

# Consolidated Annual Report

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24



**MORAVIA STEEL**



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An aerial night photograph of a large industrial complex, likely a steel mill or refinery. The facility is illuminated by bright yellow lights, contrasting with the dark blue night sky. Several tall smokestacks are visible, with one in the center emitting a plume of white smoke. A large crane stands on the right side of the image. The foreground shows a complex network of pipes, walkways, and industrial structures. A red semi-transparent overlay with geometric lines is present on the left side of the image.

# GENERAL SECTION





# Opening Statement of the Chairman of the Supervisory Board

## TO SHAREHOLDERS, BUSINESS PARTNERS AND EMPLOYEES

From the point of view of the MORAVIA STEEL Group, the year 2024 can be assessed as relatively stabilised without any major negative fluctuations in terms of basic macroeconomic indicators, including the low inflation rate, or also the supply of raw materials important for metallurgical production, especially in our largest subsidiary Třinecké železářny.

The limiting factor for us in 2024 was the persisting stagnation of demand and price levels in the steel industry in relation to the difficult economic situation, which was also the case

with exports to the key customer country – Germany. A more favourable recovery cannot be expected in the period ahead, and there is also the risk of stronger tariff barriers between the EU and the US, with a noticeable impact on sales worldwide.

High energy prices are a long-term problem for the EU as a whole, as they represent another limiting factor, reducing the competitiveness of European metallurgical companies not only compared to Asia, led by China and India, but also to North America.



A separate chapter is the Green Deal and its implementation within the EU, which, in addition to environmental benefits, generates a number of other impacts that threaten the very existence of the steel sector in the long term.

In connection with the current tense geopolitical situation, steel production must

also be seen as an absolutely crucial strategic matter. In addition, steel plays one of the key roles in the entire "Green Deal" – and therefore we must see it as a strategic commodity for the entire EU. Therefore, it is advantageous for European metallurgical companies to obtain sufficient financial support from the EU, as well as from the

relevant states and institutions. This is a crucial issue for Třinecké železářny, which is currently the sole major Czech producer of crude steel within the Group.

Despite these adverse conditions, the Moravia Steel Group reported a profit of CZK 543 million for the year ended 31 December 2024.

As a conclusion of the opening statement, I would like to express, as I usually do, my sincere thanks to all employees of the Moravia Steel Group as well as to our business and other corporate partners and partners among institutions for their beneficial cooperation. I am convinced that we are well prepared for all challenges thanks to our long-term well-chosen strategy.

Yours sincerely

**TOMÁŠ CHRENEK**

Chairman of the Supervisory Board of MORAVIA STEEL a.s.





# II

## The MS Group's Profile

The MORAVIA STEEL Group consists mainly of companies focused on iron metallurgy, metalworking, engineering production and trade in related products. The MS Group also includes companies that focus on the creation and production of live-action motion pictures and other audio-visual works, or the field of sports activities.

The MORAVIA STEEL Group holds a stable and strong position among the leading sellers of metallurgical products in the Czech Republic as well as foreign markets, primarily in EU countries. An integral part of the activity is also the provision of domestic and international transport, the purchase and sale of raw materials and other inputs needed for metallurgical production.

The key economic indicators of the MORAVIA STEEL Group between 2022 and 2024 prove the Group's ability to cope with less favourable periods in global economic development and in the metallurgical and steel industry.

The consolidated sales include sales to final consumers and external customers. These include, in addition to metallurgical products, which is the Group's main programme, also the sale of drop forgings including complete service, the sale of fasteners, sale of buffers, draw gears, screw couplers and towing hooks for rolling stock and locomotives, forgings and mouldings for railway and other industries, sales related to custom engineering production



and construction activities, sales of energy and energy services, sales of steel and cast iron castings, sales of wide ranges of chains, sales of refractory materials, sales of automation technology and equipment for secondary technological processes, sales of fasteners, mainly screws, nuts and special fasteners and forgings, sales of undercarriage springs for railway and automotive industries, sales of modified wire, for example through galvanising and pickling, sales for the wind energy sector.

## MS Group economic indicators between 2022 and 2024

INDICATOR		2022	2023	2024
Sales of products, services and goods	CZK million	75 418	66 585	62 660
Operating profit or loss	CZK million	7 411	867	1 184
Profit or loss before taxation	CZK million	7 005	493	816
Profit or loss for the reporting period	CZK million	5 569	94	543
ROS before taxation	%	9.3	0.7	1.3
EBITDA	CZK million	10 020	3 543	3 883
EBITDA margin	%	13.3	5.3	6.2
Total assets	CZK million	71 516	65 346	62 509
Fixed assets	CZK million	33 197	31 688	30 287
Current assets	CZK million	38 318	33 657	32 223
Equity	CZK million	44 562	42 798	43 362
Liabilities	CZK million	26 576	22 193	18 769
Total debt to equity	%	37.2	34.0	30.0



# III

## Statutory Bodies and Management of MORAVIA STEEL a.s.

### Supervisory Board of the Company as of 31 December 2024

<b>Chairman</b>	Tomáš Chrenek
<b>Vice-Chairman</b>	Evžen Balko
<b>Vice-Chairman</b>	Ján Moder
<b>Member</b>	Mária Blašková

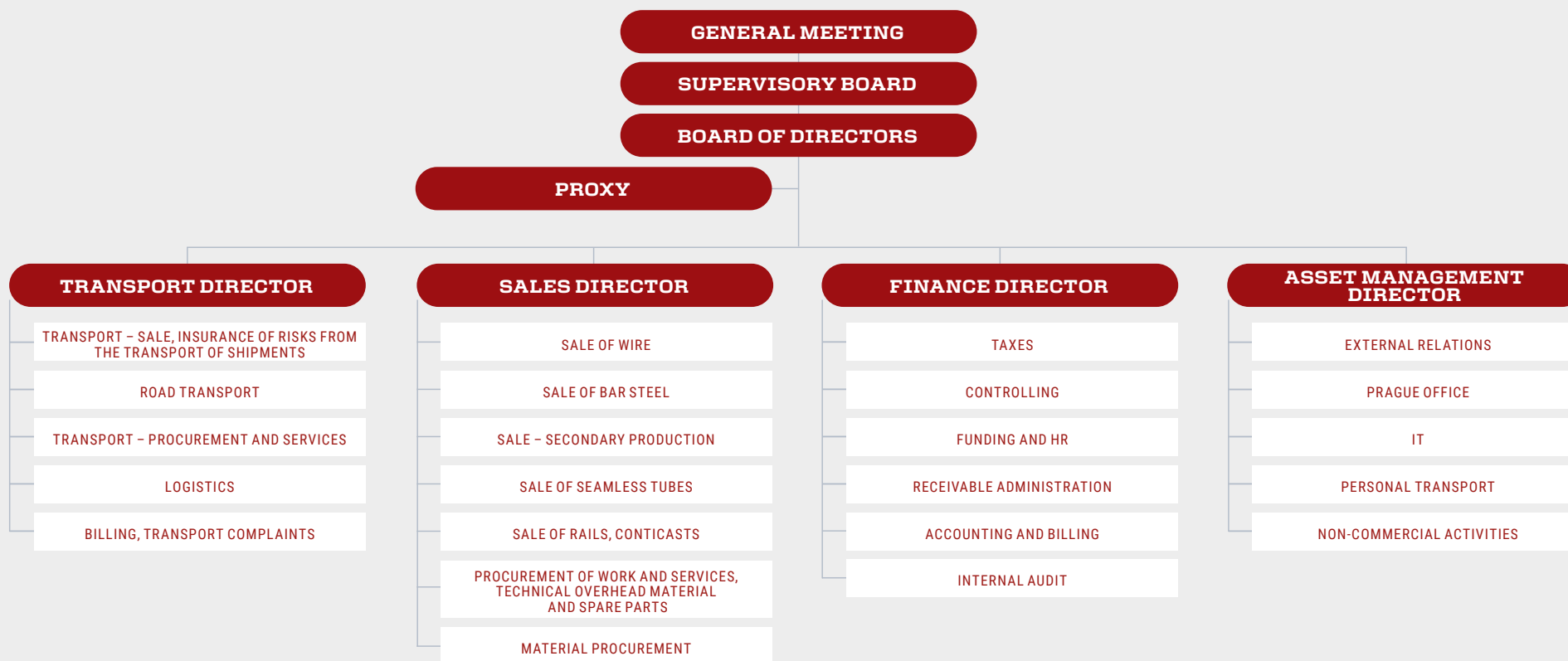
### Board of Directors of the Company as of 31 December 2024

<b>Chairman</b>	Petr Popelář
<b>Vice-Chairman</b>	Krzysztof Roch Ruciński
<b>Member</b>	Mojmír Kašpříšín
<b>Member</b>	Uršula Novotná





## Organisational Structure of MORAVIA STEEL a.s.





# IV

## Report of the Board of Directors

### SITUATION IN THE ECONOMY

The key domestic economic indicator, gross domestic product (GDP), grew slightly by one percent in 2024.

According to the information published by the Czech Statistical Office, this was mainly due to the final consumption expenditure of Czech households and government institutions. On the other hand, gross fixed capital formation expenditure and foreign demand, which is crucial for the export-oriented Czech economy, had a negative impact.

Inflation in the Czech Republic stabilised after previous high levels during 2024, ending the year at an average annual rate of 2.4%.

The Czech foreign trade balance increased year-on-year at current prices – by CZK 141.2 billion to CZK 525.6 billion.

Gross value added (GVA), i.e. the difference between the output of goods and services and the cost of production, increased very slightly by 0.3% compared to 2023, driven by the sectors of trade, transport, accommodation and hospitality. The opposite effect was mainly brought by Czech industry.

Industrial output in the Czech Republic fell by 1.4% year-on-year, while the value of new orders increased by 2.8%. Construction output fell by 2.4%, whereas the volume of new construction orders rose by 16%.





According to the Czech Statistical Office, the decline in industrial output was due primarily to lower demand for products from the sector of machinery and equipment production, as well as lower production of basic metals, metallurgy and foundry. Both these sectors saw their output as well as the value of new orders decline.

In 2024, the entire Czech industry was negatively affected by high energy prices, reverberations of high inflation, uncertain economic development in most European Union (EU) countries and a tense geopolitical situation, according to the Steel Union.

Nevertheless, Czech industry fared better in 2024 than the EU did, as output in the EU fell by 2.5% year-on-year just

in the first eleven months of 2024, while the decline in the Czech Republic was about half that in the same period. In Germany, production fell by almost 5% over the same period.

According to Czech analysts, household consumption will continue to be the driver of the Czech economy as well, and economic growth could speed up and approach 2 percent, according to their estimates. However, the threat of escalating tariff barriers between the US and the EU represents a risk.

In early 2025, the European Bank for Reconstruction and Development (EBRD) issued a similar baseline forecast for the Czech Republic, expecting the domestic economy to grow by 1.9%.





## SITUATION IN THE STEELMAKING SECTOR

Global steel production fell slightly by 0.9% in 2024. 1,839 million tonnes of steel were produced. China, the largest steel producer, recorded a year-on-year decrease of 1.7% to 1,005 million tonnes. However, it still accounts for up to 54% of world production. Other countries that recorded growth were Brazil (+5.3%), India (+6.3%), Turkey (+9.4%), and European countries such as Germany (+5.2%) and France (+7.6%). On the other hand, quite a significant decrease was recorded in South Korea (–4.7%), Italy (–5%) and Russia (–7%).

Traditional steel destinations such as the USA, Japan and the EU continued to stagnate, where the share of world production fell from 9.4% to 7%

over the last ten years. India is showing a steadily upward trend, even overtaking the EU. Its share in world production is currently 8.1%, ranking second only to China.

According to the Steel Union, 129.5 million tonnes of steel were produced in the EU in 2024. However, steel consumption fell by 2.3% to 127 million tonnes. The volume of imported goods increased, exceeding 27 million tonnes. The share of imports in European consumption thus reached an all-time high, exceeding 21% for the first time.

Within the EU, Germany is still the largest producer with over 37 million tonnes. Second place belongs to Italy with 20 million tonnes. Spain is third with less than 12 million tonnes. Production

stagnated more significantly in Slovakia (–21.6%) and the Czech Republic (–24.7%) in 2024, where the continuing existential difficulties of the Liberty steelworks in Ostrava had a major impact on this. The only large crude steel producer in the country is currently Třinecké železářny, belonging to the MORAVIA STEEL Group. In 2024, they produced 2.425 million tonnes of steel.

Steel consumption in the Czech Republic decreased slightly by about two percent in 2024, to 5.5 million tonnes. The production of flat products such as steel sheets and strips fell by up to 52%. In the case of long products, a more modest decrease of about one tenth was recorded in the Czech Republic.

In 2024, about three million tonnes of steel products were exported from the Czech Republic, which represented a year-on-year regression of up to 0.7 million tonnes. The value of exported goods fell below CZK 100 billion, specifically to CZK 94.4 billion. On the other hand, the volume of goods imported into the Czech Republic increased by more than 0.3 million tonnes year-on-year, to 6.6 million tonnes, with a total value of CZK 173 billion.

Further development in the European steel industry will depend to a large extent on the way in which the objectives of the so-called Green Deal for Europe are met, which is intended to reduce carbon dioxide emissions.



The plan envisages achieving climate neutrality by 2050, i.e. a situation where the EU does not emit more greenhouse gases into the atmosphere than it can absorb. This initiative involves large-scale changes in energy, industry, transport, agriculture and other sectors to reduce emissions, promote renewable energy sources and protect natural ecosystems. Measures to reduce emissions or social impacts in EU Member States are still financed from emission allowances.

By the end of 2030, Třinecké železářny should gradually put into operation an emission-free iron ore briquetting line, a steam-gas power plant – and most importantly, an electric arc furnace, including a new very high voltage connection.

This will not bring a higher volume of production to Třinecké železářny or the MORAVIA STEEL Group, nor will it increase employment or added value. On the contrary, it will be a more energy-intensive production process. However, it will meet the EU's demanding requirements for low-emission production. This comprehensive project will make it possible to continue producing strategic material without the obligation to pay the extreme costs of emission allowances, the free allocation of which will be gradually phased out. However, this is not realistic without significant subsidy support from the EU and individual states, including the crucial utilisation of the Modernisation Fund for this purpose.



Representatives of the European Steel Association (EUROFER) have also pointed out the risks of transforming the steel sector, according to which the current EU plans to reduce carbon dioxide emissions may lead to a reduction in the competitive-

ness of European steelmakers and the entire industry. Without proper EU funding, European steel mills could get into serious trouble. Steel is a key and strategic material used in projects that serve to transition to so-called green energy.



## MORAVIA STEEL GROUP

The MORAVIA STEEL Group reported a profit of CZK 543 million in the reporting period of 2024. In total, its revenues from the sale of products, services and goods reached almost CZK 62.7 billion. The total assets of the MORAVIA STEEL Group in 2024 exceeded CZK 62.5 billion.

MORAVIA STEEL a.s. reported a net profit of CZK 484 million in 2024. Almost 2,192 kilotonnes (kt) of metallurgical production were sold. Approximately 673 kt were used on the Czech market, while 1,519 kt were exported abroad. Exports thus account for about 70% of the total sales of MORAVIA STEEL a.s. in the long term.



The decisive export territory is the European Union (EU) countries, which account for more than 90% of total exports in terms of kilotonnes. The “rest of Europe” accounts for 5% and the rest is attributable to North America.

MORAVIA STEEL a.s. has long maintained key customers within the EU, particularly in Germany, which accounts for

33% of its exports. Other important consumer countries include Italy (16.5%), Slovakia (15.9%), Poland (13.8%), Hungary (7.5%) and Romania (3.6%). Outside the EU, the relevant customers are the USA, Great Britain and Canada.

MORAVIA STEEL a.s. generates profits thanks to long-term adequately selected MS Group strategy, which paid off in 2024 as well. The

strategy focuses on products with higher processing grades and the creation of product chains, with a focus on products intended for the mechanical engineering, energy and automotive industries. The group prefers the production of rolled wire for the production of screws, springs, bearings, special bar steel, steel treated in the final phase, and wide and flat tool steel.



**Development in sales of MORAVIA STEEL a.s. between 2022 and 2024**

<b>Supplies in tonnes (t)</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
Export	1 497 426	1 532 261	1 518 932
Domestic	661 787	652 222	672 698
<b>TOTAL</b>	<b>2 159 213</b>	<b>2 184 483</b>	<b>2 191 630</b>

**Structure of exports as a percentage of the total supplies of MORAVIA STEEL a.s.**

<b>Structure of exports in %</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
European Union	89.9	89.2	90.3
Other European countries	4.3	4.8	5.1
America	5.4	5.7	4.6
Asia	0.4	0.3	0.0
Australia	0.0	0.0	0.0
Africa	0.0	0.0	0.0
<b>TOTAL</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

**Development in the product range structure of metallurgical product sales of MORAVIA STEEL a.s.**

<b>Sales in tonnes</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
Wire rod – including drawn, annealed and phosphate coated wires	907 336	947 682	952 459
Billets and continuous castings	246 242	257 085	265 862
Reinforcing steel	20 809	2 976	5 689
Rails	224 244	219 322	233 282
Products of Sochorová válcovna TŽ in Kladno	266 219	261 126	242 928
Univerzální trať TŽ Bohumín	36 261	32 370	34 598
Products – Tažírna oceli TŽ Staré Město facility	93 614	85 757	87 069
Other – bars, sections, etc.	263 462	280 457	268 976
Pipes – Válcovna trub TŽ Ostrava facility	91 057	90 407	91 977
Rail fastenings	9 969	7 300	8 790
<b>TOTAL</b>	<b>2 159 213</b>	<b>2 184 483</b>	<b>2 191 630</b>





**WIRE ROD**, with the volume of almost 43% of the total production, is the most significant item in the production programme of TŽ in the long term. It includes the production of the Continuous Wire Rod Mill (KDT) and a portion of the production of the Continuous Fine Section Mill (KJT). In 2024, we sold approximately 943 kilotonnes (kt) of wire rod of which approximately 840.6 kt from KDT and 102.4 kt from KJT. In KDT it is a year-on-year increase of 4.2 kt and a decrease in KJT of 0.1 kt.

Despite the adverse situation on the market, we maintained our market share and volume of sales. The year 2024 saw overall weaker demand for wire rod. At the beginning of the year, we recorded improved demand,

accompanied by price increases, but this situation was only temporary. During Q2, the situation began to change and from May onwards, demand for wire rod started to decline, and this trend continued steadily until the end of 2024.

In terms of territories, 31% of the production was sold on the domestic market and 69% was exported.

In terms of the quality structure of steel groups produced at KDT, medium and high-carbon steel accounts for 59.5%, low-carbon steel accounts for 15.9%, electrode steel accounts for 10% and bolt steel accounts for 9.2%. The remaining approximately 5.4% is attributable to other types – bearing, spring, chain and free-cutting.





At KJT, the most significant commodities are screw-type wires with a share of 45.4%, followed by carbon steel with 23%, low-carbon with 15.6%, free-cutting with 9.2%, and spring with 6.1%. The rest consists of a small amount of chain and bearing steel.

The second most important portfolio item in terms of volume is **BAR STEEL**. It includes the production of the Medium Section Mill and the Continuous Fine Section Mill in Třinec and the Sochorová válcovna TŽ Kladno plant. The sales of bar steel in 2024 amounted to 513 kt and was 5.7% lower compared to the prior year.

The overall market situation in 2024 was very unfavourable for bar steel. Lower demand was recorded mainly

from the automotive industry, engineering and other sectors of the manufacturing industry. This, combined with the dysfunctional protection of the EU market against imports and underutilised capacities of steel producers, led to enormous downward pressure on prices, especially in the second half of 2024.

The average sale price of bar steel in 2024 was almost 8% lower than in 2023. The decline in sales was 14%.

The largest purchasers of bar steel were customers from the smithery sector supplying components for the automotive industry, followed by drawing plants, manufacturers of bearings, screws and springs.







Unfortunately, the construction industry was not in good shape in 2024 either. The sales of our reinforcing steel amounted to only 5.7 kt and did not compensate for the weaker demand for bar steel.

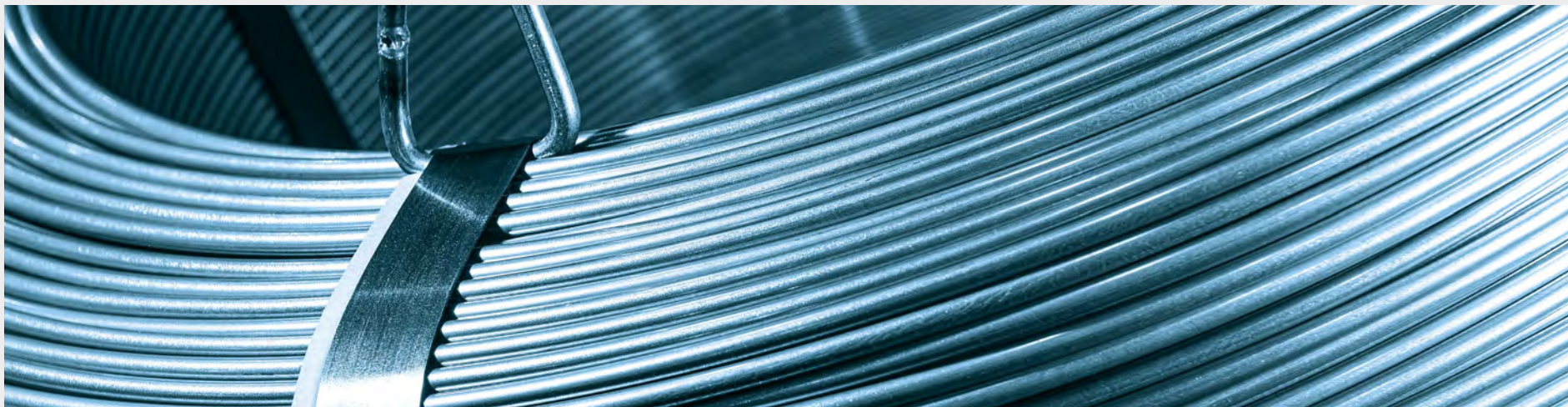
The sales of **DRAWN STEEL** in 2024 were significantly impacted by a lower demand and an even higher pressure on the price level of our products. After 2023, which was characterised by low prices as well as low demand, the first half of 2024 showed some recovery. However, the situation did not last long and the market cooled down again from June. The volumes of orders continued to decline in the second half of 2024, so we began to focus more on the production of goods for the open warehouse with the new investment – Kasto stacker

system. By implementing the measures, we were able to be more flexible in responding to demand and at the same time we managed to increase the volumes sold.

The demand in the automotive industry was comparable to the previous year of 2023 and it was no longer so much impacted by the lack of electronic components for final assembly of road motor vehicles.

Increased flexibility in handling of warehouse goods and decrease in logistics periods were secured by the abovementioned Kasto 1 and 2 stacking systems. In 2024, this contributed to selling 87.1 kilotonnes of drawn steel which was an increase in sales of 1.4 kilotonnes compared to 2023.





The MORAVIA STEEL Group further strengthened its position as a reliable manufacturer and supplier with a focus on high quality of products for the domestic and European markets by the use of new production technologies at the TŽ Steel Drawing Mill in Staré Město (near Uherské Hradiště).

Sales of **DRAWN, ANNEALED** and **PHOSPHATE COATED WIRE** in coils from Staku 1

and 2 drawing lines amounted to 9.4 kt in 2024. This amount was 0.7 kt higher compared to 2023. The higher volume was also due to the start of operations of the Staku 2 drawing line already used in full operations. The sales focused mainly on customers in the automotive industry and manufacturers of bearings.

The total implementation of **WIDE** and **FLAT STEEL** deliveries in 2024 from the Univer-

zální trať (UT) TŽ in Bohumín reached 34.6 kt, which means an increase of 2.3 kt compared to 2023.

About 9% of UT production went to the domestic market in 2024. About 91% was exported to Germany, Bulgaria, Slovakia, France, the Netherlands, Denmark, Poland and other European countries.

The share of deliveries to warehouses and retailers was

about 75% in 2024, with the remaining 25% delivered to final processors.

The main UT product range continued to be basic construction grades – their share increased compared to 2023 and accounted for around 88% of the production portfolio.

In 2024, the demand for **SEAMLESS TUBES** continued to decrease, which was a result of both





the continuing overall economic downturn in the Czech Republic and the EU – in the field of engineering and especially construction, as well as a change in the structure of demand.

Sales volume reached around 92 kt in 2024. During the year, the increased proportion of thin-walled ovens below 10 mm had a negative impact on the order content, which had a partially negative impact on production and shipping.

The traditional core markets of Germany and Italy were joined by increased volumes for the Polish market. In the Czech Republic, the implementation of project contracts for the repair of energy equipment continued. Within the OCTG tubes,

projects in the EU continued – geothermal boreholes.

The production and realised sales of our **RAILS** in 2024 followed the order volume from 2023 and reached an even higher volume of 233 kt year-on-year. The basis for these sales was success in the tender of the German railways DB InfraGO and the conclusion of a new two-year contract with this customer. Furthermore, the ongoing supply of rails for domestic construction entities, supplies for Polish railway projects and also the contractually secured implementation of rails to the USA and Canada. In addition to this basic long-term portfolio of customers, we also won major contracts in Bulgaria and implemented the first contract for the supply of







rails of higher hardness, i.e. in R350LHT quality, for Ukrainian Railways.

In 2024, we are seeing recurring requirements for high-strength rails with a minimum hardness of 350 HB. We are continuing this trend in demand for hardened rails by finalising the cooling line for the production of quenched rails. In the future, we should be able to offer rails to markets with a primary need for high-performance rails in R350HT quality according to the European standard EN 13674, or rails in grades according to the American AREMA specification.

In the coming period, we expect continued investments in railway infrastructure both in Europe and in other

countries outside Europe. Despite increased supply pressure from competitors, we continue to expect the rail production capacity to be filled.

We have started a new stage in the production of **RAILWAY ACCESSORIES** by launching a line for the production of base plates. This line allows for the largely automated production of only cut base plates and has replaced the two lines used so far. At the same time, it eliminated the production of sheared base plates, which were exposed to higher deformation during production.

The demand for small rail gradually increased slightly during 2024, with sales reaching 8.8 kt.





In the coming period, we expect further growth in demand for this range of products in connection with planned investments in the reconstruction and maintenance of railway lines, including those of a regional nature. By shifting the quality of base plates produced on the new line, we are becoming one of the highest quality suppliers of this type of railway accessories.

