



MORAVIA STEEL



**CONSOLIDATED
ANNUAL
REPORT**

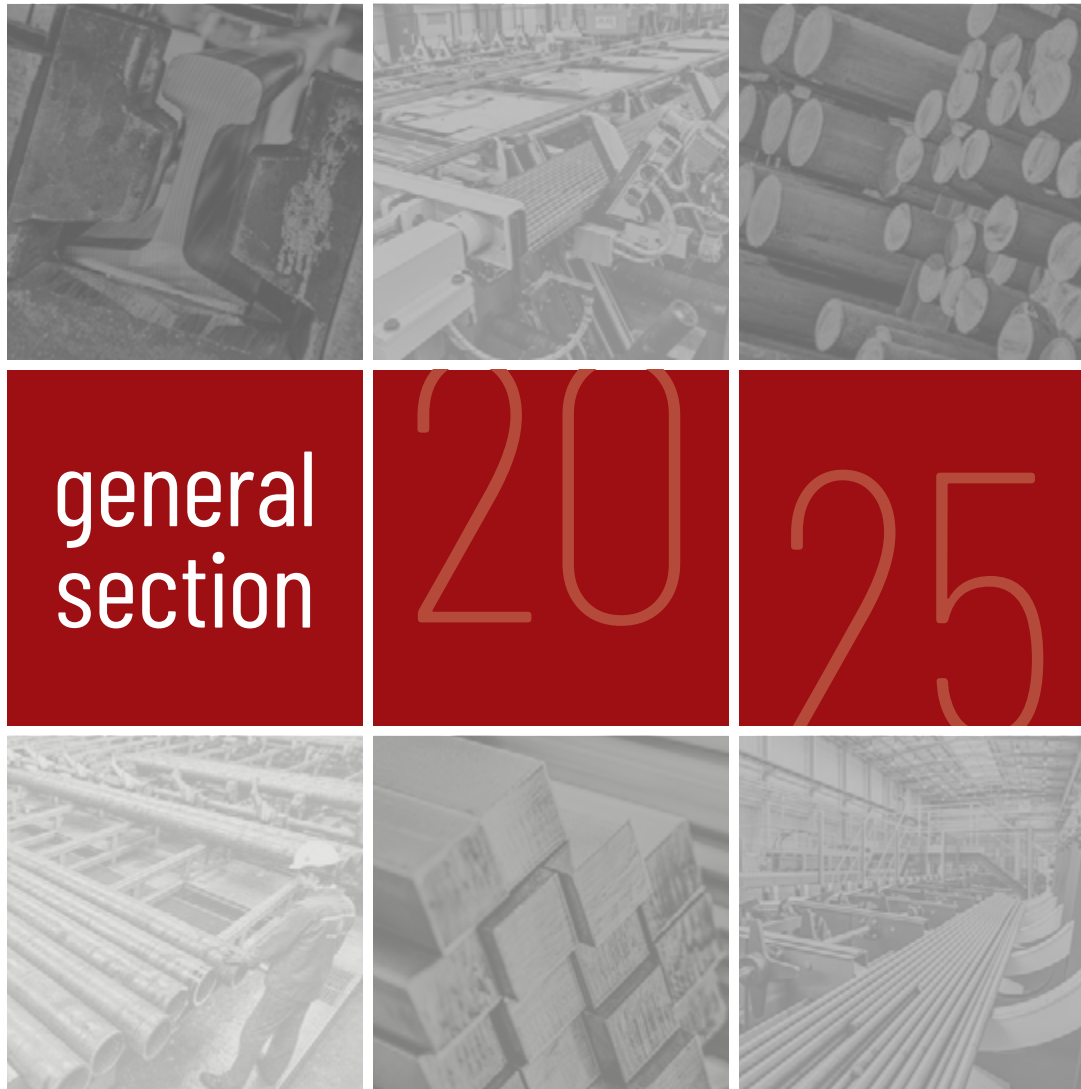
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25



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MORAVIA STEEL

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OPENING STATEMENT OF THE CHAIRMAN OF THE SUPERVISORY BOARD

TO SHAREHOLDERS, BUSINESS PARTNERS AND EMPLOYEES

The year 2025 was marked by the stabilisation of the Czech and European economies, which was reflected in very slight GDP growth in key EU countries and a minimum inflation rate. However, the unfavourable situation in international trade continued, accelerated by US tariff policy and the complicated global geopolitical situation. The European steelmaking sector struggled not only with the persisting stagnation of sales and the surplus of global production, but in particular with the still high prices of energy and tradable EU emission allowances.

Due to their high prices, EU ETS 1 allowances account for a considerable portion of operating costs and are thus reflected not only in the pricing of steel production, but also in the unfavourable competitive conditions of Czech and European metallurgical companies compared to companies from third countries. At the same time, high prices of emission allowances may paradoxically even lead to restrictions on major investments, including decarbonisation activities. The EU steelmaking sector is therefore literally at a turning point and is forced to face fundamental existential challenges.

A partial benefit for the EU is the introduction of the Carbon Border Adjustment Mechanism (CBAM) for imports from countries outside the Union. Although this favours European steelmaking in sales within the EU, it also entails administration and fees related to certification when importing raw materials and semi-finished products into the Union, which is ultimately reflected in further pressure to increase selling prices charged by producers.

It is extremely important for the European steelmaking sector that the already existing Steel and Metals Action Plan (SMAP) does

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OF THE SUPERVISORY BOARD

not remain only on paper but is adequately implemented in practice. A typical example in this respect should be the EU programme supporting European industry, the Industrial Accelerator Act. It is also desirable to declare the production of low-emission steel in the EU a strategic sector and to derive from this a priority and guaranteed securing of sales within the Union.

The already existing import duties and volume quotas for imports into the EU help to eliminate global overproduction and imports of steel of lower quality in terms of greenhouse gas emissions. Well-designed industrial policy rules based on the European origin of production could then ensure the stability of the internal EU market and a predictable environment for investment.

A positive signal at the level of the Czech Republic is the Government's approach to the issue of high energy prices and emission allowances, as it also intends to address the protection and support of the domestic industry. In this context, the statement of the Ministry of Industry and Trade on the extension of the system of compensation for part of the indirect costs associated with emissions and allowances for energy-intensive companies is very important. The transfer of fees for renewable energy sources to the state budget can be viewed similarly.

However, these partial positive steps are nowhere near sufficient. Without fundamental financial support from the EU and the Czech Republic, the green transformation required by the Union cannot be implemented. In the

MORAVIA STEEL steelmaking Group, this applies in particular to iron and steel production, i.e. the construction of a new electric arc furnace in the subsidiary Třinecké železářny, as well as new energy sources in another of our companies, Energetika Třinec.

Production itself in the MORAVIA STEEL Group had a stable supply of raw materials and semi-finished products needed for metallurgical production and further steel processing, including finalisation, in 2025. The overall sales volume from our most significant company, Třinecké železářny, was also stabilised, despite the continuing stagnation of sales of steel production and price developments on key EU markets.

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In 2025, despite the above-mentioned circumstances, the MORAVIA STEEL Group was able to generate a consolidated net profit of CZK 748 million.

In conclusion, I would therefore like to thank all employees of the MORAVIA STEEL Group for their efforts, and our business, corporate and institutional partners for their beneficial cooperation. I believe that, thanks to our long-proven strategy, our cooperation will continue successfully.

Yours sincerely,

Ing. Tomáš Chrenek, Ph.D.

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

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THE MORAVIA STEEL
GROUP'S PROFILE

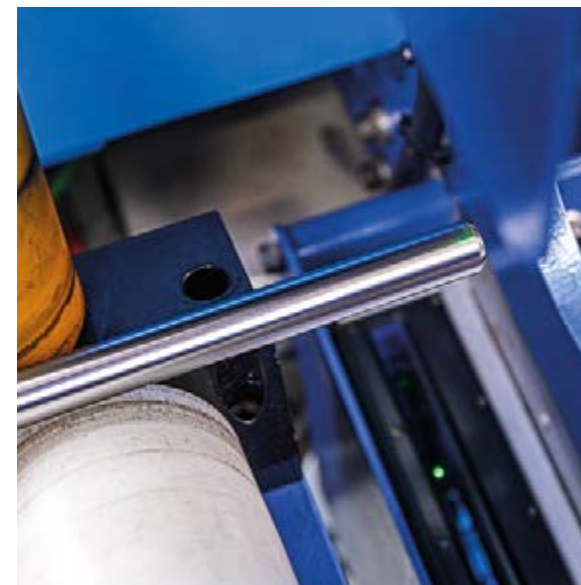
The MORAVIA STEEL Group consists mainly of companies focused on iron metallurgy, metal-working, engineering production and trade in related products. The MORAVIA STEEL Group also includes companies that focus on the creation and production of live-action motion pictures and other audio-visual works, 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 2023 and 2025 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 end customers and external customers.



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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 stampings 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 a wide range 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.

MORAVIA STEEL Group economic indicators between 2023 and 2025

| INDICATOR | | 2023 | 2024 | 2025 |
|--|-------------|--------|--------|--------|
| Sales of products, services and goods | CZK million | 66 585 | 62 660 | 58 969 |
| Operating profit or loss | CZK million | 867 | 1 184 | 1 160 |
| Profit or loss before taxation | CZK million | 493 | 816 | 1 074 |
| Profit or loss for the reporting period | CZK million | 94 | 543 | 748 |
| ROS before taxation | % | 0.7 | 1.3 | 1.8 |
| EBITDA | CZK million | 3 543 | 3 883 | 3 911 |
| EBITDA margin | % | 5.3 | 6.2 | 6.6 |
| Total assets | CZK million | 65 346 | 62 509 | 61 672 |
| Fixed assets | CZK million | 31 688 | 30 287 | 29 406 |
| Current assets | CZK million | 33 657 | 32 223 | 32 266 |
| Equity | CZK million | 42 798 | 43 362 | 44 044 |
| Liabilities | CZK million | 22 193 | 18 769 | 17 232 |
| Debt to total capital | % | 34.0 | 30.0 | 27.9 |

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STATUTORY BODIES AND MANAGEMENT OF MORAVIA STEEL A.S.

SUPERVISORY BOARD OF THE COMPANY AS OF 31 DECEMBER 2025

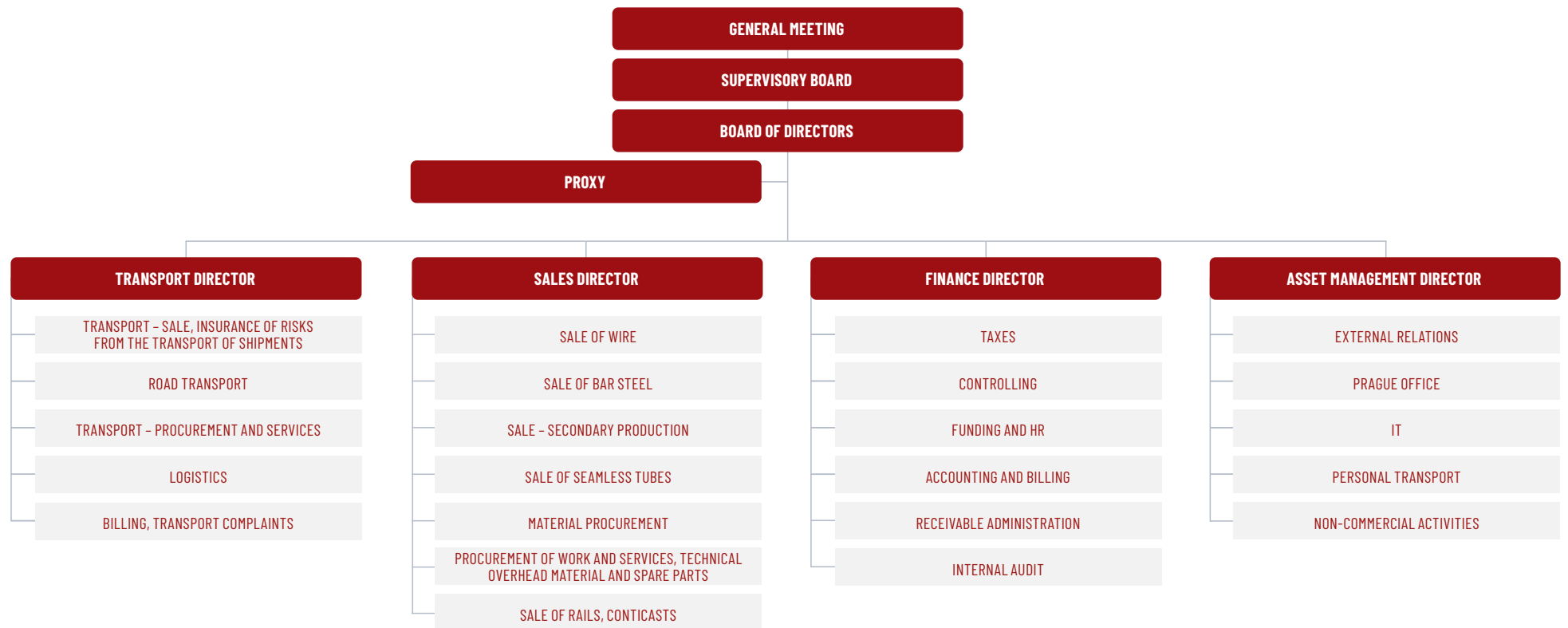
| Function | Name |
|----------------------|---------------------------|
| Chairman | Ing. Tomáš Chrenek, Ph.D. |
| Vice-Chairman | Ing. Evžen Balko |
| Vice-Chairman | Ing. Ján Moder |
| Member | Ing. Mária Blašková |

BOARD OF DIRECTORS OF THE COMPANY AS OF 31 DECEMBER 2025

| Function | Name |
|-------------------------------------|------------------------------|
| Chairman | Ing. Petr Popelář, MBA |
| Vice-Chairman | Mgr. Krzysztof Roch Ruciński |
| Member | Ing. Uršula Novotná |
| Member until 8 December 2025 | Ing. Mojmír Kašpříšín |

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Organisational Structure of MORAVIA STEEL a.s.



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REPORT OF THE BOARD
OF DIRECTORS**SITUATION IN THE ECONOMY**

The Czech Republic's gross domestic product (GDP) grew by 2.6% for the whole of 2025.

Unlike in previous years, it was not affected by any major economic shock and reflected the capacity of the domestic economy in the context of weaker performance by the Czech Republic's closest and most important trading partners, namely Germany and Slovakia.

Gross value added (GVA) in the Czech Republic increased by 2.8% year-on-year. The strongest contributions came from trade, transport,

accommodation and hospitality, as well as information and communication activities, while industry contributed only to a lesser extent.

Household consumption exceeded its 2019 peak for the first time, thus rising above the pre-COVID level. Information published by the Czech Statistical Office (CZSO) also showed an acceleration in investment, contributing to growth at a similar level as household consumption. Government consumption and foreign trade also contributed to the positive GDP development.

Both domestic industrial production and, in particular, construction output increased in 2025, following two previous years of decline. Industrial production grew by 1.5% year-on-year, while construction output rose by as much as 9.3%, one of the sector's best results in the last 25 years.

According to the CZSO methodology, the foreign trade surplus reached CZK 216.5 billion in 2025. Exports increased by 2.6% year-on-year, while imports to the domestic market grew by 2.8%.

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The strengthening of the Czech koruna against the euro was unfavourable for Czech exporters in 2025; according to calculations by the Association of Exporters, it cost them more than CZK 100 billion in revenues and profit.

For 2026, experts expect economic growth in the Czech Republic to be similar to that recorded in the previous year. At the same time, however, they point to international risks, particularly those related to the situation in the Middle East, which could translate into complications in the supply and prices of key raw materials and energy, international trade and transport, as well as a more pronounced rise in inflation.



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SITUATION IN THE STEELMAKING SECTOR

According to the World Steel Association, global steel production decreased by 2% in 2025, to just under 1,850 million tonnes. This continued the trend of a slight decline seen since 2022, following the record global output of 1,960 million tonnes reached in 2021.

China remained by far the world's largest producer, manufacturing 961 million tonnes of steel in 2025, which represented 53% of global production. However, China recorded a year-on-year decline of 4%.

India continued to post growth. As the world's second-largest producer, it manufactured 165 million tonnes of steel in 2025, achieving

a further year-on-year increase in volume of as much as 10%. The United States was the third-largest steelmaking power, with output of 82 million tonnes.

Other emerging countries, such as Vietnam, Saudi Arabia and Algeria, also recorded sharp increases, in some cases significantly exceeding 10%. Production also rose moderately in Turkey, by 3.3%, to more than 38 million tonnes of steel.

The EU continued to stagnate. In 2025, steel production in the EU fell slightly by 2.6%, to 126 million tonnes. Germany retained the largest share among individual European countries, despite a significant decrease in production of 8.6%, to 34 million tonnes. France recorded a similar percentage decline, with steel output



falling below 10 million tonnes in 2025. Italy, by contrast, reported moderate growth of 3.6%, to almost 21 million tonnes.

Approximately 2.5 million tonnes of steel were produced in the Czech Republic in 2025, with Třinecké železářny, a member of the MORAVIA STEEL Group, being practically the only domestic producer. This historically low domestic figure

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was related to the termination of primary steelmaking at the Ostrava-based Liberty company, now Nová Huť.

Steel consumption in the Czech Republic rose slightly in 2025, to 5.54 million tonnes. However, this was still the second-worst result since the financial crisis in 2009.

The year-on-year increase in domestic production of so-called finished products was driven exclusively by the restart of part of the operations at Nová Huť, bringing output back to the level seen in 2023. Production of long products exceeded two million tonnes in 2025. Output of flat products amounted to 0.85 million tonnes. The steel tubes segment also grew, reaching 0.314 million tonnes.

The gradual decline in domestic metallurgical production is reflected in the worsening balance of the Czech foreign trade in steel. Over the last ten years, the deficit has increased from approximately 1.6 million tonnes to more than 4 million tonnes. Imports of steel products rose by 0.9 million tonnes year-on-year to 7.5 million tonnes, with a value of CZK 172 billion. Exports also increased, albeit at a more moderate pace, reaching 3.4 million tonnes with a value of CZK 96 billion.

The overall situation in international trade was affected to a considerable extent by complicated geopolitical conditions and the tariff policy of global powers, particularly the United States. The situation in the European steelmaking sector was further shaped by other negative

factors, such as the continuing surplus of global production, persistently high energy prices and excessively expensive EU emission allowances, which represent a significant competitive disadvantage compared to metallurgical companies outside the Union. Sales of steel products in the EU were also negatively affected by the continuing stagnation of prices and demand, which is particularly unfavourable for the Czech Republic in relation to Germany as a key customer market.

A partial benefit for European steelmaking is the tightening of imports from third countries outside the EU through lower quotas and related duties, as well as the introduction of the CBAM for imports into the EU market. In connection with this measure, however, European steel

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companies have also had to introduce certification procedures and pay related fees for imports of raw materials and semi-finished products into the EU, which is again reflected in rising costs.

For European, and therefore also Czech, steel industry, it is existentially important that the EU authorities declare the sector a strategic industry as soon as possible, in line with the Steel and Metals Action Plan (SMAP), and that, in connection with this, sales of low-emission steel and related products made in the EU be given priority and guaranteed within the Union. As part of the Green Deal, European industrial policy should therefore move as quickly as possible from words to pragmatic action – that is, effectively protect the EU steel

market against excessive, low-quality or even unfair imports, set a reasonable price level for emission allowances and, at the same time, create conditions for adequate prices and sales, as well as a predictable environment for major investments.

In the case of the MORAVIA STEEL Group, such an investment is the construction of a new electric arc furnace at its subsidiary Třinecké železářny, which cannot be carried out without substantial financial support from both the EU and the Czech Republic. Planning for this very costly investment was initiated within the Group solely on the basis of EU requirements for the production of low-emission steel and for meeting long-term emission targets for so-called greenhouse gases.



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MORAVIA STEEL Group

The MORAVIA STEEL Group reported a profit of CZK 748 million for the 2025 reporting period. Revenues from the sale of products, services and goods totalled CZK 58.9 billion. The total assets of the MORAVIA STEEL Group reached CZK 61.7 billion in 2025.

MORAVIA STEEL a.s. ended 2025 with a net profit exceeding CZK 482 million. Total sales by volume for 2025 exceeded 2,212 kt. Exports accounted for approximately 70% of this volume, while just under 30% was sold on the domestic market. The vast majority of total exports, more than 92%, went to the EU. The remaining slightly less than eight percent was sold in European countries outside the EU and in North America, specifically Canada and the USA. Within the EU, Germany was traditionally the largest customer

of MORAVIA STEEL a.s., accounting for more than 36% of exports to the Union. Other important business partners included Italy (16.6%), Slovakia (15.2%), Poland (13.4%) and Hungary (6.3%). Among European countries outside the EU, Great Britain was the largest customer.

MORAVIA STEEL a.s. achieves favourable results thanks to the MS Group's long-standing and well-chosen strategy. This strategy focuses on products with a higher degree of processing and on the creation of product chains, with an emphasis on products intended for the mechanical engineering, energy and automotive industries. The MS Group prioritises the production of wire rod for screws, springs and bearings, special bar steel, finished steel, and wide and flat tool steel.

WIRE ROD, accounting for almost 43% of total production, has long been the most significant item in the production programme of Třinecké železářny. It comprises the output of the Continuous Wire Rod Mill (KDT) and part of the output of the Continuous Fine Section Mill (KJT). In 2025, we sold more than 942 kilotonnes (kt) of wire rod, of which approximately 824 kt came from KDT and 118 kt from KJT. This represented a year-on-year decrease of more than 16 kt at KDT and, conversely, an increase of just under 16 kt at KJT.

The year 2025 was another year characterised by weak demand for wire rod and steel in general. This weak demand was evident across sectors, from construction to automotive.

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Development in sales of MORAVIA STEEL a.s. between 2023 and 2025

| Supplies in tonnes (t) | 2023 | 2024 | 2025 |
|------------------------|------------------|------------------|------------------|
| Export | 1 532 261 | 1 518 932 | 1 551 118 |
| Domestic | 652 222 | 672 698 | 661 192 |
| TOTAL | 2 184 483 | 2 191 630 | 2 212 310 |

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

| Structure of exports in % | 2023 | 2024 | 2025 |
|---------------------------------|--------------|--------------|--------------|
| European Union | 89.2 | 90.3 | 92.4 |
| Other European countries | 4.8 | 5.1 | 4.6 |
| America | 5.7 | 4.6 | 3.0 |
| Asia | 0.3 | 0.0 | 0.0 |
| Australia | 0.0 | 0.0 | 0.0 |
| Africa | 0.0 | 0.0 | 0.0 |
| TOTAL | 100.0 | 100.0 | 100.0 |

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

| Sales in tonnes | 2023 | 2024 | 2025 |
|---|------------------|------------------|------------------|
| Wire rod - including drawn, annealed and phosphate-coated wires | 947 682 | 952 459 | 951 153 |
| Billets and continuous castings | 257 085 | 265 862 | 310 638 |
| Reinforcing steel | 2 976 | 5 689 | 0 |
| Rails | 219 322 | 233 282 | 201 606 |
| Products of Sochorová válcovna TŽ Kladno | 261 126 | 242 928 | 240 073 |
| Univerzální trať TŽ Bohumín | 32 370 | 34 598 | 34 424 |
| Products - Tažirna oceli TŽ Staré Město near Uherské Hradiště | 85 757 | 87 069 | 94 738 |
| Other - bars, sections, etc. | 280 457 | 268 976 | 277 115 |
| Pipes - Válcovna trub TŽ Ostrava | 90 407 | 91 977 | 90 087 |
| Rail fastenings | 7 300 | 8 790 | 12 476 |
| TOTAL | 2 184 483 | 2 191 630 | 2 212 310 |

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The market situation was affected by the continuing conflict in Ukraine, the introduction of across-the-board tariffs on supplies to the USA, the deteriorating economic situation in China and the related increase in exports to Europe, as well as the economic situation in Germany, which had a particularly negative impact on the Czech Republic. In addition to European competition, we also faced increased imports from non-European countries, which had an unfavourable effect on market price levels.

