel and increased by 0.4% year-on-year. September's flood shut down some production units from power sources, but thanks to



the maximum commitment of the staff, they were able to be restored after a one-week shutdown.

Třinecké železářny operates modern production technologies. A selected team of experts is currently working on a project to decarbonise production. The project envisages maximum use of raw materials and energy from renewable sources. TŽ is the only large-scale producer of iron, steel and steel products in the Czech Republic as of 2024.

Continued production of steel and steel products should be a strategic goal and an unmistakable opportunity for the Czech Republic and related industries. Decarbonisation of steel production should thus be part of the common interest of Třinecké železářny and the state. Financial support from public sources for the decarbonisation of steel production in TŽ will not be unique or exceptional at the EU level. Decarbonisation of steel production is also supported by other EU countries with considerable financial resources.

The strengths of TŽ and its subsidiaries include the high expertise, knowledge and experience of its employees, which has long been capitalized in the

entire production and technological flow of the TŽ Group. In terms of quality, TŽ ranks among the leading European producers of long steel products, especially in the production of SBQ, wire rod, bright steel and finished products.

The high product quality, repeatability and reliability of supply find permanent application on the European market, especially in the automotive, engineering, railway, construction, energy and household products segments. TŽ capitalises on the primary production of long steel products by finishing them in its production plants and factories as well as in its subsidiaries, thus significantly extending its own production chains.

PRODUCTION AND SALES

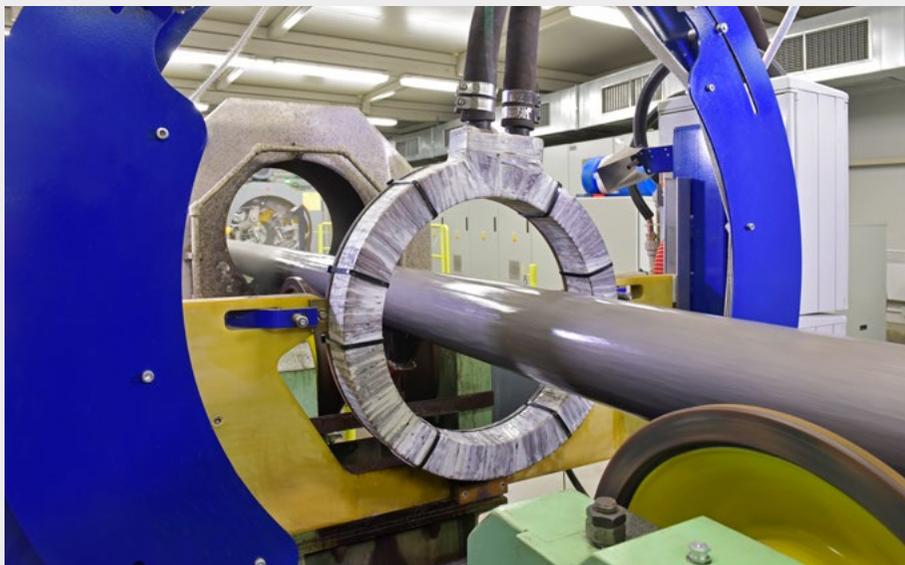
The volume of sales of rolled and semi-finished products reached 2.192 million tonnes last year, of which 69% was exported and 31% was destined for domestic customers. The most important export countries are Germany, Italy, Slovakia and Poland. Sales of finished steel products by TŽ Group subsidiaries increased by 7.6% compared to the previous year to 263.7 kt.

After the closure of production at Liberty Ostrava a.s., wire rod is produced at only one location in the Czech Republic, namely Třinecké železářny. In terms of production volume and finishing, it is the main product of TŽ. Its share of total sales in 2024 amounted to 42.9%. Total sales of wire

rod in the previous year amounted to 941.4 kt, of which 68.9% was sold on foreign markets. Thanks to the high-capacity utilization of heat treatment, drawing and phosphating lines, sales of higher value-added products are increasing. The TŽ Group processed and evaluated 218 kt of wire rod. Rolled and further finished wire accounts for the largest share of production in the TŽ Group and forms the largest customer and product portfolio.

The sales volume of bar and section steel reached 471 kt, of which 65.6% was exported. Sales of bright steel from the drawing mill operations increased from 86 kt to 87 kt compared to the previous year, supporting the growth in product





sales of higher value-added products. Sales of bar and section steel processed by the TŽ Group amounted to 24 kt. Bar and section steel is mainly recovered in the form of flexible parts used in the automotive industry.

Sales of semi-finished products fell to 316 kt last year, with the share of semi-finished products from block

billets accounting for 69%, rolled blooms 16% and rolled billets 15%. Sales of ingots and rolled slabs accounted for a negligible share of sales of semi-finished products. Exports of 173 kt accounted for 55% of total semi-finished sales.

In 2024, the TŽ Group further processed 19 kt of semi-finished products, most of

which consisted of counter-shots for the subsequent production of rolled steel rings. The largest volumes of steel rings are sold to the wind power and engineering industries. The TŽ Group is thus partly contributing to the climate targets, which lead to an increase in the share of electricity generated from renewable sources.

Třinecké železářny is the only producer of rails and railway accessories in the Czech Republic. Last year, we supplied 39 kt of rails including rail accessories to the domestic market. Out of the total sales volume of 241 kt, 132 kt of rails and rail accessories were exported to the European Union countries and another 70 kt of rails went to the USA, Canada, Egypt, Israel and other export

destinations. Total exports for the period under review reached 84%.

Sales of seamless tubes recorded a slight increase to 92 kt. Exports of seamless tubes in 2024 reached a volume of 81 kt, 92% of which went to the European Union market. The domestic market accounted for 12.7% of total sales. Seamless tubes are used in the construction, engineering, oil and energy industries.

Sales of wide flat steel produced by the Bohumín universal strip line reached 35 kt in 2024, mainly in the structural steel range, of which 30 kt was exported to European Union countries. Deliveries to the domestic market amounted to 3.3 kt.

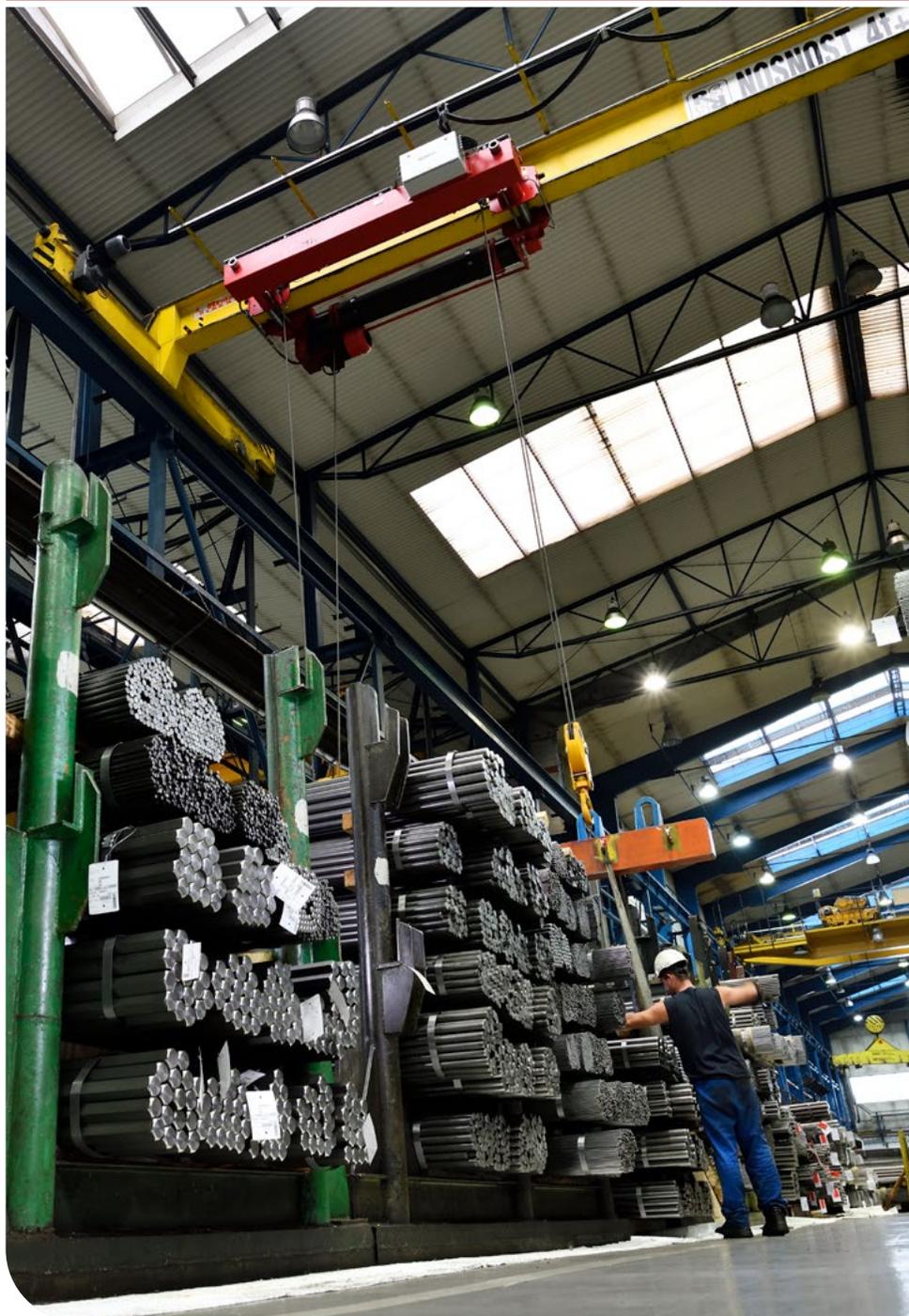
Long products sales 2023-2024

Sales (tonnes)	Domestic		Export		Total	
	2023	2024	2023	2024	2023	2024
Wire rod	289 874	293 059	647 627	648 333	937 501	941 392
Semis	141 920	142 490	182 061	173 340	323 981	315 830
Sections and bars	165 255	161 915	321 668	309 012	486 923	470 927
Rails ¹	27 209	38 783	222 993	202 154	250 202	240 937
Tubes	9 713	11 742	80 595	80 552	90 308	92 294
Wide steel	2 662	3 255	29 733	31 323	32 395	34 578
Bright steel ²	23 033	23 833	62 724	63 260	85 757	87 093
Drawn wire	4 455	4 881	4 252	4 510	8 707	9 391
Total	664 121	679 958	1 551 653	1 512 484	2 215 774	2 192 442

¹ sales of rails including railway superstructure accessories

² from 2021 onwards, sales of bright steel from the operation of the Steel Drawing Mill (drawn steel including peeled and ground steel)





Export territories of Třinecké železárny

Export structure in%	2023	2024
European Union	88.7	90.3
– of this Germany	30.3	29.6
– of this Slovakia	15.0	14.4
– of this Italy	13.3	15.0
– of this Poland	12.0	12.6
Rest of Europe ³	4.7	4.9
America	6.0	4.3
Africa + Australia	0.0	0.0
Asia	0.6	0.5
TOTAL	100.0	100.0

³ from 2021 the share of exports to European Union countries excluding the UK, the UK is included in the category Rest of Europe



INVESTMENT AND MODERNISATION

The Technical Development Action Plan is part of the Třinecké železářny Business Programme. Investments in 2024 were focused on modernisation actions, projects in the field of ecology, activities aimed at reducing operating costs, actions in the field of renewal of existing production equipment and projects of robotization and automation of production processes.

A total of CZK **1,618 million** was invested, of which **CZK 40 million** were subsidies for environmental projects. In 2024, the implementation of 26 investment projects under construction continued. The most significant were:

- Heat treatment of rails,
- Replacement of natural gas with coke oven gas at iron and steel production plants,
- Modernisation and decarbonization of steel production,
- Manipulator shielding tube of continuous casting machine No. 1 + oxygen shower,
- Upgrading of ultrasound at old bright bar treatment plant,
- Modernisation of dimensional measurement at the continuous wire rod mill.

35 new investment projects were launched. The most important ones include:

- Reconstruction and medium repair of blast furnace No. 4,
- Central lubrication of reversing valves on coke oven battery No. 11,
- Charging crane of the old soaking pits,
- R6N substation compensation,
- Modernisation of lighting of TŽ production halls.

A total of **CZK 295 million** was invested in 2024 within the framework of TŽ subsidy actions, of which CZK 255 million were TŽ investment funds and **CZK 40 million** were subsidies. The actions were:

- Iron ore briquetting line,
- Construction of the preheating of media for the

hot blast stoves of blast furnace No. 4,

- Photovoltaic power plant at the Tube Rolling Mill,
- Modernisation and decarbonization of steel production.

INVESTMENTS AND MODERNISATION - COMPANIES IN THE TŽ GROUP

Each company in the TŽ Group sets a Technical Development Plan, which is an integral part of its Business Programme.

The investment funds are directed mainly to further modernisation and expansion of production capacities, ecology, minimisation of manual labour in the form of robotics and automation, as well as increasing the level of occupational health and safety at workplaces.

TECHNOLOGY AND RESEARCH

The supporting process of Technology Management is aimed at the implementation of the company's strategic objectives leading to meet demanding customer requirements. By controlling the technological process, the required quality parameters of manufactured semi-finished and finished products are ensured throughout the entire production flow. An important factor of the process is the continuous monitoring of customer requirements and process parameters, verification, integration and implementation of modern, cutting-edge technologies and procedures that not only significantly reduce production and processing



costs or environmental burden, but also significantly increase the added value of final products, which puts Třinecké železářny in the position of a major steel producer in Central Europe.

The technology area manages the development of internal technological regulations, work procedures and guidelines. It encompasses the entire production flow of material, starting from the processing of raw materials and the production

of pig iron, through the production of steel and its processing on individual rolling mills, to the high level of product finalization in the form of mechanical and heat treatment of the product. These regulations and guidelines are then continuously updated to take account of modernised technological processes or innovations in production facilities. In the case of investments in new equipment, the relevant documentation is produced to

enable the implementation of the new technology.

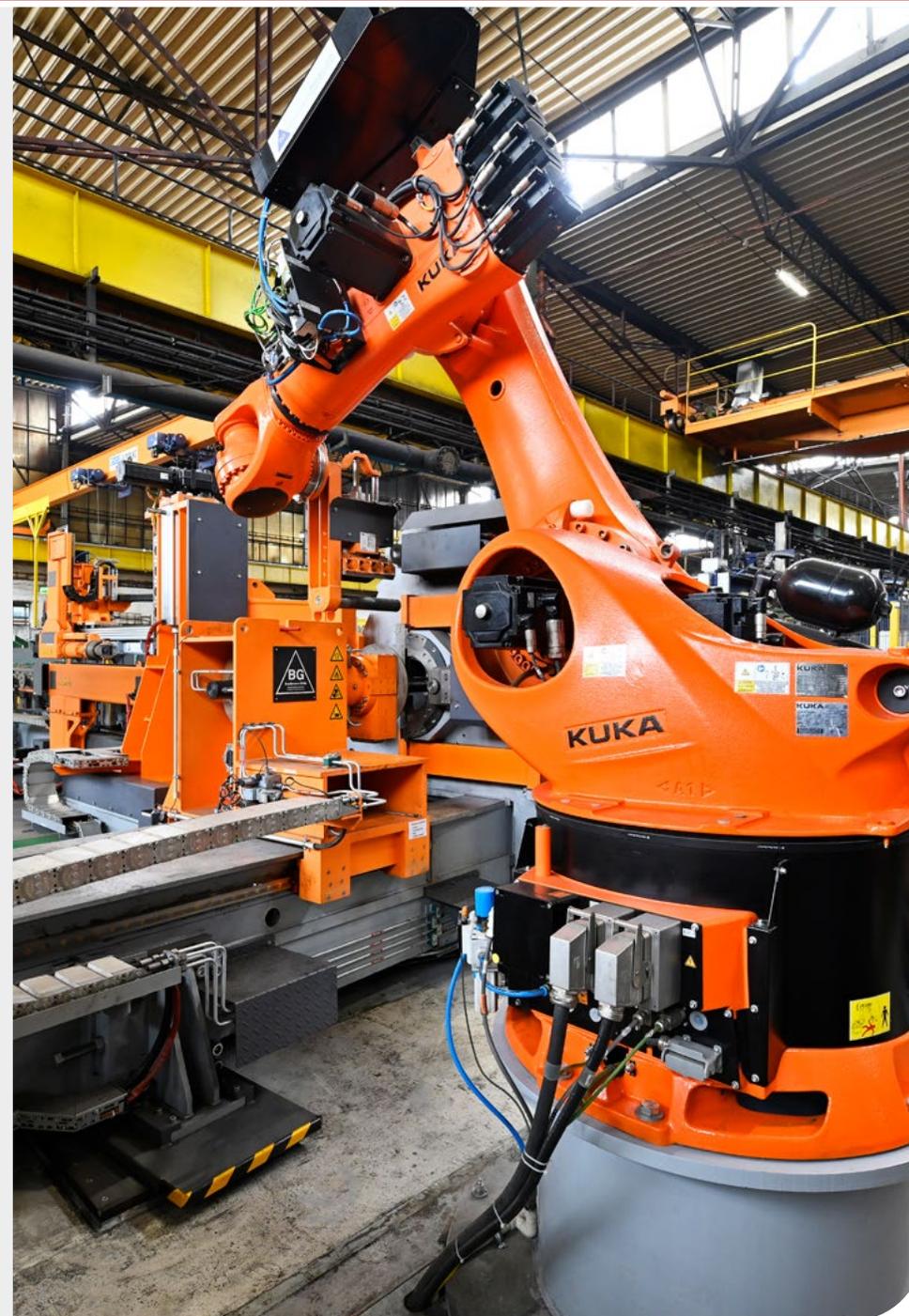
The quality of the products is continuously guaranteed to all customers through established quality management tools, such as the "Quality Plan" and the "Continuous Improvement Programme", and the established "Quality Objectives". With the help of these special-purpose tools and close cooperation with the customer, not only is the percentage of non-conforming production reduced, but also the quality parameters of the final products are increased, which ultimately leads to mutual satisfaction. The close cooperation with key customers is then professionally managed by the technical "Quality Services".

Technological activities are also focused on improving the quality of products and semi-finished products in cooperation with the trading companies in the TŽ Group and other TŽ subsidiaries, as well as with the trading company MORAVIA STEEL a.s. and its subsidiaries. Within the framework of a very close and active cooperation, this way the optimization and interconnection of production technologies or innovations and the development of new, cutting-edge products are achieved.

One of the key tools for continuous quality control of production in conjunction with customer requirements are the supporting production programmes discussed at annual intervals:

- Steel grades for Billet Mill in Kladno,
- Tube production,
- Steel grades from EAF,
- Steel bars from Continuous Light Section Mill and Medium Section Mill for the automotive industry,
- Screw steel,
- Spring steel,
- Drawn steel,
- Chain steel,
- Bearing steel,
- Continuously cast semis for direct deliveries and axle steel,
- Rails,
- Wire rod from Continuous Wire Rod Mill,
- Waste management and by-products.

Research and development at TŽ is very closely linked to production technology and focuses on generating the potential to continuously



innovate technological processes within individual plants and plants, which also has a significant impact on the development of TŽ subsidiaries such as BOHEMIA RINGS s.r.o. or Řetězárna a.s. The aim of the individual solutions is to continuously improve the quality parameters of steel products, develop new technological processes, develop the product portfolio and increase production capacity.

In view of the global trend, due attention is also paid to environmental aspects, the development of the circular economy and the preparation of TŽ for the transformation resulting from the commitments to reduce the carbon footprint. An important part of the R&D activities in 2024 was also the

establishment of new contacts and cooperation with universities and research institutions, which will enable TŽ to study new challenges related to the development of materials for hydrogen technologies. In 2025, research activities are expected to start in the field of studying the degradation effect of hydrogen on steel products. At the same time, there are also new challenges to address related to the war conflict in Ukraine, which are forcing TŽ to look for new coal sources for coke production and other applications and to study their physicochemical properties during the combustion and coking process.

In 2024, a total of 12 research projects and 7 process development projects were conducted at certain stages of

the solution according to the conditions of the automotive industry as defined in IATF 16949. A total of 5 research projects were completed, focusing on the following topics:

- development of binder systems for ore briquetting,
- development of technological nodes for casting new types of ingots,
- sludge and tailings recycling,
- development of the product portfolio of heat-treated bars,
- increasing the performance of chain steels.

At the same time, 2 new research projects and 2 process development projects were established in 2024 according to the requirements of IATF 16949.

The current projects specialize in the following areas:

- development of heating strategies for efficient energy use,
- research on the initiation of internal defects in moulded products,
- development of heat treatment and drawing procedures for steel products,
- development of technologies for the application of secondary products,
- development of technological units for entrainment,
- preparation of the plant for the transformation of steel production from the ore route to the electric route.



ENVIRONMENT

Environmental protection is an important part of TŽ's policy. The TŽ Group applies the principles of sustainable business and continuously monitors the development of environmental legislation. New requirements and changes are put into practice promptly.

TŽ provided methodological guidance and advice on environmental protection according to the needs of the individual TŽ Group companies.

Air and climate protection

Regular monitoring of all indicators was carried out throughout the TŽ Group in the area of air protection in accordance with the requirements of legislation and valid permits.

Compared to 2023, there was a year-on-year decrease in sulphur dioxide emissions in TŽ, which is mainly related to the use of raw materials with a lower sulphur content. On the other hand, the year-on-year increase in emissions of nitrogen oxides and carbon monoxide is due to an increase in sinter production. Emissions of particulate pollutants show a persistent very low level, achieved by a series of environmental investments in the removal of air pollution sources made in recent years.

The TŽ Group pays great attention to the impact of CO₂ on climate change as well as to the reduction of greenhouse gas emissions. A challenging project to transform steel production technology is being

implemented with the aim of reducing CO₂ emissions by 55% by 2030 compared to 1990 in accordance with the Paris Agreement on climate change. This commitment is part of TŽ's policy and objectives. Other measures to reduce or capture greenhouse emissions are being implemented in the areas of renewable energy, the use

of green electricity, energy savings and the planting of new green areas.

TŽ is also an active participant in the European greenhouse gas emission allowance trading system, in accordance with Directive 2003/87/EC of the European Parliament and of the Council of Europe. An annual calculation of the

carbon footprint of TŽ is also carried out in accordance with the international GHG Protocol standard.

In 2024, GHG emissions monitored on the basis of a monitoring plan approved by the Ministry of the Environment and reported under the EU ETS amounted to 2,573,324 t of carbon

dioxide for the operations in Třinec and 40,381 t of carbon dioxide for the Sochor Rolling Mill in Kladno. The total amount of GHG emissions reported under the EU ETS at TŽ for 2024 is 2,613,705 t of carbon dioxide, which represents a year-on-year increase of about 1.4%, due to higher year-on-year production of sinter.

Emission occurrence in tonnes

Year	Solid pollutants [t/year]	Sulphur dioxide [t/year]	Nitrogen oxides [t/year]	Carbon monoxide [t/year]	Carbon dioxide [t/year]*
2023	84	2 946	1 013	61 718	2 576 703
2024	86	2 780	1 155	70 035	2 613 705

* Emissions reported under the EU ETS pursuant to Directive 2003/87/EC establishing a greenhouse gas trading scheme





Protecting water purity

Water efficiency and water protection are given great emphasis throughout the TŽ Group, also with regard to changing climatic conditions. The operation of closed water circuits ensuring the recirculation of industrial water eliminates the amount of wastewater discharged to the minimum necessary.

The amount of industrial wastewater discharged into the Olše watercourse shows

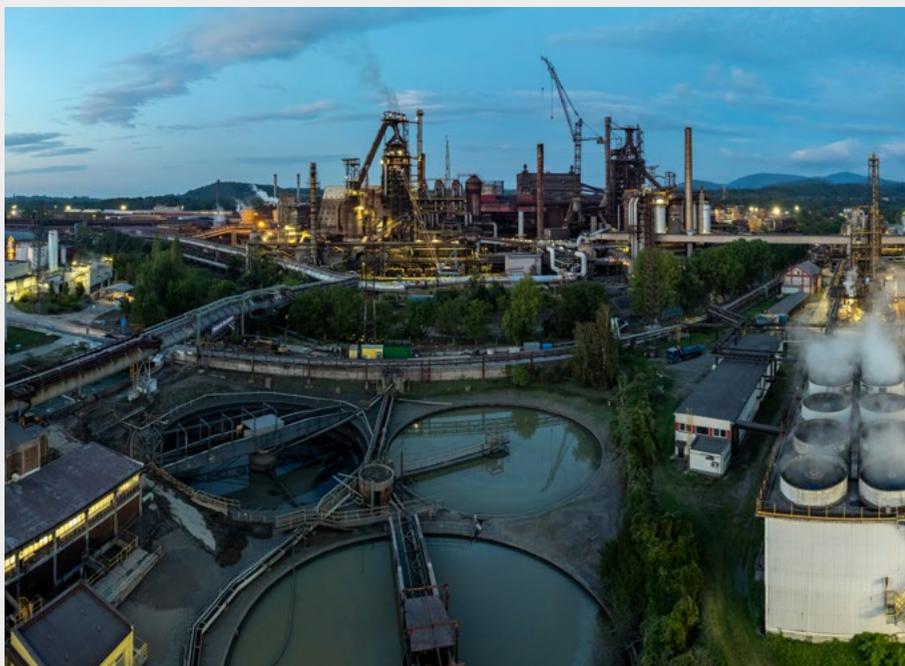
a slight decrease in 2024 compared to 2023. In the long term, the water management status of the TŽ is stable. The level of wastewater pollution is reaching a sustainable level in accordance with the established limits of permitted pollution.

During 2024, no emergency situation has been caused by TŽ resulting in deterioration or threat to the quality of groundwater or surface water.

Pollution discharged into the watercourse

Year	Volume of waste water [m ³ /year]	Undissolved substance [t/year]	C ₁₀ - C ₄₀ hydrocarbons [t/year]	Dissolved inorganic salts [t/year]	Chemical oxygen consumption using dichromatic method [t/year]	Total iron [t/year]
2023	3 108 771	29.3	0.21	1 862	46.1	2.4
2024	3 086 460	21.8	0.22	2 086	52.9	2.3

Note: data refer to the TŽ premises in Třinec



Waste management

The production and processing of steel produces a range of residual materials – by-products such as slag, scale, metal bearing sludge, various types of metallic grind offs, returnable process scrap, etc. In accordance with the principles of the circular economy, TŽ aims to use

these by-products as much as possible in metallurgical production or to process them into certified products, such as artificial metallurgical aggregates, which in many cases fully replace natural aggregates.

Only those by-products that cannot be reused or

processed in TŽ are sent as waste to contractual customers for recovery or disposal. When selecting waste buyers, TŽ emphasises the hierarchy of waste management priorities, giving priority to buyers who can make meaningful use of the waste they receive. The last priority is disposal by landfill.

In 2024, TŽ generated a total of 68,135 tonnes of waste, namely 52,420 tonnes of other waste and 15,715 tonnes of hazardous waste.

The main reason for the increased waste generation is the increase in the 'Other' category, which was due to the removal of waste generated partly in 2023. This was mainly unprocessed slag, lining and refractory materials. The generation of hazardous waste remains stable despite a slight year-on-year increase.

The waste indicator per tonne of steel produced in 2024 was 28 kg/t of steel.

Volume of waste

Year	Steel production [t/year]	Production of waste category "Other" [t/year]	Production of waste category "Hazardous" [t/year]
2023	2 415 191	12 865	14 871
2024	2 425 300	52 420	15 715

Environmental investment projects

The following environmental investment projects were completed in 2024:

- **Photovoltaic power plant at the Tube Rolling Mill**

Environmental benefit: Reduction of carbon footprint by generating electricity from own renewable energy source.

- **Reconstruction of fabric filter No. 3 at the sinter plant**

Environmental benefit: Reduction of dust emissions from the outdoor sinter overflow at sinter plant No. 1. By increasing the extraction capacity, dust release to the surroundings of the plant was minimised.

- **Central lubrication of reversing valves**

Environmental benefit: Reduction in the consumption of lubricants used.

The total cost of the environmental investment actions completed in 2024 amounted to CZK 7.92 million.

The following environmental projects will be continued in 2025:

- **Construction of the preheating media for the hot blast stove of blast furnace No. 4**

Environmental benefit: Reduction of energy consumption by using the thermal energy of the flue gas.

- **Iron ore briquetting line**

Environmental benefit: Discontinuation of steel sinter production and its replacement by cold briquette production without CO₂ emissions.

- **Modernisation and decarbonisation of steel production**

Environmental benefit: Low-emission steel production projects involve a change in steel production technology, aiming at a significant reduction of CO₂ emissions and an increase in energy efficiency.

The following environmental projects are planned to start in 2025 as part of the investment actions:

- **Modernisation and reconstruction of the conveyor line (including crane No. 9 and winding line)**

Environmental benefit: reduction of energy consumption.

- **Reconstruction of the burner system of the soaking pit furnace at the Kladno billet mill**

Environmental benefit: reduction of energy consumption.

Other ecological investment actions with a positive impact on the environment have been or are being implemented in the companies within the consolidated TŽ Group.

EMPLOYEES

Employees of Třinecké železářny can rely on the support of their employer, who cares about the development of its employees and their career growth. The basic principles of Třinecké železářny behaviour, including the relationship to employees, the principles of corporate culture and the basic principles of Corporate Social Responsibility (CSR), are set out in the document "Principles of Conduct of TŘINECKÉ ŽELEZÁRNY, a. s., Corporate Social Responsibility Policy" (Code of Conduct) and the Occupational Health and Safety Policy. These principles are followed by the Work Rules, which regulate the obligations of employees, the Corporate Collective Agreement, which

provides for statutory and above-standard employee benefits, and other internal company documentation, which employees follow when performing their work duties and using the benefits provided. The current challenge is the implementation of sustainable business principles in TŽ and the introduction of ESG reporting, for the first time for 2025.

In order to ensure generational renewal as well as to address other cases of employee turnover, the company has paid attention to attracting job applicants, especially technically qualified ones, and not only from among graduates of technical secondary schools and universities. During the summer holidays, Třinecké železářny enabled

students of secondary and higher education to complete internships and temporary jobs at its workplaces. The aim is to motivate and encourage students to perceive TŽ as their potential future employer. All graduates of the technical fields of study at the Secondary Vocational School of Třinecké železářny who expressed interest in working at TŽ found employment here.

Corporate training is a planned and coordinated process to maintain and develop the knowledge, skills and attitudes of employees through various types of training. The aim is to improve the performance of employees in a specific area to meet the current and future needs of the

company, therefore training at TŽ, as one of its internal processes, is based on TŽ's HR strategy, whose key role is to ensure a ready and highly qualified workforce to meet strategic objectives, especially in view of demographic developments.

An integral part of the company's training is the online application Corporate Academy in Lotus Notes, which is mainly used for the preparation and implementation of on-the-job training. Subsequently, the implemented training sessions are automatically transferred to the SAP system. As a multifunctional platform, the Corporate Academy also enables the sharing of information and experience via "Employee Contributions", where

contributions can be made, but also information from business trips is transferred automatically.

Despite the continued focus on increasing labour productivity to ensure production of the required quality at all production units, the actual number of employees at TŽ in 2024 was significantly affected by the unfavourable economic situation.

On average, Třinecké železářny had 6,864 employees (including the impact of the merger in 2024).

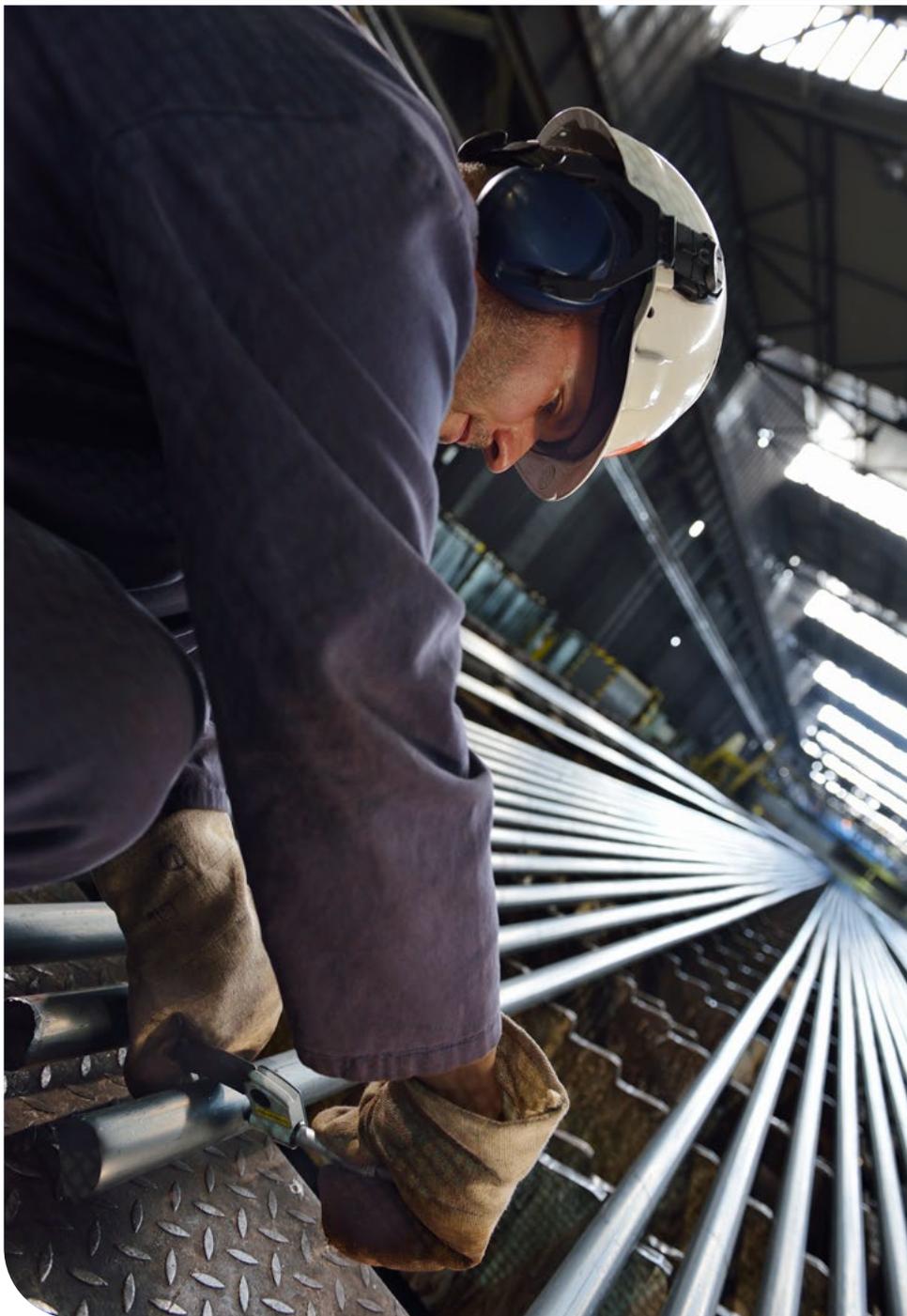
The actual average earnings, including the impact of the merger, amounted to CZK 43,177.

Beyond the statutory standard of health protection,

Třinecké železářny cooperates with the Czech Industrial Health Insurance Company, which has provided a number of preventive health activities to support the health of TŽ employees and to comply with the principles of a healthy lifestyle. These included mainly rehabilitation and reconditioning stays in spas, outpatient rehabilitation and additional reconditioning relaxation care including physical activities, massages, relaxation procedures and nutritional counselling. The company provided vitamin packages to employees at all workplaces. Employees also benefited from a free flu vaccination.

The TŽ Group companies, as independent legal entities, are fully responsible





for their employees and the provision of all human resources issues. For this purpose, they have appointed their own human resources representatives. These representatives communicate with the employees of TŽ's Human Resources and Compensation Department, with whom they are able to agree on the extent of their cooperation, particularly in terms of the services that TŽ can provide in this area. The provision of such services to a mutually agreed extent brings synergies to TŽ's subsidiaries, including savings for its own employees.

In 2024, Třinecké železářny recorded a total of 28 work accidents with incapacity for work longer than 3 calendar days. The frequency of work accidents was 0.41 per

100 employees per year.

In order to eliminate and reduce the risk of work accidents, in 2024, and in the following years, daily OSH inspections were repeatedly carried out in TŽ, focusing on compliance with established and safe working procedures, the use of prescribed personal protective equipment and devices, including the use of protective and safety devices of the operated machines, equipment and technologies. In order to deal with any findings that activities contrary to OSH rules are being carried out at workplaces, strict procedures for dealing with them are set out in TŽ's internal legislation in accordance with the applicable legislation.



MANAGEMENT SYSTEM

The company is also fully focused on its business strategy, which aims to gradually increase the share of high-grade steel products, the creation and development of product chains and the intensive use of assets while increasing the profitability of sales. The efforts of all employees are focused primarily on increasing the added value of long-rolled products, which make up the majority of

TŽ's production.