We are focusing on renewing the supply of small rails to the Polish market in the volume of previous years, we plan to continue offering high quality and flexibility to traditional customers from recent years in the Czech Republic, Hungary, Spain, Slovakia, Romania and Austria.

**CONTINUOUS CASTINGS** and **BILLETS** reached a standard sales level of almost 266 kt despite the continuing decline in demand for materials in the energy sector, especially wind energy. There was a continued need in the railway sector, i.e. continuous castings for the production of railway wheelsets, railway wheels and tyres, and rolled square blocks for the production of half-axles. The ratio of realisation for railway and other assortment has thus stabilised at 70% for railway wagons and about 30% of material for the energy and engineering sectors.

The wind energy industry is still facing Chinese and Korean imports of not only base materials, but also semi-finished products in the form of rolled rings. This is also





due to the lack of protection of the European market and European producers.

A certain minority share in the total consumption is also the supply of blocks and slabs to manufacturers of switches and railway crossings.

The standard and largely unchanged portfolio of customers includes mainly traditional manufacturers of railway wheels and engineering products in the Czech Republic, Germany, Spain, Italy, France and Poland. To a lesser extent, the customer markets are supplemented by new customers, for example from Ukraine or Finland.

The purchase of **RAW MATERIALS** and **OTHER INPUTS** for TŽ and other subsidiaries is a significant part of the Company's turnover. To secure production at TŽ, strategic raw materials include ores, coal, coke, scrap, ferrous alloys, metals and basic additives.

MORAVIA STEEL a.s. procures the essential raw materials with respect to availability, required quality and optimum acquisition costs.

Out of the current developments on the international scene, it is necessary to mention the war conflict in Ukraine and relating continued uncertainty arising from supplies of raw materials, predominantly iron ore. Bearing in mind these facts,



alternative sources of iron ores were tested, and manufacturing processes were set to make it possible to respond to the development in the war conflict promptly.

Together with the EU's increasing pressures to transform steel production using green technologies, the demand for scrap metal is increasing. This reduces its

availability, and the price of this raw material remains to be high.

Coking coal, in view of the changes caused by OKD's gradual production dampening, also creates the need to replace these supplies from other sources, including imports of coking coal from overseas.





## LOGISTICS, FREIGHT TRANSPORTATION

The year 2024 was marked by continued uncertainty and difficult transport conditions. The modernisation of the railway infrastructure significantly reduced the capacity of the lines and required changes in routes and types of transport. In addition, traffic flows were disrupted

by extensive floods in Central Europe. Thanks to quick operational measures and cooperation with carriers, it was possible to maintain the continuity of supply chains.

MORAVIA STEEL maintained a stable level of services. We have strengthened our partnerships with suppliers for the transport of raw materi-

als, and we have responded flexibly to increased customer requirements for finished products.

The entire logistics sector has been significantly affected by structural changes in the economy, especially the transition to sustainability, decarbonisation and digitalisation. These trends, togeth-

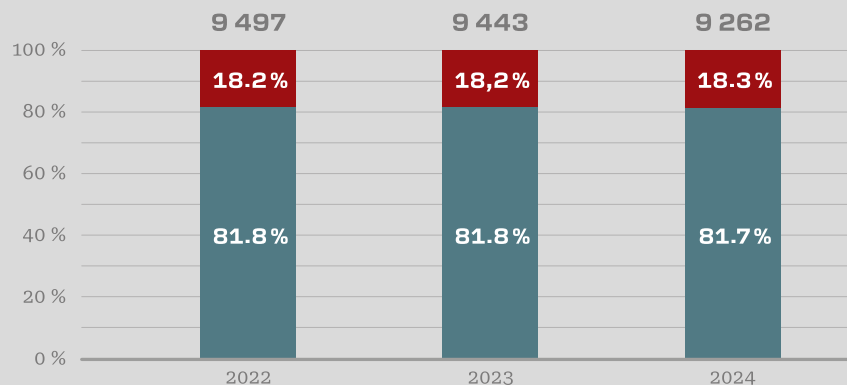
er with the high operating costs of rail carriers, have led to increased pressure on efficiency and coordination. The complexity of long-term planning has been exacerbated by uncertainties about capacity, legislative changes and an unstable energy market.







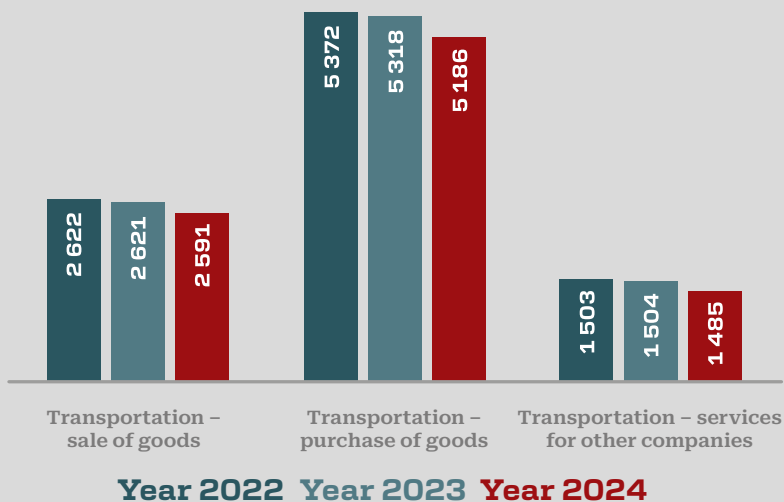
## DEVELOPMENT OF THE TOTAL TRANSPORTATION VOLUME OF MORAVIA STEEL A.S. (kt)



### Railway Road

The data includes intermodal and combined transport of goods.

## TRANSPORT VOLUME STRUCTURE (kt)



We responded by emphasising data collection and evaluation to support the digitalisation of processes, optimisation of vehicle capacities and rapid response to outages. At the same time, we continued with projects aimed at reducing CO<sub>2</sub> emissions and meeting ESG goals. The priority remained the

quality and safety of transports, ensured in cooperation with 195 contractual partners. We actively participated in negotiations with industry organisations and the state administration, where we promoted systemic solutions to increase the resilience of the sector.



## MANAGEMENT SYSTEM AND HUMAN RESOURCES

The MORAVIA STEEL (MS) Group's approach towards employees is based on openness and mutual respect. During 2024, no significant changes were made in the HR strategy, where there is an ongoing process of improvement and increasing efficiency in the area of HR management.

As in previous years, the MS Group supports the education and professional development of its employees on an ongoing basis, primarily in the form of specialised training courses, workshops, language and IT courses. The main objective is to ensure the qualification level of employees and to deepen and broaden their professional knowledge

and skills, which results in increased efficiency and competitiveness.

The Group also provides its employees with above-standard benefits, for example in the form of contribution for company catering or the provision of elective employee benefits, which it endeavours to continuously expand. In cooperation with the Czech Industrial Health Insurance

Company (ČPZP), a number of preventive health initiatives were implemented to support the health of the employees, in particular spa stays or supplementary reconditioning care, including physical activities, massages, relaxation procedures and nutrition counselling.

The basic principles of the MS Group's conduct, including its relation to employees,



corporate culture and corporate social responsibility, are set out in the “Company’s Code of Conduct”, with which all employees have been made duly familiar. The Group continued to pay increased attention to the personal data protection system in 2024 in order to further meet the requirements of Regulation (EU) 2016/679 of the European Parliament and the Council on the protection of personal data, the GDPR, along with continuous monitoring and updating of individual related areas.

The Group places a great emphasis on safety and protection of health of all employees in the workplace, by observing all strict hygiene rules together with the setting of organisational measures and appropriate

communication at all levels within the Company as well as the MS Group.

Development and research have long been focused on the introduction of new technologies in various areas across the production flow, where active cooperation takes place within the whole MS Group in the work on research projects. MORAVIA STEEL a.s. does not conduct research and development independently.

In 2024, the MS Group and its employees continued in their environmental activities and assistance to non-profit organisations as well as various humanitarian and development organisations helping people in need or during floods.



The MS Group performs its activities in accordance with the applicable environmental legislation.

The MS Group has no branch or any other part of its business abroad.

In the year ended 31 December 2024, MORAVIA STEEL a.s. was not a controlled entity within the meaning of Section 74 of Act No. 90/2012

Coll., on Business Corporations and Cooperatives, since in the relevant reporting period, no person had the opportunity to directly or indirectly exercise controlling influence over MORAVIA STEEL a.s. and thus become its controlling entity. For this reason, MORAVIA STEEL a.s. was also not obliged to prepare a report on relations pursuant to Section 82 et seq. of the above-mentioned Act.



An aerial night photograph of a sprawling industrial complex, likely a steel mill or refinery. The facility is illuminated by numerous bright lights, creating a high-contrast scene against the dark sky. Several tall smokestacks are visible, with thick plumes of white smoke rising from them. In the foreground and middle ground, there are large, dark industrial buildings with complex piping and structural elements. To the right, a series of parallel tracks run alongside the facility, with several trains or large cargo vehicles parked or moving along them. The background shows a dark, silhouetted landscape under a twilight sky. A semi-transparent red circular graphic with a network of lines is overlaid on the left side of the image.

# **FINANCIAL** SECTION





# Auditors` Report

**Deloitte.**

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Tax ID. No.: CZ49620592

## INDEPENDENT AUDITOR'S REPORT To the Shareholders of MORAVIA STEEL a.s.

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

### Opinion

We have audited the accompanying financial statements of MORAVIA STEEL 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 MORAVIA STEEL 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 for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

### In our opinion:

- The accompanying financial statements give a true and fair view of the financial position of MORAVIA STEEL a.s. as of 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 MORAVIA STEEL a.s. consolidation group as of 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 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.

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.

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, which is referred to as "Deloitte Global" and each of its member firms and related entities are legally separate and independent entities, which cannot obligate or bind 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 those of any direct or indirect subsidiaries. Please see www.deloitte.com/about to learn more.

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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 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 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.

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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 19 May 2025

Audit firm:

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

Statutory auditor:

Petr Michálek  
registration no. 2020

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# VI

## Financial Part I. Financial Statements

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

<b>Name of the company</b>	MORAVIA STEEL a.s.
<b>Registered office</b>	Průmyslová 1000, Staré Město, 739 61 Třinec
<b>Legal status</b>	Joint Stock Company
<b>Corporate ID</b>	634 74 808
<b>Record in the register of companies</b>	Recorded in File 1297, Section B of the Register of Companies held by the Regional Court in Ostrava.

#### 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 17 February 2025.

#### Statutory body of the reporting entity:

**Petr Popelář**

CHAIRMAN OF THE BOARD

**Mojmír Kašpříšín**

MEMBER OF THE BOARD

**BALANCE SHEET FULL VERSION – ASSETS**

(in CZK thousand)

		<b>31.12.2024</b>		<b>31.12.2023</b>
		<b>Gross</b>	<b>Adjustment</b>	<b>Net</b>
				<b>Net</b>
	<b>TOTAL ASSETS</b>	<b>21 480 229</b>	<b>735 092</b>	<b>20 745 137</b>
<b>B.</b>	<b>Fixed assets</b>	<b>10 643 903</b>	<b>586 972</b>	<b>10 056 931</b>
<i>B.I.</i>	<i>Intangible fixed assets</i>	<b>202 880</b>	<b>43 623</b>	<b>159 257</b>
B.I.1.	Development	72	72	
B.I.2.	<i>Valuable rights</i>	<b>202 108</b>	<b>42 851</b>	<b>159 257</b>
B.I.2.1.	Software	1 315	1 315	
B.I.2.2.	Other valuable rights	200 793	41 536	159 257
B.I.4.	Other intangible fixed assets	700	700	
B.I.5.	"Prepayments for intangible fixed assets and intangible fixed assets under construction"			<b>68 886</b>
B.I.5.1.	Prepayments for intangible fixed assets			68 886
<i>B.II.</i>	<i>Tangible fixed assets</i>	<b>101 815</b>	<b>79 752</b>	<b>22 063</b>
B.II.1.	<i>Land and structures</i>	<b>907</b>	<b>92</b>	<b>815</b>
B.II.1.2.	Structures	907	92	815
B.II.2.	"Tangible movable assets and sets of tangible movable assets"	95 863	79 660	16 203
B.II.5.2.	Tangible fixed assets under construction	5 045		5 045
<i>B.III.</i>	<i>Non-current financial assets</i>	<b>10 339 208</b>	<b>463 597</b>	<b>9 875 611</b>
B.III.1.	Equity investments – controlled or controlling entity	10 335 737	463 597	9 872 140
B.III.7.	<i>Other non-current financial assets</i>	<b>3 471</b>		<b>3 471</b>
B.III.7.2.	Prepayments for non-current financial assets	3 471		3 471

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## BALANCE SHEET FULL VERSION – ASSETS

(in CZK thousand)

		31.12.2024		31.12.2023
		Gross	Adjustment	Net
				Net
C.	Current assets	10 836 326	148 120	10 688 206
C.I.	<b>Inventories</b>	720 308		720 308
C.I.1.	Material	1 797		1 797
C.I.3.	<b>Products and goods</b>	718 511		718 511
C.I.3.2.	Goods	718 511		718 511
C.II.	<b>Receivables</b>	9 885 319	148 120	9 737 199
C.II.1.	<b>Long-term receivables</b>	3 960		3 960
C.II.1.4.	Deferred tax asset	3 960		3 960
C.II.2.	<b>Short-term receivables</b>	9 858 736	148 120	9 710 616
C.II.2.1.	Trade receivables	9 479 238	146 019	9 333 219
C.II.2.2.	Receivables – controlled or controlling entity			39 560
C.II.2.4.	<b>Receivables – other</b>	379 498	2 101	377 397
C.II.2.4.3.	State – tax receivables	206 396		206 396
C.II.2.4.4.	Short-term prepayments made	68 492		68 492
C.II.2.4.5.	Estimated receivables	52 796		52 796
C.II.2.4.6.	Sundry receivables	51 814	2 101	49 713
C.II.3.	<b>Other assets</b>	22 623		22 623
C.II.3.1.	Deferred expenses	1 909		1 909
C.II.3.3.	Accrued income	20 714		20 714
C.III.	<b>Current financial assets</b>			
C.IV.	<b>Cash</b>	230 699		230 699
C.IV.1.	Cash on hand	496		496
C.IV.2.	Cash at bank	230 203		230 203

**BALANCE SHEET FULL VERSION – LIABILITIES & EQUITY**

(in CZK thousand)

	Year ended 31.12.2024	Year ended 31.12.2023
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>20 745 137</b>	<b>20 697 199</b>
<b>A. Equity</b>	<b>13 453 987</b>	<b>12 970 284</b>
<i>A.I. Share capital</i>	<b>3 159 000</b>	<b>3 159 000</b>
A.I.1. Share capital	3 159 000	3 159 000
<i>A.III. Funds from profit</i>	<b>631 400</b>	<b>631 400</b>
A.III.1. Other reserve funds	631 400	631 400
<i>A.IV. Retained earnings (+/-)</i>	<b>9 179 884</b>	<b>8 547 237</b>
A.IV.1. Accumulated profits or losses brought forward (+/-)	9 179 884	8 547 237
<i>A.V. Profit or loss for the current period (+/-)</i>	<b>483 703</b>	<b>632 647</b>
<b>B.+C. Liabilities</b>	<b>7 291 150</b>	<b>7 726 915</b>
<b>B. Reserves</b>	<b>2 114</b>	<b>2 093</b>
B.IV. Other reserves	2 114	2 093
<b>C. Payables</b>	<b>7 289 036</b>	<b>7 724 822</b>
<i>C.I. Long-term payables</i>	<b>156 088</b>	<b>264 245</b>
C.I.2. Payables to credit institutions	148 088	252 245
<i>C.I.9. Payables – other</i>	<b>8 000</b>	<b>12 000</b>
C.I.9.3. Sundry payables	8 000	12 000
<i>C.II. Short-term payables</i>	<b>7 102 374</b>	<b>7 439 717</b>
C.II.2. Payables to credit institutions	108 850	1 533 705
C.II.3. Short-term prepayments received	173 442	259 322
C.II.4. Trade payables	6 625 691	5 377 883
<i>C.II.8. Other payables</i>	<b>194 391</b>	<b>268 807</b>
C.II.8.3. Payables to employees	11 111	10 109
C.II.8.4. Social security and health insurance payables	6 220	5 478
C.II.8.5. State – tax payables and subsidies	1 553	1 365
C.II.8.6. Estimated payables	160 883	241 309
C.II.8.7. Sundry payables	14 624	10 546
<i>C.III. Other liabilities</i>	<b>30 574</b>	<b>20 860</b>
C.III.1. Accrued expenses	29 823	20 773
C.III.2. Deferred income	751	87



**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	765 822	724 573
II. Sales of goods	73 704 825	77 633 222
A. Purchased consumables and services	<b>73 838 297</b>	<b>77 405 030</b>
A.1. Costs of goods sold	71 427 684	75 545 658
A.2. Consumed material and energy	6 898	6 802
A.3. Services	2 403 715	1 852 570
D. Staff costs	<b>352 807</b>	<b>353 472</b>
D.1. Payroll costs	267 435	270 033
D.2. Social security and health insurance costs and other charges	<b>85 372</b>	<b>83 439</b>
D.2.1. Social security and health insurance costs	80 541	78 852
D.2.2. Other charges	4 831	4 587
E. Adjustments to values in operating activities	<b>-97 681</b>	<b>48 873</b>
E.1. <i>Adjustments to values of intangible and tangible fixed assets</i>	<b>24 619</b>	<b>19 391</b>
E.1.1. Adjustments to values of intangible and tangible fixed assets – permanent	24 619	19 391
E.3. Adjustments to values of receivables	-122 300	29 482
III. Other operating income	<b>92 213</b>	<b>22 057</b>
III.1. Sales of fixed assets	263	2 885
III.2. Sales of material	5 629	8 234
III.3. Sundry operating income	86 321	10 938
F. Other operating expenses	<b>260 097</b>	<b>86 149</b>
F.1. Net book value of sold fixed assets	317	1 836
F.2. Material sold	5 014	7 490
F.3. Taxes and charges	323	397
F.4. Reserves relating to operating activities and complex deferred expenses	21	-42
F.5. Sundry operating expenses	254 422	76 468
* <b>Operating profit or loss (+/-)</b>	<b>209 340</b>	<b>486 328</b>

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

(in CZK thousand)

		Year ended 31.12.2024	Year ended 31.12.2023
IV.	Income from non-current financial assets – equity investments	322 449	171 702
IV.1.	Income from equity investments – controlled or controlling entity	322 449	171 702
VI.	Interest income and similar income	<b>22 061</b>	<b>42 676</b>
VI.1.	Interest income and similar income – controlled or controlling entity	546	335
VI.2.	Other interest income and similar income	21 515	42 341
I.	Adjustments to values and reserves relating to financial activities	–76 153	–83 061
J.	Interest expenses and similar expenses	<b>36 438</b>	<b>40 171</b>
J.2.	Other interest expenses and similar expenses	36 438	40 171
VII.	Other financial income	611 127	799 004
K.	Other financial expenses	676 575	810 379
*	<b>Financial profit or loss (+/–)</b>	<b>318 777</b>	<b>245 893</b>
**	<b>Profit or loss before tax (+/–)</b>	<b>528 117</b>	<b>732 221</b>
L.	Income tax	<b>44 414</b>	<b>99 574</b>
L.1.	Due income tax	36 351	105 207
L.2.	Deferred income tax (+/–)	8 063	–5 633
**	<b>Profit or loss net of tax (+/–)</b>	<b>483 703</b>	<b>632 647</b>
***	<b>Profit or loss for the current period (+/–)</b>	<b>483 703</b>	<b>632 647</b>
*	Net turnover for the current period	<b>74 470 647</b>	<b>79 393 234</b>



**STATEMENT OF CHANGES IN EQUITY**

(in CZK thousand)

	Share capital	Funds from profit, reserve fund	Accumulated profits or losses brought forward	Profit or loss for the current period	TOTAL EQUITY
<b>Balance at 31 December 2022</b>	<b>3 159 000</b>	<b>631 400</b>	<b>7 489 572</b>	<b>3 057 944</b>	<b>14 337 916</b>
Distribution of profit or loss			1 057 665	-1 057 665	
Profit shares/dividends declared				-2 000 279	-2 000 279
Profit or loss for the current period				632 647	632 647
<b>Balance at 31 December 2023</b>	<b>3 159 000</b>	<b>631 400</b>	<b>8 547 237</b>	<b>632 647</b>	<b>12 970 284</b>
Distribution of profit or loss			632 647	-632 647	
Profit shares/dividends declared					
Profit or loss for the current period				483 703	483 703
<b>Balance at 31 December 2024</b>	<b>3 159 000</b>	<b>631 400</b>	<b>9 179 884</b>	<b>483 703</b>	<b>13 453 987</b>

**CASH FLOW STATEMENT**

(in CZK thousand)

	Year ended 31.12.2024	Year ended 31.12.2023
<b>P. Opening balance of cash and cash equivalents</b>	<b>143 636</b>	<b>292 727</b>
<b><i>Cash flows from ordinary activities (operating activities)</i></b>		
Z. Profit or loss before tax	528 117	732 221
A.1. Adjustments for non-cash transactions	-467 404	-265 763
A.1.1. Depreciation of fixed assets	24 619	19 391
A.1.2. Change in provisions and reserves	-183 688	-53 621
A.1.3. Profit/(loss) on the sale of fixed assets	-263	-1 049
A.1.4. Revenues from profit shares	-322 449	-171 702
A.1.5. Interest expense and interest income	14 377	-2 505
A.1.6. Adjustments for other non-cash transactions		-56 277
<b>A.* Net operating cash flow before changes in working capital</b>	<b>60 713</b>	<b>466 458</b>
A.2. Change in working capital	1 258 261	2 663 274
A.2.1. Change in operating receivables and other assets	-122 833	3 275 578
A.2.2. Change in operating payables and other liabilities	1 097 226	-775 625
A.2.3. Change in inventories	283 868	163 320
<b>A.** Net cash flow from operations before tax</b>	<b>1 318 974</b>	<b>3 129 732</b>
A.3. Interest paid	-36 438	-40 171
A.4. Interest received	22 061	42 676
A.5. Income tax paid from ordinary operations	1 347	-532 913
A.6. Received profit shares	322 449	171 702
<b>A.*** Net operating cash flows</b>	<b>1 628 393</b>	<b>2 771 026</b>
<b><i>Cash flows from investing activities</i></b>		
B.1. Fixed assets expenditures	-8 581	-90 097
B.2. Proceeds from fixed assets sold	263	2 885
<b>B.*** Net investment cash flows</b>	<b>-8 318</b>	<b>-87 212</b>
<b><i>Cash flow from financial activities</i></b>		
C.1. Change in payables from financing	-1 533 012	-832 626
C.2. Impact of changes in equity		-2 000 279
C.2.6. Profit shares/dividends paid		-2 000 279
<b>C.*** Net financial cash flows</b>	<b>-1 533 012</b>	<b>-2 832 905</b>
<b>F. Net increase or decrease in cash and cash equivalents</b>	<b>87 063</b>	<b>-149 091</b>
<b>R. Closing balance of cash and cash equivalents</b>	<b>230 699</b>	<b>143 636</b>





## Notes to the financial statements

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## NOTES TO THE FINANCIAL STATEMENTS

# 1. General Information

## 1.1. Incorporation and Description of the Business

MORAVIA STEEL a.s. (hereinafter the “Company”) was formed by a Memorandum of Association as a joint stock company on 27 July 1995 and was incorporated following its registration in the Register of Companies held at the Regional Court in Brno – venkov on 23 August 1995. At present, the Company is recorded in the Register Companies held at the Regional Court in Ostrava, Section B, File 1297.

As of 31 December 2024, the Company’s issued share capital is CZK 3,159,000 thousand.

The Company’s financial statements have been prepared as of and for the year ended 31 December 2024.

The following table shows legal entities with an equity interest greater than 20 percent and the amounts of their equity interests:

Shareholder	Ownership percentage
MINERFIN, a.s., Námestie Ľudovíta Štúra 2, 811 02 Bratislava, Slovakia	48.57%
<b>Total</b>	<b>48.57%</b>

The Company is primarily engaged in purchasing goods for resale and sale, which accounts for 98.97% of its revenues. The Company is additionally involved in providing domestic and international shipping services.

The Company’s operations are principally focused on TŘINECKÉ ŽELEZÁRNY, a. s. and its subsidiary companies (for further details refer to Note 4.14).

The consolidated financial statements are available at the registered office of MORAVIA STEEL a.s.

## 1.2. Changes and Amendments to the Register of Companies

In the year ended 31 December 2024, no changes were made to the Register of Companies.

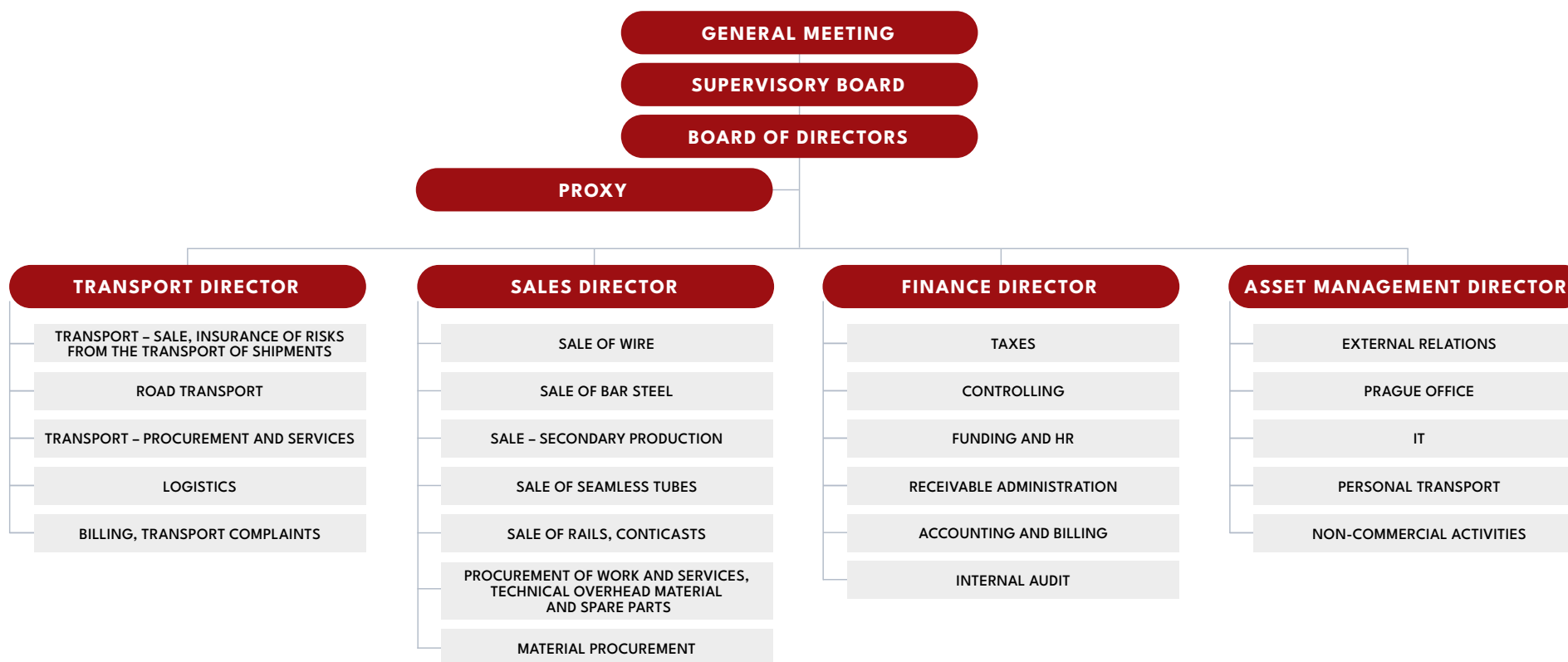


### 1.3. Board of Directors and Supervisory Board as of 31 December 2024

	Position	Name
<b>Board of Directors</b>	Chairman	Petr Popelář
	Vice Chairman	Krzysztof Roch Ruciński
	Member	Mojmír Kašpříšín
	Member	Uršula Novotná

	Position	Name
<b>Supervisory Board</b>	Chairman	Tomáš Chrenek
	Vice Chairman	Ján Moder
	Vice Chairman	Evžen Balko
	Member	Mária Blašková

### 1.4. Organisational Structure of the Company as of 31 December 2024







## 2. Basis 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., as amended; 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, as amended; and Czech Accounting Standards for Businesses, as amended.

