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# CONSOLIDATED ANNUAL REPORT



TŘINECKÉ ŽELEZÁRNY




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# **GENERAL SECTION**



# COMPANY PROFILE

# 01

**TŘINECKÉ ŽELEZÁRNY, a. s. (hereinafter “Třinecké železářny”, “TŽ” or the “Company”), was founded in 1839 and for more than 180 years it has been a successor to the long tradition of metallurgical production in Těšín Silesia. The sole shareholder of Třinecké železářny is MORAVIA STEEL a. s.**

**Třinecké železářny is the largest crude steel producer with domestic capital and since 2009, has held the largest share of domestic steel production. The corporate mission “Together for the Generations to Come” clearly describes the long-term relationship of Třinecké železářny with its surrounding region, the co-responsibility for the continuous improvement of the environment in its vicinity and the effort to improve the quality of life of its inhabitants.**



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

Třinecké železářny is an integrated production plant that includes operations from coke production to the final hot-rolled steel product. The coke-chemical production plant includes two coke-oven batteries and a pulverized coal injection into the blast furnace hearth. The produced coke and the pulverized coal are used in the plant's own blast furnaces together with the sinter charge, which has been prepared in two sinter plants. More than 98% of Třinec steel is produced in the BOF converter plant, on the basis of oxygen refining of iron. The BOF plant is equipped with complete ladle metallurgy enabling chemical and thermal homogenization, additional alloying as well as vacuum treatment. The BOF plant includes two machines for the continuous casting of blooms and billets. Steel from Třinec is also produced in the EAF steel plant.



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

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

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

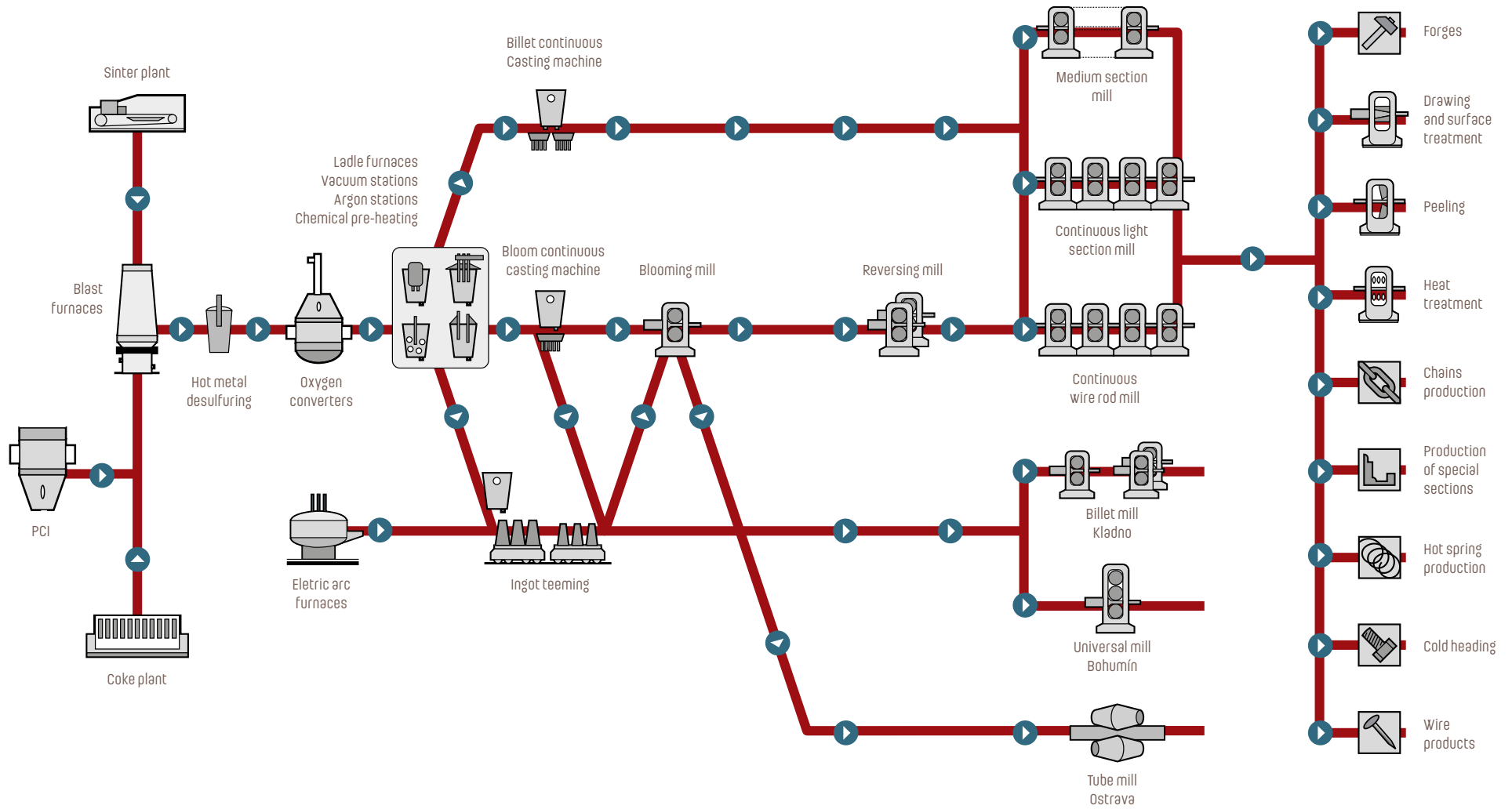
been used not only on the domestic market but also worldwide. The products marked with the trademark of Třinecké železářny – three hammers in a circle – go to customers from more than 60 countries every year.

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





# MATERIAL FLOWS AND TECHNOLOGY





# PROFILE OF THE CONSOLIDATION GROUP

## 02

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

- **ENERGETIKA TŘINEC, a.s.** – supplier of the whole spectrum of energies and energy services – electricity, process steam, heat, heating gases, compressed and blown air, utility and potable water.
- **Slévárny Třinec, a.s.** – manufacturer of castings from steel, cast iron and non-ferrous metals.
- **VÚHŽ a.s.** – special metallurgical production and supply of automation technologies for the metallurgical industry.
- **Šroubárna Kyjov, spol. s r.o.** – manufacturer of fasteners – bolts, nuts, special fasteners and forgings of a similar nature.
- **Strojírny a stavby Třinec, a.s.** – custom engineering production of technological units and weldments, including machining on CNC machines; turnkey industrial and civil constructions, road construction.
- **„METALURGIA“ S.A.** – manufacturer of drawn wire.





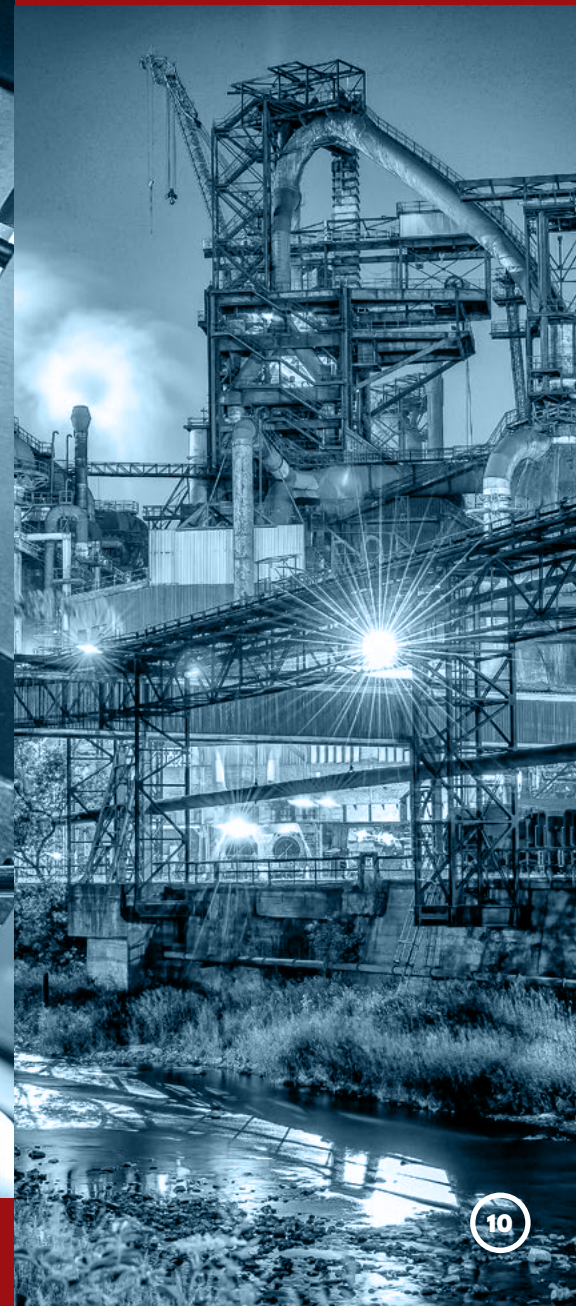
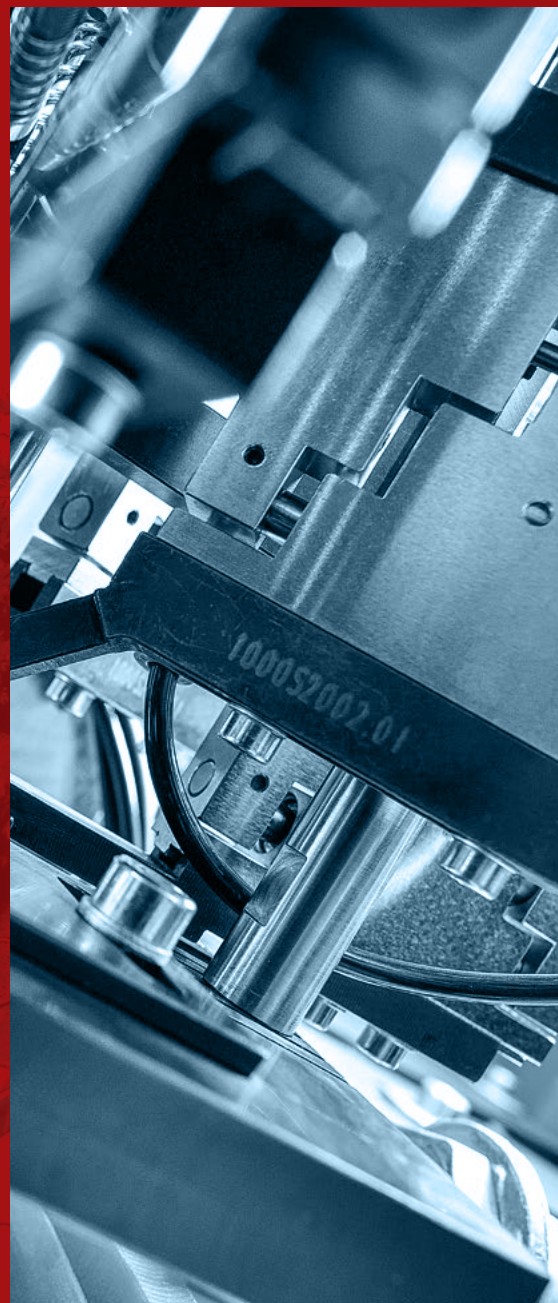
- **„D&D“ Drótáru Zrt.** – manufacture of cold-drawn wire and strands for pre-stressed reinforcement for use mainly in the construction and mining industries; manufacture of steel fibres for concrete floors.
- **ŽDB DRÁTOVNA a.s.** – drawing plant for unpatented and patented wire, rope mill, spring and wire production.
- **HŽP a.s.** – manufacturer of helical, leaf and parabolic springs.
- **SV servisní, s.r.o.** – energy services, construction and installation work.
- **Řetězárna a.s.** – production of a wide range of length chains for various applications.
- **REFRASIL, s.r.o.** – refractory materials for lining of metallurgical facilities and refractory building materials.
- **BOHEMIA RINGS s.r.o.** – precision engineering components, bearing rings for wind power plants.
- **VESUVIUS ČESKÁ REPUBLIKA, a.s.** – isostatically pressed ceramics for the control and protection of steel flow in the continuous casting process in metallurgical plants.





# KEY PERFORMANCE INDICATORS 2019–2023

03





<b>COMPANY INDICATORS</b>	<b>UNIT</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
<b>Pig iron production</b>	kt	2 045	2 107	1 943	1 970	1 973
<b>Crude steel production</b>	kt	2 508	2 581	2 400	2 440	2 415
<b>Of which continuous castings</b>	kt	2 430	2 517	2 294	2 366	2 355
<b>Sales of rolled products including steel</b>	kt	2 355	2 360	2 288	2 198	2 216
<b>Total revenues</b>	CZK mil.	40 786	39 352	50 953	66 139	64 479
<b>Income from sales of products, goods and services</b>	CZK mil.	38 405	35 114	43 715	57 602	49 692
<b>Export share of sales of rolled products, including semi-finished products</b>	%	66,2	67,4	67,7	68,5	69,4
<b>Total costs excluding income tax</b>	CZK mil.	40 101	38 822	49 340	63 216	64 370
<b>Net profit or loss</b>	CZK mil.	610	469	1 306	2 393	44
<b>Net total assets</b>	CZK mil.	39 690	39 487	41 769	48 932	44 985
<b>Gross tangible fixed assets</b>	CZK mil.	41 935	42 908	44 013	45 689	46 866
<b>Provisions against tangible fixed assets</b>	CZK mil.	25 442	26 573	27 469	28 785	30 183
<b>Equity</b>	CZK mil.	28 500	28 969	30 276	31 669	31 744
<b>Capital investments</b>	CZK mil.	2 195*	1 275*	1 663*	1 863*	1 364*
<b>Other capital including other liabilities</b>	CZK mil.	11 190	10 517	11 494	17 263	13 242
<b>Employees (average recalculated headcount)</b>	Persons	7 062	7 010	6 878	6 825	6 831
<b>Average monthly wage</b>	CZK/person	36 184	36 778	38 353	41 559	41 752

\* without subsidies

**TŽ GROUP INDICATORS**

	UNIT	2019	2020	2021	2022	2023
<b>Income from sales of products, goods and services</b>	CZK mil.	49 809	45 700	56 727	74 117	63 764
<b>Net Total Assets</b>	CZK mil.	45 305	45 357	48 695	56 686	52 289
<b>Net tangible fixed assets</b>	CZK mil.	24 413	24 529	24 205	24 477	24 056
<b>Equity</b>	CZK mil.	30 990	31 395	33 595	35 607	34 488
<b>Consolidated profit or loss excluding minority interests</b>	CZK mil.	646	436	2 254	3 105	-1 223
<b>External equity, including accruals</b>	CZK mil.	14 027	13 674	14 792	20 745	17 469



# SUPERVISORY BOARD AND BOARD OF DIRECTORS

04

## SUPERVISORY BOARD

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

## BOARD OF DIRECTORS

<b>Chairman</b>	Roman Heide
<b>First Vice-Chairman</b>	Tomáš Gajdzica
<b>Second Vice-Chairman</b>	Henryk Huczala
<b>Member</b>	Radomíra Pekárková
<b>Member</b>	Kateřina Nogolová



# INTRODUCTORY WORD BY THE CHAIRMAN OF THE SUPERVISORY BOARD

05

## DEAR EMPLOYEES, CUSTOMERS AND PARTNERS.

The year 2023 has not been a favourable one for steel producers. Steel consumption fell globally, marking the fourth annual recession in the last five years. This was due to the ongoing war in Ukraine, a deteriorating economic outlook, uncertainty over fluctuating energy prices and high inflation. The dynamism of Czech industry has been significantly affected by soaring energy prices, which have had a major impact on competitiveness on world markets.

Throughout the year, we faced a significant drop in demand on the steel products market and low realisation prices. Despite this, we were able to keep our production units running and maintain production at nearly the same level as in 2022, at 2.4 million tonnes of steel.

Thanks mainly to our high commitment and maximum efforts for cost-saving measures, we achieved a positive result of CZK 44 million. However, this is the lowest figure in the last decade. We achieved a negative figure of CZK 1.2 billion for the consolidated result.



We also maintained our planned investment volume of over CZK 1.4 billion. Investments were directed at value-added, automation, energy-saving measures, as well as at increasing operational efficiency and implementing a number of environmental projects.

The share of Třinecké železářny in domestic crude steel production increased to 71% in 2023. This is the result of our strategic investments and diversification of our product portfolio, which increase our resilience to adverse conditions.

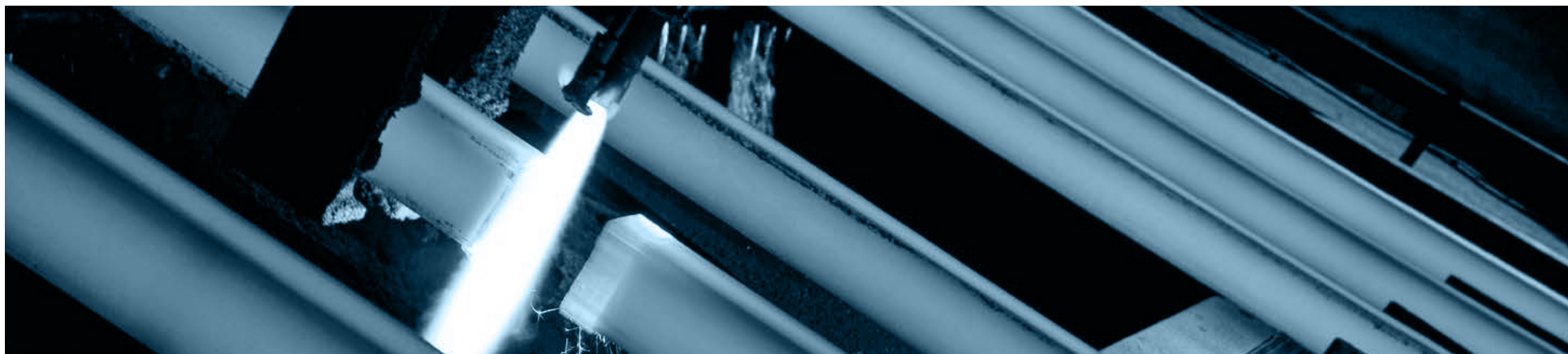
We are hopeful that the slightly optimistic economic outlook for this year will be reflected in the steel industry.

Dear employees, customers and partners,

On behalf of the Supervisory Board, the Board of Directors and the management of individual departments, I would like to thank you for your efforts and support in 2023. Thanks to effective measures, Třinecké železářny weathered a very difficult year economically and managed the market turbulence while maintaining customer confidence and employment. I am convinced that steel has a future. Not only in its recyclability, but especially in its use in the segments of green transport, energy and modern engineering, its role is irreplaceable. Steel produced in Třinec has a very good reputation in the world, thanks to you.

**Tomáš Chrenek**

Chairman of the Supervisory Board





# BOARD OF DIRECTORS REPORT

06





## DEVELOPMENT OF MACROECONOMIC AND COMPETITIVE ENVIRONMENT

The Czech Republic's gross domestic product (GDP), adjusted for price effects and seasonality, was 0.4% lower in Q4 2023 than in the same period of 2022. The decline was due to a lower contribution from net exports of goods and services, as the export performance of Czech companies was adversely affected by Germany's economic problems. Households faced a decline in their real incomes and their consumption also declined year-on-year, while government consumption increased.

Industrial production fell by 0.7% year-on-year in 2023, with electricity, gas and heat generation, repair and installation of machinery and equipment and production of other non-metallic mineral products contributing the most to the slight decline. Output increased mainly in the manufacture of motor vehicles by 11.8% and other transport equipment and machinery by 34%. Manufacturers of electronic and optical instruments and equipment also performed well.

The inflation rate, expressed as the increase in the average consumer price index for the past year compared with the previous year, was 10.7% in December 2023, down 4.4% year on year. The main contributors to inflation are energy prices, followed by food prices and housing costs.



The overall economic situation in the Czech Republic was negatively affected by a decline in household final consumption expenditure, which was linked to a fall in household purchasing power following high inflation.

Total foreign trade in metallurgical products from all over the world, in relation to the Czech Republic, recorded a decline in both imports and exports in the past year. World crude steel production in 2023 was 1,888.2 million tonnes, down 0.1% from 2022. Crude steel production increased significantly in India, Russia and South Africa in 2023. Production in Europe and the Americas has been declining for several years. Japan, Brazil, Turkey and EU countries have seen the largest declines.



Asia's annual crude steel production was 1 367.2 million tonnes and thus saw a slight increase of 0.7% compared to 2022. China produced 1 019.1 million tonnes and thus its production remained flat year-on-year. China's share of world production remained at 53.9%. India produced 140.2 million tonnes of crude steel in 2023, with a growth of 11.8% over 2022, becoming the fastest growing steel producer in the world. Japan produced 87.0 million tonnes in 2023, down 2.5% year-on-year. South Korea produced 66.7 million tonnes of crude steel, up 1.3% from 2022.

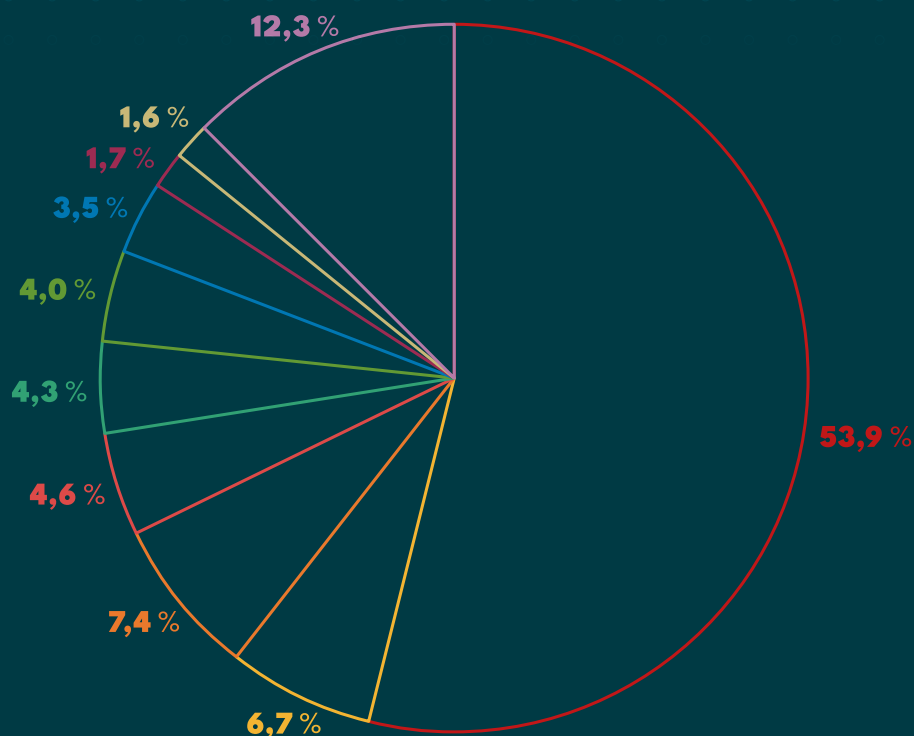
Crude steel production in North America totalled 109.6 million tonnes in 2023, down 1.7% from 2022. The US alone maintained steel production at 80.7 million tonnes.

In 2023, the EU27 produced 126.3 million tonnes of crude steel, down 7.4% from 2022. The largest EU producer, Germany, produced 35.4 million tonnes, down 3.9%; Italy produced 21.1 million tonnes, down 2.4% year-on-year; Spain produced 11.3 million tonnes, down 2.7% from the previous year; France produced 10.0 million tonnes of crude steel, down 17.4% year-on-year. The EU27's share of global crude steel production fell from 7.3% in 2022 to 6.7% today.

CIS countries produced a total of 88.1 million tonnes of crude steel in 2023, an increase of 4.5% year on year. Russia produced 75.8 million tonnes of crude steel, up 5.6% year on year. Ukraine saw its production fall from 6.3 million tonnes to 6.2 million tonnes, a decrease of 0.6%.

South America's annual crude steel production in 2023 was 41.5 million tonnes, down 5.7% from 2022. Brazil produced 31.9 million tonnes, down 6.5% from the previous year.

The Middle East produced 53.2 million tonnes in 2023, up 1.3% from the previous year. Iran recorded an increase of 1.8% to 31.1 million tonnes.

**SHARE OF CRUDE STEEL PRODUCTION BY COUNTRY**


**53,9 % China**  
**6,7 % EU27**  
**7,4 % India**  
**4,6 % Japan**  
**4,3 % USA**

**4,0 % Russia**  
**3,5 % South Korea**  
**1,7 % Brazil**  
**1,6 % Iran**  
**12,3 % The rest**

**PRODUCTION AND POSITION ON THE MARKET**

Despite the continuing difficulties with the rise in raw material and energy prices, which affected all manufacturing sectors, European industry recorded positive developments in the automotive and transport sectors on the one hand and a decline in the engineering, pipe production and homeware sectors on the other. Automotive production is slowly recovering and grew by 8.8% in 2023. On the other hand, the construction sector, which is one of the most important consumers of steel, declined by 2.1% in 2023. The engineering sector grew slightly by 1.6% and pipe production fell by 2.4%. Overall, the European industry recorded cumulative growth of 0.7% year-on-year.

Output in the EU steel industry sectors is forecast to decline further to 0.2% in 2024. A moderate recovery and a 1.5% improvement in steel demand is forecast for 2025. The war in Ukraine, high energy and raw material prices remain risk factors for the steel market.

Crude steel production in the Czech Republic reached 3.4 million tonnes in 2023, 21.1% lower than in the previous year. This is the second largest percentage decrease in the world after the Netherlands. The volume of pig iron production decreased by 20.8% to 2.7 million tonnes. The outlook for 2024 foresees a further reduction in production.



The share of Třinecké železářny in domestic crude steel production will increase to 71% in 2023. Production totalled 2.4 million tonnes of crude steel and decreased by 1.0% year-on-year. Třinecké železářny uses modern production technologies and is preparing an integrated transformation project for greening of primary production based on the principles of renewable energy and scrap recycling.

The strengths of the smelter and its subsidiaries include the high expertise, knowledge and experience of the employees, which has long been capitalized in the entire production and technological flow of the TŽ Group. In terms of quality, TŽ ranks among the leading European producers of long steel products, especially in the production of SBQ steel, wire rod, bright steel and finished products.

The high quality of products and reliability of supply find permanent application on the European market, especially in the automotive, engineering, railway, construction and energy sectors. Třinecké železářny is the only producer of steel products in the Czech Republic that has expanded over the last 20 years through acquisitions and transformed into a new structure in the form of the TŽ Group. This enables Třinecké železářny to capitalise on the production of long steel products by finalising them in its subsidiaries, thus significantly extending the production chains.

The volume of sales of rolled goods and semi-finished products reached 2.216 million tonnes last year, of which 70.0% was exported and 30.0% was destined for domestic customers. The most important export countries are Germany, Slovakia, Italy and Poland. Sales of steel products finished in TŽ subsidiaries decreased by 12.6% compared to the previous year to 245 kt.

The main product is wire rod, which accounted for 42.3% of total sales in 2023. Last year, total sales of wire rod amounted to 937.5 kt, of which 69.1% was sold on foreign markets. Thanks to investments in finishing lines, sales of higher value-added products are increasing. TŽ also processed 198.6 kt of wire rod in its subsidiaries.

The sales volume of the bar and section steel product range amounted to 487 kt, of which 66.1% was exported. Sales of bright steel decreased year-on-year from 94 kt to 85 kt and contributed to sales of higher value-added products. The volume of sales of bar and section steel processed by TŽ Group subsidiaries reached 25 kt. Bar and section steel is mainly recovered in the form of flexible parts used in the automotive industry.



Sales of semi-finished products rose to 324 kt last year. The share of semi-finished products from bloom CCM was 63%, rolled blooms 18% and rolled billets 19%. Sales of ingots and rolled slabs accounted for a negligible share of semi-finished sales (0.3%). Exports of 182 kt accounted for 56% of total sales of semi-finished products. In 2023, the TŽ Group further processed 24 kt of semi-finished products, most of which consisted of continuously cast semis for the subsequent production of rolled steel rings. The largest volumes of steel rings are sold to the wind power and engineering industries. The TŽ Group is thus partly contributing to the climate targets, which lead to an increase in the share of electricity generated from renewable sources.

Třinecké železářny is the only manufacturer of rails and railway accessories in the Czech Republic. Last year they supplied 27 kt of rails including railway accessories to the domestic market. Out of the total

sales volume of 250 kt, 134 kt of rails and rail accessories were exported to the European Union countries and another 89 kt of rails went to the USA, Canada, Israel and other export destinations. Their total export for the reviewed period reached 89%.

Sales of seamless tubes amounted to 90 kt. Seamless tube exports last year reached 81 kt, 90% of which went to the European Union market. The domestic market accounted for 10% of total sales. Seamless tubes are used in the construction, engineering, oil and energy industries.

Sales of wide flat steel produced by the Univerzální trať Bohumín reached 32 kt in 2023, mainly in the structural steel range, of which 29 kt were exported to EU countries. Deliveries to the domestic market amounted to 2.6 kt.



**SALES OF LONG PRODUCTS 2022–2023**

SALES (tonnes)	DOMESTIC		EXPORT		TOTAL	
	2022	2023	2022	2023	2022	2023
Wire rod	265 944	289 874	638 220	647 627	904 164	937 501
Semis	155 755	141 920	150 207	182 061	305 962	323 981
Sections and bars	177 214	165 255	334 125	321 668	511 339	486 923
Rails <sup>1</sup>	31 597	27 209	216 780	222 993	248 377	250 202
Tubes	11 655	9 713	78 975	80 595	90 630	90 308
Wide steel	4 524	2 662	31 826	29 733	36 350	32 395
Bright steel <sup>2</sup>	29 612	23 033	64 002	62 724	93 614	85 757
Drawn wire	2 474	4 455	4 826	4 252	7 300	8 707
<b>TOTAL</b>	<b>678 775</b>	<b>664 121</b>	<b>1 518 961</b>	<b>1 551 653</b>	<b>2 197 736</b>	<b>2 215 774</b>

<sup>1</sup> sales of rails including railway superstructure accessories

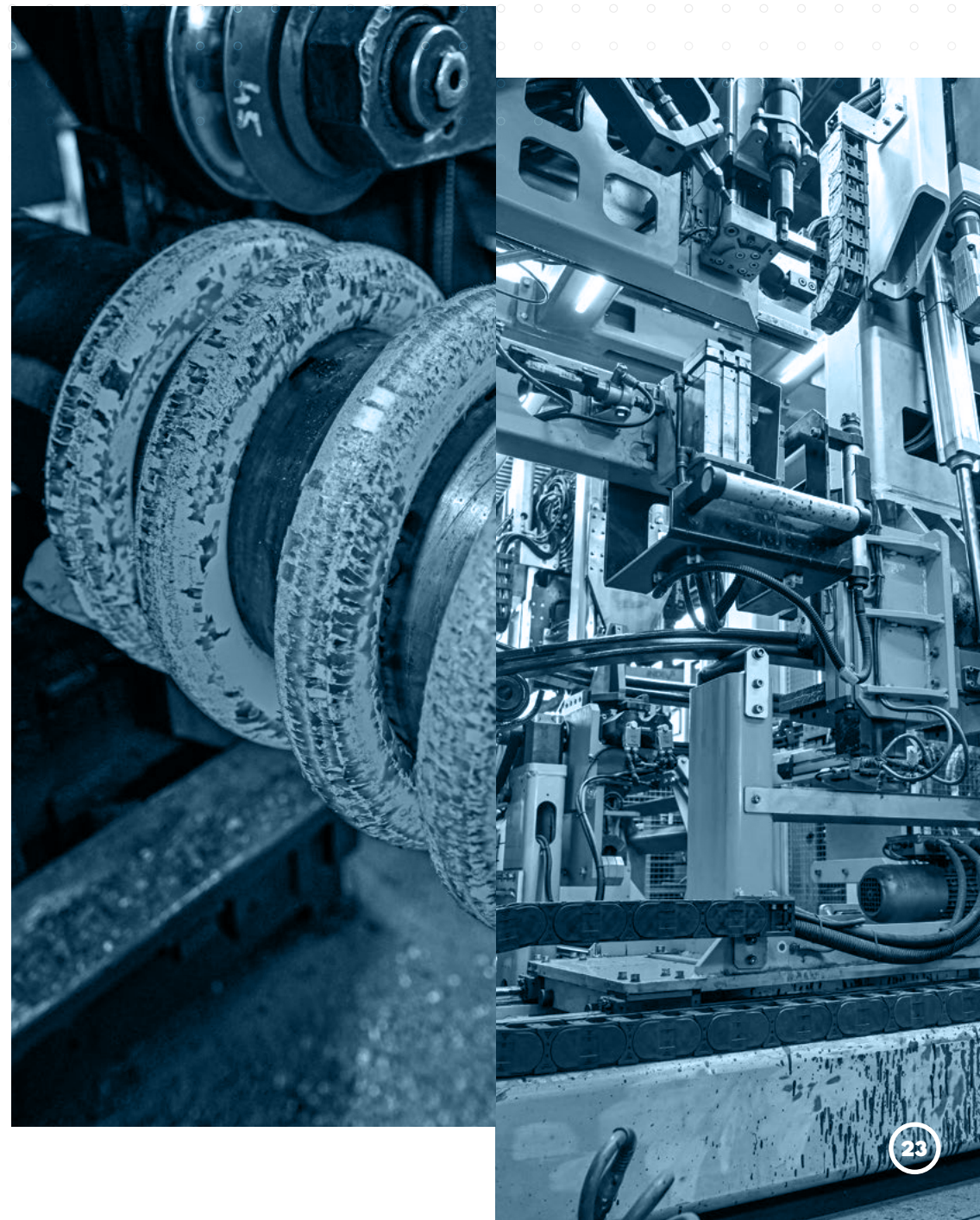
<sup>2</sup> from 2021 onwards, sales of bright steel from the operation of the Steel Drawing Mill (drawn steel including peeled and ground steel)



## EXPORT TERRITORIES OF TŘINECKÉ ŽELEZÁŘNY

EXPORT STRUCTURE IN %	2022	2023
European Union	89,2	88,7
- of which Germany	29,5	30,3
- of which Slovakia	15,2	15,0
- of which Italy	14,0	13,3
- of which Poland	11,0	12,0
Rest of Europe <sup>3</sup>	4,5	4,7
America	5,4	6,0
Africa + Australia	0,0	0,0
Asia	0,9	0,6
<b>TOTAL</b>	<b>100,0</b>	<b>100,0</b>

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





**A TOTAL OF CZK 1,424 MILLION  
WAS INVESTED, OF WHICH  
CZK 60 MILLION WERE SUBSIDIES  
FOR ENVIRONMENTAL PROJECTS**





## INVESTMENT AND MODERNISATION

The Technical Development Action Plan is part of the Třinecké železářny Business Programme. Investments in 2023 were focused on modernisation actions, projects in the field of ecology, activities aimed at reducing operating costs, actions in the field of renewal of existing production equipment and projects of robotization and automation of production processes.

