

2021

C O M P A N Y R E P O R T

 *Ferona*

Contents



01

Introductory Word by
the Chairman of the
Supervisory Board

page 3

02

Introductory Word of
the Chairman of the
Board of Directors

page 6

03

Company
Identification

page 10

04

Basic
Characteristics
of the Company

page 11

05

Board of Directors,
Supervisory Board
and Directors

page 14

06

Key Feron
Indicators for
Past Three Years

page 16

07

Business Activities
Feron, a.s.

page 18

08

Investment Activities
Feron, a.s.

page 21

09

Significant
Projects

page 23

10

Feron, a.s.
Staff

page 26

11

Comments on the
Profit and Loss
Statement

page 28

12

Comment
on the Balance
Sheet

page 31

13

Financial
Standing of
the Company

page 36

14

Incorporation
of the Company
to the Consolidation
Group

page 37

15

Results of
the Consolidation
Group

page 40

16

Events After the
Balance Sheet Date,
Key Objectives,
Other Data and
Outlook for 2022

page 42

17

Independent
Auditor's Report
on the Audit of the
Company's
Non-Consolidated
Financial Statements

page 46

18

Financial
Statements

page 50



01

Introductory Word by the Chairman of the Supervisory Board



DEAR LADIES AND GENTLEMEN, BUSINESS PARTNERS AND FRIENDS

Uncertainty is a word that we are becoming increasingly familiar with not only in Europe but on the worldwide stage as well.

Last year was a period of many extremes and oscillations. Covid has obviously played its part but hopefully we have managed to overcome that scenario and we should be able to move forward trying to recapture the levels of employment and relative prosperity of the previous period.

As already mentioned, in the foreseeable future, we expect a reasonably firm recovery supported by increase in demand as well as it being influenced by governments recovery initiatives. With all this said it is reasonable to assume that Covid-19 infections should stabilise and that a steady return to normality of pre-pandemic levels of steel demand may take a few years.

After a relatively steady but increasing start the year 2021 has shown accelerated consumption of steel. Steel consumption, after rebound (14%) in 2021, is set to grow much more moderately in 2022 (3.2%).

Recovery was expected to continue but at a moderate rate and subject to considerable uncertainty, including the ongoing energy crisis, until the end of 2022, but the latest sequence of events makes the outlook somewhat gloomier.

Ongoing supply chain disruptions, skyrocketing energy and carbon prices as well as persisting inflation are putting the recovery of steel distribution sector at risk.

Combined with the current EU estimate and energy policies, these are the ingredients of dangerous cocktail that may drive Europe into possible structural crisis.

Global supply chain issues and soaring energy prices are projected to seriously impact demand from all steel using sectors at least until and beyond of the end of 2022. The current situation jeopardises the recovery and casts a substantial uncertainty on the overall steel distribution sector, probably until 2023.

While in the last 12 months we have experienced upper trends of relative stability, in the first part of 2021 we actually had a major decline in automotive production. Chip shortage has been a major factor in decline of automotive production.

While we consider all those aspects of variations, our current outlook of the market is very cautious and we at Ferona are well positioned, thanks to our inner financial ethos as well as our strong management team with

their strategic and resolute vision being their strength. This then enables them to deal with any future market fluctuations in order to satisfy our customers' needs and demands as well as to provide long term security for our employees.

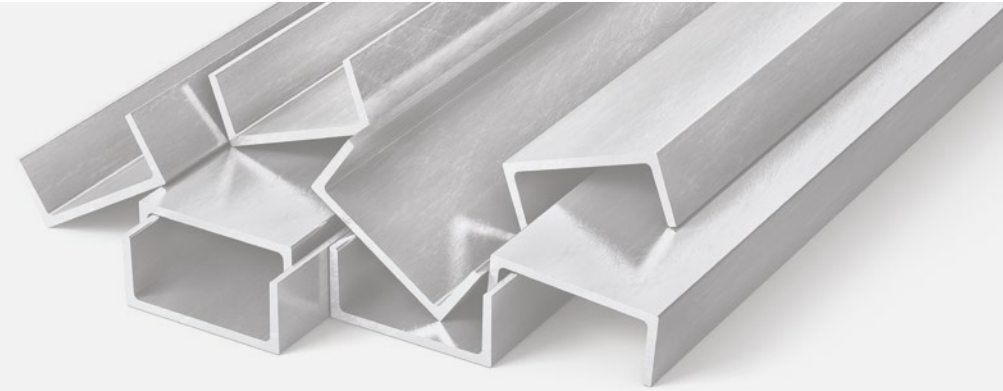
I would like to use this opportunity to express my most sincere thanks to all our customers, business partners as well as financial institutions for their loyal, continued and unwavering support.

May I wish you and your families a prosperous, peaceful, healthy and happy remainder of 2022.