The basic rules of management include a linear organisational structure, process and project management and a call for risk analysis in all management subsystems.

None of the principles is applied in isolation; management consists of combining them in a thoughtful way. A system of regular reporting indicators is set up to provide the necessary feedback to define and monitor

the achievement of strategic objectives.

To support the strategic objectives, a number of measures have been taken in 2024 in all aspects of Třinecké železářny strategic framework, which are Partnership, Technology, People and Management.

The set management system confirmed its high level in 2024, which was reflected, among other things, by defending both system and product certificates.

In 2024, Třinecké železářny was extended its product qualification for supplies to the automotive, railway and oil industry chains, the energy sector and the regulated sector in the field of construction products.

In the area of system certification, Třinecké železářny was recertified according to the IATF 16949 standard for supplies to the automotive industry at three production sites: in Třinec, in Staré Město u Uherského Hradiště and in Kladno. Control audits in accordance with ISO 14001 and 50001 standards confirmed a high level of environmental management and energy management. The outcome of these audits was defended certificates of these integrated management systems.

In 2024, TŽ also defended the TPG (Transportation and Power Generation) accreditation for the supply of continuously cast semis for components at wind power plants. As well as API certification (Spec. Q1, 5L

and 5CT) for deliveries to the petrochemical industry at the Tube Rolling Mill site in Ostrava.

The integrated management system also includes the provision and protection of information systems. SAP, IBM Notes, ELVIS and WerkZona systems continue to be the information base at Třinecké železářny.

Also, the trading companies in the TŽ Group, which have a separately implemented and certified management system, have successfully defended all certificates and confirmed the high and constantly developing level of their management systems.

As part of its social responsibility towards all stakeholders, in 2024

Třinecké železářny started the preparation and implementation of the Sustainable Business process into an integrated management system. In the area of corporate social responsibility, cooperation with EcoVadis, an external company that independently assesses the level of corporate social responsibility of registered companies, was also carried out. In 2024, due to a change in the evaluation methodology, Třinecké železářny achieved the bronze level, i.e., according to the number of points, the same or better rating than 83% of the surveyed companies.

In 2024, we also obtained EPD (Environmental Product Declaration) certification



for fourteen product groups produced by Třinecké železářny.

The TŽ Group applies the principles of sustainable business in the environmental, social and governance (ESG) areas. Preparations have also begun for the introduction of ESG reporting in accordance with the requirements of the Corporate Sustainability Reporting Directive (CSRD) No. 2022/2464/EU. A working team has been set up for this purpose and an organisational unit responsible for this area has been designated.

As in previous years, environmental actions such as cleaning the Olše riverbed, planting new greenery and promoting biodiversity

on the Třinecké železářny site were implemented in 2024, when a project was implemented in cooperation with the Třinec Beekeepers' Association to breed queen bees of the original breed of the Crown Bee in order to further preserve and develop this bee species. Special breeding hives were placed on the reclaimed part of the former TŽ waste dump, where the natural conditions are ideal for queen bee breeding. The queen bees raised are provided free of charge to local beekeepers or will be used for TŽ's own colonies.

Other ecological actions with a positive impact on the environment have been or are being implemented in other TŽ Group companies.

In connection with the Agreement to reduce the environmental burden concluded by Třinecké železářny with the Moravian-Silesian Region, in 2024, 225 children from primary schools in Třinec were given a health holiday in the Tatra Mountains in Slovakia. The amount of CZK 2.18 million was spent from the funds of Třinecké železářny on these stays for children.

Increased attention continues to be paid to the issue of personal data protection in accordance with Regulation (EU) 2016/679 of the European Parliament and of the Council on the protection of natural persons with regard to the processing of personal data and on the free movement of such data and repealing Directive 95/46/

EC (General Data Protection Regulation – GDPR). To ensure the required high standard of personal data protection, TŽ applies the relevant internal legislation. Attention continues to be paid to the development of the issue, new interpretations, the results of the inspections of the Office for Personal Data Protection, and individual cases and measures taken within the Czech Republic are monitored.

Třinecké železářny participates in 27 companies with either a decisive, substantial or minority influence. Most of these companies are oriented towards activities directly or indirectly related to the metallurgical business, and this focus is in line with the company's long-term business strategy. These are

mainly trading companies finishing products in the steel industry, in the machining of aluminium components or in refractory materials. In addition, it is mainly companies providing services in the field of energy supply, design services, security and asset protection.

Třinecké železářny does not have a branch or any other part of a commercial plant abroad.

FINANCIAL SITUATION

The pre-tax result for 2024 amounted to CZK 339 million.

Compared to the previous year 2023, the profit before tax is higher by CZK 231 million mainly due to a decrease in energy prices, a decrease in raw material prices and a decrease in other costs. Consolidated result before tax for 2024 was a profit of CZK 376 million.

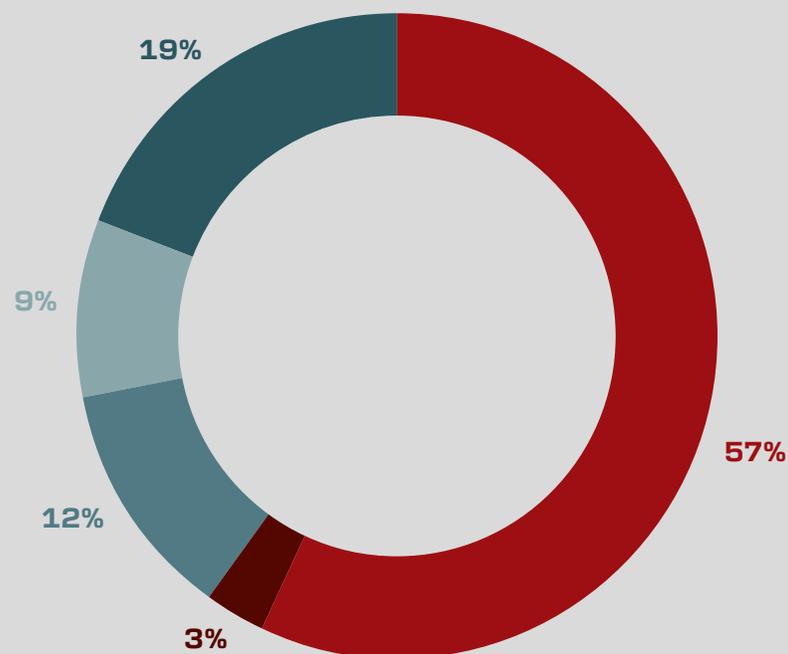
The company's sales reached CZK 47,371 million. The year-on-year decrease of CZK 2,320 million is due to a decrease in the realised price of rolled products and steel and revenue from the sale of other products and services. Revenues of the consolidated TŽ Group in 2024 amounted to CZK 59,678 million and decreased by 6% year-on-year.

Production consumption was lower than in 2023 by CZK 4,322 million. The most significant impact on its year-on-year decrease was the decline in prices of critical input commodities, a drop in energy prices and a reduction in other costs. Within the consolidated figures, there was a decrease of CZK 5,566 million for the same reasons.

Development of total revenues

Indicator (CZK million)	2023	2024
Rolled goods including steel	47 256	45 012
Other products	1 787	1 590
Sales of own products	49 043	46 602
Sales of services	648	769
Sales of own products and services	49 691	47 371
Consolidated sales of own products and services	63 401	59 678

Structure of TŽ Costs in 2024



57% Material Costs

3% Depreciation

12% Energy Costs

9% Personnel Costs

19% Service, Financial & Other Costs

Value added reached CZK 5,603 million in 2024, an increase of CZK 2,354 million compared to 2023, while for the consolidated TŽ Group it was an increase of CZK 2,559 million year-on-year. Labour productivity from value added per employee in 2024 amounted to CZK 827 thousand (CZK 476 thousand in 2023).

The operating result increased by CZK 231 million year-on-year and in the consolidated TŽ Group it is an increase of CZK 1,625 million.

The financial result remained at the 2023 level and amounted to CZK 43 million, while the consolidated financial result decreased by CZK 58 million year-on-year.

In 2024, a merger took place by merging the subsidiary TRIALFA, s.r.o., as the dissolving company, with TŽ, as the successor company.

As of 31 December 2024, the company reported total assets of CZK 44,330 million, which is CZK 655 million less than as of 31 December 2023. Consolidated assets in 2024 total CZK 50,744 million (a year-on-year decrease of CZK 1,545 million).

The year-on-year decrease was driven by a decrease in fixed assets of CZK 1,333 million, consolidated fixed assets decreased by CZK 1,621 million and consolidated current assets increased by CZK 74 million.



The decrease in non-current assets was mainly due to a decrease in intangible non-current assets (consumption and sale of allowances), as well as a decrease in tangible non-current assets and financial non-current assets.

On the other hand, current assets increased by CZK 677 million. The decrease in inventories by CZK 946 million is due to a decrease in inventories of materials in stock and own production.

Receivables increased by CZK 1,025 million due to an increase in trade receivables. Cash increased by CZK 598 million.

In the area of liabilities, equity increased by CZK 338 million compared to 31 December 2023 as a result of the profit after tax and the above-mentioned merger. Total consolidated equity increased by CZK 242 million to CZK 34,730 million.

Liabilities decreased by CZK 994 million year-on-year (CZK 1,797 million in consolidated terms), mainly due to a decrease in liabilities to the government (emission allowances), and liabilities to credit institutions.

The Company's indebtedness as of 31 December 2024 was 27.6% (31 December 2023: 29.4%).

STRATEGIC OBJECTIVES

The global economy is constrained by restrictive monetary policy, heightened geopolitical instability, persistent problems in the Chinese real estate sector and weak domestic demand in China. The logistics sector is facing problems arising from the ongoing armed conflicts and supply lead times are lengthening. The link between the Czech economy and the German economy is becoming a risk due to Germany's weak economic growth. The global steel industry is gradually splitting in two. A European one, which will make steel production and other industrial value chains subject to a zero-emission policy, and a non-European one, which will follow the market mechanism. The second part will thus achieve higher added

value than the European part, mainly from cheaper raw materials, cheaper energy and lower transport and logistics costs.

Despite the above-mentioned not very positive influences, in the face of slower economic development, persistently high energy prices and low steel product prices, Třinecké železářny reached the maximum possible production capacity in 2024 and is one of the leading European steel producers. This is the result of years of work, effort and the implementation of extensive strategic investments.

Over the last twenty-five years, the TŽ Group has developed its secondary production and increased its finishing capacity for long steel products through

acquisitions. The processing and finishing sector are continuously developed and the TŽ Group is making significant investments in this area to create added value, expand know-how and human potential.

In terms of investments, the largest amount of funds will be spent in 2025 and the following years in primary production in order to achieve the maximum level of decarbonisation. Also planned is the refurbishment of blast furnace No. 4, including the preheating of the wind heater media. Other investment actions will include the installation of special robots for the continuous casting plant and the start of the cybersecurity process of TŽ according to the new legislative regulations. In

the next few years, Třinecké železářny plans to invest in the modernisation of the bar rolling mill in order to increase the quality and value of SBQ.

TŽ is making every effort to adapt to the currently rapid changes taking place in the production technology of the strategic product such as steel and steel products. Therefore, in order to successfully manage the transformation of the traditional method of iron and steel production in the blast furnace and converter to a more environmentally friendly and low-emission production of steel from scrap in the electric arc furnace at TŽ, maximum support from the Czech state is needed, including subsidy support, as climate protection concerns us all.



FINANCIAL SECTION

VII

Auditors' Report

Deloitte.

Deloitte Audit s.r.o.
Churchill I
Italská 2351/67
120 00 Praha 2 – Vinohrady
Czech Republic

Tel: +420 246 042 500
Fax: +420 246 042 555
DeloitteCZ@deloitteCE.com
www.deloitte.cz

Registered by the Municipal Court
in Prague, Section C, File 24349
ID. No.: 49620592
Tax. D. No.: CZ49620592

INDEPENDENT AUDITOR'S REPORT

To the Shareholder of
TŘINECKÉ ŽELEZÁRNY, a.s.

Having its registered office at: Průmyslová 1000, Staré Město, 739 61 Třinec

Opinion on the Financial Statements and the Consolidated Financial Statements

We have audited the accompanying financial statements of TŘINECKÉ ŽELEZÁRNY, a.s. (hereinafter also the "Company") prepared on the basis of accounting regulations applicable in the Czech Republic, which comprise the balance sheet as at 31 December 2024, and the profit and loss account, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including material accounting policy information.

We have audited the accompanying consolidated financial statements of the TŘINECKÉ ŽELEZÁRNY, a.s. consolidation group (hereinafter also the "Group") prepared on the basis of accounting regulations applicable in the Czech Republic, which comprise the consolidated balance sheet as at 31 December 2024, and the consolidated profit and loss account, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion:

The accompanying financial statements give a true and fair view of the financial position of TŘINECKÉ ŽELEZÁRNY, a.s. as at 31 December 2024, and of its financial performance and its cash flows for the year then ended in accordance with accounting regulations applicable in the Czech Republic.

The accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the TŘINECKÉ ŽELEZÁRNY, a.s. consolidation group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting regulations applicable in the Czech Republic.

Basis for Opinion

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

Other Information in the Consolidated Annual Report

In compliance with Section 2(b) of the Act on Auditors, the other information comprises the information included in the Consolidated Annual Report other than the financial statements and the consolidated financial statements and auditor's report thereon. The Board of Directors is responsible for the other information.

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited ("DTTL"), its global network of member firms, and their related entities collectively, the "Deloitte organization". DTTL, also referred to as "Deloitte Global", and each of its member firms and related entities are legally separate and independent entities, which cannot be liable for each other in respect of third parties. DTTL and each DTTL member firm and related entity is liable only for its own acts and omissions, and not those of each other. DTTL does not provide services to clients. Please see www.deloitte.com/about to learn more.

5096FDDCF93AAC74110C35F3B665665

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

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

- The other information describing the facts that are also presented in the financial statements and the consolidated financial statements is, in all material respects, consistent with the financial statements and the consolidated financial statements; and
- The other information is prepared in compliance with applicable law or regulation.

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

Responsibilities of the Company's Board of Directors and Supervisory Board for the Financial Statements and the Consolidated Financial Statements

The Board of Directors is responsible for the preparation and fair presentation of the financial statements and the consolidated financial statements in accordance with accounting regulations applicable in the Czech Republic and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements and the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the consolidated financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Supervisory Board is responsible for overseeing the Company's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the financial statements and the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements and consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements and the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant

509BEDDCEB9AAC74110C05F38665665

doubt on the Company's and Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements and the consolidated financial statements, including the disclosures, and whether the financial statements and the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors and the Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

In Prague on 28 March 2025

Audit firm:

Deloitte Audit s.r.o.
registration no. 079

Statutory auditor:

Petr Michalik
registration no. 2020

509BEDDCEB9AAC74110C05F38665665

VIII

FINANCIAL PART I. Financial Statements

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

Name of the Company	TŘINECKÉ ŽELEZÁRNY, a. s.
Registered Office	Průmyslová 1000, Staré Město, 739 61 Třinec
Legal Status	Joint Stock Company
Corporate ID	180 50 646

Components of the Financial Statements:

Balance Sheet
 Profit and Loss Account
 Statement of Changes in Equity
 Cash Flow Statement
 Notes to the Financial Statements

These financial statements were prepared on 24 January 2025.

Statutory body of the reporting entity:

Roman Heide

CHAIRMAN OF THE BOARD OF DIRECTORS

Radomíra Pekárková

MEMBER OF THE BOARD OF DIRECTORS

BALANCE SHEET FULL VERSION – ASSETS

IN CZK THOUSAND

		31.12.2024		31.12.2023	
		Gross	Adjustment	Net	Net
	Total ASSETS	78 434 266	-34 104 329	44 329 937	44 985 419
B.	Fixed assets	57 676 167	-32 794 147	24 882 020	26 214 992
<i>B.I.</i>	<i>Intangible fixed assets</i>	<i>799 000</i>	<i>-285 171</i>	<i>513 829</i>	<i>1 724 520</i>
B.I.1.	Development	2 972	-2 972		
B.I.2.	Valuable rights	307 021	-277 199	29 822	31 895
B.I.2.1.	Software	205 691	-187 448	18 243	20 640
B.I.2.2.	Other valuable rights	101 330	-89 751	11 579	11 255
B.I.4.	Other intangible fixed assets	468 151	-5 000	463 151	1 685 011
B.I.5.	Prepayments for intangible fixed assets and intangible fixed assets under construction	20 856		20 856	7 614
B.I.5.1.	Prepayments for intangible fixed assets	1 482		1 482	
B.I.5.2.	Intangible fixed assets under construction	19 374		19 374	7 614
<i>B.II.</i>	<i>Tangible fixed assets</i>	<i>48 212 281</i>	<i>-31 594 431</i>	<i>16 617 850</i>	<i>16 670 356</i>
B.II.1.	Land and structures	11 846 074	-6 439 888	5 406 186	5 571 503
B.II.1.1.	Land	579 703		579 703	527 333
B.II.1.2.	Structures	11 266 371	-6 439 888	4 826 483	5 044 170
B.II.2.	Tangible movable assets and sets of tangible movable assets	34 809 802	-25 153 361	9 656 441	10 274 025
B.II.4.	Other tangible fixed assets	7 906	-982	6 924	7 083
B.II.4.3.	Sundry tangible fixed assets	7 906	-982	6 924	7 083
B.II.5.	Prepayments for tangible fixed assets and tangible fixed assets under construction	1 548 499	-200	1 548 299	817 745
B.II.5.1.	Prepayments for tangible fixed assets	123 799		123 799	65 533
B.II.5.2.	Tangible fixed assets under construction	1 424 700	-200	1 424 500	752 212
<i>B.III.</i>	<i>Non-current financial assets</i>	<i>8 664 886</i>	<i>-914 545</i>	<i>7 750 341</i>	<i>7 820 116</i>
B.III.1.	Equity investments – controlled or controlling entity	8 613 888	-895 608	7 718 280	7 787 311
B.III.3.	Equity investments in associates	50 996	-18 937	32 059	32 803
B.III.5.	Other non-current securities and investments	2		2	2

☑ TABLE CONTINUES ON THE FOLLOWING PAGE

☑ CONTINUATION OF THE TABLE FROM THE PREVIOUS PAGE

BALANCE SHEET FULL VERSION – ASSETS

IN CZK THOUSAND

		31.12.2024		31.12.2023	
		Gross	Adjustment	Net	Net
C.	Current assets	20 758 099	-1 310 182	19 447 917	18 770 427
<i>C.I.</i>	Inventories	14 170 575	-1 212 069	12 958 506	13 904 545
C.I.1.	Material	5 476 295	-351 822	5 124 473	5 977 394
C.I.2.	Work in progress and semifinished goods	5 224 542	-569 041	4 655 501	4 869 425
C.I.3.	<i>Products and goods</i>	3 466 729	-291 206	3 175 523	3 054 879
C.I.3.1.	Products	3 466 710	-291 200	3 175 510	3 054 870
C.I.3.2.	Goods	19	-6	13	9
C.I.5.	Prepayments for inventories	3 009		3 009	2 847
<i>C.II.</i>	Receivables	5 777 024	-98 113	5 678 911	4 653 619
C.II.1.	Long-term receivables	81 731	-67 123	14 608	17 636
C.II.1.2.	Receivables – controlled or controlling entity	67 123	-67 123		
C.II.1.5.	<i>Receivables – other</i>	14 608		14 608	17 636
C.II.1.5.4.	Sundry receivables	14 608		14 608	17 636
<i>C.II.2.</i>	Short-term receivables	5 490 776	-30 990	5 459 786	4 470 336
C.II.2.1.	Trade receivables	3 545 967	-7 966	3 538 001	2 442 324
C.II.2.4.	<i>Receivables – other</i>	1 944 809	-23 024	1 921 785	2 028 012
C.II.2.4.3.	State – tax assets	375 944		375 944	486 618
C.II.2.4.4.	Short-term prepayments made	2 249		2 249	1 582
C.II.2.4.5.	Estimated receivables	1 514 579		1 514 579	1 516 756
C.II.2.4.6.	Sundry receivables	52 037	-23 024	29 013	23 056
C.II.3.	Other assets	204 517		204 517	165 647
C.II.3.1.	Deferred expenses	99 939		99 939	85 140
C.II.3.2.	Complex deferred expenses	66 531		66 531	77 254
C.II.3.3.	Accrued income	38 047		38 047	3 253
<i>C.IV.</i>	Cash	810 500		810 500	212 263
C.IV.1.	Cash on hand	998		998	2 141
C.IV.2.	Cash at bank	809 502		809 502	210 122

BALANCE SHEET FULL VERSION – LIABILITIES & EQUITY

IN CZK THOUSAND

	31.12.2024	31.12.2023
Total LIABILITIES & EQUITY	44 329 937	44 985 419
A. Equity	32 081 806	31 743 654
<i>A.I. Share capital</i>	8 109 863	8 109 863
A.I.1. Share capital	8 109 863	8 109 863
<i>A.II. Share premium and capital funds</i>	102 164	102 164
A.II.2. <i>Capital funds</i>	102 164	102 164
A.II.2.1. Other capital funds	103 787	103 787
A.II.2.2. Gains or losses from the revaluation of assets and liabilities (+/-)	-1 623	-1 623
<i>A.III. Funds from profit</i>	2 858 219	2 858 219
A.III.1. Other reserve funds	2 858 219	2 858 219
<i>A.IV. Retained earnings (+/-)</i>	20 695 838	20 629 039
A.IV.1. Accumulated profits or losses brought forward (+/-)	20 695 838	20 629 039
<i>A.V. Profit or loss for the current period (+/-)</i>	315 722	44 369

☑ TABLE CONTINUES ON THE FOLLOWING PAGE

☑ CONTINUATION OF THE TABLE FROM THE PREVIOUS PAGE

BALANCE SHEET FULL VERSION – LIABILITIES & EQUITY

IN CZK THOUSAND

		31.12.2024	31.12.2023
B.+C.	Liabilities	12 248 131	13 241 765
B.	Reserves	137 303	87 413
B.III.	Reserves under special legislation	1 140	1 139
B.IV.	Other reserves	136 163	86 274
C.	Payables	12 110 828	13 154 352
<i>C.I.</i>	<i>Long-term payables</i>	3 703 759	3 679 453
C.I.2.	Payables to credit institutions	2 539 951	2 525 398
C.I.4.	Trade payables	9 068	14 696
C.I.8.	Deferred tax liability	1 154 740	1 139 359
<i>C.II.</i>	<i>Short-term payables</i>	8 304 858	9 401 298
C.II.2.	Payables to credit institutions	953 175	1 258 694
C.II.3.	Short-term prepayments received	950 437	950 184
C.II.4.	Trade payables	5 075 099	4 655 980
C.II.8.	<i>Other payables</i>	1 326 147	2 536 440
C.II.8.3.	Payables to employees	486 690	490 895
C.II.8.4.	Social security and health insurance payables	178 380	172 278
C.II.8.5.	State – tax liabilities and subsidies	505 726	1 725 940
C.II.8.6.	Estimated payables	81 414	74 626
C.II.8.7.	Sundry payables	73 937	72 701
<i>C.III.</i>	<i>Other liabilities</i>	102 211	73 601
C.III.1.	Accrued expenses	102 190	73 601
C.III.2.	Deferred income	21	

PROFIT AND LOSS ACCOUNT STRUCTURED BY THE NATURE OF EXPENSE METHOD

IN CZK THOUSAND

		Year ended 31.12.2024	Year ended 31.12.2023
I.	Sales of products and services	47 370 656	49 691 124
II.	Sales of goods	27	750
A.	Purchased consumables and services	42 480 289	46 802 192
A.1.	Costs of goods sold	22	740
A.2.	Consumed material and energy	38 957 832	43 500 219
A.3.	Services	3 522 435	3 301 233
B.	Change in internally produced inventory (+/-)	400 447	972 040
C.	Own work capitalised (-)	-1 113 337	-1 331 344
D.	Staff costs	5 155 366	4 976 798
D.1.	Payroll costs	3 679 259	3 508 148
D.2.	Social security and health insurance costs and other charges	1 476 107	1 468 650
D.2.1.	Social security and health insurance costs	1 227 609	1 168 967
D.2.2.	Other charges	248 498	299 683
E.	Adjustments to values in operating activities	1 325 353	1 932 670
E.1.	<i>Adjustments to values of intangible and tangible fixed assets</i>	1 612 836	1 600 965
E.1.1.	Adjustments to values of intangible and tangible fixed assets – permanent	1 600 964	1 601 023
E.1.2.	Adjustments to values of intangible and tangible fixed assets – temporary	11 872	-58
E.2.	Adjustments to values of inventories	-284 716	329 299
E.3.	Adjustments to values of receivables	-2 767	2 406
III.	Other operating income	9 279 421	14 231 151
III.1.	Sales of fixed assets	49 299	43 158
III.2.	Sales of material	115 394	128 502
III.3.	Sundry operating income	9 114 728	14 059 491

☑ TABLE CONTINUES ON THE FOLLOWING PAGE

☑ CONTINUATION OF THE TABLE FROM THE PREVIOUS PAGE

PROFIT AND LOSS ACCOUNT STRUCTURED BY THE NATURE OF EXPENSE METHOD

IN CZK THOUSAND

		Year ended 31.12.2024	Year ended 31.12.2023
F.	Other operating expenses	8 105 723	10 505 899
F.1.	Net book value of sold fixed assets	6 218	9 034
F.2.	Material sold	110 891	126 708
F.3.	Taxes and charges	60 018	41 460
F.4.	Reserves relating to operating activities and complex deferred expenses	54 740	-341 608
F.5.	Sundry operating expenses	7 873 856	10 670 305
*	Operating profit or loss (+/-)	296 263	64 770
IV.	Income from non-current financial assets – equity investments	353 860	450 096
IV.1.	Income from equity investments – controlled or controlling entity	328 503	437 662
IV.2.	Other income from equity investments	25 357	12 434
VI.	Interest income and similar income	11 890	7 646
VI.1.	Interest income and similar income – controlled or controlling entity	4 393	5 310
VI.2.	Other interest income and similar income	7 497	2 336
I.	Adjustments to values and reserves relating to financial activities	69 675	29 615
J.	Interest expenses and similar expenses	181 492	274 945
J.2.	Other interest expenses and similar expenses	181 492	274 945
VII.	Other financial income	60 670	97 903
K.	Other financial expenses	132 287	207 547
*	Financial profit or loss (+/-)	42 966	43 538
**	Profit or loss before tax (+/-)	339 229	108 308
L.	Income tax	23 507	63 939
L.1.	Due income tax	8 228	138 808
L.2.	Deferred income tax (+/-)	15 279	-74 869
**	Profit or loss net of tax (+/-)	315 722	44 369
***	Profit or loss for the current period (+/-)	315 722	44 369
*	Net turnover for the current period	47 481 955	

STATEMENT OF CHANGES IN EQUITY

IN CZK THOUSAND

	Share capital	Capital funds	Funds from profit, other reserve funds	Accumulated profits or losses brought forward	Profit or loss for the current period	Total EQUITY
Balance at 31 December 2022	8 109 863	103 743	2 858 219	18 203 680	2 393 024	31 668 529
Effect of the merger as of 1 January 2023				32 335		32 335
Balance at 1 January 2023	8 109 863	103 743	2 858 219	18 236 015	2 393 024	31 700 864
Distribution of profit or loss				2 393 024	-2 393 024	
Gains or losses from the revaluation of securities		-1 579				-1 579
Profit or loss for the current period					44 369	44 369
Balance at 31 December 2023	8 109 863	102 164	2 858 219	20 629 039	44 369	31 743 654
Effect of the merger as of 1 January 2024				22 430		22 430
Balance at 1 January 2024	8 109 863	102 164	2 858 219	20 651 469	44 369	31 766 084
Distribution of profit or loss				44 369	-44 369	
Profit or loss for the current period					315 722	315 722
Balance at 31 December 2024	8 109 863	102 164	2 858 219	20 695 838	315 722	32 081 806

CASH FLOW STATEMENT

IN CZK THOUSAND

		Year ended 31.12.2024	Year ended 31.12.2023
P.	Opening balance of cash and cash equivalents	208 454	206 339
	<i>Cash flows from ordinary activities (operating activities)</i>		
Z.	Profit or loss before tax	339 229	108 308
A.1.	Adjustments for non-cash transactions	1 265 952	1 516 250
A.1.1.	Depreciation of fixed assets	1 600 964	1 601 023
A.1.2.	Change in provisions and reserves	-144 942	19 715
A.1.3.	Profit/(loss) on the sale of fixed assets	-43 081	-34 124
A.1.4.	Revenues from profit shares	-353 860	-450 096
A.1.5.	Interest expense and interest income	169 602	267 299
A.1.6.	Adjustments for other non-cash transactions	43 523	112 494
A.1.7.	Non-cash transactions – merger	-6 254	-61
A.*	Net operating cash flow before changes in working capital	1 605 181	1 624 558
A.2.	Change in working capital	723 837	1 045 480
A.2.1.	Change in operating receivables and other assets	-892 265	-853 604
A.2.2.	Change in operating payables and other liabilities	380 903	-353 817
A.2.3.	Change in inventories	1 235 267	2 252 991
A.2.4.	Change in current financial assets	-68	-90
A.**	Net cash flow from operations before tax	2 329 018	2 670 038
A.3.	Interest paid	-183 226	-270 697
A.4.	Interest received	12 463	7 751
A.5.	Income tax paid from ordinary operations	-145 574	-476 190
A.6.	Received profit shares	353 860	450 096
A.***	Net operating cash flows	2 366 541	2 380 998

☑ TABLE CONTINUES ON THE FOLLOWING PAGE

☑ CONTINUATION OF THE TABLE FROM THE PREVIOUS PAGE

CASH FLOW STATEMENT

IN CZK THOUSAND

	Year ended 31.12.2024	Year ended 31.12.2023	
<i>Cash flows from investing activities</i>			
B.1.	Fixed assets expenditures	-1 494 314	-1 711 585
B.2.	Proceeds from fixed assets sold	48 640	29 037
B.3.	Loans and borrowings to related parties		8 500
B.4.	Increase in cash – merger	16 663	29 962
B.***	Net investment cash flows	-1 429 011	-1 644 086
<i>Cash flow from financial activities</i>			
C.1.	Change in payables from financing	-339 361	-734 797
C.***	Net financial cash flows	-339 361	-734 797
F.	Net increase or decrease in cash and cash equivalents	598 169	2 115
R.	Closing balance of cash and cash equivalents	806 623	208 454

NOTES TO THE FINANCIAL STATEMENT

1. General Information

1.1. Incorporation and Description of the Company

TŘINECKÉ ŽELEZÁRNY, a. s. (hereinafter also the “Company”) was formed by the National Property Fund of the Czech Republic and was incorporated following its registration in the Register of Companies of the Regional Court in Ostrava on 21 March 1991. The Company is primarily engaged in metallurgy with a closed metallurgical cycle. In addition, to the production of coke, pig iron and steel, the range of principal products provided by the Company involves the products of rolling mills, namely blooms, slabs, billets, wires, and thin, medium and heavy sections, rails including the production of plates, clamps and jumpers for rails, steel tubes and drawing-quality steel.

The Company’s registered office is located at Průmyslová 1000, Staré Město, 739 61 Třinec.

The Company’s issued share capital is CZK 8,109,863 thousand.

The sole shareholder of the Company is MORAVIA STEEL a.s.

1.2. Organisational Structure of the Company

Bodies of the Company are as follows:

- General Meeting;
- Supervisory Board; and
- Board of Directors.

The Company’s organisational structure is divided into individual levels, specifically the Chief Executive Officer and professional directors including HR and ESG Director, Finance Director, Production Director, Technical Director and Director for Investments. Each professional director’s division is further structured into professional sections and departments.

During 2024, the following changes were made to the Company's organisational structure:

- The Controlling Department, originally under the authority of the HR and ESG Director, was transferred to the authority of the CEO,
- The Asset Management Unit, originally under the authority of the HR and ESG Director, was transferred to the authority of the Finance Director,
- A new Cybersecurity Department was formed under the authority of the Director for Investments,
- Within the Control Systems Department, under the authority of the Director for Investments, the Maintenance of Control Systems Operation Division was transferred to the Maintenance Department under the Production Director, the Control Systems Department under the Director for Investments was changed to a specialist unit,
- the Logistics Division, which was under the authority of the Production Director, was changed to a department and transferred to the Transport and Shipping operation under the Production Director, the operation was renamed to Transport, Shipping and Logistics,
- The Iron and Steel Production Operation under the Production Director was renamed Steel Production,
- The Billet and Coarse Section Rolling Mill Operation and the Wire and Fine Section Rolling Mill Operation were merged under the new Rolling Mill Operation under the Production Director,
- The Coking Plant and Secondary Raw Materials Operation under the Production Director was transferred to the Steel Production as a new Coke Production Division.

1.3. Group Identification

For the purposes of these notes to the financial statements, the Group includes (i) the Company, (ii) the entity controlling the Company (hereinafter the “controlling entity”) or entity holding an equity investment in the Company that is treated as part of ‘Equity investments in associates’, (iii) entities in which the controlling entity, the Company or other entities controlled by them have an equity investment that is treated at least as part of ‘Equity investments in associates’.

In the year ended 31 December 2024, the Company was controlled by MORAVIA STEEL a.s., having its registered office at Průmyslová 1000, Staré Město, 739 61 Třinec, as the sole shareholder.

MORAVIA STEEL a.s. prepares the consolidated financial statements for the broadest group of reporting entities. These financial statements can be obtained at the registered office of MORAVIA STEEL a.s.

The Company prepares the consolidated financial statements of the narrowest group of reporting entities. These financial statements can be obtained at the Company's registered office.

1.4. Board of Directors and Supervisory Board as of 31 December 2024

	Position	Name
Board of Directors	Chairman	Roman Heide
	1st Vice Chairman	Tomáš Gajdzica
	2nd Vice Chairman	Henryk Huczala
	Member	Radomíra Pekárková
	Member	Daniel Heczko
Supervisory Board	Chairman	Tomáš Chrenek
	1st Vice Chairman	Ján Moder
	2nd Vice Chairman	Evžen Balko
	Member	Jozef Blaško
	Member	Jana Kantorová
	Member	Marcel Pielesz

During 2024, the following changes were made in the composition of the Company's Board of Directors:

Position	Formerly	Now	Date of Change
Member	Kateřina Nogolová		30 April 2024
Member		Daniel Heczko	1 May 2024

During 2024, no changes were made in the composition of the Company's Supervisory Board.

2. Methods of Accounting and General Accounting Principles

The Company's accounting books and records are maintained, and the financial statements were prepared in accordance with Accounting Act 563/1991 Coll., Regulation 500/2002 Coll. which provides implementation guidance on certain provisions of the Accounting Act for reporting entities that are businesses maintaining double-entry accounting records, and Czech Accounting Standards for Businesses.

The accounting records are maintained in compliance with general accounting principles, specifically the historical cost valuation basis, the accruals principle, the prudence concept and the going concern assumption.

The financial statements were prepared on 24 January 2025. These financial statements are presented in thousands of Czech crowns ("CZK").

2.1. Reporting Period

As a result of the merger by amalgamation with the effective date of 1 January 2024, all assets of TRIALFA, s.r.o., as the dissolving company, were transferred to TŘINECKÉ ŽELEZÁRNY, a. s., as the successor company (hereinafter referred to as the "Trialfa Merger").

The Company's financial statements as of 31 December 2024 have been prepared in relation to the completed Trialfa Merger as follows:

- The balance sheet includes comparative figures as of 31 December 2023, which are derived from the financial statements of TŘINECKÉ ŽELEZÁRNY, a. s., as of 31 December 2023,
- The profit and loss account includes comparative figures for the year ended 31 December 2023, which are derived from the financial statements of TŘINECKÉ ŽELEZÁRNY, a. s., as of 31 December 2023,
- The statement of changes in equity includes comparative figures as of 31 December 2023, which are derived from the financial statements of TŘINECKÉ ŽELEZÁRNY, a. s., as of 31 December 2023. This statement shows the impact of the Trialfa Merger on the equity accounts, and
- The cash flow statement includes comparative figures as of 31 December 2023, which are derived from the financial statements of TŘINECKÉ ŽELEZÁRNY, a. s., as of 31 December 2023. The impact of the Trialfa Merger on cash is presented separately in this statement.

The impact of the Trialfa Merger, to the extent that it was material to the individual classes of assets and liabilities, is described in the relevant sections of the notes to these financial statements.