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.

These financial statements are presented in thousands of Czech crowns ('CZK thousand').

The Company's financial statements are prepared as of 31 December 2024.

## 3. Summary of Significant Accounting Policies

### 3.1. Tangible Fixed Assets

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

Purchased tangible fixed assets are stated at cost less accumulated depreciation and any recognised impairment losses. The Company carried no internally developed tangible fixed assets during the year ended 31 December 2024.

The cost of fixed asset improvements exceeding CZK 80 thousand for the period increases the acquisition cost of the related fixed asset.



Depreciation is charged so as to write off the cost of tangible fixed assets, other than land and assets under construction, over their estimated useful lives, using the straight line method, on the following basis:

Category of assets	Number of years
Machinery and equipment	3 – 12
Vehicles	4 – 5
Furniture and fixtures	6 – 15

### Provisioning

Provisions against fixed assets are recognised based on an assessment of their value during the stock count.

The Company recorded no provisions against tangible and intangible fixed assets in the year ended 31 December 2024.

## 3.2. Intangible Fixed Assets

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

Purchased intangible fixed assets are stated at cost.

The cost of fixed asset improvements exceeding CZK 80 thousand for the taxation period increases the acquisition cost of the related intangible fixed asset.

Amortisation of intangible fixed assets is recorded over the estimated useful lives of assets using the straight line method as follows:

	Number of years
Software	4
Valuable rights	4 – 10
Other intangible fixed assets	4 – 5



### 3.3. Non-Current Financial Assets

Non-current financial assets principally consist of equity investments.

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 and bonuses to the Company's employees relating to the acquisition of securities and equity investments.

As of the date of acquisition of the securities and equity investments, the Company categorises these non-current financial assets based on their underlying characteristics as equity investments in subsidiaries and associates or debt securities held to maturity, or securities and equity investments available for sale.

Investments in enterprises in which the Company has 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 the Company is 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'.

At the balance sheet, equity investments in controlled and controlling entities are stated at cost net of any provisions.

#### Provisioning

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 results of its operations and available expert valuations.





## 3.4. Inventory

### Valuation

Purchased inventory of material 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 issued out of stock is recorded using costs determined by the weighted arithmetic average method.

Goods are purchased and sold directly to customers and are not physically stored at the Company's premises. Reported stocks comprise goods in transit where supplies are delivered based on different delivery terms (e.g. delivery in port, delivery free on board). This gives rise to a certain mismatch between the purchase date and the date of sale to the customer, during which the goods are carried as the Company's assets.

### Provisions

No provisions were recognised in respect of inventory in 2024.

## 3.5. Current Financial Assets

Current financial assets principally consist of cash on hand and cash at banks and debt securities with a maturity of less than one year held to maturity (mainly depository bills of exchange).

Current financial assets are carried at cost upon acquisition and at the balance sheet date. The cost of securities includes the direct costs of acquisition, such as fees paid to banks.

If the value of securities held to maturity exceeds their estimated recoverable value as of the balance sheet date, such current financial assets are provisioned pursuant to an expert estimate.

## 3.6. Receivables

Upon origination, receivables are stated at their nominal value as subsequently reduced by appropriate provisions for doubtful and bad amounts. Receivables acquired for consideration or through an investment are stated at cost less provisioning for doubtful and bad amounts.



## Provisioning

The Company recognised provisions against accounts receivable according to their aging categories as follows:

- Receivables past due by more than 180 and less than 365 days are provisioned at 50 percent; and
- Receivables past due by more than 365 days are provisioned in full.

In circumstances where there is doubt over the collectability of individual debts, the Company increases the provisioning charge taking into consideration the collateral underlying these debts.

## 3.7. Trade Payables

Trade payables are stated at their nominal value.

## 3.8. Loans

Loans are stated at nominal value.

The portion of long-term loans maturing within one year from the balance sheet date is included in short – term loans.

## 3.9. Foreign Currency Translation

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

As of the balance sheet date, financial assets, current assets and liabilities denominated in a foreign currency are translated using the effective exchange rate promulgated by the Czech National Bank as of that date. Any resulting foreign exchange rate gains and losses are recorded as the current year's financial expenses or revenues as appropriate.

## 3.10. Reserves

Reserves are intended to cover future obligations or expenditure, the nature of which is clearly defined and which are likely to be incurred, but which are uncertain as to the amount or the date on which they will arise.

## 3.11. Finance Leases

A finance lease is the acquisition of a tangible fixed asset such that, over or after the contractual lease term, ownership title to the asset transfers from the lessor to the lessee; pending the transfer of title the lessee makes lease payments to the lessor for the asset that are charged to expenses.

The initial lump-sum payment related to assets acquired under finance leases is amortised and expensed over the lease period.

## 3.12. Taxation

### 3.12.1. TAX DEPRECIATION OF FIXED ASSETS

Depreciation of fixed assets for taxation purposes is recorded on an accelerated basis.

### 3.12.2. 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 Company's liability for current tax is calculated using the tax rate that has been enacted by the balance sheet date.

### 3.12.3. DEFERRED TAX

Deferred tax is accounted for using the balance sheet liability method.

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.

Deferred tax assets and liabilities are offset and reported on an aggregate net basis in the balance sheet, except when partial tax assets cannot be offset against partial tax liabilities.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

### 3.12.4. TOP-UP TAX

Moravia Steel a.s. is subject to top-up tax and has applied the transitional rules of the so-called safe harbour. The top-up tax was not taken into account in the calculation of deferred tax.



### 3.13. 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). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the greater of the net selling price and the value in use. In assessing the value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount.

### 3.14. Use of Estimates

The presentation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the reporting period. Management of 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.

### 3.15. Revenue Recognition

Revenues are recognised when supplier terms under INCOTERMS 2010 are fulfilled 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.

Dividend income is recognised when the shareholders' rights to receive payment have been declared.



### 3.16. Cash Flow Statement

The cash flow statement is prepared using the indirect method. Cash equivalents include current liquid assets easily convertible into cash in an amount agreed in advance. Cash and cash equivalents can be analysed as follows:

(CZK thousand)

	31 Dec 2024	31 Dec 2023
Cash on hand	496	571
Cash at bank and cash in transit	230 203	143 065
<b>Total current financial assets</b>	<b>230 699</b>	<b>143 636</b>
<b>Total cash and cash equivalents</b>	<b>230 699</b>	<b>143 636</b>

Cash flows from operating, investment and financial activities presented in the cash flow statement are not offset.

### 3.17. Year-on-Year Changes in the Classification and Designation of Balance Sheet and Profit and Loss Account Items and their Substance

No changes in the classification or designation of balance sheet and profit and loss account items were made in 2024.

### 3.18. Net Turnover for the Reporting Period

The net turnover for the reporting period stated in the profit and loss account (determined for the categorisation of reporting entities and groups of reporting entities) was determined differently for the 2024 and 2023 periods, taking into account the change in accounting legislation:

- For the 2023 period, the indicator was determined as the sum of all revenues recorded on the respective lines of the profit and loss account.
- For the 2024 period, the indicator was determined as the sum of revenues from the sale of products, goods and the provision of 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.

If the net turnover indicator for the 2023 period had been determined using the methodology applicable for 2024, its value would have been CZK 78,357,795 thousand.



## 4. Additional Information on the Balance Sheet and Profit and Loss Account

### 4.1. Fixed Assets

#### 4.1.1. INTANGIBLE FIXED ASSETS

##### Cost

(CZK thousand)

	Balance at 31 Dec 2022	Additions	Disposals	Balance at 31 Dec 2023	Additions	Disposals	Balance at 31 Dec 2024
Development	72	0	0	72	0	0	72
Software	1 678	0	363	1 315	0	0	1 315
Valuable rights	10 333	121 574	0	131 907	68 886	0	200 793
Other intangible FA	700	0	0	700	0	0	700
Intangible FA under construction	125 192	121 471	246 663	0	68 886	68 886	0
Prepayments and advances for intangible FA	0	68 886	0	68 886	0	68 886	0
<b>Total</b>	<b>137 975</b>	<b>311 931</b>	<b>247 026</b>	<b>202 880</b>	<b>133 772</b>	<b>137 772</b>	<b>202 880</b>

##### Accumulated Amortisation

(CZK thousand)

	Balance at 31 Dec 2022	Additions	Disposals	Balance at 31 Dec 2023	Additions	Disposals	Balance at 31 Dec 2024
Development	72	0	0	72	0	0	72
Software	1 678	0	363	1 315	0	0	1 315
Valuable rights	10 333	12 157	0	22 490	20 361	0	42 851
Other intangible FA	700	0	0	700	0	0	700
<b>Total</b>	<b>12 783</b>	<b>12 157</b>	<b>363</b>	<b>24 577</b>	<b>20 361</b>	<b>0</b>	<b>44 938</b>



**Net Book Value**

(CZK thousand)

	Balance at 31 Dec 2023	Balance at 31 Dec 2024
Development	0	0
Software	0	0
Valuable rights	109 417	159 257
Other intangible FA	0	0
Intangible FA under construction	0	0
Prepayments and advances for intangible FA	68 886	0
<b>Total</b>	<b>178 303</b>	<b>159 257</b>

Amortisation of intangible fixed assets was CZK 19,046 thousand and CZK 15,791 thousand as of 31 December 2024 and 31 December 2023, respectively.

**4.1.2. TANGIBLE FIXED ASSETS****Cost**

(CZK thousand)

	Balance at 31 Dec 2022	Additions	Disposals	Balance at 31 Dec 2023	Additions	Disposals	Balance at 31 Dec 2024
Structures	907	0	0	907	0	0	907
Tangible movable assets	92 710	12 265	11 730	93 245	5 570	2 952	95 863
– Machines and equipment	12 086	119	2 049	10 156	0	200	9 956
– Vehicles	77 492	12 146	9 681	79 957	5 570	2 200	83 327
– Furniture and fixtures	3 132	0	0	3 132	0	552	2 580
Artworks and collections	0	0	0	0	0	0	0
Tangible FA under construction	0	11 634	11 634	0	10 050	5 005	5 045
Prepayments for tangible FA	0	0	0	0	4 510	4 510	0
<b>Total</b>	<b>93 617</b>	<b>23 899</b>	<b>23 364</b>	<b>94 152</b>	<b>20 130</b>	<b>12 467</b>	<b>101 815</b>

**Accumulated Depreciation**

(CZK thousand)

	Balance at 31 Dec 2022	Additions	Disposals	Balance at 31 Dec 2023	Additions	Disposals	Balance at 31 Dec 2024
Structures	56	18	0	74	18	0	92
Tangible movable assets	79 421	7 215	9 895	76 741	5 555	2 636	79 660
– Machines and equipment	11 134	385	2 049	9 470	269	201	9 538
– Vehicles	65 210	6 818	7 846	64 182	5 273	1 883	67 572
– Furniture and fixtures	3 077	12	0	3 089	13	552	2 550
<b>Total</b>	<b>79 477</b>	<b>7 233</b>	<b>9 895</b>	<b>76 815</b>	<b>5 573</b>	<b>2 636</b>	<b>79 752</b>

**Net Book Value**

(CZK thousand)

	Balance at 31 Dec 2023	Balance at 31 Dec 2024
Structures	833	815
Tangible movable assets	16 504	16 203
– Machines and equipment	686	418
– Vehicles	15 775	15 755
– Furniture and fixtures	43	30
Tangible FA under construction	0	5 045
Prepayments for tangible FA	0	0
<b>Total</b>	<b>17 337</b>	<b>22 063</b>

The Company principally acquired cars in 2023 and 2024.

The Company acquired tangible assets that were charged directly to expenses in the amounts of CZK 1,121 thousand and CZK 1,015 thousand for the years ended 31 December 2024 and 2023, respectively. These assets are low value tangible assets comprising other movable assets and sets of movable assets with an estimated useful life greater than one year not reported within fixed assets. These assets are directly expensed on a one-off basis.

Depreciation of tangible fixed assets amounted to CZK 5,573 thousand and CZK 7,233 thousand as of 31 December 2024 and 31 December 2023, respectively.



## 4.2. Non-Current Financial Assets

### Cost

(CZK thousand)

	Balance at 31 Dec 2022	Additions	Disposals	Balance at 31 Dec 2023	Additions	Disposals	Balance at 31 Dec 2024
Equity investments – controlled or controlling entities	10 332 680	43 236	38 461	10 337 455	2 414	4 132	10 335 737
Equity investments – associates	0	0	0	0	0	0	0
Prepayments for non-current financial assets	3 684	0	213	3 471	0	0	3 471
<b>Total</b>	<b>10 336 364</b>	<b>43 236</b>	<b>38 674</b>	<b>10 340 926</b>	<b>2 414</b>	<b>4 132</b>	<b>10 339 208</b>

### 4.2.1. EQUITY INVESTMENTS – CONTROLLED OR CONTROLLING ENTITIES 2024

Name	Registered office	Cost	Nominal value	Ownership %	Equity	Profit/loss	Provision	Dividend income for the period
TŘINECKÉ ŽELEZÁRNY, a.s.	Třinec	7 183 259	8 109 862	100	32 081 806	315 723	0	0
Barrandov Studio a.s.	Prague	746 439	197 112	99,85	1 247 272	52 483	313 597	0
Moravia Steel Slovenija, d.o.o.	Celje	1 573	867	51	16 715	1 443	0	0
Moravia Steel Italia, srl	Milano	2 580	2 075	66	103 564	40 305	0	0
Moravia Steel Ibéria, s.a.	Lisbon	10 850	2 533	99,33	17 154	203	0	2 979
MS – Slovensko s.r.o.	Bratislava	161	160	100	13 454	-43	0	0
Beskydská golfová, a.s.	Ropice	274 342	230 000	100	226 067	414	150 000	0
Moravskoslezský kovošrot, a.s.	Ostrava	202 209	2 000	100	274 020	68 412	0	70 000
M Steel Projects a.s.	Třinec	10 000	10 000	100	43 996	-2 969	0	0
Moravia Steel UK Ltd	Cheshire	1 449	728	100	29 835	7 098	0	14 845
Moravia Steel Deutschland GmbH	Kürten	113 140	1 625	100	137 073	110 535	0	124 625
NEOMET Sp. z o.o.	Radomsko	33 972	34 701	100	309 392	34 590	0	0
Kovárna VIVA a.s.	Zlín	869 333	50 000	100	1 326 375	86 138	0	80 000
MSV Metal Studénka, a.s.	Studénka	886 430	69 300	100	786 841	121 898	0	30 000
<b>Total</b>		<b>10 335 737</b>	<b>8 710 963</b>		<b>36 613 496</b>	<b>836 229</b>	<b>463 597</b>	<b>322 449</b>



**2023**

Name	Registered office	Cost	Nominal value	Ownership %	Equity	Profit/loss	Provision	Dividend income for the period
TŘINECKÉ ŽELEZÁRNY, a. s.	Třinec	7 182 388	8 109 863	100	31 743 654	44 369	0	0
Barrandov Studio a.s.	Prague	746 439	197 112	99,85	1 199 366	79 336	313 597	0
Moravia Steel Slovenija, d.o.o.	Celje	1 573	867	51	14 989	582	0	0
Moravia Steel Italia, srl	Milano	2 580	2 075	66	62 000	-28 298	0	0
Moravia Steel Ibéria, s.a.	Lisbon	10 850	2 533	99,33	19 603	5 038	0	2 802
MS – Slovensko s.r.o.	Bratislava	161	160	100	13 251	-71	0	0
Beskydská golfová, a.s.	Ropice	274 342	230 000	100	225 653	968	150 000	0
Moravskoslezský kovošrot, a.s.	Ostrava	202 209	2 000	100	275 608	56 878	0	50 000
M Steel Projects a.s.	Třinec	10 000	10 000	100	46 501	-790	0	0
Moravia Steel UK Ltd	Cheshire	1 449	728	100	35 357	10 013	0	0
Moravia Steel Deutschland GmbH	Kürten	113 140	1 625	100	149 393	115 781	73 000	118 900
NEOMET Sp. z o.o.	Radomsko	33 972	34 701	100	265 389	26 169	0	0
Moravia Mining Plc*)	Addis Ababa	3 153	3 157	76	*)	*)	3 153	0
Kovárna VIVA a.s.	Zlín	868 769	50 000	100	1 321 437	101 799	0	0
MSV Metal Studénka, a.s.	Studénka	886 430	69 300	100	640 795	91 099	0	0
<b>Total</b>		<b>10 337 455</b>	<b>8 714 121</b>		<b>36 012 997</b>	<b>502 872</b>	<b>539 750</b>	<b>171 702</b>

\*) Figures not available.

#### 4.2.2. PLEDGED NON-CURRENT FINANCIAL ASSETS AND CURRENT EQUITY SECURITIES

In 2024 and 2023, shares of MSV Metal Studénka, a.s. were pledged, see Note 4.6.7.



## 4.3. Inventory

(CZK thousand)

	Balance at 31 Dec 2024	Balance at 31 Dec 2023
Material	1 797	2 112
Inventory – raw material	6 474	8 980
Inventory – metallurgical products	712 037	993 083
<b>Total</b>	<b>720 308</b>	<b>1 004 175</b>

In the year ended 31 December 2024, the Company recognised no provision against inventory.

No prepayments for inventory were provided in the reporting periods.

## 4.4. Receivables

### 4.4.1. LONG-TERM RECEIVABLES

As of 31 December 2024 and 2023, the Company records no long-term receivables with maturity exceeding 5 years.

### 4.4.2. TRADE RECEIVABLES

(CZK thousand)

	Balance at 31 Dec 2024	Balance at 31 Dec 2023
Short-term		
– Customers	9 479 238	9 292 955
– Bills of exchange to be collected	0	3 344
– Provisions – customers	–146 019	–237 598
– Provisions – bills of exchange to be collected	0	–3 344
<b>Total</b>	<b>9 333 219</b>	<b>9 055 357</b>



#### 4.4.3. AGING OF RECEIVABLES FROM CUSTOMERS

(CZK thousand)

Balance at	Category	Before due date	Past due date	Total
31 Dec 2024	Gross	8 286 843	1 192 395	<b>9 479 238</b>
	Provisions	0	146 019	<b>146 019</b>
31 Dec 2023	Gross	8 345 092	947 863	<b>9 292 955</b>
	Provisions	335	237 263	<b>237 598</b>

Receivables typically mature within 30 days.

#### Past due receivables:

(CZK thousand)

Year ended	Local	Cross-border	Total
31 Dec 2024	165 233	1 027 162	<b>1 192 395</b>
31 Dec 2023	182 753	765 110	<b>947 863</b>

#### 4.4.4. INTERCOMPANY TRADE RECEIVABLES

(CZK thousand)

Name of the entity	Balance at 31 Dec 2024	Balance at 31 Dec 2023
Short-term trade receivables		
TŘINECKÉ ŽELEZÁRNY, a. s.	2 098 113	1 855 944
Strojírny a stavby Třinec, a.s.	63	38
ENERGETIKA TŘINEC, a.s.	55 658	93 130
Slévárny Třinec, a.s.	23 779	34 091
Moravia Steel Deutschland GmbH, Germany	0	0
Řetězárna a.s.	5 408	14 929
HŽP a.s.	36 602	54 990
Moravia Mining Plc	0	2 060
„METALURGIA“ Spółka akcyjna	3 404	11 776
DOPRAVA TŽ, a.s.	0	0

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Name of the entity	Balance at 31 Dec 2024	Balance at 31 Dec 2023
Beskydská golfová, a.s.	0	61
VÚHŽ, a.s	3 548	5 886
Šroubárna Kyjov spol. s r.o.	28 163	30 805
Kovárna VIVA a.s.	131 711	175 260
M STEEL PROJECTS a.s.	12	242
ŽDB DRÁTOVNA a.s.	299 998	313 372
„NEOMET“ sp.z o.o.	0	1 468
„D&D“ DRÓTÁRU IPARI ÉS	150 309	114 324
Moravskoslezský kovošrot, a.s.	0	–172
BOHEMIA RINGS s.r.o.	24 912	79 073
MSV METAL Studénka, a.s.	49 841	73 889
<b>Total short-term intercompany receivables</b>	<b>2 911 521</b>	<b>2 861 166</b>
Receivables outside the Group	6 567 717	6 435 133
<b>Total short term trade receivables – gross</b>	<b>9 479 238</b>	<b>9 296 299</b>

#### 4.4.5. STATE – TAX RECEIVABLES

State – tax receivables principally comprise a receivable arising from VAT of CZK 109,049 thousand as of 31 December 2024 (as of 31 December 2023: a receivable arising from VAT of CZK 72,994 thousand) and corporate income tax receivables in the amount of CZK 97,347 thousand (as of 31 December 2023: CZK 135,044 thousand recorded under State – tax payables).



## 4.5. Shareholders' Equity

### 4.5.1. SHARE CAPITAL

The Company's share capital in the aggregate amount of CZK 3,159,000 thousand as of 31 December 2024 is composed of 315,900 registered shares in book-entry form with a nominal value of CZK 10,000 each. The shares are not readily marketable but are fully transferable subject to the prior consent of the Company's General Meeting.

### 4.5.2. CHANGES IN EQUITY

Based on the decision of the General Meeting of Shareholders held on 24 June 2024, the profit of CZK 632,647 thousand for the year ended 31 December 2023 was allocated as follows:

– CZK 632,647 thousand – was transferred to retained earnings brought forward.

The expected allocation of profit of CZK 483,703 thousand for the year ended 31 December 2024 is the transfer of the amount to retained earnings brought forward.

## 4.6. Payables

### 4.6.1. LONG-TERM PAYABLES

The Company records other long-term payables with maturities exceeding five years as of 31 December 2024 arising from the purchase of shares of Kovárna Viva a.s. in the amount of CZK 8,000 thousand (as of 31 December 2023: CZK 12,000 thousand).

### 4.6.2. AGING OF PAYABLES TO SUPPLIERS

(CZK thousand)

Balance at	Category	Before due date	Past due date	Total
31 Dec 2024	Short-term	6 609 290	16 401	<b>6 625 691</b>
31 Dec 2023	Short-term	5 386 326	–8 443	<b>5 377 883</b>

Payables typically mature within 45 days.

**4.6.3. INTERCOMPANY PAYABLES**

(CZK thousand)

Name of the entity	Balance at 31 Dec 2024	Balance at 31 Dec 2023
<b>Short-term trade payables</b>		
TŘINECKÉ ŽELEZÁRNY, a. s.	3 283 693	2 207 327
Strojírny a stavby Třinec, a.s.	7	5
REFRASIL, s.r.o.	13 766	9 025
TRISIA, a.s.	59	51
Moravia Steel Italia, srl	27 253	0
Moravia Steel Ibéria, s.a.	0	0
Moravia Steel Slovenija, d.o.o.	4 239	3 879
DOPRAVA TŽ, a.s.	0	0
VESUVIUS ČESKÁ REPUBLIKA, a.s.	25 482	21 740
ŽDB DRÁTOVNA a.s.	-10	56
Beskydská golfová a.s.	3	0
Třinecké gastroslužby, s.r.o.	471	397
Minerfin a.s.	447 961	738 260
Moravia Steel Deutschland GmbH	16 564	37 205
Moravia Steel UK Ltd	14 342	12 909
Kovárna VIVA a.s.	4	10
BOHEMIA RINGS s.r.o.	0	5
MSV METAL Studénka, a.s.	7	6
<b>Total intercompany short-term payables</b>	<b>3 833 841</b>	<b>3 030 875</b>
Payables to other than Group companies	2 791 850	2 347 008
<b>Total short-term trade payables</b>	<b>6 625 691</b>	<b>5 377 883</b>

**4.6.4. ESTIMATED PAYABLES**

Estimated payables principally consist of unbilled supplies of raw materials amounting to CZK 68,359 thousand (2023: CZK 141,418 thousand), unbilled supplies of work and services amounting to CZK 86,748 thousand (2023: CZK 93,345 thousand), and an estimated payable for staff costs in the amount of CZK 5,776 thousand (2023: CZK 6,546 thousand).





#### 4.6.5. DUE AMOUNTS FROM SOCIAL SECURITY AND HEALTH INSURANCE

As of 31 December 2024, the aggregate amount of due amounts related to social security, state employment policy and health insurance contributions was CZK 6,220 thousand (2023: CZK 5,478 thousand). These payables were fully settled as of the balance sheet date.

#### 4.6.6. STATE – TAX PAYABLES

State – tax payables as of 31 December 2024 principally comprise a payable arising from personal income tax amounting to CZK 1,553 thousand (2023: CZK 1,365 thousand).