Robert Kay
Chairman, Supervisory Board





**DEAR LADIES AND GENTLEMEN,
DEAR TRADING PARTNERS,**

allow me to say a few words about the past year. Regrettably, 2021 was marked by the continuation of the pandemic of the Covid-19 disease. New waves of the epidemic emerged, regions and districts were subjected to lockdowns, there was the threat of overcrowded hospitals, and the government considered a nationwide shutdown of industrial sectors. Fortunately, the situation somewhat stabilized itself in the summer thanks to vaccination, but a new variant, Omicron, appeared in the fall.

The situation was developing in a similarly chaotic fashion in all economic sectors. Owing to a collapse of

02

Introductory Word of the Chairman of the Board of Directors

supply chains and logistical flows, an acute shortage of nearly all materials occurred in the spring. The absent commodities included iron, steel, nonferrous metals, plastic, glass, and timber. In addition, energy prices skyrocketed, including electricity, crude oil, and natural gas. Furthermore, disruptions emerged in the inbound supply of computer chips for the automotive industry, the backbone of the Czech economy.

In such difficult times, Feronia undertook the task of securing at least a minimum quantity of supplies for our regular customers to prevent them from restricting production and cancelling already agreed contracts and projects. Fulfilling this task was extremely difficult because of steel shortages not only in the Czech Republic and Europe, but on the global scale as well. The entire world was affected. In the end, we succeeded in meeting set targets thanks to the hard work and maximum effort on the part of our employees. Feronia underscored its reputation as a steadfast trading partner that can be relied on under all circumstances.

OUTLOOK

The year 2022 will be once again exceptionally demanding, as the return to stability will be slow and protracted. The Feronia Group, however, is ready to face new challenges. Our business has solid foundations, we have teams of top experts, professionally defined processes, strong financial backing, and we have launched massive investments into innovation, modernization, and digitization with the aim of improving the quality of our services and value added provided to customers.

Last year saw a comprehensive upgrade of our cutting facility in Ostrava, which will serve customers not only from the Czech Republic, but Poland and Slovakia as well. The facility relies on stretcher leveling, a state-of-the-art technology possessed by only a handful of companies in Europe, which will significantly improve the quality of flat products in the future.

As regards digitization, our priority is implementing a new ERP system, specifically Microsoft 365 Dynamics Finance and Operations. The solution will allow Feron a to prepare for the needs of Industry 4.0, the all-inclusive digitization of nearly all business processes, ranging from procurement, logistics, sales, warehouse management, and Feron a's communication with customers and suppliers. The result will be improved speed, quality, and reliability of supply operations. Staying abreast of the competition in this area is essential for future prosperity. The Feron a Group aspires to be the Central European leader in material engineering and distribution of metallurgy products, but also, and more importantly, in digitization.

Last year, we launched the Internet portal Feron a ONLINE, an e-shop that proved highly beneficial during the lockdown. The shop is currently being deployed on the Polish and Slovak markets.

Additional investments will be made into training and the personal development of our employees. Their

expertise, experience, and know-how in regard to materials, technologies, production processes, their skills and abilities, and their readiness to serve customers are our most valuable capital and the greatest competitive advantage. Personally, I consider these investments the number one priority in all areas of our business.

Our motto is „Feron a, the Iron Certainty“. Today, that holds true more than ever. The motto not only symbolizes our business, but it also embodies our lasting commitment to being a reliable, stable, and trusted partner to our customers under all conditions and circumstances.

As every year, I want to conclude by wishing you not only much success, but also iron health and nerves of steel.



Jan Moravec

CEO and Chairman of the Board of Directors

Environment and LEED

In its business, Feronia behaves responsibly towards the environment and considers it important to buy primarily from suppliers who successfully reduce the negative effects on the environment.

Another goal is to reduce the consumption of natural resources and waste production. Environmental protection activities concern, for example, the reduction of emissions connected with the transport of goods to customers. A number of our customers - large construction companies - also participate in the construction of "green buildings" under various levels of LEED certification, assessing buildings in terms of their overall impact on the environment.



| | |
|-----------------------|---|
| Business name | Ferona, a.s. |
| Identification number | 26 44 01 81 |
| Registered office | Havlíčkova čp. 1043/11, 111 82 Praha 1 |
| Date of establishment | 21st March 2001 |
| Website | www.ferona.cz |
| Registered capital | CZK 3,000,000,000 |

The Company is registered in the Commercial Register maintained by the Municipal Court in Prague, Part B, Entry 7143. Originally, the Company was established as Rekulus, a.s., by a group of majority shareholders of then Ferona, a.s. (Company ID 25 79 20 75), acting in concert. As of the relevant date, 1 April 2001, the Company, acting in the capacity of the main shareholder pursuant to Section 220p of the Commercial Code, took over Ferona, a.s. (Company ID 25 79 20 75), under a take-over agreement approved by the General Meetings of both companies on 27 June 2001. The registration of the take-over into the Commercial Register entered into legal force and effect on 29 August 2001. Under the Merger Agreement, the Company, being the successor company, assumed the capital of STEEL INVESTMENTS GROUP, a.s., the ceasing parent company, as of the relevant date, 1st January 2005.