A total of **CZK 1,424 million** was invested, of which **CZK 60 million** were subsidies for environmental projects. In 2023, the implementation of 30 investment projects under construction continued. The most significant were:

- Heat treatment of rails,
- Construction of Hot Blast Stove No. 42,
- INNOFREIGHT stationary unloading equipment,
- Modernization and decarbonization of steel production,
- Fourteen-stand calibration of the small Mannesmann,
- New peeling line at the wire and fine section rolling mill,
- Side loader for the feed of the raw material of the billet rolling mill,
- Shielding tube manipulator at Continuous casting machine 1 + oxygen shower,
- Binding centre line 1 and 2 at the black bar treatment plant.

The total of 19 new investment projects were launched. The most important ones include:

- Replacement of natural gas with coke oven gas at an iron and steel plant,
- Disc rail embossing machine,
- Modernization of motors and CL inverters of the 16th, 17th stands – strand No. 1 on the continuous wire rod line,
- Ultrasonic upgrade at the Old Bright Bar Treatment Plant,
- Cutting of 320 mm diameter charge by sawing,
- Modernization of lighting in TŽ production halls.

A total of **CZK 233 million** was invested in 2023 within the framework of TŽ subsidy projects, of which CZK 173 million were TŽ investment funds and **CZK 60 million** were subsidies. The projects were:

- Reconstruction of fabric filter No. 3 at the sinter plant,
- Dedusting of the blast furnace bell-less chargers,
- Iron ore briquetting line,
- Photovoltaic systems on the steel drawing mill building,
- Energy-saving measures in the process of making base plates,
- Benzol station – heat exchanger Stage II,
- Construction of preheating media for the hot blast stoves of Blast Furnace No. 4,
- Modernization and decarbonization of steel production.



## **Investments and modernisation – Companies in the TŽ Group**

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

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



## TECHNOLOGY AND RESEARCH

The process of technology management is focused on the implementation of the Company's strategic objectives leading to the satisfaction of demanding customer requirements. By managing the technological process, the required quality parameters of manufactured semi-finished and finished products are ensured throughout the entire production flow. An important factor of the process is the continuous monitoring of customer requirements and process parameters, validation, integration and implementation of modern cutting-edge technologies and procedures, which not only significantly reduce production and processing costs or environmental burden, but also significantly increase the added value of final products, which puts Třinecké železářny in the position of a major steel producer in Central Europe.

The technology area manages the development of internal technological regulations and guidelines. It covers the entire production flow of material, starting with the processing of raw materials and the production of pig iron, through the production of steel and its processing on individual rolling mills to the high level of product finalization in the form of mechanical and heat treatment of the product. The above-mentioned regulations and guidelines are then continuously updated in the light of modernisation of technological processes or innovation of production

facilities. In the case of investments in new equipment, the relevant documentation is produced to enable the implementation of the new technology.

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

Technological activities are also focused on improving the quality of products and semi-finished products in cooperation with other companies in the TŽ Group. In the framework of very close and active cooperation, production technologies or innovations are optimised and integrated in this way and new top products are developed.



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

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

Research and development at TŽ is very closely connected with production technology and focuses on generating the potential for continuous innovation of technological processes within individual plants and sites, which also has a significant impact on the development of TŽ subsidiaries such as BOHEMIA RINGS s.r.o. or Řetězárna a.s.





The aim of the individual solutions is to continuously improve the quality parameters of steel products, develop new technological processes, develop the product portfolio and increase production capacity. Taking into account the global trend, due attention is also paid to environmental aspects, such as reducing the energy consumption of metallurgical production and reducing the carbon footprint.

In 2023, the Company continued to address issues related to the war in Ukraine, which resulted in the need to replace some raw material resources with new ones.

The development of cooperation with universities and research institutions has also been an important part of the Company's R&D activities in the long term, which in 2023 consisted of establishing new contacts that will be further developed and used to address specific R&D projects in the coming years.

In 2023, a total of 20 projects were in some stage of solution, of which 5 were conducted in accordance with the automotive industry terms of IATF 16949. A total of 5 projects were completed focusing on the following topics:

- development of technological equipment for controlled cooling of rails,

- development of the drawn steel product portfolio,
- research into the initiation of surface defects during the punching process,
- the potential of using biomass in metallurgy,
- research on iron ore charge properties and their impact on sinter production.

As a result of the activities of one of the projects concluded in 2023, a patent was granted in the field of controlled rail cooling.

At the same time, 3 new projects were established in 2023, 2 of them in accordance with the terms of IATF 16949.

The current projects are specialized in the following areas:

- development of heating strategies with the aim of efficient energy use,
- development of heat treatment processes for steel products,
- development of alternative blast furnace materials with a lower carbon footprint,
- development of process nodes for casting new types of ingots,
- research on the initiation of internal defects in formed products,
- development of new types of chain steels,
- development of technologies for the application of secondary products.



## ENVIRONMENT

The TŽ Group applies the principles of sustainable business and continuously monitors the development of environmental legislation. New requirements and changes are implemented in practice.

According to the needs of individual TŽ Group companies, TŽ provided environmental methodology and consultancy.

### Air and climate protection

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

Compared to 2022, there was a year-on-year decrease in emissions of nitrogen oxides in TŽ and the achievement of a historical minimum in emissions of particulate matter. The downward trend in particulate matter emissions is mainly due to a number of environmental investments in the dust removal of air pollution sources implemented in recent years. On the other hand, the slight year-on-year increase in sulphur dioxide emissions is related to the higher sulphur content of some raw materials.



The TŽ Group pays great attention to the impact on climate change and the reduction of greenhouse gas emissions. In 2023, greenhouse gas emissions, monitored on the basis of a monitoring plan approved by the Ministry of the Environment and reported under the EU ETS, amounted to 2,536,457 tonne of carbon dioxide for the Třinec operations and 40,246 tonne of carbon dioxide for the Billet Rolling Mill in Kladno. The total amount of greenhouse gas emissions reported by TŽ under the EU ETS for 2023 is 2,576,703 tonne of carbon dioxide, which represents a year-on-year increase of approximately 2% due to higher year-on-year pig iron production.



Efforts to reduce greenhouse gas emissions are part of Třinecké železářny policy. The Company is also an active participant in the European greenhouse gas emission allowance trading system in accordance with Directive 2003/87/EC of the European Parliament and of the Council of Europe.

Since 2016, Třinecké železářny has implemented an energy management system in accordance with EN ISO 50001:2011. The achieved energy savings for the period 2016-2023 represent CO<sub>2</sub> emission savings of 180,213 t CO<sub>2</sub>. Other measures to reduce greenhouse gas emissions include, for example, annual planting of new greenery, maintenance of extensive existing greenery in which approximately 100,000 t of CO<sub>2</sub> is bound in the long term, the purchase of emission-free electricity and projects to generate electricity from renewable sources. A challenging project to transform steel production technology is also being intensively prepared with the aim of significantly reducing CO<sub>2</sub> emissions by 2030 and thus moving towards carbon neutrality in 2050.

**EMISSION OCCURRENCE IN TONNES**

YEAR	SOLID POLLUTANTS [t/year]	SULPHUR DIOXIDE [t/year]	NITROGEN OXIDES [t/year]	CARBON MONOXIDE [t/year]	CARBON DIOXIDE [t/year] *
2022	119	2 525	1 482	60 961	2 532 338
2023	84	2 946	1 013	61 718	2 576 703

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



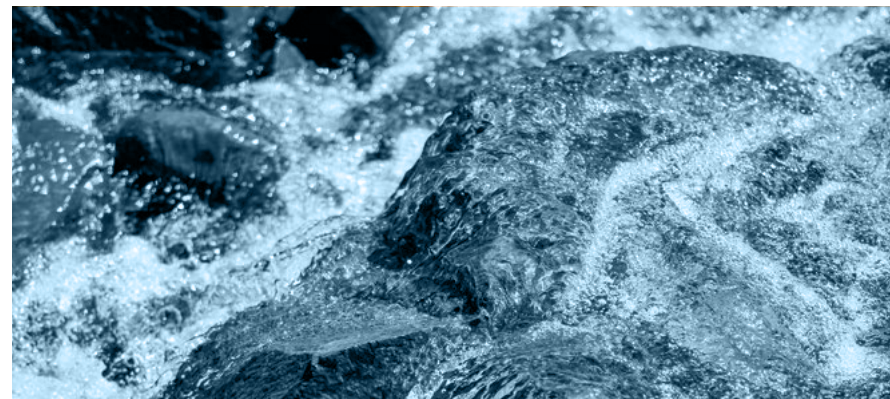
## Water protection

Water protection is a very important element in the environment.

Throughout the TŽ Group, emphasis is placed on water efficiency. The operation of closed water circuits ensuring the recirculation of industrial water eliminates the amount of wastewater discharged to the necessary minimum.

The amount of industrial wastewater discharged from the smelter into the Olše watercourse shows a slight reduction in 2023 compared to 2022. In the long term, the water management status is stable. The level of wastewater pollution is at a sustainable level with regard to the fulfilment of the established limits of permitted pollution.

During 2023, Třinecké železářny did not cause any emergency situation that would result in deterioration or threat to the quality of groundwater or surface water.



## POLLUTION DISCHARGED INTO THE WATERCOURSE

YEAR	VOLUME OF WASTE WATER [m <sup>3</sup> /year]	UNDISSOLVED SUBSTANCE [t/year]	C <sub>10</sub> - C <sub>40</sub> HYDROCARBONS [t/year]	DISSOLVED INORGANIC SALTS [t/year]	CHEMICAL OXYGEN CONSUMPTION USING DICHROMATIC METHOD [t/year]	TOTAL IRON [t/year]
2022	3 311 703	25,6	0,11	1 864	44,7	3,0
2023	3 108 771	29,3	0,21	1 862	46,1	2,4

Note: data refer to the TŽ premises in Třinec





## Waste management

The production of steel and its finishing into long rolled products cannot be carried out without the generation of a number of by-products such as slag, scale, metal-bearing sludge, various types of metallic grind offs, returnable technological scrap, etc.

In accordance with the principles of the circular economy, TŽ aims to use these by-products as much as possible in metallurgical production or to process them into certified products such as artificial metallurgical aggregates, which in many cases fully replace natural aggregates.

Only those by-products that cannot be reused or processed in the plant are passed on as waste to other contractual customers for recovery or disposal. In selecting waste buyers, TŽ emphasises the hierarchy of waste management priorities, giving priority to buyers who can make meaningful use of the waste they receive. The last priority is disposal by landfill.

Taking the above into account, Třinecké železářny will generate a total of 27,736 tonnes of waste in 2023, which is 26,693 tonnes less than in 2022.

The main reasons for the lower production of waste in the "Other" category are the lower volume of metallurgical production compared to the previous year, the maximum use of production residues back in metallurgical production or their recovery in the form of certified products, but also the lower level of repairs of production units associated with their production. Hazardous waste generation remained at around 2022 levels.

Specifically, TŽ generated 12,865 tonnes of other waste and 14,871 hazardous wastes in the year under review. The waste indicator per tonne of steel produced in 2023 was 11.37 kg/tonne of steel. The above figures confirm the positive trend in TŽ's waste production.

## VOLUME OF WASTE

YEAR	STEEL PRODUCTION [t/year]	PRODUCTION OF WASTE CATEGORY "OTHER" [t/year]	PRODUCTION OF WASTE CATEGORY "HAZARDOUS" [t/year]
2022	2 440 214	39 395	15 034
2023	2 415 191	12 865	14 871



## ENVIRONMENTAL INVESTMENT PROJECTS

The following environmental investment projects were completed in 2023:

- **Dedusting of the bell-less chargers at blast furnaces No. 4 and No. 6**

Environmental benefit: Reduction of dust emissions on both blast furnaces.

- **Energy-saving measures in the base plate production process**

Environmental benefit: The new milling line increased security against coolant leaks. The line is designed so that any coolant leaks are captured in a catch basin.

- **Benzol station – heat exchangers phase II**

Environmental benefit: Thermal energy savings.

**THE TOTAL COST OF COMPLETED ENVIRONMENTAL INVESTMENT PROJECTS IN 2023 AMOUNTED TO CZK 210 MILLION**

The following environmental projects will be continued in 2024:

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

Environmental benefit: Reduction of dust emissions from the outdoor sinter overflow at sinter plant 1. By increasing the extraction capacity, dust release to the surrounding area was minimised.

- **Construction of preheating media for the hot blast stoves of Blast Furnace No. 4**

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

- **Iron ore briquetting line**

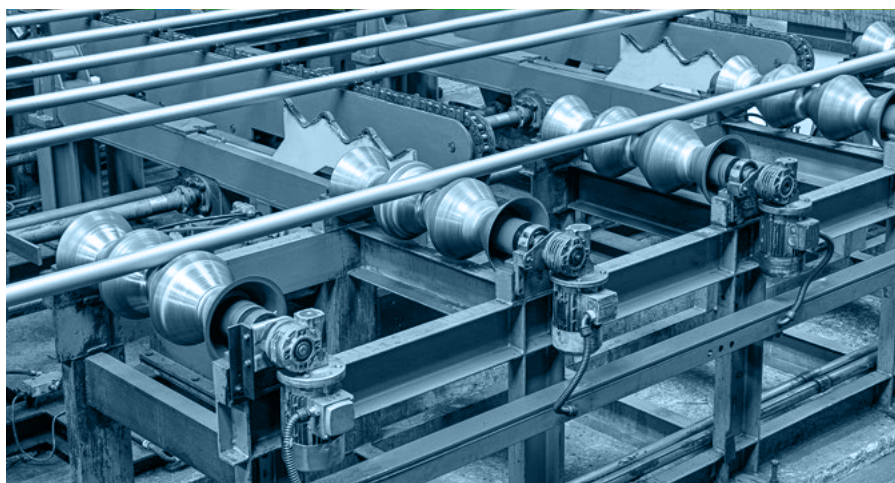
Environmental benefit: Production of blast furnace charge in a cold way without CO<sub>2</sub> emissions.



- **Transformational decarbonisation project:**

- Modernisation and decarbonisation of steel production
- Connecting the electric arc furnace to the electrical transmission system
- External scrap iron landfill

Environmental benefit: The low-emission steelmaking projects involve a change in steelmaking technology, aiming to significantly reduce CO<sub>2</sub> emissions and increase energy efficiency.



The following environmental projects are planned to start in 2024 as part of the investment actions:

- **Raw phenol-ammonia water cooler**

Environmental benefit: Reduction of the concentration of tar-like substances in the wastewater.

- **Utilization of waste heat from the pusher furnace on the universal strip mill**

Environmental benefit: Reduction of energy consumption.

- **Photovoltaics for tube rolling mill**

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

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



## EMPLOYEES

Employees of Třinecké železářny can count on support from their employer, who cares about the development of their employees and their career growth. The basic principles of behaviour of Třinecké železářny, including the relationship with employees, principles of corporate culture and basic principles of Corporate Social Responsibility (CSR), are laid down in the document "Principles of behaviour of the business company TŘINECKÉ ŽELEZÁŘNY, a. s., Policy of social responsibility" (Code of Conduct). These principles are followed by the Work Rules, which regulate the duties of employees, the Enterprise Collective Agreement, which enshrines statutory and above-standard employee benefits, and other internal company documentation, which employees follow when performing their work duties and using the benefits provided. The current challenge is the fulfilment of the principles of sustainable business in TŽ and the introduction of so-called ESG reporting.

In order to ensure a generational change and to solve other cases of employee turnover, we paid attention to attracting job seekers, especially those who are technically qualified, and not only from graduates of technical secondary schools and universities.

Graduates of technical fields from the Secondary Vocational School of Třinecké železářny found employment in Třinecké železářny this year as well. TŽ develops cooperation with schools of all levels, especially in the field of technical and natural sciences.

The Company continues to place emphasis on corporate education, which is based on the principles of personnel strategy and focuses on achieving the goals set by the overall business strategy of Třinecké železářny. With regard to demographic developments, ensuring a prepared and highly qualified workforce will continue to play a key role in the future development of Třinecké železářny. The education policy is therefore integrated into the Company's personnel strategy.

For internal training (training at the workplace), the online application of the Company Academy in the IBM Notes environment is commonly used. The application serves lecturers for the preparation and organization of training. With the help of this application, the Company systematically keeps records of the educational events that have taken place and the qualifications of the employees obtained. This platform also allows employees to share knowledge and experience with each other and discuss various topics.



Despite the constant emphasis on increasing labour productivity with the aim of not jeopardizing overall production of the required quality on all production units, the actual state of employees in 2023 was negatively influenced in particular by the unfavourable economic situation associated primarily with the increase in energy and input material prices.

In 2023, 6,831 employees were registered in Třinecké železárny on an annual average.

The increase in average earnings for 2023 was agreed in the Enterprise Collective Agreement in the amount of 6.5% of the basic increase. We achieved a real average income of CZK 41,752.

Beyond the statutory health protection, Třinecké železárny cooperates with the Česká průmyslová zdravotní pojišťovna, which has provided us with a number of preventive health activities to support the health of employees and to adhere to the principles of a healthy lifestyle. These were mainly rehabilitative and reconditioning stays in spas, outpatient rehabilitation and additional reconditioning relaxation care including physical activities, massages, relaxation procedures and nutritional counselling. We provided vitamin packs to employees at all workplaces. Employees could also take advantage of free flu shots.

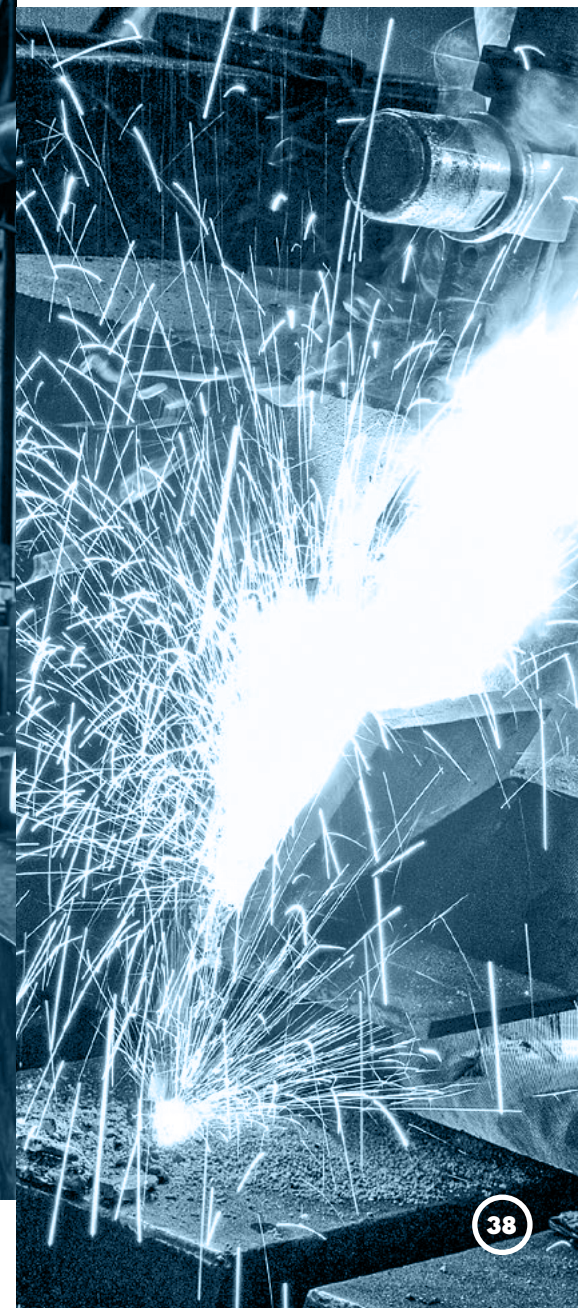




Business companies of the TŽ Group, as independent legal entities, are fully responsible for their employees and managing the entire area of human resources. For this, they have appointed their representatives for human resources. These representatives communicate with employees of the Personnel Work and Remuneration department at TŽ, with whom they have the opportunity to agree on the scope of cooperation, primarily in the form of services that TŽ can provide them in this area. Providing such services to a mutually agreed extent brings a synergistic effect to TŽ's subsidiaries, including savings for its own employees.

In 2023, Třinecké železářny recorded a total of 30 occupational accidents with incapacity for work longer than 3 calendar days. The frequency of occupational accidents was 0.44 occupational accidents per 100 employees per year.

The prevention of health risks at work is carried out in accordance with the legislation of the Czech Republic and the conditions of the "Safe Company" award, which was awarded for the fourth time by the State Labor Inspection Office in 2022 to Třinecké železářny, valid for three years.





## MANAGEMENT SYSTEM

The Company also pays full attention to the business strategy, the goal of which is the gradual increase in the share of products of higher steel grades, the creation and development of product chains and the intensive use of assets while simultaneously increasing the profitability of sales. The efforts of all employees are primarily focused on increasing the added value of long rolled products, which make up the majority of TŽ production.

The basic management rules include a line organizational structure, process and project management, and the call to carry out risk analyses in all management subsystems. None of the principles is applied separately, management depends on their thoughtful combination. In order to obtain the necessary feedback to define and control the fulfilment of strategic goals, a system of regular reporting indicators is set up.

Also in 2023, a number of measures were taken to support the strategic goals in all branches of the strategic framework of Třinecké železářny (Partnership, Technology, People, Management).

The management system, including information systems, did not experience material changes in 2023. The business company

Doprava TŽ, a.s., which ceased to exist without liquidation, was integrated into the organizational structure of Třinecké železářny as a result of the merger in accordance with the existing rules of the management system. SAP, IBM Notes, ELVIS and WerkZona systems continue to be the information base in Třinecké železářny.

Business companies in the TŽ Group have separately implemented and certified management systems, including the appointment of representatives for these systems. All these trading companies defended all system certificates in 2023 and confirmed the high and constantly developing level of their management systems.

In the area of quality management, Třinecké železářny was granted a qualification extension in 2023 for supplies to the chains of the automotive, railway and oil industries, the energy industry and to the regulated sphere in the field of construction products. In the automotive industry, production sites in Třinec, Staré Město u Uherského Hradiště and Kladno were separately recertified. The output is quality system certificates according to the requirements of the automotive standard IATF 16949 for each production site. In 2023, Třinecké železářny defended the TPG (Transportation and Power Generation) accreditation for the supply of continuously cast semis for components for wind power plants.



As part of the social responsibility that the Třinecké železářny exercise towards the environment and interested parties in the region, the certificate for the energy management system in the scope of the EN ISO 50001 standard (certified by an independent third party) was extended for production sites in Třinec and in separate production units in Kladno, Ostrava and Staré město. In the area of social responsibility, cooperation with an external trading company – an evaluator, which independently evaluated the level of CSR in Třinecké železářny, continued in 2023. In this assessment (EcoVadis system), Třinecké železářny achieved a point assessment at the SILVER level. In line with customer requirements, TŽ will strive for an environmental product declaration (EPD) for all types of products produced by TŽ in 2024 as well.

The Company applies the principles of sustainable business in the environmental, social and governance (ESG) areas. Preparation for the introduction of ESG reporting in accordance with the requirements of the Corporate Sustainability Reporting Directive (CSRD) No. 2022/2464/EU was also started. For this purpose, a working team was established and an organizational unit responsible for this area was designated.

In 2023, as in previous years, TŽ carried out ecological actions such as cleaning the bed of the Olše River, planting new greenery or supporting biodiversity in the area of the Třinecké železářny, when employees put up nesting birdhouses in the Company area. The booths were made by students of the Secondary Vocational School of Třinecké železářny.

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

As a follow-up to the Agreement aimed at reducing the burden on the environment, which was concluded by the Třinecké železářny with the Moravian-Silesian Region, in 2023 convalescent stays took place in the Tatras in Slovakia for 254 children from elementary schools in Třinec region. An amount of CZK 2,393 thousand was spent on these children's stays from the funds of Třinecké železářny.

Increased attention continues to be paid to the issue of personal data protection in accordance with Regulation (EU) 2016/679 of the European Parliament and of the Council, on the protection of natural





persons in connection with the processing of personal data and on the free movement of such data and on the repeal of Directive 95/46/EC (General Data Protection Regulation – GDPR). To ensure the required high standard of personal data protection, relevant internal legislation is applied in TŽ. Attention continues to be paid to the development of the issue and new interpretations.

Třinecké železářny participates in 28 companies with its equity shares, either with decisive, substantial or minority influence. Most of these companies are oriented towards activities directly or indirectly related to business in the field of metallurgy, and this focus corresponds to

the Company's long-term business strategy. These are mainly trading companies finalizing products in the steel industry, in the area of machining aluminium components or manufacturers of refractory materials. Furthermore, these are companies providing services mainly in the field of energy supply, design services, security and property protection and employment agency services.

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





## FINANCIAL SITUATION

The result before tax for 2023 amounted to CZK 108 million.

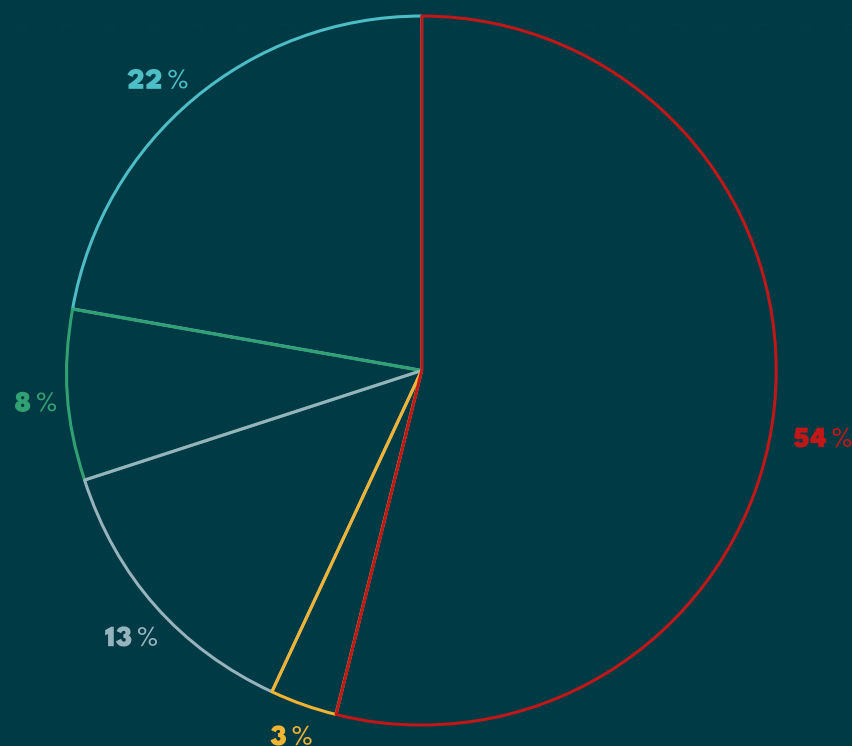
Compared to the previous year of 2022, profit before tax is lower by CZK 2,814 million mainly due to unfavourable development of sales prices of rolled products and steel, which fell faster than the prices of raw materials and high energy prices. The consolidated result before tax for 2023 constituted a loss of CZK 1,307 million.

The Company's sales reached CZK 49,691 million. The year-on-year decrease of CZK 7,911 million is mainly due to a decrease in the realisation price of rolled products and steel. Sales of other products and services, on the other hand, increased by CZK 303 million (mainly from the sale of gases). The consolidated TŽ Group's sales in 2023 amounted to CZK 63,401 million and decreased by 14% year-on-year.

## DEVELOPMENT OF REVENUES

INDICATOR (CZK million)	2022	2023
Rolled goods including steel	55 469	47 256
Other products	1 636	1 787
Sales of own products	57 105	49 043
Sales of services	497	648
Sales of own products and services	57 602	49 691
Consolidated sales of own products and services	73 895	63 401

## STRUCTURE OF TŽ COSTS IN 2023



54 %	Material Costs
3 %	Depreciation
13 %	Energy Costs
8 %	Personnel Costs
22 %	Service, Financial & Other Costs

Purchased consumables and services decreased compared to 2022 by CZK 5,900 million. The most significant influence on its year-on-year decrease was the decline in prices of critical input commodities. Within the consolidated figures, there was a decrease of CZK 7,565 million for the same reasons.

Value added in TŽ in 2023 reached CZK 3,249 million, a decrease of CZK 5,917 million compared to 2022, while for the consolidated TŽ Group it was a year-on-year decrease of CZK 7,382 million. The value-added labour productivity per employee in 2023 was CZK 476 thousand (CZK 1,343 thousand in 2022).

TŽ's operating result decreased by CZK 2,715 million year-on-year and the consolidated group's operating result decreased by CZK 5,016 million.

The financial result was CZK 100 million lower than in 2022 due to exchange rate differences, while the consolidated financial result decreased by CZK 126 million year-on-year.



In 2023, the merger took place by merging the company Doprava TŽ, a.s. into Třinecké železářny a. s. the successor company.

As of 31 December 2023, our Company reported total assets of CZK 44,985 million, which is CZK 3,947 million less than as of 31 December 2022. Consolidated assets in 2023 are reported at CZK 52,289 million (a year-on-year decrease of CZK 4,396 million).

The year-on-year decrease was driven by a decrease in fixed assets of CZK 2,401 million, consolidated fixed assets decreased by CZK 1,641 million and consolidated current assets decreased by CZK 2,756 million.

The decrease in fixed assets was due to a decrease in intangible fixed assets (higher consumption and sales of allowances) and tangible fixed assets. Non-current financial assets decreased both in connection with the creation of a provision for non-current financial assets and in connection with the above-mentioned merger with Doprava TŽ, a.s.

The decrease in current assets is due to a decrease in inventories. The decrease in inventories of CZK 2,580 million was mainly due to a decrease in the stock of inventory on hand and internally developed inventory.

Receivables increased by CZK 1,032 million due to an increase in trade receivables, estimated receivables and state receivables. Cash increased by CZK 2 million.

In the area of liabilities, equity increased by CZK 75 million in 2023 compared to 31 December 2022 as a result of the profit after tax and the above-mentioned merger. Total consolidated equity decreased by CZK 1,118 million to CZK 34,488 million.

Liabilities decreased by CZK 4,022 million year-on-year (CZK 3,276 million in consolidated terms), mainly due to a decrease in state payables (emission allowances), trade payables, payables to credit institutions and reserves.

The Company's indebtedness as at 31 December 2023 was 29.4% (31 December 2022: 35.3%).



## STRATEGIC OBJECTIVES

The severe consequences of the war in Ukraine and the deteriorating overall economic outlook have caused a decline in steel consumption in Europe. After a significant recession of -7.2% in 2022, negative factors such as ongoing or emerging conflicts, uncertainty around energy prices and high inflation persist. Combined with the deteriorated economic outlook, steel consumption fell by 6.3% in 2023. This is the fourth annual recession in the last five years. In 2024, steel consumption is expected to recover rapidly by 5.6%, depending on a more favourable industrial outlook and increased steel demand.