#### 4.6.7. BANK LOANS

##### 2024

Purpose	Currency	Balance at 31 Dec 2024 in CZK thousand	Collateral
<b>Long-term loans</b>			
Refinancing of maximum 80% of the total acquisition cost for the transfer of 100% shares in the Company according to Share purchase agreement – due on 31 March 2025	CZK	<b>34 806</b>	Securities Pledge Agreement
Refinancing of maximum 80% of the total acquisition cost for the transfer of 34% shares in the Company according to Share purchase agreement – due on 31 Dec 2027	CZK	<b>222 132</b>	
<b>Total</b>	<b>CZK</b>	<b>256 938</b>	
<b>Short-term part of long-term loans</b>		<b>–108 850</b>	
<b>Total long-term loans</b>		<b>148 088</b>	
<b>Current bank loans</b>			
Overdrafts	CZK	0	
<b>Total</b>		<b>0</b>	
<b>Short-term part of long-term loans</b>		<b>108 850</b>	
<b>Total short-term loans</b>		<b>108 850</b>	
<b>Total</b>		<b>256 938</b>	

**2023**

Purpose	Currency	Balance at 31 Dec 2023 in CZK thousand	Collateral
<b>Long-term loans</b>			
Refinancing of maximum 80% of the total acquisition cost for the transfer of 100% shares in the Company according to Share purchase agreement – due on 31 March 2025	CZK	201 558	Securities Pledge Agreement
Refinancing of maximum 80% of the total acquisition cost for the transfer of 34% shares in the Company according to Share purchase agreement – due on 31 Dec 2027	CZK	308 939	
<b>Total</b>	<b>CZK</b>	<b>510 497</b>	
<b>Short-term part of long-term loans</b>		<b>–258 252</b>	
<b>Total long-term loans</b>		<b>252 245</b>	
<b>Current bank loans</b>			
Overdrafts	CZK	1 275 453	Bianco promissory notes issued by MORAVIA STEEL a.s.
<b>Total</b>		<b>1 275 453</b>	
<b>Short-term part of long-term loans</b>		<b>258 252</b>	
<b>Total short-term loans</b>		<b>1 533 705</b>	
<b>Total</b>		<b>1 785 950</b>	



#### 4.6.8. SHORT-TERM PREPAYMENTS RECEIVED

In the year ended 31 December 2024, the Company recorded short-term prepayments received of CZK 173,442 thousand (2023: CZK 259,322 thousand).

#### 4.6.9. ACCRUED EXPENSES

Accrued expenses largely comprise costs related to the year ended 31 December 2024 for transportation and other services paid in 2025 in the amount of CZK 29,088 thousand (2023: CZK 16,277 thousand) and banking fees and bank interest payable on short-term and long-term operating loan facilities in the amount of CZK 735 thousand (2023: CZK 4,496 thousand).

#### 4.6.10. DEFERRED TAXATION

The deferred tax asset/liability is analysed as follows:

##### Deferred Tax Arising from

(CZK thousand)

	Balance at 31 Dec 2024	Balance at 31 Dec 2023
Accumulated depreciation and amortisation of fixed assets	-1 493	-1 084
Estimated payable arising from outstanding vacation days	1 213	1 375
Unpaid penalties	1 067	1 065
Provisions – receivables	3 724	11 771
Unpaid (un-received) penalty	-551	-1 104
Reserves	0	0
<b>Total recognised tax asset (+) / liability (-)</b>	<b>3 960</b>	<b>12 023</b>



## 4.7. Income Tax on Ordinary Activities

The charge for the year can be reconciled to the profit per the profit and loss account as follows:

(CZK thousand)

	Balance at 31 Dec 2024	Balance at 31 Dec 2023
Profit before tax	528 117	732 221
Tax at the domestic income tax rate of 21% (or 19%)	110 905	139 122
Tax impact of non-deductible expenses/income	-74 305	-44 930
Additional taxes of prior years	-249	251
<b>Income tax payable</b>	<b>36 351</b>	<b>105 207</b>
<b>Deferred income tax</b>	<b>8 063</b>	<b>- 5 633</b>
<b>Total income tax on ordinary activities</b>	<b>44 414</b>	<b>99 574</b>

Moravia Steel a.s. is subject to top-up tax and has applied the transitional rules of the so-called safe harbour. The top-up tax was not taken into account in the calculation of deferred tax.

## 4.8. Income from Ordinary Activities

(CZK thousand)

	2024			2023		
	Local	Cross-border	Total	Local	Cross-border	Total
Goods – raw material	24 424 688	0	24 424 688	26 750 986	0	26 750 986
Goods – metallurgical products	14 888 351	34 391 786	49 280 137	15 029 074	35 853 162	50 882 236
Sales of goods	39 313 039	34 391 786	73 704 825	41 780 060	35 853 162	77 633 222
Sales of services	658 118	107 704	765 822	637 762	86 811	724 573
<b>Total sales of own products and services</b>	<b>39 971 157</b>	<b>34 499 490</b>	<b>74 470 647</b>	<b>42 417 822</b>	<b>35 939 973</b>	<b>78 357 795</b>

The line entitled ‘Goods – raw material’ represents the income from the purchases of input raw material for TŘINECKÉ ŽELEZÁRNY, a. s., and its subsidiaries. The line entitled ‘Goods – metallurgical products’ largely relates to sales of products purchased from TŘINECKÉ ŽELEZÁRNY, a. s.

Sales of services principally comprise the provision of forwarding services of CZK 627,242 thousand for the year ended 31 December 2024 (2023: CZK 572,836 thousand). The sales of services also comprise revenues arising from remuneration and commissions based on mandatory contracts.



## 4.9. Costs of Goods Sold

(CZK thousand)

	Year ended 31 Dec 2024	Year ended 31 Dec 2023
Purchase of goods – raw materials	23 983 833	26 362 995
Purchase of goods – metallurgical products	45 495 936	47 204 311
Costs for transport of goods – metallurgical products	1 947 915	1 978 352
<b>Total costs of goods sold</b>	<b>71 427 684</b>	<b>75 545 658</b>

## 4.10. Services

(CZK thousand)

	Year ended 31 Dec 2024	Year ended 31 Dec 2023
Transportation costs – services	686 620	617 123
Lease of trademark	324 375	247 555
Commissions	409 593	424 063
Advertising	132 963	121 689
Rental fees	12 902	13 113
Telecommunications	8 507	8 351
Legal advisory and auditing activities	58 455	52 509
Other services	770 300	368 167
<b>Total</b>	<b>2 403 715</b>	<b>1 852 570</b>

## 4.11. Change in Reserves and Provisions Relating to Operating Activities and Complex Deferred Expenses

(CZK thousand)

	Year ended 31 Dec 2024	Year ended 31 Dec 2023
Change in reserves	21	–42
Reserves relating to operating activities and complex deferred expenses	21	–42
Changes in provisions under special legislation	–84 168	6 986
– provisions against receivables	–84 168	6 986
Changes in accounting provisions:	–38 132	22 496
– provisions against receivables	–38 132	22 496
<b>Total changes in receivables</b>	<b>–122 300</b>	<b>29 482</b>
<b>Total</b>	<b>–122 279</b>	<b>29 440</b>

## 4.12. Sundry Operating Expenses and Income

Sundry operating expenses primarily include the costs of the write-off of receivables due to the completed insolvency proceedings and sale of receivables of CZK 103,912 thousand (2023: CZK 1,321 thousand) and the costs of insurance of supplies and other insurance in the aggregate amount of CZK 50,775 thousand (2023: CZK 56,917 thousand). Sundry operating income primarily includes supplies of insurance companies arising from insurance of receivables of CZK 82,924 thousand (2023: CZK 10,545 thousand).

## 4.13. Other Financial Expenses and Income

Other financial income is composed of foreign exchange rate gains of CZK 611,127 thousand (2023: CZK 799,004 thousand).

Other financial expenses principally comprise foreign exchange rate losses of CZK 664,944 thousand (2023: CZK 803,219 thousand).

The remaining balance consists of sundry financial expenses such as fees under letters of credit, fees under loan agreements, banking fees and other financial costs of CZK 11,630 thousand (2023: CZK 7,160 thousand).





## 4.14. Related Party Transactions

### 4.14.1. INCOME GENERATED WITH RELATED PARTIES

2024

(CZK thousand)

Entity	Relation to the Company	Goods	Services	Other income	Fin. income	Total
TŘINECKÉ ŽELEZÁRNY, a. s.	Subsidiary	23 697 575	430 215	4 095	0	24 131 885
Beskydská golfová, a.s.	Subsidiary	0	600	0	0	600
HŽP a.s.	Subsidiary of a subsidiary	362 194	5 292	0	0	367 486
Moravia Steel Italia s.r.l.	Subsidiary	0	51	0	0	51
Moravia Steel Ibéria, s.a.	Subsidiary	0	16	0	0	16
Moravia Steel UK Ltd	Subsidiary	0	48	0	0	48
Kovárna VIVA a.s.	Subsidiary	807 293	7 776	0	0	815 069
M STEEL PROJECTS a.s.	Subsidiary	0	600	10	0	610
Strojírny a stavby Třinec, a.s	Subsidiary of a subsidiary	249	239	0	0	488
ENERGETIKA TŘINEC, a.s.	Subsidiary of a subsidiary	571 955	4 575	0	0	576 530
Slévárny Třinec, a.s.	Subsidiary of a subsidiary	161 761	5 901	0	0	167 662
REFRASIL, s.r.o.	Subsidiary of a subsidiary	0	0	0	0	0
Řetězárna a.s.	Subsidiary of a subsidiary	178 245	0	0	0	178 245
Moravia Steel Deutschland GmbH	Subsidiary	0	1 271	0	0	1 271
VÚHŽ, a.s.	Subsidiary of a subsidiary	23 251	4 632	0	0	27 883
Šroubárna Kyjov, spol. s r.o.	Subsidiary of a subsidiary	576 008	8 844	81	0	584 933
ŽDB DRÁTOVNA a.s.	Subsidiary of a subsidiary	1 963 104	116 864	0	0	2 079 968
NEOMET Sp. Z o.o.	Subsidiary	0	879	0	0	879
Minerfin a.s.	Group entity	241 493	0	0	0	241 493
„Metalurgia“ Spółka akcyjna	Subsidiary of a subsidiary	64 747	0	0	0	64 747
„D&D“ Drótaru	Subsidiary of a subsidiary	1 286 888	0	77	0	1 286 965
Moravskoslezský kovošrot, a.s.	Subsidiary	0	3 115	0	0	3 115
BOHEMIA RINGS s.r.o.	Subsidiary of a subsidiary	310 635	3 132	0	0	313 767
MSV METAL Studénka, a.s.	Subsidiary	379 245	16 401	0	0	395 646
<b>Total</b>		<b>30 624 643</b>	<b>610 451</b>	<b>4 263</b>	<b>0</b>	<b>31 239 357</b>



## 2023

(CZK thousand)

Entity	Relation to the Company	Goods	Services	Other income	Fin. income	Total
TŘINECKÉ ŽELEZÁRNY, a. s.	Subsidiary	25 670 098	416 696	5 260	0	26 092 054
Beskydská golfová, a.s.	Subsidiary	0	600	0	0	600
HŽP a.s.	Subsidiary of a subsidiary	334 826	3 995	0	0	338 821
Moravia Steel Italia s.r.l.	Subsidiary	0	58	0	0	58
Moravia Steel Ibéria, s.a.	Subsidiary	0	59	0	0	59
Moravia Steel UK Ltd	Subsidiary	0	43	0	0	43
Kovárna VIVA a.s.	Subsidiary	819 591	3 386	0	0	822 977
M STEEL PROJECTS a.s.	Subsidiary	51 843	1 202	0	0	53 045
Strojírny a stavby Třinec, a.s	Subsidiary of a subsidiary	0	229	0	0	229
ENERGETIKA TŘINEC, a.s.	Subsidiary of a subsidiary	887 464	4 042	0	0	891 506
Slévárny Třinec, a.s.	Subsidiary of a subsidiary	200 659	7 797	0	0	208 456
REFRASIL, s.r.o.	Subsidiary of a subsidiary	0	0	0	0	0
Řetězárna a.s.	Subsidiary of a subsidiary	231 086	0	0	0	231 086
Moravia Steel Deutschland GmbH	Subsidiary	0	205	0	0	205
VÚHŽ, a.s.	Subsidiary of a subsidiary	41 227	3 046	14	0	44 287
Šroubárna Kyjov, spol. s r.o.	Subsidiary of a subsidiary	455 112	10 074	105	0	465 291
ŽDB DRÁTOVNA a.s.	Subsidiary of a subsidiary	1 958 614	119 593	0	0	2 078 207
NEOMET Sp. Z o.o.	Subsidiary	0	17 130	0	0	17 130
Minerfin a.s.	Group entity	85 349	0	58	0	85 407
„Metalurgia“ Spółka akcyjna	Subsidiary of a subsidiary	59 611	0	0	0	59 611
„D&D“ Drótaru	Subsidiary of a subsidiary	1 033 215	0	846	0	1 034 061
Moravskoslezský kovošrot, a.s.	Subsidiary	0	3 556	0	0	3 556
Moravia Mining	Subsidiary	0	0	0	335	335
BOHEMIA RINGS s.r.o.	Subsidiary of a subsidiary	349 663	7 329	0	0	356 992
MSV METAL Studénka, a.s.	Subsidiary	381 331	15 442	0	0	396 773
<b>Total</b>		<b>32 559 689</b>	<b>614 482</b>	<b>6 283</b>	<b>335</b>	<b>33 180 789</b>



## 4.14.2. PURCHASES FROM RELATED PARTIES

**2024**

(CZK thousand)

Entity	Relation to the Company	Goods	Material	Services	Other expenses	Extra-ordinary expenses	Total
TŘINECKÉ ŽELEZÁRNY, a. s.	Subsidiary	45 041 228	252	383 095	0	0	45 424 575
Moravia Steel Italia, s.r.l.	Subsidiary	0	0	113 492	0	0	113 492
Moravia Steel Ibéria, s.a.	Subsidiary	0	0	7 561	0	0	7 561
Moravia Steel Slovenija, d.o.o.	Subsidiary	0	0	13 279	0	0	13 279
Moravia Steel Deutschland GmbH	Subsidiary	0	0	228 749	0	0	228 749
Moravia Steel UK Ltd.	Subsidiary	0	0	35 364	0	0	35 364
Beskydská golfová, a.s.	Subsidiary	0	21	14 433	35	0	14 489
HŽP a.s.	Subsidiary of a subsidiary	0	0	0	1	0	1
Strojírny a stavby Třinec, a.s.	Subsidiary of a subsidiary	8	0	34	0	0	42
REFRASIL, s.r.o.	Subsidiary of a subsidiary	109 287	0	0	0	0	109 287
TRISIA, a.s.	Subsidiary of a subsidiary	0	0	2 886	112	0	2 998
Třinecké gastroslužby, s.r.o.	Subsidiary of a subsidiary	0	0	2 100	5 550	0	7 650
VESUVIUS ČESKÁ REPUBLIKA, a.s.	Subsidiary of a subsidiary	124 767	0	0	0	0	124 767
Minerfin a.s.	Group entity	5 614 380	0	0	3 473	0	5 617 853
Slévárny Třinec, a.s.	Subsidiary of a subsidiary	0	0	0	0	0	0
BOHEMIA RINGS s.r.o.	Subsidiary of a subsidiary	0	0	0	7	0	7
MSV METAL Studénka, a.s.	Subsidiary	0	0	18	5	0	23
<b>Total</b>		<b>50 889 670</b>	<b>273</b>	<b>801 011</b>	<b>9 183</b>	<b>0</b>	<b>51 700 137</b>



2023

(CZK thousand)

Entity	Relation to the Company	Goods	Material	Services	Other expenses	Extra-ordinary expenses	Total
TŘINECKÉ ŽELEZÁRNY, a. s.	Subsidiary	47 254 978	23	300 553	7	0	47 555 561
Moravia Steel Italia, s.r.l.	Subsidiary	0	0	118 172	0	0	118 172
Moravia Steel Ibéria, s.a.	Subsidiary	0	0	11 980	0	0	11 980
Moravia Steel Slovenija, d.o.o.	Subsidiary	0	0	15 392	0	0	15 392
Moravia Steel Deutschland GmbH	Subsidiary	0	0	232 293	0	0	232 293
Moravia Steel UK Ltd.	Subsidiary	0	0	39 476	0	0	39 476
Beskydská golfová, a.s.	Subsidiary	0	0	11 517	25	0	11 542
HŽP a.s.	Subsidiary of a subsidiary	0	0	0	0	0	0
Strojírny a stavby Třinec, a.s.	Subsidiary of a subsidiary	0	0	51	0	0	51
REFRASIL, s.r.o.	Subsidiary of a subsidiary	94 353	0	0	0	0	94 353
TRISIA, a.s.	Subsidiary of a subsidiary	0	0	1 712	88	0	1 800
Třinecké gastroslužby, s.r.o.	Subsidiary of a subsidiary	0	0	1 207	5 120	0	6 327
VESUVIUS ČESKÁ REPUBLIKA, a.s.	Subsidiary of a subsidiary	118 721	0	0	0	0	118 721
Minerfin a.s.	Group entity	6 067 942	0	0	791	0	6 068 733
Slévárny Třinec, a.s.	Subsidiary of a subsidiary	0	0	0	0	0	0
BOHEMIA RINGS s.r.o.	Subsidiary of a subsidiary	0	0	0	12	0	12
MSV METAL Studénka, a.s.	Subsidiary	0	0	18	129	0	147
<b>Total</b>		<b>53 535 994</b>	<b>23</b>	<b>732 371</b>	<b>6 172</b>	<b>0</b>	<b>54 274 560</b>





## 5. Employees, Management and Statutory Bodies

### 5.1. Staff Costs and Number of Employees

The average number of the Company's employees and managers and staff costs for the years ended 31 December 2024 and 2023 are as follows:

#### 2024

(CZK thousand)

	Number	Payroll costs	Social security and health insurance	Other costs	Total staff costs
Employees	263	165 180	57 425	4 649	227 254
Management	34	102 255	23 116	182	125 553
<b>Total</b>	<b>297</b>	<b>267 435</b>	<b>80 541</b>	<b>4 831</b>	<b>352 807</b>

#### 2023

(CZK thousand)

	Number	Payroll costs	Social security and health insurance	Other costs	Total staff costs
Employees	266	162 626	60 176	4 433	227 235
Management	31	107 407	18 676	154	126 237
<b>Total</b>	<b>297</b>	<b>270 033</b>	<b>78 852</b>	<b>4 587</b>	<b>353 472</b>

The number of employees is based on the average recalculated headcount. As of 31 December 2024, management includes the Finance Director and Board Chairman, Sales Director and Board Vice Chairman, Asset Management Director and Board member, Transportation Director and Board member, Raw Material Procurement Director, Director for Procurement of work and services, technical overhead material and spare parts, Sale of Wires Director, Re-processing Director, Sale of Bar Steel Director, Sale of Rails and Conticasts Director, Sale of Seamless Tubes Director, Supervisory Board Chairman, two Supervisory Board Vice Chairmen, Supervisory Board member, two proxies and Transportation Deputy Directors, Head of Transportation – sale, shipment transportation risk insurance, Head of Road Transportation, Head of Transportation – procurement and services, Head of Logistics, Head of Billing and Transport Complaints, Head of Taxes, Head of Controlling, Head of Funding and HR, Head of Accounting and Billing, Head of Receivable Administration, Head of External Relations, Head of IT, Head of Passenger Transportation, Head of Internal Audit.

Other costs principally include remuneration of statutory bodies paid in other than the 'salaries' form.



## 5.2. Loans, Borrowings and Other Benefits Provided

The Company provides members of the Board of Directors, Supervisory Board and management bodies with company cars and other movable assets for both business and private purposes (the amount presented in the table below increases the tax base of employees):

(CZK thousand)		
	2024	2023
Board of Directors	1 285	1 285
Supervisory Board	0	0
Members of management bodies	2 668	2 541
<b>Total</b>	<b>3 953</b>	<b>3 826</b>

Management of the Company includes the Board of Directors.

Benefits provided to the members of the Supervisory Board and Board of Directors also included the payment of premiums under the liability insurance for damage caused in performing professional duties of a statutory member. Insurance for 2024 for all members of the Board of Directors and the Supervisory Board totalled CZK 1,298 thousand (2023: CZK 1,080 thousand).

## 6. Contingent Liabilities and Off Balance Sheet Commitments, Legal Disputes and Other Matters

As of 31 December 2024, the Company was involved in no legal dispute, the outcome of which would significantly impact the Company.

As of 31 December 2024, the guarantees issued by the bank on behalf of the Company in favour of third parties amounted to CZK 359,050 thousand.

The dispute held since 2013 based on the petition of former minority shareholders of TŘINECKÉ ŽELEZÁRNY, a. s. to review of the adequacy of the consideration attributable to the minority shareholders based on the decision of the General Meeting of TŘINECKÉ ŽELEZÁRNY, a. s. of 31 July 2013, was effectively concluded by the ruling of the High Court in Olomouc on 11 September 2019. This appellate court confirmed the ruling of the Regional Court in Ostrava of 8 June 2018, which set the amount of adequate consideration for each share with the nominal value of CZK 1,000 at CZK 2,284 (compared to CZK 1,815, which was the amount awarded by the Company to minority shareholders based on an expert opinion prepared for the purposes of the squeeze-out).



Following the conclusions of the appellate court's ruling, the Company recognised an anticipated payable to the minority shareholder as of the effective date in the amount of CZK 26,430 thousand as well as interest as of 31 December 2024 in the amount of CZK 6,353 thousand.

In connection with the above dispute, court proceedings were still pending regarding the disputed amount of statutory default interest on the consideration awarded. The Regional Court in Ostrava partially upheld the claim of the two former minority shareholders, and this ruling was upheld by the High Court in Olomouc in its ruling of 26 May 2023 and became final. MORAVIA STEEL a.s. subsequently filed an appeal to the Supreme Court of the Czech Republic, which, however, dismissed the appeal by its ruling of 19 October 2024. On 4 January 2024, MORAVIA STEEL a.s. filed a constitutional complaint against the ruling of the Supreme Court of the Czech Republic, which was, however, dismissed by the Constitutional Court by a resolution of 30 July 2024. As a result, all ordinary and extraordinary legal remedies in the above-mentioned matter have been exhausted.

Court proceedings based on a legal action filed by the group entities of Deutsche Bahn (DB Netz AG and companies) with the State Court in Frankfurt am Main whereby the plaintiffs are claiming from Moravia Steel Deutschland GmbH, MORAVIA STEEL a.s. and other entities compensation for damage arising from unlawful cartel arrangements. MORAVIA STEEL a.s.'s liability for damage (the legal action was delivered on 29 March 2013) is based on an argument regarding one economic unit that the Company allegedly formed together with Moravia Steel Deutschland GmbH.

The legal action was dismissed as it is time barred, following a ruling of the State Court in Frankfurt am Main of 3 August 2022. The plaintiffs, however, filed an appeal against the dismissive decision, for which detailed statements — including expert reports — were prepared by legal advisors and appointed experts on behalf of MORAVIA STEEL a.s. The plaintiff's appeal has not yet been decided by the appellate court.

Inasmuch as the MORAVIA STEEL a.s.'s management considers the above legal action against the Company to lack merit, no reasonable estimate of the results of the court proceedings and future payments, if any, in respect of these legal dispute can presently be made.

The Company has considered the impact of the ongoing military operation in Ukraine and the related sanctions against the Russian Federation. Although management cannot reliably estimate future impacts at this time, as of the date of the financial statements the impacts are not material and do not threaten the Company's going concern.

## 7. Post Balance Sheet Events

The Company did not record any post balance sheet events that would require an amendment to the financial statements for the year ended 31 December 2024.



# VII

## Financial Part II. Consolidated Financial Statements

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

<b>Name of the company</b>	MORAVIA STEEL a.s.
<b>Registered office</b>	Průmyslová 1000, Staré Město, 739 61 Třinec
<b>Legal status</b>	Joint Stock Company
<b>Corporate ID</b>	634 74 808
<b>Record in the register of companies</b>	Recorded in File 1297, Section B of the Register of Companies held by the Regional Court in Ostrava.

#### 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 17 March 2025.

#### Statutory body of the reporting entity:

.....

**Petr Popelář**

CHAIRMAN OF THE BOARD

.....