03

Company Identification



04

Basic Characteristics of the Company

CURRENTLY, FERONA BUILDS UPON THE ACTIVITIES OF ITS LEGAL PREDECESSORS INVOLVED IN DISTRIBUTION OF METALLURGICAL PRODUCTS, WITHIN THE TEMPORAL CONTEXT OF THE HISTORY OF THEN CZECHOSLOVAKIA AFTER 1945 UNDER VARIOUS NAMES AND IN VARIOUS ORGANISATIONAL FORMS. IT IS, THEREFORE, BUILDING UPON ENTREPRENEURSHIP TRADITION STRETCHING BACK TO 1829 ON THE TERRITORY OF THE CZECH REPUBLIC.

As a joint-stock company, Feronia was formed in 1992 upon transformation of the state-owned enterprise of the same

name. Within the privatisation process, from 1992 to 1994, its ownership passed from the hands of the state fully into private hands. In 2001, the majority shareholder took over the capital of Feron, a.s. and continued in its business activities. In 2004, STEEL INVESTMENTS GROUP, a.s., became the owner of the Company; it ceased to exist on the relevant date, 1 January 2005, upon merger with Feron, a.s. and IRG Steel Limited, London, owner of STEEL INVESTMENTS GROUP, a.s., the ceasing company, became the entity controlling Feron, a.s. Since 2017, the company IRG Steel Limited is owned by IRG Asset Management, ltd., Nicosia.

The core **object of the Company's business** is warehouse wholesale, specialised in purchasing, storing, modification and sale of metallurgical products, secondary metallurgical products, non-ferrous metals and associated iron and steel product portfolio. Feron's business activities focus mainly on the domestic market. The group of customers includes, predominantly, thousands of chiefly medium and small industrial, construction, agricultural and commercial

companies and traders, for which it is not efficient to purchase directly from the producers. In its sales units – wholesale warehouses as well as retail outlets – Feron is able to attend to the widest spectrum of customers, ranging from large industrial companies to small clients.

The joint-stock company Feron, a.s. is **organizationally divided** into nine territorially defined branches, Steel service centres for transverse and longitudinal division of cold and hot rolled steel coils and production of welded pipes and profiles and the company's headquarters.

Customers are invited to contact any of the above locations with their queries or purchase orders.

EKO-KOM

Ferona is actively involved in one of the largest environmental projects in the Czech Republic, the EKO-KOM packaging waste sorting and recycling system. Through its participation in the system of joint fulfilment of obligations of take-back and utilisation of packaging waste, it contributes to the improvement of the environment and the reduction of the "carbon footprint".

We made a contribution
to ensure the take-back
and recycling of

2,926
tons of waste

This amount
of waste filled

1,256
collection
cars

05

Board of Directors, Supervisory Board and Directors



BOARD OF DIRECTORS

Jan Moravec

Chairman of the Board, born in 1974, graduated from the Czech Technical University, member of the statutory body since 2012

Tomáš Balko

born in 1976, graduated from the UKF in Nitra, member of the statutory body since 2013

Milan Rada

born in 1963, graduated from the University of Economics, member of the statutory body since 1 January 2005

Miroslav Vaníček

Vice-Chairman of the Board, born in 1961, graduated from the University of Economics, member of the statutory body since 2005

SUPERVISORY BOARD

Robert Bohuslav Kay

Chairman of the Supervisory Board, born in 1949, membership in the Supervisory Board since 2005

Jiří Hypš

Vice-Chairman of the Supervisory Board, born in 1943, graduated from the University of Agriculture – Operations and Management Faculty, Member of the Supervisory Board since 2005

Zdeněk Baumruk

Member of the Supervisory Board, born in 1967, graduated from the University of Economics, Company employee since 1990, Member of the Supervisory Board since 2019

TOP MANAGEMENT OF THE COMPANY

Jan Moravec

CEO, born in 1974, graduated from the Czech Technical University, employed with the Company since 2011

Pavel Horák

Logistics Director, born in 1962, graduated from the Czech Technical University, employed with the Company since 1986

Tomáš Balko

Commercial Director, born in 1976, graduated from the UKF in Nitra, employed with the Company since 2013, with Feron Slovakia since 2005

Tomáš Krejčí

Purchasing Director, born in 1968, graduated from the University of Economics, employed with the Company since 2007

Miroslav Vaníček

Financial Director, born in 1961, graduated from the University of Economics, employed with the Company since 1985

Ivo Juříčka

Director, born in 1963, graduated from the Faculty of Metallurgy and Material Engineering of the VSB TU, employed with the Company since 2003