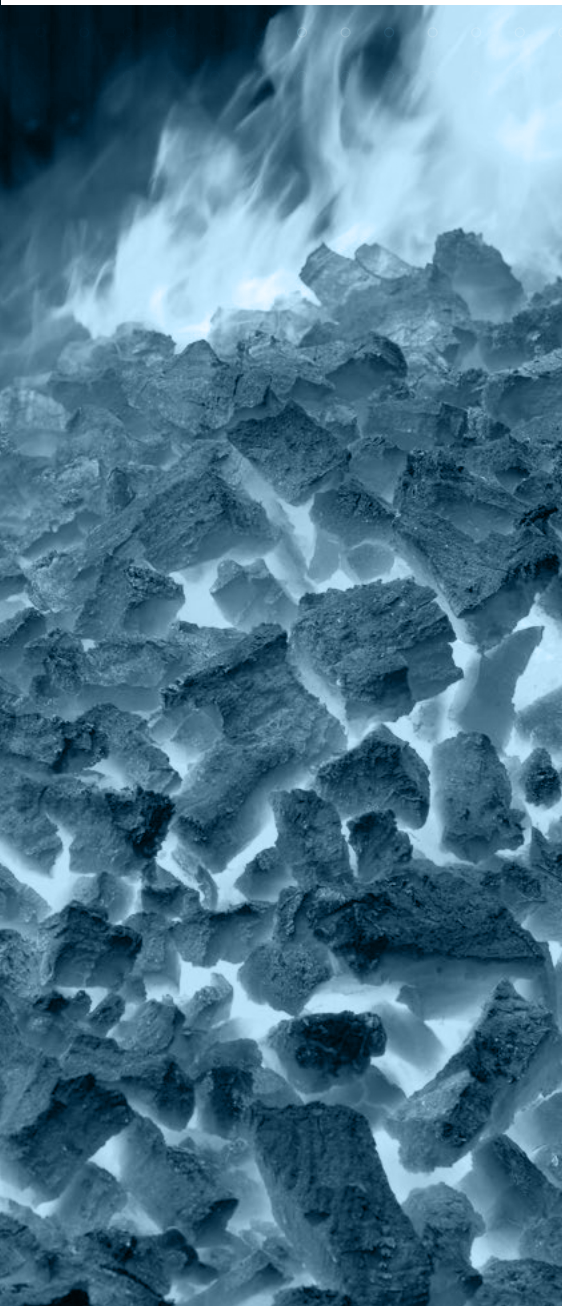
Geopolitical instability has led to a halt in the growth of global crude steel production. This reached a peak of 1,888 million tonnes in 2023, which is comparable to the previous year. Only India, South Africa and



Russia recorded significant growth in steel production. In contrast, EU countries produced 7.4% less steel in 2023 than in the previous year. In 2024, according to the EU Industrial Outlook, steel demand is expected to increase in the EU, but there is still a risk of a high percentage of imports from third countries and hence a further reduction in EU production.

Thanks to effective measures, Třinecké železářny withstood a very difficult year economically and successfully managed the market turbulence while maintaining customers and employment. The planned volume of investments was also maintained, which contributed to the further development of the TŽ Group. The most significant development investment was the acquisition of the stationary unloading equipment INNOFREIGHT, which increases the efficiency of ore unloading and improves handling conditions on the siding of Třinecké železářny.

The TŽ Group has been increasing its finishing capacities for processing long steel products in the long term through acquisitions. The processing and finishing areas are constantly being developed and the TŽ Group is making significant investments in this area in order to create added value, expand know-how and human potential.



In 2024, the investments in the heat treatment of rails will be completed and the preparation of the project for the reconstruction of blast furnace No. 4, which is planned for 2025, will begin. As new significant investments, we can mention the start of preparatory work on the iron-ore briquetting project and the replacement of natural gas with coke oven gas at the iron and steel production plant. This year, the equipment for waste heat recovery from the blast furnace at the Bohumín Universal Strip Mill will be installed. In the next two years, the Company will install photovoltaic power plants at the rolling mills in Ostrava and Kladno.

As part of the environmental investments, preparatory work will be started on investment actions aimed at transforming the production process leading to a significant reduction in CO<sub>2</sub> emissions. The reduction of CO<sub>2</sub> emissions is also being addressed by all subsidiaries in the TŽ Group.

In 2023, the company invested in acquiring a new milling line, which is part of energy-saving measures during the production process of underlays, and into the benzol heat exchanger, which will bring further energy savings. All these steps lead to climate neutrality in the long term.



# **FINANCIAL SECTION**

# AUDITORS' REPORT

# 07

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Tax ID. No.: CZ49620592

### INDEPENDENT AUDITOR'S REPORT

To the Shareholder of  
TŘINECKÉ ŽELEZÁRNY, a.s.

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

#### Opinion on the Financial Statements and the Consolidated Financial Statements

We have audited the accompanying financial statements of TŘINECKÉ ŽELEZÁRNY, a.s. (hereinafter also the "Company") prepared on the basis of accounting regulations applicable in the Czech Republic, which comprise the balance sheet as at 31 December 2023, and the profit and loss account, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including material accounting policy information.

We have audited the accompanying consolidated financial statements of the TŘINECKÉ ŽELEZÁRNY, a.s. consolidation group (hereinafter also the "Group") prepared on the basis of accounting regulations applicable in the Czech Republic, which comprise the consolidated balance sheet as at 31 December 2023, and the consolidated profit and loss account, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

#### In our opinion:

The accompanying financial statements give a true and fair view of the financial position of TŘINECKÉ ŽELEZÁRNY, a.s. as at 31 December 2023, and of its financial performance and its cash flows for the year then ended in accordance with accounting regulations applicable in the Czech Republic.

The accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the TŘINECKÉ ŽELEZÁRNY, a.s. consolidation group as at 31 December 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting regulations applicable in the Czech Republic.

#### Basis for Opinion

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

#### Other Information in the Consolidated Annual Report

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

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



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

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

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

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

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

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

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

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

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

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

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

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

- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements and the consolidated financial statements, including the disclosures, and whether the financial statements and the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion on the consolidated financial statements.

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

In Prague on 28 March 2024

Audit firm:

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



Statutory auditor:

Václav Loubek  
registration no. 2037



# FINANCIAL PART I.

# FINANCIAL STATEMENTS

08

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

NAME OF THE COMPANY:	TŘINECKÉ ŽELEZÁRNY, a. s.
REGISTERED OFFICE:	Průmyslová 1000, Staré Město, 739 61 Třinec
LEGAL STATUS:	Joint Stock Company
CORPORATE ID:	180 50 646

### Components of the Financial Statements:

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

These financial statements were prepared on 26 January 2024.

STATUTORY BODY OF THE REPORTING ENTITY:	SIGNATURE:
Roman Heide Chairman of the Board of Directors	
Radomíra Pekárková Member of the Board of Directors	

## BALANCE SHEET FULL VERSION – ASSETS

(IN CZK THOUSAND)

		31. 12. 2023		31. 12. 2022	
		Gross	Adjustment	Net	Net
<b>TOTAL ASSETS</b>		<b>77 895 556</b>	<b>-32 910 137</b>	<b>44 985 419</b>	<b>48 931 974</b>
<b>B. Fixed assets</b>		<b>57 526 256</b>	<b>-31 311 264</b>	<b>26 214 992</b>	<b>28 615 841</b>
<i>B.I. Intangible fixed assets</i>		<b>1 995 122</b>	<b>-270 602</b>	<b>1 724 520</b>	<b>3 854 221</b>
B.I.1. Development		2 972	-2 972		
B.I.2. Valuable rights		<b>294 525</b>	<b>-262 630</b>	<b>31 895</b>	<b>45 030</b>
B.I.2.1. Software		197 799	-177 159	20 640	29 770
B.I.2.2. Other valuable rights		96 726	-85 471	11 255	15 260
B.I.4. Other intangible fixed assets		1 690 011	-5 000	1 685 011	3 802 031
B.I.5. Prepayments for intangible fixed assets and intangible fixed assets under construction		<b>7 614</b>		<b>7 614</b>	<b>7 160</b>
B.I.5.1. Prepayments for intangible fixed assets					76
B.I.5.2. Intangible fixed assets under construction		7 614		7 614	7 084
<i>B.II. Tangible fixed assets</i>		<b>46 866 148</b>	<b>-30 195 792</b>	<b>16 670 356</b>	<b>16 891 101</b>
B.II.1. Land and structures		<b>11 758 254</b>	<b>-6 186 751</b>	<b>5 571 503</b>	<b>5 531 901</b>
B.II.1.1. Land		527 333		527 333	527 096
B.II.1.2. Structures		11 230 921	-6 186 751	5 044 170	5 004 805
B.II.2. Tangible movable assets and sets of tangible movable assets		34 281 483	-24 007 458	10 274 025	10 175 633
B.II.4. Other tangible fixed assets		<b>7 907</b>	<b>-824</b>	<b>7 083</b>	<b>6 895</b>
B.II.4.3. Other tangible fixed assets		7 907	-824	7 083	6 895
B.II.5. Prepayments for tangible fixed assets and tangible fixed assets under construction		<b>818 504</b>	<b>-759</b>	<b>817 745</b>	<b>1 176 672</b>
B.II.5.1. Prepayments for tangible fixed assets		65 533		65 533	107 709
B.II.5.2. Tangible fixed assets under construction		752 971	-759	752 212	1 068 963
<i>B.III. Non-current financial assets</i>		<b>8 664 986</b>	<b>-844 870</b>	<b>7 820 116</b>	<b>7 870 519</b>
B.III.1. Equity investments – controlled or controlling entity		8 613 988	-826 677	7 787 311	7 836 110
B.III.3. Equity investments in associates		50 996	-18 193	32 803	32 407
B.III.5. Other non-current securities and investments		2		2	2 002

TABLE CONTINUES ON THE FOLLOWING PAGE

CONTINUATION OF THE TABLE FROM THE PREVIOUS PAGE

## BALANCE SHEET FULL VERSION – ASSETS

(IN CZK THOUSAND)

		31. 12. 2023		31. 12. 2022	
		Gross	Adjustment	Net	Net
<b>C.</b>	<b>Current assets</b>	<b>20 369 300</b>	<b>-1 598 873</b>	<b>18 770 427</b>	<b>20 316 133</b>
<i>C.I.</i>	<b>Inventories</b>	<b>15 400 950</b>	<b>-1 496 405</b>	<b>13 904 545</b>	<b>16 484 864</b>
C.I.1.	Material	6 299 437	-322 043	5 977 394	7 266 173
C.I.2.	Work in progress and semifinished goods	5 615 629	-746 204	4 869 425	5 504 854
C.I.3.	<i>Products and goods</i>	<b>3 483 037</b>	<b>-428 158</b>	<b>3 054 879</b>	<b>3 709 023</b>
C.I.3.1.	Products	3 483 028	-428 158	3 054 870	3 709 013
C.I.3.2.	Goods	9		9	10
C.I.5.	Prepayments for inventories	2 847		2 847	4 814
<i>C.II.</i>	<b>Receivables</b>	<b>4 756 087</b>	<b>-102 468</b>	<b>4 653 619</b>	<b>3 621 211</b>
<i>C.II.1.</i>	<b>Long-term receivables</b>	<b>17 636</b>		<b>17 636</b>	<b>17 263</b>
C.II.1.5.	<i>Receivables – other</i>	<b>17 636</b>		<b>17 636</b>	<b>17 263</b>
C.II.1.5.2.	Long-term prepayments made				652
C.II.1.5.4.	Sundry receivables	17 636		17 636	16 611
<i>C.II.2.</i>	<b>Short-term receivables</b>	<b>4 572 804</b>	<b>-102 468</b>	<b>4 470 336</b>	<b>3 435 234</b>
C.II.2.1.	Trade receivables	2 454 637	-12 313	2 442 324	2 024 315
C.II.2.2.	Receivables – controlled or controlling entity	67 123	-67 123		8 500
C.II.2.4.	<i>Receivables – other</i>	<b>2 051 044</b>	<b>-23 032</b>	<b>2 028 012</b>	<b>1 402 419</b>
C.II.2.4.3.	State – tax receivables	486 618		486 618	367 730
C.II.2.4.4.	Short-term prepayments made	1 582		1 582	38 884
C.II.2.4.5.	Estimated receivables	1 516 756		1 516 756	979 696
C.II.2.4.6.	Sundry receivables	46 088	-23 032	23 056	16 109
<i>C.II.3.</i>	<b>Other assets</b>	<b>165 647</b>		<b>165 647</b>	<b>168 714</b>
C.II.3.1.	Deferred expenses	85 140		85 140	80 355
C.II.3.2.	Complex deferred expenses	77 254		77 254	86 950
C.II.3.3.	Accrued income	3 253		3 253	1 409
<i>C.IV.</i>	<b>Cash</b>	<b>212 263</b>		<b>212 263</b>	<b>210 058</b>
C.IV.1.	Cash on hand	2 141		2 141	2 265
C.IV.2.	Cash at bank	210 122		210 122	207 793

## BALANCE SHEET FULL VERSION – LIABILITIES &amp; EQUITY

(IN CZK THOUSAND)

	31. 12. 2023	31. 12. 2022
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>44 985 419</b>	<b>48 931 974</b>
<b>A. Equity</b>	<b>31 743 654</b>	<b>31 668 529</b>
<i>A.I. Share capital</i>	<b>8 109 863</b>	<b>8 109 863</b>
A.I.1. Share capital	8 109 863	8 109 863
<i>A.II. Share premium and capital funds</i>	<b>102 164</b>	<b>103 743</b>
A.II.2. Capital funds	<b>102 164</b>	<b>103 743</b>
A.II.2.1. Other capital funds	103 787	103 787
A.II.2.2. Gains or losses from the revaluation of assets and liabilities (+/-)	-1 623	-44
<i>A.III. Funds from profit</i>	<b>2 858 219</b>	<b>2 858 219</b>
A.III.1. Other reserve funds	2 858 219	2 858 219
<i>A.IV. Retained earnings (+/-)</i>	<b>20 629 039</b>	<b>18 203 680</b>
A.IV.1. Accumulated profits or losses brought forward (+/-)	20 629 039	18 203 680
<i>A.V. Profit or loss for the current period (+/-)</i>	<b>44 369</b>	<b>2 393 024</b>

TABLE CONTINUES ON THE FOLLOWING PAGE

CONTINUATION OF THE TABLE FROM THE PREVIOUS PAGE

## BALANCE SHEET FULL VERSION – LIABILITIES & EQUITY

(IN CZK THOUSAND)

		31. 12. 2023	31. 12. 2022
<b>B.+C.</b>	<b>Liabilities</b>	<b>13 241 765</b>	<b>17 263 445</b>
<b>B.</b>	<b>Reserves</b>	<b>87 413</b>	<b>438 820</b>
B.III.	Reserves under special legislation	1 139	1 125
B.IV.	Other reserves	86 274	437 695
<b>C.</b>	<b>Payables</b>	<b>13 154 352</b>	<b>16 824 625</b>
C.I.	<b>Long-term payables</b>	<b>3 679 453</b>	<b>3 726 215</b>
C.I.2.	Payables to credit institutions	2 525 398	2 488 171
C.I.4.	Trade payables	14 696	24 720
C.I.8.	Deferred tax liability	1 139 359	1 213 324
C.II.	<b>Short-term payables</b>	<b>9 401 298</b>	<b>13 085 084</b>
C.II.2.	Payables to credit institutions	1 258 694	1 930 340
C.II.3.	Short-term prepayments received	950 184	500 158
C.II.4.	Trade payables	4 655 980	5 771 403
C.II.8.	<b>Other payables</b>	<b>2 536 440</b>	<b>4 883 183</b>
C.II.8.3.	Payables to employees	490 895	481 722
C.II.8.4.	Social security and health insurance payables	172 278	165 631
C.II.8.5.	State – tax payables and subsidies	1 725 940	4 007 854
C.II.8.6.	Estimated payables	74 626	130 752
C.II.8.7.	Sundry payables	72 701	97 224
C.III.	<b>Other liabilities</b>	<b>73 601</b>	<b>13 326</b>
C.III.1.	Accrued expenses	73 601	13 326

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

(IN CZK THOUSAND)

		Year ended 31. 12. 2023	Year ended 31. 12. 2022
I.	Sales of products and services	49 691 124	57 602 034
II.	Sales of goods	750	22
A.	Purchased consumables and services	<b>46 802 192</b>	<b>52 702 477</b>
A.1.	Costs of goods sold	740	18
A.2.	Consumed material and energy	43 500 219	49 465 226
A.3.	Services	3 301 233	3 237 233
B.	Change in internally produced inventory (+/-)	972 040	-2 635 962
C.	Own work capitalised (-)	-1 331 344	-1 630 894
D.	Staff costs	<b>4 976 798</b>	<b>4 920 881</b>
D.1.	Payroll costs	3 508 148	3 508 142
D.2.	Social security and health insurance costs and other charges	<b>1 468 650</b>	<b>1 412 739</b>
D.2.1.	Social security and health insurance costs	1 168 967	1 147 147
D.2.2.	Other charges	299 683	265 592
E.	Adjustments to values in operating activities	<b>1 932 670</b>	<b>2 094 866</b>
E.1.	<i>Adjustments to values of intangible and tangible fixed assets</i>	<b>1 600 965</b>	<b>1 503 669</b>
E.1.1.	Adjustments to values of intangible and tangible fixed assets – permanent	1 601 023	1 509 515
E.1.2.	Adjustments to values of intangible and tangible fixed assets – temporary	-58	-5 846
E.2.	Adjustments to values of inventories	329 299	522 992
E.3.	Adjustments to values of receivables	2 406	68 205
III.	Other operating income	<b>14 231 151</b>	<b>8 038 566</b>
III.1.	Sales of fixed assets	43 158	1 653
III.2.	Sales of material	128 502	170 339
III.3.	Sundry operating income	14 059 491	7 866 574

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. 2023	Year ended 31. 12. 2022
F.	Other operating expenses	10 505 899	7 409 770
F.1.	Net book value of sold fixed assets	9 034	107
F.2.	Material sold	126 708	154 940
F.3.	Taxes and charges	41 460	39 678
F.4.	Reserves relating to operating activities and complex deferred expenses	-341 608	-132 831
F.5.	Sundry operating expenses	10 670 305	7 347 876
*	<b>Operating profit or loss (+/-)</b>	<b>64 770</b>	<b>2 779 484</b>
IV.	Income from non-current financial assets – equity investments	450 096	400 448
IV.1.	Income from equity investments – controlled or controlling entity	437 662	357 576
IV.2.	Other income from equity investments	12 434	42 872
G.	Costs of equity investments sold		18 461
VI.	Interest income and similar income	7 646	3 182
VI.1.	Interest income and similar income – controlled or controlling entity	5 310	2 936
VI.2.	Other interest income and similar income	2 336	246
I.	Adjustments to values and reserves relating to financial activities	29 615	101 379
J.	Interest expenses and similar expenses	274 945	194 962
J.2.	Other interest expenses and similar expenses	274 945	194 962
VII.	Other financial income	97 903	94 450
K.	Other financial expenses	207 547	39 997
*	<b>Financial profit or loss (+/-)</b>	<b>43 538</b>	<b>143 281</b>
**	<b>Profit or loss before tax (+/-)</b>	<b>108 308</b>	<b>2 922 765</b>
L.	Income tax	63 939	529 741
L.1.	Due income tax	138 808	535 503
L.2.	Deferred income tax (+/-)	-74 869	-5 762
**	<b>Profit or loss net of tax (+/-)</b>	<b>44 369</b>	<b>2 393 024</b>
***	<b>Profit or loss for the current period (+/-)</b>	<b>44 369</b>	<b>2 393 024</b>
*	Net turnover for the current period	64 478 670	66 138 702



## STATEMENT OF CHANGES IN EQUITY

(IN CZK THOUSAND)

	Share capital	Capital funds	Funds from profit, other reserve funds	Accumulated profits or losses brought forward	Profit or loss for the current period	TOTAL EQUITY
<b>Balance at 31 December 2021</b>	<b>8 109 863</b>	<b>103 743</b>	<b>2 858 219</b>	<b>17 897 600</b>	<b>1 306 080</b>	<b>30 275 505</b>
Distribution of profit or loss				306 080	-306 080	
Profit shares/dividends declared					-1 000 000	-1 000 000
Profit or loss for the current period					2 393 024	2 393 024
<b>Balance at 31 December 2022</b>	<b>8 109 863</b>	<b>103 743</b>	<b>2 858 219</b>	<b>18 203 680</b>	<b>2 393 024</b>	<b>31 668 529</b>
<b>Impact of merger at 1 January 2023</b>				<b>32 335</b>		<b>32 335</b>
<b>Balance at 1 January 2023</b>	<b>8 109 863</b>	<b>103 743</b>	<b>2 858 219</b>	<b>18 236 015</b>	<b>2 393 024</b>	<b>31 700 864</b>
Distribution of profit or loss				2 393 024	-2 393 024	
Gains or losses from the revaluation of securities			-1 579			-1 579
Profit or loss for the current period					44 369	44 369
<b>Balance at 31 December 2023</b>	<b>8 109 863</b>	<b>102 164</b>	<b>2 858 219</b>	<b>20 629 039</b>	<b>44 369</b>	<b>31 743 654</b>

## CASH FLOW STATEMENT

(IN CZK THOUSAND)

	Year ended 31. 12. 2023	Year ended 31. 12. 2022
<b>P.</b>		
<b>Opening balance of cash and cash equivalents</b>	<b>206 339</b>	<b>250 722</b>
<b><i>Cash flows from ordinary activities (operating activities)</i></b>		
Z.		
Profit or loss before tax	108 308	2 922 765
A.1.		
Adjustments for non-cash transactions	1 516 250	1 815 988
A.1.1.		
Depreciation of fixed assets	1 601 023	1 509 515
A.1.2.		
Change in provisions and reserves	19 715	553 899
A.1.3.		
Profit/(loss) on the sale of fixed assets	-34 124	-18 086
A.1.4.		
Revenues from profit shares	-450 096	-400 448
A.1.5.		
Interest expense and interest income	267 299	191 780
A.1.6.		
Adjustments for other non-cash transactions	112 494	-20 672
A.1.7.		
Non-cash operation – merger	-61	
<b>A.*</b>		
<b>Net operating cash flow before changes in working capital</b>	<b>1 624 558</b>	<b>4 738 753</b>
A.2.		
Change in working capital	1 045 480	-2 507 725
A.2.1.		
Change in operating receivables and other assets	-853 604	142 707
A.2.2.		
Change in operating payables and other liabilities	-353 817	1 193 316
A.2.3.		
Change in inventories	2 252 991	-3 843 858
A.2.4.		
Change in current financial assets	-90	110
<b>A.**</b>		
<b>Net cash flow from operations before tax</b>	<b>2 670 038</b>	<b>2 231 028</b>
A.3.		
Interest paid	-270 697	-189 781
A.4.		
Interest received	7 751	1 861
A.5.		
Income tax paid from ordinary operations	-476 190	-539 447
A.6.		
Received profit shares	450 096	400 448
<b>A.***</b>		
<b>Net operating cash flows</b>	<b>2 380 998</b>	<b>1 904 109</b>

 TABLE CONTINUES ON THE FOLLOWING PAGE

CONTINUATION OF THE TABLE FROM THE PREVIOUS PAGE

## CASH FLOW STATEMENT

(IN CZK THOUSAND)

		Year ended 31. 12. 2023	Year ended 31. 12. 2022
<b><i>Cash flows from investing activities</i></b>			
B.1.	Fixed assets expenditures	-1 711 585	-1 617 740
B.2.	Proceeds from fixed assets sold	29 037	36 654
B.3.	Loans and borrowings to related parties	8 500	-62 459
B.4.	Increase in cash – merger	29 962	
<b>B.***</b>	<b>Net investment cash flows</b>	<b>-1 644 086</b>	<b>-1 643 545</b>
<b><i>Cash flow from financial activities</i></b>			
C.1.	Change in payables from financing	-734 797	695 053
C.2.	Impact of changes in equity		-1 000 000
C.2.6.	Profit shares/dividends paid		-1 000 000
<b>C.***</b>	<b>Net financial cash flows</b>	<b>-734 797</b>	<b>-304 947</b>
<b>F.</b>	<b>Net increase or decrease in cash and cash equivalents</b>	<b>2 115</b>	<b>-44 383</b>
<b>R.</b>	<b>Closing balance of cash and cash equivalents</b>	<b>208 454</b>	<b>206 339</b>

## NOTES TO THE FINANCIAL STATEMENT

# 1. General information

## 1.1. INCORPORATION AND DESCRIPTION OF THE COMPANY

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

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

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

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

## 1.2. ORGANISATIONAL STRUCTURE OF THE COMPANY

Bodies of the Company are as follows:

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

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

During 2023, the merger by amalgamation of the dissolving company Doprava TŽ, a.s. into the Company TŘINECKÉ ŽELEZÁRNY, a. s., led to the incorporation of the dissolving company into the existing operations VL – Transport and Dispatch and VK – Coke Plant and Secondary Raw Materials.

The following changes were made to the Company's organisational structure as of 1 January 2024:

- The Strategy and Marketing Department, originally under the authority of the Technical Director, has been transferred to the authority the CEO,
- the Director of HR and External Relations was renamed Director of HR and ESG,
- a new Asset Management Unit was created, under the direct authority of the Financial Director, by splitting the Asset Management Unit from the – Property and Environment Department,
- the Property and Environment Department was renamed to Environment and ESG,
- the Logistics Department, which was under the authority of the Investment Director, was transferred to the authority of the Production Director,
- the Department of Informatics and Telecommunications, which was under the authority of the Financial Director, was transferred to the authority of the Investment Director,
- the Control Systems Department, which was under the authority of the Production Director, was transferred to the authority of the Investment Director,
- the Maintenance Assurance Department was changed to an operations type department and renamed Maintenance and now covers all maintenance activities of the Company's manufacturing operations.

### 1.3. GROUP IDENTIFICATION

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

In the year ended 31 December 2023, the Company was controlled by MORAVIA STEEL a.s., having its registered office at Průmyslová 1000, Staré Město, 739 61 Třinec, as the sole shareholder.

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

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

## 1.4. BOARD OF DIRECTORS AND SUPERVISORY BOARD AS OF 31 DECEMBER 2023

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

During 2023, the following changes were made in the composition of the Company's Board of Directors:

Position	Formerly	Now	Date of Change
Chairman	Jan Czudek	Roman Heide	3 April 2023
First Vice-Chairman	Česlav Marek		30 June 2023
Member		Tomáš Gajdzica	1 July 2023
First Vice-Chairman		Tomáš Gajdzica	11 July 2023
Member	Ivo Žižka		31 August 2023
Member		Kateřina Nogolová	1 September 2023

During 2023, no changes were made in the composition of the Company's Supervisory Board.

## 2. Methods of accounting and general accounting principles

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

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

The financial statements were prepared on 26 January 2024. These financial statements are presented in thousands of Czech crowns ("CZK").

### 2.1. REPORTING PERIOD

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

The Company's financial statements as of 31 December 2023 have been prepared in relation to the completed Merger as follows:

- The balance sheet includes comparative figures as of 31 December 2022, which are derived from the financial statements of TŘINECKÉ ŽELEZÁRNY, a. s., as of 31 December 2022,
- The profit and loss account includes comparative figures for the year ended 31 December 2022, which are derived from the financial statements of TŘINECKÉ ŽELEZÁRNY, a. s., as of 31 December 2022,
- The statement of changes in equity includes comparative figures as of 31 December 2022, which are derived from the financial statements of TŘINECKÉ ŽELEZÁRNY, a. s., as of 31 December 2022. This statement shows the impact of the Merger on the equity accounts, and
- The cash flow statement includes comparative figures as of 31 December 2022, which are derived from the financial statements of TŘINECKÉ ŽELEZÁRNY, a. s., as of 31 December 2022. The impact of the Merger on cash is presented separately in this statement.

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

## OPENING BALANCE SHEET AS OF 1. 1. 2023

(IN CZK THOUSAND)

	Brutto	Korekce	Netto
<b>TOTAL ASSETS</b>	<b>80 191 960</b>	<b>-31 223 968</b>	<b>48 967 992</b>
<b>B. Fixed assets</b>	<b>58 570 326</b>	<b>-29 953 766</b>	<b>28 616 560</b>
<b>B.I. Intangible fixed assets</b>	<b>4 112 274</b>	<b>-258 053</b>	<b>3 854 221</b>
B.I.1. Research and development	4 553	-4 553	
B.I.2. Valuable rights	<b>293 530</b>	<b>-248 500</b>	<b>45 030</b>
B.I.2.1. Software	196 858	-167 088	29 770
B.I.2.2. Other valuable rights	96 672	-81 412	15 260
B.I.4. Other intangible fixed assets	3 807 031	-5 000	3 802 031
B.I.5. Prepayments for intangible fixed assets and intangible fixed assets under construction	<b>7 160</b>		<b>7 160</b>
B.I.5.1. Prepayments for intangible fixed assets	76		76
B.I.5.2. Intangible fixed assets under construction	7 084		7 084
<b>B.II. Tangible fixed assets</b>	<b>45 791 067</b>	<b>-28 883 492</b>	<b>16 907 575</b>
B.II.1. Land and structures	<b>11 472 831</b>	<b>-5 940 788</b>	<b>5 532 043</b>
B.II.1.1. Land	527 096		527 096
B.II.1.2. Structures	10 945 735	-5 940 788	5 004 947
B.II.2. Tangible movable assets and sets of tangible movable assets	33 132 916	-22 941 278	10 191 638
B.II.4. Other tangible fixed assets	<b>7 888</b>	<b>-666</b>	<b>7 222</b>
B.II.4.3. Other tangible fixed assets	7 888	-666	7 222
B.II.5. Prepayments for tangible fixed assets and tangible fixed assets under construction	<b>1 177 432</b>	<b>-760</b>	<b>1 176 672</b>
B.II.5.1. Prepayments for tangible fixed assets	107 709		107 709
B.II.5.2. Tangible fixed assets under construction	1 069 723	-760	1 068 963
<b>B.III. Non-current financial assets</b>	<b>8 666 985</b>	<b>-812 221</b>	<b>7 854 764</b>
B.III.1. Equity investments – controlled or controlling entity	8 613 988	-793 633	7 820 355
B.III.3. Equity investments in associates	50 995	-18 588	32 407
B.III.5. Other non-current securities and investments	2 002		2 002
<b>C. Current assets</b>	<b>21 621 634</b>	<b>-1 270 202</b>	<b>20 351 432</b>
<b>C.I. Inventories</b>	<b>17 653 846</b>	<b>-1 167 106</b>	<b>16 486 740</b>
C.I.1. Material	7 578 325	-310 276	7 268 049

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## OPENING BALANCE SHEET AS OF 1. 1. 2023

(IN CZK THOUSAND)

	Brutto	Korekce	Netto
C.I.2. Work in progress and semifinished goods	6 116 586	-611 732	5 504 854
C.I.3. <i>Products and goods</i>	<b>3 954 121</b>	<b>-245 098</b>	<b>3 709 023</b>
C.I.3.1. Products	3 954 111	-245 098	3 709 013
C.I.3.2. Goods	10		10
C.I.5. Prepayments for inventories	4 814		4 814
C.II. <b>Receivables</b>	<b>3 724 734</b>	<b>-100 062</b>	<b>3 624 672</b>
C.II.1. <b>Long-term receivables</b>	<b>84 446</b>	<b>-67 123</b>	<b>17 323</b>
C.II.1.2. Receivables – controlled or controlling entity	67 123	-67 123	
C.II.1.5. <i>Receivables – other</i>	<b>17 323</b>		<b>17 323</b>
C.II.1.5.2. Long-term prepayments made	712		712
C.II.1.5.4. Sundry receivables	16 611		16 611
C.II.2. <b>Short-term receivables</b>	<b>3 471 568</b>	<b>-32 939</b>	<b>3 438 629</b>
C.II.2.1. Trade receivables	2 040 516	-13 090	2 027 426
C.II.2.2. Receivables – controlled or controlling entity	8 500		8 500
C.II.2.4. <i>Receivables – other</i>	<b>1 422 552</b>	<b>-19 849</b>	<b>1 402 703</b>
C.II.2.4.3. State – tax receivables	367 971		367 971
C.II.2.4.4. Short-term prepayments made	38 884		38 884
C.II.2.4.5. Estimated receivables	979 703		979 703
C.II.2.4.6. Sundry receivables	35 994	-19 849	16 145
C.II.3. <b>Other assets</b>	<b>168 720</b>		<b>168 720</b>
C.II.3.1. Deferred expenses	80 361		80 361
C.II.3.2. Complex deferred expenses	86 950		86 950
C.II.3.3. Accrued income	1 409		1 409
C.III. <b>Current financial assets</b>	<b>3 034</b>	<b>-3 034</b>	
C.III.2. Other current financial assets	3 034	-3 034	
C.IV. <b>Cash</b>	<b>240 020</b>		<b>240 020</b>
C.IV.1. Cash on hand	2 351		2 351
C.IV.2. Cash at bank	237 669		237 669

## OPENING BALANCE SHEET AS OF 1. 1. 2023

(IN CZK THOUSAND)

<b>TOTAL LIABILITIES &amp; EQUITY</b>		<b>48 967 992</b>
<b>A.</b>	<b>Equity</b>	<b>31 700 864</b>
A.I.	<b>Share capital</b>	<b>8 109 863</b>
A.I.1.	Share capital	8 109 863
A.II.	<b>Share premium and capital funds</b>	<b>103 743</b>
A.II.2.	<b>Capital funds</b>	<b>103 743</b>
A.II.2.1.	Other capital funds	103 787
A.II.2.2.	Gains or losses from the revaluation of assets and liabilities (+/-)	-44
A.III.	<b>Funds from profit</b>	<b>2 858 219</b>
A.III.1.	Other reserve funds	2 858 219
A.IV.	<b>Retained earnings (+/-)</b>	<b>20 629 039</b>
A.IV.1.	Accumulated profits brought forward	18 236 015
A.IV.3.	Profit or loss under approval proceedings (+/-)	2 393 024
A.V.	<b>Profit or loss for the current period (+/-)</b>	
<b>B.+C.</b>	<b>Liabilities</b>	<b>17 267 128</b>
<b>B.</b>	<b>Reserves</b>	<b>438 820</b>
B.III.	Reserves under special legislation	1 125
B.IV.	Other reserves	437 695

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## OPENING BALANCE SHEET AS OF 1. 1. 2023

(IN CZK THOUSAND)

<b>C.</b>	<b>Payables</b>	<b>16 828 308</b>
C.I.	<b>Long-term payables</b>	<b>3 727 540</b>
C.I.2.	Payables to credit institutions	2 488 171
C.I.4.	Trade payables	24 720
C.I.8.	Deferred tax liability	1 214 649
C.II.	<b>Short-term payables</b>	<b>13 087 442</b>
C.II.2.	Payables to credit institutions	1 930 340
C.II.3.	Short-term prepayments received	500 213
C.II.4.	Trade payables	5 766 242
C.II.8.	<b>Other payables</b>	<b>4 890 647</b>
C.II.8.3.	Payables to employees	483 897
C.II.8.4.	Social security and health insurance payables	167 285
C.II.8.5.	State – tax payables and subsidies	4 009 392
C.II.8.6.	Estimated payables	132 164
C.II.8.7.	Sundry payables	97 909
C.III.	<b>Other liabilities</b>	<b>13 326</b>
C.III.1.	Accrued expenses	13 326

## 2.2. TANGIBLE AND INTANGIBLE FIXED ASSETS

### Valuation

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

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

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

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

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

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

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

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

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

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

As of the balance sheet date, emission allowances are valued according to the EUROPEAN ENERGY EXCHANGE rate. The decrease in the valuation of emission allowances acquired on a free-of-charge basis as of the balance sheet date is recognised in the balance sheet lines 'Other intangible fixed assets' (gross) and 'State – tax payables and subsidies'. The Company does not recognise an upward revaluation of the allowances. If there is a lack of allowances at the balance sheet date, the Company recognises a reserve presented in the balance sheet as part of 'Other reserves' and in the profit and loss account as part of 'Reserves and provisions relating to operating activities and complex deferred expenses'. 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.