OPENING BALANCE SHEET AS OF 1 JANUARY 2024

IN CZK THOUSAND

		Gross	Adjustment	Net
	Total ASSETS	77 924 324	-32 915 282	45 009 042
B.	Fixed assets	57 531 408	-31 316 030	26 215 378
<i>B.I.</i>	<i>Intangible fixed assets</i>	<i>1 995 122</i>	<i>-270 602</i>	<i>1 724 520</i>
B.I.1.	Development	2 972	-2 972	
B.I.2.	Valuable rights	294 525	-262 630	31 895
B.I.2.1.	Software	197 799	-177 159	20 640
B.I.2.2.	Other valuable rights	96 726	-85 471	11 255
B.I.4.	Other intangible fixed assets	1 690 011	-5 000	1 685 011
B.I.5.	Prepayments for intangible fixed assets and intangible fixed assets under construction	7 614		7 614
B.I.5.2.	Intangible fixed assets under construction	7 614		7 614
<i>B.II.</i>	<i>Tangible fixed assets</i>	<i>46 871 400</i>	<i>-30 200 558</i>	<i>16 670 842</i>
B.II.1.	Land and structures	11 758 254	-6 186 751	5 571 503
B.II.1.1.	Land	527 333		527 333
B.II.1.2.	Structures	11 230 921	-6 186 751	5 044 170
B.II.2.	Tangible movable assets and sets of tangible movable assets	34 286 735	-24 012 224	10 274 511
B.II.4.	Other tangible fixed assets	7 907	-824	7 083
B.II.4.3.	Other tangible fixed assets	7 907	-824	7 083
B.II.5.	Prepayments for tangible fixed assets and tangible fixed assets under construction	818 504	-759	817 745
B.II.5.1.	Prepayments for tangible fixed assets	65 533		65 533
B.II.5.2.	Tangible fixed assets under construction	752 971	-759	752 212
<i>B.III.</i>	<i>Non-current financial assets</i>	<i>8 664 886</i>	<i>-844 870</i>	<i>7 820 016</i>
B.III.1.	Equity investments – controlled or controlling entity	8 613 888	-826 677	7 787 211
B.III.3.	Equity investments in associates	50 996	-18 193	32 803
B.III.5.	Other non-current securities and investments	2		2

☑ TABLE CONTINUES ON THE FOLLOWING PAGE

☑ TABLE CONTINUES ON THE FOLLOWING PAGE

OPENING BALANCE SHEET AS OF 1 JANUARY 2024

IN CZK THOUSAND

		Gross	Adjustment	Net
C.	Current assets	20 392 916	-1 599 252	18 793 664
<i>C.I.</i>	Inventories	15 405 842	-1 496 617	13 909 225
C.I.1.	Material	6 300 159	-322 043	5 978 116
C.I.2.	Work in progress and semifinished goods	5 615 629	-746 204	4 869 425
C.I.3.	<i>Products and goods</i>	3 487 207	-428 370	3 058 837
C.I.3.1.	Products	3 487 184	-428 362	3 058 822
C.I.3.2.	Goods	23	-8	15
C.I.5.	Prepayments for inventories	2 847		2 847
<i>C.II.</i>	Receivables	4 758 148	-102 635	4 655 513
<i>C.II.1.</i>	Long-term receivables	18 136		18 136
C.II.1.5.	<i>Receivables – other</i>	18 136		18 136
C.II.1.5.4.	Sundry receivables	18 136		18 136
<i>C.II.2.</i>	Short-term receivables	4 574 358	-102 635	4 471 723
C.II.2.1.	Trade receivables	2 455 518	-12 480	2 443 038
C.II.2.2.	Receivables – controlled or controlling entity	67 123	-67 123	
C.II.2.4.	<i>Receivables – other</i>	2 051 717	-23 032	2 028 685
C.II.2.4.3.	State – tax assets	486 918		486 918
C.II.2.4.4.	Short-term prepayments made	1 587		1 587
C.II.2.4.5.	Estimated receivables	1 516 756		1 516 756
C.II.2.4.6.	Sundry receivables	46 456	-23 032	23 424
<i>C.II.3.</i>	Other assets	165 654		165 654
C.II.3.1.	Deferred expenses	85 147		85 147
C.II.3.2.	Complex deferred expenses	77 254		77 254
C.II.3.3.	Accrued income	3 253		3 253
<i>C.IV.</i>	Cash	228 926		228 926
C.IV.1.	Cash on hand	2 243		2 243
C.IV.2.	Cash at bank	226 683		226 683

OPENING BALANCE SHEET AS OF 1 JANUARY 2024

IN CZK THOUSAND

	Total LIABILITIES & EQUITY	45 009 042
A.	Equity	31 766 084
<i>A.I.</i>	<i>Share capital</i>	8 109 863
A.I.1.	Share capital	8 109 863
<i>A.II.</i>	<i>Share premium and capital funds</i>	102 164
A.II.2.	<i>Capital funds</i>	102 164
A.II.2.1.	Other capital funds	103 787
A.II.2.2.	Gains or losses from the revaluation of assets and liabilities (+/-)	-1 623
<i>A.III.</i>	<i>Funds from profit</i>	2 858 219
A.III.1.	Other reserve funds	2 858 219
<i>A.IV.</i>	<i>Retained earnings (+/-)</i>	20 695 838
A.IV.1.	Accumulated profits or losses brought forward (+/-)	20 651 469
A.IV.3.	Profit or loss under approval procedure (+/-)	44 369
A.V.	<i>Profit or loss for the current period (+/-)</i>	
B.+C.	Liabilities	13 242 958
B.	Reserves	93 286
B.III.	Reserves under special legislation	1 139
B.IV.	Other reserves	92 147

 TABLE CONTINUES ON THE FOLLOWING PAGE

☑ TABLE CONTINUES ON THE FOLLOWING PAGE

OPENING BALANCE SHEET AS OF 1 JANUARY 2024

IN CZK THOUSAND

C.	Payables	13 149 672
C.I.	Long-term payables	3 679 555
C.I.2.	Payables to credit institutions	2 525 398
C.I.4.	Trade payables	14 696
C.I.8.	Deferred tax liability	1 139 461
C.II.	Short-term payables	9 396 516
C.II.2.	Payables to credit institutions	1 258 694
C.II.3.	Short-term prepayments received	950 184
C.II.4.	Trade payables	4 644 071
C.II.8.	Other payables	2 543 567
C.II.8.3.	Payables to employees	493 897
C.II.8.4.	Social security and health insurance payables	174 381
C.II.8.5.	State – tax liabilities and subsidies	1 727 188
C.II.8.6.	Estimated payables	74 626
C.II.8.7.	Sundry payables	73 475
C.III.	Other liabilities	73 601
C.III.1.	Accrued expenses	73 601

As of 1 June 2023, all assets (including rights and obligations under employment law) of the disappearing company Doprava TŽ, a.s., which ceased to exist without liquidation, were taken over as a result of the merger by amalgamation into the Company TŘINECKÉ ŽELEZÁRNY, a. s., as the successor company, with the effective date of 1 January 2023 (hereinafter referred to as the “Doprava Merger”).

2.2. Tangible and Intangible Fixed Assets

Valuation

Tangible fixed assets include assets with a cost greater than CZK 80 thousand on an individual basis and an estimated useful life greater than one year.

Intangible fixed assets include assets (such as software, valuable rights, and intangible results of research and development) with a cost greater than CZK 80 thousand on an individual basis and an estimated useful life greater than one year.

Tangible and intangible assets with an estimated useful life greater than one year and a cost equal to or lower than CZK 80 thousand are not treated as fixed assets. Such tangible assets are accounted for as inventory and when brought into use they are charged to 'Consumed material and energy' in the profit and loss account. Intangible assets costing CZK 80 thousand and less are expensed through the account 'Services' upon acquisition.

The cost of tangible and intangible fixed asset improvements exceeding CZK 80 thousand on an individual basis increases the cost of the related fixed asset for the fiscal period.

Before the end of the year ended 31 December 2021, tangible fixed assets included assets with an acquisition cost greater than CZK 40 thousand on an individual basis and an estimated useful life greater than one year; intangible fixed assets included assets with an acquisition cost greater than CZK 60 thousand on an individual basis and an estimated useful life greater than one year.

The cost of tangible fixed asset improvements exceeding CZK 40 thousand on an individual basis increased the cost of the related tangible fixed asset for the fiscal period. The cost of intangible asset improvements exceeding CZK 60 thousand on an individual basis increased the cost of the related intangible fixed asset for the fiscal period.

Purchased tangible and intangible fixed assets are valued at cost. Tangible and intangible fixed assets developed internally are valued at direct costs, incidental costs directly attributable to the internal production of assets (production overheads) and to the production period. Production overheads also comprise costs for engineering activities. Costs of sale are not included.

The following tangible and intangible fixed assets are stated at replacement cost: tangible and intangible fixed assets acquired through donation, assets recently entered in the accounting records and an investment of intangible and tangible fixed assets, except for cases where the investment is valued differently under a Memorandum of Association or a Foundation Deed.

The replacement cost is also applied to tangible fixed assets acquired under finance lease arrangements with an original cost exceeding CZK 1 million. These assets are carried at replacement cost and recorded in the books as fully depreciated. Replacement cost is determined by an expert appraiser or through an estimate performed under the Company's internal regulations.

The intangible results of the Company's research and development activities, if designed for trading or resale, are recognised through the balance sheet line 'Research and Development'. Development results designed for the Company's internal purposes are not classified as intangible fixed assets for financial reporting purposes and are held in off balance sheet records at internal costs of production.

Greenhouse emission allowances (hereinafter the "allowances") are recognised as non-depreciable intangible fixed assets and are stated at cost, or replacement cost when acquired free of charge. The use of emission allowances is accounted for at the balance sheet date as a minimum, depending upon the level of greenhouse emissions produced by the Company in the relevant calendar year. Any difference arising during the verification of emissions by a verifier is accounted for in the reporting period in which the verification is performed. An initial free-of-charge acquisition of the allowances is recognised as a subsidy not reducing the carrying amount of the intangible fixed assets. This 'subsidy' is released into income on a systematic basis as the allowances are used and charged to expenses. The sale of free allowances is recorded as a component of 'Sundry operating income' in the profit and loss account. In case of sale of purchased allowances, such sale is recorded as a component of 'Sales of fixed assets' in the profit and loss account.

As of the balance sheet date, emission allowances acquired free of charge are not valued according to the EUROPEAN ENERGY EXCHANGE rate and are instead reported at the original replacement cost. The decrease in the valuation of purchased emission allowances that are held for sale and not for future consumption is reported as a provision against intangible fixed assets in the balance sheet in line 'Other intangible fixed assets' (Adjustment) and in the profit and loss account in line 'Adjustments to values of intangible and tangible fixed assets – temporary'. If there is a lack of allowances at the balance sheet date, the Company recognises a reserve presented in the balance sheet as part of 'Other reserves' and in the profit and loss account as part of 'Reserves relating to operating activities and complex deferred expenses'. The reserve for the purchase of allowances is released in the following reporting period when the missing allowances are purchased or used from the free of charge allocation of the following period.

Due to the mergers completed in prior reporting periods, emission allowances are reported on standalone ETS Registry accounts depending on the locally defined operation facility. For the purposes of reporting, the EUA allowances are recorded in a single sub-ledger account; in reporting the disposal of emission allowances, the FIFO valuation method is applied.

Depreciation for Accounting Purposes

Depreciation of fixed assets, other than land and assets under construction, is recorded on a straight line basis over the estimated useful life of the fixed assets taking into account operational conditions.

The recommended depreciation and amortisation period is set in the depreciation and amortisation plan:

Category of assets	Depreciation/amortisation period in years
Structures	20 – 40
Machines and equipment	2 – 20
Vehicles	5 – 20
Furniture and fixtures	5 – 15
Software	3 – 5

If the inventory count indicates that the estimated useful life of assets has changed, the Company appropriately adjusts the depreciation period of the related asset.

The bulk of buildings and structures are depreciated over 45–60 years. The shorter depreciation period is applied to temporary structures and short-term structures (lighting, fencing, energy grids, pipelines, etc.). A depreciation period over 60 years is applied to structures with a long useful life, such as railway and road bridges, conveying tunnels, and production and administrative buildings.

The bulk of machinery and equipment is depreciated over 15–25 years. The shorter depreciation period is primarily applied to IT systems, management systems, devices, etc.; the longer depreciation period is applied in exceptional cases to agglomeration equipment.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the net book value of the asset at the sale date and is recognised through the profit and loss account.

Provisioning

Provisions against fixed assets are recognised in circumstances where their carrying value is greater than value in use, which is equal to the present value of estimated future cash flows expected to arise from the continuing use of fixed assets/expected proceeds from the intended sale.

Impairment

At each balance sheet date, the Company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

2.3. Non-Current Financial Assets

Non-current financial assets principally consist of equity investments in controlled entities, equity investments in associates, securities and equity investments available for sale.

Valuation

Securities and equity investments are carried at cost upon acquisition. The cost of securities or equity investments includes direct costs of acquisition, such as fees and commissions paid to brokers, advisors and stock exchanges.

At the balance sheet date, the Company records:

Equity investments are measured at cost less any provisions.

Available-for-sale securities are valued pursuant to Section 27 of Act No. 563/1991 Coll., Act on Accounting, at fair value, determined by reference to the market value or a reasonable estimate. If the determination of fair value is not practicable, the securities are valued at their cost.

At the balance sheet date, changes in the fair value of available-for-sale securities are recorded through balance sheet lines 'Other securities and investments' and 'Gains or losses from the revaluation of assets and liabilities'. A deferred tax is determined in respect of the revaluation difference where the value of available-for-sale securities increases, and is recorded through accounts 'Gains or losses from the revaluation of assets and liabilities' and 'Deferred tax liability'.

Upon sale or any other disposal, securities of the same type are valued on the basis of the weighted average of acquisition costs.

Investments in enterprises in which the Company has the power to govern the financial and operating processes so as to obtain benefits from their activities are treated as 'Equity investments – controlled or controlling entity'.

Investments in enterprises in which the Company is in a position to exercise significant influence over their financial and operating processes so as to obtain benefits from their activities are treated as 'Equity investments in associates'.

Provisioning against Equity Investments

Investments are provisioned if there is a risk that the fair value of a non-current financial asset is lower than its carrying value.

In charging provisions against equity securities that are not fair valued, the Company refers to its detailed knowledge of the relevant entity, the entity's anticipated cash flows and the results of the entity's operations and reflects its interest in the entity's equity.

2.4. Current Financial Assets and Cash

Current financial assets principally consist of short-term debt securities with a maturity of less than one year and other securities available for sale.

Current financial assets are carried at cost upon acquisition.

Cash consists of cash on hand and cash at bank.

2.5. Inventory

Valuation

Purchased inventory is valued at acquisition costs. Acquisition costs include the purchase cost and indirect acquisition costs such as customs fees, freight costs and storage fees during transportation, commissions and insurance charges.

Inventory is issued out of stock at costs determined using the weighted arithmetic average method.

Internally produced inventory is valued at cost using a costing formula in which the pure charge is valued at the actual cost and processing costs are valued at planned rates of the particular year.

At the balance sheet date, the Company assesses the actual costs of the charge and the difference between the actual costs of the charge and the valuation of the charge from the prior month is reflected only in the financial accounting records. In respect of processing costs, the difference between the value of processing costs of the planned operations valued at planned rates of the particular year and the value of the actually completed operations valued at planned rates of the particular year is reflected in the financial accounting accounts.

Provisioning

Provisions against the inventory of material are made in respect of inventory with low or no movement and a very low likelihood for processing following an individual analysis.

Provisions against the inventory of finished products and semi-finished products are charged based on their realisability.

2.6. Receivables

Upon origination, receivables are stated at their nominal value as subsequently reduced by appropriate provisions for doubtful and bad amounts.

Provisioning

The Company recognises provisions against receivables, the recoverability of which is doubtful.

Tax deductible provisions against receivables are made pursuant to Act No. 586/1992 Coll., the Income Taxes Act, and Act No. 593/1992 Coll., the Provisioning Act.

Non-tax deductible provisions (other than intercompany) are created as follows:

- a) Receivables past due by 1 year and more are provisioned in full; and
- b) Receivables past due over six months but less than one year are provisioned at 50%.

In addition, provisions are recognised against receivables based on an individual assessment of their collectability.

The Company also creates provisions against interest-free long-term receivables. This provisioning charge is calculated as equal to the difference between the nominal value and the discounted value of these receivables.

2.7. Payables

Trade payables and other payables are stated at their nominal value. Long-term bills of exchange to be settled are recorded at nominal value. Interest on these bills is accrued over their maturity period.

2.8. Payables to Credit Institutions

Payables to credit institutions are reported at nominal value. The portion of long-term payables to credit institutions maturing within one year from the balance sheet date and revolving payables to credit institutions which are regularly rolled over to the following period are included in short-term payables to credit institutions.

2.9. Reserves

Other reserves are created to provide for future risks known at the balance sheet date. In addition, a reserve is recorded for the restoration and maintenance of a dump site and clean-up after termination of the operation of the site in accordance with Act No. 541/2020 Coll., on Waste.

2.10. Accruals and Deferrals

Accrual and deferral accounts include deferred and accrued income and expenses. Deferred expenses include deferrals of only such items which are very likely, or certain, to bring a specific measurable effect in the form of income or other economic benefits in the following years over which they are deferred. Immaterial and regular expenses or income up to CZK 20 thousand relating to several reporting periods are not deferred. Comprehensive deferred expenses include the costs of research and development and implementation of projects relating to software acquisition.

2.11. Foreign Currency Translations

Transactions denominated in foreign currencies conducted during the year are translated using the exchange rate of the Czech National Bank prevailing as of the date preceding the transaction date.

During the period, cash denominated in foreign currencies (foreign currency cash) is translated into Czech crowns using the fixed monthly exchange rate as notified by the Czech National Bank as of the first day of the month in which the assets were recorded.

At the balance sheet date, the relevant assets and liabilities are translated at the Czech National Bank's exchange rate prevailing as of that date.

Prepayments for tangible and intangible fixed assets received after 31 December 2020, if such prepayments are non-refundable, are considered as part of the purchase price of the specific fixed asset at the balance sheet date and are not translated at the Czech National Bank's exchange rate as of the balance sheet date. Prepayments for fixed assets received before 1 January 2021, reported in a foreign currency at the balance sheet date, are translated at the Czech National Bank's exchange rate applicable at the balance sheet date.

Foreign exchange prepayments received or granted after 31 December 2022, if such deposits are non-refundable, are considered as part of the acquisition cost of the asset as of the date of the financial statements and are not translated at the Czech National Bank rate as of the date of the financial statements. Prepayments received or made before 31 December 2022 that are denominated in a foreign currency as of the date of the financial statements are translated at the exchange rate of the Czech National Bank as of the date of the preparation of the financial statements. Foreign currency prepayments that are considered refundable are translated at the Czech National Bank's exchange rate as of the date of the financial statements.

Exchange rate differences on provisions for newly created foreign currency receivables after 31 December 2022 are recognised through financial profit or loss (account 563 foreign exchange losses or 663 foreign exchange gains). Exchange rate differences on provisions for foreign currency receivables exceeding CZK 1 million newly created after 31 December 2020 are recognised individually through financial profit or loss. Exchange rate differences on provisions for foreign currency receivables not exceeding CZK 1 million created before 31 December 2022 continue to be reported in the operating profit or loss as the recognition or a release of the provision for receivables.

2.12. Taxation

2.12.1. DEPRECIATION OF FIXED ASSETS FOR TAX PURPOSES

Depreciation of fixed assets is recorded on an accelerated basis for tax purposes under Section 32 of Act No. 586/1992 Coll., on Income Taxes, with the exception of assets used in the Tube Rolling Mill (the VT operation), VL – Transport, Shipping and Logistics and VOok – Coking Plant, VZ – Billet Rolling Mill, and the Universal Track and Track Fastenings Plants which are depreciated using the straight line and accelerated methods.

2.12.2. CURRENT TAX PAYABLE

The tax currently payable is based on taxable profit for the reporting period. The taxable profit differs from the net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using the tax rate that has been enacted by the balance sheet date.

2.12.3. DEFERRED TAX

Deferred tax is accounted for using the balance sheet liability method. In calculating deferred tax, the income tax rate applicable in the period in which the tax liability or tax asset is utilised. If this tax rate is not known, the rate applicable in the following reporting period is used.

Under the liability method, deferred tax is calculated at the income tax rate that is expected to apply in the period when the tax liability is settled.

The balance sheet liability method focuses on temporary differences which are differences between the tax base of an asset or liability and its carrying amount in the balance sheet. The tax base of an asset or liability is the amount that will be deductible for tax purposes in the future.

Deferred tax is charged or credited to the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

2.12.4. TOP-UP TAX

The Company is subject to a top-up tax. The Company has made use of the transitional safe harbour rules. The top-up tax was not taken into account in the calculation of the deferred tax.

2.13. Borrowing Costs

Borrowing costs arising from payables to credit institutions are directly expensed regardless of the purpose for which the loans were drawn.

2.14. Costs Relating to Employees Hired through an Employment Agency

The staff costs of employees hired through an employment agency who are temporarily assigned to perform work at the Company under an agreement with the employment agency are reported as part of social costs ('Other expenses' in the profit and loss account) which include the actually paid salaries including social security and health insurance costs. The costs of other aids and protective drinks for these agency employees are reported under 'Consumed material and energy'. Other payments for the services of the employment agency, such as mediation fees or the employment agency's overheads, are reported under 'Services'.

2.15. Revenue Recognition

Revenues are recognised when goods are delivered and accepted by the customer or when services are rendered and are reported net of discounts and VAT.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Profit share income is recognised when the Company's General Meeting, i.e. the sole shareholder acting in the capacity thereof, adopts a decision on profit distribution.

Insurance claims received are credited to income of the reporting period in which the amount of the claim is recognised by the insurer. If the claim has not been recognised, an estimated receivable for claims received is made only for the actual expenses incurred to recover the consequences of the claim in the relevant reporting period.

2.16. Use of Estimates

The presentation of financial statements requires making estimates and assumptions that affect the reported amounts of assets and liabilities as of the balance sheet date and the reported amounts of revenues and expenses during the reporting period. The Company has made these estimates and assumptions on the basis of all the relevant information available to it. Nevertheless, pursuant to the nature of estimates, the actual results and outcomes in the future may differ from these estimates.

2.17. Research and Development Expenditure

Research and development expenditure is capitalised as part of the cost and posted to the acquisition of tangible or intangible fixed assets if the research and development projects result in fixed assets (tangible and intangible). The output of a research and development project is capitalised on the basis of the results of opponent proceedings. A detailed analysis of the projects in progress is undertaken at the balance sheet date and the costs incurred are charged to expenses or recognised as complex deferred expenses in the event that there is doubt over the completion, or future utilisation, of the project.

Permanent development is posted directly to expenses, taking into account repeatability and materiality. The materiality criterion is defined as follows: “If the expenses on permanent development for the relevant reporting period do not exceed on average more than 50% of the expenses on permanent development for the previous 2 reporting periods, all such expenses are posted to expenses in the relevant reporting period. If the abovementioned threshold is exceeded, the entity will select the projects responsible for the materiality threshold being exceeded and, after analysis, capitalises them in the complex deferred expenses”.

2.18. Subsidies

The subsidies received are credited to income on an accruals basis.

In accordance with Government Regulation No. 565/2020 Coll., on Conditions for the Provision of Compensations for Indirect Costs for Industrial Sectors in which a Significant Risk of Carbon Leakage was Identified, as a Result of the Effect of the Costs relating to Greenhouse Gas Emissions on Electricity Prices, these compensations are recognised in the reporting period in which the Ministry of Industry and Trade issues a resolution regarding the provision of compensation.

Subsidies to fund the acquisition of fixed assets reduce the cost of the related assets.

2.19. Cash Flow Statement

The cash flow statement is prepared using the indirect method.

For cash flow reporting purposes, cash and cash equivalents include cash on hand and duty stamps, cash at bank except for deposits with maturity longer than three months, and current liquid assets easily convertible into cash in an amount agreed in advance where no significant changes in their value are expected over time.

Cash and cash equivalents can be analysed as follows:

IN CZK THOUSAND

	Balance at 31 Dec 2024	Impact of Merger as of 1 Jan 2024	Balance at 31 Dec 2023
Cash on hand	998	101	2 141
Cash at bank	809 502	16 562	210 122
Other current financial assets	0	0	0
Provisions against other current financial assets	0	0	0
Total current financial assets and cash	810 500	16 663	212 263
Cash and cash equivalents not included in the cash flow	-3 877	0	-3 809
Total cash and cash equivalents	806 623	16 663	208 454

The difference between cash and cash equivalents as of 31 December 2024 and 2023 reported in the cash flow statement as opposed to the current financial assets and cash disclosed in the balance sheet represents blocked deposits that are restricted with regard to the free handling of the funds.

2.20. Changes in Accounting Methods

Starting from the reporting period beginning on 1 January 2024, foreign exchange gains or losses for all provisions against receivables, regardless of the date of origin and value of the receivable, are recognised as part of the financial profit or loss (to accounts 563 foreign exchange losses or 663 foreign exchange gains).

2.21. Net Turnover For the Reporting Period

In the current period, due to the change in accounting legislation, the method of calculating the net turnover for the reporting period was changed. The net turnover information presented in the financial statements for the prior reporting period is not comparable with the information for the current period and is not therefore presented in the prior period's information in accordance with Section 4 (7) of Regulation No. 500/2002 Coll., implementing the act on accounting for entrepreneurs, as amended.

Method of calculating the net turnover indicator:

- For the period 2023, the indicator was determined as the sum of all revenues recorded on the respective lines of the profit and loss account in the financial statements for the period 2023.
- For the period 2024, the indicator was determined as the sum of revenues from the sale of products, goods and services, as well as revenues from the sale of material. These are only selected revenues on which the entity's business model is based, determined by taking into account the industry and market in which the entity operates and the nature of the activity carried out for customers.

3. Additional Information

3.1. Fixed Assets

3.1.1. INTANGIBLE FIXED ASSETS

Cost

IN CZK THOUSAND

	Balance at 31 Dec 2023	Additions	Disposals	Balance at 31 Dec 2024
Development	2 972	0	0	2 972
Valuable rights	294 525	13 332	836	307 021
Other intangible FA	1 690 011	5 289 749	6 511 609	468 151
Prepayments made for intangible FA	0	1 482	0	1 482
Intangible FA under construction	7 614	25 092	13 332	19 374
Total	1 995 122	5 329 655	6 525 777	799 000

Accumulated Amortisation

IN CZK THOUSAND

	Balance at 31 Dec 2023	Additions	Disposals	Balance at 31 Dec 2024
Development	2 972	0	0	2 972
Valuable rights	262 630	15 405	836	277 199
Other intangible FA	5 000	0	0	5 000
Total	270 602	15 405	836	285 171

Net Book Value

IN CZK THOUSAND

	Balance at 31 Dec 2023	Balance at 31 Dec 2024
Valuable rights	31 895	29 822
Other intangible FA	1 685 011	463 151
Prepayments made for intangible FA	0	1 482
Intangible FA under construction	7 614	19 374
Total	1 724 520	513 829

Amortisation of Intangible Fixed Assets Charged to Expenses

Amortisation of intangible fixed assets amounted to CZK 15,402 thousand and CZK 15,232 thousand as of 31 December 2024 and 2023, respectively.

Other intangible fixed assets primarily include emission allowances.

In 2024, the Company acquired 3,358,385 allowances free of charge for 2024 in the amount of CZK 5,289,749 thousand. As of 31 December 2024, the Company settled the use of allowances for 2023 in the amount of CZK (14,071) thousand, revaluation of allowances as of 31 December 2023 in the amount of CZK 266,708 thousand and the use of allowances for 2024 in the amount of CZK 4,120,228 thousand. As of 31 December 2024, the Company did not revalue allowances acquired free of charge.

In 2024, the Company sold 1,337,000 allowances. The effect of the sale of the allowances on profit or loss was CZK 2,131,515 thousand.

In 2023, the Company acquired 3,365,026 allowances free of charge for 2023 in the amount of CZK 7,467,195 thousand. As of 31 December 2023, the Company settled the use of allowances for 2022 in the amount of CZK 43 thousand and the use of allowances for 2023 in the amount of CZK 5,716,855 thousand. In addition, a revaluation – decrease in the valuation of allowances was recognised as of the financial statements date in the amount of CZK 266,708 thousand.

In 2023, the Company sold 1,852,000 allowances. The effect of the sale of the allowances on profit or loss was CZK 3,759,551 thousand.

Aggregate Balance of Low-Value Intangible Assets Not Reported on the Face of the Balance Sheet

The aggregate cost of low-value intangible assets not reported on the face of the balance sheet was CZK 32,094 thousand and CZK 31,100 thousand as of 31 December 2024 and 2023, respectively.

3.1.2. TANGIBLE FIXED ASSETS

Cost

IN CZK THOUSAND

	Balance at 31 Dec 2023	Impact of Merger as of 1 Jan 2024	Additions	Disposals	Balance at 31 Dec 2024
Land	527 333	0	53 082	712	579 703
Structures	11 230 921	0	61 022	25 572	11 266 371
Tangible movable assets and sets thereof	34 281 483	5 252	707 776	184 709	34 809 802
Other tangible FA	7 907	0	0	1	7 906
Prepayments for tangible FA	65 533	0	197 142	138 876	123 799
Tangible FA under construction	752 971	0	1 492 848	821 119	1 424 700
Total	46 866 148	5 252	2 511 870	1 170 989	48 212 281

Accumulated Depreciation

IN CZK THOUSAND

	Balance at 31 Dec 2023	Impact of Merger as of 1 Jan 2024	Additions	Disposals	Balance at 31 Dec 2024
Structures	6 181 463	0	275 080	25 572	6 430 971
Tangible movable assets and sets thereof	24 000 609	4 765	1 317 045	184 710	25 137 709
Other tangible movable assets	824	0	158	0	982
Total	30 182 896	4 765	1 592 283	210 282	31 569 662

Provisions

IN CZK THOUSAND

	Balance at 31 Dec 2023	Impact of Merger as of 1 Jan 2024	Additions	Disposals	Balance at 31 Dec 2024
Structures	5 288	0	4 323	694	8 917
Tangible movable assets and sets thereof	6 849	0	8 811	8	15 652
Tangible FA under construction	759	0	0	559	200
Total	12 896	0	13 134	1 261	24 769

Net Book Value

IN CZK THOUSAND

	Balance at 31 Dec 2023	Impact of Merger as of 1 Jan 2024	Balance at 31 Dec 2024
Land	527 333	0	579 703
Structures	5 044 170	0	4 826 483
Tangible movable assets and sets thereof	10 274 025	487	9 656 441
Other tangible FA	7 083	0	6 924
Prepayments for tangible FA	65 533	0	123 799
Tangible FA under construction	752 212	0	1 424 500
Total	16 670 356	487	16 617 850

Principal additions to tangible fixed assets for the year ended 31 December 2024 were as follows:

	IN CZK THOUSAND
Technical improvements on KD rolling mill	100 239
Acquisition of the rail disc cutter	34 642
Technical improvements on motor locomotive 723.725-8	32 252

Principal additions to tangible fixed assets under construction, including prepayments made, for the year ended 31 December 2024 were as follows:

	IN CZK THOUSAND
Heat treatment of rails	399 907
Modernisation and decarbonisation of steel production	120 950
Reconstruction of VP4	101 252

During the year ended 31 December 2024, the disposals of tangible fixed assets included assets with an aggregate net book value of CZK 7,625 thousand. Major disposals principally comprised the sale of the peeling line – peeling machine T 75/25, the partial decommissioning of the combustion air preheater of the blast furnace 4 wind heater and the partial decommissioning of the booth for circoflux and ultrasound.

Depreciation of Tangible Fixed Assets Charged to Expenses

Depreciation of tangible fixed assets amounted to CZK 1,585,562 thousand and CZK 1,585,791 thousand as of 31 December 2024 and 2023, respectively.

Aggregate Balance of Low-Value Tangible Assets Not Reported on the Face of the Balance Sheet

The aggregate costs of low-value tangible assets not reported on the face of the balance sheet were CZK 631,231 thousand and CZK 614,362 thousand as of 31 December 2024 and 2023, respectively.

3.1.3. ASSETS HELD UNDER OPERATING LEASE AGREEMENTS

In the years ended 31 December 2024 and 2023, the Company made lease payments of CZK 70,183 thousand and CZK 58,793 thousand, respectively.

3.1.4. PLEDGED FIXED ASSETS**31 December 2024**

IN CZK THOUSAND

Description of assets	Net book value	Pledge/creditor
Tangible FA	202 075	
Land	96 121	
Tangible FA	173 981	
Land	27 406	
Tangible FA	350 307	
Tangible FA	422 292	Loan from Československá obchodní banka, a.s.
Tangible FA	345 088	
Land	42 678	
Tangible FA	1 235 439	Loan from ING BANK N. V.
Tangible FA	1 001 235	
Land	18 538	Loan from Raiffeisenbank a.s.
Total	3 915 160	

31 December 2023

IN CZK THOUSAND

Description of assets	Net book value	Pledge/creditor
Tangible FA	312 487	
Land	96 223	Loan from Československá obchodní banka, a.s.
Tangible FA	354 652	
Land	11 988	
Tangible FA	116 966	Loan from ING BANK N. V.
Tangible FA	357 157	
Tangible FA	1 390 100	
Land	42 678	Loan from ING BANK N. V.
Tangible FA	1 084 756	
Land	18 538	Loan from Raiffeisenbank a.s.
Total	3 785 545	

3.2. Non-Current Financial Assets

Cost

IN CZK THOUSAND

	Balance at 31 Dec 2023	Impact of Merger as of 1 Jan 2024	Additions	Disposals	Valuation at Fair Value	Balance at 31 Dec 2024
Equity investments – controlled or controlling entity	8 613 988	-100	0	0	0	8 613 888
Equity investments – associates	50 996	0	0	0	0	50 996
Other non-current securities and equity investments	2	0	0	0	0	2
Total	8 664 986	-100	0	0	0	8 664 886

Provisions

IN CZK THOUSAND

	Balance at 31 Dec 2023	Impact of Merger as of 1 Jan 2024	Additions	Disposals	Balance at 31 Dec 2024
Equity investments – controlled or controlling entity	826 677	0	68 931	0	895 608
Equity investments – associates	18 193	0	744	0	18 937
Total	844 870	0	69 675	0	914 545

3.2.1. EQUITY INVESTMENTS – CONTROLLED OR CONTROLLING ENTITY**31 December 2024**

IN CZK THOUSAND

Company name and registered office	Equity investment %	Equity	Profit/loss for the period	Provision	Financial income
ŽDB DRÁTOVNA a.s., Pudlov, Bohumín	100.00	1 995 329	-70 712	0	0
Strojírny a stavby Třinec, a.s., Staré Město, Třinec	100.00	650 014	41 522	0	60 000
ENERGETIKA TŘINEC, a.s., Staré Město, Třinec	100.00	2 965 911	92 045	0	20 000
Slévárny Třinec, a.s., Staré Město, Třinec	100.00	640 659	393	-207 973	0
Šroubárna Kyjov, spol. s r.o., Kyjov	100.00	780 334	100 959	0	45 000
HŽP a.s., Prostějov	100.00	655 013	66 749	0	61 000
„D&D” Drótaru Zrt., 3527 Miskolc, Sajósziget utca 4 (HUN)	100.00	471 588	-60 548	-78 520	0
„METALURGIA“ SPÓŁKA AKCYJNA, Radomsko (POL)	100.00	222 861	-51 555	-59 585	0
VÚHŽ a.s., Dobrá	100.00	413 263	50 337	0	67 000
Řetězárna a.s., Česká Ves	51.00	696 562	32 797	0	9 180
REFRASIL, s.r.o., Kanská, Třinec	100.00	214 764	19 797	0	31 500
Třinecké gastroslužby, s.r.o., Staré Město, Třinec	100.00	46 672	3 958	0	0
Moravia Security, a.s., Kanská, Třinec	100.00	35 633	3 219	0	7 000
TŘINECKÁ PROJEKCE, a.s., Kanada, Třinec	84.54	33 550	4 001	0	1 609
„ZAMECZEK BŁOGOCICE“ Spółka z ograniczoną odpowiedzialnością, Cieszyn (POL)	88.00	45 848	-29	-9 262	0
TRISIA, a.s., Lyžbice, Třinec	66.00	41 521	360	-7 676	0
IMOPRA s.r.o., Nivnice	100.00	99 184	11 261	-16 851	25 000
BOHEMIA RINGS s.r.o., Zámorsk	100.00	831 495	-286	-465 740	0
EKOSTROJÍRENSTVÍ TŘINEC, a.s., Staré Město, Třinec	100.00	-52 297	14 336	-50 000	0
ENEZA, s.r.o, Staré Město, Třinec	52.50	97 832	3 435	0	1 214
Total				-895 608	328 503

Note: *italics – preliminary results as of 31 December 2024*

31 December 2023

IN CZK THOUSAND

Company name and registered office	Equity investment %	Equity	Profit/loss for the period	Provision	Financial income
ŽDB DRÁTOVNA a.s., Pudlov, Bohumín	100.00	2 066 041	-223 160	0	0
Strojírny a stavby Třinec, a.s., Staré Město, Třinec	100.00	668 491	38 070	-46 964	20 000
ENERGETIKA TŘINEC, a.s., Staré Město, Třinec	100.00	2 893 866	94 883	0	50 000
Slévárny Třinec, a.s., Staré Město, Třinec	100.00	640 266	18 663	-261 625	0
Šroubárna Kyjov, spol. s r.o., Kyjov	100.00	724 375	30 071	0	20 000
HŽP a.s., Prostějov	100.00	649 264	49 881	0	41 000
„D&D” Drótáru Zrt., 3527 Miskolc, Sajósziget utca 4 (HUN)	100.00	558 793	-161 218	0	200 574
„METALURGIA“ SPÓŁKA AKCYJNA, Radomsko (POL)	100.00	265 593	-80 660	0	0
VÚHŽ a.s., Dobrá	100.00	429 926	45 501	0	40 000
Řetězárna a.s., Česká Ves	51.00	697 960	33 066	0	9 690
REFRASIL, s.r.o., Kanská, Třinec	100.00	226 467	19 429	0	35 000
Třinecké gastroslužby, s.r.o., Staré Město, Třinec	100.00	42 714	5 472	0	0
TRIALFA, s.r.o., Třinec-Kanada	100.00	22 530	725	0	0
Moravia Security, a.s., Kanská, Třinec	100.00	39 414	2 119	0	5 000
TŘINECKÁ PROJEKCE, a.s., Kanada, Třinec	84.54	31 452	1 931	0	3 323
„ZAMECZEK BŁOGOCICE“ Spółka z ograniczoną odpowiedzialnością, Cieszyn (POL)	88.00	44 350	151	-10 726	0
TRISIA, a.s., Lyžbice, Třinec	66.00	41 161	282	-9 403	0
IMOPRA s.r.o., Nivnice	100.00	112 923	5 140	0	6 000
BOHEMIA RINGS s.r.o., Zámorsk	100.00	831 781	-38 239	-447 959	5 500
EKOSTROJÍRENSTVÍ TŘINEC, a.s., Staré Město, Třinec	100.00	-59 800	1 029	-50 000	0
ENEZA, s.r.o., Staré Město, Třinec	52.50	96 708	6 935	0	1 575
Total				-826 677	437 662

The Boards of Directors of the subsidiaries ENERGETIKA TŘINEC, a.s. and EKOSTROJÍRENSTVÍ TŘINEC, a.s. approved the intention of merger by amalgamation of EKOSTROJÍRENSTVÍ TŘINEC, a.s., as the dissolving company, with ENERGETIKA TŘINEC, a.s., as the successor company.