Milan Rada

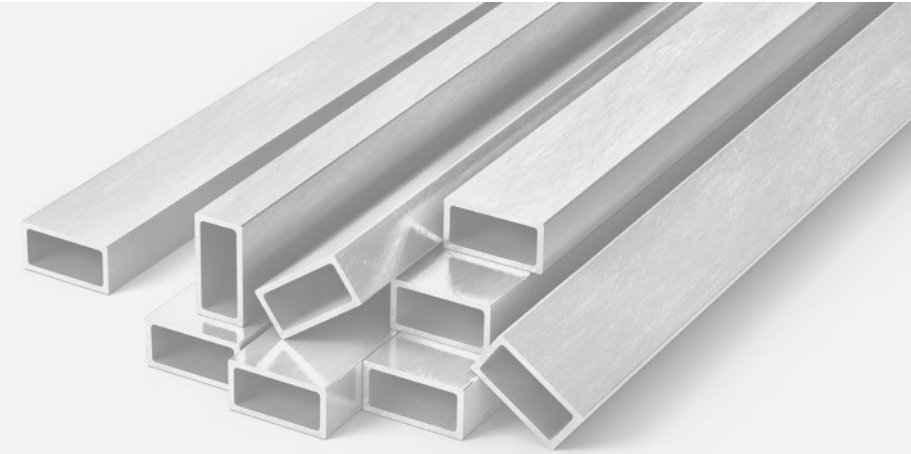
IT and HR Director, born in 1963, graduated from the University of Economics, employed with the Company since 1992

The Company's Board of Directors, Supervisory Board and directors are indicated as applicable as of 31 December 2021.



06

Key Feronia Indicators for Past Three Years



The Company follows fully upon the activities of its legal predecessor that was established as a joint-stock company in 1992.

| | 2019 | 2020 | 2021 |
|---|--------|-------|--------|
| Tangible products sold (thousand tons) | 674 | 592 | 604 |
| Revenues from products sold (CZK million) | 11,987 | 9,795 | 15,357 |
| Profit and/or loss (CZK million) | 112 | 81 | 1,356 |
| Inventories (CZK million) | 2,285 | 2,241 | 4,344 |
| Short term receivables (CZK million) | 1,412 | 1,398 | 1,684 |
| Short term payables excl. financial (CZK million) | 997 | 1,452 | 2,367 |
| Bank loans (CZK million) | 1,500 | 700 | 870 |
| Number of employees (individuals) | 887 | 834 | 801 |



Our Share in the Recycling System

Our share of the total reduction in greenhouse gas emissions is 585 tons of CO₂ (eq.), saving 13,884 GJ of energy. This corresponds to CO₂ emissions produced by 275 D-segment passenger cars per year of operation.

Ferona ensured the operation and maintenance of

11
containers

By providing the containers we made recycling possible for

198
inhabitants

07

Business Activities Feron, a.s.



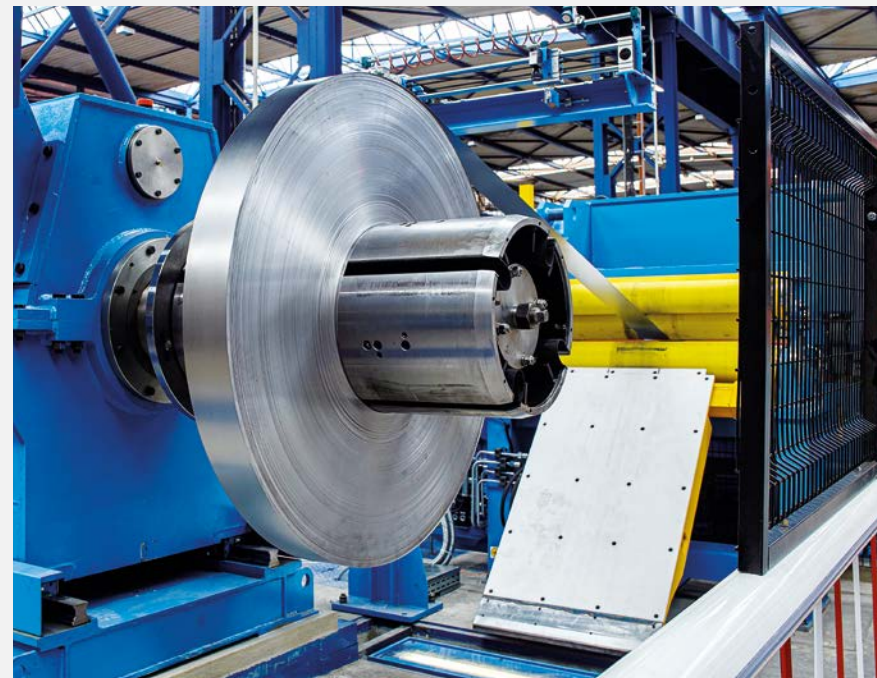
FERONA RANKS AMONG THE LEADING COMPANIES IN INVENTORY SALE OF METALLURGICAL PRODUCTS, SECONDARY METALLURGICAL PRODUCTS, NON-FERROUS METALS AND ASSOCIATED IRONMONGERS' PRODUCT PORTFOLIO IN THE CZECH REPUBLIC. ITS MARKET SHARES VARY BY INDIVIDUAL PRODUCTS BUT, ON AVERAGE, THEY RANGE, IN THE LONG RUN, AROUND 15 TO 20 % OF DELIVERIES FOR DOMESTIC CONSUMPTION.