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

## Depreciation for Accounting Purposes

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

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

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

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

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

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

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

## Provisioning

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

## Impairment

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

## 2.3. NON-CURRENT FINANCIAL ASSETS

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

### Valuation

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

### At the balance sheet date, the Company records:

Equity investments are measured at cost less any provisions.

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

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

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

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

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

### Provisioning against Equity Investments

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

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

## 2.4. CURRENT FINANCIAL ASSETS AND CASH

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

Current financial assets are carried at cost upon acquisition.

Cash consists of cash on hand and cash at bank.

## 2.5. INVENTORY

### Valuation

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

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

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

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

### Provisioning

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

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



## 2.6. RECEIVABLES

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

### Provisioning

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

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

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

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

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

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

## 2.7. PAYABLES

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

## 2.8. PAYABLES TO CREDIT INSTITUTIONS

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

## 2.9. RESERVES

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

## 2.10. ACCRUALS AND DEFERRALS

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

## 2.11. FOREIGN CURRENCY TRANSLATIONS

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

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

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

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

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

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

## 2.12. TAXATION

### 2.12.1. DEPRECIATION OF FIXED ASSETS FOR TAX PURPOSES

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

### 2.12.2. CURRENT TAX PAYABLE

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

### 2.12.3. DEFERRED TAX

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

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

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

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

## 2.13. BORROWING COSTS

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

## 2.14. COSTS RELATING TO EMPLOYEES HIRED THROUGH AN EMPLOYMENT AGENCY

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

## 2.15. REVENUE RECOGNITION

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

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

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

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

## 2.16. USE OF ESTIMATES

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

## 2.17. RESEARCH AND DEVELOPMENT EXPENDITURE

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

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

## 2.18. SUBSIDIES

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

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

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

## 2.19. CASH FLOW STATEMENT

The cash flow statement is prepared using the indirect method.

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

Cash and cash equivalents can be analysed as follows:

(CZK THOUSAND)

	Balance at 31 Dec 2023	Impact of Merger as of 1 Jan 2023	Balance at 31 Dec 2022
Cash on hand	2 141	86	2 265
Cash at bank	210 122	29 876	207 793
Other current financial assets	0	0	3 034
Provisions against other current financial assets	0	0	-3 034
<b>Total current financial assets and cash</b>	<b>212 263</b>	<b>29 962</b>	<b>210 058</b>
Cash and cash equivalents not included in the cash flow	-3 809	0	-3 719
<b>Total cash and cash equivalents</b>	<b>208 454</b>	<b>29 962</b>	<b>206 339</b>

The difference between cash and cash equivalents as of 31 December 2023 and 2022 reported in the cash flow statement as opposed to the current financial assets and cash disclosed in the balance sheet represents blocked deposits that are restricted with regard to the free handling of the funds.

# 3. Additional information

## 3.1. FIXED ASSETS

### 3.1.1. INTANGIBLE FIXED ASSETS

#### Cost

(CZK THOUSAND)

	Balance at 31 Dec 2022	Additions	Disposals	Revaluation	Balance at 31 Dec 2023
Development	4 553	0	1 581	0	2 972
Valuable rights	293 530	2 097	1 102	0	294 525
Other intangible FA	3 807 031	7 733 903	9 584 215	-266 708	1 690 011
Prepayments made for intangible FA	76	0	76	0	0
Intangible FA under construction	7 084	2 628	2 098	0	7 614
<b>Total</b>	<b>4 112 274</b>	<b>7 738 628</b>	<b>9 589 072</b>	<b>-266 708</b>	<b>1 995 122</b>

#### Accumulated Amortisation

(CZK THOUSAND)

	Balance at 31 Dec 2022	Additions	Disposals	Balance at 31 Dec 2023
Development	4 553	0	1 581	2 972
Valuable rights	248 500	15 232	1 102	262 630
Other intangible FA	5 000	0	0	5 000
<b>Total</b>	<b>258 053</b>	<b>15 232</b>	<b>2 683</b>	<b>270 602</b>

#### Net Book Value

(CZK THOUSAND)

	Balance at 31 Dec 2022	Balance at 31 Dec 2023
Valuable rights	45 030	31 895
Other intangible FA	3 802 031	1 685 011
Prepayments made for intangible FA	76	0
Intangible FA under construction	7 084	7 614
<b>Total</b>	<b>3 854 221</b>	<b>1 724 520</b>

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

Amortisation of intangible fixed assets amounted to CZK 15,232 thousand and CZK 16,709 thousand as of 31 December 2023 and 2022, respectively.

Other intangible fixed assets primarily include emission allowances.

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

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

In 2022, the Company acquired 3,361,596 allowances free of charge for 2022 in the amount of CZK 6,762,566 thousand and 3,375,076 allowances for 2021 in the amount of CZK 6,782,289 thousand. As of the financial statements date on 31 December 2022, it settled the use of allowances for 2021 in the amount of CZK 63,394 thousand as a difference between the exchange rate of the estimated reported use of allowances in 2021 and the exchange rate of the recognition of missing allowances for 2021 in 2022 and the use of allowances for 2022 in the amount of CZK 5,088,744 thousand. In addition, a revaluation – decrease in the valuation of allowances was recognised as of the financial statements date in the amount of CZK 121,028 thousand between Other intangible fixed assets and State – tax payables and subsidies.

In 2022, the Company sold 410,000 allowances. The effect of the sale of the allowances on profit or loss was CZK 795,258 thousand.

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

The aggregate cost of low-value intangible assets not reported on the face of the balance sheet was CZK 31,100 thousand and CZK 29,987 thousand as of 31 December 2023 and 2022, respectively.

### 3.1.2. TANGIBLE FIXED ASSETS

#### Cost

(CZK THOUSAND)

	Balance at 31 Dec 2022	Impact of Merger as of 1 Jan 2023	Additions	Disposals	Balance at 31 Dec 2023
Land	527 096	0	927	690	527 333
Structures	10 945 412	323	294 126	8 940	11 230 921
Tangible movable assets and sets thereof	33 032 500	100 416	1 422 309	273 742	34 281 483
Other tangible FA	6 895	993	26	7	7 907
Prepayments for tangible FA	107 709	0	97 615	139 791	65 533
Tangible FA under construction	1 069 723	0	1 403 361	1 720 113	752 971
<b>Total</b>	<b>45 689 335</b>	<b>101 732</b>	<b>3 218 364</b>	<b>2 143 283</b>	<b>46 866 148</b>

#### Accumulated Depreciation

(CZK THOUSAND)

	Balance at 31 Dec 2022	Impact of Merger as of 1 Jan 2023	Additions	Disposals	Balance at 31 Dec 2023
Structures	5 929 063	181	261 159	8 940	6 181 463
Tangible movable assets and sets thereof	22 856 216	84 412	1 333 724	273 743	24 000 609
Other tangible movable assets	0	666	158	0	824
<b>Total</b>	<b>28 785 279</b>	<b>85 259</b>	<b>1 595 041</b>	<b>282 683</b>	<b>30 182 896</b>

#### Provisions

(CZK THOUSAND)

	Balance at 31 Dec 2022	Impact of Merger as of 1 Jan 2023	Additions	Disposals	Balance at 31 Dec 2023
Structures	11 544	0	0	6 256	5 288
Tangible movable assets and sets thereof	651	0	6 198	0	6 849
Tangible FA under construction	760	0	0	1	759
<b>Total</b>	<b>12 955</b>	<b>0</b>	<b>6 198</b>	<b>6 257</b>	<b>12 896</b>



**Net Book Value**

(CZK THOUSAND)

	Balance at 31 Dec 2022	Impact of Merger as of 1 Jan 2023	Balance at 31 Dec 2023
Land	527 096	0	527 333
Structures	5 004 805	142	5 044 170
Tangible movable assets and sets thereof	10 175 633	16 004	10 274 025
Other tangible FA	6 895	327	7 083
Prepayments for tangible FA	107 709	0	65 533
Tangible FA under construction	1 068 963	0	752 212
<b>Total</b>	<b>16 891 101</b>	<b>16 473</b>	<b>16 670 356</b>

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

(CZK THOUSAND)

Acquisition of wind heater VP4 No. 42	451 054
Acquisition of the Innofreight tipper	137 916
Acquisition of a milling line	134 279

Principal additions to tangible fixed assets under construction, including prepayments made, for the year ended 31 December 2023 were as follows:

(CZK THOUSAND)

Heat treatment of rails	270 265
Substitution of natural gas by coke oven gas for BF	55 264
Rail disc cutter	31 343

During the year ended 31 December 2023, the disposals of tangible fixed assets included assets with an aggregate net book value of CZK 13,015 thousand. Major disposals principally comprised disposal of assets at a carrying amount of CZK 5,627 thousand due to sale, disposal of assets of the Minor Rail Equipment Department at a carrying amount of CZK 1,504 thousand due to the acquisition of a new automatic milling line, and overall disposal of the VP 4 hydraulic station.

### Depreciation of Tangible Fixed Assets Charged to Expenses

Depreciation of tangible fixed assets amounted to CZK 1,585,791 thousand and CZK 1,492,806 thousand as of 31 December 2023 and 2022, respectively.

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

The aggregate costs of low-value tangible assets not reported on the face of the balance sheet were CZK 614,362 thousand and CZK 636,453 thousand as of 31 December 2023 and 2022, respectively.

### 3.1.3. ASSETS HELD UNDER OPERATING LEASE AGREEMENTS

In the years ended 31 December 2023 and 2022, the Company made lease payments of CZK 58,793 thousand and CZK 55,321 thousand, respectively.

### 3.1.4. PLEDGED FIXED ASSETS

#### 31 December 2023

(CZK THOUSAND)

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

**31 December 2022**

(CZK THOUSAND)

Description of assets	Net book value	Pledge/creditor
Tangible FA	533 534	
Buildings	99 185	
Land	3 458	Loan from Česká spořitelna, a.s.
Tangible FA	379 999	
Land	96 223	Loan from Československá obchodní banka, a.s.
Tangible FA	520 379	
Land	11 988	Loan from ING BANK N. V.
Tangible FA	1 895 179	
Land	42 678	Loan from ING BANK N. V.
Tangible FA	1 124 127	
Land	18 538	Loan from Raiffeisenbank a.s.
<b>Total</b>	<b>4 725 288</b>	

**3.2. NON-CURRENT FINANCIAL ASSETS****Cost**

(CZK THOUSAND)

	Balance at 31 Dec 2022	Impact of Merger as of 1 Jan 2023	Additions	Disposals	Valuation at Fair Value	Balance at 31 Dec 2023
Equity investments – controlled or controlling entity	8 629 743	-15 755	0	0	0	8 613 988
Equity investments – associates	50 995	0	1*	0	0	50 996
Other non-current securities and equity investments	2 002	0	0	0	-2 000	2
<b>Total</b>	<b>8 682 740</b>	<b>-15 755</b>	<b>1</b>	<b>0</b>	<b>-2 000</b>	<b>8 664 986</b>

\*Rounding

**Provisions**

(CZK THOUSAND)

	Balance at 31 Dec 2022	Impact of Merger as of 1 Jan 2023	Additions	Disposals	Balance at 31 Dec 2023
Equity investments – controlled or controlling entity	793 633	0	33 044	0	826 677
Equity investments – associates	18 588	0	0	395	18 193
<b>Total</b>	<b>812 221</b>	<b>0</b>	<b>33 044</b>	<b>395</b>	<b>844 870</b>

## 3.2.1. EQUITY INVESTMENTS – CONTROLLED OR CONTROLLING ENTITY

31 December 2023

(CZK THOUSAND)

Company name and registered office	Equity investment %	Equity	Profit/loss for the period	Provision	Financial income
ŽDB DRÁTOVNA a.s., Pudlov, Bohumín	100.00	2 066 041	-223 160	0	0
Strojírny a stavby Třinec, a.s., Staré Město, Třinec	100.00	668 941	38 070	-46 964	20 000
ENERGETIKA TŘINEC, a.s., Staré Město, Třinec	100.00	2 904 133	105 150	0	50 000
Slévárny Třinec, a.s., Staré Město, Třinec	100.00	640 266	18 663	-261 625	0
Šroubárna Kyjov, spol. s r.o., Kyjov	100.00	724 375	30 071	0	20 000
HŽP a.s., Prostějov	100.00	649 264	49 881	0	41 000
„D&D” Drótáru Zrt., 3527 Miskolc, Sajósziget utca 4 (HUN)	100.00	558 793	-161 218	0	200 574
„METALURGIA” SPÓŁKA AKCYJNA, Radomsko (POL)	100.00	268 912	-77 576	0	0
VÚHŽ a.s., Dobrá	100.00	429 839	45 413	0	40 000
Řetězárna a.s., Česká Ves	51.00	697 756	32 862	0	9 690
REFRASIL, s.r.o., Kanská, Třinec	100.00	226 467	19 429	0	35 000
Třinecké gastroslužby, s.r.o., Staré Město, Třinec	100.00	42 682	5 440	0	0
TRIALFA, s.r.o., Třinec – Kanada	100.00	22 515	710	0	0
Moravia Security, a.s., Kanská, Třinec	100.00	39 414	2 119	0	5 000
TŘINECKÁ PROJEKCE, a.s., Kanada, Třinec	84.54	31 452	1 931	0	3 323
„ZAMECZEK BŁOGOCICE” Spółka z ograniczoną odpowiedzialnością, Cieszyn (POL)	88.00	44 365	165	-10 726	0
TRISIA, a.s., Lyžbice, Třinec	66.00	41 161	282	-9 403	0
IMOPRA s.r.o., Nivnice	100.00	114 127	6 345	0	6 000
BOHEMIA RINGS s.r.o., Zámorsk	100.00	831 530	-38 491	-447 959	5 500
EKOSTROJÍRENSTVÍ TŘINEC, a.s., Staré Město, Třinec	100.00	-59 800	1 029	-50 000	0
ENEZA, s.r.o., Staré Město, Třinec	52.50	96 700	6 926	0	1 575
<b>Total</b>				<b>-826 677</b>	<b>437 662</b>

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

## 31 December 2022

(CZK THOUSAND)

Company name and registered office	Equity investment %	Equity	Profit/loss for the period	Provision	Financial income
ŽDB DRÁTOVNA a.s., Pudlov, Bohumín	100.00	2 289 201	121 630	0	80 000
Strojírny a stavby Třinec, a.s., Staré Město, Třinec	100.00	650 422	42 929	-34 637	32 000
ENERGETIKA TŘINEC, a.s., Staré Město, Třinec	100.00	2 848 983	136 727	0	20 000
Slévárny Třinec, a.s., Staré Město, Třinec	100.00	621 604	56 577	0	0
Šroubárna Kyjov, spol. s r.o., Kyjov	100.00	714 304	46 530	-272 452	18 000
HŽP a.s., Prostějov	100.00	640 383	47 887	0	28 000
„D&D” Drótáru Zrt., 3527 Miskolc, Sajószigeti utca 4 (HUN)	100.00	866 696	384 167	0	29 881
„METALURGIA” SPÓŁKA AKCYJNA, Radomsko (POL)	100.00	318 868	30 080	0	0
VÚHŽ a.s., Dobrá	100.00	424 425	48 050	0	35 000
Řetězárna a.s., Česká Ves	51.00	681 915	74 262	0	10 710
REFRASIL, s.r.o., Kanská, Třinec	100.00	242 039	21 167	0	13 000
Třinecké gastroslužby, s.r.o., Staré Město, Třinec	100.00	37 242	2 896	0	0
Doprava TŽ, a.s., Třinec-Staré Město	100.00	48 091	4 024	0	3 000
TRIALFA, s.r.o., Třinec – Kanada	100.00	21 805	716	0	0
Moravia Security, a.s., Kanská, Třinec	100.00	41 815	3 388	0	2 300
TŘINECKÁ PROJEKCE, a.s., Kanada, Třinec	84.54	33 452	3 931	0	2 285
„ZAMECZEK BŁOGOCICE” Spółka z ograniczoną odpowiedzialnością, Cieszyn (POL)	88.00	39 981	39 981	-14 593	0
TRISIA, a.s., Lyžbice, Třinec	66.00	40 879	715	-14 988	0
IMOPRA s.r.o., Nivnice	100.00	113 782	4 370	-70 909	3 400
BOHEMIA RINGS s.r.o., Zámorsk	100.00	875 520	3 639	-336 054	45 000
EKOSTROJÍRENSTVÍ TŘINEC, a.s., Staré Město, Třinec	100.00	-60 828	-77 935	-50 000	0
ENEZA, s.r.o, Staré Město, Třinec*	52.50	92 773	9 005	0	0
<b>Total</b>				<b>-793 633</b>	<b>322 576</b>

Note: \* profit or loss for the period from 1 April 2022 to 31 December 2022

### 3.2.2. EQUITY INVESTMENTS – ASSOCIATES

#### 31 December 2023

(CZK THOUSAND)

Company name and registered office	Equity investment %	Equity	Profit/loss for the period	Provision	Financial income from profit share
VESUVIUS ČESKÁ REPUBLIKA, a.s., Kinská, Třinec	40.00	392 351	63 369	0	12 434
Ocelářská unie a.s., Nové Město, Praha 1	39.94	40 526	-312	-18 193	0
HRAT, s.r.o., Staré Město, Třinec*	23.26	4 351	911	0	0
<b>Total</b>				<b>-18 193</b>	<b>12 434</b>

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

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

#### 31 December 2022

(CZK THOUSAND)

Company name and registered office	Equity investment %	Equity	Profit/loss for the period	Provision	Financial income from profit share
VESUVIUS ČESKÁ REPUBLIKA, a.s., Kinská, Třinec	40.00	360 067	31 084	0	42 872
Ocelářská unie a.s., Nové Město, Praha 1	39.94	41 335	-544	-18 588	0
HRAT, s.r.o., Staré Město, Třinec*	23.26	4 506	803	0	0
<b>Total</b>				<b>-18 588</b>	<b>42 872</b>

Note: \* profit or loss for the period from 1 April 2022 to 31 March 2023

### 3.2.3. NON-CURRENT FINANCIAL ASSETS PLEDGED AS COLLATERAL

As of 31 December 2023, the Company has no non-current financial assets pledged as collateral. As of 31 December 2022, the Company had non-current financial assets pledged as collateral in the nominal value of CZK 1,144,302 thousand.

## 3.3. RECEIVABLES

### 3.3.1. SHORT-TERM RECEIVABLES

As of 31 December 2023 and 2022, the Company recorded short-term trade receivables past their due dates in the gross amount of CZK 16,580 thousand and CZK 15,878 thousand (net CZK 4,267 thousand and CZK 2,849 thousand), respectively.

#### Other Receivables

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

As of 31 December 2023, State – tax receivables predominantly included a receivable arising from value-added tax and advance corporate income tax. As of 31 December 2022, this item predominantly included a receivable arising from value-added tax and prepayments for fees under Act No. 201/2012 Coll., the Air Protection Act.

As of 31 December 2023, sundry receivables principally include a receivable arising from an indisputable claim for a subsidy, a receivable arising from group registration for value-added tax, and receivables from individuals. As of 31 December 2022, this item principally included a receivable arising from an indisputable claim for a subsidy and receivables from individuals.

As of 31 December 2023, estimated receivables primarily include an estimated receivable for expected insurance claims relating to an accident of the wind heater. As of 31 December 2022, this item primarily included a receivable arising from expected insurance claims relating to an accident of the wind heater and a refund of value-added tax paid abroad, use of an operating subsidy and refund of the VAT paid abroad. In connection with the wind heater accident, the Company received prepayments from the insurance company for expected insurance claims (see Note 3.6.4).

Receivables typically mature within 30 days.

### 3.3.2. INTERCOMPANY RECEIVABLES

As of the date of the financial statements, the Company records no long-term receivables with a maturity exceeding 5 years. As of 31 December 2023, the Company records no receivables secured by collateral.

As of 31 December 2022, the Company reported a long-term receivable under the Revolving Loan Contract with EKOSTROJÍRENSTVÍ TŘINEC, a.s., amounting to CZK 67,123 thousand with a provision created in full. As of 31 December 2023, this receivable is reported as short-term, including the provision created in full.

## Short-term Receivables

(CZK THOUSAND)

Company name	Relation to the Company	Balance at 31 Dec 2023	Balance at 31 Dec 2022
Trade receivables			
Doprava TŽ, a.s.	Controlled Entity	0	3 360
ENERGETIKA TŘINEC, a.s.	Controlled Entity	81 566	36 784
Šroubárna Kyjov, spol. s r.o.	Controlled Entity	641	601
Strojírny a stavby Třinec, a.s.	Controlled Entity	12 502	12 884
MORAVIA STEEL a.s.	Controlling Entity	2 207 327	1 785 633
REFRASIL, s.r.o.	Controlled Entity	543	714
Řetězárna a.s.	Controlled Entity	476	1
Slévárny Třinec, a.s.	Controlled Entity	35 901	64 197
TRIALFA, s.r.o.	Controlled Entity	875	3 713
TŘINECKÁ PROJEKCE, a.s.	Controlled Entity	89	83
Třinecké gastroslužby, s.r.o.	Controlled Entity	1 469	1 149
TRISIA, a.s.	Controlled Entity	109	98
VESUVIUS ČESKÁ REPUBLIKA, a.s.	Associate	2 092	1 955
Beskydská golfová, a.s.	Fellow Subsidiary	15	12
VÚHŽ a.s.	Controlled Entity	1 350	524
Moravia Security, a.s.	Controlled Entity	75	93
Moravskoslezský kovošrot, a.s.	Fellow Subsidiary	3	187
„METALURGIA“ SPÓLKA AKCYJNA	Controlled Entity	614	701
HŽP a.s.	Controlled Entity	509	240
M Steel Projects a.s.	Fellow Subsidiary	15	8
„NEOMET“ Sp. z o.o.	Fellow Subsidiary	32	85
ŽDB DRÁTOVNA a.s.	Controlled Entity	1 716	1 968
Barrandov Studio a.s.	Fellow Subsidiary	205	230
Kovárna VIVA a.s.	Fellow Subsidiary	130	140
BOHEMIA RINGS s.r.o.	Controlled Entity	291	2 118

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## Short-term Receivables

(CZK THOUSAND)

Company name	Relation to the Company	Balance at 31 Dec 2023	Balance at 31 Dec 2022
Security Morava s.r.o.	Controlled Entity	3	4
EKOSTROJÍRENSTVÍ TŘINEC, a.s.	Controlled Entity	46	91
MINERFIN, a.s.	Group Entity	1	1
ENEZA, s.r.o.	Controlled Entity	246	124
IMOPRA, s.r.o.	Controlled Entity	2	0
<b>Total</b>		<b>2 348 843</b>	<b>1 917 698</b>
Short-term prepayments made			
TRISIA, a.s.	Controlled Entity	0	1
<b>Total</b>		<b>0</b>	<b>1</b>
Receivables – controlled or controlling entity			
EKOSTROJÍRENSTVÍ TŘINEC, a.s.	Controlled Entity	0	0
Třinecké gastroslužby, s.r.o.	Controlled Entity	0	8 500
<b>Total</b>		<b>0</b>	<b>8 500</b>
Other receivables			
ENERGETIKA TŘINEC, a.s.	Controlled Entity	12 990	8 657
<b>Total</b>		<b>12 990</b>	<b>8 657</b>
Accrued income			
Třinecké gastroslužby, s.r.o.	Controlled Entity	0	167
EKOSTROJÍRENSTVÍ TŘINEC, a.s.	Controlled Entity	1 269	1 173
<b>Total</b>		<b>1 269</b>	<b>1 340</b>
Estimated receivables			
MORAVIA STEEL a.s.	Controlling Entity	3 780	0
<b>Total</b>		<b>3 780</b>	<b>0</b>
<b>Total short-term intercompany receivables including accruals</b>		<b>2 366 882</b>	<b>1 936 196</b>
Other than intercompany receivables		2 269 101	1 667 752
<b>Total short-term receivables including accruals</b>		<b>4 635 983</b>	<b>3 603 948</b>

## 3.4. EQUITY

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

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

The sole shareholder decided to distribute the net profit of the Company after tax for 2022 in the amount of CZK 2,393,024 thousand as follows:

– Retained earnings brought forward CZK 2,393,024 thousand.

### 3.4.1. SHARE CAPITAL

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

### 3.4.2. PROPOSAL FOR THE ALLOCATION OF PROFIT FOR 2023

In 2023, the Company generated net profit after tax of CZK 44,369 thousand. It is proposed to be distributed as follows:

– Retained earnings brought forward: CZK 44,369 thousand.

## 3.5. RESERVES

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

## 3.6. PAYABLES

### 3.6.1. LONG-TERM PAYABLES

Long-term trade payables as of 31 December 2023 include payables arising from retentions from suppliers under concluded contracts.

As of 31 December 2023, the Company records no long-term payables secured with material guarantees.

As of 31 December 2023 and as of 31 December 2022, the Company did not record trade payables with maturity longer than five years.

### 3.6.2. DEFERRED INCOME TAX

The deferred tax liability is analysed as follows:

(CZK THOUSAND)

Deferred tax arising from	Balance at 31 Dec 2023	Impact of Merger as of 1 Jan 2023	Balance at 31 Dec 2022
Difference between tax and accounting carrying values of fixed assets	-7 099 315	- 6 972	-8 121 771
Revaluation of available-for-sale securities	2 054		54
Accounting reserves	86 220		437 641
Provisions	1 513 895		1 184 587
Expenses that are tax deductible in the following periods	71 628		113 574
<b>Total</b>	<b>-5 425 518</b>	<b>- 6 972</b>	<b>-6 385 915</b>
Tax rate (in %)	21	19	19
<b>Deferred tax liability</b>	<b>-1 139 359</b>	<b>-1 325</b>	<b>-1 213 324</b>

(CZK THOUSAND)

Analysis of movements	
<b>31 Dec 2022</b>	<b>-1 213 324</b>
<b>Impact of Merger as of 1 Jan 2023</b>	<b>-1 325</b>
Current changes charged against the profit and loss account	74 869
Changes charged against equity	421
<b>31 Dec 2023</b>	<b>-1 139 359</b>

### 3.6.3. INCOME TAX

(CZK THOUSAND)

	Balance at 31 Dec 2023	Balance at 31 Dec 2022
Profit before tax	108 308	2 922 765
Tax at the domestic income tax rate of 19%	20 579	555 325
Impact of changing the tax rate for deferred tax from 19% to 21%	108 551	0
Tax effect of expenses that are not deductible in determining taxable profit	-65 191	-25 584
<b>Total income tax for the period – recognised in deferred tax and income tax payable</b>	<b>63 939</b>	<b>529 741</b>

### 3.6.4. SHORT-TERM PAYABLES

As of 31 December 2023 and 2022, the Company recorded no short-term trade payables past their due dates.

As of 31 December 2023, the Company reports short-term prepayments made, primarily comprising prepayments for expected insurance claims related to the wind heater accident amounting to CZK 950,000 thousand and prepayments for service deliveries.

Payables typically fall due for settlement within 60 days.

#### Other Payables

In the year ended 2023, the category 'State – tax payables and subsidies' principally comprised received subsidies for emission allowances, and a payable arising from personal income tax. In the year ended 31 December 2022, the category principally comprised allowance subsidies received, received a payable arising from corporate and personal income tax.

As of 31 December 2023, estimated payables mainly consist of an estimated payable intended to cover all so far unrecognised payments relating to staff costs, an estimated payable for fees under Act No. 201/2012 Coll., on Air Protection, and an estimated payable arising from unbilled inventory including services. As of 31 December 2022, estimated payables mainly consisted of an estimated payable intended to cover all so far unrecognised payments relating to staff costs, an estimated payable for fees under Act No. 201/2012 Coll., on Air Protection, an estimated payable arising from unbilled inventory including services, and an estimated payable for acquisition of fixed assets.

As of 31 December 2023 and 31 December 2022, sundry payables primarily include payables arising from the Group's registration for value-added tax.

### 3.6.5. INTERCOMPANY PAYABLES

#### Long-term Payables

(CZK THOUSAND)

Company name	Relation to the Company	Balance at 31 Dec 2023	Balance at 31 Dec 2022
<b>Long-term payables</b>			
• Trade payables			
Strojírny a stavby Třinec, a.s.	Controlled entity	2 771	3 245
<b>Total</b>		<b>2 771</b>	<b>3 245</b>
<b>Total long-term intercompany payables</b>		<b>2 771</b>	<b>3 245</b>
Other than intercompany payables		3 676 682	3 722 970
<b>Total long-term payables</b>		<b>3 679 453</b>	<b>3 726 215</b>

Other than intercompany long-term payables as of 31 December 2023 and 2022 primarily included a deferred tax liability of CZK 1,139,359 thousand and CZK 1,213,324 thousand, respectively, and payables to credit institutions of CZK 2,525,398 thousand and CZK 2,488,171 thousand, respectively.

## Short-term Payables

(CZK THOUSAND)

Company name	Relation to the Company	Balance at 31 Dec 2023	Balance at 31 Dec 2022
Trade payables			
Doprava TŽ, a.s.	Controlled Entity	0	13 052
ENERGETIKA TŘINEC, a.s.	Controlled Entity	977 038	700 592
Ocelářská unie a.s.	Associate	923	926
Šroubárna Kyjov, spol. s r.o.	Controlled Entity	2 302	2 011
MORAVIA STEEL a.s.	Controlling Entity	1 855 944	2 740 462
REFRASIL, s.r.o.	Controlled Entity	24 068	14 641
Řetězárna a.s.	Controlled Entity	672	1 579
Slévárny Třinec, a.s.	Controlled Entity	8 338	2 005
TRIALFA, s.r.o.	Controlled Entity	12 749	16 031
TRISIA, a.s.	Controlled Entity	1 444	1 205
TŘINECKÁ PROJEKCE, a.s.	Controlled Entity	3 223	4 694
Třinecké gastroslužby, s.r.o.	Controlled Entity	9 458	8 959
VESUVIUS ČESKÁ REPUBLIKA, a.s.	Associate	10 875	9 210
Strojírny a stavby Třinec, a.s.	Controlled Entity	215 226	195 597
VÚHŽ a.s.	Controlled Entity	550	649
Beskydská golfová a.s.	Fellow Subsidiary	5 445	0
Moravia Security, a.s.	Controlled Entity	9 603	10 783
Moravskoslezský kovošrot, a.s.	Fellow Subsidiary	82 575	113 169
„ZAMECZEK BŁOGOCICE” Sp. z o.o.	Controlled Entity	96	87
ŽDB DRÁTOVNA a.s.	Controlled Entity	2 781	1 373
„NEOMET” Sp. z o.o.	Fellow Subsidiary	153 182	71 145
Security Morava, s.r.o.	Controlled Entity	1 498	1 524
BOHEMIA RINGS s.r.o.	Controlled Entity	3 081	3 702
ENEZA, s.r.o.	Controlled Entity	992	1 805
MSV Metal Studénka a.s.	Fellow Subsidiary	187	213
<b>Total</b>		<b>3 382 250</b>	<b>3 915 414</b>

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## Short-term Payables

(CZK THOUSAND)

Company name	Relation to the Company	Balance at 31 Dec 2023	Balance at 31 Dec 2022
Accrued expenses			
MORAVIA STEEL a.s.	Controlling Entity	9 433	2 967
ENERGETIKA TŘINEC, a.s.	Controlled Entity	0	45
<b>Total</b>		<b>9 433</b>	<b>3 012</b>
Estimated payables			
MORAVIA STEEL a.s.	Controlling Entity	0	69
Strojírny a stavby Třinec, a.s.	Controlled Entity	0	123
TŘINECKÁ PROJEKCE, a.s.	Controlled Entity	0	39
<b>Total</b>		<b>0</b>	<b>231</b>
Other payables			
MORAVIA STEEL a.s.	Controlling Entity	46 010	55 961
<b>Total</b>		<b>46 010</b>	<b>55 961</b>
<b>Total short-term intercompany payables including accruals</b>		<b>3 437 693</b>	<b>3 974 618</b>
Other than intercompany payables		6 037 206	9 123 792
<b>Total short-term payables including accruals</b>		<b>9 474 899</b>	<b>13 098 410</b>

Other than intercompany short-term payables as of 31 December 2023 and 2022 predominantly include payables to credit institutions of CZK 1,258,694 thousand and CZK 1,930,340 thousand, respectively, and tax payables and subsidies of CZK 1,725,940 thousand and CZK 4,007,854 thousand, respectively.