**Mojmír Kašpříšín**

MEMBER OF THE BOARD





## CONSOLIDATED BALANCE SHEET FULL VERSION – ASSETS

(in CZK thousand)

		31.12.2024		31.12.2023
		Gross	Adjustment	Net
TOTAL ASSETS		116 876 833	54 367 731	62 509 102
B. Fixed assets		82 859 663	52 573 117	30 286 546
B.I. Intangible fixed assets		2 568 159	1 012 544	1 555 615
B.I.1.	Development	4 824	4 824	
B.I.2.	Valuable rights	1 266 703	970 904	295 799
B.I.2.1.	Software	453 296	392 891	60 405
B.I.2.2.	Other valuable rights	813 407	578 013	235 394
B.I.3.	Goodwill	24 439	7 572	16 867
B.I.4.	Other intangible fixed assets	1 237 246	28 934	1 208 312
B.I.5.	"Prepayments for intangible fixed assets and intangible fixed assets under construction"	34 947	310	34 637
B.I.5.1.	Prepayments for intangible fixed assets	1 482		1 482
B.I.5.2.	Intangible fixed assets under construction	33 465	310	33 155
B.II.	Tangible fixed assets	78 944 760	51 099 306	27 845 454
B.II.1.	Land and structures	22 030 453	11 211 471	10 818 982
B.II.1.1.	Land	1 458 104	2 762	1 455 342
B.II.1.2.	Structures	20 572 349	11 208 709	9 363 640
B.II.2.	Tangible movable assets and sets of tangible movable assets	54 104 770	39 420 459	14 684 311
B.II.4.	Other tangible fixed assets	532 687	458 928	73 759
B.II.4.3.	Other tangible fixed assets	532 687	458 928	73 759
B.II.5.	"Prepayments for tangible fixed assets and tangible fixed assets under construction"	2 276 850	8 448	2 268 402
B.II.5.1.	Prepayments for tangible fixed assets	102 144		102 144
B.II.5.2.	Tangible fixed assets under construction	2 174 706	8 448	2 166 258

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## CONSOLIDATED BALANCE SHEET FULL VERSION – ASSETS

(in CZK thousand)

		31.12.2024		31.12.2023
		Gross	Adjustment	Net
				Net
<b>B.III</b>	<b>Non-current financial assets</b>	<b>477 265</b>	<b>103 069</b>	<b>374 196</b>
B.III.1.	Equity investments – controlled or controlling entity	431 051	83 789	347 262
B.III.3.	Equity investments in associates	26 202	19 280	6 922
B.III.5.	Other non-current securities and investments	12		12
B.III.7.	Other non-current financial assets	<b>20 000</b>		<b>20 000</b>
B.III.7.1.	Sundry non-current financial assets	20 000		20 000
<b>B.IV</b>	<b>Goodwill arising on consolidation</b>	<b>735 108</b>	<b>358 198</b>	<b>376 910</b>
B.IV.I.	Positive goodwill	749 674	362 810	386 864
B.IV.II.	Negative goodwill	-14 566	-4 612	-9 954
<b>B.V</b>	<b>Securities and equity investments under equity accounting</b>	<b>134 371</b>		<b>134 371</b>
<b>C.</b>	<b>Current assets</b>	<b>34 017 170</b>	<b>1 794 614</b>	<b>32 222 556</b>
<b>C.I</b>	<b>Inventories</b>	<b>18 932 612</b>	<b>1 463 692</b>	<b>17 468 920</b>
C.I.1.	Material	7 601 500	492 337	7 109 163
C.I.2.	Work in progress and semifinished goods	6 263 977	597 965	5 666 012
C.I.3.	Products and goods	<b>5 050 785</b>	<b>373 390</b>	<b>4 677 395</b>
C.I.3.1.	Products	4 965 706	371 361	4 594 345
C.I.3.2.	Goods	85 079	2 029	83 050
C.I.5.	Prepayments for inventories	16 350		16 350

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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
<i>C.II.</i>	<i>Receivables</i>	12 360 710	330 922	12 029 788
<i>C.II.1.</i>	<i>Long-term receivables</i>	154 293	67 797	86 496
C.II.1.1.	Trade receivables	9 548	462	9 086
C.II.1.2.	Receivables – controlled or controlling entity	67 123	67 123	
C.II.1.4.	Deferred tax asset	53 344		53 344
C.II.1.5.	<i>Receivables – other</i>	24 278	212	24 066
C.II.1.5.2.	Long-term prepayments made	319		319
C.II.1.5.4.	Sundry receivables	23 959	212	23 747
<i>C.II.2.</i>	<i>Short-term receivables</i>	11 899 024	263 125	11 635 899
C.II.2.1.	Trade receivables	9 235 404	229 902	9 005 502
C.II.2.4.	<i>Receivables – other</i>	2 663 620	33 223	2 630 397
C.II.2.4.3.	State – tax assets	786 727		786 727
C.II.2.4.4.	Short-term prepayments made	102 554		102 554
C.II.2.4.5.	Estimated receivables	1 669 398		1 669 398
C.II.2.4.6.	Sundry receivables	104 941	33 223	71 718
<i>C.II.3.</i>	<i>Other assets</i>	307 393		307 393
C.II.3.1.	Deferred expenses	179 310		179 310
C.II.3.2.	Complex deferred expenses	71 605		71 605
C.II.3.3.	Accrued income	56 478		56 478
<i>C.III.</i>	<i>Current financial assets</i>	15 037		15 037
C.III.2.	Other current financial assets	15 037		15 037
<i>C.IV.</i>	<i>Cash</i>	2 708 811		2 708 811
C.IV.1.	Cash on hand	6 006		6 006
C.IV.2.	Cash at bank	2 702 805		2 702 805

**CONSOLIDATED BALANCE SHEET FULL VERSION – LIABILITIES & EQUITY**

(in CZK thousand)

		Year ended 31.12.2024	Year ended 31.12.2023
	<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>62 509 102</b>	<b>65 345 757</b>
<b>A.</b>	<b>Equity</b>	<b>43 361 508</b>	<b>42 797 672</b>
<i>A.I.</i>	<i>Share capital</i>	<b>3 159 000</b>	<b>3 159 000</b>
A.I.1.	Share capital	3 159 000	3 159 000
<i>A.II.</i>	<i>Share premium and capital funds</i>	<b>–314 937</b>	<b>–315 837</b>
A.II.2.	<i>Capital funds</i>	<b>–314 937</b>	<b>–315 837</b>
A.II.2.1.	Other capital funds	42 935	42 935
A.II.2.2.	Gains or losses from the revaluation of assets and liabilities (+/–)	–357 872	–358 772
<i>A.III.</i>	<i>Funds from profit</i>	<b>1 801 538</b>	<b>1 801 707</b>
A.III.1.	Other reserve funds	1 802 533	1 802 533
A.III.2.	Statutory and other funds	–995	–826
<i>A.IV.</i>	<i>Retained earnings (+/–)</i>	<b>37 580 567</b>	<b>37 491 804</b>
A.IV.1.	Accumulated profits or losses brought forward (+/–)	37 580 567	37 491 804
<i>A.V.</i>	<i>Profit or loss for the current period excluding minority interests (+/–)</i>	<b>542 840</b>	<b>93 846</b>
A.V.1.	Profit or loss for the current period (+/–)	<b>540 062</b>	68 498
A.V.2.	Share in profit or loss under equity accounting	<b>2 778</b>	25 348
<b>VII.</b>	<b>Consolidation reserve fund</b>	<b>592 500</b>	<b>567 152</b>
<b>B.+C.</b>	<b>Liabilities</b>	<b>18 769 245</b>	<b>22 193 014</b>
<b>B.</b>	<b>Reserves</b>	<b>728 164</b>	<b>665 789</b>
B.I.	Reserve for pensions and similar liabilities	17 480	16 543
B.II.	Income tax reserve	6 722	22 009
B.III.	Reserves under special legislation	1 140	1 139
B.IV.	Other reserves	702 822	626 098

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## CONSOLIDATED BALANCE SHEET FULL VERSION – LIABILITIES & EQUITY

(in CZK thousand)

	Year ended 31.12.2024	Year ended 31.12.2023
<b>C. Payables</b>	<b>18 041 081</b>	<b>21 527 225</b>
<b>C.I. Long-term payables</b>	<b>5 210 315</b>	<b>5 423 506</b>
C.I.2. Payables to credit institutions	3 385 088	3 535 159
C.I.3. Long-term prepayments received	6 851	
C.I.4. Trade payables	9 989	20 565
C.I.8. Deferred tax liability	1 796 664	1 846 985
C.I.9. Payables – other	<b>11 723</b>	<b>20 797</b>
C.I.9.3. Sundry payables	11 723	20 797
<b>C.II. Short-term payables</b>	<b>12 518 123</b>	<b>15 933 736</b>
C.II.2. Payables to credit institutions	2 139 991	3 972 652
C.II.3. Short-term prepayments received	1 263 288	1 674 754
C.II.4. Trade payables	6 392 651	6 219 128
C.II.6. Payables – controlled or controlling entity		–39 560
C.II.8. Other payables	<b>2 722 193</b>	<b>4 106 762</b>
C.II.8.1. Payables to partners		39 654
C.II.8.2. Short-term financial borrowings	84	83
C.II.8.3. Payables to employees	717 284	723 997
C.II.8.4. Social security and health insurance payables	311 511	300 558
C.II.8.5. State – tax liabilities and subsidies	1 324 941	2 583 759
C.II.8.6. Estimated payables	287 733	384 978
C.II.8.7. Sundry payables	80 640	73 733
<b>C.III. Other liabilities</b>	<b>312 643</b>	<b>169 983</b>
C.III.1. Accrued expenses	304 705	161 916
C.III.2. Deferred income	7 938	8 067
<b>E. Minority equity</b>	<b>378 349</b>	<b>355 071</b>
E.I.1. Minority share capital	59 898	59 898
E.I.2. Minority capital funds	–1 372	–1 800
E.I.3. Minority profit funds incl. accumulated profits or losses brought forward	288 153	303 081
E.V. Minority profit or loss for the current period	31 670	–6 108

**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	62 278 976	66 091 094
II.	Sales of goods	380 722	493 574
A.	Purchased consumables and services	<b>49 144 611</b>	<b>55 381 481</b>
A.1.	Costs of goods sold	330 792	432 821
A.2.	Consumed material and energy	42 167 734	48 862 670
A.3.	Services	6 646 085	6 085 990
B.	Change in internally produced inventory (+/–)	1 731 605	727 789
C.	Own work capitalised (–)	–1 932 116	–1 976 071
D.	Staff costs	<b>9 820 676</b>	<b>9 540 160</b>
D.1.	Payroll costs	7 061 700	6 809 223
D.2.	Social security and health insurance costs and other charges	<b>2 758 976</b>	<b>2 730 937</b>
D.2.1.	Social security and health insurance costs	2 289 716	2 204 717
D.2.2.	Other charges	469 260	526 220
E.	Adjustments to values in operating activities	<b>2 366 020</b>	<b>3 227 424</b>
E.1.	<i>Adjustments to values of intangible and tangible fixed assets</i>	<b>2 767 000</b>	<b>2 827 432</b>
E.1.1.	Adjustments to values of intangible and tangible fixed assets – permanent	2 699 674	2 676 129
E.1.A.	Accounting for positive goodwill arising on consolidation	35 040	35 040
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	33 014	116 991
E.2.	Adjustments to values of inventories	–265 192	358 506
E.3.	Adjustments to values of receivables	–135 788	41 486
III.	Other operating income	<b>8 217 477</b>	<b>10 731 825</b>
III.1.	Sales of fixed assets	60 931	92 816
III.2.	Sales of material	226 991	220 479
III.3.	Sundry operating income	7 929 555	10 418 530
F.	Other operating expenses	<b>8 562 771</b>	<b>9 549 041</b>
F.1.	Net book value of sold fixed assets	9 529	46 473
F.2.	Material sold	130 093	141 822
F.3.	Taxes and charges	120 203	84 899
F.4.	Reserves relating to operating activities and complex deferred expenses	84 068	–311 178
F.5.	Sundry operating expenses	8 218 878	9 587 025
*	<b>Operating profit or loss (+/–)</b>	<b>1 183 608</b>	<b>866 669</b>

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## 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
IV.	Income from non-current financial assets – equity investments	45 004	25 377
IV.1.	Income from equity investments – controlled or controlling entity	44 995	25 371
IV.2.	Other income from equity investments	9	6
V.	Income from other non-current financial assets	<b>752</b>	<b>1 137</b>
V.2.	Other income from other non-current financial assets	752	1 137
H.	Costs of other non-current financial assets		293
VI.	Interest income and similar income	<b>64 502</b>	<b>81 366</b>
VI.1.	Interest income and similar income – controlled or controlling entity	4 428	5 645
VI.2.	Other interest income and similar income	60 074	75 721
I.	Adjustments to values and reserves relating to financial activities	7 810	–86 538
J.	Interest expenses and similar expenses	<b>316 577</b>	<b>431 409</b>
J.1.	Interest expenses and similar expenses – controlled or controlling entity		932
J.2.	Other interest expenses and similar expenses	316 577	430 477
VII.	Other financial income	891 489	1 177 967
K.	Other financial expenses	1 045 205	1 314 577
*	<b>Financial profit or loss (+/–)</b>	<b>–367 845</b>	<b>–373 894</b>
**	<b>Profit or loss before tax (+/–)</b>	<b>815 763</b>	<b>492 775</b>
L.	Income tax	<b>244 032</b>	<b>430 385</b>
L.1.	Due income tax	306 568	557 482
L.2.	Deferred income tax (+/–)	–62 536	–127 097
**	<b>Profit or loss net of tax (+/–)</b>	<b>571 731</b>	<b>62 390</b>
**	<b>Consolidated profit or loss excluding equity accounted investments</b>	<b>571 731</b>	<b>62 390</b>
	Consolidated profit or loss excluding minority interests	<b>540 062</b>	68 498
	Minority interest in profit or loss	<b>31 670</b>	–6 108
**	<b>Profit or loss under equity accounting</b>	<b>2 778</b>	25 348
***	<b>Profit or loss for the current period (+/–)</b>	<b>574 510</b>	<b>87 738</b>
***	<b>Profit or loss for the current period excluding minority interests (+/–)</b>	<b>542 840</b>	<b>93 846</b>
***	<b>Profit or loss for the current period including minority interests (+/–)</b>	<b>574 510</b>	<b>87 738</b>
***	<b>Profit or loss for the current period excluding minority interests before tax (+/–)</b>	<b>786 872</b>	<b>524 231</b>
*	Net turnover for the current period	<b>62 782 722</b>	

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

(in CZK thousand)

	Share capital	Capital funds	Funds from profit, reserve fund	Accumulated profits or losses brought forward	Profit or loss for the current period	Consolidation reserve fund	Profit or loss under equity accounting	TOTAL EQUITY
<b>Balance at 31 December 2022</b>	<b>3 159 000</b>	<b>-430 219</b>	<b>1 801 544</b>	<b>33 908 031</b>	<b>5 556 864</b>	<b>554 719</b>	<b>12 434</b>	<b>44 562 373</b>
Distribution of profit or loss			1 700	3 554 887	-3 556 587	12 434	-12 434	
Profit shares paid					-2 000 279			-2 000 279
Reclassification/utilisation of funds			-1 537	-3 450				-4 987
Revaluation of assets and liabilities		114 700						114 700
Profit or loss for the current period					68 500		25 348	93 848
Other		-318		32 336		-1		32 017
<b>Balance at 31 December 2023</b>	<b>3 159 000</b>	<b>-315 837</b>	<b>1 801 707</b>	<b>37 491 804</b>	<b>68 498</b>	<b>567 152</b>	<b>25 348</b>	<b>42 797 672</b>
Distribution of profit or loss			1 400	67 100	-68 500	25 348	-25 348	
Reclassification/utilisation of funds			-1 570					-1 570
Revaluation of assets and liabilities		899						899
Profit or loss for the current period					540 062		2 778	542 840
Other		1	1	21 663	2			21 667
<b>Balance at 31 December 2024</b>	<b>3 159 000</b>	<b>-314 937</b>	<b>1 801 538</b>	<b>37 580 567</b>	<b>540 062</b>	<b>592 500</b>	<b>2 778</b>	<b>43 361 508</b>



**CONSOLIDATED CASH FLOW STATEMENT**

(in CZK thousand)

		Year ended 31.12.2024	Year ended 31.12.2023
<b>P.</b>	<b>Opening balance of cash and cash equivalents</b>	<b>1 976 976</b>	<b>2 470 900</b>
	Peněžní prostředky a peněžní ekvivalenty nabyté přeměnou		
	<b>Počáteční stav peněžních prostředků a peněžních ekvivalentů po přeměně</b>		
	<b>Cash flows from ordinary activities (operating activities)</b>		
<b>Z.</b>	Profit or loss before tax	815 763	492 775
<b>A.1.</b>	Adjustments for non-cash transactions	2 730 754	3 996 075
A.1.1.	Depreciation of fixed assets	2 733 986	2 710 442
A.1.2.	Change in provisions and reserves	-276 090	119 267
A.1.3.	Profit/(loss) on the sale of fixed assets	-51 411	-46 349
A.1.4.	Revenues from profit shares	-45 004	-25 377
A.1.5.	Interest expense and interest income	252 073	350 044
A.1.6.	Adjustments for other non-cash transactions	123 454	888 109
A.1.7.	Costs arising from the use of purchased emission allowances		-61
A.1.8.	Non-cash transactions – merger	-6 254	
<b>A.*</b>	<b>Net operating cash flow before changes in working capital</b>	<b>3 546 517</b>	<b>4 488 850</b>
<b>A.2.</b>	Change in working capital	2 423 518	3 660 203
A.2.1.	Change in operating receivables and other assets	598 617	1 566 366
A.2.2.	Change in operating payables and other liabilities	-109 592	-613 379
A.2.3.	Change in inventories	1 934 561	2 709 865
A.2.4.	Change in current financial assets	-68	-2 649
<b>A.**</b>	<b>Net cash flow from operations before tax</b>	<b>5 970 035</b>	<b>8 149 053</b>
A.3.	Interest paid	-319 201	-427 088
A.4.	Interest received	64 974	81 399
A.5.	Income tax paid from ordinary operations	-327 387	-1 431 065
A.6.	Received profit shares	70 352	37 804
<b>A.***</b>	<b>Net operating cash flows</b>	<b>5 458 773</b>	<b>6 410 103</b>
	<b>Cash flows from investing activities</b>		

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**CONSOLIDATED CASH FLOW STATEMENT**

(in CZK thousand)

	Year ended 31.12.2024	Year ended 31.12.2023
B.1. Fixed assets expenditures	-2 656 434	
B.2. Proceeds from fixed assets sold	60 942	-3 460 703
B.3. Loans and borrowings to related parties		66 607
B.4. Cash flows from the acquisition of a business or part of a business	16 663	8 500
B.7. Emission allowance expenditures		28 915
<b>B.*** Net investment cash flows</b>	<b>-2 578 829</b>	<b>-3 356 681</b>
<b><i>Cash flow from financial activities</i></b>		
C.1. Change in payables from financing	-2 132 284	-1 536 221
C.2. Impact of changes in equity	-10 389	-2 011 125
C.2.5. Payments from capital funds	-1 569	-1 537
C.2.6. Profit shares/dividends paid	-8 820	-2 009 588
<b>C.*** Net financial cash flows</b>	<b>-2 142 673</b>	<b>-3 547 346</b>
<b>F. Net increase or decrease in cash and cash equivalents</b>	<b>737 271</b>	<b>-493 924</b>
<b>R. Closing balance of cash and cash equivalents</b>	<b>2 714 247</b>	<b>1 976 976</b>



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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

# 1. General Information

## 1.1. Incorporation and Description of the Business

MORAVIA STEEL a.s. (henceforth the “Parent Company” or the “Company”) was formed by a Memorandum of Association as a joint stock company on 27 July 1995 and was incorporated following its registration in the Register of Companies held at the Regional Court in Brno-venkov on 23 August 1995 (File B, Insert 1680), currently registered at the Regional Court in Ostrava (File B, Insert 1297). The principal business activities of the Company include trade activities – purchase of goods for resale. Additional business activities include domestic and international shipping services.

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

The Company’s share capital is CZK 3,159,000 thousand.

The following table shows legal entities holding more than 20% of the Company’s share capital and the amount of their equity investment:

Shareholder	Ownership percentage
MINERFIN, a.s., Námestie Ľudovíta Štúra 2, 811 02 Bratislava, Slovakia	48.57%
<b>Total</b>	<b>48.57%</b>

The consolidated group (the “Group”) is primarily engaged in metallurgical production with a closed metallurgical cycle. The consolidated group is additionally involved in generating electricity and providing foundry and engineering services, and domestic as well as international shipment.



## 1.2. Group Identification

For the purposes of these notes to the consolidated financial statements, the Group includes (i) the Company, (ii) the entity controlling the Company (hereinafter the “controlling entity”) or the entity holding an equity investment in the Company that is treated as part of “Equity investments in associates”, and (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, MORAVIA STEEL a.s. was not a controlled entity under Section 74 of Act No. 90/2012 Coll., on Business Corporations and Cooperatives, as no entity had the possibility to directly or indirectly exercise decisive influence in MORAVIA STEEL a.s. in the reporting period and consequently become its controlling entity. For this reason, no obligation arose for MORAVIA STEEL a.s. to prepare the report on related parties under Section 82 et seq. of the Act on Business Corporations and Cooperatives.

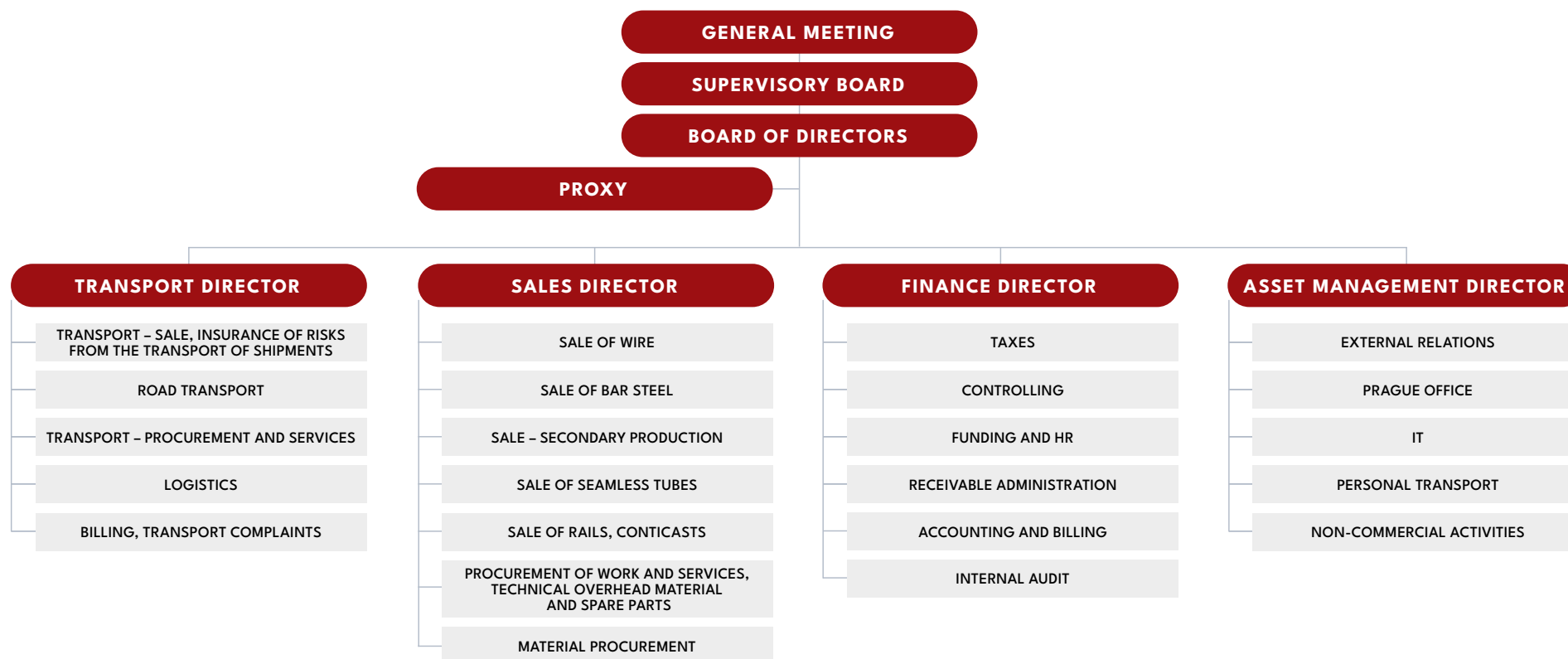
## 1.3. Board of Directors and Supervisory Board as Recorded in the Register of Companies as of 31 December 2024

	Position	Name
<b>Board of Directors</b>	Chairman	Petr Popelář
	Vice Chairman	Krzysztof Roch Ruciński
	Member	Mojmír Kašpříš
	Member	Uršula Novotná
<b>Supervisory Board</b>	Chairman	Tomáš Chrenek
	Vice Chairman	Ján Moder
	Vice Chairman	Evžen Balko
	Member	Mária Blašková

During the year ended 31 December 2024, no changes were made in the composition of the Company’s Board of Directors and the Supervisory Board.



## 1.4. Organisational Structure of the Parent Company





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

### 2.1. Definition of the Consolidated Group

#### 2.1.1. CONSOLIDATION METHOD

The consolidation was performed using the proportionate consolidation method.

#### 2.1.2. NAMES AND REGISTERED OFFICES OF SUBSIDIARIES AND ASSOCIATES INCLUDED IN THE CONSOLIDATED GROUP

The consolidated group (hereinafter the “Group”) included the following entities:

##### Subsidiaries

Name of the company	Registered office	Business activities	Share of share capital at 31 Dec 2024	Share of share capital at 31 Dec 2023
TŘINECKÉ ŽELEZÁRNY, a. s.	Průmyslová 1000, Staré Město, 739 61 Třinec	Manufacture of metallurgical products	100.00%	100.00%
Barrandov Studio a.s.	Kříženeckého náměstí 322/5, Hlubočepy, 152 00 Prague 5	Creation and production of films and other audio-visual material	99.85%	99.85%
MORAVIA STEEL ITALIA S.R.L.	Corso Sempione 39, 20154, Milan, Italy	Distribution of metallurgical products	66.00%	66.00%
Beskydská golfová, a.s.	Ropice 415, 739 56	Provision of sport services	100.00%	100.00%
MS – Slovensko s.r.o.	Námestie Ľudovíta Štúra 2 811 02 Bratislava	Purchase and sale of goods in retail and wholesale, mediation services in the extent of notifiable trade	100.00%	100.00%
Moravskoslezský kovošrot a.s.	Božkova 936/73, Přívoz, 702 00 Ostrava	Purchase, processing and sales of metal scrap and non-ferrous metals	100.00%	100.00%
M Steel Projects a.s.	Průmyslová 1000, Staré Město, 739 61 Třinec	Production, trade and services not listed in Appendices 1 to 3 to the Trade Licensing Act	100.00%	100.00%
Moravia Steel Deutschland GmbH	Cliev 19, 51515 Kürten-Herweg, Germany	Distribution of metallurgical products	100.00%	100.00%
MORAVIA STEEL UK LIMITED	5 Bradwall Court, Bradwall Road, Sandbach, Cheshire, CW11 1 GE, United Kingdom	Distribution of metallurgical products	100.00%	100.00%

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Name of the company	Registered office	Business activities	Share of share capital at 31 Dec 2024	Share of share capital at 31 Dec 2023
“NEOMET” Sp.z o.o.	ul. BATALIONÓW CHŁOPSKICH 2, 42-680 Tarnowskie Góry, Poland	Trading with metal scrap and metal processing	100.00%	100.00%
ENERGETIKA TŘINEC, a.s.	Průmyslová 1024, Staré Město, 739 61 Třinec	Production and distribution of heat and electricity	100.00%	100.00%
Slévárny Třinec, a.s.	Průmyslová 1001, Staré Město, 739 61 Třinec	Foundry industry	100.00%	100.00%
VÚHŽ a.s.	240, 739 51 Dobrá	Production, installation and repairs of electronic equipment, foundry industry, modelling	100.00%	100.00%
Šroubárna Kyjov, spol. s r.o.	Kyjov, Jiráskova 987, 697 32	Railway route operation, locksmithing, tool engineering, metalworking	100.00%	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%	100.00%
“METALURGIA” S.A.	ulica Świętej Rozalii nr 10/12, 97-500, Radomsko, Poland	Production of nails, wire and wire products	100.00%	100.00%
“D&D” Drótaru Zrt.	3527 Miskolc, Sajószigeti utca 4, Hungary	Production of wire products	100.00%	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%	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%	100.00%
SV servisní, s.r.o.	Prostějov, Dolní 3137/100, 796 01	Electricity trading and distribution, gas trading and distribution	100.00%	100.00%
BOHEMIA RINGS s.r.o.	no. 10, 565 43 Zámorsk	Blacksmithing and machining	100.00%	100.00%
Řetězárna a.s.	Česká Ves, Polská 48, 790 81	Production of chains, chain products and drawn wire	51.00%	51.00%
REFRASIL, s.r.o.	Průmyslová 720, Kanská, 739 65 Třinec	Production of building materials, porcelain, ceramic and plaster products	100.00%	100.00%
M Steel Projects, s.r.o.	Na Bráne 8665/4, Žilina, 010 01 Slovakia	Purchase of goods for sale, mediation activities, advertising Production, trade and services not listed in Appendices 1 to 3 to the Trade Licensing Act	100.00%	100.00%
Kovárna VIVA a.s.	Zlín, Vavrečkova 5333, 76001	Blacksmithing, farriering, machining, bookkeeping, tax record keeping	100.00%	100.00%
ALPER a.s.	Prostějov, Vrahovická 4530, 796 01	Blacksmithing, farriering, locksmithing, tool-making, machining,	100.00%	100.00%
MSV Metal Studénka, a.s.	R. Tomáška 859, Studénka 742 13	Blacksmithing, farriering, locksmithing, machining, tool-making	100.00%	100.00%
KUŹNIA OSTRÓW WIELKOPOLSKI Sp. z o.o.	Ostrów Wielkopolski, ul.Wroclawska 93, 63-400	Blacksmithing, farriering, machining	100.00%	100.00%



## Associates

Name of the company	Registered office	Business activities	Equity share at 31 Dec 2024	Equity share 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%	40.00%

In 2024, there were no significant changes in the consolidation group. In 2023, there were no significant changes in the consolidation group.