The company sold 604,293 tons of goods to its customers, which is an increase of 12,596 tons compared to 2020 as well as drop of 68,760 tons compared to 2019.

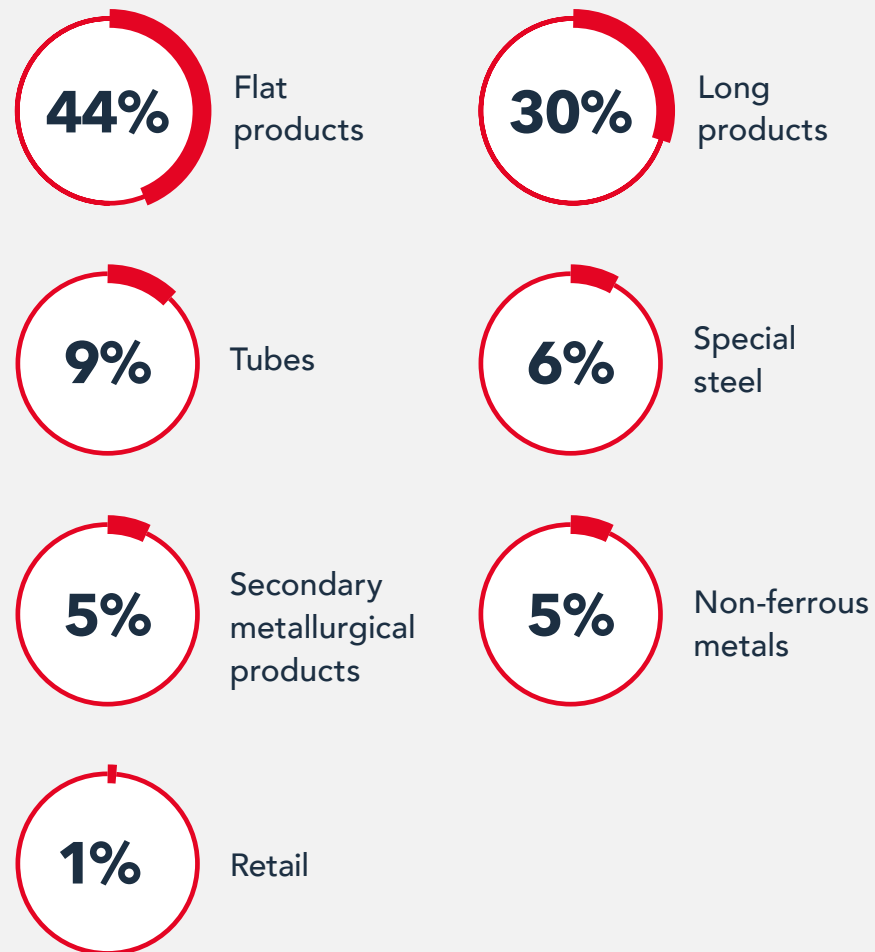
Revenues from the sale of goods reached CZK 15,357,225 thousand, which represents an increase of CZK 5,562,026 thousand, compared to 2020. Compared to 2019, the revenues are higher by CZK 3,369,761. The changes in values are due to the increase in the price level of the commodities sold as a result of the market situation and partly also to changes in the structure of the commodities sold.

The year 2021, like the previous year, was marked by a pandemic situation that complicated distribution flows in the global economy and caused shortages of various components for production, thereby increasing the volatility of price levels in various commodities. The possible shortage of metallurgical products expected during the first half of the year triggered a sharp rise in the price level of the products sold by us and allowed us to realize above-average trading margins on the stocked range. The company was thus able to leverage its size in stocked volumes while facing a shortage of inventory in the market. This situation peaked during the summer and

during September and October there was a significant correction in the price levels of the commodities sold. By the end of the year, the situation in the metals market then gradually began to stabilise. Thus, a controlled trading policy, balanced inventories, the use of cutting service centres, service support, and a strict credit policy contributed to the company's highest ever profit.



Following **structure of sales** by product groups in 2021:



The Company buys products it sells on a stable basis both from domestic producers, the leading suppliers being ArcelorMittal (Liberty) Ostrava, Moravia Steel, Valsabbia, ESAB, and from foreign companies, predominantly in Slovakia (U.S. Steel Košice, Železárny Podbrezová), Poland (Mittal Poland, Celsa), Germany (Ekostahl, Stahlwerk Thuringen, etc.) as well as in other countries (Duferco, Buntmetall, Marcegaglia, Beltrame, Pittini etc.). There is a constant adjustment of the portfolio of suppliers to the specific market conditions. Adjustment of commercial policy to Feron group's interests plays a major role in changing these conditions.



08

Investment Activity Feron, a.s.