### 3.6.6. PAYABLES TO CREDIT INSTITUTIONS

#### Long-term Payables to Credit Institutions

(CZK THOUSAND)

Type of payable	Currency	Balance at 31 Dec 2023	Balance at 31 Dec 2022	Form of collateral at 31 Dec 2023
Investment	CZK	0	171 429	Immovable and movable assets, insurance receivables, promissory note
Investment	EUR	330 635	537 463	Immovable and movable assets, insurance receivables
Investment	CZK	600 000	840 000	Immovable and movable assets, insurance receivables, promissory note
Investment	EUR	760 294	939 279	Immovable and movable assets, insurance receivables, promissory note
Investment	EUR	834 469	0	Without collateral
<b>Total</b>		<b>2 525 398</b>	<b>2 488 171</b>	

The Company records repayments of long-term payables to credit institutions over five years in the amount of CZK 92,719 thousand.

## Short-term Payables to Credit Institutions

(CZK THOUSAND)

Type of payable	Currency	Balance at 31 Dec 2023	Balance at 31 Dec 2022	Form of collateral at 31 Dec 2023
Investment	EUR	0	7 713	Hermes guarantee insurer
Investment	CZK	0	60 000	Immovable and movable assets, insurance receivables, promissory note
Investment	CZK	171 428	228 571	Immovable and movable assets, insurance receivables, promissory note
Investment	EUR	220 423	214 985	Immovable and movable assets, insurance receivables
Investment	CZK	240 000	240 000	Immovable and movable assets, insurance receivables, promissory note
Investment	EUR	202 745	49 436	Immovable and movable assets, insurance receivables, promissory note
Investment	EUR	92 719	0	No collateral
Acquisition	EUR	0	120 575	Securities, promissory note
Overdraft	CZK	49 160	156 371	Promissory note
Overdraft	CZK	57 309	157 366	No collateral
Overdraft	CZK	53 139	159 780	Promissory note
Overdraft	CZK	55 155	158 593	Promissory note
Overdraft	CZK	49 520	173 210	Promissory note
Overdraft	CZK	67 092	203 731	Promissory note
Short-term loan	CZK	4	9	No collateral
<b>Total</b>		<b>1 258 694</b>	<b>1 930 340</b>	

## 3.7. DETAILS OF INCOME FROM ORDINARY ACTIVITIES

(CZK THOUSAND)

	31 Dec 2023	31 Dec 2022
Proceeds of the sale of goods	750	22
Proceeds of the sale of products and services	49 691 124	57 602 034
– Products	49 042 556	57 105 525
– Services	648 568	496 509
<b>Total sales of goods, products and services</b>	<b>49 691 874</b>	<b>57 602 056</b>

99.35% of the Company's sales of goods, products, and services are generated in the Czech Republic.



### 3.8. OTHER EXPENSES AND INCOME

As of 31 December 2023, other operating income of the Company mainly involves the use of the subsidy related to emission allowances, including the income from the sale of allowances, of 13,198,085 thousand (2022: CZK 6,771,300 thousand) and expected insurance benefits related to an accident of the wind heater of CZK 535,015 thousand (2022: CZK 917,991 thousand).

Other financial income as of 31 December 2023 and 2022 predominantly included foreign exchange rate profits of CZK 97,903 thousand and CZK 94,450 thousand, respectively.

As of 31 December 2023, other operating expenses primarily reflect the use of emission allowances, including the costs of the sale of allowances, of CZK 9,438,534 thousand (2022: CZK 5,976,042 thousand).

Other financial expenses as of 31 December 2023 predominantly include foreign exchange rate losses of CZK 203,088 thousand (2022: CZK 36,706 thousand).

Financial gifts are reported in operating expenses. The total amount of gifts provided in 2023 amounted to CZK 22,231 thousand (2022: CZK 51,522 thousand).

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

In the year ended 31 December 2022, the Company received and reported the compensation for the indirect costs for industries identified as having a significant risk of carbon leakage due to the reflection of the costs associated with greenhouse gas emissions in the price of electricity for the calendar year of 2021 in the amount of CZK 154,511 thousand.

In the year ended 31 December 2022, the Company drew a contribution under the “Antivirus” employment protection programme as a partial compensation for payroll costs in the amount of CZK 5,851 thousand. Additionally, the Company drew a contribution under the self-sampling COVID-19 test programme in the amount of CZK 2,067 thousand.

### 3.9. SUBSIDIES

Subsidies for operating purposes of CZK 500 thousand used in 2023 include subsidies for the Museum of the Třinec Iron-works operation and the city of Třinec.

Subsidies for operating purposes of CZK 1,112 thousand used in 2022 include subsidies for research and development and a subsidy for the Museum of the Třinec Iron-works operation and the city of Třinec.

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

In the year ended 31 December 2022, the Company drew a subsidy for the acquisition of environmental and other investments of CZK 14,923 thousand.

## 3.10. RESEARCH AND DEVELOPMENT COSTS

(CZK THOUSAND)

	31 Dec 2023	31 Dec 2022
Research and development costs (net of subsidies)	13 829	14 781

## 3.11. RELATED PARTY TRANSACTIONS

### 3.11.1. INCOME GENERATED WITH RELATED PARTIES

Income from intercompany transactions amounted to CZK 52,506,679 thousand and CZK 57,411,694 thousand in the years ended 31 December 2023 and 2022, respectively. All intercompany transactions were at arm's length.

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

(CZK THOUSAND)

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

Note: \* including the sale of allowances

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

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

The following table shows the income generated with the controlling entity and other entities in the consolidation group for the year ended 31 December 2022:

(CZK THOUSAND)

Entity	Relation to the Company	Fixed assets	Inventory of material, products and goods	Services	Other income	Total
MORAVIA STEEL a.s.	Controlling entity	0	55 227 886	175 333	721	55 403 940
ENERGETIKA TŘINEC, a.s.	Controlled entity	*795 258	200 617	46 912	0	1 042 787
REFRASIL, s.r.o.	Controlled entity	0	2 527	6 260	35	8 822
Řetězárna a.s.	Controlled entity	0	94	14	0	108
Slévárny Třinec, a.s.	Controlled entity	0	442 527	21 061	50	463 638
VESUVIUS ČESKÁ REPUBLIKA, a.s.	Associate	0	7	9 478	0	9 485
Šroubárna Kyjov, spol. s r.o.	Controlled entity	0	0	5 382	0	5 382
Strojírny a stavby Třinec, a.s.	Controlled entity	0	270 971	45 390	56	316 417
VÚHŽ a.s.	Controlled entity	0	8 021	2 595	1	10 617
HŽP a.s.	Controlled entity	0	0	3 285	0	3 285
„METALURGIA“ Spółka Akcyjna	Controlled entity	0	0	2 920	0	2 920
ŽDB DRÁTOVNA a.s.	Controlled entity	0	121	14 941	12	15 074
BOHEMIA RINGS s.r.o.	Controlled entity	0	0	1 890	0	1 890
<b>Total</b>		<b>795 258</b>	<b>56 152 771</b>	<b>335 461</b>	<b>875</b>	<b>57 284 365</b>

Note: \*including the sale of allowances

The income arising from intercompany profit shares for the year ended 31 December 2022 is disclosed in Note 3.2

### 3.11.2. PURCHASES FROM RELATED PARTIES

Total purchases from related parties amounted to CZK 38,013,028 thousand and CZK 46,412,798 thousand in the years ended 31 December 2023 and 2022. All related party transactions were at arm's length.

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

(CZK THOUSAND)

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

Note: \* The translation was made using the average value of the foreign exchange rate

The following table shows purchases from the controlling entity and other entities included in the consolidation group in the year ended 31 December 2022:

(CZK THOUSAND)

Entity	Type of entity	Fixed assets	Inventory of material, products and goods	Services	Other expenses	Total
MORAVIA STEEL a.s.	Controlling entity	215	35 137 829	260 431	4 771	35 403 246
ENERGETIKA TŘINEC, a.s.	Controlled entity	450	4 116 421	89 207	1 074 653	5 280 731
REFRASIL, s.r.o.	Controlled entity	418	748	169 568	0	170 734
Řetězárna a.s.	Controlled entity	0	11 908	0	0	11 908
Slévárny Třinec, a.s.	Controlled entity	5 342	92 549	755	0	98 646
VESUVIUS ČESKÁ REPUBLIKA, a.s.	Associate	0	0	106 002	0	106 002
Šroubárna Kyjov, spol. s r.o.	Controlled entity	0	29 020	0	0	29 020
Strojírny a stavby Třinec, a.s.	Controlled entity	244 010	418 997	599 674	4 750	1 267 431
VÚHŽ a.s.	Controlled entity	49	2 156	3 640	0	5 845
„D&D“ Drátáru Zrt.*	Controlled entity	0	19 135	0	0	19 135
ŽDB DRÁTOVNÁ a.s.	Controlled entity	0	5 667	2 358	0	8 025
BOHEMIA RINGS s.r.o.	Controlled entity	0	32 494	0	0	32 494
<b>Total</b>		<b>250 484</b>	<b>39 866 924</b>	<b>1 231 635</b>	<b>1 084 174</b>	<b>42 433 217</b>

Note: \* The translation was made using the average value of the foreign exchange rate

## 3.12. EMPLOYEES, MANAGEMENT, AND SUPERVISORY BOARD

### Staff Costs and Number of Employees

#### 31 December 2023

(CZK THOUSAND)

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

#### 31 December 2022

(CZK THOUSAND)

	Number	Total staff costs
Employees	6 798	4 712 384
Management	38	208 497
<b>Total</b>	<b>6 836</b>	<b>4 920 881</b>

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

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

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

#### 31 December 2023

(CZK THOUSAND)

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

#### 31 December 2022

(CZK THOUSAND)

	Management
Company cars used for both business and private purposes (the figure increases the tax base of employees)	3 667
Liability insurance	535

## 3.14. CONTINGENT LIABILITIES AND ASSETS AND OFF BALANCE SHEET COMMITMENTS, LEGAL DISPUTES

### Provided Guarantees

31 December 2023

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

31 December 2022

Type	Total amount	Balance at 31 Dec 2022
<b>Guarantees</b>		
To other entities	EUR 3,249 thousand	CZK 78,356 thousand

### Received Guarantees

31 December 2023

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

31 December 2022

Type	Total amount	Balance at 31 Dec 2022
<b>Guarantees</b>		
From other entities	USD 52 thousand	CZK 1,166 thousand
	EUR 5,255 thousand	CZK 126,721 thousand
	CZK 90,170 thousand	CZK 90,170 thousand

As of 31 December 2023, the Company records in off-balance sheet records both promissory notes issued by the Company in favour of credit institutions and promissory notes received, issued in favour of the Company to collateralise financial payables under the Revolving Credit Agreements.

### Legal Disputes

Dispute initiated by certain former shareholders of the Company for reviewing the adequacy of the payments, provided by MORAVIA STEEL a.s., that belong to former shareholders according to the resolution of the extraordinary general meeting of the Company held on 31 July 2013, on the transfer of the shares of the Company owned by other shareholders to MORAVIA STEEL, a.s., as the majority shareholder. The Company was referred to as another participant in the proceedings. Through its ruling of 8 June 2018, the Regional Court in Ostrava determined that the amount of an adequate payment per each share with the nominal value of CZK 1,000 thousand issued by the Company is CZK 2,284. The High Court in Olomouc confirmed the ruling on 11 September 2019 in an appeal proceedings and the ruling is final and conclusive. The Supreme Court rejected the appeal. The constitutional complaint was rejected by the Constitutional Court.

### 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 2023, the Company used up funds in the amount of CZK 548,947 thousand (2022: CZK 543,021 thousand).

### Other Matters

In 2023 and 2022, the Company was involved in the project of the Regional Economic Chamber of the Moravian-Silesian Region through which employee education courses are provided. The support in this project is used in the de minimis mode.

## 3.15. POST BALANCE SHEET EVENTS

After the balance sheet date, no events occurred that would have a material impact on the financial statements for the year ended 31 December 2023.



# FINANCIAL PART II.

# CONSOLIDATED

# FINANCIAL

# STATEMENTS

09

## CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

NAME OF THE COMPANY:	TŘINECKÉ ŽELEZÁRNY, a. s.
REGISTERED OFFICE:	Průmyslová 1000, Staré Město, 739 61 Třinec
LEGAL STATUS:	Joint Stock Company
CORPORATE ID:	180 50 646

### Components of the Consolidated Financial Statements:

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

These consolidated financial statements were prepared on 1 March 2024.

STATUTORY BODY OF THE REPORTING ENTITY:	SIGNATURE:
Roman Heide Chairman of the Board of Directors	
Radomíra Pekárková Member of the Board of Directors	

## CONSOLIDATED BALANCE SHEET FULL VERSION – ASSETS

(IN CZK THOUSAND)

		31. 12. 2023		31. 12. 2022	
		Gross	Adjustment	Net	Net
<b>TOTAL ASSETS</b>		<b>100 408 860</b>	<b>-48 119 455</b>	<b>52 289 405</b>	<b>56 685 840</b>
<b>B. Fixed assets</b>		<b>73 576 105</b>	<b>-46 250 473</b>	<b>27 325 632</b>	<b>28 966 366</b>
<i>B.I. Intangible fixed assets</i>		<b>2 997 639</b>	<b>-427 787</b>	<b>2 569 852</b>	<b>3 767 030</b>
B.I.1.	Development	2 972	-2 972		
B.I.2.	<i>Valuable rights</i>	<b>503 107</b>	<b>-410 448</b>	<b>92 659</b>	<b>108 722</b>
B.I.2.1.	Software	305 924	-269 727	36 197	47 808
B.I.2.2.	Other valuable rights	197 183	-140 721	56 462	60 914
B.I.3.	Goodwill	332	-332		
B.I.4.	Other intangible fixed assets	2 482 414	-14 035	2 468 379	3 651 148
B.I.5.	<i>Prepayments for intangible fixed assets and intangible fixed assets under construction</i>	<b>8 814</b>		<b>8 814</b>	<b>7 160</b>
B.I.5.1.	Prepayments for intangible fixed assets				76
B.I.5.2.	Intangible fixed assets under construction	8 814		8 814	7 084
<i>B.II. Tangible fixed assets</i>		<b>69 595 270</b>	<b>-45 539 562</b>	<b>24 055 708</b>	<b>24 477 249</b>
B.II.1.	<i>Land and structures</i>	<b>18 245 237</b>	<b>-9 669 859</b>	<b>8 575 378</b>	<b>8 525 841</b>
B.II.1.1.	Land	800 300		800 300	799 023
B.II.1.2.	Structures	17 444 937	-9 669 859	7 775 078	7 726 818
B.II.2.	Tangible movable assets and sets of tangible movable assets	49 936 142	-35 781 900	14 154 242	14 291 272
B.II.4.	<i>Other tangible fixed assets</i>	<b>119 961</b>	<b>-84 566</b>	<b>35 395</b>	<b>35 244</b>
B.II.4.3.	Sundry tangible fixed assets	119 961	-84 566	35 395	35 244
B.II.5.	<i>Prepayments for tangible fixed assets and tangible fixed assets under construction</i>	<b>1 293 930</b>	<b>-3 237</b>	<b>1 290 693</b>	<b>1 624 892</b>
B.II.5.1.	Prepayments for tangible fixed assets	109 214		109 214	162 691
B.II.5.2.	Tangible fixed assets under construction	1 184 716	-3 237	1 181 479	1 462 201

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CONTINUATION OF THE TABLE FROM THE PREVIOUS PAGE

## CONSOLIDATED BALANCE SHEET FULL VERSION – ASSETS

(IN CZK THOUSAND)

		31. 12. 2023		31. 12. 2022	
		Gross	Adjustment	Net	Net
<b>B.III.</b>	<b>Non-current financial assets</b>	<b>459 232</b>	<b>-88 666</b>	<b>370 566</b>	<b>301 780</b>
B.III.1.	Equity investments – controlled or controlling entity	413 028	-70 129	342 898	292 507
B.III.3.	Equity investments in associates	26 202	-18 536	7 666	7 271
B.III.5.	Other non-current securities and investments	2		2	2 002
B.III.7.	<i>Other non-current financial assets</i>	<b>20 000</b>		<b>20 000</b>	
B.III.7.1.	Sundry non-current financial assets	20 000		20 000	
<b>B.IV.</b>	<b>Goodwill on consolidation</b>	<b>367 023</b>	<b>-194 458</b>	<b>172 565</b>	<b>276 280</b>
B.IV.1.	Positive goodwill on consolidation	381 589	-198 343	183 247	287 690
B.IV.2.	Negative goodwill on consolidation	-14 566	3 884	-10 682	-11 410
<b>B.V.</b>	<b>Securities and equity investments under equity accounting</b>	<b>156 941</b>		<b>156 941</b>	<b>144 027</b>
<b>C.</b>	<b>Current assets</b>	<b>26 832 755</b>	<b>-1 868 982</b>	<b>24 963 773</b>	<b>27 719 474</b>
<b>C.I.</b>	<b>Inventories</b>	<b>18 567 618</b>	<b>-1 708 996</b>	<b>16 858 622</b>	<b>20 338 698</b>
C.I.1.	Material	7 989 900	-445 271	7 544 629	9 322 713
C.I.2.	Work in progress and semifinished goods	6 361 471	-782 156	5 579 315	6 424 151
C.I.3.	Products and goods	<b>4 199 649</b>	<b>-481 569</b>	<b>3 718 080</b>	<b>4 558 246</b>
C.I.3.1.	Products	4 111 064	-478 519	3 632 545	4 480 678
C.I.3.2.	Goods	88 585	-3 050	85 535	77 568
C.I.5.	Prepayments for inventories	16 598		16 598	33 588

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CONTINUATION OF THE TABLE FROM THE PREVIOUS PAGE

## CONSOLIDATED BALANCE SHEET FULL VERSION – ASSETS

(IN CZK THOUSAND)

		31. 12. 2023		31. 12. 2022	
		Gross	Adjustment	Net	Net
<b>C.II.</b>	<b>Receivables</b>	<b>7 648 267</b>	<b>-159 986</b>	<b>7 488 281</b>	<b>6 235 993</b>
<b>C.II.1.</b>	<b>Long-term receivables</b>	<b>66 920</b>	<b>-4 095</b>	<b>62 825</b>	<b>46 443</b>
C.II.1.1.	Trade receivables	11 921	-790	11 131	11 425
C.II.1.4.	Deferred tax asset	15 720		15 720	
C.II.1.5.	Receivables – other	<b>39 279</b>	<b>-3 305</b>	<b>35 974</b>	<b>35 018</b>
C.II.1.5.2.	Long-term prepayments made	305		305	986
C.II.1.5.4.	Sundry receivables	38 974	-3 305	35 669	34 032
<b>C.II.2.</b>	<b>Short-term receivables</b>	<b>7 357 642</b>	<b>-155 891</b>	<b>7 201 751</b>	<b>5 972 769</b>
C.II.2.1.	Trade receivables	4 582 839	-64 354	4 518 485	4 359 324
C.II.2.2.	Receivables – controlled or controlling entity	67 123	-67 123		8 500
C.II.2.4.	Receivables – other	<b>2 707 680</b>	<b>-24 414</b>	<b>2 683 266</b>	<b>1 604 945</b>
C.II.2.4.1.	Receivables from partners				4 572
C.II.2.4.3.	State – tax receivables	684 253		684 253	489 647
C.II.2.4.4.	Short-term prepayments made	9 568		9 568	70 475
C.II.2.4.5.	Estimated receivables	1 956 905		1 956 905	1 003 833
C.II.2.4.6.	Sundry receivables	56 954	-24 414	32 540	36 418
<b>C.II.3.</b>	<b>Other assets</b>	<b>223 705</b>		<b>223 705</b>	<b>216 781</b>
C.II.3.1.	Deferred expenses	140 763		140 763	121 688
C.II.3.2.	Complex deferred expenses	77 694		77 694	87 190
C.II.3.3.	Accrued income	5 248		5 248	7 903
<b>C.IV.</b>	<b>Cash</b>	<b>616 870</b>		<b>616 870</b>	<b>1 144 783</b>
C.IV.1.	Cash on hand	4 741		4 741	4 323
C.IV.2.	Cash at bank	612 129		612 129	1 140 460

## CONSOLIDATED BALANCE SHEET FULL VERSION – LIABILITIES &amp; EQUITY

(IN CZK THOUSAND)

	31. 12. 2023	31. 12. 2022
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>52 289 405</b>	<b>56 685 840</b>
<b>A. Equity</b>	<b>34 488 225</b>	<b>35 606 567</b>
<i>A.I. Share capital</i>	<b>8 109 863</b>	<b>8 109 863</b>
A.I.1. Share capital	8 109 863	8 109 863
<i>A.II. Share premium and capital funds</i>	<b>-102 169</b>	<b>-174 333</b>
A.II.2. Capital funds	<b>-102 169</b>	<b>-174 333</b>
A.II.2.1. Other capital funds	135 415	135 415
A.II.2.2. Gains or losses from the revaluation of assets and liabilities (+/-)	-237 584	-309 748
<i>A.III. Funds from profit</i>	<b>3 312 852</b>	<b>3 312 852</b>
A.III.1. Other reserve funds	3 312 852	3 312 852
<i>A.IV. Retained earnings (+/-)</i>	<b>23 655 694</b>	<b>20 531 168</b>
A.IV.1. Accumulated profits or losses brought forward (+/-)	23 655 694	20 531 168
<i>A.V. Profit or loss for the current period net of minority interests</i>	<b>-1 222 841</b>	<b>3 104 625</b>
A.V.1. Profit or loss for the current period (+/-)	-1 248 189	3 092 191
A.V.2. Share of income from associates	25 348	12 434
<i>A.VII. Consolidation reserve fund</i>	<b>734 826</b>	<b>722 392</b>
<b>B.+C. Liabilities</b>	<b>17 468 934</b>	<b>20 745 135</b>
<b>B. Reserves</b>	<b>205 496</b>	<b>553 776</b>
B.1. Reserves for pensions and similar liabilities	919	3 812
B.3. Reserves under special legislation	1 138	11 666
B.4. Other reserves	203 439	538 298
<b>C. Payables</b>	<b>17 263 438</b>	<b>20 191 359</b>
<b>C.I. Long-term payables</b>	<b>4 457 454</b>	<b>4 593 401</b>
C.I.2. Payables to credit institutions	2 910 849	2 788 219
C.I.4. Trade payables	19 068	24 888

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## CONSOLIDATED BALANCE SHEET FULL VERSION – LIABILITIES & EQUITY

(IN CZK THOUSAND)

	31. 12. 2023	31. 12. 2022
C.I.8. Deferred tax liability	1 522 408	1 780 294
C.I.9. Payables – other	<b>5 129</b>	
C.I.9.3. Sundry payables	5 129	
C.II. <b>Short-term payables</b>	<b>12 656 378</b>	<b>15 548 425</b>
C.II.2. Payables to credit institutions	2 027 462	2 567 100
C.II.3. Short-term prepayments received	1 413 631	577 484
C.II.4. Trade payables	5 520 770	7 264 097
C.II.8. Other payables	<b>3 694 515</b>	<b>5 139 744</b>
C.II.8.1. Payables to partners		907
C.II.8.2. Short-term financial borrowings	83	213
C.II.8.3. Payables to employees	647 771	639 686
C.II.8.4. Social security and health insurance payables	270 746	265 073
C.II.8.5. State – tax payables and subsidies	2 530 340	3 922 283
C.II.8.6. Estimated payables	149 389	180 842
C.II.8.7. Sundry payables	96 186	130 740
C.III. <b>Other liabilities</b>	<b>149 606</b>	<b>49 533</b>
C.III.1. Accrued expenses	148 164	30 992
C.III.2. Deferred income	1 442	18 541
D. <b>Minority equity</b>	<b>332 246</b>	<b>334 138</b>
D.1. Minority share capital	58 800	58 800
D.2. Minority capital funds	1	6 967
D.3. Minority profit funds including accumulated profits and losses brought forward	259 062	231 983
D.5. Minority profit or loss for the current period	14 383	36 388

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

(IN CZK THOUSAND)

	Year ended 31. 12. 2023	Year ended 31. 12. 2022
I. Sales of products and services	63 400 619	73 894 747
II. Sales of goods	363 495	222 606
A. Purchased consumables and services	<b>55 622 669</b>	<b>63 187 619</b>
A.1. Costs of goods sold	316 594	182 693
A.2. Consumed material and energy	50 844 291	58 363 433
A.3. Services	4 461 784	4 641 493
B. Change in internally produced inventory (+/-)	1 377 389	-2 927 978
C. Own work capitalised (-)	-1 949 279	-2 237 994
D. Staff costs	<b>8 089 725</b>	<b>8 039 060</b>
D.1. Payroll costs	5 725 001	5 729 424
D.2. Social security and health insurance costs and other charges	<b>2 364 724</b>	<b>2 309 636</b>
D.2.1. Social security and health insurance costs	1 887 510	1 860 765
D.2.2. Other charges	477 214	448 871
E. Adjustments to values in operating activities	<b>2 843 600</b>	<b>2 935 080</b>
E.1. <i>Adjustments to values of intangible and tangible fixed assets</i>	<b>2 496 024</b>	<b>2 299 567</b>
E.1.1. Adjustments to values of intangible and tangible fixed assets – permanent	2 360 483	2 293 714
E.1.A. Recognition of positive goodwill on consolidation	19 079	19 079
E.1.B. Recognition of negative goodwill on consolidation	-728	-728
E.1.2. Adjustments to values of intangible and tangible fixed assets – temporary	117 190	-12 498
E.2. Adjustments to values of inventories	342 527	561 715
E.3. Adjustments to values of receivables	5 049	73 798

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

(IN CZK THOUSAND)

		Year ended 31. 12. 2023	Year ended 31. 12. 2022
III.	Other operating income	<b>10 147 517</b>	<b>7 719 234</b>
III.1.	Sales of fixed assets	49 810	4 729
III.2.	Sales of material	139 591	219 509
III.3.	Sundry operating income	9 958 116	7 494 996
F.	Other operating expenses	<b>8 917 961</b>	<b>8 814 769</b>
F.1.	Net book value of sold fixed assets	9 398	115
F.2.	Sold material	134 828	190 841
F.3.	Taxes and charges	72 897	82 151
F.4.	Reserves relating to operating activities and complex deferred expenses	-357 378	-126 810
F.5.	Sundry operating expenses	9 058 216	8 668 472
*	<b>Operating profit or loss (+/-)</b>	<b>-990 434</b>	<b>4 026 031</b>
IV.	Income from non-current financial assets – equity investments	<b>22 575</b>	<b>52 854</b>
IV.1.	Income from equity investments – controlled or controlling entity	22 569	52 854
IV.2.	Other income from equity investments	6	
G.	Costs of equity investments sold		18 461
V.	Income from other non-current financial assets	<b>1 137</b>	
V.2.	Other income from other non-current financial assets	1 137	
VI.	Interest income and similar income	<b>22 167</b>	<b>11 642</b>
VI.1.	Interest income and similar income – controlled or controlling entity	5 310	2 936
VI.2.	Other interest income and similar income	16 857	8 706

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

(IN CZK THOUSAND)

	Year ended 31. 12. 2023	Year ended 31. 12. 2022
I. Adjustments to values and reserves relating to financial activities	-86 538	37 840
J. Interest expenses and similar expenses	<b>338 601</b>	<b>245 955</b>
J.2. Other interest expenses and similar expenses	338 601	245 955
VII. Other financial income	323 217	363 255
K. Other financial expenses	433 724	316 405
<b>* Financial profit or loss (+/-)</b>	<b>-316 691</b>	<b>-190 910</b>
<b>** Profit or loss before tax (+/-)</b>	<b>-1 307 125</b>	<b>3 835 121</b>
L. Income tax	<b>-73 319</b>	<b>706 542</b>
L.1. Due income tax	200 568	710 394
L.2. Deferred income tax (+/-)	-273 887	-3 852
<b>** Profit or loss net of tax (+/-)</b>	<b>-1 233 806</b>	<b>3 128 579</b>
<b>** Consolidated profit or loss net of share of income from associates</b>	-1 233 806	3 128 579
Consolidated profit or loss net of minority interests	-1 248 189	3 092 191
Minority profit or loss	14 383	36 388
<b>* Share of income from associates</b>	25 348	12 434
Profit or loss for the current period (+/-)	-1 208 458	3 141 013
<b>*** Profit or loss for the current period net of minority interests (+/-)</b>	<b>-1 222 841</b>	<b>3 104 625</b>
<b>* Net turnover for the current period</b>	<b>74 280 727</b>	<b>82 264 338</b>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(IN CZK THOUSAND)

	Share capital	Capital funds	Funds from profit, other reserve funds	Retained earnings	Profit or loss for the current period	Consolidation reserve fund	Share of income from associates	TOTAL EQUITY
<b>Balance at 31 December 2021</b>	<b>8 109 863</b>	<b>-102 015</b>	<b>3 312 852</b>	<b>19 340 509</b>	<b>2 211 486</b>	<b>679 521</b>	<b>42 871</b>	<b>33 595 087</b>
Profit for the current period					3 092 191		12 434	3 104 625
Distribution of profit or loss		21 968		1 189 518	-1 211 486	42 871	-42 871	
Profit shares paid		-3 036			-1 000 000			-1 003 036
Revaluation of assets		-91 250		1 141				-90 109
<b>Balance at 31 December 2022</b>	<b>8 109 863</b>	<b>-174 333</b>	<b>3 312 852</b>	<b>20 531 168</b>	<b>3 092 191</b>	<b>722 392</b>	<b>12 434</b>	<b>35 606 567</b>
<b>Impact of merger at 1 January 2023</b>				<b>32 335</b>				<b>32 335</b>
<b>Balance at 1 January 2023</b>	<b>8 109 863</b>	<b>-174 333</b>	<b>3 312 852</b>	<b>20 563 503</b>	<b>3 092 191</b>	<b>722 392</b>	<b>12 434</b>	<b>35 638 902</b>
Profit for the current period					-1 248 189		25 348	-1 222 841
Distribution of profit or loss				3 092 191	-3 092 191	12 434	-12 434	
Profit shares paid		-319						-319
Revaluation of assets		72 483						72 483
<b>Balance at 31 December 2023</b>	<b>8 109 863</b>	<b>-102 169</b>	<b>3 312 852</b>	<b>23 655 694</b>	<b>-1 248 189</b>	<b>734 826</b>	<b>25 348</b>	<b>34 488 225</b>

## CONSOLIDATED CASH FLOW STATEMENT

(IN CZK THOUSAND)

	Year ended 31. 12. 2023	Year ended 31. 12. 2022
<b>P. Opening balance of cash and cash equivalents</b>	<b>1 137 753</b>	<b>1 095 523</b>
<b><i>Cash flows from ordinary activities (operating activities)</i></b>		
Z. Profit or loss from ordinary activities before tax	-1 307 125	3 835 121
A.1. Adjustments for non-cash transactions	3 504 998	4 900 839
A.1.1. Depreciation of fixed assets excluding net book value of fixed assets sold, amortisation of the valuation difference on acquired assets and goodwill and goodwill on consolidation	2 378 834	2 312 065
A.1.2. Change in provisions and reserves	20 850	534 045
A.1.3. Profit/(loss) on the sale of fixed assets	-40 412	-21 153
A.1.4. Revenues from profit shares, except for those paid from consolidation entities	-22 569	-52 854
A.1.5. Interest expense and interest income	316 434	234 313
A.1.6. Adjustments for other non-cash transactions	851 922	-16 634
A.1.7. Costs of emission allowance consumption		1 911 057
A.1.8. Non-cash operation – merger	-61	
<b>A.* Net operating cash flow before changes in working capital</b>	<b>2 197 873</b>	<b>8 735 960</b>
A.2. Change in working capital	1 560 824	-2 981 625
A.2.1. Change in operating receivables and other assets	-957 651	-445 801
A.2.2. Change in operating payables and other liabilities	-668 645	1 826 668
A.2.3. Change in inventories	3 189 769	-4 361 125
A.2.4. Change in current financial assets	-2 649	-1 367
<b>A.** Net cash flow from operations before tax</b>	<b>3 758 697</b>	<b>5 754 335</b>
A.3. Interest paid	-334 279	-240 771
A.4. Interest received	22 200	10 321
A.5. Income tax paid from ordinary operations	-615 609	-799 759
A.6. Received profit shares	35 002	95 725
<b>A.*** Net operating cash flows</b>	<b>2 866 011</b>	<b>4 819 851</b>

 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. 2023	Year ended 31. 12. 2022	
<b>Cash flows from investing activities</b>			
B.1.	Fixed assets expenditures	-2 949 564	-2 352 464
B.2.	Proceeds from fixed assets sold	45 028	40 589
B.3.	Loans and borrowings to related parties	8 500	-62 459
B.6.	Increase in cash – merger	29 962	
B.7.	Emission allowance expenditures		-1 911 057
<b>B.***</b>	<b>Net investment cash flows</b>	<b>-2 866 074</b>	<b>-4 285 391</b>
<b>Cash flow from financial activities</b>			
C.1.	Change in payables from financing	-518 475	518 060
C.2.	Impact of changes in equity	-9 310	-1 010 290
C.2.6.	Profit shares paid except for those paid between consolidation entities	-9 310	-1 010 290
<b>C.***</b>	<b>Net financial cash flows</b>	<b>-527 785</b>	<b>-492 230</b>
<b>F.</b>	<b>Net increase or decrease in cash and cash equivalents</b>	<b>-527 848</b>	<b>42 230</b>
<b>R.</b>	<b>Closing balance of cash and cash equivalents</b>	<b>609 905</b>	<b>1 137 753</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

# 1. General information

## 1.1. INCORPORATION AND DESCRIPTION OF THE COMPANY

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

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

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

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

## 1.2. GROUP IDENTIFICATION

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

In the year ended 31 December 2023, the Company was controlled by MORAVIA STEEL a.s., having its registered office at Průmyslová 1000, Staré Město, 739 61 Třinec, as the sole shareholder.