3.2.2. EQUITY INVESTMENTS – ASSOCIATES

31 December 2024

CZK '000)

Company name and registered office	Equity investment %	Equity	Profit/loss for the period	Provision	Financial income
VESUVIUS ČESKÁ REPUBLIKA, a.s., Kinská, Třinec	40.00	335 925	6 943	0	25 348
Ocelářská unie a.s., Nové Město, Praha 1	39.94	37 767	-3 286	-18 937	0
HRAT, s.r.o., Staré Město, Třinec*	23.26	4 102	663	0	0
Total				-18 937	25 348

Note: *italics – preliminary results as of 31 December 2024*

* profit or loss for the period from 1 April 2024 to 31 December 2024 (fiscal year from 1 April 2024 to 31 March 2025)

31 December 2023

IN CZK THOUSAND

Company name and registered office	Equity investment %	Equity	Profit/loss for the period	Provision	Financial income
VESUVIUS ČESKÁ REPUBLIKA, a.s., Kinská, Třinec	40.00	392 351	63 369	0	12 434
Ocelářská unie a.s., Nové Město, Praha 1	39.94	40 693	-1 152	-18 193	0
HRAT, s.r.o., Staré Město, Třinec*	23.26	4 351	911	0	0
Total				-18 193	12 434

Note: * profit or loss for the period from 1 April 2023 to 31 December 2023 (fiscal year from 1 April 2023 to 31 March 2024)

3.2.3. NON-CURRENT FINANCIAL ASSETS PLEDGED AS COLLATERAL

As of 31 December 2024 and 31 December 2023, the Company has no non-current financial assets pledged as collateral.

3.3. Receivables

3.3.1. SHORT-TERM RECEIVABLES

As of 31 December 2024 and 2023, the Company recorded short-term trade receivables past their due dates in the gross amount of CZK 12,390 thousand (net CZK 4,424 thousand) and CZK 16,580 thousand (net CZK 4,267 thousand), respectively.

Other Receivables

Short-term prepayments made principally involve prepayments for supplied services.

As of 31 December 2024, State – tax assets predominantly included a receivable arising from value-added tax, prepayments for corporate income tax and prepayments for fees under Act No. 201/2012 Coll., on air protection. As of 31 December 2023, this item predominantly included a receivable arising from value-added tax and prepayments for corporate income tax.

As of 31 December 2024 and 31 December 2023, sundry receivables principally include a receivable arising from an indisputable claim for a subsidy, a receivable arising from group registration for value-added tax, and receivables from individuals.

As of 31 December 2024, estimated receivables primarily include an estimated receivable for expected insurance claims relating to an accident of the wind heater including other insurance claims and an estimated receivable for service supplies.

As of 31 December 2023, this item primarily included a receivable arising from expected insurance claims relating to an accident of the wind heater. In connection with the wind heater accident, the Company received prepayments from the insurance company for expected insurance claims (see Note 3.6.4).

Receivables typically mature within 30 days.

3.3.2. INTERCOMPANY RECEIVABLES

As of the date of the financial statements, the Company records no long-term receivables with a maturity exceeding 5 years. As of 31 December 2024, the Company records no receivables secured by collateral.

As of 31 December 2024, the Company reports a long-term receivable under the Revolving Loan Contract with EKOSTROJÍRENSTVÍ TŘINEC, a.s., amounting to CZK 67,123 thousand with a provision created in full. As of 31 December 2023, this receivable is reported as short-term, including the provision created in full.

Short-Term Receivables

IN CZK THOUSAND

Company name	Relation to the Company	Balance at 31 Dec 2024	Balance at 31 Dec 2023
Trade receivables			
ENERGETIKA TŘINEC, a.s.	Controlled entity	89 982	81 566
Šroubárna Kyjov, spol. s r.o.	Controlled entity	1 365	641
Strojírny a stavby Třinec, a.s.	Controlled entity	16 984	12 502
MORAVIA STEEL a.s.	Controlling entity	3 283 690	2 207 327
REFRASIL, s.r.o.	Controlled entity	873	543
Řetězárna a.s.	Controlled entity	62	476
Slévárny Třinec, a.s.	Controlled entity	27 840	35 901
TRIALFA, s.r.o.	Controlled entity	0	875
TŘINECKÁ PROJEKCE, a.s.	Controlled entity	4 493	89
Třinecké gastroslužby, s.r.o.	Controlled entity	2 354	1 469
TRISIA, a.s.	Controlled entity	129	109
VESUVIUS ČESKÁ REPUBLIKA, a.s.	Associate	1 793	2 092
Beskydská golfová, a.s.	Fellow subsidiary	28	15
VÚHŽ a.s.	Controlled entity	1 903	1 350
Moravia Security, a.s.	Controlled entity	163	75
Moravskoslezský kovošrot, a.s.	Fellow subsidiary	5	3
„METALURGIA“ SPÓLKA AKCYJNA	Controlled entity	629	614
HŽP a.s.	Controlled entity	695	509
M Steel Projects a.s.	Fellow subsidiary	13	15
„NEOMET“ Sp. z o.o.	Fellow subsidiary	50	32
ŽDB DRÁTOVNA a.s.	Controlled entity	2 892	1 716
Barrandov Studio a.s.	Fellow subsidiary	130	205
Kovárna VIVA a.s.	Fellow subsidiary	90	130
BOHEMIA RINGS s.r.o.	Controlled entity	6 651	291

 TABLE CONTINUES ON THE FOLLOWING PAGE

☑ CONTINUATION OF THE TABLE FROM THE PREVIOUS PAGE

Company name	Relation to the Company	Balance at 31 Dec 2024	Balance at 31 Dec 2023
Security Morava s.r.o.	Controlled entity	3	3
EKOSTROJÍRENSTVÍ TŘINEC, a.s.	Controlled entity	65	46
MINERFIN, a.s.	Group entity	1	1
ENEZA, s.r.o.	Controlled entity	236	246
IMOPRA, s.r.o.	Controlled entity	2	2
Total		3 443 121	2 348 843
Sundry receivables			
ENERGETIKA TŘINEC, a.s.	Controlled entity	1 425	12 990
Total		1 425	12 990
Accrued income			
EKOSTROJÍRENSTVÍ TŘINEC, a.s.	Controlled entity	894	1 269
REFRASIL, s.r.o.	Controlled entity	1	0
ENERGETIKA TŘINEC, a.s.	Controlled entity	2	0
MORAVIA STEEL a.s.	Controlling entity	10 551	0
Strojírny a stavby Třinec, a.s.	Controlled entity	1	0
Total		11 449	1 269
Estimated receivables			
MORAVIA STEEL a.s.	Controlling entity	1 579	3 780
Slévárny Třinec, a.s.	Controlled entity	1	0
Strojírny a stavby Třinec, a.s.	Controlled entity	6	0
Třinecké gastroslužby, s.r.o.	Controlled entity	3	0
Total		1 589	3 780
Total short-term intercompany receivables including accruals		3 457 584	2 366 882
Other than intercompany receivables		2 206 719	2 269 101
Total short-term receivables including accruals		5 664 303	4 635 983

3.4. Equity

Valuation differences include the difference from the revaluation of securities available for sale net of a deferred tax liability.

As a result of the Doprava Merger (Note 2.1), the Company's equity increased by CZK 32,335 thousand as of 1 January 2023.

As a result of the Trialfa Merger (Note 2.1), the Company's equity increased by CZK 22,430 thousand as of 1 January 2024.

The sole shareholder decided to distribute the net profit of the Company after tax for 2023 in the amount of CZK 44,369 thousand as follows:

– Retained earnings brought forward CZK 44,369 thousand.

3.4.1. SHARE CAPITAL

The Company's share capital is composed of 8,109,863 ordinary registered shares in the certificate form, fully subscribed and paid up, with a nominal value of CZK 1 thousand per share.

3.4.2. PROPOSAL FOR THE ALLOCATION OF PROFIT FOR 2024

In 2024, the Company generated net profit after tax of CZK 315,722 thousand. It is proposed to be distributed as follows:

– Retained earnings brought forward CZK 315,722 thousand.

3.5. Reserves

Other reserves principally consist of reserves for employee bonuses and risks arising from business relations, including warranty claims.

3.6. Payables

3.6.1. LONG-TERM PAYABLES

Long-term trade payables as of 31 December 2024 include payables arising from retentions from suppliers under concluded contracts.

As of 31 December 2024, the Company records no long-term payables secured with material guarantees.

As of 31 December 2024, and as of 31 December 2023, the Company did not record trade payables with maturity longer than five years.

3.6.2. DEFERRED INCOME TAX

The deferred tax liability is analysed as follows:

IN CZK THOUSAND

Deferred tax arising from	Balance at 31 Dec 2024	Impact of Merger as of 1 Jan 2024	Balance at 31 Dec 2023
Difference between tax and accounting carrying values of fixed assets	-6 961 748	-486	-7 099 315
Revaluation of available-for-sale securities	2 054	0	2 054
Accounting reserves	136 108	0	86 220
Provisions	1 241 747	0	1 513 895
Expenses that are tax deductible in the following periods	83 076	0	71 628
Total	-5 498 763	-486	-5 425 518
Tax rate (in %)	21	21	21
Deferred tax liability	-1 154 740	-102	-1 139 359

IN CZK THOUSAND

Analysis of movements	
31 Dec 2023	-1 139 359
Impact of Merger as of 1 Jan 2024	-102
Current changes charged against the profit and loss account	-15 279
31 Dec 2024	-1 154 740

3.6.3. INCOME TAX

IN CZK THOUSAND

	Balance at 31 Dec 2024	Balance at 31 Dec 2023
Profit before tax	339 229	108 308
Tax at the domestic income tax rate of 21% (or 19%)	71 238	20 579
Impact of changing the tax rate for deferred tax from 19% to 21%	0	108 551
Tax effect of expenses/income that are/is not deductible	-47 731	-65 191
Total income tax for the period – recognised in deferred tax and income tax liability	23 507	63 939

3.6.4. SHORT-TERM PAYABLES

As of 31 December 2024 and 2023, the Company recorded no short-term trade payables past their due dates.

As of 31 December 2024, the Company reports short-term prepayments received, primarily comprising prepayments for expected insurance claims related to the wind heater accident amounting to CZK 950,000 thousand and prepayments for service supplies.

Payables typically fall due for settlement within 60 days.

Other Payables

In the years ended 31 December 2024 and 31 December 2023, the category 'State – tax liabilities and subsidies' principally comprised received subsidies for emission allowances, and a payable arising from personal income tax.

As of 31 December 2024 and 31 December 2023, estimated payables mainly consist of an estimated payable intended to cover all so far unrecognised payments relating to staff costs, an estimated payable for fees under Act No. 201/2012 Coll., on Air Protection, and an estimated payable arising from unbilled inventory including services.

As of 31 December 2024 and 31 December 2023, sundry payables primarily include payables arising from the group registration for value-added tax.

3.6.5. INTERCOMPANY PAYABLES

Long-Term Payables

IN CZK THOUSAND

Company name	Relation to the Company	Balance at 31 Dec 2024	Balance at 31 Dec 2023
Long-term payables			
• Trade payables			
Strojírny a stavby Třinec, a.s.	Controlled entity	397	2 771
Total		397	2 771
Total long-term intercompany payables		397	2 771
Other than intercompany payables		3 703 362	3 676 682
Total long-term payables		3 703 759	3 679 453

Other than intercompany long-term payables as of 31 December 2024 and 2023 primarily included a deferred tax liability of CZK 1,154,740 thousand and CZK 1,139,359 thousand, respectively, and payables to credit institutions of CZK 2,539,951 thousand and CZK 2,525,398 thousand, respectively.

Short-Term Payables

IN CZK THOUSAND

Company name	Relation to the Company	Balance at 31 Dec 2024	Balance at 31 Dec 2023
• Trade payables			
ENERGETIKA TŘINEC, a.s.	Controlled entity	851 709	977 038
Ocelářská unie a.s.	Associate	923	923
Šroubárna Kyjov, spol. s r.o.	Controlled entity	2 059	2 302
MORAVIA STEEL a.s.	Controlling entity	2 098 113	1 855 944
REFRASIL, s.r.o.	Controlled entity	25 186	24 068
Řetězárna a.s.	Controlled entity	1 237	672
Slévárny Třinec, a.s.	Controlled entity	7 203	8 338
TRIALFA, s.r.o.	Controlled entity	0	12 749
TRISIA, a.s.	Controlled entity	1 239	1 444
TŘINECKÁ PROJEKCE, a.s.	Controlled entity	0	3 223
Třinecké gastroslužby, s.r.o.	Controlled entity	9 530	9 458
VESUVIUS ČESKÁ REPUBLIKA, a.s.	Associate	44 258	10 875
Strojírny a stavby Třinec, a.s.	Controlled entity	194 911	215 226
VÚHŽ a.s.	Controlled entity	273	550
Beskydská golfová a.s.	Fellow subsidiary	0	5 445
Moravia Security, a.s.	Controlled entity	10 596	9 603
Moravskoslezský kovošrot, a.s.	Fellow subsidiary	99 822	82 575
„ZAMECZEK BŁOGOCICE“ Sp. z o.o.	Controlled entity	99	96
ŽDB DRÁTOVNA a.s.	Controlled entity	2 599	2 781
„NEOMET“ Sp. z o.o.	Fellow subsidiary	99 788	153 182
Security Morava, s.r.o.	Controlled entity	1 681	1 498
BOHEMIA RINGS s.r.o.	Controlled entity	3 049	3 081
ENEZA, s.r.o.	Controlled entity	1 104	992
MSV Metal Studénka a.s.	Fellow subsidiary	163	187
EKOSTROJÍRENSTVÍ TŘINEC, a.s.	Controlled entity	27 202	0
„METALURGIA“ SPÓŁKA AKCYJNA	Controlled entity	179	0
Total		3 482 923	3 382 250

☑ TABLE CONTINUES ON THE FOLLOWING PAGE

☑ CONTINUATION OF THE TABLE FROM THE PREVIOUS PAGE

Company name	Relation to the Company	Balance at 31 Dec 2024	Balance at 31 Dec 2023
Accrued expenses			
MORAVIA STEEL a.s.	Controlling entity	4 061	9 433
BOHEMIA RINGS s.r.o.	Controlled entity	541	0
Total		4 602	9 433
Estimated payables			
MORAVIA STEEL a.s.	Controlling entity	4	0
Total		4	0
Sundry payables			
MORAVIA STEEL a.s.	Controlling entity	49 745	46 010
Total		49 745	46 010
Total short-term intercompany payables including accruals		3 537 274	3 437 693
Other than intercompany payables		4 869 795	6 037 206
Total short-term payables including accruals		8 407 069	9 474 899

Other than intercompany short-term payables as of 31 December 2024 and 2023 predominantly include payables to credit institutions of CZK 953,175 thousand and CZK 1,258,694 thousand, respectively, and tax liabilities and subsidies of CZK 505,726 thousand and CZK 1,725,940 thousand, respectively.

3.6.6. PAYABLES TO CREDIT INSTITUTIONS

Long-Term Payables to Credit Institutions

IN CZK THOUSAND

Type of payable	Currency	Balance at 31 Dec 2024	Balance at 31 Dec 2023	Form of collateral at 31 Dec 2024
Investment	EUR	112 262	330 635	Immovable and movable assets, insurance receivables
Investment	CZK	360 000	600 000	Immovable and movable assets, insurance receivables, promissory note
Investment	EUR	567 922	760 294	Immovable and movable assets, insurance receivables, promissory note
Investment	EUR	661 106	834 469	Without collateral
Investment	CZK	838 661	0	Immovable and movable assets, insurance receivables
Total		2 539 951	2 525 398	

The Company records repayments of long-term payables to credit institutions over five years in the amount of CZK 93,185 thousand.

Short-Term Payables to Credit Institutions

IN CZK THOUSAND

Type of payable	Currency	Balance at 31 Dec 2024	Balance at 31 Dec 2023	Form of collateral at 31 Dec 2024
Investment	CZK	0	171 428	Immovable and movable assets, insurance receivables, promissory note
Investment	EUR	224 524	220 423	Immovable and movable assets, insurance receivables
Investment	CZK	240 000	240 000	Immovable and movable assets, insurance receivables, promissory note
Investment	EUR	206 517	202 745	Immovable and movable assets, insurance receivables, promissory note
Investment	EUR	188 887	92 719	No collateral
Acquisition	EUR	93 185	0	Securities, promissory note
Overdraft	CZK	0	49 160	Promissory note
Overdraft	CZK	0	57 309	No collateral
Overdraft	CZK	0	53 139	Promissory note
Overdraft	CZK	0	55 155	Promissory note
Overdraft	CZK	0	49 520	Promissory note
Overdraft	CZK	0	67 092	Promissory note
Short-term loan	CZK	62	4	No collateral
Total		953 175	1 258 694	

3.7. Details of Income from Ordinary Activities

IN CZK THOUSAND

	31 Dec 2024	31 Dec 2023
Proceeds of the sale of goods	27	750
Proceeds of the sale of products and services	47 370 656	49 691 124
– Products	46 601 513	49 042 556
– Services	769 143	648 568
Total sales of goods, products and services	47 370 683	49 691 874

99.56% of the Company's sales of goods, products, and services are generated in the Czech Republic.

3.8. Other Expenses and Income

As of 31 December 2024, other operating income of the Company mainly involves the use of the subsidy related to emission allowances, including the income from the sale of allowances, of CZK 8,909,833 thousand (2023: CZK 13,198,085 thousand) and expected insurance benefits related to an accident of the wind heater of CZK 0 thousand (2023: CZK 535,015 thousand).

Other financial income as of 31 December 2024 and 2023 predominantly included foreign exchange rate gains of CZK 60,670 thousand and CZK 97,903 thousand, respectively.

As of 31 December 2024, other operating expenses primarily reflect the use of emission allowances, including the costs of the sale of allowances, of CZK 6,778,318 thousand (2023: CZK 9,438,534 thousand).

Other financial expenses as of 31 December 2024 predominantly include foreign exchange rate losses of CZK 124,513 thousand (2023: CZK 203,088 thousand).

Financial gifts are reported in operating expenses. The total amount of gifts provided in 2024 amounted to CZK 21,948 thousand (2023: CZK 22,231 thousand).

In the year ended 31 December 2024, the Company received and reported the compensation for the indirect costs for industries identified as having a significant risk of carbon leakage due to the reflection of the costs associated with greenhouse gas emissions in the price of electricity for the calendar year of 2023 in the amount of CZK 165,723 thousand.

In the year ended 31 December 2023, the Company received and reported the compensation for the indirect costs for industries identified as having a significant risk of carbon leakage due to the reflection of the costs associated with greenhouse gas emissions in the price of electricity for the calendar year of 2022 in the amount of CZK 308,021 thousand.

3.9. Subsidies

Subsidies for operating purposes of CZK 2,325 thousand used in 2024 include subsidies for the Museum of Třinec Ironworks and the City of Třinec and subsidies for environmental projects.

Subsidies for operating purposes of CZK 500 thousand used in 2023 include subsidies for the Museum of Třinec Ironworks and the City of Třinec.

In the year ended 31 December 2024, the Company drew a subsidy for the acquisition of environmental and other investments of CZK 39,965 thousand.

In the year ended 31 December 2023, the Company drew a subsidy for the acquisition of environmental and other investments of CZK 60,449 thousand.

3.10. Research and Development Costs

IN CZK THOUSAND

	31 Dec 2024	31 Dec 2023
Research and development costs (net of subsidies)	16 290	13 829

3.11. Related Party Transactions

3.11.1. INCOME GENERATED WITH RELATED PARTIES

Income from intercompany transactions amounted to CZK 48,582,500 thousand and CZK 52,506,679 thousand in the years ended 31 December 2024 and 2023, respectively. All intercompany transactions were at arm's length.

The following table shows the income generated with the controlling entity and other entities in the consolidation group for the year ended 31 December 2024:

IN CZK THOUSAND

Entity	Relation to the Company	Fixed assets	Inventory of material, products and goods	Services	Other income	Total
MORAVIA STEEL a.s.	Controlling entity	0	45 043 694	382 814	528	45 427 036
ENERGETIKA TŘINEC, a.s.	Controlled entity	*2 131 515	436 417	48 303	126	2 616 361
REFRASIL, s.r.o.	Controlled entity	0	1 549	7 294	42	8 885
Řetězárna a.s.	Controlled entity	0	0	192	0	192
Slévárny Třinec, a.s.	Controlled entity	0	237 181	25 139	301	262 621
VESUVIUS ČESKÁ REPUBLIKA, a.s.	Associate	0	10	10 954	2	10 966
Šroubárna Kyjov, spol. s r.o.	Controlled entity	0	1	6 015	0	6 016
Strojírny a stavby Třinec, a.s.	Controlled entity	0	123 880	60 413	109	184 402
VÚHŽ a.s.	Controlled entity	0	2 450	2 572	2	5 024
HŽP a.s.	Controlled entity	0	0	3 346	0	3 346
„METALURGLIA“ Spółka Akcyjna**	Controlled entity	0	0	2 610	0	2 610
ŽDB DRÁTOVNA a.s.	Controlled entity	0	12	22 104	32	22 148
BOHEMIA RINGS s.r.o.	Controlled entity	0	153	5 074	5	5 232
Total		2 131 515	45 845 347	576 830	1 147	48 554 839

Note: * including the sale of allowances

** The translation was made using the average value of the foreign exchange rate.

The income arising from intercompany profit shares for the year ended 31 December 2024 is disclosed in Note 3.2.

The following table shows the income generated with the controlling entity and other entities in the consolidation group for the year ended 31 December 2023:

IN CZK THOUSAND

Entity	Relation to the Company	Fixed assets	Inventory of material, products and goods	Services	Other income	Total
MORAVIA STEEL a.s.	Controlling entity	0	47 255 429	300 214	451	47 556 094
ENERGETIKA TŘINEC, a.s.	Controlled entity	*3 759 551	431 228	49 370	222	4 240 371
REFRASIL, s.r.o.	Controlled entity	0	1 673	6 678	3	8 354
Řetězárna a.s.	Controlled entity	0	0	1 724	0	1 724
Slévárny Třinec, a.s.	Controlled entity	2 063	352 714	25 715	74	380 566
VESUVIUS ČESKÁ REPUBLIKA, a.s.	Associate	0	7	10 100	0	10 107
Šroubárna Kyjov, spol. s r.o.	Controlled entity	0	5 548	0	0	5 548
Strojírny a stavby Třinec, a.s.	Controlled entity	0	161 965	46 112	156	208 233
VÚHŽ a.s.	Controlled entity	0	2 592	2 440	1	5 033
HŽP a.s.	Controlled entity	0	10	3 197	0	3 207
„METALURGLIA“ Spółka Akcyjna**	Controlled entity	0	0	2 532	0	2 532
ŽDB DRÁTOVNA a.s.	Controlled entity	0		16 986	72	17 058
BOHEMIA RINGS s.r.o.	Controlled entity	0	420	0	10	430
Total		3 761 614	48 211 586	465 068	989	52 439 257

Note: * including the sale of allowances

** The translation was made using the average value of the foreign exchange rate.

The income arising from intercompany profit shares for the year ended 31 December 2023 is disclosed in Note 3.2.

3.11.2. PURCHASES FROM RELATED PARTIES

Total purchases from related parties amounted to CZK 34,837,152 thousand and CZK 38,013,028 thousand in the years ended 31 December 2024 and 2023. All related party transactions were at arm's length.

The following table shows purchases from the controlling entity and other entities included in the consolidation group in the year ended 31 December 2024:

IN CZK THOUSAND

Entity	Type of entity	Fixed assets	Inventory of material, products and goods	Services	Other expenses	Total
MORAVIA STEEL a.s.	Controlling entity	0	23 828 343	303 266	207	24 131 816
ENERGETIKA TŘINEC, a.s.	Controlled entity	596	4 382 377	120 666	774 081	5 277 720
REFRASIL, s.r.o.	Controlled entity	0	564	187 466	0	188 030
Řetězárna a.s.	Controlled entity	0	8 751	0	112	8 863
Slévárny Třinec, a.s.	Controlled entity	5 575	71 311	1 015	0	77 901
VESUVIUS ČESKÁ REPUBLIKA, a.s.	Associate	20 214	0	107 772	0	127 986
Šroubárna Kyjov, spol. s r.o.	Controlled entity	0	17 714	0	0	17 714
Strojírny a stavby Třinec, a.s.	Controlled entity	372 931	418 541	624 489	38 888	1 454 849
VÚHŽ a.s.	Controlled entity	0	2 418	2 103	0	4 521
„METALURGIA“ Spółka Akcyjna*	Controlled entity	0	0	1 047	0	1 047
„D&D“ Drótaru Zrt.*	Controlled entity	0	17 996	0	0	17 996
ŽDB DRÁTOVNA a.s.	Controlled entity	0	6 744	3 504	0	10 248
BOHEMIA RINGS s.r.o.	Controlled entity	0	12 521	0	0	12 521
Total		399 316	28 767 280	1 351 328	813 288	31 331 212

* The translation was made using the average value of the foreign exchange rate.

The following table shows purchases from the controlling entity and other entities included in the consolidation group in the year ended 31 December 2023:

IN CZK THOUSAND

Entity	Type of entity	Fixed assets	Inventory of material, products and goods	Services	Other expenses	Total
MORAVIA STEEL a.s.	Controlling entity	13	25 796 746	296 052	1 265	26 094 076
ENERGETIKA TŘINEC, a.s.	Controlled entity	7 878	5 656 781	113 131	926 169	6 703 959
REFRASIL, s.r.o.	Controlled entity	0	401	186 529	0	186 930
Řetězárna a.s.	Controlled entity	0	8 240	0	0	8 240
Slévárny Třinec, a.s.	Controlled entity	4 215	78 862	837	0	83 914
VESUVIUS ČESKÁ REPUBLIKA, a.s.	Associate	0	0	110 960	0	110 960
Šroubárna Kyjov, spol. s r.o.	Controlled entity	0	26 341	0	0	26 341
Strojírny a stavby Třinec, a.s.	Controlled entity	297 264	393 084	581 934	1	1 272 283
VÚHŽ a.s.	Controlled entity	48	2 186	2 714	0	4 948
„D&D” Drótaru Zrt.*	Controlled entity	0	13 882	0	0	13 882
ŽDB DRÁTOVNA a.s.	Controlled entity	0	7 776	4 388	0	12 164
BOHEMIA RINGS s.r.o.	Controlled entity	0	15 948	0	0	15 948
Total		309 418	32 000 247	1 296 545	927 435	34 533 645

* The translation was made using the average value of the foreign exchange rate.

3.12. Employees, Management, and Supervisory Board

Staff Costs and Number of Employees

31 December 2024

IN CZK THOUSAND

	Number	Total staff costs
Employees	6 837.7	5 028 797
Management	40.8	126 569
Total	6 878.5	5 155 366

31 December 2023

IN CZK THOUSAND

	Number	Total staff costs
Employees	6 804	4 846 547
Management	39	130 251
Total	6 843	4 976 798

For the purposes of these financial statements, the category of management includes the members of the Supervisory Board, the members of the Board of Directors, the Investment Director, managers of operations and specialised units and the plant director.

The number of employees and management members is based on the average recalculated number of employees and management members. The values related to 2024 and 2023 include the impact of the Mergers (Note 2.1).

3.13. Loans, Borrowings, and Other Benefits Provided

31 December 2024

IN CZK THOUSAND

	Management
Company cars used for private purposes (the figure increases the tax base of employees)	3 358
Liability insurance	607

31 December 2023

IN CZK THOUSAND

	Management
Company cars used for private purposes (the figure increases the tax base of employees)	3 558
Liability insurance	575

3.14. Contingent Liabilities and Assets and Off Balance Sheet Commitments, Legal Disputes

Provided Guarantees

31 December 2024

Type	Total amount	Balance at 31 Dec 2024
Guarantees		
– To other entities	EUR 3,249 thousand	CZK 81,833 thousand
	CZK 40,000 thousand	CZK 40,000 thousand

31 December 2023

Type	Total amount	Balance at 31 Dec 2023
Guarantees		
– To other entities	EUR 3,249 thousand	CZK 80,338 thousand
	CZK 40,000 thousand	CZK 40,000 thousand

Received Guarantees

31 December 2024

Type	Total amount	Balance at 31 Dec 2024
Guarantees		
– From other entities	EUR 4,487 thousand	CZK 113,004 thousand
	CZK 21,320 thousand	CZK 21,320 thousand

31 December 2023

Type	Total amount	Balance at 31 Dec 2023
Guarantees		
– From other entities	EUR 5,574 thousand	CZK 137,814 thousand
	CZK 46,037 thousand	CZK 46,037 thousand

As of 31 December 2024, the Company records in off-balance sheet records both promissory notes issued by the Company in favour of credit institutions and promissory notes received, issued in favour of the Company to collateralise financial payables under the Revolving Credit Agreements.

Legal Disputes

Dispute based on an action filed by the Company on 14 February 2025 at the Municipal Court in Prague against the decision of the Ministry of Industry and Trade of the Czech Republic issued under Ref. No. MPO 86138/2024 on 12 December 2024. By this decision, the Company was awarded a compensation for indirect costs for 2023 (according to Government Regulation No. 565/2020 Coll.) only in a reduced amount, i.e. CZK 165,722,948.00, although the Company claimed compensation for indirect costs for 2023 in the amount of CZK 458,272,980.30 by a duly filed application. The contested decision of the Ministry of Industry and Trade provided compensation only in an amount reduced by the amount of other public support provided to the Company, specifically by the amount provided to the Company in the form of the electricity price cap. By this action, the Company seeks the annulment of the above-mentioned decision of the Ministry of Industry and Trade on the provision of compensation for indirect costs. The matter has not yet been resolved.

Environmental Liabilities

The Company was subject to an environmental audit, which highlighted the Company's environmental obligations. Based upon the audit, the Company entered into an agreement with the National Property Fund of the Czech Republic for the settlement of expenses involved in removing environmental liabilities up to CZK 514 million that had arisen prior to privatisation.

Under the amendment to this contract concluded on 3 November 2008 with the Czech Republic – the Ministry of Finance, the guarantee of the Ministry of Finance is capped at CZK 843.6 million. This guarantee covers environmental liabilities of the Company. For this reason, the Company does not create a reserve for environmental burdens.

As of 31 December 2024, the Company used up funds in the amount of CZK 552,562 thousand (2023: CZK 548,947 thousand).

3.15. Post Balance Sheet Events

After the balance sheet date, no events occurred that would have a material impact on the financial statements for the year ended 31 December 2024.

IX

FINANCIAL PART II. Consolidated Financial Statements

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

Name of the Company	TŘINECKÉ ŽELEZÁRNY, a. s.
Registered Office	Průmyslová 1000, Staré Město, 739 61 Třinec
Legal Status	Joint Stock Company
Corporate ID	180 50 646

Components of the Consolidated Financial Statements:

Consolidated Balance Sheet

Consolidated Profit and Loss Account

Consolidated Statement of Changes in Equity

Consolidated Cash Flow Statement

Consolidated Notes to the Financial Statements

These consolidated financial statements were prepared on 3 March 2025.