In terms of territories, 34% of production was sold on the domestic market and 66% was exported abroad.

In terms of the quality structure of steel produced at KDT, medium and high-carbon steels accounted for 57.3%, low-carbon steels for 17%,

bolt steels for 10.5% and electrode steels for 10.3%. The remaining approximately 4.9% was attributable to other grades – bearing, spring, chain and free-cutting steels.

At KJT, screw-type wires were the most significant commodity, with a share of 34.2%, followed by carbon grades at 26.4%, low-carbon grades at 18.7%, free-cutting grades at 12.3% and spring grades at 7.4%. The remainder consisted of small volumes of chain and bearing steels.

The second most important product range by volume **BAR STEEL**. Sales of output from Třinecké železářny, comprising the Medium Section Mill and Continuous Fine Section Mill in Třinec and the Bar Mill in Kladno, reached 517.8 kt in 2025.

Demand from some important sectors consuming bar steel remained at a lower level. Combined with an oversupply of bar steel on the market, this led to strong pressure for further reductions in selling prices.

Lower demand was recorded from the automotive industry, mechanical engineering, bearing production and also in supplies to spring manufacturers.

By contrast, sales to manufacturers of pressure cylinders, screws and chains, as well as supplies to the defence industry, were higher.

Although the sales volume of bar steel increased slightly year-on-year by 1% in 2025, revenues were approximately 8.8% lower due to lower selling prices (-9.7%).

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Sales of **DRAWN STEEL** in 2025 were affected by even stronger pressure on the price level of our products. Following 2024, which was marked by low prices and weak demand at the end of the year, there was no recovery even in the first quarter of 2025.

The measures introduced enabled us to respond more flexibly to demand and thus increase the volumes sold; nevertheless, pressure on selling prices continued.

Our objective for 2025 was to increase sales on the domestic market, where we succeeded in raising volumes by 4.1 kt year-on-year. Sales also increased on the German market. However, we were unable to maintain important volumes at attractive prices in Bulgaria, where Chinese suppliers gained ground.

In the automotive industry, demand was slightly lower than in 2024.

Greater flexibility in handling warehouse goods and shorter logistics times during dispatch enabled us to sell a record 94.7 kt of drawn steel in 2025, representing a year-on-year increase of 7.7 kt.

By operating production technologies at the Třinecké železárny Steel Drawing Mill in Staré Město near Uherské Hradiště, the MORAVIA STEEL Group further strengthened its position as a reliable manufacturer and supplier focused on high-quality products for the domestic and European markets.

Sales of **drawn, annealed and phosphate-coated wire** in coils from the Staku 1 and 2

drawing lines amounted to 8.7 kt in 2025. This volume was 0.7 kt lower than in 2024. The lower volume was due to a shortfall in volumes at LISI. Sales were focused mainly on customers in the automotive industry and bearing manufacturers.

Deliveries of **WIDE AND FLAT STEEL** from the Universal Mill (UT) of Třinecké železárny in Bohumín reached approximately 34.4 kt in 2025, almost matching the level achieved in 2024.

In 2025, approximately 7% of total production was sold on the domestic market, while around 93% was exported to European countries. The main export markets included Germany, the Netherlands, Denmark, France, Poland and Slovakia.

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Deliveries through stockholders and traders represented approximately 83% of total UT sales in 2025.

Basic construction grades continued to account for the largest part of the UT production portfolio in 2025. Their share reached approximately 95% of total production volume, representing a year-on-year increase of 7%.

In 2025, demand for **SEAMLESS TUBES** SEAMLESS TUBES gradually stabilised, although it remained below the levels seen in previous years. The market continued to be affected by the general and persisting economic downturn both domestically and across the EU, particularly in mechanical engineering and construction. At the same time, the structure of demand continued to shift towards more technically

demanding and specific applications. The current duties on steel imports into the USA also remained an important factor, influencing international trade flows and the competitive environment.

Sales volume reached approximately 90 kt in 2025.

In addition to the traditional core markets, especially Germany and Italy, the Polish market also remained important, with increased delivery volumes successfully maintained. In the Czech Republic, project contracts focused on the modernisation and repair of energy equipment continued. In the OCTG product segment, projects continued within the EU, primarily in geothermal drilling and other energy applications.

Deliveries of **RAILS** in 2025 were affected by an ongoing investment project at Třinecké železářny in the form of a cooling line for the production of heat-treated rails, as well as by lower sales on the domestic market. Total sales therefore decreased compared to previous years, reaching 201.6 kt. However, this forced reduction should make it possible to include in sales plans for the coming years the sought-after rails in higher-hardness grades. These are primarily deliveries overseas, to Canada and the USA, as well as R350HT rails for domestic and other European customers. In 2025, the overall portfolio did not change significantly, and in addition to the domestic market, the key markets remained Germany, Poland, Canada and the USA, as well as other contractually confirmed customers such as Danish Railways and a producer in Ukraine.

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Testing of the cooling line for the production of fully fledged quenched rails in accordance with the relevant standards should result in the obtaining of homologations, primarily in the Czech Republic, Ukraine, the USA, Canada and other countries, in line with the specified certification procedures.

Sales of **RAILWAY ACCESSORIES** in 2025 followed the gradual ramp-up of operations on the new base plate production line. Demand for railway base plates increased due to the suspension of production by a competing supplier, and the capacity of our line was therefore insufficient to meet these requirements within the usual deadlines. The new requirements came mainly from the German market and were also related to increased construction activity on secondary railway lines in Europe. The year 2025 can



therefore be assessed as successful, with sales volume exceeding the previous year by 4 kt.

We intend to address the increased demand by gradually introducing continuous production and improving the capacity of the units. The objective is to maintain the existing portfolio of

long-term customers both in the Czech Republic and in Slovakia, Poland, Spain, Hungary, Slovenia and among other European customers. At the same time, we want to meet the required deliveries for a new customer in Germany.

Sales of **CONTINUOUS CASTINGS AND BILLETS** followed relatively strong investment in the railway sector, with sales of this product range, primarily for the production of railway wheelsets, wheels and half-axles, increasing further to a record level exceeding 310 kt. However, the higher delivery volume depended on adequate price attractiveness, as strong competition on the market still has to be faced.

The customer portfolio was stable and concentrated mainly on long-standing domestic and Western European manufacturers of railway

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products, as well as processing companies in the mechanical engineering and energy sectors.

The main areas for deliveries of our continuous castings and rolled semi-finished products remained the Czech Republic, Germany, Italy, Spain, Poland and France. Irregular deliveries of continuous castings for the production of wheelsets and wheels were also made to Ukraine, depending on the current situation there.

For the coming period, maintaining the trend of investment in railway infrastructure will be crucial for our sales, as will the potential impact of new EU regulations in the form of CBAM and safeguard measures, which should regulate imports of this product range into the EU market.

The purchase of **RAW MATERIALS AND OTHER INPUTS** for Třinecké železářny and other subsidiaries represents a significant part of our Company's turnover. To secure production at Třinecké železářny, strategic raw materials include ores, coal, coke, scrap, ferroalloys, metals and basic additives.

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

Among current developments on the international scene, it is necessary to mention the continuing war conflict in Ukraine and the related ongoing uncertainty concerning supplies of raw materials, primarily iron ore. With these facts in mind, alternative sources of iron ore

were tested and production processes were set up so that it would be possible to respond promptly to developments in this conflict.

Together with the EU's growing pressure to transform steel production using green technologies, demand for scrap metal is increasing. This reduces its availability and keeps its price at a high level.

Coking coal, too, in view of the changes caused by the termination of mining at the Czech company OKD, has created the need to replace these supplies from other sources, including imports of coking coal from overseas.

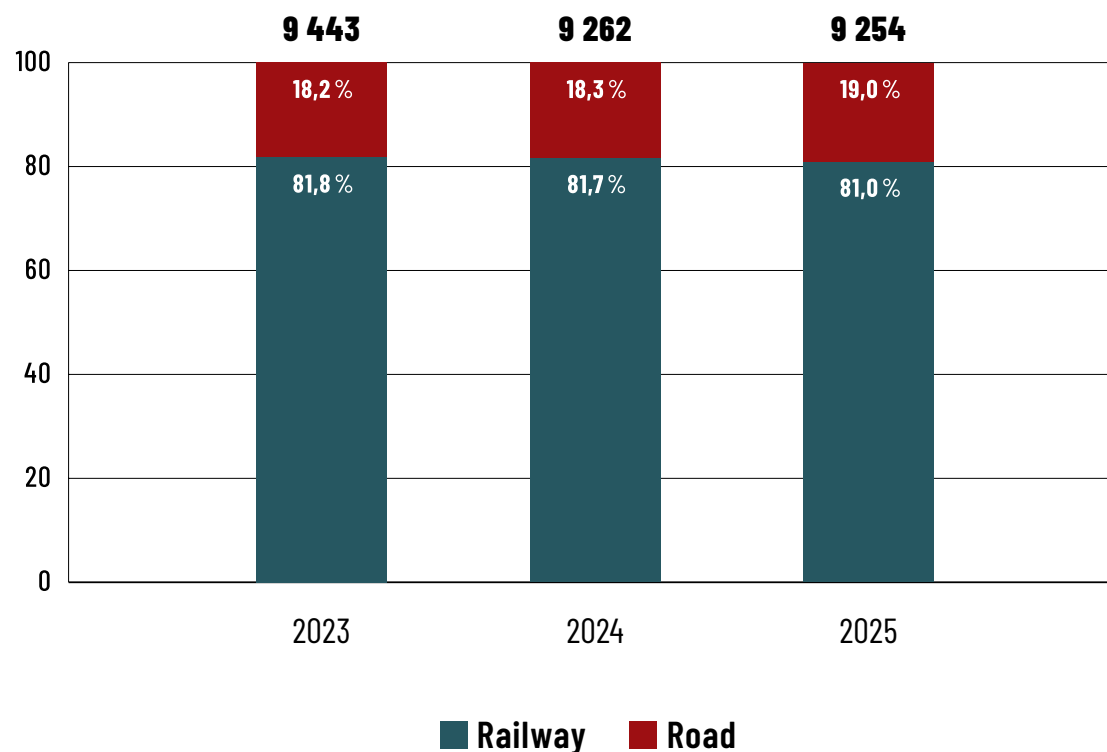
04 REPORT OF THE BOARD OF DIRECTORS

LOGISTICS AND FREIGHT TRANSPORTATION

The year 2025 in transport and logistics confirmed the importance of systematic management of transport processes, flexible coordination of capacities and continuous adaptation of logistics solutions in response to developments in the transport sector.

The transport market was characterised by ongoing consolidation and an emphasis on increasing operational efficiency. Transport companies focused mainly on optimising the use of vehicle capacities, increasing transport productivity and adjusting their operating models to developments in demand, particularly in the rail freight transport segment. At the same time, operating conditions in the transport sector were affected by volatility in certain cost inputs and transport services.

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



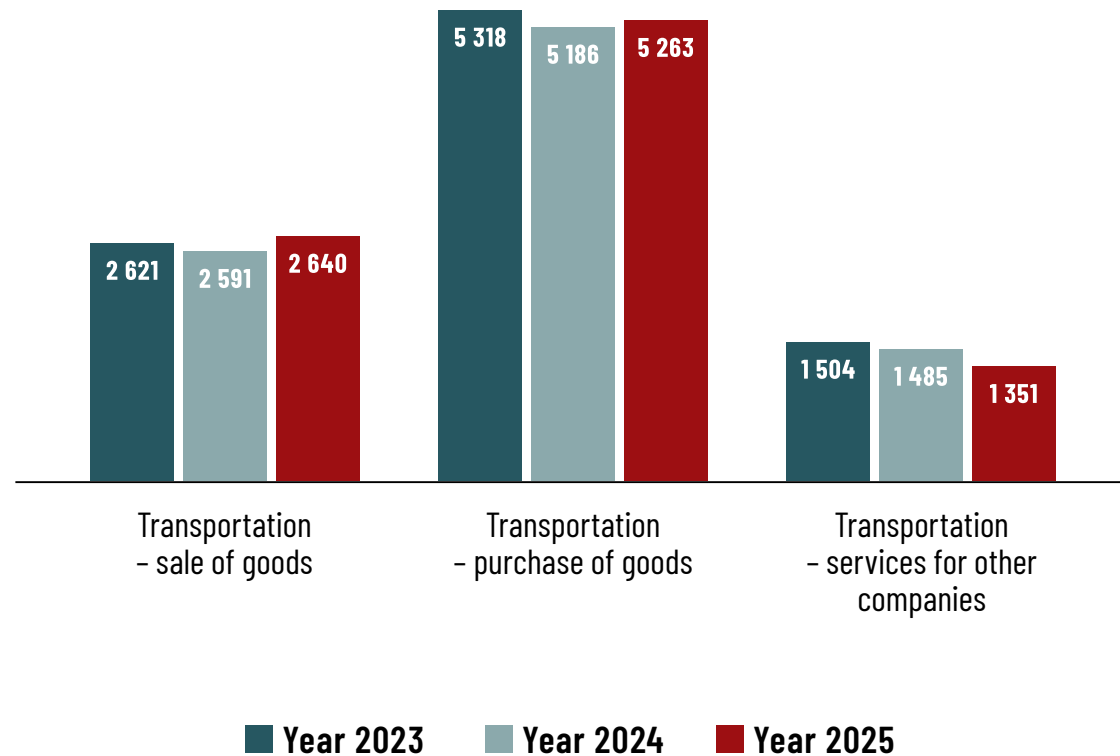
The data includes intermodal and combined transport of goods.

04 REPORT OF THE BOARD OF DIRECTORS

The modernisation of both railway and road infrastructure brought temporary capacity constraints, which required ongoing adjustments to transport routes and logistics planning. The logistics sector also had to cope with structural changes in industry and international trade, which affected both transport volumes and the direction of flows.

International trade was influenced by changes in trade policy and the development of customs regimes in certain regions of the global economy. At certain times of the year, increased utilisation of capacities at seaports and terminals was also evident, leading to longer handling and transport times. In many cases, the scope for operational changes to transport routes was limited by contractual delivery terms and commercial clauses.

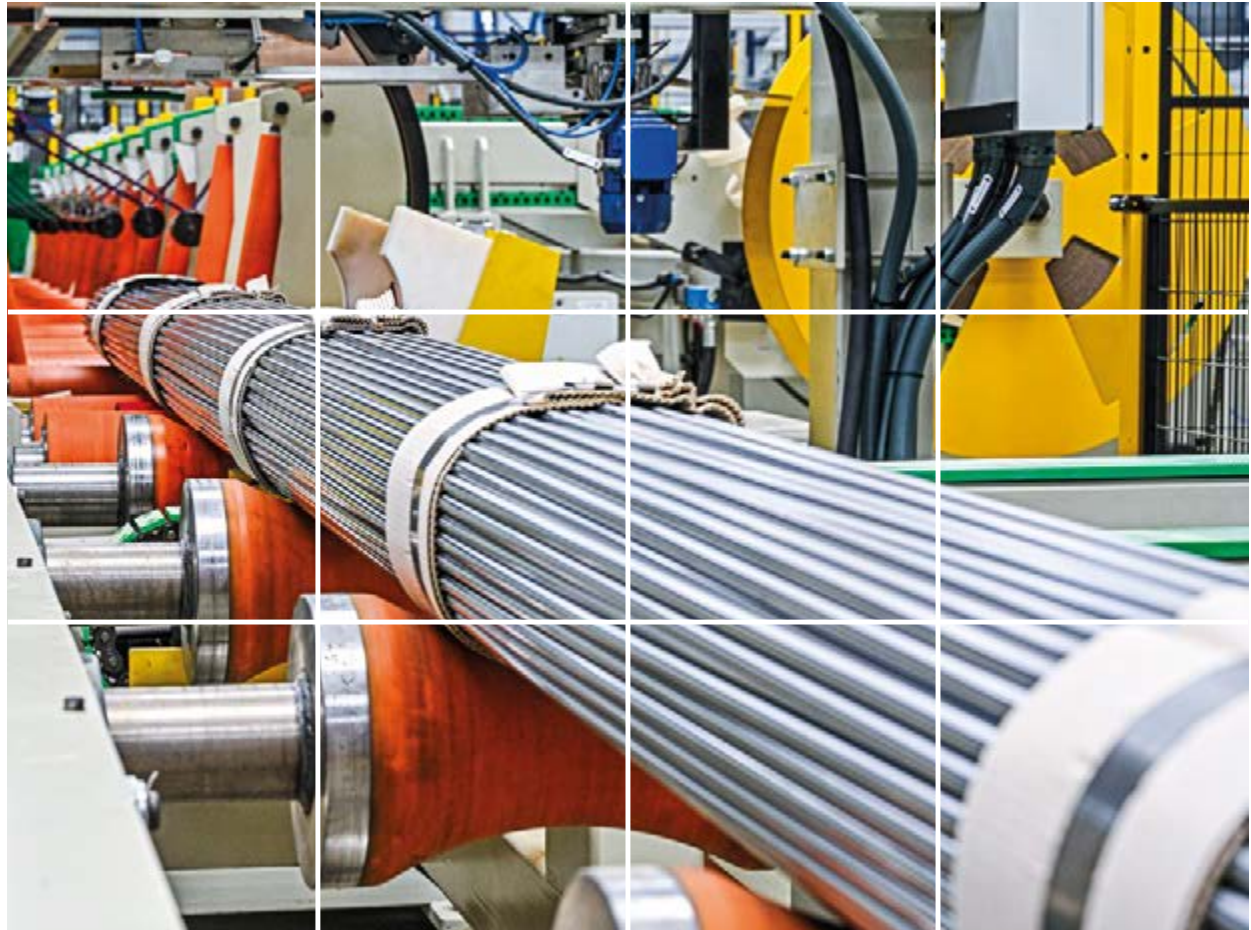
TRANSPORT VOLUME STRUCTURE (KT)



04

REPORT OF THE BOARD
OF DIRECTORS

MORAVIA STEEL a.s. responded to these conditions through consistent coordination of logistics operations and close cooperation with transport and logistics partners. Logistics management was also closely linked to production planning at the individual production plants of the Group, with an emphasis on the efficient coordination of raw material deliveries and the continuity of production processes. In some cases, however, transport operations were affected by external factors, in particular disruptions in supply chains or climatic conditions, which could temporarily affect the continuity of logistics flows.



04

REPORT OF THE BOARD
OF DIRECTORS

MANAGEMENT SYSTEM AND HUMAN RESOURCES

The MORAVIA STEEL (MS) Group's approach towards employees is based on openness and mutual respect. During 2025, there were no significant changes in the HR strategy, with the process of improvement and efficiency enhancement in HR management continuing on an ongoing basis.

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 a contribution towards company catering or optional 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 conduct of the MS Group as a whole, including its relationship with employees, principles of corporate culture and the basic principles of 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 2025 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 great emphasis on the occupational health and safety of all employees, stressing compliance with all established rules and organisational measures, together with appropriate communication at all levels within the Company and the MS Group.

04

REPORT OF THE BOARD
OF DIRECTORS

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 2025, 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.

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 2025, 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.

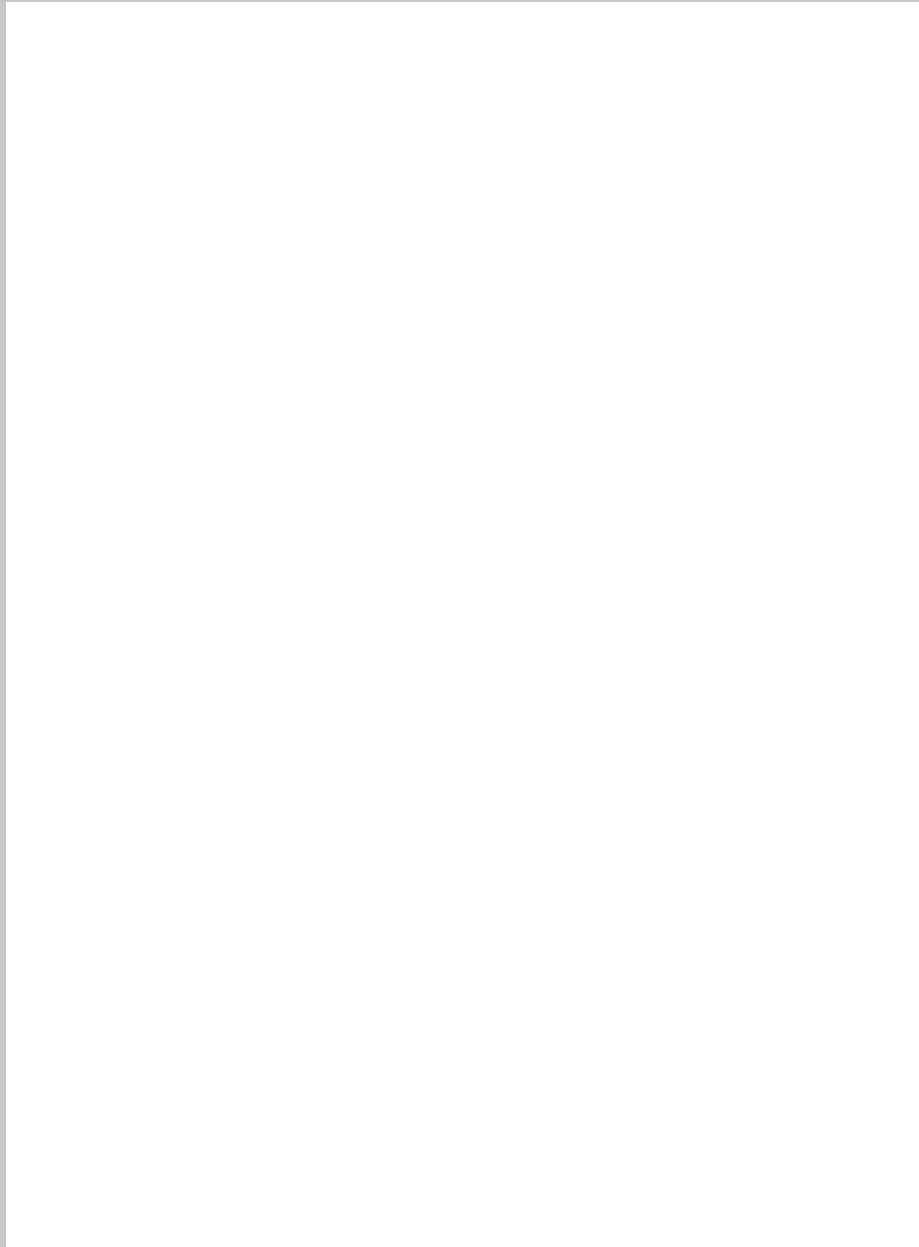




MORAVIA STEEL

05

AUDITOR'S REPORT



06

FINANCIAL PART I.