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.

### 2.1.3. BALANCE SHEET DATES OF THE COMPANIES INCLUDED IN THE GROUP

The financial statements of the companies included in the consolidation Group were prepared as of and for the years ended 31 December 2024 and 2023. The companies included in the consolidation Group are based in the Czech Republic, with the exception of Moravia Steel Deutschland GmbH, which is based in Germany, MORAVIA STEEL ITALIA S.R.L. based in Italy, MORAVIA STEEL UK LIMITED based in the UK, “D&D” Drótáru Zrt. based in Hungary, METALURGIA S.A., NEOMET Sp. Z o.o. and KUŹNIA OSTRÓW WIELKOPOLSKI Sp. z o.o. based in Poland, M Steel Projects, s.r.o. and MS – Slovensko s.r.o. based in Slovakia.

### 2.1.4. COMPANIES EXCLUDED FROM CONSOLIDATION

Entities which are the Company’s subsidiaries or associates, 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 assets of such subsidiary or associate in the total recalculated assets of all the group’s entities is less than 1.5 percent, and the value of assets is recalculated using the percentage of the interest in the entity which is owned by MORAVIA STEEL, a.s.;
  - The share of the recalculated equity of such subsidiary or associate in the total recalculated equity of all of the group’s entities is less than 1.5 percent, and the value of equity is recalculated using the percentage of the interest in the entity which is owned by MORAVIA STEEL, a.s.; and
  - The share in the recalculated net turnover (revenues of account class 6) of such subsidiary or associate in the total recalculated net turnover of all of the group’s entities is less than 1.5 percent, and the value of the net turnover is recalculated using the percentage of the interest in the entity which is owned by MORAVIA STEEL a.s.



- Long-term restrictions significantly hinder MORAVIA STEEL a.s. in exercising its rights connected to the control of assets or management of these subsidiaries or associates, or, if the information necessary for the preparation of the consolidated financial statements cannot be obtained without inevitably incurring undue costs (that can be documented) or with inevitable but unacceptable undue delay;
- The shares or equity interests in subsidiaries and associates are held exclusively with a view to their subsequent disposal.

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 assets of this whole in the total recalculated assets of all entities in the group less than 1.5 percent, while the value of assets for these purposes is recalculated using the percentage of the ownership share held by the parent company MORAVIA STEEL a.s. (ii) the share of recalculated equity in total recalculated equity of all entities in the group less than 1.5 percent, while the value of equity for these purposes is recalculated using the percentage of the ownership share held by MORAVIA STEEL a.s., and (iii) the share of the recalculated net turnover (revenues of account class 6) in total recalculated net turnover of all entities in the group less than 1.5 percent, while the value of the net turnover for these purposes is recalculated using the percentage of the ownership share held by MORAVIA STEEL a.s. For calculating materiality levels, all entities in the Group with the exception of companies in liquidation or subject to bankruptcy proceedings 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, as amended.

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 purposes of preparing the consolidated financial statements of MORAVIA STEEL a.s., the accounting principles within the Group were brought into line. Significant accounting policies as adopted by individual group entities are set out below.

These consolidated financial statements are presented in thousands of Czech crowns (“CZK thousand”). The figures of MORAVIA STEEL ITALIA S.R.L., Moravia Steel Deutschland GmbH, MORAVIA STEEL UK LIMITED, “METALURGIA” S.A., “D&D” Drótáru Zrt., M Steel Projects, s.r.o., NEOMET Sp. z o.o., MS – Slovensko s.r.o. and KUŹNIA OSTRÓW WIELKOPOLSKI Sp. z o.o. are translated into CZK (refer to Note 4.11.).

The consolidated financial statements of the Group for the year ended 31 December 2024 were prepared as follows:

- The balance sheet comprises comparative balances as of 31 December 2023;
- The profit and loss account comprises comparative amounts for the year ended 31 December 2023;
- The statement of changes in equity contains comparative amounts for the year ended 31 December 2023; and
- The cash flow statement comprises comparative amounts for the year ended 31 December 2023.



## 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.

Internally generated intangible assets arising from development, valuable rights and software are capitalised only if utilised for trading. They are stated at the lower of cost and replacement cost and subsequently decreased by accumulated amortisation and impairment losses recognised. Expenditure relating to intangible assets arising from development, valuable rights and software generated internally for the Company's internal needs is recognised as an expense in the year in which it is incurred.

Purchased tangible and intangible fixed assets are valued at acquisition costs. 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 relating to the period of activity. Costs of engineering activities are also included in production overheads. Costs of sales are not included.

The following tangible and intangible fixed assets are stated at replacement cost: tangible and intangible fixed assets acquired through donation, intangible fixed assets internally generated, 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 Deed of Foundation.

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 internal regulations.

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 and CZK 80 thousand, respectively, 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 fixed asset improvements exceeding CZK 80 thousand on an individual basis in the taxation period increases the acquisition cost of the related fixed asset.

The cost of intangible asset improvements exceeding CZK 80 thousand on an individual basis in the taxation period increases the acquisition cost of the related fixed asset.

The intangible results of research and development, if held 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 “emission 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 consolidated balance sheet date as a minimum, depending upon the level of emissions produced by the companies in the consolidation group in the relevant calendar year; any difference arising from the verification of emissions by a verifier is recognised in the reporting period in which the verification was carried out. 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 recognised in the profit or loss under “Sundry operating income”. In the case of sale of purchased allowances, such sale is recognised in profit or loss in “Sales of fixed assets”. The exchange of purchased CERs for allowances is recognised in “Other intangible fixed assets” against the “Sundry operating expenses” and “Sundry operating income” accounts.

As of the consolidated balance sheet date, emission allowances acquired free of charge are remeasured using the exchange rate on the EUROPEAN ENERGY EXCHANGE and recognised at the original current replacement cost. A decrease in the valuation of purchase emission allowances held for sale rather than future use is recognised as a provision for intangible fixed assets in the assets and liabilities in Other intangible fixed assets (corrections) and in the profit or loss in the line Adjustments to intangible and tangible assets – temporary. If there is a lack of allowances at the consolidated balance sheet date, the Company recognises a reserve as part of “Other reserves” in the balance sheet and “Reserves relating to operating activities and complex deferred expenses” in the profit and loss account. The reserve for the purchase of allowances is released in the following accounting period when the missing allowances are purchased or used from the free-of-charge allocation of the following period.

As a result of mergers in previous reporting periods, allowances are recorded in separate accounts in the Union Registry depending on the locally defined operating facility. For accounting purposes, EUAs are reported in a single analytical account, and the FIFO valuation method is used to record the disposal of allowances.



## Depreciation for Accounting Purposes

Depreciation of fixed assets, other than land and assets under construction, is recorded on a straight-line basis over the depreciation period indicated below:

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

The depreciation period in years is established in terms of the estimated useful life of the fixed assets taking into account the operational conditions.

If the inventory count indicates that the estimated useful life of assets has changed, the Group 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 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 fixed 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 carrying amounts of tangible and intangible assets are reviewed to determine whether there are any indications that those assets 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 subsidiaries and associates and 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 any provisions against equity investments.

Available-for-sale securities are valued pursuant to the Accounting Act (Section 27) at fair value, determined by reference to the market value or a reasonable estimate. If the determination of this 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 on the balance sheet as “Other non-current securities and equity investments” and “Gains and losses from the revaluation of assets”. A deferred tax liability is determined in respect of the revaluation difference where the value of available-for-sale securities increases, and is recorded through the lines “Gains and losses from the revaluation of assets” and “Deferred tax liability”.

Upon sale or any other disposal, securities of the same type are valued at the weighted average cost.

Investments in enterprises in which the entities consolidated using the full consolidation 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 the entities consolidated using the full consolidation 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 non-current financial assets 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, its anticipated future cash flows and the results of its operations and reflects its interest in the entity's equity.



### 4.3. Derivative Financial Transactions

The Company designates derivative financial instruments as either trading or hedging. The Company's criteria for a derivative instrument to be accounted for as a hedge are as follows:

- In line with the financial risk management strategy, at the inception of the hedge, a decision was made regarding the hedged items and hedging instruments, the risks subject to hedging, the approach to calculating and documenting whether the hedge is effective;
- The hedge is highly effective (that is, within a range of 80% to 125%); and
- The hedge effectiveness can be measured reliably and is assessed on an ongoing basis, the Company assesses effectiveness at the derivative trade date and 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 transactions are concluded for an agreed trade volume. At the consolidated balance sheet date, derivatives are reported at fair value. The market value is used as a fair value measure.

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, 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 include short-term debt securities maturing within one year and other securities available for sale.

Current financial assets are carried at cost upon acquisition.

Cash comprises 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 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 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 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

Provisions are created against receivables with doubtful recoverability.

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

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 180 days but less than 365 days are provisioned at 50%.

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

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

## 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 consolidated 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 Regulation of No. 294/2005 Coll. on Conditions for Storing Waste in Dump Sites.

## 4.10. Temporary Assets and Liabilities

Deferred/accrued expenses and income are reported on the relevant accounts under Other assets and Other liabilities. Deferred expenses only include items for which it is probable or certain that they will have a specific measurable effect in terms of income or other economic benefit in future periods for which they are deferred. Immaterial and recurring expenses or income are not accrued. Complex expenses include research and development and implementation expenses for projects related to the acquisition of software.

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

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into CZK using exchange rates prevailing at the end of the reporting period. Equity items carried at historical cost in foreign currencies are not translated. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognised in capital funds (attributed to the minority capital funds as appropriate).

Prepayments for tangible and intangible fixed assets received after 31 December 2020, if non-refundable, are considered to be part of the acquisition cost of the specific fixed asset as of the date of the consolidated financial statements and are not translated using the Czech National Bank exchange rate as of the date of the consolidated financial statements. Prepayments for fixed assets received before 1 January 2021 and reported in a foreign currency as of the date of the consolidated financial statements are translated using the exchange rate of the Czech National Bank prevailing on the date of the consolidated financial statements.

Foreign exchange gains or losses in provisions for foreign currency receivables exceeding CZK 1 million newly arising after 31 December 2020 are recognised individually in the profit or loss (in the "563 – foreign exchange losses" or "663 – foreign exchange gains" accounts). Below this limit, foreign exchange gains and losses in provisions for foreign currency receivables continue to be recognised in the operating profit/loss as a charge or release of the provision for receivables.

### 4.11.1. PREPAYMENTS RECEIVED AND MADE IN FOREIGN CURRENCY

Prepayments received or made in foreign currencies after 31 December 2022, if non-refundable, are considered to be part of the acquisition cost of an assets as of the consolidated financial statements date and are not translated using the Czech National Bank exchange rate as of the consolidated financial statements date. Prepayments received or made before 31 December 2022, recognised in foreign currencies as of the consolidated financial statements date, are translated using the Czech National Bank exchange rate applicable as of the date of the consolidated financial statements preparation. Prepayment in foreign currencies considered to be refundable are translated using the Czech National Bank exchange rate as of the consolidated financial statements date.

## 4.12. Finance Leases

A finance lease is the acquisition of a tangible fixed asset such that, over or after the contractual lease term, ownership title to the asset transfers from the lessor to the lessee; pending the transfer of title, the lessee makes lease payments to the lessor for the asset that are charged to expenses.

The initial lump-sum payment related to assets acquired under finance leases are amortised and expensed over the lease period.

## 4.13. Taxation

### 4.13.1. 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 by TŘINECKÉ ŽELEZÁRNY, a. s. in the Tube Rolling Mill (the VT operation), VL – Doprava, expedice a logistika (Transport, shipping and logistics), VOk – Výroba koksu (Coke production), 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. The accelerated depreciation method is also used by MORAVIA STEEL a.s. and Moravskoslezský kovošrot a.s.; Beskydská Golfová, a.s. and MSV METAL STUDÉNKA, a.s. use the straight-line depreciation method for calculating tax depreciation and Kovárna VIVA a.s. and ALPER a.s. use both the accelerated and straight-line depreciation methods.

### 4.13.2. 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 liability for current tax is calculated using tax rates that have been enacted by the consolidated balance sheet date.



### 4.13.3. DEFERRED TAX

Deferred tax is accounted for using the balance sheet liability method. The deferred tax was calculated using the income tax rate applicable in the period in which the tax liability or asset will be utilised. If this tax rate is not known, the tax rate applicable in the following reporting period will be used. The calculation of the deferred tax does not take into account the top-up tax.

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

### 4.13.4. TOP-UP TAX

The Company is a payer of the top-up tax. It used the transitional “safe harbour” rules. The top-up tax was not taken into account in the calculation of the deferred tax.

## 4.14. Borrowing Costs

Borrowing costs arising from payables to credit institutions are expensed irrespective of the purpose for which they were drawn.

## 4.15. Costs Relating to Agency Employees

The staff costs of employees hired through an employment agency who are temporarily assigned to perform work under an agreement with the employment agency (the “agency employees”) are reported as part of social costs (the “Other Charges” line 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 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’.

## 4.16. 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.

Income from profit shares is recognised when the General Meeting of the Company, or the sole shareholder/the sole owner in the exercise of its powers, has approved the distribution of profit.

Received insurance benefits are charged to income in the reporting period in which the amount of the insurance benefit is recognised by the insurance company. If the benefit has not been recognised, an estimate is made for the insurance benefit received only to the extent of the actual expense incurred to recover the consequences of the insured event in the relevant reporting period.

## 4.17. Use of Estimates

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

## 4.18. 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 or intangible). The output of a research 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 charged directly to expenses with regard to repeatability and materiality. The materiality criterion is defined as follows: “If the expenditure on permanent development for the relevant reporting period does not exceed, on average, more than 50% of the expenditure on permanent development for the preceding two reporting periods, all such expenditure is charged to expenses in the relevant reporting period. In the event that the above limit is exceeded, the entity shall select the projects that result in the materiality limit being exceeded and, after analysis, capitalise them in the ‘complex deferred expenses’ account”.



## 4.19. Grants

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

In accordance with Government Decree No. 565/2020 Coll., on the conditions for granting indirect cost compensations for industries identified as having a significant risk of carbon leakage as a result of projecting GHG-related costs into electricity prices, these compensations are accounted for in the reporting period in which the Ministry of Industry and Trade issues a decision on granting the compensation.

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

## 4.20. 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 in 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 the value of these assets are expected over time.

### Cash and cash equivalents can be analysed as follows:

(CZK thousand)

	Balance at 31 Dec 2024	Balance at 31 Dec 2023
Cash at hand	6 006	6 900
Current accounts	2 702 805	1 959 802
Current accounts with restricted handling of the balance	0	0
Term deposits	0	0
Short-term securities	15 037	17 234
<b>Total current financial assets (gross)</b>	<b>2 723 848</b>	<b>1 983 936</b>
Cash and cash equivalents not included in the cash flow	−9 600	− 6 965
Provision against short-term securities and investments	0	0
<b>Total cash and cash equivalents</b>	<b>2 714 248</b>	<b>1 976 971</b>

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

## 4.21. Changes in Accounting Procedures

Starting in the year ended 1 January 2024, foreign currency prepayments received or made after 31 December 2023, provided these prepayments are non-refundable, will be treated as part of the acquisition cost of an asset as of the consolidated balance sheet date and will not be translated as of the consolidated balance sheet date using the Czech National Bank exchange rate. Prepayments received or made before 31 December 2023, reported in foreign currencies as of the consolidated balance sheet date, are translated using the Czech National Bank exchange rate applicable as of the date as of which the consolidated financial statements are prepared. Prepayments in foreign currencies that are treated as refundable, are translated as of the consolidated balance sheet date using the Czech National Bank exchange rate.

Starting by the reporting period beginning on 1 January 2024, foreign currency gains or losses relating to provisions for newly originated receivables in foreign currencies are recognised in financial profit or loss (account 563 foreign exchange rate losses or account 663 foreign exchange rate gains). Foreign exchange rate losses or gains relating to provisions for receivables in foreign currencies exceeding CZK 1 million originated after 31 December 2020 are recognised on an individual basis in the financial profit or loss. Foreign exchange rate gains or losses relating to provisions for receivables in foreign currencies lower than CZK 1 million originated before 1 January 2024 continue to be reported in operating profit or loss as recognition or release of provisions for receivables.

## 4.22. 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 parent company. Furthermore, financial investments of the parent 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 parent company were eliminated from the balance sheet against acquired equity. The assets in the consolidated balance sheet included the item “Securities and equity investments under equity accounting”, the balance of which 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 included the item “Share in the profit/(loss) of equity accounted investment” which represents the parent company’s share in the current period’s results, 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 in the investment).

The acquisition date is the date from which the effectively controlling entity starts to exercise influence over the consolidated entity.

Starting from the reporting period beginning on 1 January 2018, the Company began to amortise the goodwill arising on consolidation recognised in the consolidated financial statements as of 31 December 2017 over 20 years on a straight-line basis in accordance 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 '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 combination of the direct consolidation method and consolidation of consolidation sub-groups.

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 statements 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.

## 4.23. 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., as amended, implementing the Accounting Act for businesses.

- 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.
- For the period 2024, the indicator was determined as the sum of revenues from the sale of products, goods and provision of services and sales of material. These are only selected revenues on which the business model of the Group entities 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.





## 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

(CZK thousand)

Current year's profit/loss made by MORAVIA STEEL a.s.	483 703
Current year's profit/loss made by M Steel Projects a.s.	-2 969
Current year's profit/loss made by M Steel Projects s.r.o.	-119
Current year's profit/loss made by Beskydská golfová, a.s.	414
Share in current year's profit/loss made by Barrandov Studio a.s.	52 483
Share in current year's profit/loss made by MORAVIA STEEL ITALIA S.R.L.	40 304
Current year's profit/loss made by Moravia Steel Deutschland, GmbH	110 534
Current year's profit/loss made by Moravia Steel UK ltd.	7 098
Share in current year's profit/loss made by Kovárna VIVA a.s.	86 138
Share in current year's profit/loss made by ALPER a.s.	1 402
Current year's profit/loss made by the consolidation group of TŽ, a.s.	234 975
Current year's profit/loss made by MS – Slovensko s.r.o.	-43
Current year's profit/loss made by Moravskoslezský kovošrot a.s.	68 412
Current year's profit/loss made by NEOMET sp.z o.o.	34 591
Current year's profit/loss made by MSV Metal Studénka, a.s.	121 898
Current year's profit/loss made by Kuźnia Ostrow Wielkoposki sp.z o.o.	21 525
Share in current year's profit/loss of equity accounted investments	2 778
Adjustments under full consolidation (See Note 5.1.2.)	-720 284
Adjustments under the equity method of consolidation (See Note 5.1.3.)	0
<b>Consolidated profit/loss</b>	<b>542 840</b>

**5.1.2. PROFIT/(LOSS) ADJUSTMENTS UNDER FULL CONSOLIDATION FOR 2024**

(CZK thousand)

Elimination of profit from unrealised inventory from intercompany sale, including the deferred tax impact and elimination of minority profit or loss	-255 805
Elimination of the provision against financial investments and inventory, including the deferred tax impact	-73 000
Elimination of the provision for products	-10 438
Write-off of consolidation differences	-15 961
Adjustment arising from TŽ a.s. – prepayments for non-current financial assets	-158
Elimination of the margin from the sale of assets including the deferred tax	-7
Revaluation of assets, including the deferred tax	-22 601
Adjustment additional costs relating to the purchase of an equity investment in Kovárna VIVA and ALPER	-564
Adjustments in the minority profit or loss	-13 780
Elimination of dividends paid by MSK, MSD, ALPER	-327 970
<b>Total adjustments</b>	<b>-720 284</b>

**5.1.3. ADJUSTMENTS UNDER THE EQUITY METHOD FOR 2024**

No adjustments were made under the equity method.

**5.1.4. STRUCTURE OF THE CONSOLIDATED PROFIT/LOSS FOR 2023**

(CZK thousand)

Current year's profit/loss made by MORAVIA STEEL a.s.	632 647
Current year's profit/loss made by M Steel Projects a.s.	-790
Current year's profit/loss made by M Steel Projects s.r.o.	-755
Current year's profit/loss made by Beskydská golfová, a.s.	968
Share in current year's profit/loss made by Barrandov Studio a.s.	74 759
Share in current year's profit/loss made by MORAVIA STEEL ITALIA S.R.L.	-28 298
Current year's profit/loss made by Moravia Steel Deutschland, GmbH	115 779
Current year's profit/loss made by Moravia Steel UK ltd.	10 013
Share in current year's profit/loss made by Kovárna VIVA a.s.	101 799
Share in current year's profit/loss made by ALPER a.s.	5 260
Current year's profit/loss made by the consolidation group of TŽ, a.s.	-1 248 189

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Current year's profit/loss made by MS – Slovensko s.r.o.	–71
Current year's profit/loss made by Moravskoslezský kovošrot a.s.	56 878
Current year's profit/loss made by NEOMET sp.z o.o.	26 169
Current year's profit/loss made by MSV Metal Studénka, a.s.	86 252
Current year's profit/loss made by Kuźnia Ostrow Wielkoposki sp.z o.o.	21 572
Share in current year's profit/loss of equity accounted investments	25 348
Adjustments under full consolidation (See Note 5.1.5.)	214 505
Adjustments under the equity method of consolidation (See Note 5.1.6.)	0
<b>Consolidated profit/loss</b>	<b>93 846</b>

### 5.1.5. PROFIT/(LOSS) ADJUSTMENTS UNDER FULL CONSOLIDATION FOR 2023

(CZK thousand)

Elimination of profit from unrealised inventory from intercompany sale, including the deferred tax impact and elimination of minority profit or loss	556 647
Elimination of the provision against financial investments and inventory, including the deferred tax impact	–113 979
Other consolidation adjustments	–40 417
Adjustments to differences in statements of MSI 2023	–21 311
Adjustment additional costs relating to the purchase of an equity investment in Kovárna VIVA and ALPER	–1 047
Adjustments in the minority profit or loss	9 512
Elimination of dividends paid by MSK, MSD, ALPER	–174 900
<b>Total adjustments</b>	<b>214 505</b>

### 5.1.6. ADJUSTMENTS UNDER THE EQUITY METHOD FOR 2023

No adjustments were made under the equity method.



## 6. Additional information on the balance sheet

### 6.1. Intangible Fixed Assets

#### Cost

(CZK thousand)

	Balance at 1 Jan 2023	New acquisition	Additions	Disposals	Impact of FX differences	Balance at 31 Dec 2023
Development	6 405	0	0	1 581	0	4 824
Start-up costs	0	0	0	0	0	0
Goodwill	21 377	0	0	0	2 248	23 625
Software	448 106	0	6 938	19 061	402	436 385
Valuable rights	600 873	0	123 724	3 289	507	721 815
Other intangible FA	3 679 452	0	7 572 434	8 756 106	1 082	2 496 862
Intangible FA under construction	150 964	0	139 721	255 287	0	35 398
Prepayments for intangible FA	77	0	68 886	77	0	68 886
<b>Total</b>	<b>4 907 254</b>	<b>0</b>	<b>7 911 703</b>	<b>9 035 401</b>	<b>4 239</b>	<b>3 787 795</b>

(CZK thousand)

	Balance at 1 Jan 2024	New acquisition	Additions	Disposals	Impact of FX differences	Balance at 31 Dec 2024
Development	4 824	0	0	0	0	4 824
Start-up costs	0	0	0	0	0	0
Goodwill	23 625	0	0	0	814	24 439
Software	436 385	0	19 985	3 045	-29	453 296
Valuable rights	721 815	0	92 693	703	-398	813 407
Other intangible FA	2 496 862	0	5 377 163	6 637 198	419	1 237 246
Intangible FA under construction	35 398	0	111 272	113 205	0	33 465
Prepayments for intangible FA	68 886	0	1 482	68 886	0	1 482
<b>Total</b>	<b>3 787 795</b>	<b>0</b>	<b>5 602 595</b>	<b>6 823 037</b>	<b>806</b>	<b>2 568 159</b>

**Accumulated Amortisation and Provisions**

(CZK thousand)

	Balance at 1 Jan 2023	Effect of the merger	Additions	Disposals	Impact of FX differences	Balance at 31 Dec 2023
Development	6 405	0	0	1 581	0	4 824
Start-up costs	0	0	0	0	0	0
Goodwill	4 516	0	1 165	0	474	6 155
Software	371 365	0	21 645	19 033	371	374 348
Valuable rights	532 503	0	18 735	2 397	313	549 154
Other intangible FA	27 669	0	1 188	2 419	1 137	27 575
Intangible FA under construction	310	0	0	0	0	310
<b>Total</b>	<b>942 768</b>	<b>0</b>	<b>42 733</b>	<b>25 430</b>	<b>2 295</b>	<b>962 366</b>

(CZK thousand)

	Balance at 1 Jan 2024	Effect of the merger	Additions	Disposals	Impact of FX differences	Balance at 31 Dec 2024
Development	4 824	0	0	0	0	4 824
Start-up costs	0	0	0	0	0	0
Goodwill	6 155	0	1 205	0	212	7 572
Software	374 348	0	21 614	3 043	-28	392 891
Valuable rights	549 154	0	30 009	866	-284	578 013
Other intangible FA	27 575	0	927	32	464	28 934
Intangible FA under construction	310	0	0	0	0	310
<b>Total</b>	<b>962 366</b>	<b>0</b>	<b>53 755</b>	<b>3 941</b>	<b>364</b>	<b>1 012 544</b>



**Net Book Value**

(CZK thousand)

	Balance at 31 Dec 2023	Balance at 31 Dec 2024
Development	0	0
Start-up costs	0	0
Software	62 037	60 405
Valuable rights	172 661	235 394
Goodwill	17 470	16 867
Other intangible FA	2 469 287	1 208 312
Intangible FA under construction	35 088	33 155
Prepayments for intangible FA	68 886	1 482
<b>Total</b>	<b>2 825 429</b>	<b>1 555 615</b>

Additions to and disposals of other intangible fixed assets predominantly include the allocation and use of greenhouse gas emission allowances.