Statutory body of the reporting entity:

Roman Heide

CHAIRMAN OF THE BOARD OF DIRECTORS

Radomíra Pekárková

MEMBER OF THE BOARD OF DIRECTORS

CONSOLIDATED BALANCE SHEET FULL VERSION – ASSETS

IN CZK THOUSAND

				31.12.2024	31.12.2023
		Gross	Adjustment	Net	Net
	Total ASSETS	100 703 223	-49 959 709	50 743 514	52 289 405
B.	Fixed assets	74 090 640	-48 385 302	25 705 338	27 325 632
<i>B.I.</i>	<i>Intangible fixed assets</i>	<i>1 761 824</i>	<i>-447 676</i>	<i>1 314 148</i>	<i>2 569 852</i>
B.I.1.	Development	2 972	-2 972		
B.I.2.	Valuable rights	516 754	-429 691	87 063	92 659
B.I.2.1.	Software	315 365	-284 257	31 108	36 197
B.I.2.2.	Other valuable rights	201 389	-145 434	55 955	56 462
B.I.3.	Goodwill	344	-344		
B.I.4.	Other intangible fixed assets	1 220 189	-14 669	1 205 520	2 468 379
B.I.5.	Prepayments for intangible fixed assets and intangible fixed assets under construction	21 565		21 565	8 814
B.I.5.1.	Prepayments for intangible fixed assets	1 482		1 482	
B.I.5.2.	Intangible fixed assets under construction	20 083		20 083	8 814
<i>B.II.</i>	<i>Tangible fixed assets</i>	<i>71 368 291</i>	<i>-47 627 737</i>	<i>23 740 554</i>	<i>24 055 708</i>
B.II.1.	Land and structures	18 451 085	-10 125 668	8 325 417	8 575 378
B.II.1.1.	Land	850 727		850 727	800 300
B.II.1.2.	Structures	17 600 358	-10 125 668	7 474 690	7 775 078
B.II.2.	Tangible movable assets and sets of tangible movable assets	50 754 104	-37 408 859	13 345 245	14 154 242
B.II.4.	Other tangible fixed assets	122 730	-87 294	35 436	35 395
B.II.4.3.	Sundry tangible fixed assets	122 730	-87 294	35 436	35 395
B.II.5.	Prepayments for tangible fixed assets and tangible fixed assets under construction	2 040 372	-5 916	2 034 456	1 290 693
B.II.5.1.	Prepayments for tangible fixed assets	72 336		72 336	109 214
B.II.5.2.	Tangible fixed assets under construction	1 968 036	-5 916	1 962 120	1 181 479

☑ TABLE CONTINUES ON THE FOLLOWING PAGE

☑ CONTINUATION OF THE TABLE FROM THE PREVIOUS PAGE

CONSOLIDATED BALANCE SHEET FULL VERSION – ASSETS

IN CZK THOUSAND

				31.12.2024	31.12.2023
		Gross	Adjustment	Net	Net
B.III.	Non-current financial assets	459 131	-103 069	356 062	370 566
B.III.1.	Equity investments – controlled or controlling entity	412 927	-83 789	329 138	342 898
B.III.3.	Equity investments in associates	26 202	-19 280	6 922	7 666
B.III.5.	Other non-current securities and investments	2		2	2
B.III.7.	<i>Other non-current financial assets</i>	20 000		20 000	20 000
B.III.7.1.	Sundry non-current financial assets	20 000		20 000	20 000
B.IV.	Goodwill on consolidation	367 023	-206 820	160 203	172 565
B.IV.1.	Positive goodwill on consolidation	381 589	-211 432	170 157	183 247
B.IV.2.	Negative goodwill on consolidation	-14 566	4 612	-9 954	-10 682
B.V.	Securities and equity investments under equity accounting	134 371		134 371	156 941
C.	Current assets	26 612 583	-1 574 407	25 038 176	24 963 773
C.I.	Inventories	17 250 961	-1 420 880	15 830 081	16 858 622
C.I.1.	Material	7 189 575	-485 978	6 703 597	7 544 629
C.I.2.	Work in progress and semifinished goods	5 909 296	-597 964	5 311 332	5 579 315
C.I.3.	<i>Products and goods</i>	4 136 381	-336 938	3 799 443	3 718 080
C.I.3.1.	Products	4 053 086	-334 909	3 718 177	3 632 545
C.I.3.2.	Goods	83 295	-2 029	81 266	85 535
C.I.5.	Prepayments for inventories	15 709		15 709	16 598

☑ TABLE CONTINUES ON THE FOLLOWING PAGE

☑ CONTINUATION OF THE TABLE FROM THE PREVIOUS PAGE

CONSOLIDATED BALANCE SHEET FULL VERSION – ASSETS

IN CZK THOUSAND

				31.12.2024	31.12.2023
		Gross	Adjustment	Net	Net
<i>C.II.</i>	Receivables	8 065 530	-153 527	7 912 003	7 488 281
<i>C.II.1.</i>	Long-term receivables	109 069	-67 797	41 272	62 825
C.II.1.1.	Trade receivables	6 398	-462	5 936	11 131
C.II.1.2.	Receivables – controlled or controlling entity	67 123	-67 123		
C.II.1.4.	Deferred tax asset	11 543		11 543	15 720
C.II.1.5.	<i>Receivables – other</i>	24 005	-212	23 793	35 974
C.II.1.5.2.	Long-term prepayments made	306		306	305
C.II.1.5.4.	Sundry receivables	23 699	-212	23 487	35 669
<i>C.II.2.</i>	Short-term receivables	7 674 799	-85 730	7 589 069	7 201 751
C.II.2.1.	Trade receivables	5 464 004	-61 656	5 402 348	4 518 485
C.II.2.4.	<i>Receivables – other</i>	2 210 795	-24 074	2 186 721	2 683 266
C.II.2.4.3.	State – tax assets	488 578		488 578	684 253
C.II.2.4.4.	Short-term prepayments made	21 916		21 916	9 568
C.II.2.4.5.	Estimated receivables	1 613 755		1 613 755	1 956 905
C.II.2.4.6.	Sundry receivables	86 546	-24 074	62 472	32 540
<i>C.II.3.</i>	Other assets	281 662		281 662	223 705
C.II.3.1.	Deferred expenses	161 415		161 415	140 763
C.II.3.2.	Complex deferred expenses	67 066		67 066	77 694
C.II.3.3.	Accrued income	53 181		53 181	5 248
<i>C.IV.</i>	Cash	1 296 092		1 296 092	616 870
C.IV.1.	Cash on hand	3 491		3 491	4 741
C.IV.2.	Cash at bank	1 292 601		1 292 601	612 129

CONSOLIDATED BALANCE SHEET FULL VERSION – LIABILITIES & EQUITY

IN CZK THOUSAND

		31.12.2024	31.12.2023
	Total LIABILITIES & EQUITY	50 743 514	52 289 405
A.	Equity	34 730 000	34 488 225
A.I.	Share capital	8 109 863	8 109 863
A.I.1.	Share capital	8 109 863	8 109 863
A.II.	Share premium and capital funds	-120 578	-102 169
A.II.2.	Capital funds	-120 578	-102 169
A.II.2.1.	Other capital funds	135 415	135 415
A.II.2.2.	Gains or losses from the revaluation of assets and liabilities (+/-)	-255 993	-237 584
A.III.	Funds from profit	3 312 852	3 312 852
A.III.1.	Other reserve funds	3 312 852	3 312 852
A.IV.	Retained earnings (+/-)	22 429 935	23 655 694
A.IV.1.	Accumulated profits or losses brought forward (+/-)	22 429 935	23 655 694
A.V.	Profit or loss for the current period net of minority interests	237 753	-1 222 841
A.V.1.	Profit or loss for the current period (+/-)	234 975	-1 248 189
A.V.2.	Share in profit or loss under equity accounting	2 778	25 348
A.VII.	Consolidation reserve fund	760 175	734 826
B.+C.	Liabilities	15 672 199	17 468 934
B.	Reserves	250 497	205 496
B.1.	Reserve for pensions and similar liabilities	942	919
B.3.	Reserves under special legislation	1 140	1 138
B.4.	Other reserves	248 415	203 439
C.	Payables	15 421 702	17 263 438
C.I.	Long-term payables	4 378 993	4 457 454
C.I.2.	Payables to credit institutions	2 857 360	2 910 849
C.I.3.	Long-term prepayments received	6 851	
C.I.4.	Trade payables	8 982	19 068

☑ TABLE CONTINUES ON THE FOLLOWING PAGE

☑ CONTINUATION OF THE TABLE FROM THE PREVIOUS PAGE

CONSOLIDATED BALANCE SHEET FULL VERSION – LIABILITIES & EQUITY

IN CZK THOUSAND

		31.12.2024	31.12.2023
C.I.8.	Deferred tax liability	1 505 800	1 522 408
C.I.9.	Payables – other		5 129
C.I.9.3.	Sundry payables		5 129
C.II.	Short-term payables	10 768 722	12 656 378
C.II.2.	Payables to credit institutions	1 566 241	2 027 462
C.II.3.	Short-term prepayments received	1 082 993	1 413 631
C.II.4.	Trade payables	5 667 294	5 520 770
C.II.8.	Other payables	2 452 194	3 694 515
C.II.8.2.	Short-term financial borrowings	84	83
C.II.8.3.	Payables to employees	641 695	647 771
C.II.8.4.	Social security and health insurance payables	279 041	270 746
C.II.8.5.	State – tax liabilities and subsidies	1 295 525	2 530 340
C.II.8.6.	Estimated payables	128 315	149 389
C.II.8.7.	Sundry payables	107 534	96 186
C.III.	Other liabilities	273 987	149 606
C.III.1.	Accrued expenses	271 553	148 164
C.III.2.	Deferred income	2 434	1 442
D.	Minority equity	341 315	332 246
D.1.	Minority share capital	58 800	58 800
D.2.	Minority capital funds	1	1
D.3.	Minority profit funds incl. accumulated profits or losses brought forward	264 625	259 062
D.5.	Minority profit or loss for the current period	17 889	14 383

CONSOLIDATED PROFIT AND LOSS ACCOUNT STRUCTURED BY THE NATURE OF EXPENSE METHOD

IN CZK THOUSAND

		Year ended 31.12.2024	Year ended 31.12.2023
I.	Sales of products and services	59 678 393	63 400 619
II.	Sales of goods	256 014	363 495
A.	Purchased consumables and services	50 056 539	55 622 669
A.1.	Costs of goods sold	220 059	316 594
A.2.	Consumed material and energy	45 203 123	50 844 291
A.3.	Services	4 633 357	4 461 784
B.	Change in internally produced inventory (+/-)	488 843	1 377 389
C.	Own work capitalised (-)	-1 883 449	-1 949 279
D.	Staff costs	8 314 625	8 089 725
D.1.	Payroll costs	5 940 318	5 725 001
D.2.	Social security and health insurance costs and other charges	2 374 307	2 364 724
D.2.1.	Social security and health insurance costs	1 956 861	1 887 510
D.2.2.	Other charges	417 446	477 214
E.	Adjustments to values in operating activities	2 115 426	2 843 600
E.1.	<i>Adjustments to values of intangible and tangible fixed assets</i>	2 404 821	2 496 024
E.1.1.	Adjustments to values of intangible and tangible fixed assets – permanent	2 353 257	2 360 483
E.1.A.	Accounting for positive goodwill arising on consolidation	19 079	19 079
E.1.B.	Accounting for negative goodwill arising on consolidation	-728	-728
E.1.2.	Adjustments to values of intangible and tangible fixed assets – temporary	33 213	117 190
E.2.	Adjustments to values of inventories	-286 448	342 527
E.3.	Adjustments to values of receivables	-2 947	5 049
III.	Other operating income	7 532 721	10 147 517
III.1.	Sales of fixed assets	56 019	49 810
III.2.	Sales of material	144 155	139 591
III.3.	Sundry operating income	7 332 547	9 958 116
F.	Other operating expenses	7 740 555	8 917 961
F.1.	Net book value of sold fixed assets	7 972	9 398
F.2.	Material sold	131 009	134 828

☑ TABLE CONTINUES ON THE FOLLOWING PAGE

☑ CONTINUATION OF THE TABLE FROM THE PREVIOUS PAGE

CONSOLIDATED PROFIT AND LOSS ACCOUNT STRUCTURED BY THE NATURE OF EXPENSE METHOD

IN CZK THOUSAND

		Year ended 31.12.2024	Year ended 31.12.2023
F.3.	Taxes and charges	99 366	72 897
F.4.	Reserves relating to operating activities and complex deferred expenses	48 609	-357 378
F.5.	Sundry operating expenses	7 453 599	9 058 216
*	Operating profit or loss (+/-)	634 589	-990 434
IV.	Income from non-current financial assets – equity investments	42 025	22 575
IV.1.	Income from equity investments – controlled or controlling entity	42 016	22 569
IV.2.	Other income from equity investments	9	6
V.	Income from other non-current financial assets	752	1 137
V.2.	Other income from other non-current financial assets	752	1 137
VI.	Interest income and similar income	16 900	22 167
VI.1.	Interest income and similar income – controlled or controlling entity	4 394	5 310
VI.2.	Other interest income and similar income	12 506	16 857
I.	Adjustments to values and reserves relating to financial activities	10 963	-86 538
J.	Interest expenses and similar expenses	233 939	338 601
J.2.	Other interest expenses and similar expenses	233 939	338 601
VII.	Other financial income	230 448	323 217
K.	Other financial expenses	303 857	433 724
*	Financial profit or loss (+/-)	-258 634	-316 691
**	Profit or loss before tax (+/-)	375 955	-1 307 125
L.	Income tax	123 091	-73 319
L.1.	Due income tax	134 636	200 568
L.2.	Deferred income tax (+/-)	-11 545	-273 887
**	Profit or loss net of tax (+/-)	252 864	-1 233 806
**	Consolidated profit or loss excluding equity accounted investments	252 864	-1 233 806
	Consolidated profit or loss excluding minority interests	234 975	-1 248 189
	Minority profit or loss	17 889	14 383
*	Profit or loss under equity accounting	2 778	25 348
	Profit or loss for the current period (+/-)	255 642	-1 208 458
***	Profit or loss for the current period excluding minority interests (+/-)	237 753	-1 222 841
*	Net turnover for the current period	60 025 994	

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

IN CZK THOUSAND

	Share capital	Capital funds	Funds from profit, other reserve funds	Accumulated profits or losses brought forward	Profit or loss for the current period	Consolidation reserve fund	Profit or loss under equity accounting	Total EQUITY
Balance at 31 December 2022	8 109 863	-174 333	3 312 852	20 531 168	3 092 191	722 392	12 434	35 606 567
Effect of the merger as of 1 January 2023				32 335				32 335
Balance at 1 January 2023	8 109 863	-174 333	3 312 852	20 563 503	3 092 191	722 392	12 434	35 638 902
Profit for the current period					-1 248 189		25 348	-1 222 841
Distribution of profit or loss				3 092 191	-3 092 191	12 434	-12 434	
Profit shares paid		-319						-319
Revaluation of assets		72 483						72 483
Balance at 31 December 2023	8 109 863	-102 169	3 312 852	23 655 694	-1 248 189	734 826	25 348	34 488 225
Effect of the merger as of 1 January 2024				22 430				22 430
Balance at 1 January 2024	8 109 863	-102 169	3 312 852	23 678 124	-1 248 189	734 826	25 348	34 510 655
Profit for the current period					234 975		2 778	237 753
Distribution of profit or loss				-1 248 189	1 248 189	25 348	-25 348	
Profit shares paid								
Revaluation of assets		-18 409						-18 409
Other						1		1
Balance at 31 December 2024	8 109 863	-120 578	3 312 852	22 429 935	234 975	760 175	2 778	34 730 000

CONSOLIDATED CASH FLOW STATEMENT

IN CZK THOUSAND

		Year ended 31.12.2024	Year ended 31.12.2023
P.	Opening balance of cash and cash equivalents	609 905	1 137 753
	<i>Cash flows from ordinary activities (operating activities)</i>		
Z.	Profit or loss from ordinary activities before tax	375 955	-1 307 125
A.1.	Adjustments for non-cash transactions	2 339 588	3 504 998
A.1.1.	Depreciation of fixed assets excluding net book value of fixed assets sold, amortisation of the valuation difference on acquired assets and goodwill and goodwill on consolidation	2 371 608	2 378 834
A.1.2.	Change in provisions and reserves	-196 610	20 850
A.1.3.	Profit/(loss) on the sale of fixed assets	-48 047	-40 412
A.1.4.	Revenues from profit shares, except for those paid from consolidation entities	-42 025	-22 569
A.1.5.	Interest expense and interest income	217 039	316 434
A.1.6.	Adjustments for other non-cash transactions	43 877	851 922
A.1.8.	Non-cash transactions – merger	-6 254	-61
A.*	Net operating cash flow before changes in working capital	2 715 543	2 197 873
A.2.	Change in working capital	844 526	1 560 824
A.2.1.	Change in operating receivables and other assets	-408 589	-957 651
A.2.2.	Change in operating payables and other liabilities	-74 854	-668 645
A.2.3.	Change in inventories	1 328 037	3 189 769
A.2.4.	Change in current financial assets	-68	-2 649
A.**	Net cash flow from operations before tax	3 560 069	3 758 697
A.3.	Interest paid	-236 053	-334 279
A.4.	Interest received	16 859	22 200
A.5.	Income tax paid from ordinary operations	-173 556	-615 609
A.6.	Received profit shares	67 373	35 002
A.***	Net operating cash flows	3 234 692	2 866 011

☑ TABLE CONTINUES ON THE FOLLOWING PAGE

☑ CONTINUATION OF THE TABLE FROM THE PREVIOUS PAGE

CONSOLIDATED CASH FLOW STATEMENT

IN CZK THOUSAND

		Year ended 31.12.2024	Year ended 31.12.2023
	<i>Cash flows from investing activities</i>		
B.1.	Fixed assets expenditures	-2 050 413	-2 949 564
B.2.	Proceeds from fixed assets sold	55 325	45 028
B.3.	Loans and borrowings to related parties		8 500
B.6.	Increase in cash – merger	16 663	29 962
B.***	Net investment cash flows	-1 978 425	-2 866 074
	<i>Cash flow from financial activities</i>		
C.1.	Change in payables from financing	-570 860	-518 475
C.2.	Impact of changes in equity	-8 820	-9 310
C.2.6.	Profit shares paid except for those paid between consolidation entities	-8 820	-9 310
C.***	Net financial cash flows	-579 680	-527 785
F.	Net increase or decrease in cash and cash equivalents	676 587	-527 848
R.	Closing balance of cash and cash equivalents	1 286 492	609 905

NOTES TO THE FINANCIAL STATEMENT

1. General Information

1.1. Incorporation and Description of the Company

TŘINECKÉ ŽELEZÁRNY, a. s. (hereinafter the “Company”), was formed by the National Property Fund of the Czech Republic and was incorporated following its registration in the Register of Companies of the Regional Court in Ostrava on 21 March 1991. The Company is primarily engaged in metallurgy with a closed metallurgical cycle. In addition to the production of coke, pig iron and steel, the range of principal products provided by the Company involves the products of rolling mills, namely blooms, slabs, billets, rods, reinforcing bars and thin, medium and heavy sections, rails including the production of plates, clamps and jumpers for rails, steel tubes and drawing-quality steel.

The Company’s registered office is located at Průmyslová 1000, Staré Město, 739 61 Třinec.

The Company’s issued share capital is CZK 8,109,863 thousand.

The sole shareholder of the Company is MORAVIA STEEL a.s.

1.2. Group Identification

For the purposes of these notes to the consolidated financial statements, the Group includes (i) the Company, (ii) entity controlling the Company (hereinafter the “controlling entity”) or entity holding an equity investment in the Company that is treated as part of “Equity investments in associates”, (iii) entities in which the controlling entity, the Company or other entities controlled by them have an equity investment that is treated as part of “Equity investments – controlled or controlling entity” (hereinafter “subsidiaries”) or as part of “Equity investments in associates” (hereinafter “associates”).

In the year ended 31 December 2024, the Company was controlled by MORAVIA STEEL a.s., having its registered office at Průmyslová 1000, Staré Město, 739 61 Třinec, as the sole shareholder.

MORAVIA STEEL a.s. prepares the consolidated financial statements for the broadest group of reporting entities. These financial statements can be obtained at the registered office of MORAVIA STEEL a.s.

The Company prepares the consolidated financial statements for the narrowest group of reporting entities. These financial statements can be obtained at the Company’s registered office.

1.3. Board of Directors and Supervisory Board as of 31 December 2024

	Position	Name
Board of Directors	Chairman	Roman Heide
	1st Vice Chairman	Tomáš Gajdzica
	2nd Vice Chairman	Henryk Huczala
	Member	Radomíra Pekárková
	Member	Daniel Heczko
Supervisory Board	Chairman	Tomáš Chrenek
	1st Vice Chairman	Ján Moder
	2nd Vice Chairman	Evžen Balko
	Member	Jozef Blaško
	Member	Jana Kantorová
	Member	Marcel Pielesz

During 2024, the following changes were made in the composition of the Company's Board of Directors:

Position	Formerly	Now	Date of Change
Member	Kateřina Nogolová		30 April 2024
Member		Daniel Heczko	1 May 2024

During 2024, no changes were made in the composition of the Company's Supervisory Board.

2. Definition of the Consolidated Group, Consolidation System and Methods

2.1. Organisational Structure

The bodies of the Company are as follows:

- General Meeting;
- Supervisory Board; and
- Board of Directors.

The Company's organisational structure is divided into individual levels, specifically the Chief Executive Officer and professional directors including HR and ESG Director, Finance Director, Production Director, Technical Director and Director for Investments and Strategy. Each professional director's division is further structured into professional sections and departments.

During 2024, the following changes were made to the Company's organisational structure:

- The Controlling Department, originally under the authority of the HR and ESG Director, was transferred to the authority of the CEO,
- The Asset Management Unit, originally under the authority of the HR and ESG Director, was transferred to the authority of the Finance Director,
- A new Cybersecurity Department was formed under the authority of the Director for Investments,
- Within the Control Systems Department, under the authority of the Director for Investments, the Maintenance of Control Systems Operation Division was transferred to the Maintenance Department under the Production Director, the Control Systems Department under the Director for Investments was changed to a specialist unit,
- the Logistics Division, which was under the authority of the Production Director, was changed to a department and transferred to the Transport and Shipping operation under the Production Director, the operation was renamed to Transport, Shipping and Logistics,
- The Iron and Steel Production Operation under the Production Director was renamed Steel Production,
- The Billet and Coarse Section Rolling Mill Operation and the Wire and Fine Section Rolling Mill Operation were merged under the new Rolling Mill Operation under the Production Director,
- The Coking Plant and Secondary Raw Materials Operation under the Production Director was transferred to the Steel Production as a new Coke Production Division.

2.2. Names and Registered Offices of Subsidiaries and Associates included in the Consolidated Group

The following companies were included in the consolidated group for the year ended 31 December 2024:

Subsidiaries:

Name of the company	Registered office	Business activities	Equity investment at 31 Dec 2024
ENERGETIKA TŘINEC, a.s.	Průmyslová 1024, Staré Město, 739 61 Třinec	Production and distribution of heat and electricity	100.00%
Slévárny Třinec, a.s.	Průmyslová 1001, Staré Město, 739 61 Třinec	Foundry industry	100.00%
VÚHŽ a.s.	č.p. 240, 739 51 Dobrá	Production, installation and repairs of electronic equipment, foundry industry, modelling	100.00%
Šroubárna Kyjov, spol. s r.o.	Jiráskova 987/50, 697 01 Kyjov	Railway route operation, locksmithing, tool engineering, metalworking	100.00%
Strojírny a stavby Třinec, a.s.	Průmyslová 1038, Staré Město, 739 61 Třinec	Production of machinery and technology units, machinery equipment, construction work	100.00%
„METALURGIA“ SPÓŁKA AKCYJNA	Świętej Rozalii 10/12, 97-500 Radomsko, Poland	Production of nails, wire and wire products	100.00%
„D&D” Drótáru Ipari és Kereskedelmi Zártkörűen Működő Részvénytársaság*	3527 Miskolc, Sajószigeti utca 4., Hungary	Production of wire products	100.00%
ŽDB DRÁTOVNA a.s.	Jeremenkova 66, Pudlov, 735 51 Bohumín	Production of drawn wire, steel cord and tubular wire, ropes, tissues and welded networks, springs, draw plates and other wire products	100.00%
HŽP a.s.	Dolní 3137/100, 796 01 Prostějov	Production of leaf and helical springs for the automotive and railway industries	100.00%
SV servisní, s.r.o.	Dolní 3137/100, 796 01 Prostějov	Electricity trading and distribution, gas trading and distribution	100.00%
REFRASIL, s.r.o.	Průmyslová 720, Kanská, 739 61 Třinec	Production of building materials, porcelain, ceramic and plaster products	100.00%
BOHEMIA RINGS s.r.o.	č.p. 10, 565 43 Zámrsk	Smithery and metalworking	100.00%
Řetězárna a.s.	Polská 48, 790 81 Česká Ves	Production of chains, chain products and drawn wire	51.00%

Note: * hereinafter also “D&D” Drótáru Zrt.

Associate:

Name of the company	Registered office	Business activities	Equity investment at 31 Dec 2024
VESUVIUS ČESKÁ REPUBLIKA, a.s.	Průmyslová 726, Konská, 739 61 Třinec	Production of isostatically pressed heat-resisting products for continuous steel casting	40.00%

No changes were made in the consolidation group in 2024.

The following companies were included in the consolidated group for the year ended 31 December 2023:**Subsidiaries:**

Name of the company	Registered office	Business activities	Equity investment at 31 Dec 2023
ENERGETIKA TŘINEC, a.s.	Průmyslová 1024, Staré Město, 739 61 Třinec	Production and distribution of heat and electricity	100.00%
Slévárny Třinec, a.s.	Průmyslová 1001, Staré Město, 739 61 Třinec	Foundry industry	100.00%
VÚHŽ a.s.	č.p. 240, 739 51 Dobrá	Production, installation and repairs of electronic equipment, foundry industry, modelling	100.00%
Šroubárna Kyjov, spol. s r.o.	Jiráskova 987/50, 697 01 Kyjov	Railway route operation, locksmithing, tool engineering, metalworking	100.00%
Strojírny a stavby Třinec, a.s.	Průmyslová 1038, Staré Město, 739 61 Třinec	Production of machinery and technology units, machinery equipment, construction work	100.00%
„METALURGIA“ SPÓŁKA AKCYJNA	Świętej Rozalii 10/12, 97-500 Radomsko, Poland	Production of nails, wire and wire products	100.00%
„D&D” Drótáru Ipari és Kereskedelmi Zártkörűen Működő Részvénytársaság*	3527 Miskolc, Sajószigeti utca 4., Hungary	Production of wire products	100.00%
ŽDB DRÁTOVNA a.s.	Jeremenkova 66, Pudlov, 735 51 Bohumín	Production of drawn wire, steel cord and tubular wire, ropes, tissues and welded networks, springs, draw plates and other wire products	100.00%
HŽP a.s.	Dolní 3137/100, 796 01 Prostějov	Production of leaf and helical springs for the automotive and railway industries	100.00%
SV servisní, s.r.o.	Dolní 3137/100, 796 01 Prostějov	Electricity trading and distribution, gas trading and distribution	100.00%
REFRASIL, s.r.o.	Průmyslová 720, Konská, 739 61 Třinec	Production of building materials, porcelain, ceramic and plaster products	100.00%
BOHEMIA RINGS s.r.o.	č.p. 10, 565 43 Zámorsk	Smithery and metalworking	100.00%
Řetězárna a.s.	Polská 48, 790 81 Česká Ves	Production of chains, chain products and drawn wire	51.00%

Note: * hereinafter also “D&D” Drótáru Zrt.

Associate:

Name of the company	Registered office	Business activities	Equity investment at 31 Dec 2023
VESUVIUS ČESKÁ REPUBLIKA, a.s.	Průmyslová 726, Kanská, 739 61 Třinec	Production of isostatically pressed heat-resisting products for continuous steel casting	40.00%

No changes were made in the consolidation group in 2023.

The consolidation methods were used in compliance with the consolidation rules of the consolidated group – full consolidation was applied in the case of subsidiaries, consolidation under the equity method was used for associates.

2.3. The Balance Sheet Dates and Registered Offices of the Entities Included in the Consolidated Group

The financial statements of the companies included in the consolidated group were prepared as of and for the years ended 31 December 2024 and 2023. “METALURGIA” SPÓŁKA AKCYJNA is based in Poland, “D&D” Drótaru Zrt. in Hungary, and other companies in the consolidation group are based in the Czech Republic.

2.4. Companies Excluded from Consolidation

Entities in which the Company has control or substantial influence are not included in the consolidated group if the share in the consolidation group is not material in terms of giving a true and fair view of the financial position and performance of the consolidation group, when:

- The share of the recalculated consolidated assets of such subsidiary or associate in the total recalculated consolidated assets of the Company, subsidiaries and associates is less than 1.5 percent, and the value of consolidated assets is recalculated using the percentage of the interest in the entity which is owned by the Company;
- The share of the recalculated consolidated equity of such subsidiary or associate in the total recalculated consolidated equity of the Company, subsidiaries, associates is less than 1.5 percent, and the value of consolidated equity is recalculated using the percentage of the interest in the entity which is owned by the Company; and
- The share in the recalculated consolidated net turnover (revenues of account class 6) of such subsidiary or associate in the total recalculated consolidated net turnover of the Company, subsidiaries, associates is less than 1.5 percent, and the value of the consolidated net turnover is recalculated using the percentage of the interest in the entity which is owned by the Company.

If the entity exceeds any individual level of materiality for the inclusion in the consolidation group, there must be a real assumption for exceeding the individual level of materiality for the following reporting period. An entity that does not meet the individual level of materiality for the inclusion in the consolidation group, has to be included in the consolidation group if there is a real assumption of exceeding the level of materiality in the following reporting period.

The entities that meet the condition set out above for non-inclusion in the consolidated group, thereby not entering into consolidation based on individual assessment, must also meet the group materiality criterion for non-inclusion. Under the group materiality criterion, these entities are taken as one whole. This whole has to have (i) the share of the recalculated consolidated assets of this whole in the total recalculated consolidated assets of the Company, subsidiaries, associates less than 1.5 percent, while the value of consolidated assets for these purposes is recalculated using the percentage of the ownership share held by the Company (ii) the share of recalculated consolidated equity in total recalculated consolidated equity of the Company, subsidiaries, associates less than 1.5 percent, while the value of consolidated equity for these purposes is recalculated using the percentage of the ownership share held by the Company, and (iii) share of the recalculated consolidated net turnover (revenues of account class 6) in total recalculated consolidated net turnover of the Company, subsidiaries, associates less than 1.5 percent, while the value of the consolidated net turnover for these purposes is recalculated using the percentage of the ownership share held by the Company.

For calculating materiality levels, the Company, subsidiaries and associates with the exception of subsidiaries or associates in bankruptcy or liquidation are taken into account.

3. Basis of Accounting and General Accounting Principles

The accounting records are maintained, and the consolidated financial statements were prepared in accordance with Accounting Act 563/1991 Coll.; Regulation 500/2002 Coll. which provides implementation guidance on certain provisions of the Accounting Act for reporting entities that are businesses maintaining double-entry accounting records, and Czech Accounting Standards for Businesses.

The accounting records are maintained in compliance with general accounting principles, specifically the historical cost valuation basis, the accruals principle, the prudence concept and the going concern assumption.

For the purpose of preparing the consolidated financial statements of the Company, accounting principles and policies used within the Group were brought into line. Significant accounting principles and policies as they are used by individual companies are set out below.

The consolidated financial statements were prepared on 3 March 2025. These consolidated financial statements are presented in thousands of Czech crowns ('CZK').

3.1. Financial Reporting Period

As a result of the merger by amalgamation with the effective date of 1 January 2024, all assets of TRIALFA, s.r.o., as the dissolving company, were transferred to TŘINECKÉ ŽELEZÁRNY, a. s., as the successor company (hereinafter referred to as the “Trialfa Merger”).

The Company’s consolidated financial statements as of 31 December 2024 have been prepared in relation to the completed Trialfa Merger as follows:

- The consolidated balance sheet includes comparative figures as of 31 December 2023, which are derived from the consolidated financial statements of TŘINECKÉ ŽELEZÁRNY, a.s., as of 31 December 2023,
- The consolidated profit and loss account includes comparative figures for the year ended 31 December 2023, which are derived from the consolidated financial statements of TŘINECKÉ ŽELEZÁRNY, a. s., as of 31 December 2023,
- The consolidated statement of changes in equity includes comparative figures as of 31 December 2023, which are derived from the consolidated financial statements of TŘINECKÉ ŽELEZÁRNY, a. s., as of 31 December 2023. This statement shows the impact of the Trialfa Merger on the equity accounts, and
- The consolidated cash flow statement includes comparative figures as of 31 December 2023, which are derived from the consolidated financial statements of TŘINECKÉ ŽELEZÁRNY, a. s., as of 31 December 2023. The impact of the Trialfa Merger on cash is presented separately in this statement.

The impact of the Trialfa Merger, to the extent that it was material to the individual classes of assets and liabilities, is described in the relevant sections of the notes to these financial statements.

As of 1 June 2023, all assets (including rights and obligations under employment law) of the dissolving company Doprava TŽ, a.s., which ceased to exist without liquidation, were taken over as a result of the merger by amalgamation into TŘINECKÉ ŽELEZÁRNY, a. s., as the successor company, with the effective date of 1 January 2023 (hereinafter referred to as the “Doprava Merger”).

4. Summary of Significant Accounting Policies

4.1. Tangible and Intangible Fixed Assets

Valuation

Tangible fixed assets include assets with an acquisition cost greater than CZK 80 thousand on an individual basis and an estimated useful life greater than one year.

Intangible fixed assets include assets (such as software, valuable rights, research and development) with an acquisition cost greater than CZK 80 thousand on an individual basis and an estimated useful life greater than one year.

Tangible and intangible assets with an estimated useful life greater than one year and an acquisition cost equal to or lower than CZK 80 thousand are not treated as fixed assets. Such tangible assets are accounted for as inventory and when brought into use they are charged to 'Consumed material and energy' in the profit and loss account. Intangible assets costing CZK 80 thousand and less are expensed through the account 'Services' in the year of acquisition.

The cost of tangible and intangible fixed asset improvements exceeding CZK 80 thousand on an individual basis increases the cost of the related tangible and intangible fixed asset for the fiscal period.

Before the end of the year ended 31 December 2021, tangible fixed assets included assets with an acquisition cost greater than CZK 40 thousand on an individual basis and an estimated useful life greater than one year; intangible fixed assets included assets with an acquisition cost greater than CZK 60 thousand on an individual basis and an estimated useful life greater than one year. The cost of tangible fixed asset improvements exceeding CZK 40 thousand on an individual basis increased the cost of the related tangible fixed asset for the fiscal period. The cost of intangible asset improvements exceeding CZK 60 thousand on an individual basis increased the cost of the related intangible fixed asset for the fiscal period.

Purchased tangible and intangible fixed assets are valued at cost. Tangible and intangible fixed assets developed internally are valued at direct costs, incidental costs directly attributable to the internal production of assets (production overheads) and to the production period. Production overheads also comprise costs for engineering activities. Costs of sale are not included.

The following tangible and intangible fixed assets are stated at replacement cost: tangible and intangible fixed assets acquired through donation, assets recently entered in the accounting records and an investment of intangible and tangible fixed assets, except for cases where the investment is valued differently pursuant to a Memorandum of Association or a Foundation Deed.

The replacement cost is also applied to tangible fixed assets acquired under finance lease arrangements with an original cost exceeding CZK 1 million. These assets are carried at replacement cost and recorded in the statutory books as fully depreciated. Replacement cost is determined by an expert appraiser or through an estimate performed under the Group's internal regulations.

The results of the research and development activities, if designed for trading or resale, are recognised through the balance sheet line 'Development'. Research and development results designed for internal purposes are not classified as intangible fixed assets and are recorded off balance sheet in the valuation of own costs.

Greenhouse emission allowances (hereinafter the "allowances") are recognised as non-depreciable intangible fixed assets and are stated at cost, or replacement cost when acquired free of charge. The use of emission allowances is accounted for at the balance sheet date as a minimum, depending upon the level of greenhouse emissions produced by the Company in the relevant calendar year. Any difference arising during the verification of emissions by a verifier is accounted for in the reporting period in which the verification is performed. An initial free-of-charge acquisition of the allowances is recognised as a subsidy not reducing the carrying amount of the intangible fixed assets. This 'subsidy' is released into income on a systematic basis as the allowances are used and charged to expenses. The sale of free allowances is recorded as a component of 'Sundry operating income' in the profit and loss account. In case of sale of purchased allowances, such sale is recorded as a component of 'Sales of fixed assets' in the profit and loss account.

As of the consolidated balance sheet date, emission allowances acquired free of charge are not valued according to the EUROPEAN ENERGY EXCHANGE rate and are instead reported at the original replacement cost. The decrease in the valuation of purchased emission allowances that are held for sale and not for future consumption is reported as a provision against intangible fixed assets in the consolidated balance sheet in line 'Other intangible fixed assets' (Adjustment) and in the consolidated profit and loss account in line 'Adjustments to values of intangible and tangible fixed assets – temporary'. If there is a lack of allowances at the consolidated balance sheet date, a reserve is recognised and presented in the consolidated balance sheet as part of 'Other reserves' and in the consolidated profit and loss account as part of 'Reserves relating to operating activities and complex deferred expenses'. The reserve for the purchase of allowances is released in the following reporting period when the missing allowances are purchased or used from the free of charge allocation of the following period.

Due to the mergers completed in prior reporting periods, emission allowances are reported on standalone ETS Registry accounts depending on the locally defined operation facility. For the purposes of reporting, the EUA allowances are recorded in a single sub-ledger account; in reporting the disposal of emission allowances, the FIFO valuation method is applied.

Depreciation for Accounting Purposes

Depreciation of fixed assets, other than land and assets under construction, is recorded on a straight line basis over the estimated useful life of the fixed assets taking into account operational conditions.

The recommended depreciation and amortisation period is set in the depreciation and amortisation plan:

Category of assets	Depreciation/amortisation period in years
Structures	20 – 40
Machines and equipment	2 – 20
Vehicles	5 – 20
Furniture and fixtures	5 – 15
Software	3 – 5

If the inventory count indicates that the estimated useful life of assets has changed, the depreciation period of the related asset is appropriately adjusted.

The bulk of buildings and structures are depreciated over 45 – 60 years. The shorter depreciation period is applied to temporary structures and short-term structures (lighting, fencing, energy grids, pipelines, etc.). A depreciation period over 60 years is applied to structures with a long useful life such as railway and road bridges, conveying tunnels, and production and administrative buildings.

The bulk of machines and equipment are depreciated over 15 – 25 years. The shorter depreciation period is primarily applied to IT systems, management systems, devices, etc.; the longer depreciation period is applied in exceptional cases to agglomeration equipment.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the net book value of the asset at the sale date and is recognised through the profit and loss account.

Provisioning

Provisions against tangible assets are recognised in circumstances where the carrying value is greater than value in use, which is equal to the present value of estimated future cash flows expected to arise from the continuing use of fixed assets or anticipated income for the intended sale.

Impairment

At each balance sheet date, the Company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

4.2. Non-Current Financial Assets

Non-current financial assets principally consist of equity investments in controlled entities, equity investments in associates, securities and equity investments available for sale.

Valuation

Securities and equity investments are carried at cost upon acquisition. The cost of securities or equity investments includes direct costs of acquisition, such as fees and commissions paid to brokers, advisors and stock exchanges.

At the consolidated balance sheet date:

Equity investments are valued at cost less provisions against equity investments.

Available-for-sale securities are valued pursuant to Section 27 of Act No. 563/1991 Coll, Act on Accounting, at fair value, determined by reference to the market value or a reasonable estimate. If the determination of fair value is not practicable, the securities are valued at cost.