FINANCIAL STATEMENTS



Notes to the financial statements for the year ended 31 December 2025

| | |
|--|--|
| Name of the company | MORAVIA STEEL a.s. |
| Registered office | Průmyslová 1000, Staré Město, 739 61 Třinec |
| Legal status | Joint Stock Company |
| Corporate id | 634 74 808 |
| Record in the register of companies | 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 18 May 2025

| Statutory body of the reporting entity | Signature |
|--|---|
| Petr Popelář Chairman of the Board |  |
| Uršula Novotná Member of the Board |  |

BALANCE SHEET FULL VERSION – ASSETS

(IN CZK THOUSAND)

| | | | | 12/31/2025 | 12/31/2024 |
|---------------------|--|-------------------|----------------|-------------------|-------------------|
| | | Gross | Adjustment | Net | Net |
| TOTAL ASSETS | | 21 226 994 | 633 002 | 20 593 992 | 20 745 137 |
| B. | Fixed assets | 10 646 628 | 501 733 | 10 144 895 | 10 056 931 |
| B.I. | Intangible fixed assets | 202 733 | 62 299 | 140 434 | 159 257 |
| B.I.1. | Development | 72 | 72 0 | | |
| B.I.2. | Valuable rights | 201 961 | 61 527 | 140 434 | 159 257 |
| B.I.2.1. | Software | 1 168 | 945 | 223 | |
| B.I.2.2. | Other valuable rights | 200 793 | 60 582 | 140 211 | 159 257 |
| B.I.4. | Other intangible fixed assets | 700 | 700 0 | | |
| B.II. | Tangible fixed assets | 108 330 | 75 837 | 32 493 | 22 063 |
| B.II.1. | Land and structures | 13 942 | 227 | 13 715 | 815 |
| B.II.1.1. | Land | 2 493 | | 2 493 | |
| B.II.1.2. | Structures | 11 449 | 227 | 11 222 | 815 |
| B.II.2. | Tangible movable assets and sets of tangible movable assets | 94 388 | 75 610 | 18 778 | 16 203 |
| B.II.5. | Prepayments for tangible fixed assets and tangible fixed assets under construction | 0 | 0 | 0 | 5 045 |
| B.II.5.2. | Tangible fixed assets under construction | | 0 | | 5 045 |
| B.III. | Non-current financial assets | 10 335 565 | 363 597 | 9 971 968 | 9 875 611 |
| B.III.1. | Equity investments - controlled or controlling entity | 10 335 565 | 363 597 | 9 971 968 | 9 872 140 |
| B.III.7. | Other non-current financial assets | 0 | 0 | 0 | 3 471 |
| B.III.7.2. | Prepayments for non-current financial assets | | 0 | | 3 471 |

☺ TABLE CONTINUES ON THE FOLLOWING PAGE

CONTINUATION OF THE TABLE FROM THE PREVIOUS PAGE

BALANCE SHEET FULL VERSION – ASSETS

(IN CZK THOUSAND)

| | | | | 12/31/2025 | 12/31/2024 |
|------------------|--|-------------------|----------------|-------------------|-------------------|
| | | Gross | Adjustment | Net | Net |
| C. | Current assets | 10 580 366 | 131 269 | 10 449 097 | 10 688 206 |
| <i>C.I.</i> | Inventories | 770 855 0 | | 770 855 | 720 308 |
| C.I.1. | Material | 2 079 | | 2 079 | 1 797 |
| <i>C.I.3.</i> | <i>Products and goods</i> | 768 776 0 | | 768 776 | 718 511 |
| C.I.3.2. | Goods | 768 776 | | 768 776 | 718 511 |
| <i>C.II.</i> | Receivables | 9 390 681 | 131 269 | 9 259 412 | 9 737 199 |
| <i>C.II.1.</i> | Long-term receivables | 554 0 | | 554 | 3 960 |
| C.II.1.4. | Deferred tax asset | 554 | | 554 | 3 960 |
| <i>C.II.2.</i> | Short-term receivables | 9 373 546 | 131 269 | 9 242 277 | 9 710 616 |
| C.II.2.1. | Trade receivables | 9 016 514 | 129 158 | 8 887 356 | 9 333 219 |
| C.II.2.2. | Receivables - controlled or controlling entity | 4 178 | | 4 178 | |
| <i>C.II.2.4.</i> | <i>Receivables - other</i> | 352 854 | 2 111 | 350 743 | 377 397 |
| C.II.2.4.3. | State - tax assets | 182 777 | | 182 777 | 206 396 |
| C.II.2.4.4. | Short-term prepayments made | 71 823 | | 71 823 | 68 492 |
| C.II.2.4.5. | Estimated receivables | 47 133 | | 47 133 | 52 796 |
| C.II.2.4.6. | Sundry receivables | 51 121 | 2 111 | 49 010 | 49 713 |
| <i>C.II.3.</i> | Other assets | 16 581 0 | | 16 581 | 22 623 |
| C.II.3.1. | Deferred expenses | 3 342 | | 3 342 | 1 909 |
| C.II.3.3. | Accrued income | 13 239 | | 13 239 | 20 714 |
| <i>C.IV.</i> | Cash | 418 830 0 | | 418 830 | 230 699 |
| C.IV.1. | Cash on hand | 721 | | 721 | 496 |
| C.IV.2. | Cash at bank | 418 109 | | 418 109 | 230 203 |

BALANCE SHEET FULL VERSION – LIABILITIES & EQUITY

(IN CZK THOUSAND)

| | 12/31/2025 | 12/31/2024 |
|---|-------------------|-------------------|
| TOTAL LIABILITIES & EQUITY | 20 593 992 | 20 745 137 |
| A. Equity | 13 936 387 | 13 453 987 |
| A.I. Share capital | 3 159 000 | 3 159 000 |
| A.I.1. Share capital | 3 159 000 | 3 159 000 |
| A.III. Funds from profit | 631 400 | 631 400 |
| A.III.1. Other reserve funds | 631 400 | 631 400 |
| A.IV. Retained earnings (+/-) | 9 663 587 | 9 179 884 |
| A.IV.1. Accumulated profits or losses brought forward (+/-) | 9 663 587 | 9 179 884 |
| A.V. Profit or loss for the current period (+/-) | 482 400 | 483 703 |
| B.+C. Liabilities | 6 657 605 | 7 291 150 |
| B. Reserves | 2 100 | 2 114 |
| B.IV. Other reserves | 2 100 | 2 114 |
| C. Payables | 6 655 505 | 7 289 036 |
| C.I. Long-term payables | 71 280 | 156 088 |
| C.I.2. Payables to credit institutions | 71 280 | 148 088 |
| C.I.9. Payables - other | 0 | 8 000 |
| C.I.9.3. Sundry payables | | 8 000 |
| C.II. Short-term payables | 6 568 910 | 7 102 374 |
| C.II.2. Payables to credit institutions | 71 280 | 108 850 |
| C.II.3. Short-term prepayments received | 154 928 | 173 442 |
| C.II.4. Trade payables | 6 253 616 | 6 625 691 |
| C.II.8. Other payables | 89 086 | 194 391 |
| C.II.8.3. Payables to employees | 11 139 | 11 111 |
| C.II.8.4. Social security and health insurance payables | 6 942 | 6 220 |
| C.II.8.5. State - tax liabilities and subsidies | 2 640 | 1 553 |
| C.II.8.6. Estimated payables | 63 597 | 160 883 |
| C.II.8.7. Sundry payables | 4 768 | 14 624 |
| C.III. Other liabilities | 15 315 | 30 574 |
| C.III.1. Accrued expenses | 14 745 | 29 823 |
| C.III.2. Deferred income | 570 | 751 |

PROFIT AND LOSS ACCOUNT STRUCTURED BY THE NATURE OF EXPENSE METHOD

(IN CZK THOUSAND)

| | Year ended 31.12.2025 | Year ended 31.12.2024 |
|--|-----------------------|-----------------------|
| I. Sales of products and services | 694 278 | 765 822 |
| II. Sales of goods | 68 708 576 | 73 704 825 |
| A. Purchased consumables and services | 68 881 073 | 73 838 297 |
| A.1. Costs of goods sold | 66 673 527 | 71 427 684 |
| A.2. Consumed material and energy | 6 758 | 6 898 |
| A.3. Services | 2 200 788 | 2 403 715 |
| D. Staff costs | 359 584 | 352 807 |
| D.1. Payroll costs | 271 604 | 267 435 |
| D.2. Social security and health insurance costs and other charges | 87 980 | 85 372 |
| D.2.1. Social security and health insurance costs | 83 062 | 80 541 |
| D.2.2. Other charges | 4 918 | 4 831 |
| E. Adjustments to values in operating activities | 12 887 | -97 681 |
| E.1. <i>Adjustments to values of intangible and tangible fixed assets</i> | 25 338 | 24 619 |
| E.1.1. Adjustments to values of intangible and tangible fixed assets - permanent | 25 338 | 24 619 |
| E.3. Adjustments to values of receivables | -12 451 | -122 300 |
| III. Other operating income | 59 499 | 92 213 |
| III.1. Sales of fixed assets | 1 189 | 263 |
| III.2. Sales of material | 6 833 | 5 629 |
| III.3. Sundry operating income | 51 477 | 86 321 |

 TABLE CONTINUES ON THE FOLLOWING PAGE

CONTINUATION OF THE TABLE FROM THE PREVIOUS PAGE

PROFIT AND LOSS ACCOUNT STRUCTURED BY THE NATURE OF EXPENSE METHOD

(IN CZK THOUSAND)

| | Year ended 31.12.2025 | Year ended 31.12.2024 |
|--|-----------------------|-----------------------|
| F. Other operating expenses | 71 683 | 260 097 |
| F.1. Net book value of sold fixed assets | 514 | 317 |
| F.2. Material sold | 6 121 | 5 014 |
| F.3. Taxes and charges | 479 | 323 |
| F.4. Reserves relating to operating activities and complex deferred expenses | -14 | 21 |
| F.5. Sundry operating expenses | 64 583 | 254 422 |
| * Operating profit or loss (+/-) | 137 126 | 209 340 |
| IV. Income from non-current financial assets - equity investments | 312 152 | 322 449 |
| IV.1. Income from equity investments - controlled or controlling entity | 312 152 | 322 449 |
| VI. Interest income and similar income | 21 836 | 22 061 |
| VI.1. Interest income and similar income - controlled or controlling entity | | 546 |
| VI.2. Other interest income and similar income | 21 836 | 21 515 |
| I. Adjustments to values and reserves relating to financial activities | -100 000 | -76 153 |
| J. Interest expenses and similar expenses | 9 013 | 36 438 |
| J.2. Other interest expenses and similar expenses | 9 013 | 36 438 |
| VII. Other financial income | 519 503 | 611 127 |
| K. Other financial expenses | 565 309 | 676 575 |
| * Financial profit or loss (+/-) | 379 169 | 318 777 |
| ** Profit or loss before tax (+/-) | 516 295 | 528 117 |
| L. Income tax | 33 895 | 44 414 |
| L.1. Due income tax | 30 488 | 36 351 |
| L.2. Deferred income tax (+/-) | 3 407 | 8 063 |
| ** Profit or loss net of tax (+/-) | 482 400 | 483 703 |
| *** Profit or loss for the current period (+/-) | 482 400 | 483 703 |
| * Net turnover for the current period | 69 402 854 | 74 470 647 |

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 |
|---------------------------------------|------------------|---------------------------------|---|---------------------------------------|-------------------|
| Balance at 31 December 2023 | 3 159 000 | 631 400 | 8 547 237 | 632 647 | 12 970 284 |
| Distribution of profit or loss | | | 632 647 | -632 647 | 0 |
| Profit or loss for the current period | | | | 483 703 | 483 703 |
| Balance at 31 December 2024 | 3 159 000 | 631 400 | 9 179 884 | 483 703 | 13 453 987 |
| Distribution of profit or loss | | | 483 703 | -483 703 | 0 |
| Profit or loss for the current period | | | | 482 400 | 482 400 |
| Balance at 31 December 2025 | 3 159 000 | 631 400 | 9 663 587 | 482 400 | 13 936 387 |

CASH FLOW STATEMENT

(IN CZK THOUSAND)

| | Year ended 31.12.2025 | Year ended 31.12.2024 |
|--|-----------------------|-----------------------|
| P. | | |
| Opening balance of cash and cash equivalents | 230 699 | 143 636 |
| <i>Cash flows from ordinary activities (operating activities)</i> | | |
| Z. | 516 295 | 528 117 |
| A.1. | -403 700 | -467 404 |
| A.1.1. | 25 338 | 24 619 |
| A.1.2. | -116 864 | -183 688 |
| A.1.3. | -1 189 | -263 |
| A.1.4. | -312 152 | -322 449 |
| A.1.5. | -12 822 | 14 377 |
| A.1.6. | 13 989 | |
| A.* | 112 595 | 60 713 |
| A.2. | -150 295 | 1 258 261 |
| A.2.1. | 411 405 | -122 833 |
| A.2.2. | -511 153 | 1 097 226 |
| A.2.3. | -50 547 | 283 868 |
| A.** | -37 700 | 1 318 974 |
| A.3. | -9 013 | -36 438 |
| A.4. | 21 835 | 22 061 |
| A.5. | 35 349 | 1 347 |
| A.6. | 312 152 | 322 449 |
| A.*** | 322 623 | 1 628 393 |

 TABLE CONTINUES ON THE FOLLOWING PAGE

CONTINUATION OF THE TABLE FROM THE PREVIOUS PAGE

CASH FLOW STATEMENT

(IN CZK THOUSAND)

| | | Year ended 31.12.2025 | Year ended 31.12.2024 |
|--|--|-----------------------|-----------------------|
| <i>Cash flows from investing activities</i> | | | |
| B.1. | Fixed assets expenditures | -13 303 | -8 581 |
| B.2. | Proceeds from fixed assets sold | 1 189 | 263 |
| B.*** | Net investment cash flows | -12 114 | -8 318 |
| <i>Cash flow from financial activities</i> | | | |
| C.1. | Change in payables from financing | -122 378 | -1 533 012 |
| C.*** | Net financial cash flows | -122 378 | -1 533 012 |
| F. | Net increase or decrease in cash and cash equivalents | 188 131 | 87 063 |
| R. | Closing balance of cash and cash equivalents | 418 830 | 230 699 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

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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 2025, 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 2025.

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% |
| Total | 48.57% |

The Company is primarily engaged in purchasing goods for resale and sale, which accounts for 99% of its revenues. The Company is additionally involved in providing domestic and international shipping services.

The Company’s operations are principally focused on Třinecké železářny, 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

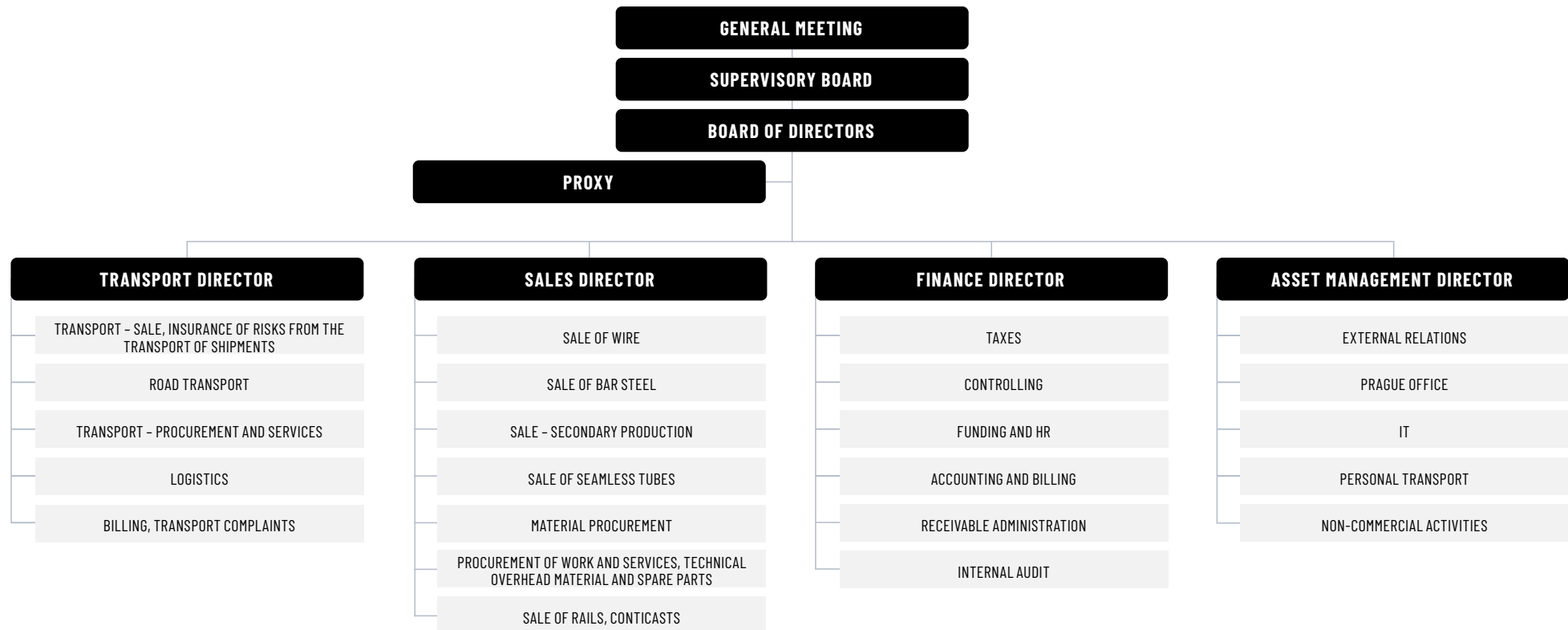
In the year ended 31 December 2025, a change was made to the Register of Companies relating to the removal of Mr Mojmir Kašpříšín as a member of the Board of Directors. His membership of the Board of Directors terminated on 8 December 2025 and he was removed from the Register of Companies as a member of the Board of Directors on 22 December 2025.

1.3. Board of Directors and Supervisory Board as of 31 December 2025

| | Position | Name |
|---------------------------|---------------|-----------------------------------|
| Board of Directors | Chairman | Petr Popelář |
| | Vice Chairman | Krzysztof Roch Ruciński |
| | Member | Mojmír Kašpříš (until 8 Dec 2025) |
| | Member | Uršula Novotná |

| | Position | Name |
|--------------------------|---------------|----------------|
| Supervisory Board | 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 2025



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 No. 563/1991 Coll., as amended; Regulation No. 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 2025.

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 2025.

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 2025.

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 2025.

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. When calculating deferred tax, the income tax rate applicable in the period when the tax liability or asset will be realised is used. If this tax rate is unknown, the rate applicable in the next reporting period is used. The top-up tax is not considered in the calculation of deferred tax.

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. The unrecognised portion of the deferred tax asset is disclosed in the notes to the financial statements.

3.12.4. TOP-UP TAX

The Group is subject to top-up tax. The Group has applied the transitional safe harbour rules (effective tax rate test); therefore, the top-up tax expense is nil. The top-up tax was not taken into account in the calculation of deferred tax.

The top-up tax expense is recognised in the profit and loss account under "Due income tax". Depending on the reliability of the estimate, the liability for top-up tax is recognised either as an income tax liability under "State – tax payables and subsidies" or as a reserve under "Income tax reserve".

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:

(IN CZK THOUSAND)

| | 31 Dec 2025 | 31 Dec 2024 |
|--|----------------|----------------|
| Cash on hand | 721 | 496 |
| Cash at bank and cash in transit | 418 109 | 230 203 |
| Total current financial assets | 418 830 | 230 699 |
| Total cash and cash equivalents | 418 830 | 230 699 |

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 2025.

3.18. Net Turnover for the Reporting Period

The net turnover indicator was determined as 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.

4. ADDITIONAL INFORMATION ON THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

4.1. Fixed Assets

4.1.1. INTANGIBLE FIXED ASSETS

Cost

(IN CZK THOUSAND)

| | Balance at 31 Dec 2023 | Additions | Disposals | Balance at 31 Dec 2024 | Additions | Disposals | Balance at 31 Dec 2025 |
|--|---------------------------|----------------|----------------|---------------------------|------------|------------|---------------------------|
| Development | 72 | 0 | 0 | 72 | 0 | 0 | 72 |
| Software | 1 315 | 0 | 0 | 1 315 | 248 | 395 | 1 168 |
| Valuable rights | 131 907 | 68 886 | 0 | 200 793 | 0 | 0 | 200 793 |
| Other intangible FA | 700 | 0 | 0 | 700 | 0 | 0 | 700 |
| Intangible FA under construction | 0 | 68 886 | 68 886 | 0 | 0 | 0 | 0 |
| Prepayments and advances for intangible FA | 68 886 | 0 | 68 886 | 0 | 0 | 0 | 0 |
| Total | 202 880 | 137 772 | 137 772 | 202 880 | 248 | 395 | 202 733 |

Accumulated Amortisation

(IN CZK THOUSAND)

| | Balance at 31 Dec 2023 | Additions | Disposals | Balance at 31 Dec 2024 | Additions | Disposals | Balance at 31 Dec 2025 |
|---------------------|---------------------------|---------------|-----------|---------------------------|---------------|------------|---------------------------|
| Development | 72 | 0 | 0 | 72 | 0 | 0 | 72 |
| Software | 1 315 | 0 | 0 | 1 315 | 25 | 395 | 945 |
| Valuable rights | 22 490 | 20 361 | 0 | 42 851 | 17 731 | 0 | 60 582 |
| Other intangible FA | 700 | 0 | 0 | 700 | 0 | 0 | 700 |
| Total | 24 577 | 20 361 | 0 | 44 938 | 17 756 | 396 | 62 298 |

Net Book Value

(IN CZK THOUSAND)

| | Balance at 31 Dec 2024 | Balance at 31 Dec 2025 |
|--|---------------------------|---------------------------|
| Development | 0 | 0 |
| Software | 0 | 223 |
| Valuable rights | 159 257 | 140 211 |
| Other intangible FA | 0 | 0 |
| Intangible FA under construction | 0 | 0 |
| Prepayments and advances for intangible FA | 0 | 0 |
| Total | 159 257 | 140 434 |

Amortisation of intangible fixed assets was CZK 20,361 thousand and CZK 17,756 thousand as of 31 December 2025 and 31 December 2024, respectively.

4.1.2. TANGIBLE FIXED ASSETS

Cost

(IN CZK THOUSAND)

| | Balance at 31 Dec 2023 | Additions | Disposals | Balance at 31 Dec 2024 | Additions | Disposals | Balance at 31 Dec 2025 |
|--------------------------------|---------------------------|---------------|---------------|---------------------------|---------------|---------------|---------------------------|
| Structures | 907 | 0 | 0 | 907 | 10 542 | 0 | 11 449 |
| Tangible movable assets | 93 245 | 5 570 | 2 952 | 95 863 | 9 222 | 10 697 | 94 388 |
| – Machines and equipment | 10 156 | 0 | 200 | 9 956 | 1 065 | 0 | 11 021 |
| – Vehicles | 79 957 | 5 570 | 2 200 | 83 327 | 8 157 | 10 676 | 80 808 |
| – Furniture and fixtures | 3 132 | 0 | 552 | 2 580 | 0 | 21 | 2 559 |
| Land | 0 | 0 | 0 | 0 | 2 493 | 0 | 2 493 |
| Artworks and collections | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Tangible FA under construction | 0 | 10 050 | 5 005 | 5 045 | 16 732 | 21 777 | 0 |
| Prepayments for tangible FA | 0 | 4 510 | 4 510 | 0 | 0 | 0 | 0 |
| Total | 94 152 | 20 130 | 12 467 | 101 815 | 38 989 | 32 474 | 108 330 |

Accumulated Depreciation

(IN CZK THOUSAND)

| | Balance at 31 Dec 2023 | Additions | Disposals | Balance at 31 Dec 2024 | Additions | Disposals | Balance at 31 Dec 2025 |
|--------------------------|---------------------------|--------------|--------------|---------------------------|--------------|---------------|---------------------------|
| Structures | 74 | 18 | 0 | 92 | 135 | 0 | 227 |
| Tangible movable assets | 76 741 | 5 555 | 2 636 | 79 660 | 6 133 | 10 183 | 75 610 |
| – Machines and equipment | 9 470 | 269 | 201 | 9 538 | 446 | 0 | 9 984 |
| – Vehicles | 64 182 | 5 273 | 1 883 | 67 572 | 5 675 | 10 162 | 63 085 |
| – Furniture and fixtures | 3 089 | 13 | 552 | 2 550 | 12 | 21 | 2 541 |
| Total | 76 815 | 5 573 | 2 636 | 79 752 | 6 268 | 10 183 | 75 837 |

Net Book Value

(IN CZK THOUSAND)

| | Balance at 31 Dec 2024 | Balance at 31 Dec 2025 |
|--------------------------------|------------------------|------------------------|
| Structures | 815 | 11 222 |
| Tangible movable assets | 16 203 | 18 778 |
| - Machines and equipment | 418 | 1 037 |
| - Vehicles | 15 755 | 17 723 |
| - Furniture and fixtures | 30 | 18 |
| Land | 0 | 2 493 |
| Tangible FA under construction | 5 045 | 0 |
| Prepayments for tangible FA | 0 | 0 |
| Total | 22 063 | 32 493 |

The Company principally acquired cars in 2024 and 2025.