INVESTMENT ACTIVITY IN TANGIBLE AND INTANGIBLE ASSETS IN 2021 FOCUSED ON BOTH RENEWAL AND DEVELOPMENT INVESTMENTS.

Tangible and intangible fixed assets were acquired in the amount of CZK 148,601 thousand. Of this, CZK 62,738 thousand were invested into the cutting facilities, and CZK 20,290 thousand were investments in machinery and equipment (mainly crane and handling equipment). The renewal of transport equipment accounted for CZK 16,482 thousand. Investments in buildings amounted to CZK 7,812 thousand and CZK 2,420 thousand in land. CZK 4,867 thousand was spent on the purchase of intangible assets and CZK 3,256 thousand for IT equipment. Advances made for the acquisition of assets amounted to CZK 30,736 thousand (cutting line).

Power Consumption

Based on legislative obligations, Feronia has prepared an energy audit (using a certified energy auditor) for all its premises, including the company's registered office.

In 10 years, Feronia has reduced its annual energy consumption by about 15%, i.e. by

7,000 GJ



09

Significant Projects



A FIRESTA-Fišer, building, reconstruction

Provision of sheets from 14 to 40 mm thickness, various formats in S355J2+N grade. The sheets were used for example for the construction of the bridge on the line Havlíčkův Brod – Pardubice or the reconstruction of the Pasohlávky road bridge.

Brno



DT Mostárna

DT Mostárna is dedicated to the production, distribution and assembly of steel structures of bridges, building structures, halls, technological structures and other atypical welded steel. Feron supplies the company with material in the form of quarto plates.

Olomouc



KRAJICZECH

The company manufactures customized solar panels, including structures. Feron supplies the company with metallurgical material, primarily steel and to a lesser extent aluminium sheet.

Olomouc



Alfa 3 Luže

Manufacturer of metal furniture (wardrobes, workshop furniture). Currently also a major manufacturer of terminalless parcel delivery boxes and self-service exterior box delivery systems (AlzaBoxes).

Hradec Králové



SOR Libchavy

SOR Libchavy is a major Czech manufacturer and seller of electric buses and coaches for urban, intercity and tourist transport with more than 25 years of experience.

Hradec Králové



Družstevní závody Dražice

Manufacturer of water heaters (boilers), storage tanks, heating elements. Feroná provides flat products and pipes for the company.

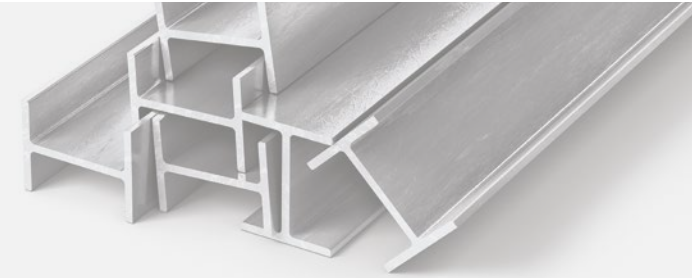
Praha



2VV Pardubice

Manufacturer focusing on air curtains, hot air heating units, heat recovery and ventilation units. Feroná's supplied material is galvanized sheet through SSC HK and small HM.

Hradec Králové



THE AVERAGE NUMBER OF EMPLOYEES AT THE END OF 2021 WAS 801, WHICH IS 33 FEWER THAN IN 2020 AND 86 FEWER THAN IN 2019. THE COMPANY CONTINUED TO STREAMLINE ALL OF ITS OPERATIONS IN 2021.

The average gross monthly wage in 2021 (excluding managers) is CZK 37,805, which is CZK 3,989 more than in 2020 and CZK 4,350 more than in 2020.

The wage costs in 2021 amounted to CZK 492,372 thousand. This represents an increase of CZK 46,794 thousand compared to 2020 and an increase of CZK 58,618 thousand compared to 2019. Statutory social security and health insurance costs totalled CZK 144,846 thousand. The social costs within the social expenditure budget amounted to CZK 9,003 thousand; they decreased by CZK 209 thousand compared to 2020.



10

Ferona, a.s. Staff

Handling of Goods

95% of the metallurgical material is handled by means of overhead cranes. Steel bundles, coils and individual blocks are handled. The volume of metallurgical material handled by 150 operated cranes corresponds to approximately 2.3 million tons, with about 1 million handling operations per year.