**Amortisation of Intangible Fixed Assets Charged to Expenses**

Amortisation of intangible fixed assets charged to expenses amounted to CZK 51,533 thousand and CZK 40,141 thousand for the years ended 31 December 2024 and 2023, respectively.

Other intangible assets include greenhouse gas emission allowances.

In the year ended 31 December 2024, the Company acquired 3,419,415 emission allowances for 2024 free of charge in the amount of CZK 5,374,972 thousand. As of the date of the financial statements for the year ended 31 December 2024, the Company recognised the use of emission allowances for 2023 in the amount of CZK –13,530 thousand, revaluation of emission allowances as of 31 December 2023 in the amount of CZK 306,177 thousand and the use of emission allowances for 2024 in the amount of CZK 6,956,905 thousand. As of the consolidated financial statements date as of 31 December 2024, there was no revaluation of emission allowance acquired free of charge.

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



## Aggregate Amount of Low-Value Intangible Fixed Assets Maintained Off-Balance Sheet

The aggregate balance of low-value intangible assets not reported on the face of the balance sheet was CZK 88,811 thousand and CZK 42,070 thousand as of 31 December 2024 and 2023, respectively.

## 6.2. Tangible Fixed Assets

### Cost

(CZK thousand)

	Balance at 1 Jan 2023	New acquisition	Additions	Disposals	Impact of FX differences	Balance at 31 Dec 2023
Land	1 421 078	0	927	17 705	3 056	1 407 356
Structures	19 675 225	323	704 794	73 785	34 538	20 341 095
Individual tangible movable assets	51 272 516	100 416	1 923 409	498 620	95 666	52 893 387
Other tangible FA	487 766	993	29 373	8 533	8 249	517 848
Tangible FA under construction	1 646 072	0	2 358 719	2 689 923	8 661	1 323 529
Prepayments	190 695	0	479 931	490 571	987	181 042
<b>Total</b>	<b>74 693 352</b>	<b>101 732</b>	<b>5 497 153</b>	<b>3 779 137</b>	<b>151 157</b>	<b>76 664 257</b>

(CZK thousand)

	Balance at 1 Jan 2024	New acquisition	Additions	Disposals	Impact of FX differences	Balance at 31 Dec 2024
Land	1 407 356	0	53 272	2 461	-63	1 458 104
Structures	20 341 095	0	254 567	28 369	5 056	20 572 349
Individual tangible movable assets	52 893 387	5 252	1 531 226	327 893	2 798	54 104 770
Other tangible FA	517 848	0	36 723	21 317	-567	532 687
Tangible FA under construction	1 323 529	0	2 758 167	1 906 937	-53	2 174 706
Prepayments	181 042	0	386 029	464 944	17	102 144
<b>Total</b>	<b>76 664 257</b>	<b>5 252</b>	<b>5 019 984</b>	<b>2 751 921</b>	<b>7 188</b>	<b>78 944 760</b>

**Accumulated Depreciation and Provisions**

(CZK thousand)

	Balance at 1 Jan 2023	New acquisition	Additions	Disposals	Impact of FX differences	Balance at 31 Dec 2023
Land	3 090	0	312	1 236	228	2 394
Structures	10 176 172	181	541 479	79 831	18 039	10 656 040
Individual tangible movable assets	35 838 972	84 412	2 159 102	512 207	66 696	37 636 975
Other tangible FA	426 094	666	25 349	7 170	6 095	451 034
Tangible FA under construction	5 629	0	141	1	0	5 769
Prepayments	0	0	0	0	0	0
Valuation difference on acquired assets	0	0	0	0	0	0
<b>Total</b>	<b>46 449 957</b>	<b>85 259</b>	<b>2 726 383</b>	<b>600 445</b>	<b>91 058</b>	<b>48 752 212</b>

(CZK thousand)

	Balance at 1 Jan 2024	New acquisition	Additions	Disposals	Impact of FX differences	Balance at 31 Dec 2024
Land	2 394	0	319	33	82	2 762
Structures	10 656 040	0	574 117	25 861	4 413	11 208 709
Individual tangible movable assets	37 636 975	4 765	2 107 696	333 332	4 355	39 420 459
Other tangible FA	451 034	0	28 729	21 214	379	458 928
Tangible FA under construction	5 769	0	3 238	559	0	8 448
Prepayments	0	0	0	0	0	0
Valuation difference on acquired assets	0	0	0	0	0	0
<b>Total</b>	<b>48 752 212</b>	<b>4 765</b>	<b>2 714 099</b>	<b>380 999</b>	<b>9 229</b>	<b>51 099 306</b>

**Net Book Value**

(CZK thousand)

Net book value	Balance at 31 Dec 2023	Balance at 31 Dec 2024
Land	1 404 962	1 455 342
Structures	9 685 055	9 363 640
Individual tangible movable assets	15 256 412	14 684 311
Other tangible FA	66 814	73 759
Tangible FA under construction	1 317 760	2 166 258
Prepayments for tangible FA	181 042	102 144
Valuation difference on acquired assets	0	0
<b>Total</b>	<b>27 912 045</b>	<b>27 845 454</b>

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

(CZK thousand)

Technical improvements on the KD rolling mill, TŽ	100 239
LMZ 4000A vertical forging press, MSV	84 227
CNC 40C lathe, TŽ	45 824
TŽ canteen buildings TPD	36 701
Acquisition of a circular rail stamping machine, TŽ	34 642
Technical improvements on the 723.725-8 motor locomotive, TŽ	32 252
2014-054 TZ L14 forging press, Kovárna VIVA	30 607
Chamber filter press 2, TŽ	30 106
Chamber furnace no. 3, TŽ	24 778
LDO 500 AS crank press, MSV	22 961
2016-043 TZ LMZ1600 in L15, Kovárna VIVA	22 161
Caterpillar 336 crawler excavator with the LEONARD superstructure, TŽ	21 740
Gas-fired hot water plant TPD-technological part, TŽ	19 371
Optimisation of test sample machining, TŽ	14 117

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

(CZK thousand)

Heat treatment of rails, TŽ	399 907
Modernisation and decarbonisation of steelmaking, TŽ	120 950
Renovation of VP4, TŽ	101 252
New halls Klondike, BS	47 880
Renovation of A5/Panalux, BS	16 870
Renovation of collectors in BS 2nd stage, BS	15 160
Material – Hydraulic press 600t, MSV	13 890

**Principal additions to tangible fixed assets for the year ended 31 December 2023 were as follows:**

(CZK thousand)

Acquisition of the VP4 no. 42 air heater	451 054
Acquisition of the Innofreight tilter	137 916
Acquisition of a milling line	134 279
Renovation involving strengthening of the rope section of the KOP pipeline route	46 338
TZM-200000021-landscape and planting works 2nd stage, BG	46 228
2003-017 TZ project lvh , kso Kovárna VIVA	29 579
Gas-fired steam boiler TPD – technological part	22 613
Gas-fired steam boiler TND – technological part	21 544
Renovation of collectors in BS	18 956
Wire drawing machine S560/1-S500/12+coil winding machine BU100 sk.15	16 733
CNC 20B	16 004
Improvements on office buildings no. 66 office worker gatehouse	15 253
Improvements on the building of a new steeldraft	13 378
Scissors for scrap CNS 400K – ŽďAS	10 200





## Principal additions to tangible fixed assets under construction for the year ended 31 December 2023

were as follows:

(CZK thousand)

Heat treatment of rails	270 265
Replacement of natural gas by coke oven gas at VO	55 264
CNC 40C	44 613
MoRe vacuum filtration station	40 792
Zinc-plating and galvanising line L804 and patent galvanising line L801 at TPD	32 872
New Klondike BS halls	32 076
Rail disc punch	31 343
Production of steam and hot water for TPD and TND operations	28 926
Renovation of the Annealing furnace no. 1 at SC	20 700
EIRICH mixer	13 902
Partial payment for the LZK 1000P machine	11 500

## Depreciation of Tangible Fixed Assets Charged to Expenses

Depreciation of tangible fixed assets amounted to CZK 2,619,517 thousand and CZK 2,606,058 thousand for the years ended 31 December 2024 and 2023, respectively.

## Aggregate Amount of Low-Value Tangible Assets Maintained Off-Balance Sheet

The aggregate cost of low-value tangible fixed assets not included in the balance sheet totalled CZK 1,019,902 thousand and CZK 1,047,913 thousand as of 31 December 2024 and 2023, respectively.



## 6.3. Assets Held under Finance and Operating Lease Agreements

### Finance Leases

(CZK thousand)

31 December 2024	Passenger cars	Machinery and equipment	Balance at 31 Dec 2024
Total estimated sum of lease instalments	2 004	22 825	24 829
Payments made as of 31 Dec 2024	1 227	5 619	6 846
Due in the following years	2 145	8 823	10 968

(CZK thousand)

31 December 2023	Passenger cars	Machinery and equipment	Balance at 31 Dec 2023
Total estimated sum of lease instalments	2 664	425	3 089
Payments made as of 31 Dec 2023	3 766	474	4 240
Due in the following years	2 140	425	2 565

### Operating Leases

In the years ended 31 December 2024 and 2023, rental amounted to CZK 89,975 thousand and CZK 80,686 thousand, respectively.



## 6.4. Fixed Assets Pledged as Security

31 December 2024

Description of assets	Net book value	Description, scope and purpose of pledge/lien
TFA	173 981	Loan from Československá obchodní banka, a. s.
Land	27 406	
TFA	350 307	Loan from Československá obchodní banka, a. s.
TFA	422 292	Loan from Československá obchodní banka, a. s.
TFA	202 075	Loan from Československá obchodní banka, a. s.
Land	96 121	Loan from Československá obchodní banka, a. s.
TFA	345 088	Loan from ING Bank N.V.
TFA	1 235 439	
Land	42 678	
TFA	1 001 235	Loan from Raiffeisenbank a.s.
Land	18 538	
TFA	64 336	Collateral for an investment bank loan from UniCredit Bank Czech Republic and Slovakia, a.s.
TFA*	7 952	Loan from BNP Paribas Bank Polska S.A., secured with machinery up to PLN 1,350 thousand
TFA*	23 560	Loan from BNP Paribas Bank Polska S.A., secured with machinery up to PLN 4,000 thousand
TFA*	26 505	Loan from Bank Polska Kasa Opieki Spółka Akcyjna, secured with machinery up to PLN 4,500 thousand
TFA	138 078	Loan from Citibank Europe plc
Land	2 384	
Technology	29 791	
TFA*	26 820	Investment loan from K&H Bank Zrt
TFA*	25 501	Investment loan from K&H Bank Zrt
Land	4 772	Loan from Raiffeisenbank a.s.
TFA	183 882	
Land	283	Loan from Česká spořitelna, a.s.
TFA	40 976	

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CONTINUATION OF THE TABLE FROM THE PREVIOUS PAGE

Description of assets	Net book value	Description, scope and purpose of pledge/lien
TFA	29 416	Long-term bank loan from Československá obchodní banka, a. s.
TFA	161 565	ČSOB and ČS
Land	23 202	ČSOB and ČS
Technology	249 000	ČSOB and ČS
TFA	68 893	ČSOB
Land	4 836	
Technology	44 401	
TFA	166 141	ČSOB
TFA	129 971	PKO BP S.A.
Land	2 096	Unicredit Bank Czech Republic
Land	2 250	Raiffeisenbank a.s.
Structures	84 219	Raiffeisenbank a.s.
Structures	133 751	Unicredit Bank Czech Republic
<b>Total</b>	<b>5 589 741</b>	

\*translated using the exchange rate promulgated by the Czech National Bank as of 31 December 2024

**31 December 2023**

Description of assets	Net book value	Description, scope and purpose of pledge/lien
TFA	312 487	Loan from Československá obchodní banka, a. s.
Land	96 223	
TFA	354 652	Loan from ING Bank N.V.
TFA	116 966	
Land	11 988	
TFA	357 157	Loan from ING Bank N.V.
TFA	1 390 100	
Land	42 678	
TFA	1 084 756	Loan from Raiffeisenbank a.s.
Land	18 538	
TFA	68 502	Collateral for an investment bank loan from UniCredit Bank Czech Republic and Slovakia, a.s.
Technology	47 760	Raiffeisenbank a.s. – security for a long-term bank loan for financing the MoRe distribution point T4 – 110kV
TFA*	136 656	Loan from Bank Polska Kasa Opieki Spółka Akcyjna, secured with machinery up to PLN 24,000 thousand
TFA*	7 687	Loan from BNP Paribas Bank Polska S.A., secured with machinery up to PLN 1,350 thousand
TFA*	22 776	Loan from BNP Paribas Bank Polska S.A., secured with machinery up to PLN 4,000 thousand
TFA*	111 033	Loan from Bank Polska Kasa Opieki Spółka Akcyjna, secured with machinery up to PLN 19,500 thousand
TFA*	25 623	Loan from Bank Polska Kasa Opieki Spółka Akcyjna, secured with machinery up to PLN 4,500 thousand
TFA, land	772	Investment loan from Raiffeisenbank a.s.
TFA, land	1 107	Investment loan from Raiffeisenbank a.s.
TFA, land	335	Investment loan from Raiffeisenbank a.s.
TFA, land	12 657	Investment loan from Raiffeisenbank a.s.
TFA, land	1 306	Investment loan from Raiffeisenbank a.s.
TFA, land	595	Investment loan from Raiffeisenbank a.s.
TFA, land	578	Investment loan from Raiffeisenbank a.s.
TFA, land	5 832	Investment loan from Raiffeisenbank a.s.
TFA, land	247	Investment loan from Raiffeisenbank a.s.
TFA	2 509	Investment loan from Raiffeisenbank a.s.
TFA	679	Investment loan from Raiffeisenbank a.s.
TFA	1 099	Investment loan from Raiffeisenbank a.s.
TFA	35 481	Investment loan from Raiffeisenbank a.s.

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CONTINUATION OF THE TABLE FROM THE PREVIOUS PAGE

Description of assets	Net book value	Description, scope and purpose of pledge/lien
TFA	5 948	Investment loan from Raiffeisenbank a.s.
TFA	2 082	Investment loan from Raiffeisenbank a.s.
TFA	144 944	Loan from Citibank Europe plc
Land	2 384	
Technology	32 806	
TFA*	37 347	Investment loan from ERSTE Bank Hungary Zrt.
TFA*	16 534	Investment loan from K&H Bank Zrt
TFA*	29 727	Investment loan from K&H Bank Zrt
TFA*	28 118	Investment loan from K&H Bank Zrt
Land	4 772	Loan from Raiffeisenbank a.s.
TFA	191 555	
Land	283	Loan from Česká spořitelna, a.s.
TFA	43 096	
TFA	32 358	Long-term bank loan from Československá obchodní banka, a. s
TFA	157 693	ČSOB and ČS
Land	23 202	ČSOB and ČS
Technology	233 368	ČSOB and ČS
TFA	70 546	ČSOB
Land	4 836	
Technology	48 873	
TFA	189 689	ČSOB
TFA	77 703	PKO BP S.A.
Land	2 096	Unicredit Bank Czech Republic
Land	2 250	Raiffeisenbank a.s.
Structures	91 038	Raiffeisenbank a.s.
Structures	139 083	Unicredit Bank Czech Republic
<b>Total</b>	<b>5 881 110</b>	

\*translated using the exchange rate promulgated by the Czech National Bank as of 31 December 2023

As of 31 December 2024, no assets were encumbered by a lien. As of 31 December 2023, no assets were encumbered by a lien.



## 6.5. Summary of Unconsolidated investments

### 6.5.1. SUMMARY OF UNCONSOLIDATED INVESTMENTS IN 2024

#### Balance at 31 December 2024

(CZK thousand)

Company name, registered office	Share in %	Equity	Profit or loss for the period	Provision
Moravia Steel Slovenija, d.o.o.	51	16 715	1 443	0
Moravia Steel Ibéria,s.a.	99,33	17 154	203	0
AHP HYDRAULIK A, a.s.	50,11	-15 232	-11	0
Barrandov Productions s.r.o.	100	2 365	20	0
FILMOVÁ NADACE **)	100	1 570	-490	0
MSPProjects International s.r.o.	100	4 147	-364	0
B.A.Zlín, s.r.o.	80	4 172	947	0
Třinecké gastroslužby, s.r.o., Staré Město, Třinec	100	46 672	3 958	0
Moravia Security, a.s., Kanská, Třinec	100	35 633	3 219	0
TŘINECKÁ PROJEKCE, a.s., Kanada, Třinec	84,54	33 550	4 001	0
„ZAMECZEK BŁOGOCICE“ Spółka z ograniczoną odpowiedzialnością, Cieszyn (POL)	88	45 848	-29	-9 262
TRISIA, a.s., Lyžbice, Třinec	66	41 521	360	-7 676
Reťaze Slovakia s.r.o., Skalica (SK)	80	11 624	833	0
JuBo Jeseník s. r. o., Jeseník	80	6 789	1 507	0
Řetězárna servis s.r.o., Jeseník	100	3 241	933	0
IMOPRA s.r.o., Nivnice	100	99 184	11 261	-16 851
EKOSTROJÍRENSTVÍ TŘINEC, a.s., Staré Město, Třinec	100	-52 297	14 336	-50 000
ENEZA, s.r.o., Staré Město, Třinec*	52,5	97 832	3 435	0
<b>Total</b>		<b>400 488</b>	<b>45 562</b>	<b>-83 789</b>

\*) financial results for the period 1 April 2024–31 December 2024 (financial year from 1 April 2024 to 31 March 2025)

\*\*) financial results for the period 1 March 2024–31 December 2024 (financial year from 1 March 2024 to 28 February 2025)

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

The Group did not generate any material financial income from the unconsolidated investments in the year ended 31 December 2024.



## 6.5.2. SUMMARY OF UNCONSOLIDATED INVESTMENTS IN 2023

### Balance at 31 December 2023

(CZK thousand)

Company name, registered office	Share in %	Equity	Profit or loss for the period	Provision
Moravia Steel Slovenija, d.o.o.	51	14 989	582	0
Moravia Steel Ibéria,s.a.	99.33	19 603	5 038	0
AHP HYDRAULIK A, a.s.	50.11	-14 943	-2	0
Barrandov Productions s.r.o.	100	2 345	1	0
FILMOVÁ NADACE **)	100	1 433	-610	0
Moravia Mining Plc	76	***)	***)	-3 153
MSProjects International s.r.o.	100	4 511	-824	0
B.A.Zlín, s.r.o.	80	3 226	-72	0
Třinecké gastroslužby, s.r.o., Staré Město, Třinec	100	42 682	5 440	0
TRIALFA, s.r.o., Třinec-Kanada	100	22 515	710	0
Moravia Security, a.s., Kanská, Třinec	100	39 414	2 119	0
TŘINECKÁ PROJEKCE, a.s., Kanada, Třinec	84.54	31 452	1 931	0
„ZAMECZEK BŁOGOCICE“ Spółka z ograniczoną odpowiedzialnością,Cieszyn (POL)	88	44 365	165	-10 727
TRISIA, a.s., Lyžbice, Třinec	66	41 161	282	-9 403
Refaze Slovakia s.r.o., Skalica (SK)	80	12 572	2 623	0
JuBo Jeseník s. r. o., Jeseník	80	6 782	2 243	0
Řetězárna servis s.r.o., Jeseník	100	6 708	4 580	0
IMOPRA s.r.o., Nivnice	100	114 127	6 345	0
EKOSTROJÍRENSTVÍ TŘINEC, a.s., Staré Město, Třinec	100	-59 800	1 029	-50 000
ENEZA, s.r.o., Staré Město, Třinec*	52.5	96 700	6 926	0
<b>Total</b>		<b>429 842</b>	<b>38 506</b>	<b>-73 283</b>

\*) financial results for the period 1 April 2023–31 December 2023 (financial year from 1 April 2023 to 31 March 2024)

\*\*) financial results for the period 1 March 2023–31 December 2023 (financial year from 1 March 2023 to 28 February 2024)

\*\*\*) data not available

Note: *in italics preliminary results as of 31 December 2023*

The Group did not generate any material financial income from the unconsolidated investments in the year ended 31 December 2023.



## 6.6. Accounting for Goodwill Arising on Consolidation

2024

(CZK thousand)

	Gross	Adjustment	Net	Recognition in expenses	Recognition in income	Recognition in equity
<b>Positive goodwill arising on consolidation</b>						
ŽDB DRÁTOVNA a.s.	261 780	−91 623	170 157	13 089	0	0
BOHEMIA RINGS s.r.o.	119 809	−119 809	0	0	0	0
MS UK	1 234	−432	802	62	0	0
HŽP a.s.	130 509	−55 104	75 405	5 800	0	0
Kovárna VIVA	182 720	−56 825	125 895	9 136	0	0
MSV Metal Studénka	19 260	−4 655	14 605	963	0	0
Barrandov Studio a.s	34 362	−34 362	0	0	0	0
<b>Total</b>	<b>749 674</b>	<b>−362 810</b>	<b>386 864</b>	<b>29 050</b>	<b>0</b>	<b>0</b>
<b>Negative goodwill arising on consolidation</b>						
REFRASIL, s.r.o.	−14 566	4 612	−9 954	0	728	0
<b>Total</b>	<b>−14 566</b>	<b>4 612</b>	<b>−9 954</b>	<b>0</b>	<b>728</b>	<b>0</b>

**2023**

(CZK thousand)

	Gross	Adjustment	Net	Recognition in expenses	Recognition in income	Recognition in equity
<b>Positive goodwill arising on consolidation</b>						
ŽDB DRÁTOVNA a.s.	261 780	-78 534	183 246	13 089	0	0
BOHEMIA RINGS s.r.o.	119 809	-119 809	0	91 355	0	0
MS UK	1 234	-370	864	-62	0	0
HŽP a.s.	130 509	-49 304	81 205	-5 800	0	0
Kovárna VIVA	182 720	-47 689	135 031	-9 136	0	0
MSV Metal Studénka	19 260	- 3 692	15 568	-963	0	0
Barrandov Studio a.s	34 362	-34 362	0	0	0	0
<b>Total</b>	<b>749 674</b>	<b>-333 760</b>	<b>415 914</b>	<b>88 483</b>	<b>0</b>	<b>0</b>
<b>Negative goodwill arising on consolidation</b>						
REFRASIL, s.r.o.	-14 566	3 885	-10 681	0	728	0
<b>Total</b>	<b>-14 566</b>	<b>3 885</b>	<b>-10 681</b>	<b>0</b>	<b>728</b>	<b>0</b>

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

## 6.7. Securities and Equity Investments under Equity Accounting

(CZK thousand)

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





## 6.8. Inventory

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

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

## 6.9. Receivables

### 6.9.1. STRUCTURE OF SHORT-TERM RECEIVABLES

As of 31 December 2024, gross short-term trade receivables past their due dates amounted to CZK 1,622,174 thousand (net CZK 1,392,272 thousand).

As of 31 December 2023, gross short-term trade receivables past their due dates amounted to CZK 1,454,129 thousand (net CZK 1,124,596 thousand). Short-term prepayments made primarily include prepayments for supplied services.

State – tax receivables as of 31 December 2024 predominantly include a receivable arising from value added tax and prepayments for fees according to Act No. 201/2012 Coll., on Air Protection. As of 31.12.2023, this item mainly represented a receivable arising from value added tax and prepayments for fees pursuant to Act No. 201/2012 Coll., on Air Protection.

Sundry receivables as of 31 December 2024 predominantly include a receivable arising from an unquestionable entitlement to a subsidy and receivables from individuals. As of 31 December 2023, this item predominantly included a receivable arising from an unquestionable entitlement to a subsidy and receivables from individuals.

Estimated receivables as of 31 December 2024 and 31 December 2023, respectively, principally include an estimated receivable arising from anticipated insurance benefits, use of operating subsidies and reimbursement of value added tax paid abroad.

Receivables typically mature within 30 days.



### 6.9.2. RECEIVABLES PLEDGED AS SECURITY

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, the 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” Drótaru Zrt. recorded pledged receivables of HUF 583,737 thousand (CZK 37,680 thousand) with Tryg Garanti. Kuźnia Ostrów Wielkopolski Sp. z o.o. also record pledged receivables in connection with their bank loans.

### 6.9.3. INTERCOMPANY RECEIVABLES

#### Short-Term Receivables

(CZK thousand)

Entity	Balance at 31 Dec 2024	Balance at 31 Dec 2023
Moravia Security, a.s.	272	213
Security Morava, s.r.o.	17	18
TRIALFA, s.r.o.	0	1 010
TRISIA, a.s.	129	108
TŘINECKÁ PROJEKCE, a.s.	4 645	240
Třinecké gastroslužby, s.r.o.	14 714	3 936
VESUVIUS ČESKA REPUBLIKA, a.s.	11 056	2 139
MINERFIN a.s.	527	1 567
IMOPRA s.r.o.	2	2
JuBo Jeseník s.r.o.	2 935	3 393
Refaze Slovakia, s.r.o.	1 158	2 208
Řetězárna servis s.r.o.	5	5
Moravia Mining Plc	0	2 059
AHP HYDRAULIKA, a.s.	0	9 924
ENEZA, s.r.o.	1 502	1 366
EKOSTROJÍRENSTVÍ TŘINEC, a.s.	1 027	108
FILMOVÁ NADACE	0	11

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Entity	Balance at 31 Dec 2024	Balance at 31 Dec 2023
MSV Servis s.r.o.	0	0
Barrandov Studio Productions s.r.o.	1	0
<b>Total short-term intercompany receivables</b>	<b>37 990</b>	<b>28 307</b>
• Receivables – controlled or controlling entity		
Třinecké gastroslužby, s.r.o.	8 500	8 500
<b>Total</b>	<b>8 500</b>	<b>8 500</b>
• Short-term prepayments made		
EKOSTROJÍRENSTVÍ TŘINEC, a.s..	0	0
TRISIA, a.s.	0	0
• Accrued income		
Třinecké gastroslužby, s.r.o.	10 551	0
EKOSTROJÍRENSTVÍ TŘINEC, a.s.	894	1 269
<b>Total</b>	<b>11 445</b>	<b>1 269</b>
<b>Total short-term intercompany receivables including accruals</b>	<b>57 935</b>	<b>38 076</b>
Other than intercompany receivables	11 885 357	12 410 429
<b>Total short-term receivables including accruals</b>	<b>11 943 292</b>	<b>12 448 505</b>

## Long-Term Receivables

As of 31 December 2024, the Group records long-term receivables with due dates of more than 5 years of CZK 356 thousand; as of 31 December 2023, the Group recorded long-term receivables with due dates of more than 5 years of CZK 358 thousand.