The Company acquired tangible assets that were charged directly to expenses in the amounts of CZK 2,212 thousand and CZK 1,121 thousand for the years ended 31 December 2025 and 2024, 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 6,268 thousand and CZK 5,573 thousand as of 31 December 2025 and 31 December 2024, respectively.

4.2. Non-Current Financial Assets**Cost**

(IN CZK THOUSAND)

| | Balance at 31 Dec 2023 | Additions | Disposals | Balance at 31 Dec 2024 | Additions | Disposals | Balance at 31 Dec 2025 |
|---|------------------------|--------------|--------------|------------------------|---------------|---------------|------------------------|
| Equity investments - controlled or controlling entities | 10 337 455 | 2 414 | 4 132 | 10 335 737 | 32 611 | 32 783 | 10 335 565 |
| Equity investments - associates | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Prepayments for non-current financial assets | 3 471 | 0 | 0 | 3 471 | 0 | 3 471 | 0 |
| Total | 10 340 926 | 2 414 | 4 132 | 10 339 208 | 32 611 | 36 254 | 10 335 565 |

4.2.1. EQUITY INVESTMENTS - CONTROLLED OR CONTROLLING ENTITIES

2025

| Name | Registered office | Cost | Nominal value | Ownership % | Equity | Profit/loss | Provision | Dividend income for the period |
|---------------------------------|-------------------|-------------------|------------------|-------------|-------------------|----------------|----------------|--------------------------------|
| TŘINECKÉ ŽELEZÁRNY, a.s. | Třinec | 7 181 824 | 8 109 863 | 100 | 32 267 387 | 185 580 | 0 | 0 |
| Barrandov Studio a.s. | Prague | 746 439 | 197 112 | 99,85 | 1 281 994 | 34 723 | 213 597 | 0 |
| Moravia Steel Slovenija, d.o.o. | Celje | 1 573 | 867 | 51 | 16 605 | 523 | 0 | 0 |
| Moravia Steel Italia, srl | Milano | 2 580 | 2 075 | 66 | 116 412 | 36 777 | 0 | 13 205 |
| Moravia Steel Ibéria, s.a. | Lisbon | 10 850 | 2 533 | 99,33 | 16 713 | 202 | 0 | 0 |
| MS - Slovensko s.r.o. | Bratislava | 161 | 160 | 100 | 12 781 | -174 | 0 | 0 |
| Beskydská golfová, a.s. | Ropice | 274 342 | 230 000 | 100 | 226 436 | 369 | 150 000 | 0 |
| Moravskoslezský kovošrot, a.s. | Ostrava | 202 209 | 2 000 | 100 | 277 864 | 73 844 | 0 | 70 000 |
| M Steel Projects a.s. | Třinec | 10 000 | 10 000 | 100 | 39 945 | -2 916 | 0 | 0 |
| Moravia Steel UK Ltd | Cheshire | 1 449 | 728 | 100 | 23 870 | 2 217 | 0 | 5 840 |
| Moravia Steel Deutschland GmbH | Kürten | 113 140 | 1 625 | 100 | 125 228 | 104 266 | 0 | 113 107 |
| NEOMET Sp. z o.o. | Radomsko | 33 972 | 34 701 | 100 | 335 638 | 34 292 | 0 | 0 |
| Kovárna VIVA a.s. | Zlín | 869 500 | 50 000 | 100 | 1 349 493 | 83 918 | 0 | 60 000 |
| MSV Metal Studénka, a.s. | Studénka | 886 430 | 69 300 | 100 | 805 086 | 53 584 | 0 | 50 000 |
| Moravia Steel Arabia LLC *) | Riyadh | 1 096 | 56 | 100 | | | 0 | 0 |
| Total | | 10 335 565 | 8 711 020 | | 36 895 452 | 607 306 | 363 597 | 312 152 |

*) Moravia Steel Arabia LLC was incorporated on the basis of the deed of incorporation dated 1 July 2025.

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 | 34 589 | 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 |
| Total | | 10 335 737 | 8 710 963 | | 36 613 496 | 836 229 | 463 597 | 322 449 |

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

In 2025 and 2024, shares of MSV Metal Studénka, a.s. were pledged, see Note 4.6.7.

4.3. Inventory

(IN CZK THOUSAND)

| | Balance at 31 Dec 2025 | Balance at 31 Dec 2024 |
|------------------------------------|------------------------|------------------------|
| Material | 2 079 | 1 797 |
| Inventory - raw material | 13 196 | 6 474 |
| Inventory - metallurgical products | 755 580 | 712 037 |
| Total | 770 855 | 720 308 |

In the year ended 31 December 2025, 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 2025 and 2024, the Company records no long-term receivables with maturity exceeding 5 years.

4.4.2. TRADE RECEIVABLES

(IN CZK THOUSAND)

| | Balance at 31 Dec 2025 | Balance at 31 Dec 2024 |
|--------------------------|------------------------|------------------------|
| Short-term | | |
| - Customers | 9 016 514 | 9 479 238 |
| - Provisions - customers | -129 158 | -146 019 |
| Total | 8 887 356 | 9 333 219 |

4.4.3. AGING OF RECEIVABLES FROM CUSTOMERS

(IN CZK THOUSAND)

| Balance at | Category | Before due date | Past due date | Total |
|-------------|------------|-----------------|---------------|-----------|
| 31 Dec 2025 | Gross | 8 189 624 | 826 890 | 9 016 514 |
| | Provisions | 0 | 129 158 | 129 158 |
| 31 Dec 2024 | Gross | 8 286 843 | 1 192 395 | 9 479 238 |
| | Provisions | 0 | 146 019 | 146 019 |

Receivables typically mature within 30 days.

Past due receivables:

(IN CZK THOUSAND)

| Year ended | Local | Cross-border | Total |
|-------------|---------|--------------|-----------|
| 31 Dec 2025 | 153 357 | 673 533 | 826 890 |
| 31 Dec 2024 | 165 233 | 1 027 162 | 1 192 395 |

4.4.4. INTERCOMPANY TRADE RECEIVABLES

(IN CZK THOUSAND)

| Name of the entity | Balance at 31 Dec 2025 | Balance at 31 Dec 2024 |
|---|------------------------|------------------------|
| Short-term trade receivables | | |
| TŘINECKÉ ŽELEZÁRNY, a.s. | 1 967 107 | 2 098 113 |
| Strojírny a stavby Třinec, a.s. | 570 | 63 |
| ENERGETIKA TŘINEC, a.s. | 59 685 | 55 658 |
| Slévárny Třinec, a.s. | 33 718 | 23 779 |
| Moravia Steel Deutschland GmbH, Germany | 0 | 0 |
| Řetězárna a.s. | 14 949 | 5 408 |

 TABLE CONTINUES ON THE FOLLOWING PAGE

CONTINUATION OF THE TABLE FROM THE PREVIOUS PAGE

| Name of the entity | Balance at 31 Dec 2025 | Balance at 31 Dec 2024 |
|---|------------------------|------------------------|
| HŽP a.s. | 23 690 | 36 602 |
| Moravia Mining Plc | 0 | 0 |
| „METALURGIA“ Spółka akcyjna | 6 594 | 3 404 |
| DOPRAVA TŽ, a.s. | 0 | 0 |
| Beskydská golfová, a.s. | 61 | 0 |
| VÚHŽ, a.s. | 2 797 | 3 548 |
| Šroubárna Kyjov spol. s r.o. | 31 629 | 28 163 |
| Kovárna VIVA a.s. | 130 369 | 131 711 |
| M STEEL PROJECTS a.s. | 61 | 12 |
| ŽDB DRÁTOVNA a.s. | 298 338 | 299 998 |
| „NEOMET“ sp.z o.o. | 0 | 0 |
| “D&D” DRÓTÁRU IPARI ÉS | 184 913 | 150 309 |
| Moravskoslezský kovošrot, a.s. | -38 | 0 |
| BOHEMIA RINGS s.r.o. | 51 901 | 24 912 |
| MSV METAL Studénka, a.s. | 46 519 | 49 841 |
| Total short-term intercompany receivables | 2 852 863 | 2 911 521 |
| Receivables outside the Group | 6 163 651 | 6 567 717 |
| Total short term trade receivables - gross | 9 016 514 | 9 479 238 |

4.4.5. STATE - TAX RECEIVABLES

State – tax receivables principally comprise a receivable arising from VAT of CZK 151,267 thousand as of 31 December 2025 (as of 31 December 2024: a receivable arising from VAT of CZK 109,049 thousand) and corporate income tax receivables in the amount of CZK 31,510 thousand (as of 31 December 2024: CZK 97,347 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 2025 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 2025, the profit of CZK 483,703 thousand for the year ended 31 December 2024 was allocated as follows: - CZK 483,703 thousand - was transferred to retained earnings brought forward.

The expected allocation of profit of CZK 482,400 thousand for the year ended 31 December 2025 is a 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 2025 arising from the purchase of shares of Kovárna Viva a.s. in the amount of CZK 0 thousand (as of 31 December 2024: CZK 8,000 thousand).

4.6.2. AGING OF PAYABLES TO SUPPLIERS

(IN CZK THOUSAND)

| Balance at | Category | Before due date | Past due date | Total |
|-------------|------------|-----------------|---------------|-----------|
| 31 Dec 2025 | Short-term | 6 244 794 | 8 822 | 6 253 616 |
| 31 Dec 2024 | Short-term | 6 609 290 | 16 401 | 6 625 691 |

Payables typically mature within 45 days.

4.6.3. INTERCOMPANY PAYABLES

(IN CZK THOUSAND)

| Name of the entity | Balance at 31 Dec 2025 | Balance at 31 Dec 2024 |
|---|------------------------|------------------------|
| Short-term trade payables | | |
| TŘINECKÉ ŽELEZÁRNY, a.s. | 2 885 842 | 3 283 693 |
| Strojírny a stavby Třinec, a.s. | 4 | 7 |
| REFRASIL, s.r.o. | 14 355 | 13 766 |
| TRISIA, a.s. | 57 | 59 |
| Moravia Steel Italia, srl | 40 075 | 27 253 |
| Moravia Steel Ibéria, s.a. | 960 | 0 |
| Moravia Steel Slovenija, d.o.o. | 3 134 | 4 239 |
| VESUVIUS ČESKÁ REPUBLIKA, a.s. | 26 646 | 25 482 |
| ŽDB DRÁTOVNA a.s. | 120 | -10 |
| Beskydská golfová a.s. | 0 | 3 |
| Třinecké gastroslužby, s.r.o. | 506 | 471 |
| Minerfin a.s. | 632 835 | 447 961 |
| Moravia Steel Deutschland GmbH | 12 019 | 16 564 |
| Moravia Steel UK Ltd | 7 089 | 14 342 |
| Kovárna VIVA a.s. | 5 | 4 |
| BOHEMIA RINGS s.r.o. | 4 | 0 |
| MSV METAL Studénka, a.s. | 5 | 7 |
| Total intercompany short-term payables | 3 623 656 | 3 833 841 |
| Payables to other than Group companies | 2 629 960 | 2 791 850 |
| Total short-term trade payables | 6 253 616 | 6 625 691 |

4.6.4. ESTIMATED PAYABLES

Estimated payables principally consist of unbilled supplies of raw materials amounting to CZK 41,596 thousand (as at 31 December 2024: CZK 68,359 thousand), unbilled supplies of work and services amounting to CZK 16,931 thousand (as at 31 December 2024: CZK 86,748 thousand), and an estimated payable for staff costs in the amount of CZK 5,070 thousand (as at 31 December 2024: CZK 5,776 thousand).

4.6.5. DUE AMOUNTS FROM SOCIAL SECURITY AND HEALTH INSURANCE

As of 31 December 2025, the aggregate amount of due amounts related to social security, state employment policy and health insurance contributions was CZK 6,942 thousand (2024: CZK 6,220 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 2025 principally comprise a payable arising from personal income tax amounting to CZK 2,640 thousand (2024: CZK 1,553 thousand).

4.6.7. BANK LOANS

2025

| Purpose | Currency | Balance at 31 Dec 2025 (in CZK thousand) | Collateral |
|--|------------|---|------------|
| Long-term loans | | | |
| Refinancing of up to 80% of the total acquisition cost for the transfer of 34% of the shares in the Company according to the Share purchase agreement – due on 31 March 2027 | CZK | 142 560 | |
| Total | CZK | 142 560 | |
| Short-term part of long-term loans | | -71 280 | |
| Total long-term loans | | 71 280 | |
| Current bank loans | | | |
| Overdrafts | CZK | 0 | |
| Total | | 0 | |
| Short-term part of long-term loans | | 71 280 | |
| Total short-term loans | | 71 280 | |
| Total | | 142 560 | |

2024

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

4.6.8. SHORT-TERM PREPAYMENTS RECEIVED

In the year ended 31 December 2025, the Company recorded short-term prepayments received of CZK 154,928 thousand (2024: CZK 173,442 thousand).

4.6.9. ACCRUED EXPENSES

Accrued expenses largely comprise costs related to the year ended 31 December 2025 for transportation and other services paid in 2026 in the amount of CZK 14,013 thousand (as at 31 December 2024: CZK 29,088 thousand) and banking fees and bank interest payable on short-term and long-term operating loan facilities in the amount of CZK 732 thousand (as at 31 December 2024: CZK 735 thousand).

4.6.10. DEFERRED TAXATION

The deferred tax asset/liability is analysed as follows:

Deferred Tax Arising from

(IN CZK THOUSAND)

| | Balance at 31 Dec 2025 | Balance at 31 Dec 2024 |
|---|------------------------|------------------------|
| Accumulated depreciation and amortisation of fixed assets | -1 482 | -1 493 |
| Estimated payable arising from outstanding vacation days | 1 065 | 1 213 |
| Unpaid penalties | 0 | 1 067 |
| Provisions - receivables | -574 | 3 724 |
| Unpaid (un-received) penalty | 1 545 | -551 |
| Reserves | 0 | 0 |
| Total recognised tax asset (+) / liability (-) | 554 | 3 960 |

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:

(IN CZK THOUSAND)

| | Balance at 31 Dec 2025 | Balance at 31 Dec 2024 |
|---|------------------------|------------------------|
| Profit before tax | 516 295 | 528 117 |
| Tax at the domestic income tax rate of 21% (or 19%) | 108 422 | 110 905 |
| Tax impact of non-deductible expenses/income | 0 | -74 305 |
| Additional taxes of prior years | 296 | -249 |
| Income tax payable | 30 488 | 36 351 |
| Deferred income tax | 3 407 | 8 063 |
| Total income tax on ordinary activities | 33 895 | 44 414 |

The Group is subject to top-up tax and has applied the transitional rules of the so-called safe harbour (effective tax rate test); therefore, the top-up tax expense is nil. The top-up tax was not taken into account in the calculation of deferred tax.

4.8. Income from Ordinary Activities

(IN CZK THOUSAND)

| | 2025 | | | 2024 | | |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | Local | Cross-border | Total | Local | Cross-border | Total |
| Goods – raw material | 22 620 602 | 0 | 22 620 602 | 24 424 688 | 0 | 24 424 688 |
| Goods – metallurgical products | 13 650 671 | 32 437 303 | 46 087 974 | 14 888 351 | 34 391 786 | 49 280 137 |
| Sales of goods | 36 271 273 | 32 437 303 | 68 708 576 | 39 313 039 | 34 391 786 | 73 704 825 |
| Sales of services | 618 393 | 75 885 | 694 278 | 658 118 | 107 704 | 765 822 |
| Total sales of own products and services | 36 889 666 | 32 513 188 | 69 402 854 | 39 971 157 | 34 499 490 | 74 470 647 |

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

Sales of services principally comprise the provision of forwarding services of CZK 574,834 thousand for the year ended 31 December 2025 (2024: CZK 627,242 thousand). The sales of services also comprise revenues arising from remuneration and commissions based on mandatory contracts.

4.9. Costs of Goods Sold

(IN CZK THOUSAND)

| | Year ended 31 Dec 2025 | Year ended 31 Dec 2024 |
|---|------------------------|------------------------|
| Purchase of goods – raw materials | 22 032 470 | 23 983 833 |
| Purchase of goods – metallurgical products | 42 665 797 | 45 495 936 |
| Costs for transport of goods – metallurgical products | 1 975 260 | 1 947 915 |
| Total costs of goods sold | 66 673 527 | 71 427 684 |

4.10. Services

(IN CZK THOUSAND)

| | Year ended 31 Dec 2025 | Year ended 31 Dec 2024 |
|--|------------------------|------------------------|
| Transportation costs - services | 843 183 | 686 620 |
| Lease of trademark | 304 604 | 324 375 |
| Commissions | 383 536 | 409 593 |
| Advertising | 115 834 | 132 963 |
| Rental fees | 13 696 | 12 902 |
| Telecommunications | 8 698 | 8 507 |
| Legal advisory and auditing activities | 33 020 | 58 455 |
| Other services | 498 217 | 770 300 |
| Total | 2 200 788 | 2 403 715 |

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

(IN CZK THOUSAND)

| | Year ended 31 Dec 2025 | Year ended 31 Dec 2024 |
|---|------------------------|------------------------|
| Change in reserves | -14 | 21 |
| Reserves relating to operating activities and complex deferred expenses | -14 | 21 |
| Changes in provisions under special legislation | -2 626 | -84 168 |
| - provisions against receivables | -2 626 | -84 168 |
| Changes in accounting provisions: | -9 825 | -38 132 |
| - provisions against receivables | -9 825 | -38 132 |
| Total changes in receivables | -12 451 | -122 300 |
| Total | -12 465 | -122 279 |

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 13,990 thousand (2024: CZK 103,912 thousand) and the costs of insurance of supplies and other insurance in the aggregate amount of CZK 45,496 thousand (2024: CZK 50,775 thousand). Sundry operating income primarily includes supplies of insurance companies arising from insurance of receivables of CZK 47,768 thousand (2024: CZK 82,924 thousand).

4.13. Other Financial Expenses and Income

Other financial income is composed of foreign exchange rate gains of CZK 519,503 thousand (2024: CZK 611,127 thousand).

Other financial expenses principally comprise foreign exchange rate losses of CZK 556,566 thousand (2024: CZK 664,944 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 8,743 thousand (2024: CZK 11,630 thousand).

4.14. Related Party Transactions

4.14.1. INCOME GENERATED WITH RELATED PARTIES

2025

(IN CZK THOUSAND)

| Entity | Relation to the Company | Goods | Services | Other income | Fin. income | Total |
|-----------------------------|----------------------------|------------|----------|--------------|-------------|------------|
| TŘINECKÉ ŽELEZÁRNY, a.s. | Subsidiary | 21 888 646 | 406 534 | 5 260 | 0 | 22 300 440 |
| Barrandov Studio, a.s. | Subsidiary | 0 | 188 | 0 | 0 | 188 |
| Beskydská golfová, a.s. | Subsidiary | 0 | 600 | 0 | 0 | 600 |
| HŽP a.s. | Subsidiary of a subsidiary | 246 942 | 7 203 | 0 | 0 | 254 145 |
| Moravia Steel Italia s.r.l. | Subsidiary | 0 | 125 | 0 | 0 | 125 |
| Moravia Steel Ibéria, s.a. | Subsidiary | 0 | 38 | 0 | 0 | 38 |
| Moravia Steel UK Ltd | Subsidiary | 0 | 264 | 0 | 0 | 264 |
| Kovárna VIVA a.s. | Subsidiary | 710 345 | 8 929 | 0 | 0 | 719 274 |

 TABLE CONTINUES ON THE FOLLOWING PAGE

 CONTINUATION OF THE TABLE FROM THE PREVIOUS PAGE

| Entity | Relation to the Company | Goods | Services | Other income | Fin. income | Total |
|--------------------------------|----------------------------|-------------------|----------------|--------------|-------------|-------------------|
| M STEEL PROJECTS a.s. | Subsidiary | 2 | 600 | 0 | 0 | 602 |
| Strojírny a stavby Třinec, a.s | Subsidiary of a subsidiary | 76 | 654 | 0 | 0 | 730 |
| ENERGETIKA TŘINEC, a.s. | Subsidiary of a subsidiary | 548 538 | 6 258 | 5 | 0 | 554 801 |
| Slévárny Třinec, a.s. | Subsidiary of a subsidiary | 176 256 | 5 401 | 0 | 0 | 181 657 |
| REFRASIL, s.r.o. | Subsidiary of a subsidiary | 0 | 131 | 0 | 0 | 131 |
| Řetězárna a.s. | Subsidiary of a subsidiary | 216 041 | 0 | 0 | 0 | 216 041 |
| Moravia Steel Deutschland GmbH | Subsidiary | 0 | 252 | 0 | 0 | 252 |
| VÚHŽ, a.s. | Subsidiary of a subsidiary | 13 312 | 1 030 | 0 | 0 | 14 342 |
| Šroubárna Kyjov, spol. s r.o. | Subsidiary of a subsidiary | 471 035 | 8 790 | 77 | 0 | 479 902 |
| ŽDB DRÁTOVNA a.s. | Subsidiary of a subsidiary | 1 935 407 | 126 884 | 0 | 0 | 2 062 291 |
| NEOMET Sp. Z o.o. | Subsidiary | 0 | 306 | 0 | 0 | 306 |
| Mínerfín a.s. | | 279 027 | 293 | 0 | 0 | 279 320 |
| "Metalurgia" Spółka akcyjna | Subsidiary of a subsidiary | 59 527 | 0 | 0 | 0 | 59 527 |
| "D&D" Drótáru | Subsidiary of a subsidiary | 1 052 446 | 5 | -254 | 0 | 1 052 197 |
| Moravskoslezský kovošrot, a.s. | Subsidiary | 0 | 2 952 | 0 | 0 | 2 952 |
| BOHEMIA RINGS s.r.o. | Subsidiary of a subsidiary | 384 749 | 2 731 | 0 | 0 | 387 480 |
| MSV METAL Studénka, a.s. | Subsidiary | 291 886 | 14 913 | 0 | 0 | 306 799 |
| Total | | 28 274 235 | 595 081 | 5 088 | 0 | 28 874 404 |

2024

(IN 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" Drótáru | 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 |
| Total | | 30 624 643 | 610 451 | 4 263 | 0 | 31 239 357 |

4.14.2. PURCHASES FROM RELATED PARTIES**2025**

(IN CZK THOUSAND)

| Entity | Relation to the Company | Goods | Material | Services | Other expenses | Extra-ordinary expenses | Total |
|---------------------------------|----------------------------|-------------------|------------|----------------|----------------|-------------------------|-------------------|
| TŘINECKÉ ŽELEZÁRNY, a.s. | Subsidiary | 42 463 915 | 138 | 364 576 | 123 | 0 | 42 828 752 |
| Moravia Steel Italia, s.r.l. | Subsidiary | 0 | 0 | 110 407 | 0 | 0 | 110 407 |
| Moravia Steel Ibéria, s.a. | Subsidiary | 0 | 0 | 9 291 | 0 | 0 | 9 291 |
| Moravia Steel Slovenija, d.o.o. | Subsidiary | 0 | 0 | 12 544 | 0 | 0 | 12 544 |
| Moravia Steel Deutschland GmbH | Subsidiary | 0 | 0 | 219 907 | 0 | 0 | 219 907 |
| Moravia Steel UK Ltd. | Subsidiary | 0 | 0 | 27 856 | 0 | 0 | 27 856 |
| Beskydská golfová, a.s. | Subsidiary | 0 | 21 | 14 189 | 18 | 0 | 14 228 |
| HŽP a.s. | Subsidiary of a subsidiary | 0 | 0 | 22 | 0 | 0 | 22 |
| Strojírny a stavby Třinec, a.s. | Subsidiary of a subsidiary | 47 | 0 | 0 | 0 | 0 | 47 |
| REFRASIL, s.r.o. | Subsidiary of a subsidiary | 120 990 | 0 | 0 | 0 | 0 | 120 990 |
| TRISIA, a.s. | Subsidiary of a subsidiary | 0 | 0 | 3 042 | 125 | 0 | 3 167 |
| Třinecké gastroslužby, s.r.o. | Subsidiary of a subsidiary | 0 | 0 | 1 681 | 5 840 | 0 | 7 521 |
| VESUVIUS ČESKÁ REPUBLIKA, a.s. | Subsidiary of a subsidiary | 130 185 | 0 | 0 | 0 | 0 | 130 185 |
| Minerfin a.s. | Group entity | 5 249 811 | 0 | 0 | 0 | 0 | 5 249 811 |
| 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 | 20 | 4 | 0 | 24 |
| Total | | 47 964 948 | 159 | 763 535 | 6 122 | 0 | 48 734 764 |

2024

(IN 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 |
| Total | | 50 889 670 | 273 | 801 011 | 9 183 | 0 | 51 700 137 |

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 2025 and 2024 are as follows:

2025

(IN CZK THOUSAND)

| | Number | Payroll costs | Social security and health insurance | Other costs | Total staff costs |
|--------------|------------|----------------|--------------------------------------|--------------|-------------------|
| Employees | 267 | 171 167 | 58 215 | 4 741 | 234 123 |
| Management | 35 | 100 437 | 24 847 | 177 | 125 461 |
| Total | 302 | 271 604 | 83 062 | 4 918 | 359 584 |

2024

(IN 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 |
| Total | 297 | 267 435 | 80 541 | 4 831 | 352 807 |

The number of employees is based on the average recalculated headcount. As of 31 December 2025, 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):

(IN CZK THOUSAND)

| | 2025 | 2024 |
|------------------------------|--------------|--------------|
| Board of Directors | 1 259 | 1 285 |
| Supervisory Board | 0 | 0 |
| Members of management bodies | 2 859 | 2 668 |
| Total | 4 118 | 3 953 |

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 2025 for all members of the Board of Directors and the Supervisory Board totalled CZK 1,310 thousand (2024: CZK 1,298 thousand).