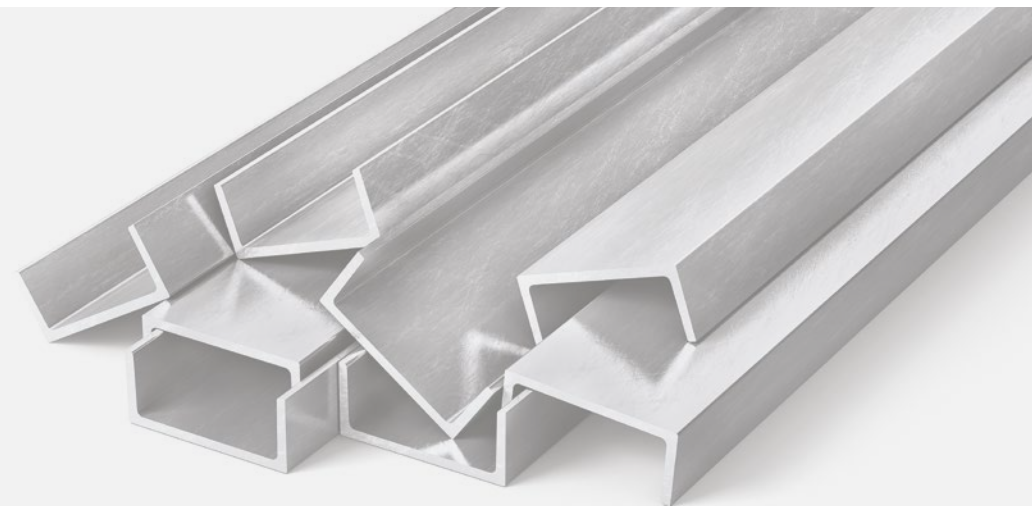
We pay special attention to the care of the technical condition of the crane technology and the training of the crane operator and other warehouse staff. We follow both the legislative requirements for occupational safety and the operation of lifting equipment, as well as special internal regulations that specify the behaviour in the specific conditions of our warehouses.





11

Comments on the Profit and Loss Statement



THE TRADING MARGIN IN 2021 WAS CZK 2,506,367 THOUSAND, WHICH IS CZK 1,587,892 THOUSAND MORE THAN IN 2020 AND CZK 1,631,013 THOUSAND MORE THAN IN 2019. THIS EXCEPTIONAL GROWTH WAS DUE TO THE SIGNIFICANT INCREASE IN THE PRICE LEVELS OF THE COMMODITIES SOLD.

Sales of services, represented by transport, cutting and finishing of materials such as the burning of thick plates and services provided to subsidiaries, amounted to CZK 192,088 thousand and increased by CZK 11,701 thousand compared to 2020 and decreased by CZK 7,979 thousand compared to 2019.

The largest item of **production consumption** is the cost of consumed materials and energy and it amounts to CZK 3,366,366 thousand, of which the majority is the consumption of materials for production in Steel Service Centres. Purchased services are mainly accounted for by contractual freight (41%), repairs and maintenance (29 %), security (5%), professional services (4%), waste disposal (3.5%), advertising and promotion (3.2%) and consultancy (3%). The Company adjusted the use of the costs of consumption excluding the consumption of materials for production to the revenues achieved, which resulted in an increase of CZK 74,299 thousand compared to the previous year, with repairs and maintenance and freight being the largest contributors to the decrease.

The value added in 2021 amounted to CZK 2,241,007 thousand and recorded an increase of CZK 1,377,160 thousand compared to 2020 and growth by CZK 1,437,840 thousand compared to 2019 for the reasons described above. Total personnel costs amounted to CZK 646,220 thousand, which is 9.6% more than in 2020. Depreciation



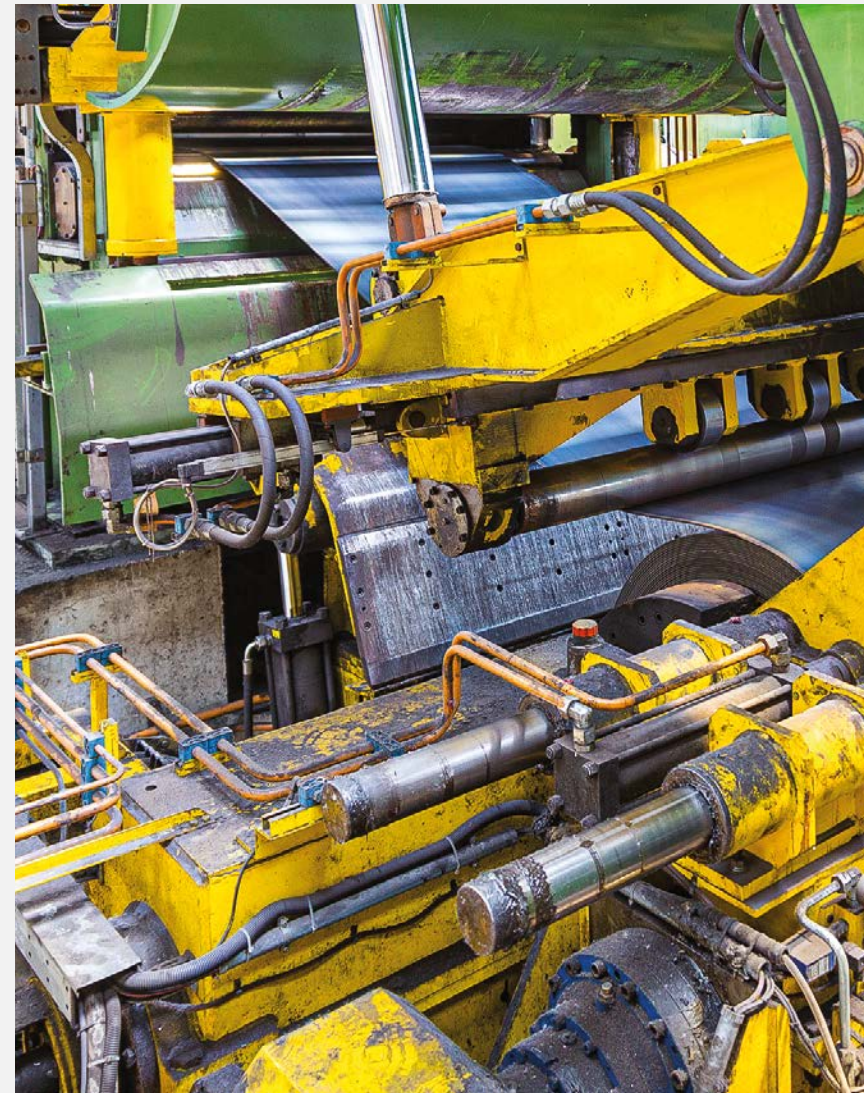
of intangible and tangible fixed assets amounting to CZK 1,529 thousand decreased by CZK 8,043 thousand year-on-year.