At the consolidated balance sheet date, changes in the fair value of available-for-sale securities are recorded through balance sheet accounts 'Other non-current securities and equity investments' and 'Gains and losses from the revaluation of assets and liabilities'. A deferred tax is determined in respect of the revaluation difference where the value of available-for-sale securities increases, and is recorded through accounts 'Gains and losses from the revaluation of assets and liabilities' and 'Deferred tax liability'.

Upon sale or any other disposal, they are valued on the basis of the weighted average of the costs.

Investments in enterprises in which entities consolidated using the full method have the power to govern the financial and operating policies so as to obtain benefits from their activities are treated as 'Equity investments – controlled or controlling entity'.

Investments in enterprises in which entities consolidated using the full method are in a position to exercise significant influence over their financial and operating policies so as to obtain benefits from their activities are treated as 'Equity investments in associates'.

Provisioning against equity investments

Investments are provisioned if there is a risk that the fair value of a non-current financial asset is lower than its carrying value.

In charging provisions against equity securities that are not fair valued, the Group refers to its detailed knowledge of the relevant entity, the results of its operations and reflects its interest in the entity's equity.

4.3. Derivative Financial Instruments

Derivative financial instruments are designated as either trading or hedging. The criteria for a derivative instrument to be accounted for as a hedge are as follows:

- At the inception of the hedge, a decision was made regarding hedged items and hedging instruments, risks to be hedged, the approach to establishing and documenting whether the hedge is effective;
- The hedge is highly effective (that is, within a range of 80 percent to 125 percent); and
- The hedge effectiveness can be measured reliably and is assessed on an ongoing basis, the effectiveness is assessed at the derivative trade date and subsequently at the balance sheet date.

If derivative instruments do not meet the criteria for hedge accounting referred to above, they are treated as trading derivatives.

Derivative financial instruments are concluded for the contracted transaction volume. Derivative financial instruments are carried at fair value at the consolidated balance sheet date. In determining the fair value, the Company has referred to the market value.

A cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a contract, a forecasted future transaction, groups of assets, groups of liabilities, or contracts or forecasted future transactions with similar characteristics where the same type and category of risk is the subject of the hedge. Gains or losses arising over the term of the hedge from changes in fair values of hedging derivatives contracted under cash flow hedging that are attributable to the hedged risks are retained on the balance sheet. The gains or losses are taken to income or expenses in the same period in which the income or expenses associated with the hedged item are recognised. Gains or losses arising from changes in fair values of hedging derivatives contracted under cash flow hedging that are attributable to unhedged risks are recorded as expenses or income from derivative transactions at the measurement date.

4.4. Current Financial Assets and Cash

Current financial assets principally consist of short-term debt securities with a maturity of less than one year and other securities available for sale.

Current financial assets are carried at cost upon acquisition.

Cash consists of cash on hand and cash at bank.

4.5. Inventory

Valuation

Purchased inventory is valued at acquisition costs. Acquisition costs include the purchase cost and indirect acquisition costs such as custom fees, freight costs and storage fees during transportation, commissions and insurance charges.

Inventory is issued out of stock at costs determined using the weighted arithmetic average method.

Internally produced inventory is valued at cost using a costing formula in which the pure charge is valued at the actual cost and processing costs are valued at planned rates of the particular year.

At the consolidated balance sheet date, the Company assesses the actual costs of the charge and the difference between the actual costs of the charge and the valuation of the charge from the prior month is reflected only in the financial accounting records. In respect of processing costs, the difference between the value of processing costs of the planned operations valued at planned rates of the particular year and the value of the actually completed operations valued at planned rates of the particular year is reflected in the financial accounting accounts.

Provisioning

Provisions against the inventory of material are made in respect of inventory with low or no movement and a very low likelihood for processing following an individual analysis.

Provisions against the inventory of finished products and semi-finished products are charged based on their realisability.

4.6. Receivables

Upon origination, receivables are stated at their nominal value as subsequently reduced by appropriate provisions for doubtful and bad amounts.

Provisioning

The Group recognises provisions against receivables, the recoverability of which is doubtful.

Tax deductible provisions against receivables are made pursuant to Act No. 586/1992 Coll., the Income Taxes Act, and Act No. 593/1992 Coll., the Provisioning Act.

Non-tax deductible provisions (other than intercompany) are created as follows:

- a) Receivables past due for 1 year and more are provisioned in full; and
- b) Receivables past due over six months but less than one year are provisioned at 50%.

In addition, provisions are recognised against specific receivables following an assessment of their collectability.

The Company also creates provisions against interest-free long-term receivables. This provisioning charge is calculated as equal to the difference between the nominal value and the discounted value of these receivables.

4.7. Payables

Trade payables and other payables are stated at their nominal value. Long-term bills of exchange to be settled are recorded at nominal value. Interest on these bills is accrued over their maturity period.

4.8. Payables to Credit Institutions

Payables to credit institutions are reported at nominal value. The portion of long-term payables to credit institutions maturing within one year from the balance sheet date and revolving payables to credit institutions which are regularly rolled over to the following period are included in short-term payables to credit institutions.

4.9. Reserves

Other reserves are created to provide for future risks known at the balance sheet date. In addition, a reserve is recorded for the restoration and maintenance of a dump site and clean-up after termination of the operation of the site in accordance with Act No. 541/2020 Coll., on Waste.

4.10. Accruals and Deferrals

Accrual and deferral accounts include deferred and accrued income and expenses. Deferred expenses include deferrals of only such items which are very likely, or certain, to bring a specific measurable effect in the form of income or other economic benefits in the following years over which they are deferred. Immaterial and regular expenses or income up to CZK 20 thousand relating to several reporting periods are not deferred. Comprehensive deferred expenses include the costs of research and development and implementation of projects relating to software acquisition.

4.11. Foreign Currency Translation

Transactions in foreign currencies conducted during the year are translated using the exchange rate of the Czech National Bank prevailing on the date preceding the transaction date.

Cash denominated in foreign currencies (foreign currency cash) is translated into Czech crowns using the fixed monthly exchange rate as notified by the Czech National Bank as of the first day of the month in which it was recorded.

At the balance sheet date, the relevant assets and liabilities are translated at the Czech National Bank's exchange rate prevailing as of that date.

Prepayments for tangible and intangible fixed assets received after 31 December 2020, if such prepayments are non-refundable, are considered as part of the purchase price of the specific fixed asset at the consolidated balance sheet date and are not translated at the Czech National Bank's exchange rate as of the consolidated balance sheet date. Prepayments for fixed assets received before 1 January 2021, reported in a foreign currency at the consolidated balance sheet date, are translated at the Czech National Bank's exchange rate applicable at the consolidated balance sheet date.

Foreign exchange prepayments received or granted after 31 December 2022, if such deposits are non-refundable, are considered as part of the acquisition cost of the asset as of the date of the consolidated financial statements and are not translated at the Czech National Bank's exchange rate as of the date of the consolidated financial statements. Prepayments received or made before 31 December 2022 that are denominated in a foreign currency as of the date of the consolidated financial statements are translated at the exchange rate of the Czech National Bank as of the date of the consolidated financial statements. Foreign currency prepayments that are considered refundable are translated at the Czech National Bank's exchange rate as of the date of the consolidated financial statements.

Exchange rate differences on provisions for newly created foreign currency receivables after 31 December 2022 are recognised through financial profit or loss (account 563 foreign exchange losses or 663 foreign exchange gains). Exchange rate differences on provisions for foreign currency receivables exceeding CZK 1 million newly created after 31 December 2020 are recognised individually through financial profit or loss. Exchange rate differences on provisions for foreign currency receivables not exceeding CZK 1 million created before 31 December 2022 continue to be reported in the operating profit or loss as the recognition or release of the provision for receivables.

4.12. Taxation

4.12.1. DEPRECIATION OF FIXED ASSETS FOR TAX PURPOSES

Depreciation of fixed assets is recorded on an accelerated basis for tax purposes under Section 32 of Act No. 586/1992 Coll., on Income Taxes, with the exception of assets used in the Tube Rolling Mill (the VT operations), VL – Transport, Shipping and Logistics, VOk – Coking Plant, VK – Coking plant and Secondary Raw Materials, VZ – Sochorová válcovna plant and the Univerzální trať plant and the Track Fastenings Plant and assets used by ŽDB DRÁTOVNA a.s. and Řetězárna a.s. which are depreciated using both the straight line and accelerated methods for tax purposes. HŽP a.s., SV servisní, s.r.o., Slévárny Třinec, a.s., REFRASIL, s.r.o. and VÚHŽ a.s. use the straight line method for the calculation of depreciation for tax purposes.

4.12.2. CURRENT TAX PAYABLE

The tax currently payable is based on taxable profit for the reporting period. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted by the consolidated balance sheet date.

4.12.3. DEFERRED TAX

Deferred tax is accounted for using the balance sheet liability method. In calculating deferred tax, the income tax rate applicable in the period in which the tax liability or tax asset is utilised. If this tax rate is not known, the rate applicable in the following reporting period is used.

Under the liability method, deferred tax is calculated at the income tax rate that is expected to apply in the period when the tax liability is settled.

The balance sheet liability method focuses on temporary differences which are differences between the tax base of an asset or liability and its carrying amount in the balance sheet. The tax base of an asset or liability is the amount that will be deductible for tax purposes in the future.

Deferred tax is charged or credited to the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

The deferred tax asset/liability reported by the Group is the sum of deferred tax assets/liabilities of individual companies of the consolidation group that are reported by companies in their separate financial statements.

4.12.4. TOP-UP TAX

The Company is subject to a top-up tax. The Company has made use of the transitional safe harbour rules. The top-up tax was not taken into account in the calculation of the deferred tax.

4.13. Borrowing Costs

Borrowing costs arising from payables to credit institutions are included directly in expenses regardless of the purpose for which they were drawn.

4.14. Costs Relating to Employees Hired through an Employment Agency

The staff costs of employees hired through an employment agency who are temporarily assigned to perform work under an agreement with the employment agency are reported as part of social costs ('Other expenses' in the profit and loss account) which include the actually paid salaries including social security and health insurance costs. The costs of other aids and protective drinks for these agency employees are reported under 'Consumed material and energy'. Other payments for the services of the employment agency, such as mediation fees or the employment agency's overheads, are reported under 'Services'.

4.15. Revenue Recognition

Revenues are recognised when goods are delivered and accepted by the customer or when services are rendered and are reported net of discounts and VAT.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Profit share income is recognised when the Company's General Meeting, i.e. the sole shareholder/sole owner acting in the capacity thereof, adopts a decision on profit distribution.

Insurance claims received are credited to income of the reporting period in which the amount of the claim is recognised by the insurer. If the claim has not been recognised, an estimated receivable for claims received is made only for the actual expenses incurred to recover the consequences of the claim in the relevant reporting period.

4.16. Use of Estimates

The presentation of consolidated financial statements requires making estimates and assumptions that affect the reported amounts of assets and liabilities as of the balance sheet date and the reported amounts of revenues and expenses during the reporting period. The Company has made these estimates and assumptions on the basis of all the relevant information available to it. Nevertheless, pursuant to the nature of estimates, the actual results and outcomes in the future may differ from these estimates.

4.17. Research and Development Expenditure

Research and development expenditure is capitalised as part of cost and posted to the acquisition of tangible or intangible fixed assets if the research and development projects result in fixed assets (tangible and intangible). The output of a research and development project is capitalised on the basis of the results of opponent proceedings. A detailed analysis of the projects in progress is undertaken at the consolidated balance sheet date and the costs incurred are charged to expenses or recognised as complex deferred expenses in the event that there is doubt over the completion or future utilisation of the project.

Permanent development is posted directly to expenses, taking into account repeatability and materiality. The materiality criterion is defined as follows: “If the expenses on permanent development for the relevant reporting period do not exceed on average more than 50% of the expenses on permanent development for the previous 2 reporting periods, all such expenses are posted to expenses in the relevant reporting period. If the abovementioned threshold is exceeded, the entity will select the projects responsible for the materiality threshold being exceeded and, after analysis, capitalises them in the complex deferred expenses”.

4.18. Subsidies

Operating subsidies received are credited to income on an accruals basis.

In accordance with Government Regulation no. 565/2020 Coll., on Conditions for the Provision of Compensations for Indirect Costs for Industrial Sectors in which a Significant Risk of Carbon Leakage was Identified, as a Result of the Effect of the Costs relating to Greenhouse Gas Emissions on Electricity Prices, these compensations are recognised in the reporting period in which the Ministry of Industry and Trade issues a resolution regarding the provision of compensation.

Subsidies for the acquisition of fixed assets reduce the cost of assets.

4.19. Cash Flow Statement

The cash flow statement is prepared using the indirect method.

For cash flow reporting purposes, cash and cash equivalents include cash on hand and duty stamps, cash at bank except for deposits with maturity longer than three months, and current liquid assets easily convertible into cash in an amount agreed in advance where no significant changes in their value are expected over time.

Cash and cash equivalents can be analysed as follows:

IN CZK THOUSAND

	31 Dec 2024	Impact of Merger as of 1 Jan 2024	31 Dec 2023
Cash on hand	3 491	101	4 741
Cash at bank	1 292 601	16 562	612 129
Other current financial assets	0	0	0
Provisions against other current financial assets	0	0	0
Total current financial assets and cash	1 296 092	16 663	616 870
Cash and cash equivalents not included in the cash flow	-9 600	0	-6 965
Total cash and cash equivalents	1 286 492	16 663	609 905

The difference between cash and cash equivalents as of 31 December 2024 and 2023 reported in the cash flow statement as opposed to the current financial assets and cash disclosed in the balance sheet represents blocked deposits that are restricted with regard to the free handling of the funds.

4.20. Consolidation Rules

The individual items of the balance sheets and the profit and loss accounts of subsidiaries consolidated under the full consolidation method were added up in total amounts with the balance sheet and the profit and loss account of the Company. Furthermore, financial investments of the Company were eliminated against acquired equity, inter-company supplies, receivables and payables, including profits from the sale of the fixed assets realised among the consolidated group companies, and profit margins relating to inventories not yet consumed.

Under the equity consolidation method, financial investments of the Company were eliminated from the balance sheet against acquired equity. The assets in the consolidated balance sheet include the item *'Securities and equity interests under equity accounting'*, whose balance is calculated as the share in the equity of associates. This item was adjusted by a portion of the profit margin, reflecting the share in the equity of an associate, on intercompany supplies of inventories not yet consumed. Liabilities of the consolidated balance sheet include the item *'Share of income from associates'* which represents the Company's share in the current period's results of associates, and the *'Consolidation reserve fund'* comprising an associate's accumulated profit/loss of previous years.

Goodwill arising on consolidation represents the difference between the cost of an investment in the consolidated entity and its value determined on the basis of the Company's interest in the fair value of equity which arises as a difference between the fair values of assets and the fair values of liabilities as of the acquisition date or as of the date of a further capital increase (a further increase of investments). The acquisition date is the date from which the effectively controlling entity starts to exercise influence over the consolidated entity.

From the reporting period beginning on 1 January 2018 onwards, the Company has amortised goodwill arising on consolidation reported in the consolidated financial statements as of 31 December 2017 over 20 years on a straight-line basis in compliance with Czech Accounting Standard No. 20.

Previously, positive (negative) goodwill arising on consolidation was measured at cost which was adjusted by accumulated losses (accumulated profits) from the change in this value, with the testing of the change in the value performed on an annual basis. The method of reporting goodwill arising on consolidation was based on International Accounting Standards and did not have a material impact on the Group's profits or losses.

Amortisation charges of goodwill arising on consolidation are recognised in a special consolidated profit and loss account line item the release of a positive consolidation difference (goodwill) or release of a negative consolidation difference (bargain purchase gain) with a charge against expenses or a credit to income from common activities as appropriate.

The assets and liabilities of companies included in the consolidated group after 1 January 2003 were remeasured at fair value in accordance with the accounting regulations applicable for consolidation.

The consolidation of the financial statements was performed using the direct consolidation method.

The financial statements for the years ended 31 December 2024 and 2023 prepared by the companies included in the consolidated group, as well as the financial statements of subsidiaries and associates not included in the consolidated group that were received by the Company as of the consolidated financial statement preparation date are available in the registered office of the Company.

The consolidation rules for 2024 and 2023 (definition of the consolidated group, method of transformation of data from individual financial statements into the consolidated financial statements) are available in the registered office of the Company.

4.21. Changes in Accounting Methods

Starting from the reporting period beginning on 1 January 2024, foreign exchange gains or losses for all provisions against receivables, regardless of the date of origin and value of the receivable, are recognised as part of the financial profit or loss (to accounts 563 foreign exchange losses or 663 foreign exchange gains).

4.22. Net Turnover for the Reporting Period

In the current period, due to the change in accounting legislation, the method of calculating the net turnover for the reporting period was changed. The net turnover information presented in the consolidated financial statements for the prior reporting period is not comparable with the information for the current period and is not therefore presented in the prior period's information in accordance with Section 4 (7) of Regulation No. 500/2002 Coll., implementing the act on accounting for entrepreneurs, as amended.

Method of calculating the net turnover indicator:

- For the period 2023, the indicator was determined as the sum of all revenues recorded on the respective lines of the consolidated profit and loss account in the consolidated financial statements for the period 2023.
- For the period 2024, the indicator was determined as the sum of revenues from the sale of products, goods and services, as well as revenues from the sale of material. These are only selected revenues on which the business model of the entities within the consolidation group is based, determined by taking into account the industry and market in which the entities within the consolidation group operate and the nature of the activity carried out for customers.

5. Analysis of Impacts on Profit/Loss

5.1. Consolidated Profit/Loss for 2024

5.1.1. STRUCTURE OF THE CONSOLIDATED PROFIT/LOSS FOR 2024

IN CZK THOUSAND

Profit/(loss) for the current period – TŘINECKÉ ŽELEZÁRNY, a. s.	315 722
Profit/(loss) for the current period – ENERGETIKA TŘINEC, a.s.	92 045
Profit/(loss) for the current period – Slévárny Třinec, a.s.	393
Profit/(loss) for the current period – Šroubárna Kyjov, spol. s r.o.	100 959
Profit/(loss) for the current period – Strojírny a stavby Třinec, a.s.	41 523
Profit/(loss) for the current period – VÚHŽ a.s.	50 324
Profit/(loss) for the current period – „METALURGIA“ SPÓLKA AKCYJNA	-59 991
Profit/(loss) for the current period – „D&D“ Drótaru Zrt.	-60 544
Profit/(loss) for the current period – ŽDB DRÁTOVNA a.s.	-70 712
Profit/(loss) for the current period – HŽP a.s.	66 749
Profit/(loss) for the current period – SV servisní, s.r.o.	17 109
Profit/(loss) for the current period – BOHEMIA RINGS s.r.o.	-127
Profit/(loss) for the current period – REFRASIL, s.r.o.	19 797
Share in profit/(loss) for the current period Řetězárna a.s.	16 726
Share in profit/(loss) for the current period under the equity method	2 778
Adjustments within the full method of consolidation (see below)	-269 650
Adjustments within the equity method of consolidation (see below)	-25 348
Consolidated profit	237 753

5.1.2. ADJUSTMENTS TO THE PROFIT OR LOSS WITHIN THE FULL CONSOLIDATION METHOD FOR 2024

IN CZK THOUSAND

Elimination of profits and losses from unrealised inventory from intercompany sales of inventory in the consolidated group, including the deferred tax impact	-15 970
Write-off of the revaluation of assets at fair value	11 158
Write-offs of the margin from the sale of assets including the deferred tax impact	16 063
Elimination of proceeds from the sale of emission allowances	-7 371
Elimination of paid profit shares of the consolidated group entities	-318 680
Elimination of provisioning against Slévárny Třinec, a.s	-53 651
Elimination of provisioning against „METALURGIA“ SPÓŁKA AKCYJNA	59 585
Elimination of provisioning against Strojírny a stavby Třinec, a.s.	-46 964
Elimination of provisioning against „D&D“ Drótaru Zrt.	78 520
Elimination of provisioning against BOHEMIA RINGS s.r.o.	17 781
Other effects	3 494
Provision for positive goodwill arising on consolidation of BOHEMIE RINGS s.r.o.	4 736
Write-off of positive goodwill arising on consolidation of ŽDB DRÁTOVNA a.s.	-13 089
Write-off of positive goodwill arising on consolidation of BOHEMIA RINGS s.r.o.	-5 990
Write-off of negative goodwill arising on consolidation of REFRASIL, s.r.o.	728
Elimination of the reserve for emission allowances including the deferred tax impact	0
Total adjustments	-269 650

5.1.3. ADJUSTMENTS TO THE PROFIT OR LOSS WITHIN THE EQUITY METHOD FOR 2024

IN CZK THOUSAND

Elimination of paid profit shares of VESUVIUS ČESKÁ REPUBLIKA, a.s.	-25 348
Total adjustments	-25 348

5.2. Consolidated Profit/Loss for 2023

5.2.1. STRUCTURE OF THE CONSOLIDATED PROFIT/LOSS FOR 2023

IN CZK THOUSAND

Profit/(loss) for the current period – TŘINECKÉ ŽELEZÁRNY, a. s.	44 369
Profit/(loss) for the current period – ENERGETIKA TŘINEC, a.s.	94 883
Profit/(loss) for the current period – Slévárny Třinec, a.s.	18 663
Profit/(loss) for the current period – Šroubárna Kyjov, spol. s r.o.	30 071
Profit/(loss) for the current period – Strojírny a stavby Třinec, a.s.	38 070
Profit/(loss) for the current period – VÚHŽ a.s.	45 501
Profit/(loss) for the current period – „METALURGIA“ SPÓLKA AKCYJNA	-80 660
Profit/(loss) for the current period – „D&D“ Drótáru Zrt.	-161 218
Profit/(loss) for the current period – ŽDB DRÁTOVNA a.s.	-223 160
Profit/(loss) for the current period – HŽP a.s.	49 881
Profit/(loss) for the current period – SV servisní, s.r.o.	30 372
Profit/(loss) for the current period – BOHEMIA RINGS s.r.o.	-38 239
Profit/(loss) for the current period – REFRASIL, s.r.o.	19 429
Share in profit/(loss) for the current period Řetězárna a.s.	16 864
Share in profit/(loss) for the current period under the equity method	25 348
Adjustments within the full method of consolidation (see below)	-1 120 581
Adjustments within the equity method of consolidation (see below)	-12 434
Consolidated profit	-1 222 841

5.2.2. ADJUSTMENTS TO THE PROFIT OR LOSS WITHIN THE FULL CONSOLIDATION METHOD FOR 2023

IN CZK THOUSAND

Elimination of profits and losses from unrealised inventory from intercompany sales of inventory in the consolidated group, including the deferred tax impact	7 931
Write-off of the revaluation of assets at fair value	4 448
Write-offs of the margin from the sale of assets including the deferred tax impact	8 542
Elimination of proceeds from the sale of emission allowances	-551 896
Elimination of paid profit shares of the consolidated group entities	-437 764
Elimination of provisioning against Slévárny Třinec, a.s.	261 624
Elimination of provisioning against Šroubárna Kyjov, spol. s r.o.	-272 452
Elimination of provisioning against Strojírny a stavby Třinec, a.s.	12 327
Elimination of provisioning against BOHEMIA RINGS s.r.o.	111 906
Other effects	-3 494
Provision for positive goodwill arising on consolidation of BOHEMIE RINGS s.r.o.	-67 438
Write-off of positive goodwill arising on consolidation of ŽDB DRÁTOVNA a.s.	-13 089
Write-off of positive goodwill arising on consolidation of BOHEMIA RINGS s.r.o.	-5 990
Write-off of negative goodwill arising on consolidation of REFRASIL, s.r.o.	728
Elimination of the reserve for emission allowances including the deferred tax impact	-175 964
Total adjustments	-1 120 581

5.2.3. ADJUSTMENTS TO THE PROFIT OR LOSS WITHIN THE EQUITY METHOD FOR 2023

IN CZK THOUSAND

Elimination of paid profit shares of VESUVIUS ČESKÁ REPUBLIKA, a.s.	-12 434
Total adjustments	-12 434

6. Additional consolidated balance sheet information

6.1. Intangible Fixed Assets

Cost

IN CZK THOUSAND

	Balance at 31 Dec 2023	Additions	Disposals	Impact of foreign exchange differences	Balance at 31 Dec 2024
Development	2 972	0	0	0	2 972
Valuable rights	503 107	16 256	2 115	-494	516 754
Goodwill	332	0	0	12	344
Other intangible FA	2 482 414	5 374 973	6 637 198	0	1 220 189
Prepayments made for intangible FA	0	1 482	0	0	1 482
Intangible FA under construction	8 814	26 230	14 961	0	20 083
Total	2 997 639	5 418 941	6 654 274	-482	1 761 824

Accumulated Amortisation

IN CZK THOUSAND

	Balance at 31 Dec 2023	Additions	Disposals	Impact of foreign exchange differences	Balance at 31 Dec 2024
Development	2 972	0	0	0	2 972
Valuable rights	410 448	21 736	2 112	-381	429 691
Goodwill	332	0	0	12	344
Other intangible FA	14 035	574	0	60	14 669
Total	427 787	22 310	2 112	-309	447 676

Net Book Value

IN CZK THOUSAND

	Balance at 31 Dec 2023	Balance at 31 Dec 2024
Development	0	0
Valuable rights	92 659	87 063
Goodwill	0	0
Other intangible FA	2 468 379	1 205 520
Prepayments made for intangible FA	0	20 083
Intangible FA under construction	8 814	1 482
Total	2 569 852	1 314 148

Amortisation of Intangible Fixed Assets Charged to Expenses

Amortisation of intangible fixed assets amounted to CZK 22,306 thousand and CZK 21,419 thousand as of 31 December 2024 and 2023, respectively.

Other intangible assets primarily include allowances.

In 2024, the Company acquired 3,419,415 allowances free of charge for 2024 in the amount of CZK 5,374,972 thousand. As of the consolidated financial statements date on 31 December 2024, the use of allowances for 2023 in the amount of CZK (13,530) thousand, revaluation of allowances as of 31 December 2023 in the amount of CZK 306,177 thousand and the use of allowances for 2024 in the amount of CZK 6,956,905 thousand was settled. As of the consolidated financial statements date on 31 December 2024, the Company did not revalue allowances acquired free of charge.

In 2023, the Company acquired 3,428,073 allowances free of charge for 2023 in the amount of CZK 7,608,803 thousand. As of the consolidated financial statements date on 31 December 2023, the use of allowances for 2022 in the amount of CZK 703 thousand and for 2023 in the amount of CZK 8,605,086 thousand was settled. In addition, a revaluation – decrease in the valuation of allowances was recognised as of the consolidated financial statements date in the amount of CZK 306,177 thousand.

Aggregate Balance of Low Value Intangible Assets Not Reported on the Balance Sheet

The aggregate cost of low value intangible assets not reported on the face of the balance sheet was CZK 86,878 thousand and CZK 39,716 thousand as of 31 December 2024 and 2023, respectively.

6.2. Tangible Fixed Assets

Cost

IN CZK THOUSAND

	Balance at 31 Dec 2023	Impact of Merger as of 1 Jan 2024	Additions	Disposals	Impact of foreign exchange differences	Transfers	Balance at 31 Dec 2024
Land	800 300	0	53 264	694	-684	-1 459	850 727
Structures	17 444 937	0	176 235	27 204	-283	6 673	17 600 358
Tangible movable assets and their sets	49 936 142	5 252	1 100 116	276 286	-4 447	-6 673	50 754 104
Other tangible FA	119 961	0	4 680	852	-2 518	1 459	122 730
Prepayments for tangible FA	109 214	0	205 036	241 361	-553	0	72 336
Tangible FA under construction	1 184 716	0	2 173 412	1 389 872	-220	0	1 968 036
Total	69 595 270	5 252	3 712 743	1 936 269	-8 705	0	71 368 291

Accumulated Depreciation

CZK '000)

	Balance at 31 Dec 2023	Impact of Merger as of 1 Jan 2024	Additions	Disposals	Impact of foreign exchange differences	Balance at 31 Dec 2024
Structures	9 631 719	0	455 661	21 851	3 832	10 069 361
Tangible movable assets and their sets	35 710 034	4 765	1 887 463	279 195	646	37 323 713
Other tangible FA	84 533	0	4 922	847	-1 337	87 271
Total	45 426 286	4 765	2 348 046	301 893	3 141	47 480 345

Provisions

IN CZK THOUSAND

	Balance at 31 Dec 2023	Impact of Merger as of 1 Jan 2024	Additions	Disposals	Impact of foreign exchange differences	Balance at 31 Dec 2024
Structures	38 140	0	18 861	694	0	56 307
Tangible movable assets and their sets	71 866	0	22 673	9 393	0	85 146
Other tangible FA	33	0	0	10	0	23
Tangible FA under construction	3 237	0	3 238	559	0	5 916
Total	113 276	0	44 772	10 656	0	147 392

Net Book Value

IN CZK THOUSAND

Net book value	Balance at 31 Dec 2023	Balance at 31 Dec 2024
Land	800 300	850 727
Structures	7 775 078	7 474 690
Tangible movable assets and their sets	14 154 242	13 345 245
Other tangible FA	35 395	35 436
Prepayments for tangible FA	109 214	72 336
Tangible FA under construction	1 181 479	1 962 120
Total	24 055 708	23 740 554

Principal additions to tangible fixed assets for the year ended 31 December 2024 were as follows:

IN CZK THOUSAND

Technical improvements on KD rolling mill	100 239
CNC lathe 40C	45 824
Technical improvements on the TPD canteen	36 701
Acquisition of the rail disc cutter	34 642
Technical improvements on motor locomotive 723.725-8	32 252
Chamber filter press 2	30 106
Chamber furnace No.3	24 778
Caterpillar 336 tracked excavator with LEONARD attachment	21 740
Gas hot water boiler house TPD-technological part	19 371
Test sample machining optimisation	14 117

Principal additions to tangible fixed assets under construction for the year ended 31 December 2024 were as follows:

IN CZK THOUSAND

Heat treatment of rails	399 907
Modernisation and decarbonisation of steel production	120 950
Reconstruction of VP4	101 252

Depreciation of Tangible Fixed Assets Charged to Expenses

Depreciation of tangible fixed assets amounted to CZK 2,330,951 thousand and CZK 2,339,064 thousand as of 31 December 2024 and 2023, respectively.

Aggregate Balance of Low Value Tangible Assets Not Reported on the Balance Sheet

The aggregate costs of low value tangible fixed assets not reported on the face of the balance sheet were CZK 922,542 thousand and CZK 953,733 thousand as of 31 December 2024 and 2023, respectively.

6.3. Assets Held under Operating Lease Agreements

Operating Lease

Lease payments of CZK 83,814 thousand and CZK 75,481 thousand were made in the years ended 31 December 2024 and 2023, respectively.

6.4. Pledged Fixed Assets

2024

IN CZK THOUSAND

Description of Assets	Net Book Value	Description, Scope and Purpose of Pledge/Lien
Tangible fixed assets	173 981	
Land	27 406	
Tangible fixed assets	350 307	
Tangible fixed assets	422 292	
Tangible fixed assets	202 075	
Land	96 121	Loan from Československá obchodní banka, a. s.
Tangible fixed assets	345 088	
Tangible fixed assets	1 235 439	
Land	42 678	Loan from ING Bank N.V.
Tangible fixed assets	1 001 235	
Land	18 538	Loan from Raiffeisenbank a.s.
Tangible fixed assets	64 336	Collateral for an investment bank loan with UniCredit Bank Czech Republic and Slovakia, a.s.
Tangible fixed assets*	7 952	Loan from BNP Paribas Bank Polska S.A., collateralised by machinery of up to PLN 1,350 thousand
Tangible fixed assets*	23 560	Loan from BNP Paribas Bank Polska S.A., collateralised by machinery of up to PLN 4,000 thousand
Tangible fixed assets*	26 505	Loan from Bank Polska Kasa Opieki Spółka Akcyjna, collateralised by machinery of up to PLN 4,500 thousand
Tangible fixed assets	138 078	
Land	2 384	
Technologies	29 791	Loan from Citibank Europe plc.
Tangible fixed assets*	26 820	Investment loan from K&H Bank Zrt
Tangible fixed assets*	25 501	Investment loan from K&H Bank Zrt
Land	4 772	
Tangible fixed assets	183 882	Loan from Raiffeisenbank a.s.
Land	283	
Tangible fixed assets	40 976	Loan from Česká spořitelna, a.s.
Tangible fixed assets	29 416	Long-term loan from Československá obchodní banka, a. s.
Total	4 519 416	

Note: * translated using the Czech National Bank's exchange rate as of 31 December 2024

2023

IN CZK THOUSAND

Description of Assets	Net Book Value	Description, Scope and Purpose of Pledge/Lien
Tangible Fixed Assets	312 487	
Land	96 223	Loan from Československá obchodní banka, a. s.
Tangible Fixed Assets	354 652	
Land	11 988	
Tangible Fixed Assets	116 966	Loan from ING Bank N.V.
Tangible Fixed Assets	357 157	
Tangible Fixed Assets	1 390 100	
Land	42 678	Loan from ING Bank N.V.
Tangible Fixed Assets	1 084 756	
Land	18 538	Loan from Raiffeisenbank a.s.
Tangible Fixed Assets	68 502	Collateral for an investment bank loan with UniCredit Bank Czech Republic and Slovakia, a.s.
Technology	47 760	Raiffeisenbank a.s – pledge for the long-term bank loan for funding the MoRe T4 – 110kV distribution point
Tangible Fixed Assets*	136 656	Loan from Bank Polska Kasa Opieki Spółka Akcyjna, collateralised by machinery of up to PLN 24,000 thousand
Tangible Fixed Assets*	7 687	Loan from BNP Paribas Bank Polska S.A., collateralised by machinery of up to PLN 1,350 thousand
Tangible Fixed Assets*	22 776	Loan from BNP Paribas Bank Polska S.A., collateralised by machinery of up to PLN 4,000 thousand
Tangible Fixed Assets*	111 033	Loan from Bank Polska Kasa Opieki Spółka Akcyjna, collateralised by machinery of up to PLN 19,500 thousand
Tangible Fixed Assets*	25 623	Loan from Bank Polska Kasa Opieki Spółka Akcyjna, collateralised by machinery of up to PLN 4,500 thousand
Tangible Fixed Assets, Land	772	Investment Loan from Raiffeisenbank a.s.
Tangible Fixed Assets, Land	1 107	Investment Loan from Raiffeisenbank a.s.
Tangible Fixed Assets, Land	335	Investment Loan from Raiffeisenbank a.s.
Tangible Fixed Assets, Land	12 657	Investment Loan from Raiffeisenbank a.s.
Tangible Fixed Assets, Land	1 306	Investment Loan from Raiffeisenbank a.s.
Tangible Fixed Assets, Land	595	Investment Loan from Raiffeisenbank a.s.
Tangible Fixed Assets, Land	578	Investment Loan from Raiffeisenbank a.s.
Tangible Fixed Assets, Land	5 832	Investment Loan from Raiffeisenbank a.s.
Tangible Fixed Assets, Land	247	Investment Loan from Raiffeisenbank a.s.