6. CONTINGENT LIABILITIES AND OFF BALANCE SHEET COMMITMENTS, LEGAL DISPUTES AND OTHER MATTERS

As of 31 December 2025, the Company was involved in no legal dispute, the outcome of which would significantly impact the Company.

As of 31 December 2025, the guarantees issued by the bank on behalf of the Company in favour of third parties amounted to CZK 380,825 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).

On 7 October 2023, the claim for payment of the additional consideration to minority shareholders became time-barred. Accordingly, as at 24 September 2025, the Company recognised in income the unpaid amount of the consideration due to minority shareholders in respect of the unclaimed additional payment of CZK 26,129,866, plus interest accrued up to 7 October 2023 amounting to CZK 5,165,153.70, i.e., a total of CZK 31,296,019.70.

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 2024 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 2025. On 4 January 2025, 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 2025. As a result, all ordinary and extraordinary legal remedies in the above-mentioned matter have been exhausted. No further legal proceedings are pending in relation to the matter described above.

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 plaintiffs' appeal has not yet been decided by the appellate court, nor has a hearing been scheduled to consider the plaintiffs' appeal.

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.

During February 2026, geopolitical tensions escalated in the Middle East. As at the date of preparation of this report, the Company has not identified any direct impacts on its operational or financial results.

However, it cannot be ruled out that, should the situation deteriorate further, indirect impacts may arise, particularly in the area of logistics and supply chains. A potential risk is in particular a possible increase in the cost of transporting materials from Asian regions, which could result in higher transportation costs, longer lead times and a higher degree of uncertainty in inventory planning.

The Company continues to monitor the situation on an ongoing basis and is prepared to take appropriate measures promptly in order to minimise any potential adverse impacts.

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 2025.

07

FINANCIAL PART II. CONSOLIDATED FINANCIAL STATEMENTS

Notes to the financial statements for the year ended 31 December 2025

| | |
|--|--|
| Name of the company | MORAVIA STEEL a.s. |
| Registered office | Průmyslová 1000, Staré Město, 739 61 Třinec |
| Legal status | Joint Stock Company |
| Corporate id | 634 74 808 |
| Record in the register of companies | 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
- Notes to the Consolidated Financial Statements

These financial statements were prepared on 18 May 2025.

| Statutární orgán účetní jednotky | Podpis |
|--|---|
| Petr Popelář Chairman of the Board |  |
| Uršula Novotná Member of the Board |  |

CONSOLIDATED BALANCE SHEET FULL VERSION – ASSETS

(IN CZK THOUSAND)

| | | 31. 12. 2025 | | 31. 12. 2024 | |
|---------------------|---|--------------------|-------------------|-------------------|-------------------|
| | | Gross | Adjustment | Net | Net |
| TOTAL ASSETS | | 118 111 223 | 56 438 974 | 61 672 249 | 62 509 102 |
| B. | Fixed assets | 84 379 477 | 54 973 094 | 29 406 383 | 30 286 546 |
| <i>B.I.</i> | Intangible fixed assets | 2 111 850 | 1 070 091 | 1 041 759 | 1 555 615 |
| B.I.1. | Development | 4 824 | 4 824 | 0 | |
| <i>B.I.2.</i> | <i>Valuable rights</i> | 1 327 551 | 1 026 564 | 300 987 | 295 799 |
| B.I.2.1. | Software | 502 850 | 404 680 | 98 170 | 60 405 |
| B.I.2.2. | Other valuable rights | 824 701 | 621 884 | 202 817 | 235 394 |
| B.I.3. | Goodwill | 23 833 | 8 559 | 15 274 | 16 867 |
| B.I.4. | Other intangible fixed assets | 731 105 | 29 834 | 701 271 | 1 208 312 |
| <i>B.I.5.</i> | <i>Prepayments for intangible fixed assets and intangible fixed assets under construction</i> | 24 537 | 310 | 24 227 | 34 637 |
| B.I.5.1. | Prepayments for intangible fixed assets | 1 929 | | 1 929 | 1 482 |
| B.I.5.2. | Intangible fixed assets under construction | 22 608 | 310 | 22 298 | 33 155 |
| <i>B.II.</i> | Tangible fixed assets | 81 056 596 | 53 277 787 | 27 778 809 | 27 845 454 |
| <i>B.II.1.</i> | <i>Land and structures</i> | 23 038 307 | 11 759 569 | 11 278 738 | 10 818 982 |
| B.II.1.1. | Land | 1 464 440 | 3 003 | 1 461 437 | 1 455 342 |
| B.II.1.2. | Structures | 21 573 867 | 11 756 566 | 9 817 301 | 9 363 640 |
| B.II.2. | Tangible movable assets and sets of tangible movable assets | 55 882 009 | 41 019 470 | 14 862 539 | 14 684 311 |
| <i>B.II.4.</i> | <i>Other tangible fixed assets</i> | 564 570 | 485 116 | 79 454 | 73 759 |
| B.II.4.3. | Sundry tangible fixed assets | 564 570 | 485 116 | 79 454 | 73 759 |
| <i>B.II.5.</i> | <i>Prepayments for tangible fixed assets and tangible fixed assets under construction</i> | 1 571 710 | 13 632 | 1 558 078 | 2 268 402 |
| B.II.5.1. | Prepayments for tangible fixed assets | 106 728 | | 106 728 | 102 144 |
| B.II.5.2. | Tangible fixed assets under construction | 1 464 982 | 13 632 | 1 451 350 | 2 166 258 |

 TABLE CONTINUES ON THE FOLLOWING PAGE

CONTINUATION OF THE TABLE FROM THE PREVIOUS PAGE

CONSOLIDATED BALANCE SHEET FULL VERSION – ASSETS

(IN CZK THOUSAND)

| | | 31. 12. 2025 | | 31. 12. 2024 | |
|-----------------|--|-------------------|------------------|-------------------|-------------------|
| | | Gross | Adjustment | Net | Net |
| B.III. | Non-current financial assets | 414 189 | 85 370 | 328 819 | 374 196 |
| B.III.1. | Equity investments - controlled or controlling entity | 367 975 | 64 344 | 303 631 | 347 262 |
| B.III.3. | Equity investments in associates | 26 202 | 21 026 | 5 176 | 6 922 |
| B.III.5. | Other non-current securities and investments | 12 | | 12 | 12 |
| B.III.7. | Other non-current financial assets | 20 000 | 0 | 20 000 | 20 000 |
| B.III.7.1. | Sundry non-current financial assets | 20 000 | | 20 000 | 20 000 |
| B.IV. | Goodwill arising on consolidation | 660 305 | 539 846 | 120 459 | 376 910 |
| B.IV.1. | Positive goodwill | 749 673 | 548 927 | 200 746 | 386 864 |
| B.IV.2. | Negative goodwill | -89 368 | -9 081 | -80 287 | -9 954 |
| B.V. | Securities and equity investments under equity accounting | 136 537 | | 136 537 | 134 371 |
| C. | Current assets | 33 731 746 | 1 465 880 | 32 265 866 | 32 222 556 |
| C.I. | Inventories | 18 381 241 | 1 191 484 | 17 189 757 | 17 468 920 |
| C.I.1. | Material | 7 698 530 | 476 696 | 7 221 834 | 7 109 163 |
| C.I.2. | Work in progress and semifinished goods | 5 798 289 | 432 932 | 5 365 357 | 5 666 012 |
| C.I.3. | Products and goods | 4 855 462 | 281 856 | 4 573 606 | 4 677 395 |
| C.I.3.1. | Products | 4 781 098 | 277 885 | 4 503 213 | 4 594 345 |
| C.I.3.2. | Goods | 74 364 | 3 971 | 70 393 | 83 050 |
| C.I.5. | Prepayments for inventories | 28 960 | | 28 960 | 16 350 |

TABLE CONTINUES ON THE FOLLOWING PAGE

CONTINUATION OF THE TABLE FROM THE PREVIOUS PAGE

CONSOLIDATED BALANCE SHEET FULL VERSION - ASSETS

(IN CZK THOUSAND)

| | | 31. 12. 2025 | | | 31. 12. 2024 |
|------------------|--|-------------------|----------------|-------------------|-------------------|
| | | Gross | Adjustment | Net | Net |
| C.II. | Receivables | 10 949 032 | 274 396 | 10 674 636 | 12 029 788 |
| C.II.1. | Long-term receivables | 123 602 | 914 | 122 688 | 86 496 |
| C.II.1.1. | Trade receivables | 11 109 | 462 | 10 647 | 9 086 |
| C.II.1.4. | Deferred tax asset | 75 536 | | 75 536 | 53 344 |
| C.II.1.5. | Receivables - other | 36 957 | 452 | 36 505 | 24 066 |
| C.II.1.5.2. | Long-term prepayments made | 319 | | 319 | 319 |
| C.II.1.5.4. | Sundry receivables | 36 638 | 452 | 36 186 | 23 747 |
| C.II.2. | Short-term receivables | 10 528 862 | 273 482 | 10 255 380 | 11 635 899 |
| C.II.2.1. | Trade receivables | 8 763 642 | 249 564 | 8 514 078 | 9 005 502 |
| C.II.2.2. | Receivables - controlled or controlling entity | 4 178 | | 4 178 | |
| C.II.2.4. | Receivables - other | 1 761 042 | 23 918 | 1 737 124 | 2 630 397 |
| C.II.2.4.1. | Receivables from partners | 19 | | 19 | |
| C.II.2.4.3. | State - tax assets | 676 872 | | 676 872 | 786 727 |
| C.II.2.4.4. | Short-term prepayments made | 116 079 | | 116 079 | 102 554 |
| C.II.2.4.5. | Estimated receivables | 894 714 | | 894 714 | 1 669 398 |
| C.II.2.4.6. | Sundry receivables | 73 358 | 23 918 | 49 440 | 71 718 |
| C.II.3. | Other assets | 296 568 | 0 | 296 568 | 307 393 |
| C.II.3.1. | Deferred expenses | 219 605 | | 219 605 | 179 310 |
| C.II.3.2. | Complex deferred expenses | 62 073 | | 62 073 | 71 605 |
| C.II.3.3. | Accrued income | 14 890 | | 14 890 | 56 478 |
| C.III. | Current financial assets | 16 210 | 0 | 16 210 | 15 037 |
| C.III.2. | Other current financial assets | 16 210 | | 16 210 | 15 037 |
| C.IV. | Cash | 4 385 263 | 0 | 4 385 263 | 2 708 811 |
| C.IV.1. | Cash on hand | 6 683 | | 6 683 | 6 006 |
| C.IV.2. | Cash at bank | 4 378 580 | | 4 378 580 | 2 702 805 |

CONSOLIDATED BALANCE SHEET FULL VERSION – LIABILITIES & EQUITY

(IN CZK THOUSAND)

| | | 31. 12. 2025 | 31. 12. 2024 |
|---------------------------------------|--|-------------------|-------------------|
| TOTAL LIABILITIES & EQUITY | | 61 672 249 | 62 509 102 |
| A. | Equity | 44 043 562 | 43 361 508 |
| A.I. | Share capital | 3 159 000 | 3 159 000 |
| A.I.1. | Share capital | 3 159 000 | 3 159 000 |
| A.II. | Share premium and capital funds | -326 090 | -314 937 |
| A.II.2. | Capital funds | -326 090 | -314 937 |
| A.II.2.1. | Other capital funds | 43 292 | 42 935 |
| A.II.2.2. | Gains or losses from the revaluation of assets and liabilities (+/-) | -369 382 | -357 872 |
| A.III. | Funds from profit | 1 801 538 | 1 801 538 |
| A.III.1. | Other reserve funds | 1 802 533 | 1 802 533 |
| A.III.2. | Statutory and other funds | -995 | -995 |
| A.IV. | Retained earnings (+/-) | 38 066 045 | 37 580 567 |
| A.IV.1. | Accumulated profits or losses brought forward (+/-) | 38 069 525 | 37 580 567 |
| A.IV.2. | Other profit or loss from prior years (+/-) | -3 480 | |
| A.V. | Profit or loss for the current period (+/-) | 747 791 | 542 840 |
| A.V.1. | Profit or loss for the current period (+/-) | 742 848 | 540 062 |
| A.V.2. | Share in profit or loss under equity accounting | 4 943 | 2 778 |
| VII. | Consolidation reserve fund | 595 278 | 592 500 |

 TABLE CONTINUES ON THE FOLLOWING PAGE

CONTINUATION OF THE TABLE FROM THE PREVIOUS PAGE

CONSOLIDATED BALANCE SHEET FULL VERSION - LIABILITIES & EQUITY

(IN CZK THOUSAND)

| | | 31. 12. 2025 | 31. 12. 2024 |
|---------------|--|-------------------|-------------------|
| B.+C. | Liabilities | 17 231 858 | 18 769 245 |
| B. | Reserves | 731 355 | 728 164 |
| B.I. | Reserve for pensions and similar liabilities | 16 453 | 17 480 |
| B.II. | Income tax reserve | 7 644 | 6 722 |
| B.III. | Reserves under special legislation | 15 644 | 1 140 |
| B.IV. | Other reserves | 691 614 | 702 822 |
| C. | Payables | 16 500 503 | 18 041 081 |
| <i>C.I.</i> | Long-term payables | 5 204 035 | 5 210 315 |
| C.I.2. | Payables to credit institutions | 2 950 395 | 3 385 088 |
| C.I.3. | Long-term prepayments received | 392 551 | 6 851 |
| C.I.4. | Trade payables | 16 238 | 9 989 |
| C.I.8. | Deferred tax liability | 1 844 249 | 1 796 664 |
| <i>C.I.9.</i> | <i>Payables - other</i> | 602 | 11 723 |
| C.I.9.3. | Sundry payables | 602 | 11 723 |

TABLE CONTINUES ON THE FOLLOWING PAGE

CONTINUATION OF THE TABLE FROM THE PREVIOUS PAGE

CONSOLIDATED BALANCE SHEET FULL VERSION - LIABILITIES & EQUITY

(IN CZK THOUSAND)

| | | 31. 12. 2025 | 31. 12. 2024 |
|----------------|---|-------------------|-------------------|
| C.II. | Short-term payables | 11 154 038 | 12 518 123 |
| C.II.2. | Payables to credit institutions | 2 092 688 | 2 139 991 |
| C.II.3. | Short-term prepayments received | 816 844 | 1 263 288 |
| C.II.4. | Trade payables | 6 392 928 | 6 392 651 |
| C.II.8. | Other payables | 1 851 578 | 2 722 193 |
| C.II.8.1. | Payables to partners | 21 | |
| C.II.8.2. | Short-term financial borrowings | 64 | 84 |
| C.II.8.3. | Payables to employees | 517 174 | 717 284 |
| C.II.8.4. | Social security and health insurance payables | 314 811 | 311 511 |
| C.II.8.5. | State - tax liabilities and subsidies | 670 243 | 1 324 941 |
| C.II.8.6. | Estimated payables | 272 414 | 287 733 |
| C.II.8.7. | Sundry payables | 76 851 | 80 640 |
| C.III. | Other liabilities | 142 430 | 312 643 |
| C.III.1. | Accrued expenses | 133 607 | 304 705 |
| C.III.2. | Deferred income | 8 823 | 7 938 |
| E. | Minority equity | 396 829 | 378 349 |
| E.I.1 | Minority share capital | 59 898 | 59 898 |
| E.I.2 | Minority capital funds | -2 676 | -1 372 |
| E.I.3 | Minority profit funds incl. accumulated profits or losses brought forward | 305 640 | 288 153 |
| E.V. | Minority profit or loss for the current period | 33 967 | 31 670 |

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

(IN CZK THOUSAND)

| | | Year ended 31.12.2025 | Year ended 31.12.2024 |
|--------|---|-----------------------|-----------------------|
| I. | Sales of products and services | 58 555 271 | 62 278 976 |
| II. | Sales of goods | 413 407 | 380 722 |
| A. | Purchased consumables and services | 45 976 758 | 49 144 611 |
| A.1. | Costs of goods sold | 325 758 | 330 792 |
| A.2. | Consumed material and energy | 39 043 477 | 42 167 734 |
| A.3. | Services | 6 607 523 | 6 646 085 |
| B. | Change in internally produced inventory (+/-) | 650 296 | 1 731 605 |
| C. | Own work capitalised (-) | -1 662 068 | -1 932 116 |
| D. | Staff costs | 10 223 673 | 9 820 676 |
| D.1. | Payroll costs | 7 325 653 | 7 061 700 |
| D.2. | Social security and health insurance costs and other charges | 2 898 020 | 2 758 976 |
| D.2.1. | Social security and health insurance costs | 2 383 643 | 2 289 716 |
| D.2.2. | Other charges | 514 377 | 469 260 |
| E. | Adjustments to values in operating activities | 2 573 016 | 2 366 020 |
| E.1. | <i>Adjustments to values of intangible and tangible fixed assets</i> | 2 901 562 | 2 767 000 |
| E.1.1. | Adjustments to values of intangible and tangible fixed assets - permanent | 2 750 263 | 2 699 674 |
| E.1.A. | Accounting for positive goodwill arising on consolidation | 35 040 | 35 040 |
| E.1.B. | Accounting for negative goodwill arising on consolidation | -4 468 | -728 |
| E.1.2. | Adjustments to values of intangible and tangible fixed assets - temporary | 120 727 | 33 014 |
| E.2. | Adjustments to values of inventories | -241 267 | -265 192 |
| E.3. | Adjustments to values of receivables | -87 279 | -135 788 |

 TABLE CONTINUES ON THE FOLLOWING PAGE

CONTINUATION OF THE TABLE FROM THE PREVIOUS PAGE

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

(IN CZK THOUSAND)

| | | Year ended 31.12.2025 | Year ended 31.12.2024 |
|--------|---|-----------------------|-----------------------|
| III. | Other operating income | 8 345 561 | 8 217 477 |
| III.1. | Sales of fixed assets | 42 481 | 60 931 |
| III.2. | Sales of material | 215 018 | 226 991 |
| III.3. | Sundry operating income | 8 088 062 | 7 929 555 |
| F. | Other operating expenses | 8 392 169 | 8 562 771 |
| F.1. | Net book value of sold fixed assets | 14 029 | 9 529 |
| F.2. | Material sold | 148 299 | 130 093 |
| F.3. | Taxes and charges | 133 339 | 120 203 |
| F.4. | Reserves relating to operating activities and complex deferred expenses | 18 617 | 84 068 |
| F.5. | Sundry operating expenses | 8 077 885 | 8 218 878 |
| * | Operating profit or loss (+/-) | 1 160 395 | 1 183 608 |
| IV. | Income from non-current financial assets - equity investments | 23 222 | 45 004 |
| IV.1. | Income from equity investments - controlled or controlling entity | 23 222 | 44 995 |
| IV.2. | Other income from equity investments | 0 | 9 |
| V. | Income from other non-current financial assets | 0 | 752 |
| V.2. | Other income from other non-current financial assets | | 752 |
| VI. | Interest income and similar income | 71 544 | 64 502 |
| VI.1. | Interest income and similar income - controlled or controlling entity | | 4 428 |
| VI.2. | Other interest income and similar income | 71 544 | 60 074 |
| I. | Adjustments to values and reserves relating to financial activities | 31 237 | 7 810 |

TABLE CONTINUES ON THE FOLLOWING PAGE

CONTINUATION OF THE TABLE FROM THE PREVIOUS PAGE

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

(IN CZK THOUSAND)

| | | Year ended 31.12.2025 | Year ended 31.12.2024 |
|------|--|-----------------------|-----------------------|
| J. | Interest expenses and similar expenses | 174 506 | 316 577 |
| J.2. | Other interest expenses and similar expenses | 174 506 | 316 577 |
| VII. | Other financial income | 824 582 | 891 489 |
| K. | Other financial expenses | 800 447 | 1 045 205 |
| * | Financial profit or loss (+/-) | -86 842 | -367 845 |
| ** | Profit or loss before tax (+/-) | 1 073 553 | 815 763 |
| L. | Income tax | 296 740 | 244 032 |
| L.1. | Due income tax | 285 070 | 306 568 |
| L.2. | Deferred income tax (+/-) | 11 670 | -62 536 |
| ** | Profit or loss net of tax (+/-) | 776 813 | 571 731 |
| ** | Consolidated profit or loss excluding equity accounting | 776 813 | 571 731 |
| | Consolidated profit or loss excluding minority interests | 742 848 | 540 062 |
| | Minority interest in profit or loss | 33 967 | 31 670 |
| ** | Profit or loss under equity accounting | 4 943 | 2 778 |
| *** | Profit or loss for the current period (+/-) | 781 758 | 574 510 |
| *** | Profit or loss for the current period excluding minority interests (+/-) | 747 791 | 542 840 |
| *** | Profit or loss for the current period including minority interests (+/-) | 781 758 | 574 510 |
| *** | Profit or loss for the current period excluding minority interests before tax (+/-) | 1 044 531 | 786 872 |
| * | Net turnover for the current period | 59 121 558 | 62 782 722 |

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(IN CZK THOUSAND)

| | Share capital | Capital funds | Funds from profit, reserve fund | Accumulated profits or losses brought forward | Other profit or loss from prior years | Profit or loss for the current period | Consolidation reserve fund | Profit or loss under equity accounting | TOTAL EQUITY |
|--|------------------|-----------------|---------------------------------|---|---------------------------------------|---------------------------------------|----------------------------|--|-------------------|
| Balance at 31 December 2023 | 3 159 000 | -315 837 | 1 801 707 | 37 491 804 | | 68 498 | 567 152 | 25 348 | 42 797 672 |
| 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 |
| Balance at 31 December 2024 | 3 159 000 | -314 937 | 1 801 538 | 37 580 567 | 0 | 540 062 | 592 500 | 2 778 | 43 361 508 |
| Effects of the merger at 1 January 2025 | | | | -52 296 | | | | | -52 296 |
| Balance at 1 January 2025 | 3 159 000 | -314 937 | 1 801 538 | 37 528 271 | 0 | 540 062 | 592 500 | 2 778 | 43 309 212 |
| Distribution of profit or loss | | 2 816 | 950 | 536 297 | | -540 063 | 2 779 | -2 778 | |
| Reclassification/utilisation of funds | | | -951 | | | | | | -951 |
| Revaluation of assets and liabilities | | -13 965 | | | | | | | -13 965 |
| Profit or loss for the current period | | | | | | 742 851 | | 4 943 | 747 794 |
| Other | | -4 | 1 | 4 957 | -3 480 | -2 | -1 | | 1 472 |
| Balance at 31 December 2025 | 3 159 000 | -326 090 | 1 801 538 | 38 069 525 | -3 480 | 742 848 | 595 278 | 4 943 | 44 043 562 |