## 6.10. Equity and Share Capital

### 6.10.1. EQUITY

Gains and losses from revaluation comprise the gain or loss from the revaluation of available-for-sale securities net of the deferred tax liability.

The profit generated in 2023 in the amount of CZK 62,390 thousand was transferred to retained earnings.

### Proposal for the allocation of profit for 2024

In 2024, the consolidation group generated net profit after tax of CZK 571,731 thousand. The expected profit allocation for 2024 is its transfer to retained earnings.



## 6.10.2. SHARE CAPITAL

As of 31 December 2024, the share capital amounted to CZK 3,159,000 thousand. The Company's share capital is composed of 315,900 registered shares in book-entry form with a nominal value of CZK 10,000 thousand each. The shares are not readily marketable but are fully transferable subject to the prior consent of the Company's General Meeting.

## 6.11. Reserves

Other reserves consist primarily of reserves for employee bonuses and risks arising from business relationships, including claims.

## 6.12. Payables

### 6.12.1. LONG-TERM PAYABLES

As of 31 December 2024 and 2023, primarily payables arising from retention fees to suppliers according to concluded contracts are reported under long-term trade payables. As of 31 December 2024, the Company recorded no long-term payables covered by material guarantees.

### 6.12.2. SHORT-TERM TRADE PAYABLES

As of 31 December 2024, short-term trade payables past their due dates amount to CZK 77,640 thousand (2023: CZK 37,717 thousand).

The usual maturity of payables is 60 days.

### 6.12.3. OTHER PAYABLES

As of 31 December 2024 and 2023, due amounts arising from social security and state employment policy contributions and public health insurance amounted to CZK 311,511 thousand and CZK 300,558 thousand, respectively. These payables were duly settled as of the balance sheet date.

As of 31 December 2024, state – tax payables and subsidies predominantly include the corporate and individual income tax payable. As of 31 December 2023, this item mainly included a corporate and individual income tax payable.

As of 31 December 2024 and 31 December 2023, estimated payables predominantly include an estimated payable for covering all unbilled payments relating to staff costs, an estimated payable arising from fees in accordance with Act No. 201/2012 Coll., on Air Protection, and an estimated payable arising from unbilled inventory including services.

Sundry payables of the Company as of 31 December 2024 and 31 December 2023 predominantly include payables arising from a group registration for value added tax and contributions to employees.



## 6.12.4. INTERCOMPANY PAYABLES

### Short-Term Payables

(CZK thousand)

Entity	Balance at 31 Dec 2024	Balance at 31 Dec 2023
Ocelářská unie,a.s.	923	923
JuBo Jeseník s.r.o.	0	22
Moravia Security, a.s.	29 472	19 659
Třinecké gastroslužby, s.r.o.	17 008	14 880
VESUVIUS ČESKÁ REPUBLIKA, a.s.	69 740	32 615
Moravia Steel Ibéria, s.a.	551	12
MORAVIA STEEL SLOVENIJA d.o.o.	4 584	4 270
EKOSTROJÍRENSTVÍ TŘINEC, a.s.	27 677	2 144
Řetězárna servis s.r.o.	1 475	1 828
TRIALFA,s.r.o.	0	13 470
TRISIA,a.s.	1 674	1 790
TŘINECKÁ PROJEKCE,a.s.	2 239	7 034
„ZAMECZEKBŁOGOCICE“ Sp.z.o.o.	99	96
ENEZA, s.r.o.	25 979	24 090
Security Morava,s.r.o.	2 827	2 024
Refaze Slovakia, s.r.o.	18	0
MINERFIN,a.s.	447 961	738 260
<b>Total</b>	<b>632 227</b>	<b>863 117</b>
Accrued expenses		
MoraviaSteelIbéria,s.a.	242	126
MORAVIA STEEL SLOVENIJA,d.o.o.	18	18
<b>Total</b>	<b>260</b>	<b>144</b>
Estimated payables		
Moravia Steel Ibéria, s.a	40	0
MORAVIA STEEL SLOVENIJA d.o.o	273	1
<b>Total</b>	<b>313</b>	<b>1</b>
<b>Total short-term intercompany payables, including accruals</b>	<b>632 800</b>	<b>863 262</b>
Other than intercompany payables	12 197 968	15 240 457
<b>Total short-term payables, including accruals</b>	<b>12 830 768</b>	<b>16 103 719</b>





## Long-term payables

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

As of 31 December 2023, the Company recorded no long-term trade payables with maturities exceeding 5 years.

## 6.13. Deferred Tax Liability and Deferred Tax Asset

### 6.13.1. DEFERRED TAX LIABILITY

In determining the deferred tax liability amount, the Group used the tax rate for the period in which the deferred tax liability is anticipated to be realised.

(CZK thousand)

Deferred tax arising from	Tax rate in %	Balance at 31 Dec 2024	Balance at 31 Dec 2023
Difference between the tax and accounting carrying values of fixed assets	21	10 853 191	11 042 651
Difference between the tax and accounting carrying values of fixed assets	9	100 991	100 030
Revaluation of securities available for sale	21	-2 054	-2 054
Revaluation of assets to fair value charged to equity	21	649 584	689 959
Revaluation of assets to fair value charged to equity	19	18 417	17 347
Revaluation of assets to fair value charged to equity	9	26 189	27 565
Accounting reserves	21	-232 459	-189 508
Provisions	21	-1 478 408	-1 775 472
Provision for positive goodwill on consolidation	21	-79 371	-85 361
Outstanding default interest	21	954	-8 302
Expenses deductible for tax purposes in the following years	21	-130 221	-117 748
Utilisable tax loss	21	-146 461	-102 232
Unrealised profit on the sale of inventory within the Group	21	-53 752	180 015
Unrealised profit on the sale of tangible FA within the Group	21	-896 333	-906 520
Unrealised profit on the sale of tangible FA within the Group	19	-463	-854
Unrealised profit on the sale of tangible and intangible FA within the Group (equity)	19	133	153
<b>Total temporary differences</b>		<b>8 629 937</b>	<b>8 869 668</b>
<b>Deferred tax liability</b>		<b>1 796 664</b>	<b>1 846 985</b>



(CZK thousand)

Analysis of movements	
<b>1 Jan 2023</b>	<b>2 039 088</b>
Effect of the merger	1 326
Current changes charged to the profit and loss account	-193 500
Current changes charged to equity	71
Charge against positive goodwill on consolidation	0
Other	0
<b>31 Dec 2023</b>	<b>1 846 985</b>
Effect of the merger	1 325
Current changes charged to the profit and loss account	-51 716
Current changes charged to equity	70
Charge against positive goodwill on consolidation	0
Other	0
<b>31 Dec 2024</b>	<b>1 796 664</b>

### 6.13.2. DEFERRED TAX ASSET

(CZK thousand)

	Tax rate (%)	Balance at 31 Dec 2024	Balance at 31 Dec 2023
Difference between the tax and accounting net book value of fixed assets	21	-7 110	-5 162
Difference between the tax and accounting net book value of fixed assets	19	-27 153	-44 577
Accounting reserves	21	5 776	6 548
Accounting reserves	19	16 661	37 298
Provisions	21	52 038	77 148
Provisions	19	27 809	26 504
Unrealised profit on the sale of inventory and assets within the Group	21	113 614	3 667
Unpaid (not received) penalty	21	2 457	-186
Expenses deductible for tax purposes in the following years	19	25 434	0
Tax loss that can be carried back	19	53 668	93 838
<b>Total temporary differences</b>		<b>263 194</b>	<b>195 078</b>
<b>Deferred tax asset</b>		<b>53 344</b>	<b>38 705</b>



(CZK thousand)

Analysis of movements	
<b>1 Jan 2023</b>	<b>103 865</b>
Current changes charged to the profit and loss account	-66 275
Current changes charged to equity	1 115
<b>31 Dec 2023</b>	<b>38 705</b>
Current changes charged to the profit and loss account	14 143
Current changes charged to equity	496
<b>31 Dec 2024</b>	<b>53 344</b>

## 6.14. Bank Loans and Borrowings

### Long-Term Bank Loans

(CZK thousand)

Type of loan	Currency	Balance at 31 Dec 2024	Balance at 31 Dec 2023	Form of collateral at 31 Dec 2024
Term loan	CZK	360 000	600 000	Immovable and movable assets, receivables from insurance, promissory note
Investment loan	CZK	838 661	0	Immovable and movable assets, receivables from insurance, promissory note
Investment loan	EUR	112 262	330 635	Immovable and movable assets, receivables from insurance
Investment loan	EUR	567 922	760 294	Immovable and movable assets, receivables from insurance, promissory note
Investment loan	EUR	661 106	834 469	No collateral
Investment loan	CZK	950	2 850	No collateral
Investment loan	EUR	5 876	7692	No collateral
Investment loan	CZK	0	18 000	Blank promissory note
Investment loan	CZK	32 637	1 958	Promissory note
One-time investment loan	EUR	0	25 902	Movable and immovable assets
Purpose loan	EUR	148 088	186 921	Receivables
Investment loan	EUR	11 126	25 477	Blank promissory note, pledge of movable assets
Purpose loan	CZK	0	5 000	Pledge of movable assets
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

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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
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 pledge
Investment loan	EUR	5 143	8 415	Mortgage, insurance pledge
Investment loan	EUR	24 764	0	Mortgage, insurance pledge
Investment loan	EUR	53 968	0	Pledge of real estate
Investment loan	CZK	0	16 260	Pledge of real estate
Investment loan	EUR	0	6 332	Real estate, manufacturing equipment
Investment loan	EUR	35 879	55 351	Technology
Investment loan	CZK	22 192	32 055	Technology
Investment loan	EUR	90 666	111 263	Technology
Investment loan	CZK	21 000	26 238	Real estate, technology
Investment loan	EUR	4 776	6 774	Real estate, technology
Investment loan	EUR	10 023	12 869	Real estate, technology
Acquisition loan	CZK	148 088	252 245	Blank promissory note
Investment loan	EUR	0	20 567	Pledge of a movable asset
Investment loan	EUR	5 515	10 829	Pledge of a movable asset
Investment loan	EUR	2 614	5 132	Pledge of a movable asset
Investment loan	EUR	1 990	3 907	Pledge of a movable asset
Investment loan	EUR	29 573	38 710	Mortgage, insurance pledge
Investment loan	EUR	7 817	11 510	Mortgage, insurance pledge
Investment loan	EUR	71 050	0	Pledge of a movable asset
Investment loan	PLN	0	2 010	Mortgage, insurance pledge
Investment loan	PLN	5 890	6 434	Mortgage, insurance pledge
Investment loan	PLN	13 743	0	Mortgage, insurance pledge
Investment loan	PLN	2 944	5 694	Mortgage, insurance pledge
<b>Total</b>		<b>3 385 088</b>	<b>3 535 059</b>	



## Short-Term Bank Loans

(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
Overdraft	EUR	10 869	0	Pledge – goods, material, products together with insurance
Overdraft	PLN	574	18 491	Pledge – machinery, equipment, receivables
Overdraft	EUR	33 087	0	Pledge – goods, material, products together with insurance
Investment loan	PLN	6 952	11 202	Pledge – machinery and equipment
Investment loan	PLN	0	995	Pledge – machinery and equipment
Investment loan	EUR	6 922	9 079	Secured with tangible assets (machinery, equipment) and insurance
Overdraft – credit cards	CZK	120	194	No collateral
One-time investment loan	EUR	26 384	25 902	Movable and immovable assets
Overdraft	EUR	63 269	1 754	Receivables
Purpose loan	EUR	42 311	20 769	Receivables
Investment loan	EUR	224 524	220 423	Immovable and movable assets, receivables from insurance
Investment loan	CZK	0	171 428	Immovable and movable assets, receivables from insurance, promissory note
Investment loan	CZK	240 000	240 000	Immovable and movable assets, receivables from insurance, promissory note
Investment loan	EUR	206 517	202 745	Immovable and movable assets, receivables from insurance, 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
Overdraft	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	Pledge of real estate

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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	4 921	Pledge of real estate
Investment loan	CZK	1 900	1 900	No collateral
Investment loan	EUR	1 959	1 923	
Credit cards	CZK	6	42	No collateral
Purpose loan	CZK	5 000	10 000	Pledge of movable asset
Investment loan	EUR	8 815	0	Promissory note
Overdraft	CZK	0	18 280	Blank promissory note
Purpose loan	CZK/EUR	6 000	0	No collateral
Investment loan	CZK	18 000	19 773	Blank promissory note, pledge of 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	No collateral
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
Overdraft	EUR	5 143	0	Blank promissory note
Investment loan	EUR	14 830	14 563	Blank promissory note, pledge of movable assets
Operating loan	CZK	12 859	5 083	Pledge of immovable assets, transfer of ownership title to movable assets as security, blank promissory note, restriction of the right of disposal of immovable asset insurance
Operating loan	EUR	78 979	56 491	Pledge of immovable assets, blank promissory note, pledge of receivables from insurance
Operating loan	EUR	0	3 096	Blank promissory note
Investment loan	EUR	0	294	Pledge of immovable assets, blank promissory note, pledge of receivables from insurance
Operating loan	CZK	4 572	19 951	Blank promissory note
Investment loan	EUR	9 289	12 160	Blank promissory note

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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
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 pledge
Investment loan	EUR	0	3 014	Mortgage, insurance pledge
Investment loan	EUR	3 465	5 670	Mortgage, insurance pledge
Investment loan	EUR	3 429	4 207	Mortgage, insurance pledge
Overdraft	EUR	39 460	41 892	No collateral
Investment loan	EUR	12 868	0	Mortgage, insurance pledge
Acquisition loan	CZK	108 850	258 252	Promissory note
Overdraft	CZK	0	1 275 453	Blank promissory notes issued by MORAVIA STEEL a.s.
Investment loan	EUR	14 391	0	Pledge of real estate
Investment loan	CZK	16 260	32 880	Pledge of real estate
Investment loan	EUR	22 667	24 107	Technology, real estate
Operating loan	EUR	9 863	10 685	Receivables
Investment loan	EUR	6 450	6 332	Real estate technology
Investment loan	EUR	20 502	20 128	Technology
Operating loan	EUR	0	5 819	Receivables
Operating – committed	CZK	110 204	0	Receivables
Overdraft	PLN	35 249	111 387	Pledge of real estate
Investment loan	CZK	5 368	5 368	Real estate, technology
Investment loan	EUR	2 125	2 086	Expansion of production
Investment loan	EUR	3 084	3 028	Real estate, technology
Operating loan	CZK	5 506	5 797	Receivables
Overdraft	EUR	57 456	36 897	Pledge of receivables
Overdraft	EUR	0	17 729	Pledge of receivables
Investment loan	EUR	62 597	44 015	Capital expenditure
Operating loan	PLN	93 178	85 227	Mortgage for real estate
<b>Total</b>		<b>2 139 991</b>	<b>3 972 652</b>	

**Short-Term Financial Borrowings**

(CZK thousand)

Purpose	Currency	Balance at 31 Dec 2024	Balance at 31 Dec 2023	Provider
Short-term	PLN	84	83	MSA Radomsko
<b>Total</b>		<b>84</b>	<b>83</b>	

## 6.15. Other Off-Balance Sheet Liabilities, Legal Disputes

**MORAVIA STEEL a.s.**

As of 31 December 2024, the Company participated in no legal dispute, the ruling of which would have had a material impact on the Company.

As of 31 December 2024, the guarantees issued by the bank on behalf of the Company in favour of third parties amounted to CZK 359,050 thousand (31 December 2023: CZK 271,437 thousand).

The dispute held since 2013 based on the petition of former minority shareholders of TŘINECKÉ ŽELEZÁRNY, a. s. to review the adequacy of the consideration attributable to the minority shareholders based on the decision of the General Meeting of TŘINECKÉ ŽELEZÁRNY, a. s. of 31 July 2013, was effectively concluded by the ruling of the High Court in Olomouc on 11 September 2019. This appellate court confirmed the ruling of the Regional Court in Ostrava of 8 June 2018, which set the amount of adequate consideration for each share with the nominal value of CZK 1,000 at CZK 2,284 (compared to CZK 1,815, which was the amount awarded by the company to minority shareholders based on an expert opinion prepared for the purposes of the squeeze-out).

Following the conclusions of the appellate court's ruling, the Company recognised an anticipated payable to the minority shareholders as of the effective date in the amount of the consideration of CZK 26,430 thousand as well as interest as of 31 December 2024 in the amount of CZK 6,353 thousand.

In relation to the above legal dispute, there were legal proceedings regarding the disputed amount of the statutory default interest arising from granted counter-performance. The Regional Court in Ostrava partially satisfied the legal action of two former minority shareholders, and this ruling was confirmed by the judgement of the appellate High Court in Olomouc of 26 May 2022 and became final and conclusive. MORAVIA STEEL a.s. subsequently filed an appellate review to the Supreme Court of the Czech Republic, which, however, rejected the appellate review by its ruling of 19 October 2023. On 4 January 2024, MORAVIA STEEL a.s. filed a constitutional complaint, which was, however, rejected by the Constitutional Court by Resolution of 30 July 2024. As such, all due and extraordinary legal remedies were used in the above case.



## Moravia Steel Deutschland GmbH

Court proceedings based on a legal action filed by the group entities of Deutsche Bahn (DB Netz AG and companies) with the State Court in Frankfurt am Main whereby the plaintiffs are claiming from Moravia Steel Deutschland GmbH, MORAVIA STEEL a.s. and other entities compensation for damage arising from unlawful cartel arrangements. MORAVIA STEEL a.s.'s liability for damage (the legal action was delivered on 29 March 2013) is derived from one economic unit that the Company allegedly formed together with its subsidiary Moravia Steel Deutschland GmbH.

The legal action was rejected as it is time barred, following a ruling of the State Court in Frankfurt am Main of 3 August 2022. However, the plaintiffs filed an appeal against the negative ruling for which legal advisors and invited experts prepared detailed comments, including expert opinions. The second instance court has not yet decided on the appeal by the plaintiff.

The Company records a reserve for this legal dispute in the amount of CZK 415,235 thousand.

Inasmuch as the MORAVIA STEEL a.s.'s management considers the above legal action against the Company to lack merit, no reasonable estimate of the results of the court proceedings and future payments, if any, in respect of this legal dispute can presently be made.

## TŘINECKÉ ŽELEZÁRNY, a. s.

### Provided Guarantees

#### 31 December 2024

Type	Total amount	Balance at 31 Dec 2024
<b>Guarantees</b>		
– 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
<b>Guarantees</b>		
– 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
<b>Guarantees</b>		
– 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
<b>Guarantees</b>		
– 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 accounts both the promissory notes issued by the Company in favour of credit institutions and the promissory notes received, issued in favour of the Company to secure cash liabilities under the Revolving Credit Agreements.

## Legal disputes

The legal dispute based on a legal action filed by the Company on 14 February 2025 to the Municipal Court in Prague against the resolution of the Czech Ministry of Industry and Trade issued under ref. no. MPO 86138/2024 on 12 December 2024. By this resolution, the Company was granted a compensation for indirect costs for 2023 (according to the government regulation no. 565/2020 Coll.) only in a reduced amount, i.e. CZK 165,722,948.00, although the Company claimed a compensation of indirect costs for 2023 in the amount of CZK 458,272,980.30 in the duly filed request. Following the contested resolution of the Ministry of Industry and Trade, the compensation was provided only in the amount reduced by the amount corresponding to the amount of another public support provided to the Company, specifically by the amount provided to the Company in the form of the cap on electricity prices. By this legal action, the Company demands the cancellation of the above resolution of the Ministry of Industry and Trade regarding the provision of compensation for indirect costs. The case has not yet been decided.





## 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 552,562 thousand (2023: CZK 548,947 thousand).

## Other entities included in the MS consolidation group

### Energetika Třinec, a.s.

#### Security for liabilities

(CZK thousand)

Liability type	Balance at 31 Dec 2024	Balance at 31 Dec 2023
Blank promissory notes – security for own overdrafts	550 000	550 000
Blank promissory notes – security for own long-term loans	90 000	235 000
<b>Total</b>	<b>640 000</b>	<b>785 000</b>

**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

Payables and receivables not reported in the accounting records and legal disputes of entities included in the MS consolidation group are described in detail in the separate financial statements of these entities.

**Other**

The Company considered the impact of the ongoing military operation in Ukraine and relating sanctions against the Russian Federation. Although the Company's management is currently not able to make a reliable estimate of the future impacts, they are not material as of the balance sheet date and pose no threat to the going concern.



# 7. Additional Information on the Consolidated Profit and Loss Account

## 7.1. Income from Current Activities of the Group

**2024**

(CZK thousand)

Activities	Inland	Cross-Border	Total
Metallurgic production	12 294 093	44 455 622	56 749 715
Other production	1 739 264	1 991 621	3 730 885
Sale of goods	90 578	290 144	380 722
Services	1 470 553	327 823	1 798 376
<b>Total</b>	<b>15 594 488</b>	<b>47 065 210</b>	<b>62 659 698</b>

**2023**

(CZK thousand)

Activities	Inland	Cross-Border	Total
Metallurgic production	12 773 803	43 451 241	56 225 044
Other production	2 866 758	4 740 903	7 607 661
Sale of goods	113 693	379 881	493 574
Services	2 007 159	251 230	2 258 389
<b>Total</b>	<b>17 761 413</b>	<b>48 823 255</b>	<b>66 584 668</b>



## 7.2. Other Income and Expenses

Costs of advisory, consulting and audit activities amounted to CZK 77,983 thousand and CZK 68,986 thousand as of 31 December 2024 and 2023, respectively.

Other operating income as of 31 December 2024 and 2023 predominantly included the use of the grant for allowances in the amounts of CZK 6,943,374 thousand and CZK 8,605,789 thousand, respectively, and anticipated insurance benefits relating to the accident of the wind heater in the amount of CZK 0 (2023: CZK 535,015 thousand).

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

Financial donations are reported under operating expenses. The total amount of donations provided in 2024 was CZK 40,311 thousand (2023: CZK 40,315 thousand).

Other financial income and expenses in the years ended 31 December 2024 and 2023 predominantly included foreign exchange rate gains and losses.

In the year ended 31 December 2024, the Company received and reported the compensation for indirect costs in respect of sectors identified as having a significant risk of carbon leakage as a result of greenhouse gas emissions reflected 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 in respect of sectors identified as having a significant risk of carbon leakage as a result of greenhouse gas emissions reflected in the price of electricity for the calendar year of 2022 in the amount of CZK 308,021 thousand.



## 7.3. Grants and Subsidies

In the year ended 31 December 2024, TŘINECKÉ ŽELEZÁRNY, a. s. received a subsidy for the acquisition of environmental and other investments of CZK 39,965 thousand.

In the year ended 31 December 2023, TŘINECKÉ ŽELEZÁRNY, a. s. received 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. used a subsidy for the Renovation of the thermal energy distribution at the Wood workshop operation of CZK 1,720 thousand.

The subsidy for operating purposes of CZK 3,121 thousand used in 2024 includes a subsidy for research and development, a subsidy for the operation of the Třinecké železářny and Třinec town museum and subsidies for education.

The subsidy for operating purposes of CZK 4,868 thousand used in 2023 includes a subsidy for research and development, a subsidy for the operation of the Třinecké železářny and Třinec town museum and subsidies for education.

Subsidies for operating purposes and contributions relating to subsidiaries of MS a.s. for 2024 amount to CZK 3,280 thousand (2023: CZK 67,575 thousand).

## 7.4. Aggregate Research and Development Expenditure

(CZK thousand)

	31 Dec 2024	31 Dec 2023
Research and development expenditure (net of grants)	50 948	36 143

## 7.5. Related Party Transactions

### 7.5.1. INCOME GENERATED WITH RELATED PARTIES

Income generated with related parties amounted to CZK 382,013 thousand in 2024. All related party transactions took place under arm's length conditions (2023: CZK 356,353 thousand).

Income from profit shares from related parties for 2024 and 2023 is disclosed in Note 6.5.

### 7.5.2. PURCHASES FROM RELATED PARTIES

Total purchases from related parties amounted to CZK 6,359,612 thousand (2023: CZK 6,903,153 thousand).

All related party transactions took place under arm's length conditions.



## 8. Employees, Management and Statutory Bodies

### 8.1. Staff Costs and Number of Employees

#### 8.1.1. STAFF COSTS AND NUMBER OF EMPLOYEES FOR THE YEAR

The number of employees as of 31 December 2024 was 13,155, of which 261 managers.

The number of employees as of 31 December 2023 was 13,330, of which 248 managers.

The staff costs of employees in the year ended 31 December 2024 amounted to CZK 9,820,676 thousand, of which staff costs of managers amounted to CZK 602,043 thousand. The staff costs of employees in the year ended 31 December 2023 amounted to CZK 9,540,160 thousand, of which staff costs of managers amounted to CZK 585,198 thousand.

The number of employees and managers is based on their average recalculated headcount.

For the purposes of these notes to the consolidated financial statements, the term “management” refers to the members of the Supervisory Board, members of the Board of Directors and specialised directors. For the Company, it also includes the heads of operations and professional departments and the plant manager.

#### 8.1.2. LOANS, BORROWINGS, AND OTHER BENEFITS PROVIDED

Amount of other supplies provided to managers and Supervisory Boards:

(CZK thousand)

	2024	2023
Use of management cars (the figure increases the tax base of employees)	21 044	20 087
Contribution for supplementary pension scheme and life insurance	1 039	921
Liability insurance	2 204	1 932
<b>Total</b>	<b>24 287</b>	<b>22 940</b>

## 9. Post Balance Sheet Events

Subsequent to the consolidated balance sheet date, no events occurred that would have a material impact on the consolidated financial statements as of 31 December 2024.