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

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

### 1.3. BOARD OF DIRECTORS AND SUPERVISORY BOARD AS OF 31 DECEMBER 2023

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

During 2023, the following changes were made in the composition of the Company's Board of Directors:

Position	Formerly	Now	Date of Change
Chairman	Jan Czudek	Roman Heide	3 April 2023
First Vice-Chairman	Česlav Marek		30 June 2023
Member		Tomáš Gajdzica	1 July 2023
First Vice-Chairman		Tomáš Gajdzica	11 July 2023
Member	Ivo Žižka		31 August 2023
Member		Kateřina Nogolová	1 September 2023

During 2023, no changes were made in the composition of the Company's Supervisory Board.

## 2. Definition of the consolidated group, consolidation system and methods

### 2.1. ORGANISATIONAL STRUCTURE

The bodies of the Company are as follows:

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

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

During 2023, the merger by amalgamation of the dissolving company Doprava TŽ, a.s. into TŘINECKÉ ŽELEZÁRNY, a. s., led to the incorporation of the dissolving company into the existing operations VL – Transport and Dispatch and VK – Coke Plant and Secondary Raw Materials.

The following changes were made to the Company's organisational structure as of 1 January 2024:

- The Strategy and Marketing Department, originally under the authority of the Technical Director, has been transferred to the authority the CEO,
- the Director of HR and External Relations was renamed Director of HR and ESG,
- a new Asset Management Unit was created, under the direct authority of the Financial Director, by splitting the Asset Management Unit from the Property and Environment Department,
- the Property and Environment Department was renamed to Environment and ESG,
- the Logistics Department, which was under the authority of the Investment Director, was transferred to the authority of the Production Director,
- the Department of Informatics and Telecommunications, which was under the authority of the Financial Director, was transferred to the authority of the Investment Director,
- the Control Systems Department, which was under the authority of the Production Director, was transferred to the authority of the Investment Director,
- the Maintenance Assurance Department was changed to an operations type department and renamed Maintenance and now covers all maintenance activities of the Company's manufacturing operations.

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

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

### Subsidiaries:

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

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

### Associate:

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

No changes were made in the consolidation group in 2023.



## The following companies were included in the consolidated group for the year ended 31 December 2022:

### Subsidiaries:

Name of the company	Registered office	Business activities	Equity investment at 31 Dec 2022
ENERGETIKA TŘINEC, a.s.	Průmyslová 1024, Staré Město, 739 61 Třinec	Production and distribution of heat and electricity	100.00%
Slévárny Třinec, a.s.	Průmyslová 1001, Staré Město, 739 61 Třinec	Foundry industry	100.00%
VÚHŽ a.s.	č.p. 240, 739 51 Dobrá	Production, installation and repairs of electronic equipment, foundry industry, modelling	100.00%
Šroubárna Kyjov, spol. s r.o.	Jiráskova 987/50, 697 01 Kyjov	Railway route operation, locksmithing, tool engineering, metalworking	100.00%
Strojírny a stavby Třinec, a.s.	Průmyslová 1038, Staré Město, 739 61 Třinec	Production of machinery and technology units, machinery equipment, construction work	100.00%
„METALURGIA“ SPÓŁKA AKCYJNA	Świętej Rozalii 10/12, 97–500 Radomsko, Poland	Production of nails, wire and wire products	100.00%
„D&D“ Drótáru Ipari és Kereskedelmi Zártkörűen Működő Részvénytársaság*	3527 Miskolc, Sajószigeti utca 4., Hungary	Production of wire products	100.00%
ŽDB DRÁTOVNA a.s.	Jeremenkova 66, Pudlov, 735 51 Bohumín	Production of drawn wire, steel cord and tubular wire, ropes, tissues and welded networks, springs, draw plates and other wire products	100.00%
HŽP a.s.	Dolní 3137/100, 796 01 Prostějov	Production of leaf and helical springs for the automotive and railway industries	100.00%
SV servisní, s.r.o.	Dolní 3137/100, 796 01 Prostějov	Electricity trading and distribution, gas trading and distribution	100.00%
REFRASIL, s.r.o.	Průmyslová 720, Konská, 739 61 Třinec	Production of building materials, porcelain, ceramic and plaster products	100.00%
BOHEMIA RINGS s.r.o.	č.p. 10, 565 43 Zámorsk	Smithery and metalworking	100.00%
Řetězárna a.s.	Polská 48, 790 81 Česká Ves	Production of chains, chain products and drawn wire	51.00%

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

### Associate:

Name of the company	Registered office	Business activities	Equity investment at 31 Dec 2022
VESUVIUS ČESKÁ REPUBLIKA, a.s.	Průmyslová 726, Konská, 739 61 Třinec	Production of isostatically pressed heat-resisting products for continuous steel casting	40.00%

No changes were made in the consolidation group in 2022.

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

## 2.3. THE BALANCE SHEET DATES AND REGISTERED OFFICES OF THE ENTITIES INCLUDED IN THE CONSOLIDATED GROUP

The financial statements of the companies included in the consolidated group were prepared as of and for the years ended 31 December 2023 and 2022. "METALURGIA" SPÓŁKA AKCYJNA is based in Poland, "D&D" Drótáru Zrt. in Hungary, and other companies in the consolidation group are based in the Czech Republic.

## 2.4. COMPANIES EXCLUDED FROM CONSOLIDATION

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

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

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

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

for these purposes is recalculated using the percentage of the ownership share held by the Company, and (iii) share of the recalculated consolidated net turnover (revenues of account class 6) in total recalculated consolidated net turnover of the Company, subsidiaries, associates less than 1.5 percent, while the value of the consolidated net turnover for these purposes is recalculated using the percentage of the ownership share held by the Company.

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

## 3. Basis of accounting and general accounting principles

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

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

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

The consolidated financial statements were prepared on 1 March 2024. These consolidated financial statements are presented in thousands of Czech crowns ('CZK').

### 3.1. FINANCIAL REPORTING PERIOD

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

The consolidated financial statements for the year ended 31 December 2023 were prepared in relation to the completed Merger as follows:

- The balance sheet includes comparative figures as of 31 December 2022, which are derived from the consolidated financial statements of TŘINECKÉ ŽELEZÁRNY, a. s., as of 31 December 2022,
- The profit and loss account includes comparative figures for the year ended 31 December 2022, which are derived from the consolidated financial statements of TŘINECKÉ ŽELEZÁRNY, a. s., as of 31 December 2022,
- The statement of changes in equity includes comparative figures as of 31 December 2022, which are derived from the consolidated financial statements of TŘINECKÉ ŽELEZÁRNY, a. s., as of 31 December 2022. This statement shows the impact of the Merger on the equity accounts, and
- The cash flow statement includes comparative figures as of 31 December 2022, which are derived from the consolidated financial statements of TŘINECKÉ ŽELEZÁRNY, a. s., as of 31 December 2022. The impact of the Merger on cash is presented separately in this statement.

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

## 4. Summary of significant accounting policies

### 4.1. TANGIBLE AND INTANGIBLE FIXED ASSETS

#### Valuation

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

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

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

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

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

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

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

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

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

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

As of the consolidated balance sheet date, emission allowances are valued according to the EUROPEAN ENERGY EXCHANGE rate. The decrease in the valuation of allowances acquired on a free-of-charge basis as of the consolidated balance sheet date is recognised in the balance sheet lines 'Other intangible fixed assets (gross)' and 'State – tax payables and subsidies', an upward revaluation of the allowances is not recognised. If there is a lack of allowances at the consolidated balance sheet date, a reserve is presented in the balance sheet as part of 'Other reserves' and in the profit and loss account as part of 'Reserves and provisions relating to operating activities and complex deferred expenses'. 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.

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

### Depreciation for Accounting Purposes

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

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

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

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

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

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

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

### **Provisioning**

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

### **Impairment**

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

## **4.2. NON-CURRENT FINANCIAL ASSETS**

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

### **Valuation**

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

**At the consolidated balance sheet date:**

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

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

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

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

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

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

**Provisioning against equity investments**

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

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

## 4.3. DERIVATIVE FINANCIAL INSTRUMENTS

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

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



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

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

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

## 4.4. CURRENT FINANCIAL ASSETS AND CASH

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

Current financial assets are carried at cost upon acquisition.

Cash consists of cash on hand and cash at bank.

## 4.5. INVENTORY

### Valuation

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

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

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

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

### Provisioning

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

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

## 4.6. RECEIVABLES

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

### Provisioning

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

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

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

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

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

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

## 4.8. PAYABLES TO CREDIT INSTITUTIONS

Payables to credit institutions are reported at nominal value. The portion of long-term payables to credit institutions maturing within one year from the 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 consolidated balance sheet date. In addition, a reserve is recorded for the restoration and maintenance of a dump site and clean-up after termination of the operation of the site in accordance with Act No. 541/2020 Coll., on Waste.

## 4.10. ACCRUALS AND DEFERRALS

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

## 4.11. FOREIGN CURRENCY TRANSLATION

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

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

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

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

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

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

## 4.12. TAXATION

### 4.12.1. DEPRECIATION OF FIXED ASSETS FOR TAX PURPOSES

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

### 4.12.2. CURRENT TAX PAYABLE

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

### 4.12.3. DEFERRED TAX

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

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

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

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

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

### 4.13. BORROWING COSTS

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

### 4.14. COSTS RELATING TO EMPLOYEES HIRED THROUGH AN EMPLOYMENT AGENCY

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

### 4.15. REVENUE RECOGNITION

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

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

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

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

## 4.16. USE OF ESTIMATES

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

## 4.17. RESEARCH AND DEVELOPMENT EXPENDITURE

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

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

## 4.18. SUBSIDIES

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

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

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

## 4.19. CASH FLOW STATEMENT

The cash flow statement is prepared using the indirect method.

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

Cash and cash equivalents can be analysed as follows:

	31 Dec 2023	31 Dec 2022
Cash on hand	4 741	4 323
Cash at bank	612 129	1 140 460
Other current financial assets	0	3 034
Provisions against other current financial assets	0	-3 034
<b>Total current financial assets and cash</b>	<b>616 870</b>	<b>1 144 783</b>
Cash and cash equivalents not included in the cash flow	-6 965	-7 030
<b>Total cash and cash equivalents</b>	<b>609 905</b>	<b>1 137 753</b>

(CZK THOUSAND)

The difference between cash and cash equivalents as of 31 December 2023 and 2022 reported in the cash flow statement as opposed to the current financial assets and cash disclosed in the balance sheet represents blocked deposits that are restricted with regard to the free handling of the funds.

## 4.20. CONSOLIDATION RULES

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

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

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

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

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

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

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

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

The financial statements for the years ended 31 December 2023 and 2022 prepared by the companies included in the consolidated group, as well as the financial statements of subsidiaries and associates not included in the consolidated group that were received by the Company as of the consolidated financial statement preparation date are available in the registered office of the Company.

The consolidation rules for 2023 and 2022 (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.



# 5. Analysis of impacts on profit/loss

## 5.1. CONSOLIDATED PROFIT/LOSS FOR 2023

### 5.1.1. STRUCTURE OF THE CONSOLIDATED PROFIT/LOSS FOR 2023

(CZK THOUSAND)

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

**5.1.2. ADJUSTMENTS WITHIN FULL CONSOLIDATION FOR 2023**

(CZK THOUSAND)

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

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

(CZK THOUSAND)

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

## 5.2. CONSOLIDATED PROFIT/LOSS FOR 2022

### 5.2.1. STRUCTURE OF THE CONSOLIDATED PROFIT/LOSS FOR 2022

(CZK THOUSAND)

Profit/(loss) of the current period – TŘINECKÉ ŽELEZÁRNY, a. s.	2 393 024
Profit/(loss) of the current period – ENERGETIKA TŘINEC, a.s.	136 727
Profit/(loss) of the current period – Slévárny Třinec, a.s.	56 577
Profit/(loss) of the current period – Šroubárna Kyjov, spol. s r.o.	46 530
Profit/(loss) of the current period – Strojírny a stavby Třinec, a.s.	42 929
Profit/(loss) of the current period – VÚHŽ a.s.	48 051
Profit/(loss) of the current period – „METALURGIA“ SPÓŁKA AKCYJNA	30 080
Profit/(loss) of the current period – „D&D“ Drótaru Zrt.	384 167
Profit/(loss) of the current period – ŽDB DRÁTOVNA a.s.	121 630
Profit/(loss) of the current period – HŽP a.s.	47 887
Profit/(loss) of the current period – SV servisní, s.r.o.	12 297
Profit/(loss) of the current period – BOHEMIA RINGS s.r.o.	3 639
Profit/(loss) of the current period – REFRASIL, s.r.o.	21 167
Share in profit of the current period Řetězárna a.s.	37 873
Share in profit of the current period under the equity method	12 434
Adjustments within the full method of consolidation (see below)	-247 516
Adjustments within the equity method of consolidation (see below)	-42 871
<b>Consolidated profit</b>	<b>3 104 625</b>

**5.2.2. ADJUSTMENTS TO THE PROFIT OR LOSS WITHIN FULL CONSOLIDATION FOR 2022**

(CZK THOUSAND)

Elimination of profits and losses from unrealised inventory from intercompany sales of inventory in the consolidated group, including the deferred tax impact	5 014
Write-off of the revaluation of assets at fair value	-11 510
Write-offs of the margin from the sale of assets value including the deferred tax impact	8 485
Elimination of paid profit shares of the consolidated group entities	-317 592
Elimination of provisioning against „D&D“ Drótáru Zrt.	-195 532
Elimination of provisioning against Slévárny Třinec, a.s.	-185 069
Elimination of provisioning against Šroubárna Kyjov, spol. s r.o.	73 586
Elimination of provisioning against Strojírny a stavby Třinec, a.s.	34 637
Elimination of provisioning against BOHEMIA RINGS s.r.o.	336 054
Recognition of a provision for Ocelářská unie a.s.	-343
Write-off of positive goodwill arising on consolidation of ŽDB DRÁTOVNA a.s.	-13 089
Write-off of positive goodwill arising on consolidation of BOHEMIA RINGS s.r.o.	-5 990
Write-off of negative goodwill arising on consolidation of REFRASIL, s.r.o.	728
Elimination of the reserve for emission allowances including the deferred tax impact	23 105
<b>Total adjustments</b>	<b>-247 516</b>

**5.2.3. ADJUSTMENTS TO THE PROFIT OR LOSS WITHIN THE EQUITY METHOD FOR 2022**

(CZK THOUSAND)

Elimination of paid profit shares of VESUVIUS ČESKÁ REPUBLIKA, a.s.	-42 871
<b>Total adjustments</b>	<b>-42 871</b>

# 6. Additional consolidated balance sheet information

## 6.1. INTANGIBLE FIXED ASSETS

### Cost

(CZK THOUSAND)

	Balance at 31 Dec 2022	Additions	Disposals	Revaluation	Impact of foreign exchange differences	Balance at 31 Dec 2023
Development	4 553	0	1 581	0	0	2 972
Valuable rights	516 375	4 722	18 804	0	814	503 107
Goodwill	301	0	0	0	31	332
Other intangible FA	3 666 966	7 875 512	8 753 887	-306 177	0	2 482 414
Prepayments made for intangible FA	76	0	76	0	0	0
Intangible FA under construction	7 084	5 801	4 071	0	0	8 814
<b>Total</b>	<b>4 195 355</b>	<b>7 886 035</b>	<b>8 778 419</b>	<b>-306 177</b>	<b>845</b>	<b>2 997 639</b>

### Accumulated Amortisation

(CZK THOUSAND)

	Balance at 31 Dec 2022	Additions	Disposals	Impact of foreign exchange differences	Balance at 31 Dec 2023
Development	4 553	0	1 581	0	2 972
Valuable rights	407 653	20 978	18 775	592	410 448
Goodwill	301	0	0	31	332
Other intangible FA	15 818	521	2 418	114	14 035
<b>Total</b>	<b>428 325</b>	<b>21 499</b>	<b>22 774</b>	<b>737</b>	<b>427 787</b>

**Net Book Value**

(CZK THOUSAND)

	Balance at 31 Dec 2022	Balance at 31 Dec 2023
Development	0	0
Valuable rights	108 722	92 659
Goodwill	0	0
Other intangible FA	3 651 148	2 468 379
Prepayments made for intangible FA	76	0
Intangible FA under construction	7 084	8 814
<b>Total</b>	<b>3 767 030</b>	<b>2 569 852</b>

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

Amortisation of intangible fixed assets amounted to CZK 21,419 thousand and CZK 24,938 thousand as of 31 December 2023 and 2022, respectively.

Other intangible assets primarily include allowances.

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

In 2022, the consolidated group acquired 3,425,551 allowances free of charge for 2022 in the amount of CZK 6,899,607 thousand and 3,375,273 allowances for 2021 in the amount of CZK 6,782,685 thousand. As of the consolidated financial statements date on 31 December 2022, the use of allowances for 2021 in the amount of CZK 263,856 thousand and for 2022 in the amount of CZK 7,965,176 thousand was settled. In addition, a revaluation – decrease in the valuation of allowances was recognised as of the financial statements date in the amount of CZK 114,112 thousand between Other intangible fixed assets and State – tax payables and subsidies.

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

The aggregate cost of low value intangible assets not reported on the face of the balance sheet was CZK 39,716 thousand and CZK 38,356 thousand as of 31 December 2023 and 2022, respectively.

## 6.2. TANGIBLE FIXED ASSETS

### Cost

(CZK THOUSAND)

	Balance at 31 Dec 2022	Impact of Merger as of 1 Jan 2023	Additions	Disposals	Impact of foreign exchange differences	Balance at 31 Dec 2023
Land	799 023	0	927	690	1 040	800 300
Structures	16 964 570	323	462 812	11 560	28 792	17 444 937
Tangible movable assets and their sets	48 396 778	100 416	1 781 935	419 726	76 739	49 936 142
Other tangible FA	113 319	993	2 972	541	3 218	119 961
Prepayments for tangible FA	162 691	0	304 339	357 829	13	109 214
Tangible FA under construction	1 465 298	0	1 994 078	2 275 057	397	1 184 716
<b>Total</b>	<b>67 901 679</b>	<b>101 732</b>	<b>4 547 063</b>	<b>3 065 403</b>	<b>110 199</b>	<b>69 595 270</b>

### Accumulated Depreciation

(CZK THOUSAND)

	Balance at 31 Dec 2022	Impact of Merger as of 1 Jan 2023	Additions	Disposals	Impact of foreign exchange differences	Balance at 31 Dec 2023
Structures	9 191 578	181	437 015	13 039	15 984	9 631 719
Tangible movable assets and their sets	34 073 360	84 412	1 900 999	405 632	56 895	35 710 034
Other tangible FA	78 042	666	4 828	480	1 477	84 533
<b>Total</b>	<b>43 342 980</b>	<b>85 259</b>	<b>2 342 842</b>	<b>419 151</b>	<b>74 356</b>	<b>45 426 286</b>

### Provisions

(CZK THOUSAND)

	Balance at 31 Dec 2022	Impact of Merger as of 1 Jan 2023	Additions	Disposals	Impact of foreign exchange differences	Balance at 31 Dec 2023
Structures	46 174	0	0	8 034	0	38 140
Tangible movable assets and their sets	32 146	0	70 300	30 580	0	71 866
Other tangible FA	33	0	0	0	0	33
Tangible FA under construction	3 097	0	141	1	0	3 237
<b>Total</b>	<b>81 450</b>	<b>0</b>	<b>70 441</b>	<b>38 615</b>	<b>0</b>	<b>113 276</b>

**Net Book Value**

(CZK THOUSAND)

Net book value	Balance at 31 Dec 2022	Balance at 31 Dec 2023
Land	799 023	800 300
Structures	7 726 818	7 775 078
Tangible movable assets and their sets	14 291 272	14 154 242
Other tangible FA	35 244	35 395
Prepayments for tangible FA	162 691	109 214
Tangible FA under construction	1 462 201	1 181 479
<b>Total</b>	<b>24 477 249</b>	<b>24 055 708</b>

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

(CZK THOUSAND)

Purchase of wind heater VP4 No. 42	451 054
Purchase of Innofreight tipper	137 916
Acquisition of milling line	134 279
Reconstruction with strengthening of the cable section of the converted gas pipeline route	46 338
Gas steam boiler house TPD – technological part	22 613
Gas steam boiler house TPD – technological part	21 544
Drawing die S560/1-S500/12 + coiler BU100 en.15	16 733
CNC 20B	16 004
Technical improvement of office building No.66 clerical gatehouse	15 253
Technical improvement of the steel drawbench	13 378



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

(CZK THOUSAND)

Heat treatment of rails	258 769
Replacement of natural gas with coke oven gas at the blast furnace	55 264
CNC 40C	44 613
MoRe vacuum filtration station	40 792
Galvanizing and electroplating line L804 and patenting line L801 at Patented Wire Drawing (TPD)	32 872
Disc rail cutter	31 343
Steam and hot water production for Patented Wire Drawing (TPD) and Non-Patented Wire Drawing (TND)	28 926
Reconstruction of annealing furnace No. 1 to SC type	20 700
EIRICH mixer	13 902

### Depreciation of Tangible Fixed Assets Charged to Expenses

Depreciation of tangible fixed assets amounted to CZK 2,339,064 thousand and CZK 2,268,776 thousand as of 31 December 2023 and 2022, respectively.

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

The aggregate costs of low value tangible fixed assets not reported on the face of the balance sheet were CZK 953,733 thousand and CZK 979,649 thousand as of 31 December 2023 and 2022, respectively.

## 6.3. ASSETS HELD UNDER OPERATING LEASE AGREEMENTS

### Operating Lease

Lease payments of CZK 75,481 thousand and CZK 68,029 thousand were made in the years ended 31 December 2023 and 2022, respectively.

## 6.4. PLEDGED FIXED ASSETS

2023

(CZK THOUSAND)

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

TABLE CONTINUES ON THE FOLLOWING PAGE

CONTINUATION OF THE TABLE FROM THE PREVIOUS PAGE

2023

(CZK THOUSAND)

Description of Assets	Net Book Value	Description, Scope and Purpose of Pledge/Lien
Tangible Fixed Assets, Land	5 832	Investment Loan from Raiffeisenbank a.s.
Tangible Fixed Assets, Land	247	Investment Loan from Raiffeisenbank a.s.
Tangible Fixed Assets	2 509	Investment Loan from Raiffeisenbank a.s.
Tangible Fixed Assets	679	Investment Loan from Raiffeisenbank a.s.
Tangible Fixed Assets	1 099	Investment Loan from Raiffeisenbank a.s.
Tangible Fixed Assets	35 481	Investment Loan from Raiffeisenbank a.s.
Tangible Fixed Assets	5 948	Investment Loan from Raiffeisenbank a.s.
Tangible Fixed Assets	2 082	Investment Loan from Raiffeisenbank a.s.
Tangible Fixed Assets	144 944	
Land	2 384	
Technology	32 806	Loan from Citibank Europe Plc.
Tangible Fixed Assets*	37 347	Investment Loan from Erste Bank Hungary Zrt.
Tangible Fixed Assets*	16 534	Investment Loan from K&H Bank Zrt.
Tangible Fixed Assets*	29 727	Investment Loan from K&H Bank Zrt.
Tangible Fixed Assets*	28 118	Investment Loan from K&H Bank Zrt.
Land	4 772	
Tangible Fixed Assets	191 555	Loan from Raiffeisenbank a.s.
Land	283	
Tangible Fixed Assets	43 096	Loan from Česká spořitelna, a.s.
Tangible Fixed Assets	32 358	Long-term bank loan from Československá obchodní banka, a. s.
<b>Total</b>	<b>4 840 733</b>	

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

## 2022

(CZK THOUSAND)

Description of assets	Net book value	Description, scope and purpose of pledge/lien
Tangible fixed assets	533 534	
Structures	99 185	
Land	3 458	Loan from Česká spořitelna, a.s.
Tangible fixed assets	379 999	
Land	96 223	Loan from Československá obchodní banka, a. s.
Tangible fixed assets	520 379	
Land	11 988	Loan from ING Bank N.V.
Tangible fixed assets	1 895 179	
Land	42 678	Loan from ING Bank N.V.
Tangible fixed assets	1 124 127	
Land	18 538	Loan from Raiffeisenbank a.s.
Tangible fixed assets	71 456	Collateral for an investment bank loan with UniCredit Bank Czech Republic and Slovakia, a.s.
Technologies	51 088	Raiffeisenbank a.s – pledge for the long-term bank loan for funding the MoRe T4 – 110kV distribution point
Tangible fixed assets	44 360	Investment loan from ING Bank N.V.
Tangible fixed assets*	123 648	Loan from Bank Polska Kasa Opieki Spółka Akcyjna, collateralised by machinery of up to PLN 24,000 thousand
Tangible fixed assets*	6 955	Loan from BNP Paribas Bank Polska S.A., collateralised by machinery of up to PLN 1,350 thousand
Tangible fixed assets *	20 608	Loan from BNP Paribas Bank Polska S.A., collateralised by machinery of up to PLN 4,000 thousand
Tangible fixed assets *	77 280	Loan from Bank Polska Kasa Opieki Spółka Akcyjna, collateralised by machinery of up to PLN 15,000 thousand
Tangible fixed assets, land	831	Investment loan from Raiffeisenbank a.s.
Tangible fixed assets, land	1 181	Investment loan from Raiffeisenbank a.s.
Tangible fixed assets, land	489	Investment loan from Raiffeisenbank a.s.
Tangible fixed assets, land	13 265	Investment loan from Raiffeisenbank a.s.
Tangible fixed assets, land	859	Investment loan from Raiffeisenbank a.s.
Tangible fixed assets, land	1 390	Investment loan from Raiffeisenbank a.s.
Tangible fixed assets, land	660	Investment loan from Raiffeisenbank a.s.

TABLE CONTINUES ON THE FOLLOWING PAGE

CONTINUATION OF THE TABLE FROM THE PREVIOUS PAGE

2022

(CZK THOUSAND)

Description of assets	Net book value	Description, scope and purpose of pledge/lien
Tangible fixed assets, land	6 223	Investment loan from Raiffeisenbank a.s.
Tangible fixed assets	300	Investment loan from Raiffeisenbank a.s.
Tangible fixed assets	2 702	Investment loan from Raiffeisenbank a.s.
Tangible fixed assets	828	Investment loan from Raiffeisenbank a.s.
Tangible fixed assets	1 313	Investment loan from Raiffeisenbank a.s.
Tangible fixed assets	38 603	Investment loan from Raiffeisenbank a.s.
Tangible fixed assets	6 962	Investment loan from Raiffeisenbank a.s.
Tangible fixed assets	4 290	Investment loan from Raiffeisenbank a.s.
Tangible fixed assets	290 660	
Land	4 166	
Technologies	177 170	Loan from Citibank Europe plc.
Tangible fixed assets*	36 663	Investment loan from ERSTE Bank Hungary Zrt.
Tangible fixed assets*	16 184	Investment loan from K&H Bank Zrt.
Tangible fixed assets*	29 047	Investment loan from K&H Bank Zrt.
Tangible fixed assets*	27 344	Investment loan from K&H Bank Zrt.
Land	4 772	
Tangible fixed assets	214 298	Loan from Raiffeisenbank a.s.
Land	283	
Tangible fixed assets	43 041	Loan from Česká spořitelna, a.s.
Tangible fixed assets	35 300	Long-term bank loan from Československá obchodní banka, a. s.
<b>Total</b>	<b>6 079 507</b>	

Note: \* translated using the Czech National Bank's exchange rate as of 31 December 2022

## 6.5. NON-CURRENT FINANCIAL ASSETS

### Cost

(CZK THOUSAND)

	Balance at 31 Dec 2022	Impact of Merger as of 1 Jan 2023	Additions	Disposals	Revaluation	Impact of exchange rate gains or losses	Balance at 31 Dec 2023
Equity investments – controlled or controlling entity	442 998	-15 755	0	0	-14 215	0	413 028
Equity investments in associates	26 202	0	0	0	0	0	26 202
Other non-current securities and equity investments	2 002	0	0	0	-2 000	0	2
Other non-current financial assets	0	0	20 000	0	0	0	20 000
<b>Total</b>	<b>471 202</b>	<b>-15 755</b>	<b>20 000</b>	<b>0</b>	<b>-16 215</b>	<b>0</b>	<b>459 232</b>

### Provisions

(CZK THOUSAND)

	Balance at 31 Dec 2022	Additions	Disposals	Revaluation	Impact of exchange rate gains or losses	Balance at 31 Dec 2023
Equity investments – controlled or controlling entity	150 491	0	80 362	0	0	70 129
Equity investments in associates	18 931	0	395	0	0	18 536
Other non-current securities and equity investments	0	0	0	0	0	0
Other non-current financial assets	0	0	0	0	0	0
<b>Total</b>	<b>169 422</b>	<b>0</b>	<b>80 757</b>	<b>0</b>	<b>0</b>	<b>88 665</b>

## 6.6. SUMMARY OF UNCONSOLIDATED FINANCIAL INVESTMENTS

### 6.6.1. EQUITY INVESTMENTS – CONTROLLED OR CONTROLLING ENTITY

31 December 2023

(CZK THOUSAND)

Name of the entity, registered office	Equity investment %	Equity	Profit or loss for the period	Provision	Financial income
Třinecké gastroslužby, s.r.o., Staré Město, Třinec	100,00	42 682	5 440	0	0
TRIALFA, s.r.o., Třinec - Kanada	100,00	22 515	710	0	0
Moravia Security, a.s., Kanská, Třinec	100,00	39 414	2 119	0	5 000
TŘINECKÁ PROJEKCE, a.s., Kanada, Třinec	84,54	31 452	1 931	0	3 323
„ZAMECZEK BŁOGOCICE“ Spółka z ograniczoną odpowiedzialnością, Cieszyn (POL)	88,00	44 365	165	-10 726	0
TRISIA, a.s., Lyžbice, Třinec	66,00	41 161	282	-9 403	0
Reťaze Slovakia s.r.o., Skalica (SK)	80,00	12 572	2 623	0	1 331
JuBo Jeseník s. r. o., Jeseník	80,00	6 782	2 243	0	1 440
Řetězárna servis s.r.o., Jeseník	100,00	6 708	4 580	0	3 900
IMOPRA s.r.o., Nivnice	100,00	114 127	6 345	0	6 000
EKOSTROJÍRENSTVÍ TŘINEC, a.s., Staré Město, Třinec	100,00	-59 800	1 029	-50 000	0
ENEZA, s.r.o., Staré Město, Třinec	52,50	96 700	6 926	0	1 575
<b>Total</b>				<b>-70 129</b>	<b>22 569</b>

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

**31 December 2022**

(CZK THOUSAND)

Name of the entity, registered office	Equity investment %	Equity	Profit or loss for the period	Provision	Financial income
Třinecké gastroslužby, s.r.o., Staré Město, Třinec	100.00	37 242	2 896	0	0
Doprava TŽ, a.s., Třinec-Staré Město	100.00	48 091	4 024	0	3 000
TRIALFA, s.r.o., Třinec - Kanada	100.00	21 805	716	0	0
Moravia Security, a.s., Konská, Třinec	100.00	41 815	3 388	0	2 300
TŘINECKÁ PROJEKCE, a.s., Kanada, Třinec	84.54	33 452	3 931	0	2 285
„ZAMECZEK BŁOGOCICE” Spółka z ograniczoną odpowiedzialnością, Cieszyn (POL)	88.00	39 981	-267	-14 594	0
TRISIA, a.s., Lyžbice, Třinec	66.00	40 879	715	-14 988	0
Reťaze Slovakia s.r.o., Skalica (SK)	80.00	11 391	1 843	0	2 169
JuBo Jeseník s. r. o., Jeseník	80.00	6 339	2 269	0	1 600
Řetězárna servis s.r.o., Jeseník	100.00	6 028	4 025	0	3 100
IMOPRA s.r.o., Nivnice	100.00	113 782	4 370	-70 909	3 400
EKOSTROJÍRENTVÍ TŘINEC, a.s., Staré Město, Třinec	100.00	-60 828	-77 935	-50 000	0
ENEZA, s.r.o., Staré Město, Třinec*	52.50	92 773	9 005	0	0
<b>Total</b>				<b>-150 491</b>	<b>17 854</b>

Note: \* economic results for the period from 1 April 2022 to 31 December 2022

**6.6.2. EQUITY INVESTMENTS – ASSOCIATES****31 December 2023**

(CZK THOUSAND)

Name of the entity, registered office	Equity investment %	Equity	Profit or loss for the period	Provision	Financial income
Ocelářská unie a.s., Nové Město, Praha 1	40.44**	40 526	-312	-18 536	0
HRAT, s.r.o., Staré Město, Třinec*	23.26	4 351	911	0	0
<b>Total</b>				<b>-18 536</b>	<b>0</b>

Note.: *italics – preliminary results as of 31 December 2023*

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

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



**31 December 2022**

(CZK THOUSAND)

Name of the entity, registered office	Equity investment %	Equity	Profit or loss for the period	Provision	Financial income
Ocelářská unie a.s., Nové Město, Praha 1	40.44**	41 335	-544	-18 931	0
HRAT, s.r.o., Staré Město, Třinec*	23.26	4 506	803	0	0
<b>Total</b>				<b>-18 931</b>	<b>0</b>

Note.: \* profit or loss for the period from 1 April 2022 to 31 March 2023

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

**6.7. ACCOUNTING FOR GOODWILL ARISING ON CONSOLIDATION****2023**

(CZK THOUSAND)

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

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

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

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

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

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

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

## 2022

(CZK THOUSAND)

	Gross	Adjustment	Net	Recognition in expenses	Recognition in income
<b>Positive goodwill arising on consolidation</b>					
ŽDB DRÁTOVNA a.s.	261 780	-65 445	196 335	13 089	0
BOHEMIA RINGS s.r.o.	119 809	-28 454	91 355	5 990	0
<b>Total</b>	<b>381 589</b>	<b>-93 899</b>	<b>287 690</b>	<b>19 079</b>	<b>0</b>
<b>Negative goodwill arising on consolidation</b>					
REFRASIL, s.r.o.	-14 566	3 156	-11 410	0	728
<b>Total</b>	<b>-14 566</b>	<b>3 156</b>	<b>-11 410</b>	<b>0</b>	<b>728</b>

The gross value of the positive goodwill arising on consolidation of ŽDB DRÁTOVNA a.s. amounts to CZK 261,780 thousand as of 31 December 2022, which, starting from the 2021 reporting period, includes the overall deferred tax arising from the difference from the revaluation of assets and liabilities at the acquisition date in the amount of CZK 20,703 thousand.