☑ TABLE CONTINUES ON THE FOLLOWING PAGE

☑ CONTINUATION OF THE TABLE FROM THE PREVIOUS PAGE

Description of Assets	Net Book Value	Description, Scope and Purpose of Pledge/Lien
Tangible Fixed Assets	2 509	Investment Loan from Raiffeisenbank a.s.
Tangible Fixed Assets	679	Investment Loan from Raiffeisenbank a.s.
Tangible Fixed Assets	1 099	Investment Loan from Raiffeisenbank a.s.
Tangible Fixed Assets	35 481	Investment Loan from Raiffeisenbank a.s.
Tangible Fixed Assets	5 948	Investment Loan from Raiffeisenbank a.s.
Tangible Fixed Assets	2 082	Investment Loan from Raiffeisenbank a.s.
Tangible Fixed Assets	144 944	
Land	2 384	
Technology	32 806	Loan from Citibank Europe Plc.
Tangible Fixed Assets*	37 347	Investment Loan from Erste Bank Hungary Zrt.
Tangible Fixed Assets*	16 534	Investment Loan from K&H Bank Zrt.
Tangible Fixed Assets*	29 727	Investment Loan from K&H Bank Zrt.
Tangible Fixed Assets*	28 118	Investment Loan from K&H Bank Zrt.
Land	4 772	
Tangible Fixed Assets	191 555	Loan from Raiffeisenbank a.s.
Land	283	
Tangible Fixed Assets	43 096	Loan from Česká spořitelna, a.s.
Tangible Fixed Assets	32 358	Long-term bank loan from Československá obchodní banka, a. s.
Total	4 840 733	

Note: * translated using the Czech National Bank's exchange rate as of 31 December 2023

6.5. Non-Current Financial Assets

Cost

IN CZK THOUSAND

	Balance at 31 Dec 2023	Impact of Merger as of 1 Jan 2024	Additions	Disposals	Revaluation	Impact of exchange rate gains or losses	Balance at 31 Dec 2024
Equity investments – controlled or controlling entity	413 028	-100	0	1	0	0	412 927
Equity investments in associates	26 202	0	0	0	0	0	26 202
Other non-current securities and equity investments	2	0	0	0	0	0	2
Other non-current financial assets	20 000	0	0	0	0	0	20 000
Total	459 232	-100	0	1	0	0	459 131

Provisions

IN CZK THOUSAND

	Balance at 31 Dec 2023	Additions	Disposals	Revaluation	Impact of exchange rate gains or losses	Balance at 31 Dec 2024
Equity investments – controlled or controlling entity	70 129	13 660	0	0	0	83 789
Equity investments in associates	18 536	744	0	0	0	19 280
Other non-current securities and equity investments	0	0	0	0	0	0
Other non-current financial assets	0	0	0	0	0	0
Total	88 665	14 404	0	0	0	103 069

6.6. Summary of Unconsolidated Financial Investments

6.6.1. EQUITY INVESTMENTS – CONTROLLED OR CONTROLLING ENTITY

31 December 2024

IN CZK THOUSAND

Name of the entity, registered office	Equity investment %	Equity	Profit or loss for the period	Provision	Financial income
Třinecké gastroslužby, s.r.o., Staré Město, Třinec	100.00	46 672	3 958	0	0
Moravia Security, a.s., Kanská, Třinec	100.00	35 633	3 219	0	7 000
TŘINECKÁ PROJEKCE, a.s., Kanada, Třinec	84.54	33 550	4 001	0	1 609
„ZAMECZEK BŁOGOCICE“ Spółka z ograniczoną odpowiedzialnością, Cieszyn (POL)	88.00	45 848	-29	-9 262	0
TRISIA, a.s., Lyžbice, Třinec	66.00	41 521	360	-7 676	0
Reťaze Slovakia s.r.o., Skalica (SK)	80.00	11 624	833	0	1 593
JuBo Jeseník s. r. o., Jeseník	80.00	6 789	1 507	0	1 200
Řetězárna servis s.r.o., Jeseník	100.00	3 241	933	0	4 400
IMOPRA s.r.o., Nivnice	100.00	99 184	11 261	-16 851	25 000
EKOSTROJÍRENSTVÍ TŘINEC, a.s., Staré Město, Třinec	100.00	-52 297	14 336	-50 000	0
ENEZA, s.r.o., Staré Město, Třinec	52.50	97 832	3 435	0	1 214
Total				-83 789	42 016

Note: *italics – preliminary results as of 31 December 2024*

31 December 2023

IN CZK THOUSAND

Name of the entity, registered office	Equity investment %	Equity	Profit or loss for the period	Provision	Financial income
Třinecké gastroslužby, s.r.o., Staré Město, Třinec	100.00	42 714	5 472	0	0
TRIALFA, s.r.o., Třinec-Kanada	100.00	22 530	725	0	0
Moravia Security, a.s., Kanská, Třinec	100.00	39 414	2 119	0	5 000
TŘINECKÁ PROJEKCE, a.s., Kanada, Třinec	84.54	31 452	1 931	0	3 323
„ZAMECZEK BŁOGOCICE“ Spółka z ograniczoną odpowiedzialnością, Cieszyn (POL)	88.00	44 350	151	-10 726	0
TRISIA, a.s., Lyžbice, Třinec	66.00	41 161	282	-9 403	0
Reťaze Slovakia s.r.o., Skalica (SK)	80.00	12 572	2 623	0	1 331
JuBo Jeseník s. r. o., Jeseník	80.00	6 782	2 243	0	1 440
Řetězárna servis s.r.o., Jeseník	100.00	6 708	4 580	0	3 900
IMOPRA s.r.o., Nivnice	100.00	112 923	5 140	0	6 000
EKOSTROJÍRENSTVÍ TŘINEC, a.s., Staré Město, Třinec	100.00	-59 800	1 029	-50 000	0
ENEZA, s.r.o., Staré Město, Třinec	52.50	96 708	6 935	0	1 575
Total				-70 129	22 569

The Boards of Directors of the subsidiaries ENERGETIKA TŘINEC, a.s. and EKOSTROJÍRENSTVÍ TŘINEC, a.s. approved the intention of merger by amalgamation of EKOSTROJÍRENSTVÍ TŘINEC, a.s., as the dissolving company, with ENERGETIKA TŘINEC, a.s., as the successor company.

6.6.2. EQUITY INVESTMENTS – ASSOCIATES

31 December 2024

IN CZK THOUSAND

Name of the entity, registered office	Equity investment %	Equity	Profit or loss for the period	Provision	Financial income
Ocelářská unie a.s., Nové Město, Praha 1	40.44**	37 767	-3 286	-19 280	0
HRAT, s.r.o., Staré Město, Třinec*	23.26	4 102	663	0	0
Total				-19 280	0

Note.: *italics – preliminary results as of 31 December 2024*

* profit or loss for the period from 1 April 2024 to 31 December 2024 (fiscal year from 1 April 2024 to 31 March 2025)

** equity investments of the Company and the VÚHŽ a.s. subsidiary

31 December 2023

IN CZK THOUSAND

Name of the entity, registered office	Equity investment %	Equity	Profit or loss for the period	Provision	Financial income
Ocelářská unie a.s., Nové Město, Praha 1	40.44**	40 693	-1 152	-18 536	0
HRAT, s.r.o., Staré Město, Třinec*	23.26	4 351	911	0	0
Total				-18 536	0

* profit or loss for the period from 1 April 2023 to 31 December 2023 (fiscal year from 1 April 2023 to 31 March 2024)

** equity investments of the Company and the VÚHŽ a.s. subsidiary

6.7. Accounting for Goodwill Arising on Consolidation

2024

IN CZK THOUSAND

	Gross	Adjustment	Net	Recognition in equity	Recognition in expenses	Recognition in income
Positive goodwill arising on consolidation						
ŽDB DRÁTOVNA a.s.	261 780	-91 623	170 157	0	13 089	0
BOHEMIA RINGS s.r.o.	119 809	-119 809	0	0	0	0
Total	381 589	-211 432	170 157	0	13 089	0
Negative goodwill arising on consolidation						
REFRASIL, s.r.o.	-14 566	4 612	-9 954	0	0	728
Total	-14 566	4 612	-9 954	0	0	728

The gross value of the positive goodwill arising on consolidation of ŽDB DRÁTOVNA a.s. amounts to CZK 261,780 thousand as of 31 December 2024, which, starting from the 2021 reporting period, includes the overall deferred tax arising from the difference from the revaluation of assets and liabilities at the acquisition date in the amount of CZK 20,703 thousand.

In 2024, the Company recognised a write-off of the positive goodwill arising on consolidation of ŽDB DRÁTOVNA a.s. of CZK 13,089 thousand.

The gross value of the positive goodwill arising on consolidation of BOHEMIA RINGS s.r.o. amounts to CZK 119,809 thousand as of 31 December 2024, which, starting from the 2021 reporting period, includes the overall deferred tax arising from the difference from the revaluation of assets and liabilities at the acquisition date in the amount of CZK 45,256 thousand.

In 2024, the Company recognised a write-off of the positive goodwill arising on consolidation of BOHEMIA RINGS s.r.o. of CZK 5,990 thousand and a partial release of a provision for the positive goodwill arising on consolidation of CZK 5,990 thousand.

As of 31 December 2024, the gross amount of the negative goodwill arising on consolidation of REFRASIL, s.r.o. amounts to CZK 14,566 thousand.

In 2024, the Company recognised a write-off of the negative goodwill arising on consolidation of REFRASIL, s.r.o. of CZK 728 thousand.

2023

IN CZK THOUSAND

	Gross	Adjustment	Net	Recognition in equity	Recognition in expenses	Recognition in income
Positive goodwill arising on consolidation						
ŽDB DRÁTOVNA a.s.	261 780	-78 534	183 246	0	13 089	0
BOHEMIA RINGS s.r.o.	119 809	-119 809	0	0	91 355	0
Total	381 589	-198 343	183 246	0	104 444	0
Negative goodwill arising on consolidation						
REFRASIL, s.r.o.	-14 566	3 884	-10 682	0	0	728
Total	-14 566	3 884	-10 682	0	0	728

The gross value of the positive goodwill arising on consolidation of ŽDB DRÁTOVNA a.s. amounts to CZK 261,780 thousand as of 31 December 2023, which, starting from the 2021 reporting period, includes the overall deferred tax arising from the difference from the revaluation of assets and liabilities at the acquisition date in the amount of CZK 20,703 thousand.

In 2023, the Company recognised a write-off of the positive goodwill arising on consolidation of ŽDB DRÁTOVNA a.s. of CZK 13,089 thousand.

The gross value of the positive goodwill arising on consolidation of BOHEMIA RINGS s.r.o. amounts to CZK 119,809 thousand as of 31 December 2023, which, starting from the 2021 reporting period, includes the overall deferred tax arising from the difference from the revaluation of assets and liabilities at the acquisition date in the amount of CZK 45,256 thousand.

In 2023, the Company recognised a write-off of the positive goodwill arising on consolidation of BOHEMIA RINGS s.r.o. of CZK 5,990 thousand and a provision for the positive goodwill arising on consolidation of CZK 85,365 thousand.

As of 31 December 2023, the gross amount of the negative goodwill arising on consolidation of REFRASIL, s.r.o. amounts to CZK 14,566 thousand.

In 2023, the Company recognised a write-off of the negative goodwill arising on consolidation of REFRASIL, s.r.o. of CZK 728 thousand.

6.8. Securities and Equity Investments under Equity Accounting

IN CZK THOUSAND

Securities and equity investments under equity accounting	2024	2023
VESUVIUS ČESKÁ REPUBLIKA, a.s.	134 371	156 941
Total	134 371	156 941

6.9. Pledged Non-Current Financial Assets

As of 31 December 2024 and 31 December 2023, the consolidated group had no non-current financial assets pledged as collateral.

6.10. Inventory

As of 31 December 2024, “METALURGIA” SPÓŁKA AKCYJNA has pledged the inventory of up to PLN 19,500 thousand (CZK 114,855 thousand) with BNP Paribas Bank Polska S.A. in relation to the drawn loan and inventory of up to PLN 19,500 thousand (CZK 114,855 thousand) with Bank Polska Kasa Opieki Spółka Akcyjna in relation to the drawn loan.

As of 31 December 2023, “METALURGIA” SPÓŁKA AKCYJNA has pledged the inventory of up to PLN 19,500 thousand (CZK 111,033 thousand) with BNP Paribas Bank Polska S.A. in relation to the drawn loan and inventory of up to PLN 19,500 thousand (CZK 111,033 thousand) with Bank Polska Kasa Opieki Spółka Akcyjna in relation to the drawn loan.

6.11. Receivables

6.11.1. LONG-TERM RECEIVABLES

Long-term trade receivables generally include retained receivables from customers during guarantee periods.

As of 31 December 2024, the Company recorded long-term receivables with maturity period greater than five years of CZK 47 thousand (2023: CZK 201 thousand).

6.11.2. SHORT-TERM RECEIVABLES

As of 31 December 2024 and 2023, gross short-term trade receivables past their due dates amounted to CZK 314,549 thousand (net CZK 252,893 thousand) and CZK 384,936 thousand (net CZK 320,749 thousand), respectively.

Other Receivables

Short-term prepayments made principally involve prepayments for supplied services.

As of 31 December 2024, State – tax assets predominantly included a receivable arising from value added tax, prepayments for corporate income tax and prepayments for fees under Act No. 201/2012 Coll., on air protection. As of 31 December 2023, State – tax assets predominantly included a receivable arising from value added tax and prepayments for corporate income tax.

As of 31 December 2024 and 31 December 2023, sundry receivables principally include a receivable arising from an indisputable claim for a subsidy, a receivable arising from group registration for value-added tax, and receivables from individuals.

As of 31 December 2024, estimated receivables primarily include an estimated receivable for expected insurance claims relating to an accident of the wind heater including other insurance claims and an estimated receivable for service supplies. As of 31 December 2023, this item primarily included a receivable arising from expected insurance claims relating to an accident of the wind heater. In connection with the wind heater accident, the Company received prepayments from the insurance company for expected insurance claims (see Note 7.4).

Receivables typically mature within 30 days.

6.11.3. PLEDGED RECEIVABLES

As of 31 December 2024, “METALURGIA” SPÓŁKA AKCYJNA records pledged receivables of PLN 5,397 thousand (CZK 31,790 thousand) with BNP Paribas Faktoring Sp. z o. o. and pledged receivables of PLN 2,439 thousand (CZK 14,365 thousand) with Pekao Faktoring Sp. z o.o. As of 31 December 2023, pledged receivables amounted to PLN 5,857 thousand (CZK 33,348 thousand) with BNP Paribas Faktoring Sp. z o. o. and PLN 1,660 thousand (CZK 9,454 thousand) with Pekao Faktoring Sp. z o.o.

As of 31 December 2023, “D&D” Drótáru Zrt. recorded pledged receivables of HUF 583,737 thousand (CZK 37,680 thousand) with Tryg Garanti.

6.11.4. INTERCOMPANY RECEIVABLES

Long-term receivables as of 31 December 2024 include a receivable under the Revolving Loan Contract with EKOSTROJÍRENSTVÍ TŘINEC, a.s., amounting to CZK 67,123 thousand which is provisioned in full. As of 31 December 2023, this receivable was reported as short-term, including the provision created in full.

Short-term Receivables

IN CZK THOUSAND

Name of the entity	Relation to the Company	Balance at 31 Dec 2024	Balance at 31 Dec 2023
• Trade receivables			
JuBo Jeseník s. r. o.	Controlled Entity	2 935	3 393
Moravia Security, a.s.	Controlled Entity	229	167
MORAVIA STEEL a.s.	Controlling Entity	3 297 464	2 216 424
TRIALFA, s.r.o.	Controlled Entity	0	1 010
TŘINECKÁ PROJEKCE, a.s.	Controlled Entity	4 645	240
Třinecké gastroslužby, s.r.o.	Controlled Entity	4 121	3 770
TRISIA, a.s.	Controlled Entity	129	109
VESUVIUS ČESKÁ REPUBLIKA, a.s.	Associate	11 056	2 139
Beskydská golfová, a.s.	Fellow Subsidiary	28	15
NEOMET Sp. z o.o.	Fellow Subsidiary	50	32
IMOPRA s.r.o.	Controlled Entity	2	2
M Steel Projects a.s.	Fellow Subsidiary	13	15
Security Morava, s.r.o.	Controlled Entity	17	18
Moravskoslezský kovošrot, a.s.	Fellow Subsidiary	1 545	814
Kovárna VIVA a.s.	Fellow Subsidiary	311	585
MINERFIN a.s.	Group entity	527	1 567
Barrandov Studio a.s.	Fellow Subsidiary	130	205
Reťaze Slovakia, s.r.o.	Controlled Entity	1 158	2 208
Řetězárna servis s.r.o.	Controlled Entity	5	5
EKOSTROJÍRENSTVÍ TŘINEC, a.s.	Controlled Entity	133	108
MSV Metal Studénka, a.s.	Fellow Subsidiary	3 194	0
KUŹNIA OSTRÓW WIELKOPOLSKI SP. Z O.O.	Fellow Subsidiary	310	0
ALPER a.s.	Fellow Subsidiary	2	0
ENEZA, s.r.o.	Controlled Entity	1 502	1 366
Total		3 329 506	2 234 192

☑ TABLE CONTINUES ON THE FOLLOWING PAGE

☑ CONTINUATION OF THE TABLE FROM THE PREVIOUS PAGE

Name of the entity	Relation to the Company	Balance at 31 Dec 2024	Balance at 31 Dec 2023
• Estimated receivables			
MORAVIA STEEL a.s.	Controlling Entity	1 593	3 797
Třinecké gastroslužby, s.r.o.	Controlling Entity	3	0
Total		1 596	3 797
• Accrued income			
Třinecké gastroslužby, s.r.o.	Controlled Entity	10 551	0
EKOSTROJÍRENSTVÍ TŘINEC, a.s.	Controlled Entity	894	1 269
Total		11 445	1 269
Total short-term intercompany receivables including accruals		3 342 547	2 239 258
Other than intercompany receivables		4 528 184	5 186 198
Total short-term receivables including accruals		7 870 731	7 425 456

6.12. Equity

Valuation differences include the difference from the revaluation of securities available for sale net of a deferred tax liability.

As a result of the Doprava Merger (Note 3.1), the Company's equity increased by CZK 32,335 thousand as of 1 January 2023.

As a result of the Trialfa Merger (Note 3.1), the Company's equity increased by CZK 22,430 thousand as of 1 January 2024.

The sole shareholder of the Company decided to distribute the net profit of the Company after tax generated by the Company in 2023 in the amount of CZK 44,369 thousand as follows:

– Retained earnings brought forward CZK 44,369 thousand.

Share Capital

The Company's share capital is composed of 8,109,863 ordinary registered shares in the certificate form, fully subscribed and paid up, with a nominal value of CZK 1 thousand per share.

Proposal for the Allocation of Profit for 2024

In 2024, the Company generated net profit after tax of CZK 315,722 thousand. It is proposed to be allocated as follows:

– Retained earnings brought forward: CZK 315,722 thousand.

6.13. Reserves

Other reserves principally consist of reserves for employee bonuses, risks arising from business relations, including warranty claims.

6.14. Payables

6.14.1. LONG-TERM PAYABLES

Long-term trade payables as of 31 December 2024 primarily include payables arising from retention fees from suppliers according to concluded contracts.

As of 31 December 2024, the Company recorded no long-term payables covered by material guarantees.

As of 31 December 2024, the Company records long-term trade payables with maturity longer than 5 years in the amount of CZK 69 thousand.

As of 31 December 2023, the Company records no long-term trade payables with maturity longer than 5 years.

6.14.2. SHORT-TERM TRADE PAYABLES

As of 31 December 2024, short-term trade payables past their due dates amount to CZK 21,325 thousand (2023: CZK 44,132 thousand).

As of 31 December 2024, the Company reports short-term prepayments received, primarily comprising prepayments for expected insurance claims related to the wind heater accident amounting to CZK 950,000 thousand and prepayments for service supplies.

Payables typically fall due for settlement within 60 days.

6.14.3. OTHER PAYABLES

As of 31 December 2024 and 31 December 2023, the category 'State – tax liabilities and subsidies' principally comprised received subsidies for emission allowances, and a payable arising from personal income tax.

As of 31 December 2024 and 31 December 2023, estimated payables mainly consist of an estimated payable intended to cover all so far unrecognised payments relating to staff costs, an estimated payable for fees under Act No. 201/2012 Coll., on Air Protection, and an estimated payable arising from unbilled inventory including services and energy costs.

As of 31 December 2024 and 31 December 2023, sundry payables primarily include payables arising from the Group's registration for value added tax.

6.14.4. INTERCOMPANY PAYABLES

Long-Term Payables

As of 31 December 2024, the Group recorded no long-term intercompany payables.

Other than intercompany long-term payables as of 31 December 2024 and 2023 primarily include a deferred tax liability of CZK 1,505,800 thousand and CZK 1,522,408 thousand, respectively, and payables to credit institutions of CZK 2,857,360 thousand and CZK 2,910,849 thousand, respectively.

Short-term Payables

IN CZK THOUSAND

Name of the entity	Relation to the Company	Balance at 31 Dec 2024	Balance at 31 Dec 2023
• Trade payables			
Řetězárna servis s.r.o.	Controlled entity	1 475	1 828
JuBo Jeseník s. r. o.	Controlled entity	0	22
Ocelářská unie, a.s.	Associate	923	923
MORAVIA STEEL a.s.	Controlling entity	2 735 771	2 611 673
Moravia Security, a.s.	Controlled entity	12 646	11 067
Security Morava, s.r.o.	Controlled entity	2 827	2 024
TRIALFA, s.r.o.	Controlled entity	0	13 470
TRISIA, a.s.	Controlled entity	1 615	1 739
TŘINECKÁ PROJEKCE, a.s.	Controlled entity	1 937	5 403
Třinecké gastroslužby, s.r.o.	Controlled entity	16 083	14 024
VESUVIUS ČESKA REPUBLIKA, a.s.	Associate	44 258	10 875
Beskydská golfová, a.s.	Fellow subsidiary	0	5 445
„ZAMECZEK BŁOGOCICE“ Sp. z o.o.	Controlled entity	99	96
Moravskoslezský kovošrot, a.s.	Fellow subsidiary	110 251	100 083
MORAVIA STEEL ITALIA s.r.l.	Fellow subsidiary	319	189
MORAVIA STEEL SLOVENIJA d.o.o.	Fellow subsidiary	54	392
MORAVIA STEEL IBÉRIA, S.A.	Fellow subsidiary	269	12
MORAVIA STEEL UK LIMITED	Fellow subsidiary	69	57

☑ TABLE CONTINUES ON THE FOLLOWING PAGE

☑ CONTINUATION OF THE TABLE FROM THE PREVIOUS PAGE

Name of the entity	Relation to the Company	Balance at 31 Dec 2024	Balance at 31 Dec 2023
Moravia Steel Deutschland GmbH	Fellow subsidiary	1 053	1 693
NEOMET Sp. z o.o.	Fellow subsidiary	99 788	153 182
MSV Metal Studénka, a.s.	Fellow subsidiary	173	1 071
EKOSTROJÍRENSTVÍ TŘINEC, a.s.	Controlled entity	27 202	2 144
ENEZA, s.r.o.	Controlled entity	25 979	24 090
Refaze Slovakia, s.r.o.	Controlled entity	18	0
Total		3 082 809	2 961 502
• Estimated payables			
MORAVIA STEEL a.s.	Controlling entity	389	401
MSV Metal Studénka, a.s.	Fellow subsidiary	0	1
MORAVIA STEEL IBÉRIA, S.A.	Fellow subsidiary	40	0
MORAVIA STEEL SLOVENIJA d.o.o.	Fellow subsidiary	273	0
Total		702	402
• Other payables			
MORAVIA STEEL a.s.	Controlling entity	49 745	46 010
Total		49 745	46 010
• Accrued expenses			
MORAVIA STEEL a.s.	Controlling entity	4 605	10 799
MORAVIA STEEL IBÉRIA, S.A.	Fellow subsidiary	242	126
MORAVIA STEEL SLOVENIJA d.o.o.	Fellow subsidiary	18	18
Total		4 865	10 943
Total short-term intercompany payables including accruals		3 138 121	3 018 857
Other than intercompany payables		7 904 588	9 787 127
Total short-term payables including accruals		11 042 709	12 805 984

Short-term payables outside of the group as of 31 December 2024 and 2023 predominantly include payables to credit institutions of CZK 1,566,241 thousand and CZK 2,027,462 thousand, respectively, and tax liabilities and subsidies of CZK 1,295,525 thousand and CZK 2,530,340 thousand as of 31 December 2024 and 2023, respectively.

6.15. Deferred Income Tax

6.15.1. DEFERRED TAX LIABILITY

In determining the deferred tax liability amount, the Group used the tax rate in line with the legislation of each state for the period in which the deferred tax liability is anticipated to be realised.

IN CZK THOUSAND

Deferred tax basis	Tax rate in %	Balance at 31 Dec 2024	Balance at 31 Dec 2023
Difference between tax and accounting net book value of fixed assets	21	-9 928 798	-10 191 646
Difference between tax and accounting net book value of fixed assets	9	-100 991	-100 030
Remeasurement of securities available for sale	21	2 054	2 054
Remeasurement of assets to fair value	21	-147 546	-159 311
Remeasurement of assets to fair value	19	-18 417	-17 347
Remeasurement of assets to fair value	9	-26 189	-27 565
Accounting reserves	21	207 914	166 127
Provisions	21	1 453 671	1 740 391
Provision for positive goodwill on consolidation	21	79 371	85 361
Unpaid default interest	21	-954	8 302
Expenses that are tax deductible in subsequent periods	21	130 221	117 748
Utilisable tax loss	21	145 898	102 232
Unrealised gains on the intragroup sale of inventory	21	53 752	33 537
Unrealised gains on intragroup sales of tangible and intangible fixed assets	21	904 809	915 387
Unrealised gains on intragroup sales of tangible and intangible fixed assets	19	463	854
Unrealised gains on intragroup sales of tangible and intangible fixed assets (equity)	19	-133	-153
Total tax base		-7 244 875	-7 324 059
Deferred tax liability		-1 505 800	-1 522 408

IN CZK THOUSAND

Analysis of movements	
31 Dec 2023	-1 522 408
Impact of Merger	-102
Current changes charged to the profit and loss account	16 218
Current changes recognised in equity	491
Other	1
31 Dec 2024	-1 505 800

6.15.2. DEFERRED TAX ASSET

The tax rate used to calculate the deferred tax asset was the tax rate in accordance with the legislation of each country applicable to the period in which the tax asset is expected to be utilised.

IN CZK THOUSAND

Arising from	Tax rate (in %)	Balance at 31 Dec 2024	Balance at 31 Dec 2023
Difference between the tax amount and the carrying amount of fixed assets	19	-27 607	-44 904
Accounting reserves	19	0	24 273
Expenses that are tax deductible in subsequent periods	19	25 434	0
Provisions	19	9 256	9 530
Applicable tax loss	19	53 668	93 838
Total tax base		60 751	82 737
Deferred tax asset		11 543	15 720

IN CZK THOUSAND

Analysis of movements	
31 Dec 2023	15 720
Current changes charged to the profit and loss account	-4 673
Current changes recognised in equity	496
31 Dec 2024	11 543

6.16. Payables to Credit Institutions

Long-Term Payables to Credit Institutions

IN CZK THOUSAND

Type of payable	Currency	Balance at 31 Dec 2024	Balance at 31 Dec 2023	Form of collateral as of 31 December 2024
Investment loan	CZK	360 000	600 000	Immovable and movable assets, insurance receivables, promissory note
Investment loan	CZK	838 661	0	Immovable and movable assets, insurance receivables
Investment loan	EUR	112 262	330 635	Immovable and movable assets, insurance receivables
Investment loan	EUR	567 922	760 294	Immovable and movable assets, insurance receivables, promissory note
Investment loan	EUR	661 106	834 469	No collateral
Investment loan	CZK	950	2 850	No collateral
Investment loan	EUR	5 876	7 692	No collateral
Investment loan	CZK	0	18 000	Blank promissory note, collateral for up to the amount of outstanding debts
Investment loan	EUR	32 637	1 958	Promissory note
One-time investment loan	EUR	0	25 902	Movable and immovable assets
Special purpose loan	EUR	148 088	186 921	Receivables
Investment loan	EUR	11 126	25 477	Blank promissory note, pledge of movable assets
Special purpose loan	CZK	0	5 000	Collateralised with movable assets
Special purpose loan	CZK/EUR	12 000	0	No collateral
Investment loan	EUR	0	1 443	Blank promissory note
Investment loan	EUR	1 470	7 212	Blank promissory note
Investment loan	EUR	0	9 119	Blank promissory note
Investment loan	EUR	18 889	33 379	Blank promissory note
Investment loan	EUR	56 466	48 681	Blank promissory note
Investment loan	EUR	0	3 402	Mortgage, insurance security
Investment loan	EUR	5 143	8 415	Mortgage, insurance security
Investment loan	EUR	24 764	0	Mortgage, insurance security
Total		2 857 360	2 910 849	

Short-Term Payables to Credit Institutions

IN CZK THOUSAND

Type of loan	Currency	Balance at 31 Dec 2024	Balance at 31 Dec 2023	Form of collateral at 31 Dec 2024
Investment loan	EUR	0	4 327	Blank promissory note
Investment loan	EUR	5 876	5 769	Blank promissory note
Overdraft	PLN	0	18 072	Pledge of inventories, goods, materials and finished products together with transfer of insurance policy, blank promissory notes
Overdraft	EUR	10 869	0	Pledge of inventories, goods, materials and finished products together with transfer of insurance policy, blank promissory notes
Overdraft	PLN	574	18 491	Pledge of inventories, goods, materials and finished products together with transfer of insurance policy, blank promissory notes
Overdraft	EUR	33 087	0	Pledge of inventories, goods, materials and finished products together with transfer of insurance policy, blank promissory notes
Investment loan	PLN	6 952	11 202	Pledge of machinery and equipment with insurance, blank promissory note
Investment loan	PLN	0	995	Pledge of machinery and equipment with insurance, blank promissory note
Investment loan	EUR	6 922	9 079	Pledge of machinery and equipment with insurance, blank promissory note
Overdraft – credit cards	CZK	120	194	No collateral
One-time loan, investment	EUR	26 384	25 902	Movable and immovable assets
Overdraft	EUR	63 269	1 754	Receivables
Special-purpose loan	EUR	42 311	20 769	Receivables
Investment loan	EUR	224 524	220 423	Immovable and movable assets, insurance receivables
Investment loan	CZK	0	171 428	Immovable and movable assets, insurance receivables, promissory note
Investment loan	EUR	206 517	202 745	Immovable and movable assets, insurance receivables, promissory note
Investment loan	CZK	240 000	240 000	Immovable and movable assets, insurance receivables, promissory note
Overdraft	CZK	0	49 160	Promissory note
Overdraft	CZK	0	57 309	No collateral
Overdraft	CZK	0	53 139	Promissory note
Overdraft	CZK	0	55 155	Promissory note
Overdraft	CZK	0	49 520	Promissory note
Overdraft	CZK	0	67 092	Promissory note

☑ TABLE CONTINUES ON THE FOLLOWING PAGE

☑ CONTINUATION OF THE TABLE FROM THE PREVIOUS PAGE

Type of loan	Currency	Balance at 31 Dec 2024	Balance at 31 Dec 2023	Form of collateral at 31 Dec 2024
Short-term loan	CZK	62	4	No collateral
Investment loan	EUR	188 887	92 719	No collateral
Acquisition loan	EUR	93 185	0	Securities, promissory note
Investment loan	CZK	0	1 424	Immovable and movable assets
Investment loan	EUR	0	4 921	Immovable and movable assets
Investment loan	CZK	1 900	1 900	No collateral
Investment loan	EUR	1 959	1 923	No collateral
Credit cards	CZK	6	42	No collateral
Overdraft	CZK	0	18 280	Blank promissory note
Investment loan	EUR	8 815	0	Promissory note
Special-purpose loan	CZK	5 000	10 000	Pledge on movable assets
Special-purpose loan	CZK/EUR	6 000	0	No collateral
Investment loan	CZK	18 000	19 773	Blank promissory note, pledge on movable assets
Investment loan	CZK	0	18 000	Blank promissory note
Overdraft	CZK	16 097	165 078	Blank promissory note
Overdraft	CZK	4 735	69 371	Blank promissory note
Overdraft	CZK	3 502	93 129	Blank promissory note
Overdraft	EUR	64 489	0	Blank promissory note
Overdraft	CZK	32 508	9 988	Blank promissory note
Overdraft	CZK	33 077	27 218	Blank promissory note
Overdraft	EUR	0	2 085	Blank promissory note
Overdraft	EUR	0	12 182	Blank promissory note
Investment loan	EUR	14 830	14 563	Blank promissory note, pledge on movable assets
Overdraft	EUR	5 143	0	Blank promissory note
Operating loan	CZK	12 859	5 083	Pledge of immovable assets, transfer of ownership title to movable assets, blank promissory note, property insurance vindication
Operating loan	EUR	78 979	56 491	Blank promissory note

☑ TABLE CONTINUES ON THE FOLLOWING PAGE

☑ CONTINUATION OF THE TABLE FROM THE PREVIOUS PAGE

Type of loan	Currency	Balance at 31 Dec 2024	Balance at 31 Dec 2023	Form of collateral at 31 Dec 2024
Operating loan	EUR	0	3 096	Pledge of immovable assets, blank promissory note, property insurance vindication
Investment loan	EUR	0	294	Pledge of immovable assets, blank promissory note, pledge of insurance claims
Operating loan	CZK	4 572	19 951	Blank promissory note
Investment loan	EUR	9 289	12 160	Blank promissory note
Investment loan	EUR	15 111	14 835	Blank promissory note
Investment loan	EUR	20 609	14 063	Blank promissory note
Investment loan	EUR	0	1 581	Mortgage, insurance security
Investment loan	EUR	0	3 014	Mortgage, insurance security
Investment loan	EUR	3 465	5 670	Mortgage, insurance security
Investment loan	EUR	3 429	4 207	Mortgage, insurance security
Overdraft	EUR	39 460	41 892	No collateral
Investment loan	EUR	12 868	0	Mortgage, insurance security
Total		1 566 241	2 027 462	

Repayments of long-term payables to credit institutions with maturities exceeding five years amount to CZK 93,185 thousand.

6.17. Off Balance Sheet Assets and Liabilities, Legal Disputes and Other Matters

TŘINECKÉ ŽELEZÁRNY, a. s.

Provided Guarantees

31 December 2024

Type	Total amount	Balance at 31 Dec 2024
<i>Guarantees</i>		
– to other entities	EUR 3,249 thousand CZK 40,000 thousand	CZK 81,833 thousand CZK 40,000 thousand

31 December 2023

Type	Total amount	Balance at 31 Dec 2023
<i>Guarantees</i>		
– to other entities	EUR 3,249 thousand CZK 40,000 thousand	CZK 80,338 thousand CZK 40,000 thousand

Received Guarantees

31 December 2024

Type	Total amount	Balance at 31 Dec 2024
<i>Guarantees</i>		
– from other entities	EUR 4,487 thousand CZK 21,320 thousand	CZK 113,004 thousand CZK 21,320 thousand

31 December 2023

Type	Total amount	Balance at 31 Dec 2023
<i>Guarantees</i>		
– from other entities	EUR 5,574 thousand CZK 46,037 thousand	CZK 137,814 thousand CZK 46,037 thousand

As of 31 December 2024, the Company records in off-balance sheet records both promissory notes issued by the Company in favour of credit institutions and promissory notes received, issued in favour of the Company to collateralise financial payables under the Revolving Credit Agreements.

Legal Disputes

Dispute based on an action filed by the Company on 14 February 2025 at the Municipal Court in Prague against the decision of the Ministry of Industry and Trade of the Czech Republic issued under Ref. No. MPO 86138/2024 on 12 December 2024. By this decision, the Company was awarded a compensation for indirect costs for 2023 (according to Government Regulation No. 565/2020 Coll.) only in a reduced amount, i.e. CZK 165,722,948.00, although the Company claimed compensation for indirect costs for 2023 in the amount of CZK 458,272,980.30 by a duly filed application. The contested decision of the Ministry of Industry and Trade provided compensation only in an amount reduced by the amount of other public support provided to the Company, specifically by the amount provided to the Company in the form of the electricity price cap. By this action, the Company seeks the annulment of the above-mentioned decision of the Ministry of Industry and Trade on the provision of compensation for indirect costs. The matter has not yet been resolved.

Environmental Liabilities

The Company was subject to an environmental audit, which highlighted the Company's environmental obligations. Based upon the audit, the Company entered into an agreement with the National Property Fund of the Czech Republic for the settlement of expenses involved in removing environmental liabilities up to CZK 514 million that had arisen prior to privatisation.

Under the amendment to this contract concluded on 3 November 2008 with the Czech Republic – the Ministry of Finance, the guarantee of the Ministry of Finance is capped at CZK 843.6 million. This guarantee covers environmental liabilities of the Company. For this reason, the Company does not create a reserve for environmental burdens.

As of 31 December 2024, the Company used up funds in the amount of CZK 552,562 thousand (2023: CZK 548,947 thousand).

Other Entities Included in the Consolidation Group

ENERGETIKA TŘINEC, a.s.

Collateral for payables

IN CZK THOUSAND

Type of liability	Balance at 31 Dec 2024	Balance at 31 Dec 2023
Blank promissory notes – collateral for own overdrafts	550 000	550 000
Blank promissory notes – collateral for own long-term loans	90 000	235 000
Total	640 000	785 000

Strojírny a stavby Třinec, a.s.**Provided Guarantees**

31 December 2024

Type	Total amount	Balance at 31 Dec 2024
<i>Guarantees</i>		
– to other entities	CZK 17,807 thousand EUR 3,083 thousand	CZK 17,807 thousand CZK 77,271 thousand

31 December 2023

Type	Total amount	Balance at 31 Dec 2023
<i>Guarantees</i>		
– to other entities	CZK 5,589 thousand EUR 562 thousand	CZK 5,589 thousand CZK 13,815 thousand

Received guarantees

31 December 2024

Type	Total amount	Balance at 31 Dec 2024
<i>Guarantees</i>		
– from other entities	CZK 4,885 thousand	CZK 4,885 thousand

31 December 2023

Type	Total amount	Balance at 31 Dec 2023
<i>Guarantees</i>		
– from other entities	CZK 3,130 thousand	CZK 3,130 thousand

Other payables and receivables not discussed in the accounting and legal disputes of entities included in the consolidation group are described in detail in separate financial statements of these entities. These payables, receivables and legal disputes are not significant from the group's perspective.