CONSOLIDATED CASH FLOW STATEMENT

(IN CZK THOUSAND)

| | | Year ended 31.12.2025 | Year ended 31.12.2024 |
|-------------|--|-----------------------|-----------------------|
| P. | Opening balance of cash and cash equivalents | 2 714 247 | 1 976 976 |
| | <i>Cash flows from ordinary activities (operating activities)</i> | | |
| Z. | Profit or loss before tax | 1 073 553 | 815 763 |
| A.1. | Adjustments for non-cash transactions | 2 592 978 | 2 730 754 |
| A.1.1. | Depreciation of fixed assets | 2 780 833 | 2 733 986 |
| A.1.2. | Change in provisions and reserves | -157 965 | -276 090 |
| A.1.3. | Profit/(loss) on the sale of fixed assets | -28 452 | -51 411 |
| A.1.4. | Revenues from profit shares | -23 221 | -45 004 |
| A.1.5. | Interest expense and interest income | 102 963 | 252 073 |
| A.1.6. | Adjustments for other non-cash transactions | -118 686 | 123 454 |
| A.1.7. | Costs arising from the use of purchased emission allowances | 68 102 | |
| A.1.8. | Non-cash transactions - merger | -30 596 | -6 254 |
| A.* | Net operating cash flow before changes in working capital | 3 666 531 | 3 546 517 |
| A.2. | Change in working capital | 1 181 708 | 2 423 518 |
| A.2.1. | Change in operating receivables and other assets | 1 139 209 | 598 617 |
| A.2.2. | Change in operating payables and other liabilities | -499 464 | -109 592 |
| A.2.3. | Change in inventories | 538 240 | 1 934 561 |
| A.2.4. | Change in current financial assets | 3 723 | -68 |
| A.** | Net cash flow from operations before tax | 4 848 239 | 5 970 035 |
| A.3. | Interest paid | -178 957 | -319 201 |
| A.4. | Interest received | 74 186 | 64 974 |
| A.5. | Income tax paid from ordinary operations | -229 153 | -327 387 |
| A.6. | Received profit shares | 25 999 | 70 352 |

 TABLE CONTINUES ON THE FOLLOWING PAGE

CONTINUATION OF THE TABLE FROM THE PREVIOUS PAGE

CONSOLIDATED CASH FLOW STATEMENT

(IN CZK THOUSAND)

| | | Year ended 31.12.2025 | Year ended 31.12.2024 |
|--------------|---|-----------------------|-----------------------|
| A.*** | Net operating cash flows | 4 540 314 | 5 458 773 |
| | <i>Cash flows from investing activities</i> | | |
| B.1. | Fixed assets expenditures | -2 581 868 | -2 656 434 |
| B.2. | Proceeds from fixed assets sold | 60 485 | 60 942 |
| B.3. | Loans and borrowings to related parties | 67 123 | |
| B.4. | Cash flows from the acquisition of a business or part of a business | | 16 663 |
| B.5. | Cash flows from the deconsolidation of a business or part of a business | 36 423 | |
| B.6 | <i>Increase in cash and cash equivalents - merger</i> | 5 223 | |
| B.7. | Emission allowance expenditures | -167 234 | |
| B.*** | Net investment cash flows | -2 579 848 | -2 578 829 |
| | <i>Cash flow from financial activities</i> | | |
| C.1. | Change in payables from financing | -533 910 | -2 132 284 |
| C.2. | Impact of changes in equity | -15 132 | -10 389 |
| C.2.5. | Payments from capital funds | -950 | -1 569 |
| C.2.6. | Profit shares/dividends paid | -14 182 | -8 820 |
| C.*** | | -549 042 | -2 142 673 |
| F. | | 1 411 424 | 737 271 |
| R. | | 4 125 671 | 2 714 247 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

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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% |
| Total | 48.57% |

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 2025, 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.

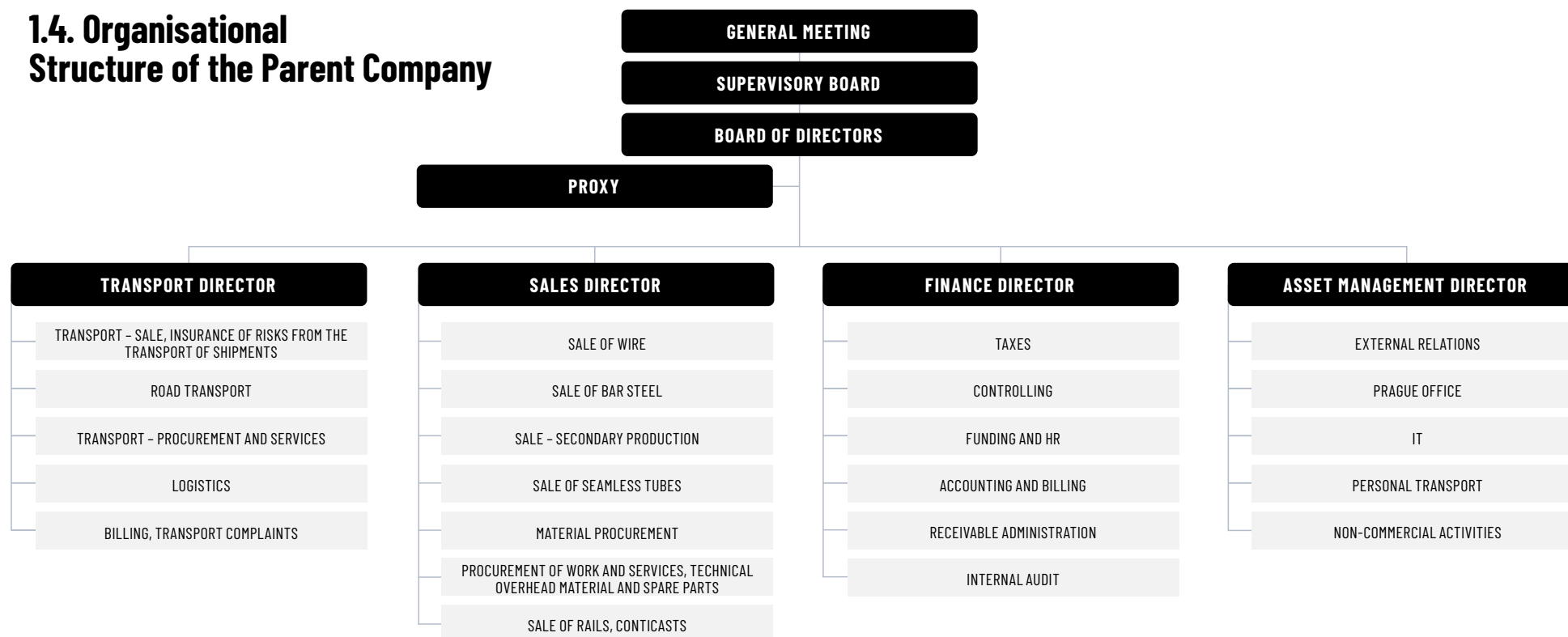
1.3. Board of Directors and Supervisory Board as Recorded in the Register of Companies as of 31 December 2025

| | Position | Name |
|---------------------------|---------------|-----------------------------------|
| Board of Directors | Chairman | Petr Popelář |
| | Vice Chairman | Krzysztof Roch Ruciński |
| | Member | Mojmír Kašpříš (until 8 Dec 2025) |
| | Member | Uršula Novotná |

| | Position | Name |
|--------------------------|---------------|----------------|
| Supervisory Board | Chairman | Tomáš Chrenek |
| | Vice Chairman | Ján Moder |
| | Vice Chairman | Evžen Balko |
| | Member | Mária Blašková |

During the year ended 31 December 2025, a change was recorded in the Register of Companies relating to the removal of Mojmír Kašpříš as a member of the Board of Directors. His membership in the Board of Directors terminated on 8 December 2025, and he was deleted from the Register of Companies as a member of the Board of Directors on 22 December 2025.

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 prepared by individual sub-consolidation groups.

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 2025 | Share of share capital at 31 Dec 2024 |
|--------------------------------|--|--|---------------------------------------|---------------------------------------|
| 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% |

 TABLE CONTINUES ON THE FOLLOWING PAGE

CONTINUATION OF THE TABLE FROM THE PREVIOUS PAGE

| Name of the company | Registered office | Business activities | Share of share capital at 31 Dec 2025 | Share of share capital at 31 Dec 2024 |
|---------------------------------|--|---|---------------------------------------|---------------------------------------|
| MORAVIA STEEL UK LIMITED | 5 Bradwall Court, Bradwall Road, Sandbach, Cheshire, CW11 1 GE, United Kingdom | Distribution of metallurgical products | 100.00% | 100.00% |
| "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" Drótáru 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, fabrics and welded mesh, 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 Zámrsk | 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% | 51.00% |
| REFRASIL, s.r.o. | Průmyslová 720, Kanská, 739 61 Třinec | Production of building materials, porcelain, ceramic and plaster products | 100.00% | 100.00% |
| Třinecké gastroslužby, s.r.o. | Průmyslová 1035, Staré Město, 739 61 Třinec | Catering services | 100.00% | 100.00% |
| Moravia Security, a.s. | Průmyslová 725, Kanská, 739 61 Třinec | Provision of technical services for the protection of property and persons | 100.00% | 100.00% |

TABLE CONTINUES ON THE FOLLOWING PAGE

CONTINUATION OF THE TABLE FROM THE PREVIOUS PAGE

| Name of the company | Registered office | Business activities | Share of share capital at 31 Dec 2025 | Share of share capital at 31 Dec 2024 |
|---------------------------------------|--|--|---------------------------------------|---------------------------------------|
| 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 2025 | Equity share at 31 Dec 2024 |
|--------------------------------|---------------------------------------|--|-----------------------------|-----------------------------|
| VESUVIUS ČESKÁ REPUBLIKA, a.s. | Průmyslová 726, Kónská, 739 61 Třinec | Production of isostatically pressed heat-resisting products for continuous steel casting | 40.00% | 40.00% |

In 2025, the consolidation group was expanded to include Třinecké gastroslužby, s.r.o. and Moravia Security, a.s. These companies were included in the consolidation group as of 1 January 2025.

The consolidation methods were used in compliance with the consolidation rules of the consolidation group – full consolidation was applied in the case of subsidiaries, while 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 2025 and 2024. 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” Drótaru 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 demonstrably necessary but disproportionate costs or without demonstrably necessary but unacceptable 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 (“(in 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 2025 were prepared as follows:

- The balance sheet comprises comparative balances as of 31 December 2024;
- The profit and loss account comprises comparative amounts for the year ended 31 December 2024;
- The statement of changes in equity contains comparative amounts for the year ended 31 December 2024; and
- The cash flow statement comprises comparative amounts for the year ended 31 December 2024.

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, intangible results of 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, indirect 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 newly identified in the accounting records and contributions 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 accounting 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 accounting 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 gas 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 not remeasured using the exchange rate on the EUROPEAN ENERGY EXCHANGE and recognised at the original current replacement cost. A decrease in the valuation of purchased 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 may have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

4.2. Non-Current Financial Assets

Non-current financial assets principally consist of equity investments in 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 or losses from the revaluation of assets and liabilities". 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 or losses from the revaluation of assets and liabilities" and "Deferred tax liability".

Upon sale or any other disposal, securities of the same type are valued 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 their 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

Derivative financial instruments are classified as either trading or hedging. The 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 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 asset 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 on or 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. Prepayments 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 is 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 TRINECKÉ ŽELEZÁRNY, a. s. in the Tube Rolling Mill (the VT operation), VL – Doprava, expedice a logistika (Transport, shipping and logistics), VO – Výroba oceli (Steel 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.

The carrying amount of deferred tax assets is reviewed at the 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. The unrecognised portion of the deferred tax asset is disclosed in the notes to the financial statements.

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 Group is a payer of the top-up tax. It used the transitional “safe harbour” (effective tax rate test); therefore, the top-up tax expense is zero. The top-up tax was not taken into account in the calculation of the deferred tax.

The topup tax charge is recognised in the income statement under the line item “Due income tax”. The liability arising from topup taxes is recognised, depending on the reliability of the estimate, either as income tax liability under the line item “State – tax liabilities and subsidies” or as a reserve under the line item “Reserve for income 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:

(IN CZK THOUSAND)

| | Balance at 31 Dec 2025 | Balance at 31 Dec 2024 |
|--|------------------------|------------------------|
| Cash on hand | 6 683 | 6 006 |
| Current accounts | 4 378 580 | 2 702 805 |
| Current accounts with restricted handling of the balance | 0 | 0 |
| Term deposits | 0 | 0 |
| Short-term securities | 16 210 | 15 037 |
| Total current financial assets (gross) | 4 401 473 | 2 723 848 |
| Cash and cash equivalents not included in the cash flow | -275 800 | -9 600 |
| Provision against short-term securities and investments | 0 | 0 |
| Total cash and cash equivalents | 4 125 673 | 2 714 248 |

The difference between cash and cash equivalents as of 31 December 2025 and 2024 in the cash flow 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

No changes in accounting procedures were made in 2025.

Starting from the reporting period beginning on 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 on or 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 profit or loss of associates, and the "Consolidation reserve fund" comprising the accumulated profit/loss of associates 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 ordinary 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 sub-consolidation groups.

The financial statements for the years ended 31 December 2025 and 2024 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 2025 and 2024 (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

Net turnover is determined as the sum of revenues from the sale of products, goods and provision of services and sales of material, as well as other operating income. These are only selected revenues on which the business models of the Group entities are based, determined by taking into account the industry and market in which the entities operate and the nature of the activities carried out for customers.

5. ANALYSIS OF IMPACTS ON PROFIT/LOSS

5.1. Consolidated Profit/Loss for 2025

5.1.1. STRUCTURE OF THE CONSOLIDATED PROFIT/LOSS FOR 2025

(IN CZK THOUSAND)

| | |
|---|---------|
| Current year's profit/loss made by MORAVIA STEEL a.s. | 482 400 |
| Current year's profit/loss made by M Steel Projects a.s. | -2 916 |
| Current year's profit/loss made by M Steel Projects s.r.o. | -116 |
| Current year's profit/loss made by Beskydská golfová, a.s. | 369 |
| Share in current year's profit/loss made by Barrandov Studio a.s. | 34 723 |
| Share in current year's profit/loss made by MORAVIA STEEL ITALIA S.R.L. | 36 777 |
| Current year's profit/loss made by Moravia Steel Deutschland, GmbH | 104 266 |
| Current year's profit/loss made by Moravia Steel UK Ltd. | 2 217 |
| Share in current year's profit/loss made by Kovárna VIVA a.s. | 83 918 |
| Share in current year's profit/loss made by ALPER a.s. | 7 606 |
| Current year's profit/loss made by the consolidation group of TŽ, a.s. | 405 482 |
| Current year's profit/loss made by MS - Slovensko s.r.o. | -174 |
| Current year's profit/loss made by Moravskoslezský kovošrot a.s. | 73 844 |

 TABLE CONTINUES ON THE FOLLOWING PAGE

CONTINUATION OF THE TABLE FROM THE PREVIOUS PAGE

| | |
|---|----------------|
| Current year's profit/loss made by NEOMET sp.z o.o. | 34 392 |
| Current year's profit/loss made by MSV Metal Studénka, a.s. | 53 584 |
| Current year's profit/loss made by Kuźnia Ostrow Wielkopolski sp.z o.o. | 18 676 |
| Share in current year's profit/loss of equity accounted investments | 4 943 |
| Adjustments under full consolidation (See Note 5.1.2.) | -592 200 |
| Adjustments under the equity method of consolidation (See Note 5.1.3.) | 0 |
| Consolidated profit/loss | 747 791 |

5.1.2. PROFIT/(LOSS) ADJUSTMENTS UNDER FULL CONSOLIDATION FOR 2025

(IN CZK THOUSAND)

| | |
|--|-----------------|
| Elimination of profit from unrealised inventory from intercompany sale, including the deferred tax impact and elimination of minority profit or loss | -114 691 |
| Elimination of the provision against financial investments and inventory, including the deferred tax impact | -100 000 |
| Elimination of the provision for products | 8 529 |
| Write-off of consolidation differences | -15 961 |
| Adjustment arising from TŽ a.s. - prepayments for non-current financial assets | -52 |
| Elimination of the margin from the sale of assets including the deferred tax | -348 |
| Revaluation of assets, including the deferred tax | -22 402 |
| Adjustment for additional costs relating to the purchase of an equity investment in Kovárna VIVA and ALPER | -168 |
| Adjustments in the minority profit or loss | -12 555 |
| Elimination of dividends paid by MSK, MSD, ALPER | -334 552 |
| Total adjustments | -592 200 |

5.1.3. ADJUSTMENTS UNDER THE EQUITY METHOD FOR 2025

No adjustments were made under the equity method.

5.1.4. STRUCTURE OF THE CONSOLIDATED PROFIT/LOSS FOR 2024

(IN 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 Wielkopolski 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 |
| Consolidated profit/loss | 542 840 |

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

(IN 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 against finished goods | -10 438 |
| Amortisation of consolidation differences | -15 961 |
| Adjustment related to TŽ a.s. – advances for non-current financial assets | -158 |
| Elimination of 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 |
| Total adjustments | -720 284 |

5.1.6. ADJUSTMENTS UNDER THE EQUITY METHOD FOR 2024

No adjustments were made under the equity method.

6. ADDITIONAL INFORMATION ON THE BALANCE SHEET

6.1. Intangible Fixed Assets

Cost

(IN CZK THOUSAND)

| | Balance at 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 |
| Total | 3 787 795 | 0 | 5 602 595 | 6 823 037 | 806 | 2 568 159 |

(IN CZK THOUSAND)

| | Balance at 1 Jan 2025 | New acquisition and effect of the merger | Additions | Disposals | Impact of FX differences | Balance at 31 Dec 2025 |
|----------------------------------|-----------------------|--|------------------|------------------|--------------------------|------------------------|
| Development | 4 824 | 0 | 0 | 0 | 0 | 4 824 |
| Start-up costs | 0 | 0 | 0 | 0 | 0 | 0 |
| Goodwill | 24 439 | 0 | 0 | 0 | -606 | 23 833 |
| Software | 453 296 | 4 413 | 56 943 | 11 712 | -90 | 502 850 |
| Valuable rights | 813 407 | 0 | 11 448 | 362 | 208 | 824 701 |
| Other intangible FA | 1 237 246 | 0 | 6 436 337 | 6 942 054 | -424 | 731 105 |
| Intangible FA under construction | 33 465 | 0 | 229 530 | 240 389 | 2 | 22 608 |
| Prepayments for intangible FA | 1 482 | 0 | 1 929 | 1 482 | 0 | 1 929 |
| Total | 2 568 159 | 4 413 | 6 736 187 | 7 195 999 | -910 | 2 111 850 |

Accumulated Amortisation and Provisions

(IN 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 |
| Total | 962 366 | 0 | 53 755 | 3 941 | 364 | 1 012 544 |

(IN CZK THOUSAND)

| | Balance at 1 Jan 2025 | New acquisition and effect of the merger | Additions | Disposals | Impact of FX differences | Balance at 31 Dec 2025 |
|----------------------------------|--------------------------|---|---------------|---------------|-----------------------------|---------------------------|
| Development | 4 824 | 0 | 0 | 0 | 0 | 4 824 |
| Start-up costs | 0 | 0 | 0 | 0 | 0 | 0 |
| Goodwill | 7 572 | 0 | 1 175 | 0 | -188 | 8 559 |
| Software | 392 891 | 3 509 | 20 138 | 11 769 | -89 | 404 680 |
| Valuable rights | 578 013 | 0 | 44 240 | 528 | 159 | 621 884 |
| Other intangible FA | 28 934 | 0 | 1 192 | 0 | -292 | 29 834 |
| Intangible FA under construction | 310 | 0 | 0 | 0 | 0 | 310 |
| Total | 1 012 544 | 3 509 | 66 745 | 12 297 | -410 | 1 070 091 |

Net Book Value

(IN CZK THOUSAND)

| | Balance at 31 Dec 2024 | Balance at 31 Dec 2025 |
|----------------------------------|------------------------|------------------------|
| Development | 0 | 0 |
| Start-up costs | 0 | 0 |
| Software | 60 405 | 98 170 |
| Valuable rights | 235 394 | 202 817 |
| Goodwill | 16 867 | 15 274 |
| Other intangible FA | 1 208 312 | 701 271 |
| Intangible FA under construction | 33 155 | 22 298 |
| Prepayments for intangible FA | 1 482 | 1 929 |
| Total | 1 555 615 | 1 041 759 |

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 62,131 thousand and CZK 51,533 thousand for the years ended 31 December 2025 and 2024, respectively.

Other intangible fixed assets include greenhouse gas emission allowances.

In the year ended 31 December 2025, the Company acquired 3,412,833 emission allowances for 2025 free of charge in the amount of CZK 6,259,227 thousand. As of the date of the financial statements for the year ended 31 December 2025, the Company recognised the use of emission allowances for 2024 in the amount of CZK (95) thousand and the use of emission allowances for 2025 in the amount of CZK 6,939,997 thousand. As of the consolidated financial statements date as of 31 December 2025, there was no revaluation of emission allowances acquired free of charge.

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 allowances acquired free of charge.

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 43,434 thousand and CZK 88,811 thousand as of 31 December 2025 and 2024, respectively.