In 2022, the Company recognised a write-off of the positive goodwill arising on consolidation of ŽDB DRÁTOVNA a.s. of CZK 13,089 thousand.

The gross value of the positive goodwill arising on consolidation of BOHEMIA RINGS s.r.o. amounts to CZK 119,809 thousand as of 31 December 2022, which, starting from the 2021 reporting period, includes the overall deferred tax arising from the difference from the revaluation of assets and liabilities at the acquisition date in the amount of CZK 45,256 thousand.

In 2022, the Company recognised a write-off of the positive goodwill arising on consolidation of BOHEMIA RINGS s.r.o. of CZK 5,990 thousand.

As of 31 December 2022, the gross amount of the negative goodwill arising on consolidation of REFRASIL, s.r.o. amounts to CZK 14,566 thousand.

In 2022, the Company recognised a write-off of the negative goodwill arising on consolidation of REFRASIL, s.r.o. of CZK 728 thousand.

## 6.8. SECURITIES AND EQUITY INVESTMENTS UNDER EQUITY ACCOUNTING

(CZK THOUSAND)

Securities and equity investments under equity accounting	2023	2022
VESUVIUS ČESKÁ REPUBLIKA, a.s.	156 941	144 027
<b>Total</b>	<b>156 941</b>	<b>144 027</b>

## 6.9. PLEDGED NON-CURRENT FINANCIAL ASSETS

As of 31 December 2023, the consolidated group has no non-current financial assets pledged as collateral. As of 31 December 2022, the consolidated group had non-current financial assets pledged as collateral in the nominal value of CZK 1,144,302 thousand.

## 6.10. INVENTORY

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

As of 31 December 2022, "METALURGIA" SPÓŁKA AKCYJNA has pledged the inventory of up to PLN 19,500 thousand (CZK 100,464 thousand) with BNP Paribas Bank Polska S.A. in relation to the drawn loan and inventory of up to PLN 19,500 thousand (CZK 100,464 thousand) with Bank Polska Kasa Opieki Spółka Akcyjna in relation to the drawn loan.

## 6.11. RECEIVABLES

### 6.11.1. LONG-TERM RECEIVABLES

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

As of 31 December 2023, the consolidated group recorded long-term receivables with maturity period greater than five years of CZK 201 thousand (2022: CZK 562 thousand).

### 6.11.2. SHORT-TERM RECEIVABLES

As of 31 December 2023 and 2022, gross short-term trade receivables past their due dates amounted to CZK 384,936 thousand (net CZK 320,749 thousand) and CZK 454,363 thousand (net CZK 394,619 thousand), respectively.

## Other Receivables

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

As of 31 December 2023, State – tax receivables predominantly included a receivable arising from value added tax and prepayments for corporate income tax. As of 31 December 2022, State – tax receivables predominantly included a receivable arising from value added tax and prepayments for fees under Act No. 201/2012 Coll., the Air Protection Act.

As of 31 December 2023, sundry receivables principally include a receivable arising from an indisputable claim for a subsidy, a receivable arising from group registration for value-added tax, and receivables from individuals. As of 31 December 2022, this item principally included a receivable arising from an indisputable claim for a subsidy and receivables from individuals.

As of 31 December 2023, estimated receivables primarily include an estimated receivable for expected insurance claims relating to an accident of the wind heater. As of 31 December 2022, this item primarily included a receivable arising from expected insurance claims relating to an accident of the wind heater and a refund of value-added tax paid abroad, use of an operating subsidy and refund of the VAT paid abroad. In connection with the wind heater accident, the Company received prepayments from the insurance company for expected insurance claims (see Note 7.4).

Receivables typically mature within 30 days.

### 6.11.3. PLEDGED RECEIVABLES

As of 31 December 2023, "METALURGIA" SPÓLKA AKCYJNA records pledged receivables of PLN 5,857 thousand (CZK 33,348 thousand) with BNP Paribas Faktoring Sp. z o. o. and pledged receivables of PLN 1,660 thousand (CZK 9,454 thousand) with Pekao Faktoring Sp. z o.o. As of 31 December 2022, pledged receivables amounted to PLN 10,248 thousand (CZK 52,798 thousand) with BNP Paribas Faktoring Sp. z o. o. and PLN 4,026 thousand (CZK 20,739 thousand) with Pekao Faktoring Sp. z o.o.

As of 31 December 2023, "D&D" Drótáru Zrt. records pledged receivables of HUF 583,737 thousand (CZK 37,680 thousand) with Tryg Garanti. As of 31 December 2022, "D&D" Drótáru Zrt. records pledged receivables of HUF 157,752 thousand (CZK 9,489 thousand) with Tryg Garanti and pledged receivables of HUF 17,650 thousand (CZK 1,062 thousand) with CEC Bank S.A. Bucharest.

### 6.11.4. INTERCOMPANY RECEIVABLES

Long-term receivables as of 31 December 2022 included a receivable under the Revolving Loan Contract with EKOSTROJÍRENSTVÍ TŘINEC, a.s., amounting to CZK 67,123 thousand which was provisioned in full. As of 31 December 2023, this receivable is reported as short-term, including the provision created in full.

## Short-term Receivables

(CZK THOUSAND)

Name of the entity	Relation to the Company	Balance at 31 Dec 2023	Balance at 31 Dec 2022
• Trade receivables			
Doprava TŽ, a.s.	Controlled Entity	0	3 586
JuBo Jeseník s. r. o.	Controlled Entity	3 393	5 356
Moravia Security, a.s.	Controlled Entity	167	100
MORAVIA STEEL a.s.	Controlling Entity	2 216 424	1 796 406
TRIALFA, s.r.o.	Controlled Entity	1 010	3 883
TŘINECKÁ PROJEKCE, a.s.	Controlled Entity	240	160
Třinecké gastroslužby, s.r.o.	Controlled Entity	3 770	2 242
TRISIA, a.s.	Controlled Entity	109	98
VESUVIUS ČESKÁ REPUBLIKA, a.s.	Associate	2 139	10 271
Beskydská golfová, a.s.	Fellow Subsidiary	15	13
NEOMET Sp. z o.o.	Fellow Subsidiary	32	85
IMOPRA s.r.o.	Controlled Entity	2	0
M Steel Projects a.s.	Fellow Subsidiary	15	8
Security Morava, s.r.o.	Controlled Entity	18	99
Moravskoslezský kovošrot, a.s.	Fellow Subsidiary	814	1 324
Kovárna VIVA a.s.	Fellow Subsidiary	585	218
MINERFIN a.s.	Group entity	1 567	1 620
Barrandov Studio a.s.	Fellow Subsidiary	205	230
Reřaze Slovakia, s.r.o.	Controlled Entity	2 208	2 307
Řetězárna servis s.r.o.	Controlled Entity	5	7
EKOSTROJÍRENSTVÍ TŘINEC, a.s.	Controlled Entity	108	148
MSV Metal Studénka, a.s.	Fellow Subsidiary	0	258
KUŹNIA OSTRÓW WIELKOPOLSKI SP. Z O.O.	Fellow Subsidiary	0	706
ALPER a.s.	Fellow Subsidiary	0	17
ENEZA, s.r.o.	Controlled Entity	1 366	1 109
<b>Total</b>		<b>2 234 192</b>	<b>1 830 251</b>

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## Short-term Receivables

(CZK THOUSAND)

Name of the entity	Relation to the Company	Balance at 31 Dec 2023	Balance at 31 Dec 2022
• Receivables – controlled or controlling entity			
Třinecké gastroslužby, s.r.o.	Controlled Entity	0	8 500
<b>Total</b>		<b>0</b>	<b>8 500</b>
• Short-term prepayments provided			
EKOSTROJÍRENSTVÍ TŘINEC, a.s.	Controlled Entity	0	15 404
TRISIA, a.s.	Controlled Entity	0	1
<b>Total</b>		<b>0</b>	<b>15 405</b>
• Estimated receivables			
MORAVIA STEEL a.s.	Controlling Entity	3 797	0
<b>Total</b>		<b>3 797</b>	<b>0</b>
• Accrued income			
Třinecké gastroslužby, s.r.o.	Controlled Entity	0	167
EKOSTROJÍRENSTVÍ TŘINEC, a.s.	Controlled Entity	1 269	1 173
<b>Total</b>		<b>1 269</b>	<b>1 340</b>
<b>Total short-term intercompany receivables including accruals</b>		<b>2 239 258</b>	<b>1 855 496</b>
Other than intercompany receivables		5 186 198	4 334 054
<b>Total short-term receivables including accruals</b>		<b>7 425 456</b>	<b>6 189 550</b>

As of 31 December 2023, no long-term intercompany receivables were recorded.

## 6.12. EQUITY

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

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

The sole shareholder of the Company decided to distribute the net profit of the Company after tax generated by the Company in 2022 in the amount of CZK 2,393,024 thousand as follows:

– Retained earnings brought forward            CZK 2,393,024 thousand.

### Share Capital

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

### Proposal for the Allocation of Profit for 2023

In 2023, the Company generated net profit after tax of CZK 44,369 thousand. It is proposed to be allocated as follows:

– Retained earnings brought forward:            CZK 44,369 thousand.

## 6.13. RESERVES

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

## 6.14. PAYABLES

### 6.14.1. LONG-TERM PAYABLES

Long-term trade payables as of 31 December 2023 primarily include payables arising from retention fees from suppliers according to concluded contracts.

As of 31 December 2023, the Company recorded no long-term payables covered by material guarantees.

As of 31 December 2023 and 2022, the consolidated group records no long-term trade payables with maturities exceeding 5 years.

### 6.14.2. SHORT-TERM TRADE PAYABLES

As of 31 December 2023, short-term trade payables past their due dates amount to CZK 44,132 thousand (2022: CZK 15,826 thousand).

Payables typically fall due for settlement within 60 days.

### 6.14.3. OTHER PAYABLES

As of 31 December 2023, the category 'State – tax payables and subsidies' principally comprised received subsidies for emission allowances, and a payable arising from personal income tax. In the year ended 31 December 2022, the category principally comprised allowance subsidies received, and a payable arising from corporate and personal income tax.

As of 31 December 2023, estimated payables mainly consist of an estimated payable intended to cover all so far unrecognised payments relating to staff costs, an estimated payable for fees under Act No. 201/2012 Coll., on Air Protection, and an estimated payable arising from unbilled inventory including services and energy costs. As of 31 December 2022, estimated payables mainly consist of an estimated payable intended to cover all so far unrecognised payments relating to staff costs, an estimated payable for fees under Act No. 201/2012 Coll., on Air Protection, and an estimated payable arising from unbilled inventory including services and an estimated payable for an acquisition of fixed assets.

As of 31 December 2023 and 31 December 2022, sundry payables primarily include payables arising from the Group's registration for value added tax.

### 6.14.4. INTERCOMPANY PAYABLES

#### Long-term Payables

As of 31 December 2023, the consolidated group recorded no long-term intercompany payables.

Other than intercompany long-term payables as of 31 December 2023 and 2022 primarily include a deferred tax liability of CZK 1,522,408 thousand and CZK 1,780,294 thousand, respectively, and payables to credit institutions of CZK 2,910,849 thousand and CZK 2,788,219 thousand, respectively.



## Short-term Payables

(CZK THOUSAND)

Name of the entity	Relation to the Company	Balance at 31 Dec 2023	Balance at 31 Dec 2022
• Trade payables			
Řetězárna servis s.r.o.	Controlled entity	1 828	2 113
JuBo Jeseník s. r. o.	Controlled entity	22	0
Doprava TŽ, a.s.	Controlled entity	0	14 119
Ocelářská unie, a.s.	Associate	923	926
MORAVIA STEEL a.s.	Controlling entity	2 611 673	3 900 215
Moravia Security, a.s.	Controlled entity	11 067	13 142
Security Morava, s.r.o.	Controlled entity	2 024	2 028
TRIALFA, s.r.o.	Controlled entity	13 470	18 039
TRISIA, a.s.	Controlled entity	1 739	1 469
TŘINECKÁ PROJEKCE, a.s.	Controlled entity	5 403	7 015
Třinecké gastroslužby, s.r.o.	Controlled entity	14 024	12 549
VESUVIUS ČESKA REPUBLIKA, a.s.	Associate	10 875	9 210
Beskydská golfová, a.s.	Fellow subsidiary	5 445	0
MATERIÁLOVÝ A METALURGICKÝ VÝZKUM s.r.o.*	Controlled entity	0	133
„ZAMECZEK BŁOGOCICE“ Sp. z o.o.	Controlled entity	96	87
Moravskoslezský kovošrot, a.s.	Fellow subsidiary	100 083	125 363
MORAVIA STEEL ITALIA s.r.l.	Fellow subsidiary	189	104
MORAVIA STEEL SLOVENIJA d.o.o.	Fellow subsidiary	392	508
MORAVIA STEEL IBÉRIA, S.A.	Fellow subsidiary	12	497
MORAVIA STEEL UK LIMITED	Fellow subsidiary	57	66
Moravia Steel Deutschland GmbH	Fellow subsidiary	1 693	3 264
NEOMET Sp. z o.o.	Fellow subsidiary	153 182	71 145
MSV Metal Studénka, a.s.	Fellow subsidiary	1 071	213

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## Short-term Payables

(CZK THOUSAND)

Name of the entity	Relation to the Company	Balance at 31 Dec 2023	Balance at 31 Dec 2022
EKOSTROJÍRENSTVÍ TŘINEC, a.s.	Controlled entity	2 144	1 128
ENEZA, s.r.o.	Controlled entity	24 090	15 915
<b>Total</b>		<b>2 961 502</b>	<b>4 199 248</b>
• Estimated payables			
MORAVIA STEEL a.s.	Controlling entity	401	985
TŘINECKÁ PROJEKCE, a.s.	Controlled entity	0	39
MSV Metal Studénka, a.s.	Fellow subsidiary	1	0
<b>Total</b>		<b>402</b>	<b>1 024</b>
• Other payables			
MORAVIA STEEL a.s.	Controlling entity	46 010	55 961
<b>Total</b>		<b>46 010</b>	<b>55 961</b>
• Accrued expenses			
MORAVIA STEEL a.s.	Controlling entity	10 799	4 161
MORAVIA STEEL IBÉRIA, S.A.	Fellow subsidiary	126	286
MORAVIA STEEL SLOVENIJA d.o.o.	Fellow subsidiary	18	6
<b>Total</b>		<b>10 943</b>	<b>4 453</b>
<b>Total short-term intercompany payables including accruals</b>		<b>3 018 857</b>	<b>4 260 686</b>
Other than intercompany payables		9 787 127	11 337 272
<b>Total short-term payables including accruals</b>		<b>12 805 984</b>	<b>15 597 958</b>

Short-term payables outside of the group as of 31 December 2023 and 2022 predominantly include payables to credit institutions of CZK 2,027,462 thousand and CZK 2,567,100 thousand, respectively, and tax payables and subsidies of CZK 2,530,340 thousand and CZK 3,922,283 thousand as of 31 December 2023 and 2022, respectively.

## 6.15. DEFERRED INCOME TAX

### 6.15.1. DEFERRED TAX LIABILITY

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

(CZK THOUSAND)

Deferred tax basis	Tax rate in %	Balance at 31 Dec 2023	Balance at 31 Dec 2022
Difference between tax and accounting net book value of fixed assets	21	-10 191 646	0
Difference between tax and accounting net book value of fixed assets	19	0	-11 470 364
Difference between tax and accounting net book value of fixed assets	9	-100 030	-66 979
Remeasurement of securities available for sale	21	2 054	0
Remeasurement of securities available for sale	19	0	54
Remeasurement of assets to fair value	21	-159 311	0
Remeasurement of assets to fair value	19	-17 347	-193 765
Remeasurement of assets to fair value	9	-27 565	-28 941
Accounting reserves	21	166 127	0
Accounting reserves	19	0	729 368
Provisions	21	1 740 391	0
Provisions	19	0	1 385 646
Provision for positive goodwill arising on consolidation	21	85 361	0
Unpaid default interest	21	8 302	0
Expenses to be allowable in subsequent periods	21	117 748	0
Expenses to be allowable in subsequent periods	19	0	166 309
Utilisable tax loss	21	102 232	0
Utilisable tax loss	19	0	10 353
Unrealised gains on the intragroup sale of inventory	21	33 537	0

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Deferred tax basis	Tax rate in %	Balance at 31 Dec 2023	Balance at 31 Dec 2022
Unrealised gains on the intragroup sale of inventory	19	0	42 500
Unrealised gains on intragroup sales of tangible and intangible fixed assets	21	915 387	0
Unrealised gains on intragroup sales of tangible and intangible fixed assets	19	854	5 594
Unrealised gains on intragroup sales of tangible and intangible fixed assets (equity)	21	-153	0
Unrealised gains on intragroup sales of tangible and intangible fixed assets (equity)	19	0	-229
<b>Total tax base</b>		<b>-7 324 059</b>	<b>-9 420 454</b>
<b>Deferred tax liability</b>		<b>-1 522 408</b>	<b>-1 780 294</b>

(CZK THOUSAND)

Analysis of movements	
<b>31 Dec 2022</b>	<b>-1 780 294</b>
Impact of Merger	-1 325
Current changes charged to the profit and loss account	259 282
Current changes recognised in equity	-71
<b>31 Dec 2023</b>	<b>-1 522 408</b>

## 6.15.2. DEFERRED TAX ASSET

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

(CZK THOUSAND)

Arising from	Tax rate (in %)	Balance at 31 Dec 2023	Balance at 31 Dec 2022
Difference between the tax amount and the carrying amount of fixed assets	19	-44 904	0
Accounting reserves	19	24 273	0
Provisions	19	9 530	0
Applicable tax loss	19	93 838	0
<b>Total tax base</b>		<b>82 737</b>	<b>0</b>
<b>Deferred tax asset</b>		<b>15 720</b>	<b>0</b>

(CZK THOUSAND)

Analysis of movements	
<b>31 Dec 2022</b>	<b>0</b>
Current changes charged to the profit and loss account	14 605
Current changes recognised in equity	1 115
<b>31 Dec 2023</b>	<b>15 720</b>

## 6.16. PAYABLES TO CREDIT INSTITUTIONS

### Long-term Payables to Credit Institutions

(CZK THOUSAND)

Type of payable	Currency	Balance at 31 Dec 2023	Balance at 31 Dec 2022	Form of collateral as of 31 December 2023
Investment loan	CZK	600 000	840 000	Immovable and movable assets, insurance receivables, promissory note
Investment loan	EUR	330 635	537 463	Immovable and movable assets, insurance receivables
Investment loan	CZK	0	171 429	Immovable and movable assets, insurance receivables, promissory note
Investment loan	EUR	760 294	939 279	Immovable and movable assets, insurance receivables, promissory note
Investment loan	EUR	834 469	0	No collateral
Investment loan	CZK	0	1 424	Pledge of real estate and movable assets
Investment loan	EUR	0	4 800	Pledge of real estate and movable assets
Investment loan	CZK	2 850	4 750	No collateral
Investment loan	EUR	7 692	0	No collateral
Investment loan	CZK	0	26 440	Blank promissory note, pledge of movable assets
Investment loan	CZK	18 000	29 333	Blank promissory note, collateral for up to the amount of outstanding debts
Investment loan	EUR	1 958	0	Promissory note
One-time investment loan	EUR	25 902	50 527	Movable and immovable assets
Special purpose loan	EUR	186 921	0	Receivables
Investment loan	EUR	25 477	39 048	Blank promissory note, pledge of movable assets
Special purpose loan	CZK	5 000	15 000	Pledge of movable assets
Investment loan	EUR	1 443	5 627	Blank promissory note
Investment loan	EUR	7 212	12 661	Blank promissory note
Investment loan	EUR	9 119	20 754	Blank promissory note
Investment loan	EUR	33 379	47 024	Blank promissory note
Investment loan	EUR	48 681	0	Blank promissory note
Investment loan	EUR	0	1 541	Mortgage, insurance security
Investment loan	EUR	0	2 196	Mortgage, insurance security
Investment loan	EUR	3 402	7 734	Mortgage, insurance security
Investment loan	EUR	8 415	11 478	Mortgage, insurance security

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CONTINUATION OF THE TABLE FROM THE PREVIOUS PAGE

### Long-term Payables to Credit Institutions

(CZK THOUSAND)

Type of payable	Currency	Balance at 31 Dec 2023	Balance at 31 Dec 2022	Form of collateral as of 31 December 2023
Investment loan	PLN	0	10 135	Collateralised with tangible assets (machinery, equipment) along with insurance, blank promissory note
Investment loan	PLN	0	900	Collateralised with tangible assets (machinery, equipment) along with insurance, blank promissory note
Investment loan	EUR	0	8 676	Collateralised with tangible assets (machinery, equipment) along with insurance, blank promissory note
<b>Total</b>		<b>2 910 849</b>	<b>2 788 219</b>	

### Short-term Payables to Credit Institutions

(CZK THOUSAND)

Type of loan	Currency	Balance at 31 Dec 2023	Balance at 31 Dec 2022	Form of collateral at 31 Dec 2023
Investment loan	EUR	0	7 713	Hermes guarantee insurer
Investment loan	EUR	4 327	5 627	Blank promissory note
Investment loan	EUR	5 769	4 220	Blank promissory note
Overdraft	PLN	18 072	16 764	Pledge of inventories, goods, materials and finished products together with transfer of insurance policy, blank promissory notes
Overdraft	PLN	18 491	25 719	Pledge of inventories, goods, materials and finished products together with transfer of insurance policy, blank promissory notes
Investment loan	PLN	11 202	4 054	Pledge of machinery and equipment with insurance, blank promissory note
Investment loan	PLN	995	2 161	Pledge of machinery and equipment with insurance, blank promissory note
Investment loan	EUR	9 079	2 214	Pledge of machinery and equipment with insurance, blank promissory note
Overdraft – credit cards	CZK	194	73	No collateral
One-time investment loan, investment	EUR	25 902	25 276	Immovable and movable assets
Revolving loan	EUR	0	72 345	Receivables
Overdraft	EUR	1 754	38 208	Receivables
Special-purpose loan	EUR	20 769	0	Receivables
Investment loan	EUR	220 423	214 985	Immovable and movable assets, insurance receivables
Investment loan	CZK	0	60 000	Immovable and movable assets, insurance receivables, promissory note
Acquisition loan	EUR	0	120 575	Securities, promissory note

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### Short-term Payables to Credit Institutions

(CZK THOUSAND)

Type of loan	Currency	Balance at 31 Dec 2023	Balance at 31 Dec 2022	Form of collateral at 31 Dec 2023
Investment loan	CZK	171 428	228 571	Immovable and movable assets, insurance receivables, promissory note
Investment loan	EUR	202 745	49 436	Immovable and movable assets, insurance receivables, promissory note
Investment loan	CZK	240 000	240 000	Immovable and movable assets, insurance receivables, promissory note
Overdraft	CZK	49 160	156 371	Promissory note
Overdraft	CZK	57 309	157 366	No collateral
Overdraft	CZK	53 139	159 780	Promissory note
Overdraft	CZK	55 155	158 593	Promissory note
Overdraft	CZK	49 520	173 210	Promissory note
Overdraft	CZK	67 092	203 731	Promissory note
Short-term loan	CZK	4	9	No collateral
Investment loan	EUR	92 719	0	No collateral
Investment loan	CZK	1 424	2 441	Pledged movable and immovable assets
Investment loan	EUR	4 921	8 227	Pledged movable and immovable assets
Investment loan	CZK	1 900	1 900	No collateral
Investment loan	EUR	1 923	0	No collateral
Investment loan	CZK	0	11 400	Pledged assets, Blank promissory note
Credit cards	CZK	42	40	No collateral
Overdraft	CZK	18 280	3 451	Blank promissory note
ŠkoFin	CZK	0	199	Transfer of ownership right
Special-purpose loan	CZK	10 000	10 000	Pledge on movable assets
Investment loan	CZK	19 773	26 364	Blank promissory note, pledged movable assets
Investment loan	CZK	18 000	18 000	Blank promissory note
Overdraft	CZK	165 078	0	Blank promissory note
Overdraft	CZK	69 371	0	Blank promissory note

TABLE CONTINUES ON THE FOLLOWING PAGE



CONTINUATION OF THE TABLE FROM THE PREVIOUS PAGE

### Short-term Payables to Credit Institutions

(CZK THOUSAND)

Type of loan	Currency	Balance at 31 Dec 2023	Balance at 31 Dec 2022	Form of collateral at 31 Dec 2023
Overdraft	CZK	93 129	0	Blank promissory note
Overdraft	CZK	9 988	5 318	Blank promissory note
Overdraft	CZK	27 218	12 985	Blank promissory note
Overdraft	EUR	2 085	4 188	Blank promissory note
Overdraft	EUR	12 182	0	Blank promissory note
Investment loan	EUR	14 563	14 204	Blank promissory note, pledged movable assets
Overdraft	CZK	0	105 513	No collateral
Investment loan	CZK	0	10 561	2 x Blank promissory note
Operating loan	CZK	5 083	34 357	Pledge of immovable assets, transfer of ownership title to movable assets, blank promissory note, property insurance vindication
Operating loan	EUR	56 491	22 297	Blank promissory note
Operating loan	EUR	3 096	0	Pledge of immovable assets, blank promissory note, property insurance vindication
Investment loan	EUR	0	2 412	Pledge of immovable assets, blank promissory note, property insurance vindication
Investment loan	EUR	294	3 732	Pledge of immovable assets, blank promissory note, pledge of insurance claims
Operating loan	CZK	19 951	99 352	Blank promissory note
Investment loan	EUR	12 160	11 860	Blank promissory note
Investment loan	EUR	14 835	14 469	Blank promissory note
Investment loan	EUR	14 063	0	Blank promissory note
Investment loan	EUR	1 581	6 163	Mortgage, insurance security
Investment loan	EUR	3 014	2 966	Mortgage, insurance security
Investment loan	EUR	5 670	4 420	Mortgage, insurance security
Investment loan	EUR	4 207	3 280	Mortgage, insurance security
Overdraft	EUR	41 892	0	No collateral
<b>Total</b>		<b>2 027 462</b>	<b>2 567 100</b>	

Repayments of long-term payables to credit institutions with maturities exceeding five years amount to CZK 113,488 thousand.

## 6.17. OFF BALANCE SHEET ASSETS AND LIABILITIES, LEGAL DISPUTES AND OTHER MATTERS

### TŘINECKÉ ŽELEZÁRNY, a. s.

#### Provided Guarantees

31 December 2023

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

31 December 2022

Type	Total amount	Balance at 31 Dec 2022
<b>Guarantees</b>		
- to other entities	EUR 3,249 thousand	CZK 78,356 thousand

#### Received Guarantees

31 December 2023

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

31 December 2022

Type	Total amount	Balance at 31 Dec 2022
<b>Guarantees</b>		
- from other entities	USD 52 thousand	CZK 1,166 thousand
	EUR 5,255 thousand	CZK 126,721 thousand
	CZK 90,170 thousand	CZK 90,170 thousand

As of 31 December 2023, the Company records in off-balance sheet records both promissory notes issued by the Company in favour of credit institutions and promissory notes received, issued in favour of the Company to collateralise financial payables under the Revolving Credit Agreements.

## Legal Disputes

Dispute initiated by certain former shareholders of the Company for reviewing the adequacy of the payments, provided by MORAVIA STEEL a.s., that belong to former shareholders according to the resolution of the extraordinary general meeting of the Company held on 31 July 2013, on the transfer of the shares of the Company owned by other shareholders to MORAVIA STEEL, a.s., as the majority shareholder. The Company was referred to as another participant in the proceedings. Through its ruling of 8 June 2018, the Regional Court in Ostrava determined that the amount of an adequate payment per each share with the nominal value of CZK 1,000 thousand issued by the Company is CZK 2,284. The High Court in Olomouc confirmed the ruling on 11 September 2019 in an appeal proceedings and the ruling is final and conclusive. The Supreme Court rejected the appeal. The constitutional complaint was rejected by the Constitutional Court.

## 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 2023, the Company used up funds in the amount of CZK 548,947 thousand (2022: CZK 543,021 thousand).

## Other matters

In 2023 and 2022, the Company was involved in the project of the Regional Economic Chamber of the Moravian-Silesian Region through which employee education courses are provided. The support in this project is used in the de minimis mode.

## Other entities included in the consolidation group

### ENERGETIKA TŘINEC, a.s.

#### Collateral for payables

(CZK THOUSAND)

Type of liability	Balance at 31 Dec 2023	Balance at 31 Dec 2022
Blank promissory notes – collateral for own overdrafts	550 000	450 000
Blank promissory notes – collateral for own long-term loans	235 000	235 000
<b>Total</b>	<b>785 000</b>	<b>685 000</b>

## Strojírny a stavby Třinec, a.s.

### Provided guarantees

31 December 2023

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

31 December 2022

Type	Total amount	Balance at 31 Dec 2022
<b>Guarantees</b>		
- to other entities	CZK 34,441 thousand	CZK 34,441 thousand

### Received guarantees

31 December 2023

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

31 December 2022

Type	Total amount	Balance at 31 Dec 2022
<b>Guarantees</b>		
- from other entities	CZK 10,759 thousand	CZK 10,759 thousand

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

# 7. Additional consolidated profit and loss account information

## 7.1. INCOME FROM ORDINARY ACTIVITIES AND SOLD GOODS

### 7.1.1. THE CONSOLIDATED GROUP'S INCOME FROM ORDINARY ACTIVITIES AND SALE OF GOODS FOR 2023

(CZK THOUSAND)

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

### 7.1.2. THE CONSOLIDATED GROUP'S INCOME FROM ORDINARY ACTIVITIES AND SALE OF GOODS FOR 2022

(CZK THOUSAND)

Activities	In-country	Cross-border	Total
Metallurgic production	57 143 768	7 501 446	64 645 214
Other production	2 717 638	5 387 393	8 105 031
Sale of goods	43 107	179 499	222 606
Services	947 158	197 344	1 144 502
<b>Total</b>	<b>60 851 671</b>	<b>13 265 682</b>	<b>74 117 353</b>

## 7.2. GRANTS AND SUBSIDIES

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

In the year ended 31 December 2022, the Company drew a subsidy for the acquisition of environmental and other investments of CZK 14,923 thousand.

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

In the year ended 31 December 2022, SV servisní, s.r.o., received a subsidy for the modernisation of LDS – switching station of CZK 5,196 thousand.

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

Subsidies for operating purposes and allowances amounting to CZK 12,534 thousand utilised in the year ended 31 December 2022 include subsidies for research and development, a subsidy for operations of the Museum of Třinec Ironworks and the City of Třinec, a subsidy for education, a subsidy under the “Antivirus” employment support programme – an allowance aimed to partially compensate for payroll costs, an allowance for self-sampling COVID-19 testing.