7. Additional Consolidated Profit and Loss Account Information

7.1. Income from Ordinary Activities and Sold Goods

7.1.1. THE GROUP'S INCOME FROM ORDINARY ACTIVITIES AND SALE OF GOODS FOR 2024 IN CZK THOUSAND

Activities	In-country	Cross-border	Total
Metallurgic production	47 030 756	7 361 163	54 391 919
Other production	1 894 723	1 992 526	3 887 249
Sale of goods	13 641	242 373	256 014
Services	1 234 169	165 056	1 399 225
Total	50 173 289	9 761 118	59 934 407

7.1.2. THE GROUP'S INCOME FROM ORDINARY ACTIVITIES AND SALE OF GOODS FOR 2023 IN CZK THOUSAND

Activities	In-country	Cross-border	Total
Metallurgic production	48 907 315	7 028 589	55 935 904
Other production	2 876 651	3 096 460	5 973 111
Sale of goods	31 331	332 164	363 495
Services	1 340 036	151 568	1 491 604
Total	53 155 333	10 608 781	63 764 114

7.2. Grants and Subsidies

In the year ended 31 December 2024, the Company drew a subsidy for the acquisition of environmental and other investments of CZK 39,965 thousand.

In the year ended 31 December 2023, the Company drew a subsidy for the acquisition of environmental and other investments of CZK 60,449 thousand.

In the year ended 31 December 2023, Slévárny Třinec, a.s., drew a subsidy for the Reconstruction of thermal energy distribution systems at the Dřevomodelárny operation in the amount of CZK 1,720 thousand.

Subsidy for operating purposes amounting to CZK 3,121 thousand utilised in the year ended 31 December 2024 include the subsidy for research and development, the subsidy for the operation of the Museum of Třinecké železářny and the City of Třinec and the subsidy for education.

Subsidy for operating purposes amounting to CZK 4,868 thousand utilised in the year ended 31 December 2023 include the subsidy for research and development, the subsidy for the operation of the Museum of Třinecké železářny and the City of Třinec and the subsidy for education.

7.3. Total Remuneration Charged by the Auditor

IN CZK THOUSAND

	Year ended 31 December 2024	Year ended 31 December 2023
Obligatory audit of the financial statements	12 717	11 628
Other assurance services	121	106
Other non-audit services	5	5
Total	12 843	11 739

7.4. Other Expenses and Income

Other operating income as of 31 December 2024 and 2023 predominantly includes the drawing of the grant for allowances of CZK 6,943,374 thousand and CZK 8,605,789 thousand, respectively, and expected insurance benefits related to an accident of the wind heater of CZK 0 thousand (2023: CZK 535,015 thousand).

Other financial income in 2024 and 2023 predominantly includes foreign exchange gains of CZK 212,380 thousand and CZK 294,117 thousand, respectively.

Other operating expenses as of 31 December 2024 and 2023 predominantly include the use of emission allowances of CZK 6,943,374 thousand and CZK 8,605,789 thousand, respectively.

Other financial expenses as of 31 December 2024 and 2023 predominantly include foreign exchange losses of CZK 263,649 thousand and CZK 393,104 thousand, respectively.

Financial gifts are reported in operating expenses. The total amount of the gifts provided in 2024 was CZK 29,886 thousand (2023: CZK 29,842 thousand).

In the year ended 31 December 2024, the Company received and reported the compensation for indirect costs for industries identified as having a significant risk of carbon leakage due to the reflection of the costs associated with greenhouse gas emissions in the price of electricity for the calendar year of 2023 in the amount of CZK 165,723 thousand.

In the year ended 31 December 2023, the Company received and reported the compensation for indirect costs for industries identified as having a significant risk of carbon leakage due to the reflection of the costs associated with greenhouse gas emissions in the price of electricity for the calendar year of 2022 in the amount of CZK 308,021 thousand.

7.5. Total Research and Development Costs

IN CZK THOUSAND

	31 Dec 2024	31 Dec 2023
Development costs (less subsidies)	38 900	33 247

7.6. Related Party Transactions

7.6.1. INCOME GENERATED WITH RELATED PARTIES

The income generated with related parties amounted to CZK 45,725 thousand in the year ended 31 December 2024 of which income generated with MORAVIA STEEL a.s. amounted to CZK 45,536 thousand (2023: CZK 47,908,006 thousand of which income generated with MORAVIA STEEL a.s. amounted to CZK 47,650,650 thousand). All intragroup transactions were under arm's length basis.

The income generated from profit shares received from entities in the group in the years ended 31 December 2024 and 2023 is disclosed in Note 6.6.

7.6.2. PURCHASES FROM RELATED PARTIES

Total purchases from related parties amounted to CZK 33,599 thousand for the year ended 31 December 2024 of which CZK 29,779 thousand from MORAVIA STEEL a. s. (2023: CZK 35,638,788 thousand of which CZK 31,802,092 thousand from MORAVIA STEEL a.s.). All intragroup transactions were under arm's length basis.

8. Employees and Management of Entities in the Consolidation Group

8.1. Staff Costs and Number of Employees

31 December 2024

CZK '000)

	Number	Total staff costs
Employees	11 312	7 989 283
Management	148	325 342
Total	11 460	8 314 625

31 December 2023

IN CZK THOUSAND

	Number	Total staff costs
Employees	11 500	7 784 429
Management	144	305 296
Total	11 644	8 089 725

The number of employees and company management members is based on the average recalculated number of employees and company management members. The values for 2024 and 2023 include the impact of the Mergers (Note 3.1).

For the purposes of these notes to the consolidated financial statements, the category of management includes the members of the Supervisory Boards, the members of the Board of Directors, statutory executives and professional directors. In respect of the Company, they also include managers of operations and specialised units, and the plant director.

8.2. Loans, Borrowings, and Other Benefits Provided

The amount of other supplies provided to managers:

IN CZK THOUSAND

	2024	2023
Use of management cars (the figure increases the tax base of employees)	11 925	11 664
Contribution for life insurance	230	208
Liability insurance	742	705

9. Post Balance Sheet Events

As of the balance sheet date, there were no events that would have a material impact on the financial statements for the year ended 31 December 2024.



Report on Related Party Transactions for the Year 2024

This Related Party Transactions Report between TŘINECKÉ ŽELEZÁRNY, a. s., with its registered office at Průmyslová 1000, Staré Město, 739 61 Třinec, corporate ID: 18050646, recorded in File B, Insert 146 of the Register of Companies held by the Regional Court in Ostrava (hereinafter “TŽ” or the “Company”) and the controlling entity, and between TŽ and entities controlled by the same controlling entity has been prepared in line with Section 82 of Act No. 90/2012 Coll., on Business Companies and Cooperatives (hereinafter the “Act on Business Corporations”) for the 2024 reporting period (hereinafter the “reporting period”).

I. DEFINITION OF THE CONTROLLING ENTITY AND CONTROLLED ENTITIES AND THE STRUCTURE OF THE RELATIONS BETWEEN THESE ENTITIES

A. CONTROLLING ENTITY

MORAVIA STEEL a.s., registered office: Průmyslová 1000, Staré Město, 739 61 Třinec, Corporate ID: 63474808

Relation: In the reporting period, MORAVIA STEEL a.s. was in the position of the controlling entity of TŽ.

B. ENTITIES CONTROLLED BY THE SAME CONTROLLING ENTITY

Moravskoslezský kovošrot, a.s., registered office: Božkova 936/73, Přívoz, 702 00 Ostrava, Corporate ID: 26855097

Relation: In the reporting period, the entity was controlled by MORAVIA STEEL a.s.

M Steel Projects a.s., registered office: Průmyslová 1000, Staré Město, 739 61 Třinec, Corporate ID: 28602331

Relation: In the reporting period, the entity was controlled by MORAVIA STEEL a.s.

Barrandov Studio a.s., registered office: Kříženeckého nám. 322/5, 152 00 Prague 5 – Hlubočepy, Corporate ID: 28172469

Relation: In the reporting period, the entity was controlled by MORAVIA STEEL a.s.

Beskydská Golfová, a.s., registered office: no. 415, 739 61 Ropice; Corporate ID: 25352920

Relation: In the reporting period, the entity was controlled by MORAVIA STEEL a.s.

MS – Slovensko s.r.o., registered office: Námestie Ľudovíta Štúra 2, Bratislava 811 02, Slovakia, Corporate ID: 35900601

Relation: In the reporting period, the entity was controlled by MORAVIA STEEL a.s.

MORAVIA STEEL IBÉRIA, S.A., registered office: Campo Grande, 35 – 9. A, P-1700 Lisbon, Portugal

Relation: In the reporting period, the entity was controlled by MORAVIA STEEL a.s.

MORAVIA STEEL ITALIA s.r.l., registered office: Corso Sempione 39, 20145 Milano, Italy

Relation: In the reporting period, the entity was controlled by MORAVIA STEEL a.s.

MORAVIA STEEL SLOVENIJA d.o.o., registered office: Valvazorjeva 14, 3000 Celje, Slovenia

Relation: In the reporting period, the entity was controlled by MORAVIA STEEL a.s.

Moravia Steel Deutschland GmbH, registered office: Cliev 19, 51515 Kürten-Herweg, Germany

Relation: In the reporting period, the entity was controlled by MORAVIA STEEL a.s.

MORAVIA STEEL UK LIMITED, registered office: 5 Bradwall Court, Bradwall Road, Sandbach, Cheshire, CW11 1 GE, UK

Relation: In the reporting period, the entity was controlled by MORAVIA STEEL a.s.

“NEOMET” SPÓŁKA Z OGRANICZONĄ ODPOWIEDZIALNOŚCIĄ, registered office: UL. BATALIÓNOW CHŁÓPSKICH 2, 42-680 TARNOWSKIE GÓRY, Poland

Relation: In the reporting period, the entity was controlled by MORAVIA STEEL a.s.

MORAVIA MINING PLC, registered office: Addis Ababa, Bole 03, 5/001 – 405 A, Ethiopia

Relation: In the reporting period, the entity was controlled by MORAVIA STEEL a.s. until 5 February 2024. On 5 February 2024, the Ministry of Trade and Regional Integration of the Republic of Ethiopia decided to delete the company from the Register of Companies as of 5 February 2024.

Kovárna VIVA a.s., registered office: Vavrečkova 5333, 760 01 Zlín, Corporate ID: 46978496

Relation: In the reporting period, the entity was controlled by MORAVIA STEEL.

MSV Metal Studénka, a.s., registered office: R. Tomáška 859, 742 13 Studénka, Corporate ID: 47675942

Relation: In the reporting period, the entity was controlled by MORAVIA STEEL a.s.

M Steel Projects, s.r.o., registered office: Na Bráne 8665/4, Žilina 010 01, Slovakia, Corporate ID: 46685570

Relation: In the reporting period, the entity was controlled by MORAVIA STEEL a.s.

AHP HYDRAULIKA, a.s., registered office: Vojtecha Tvrdeho 793/21, Žilina 010 01, Slovakia, Corporate ID: 31563104

Relation: In the reporting period, the entity was controlled by MORAVIA STEEL a.s.

MSProjects International s.r.o., registered office at nám. Svobody 526, Lyžbice, 739 61 Třinec, Corporate ID: 03587649

Relation: In the reporting period, the entity was controlled by MORAVIA STEEL a.s.

Barrandov Productions s.r.o., registered office: Kříženeckého náměstí 322/5, Hlubočepy, 152 00 Prague 5, Corporate ID: 25621025

Relation: In the reporting period, the entity was controlled by MORAVIA STEEL a.s.

FILMOVÁ NADACE, registered office: Kříženeckého náměstí 322/5, Hlubočepy, 152 00 Prague 5, Corporate ID: 27437213

Relation: The sole founder of the entity is Barrandov Studio a.s. which was controlled by MORAVIA STEEL a.s. in the reporting period.

Moravia Steel Nepremičnine d.o.o., registered office: Ljubljanska cesta 3A, 3000 Celje, Slovenia

Relation: In the reporting period, the entity was controlled by MORAVIA STEEL a.s.

ALPER a.s., registered office: Vrahovická 4530, 796 01 Prostějov, Corporate ID: 27126226

Relation: In the reporting period, the entity was controlled by MORAVIA STEEL a.s.

KUŹNIA OSTRÓW WIELKOPOLSKI SPÓŁKA Z OGRANICZONĄ ODPOWIEDZIALNOŚCIĄ registered office: WROCLAWSKA 93, 63-400, Ostrów Wielkopolski, Poland

Relation: In the reporting period, the entity was controlled by MORAVIA STEEL a.s.

B.A. Zlín, s.r.o., registered office: Vavrečkova 5333, 760 01 Zlín, Corporate ID: 26301687

Relation: In the reporting period, the entity was controlled by MORAVIA STEEL a.s.

C. ENTITIES CONTROLLED BY TŽ

ENERGETIKA TŘINEC, a.s., registered office: Průmyslová 1024, Staré Město, 739 61 Třinec, Corporate ID: 47675896

Relation: In the reporting period, the entity was controlled by TŽ.

Slévárny Třinec, a.s., registered office: Průmyslová 1001, Staré Město, 739 61 Třinec, Corporate ID: 25830716

Relation: In the reporting period, the entity was controlled by TŽ.

Třinecké gastroslužby, s.r.o., registered office: Průmyslová 1035, Staré Město, 739 61 Třinec, Corporate ID: 25838148

Relation: In the reporting period, the entity was controlled by TŽ.

TRIALFA, s.r.o., registered office: Třinec-Kanada, ul. Míru 272, 73965, Corporate ID: 25839888

Relation: In the reporting period, the entity was controlled by TŽ until 31 December 2024, when it ceased to exist by removal from the Register of Companies without liquidation due to a merger by amalgamation with TŘINECKÉ ŽELEZÁRNY, a.s., as the successor company.

Řetězárna a.s., registered office: Polská 48, 790 81 Česká Ves, Corporate ID: 47672081

Relation: In the reporting period, the entity was controlled by TŽ.

Reťaze Slovakia, s.r.o., registered office: Nádražná 30, 909 01 Skalica, Slovakia, Corporate ID: 34143483

Relation: In the reporting period, the entity was controlled by TŽ.

JuBo Jeseník s. r. o., registered office: U Jatek 600/2, 790 01 Jeseník, Corporate ID: 48391514

Relation: In the reporting period, the entity was controlled by TŽ.

Řetězárna servis s.r.o., registered office: U Jatek 600/2, 790 01 Jeseník, Corporate ID: 05644267

Relation: In the reporting period, the entity was controlled by TŽ.

TRISIA, a.s., registered office: nám. Svobody 526, Lyžbice, 739 61 Třinec, Corporate ID: 64610152

Relation: In the reporting period, the entity was controlled by TŽ.

REFRASIL, s.r.o., registered office: Průmyslová 720, Kanská, 739 61 Třinec, Corporate ID: 48395862

Relation: In the reporting period, the entity was controlled by TŽ.

VÚHŽ a.s., registered office: Dobrá 240, 739 51 Dobrá, Corporate ID: 27768953

Relation: In the reporting period, the entity was controlled by TŽ.

Šroubárna Kyjov, spol. s r.o., registered office: Jiráskova 987/50, 697 01 Kyjov, Corporate ID: 42293588

Relation: In the reporting period, the entity was controlled by TŽ.

Moravia Security, a.s., registered office: Průmyslová 725, Kanská, 739 61 Třinec, Corporate ID: 27835481

Relation: In the reporting period, the entity was controlled by TŽ.

Security Morava, s.r.o., registered office: Jiráskova 987, 697 01 Kyjov, Corporate ID: 28346262

Relation: In the reporting period, the entity was controlled by TŽ.

Strojírny a stavby Třinec, a.s., registered office: Průmyslová 1038, Staré Město, 739 61 Třinec, Corporate ID: 47674539

Relation: In the reporting period, the entity was controlled by TŽ.

“METALURGIA” SPÓŁKA AKCYJNA, registered office: Świętej Rozalii 10/12, 97-500 Radomsko, Poland

Relation: In the reporting period, the entity was controlled by TŽ.

“ZAMECZEK BŁOGOCICE” SPÓŁKA Z OGRANICZONĄ ODPOWIEDZIALNOŚCIĄ, Registered office: Stefana Zeromskiego 1, 43-400 Cieszyn, Poland

Relation: In the reporting period, the entity was controlled by TŽ.

“D&D” Drótáru Ipari és Kereskedelmi Zártkörűen Működő Részvénytársaság, registered office: Sajószigeti utca 4, 3527 Miskolc, Hungary

Relation: In the reporting period, the entity was controlled by TŽ.

TŘINECKÁ PROJEKCE, a.s., registered office: Míru 274, Kanada, 739 61 Třinec, Corporate ID: 47677741

Relation: In the reporting period, the entity was controlled by TŽ.

ŽDB DRÁTOVNA a.s., registered office: Jeremenkova 66, Pudlov, 735 51 Bohumín, Corporate ID: 29400066

Relation: In the reporting period, the entity was controlled by TŽ.

HŽP, a.s., registered office: Dolní 3137/100, 796 01 Prostějov, Corporate ID: 269 55 342

Relation: In the reporting period the entity was controlled by TŽ.

SV servisní, s.r.o., registered office: Dolní 3137/100, 796 01 Prostějov, Corporate ID: 607 25 974

Relation: In the reporting period the entity was controlled by TŽ.

IMOPRA s.r.o., registered office: U Dvora 217, 687 51 Nivnice, Corporate ID: 262 77 697

Relation: In the reporting period the entity was controlled by TŽ

BOHEMIA RINGS s.r.o., registered office: 10, 565 43 Zámorsk, Corporate ID: 496 85 643

Relation: In the reporting period the entity was controlled by TŽ.

EKOSTROJÍRENSTVÍ TŘINEC, a.s., registered office: Průmyslová 1038, Staré Město, 739 61 Třinec, Corporate ID: 087 30 377

Relation: In the reporting period the entity was controlled by TŽ.

ENEZA, s.r.o., registered office: Průmyslová 1021, Staré Město, 739 61 Třinec, Corporate ID: 25855344

Relation: In the reporting period, the entity was controlled by TŽ.

The registered office addresses disclosed in Chapter I have been outlined in accordance with the status as of 31 December 2024.

II. ROLE OF TŽ AND THE METHOD AND MEANS OF CONTROL

In line with Chapter I, TŽ's role in the structure of transactions with its related parties involves acting as a manufacturing company, the principal business activities of which comprise the production of metallurgical products.

TŽ is directly controlled by MORAVIA STEEL a.s. (hereinafter also "MS"). In the reporting period, MS was the controlling entity of TŽ and its sole shareholder with a 100% equity investment and 100% of TŽ's voting rights. MS exercised controlling influence over TŽ in its role as the sole shareholder acting in the capacity of the General Meeting of TŽ.

TŽ acts as a controlling entity in relation to a part of a business group which primarily includes other manufacturing companies. TŽ exercised controlling influence over these entities that are directly controlled by TŽ in its role as the majority shareholder under the provisions of Sections 73 and 74 (3) of the Act on Business Corporations, in that it used its shareholding in the voting rights of the controlled entities at their General Meetings, or that it exercised its role as the sole owner or the sole shareholder acting in the capacity as the General Meeting of the relevant controlled entities.

III. LIST OF ACTS AND CONTRACTS

A. List of acts and mutual contracts between TŽ and the controlling entity and between TŽ and entities controlled by the same controlling entity:

- a) In the reporting period, TŽ recorded no acts at the initiative or in the interest of the controlling entity or entities controlled by the controlling entity that would relate to assets exceeding 10% of the equity of TŽ identified according to the financial statements for the year ended 31 December 2023 in accordance with Section 82 (2) d) of the Act on Business Corporations.
- b) The list of mutual contracts for the reporting period between TŽ and the controlling entity and between TŽ and entities controlled by the same controlling entity in accordance with Section 82 (2) e) of the Act on Business Corporations, except for entities controlled by TŽ under Section C Chap. I., is listed below in Sections B through K of this Chapter, i.e. a list of such contracts between TŽ and
 - MS is given in part B;
 - Beskydská golfová, a.s., in part C;
 - Moravskoslezský kovošrot, a.s., in part D;
 - M Steel Projects a.s. in part E;
 - "NEOMET" SPÓŁKA Z OGRANICZONĄ ODPOWIEDZIALNOŚCIĄ in part F;
 - Barrandov Studio a.s. in part G;
 - MSPProjects International s.r.o. in part H;
 - Kovárna VIVA a.s. in part I;
 - MSV Metal Studénka, a.s. in part J; and
 - Moravia Steel Deutschland GmbH in part K.

- c) Relations defined by Section 82 (2) d) and e) of the Act on Business Corporations that may have arisen in the reporting period between TŽ and entities controlled by TŽ according to part C. of Chapter I., are subject to the reports on related party transactions of these entities.
- d) This Report on Relations in sections B to K of this chapter also provides information on any relations with Trialfa, s.r.o., which ceased to exist as of 31 December 2024 as a result of a merger by amalgamation into TŽ as the successor company, with the effective date of 1 January 2024 (hereinafter referred to as the “Merger by Amalgamation”).

B. List of Contracts between TŽ and MS

B.1 Purchase and sale of metallurgical products, materials and raw materials

In the reporting period, the business relations between TŽ and MS concerning the purchase and sale of metallurgical products, materials and raw materials were amended under:

- Master contract for the supply of metallurgical products of 21 December 2020; and
- Master contract for the supply of raw materials and input materials of 21 December 2020.

The individual performances are presented in the partial purchase contracts executed pursuant to the above contracts for a particular product, amount, shape and type, the agreed upon price and performance deadline.

The agreed upon prices respect the specific features of purchases and sales in the metallurgic industry and take into account the elimination of foreign exchange risks, the adjustment of payment conditions, and business risks.

B.2 Contracts the subject of which relates to the provision of products and/or services by TŽ in favour of MS

1. Master contract for the supply of metallurgical products of 21 December 2020 and partial contracts of purchase under this Master contract – the sale of metallurgical products.
2. Licence contract for using the trademark “Three hammers in a circle” of 30 June 2002.
3. Service level agreement of 29 June 2018 – provision of security and asset guards, fire protection, filing office, documenting and archiving services, forwarding and customs clearance, IT services, pricing services, payroll and HR services, dispatching management, selected technical services, environmental protection and selected accounting services.
4. Lease contract of 9 March 2000 – lease of premises, movable assets and lease of parking places in the area of TŽ in Třinec.
5. Contracts for lease of non-residential premises of 23 January 1997 – lease of garage parking in the area of TŽ in Třinec.
6. Contract for lease of non-residential premises of 22 July 2002 – lease of non-residential premises and the parking place in the area of TŽ in Bohumín.
7. Lease contract of 1 January 2011 – lease of non-residential premises and movable assets in the area of TŽ in Ostrava-Vítkovice.
8. Contract for the placement of equipment of 1 April 2011 – placement of the technology equipment for the transfer of data within the telecommunications building in the area of TŽ in Třinec.
9. Contract for lease of non-residential premises of 20 December 2011 – lease of non-residential premises in a building located in Staré Město.

10. Contract on the provision of telecommunication services of 31 December 1998.
11. Contract on Internet connection via the network of TŘINECKÉ ŽELEZÁRNY, a.s., of 20 July 1999.
12. Consignment agreement of 13 August 2007 on representing the committer in customs proceedings – customs proceedings services.
13. Consignment agreement of 3 January 2005 on representing the committer in customs proceedings – customs proceedings services.
14. Contract of 12 December 2023 – transport of employees in 2024.
15. Master Purchase Contract of 30 January 2008 and partial purchase contracts concluded under this framework contract – sale of goods from stock.
16. Master purchase contract of 17 June 2020 and partial purchase contracts concluded pursuant to this framework contract – sale of goods from inventory.
17. Contract on the provision of services of 11 August 2003 – services related to smart cards.
18. Assignment contract on representation in customs proceedings of 19 July 2017.
19. Contract on business cooperation in the supplies for the public tender “Rail supplies – R260 steel class for the 2023-2025 period” of 22 March 2023.
20. Contract on business cooperation in the supply for public tender “Supply of rails for maintenance works at RD Prague” of 31 March 2023.
21. Contract on business cooperation in the supplies for the public tender “Rail supplies – for tram and metro lines” for Dopravní podnik hl. m. Prahy, akciová společnost, of 16 March 2022.
22. Contract on business cooperation in the supply of broad-gauge rails for Železnice Slovenské republiky of 15 September 2022.
23. Contract on business cooperation in the supplies for the public tender of “Fine Rolled Rail 2022” for Správa železnic, státní organizace, of 7 November 2022.
24. Contract on business cooperation in the supply of fastening and fixing material for railway superstructure 2022 for Správa železnic, státní organizace, of 5 August 2022.
25. Contract on business cooperation in the supplies for the public tender of “Rail Supplies – R260 Steel for 2024-2026” for Správa železnic, státní organizace, of 18 June 2024.
26. Contract on business cooperation in the supplies for the public tender of “Fine Rolled Rail 2024” for Správa železnic, státní organizace, of 21 November 2024.
27. Contract on the supply of the Třinecký hutník weekly 2023–2026 of 7 December 2022.
28. Contract on securing transport for convalescence stays of 30 April 2024.
29. Contract on project counselling of 28 June 2019.
30. Contract on receipt of products in 2024 of 13 February 2024.
31. Contract of 8 December 2023 – technical norms and related services.
32. Contract of 8 December 2023 – services related to the handling of the postal agenda for 2024.
33. Contract dated 20 May 2024 – tickets for the event “Hutnický den” (Metallurgy Day).
34. Contract of 11 June 2024 – services related to the delivery of products.
35. Contract of 24 January 2024 – repairs of phone devices for 2024.

36. Contract dated 29 April 2024 – services related to the removal of low-value assets.
37. Contract of 14 August 2024 – supply of a fire extinguisher.
38. Contracts of 29 November 2023 and 21 October 2024 – supply of printed materials.
39. Contract of 6 September 2024 – additional tests for a customer.
40. Contract of 16 October 2024 – rail calibration services.
41. Contract of 9 January 2024 – supply of goods. As a result of the Merger by amalgamation, the rights and obligations under this contract were transferred to TŽ as of the effective date of 1 January 2024.
42. Contract of 2 April 2024 – supply of goods. As a result of the Merger by amalgamation, the rights and obligations under this contract were transferred to TŽ as of the effective date of 1 January 2024.
43. Contract of 5 September 2024 – supply of goods. As a result of the Merger by amalgamation, the rights and obligations under this contract were transferred to TŽ as of the effective date of 1 January 2024.

B.3 Contracts the subject of which relates to the provision of products and/or services by MS in favour of TŽ

1. Master contract on the supply of raw and input materials of 21 December 2020 and partial purchase contracts based on this master contract – purchase of raw materials and materials.
2. Master contract on the conditions of the freight transportation of goods of 8 August 2019 and partial contracts concluded based on this master contract – securing the transportation of goods and acts necessary for such transportation.
3. Contracts of mandate of 8 August 2019 – handling business affairs related to the purchase of work and services, technical and overhead material, spare parts, metallic waste and fuel.
4. Master purchase contract of 6 January 2014 and partial purchase contracts concluded in line with this master contract – supplies of advertising items.
5. Contract for the provision of invoicing services of 1 January 2017.
6. Framework agreement on conditions for the settlement of selected costs of 8 June 2018 and partial contracts based on this master contract.
7. Contract on the conditions of cooperation for the re-sale of packaging material of 4 September 2018.
8. Mandate contract of 16 June 2020 – purchase of fluidised lime.
9. Framework contract for the provision of services related to the organisation and realisation of the events “Královna ocel 2024” (Queen Steel) and “Hutnický den 2024” (Metallurgy Day) of 4 July 2024.
10. Contract of 6 June 2024 – freight transport.
11. Contract of 15 July 2024 – re-invoicing of accommodation.
12. Contract of 22 July 2024 – re-invoicing (replacement purchase).
13. Contract of 5 November 2024 – re-invoicing of accommodation.
14. Contract of 5 November 2024 – re-invoicing of accommodation.

B.4 Other Contracts

1. Agreement on the method of payment of trade payables dated 17 December 2008.
2. Agreement on publishing contracts pursuant to Act No. 340/2015 Coll., of 9 May 2017.
3. Agreement on mutual rights and obligations of VAT Group members of 3 January 2017.
4. Agreement on electronic approval and conclusion of contracts of 28 February 2018.
5. Approval of concluding contracts on electronic invoicing of 1 April 2019.

C. List of Contracts between TŽ and Beskydská golfová, a.s.

C.1 Contracts the subject of which relates to the provision of products and/or services by TŽ in favour of Beskydská golfová, a.s.

1. Contract of 15 December 2023 – telephone exchange service for 2024.
2. Contract on the provision of services of 29 June 2018 – filing office, IT and HR services.
3. Contract on the provision of access to Internet services via the network of TŘINECKÉ ŽELEZÁRNY, a.s. of 31 July 2009.
4. Master purchase contract on the supply of goods from inventory of 27 October 2020 and partial purchase contracts based on this master contract.
5. Contract of 12 January 2024 – recipient's card for receiving postal items.

C.2 Contracts the subject of which relates to the provision of products and/or services by Beskydská golfová, a.s. in favour of TŽ

1. Advertising contract for 2024 of 26 February 2024.
2. Lease contract of 31 May 2006 – lease of an apartment in the clubhouse located at the golf course Ropice.

C.3 Other contracts

1. Memorandum of understanding of 27 March 2020.
2. Agreement on the electronic approval and conclusion of contracts of 28 February 2018.
3. Agreement on electronic invoicing of 20 March 2019.

D. List of Contracts between TŽ and Moravskoslezský kovošrot, a.s.

D.1 Contracts the subject of which relates to the provision of products and/or services by TŽ in favour of Moravskoslezský kovošrot, a.s.

1. Lease contract of 10 June 2013 – lease of scrap yard and non-residential premises in a building in Třinec.
2. Contracts on services related to the supply of scrap – verification of the chemical composition, transfer, weighing and placement of vehicles based on the master contract on the supplies of metal waste of 2 January 2023.
3. Contract on the provision of access to Internet network services of 18 October 2018.

4. Service level agreement of 10 October 2018 – IT services.
5. Contract on waste acceptance, recovery or disposal of 4 January 2024 – steel chips.
6. Contract on waste acceptance, recovery or disposal of 4 January 2024 – scrap metal.

D.2 Contracts the subject of which relates to the provision of products and/or services by Moravskoslezský kovošrot, a.s. in favour of TŽ

1. Master contract on the supplies of metal waste of 2 January 2023 and partial purchase contracts concluded pursuant to this master contract.
2. Contract of 30 January 2024 – scrap metal.
3. Contract of 31 May 2024 – scrap metal.
4. Contract of 12 July 2024 – scrap metal.

D.3 Other contracts

1. Agreement on electronic invoicing of 29 April 2014 – invoices issued by Moravskoslezský kovošrot, a.s.
2. Agreement on electronic invoicing of 28 June 2021 – invoices issued by TŽ.

E. List of Contracts between TŽ and M Steel Projects a.s.

E.1 Contracts the subject of which relates to the provision of products and/or services by TŽ in favour of M Steel Projects a.s.

1. Lease contract of 1 October 2010 – lease of non-residential premises and movable assets in the area of TŽ in Třinec.
2. Contract on the provision of services of 29 June 2018 – filing office services, IT services, asset security and protection and road maintenance.
3. Mandate contract of 30 December 2009 – procurement of matters related to customs clearance.
4. Contract on the provision of access to internet services through the computer network of TŘINECKÉ ŽELEZÁRNY, a.s., of 15 March 2016.
5. Consignment agreement on representation in customs proceedings of 9 July 2021.
6. Contract of 3 January 2024 – postal services.

E.2 Other contracts

1. Agreement on the electronic approval on conclusion of contracts of 28 February 2018.
2. Agreement on electronic invoicing of 11 May 2021.

F. List of Contracts between TŽ and “NEOMET” SPÓŁKA Z OGRANICZONĄ ODPOWIEDZIALNOŚCIĄ

F.1 Contract the subject of which relates to the provision of products and/or services by TŽ in favour of “NEOMET” SPÓŁKA Z OGRANICZONĄ ODPOWIEDZIALNOŚCIĄ

1. Contracts on services related to the supply of scrap – verification of the chemical composition, transfer, weighing and placement of vehicles based on the master contract on the supplies of metal waste of 20 January 2023 and subcontracts concluded under this framework contract.

F.2 Contract the subject of which relates to the provision of products and/or services by “NEOMET” SPÓLKA Z OGRANICZONĄ ODPOWIEDZIALNOŚCIĄ in favour of TŽ

1. Master contract on the conditions of supplies of scrap waste dated 20 January 2023 and other partial contracts concluded pursuant to this master contract.

F.3 Other contracts

1. Agreement on electronic invoicing of 17 June 2014.
2. Agreement on electronic invoicing of 21 July 2023.

G. List of Contracts between TŽ and Barrandov Studio a.s.**G.1 Contract the subject of which relates to the provision of products and/or services by TŽ in favour of Barrandov Studio a.s.**

1. Contract on the provision of services of 29 June 2018 – IT services.

H. List of Contracts between TŽ and MSProjects International s.r.o.**H.1 Contracts the subject of which relates to the provision of products and/or services by TŽ in favour of MSProjects International s.r.o.**

1. Contract on the provision of services of 29 June 2018 – filing office services.

H.2 Other contracts

1. Agreement on the electronic approval on conclusion of contracts of 28 February 2018.
2. Agreement on electronic invoicing of 11 May 2021.

I. List of Contracts between TŽ and Kovárna VIVA a.s.**I.1 Contracts the subject of which relates to the provision of products and/or services by TŽ in favour of Kovárna VIVA a.s.**

1. Contract on the provision of access to the Internet network services of 23 July 2018.
2. Service level agreement of 1 October 2018 – IT services.
3. Contracts of 23 January 2024 – diagnostic measurement.
4. Agreement on providing access to the computer programme “LOGIS” of 30 August 2024.

I.2 Other contracts

1. Agreement on electronic invoicing of 8 February 2023.

J. List of contracts between TŽ and MSV Metal Studénka, a.s.**J.1 Contracts the subject of which relates to the provision of products and/or services by TŽ in favour of MSV Metal Studénka, a.s.**

1. Contract of 27 September 2024 – monitoring of employees on temporary sick leave.
2. Contract of 9 February 2024 – metallographic tests.

J.2 Contract for which the provision of goods and/or services by MSV Metal Studénka, a.s. for the benefit of TŽ Company is decisive

1. Contract of 30 November 2023 – scrap metal.
2. Contract of 3 January 2024 – scrap metal.
3. Contract of 30 January 2024 – scrap metal.
4. Contract of 29 February 2024 – scrap metal.
5. Contract of 27 March 2024 – scrap metal.
6. Contract of 29 April 2024 – scrap metal.
7. Contract of 31 May 2024 – scrap metal.
8. Contract of 25 June 2024 – scrap metal.
9. Contract of 29 July 2024 – scrap metal.
10. Contract of 29 August 2024 – scrap metal.
11. Contract of 26 September 2024 – scrap metal.
12. Contract of 30 October 2024 – scrap metal.
13. Contract of 28 November 2024 – scrap metal

J.3 Other contracts

1. Electronic invoicing agreement dated 14 November 2024.

K. List of contracts between TŽ and Moravia Steel Deutschland GmbH**K.1 Other contracts**

1. Electronic invoicing agreement dated 8 November 2024.

IV. ASSESSMENT OF RELATIONS

This Related Party Transactions Report lists all significant facts that are requirements of the Related Party Transactions Report, covering the relations between TŽ and the entity that controls it, and between TŽ and entities controlled by the same controlling entity in accordance with Section 82 of the Act on Business Corporations.

Performances and counter-performances received and provided by TŽ on the basis of contracts listed in parts B through K of Part III. were provided under standard business conditions.

The prices agreed between TŽ and the controlling entity and between TŽ and entities controlled by the same controlling entity do not differ from prices that would be agreed by independent entities; the transactions between TŽ and the controlling entity and between TŽ and entities controlled by the same controlling entity are conducted under the arm's length principle.

TŽ considers the relations with the controlling entity and entities controlled by the same controlling entity as beneficial and TŽ faces no other risks than standard market risks arising from business in relevant sectors due to these relations.

TŽ incurred no detriment from relations with the controlling entity and entities controlled by the same controlling entity in the reporting period.

In Třinec on 14 February 2025

Roman Heide

Chairman of the Board of Directors

Radomíra Pekárková

Member of the Board of Directors

Signature of the entity's statutory body related to the entire Consolidated Annual Report, including its components and annexes, in particular the Financial Statements for the year ended 31 December 2024, the Consolidated Financial Statements for the year ended 31 December 2024 and the Related Party Transactions Report for 2024:



In Třinec on 28 March 2025

Roman Heide

Chairman of the Board of Directors



In Třinec on 28 March 2025

Radomíra Pekárková

Member of the Board of Directors