6.2. Tangible Fixed Assets

Cost

(IN 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 |
| Total | 76 664 257 | 5 252 | 5 019 984 | 2 751 921 | 7 188 | 78 944 760 |

(IN CZK THOUSAND)

| | Balance at 1 Jan 2025 | New acquisition and effect of the merger | Additions | Disposals | Impact of FX differences | Balance at 31 Dec 2025 |
|------------------------------------|--------------------------|---|------------------|------------------|-----------------------------|---------------------------|
| Land | 1 458 104 | 0 | 8 074 | 1 640 | -98 | 1 464 440 |
| Structures | 20 572 349 | 49 209 | 965 485 | 7 740 | -5 436 | 21 573 867 |
| Individual tangible movable assets | 54 104 770 | 102 063 | 2 243 442 | 559 658 | -8 608 | 55 882 009 |
| Other tangible FA | 532 687 | 59 | 37 609 | 5 550 | -235 | 564 570 |
| Tangible FA under construction | 2 174 706 | 20 | 2 665 582 | 3 377 461 | 2 135 | 1 464 982 |
| Prepayments | 102 144 | 0 | 381 933 | 377 365 | 16 | 106 728 |
| Total | 78 944 760 | 151 351 | 6 302 125 | 4 329 414 | -12 226 | 81 056 596 |

Accumulated Depreciation and Provisions

(IN 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 |
| Total | 48 752 212 | 4 765 | 2 714 099 | 380 999 | 9 229 | 51 099 306 |

(IN CZK THOUSAND)

| | Balance at 1 Jan 2025 | New acquisition | Additions | Disposals | Impact of FX differences | Balance at 31 Dec 2025 |
|---|--------------------------|-----------------|------------------|----------------|-----------------------------|---------------------------|
| Land | 2 762 | 0 | 310 | 0 | -69 | 3 003 |
| Structures | 11 208 709 | 21 393 | 542 301 | 12 180 | -3 657 | 11 756 566 |
| Individual tangible movable assets | 39 420 459 | 72 166 | 2 116 522 | 582 723 | -6 954 | 41 019 470 |
| Other tangible FA | 458 928 | 48 | 32 186 | 5 464 | -582 | 485 116 |
| Tangible FA under construction | 8 448 | 0 | 10 900 | 5 716 | 0 | 13 632 |
| Prepayments | 0 | 0 | 0 | 0 | 0 | 0 |
| Valuation difference on acquired assets | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | 51 099 306 | 93 607 | 2 702 219 | 606 083 | -11 262 | 53 277 787 |

Net Book Value

(IN CZK THOUSAND)

| Net book value | Balance at 31 Dec 2024 | Balance at 31 Dec 2025 |
|---|-------------------------------|-------------------------------|
| Land | 1 455 342 | 1 461 437 |
| Structures | 9 363 640 | 9 817 301 |
| Individual tangible movable assets | 14 684 311 | 14 862 539 |
| Other tangible FA | 73 759 | 79 454 |
| Tangible FA under construction | 2 166 258 | 1 451 350 |
| Prepayments for tangible FA | 102 144 | 106 728 |
| Valuation difference on acquired assets | 0 | 0 |
| Total | 27 845 454 | 27 778 809 |

Principal additions to tangible fixed assets for the year ended 31 December 2025 were as follows:

(IN CZK THOUSAND)

| | |
|--|---------|
| Technical improvement of Blast Furnace No. 4, TŽ | 346 321 |
| Acquisition of rail heat treatment equipment, TŽ | 211 144 |
| Acquisition of a new TZK hall, TŽ | 174 682 |
| Acquisition of building F4 (BTS), BS | 105 519 |
| TŽ – Roll turning shop halls | 78 015 |
| New hall Klondike C11, BS | 71 195 |
| Extension of Hall XII, TŽ | 29 339 |
| Technical improvement of collectors within the BS site | 26 942 |
| Gas cogeneration unit MP 1250M-Cu, TŽ | 24 986 |
| Reconstruction of building A5, BS | 16 479 |
| Hydraulic press 600 t, MSV | 14 866 |
| Horizontal machining centre Kitamura H, MSV | 14 049 |
| Annealing furnace No. 1, MSV | 13 570 |
| Extension of a hall including crane runway, TŽ | 13 532 |
| New paved parking area near building C11, BS | 10 434 |

Principal additions to tangible fixed assets under construction for the year ended 31 December 2025 were as follows:

(IN CZK THOUSAND)

| | |
|--|---------|
| Building for AT11 and AT12, BS | 114 691 |
| Acquisition of real estate and land (BTS), BS | 109 987 |
| Construction of substation RT3 100 kV, TŽ | 97 524 |
| Modernisation and decarbonisation of steel production, TŽ | 56 182 |
| Iron ore briquetting line, TŽ | 55 622 |
| SACMI press 3, TŽ | 43 878 |
| ID2025003 LTZ REALISTIC to building 85, final invoice VIVA | 40 036 |
| Connection of EOP to the ČEPS transmission system, TŽ | 38 357 |
| Galvanizing and electroplating line L804, TŽ | 37 951 |
| New source based on natural gas - combined cycle gas turbine PPC1, TŽ | 28 799 |
| Light chamber furnace No. 4, TŽ | 28 514 |
| Reconstruction of collectors at BS - Phase 3 | 12 588 |
| HV interconnection of substations VTS-TS11 in accordance with Contract for Work No. 2498/2025/INV, MSV Metal St. | 12 310 |
| Realistic heat treatment line No. 3, MSV | 11 400 |

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

(IN 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 |

 TABLE CONTINUES ON THE FOLLOWING PAGE

CONTINUATION OF THE TABLE FROM THE PREVIOUS PAGE

| | |
|---|--------|
| 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:

(IN 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 |

Depreciation of Tangible Fixed Assets Charged to Expenses

Depreciation of tangible fixed assets amounted to CZK 2,659,655 thousand and CZK 2,619,517 thousand for the years ended 31 December 2025 and 2024, 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 1,129,289 thousand and CZK 1,019,902 thousand as of 31 December 2025 and 2024, respectively.

6.3. Assets Held under Finance and Operating Lease Agreements

Finance Leases

(IN CZK THOUSAND)

| 31 December 2025 | Passenger cars | Machinery and equipment | Balance at 31 Dec 2025 |
|--|----------------|-------------------------|------------------------|
| Total estimated sum of lease instalments | 1 208 | 24 093 | 25 301 |
| Payments made as of 31 Dec 2025 | 1 100 | 7 069 | 8 169 |
| Due in the following years | 1 350 | 8 554 | 9 904 |

(IN 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 |

Operating Leases

In the years ended 31 December 2025 and 2024, rental paid amounted to CZK 87,517 thousand and CZK 89,975 thousand, respectively.

6.4. Fixed Assets Pledged as Security

31 December 2025

| Description of assets | Net book value | Description, scope and purpose of pledge/lien |
|-----------------------|----------------|--|
| TFA | 169 185 | Loan from Československá obchodní banka, a. s. |
| Land | 27 406 | |
| TFA | 324 961 | Loan from Československá obchodní banka, a. s. |
| TFA | 401 566 | Loan from Československá obchodní banka, a. s. |
| TFA | 193 700 | Loan from Československá obchodní banka, a. s. |
| Land | 96 121 | Loan from Československá obchodní banka, a. s. |

 TABLE CONTINUES ON THE FOLLOWING PAGE

CONTINUATION OF THE TABLE FROM THE PREVIOUS PAGE

| Description of assets | Net book value | Description, scope and purpose of pledge/lien |
|-----------------------|----------------|--|
| TFA | 227 884 | Loan from ING Bank N.V. |
| TFA | 217 101 | |
| Land | 7 719 | |
| TFA | 276 100 | |
| TFA | 1 179 966 | Loan from ING Bank N.V. |
| Land | 42 148 | |
| TFA | 969 057 | |
| Land | 18 538 | Loan from Raiffeisenbank a.s. |
| TFA | 59 935 | Collateral for an investment bank loan from UniCredit Bank Czech Republic and Slovakia, a.s. |
| TFA* | 95 776 | Loan from BNP Paribas Bank Polska S.A., secured with machinery up to PLN 16,674 thousand |
| TFA* | 22 976 | Loan from BNP Paribas Bank Polska S.A., secured with machinery up to PLN 4,000 thousand |
| TFA* | 112 008 | Loan from Bank Polska Kasa Opieki Spółka Akcyjna, secured with machinery up to PLN 19,500 thousand |
| TFA* | 25 848 | Loan from Bank Polska Kasa Opieki Spółka Akcyjna, secured with machinery up to PLN 4,500 thousand |
| TFA | 131 398 | Loan from Citibank Europe plc |
| Land | 2 384 | |
| Technology | 26 775 | |
| TFA* | 26 178 | Investment loan from K&H Bank Zrt |
| TFA* | 25 034 | Investment loan from K&H Bank Zrt |
| TFA* | 54 050 | Investment loan from K&H Bank Zrt |
| TFA* | 26 862 | Investment loan from K&H Bank Zrt |
| Land | 4 772 | Loan from Raiffeisenbank a.s. |
| TFA | 161 153 | |

TABLE CONTINUES ON THE FOLLOWING PAGE

CONTINUATION OF THE TABLE FROM THE PREVIOUS PAGE

| Description of assets | Net book value | Description, scope and purpose of pledge/lien |
|-----------------------|------------------|---|
| Land | 283 | Loan from Česká spořitelna, a.s. |
| TFA | 40 901 | |
| TFA | 7 695 | Preferential bank loan from Národní rozvojová banka, a.s. |
| TFA | 164 918 | ČSOB and ČS |
| Land | 23 202 | ČSOB and ČS |
| Technology | 215 501 | ČSOB and ČS |
| TFA | 67 757 | ČSOB |
| Land | 4 836 | |
| Technology | 40 032 | |
| TFA | 324 735 | ČSOB |
| TFA | 120 747 | PKO BP S.A. |
| Land | 7 337 | Unicredit Bank Czech Republic |
| Land | 49 943 | Raiffeisenbank a.s. |
| Structures | 147 091 | Raiffeisenbank a.s. |
| Structures | 232 015 | Unicredit Bank Czech Republic |
| Land | 1 293 | Lien - LV distribution system - ČEZ Distribuce |
| Land | 58 | Lien - right of way - Wojnar Rudolf |
| Land | 71 | Lien - utility water pipeline - ENERGETIKA TŘINEC |
| Land | 103 | Lien - utility water pipeline - ENERGETIKA TŘINEC |
| Land | 105 | Lien - utility water pipeline - ENERGETIKA TŘINEC |
| Land | 33 | Lien - road - Wapieniec |
| Total | 6 375 257 | |

* translated using the exchange rate promulgated by the Czech National Bank as of 31 December 2025

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 | |
| TFA | 29 416 | Long-term bank loan from Československá obchodní banka, a. s. |

 TABLE CONTINUES ON THE FOLLOWING PAGE

CONTINUATION OF THE TABLE FROM THE PREVIOUS PAGE

| Description of assets | Net book value | Description, scope and purpose of pledge/lien |
|-----------------------|------------------|---|
| 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 |
| Total | 5 589 741 | |

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

As of 31 December 2025, no non-current financial assets were encumbered by a lien. As of 31 December 2024, no assets were encumbered by a lien.

6.5. Summary of Unconsolidated investments

6.5.1. SUMMARY OF UNCONSOLIDATED INVESTMENTS IN 2025

Balance at 31 December 2025

(IN CZK THOUSAND)

| Company name, registered office | Share in % | Equity | Profit or loss for the period | Provision |
|---------------------------------|------------|---------|-------------------------------|-----------|
| Moravia Steel Slovenija, d.o.o. | 51 | 16 605 | 524 | 0 |
| Moravia Steel Ibéria,s.a. | 99.33 | 16 713 | 202 | 0 |
| AHP HYDRAULIK A, a.s. | 50.11 | -14 678 | -11 | 0 |

TABLE CONTINUES ON THE FOLLOWING PAGE

CONTINUATION OF THE TABLE FROM THE PREVIOUS PAGE

| Company name, registered office | Share in % | Equity | Profit or loss for the period | Provision |
|---|------------|----------------|-------------------------------|----------------|
| Barrandov Productions s.r.o. | 100 | 2 351 | -13 | 0 |
| FILMOVÁ NADACE **) | 100 | 1 580 | -836 | 0 |
| MSPProjects International s.r.o. | 100 | 3 720 | -427 | 0 |
| B.A.Zlín, s.r.o. | 80 | 4 053 | -120 | 0 |
| Moravia Steel Arabia LLC | 100 | | | 0 |
| TŘINECKÁ PROJEKCE, a.s., Kanada, Třinec | 84.54 | 26 801 | 3 251 | 0 |
| „ZAMECZEK BŁOGOCICE” Spółka z ograniczoną odpowiedzialnością, Cieszyn (POL) | 88 | 44 513 | 129 | -10 637 |
| TRISIA, a.s., Lyžbice, Třinec | 66 | 40 591 | -930 | -8 166 |
| Reťaze Slovakia s.r.o., Skalica (SK) | 80 | 13 032 | 2 569 | 0 |
| JuBo Jeseník s. r. o., Jeseník | 80 | 6 379 | 840 | 0 |
| Řetězárna servis s.r.o., Jeseník | 100 | 5 195 | 2 855 | 0 |
| IMOPRA s.r.o., Nivnice | 100 | 90 435 | 4 462 | -45 541 |
| ENEZA, s.r.o., Staré Město, Třinec* | 52.5 | 98 532 | 1 970 | 0 |
| Security Morava | 100 | 13 803 | 2 828 | 0 |
| Total | | 369 625 | 17 293 | -64 344 |

*) financial results for the period 1 April 2025-31 December 2025 (financial year from 1 April 2025 to 31 March 2026)

**) financial results for the period 1 March 2025-31 December 2025 (financial year from 1 March 2025 to 29 February 2026)

Note: *in italics preliminary results as of 31 December 2025*

The Group did not generate any material financial income from the unconsolidated investments in the year ended 31 December 2025.

On 30 April 2025 (with an effective date of 1 January 2025), a merger by amalgamation took place between EKOSTROJÍRENSTVÍ TŘINEC, a.s., as the dissolving company, and ENERGETIKA TŘINEC, a.s., as the successor company.

On 1 July 2025, Moravia Steel Arabia LLC was established. Communication with the company is problematic due to the war situation in Iran. Therefore, it has been classified as a non-consolidated entity in accordance with Section 22a(2)(a) of Act No. 563/1991 Coll., on Accounting.

6.5.2. SUMMARY OF UNCONSOLIDATED INVESTMENTS IN 2024

Balance at 31 December 2024

(IN 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., Kinská, 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 |
| Total | | 400 488 | 45 562 | -83 789 |

*) 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 29 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.

6.6. Accounting for Goodwill Arising on Consolidation

2025

(IN CZK THOUSAND)

| | Gross | Adjustment | Net | Recognition in expenses (write-off) | Recognition in expenses (provision) | Recognition in income | Recognition in equity |
|---|----------------|-----------------|----------------|-------------------------------------|-------------------------------------|-----------------------|-----------------------|
| Positive goodwill arising on consolidation | | | | | | | |
| ŽDB DRÁTOVNA a.s. | 261 780 | -261 780 | 0 | 13 089 | 157 068 | 0 | 0 |
| BOHEMIA RINGS s.r.o. | 119 809 | -119 809 | 0 | 5 990 | -5 990 | 0 | 0 |
| MS UK | 1 234 | -494 | 740 | 62 | 0 | 0 | 0 |
| HŽP a.s. | 130 508 | -60 904 | 69 604 | 5 800 | 0 | 0 | 0 |
| Kovárna VIVA | 182 720 | -65 961 | 116 759 | 9 136 | 0 | 0 | 0 |
| MSV. | 19 260 | -5 617 | 13 643 | 963 | 0 | 0 | 0 |
| Barrandov Studio a.s | 34 362 | -34 362 | 0 | 0 | 0 | 0 | 0 |
| Total | 749 673 | -548 927 | 200 746 | 35 040 | 151 078 | 0 | 0 |
| Negative goodwill arising on consolidation | | | | | | | |
| REFRASIL, s.r.o. | -14 566 | 5 341 | -9 225 | 0 | | 728 | 0 |
| Třinecké gastroslužby, s.r.o. | -43 400 | 2 170 | -41 230 | 0 | | 2 170 | 0 |
| Moravia Security, a.s | -31 402 | 1 570 | -29 832 | 0 | | 1 570 | 0 |
| Total | -89 368 | 9 081 | -80 287 | 0 | | 4 468 | 0 |

2024

(IN CZK THOUSAND)

| | Gross | Adjustment | Net | Recognition in expenses | Recognition in income | Recognition in equity |
|---|----------------|-----------------|----------------|-------------------------|-----------------------|-----------------------|
| Positive goodwill arising on consolidation | | | | | | |
| 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. | 19 260 | -4 655 | 14 605 | 963 | 0 | 0 |
| Barrandov Studio a.s. | 34 362 | -34 362 | 0 | 0 | 0 | 0 |
| Total | 749 674 | -362 810 | 386 864 | 29 050 | 0 | 0 |
| Negative goodwill arising on consolidation | | | | | | |
| REFRASIL, s.r.o. | -14 566 | 4 612 | -9 954 | 0 | 728 | 0 |
| Total | -14 566 | 4 612 | -9 954 | 0 | 728 | 0 |

In 2025, 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.

In 2025, the Company recognised a write-off of a positive goodwill arising on consolidation of ŽDB DRÁTOVNA a.s. in the amount of CZK 13,089 thousand and a provision for the positive goodwill arising on consolidation in the amount of CZK 157,068 thousand.

Line E.1.2. "Adjustments to values of intangible and tangible fixed assets", totalling CZK 120,727 thousand, includes, in addition to expenses arising from provisions against the positive goodwill of CZK 151,078 thousand, the impact of the release of provisions against tangible and intangible fixed assets from the statutory financial statements of consolidated entities of CZK 30,351 thousand.

6.7. Securities and Equity Investments under Equity Accounting

(IN CZK THOUSAND)

| Securities and equity investments under equity accounting | 2025 | 2024 |
|---|----------------|----------------|
| VESUVIUS ČESKÁ REPUBLIKA, a.s. | 136 537 | 134 371 |
| Total | 136 537 | 134 371 |

6.8. Inventory

As of 31 December 2025, "METALURGIA" SPÓŁKA AKCYJNA has pledged inventory up to PLN 19,500 thousand (CZK 112,008 thousand) with BNP Paribas Bank Polska S.A. in relation to the loan drawn and inventory up to PLN 13,500 thousand (CZK 77,544 thousand) with Bank Polska Kasa Opieki Spółka Akcyjna in relation to the loan drawn.

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.

6.9. Receivables

6.9.1. STRUCTURE OF SHORT-TERM RECEIVABLES

As of 31 December 2025, gross short-term trade receivables past their due dates amounted to CZK 1,297,044 thousand (net CZK 1,047,480 thousand). 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). Short-term prepayments made primarily include prepayments for supplied services.

State – tax receivables as of 31 December 2025 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 December 2024, this item predominantly included a receivable arising from value added tax and prepayments for fees according to Act No. 201/2012 Coll., on Air Protection.

Sundry receivables as of 31 December 2025 predominantly include a receivable arising from an unquestionable entitlement to a subsidy and receivables from individuals. As of 31 December 2024, this item predominantly included a receivable arising from an unquestionable entitlement to a subsidy and receivables from individuals.

Estimated receivables as of 31 December 2025 and 31 December 2024, 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 2025, "METALURGIA" SPÓŁKA AKCYJNA records pledged receivables of PLN 3,417 thousand (CZK 19,629 thousand) with BNP Paribas Faktoring Sp. z o. o. and pledged receivables of PLN 1,303 thousand (CZK 7,482 thousand) with Pekao Faktoring Sp. z o.o. As of 31 December 2024, the pledged receivables amounted to PLN 5,397 thousand (CZK 31,790 thousand) with BNP Paribas Faktoring Sp. z o. o. and PLN 2,439 thousand (CZK 14,365 thousand) with Pekao Faktoring Sp. z o.o.

Kuźnia Ostrów Wielkopolski Sp. z o.o. also records pledged receivables in connection with its bank loans.

6.9.3. INTERCOMPANY RECEIVABLES

Short-Term Receivables

(IN CZK THOUSAND)

| Entity | Balance at 31 Dec 2025 | Balance at 31 Dec 2024 |
|--|------------------------|------------------------|
| Moravia Security, a.s. | 34 | 272 |
| Security Morava, s.r.o. | 100 | 17 |
| TRIALFA, s.r.o. | 0 | 0 |
| TRISIA, a.s. | 620 | 129 |
| TŘINECKÁ PROJEKCE, a.s. | 277 | 4 645 |
| Třinecké gastroslužby, s.r.o. | 71 | 14 714 |
| VESUVIUS ČESKA REPUBLIKA, a.s. | 13 825 | 11 056 |
| MINERFIN a.s. | 4 | 527 |
| IMOPRA s.r.o. | 2 | 2 |
| JuBo Jeseník s.r.o. | 1 932 | 2 935 |
| Reťaze Slovakia, s.r.o. | 8 129 | 1 158 |
| Řetězárna servis s.r.o. | 17 | 5 |
| AHP HYDRAULIKA, a.s. | 0 | 0 |
| ENEZA, s.r.o. | 1 414 | 1 502 |
| EKOSTROJÍRENSTVÍ TŘINEC, a.s. | 0 | 1 027 |
| FILMOVÁ NADACE | 0 | 0 |
| MSV Servis s.r.o. | 0 | 0 |
| Barrandov Studio Productions s.r.o. | 1 | 1 |
| Total short-term intercompany receivables | 26 426 | 37 990 |
| • Receivables – controlled or controlling entity | | |
| Třinecké gastroslužby, s.r.o. | 8 500 | 8 500 |
| Total | 8 500 | 8 500 |

 TABLE CONTINUES ON THE FOLLOWING PAGE

CONTINUATION OF THE TABLE FROM THE PREVIOUS PAGE

| Entity | Balance at 31 Dec 2025 | Balance at 31 Dec 2024 |
|---|------------------------|------------------------|
| • Short-term prepayments made | | |
| Total | | 0 |
| • Accrued income | | |
| Třinecké gastroslužby, s.r.o. | 4 | 10 551 |
| EKOSTROJÍRENSTVÍ TŘINEC, a.s. | 0 | 894 |
| Total | 4 | 11 445 |
| Total short-term intercompany receivables including accruals | 34 930 | 57 935 |
| Other than intercompany receivables | 10 517 018 | 11 885 357 |
| Total short-term receivables including accruals | 10 551 948 | 11 943 292 |

Long-Term Receivables

As of 31 December 2025, the Group records long-term receivables with due dates of more than 5 years of CZK 349 thousand; as of 31 December 2024, the Group recorded long-term receivables with due dates of more than 5 years of CZK 356 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 2024 in the amount of CZK 571,731 thousand was transferred to retained earnings.

Proposal for the allocation of profit for 2025

In 2025, the consolidation group generated net profit after tax of CZK 776,813 thousand. The expected profit allocation for 2025 is its transfer to retained earnings.

6.10.2. SHARE CAPITAL

As of 31 December 2025, 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 each. The shares are not publicly tradeable and 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 2025 and 2024, primarily payables arising from retention fees to suppliers according to concluded contracts are reported under long-term trade payables. As of 31 December 2025, the Company recorded no long-term payables covered by material guarantees.

6.12.2. SHORT-TERM TRADE PAYABLES

As of 31 December 2025, short-term trade payables past their due dates amount to CZK 43,927 thousand (2024: CZK 77,640 thousand).

The usual maturity of payables is 60 days.

6.12.3. OTHER PAYABLES

As of 31 December 2025 and 2024, due amounts arising from social security and state employment policy contributions and public health insurance amounted to CZK 314,811 thousand and CZK 311,511 thousand, respectively. These payables were duly settled as of the balance sheet date.

As of 31 December 2025 and 31 December 2024, State – tax payables and subsidies primarily comprised subsidies received for emission allowances and, additionally, corporate and personal income tax payables.

As of 31 December 2025 and 31 December 2024, 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 and energy.

Sundry payables of the Company as of 31 December 2025 and 31 December 2024 predominantly include payables arising from a group registration for value added tax and contributions to employees.

6.12.4. INTERCOMPANY PAYABLES**Short-Term Payables**

(IN CZK THOUSAND)

| Name of the entity | Balance at 31 Dec 2025 | Balance at 31 Dec 2024 |
|--------------------------------|-------------------------------|-------------------------------|
| Ocelářská unie,a.s. | 924 | 923 |
| JuBo Jeseník s.r.o. | 14 | 0 |
| Moravia Security, a.s. | 9 097 | 29 472 |
| Třinecké gastroslužby, s.r.o. | 935 | 17 008 |
| VESUVIUS ČESKÁ REPUBLIKA, a.s. | 30 031 | 69 740 |
| Moravia Steel Ibéria, s.a. | 1 216 | 551 |
| MORAVIA STEEL SLOVENIJA d.o.o. | 3 398 | 4 584 |
| EKOSTROJÍRENSTVÍ TŘINEC, a.s. | 0 | 27 677 |
| Řetězárna servis s.r.o. | 2 556 | 1 475 |
| TRIALFA,s.r.o. | 0 | 0 |
| TRISIA,a.s. | 1 716 | 1 674 |
| TŘINECKÁ PROJEKCE,a.s. | 8 772 | 2 239 |
| "ZAMECZEKBŁOGOCICE"Sp.z.o.o. | 96 | 99 |
| ENEZA, s.r.o. | 25 247 | 25 979 |
| Security Morava,s.r.o. | 2 542 | 2 827 |
| Reťaze Slovakia, s.r.o. | 0 | 18 |
| MINERFIN,a.s. | 632 835 | 447 961 |
| Total | 719 379 | 632 227 |

 TABLE CONTINUES ON THE FOLLOWING PAGE

CONTINUATION OF THE TABLE FROM THE PREVIOUS PAGE

| Name of the entity | Balance at 31 Dec 2025 | Balance at 31 Dec 2024 |
|---|------------------------|------------------------|
| Accrued expenses | | |
| MoraviaSteellbéria,s.a. | 87 | 242 |
| MORAVIA STEEL SLOVENIJA,d.o.o. | 18 | 18 |
| Total | 105 | 260 |
| Estimated payables | | |
| Moravia Steel Ibéria, s.a | 6 | 40 |
| MORAVIA STEEL ITALIA s.r.l. | 102 | 0 |
| MSV Metal Studénka, a.s. | 397 | 0 |
| MORAVIA STEEL SLOVENIJA d.o.o | 0 | 273 |
| Total | 505 | 313 |
| Total short-term intercompany payables, including accruals | 719 989 | 632 800 |
| Other than intercompany payables | 10 576 479 | 12 197 968 |
| Total short-term payables, including accruals | 11 296 468 | 12 830 768 |

Long-term payables

As of 31 December 2025, the Company records long-term trade payables with maturities exceeding 5 years in the amount of CZK 69 thousand. As of 31 December 2024, the Company recorded long-term trade payables with maturities exceeding 5 years in the amount of CZK 69 thousand.