## 7.3. TOTAL REMUNERATION CHARGED BY THE AUDITOR

(CZK THOUSAND)

	Year ended 31 December 2023	Year ended 31 December 2022
Obligatory audit of the financial statements	11 628	10 856
Other assurance services	106	229
Other non-audit services	5	5
<b>Total</b>	<b>11 739</b>	<b>11 090</b>

## 7.4. OTHER EXPENSES AND INCOME

Other operating income as of 31 December 2023 and 2022 predominantly includes the drawing of the grant for allowances of CZK 8,605,789 thousand and CZK 6,315,735 thousand, respectively, and expected insurance benefits related to an accident of the wind heater of CZK 535,015 thousand (2022: CZK 917,991 thousand).

Other financial income in 2023 and 2022 predominantly includes foreign exchange gains of CZK 294,117 thousand and CZK 322,385 thousand, respectively.

Other operating expenses as of 31 December 2023 and 2022 predominantly include the use of emission allowances of CZK 8,605,789 thousand and CZK 8,229,032 thousand, respectively.

Other financial expenses as of 31 December 2023 and 2022 predominantly include foreign exchange losses of CZK 393,104 thousand and CZK 295,187 thousand, respectively.

Financial gifts are reported in operating expenses. The total amount of the gifts provided in 2023 was CZK 29,842 thousand (2022: CZK 58,371 thousand).

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

In the year ended 31 December 2022, the Company received and reported the compensation for indirect costs for industries identified as having a significant risk of carbon leakage due to the reflection of the costs associated with greenhouse gas emissions in the price of electricity for the calendar year of 2021 in the amount of CZK 154,511 thousand.

## 7.5. TOTAL RESEARCH AND DEVELOPMENT COSTS

(CZK THOUSAND)

	31 Dec 2023	31 Dec 2022
Development costs (less subsidies)	33 247	34 425

## 7.6. RELATED PARTY TRANSACTIONS

### 7.6.1. INCOME GENERATED WITH RELATED PARTIES

The income generated with related parties amounted to CZK 47,908,006 thousand in the year ended 31 December 2023 of which income generated with MORAVIA STEEL a.s. amounted to CZK 47,650,650 thousand (2022: CZK 55,857,423 thousand of which income generated with MORAVIA STEEL a.s. amounted to CZK 55,504,423 thousand). All intragroup transactions were under arm's length basis.

The income generated from profit shares received from entities in the group in the years ended 31 December 2023 and 2022 is disclosed in Note 6.6.

### 7.6.2. PURCHASES FROM RELATED PARTIES

Total purchases from related parties amounted to CZK 35,638,788 thousand for the year ended 31 December 2023 of which CZK 31,802,092 thousand from MORAVIA STEEL a. s. (2022: CZK 47,551,414 thousand of which CZK 43,189,545 thousand from MORAVIA STEEL a.s.). All intragroup transactions were under arm's length basis.

# 8. Employees and management of entities in the consolidation group

## 8.1. STAFF COSTS AND NUMBER OF EMPLOYEES

31 December 2023

(CZK THOUSAND)

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



31 December 2022

(CZK THOUSAND)

	Number	Total staff costs
Employees	11 672	7 651 160
Management	140	387 900
<b>Total</b>	<b>11 812</b>	<b>8 039 060</b>

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

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

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

The amount of other supplies provided to managers:

(CZK THOUSAND)

	2023	2022
Use of management cars (the figure increases the tax base of employees)	11 664	11 309
Contribution for life insurance	208	191
Liability insurance	705	735

# 9. Post balance sheet events

As of the consolidated balance sheet date, there were no events that would have a material impact on the consolidated financial statements for the year ended 31 December 2023.

# REPORT ON RELATED PARTY TRANSACTIONS FOR THE YEAR 2023

This Related Party Transactions Report between TŘINECKÉ ŽELEZÁRNY, a. s., with its registered office at Průmyslová 1000, Staré Město, 739 61 Třinec, corporate ID: 18050646, recorded in File B, Insert 146 of the Register of Companies held by the Regional Court in Ostrava (hereinafter “TŽ” or the “Company”) and the controlling entity, and between TŽ and entities controlled by the same controlling entity has been prepared in line with Section 82 of Act No. 90/2012 Coll., on Business Companies and Cooperatives (hereinafter the “Act on Business Corporations”) for the 2023 reporting period (hereinafter the “reporting period”).

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

### A. CONTROLLING ENTITY

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

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

### B. ENTITIES CONTROLLED BY THE SAME CONTROLLING ENTITY

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

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

**M Steel Projects a.s.**, registered office: Průmyslová 1000, Staré Město, 739 61 Třinec, Corporate ID: 28602331

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

**Barrandov Studio a.s.**, registered office: Kříženeckého náměstí 322/5, Hlubočepy, 152 00 Prague 5, Corporate ID: 28172469

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

**Beskydská Golfová, a.s.**, registered office: no. 415, 739 61 Ropice; Corporate ID: 25352920

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

**MS – Slovensko s.r.o.**, registered office: Námestie Ľudovíta Štúra 2, Bratislava 811 02, Slovakia Corporate ID: 35900601

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

**MORAVIA STEEL IBÉRIA, S.A.**, registered office: Campo Grande, 35 – 9. A, P–1700 Lisbon, Portugal

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

**MORAVIA STEEL ITALIA s.r.l.**, registered office: Corso Sempione 39, 20145 Milano, Italy

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

**MORAVIA STEEL SLOVENIJA d.o.o.**, registered office: Valvazorjeva 14, 3000 Celje, Slovenia

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

**Moravia Steel Deutschland GmbH**, registered office: Cliev 19, 51515 Kürten-Herweg, Germany

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

**MORAVIA STEEL UK LIMITED**, registered office: 5 Bradwall Court, Bradwall Road, Sandbach, Cheshire, CW11 1 GE, UK

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

**MORAVIA STEEL ISRAEL Ltd.**, registered office: 23 Efal St., Petach Tikva 49 511, P.O.B. 3286, Israel

Relation: In the reporting period, the entity was controlled by MORAVIA STEEL a.s. until 3 June 2023. On 3 June 2023, the Israeli Ministry of Justice Corporations Authority, the Registrar of Companies Unit, decided to approve the liquidation of the company and change the status of the company to “liquidated”, with the effect of its termination as of 3 June 2023.

**“NEOMET” SPÓŁKA Z OGRANICZONĄ ODPOWIEDZIALNOŚCIĄ**, registered office: ul. Batalionów Chłopskich 2, 42–680 Tarnowskie Góry, Poland

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

**MORAVIA MINING PLC**, registered office: Addis Ababa, Bole 03, 5/001 – 405 A, Ethiopia

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

**Kovárna VIVA a.s.**, registered office: Vavrečkova 5333, 760 01 ZlínCorporate ID: 46978496

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

**MSV Metal Studénka, a.s.**, registered office: R. Tomáška 859, 742 13 Studénka,Corporate ID: 47675942

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

**M Steel Projects, s.r.o** registered office: Na Bráne 8665/4, Žilina 010 01, SlovakiaCorporate ID: 46685570

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

**AHP HYDRAULIKA, a.s.**, registered office: Vojtecha Tvrdého 793/21, Žilina 010 01, Slovakia Corporate ID: 31563104

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

**MSPProjects International s.r.o.**, registered office at nám. Svobody 526, Lyžbice, 739 61 Třinec Corporate ID: 03587649

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

**Barrandov Productions s.r.o.**, registered office: Kříženeckého náměstí 322/5, Hlubočepy, 152 00 Prague 5 Corporate ID: 25621025

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

**FILMOVÁ NADACE**, registered office: Kříženeckého náměstí 322/5, Hlubočepy, 152 00 Prague 5 Corporate ID: 27437213

Relation: The sole founder of the entity is Barrandov Studio a.s. which was controlled by MORAVIA STEEL a.s. in the reporting period.

**Moravia Steel Nepremičnine d.o.o.**, registered office: Ljubljanska cesta 3A, 3000 Celje, Slovenia

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

**ALPER a.s.**, registered office: Vrahovická 4530, 796 01 Prostějov, Corporate ID: 27126226

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

**MSV Servis s.r.o., "v likvidaci"**, registered office: R. Tomáška 859, 742 13 Studénka, Corporate ID: 28607767

Relation: In the reporting period, the entity was controlled by MORAVIA STEEL a.s. until 11 July 2023. After the liquidation was completed, the company was removed from the Register of Companies on 11 July 2023, and on the same day, it ceased to exist.

**KUŹNIA OSTRÓW WIELKOPOLSKI SPÓŁKA Z OGRANICZONĄ ODPOWIEDZIALNOŚCIĄ**, registered office: Wrocławska 93, 63–400, Ostrów Wielkopolski, Poland

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

**B.A. Zlín, s.r.o.**, registered office: Vavrečkova 5333, 760 01 Zlín, Corporate ID: 26301687

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

### C. ENTITIES CONTROLLED BY TŽ

**ENERGETIKA TŘINEC, a.s.**, registered office: Průmyslová 1024, Staré Město, 739 61 Třinec, Corporate ID: 47675896

Relation: In the reporting period, the entity was controlled by TŽ.

**Slévárny Třinec, a.s.**, registered office: Průmyslová 1001, Staré Město, 739 61 Třinec, Corporate ID: 25830716

Relation: In the reporting period, the entity was controlled by TŽ.

**Třinecké gastroslužby, s.r.o.**, registered office: Průmyslová 1035, Staré Město, 739 61 Třinec, Corporate ID: 25838148

Relation: In the reporting period, the entity was controlled by TŽ.

**Doprava TŽ, a.s.**, registered office: Třinec-Staré Město, Průmyslová 1008, PSČ 73965, Corporate ID: 25398083

Relation: In the reporting period, the entity was controlled by TŽ until 1 June 2023, when it ceased to exist by removal from the Register of Companies without liquidation due to a merger by amalgamation with TŘINECKÉ ŽELEZÁRNY, a. s., as the successor company.

**TRIALFA, s.r.o.**, registered office: Třinec - Kanada, ul. Míru 272, PSČ 73965, Corporate ID: 25839888

Relation: In the reporting period, the entity was controlled by TŽ.

**Řetězárna a.s.**, registered office: Polská 48, 790 81 Česká Ves, Corporate ID: 47672081

Relation: In the reporting period, the entity was controlled by TŽ.

**Reťaze Slovakia, s.r.o.**, registered office: Nádražná 30, Skalica 909 01, Slovakia, Corporate ID: 34143483

Relation: In the reporting period, the entity was controlled by TŽ.

**JuBo Jeseník s. r. o.**, registered office: U Jatek 600/2, 790 01 Jeseník, Corporate ID: 48391514

Relation: In the reporting period, the entity was controlled by TŽ.

**Řetězárna servis s.r.o.** registered office: U Jatek 600/2, 790 01 Jeseník, Corporate ID: 05644267

Relation: In the reporting period, the entity was controlled by TŽ.

**TRISIA, a.s.**, registered office: nám. Svobody 526, Lyžbice, 739 61 Třinec, Corporate ID: 64610152

Relation: In the reporting period, the entity was controlled by TŽ.

**REFRASIL, s.r.o.**, registered office: Průmyslová 720, Kanská, 739 61 Třinec, Corporate ID: 48395862

Relation: In the reporting period, the entity was controlled by TŽ.

**VÚHŽ a.s.**, registered office: no. 240, 739 51 Dobrá, Corporate ID: 27768953

Relation: In the reporting period, the entity was controlled by TŽ.

**Šroubárna Kyjov, spol. s r.o.**, registered office: Jiráskova 987/50, 697 01 Kyjov, Corporate ID: 42293588

Relation: In the reporting period, the entity was controlled by TŽ.

**Moravia Security, a.s.**, registered office: Průmyslová 725, Kanská, 739 61 Třinec, Corporate ID: 27835481

Relation: In the reporting period, the entity was controlled by TŽ.

**Security Morava, s.r.o.**, registered office: Jiráskova 987, 697 01 Kyjov, Corporate ID: 28346262

Relation: In the reporting period, the entity was controlled by TŽ.

**Strojírny a stavby Třinec, a.s.**, registered office: Průmyslová 1038, Staré Město, 739 61 Třinec, Corporate ID: 47674539

Relation: In the reporting period, the entity was controlled by TŽ.

**“METALURGIA” SPÓŁKA AKCYJNA**, registered office: Świętej Rozalii 10/12, 97–500 Radomsko, Poland

Relation: In the reporting period, the entity was controlled by TŽ.

**“ZAMECZEK BŁOGOCICE” SPÓŁKA Z OGRANICZONĄ ODPOWIEDZIALNOŚCIĄ**, Registered office: ul. Stefana Żeromskiego 1, 43–400 Cieszyn, Poland

Relation: In the reporting period, the entity was controlled by TŽ.

**“D&D” Drótáru Ipari és Kereskedelmi Zártkörűen Működő Részvénytársaság**, registered office: 3527 Miskolc, Sajószigeti utca 4., Hungary

Relation: In the reporting period, the entity was controlled by TŽ.

**TŘINECKÁ PROJEKCE, a.s.**, registered office: Míru 274, Kanada, 739 61 Třinec, Corporate ID: 47677741

Relation: In the reporting period, the entity was controlled by TŽ.

**ŽDB DRÁTOVNA a.s.**, registered office: Jeremenkova 66, Pudlov, 735 51 Bohumín, Corporate ID: 29400066

Relation: In the reporting period, the entity was controlled by TŽ.

**HŽP a.s.**, registered office: Dolní 3137/100, 796 01 Prostějov, Corporate ID: 269 55 342

Relation: In the reporting period the entity was controlled by TŽ.

**SV servisní, s.r.o.**, registered office: Dolní 3137/100, 796 01 Prostějov, Corporate ID: 607 25 974

Relation: In the reporting period the entity was controlled by TŽ.

**IMOPRA s.r.o.**, registered office: U Dvora 217, 687 51 Nivnice, Corporate ID: 262 77 697

Relation: In the reporting period the entity was controlled by TŽ.

**BOHEMIA RINGS s.r.o.**, registered office: no. 10, 565 43 Zámorsk, Corporate ID: 496 85 643

Relation: In the reporting period the entity was controlled by TŽ.

**ELEKTROSTROJÍRENSTVÍ TŘINEC, a.s.**, registered office: Průmyslová 1038, Staré Město, 739 61 Třinec Corporate ID: 087 30 377

Relation: In the reporting period the entity was controlled by TŽ.

**ENEZA, s.r.o.**, registered office: Průmyslová 1021, Staré Město, 739 61 Třinec Corporate ID: 25855344

Relation: In the reporting period, the entity was controlled by TŽ.

The registered office addresses disclosed in Chapter I have been outlined in accordance with the status as of 31 December 2023.



## II. ROLE OF TŽ AND THE METHOD AND MEANS OF CONTROL

In line with Chapter I, TŽ's role in the structure of transactions with its related parties involves acting as a manufacturing company, the principal business activities of which comprise the production of metallurgical products.

TŽ is directly controlled by MORAVIA STEEL a.s. (hereinafter also "MS"). In the reporting period, MS was the controlling entity of TŽ and its sole shareholder with a 100% equity investment and 100% of TŽ's voting rights. MS exercised controlling influence over TŽ in its role as the sole shareholder acting in the capacity of the General Meeting of TŽ.

TŽ acts as a controlling entity in relation to a part of a business group which primarily includes other manufacturing companies. TŽ exercised controlling influence over these entities that are directly controlled by TŽ in its role as the majority shareholder under the provisions of Sections 73 and 74 (3) of the Act on Business Corporations, in that it used its shareholding in the voting rights of the controlled entities at their General Meetings, or that it exercised its role as the sole owner or the sole shareholder acting in the capacity as the General Meeting of the relevant controlled entities.

## III. LIST OF ACTS AND CONTRACTS

### **A. List of acts and mutual contracts between TŽ and the controlling entity and between TŽ and entities controlled by the same controlling entity:**

- a) In the reporting period, TŽ recorded no acts at the initiative or in the interest of the controlling entity or entities controlled by the controlling entity that would relate to assets exceeding 10% of the equity of TŽ identified according to the financial statements for the year ended 31 December 2022 in accordance with Section 82 (2) d) of the Act on Business Corporations.
- b) The list of mutual contracts for the reporting period between TŽ and the controlling entity and between TŽ and entities controlled by the same controlling entity in accordance with Section 82 (2) e) of the Act on Business Corporations, except for entities controlled by TŽ under Section C Chap. I., is listed below in Sections B. through J. of this Chapter, i.e. a list of such contracts between TŽ and
  - MS is given in part B.;
  - Beskydská golfová, a.s., in part C;
  - Moravskoslezský kovošrot, a.s., in part D;
  - M Steel Projects a.s. in part E.;

- “NEOMET” SPÓŁKA Z OGRANICZONĄ ODPOWIEDZIALNOŚCIĄ in part F;
  - Barrandov Studio a.s. in part G;
  - MSProjects International s.r.o. in part H;
  - Kovárna VIVA a.s. in part I; and
  - MSV Metal Studénka, a.s., in part J.
- c) Relations defined by Section 82 (2) d) and e) of the Act on Business Corporations that may have arisen in the reporting period between TŽ and entities controlled by TŽ according to part C. of Chapter I., are subject to the reports on related party transactions of these entities.
- d) This Report on Relations in sections B to J of this chapter also provides information on any relations with Doprava TŽ, a.s., which ceased to exist as a result of a merger by amalgamation into TŽ as the successor company, with the effective date of 1 January 2023 (hereinafter referred to as the “Merger by Amalgamation”).

## **B. LIST OF CONTRACTS BETWEEN TŽ AND MS**

### **B.1. Purchase and sale of metallurgical products, materials and raw materials**

In the reporting period, the business relations between TŽ and MS concerning the purchase and sale of metallurgical products, materials and raw materials were amended under:

- Master contract for the supply of metallurgical products of 21 December 2020; and
- Master contract for the supply of raw materials and input materials of 21 December 2020.

The individual performances are presented in the partial purchase contracts executed pursuant to the above contracts for a particular product, amount, shape and type, the agreed upon price and performance deadline.

The agreed upon prices respect the specific features of purchases and sales in the metallurgic industry and take into account the elimination of foreign exchange risks, the adjustment of payment conditions, and business risks.

### **B.2. Contracts the subject of which relates to the provision of products and/or services by TŽ in favour of MS**

1. Master contract for the supply of metallurgical products of 21 December 2020 and partial contracts of purchase under this Master contract – the sale of metallurgical products.

2. Licence contract for using the trademark “Three hammers in a circle” of 30 June 2002.
3. Service level agreement of 29 June 2018 – provision of security and asset guards, fire protection, filing office, documenting and archiving services, forwarding and customs clearance, IT services, pricing services, payroll and HR services, dispatching management, selected technical services, environmental protection and selected accounting services.
4. Lease contract of 9 March 2000 – lease of premises, movable assets and lease of parking places in the area of TŽ in Třinec.
5. Contracts for lease of non-residential premises of 23 January 1997 – lease of garage parking in the area of TŽ in Třinec.
6. Contract for lease of non-residential premises of 22 July 2002 – lease of non-residential premises and the parking place in the area of TŽ in Bohumín.
7. Lease contract of 1 January 2011 – lease of non-residential premises and movable assets in the area of TŽ in Ostrava – Vítkovice.
8. Contract for the placement of equipment of 1 April 2011 – placement of the technology equipment for the transfer of data within the telecommunications building in the area of TŽ in Třinec.
9. Contract for lease of non-residential premises of 20 December 2011 – lease of non-residential premises in a building located in Staré Město.
10. Accommodation contract of 28 April 2005 – accommodation in a building of TŽ in Prague 4 – Nusle, accommodation unit no. S4.
11. Framework accommodation contract of 20 August 2018 – accommodation of employees on business trips in a building of TŽ in Prague – Nusle.
12. Contract on the provision of telecommunication services of 31 December 1998.
13. Contract on Internet connection via the network of TŘINECKÉ ŽELEZÁRNY, a. s., of 20 July 1999.
14. Consignment agreement of 13 August 2007 on representing the committer in customs proceedings – customs proceedings services.
15. Consignment agreement of 3 January 2005 on representing the committer in customs proceedings – customs proceedings services.
16. Contract of 1 February 2023 – transport of employees in 2023.
17. Master Purchase Contract of 30 January 2008 and partial purchase contracts concluded under this framework contract – sale of goods from stock.
18. Master purchase contract of 17 June 2020 and partial purchase contracts concluded pursuant to this framework contract – sale of goods from inventory.
19. Contract on the provision of services of 11 August 2003 – services related to smart cards.
20. Assignment contract on representation in customs proceedings of 19 July 2017.
21. Contract on business cooperation in the supplies for the public tender “Rail supplies – R260 steel class for the 2023–2025 period” of 22 March 2023.
22. Contract on business cooperation in the supply for public tender “Supply of rails for maintenance works at RD Prague” of 31 March 2023.
23. Contract on business cooperation in the supplies for the public tender “Flat steel spliced bars 2021” for Správa železnic, státní organizace, of 1 April 2021.

24. Contract on business cooperation in the supplies for the public tender “Rail supplies – for tram and metro lines” for Dopravní podnik hl. m. Prahy, akciová společnost, of 16 March 2022.
25. Contract on business cooperation in the supply of broad-gauge rails for Železnice Slovenské republiky of 15 September 2022.
26. Contract on business cooperation in the supplies for the public tender of “Fine Rolled Rail 2022” of 7 November 2022.
27. Contract on business cooperation in the supply of fastening and fixing material for railway superstructure 2022 for Správa železnic, státní organizace, of 5 August 2022.
28. Contract on the supply of the Třinecký hutník weekly in 2023 of 7 December 2022.
29. Contract on securing transport for convalescence stays of 5 May 2023.
30. Contract on project counselling of 28 June 2019.
31. Contract on receipt of products of 9 February 2023.
32. Contract of 24 November 2022 – technical norms and related services.
33. Contract of 12 December 2022 – services related to the handling of the postal agenda.
34. Contract dated 15 May 2023 – tickets for the event “Hutnický den” (Metallurgy Day).
35. Contract of 25 May 2023 – services related to the delivery of products.
36. Contracts of 7 August 2023 and 16 August 2023 – ticket re-invoicing, re-invoicing of services related to business trips.
37. Contract dated 15 December 2016 – installation and configuration of telephone equipment.
38. Master Contract on the conditions of road freight transport of goods of 8 December 2021 – road freight transport of goods. As a result of the Merger by Amalgamation, the rights and obligations hereunder were transferred to the TŽ as of 1 June 2023.

### **B.3. Contracts the subject of which relates to the provision of products and/or services by MS in favour of TŽ**

1. Master contract on the supply of raw and input materials of 21 December 2020 and partial purchase contracts based on this master contract – purchase of raw materials and materials.
2. Master contract on the conditions of the freight transportation of goods of 8 August 2019 and partial contracts concluded based on this master contract – securing the transportation of goods and acts necessary for such transportation.
3. Contracts of mandate of 8 August 2019 – handling business affairs related to the purchase of work and services, technical and overhead material, spare parts, metallic waste and fuel.
4. Master purchase contract of 6 January 2014 and partial purchase contracts concluded in line with this master contract – supplies of advertising items.
5. Contract for the provision of invoicing services of 1 January 2017.
6. Framework agreement on conditions for the settlement of selected costs of 8 June 2018 and partial contracts based on this master contract.

7. Contract on the conditions of cooperation for the re-sale of packaging material of 4 September 2018.
8. Mandate contract of 16 June 2020 – purchase of fluidised lime.
9. Framework contract for the provision of services related to the organisation and realisation of the events “Královna ocel 2023”(Queen of Steel) and “Hutnický den 2023” (Metallurgy Day) of 11 May 2023.
10. Contract of 23 May 2023 – carburising agent, anthracite.
11. Contract of 31 May 2023 – graphite.
12. Contract of 20 July 2023 – re-invoicing of accommodation.
13. Contract of 18 January 2024 – re-invoicing (replacement purchase).
14. Contract of 1 August 2022 – freight transport. As a result of the Merger by Amalgamation, the rights and obligations hereunder were transferred to TŽ as of 1 June 2023.
15. Contract of 11 January 2023 – freight transport. As a result of the Merger by Amalgamation, the rights and obligations hereunder were transferred to TŽ as of 1 June 2023.
16. Contract of 16 March 2023 – freight transport. As a result of the Merger by Amalgamation, the rights and obligations hereunder were transferred to TŽ as of 1 June 2023.

#### B.4. Other Contracts

1. Agreement on the method of payment of trade payables dated 17 December 2008.
2. Agreement on publishing contracts pursuant to Act No. 340/2015 Coll., of 9 May 2017.
3. Agreement on mutual rights and obligations of VAT Group members of 3 January 2017.
4. Agreement on electronic approval and conclusion of contracts of 28 February 2018.
5. Approval of concluding contracts on electronic invoicing of 1 April 2019.

## C. LIST OF CONTRACTS BETWEEN TŽ AND BESKYDSKÁ GOLFOVÁ, A.S.

### C.1. Contracts the subject of which relates to the provision of products and/or services by TŽ in favour of Beskydská golfová, a.s.

1. Contract of 2 January 2023 – telephone exchange service for 2023.
2. Contract on the provision of services of 29 June 2018 – filing office, IT and HR services.
3. Contract on the provision of access to Internet services via the network of TŘINECKÉ ŽELEZÁRNY, a.s. of 31 July 2009.
4. Master purchase contract on the supply of goods from inventory of 27 October 2020 and partial purchase contracts based on this master contract.
5. Contract of 24 January 2023 – recipient's card for receiving postal items.

### C.2. Contracts the subject of which relates to the provision of products and/or services by Beskydská golfová, a.s. in favour of TŽ

1. Advertising contract for 2023 of 17 January 2023.
2. Lease contract of 31 May 2006 – lease of an apartment in the clubhouse located at the golf course Ropice.

### C.3. Other contracts

1. Memorandum of understanding of 27 March 2020.
2. Agreement on the electronic approval and conclusion of contracts of 28 February 2018.
3. Agreement on electronic invoicing of 20 March 2019.

## D. LIST OF CONTRACTS BETWEEN TŽ AND MORAVSKOSLEZSKÝ KOVOŠROT, A.S.

### D.1. Contracts the subject of which relates to the provision of products and/or services by TŽ in favour of Moravskoslezský kovošrot, a.s.

1. Lease contract of 10 June 2013 – lease of scrap yard and non-residential premises in a building in Třinec.
2. Master contract of 4 January 2010 and partial contracts concluded pursuant to this master contract – sale of waste.
3. Contracts on services related to the supply of scrap – verification of the chemical composition, transfer, weighing and placement of vehicles based on the master contract on the supplies of metal waste of 7 January 2015.
4. Contracts on services related to the supply of scrap – verification of the chemical composition, transfer, weighing and placement of vehicles based on the master contract on the supplies of metal waste of 2 January 2023.
5. Contract on the provision of access to Internet network services of 18 October 2018.
6. Service level agreement of 10 October 2018 – IT services.
7. Contract on waste acceptance, recovery or disposal of 4 January 2023 – steel chips.
8. Contract on waste acceptance, recovery or disposal of 4 January 2023 – scrap metal.

## **D.2. Contracts the subject of which relates to the provision of products and/or services by Moravskoslezský kovošrot, a.s. in favour of TŽ**

1. Master contract on the supplies of metal waste of 7 January 2015 and partial purchase contracts concluded pursuant to this master contract.
2. Master contract on the supplies of metal waste of 2 January 2023 and partial purchase contracts concluded pursuant to this master contract.
3. Contract of 29 November 2023 – scrap metal.

## **D.3. Other contracts**

1. Agreement on electronic invoicing of 29 April 2014 – invoices issued by Moravskoslezský kovošrot, a.s.
2. Agreement on electronic invoicing of 28 June 2021 – invoices issued by TŽ.

## **E. LIST OF CONTRACTS BETWEEN TŽ AND M STEEL PROJECTS A.S.**

### **E.1. Contracts the subject of which relates to the provision of products and/or services by TŽ in favour of M Steel Projects a.s.**

1. Lease contract of 1 October 2010 – lease of non-residential premises and movable assets in the area of TŽ in Třinec.
2. Contract on the provision of services of 29 June 2018 – filing office services, IT services, asset security and protection and road maintenance.
3. Mandate contract of 30 December 2009 – procurement of matters related to customs clearance.
4. Contract on the provision of access to internet services through the computer network of TŘINECKÉ ŽELEZÁRNY, a.s., of 15 March 2016.
5. Framework accommodation agreement of 25 July 2018.
6. Consignment agreement on representation in customs proceedings of 9 July 2021.

### **E.2. Other contracts**

1. Agreement on the electronic approval on conclusion of contracts of 28 February 2018.
2. Agreement on electronic invoicing of 11 May 2021.

## **F. LIST OF CONTRACTS BETWEEN TŽ AND “NEOMET” SPÓŁKA Z OGRANICZONĄ ODPOWIEDZIALNOŚCIĄ**

### **F.1. Contract the subject of which relates to the provision of products and/or services by TŽ in favour of “NEOMET” SPÓŁKA Z OGRANICZONĄ ODPOWIEDZIALNOŚCIĄ**

1. Contracts on services related to the supply of scrap – verification of the chemical composition, transfer, weighing and placement of vehicles based on the master contract on the supplies of metal waste of 7 January 2015 and 20 January 2023.

## **F.2. Contract the subject of which relates to the provision of products and/or services by “NEOMET” SPÓŁKA Z OGRANICZONĄ ODPOWIEDZIALNOŚCIĄ in favour of TŽ**

1. Master contract on the conditions of supplies of scrap waste dated 7 January 2015 and other partial contracts concluded pursuant to this master contract.
2. Master contract on the conditions of supplies of scrap waste dated 20 January 2023 and other partial contracts concluded pursuant to this master contract.

## **F.3. Other contracts**

1. Agreement on electronic invoicing of 17 June 2014.
2. Agreement on electronic invoicing of 21 July 2023.

## **G. LIST OF CONTRACTS BETWEEN TŽ AND BARRANDOV STUDIO A.S.**

### **G.1. Contract the subject of which relates to the provision of products and/or services by TŽ in favour of Barrandov Studio a.s.**

1. Contract on the provision of services of 29 June 2018 – IT services.

## **H. LIST OF CONTRACTS BETWEEN TŽ AND MSPROJECTS INTERNATIONAL S.R.O.**

### **H.1. Contracts the subject of which relates to the provision of products and/or services by TŽ in favour of MSProjects International s.r.o.**

1. Contract on the provision of services of 29 June 2018 – filing office services.

### **H.2. Other contracts**

1. Agreement on the electronic approval on conclusion of contracts of 28 February 2018.
2. Agreement on electronic invoicing of 11 May 2021.



## I. LIST OF CONTRACTS BETWEEN TŽ AND KOVÁRNA VIVA A.S.

### I.1. Contracts the subject of which relates to the provision of products and/or services by TŽ in favour of Kovárna VIVA a.s.

1. Contract on the provision of access to the Internet network services of 23 July 2018.
2. Service level agreement of 1 October 2018 – IT services.
3. Contracts of 4 March 2022 – diagnostic measurement.
4. Contract on the provision of software of 23 December 2019.
5. Contract of 27 April 2023 – material processing.
6. Contract of 26 June 2023 – diagnostic measurement for 2023.

### I.2. Other contracts

1. Agreement on electronic invoicing of 8 February 2023.

## J. LIST OF CONTRACTS BETWEEN TŽ AND MSV METAL STUDÉNKA, A.S.

### J1. Contracts the subject of which relates to the provision of products and/or services by TŽ in favour of MSV Metal Studénka, a.s.

1. Contract of 26 January 2023 – monitoring of employees on sick leave.

### J2. Contract for which the provision of goods and/or services by MSV Metal Studénka, a.s. for the benefit of TŽ Company is decisive

1. Contract of 4 January 2023 – scrap metal.
2. Contract of 11 January 2023 – loco-block.
3. Contract of 30 January 2023 – scrap metal.
4. Contract of 28 February 2023 – scrap metal.
5. Contract of 22 March 2023 – rubber loco-block.
6. Contract of 30 March 2023 – scrap metal.
7. Contract of 27 April 2023 – scrap metal.
8. Contract of 31 May 2023 – scrap metal.
9. Contract of 30 June 2023 – scrap metal.
10. Contract of 2 August 2023 – scrap metal.
11. Contract of 31 August 2023 – scrap metal.
12. Contract of 27 September 2023 – scrap metal.
13. Contract of 30 October 2023 – scrap metal.
14. Contract of 30 November 2023 – scrap metal

## IV. ASSESSMENT OF RELATIONS

This Related Party Transactions Report lists all significant facts that are requirements of the Related Party Transactions Report, covering the relations between TŽ and the entity that controls it, and between TŽ and entities controlled by the same controlling entity in accordance with Section 82 of the Act on Business Corporations.

Performances and counter-performances received and provided by TŽ on the basis of contracts listed in parts B. through J. of Part III. were provided under standard business conditions.

The prices agreed between TŽ and the controlling entity and between TŽ and entities controlled by the same controlling entity do not differ from prices that would be agreed by independent entities; the transactions between TŽ and the controlling entity and between TŽ and entities controlled by the same controlling entity are conducted under the arm's length principle.

TŽ considers the relations with the controlling entity and entities controlled by the same controlling entity as beneficial and TŽ faces no other risks than standard market risks arising from business in relevant sectors due to these relations.

TŽ incurred no detriment from relations with the controlling entity and entities controlled by the same controlling entity in the reporting period.

In Třinec on 20 February 2024



**Roman Heide**

**Chairman of the Board of Directors**

TŘINECKÉ ŽELEZÁRNY, a. s.



**Ing. Radomíra Pekárková**

**Member of the Board of Directors**

TŘINECKÉ ŽELEZÁRNY, a. s.