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.

(IN CZK THOUSAND)

| Deferred tax arising from | Tax rate in % | Balance at 31 Dec 2025 | Balance at 31 Dec 2024 |
|---|---------------|------------------------|------------------------|
| Difference between the tax and accounting carrying values of fixed assets | 21 | 10 501 503 | 10 853 191 |
| Difference between the tax and accounting carrying values of fixed assets | 9 | 124 232 | 100 991 |
| Revaluation of securities available for sale | 21 | -2 054 | -2 054 |
| Revaluation of assets to fair value charged to equity | 21 | 654 032 | 649 584 |
| Revaluation of assets to fair value charged to equity | 19 | 19 454 | 18 417 |
| Revaluation of assets to fair value charged to equity | 9 | 24 813 | 26 189 |
| Accounting reserves | 21 | -223 761 | -232 459 |
| Provisions | 21 | -1 209 155 | -1 478 408 |
| Provision for positive goodwill on consolidation | 21 | -230 451 | -79 371 |
| Outstanding default interest | 21 | 18 | 954 |
| Expenses deductible for tax purposes in the following years | 21 | -95 925 | -130 221 |
| Utilisable tax loss | 21 | -137 423 | -146 461 |
| Unrealised profit on the sale of inventory within the Group | 21 | -29 725 | -53 752 |
| Unrealised profit on the sale of inventory within the Group | 9 | -1 611 | 0 |
| Unrealised profit on the sale of tangible FA within the Group | 21 | -525 710 | -896 333 |
| Unrealised profit on the sale of tangible FA within the Group | 19 | -139 | -463 |
| Unrealised profit on the sale of tangible and intangible FA within the Group (equity) | 19 | 136 | 133 |
| Total temporary differences | | 8 868 234 | 8 629 937 |
| Deferred tax liability | | 1 844 249 | 1 796 664 |

(IN CZK THOUSAND)

| Analysis of movements | |
|--|------------------|
| 1 Jan 2024 | 1 846 985 |
| 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 |
| 31 Dec 2024 | 1 796 664 |
| Effect of the merger | 1 236 |
| Current changes charged to the profit and loss account | 35 079 |
| Current changes charged to equity | 286 |
| Charge against positive goodwill on consolidation | 10 984 |
| Other | 0 |
| 31 Dec 2025 | 1 844 249 |

6.13.2. DEFERRED TAX ASSET

(IN CZK THOUSAND)

| | Tax rate (%) | Balance at 31 Dec 2025 | Balance at 31 Dec 2024 |
|--|--------------|------------------------|------------------------|
| Difference between the tax and accounting net book value of fixed assets | 21 | -7 058 | -7 110 |
| Difference between the tax and accounting net book value of fixed assets | 19 | -23 605 | -27 153 |
| Accounting reserves | 21 | 5 070 | 5 776 |
| Accounting reserves | 19 | 461 | 16 661 |
| Provisions | 21 | 20 776 | 52 038 |
| Provisions | 19 | 31 957 | 27 809 |
| Unrealised profit on the sale of inventory and assets within the Group | 21 | 258 495 | 113 614 |
| Unpaid (not received) penalty | 21 | 7 357 | 2 457 |
| Expenses deductible for tax purposes in the following years | 19 | 35 346 | 25 434 |
| Utilisable tax loss | 19 | 38 793 | 53 668 |
| Total temporary differences | | 367 592 | 263 194 |
| Deferred tax asset | | 75 536 | 53 344 |

(IN CZK THOUSAND)

| Analysis of movements | |
|--|---------------|
| 1 Jan 2024 | 38 705 |
| Current changes charged to the profit and loss account | 14 143 |
| Current changes charged to equity | 496 |
| 31 Dec 2024 | 53 344 |
| Current changes charged to the profit and loss account | 22 460 |
| Current changes charged to equity | -268 |
| 31 Dec 2025 | 75 536 |

6.14. Bank Loans and Borrowings

Long-Term Bank Loans

(IN CZK THOUSAND)

| Type of loan | Currency | Balance at 31 Dec 2025 | Balance at 31 Dec 2024 | Form of collateral at 31 Dec 2025 |
|-----------------------------|----------|------------------------|------------------------|---|
| Investment loan | CZK | 120 000 | 360 000 | Immovable and movable assets, receivables from insurance, promissory note |
| Investment loan | CZK | 677 235 | 838 661 | Immovable and movable assets, receivables from insurance, promissory note |
| Investment loan | EUR | 0 | 112 262 | Immovable and movable assets, receivables from insurance |
| Investment loan | EUR | 347 916 | 567 922 | Immovable and movable assets, receivables from insurance, promissory note |
| Investment loan | EUR | 454 594 | 661 106 | No collateral |
| Investment loan | EUR | 48 490 | 0 | No collateral |
| Investment loan | EUR | 543 330 | 0 | Immovable and movable assets, receivables from insurance, promissory note |
| Investment loan | CZK | 0 | 950 | No collateral |
| Investment loan | EUR | 3 771 | 5 876 | No collateral |
| Investment loan | CZK | 7 200 | 0 | No collateral |
| Investment loan | CZK | 24 367 | 32 637 | Promissory note |
| Purpose loan | EUR | 101 829 | 148 088 | Receivables |
| Investment loan | EUR | 0 | 11 126 | Blank promissory note, pledge of movable assets |
| Purpose loan | CZK/EUR | 42 034 | 12 000 | No collateral |
| Preferential loan agreement | CZK | 4 066 | 0 | Promissory notes, pledge of movable assets |
| Investment loan | EUR | 0 | 1 470 | Blank promissory note |
| Investment loan | EUR | 3 636 | 18 889 | Own blank promissory note |
| Investment loan | EUR | 35 735 | 56 466 | Own blank promissory note |
| Investment loan | EUR | 1 657 | 5 143 | Mortgage, insurance pledge |
| Investment loan | EUR | 31 081 | 24 764 | Mortgage, insurance pledge |
| Investment loan | EUR | 38 099 | 53 968 | Pledge of real estate |

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CONTINUATION OF THE TABLE FROM THE PREVIOUS PAGE

| Type of loan | Currency | Balance at 31 Dec 2025 | Balance at 31 Dec 2024 | Form of collateral at 31 Dec 2025 |
|------------------|----------|------------------------|------------------------|-----------------------------------|
| Investment loan | CZK | 45 500 | 0 | Pledge of real estate |
| Investment loan | CZK | 48 895 | 0 | Pledge of real estate |
| Investment loan | EUR | 14 803 | 35 879 | Technology |
| Investment loan | CZK | 12 329 | 22 192 | Technology |
| Investment loan | EUR | 65 462 | 90 666 | Technology |
| Investment loan | EUR | 30 253 | 0 | Technology, real estate |
| Investment loan | EUR | 35 959 | 0 | Technology, real estate |
| Investment loan | CZK | 15 632 | 21 000 | Real estate, technology |
| Investment loan | EUR | 2 552 | 4 776 | Real estate, technology |
| Investment loan | EUR | 6 680 | 10 023 | Real estate, technology |
| Acquisition loan | CZK | 71 280 | 148 088 | Blank promissory note |
| Investment loan | EUR | 0 | 5 515 | Pledge of movable assets |
| Investment loan | EUR | 0 | 2 614 | Pledge of movable assets |
| Investment loan | EUR | 0 | 1 990 | Pledge of movable assets |
| Investment loan | EUR | 18 979 | 29 573 | Pledge of movable assets |
| Investment loan | EUR | 3 763 | 7 817 | Pledge of movable assets |
| Investment loan | EUR | 51 299 | 71 050 | Pledge of movable assets |
| Investment loan | EUR | 27 960 | 0 | Pledge of movable assets |
| Investment loan | PLN | 2 872 | 5 890 | Mortgage, insurance pledge |
| Investment loan | PLN | 9 573 | 13 743 | Mortgage, insurance pledge |
| Investment loan | PLN | 1 564 | 0 | Mortgage, insurance pledge |
| Investment loan | PLN | 0 | 2 944 | Mortgage, insurance pledge |
| Total | | 2 950 395 | 3 385 088 | |

Short-Term Bank Loans

| Type of loan | Currency | Balance at 31 Dec 2025 | Balance at 31 Dec 2024 | Form of collateral at 31 Dec 2025 |
|--------------------------|----------|------------------------|------------------------|--|
| Overdraft | CZK | 15 | 0 | No collateral |
| Investment loan | EUR | 1 415 | 5 876 | Blank promissory note |
| Overdraft | PLN | 2 155 | 0 | Pledge |
| Overdraft | EUR | 21 999 | 10 869 | Pledge - goods, materials, and finished products including insurance |
| Overdraft | PLN | 1 656 | 574 | Pledge - machinery, equipment, and receivables |
| Overdraft | EUR | 26 751 | 33 087 | Pledge - goods, materials, and finished products including insurance |
| Investment loan | PLN | 2 260 | 6 952 | Pledge - machinery and equipment |
| Investment loan | EUR | 4 451 | 6 922 | Collateral - tangible fixed assets (machinery and equipment) including insurance |
| Overdraft - credit cards | CZK | 102 | 120 | No collateral |
| One-time investment loan | EUR | 0 | 26 384 | Movable and immovable assets |
| Overdraft | EUR | 22 342 | 63 269 | Receivables |
| Purpose loan | EUR | 40 732 | 42 311 | Receivables |
| Overdraft | EUR | 42 629 | 0 | Promissory note |
| Investment loan | EUR | 108 072 | 224 524 | Immovable and movable assets, receivables from insurance |
| Investment loan | CZK | 240 000 | 240 000 | Immovable and movable assets, receivables from insurance, promissory note |
| Investment loan | EUR | 198 809 | 206 517 | Immovable and movable assets, receivables from insurance, promissory note |
| Overdraft | CZK | 51 | 62 | No collateral |
| Investment loan | EUR | 181 837 | 188 887 | No collateral |
| Acquisition loan | EUR | 193 496 | 93 185 | Securities, own promissory note |
| Investment loan | EUR | 60 370 | 0 | Immovable and movable assets, receivables from insurance, promissory note |
| Investment loan | CZK | 950 | 1 900 | No collateral |
| Investment loan | EUR | 1 886 | 1 959 | No collateral |
| Investment loan | CZK | 2 400 | 0 | No collateral |

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CONTINUATION OF THE TABLE FROM THE PREVIOUS PAGE

| Type of loan | Currency | Balance at 31 Dec 2025 | Balance at 31 Dec 2024 | Form of collateral at 31 Dec 2025 |
|-----------------------------|----------|------------------------|------------------------|--|
| Credit cards | CZK | 32 | 6 | No collateral |
| Purpose loan | CZK | 0 | 5 000 | Pledge of movable assets |
| Investment loan | EUR | 8 486 | 8 815 | Own promissory note |
| Purpose loan | CZK/EUR | 11 965 | 6 000 | No collateral |
| Preferential loan agreement | CZK | 2 217 | 0 | Promissory notes, pledge of movable assets |
| Investment loan | CZK | 0 | 18 000 | Blank promissory note, pledge of movable assets |
| Overdraft | CZK | 0 | 16 097 | Blank promissory note |
| Overdraft | CZK | 0 | 4 735 | Blank promissory note |
| Overdraft | CZK | 0 | 3 502 | Blank promissory note |
| Overdraft | EUR | 0 | 64 489 | Blank promissory note |
| Overdraft | CZK | 26 117 | 32 508 | No collateral |
| Overdraft | CZK | 26 117 | 33 077 | Own blank promissory note |
| Overdraft | EUR | 25 015 | 5 143 | Blank promissory note |
| Investment loan | EUR | 10 710 | 14 830 | Blank promissory note, pledge of movable assets |
| Operating loan | CZK | 44 992 | 12 859 | Pledge of real estate, transfer of title to movable assets by way of security, blank promissory note, and insurance assignment for real estate |
| Operating loan | EUR | 70 571 | 78 979 | Own blank promissory note |
| Operating loan | CZK | 48 033 | 4 572 | Own blank promissory note |
| Investment loan | EUR | 0 | 9 289 | Own blank promissory note |
| Investment loan | EUR | 14 547 | 15 111 | Own blank promissory note |
| Investment loan | EUR | 20 420 | 20 609 | Own blank promissory note |
| Operating loan | CZK | 35 373 | 0 | Pledge of real estate, blank promissory note, and insurance assignment for real estate |
| Investment loan | EUR | 0 | 3 465 | Mortgage, insurance pledge |
| Investment loan | EUR | 3 314 | 3 429 | Mortgage, insurance pledge |

TABLE CONTINUES ON THE FOLLOWING PAGE

 CONTINUATION OF THE TABLE FROM THE PREVIOUS PAGE

| Type of loan | Currency | Balance at 31 Dec 2025 | Balance at 31 Dec 2024 | Form of collateral at 31 Dec 2025 |
|-----------------------|----------|------------------------|------------------------|-----------------------------------|
| Overdraft | EUR | 0 | 39 460 | No collateral |
| Investment loan | EUR | 12 436 | 12 868 | Mortgage, insurance pledge |
| Refinancing | CZK | 71 280 | 108 850 | Securities pledge agreement |
| Investment loan | EUR | 13 855 | 14 391 | Pledge of real estate |
| Investment loan | CZK | 0 | 16 260 | Pledge of real estate |
| Investment loan | CZK | 25 714 | 0 | Pledge of real estate |
| Investment loan | CZK | 14 000 | 0 | Pledge of real estate |
| Investment loan | EUR | 21 821 | 22 667 | Technology, real estate |
| Operating loan | EUR | 9 863 | 9 863 | Technology |
| Investment loan | EUR | 0 | 6 450 | Real estate technology |
| Investment loan | EUR | 19 737 | 20 502 | technology |
| Investment loan | EUR | 6 778 | 0 | Real estate |
| Operating – committed | EUR | 12 543 | 0 | Receivables |
| Operating – committed | CZK | 146 850 | 110 204 | Receivables |
| Overdraft | PLN | 20 337 | 35 249 | Pledge of receivables |
| Investment loan | CZK | 5 368 | 5 368 | Real estate, technology |
| Investment loan | EUR | 2 045 | 2 125 | Expansion of production |
| Investment loan | EUR | 2 969 | 3 084 | Real estate, technology |
| Operating loan | CZK | 3 683 | 5 506 | Receivables |
| Overdraft | EUR | 66 969 | 57 456 | Pledge of receivables |
| Overdraft | EUR | 7 743 | 0 | Pledge of receivables |
| Investment loan | EUR | 47 083 | 62 597 | Capital expenditure |
| Operating loan | PLN | 79 327 | 93 178 | Mortgage for real estate |
| Total | | 2 092 688 | 2 139 991 | |

Short-Term Financial Borrowings

(IN CZK THOUSAND)

| Purpose | Currency | Balance at 31 Dec 2025 | Balance at 31 Dec 2024 | Provider |
|--------------|----------|------------------------|------------------------|--------------|
| Short-term | PLN | 64 | 84 | MSA Radomsko |
| Total | | 64 | 84 | |

6.15. Other Off-Balance Sheet Liabilities and Receivables, Legal Disputes**MORAVIA STEEL a.s.**

As of 31 December 2025, the Company participated in no legal dispute, the ruling of which would have had a material impact on the Company.

As of 31 December 2025, the guarantees issued by the bank on behalf of the Company in favour of third parties amounted to CZK 380,825 thousand (31 December 2024: CZK 359,050 thousand).

The dispute held since 2013 based on the petition of former minority shareholders of TRINECKÉ ŽELEZÁRNY, a. s. to review the adequacy of the consideration attributable to those former minority shareholders based on the decision of the General Meeting of TRINECKÉ 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 expiration of the limitation period for the claim for additional consideration payable to minority shareholders on 7 October 2023, the Company recognised, as of 24 September 2025, the unpaid portion of the consideration to minority shareholders arising from unclaimed additional consideration in the amount of CZK 26,129,866, as well as interest as of 7 October 2023 in the amount of CZK 5,165,153.70 totalling CZK 31,296,019.70, as income.

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 ordinary and extraordinary legal remedies were used in the above case. No further legal proceedings are ongoing in relation to the above matter.

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, and no hearing has yet been scheduled to consider the appeal.

The Company records a reserve for this legal dispute in the amount of CZK 420,060 thousand.

Inasmuch as the management of MORAVIA STEEL a.s. 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 2025

| Type | Total amount | Balance at 31 Dec 2025 |
|-------------------|--------------------|------------------------|
| Guarantees | | |
| To other entities | EUR 1,507 thousand | CZK 36,531 thousand |

31 December 2024

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

Received Guarantees

31 December 2025

| Type | Total amount | Balance at 31 Dec 2025 |
|-----------------------|--------------------|------------------------|
| Guarantees | | |
| – from other entities | EUR 1,300 thousand | CZK 31,530 thousand |

31 December 2024

| Type | Total amount | Balance at 31 Dec 2024 |
|-----------------------|--------------------|------------------------|
| Guarantees | | |
| – from other entities | EUR 4,487 thousand | CZK 113,004 thousand |

As of 31 December 2025, the Company records in off-balance sheet accounts both the promissory notes issued by the Company in favour of credit institutions and the security promissory notes received, issued in favour of the Company to secure cash liabilities under the Revolving Credit Agreements.

Legal disputes

The Company filed a legal action 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 2025, the Company used up funds in the amount of CZK 556,802 thousand (2024: CZK 552,562 thousand).

Other entities included in the MS consolidation group**Energetika Třinec, a.s.****Security for liabilities**

(IN CZK THOUSAND)

| Liability type | Balance at 31 Dec 2025 | Balance at 31 Dec 2024 |
|---|------------------------|------------------------|
| Blank promissory notes - security for own overdrafts | 670 000 | 550 000 |
| Blank promissory notes - security for own long-term loans | 0 | 90 000 |
| Total | 670 000 | 640 000 |

Strojírny a stavby Třinec, a.s.**Provided guarantees****31 December 2025**

| Type | Total amount | Balance at 31 Dec 2025 |
|---------------------|---------------------|------------------------|
| Guarantees | | |
| - to other entities | CZK 7,097 thousand | CZK 7,097 thousand |
| | EUR 26,048 thousand | CZK 630,822 thousand |

31 December 2024

| Type | Total amount | Balance at 31 Dec 2024 |
|---------------------|---------------------|------------------------|
| Guarantees | | |
| - to other entities | CZK 17,807 thousand | CZK 17,807 thousand |
| | EUR 3,083 thousand | CZK 77,271 thousand |

Received guarantees**31 December 2025**

| Type | Total amount | Balance at 31 Dec 2025 |
|-----------------------|--------------------|------------------------|
| Guarantees | | |
| - from other entities | CZK 2,410 thousand | CZK 2,410 thousand |

31 December 2024

| Type | Total amount | Balance at 31 Dec 2024 |
|-----------------------|--------------------|------------------------|
| Guarantees | | |
| - from other entities | CZK 4,885 thousand | CZK 4,885 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 conflict 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.

In February 2026, geopolitical tensions in the Middle East escalated. As of the date of preparation of this report, the Company has not identified any direct impacts on its operations or financial performance.

However, it cannot be ruled out that, should the situation deteriorate further, indirect impacts may arise, particularly in the area of logistics and supply chains. A potential risk is mainly a possible increase in transportation costs of materials from Asian regions, which could lead to higher transportation costs, extended delivery times and increased uncertainty in inventory planning.

The Company continuously monitors the situation and is prepared to promptly take appropriate measures to minimise any potential adverse impacts.

7. ADDITIONAL INFORMATION ON THE CONSOLIDATED PROFIT AND LOSS ACCOUNT

7.1. Income from Ordinary Activities of the Group

2025

(IN CZK THOUSAND)

| Activities | Domestic | Cross-Border | Total |
|--------------------------|-------------------|-------------------|-------------------|
| Metallurgical production | 15 394 361 | 37 399 312 | 52 793 673 |
| Other production | 1 878 716 | 1 873 971 | 3 752 687 |
| Sale of goods | 96 367 | 317 040 | 413 407 |
| Services | 1 743 620 | 265 291 | 2 008 911 |
| Total | 19 113 064 | 39 855 614 | 58 968 678 |

2024

(IN CZK THOUSAND)

| Activities | Domestic | Cross-Border | Total |
|--------------------------|-------------------|-------------------|-------------------|
| Metallurgical 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 |
| Total | 15 594 488 | 47 065 210 | 62 659 698 |

7.2. Other Income and Expenses

Costs of advisory, consulting and audit activities amounted to CZK 54,285 thousand and CZK 77,983 thousand as of 31 December 2025 and 2024, respectively.

Other operating income as of 31 December 2025 and 2024 predominantly included the use of the grant for allowances in the amounts of CZK 6,871,991 thousand and CZK 6,943,374 thousand, respectively, and the settlement of insurance benefits relating to the accident of the wind heater, including reassessment of insurance compensation for business interruption, with a total negative impact on income of CZK 59,796 thousand.

Other operating expenses as of 31 December 2025 and 2024 predominantly included the use of allowances in the amounts of CZK 6,940,092 thousand and CZK 6,943,374 thousand, respectively.

Financial donations are reported under operating expenses. The total amount of donations provided in 2025 was CZK 37,726 thousand (2024: CZK 40,311 thousand).

Other financial income and expenses as of 31 December 2025 and 2024 predominantly included foreign exchange rate gains and losses.

In the year ended 31 December 2025, the Company received and reported 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 2024 in the amount of CZK 473,906 thousand.

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 2023 in the amount of CZK 165,723 thousand.

7.3. Grants and Subsidies

In the year ended 31 December 2025, TŘINECKÉ ŽELEZÁRNY, a. s. received a subsidy for the acquisition of environmental and other investments of CZK 88,250 thousand.

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.

The subsidies for operating purposes of CZK 9,041 thousand used in 2025 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 subsidies 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.

Subsidies for operating purposes and contributions relating to subsidiaries of MS a.s. for 2025 amount to CZK 2,662 thousand (2024: CZK 3,280 thousand).

7.4. Aggregate Research and Development Expenditure

(IN CZK THOUSAND)

| | 31 Dec 2025 | 31 Dec 2024 |
|--|-------------|-------------|
| Research and development expenditure (net of grants) | 45 095 | 50 948 |

7.5. Related Party Transactions

7.5.1. INCOME GENERATED WITH RELATED PARTIES

Income generated with related parties amounted to CZK 410,716 thousand in 2025. All related party transactions took place under arm's length conditions (2024: CZK 382,013 thousand).

Income from profit shares from related parties for 2025 and 2024 is disclosed in Note 6.5.

7.5.2. PURCHASES FROM RELATED PARTIES

Total purchases from related parties amounted to CZK 5,680,998 thousand (2024: CZK 6,359,612 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 2025 was 13,308, of which 273 managers. The number of employees as of 31 December 2024 was 13,155, of which 261 managers.

The staff costs of employees in the year ended 31 December 2025 amounted to CZK 10,223,875 thousand, of which staff costs of managers amounted to CZK 589,687 thousand. 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 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:

(IN CZK THOUSAND)

| | 2025 | 2024 |
|---|---------------|---------------|
| Use of management cars (the figure increases the tax base of employees) | 20 897 | 21 044 |
| Contribution for supplementary pension scheme and life insurance | 874 | 1 039 |
| Liability insurance | 2 224 | 2 204 |
| Total | 23 995 | 24 287 |

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 2025.