The operating result ended with a profit of CZK 1,779,824 thousand, which is an increase of CZK 1,626,628 thousand compared to the previous year due to high price levels of goods sold and profit from the sale of fixed assets. The total impact of provisions on the operating result was a charge of CZK 300,168 thousand, 88% of which was accounted for by inventory provisions.

Interest expenses on operating loans and factoring, which amounted to CZK 18,981 thousand, decreased by CZK 8,468 thousand year-on-year due to the low interbank interest rate for most of the year, a reduction in loan drawdowns and high own funds generation. Interest income is mainly generated from interest income in the Group. Finance costs, such as bank charges and foreign exchange losses, amounted to CZK 137,770 thousand, the largest item being foreign exchange losses of CZK 109,227 thousand, while other financial income is mostly made up of foreign exchange gains of CZK 85,747 thousand. The balance of exchange rate differences is an expense and, including spot hedging on foreign currency purchases, amounts to CZK 13,517 thousand.

In the financial year, the company did not recognise any transactions affecting **the extraordinary result** and the profit before tax amounted to CZK 1,721,819 thousand.

The result for the accounting period is a profit of CZK 1,355,581 thousand, the amount of which is significantly positively influenced by the price effects of goods sold.



12

Comments on the Balance Sheet



THE TOTAL ASSETS OF THE COMPANY AS AT 31 DECEMBER 2021 DECREASED SLIGHTLY COMPARED TO THE PREVIOUS PERIOD AND REACHED THE BOOK VALUE OF CZK 9,336,352 THOUSAND. THIS WAS MAINLY DUE TO THE DECREASE IN THE VALUE OF TANGIBLE FIXED ASSETS AND FINANCIAL ASSETS.

Fixed assets, representing 31.7% of the value of assets, amounted to CZK 2,960,662 thousand. Their structure was as follows (value in CZK thousand and % share of fixed assets):

| | CZK thousand | % |
|-----------------------------|--------------|------|
| Long-term intangible assets | 12,370 | 0.4 |
| Long-term tangible assets | 1,727,274 | 58.4 |
| Long-term financial assets | 1,221,018 | 41.2 |

The largest part of **tangible fixed assets** is made up of buildings worth CZK 671,583 thousand (38.9% of the total value of tangible fixed assets), movable assets worth CZK 435,381 thousand (25.2% of the total) and land worth CZK 490,089 thousand (28.3% of the total).

The value of **non-current financial assets** of CZK 1,221,018 thousand reflects the shares owned by Feron, a.s. in the equity of its subsidiaries. In the case of foreign financial investments, the equity as at the date of the financial statements was converted at the current exchange rate of the Czech koruna to the individual currencies as at 31 December 2021. The increase in the value of non-current financial assets compared to the previous period is significantly influenced by the profits achieved in Feron Polska, Feron Slovakia, Pragmet and FTP Plastics. However, there was also a partial decrease in its value due to the appreciation of the CZK exchange rate against the EUR and PLN.

Current assets account for 68.2% of total assets and increased by CZK 2,275,546 thousand to CZK 6,366,445 thousand since the beginning of the year, mainly in the value of inventories, advances on inventories and short-term receivables.

Of the **total inventories**, the most important item is the inventory of trade goods, which increased by CZK 1,076,780 thousand compared to the initial balance of the year and reached CZK 2,827,519 thousand. The instantaneous turnover time of goods inventories, calculated on the value of goods sold at the purchase price, reached 80 days at the end of the year, an increase of 8 days compared to the previous year. The increase in the inventory of materials by CZK 417,935 thousand compared to the beginning of the period is due to the increase in the price levels of these materials and purchases to ensure the production of goods for project business.

The Company has **long term receivables** on account of advances mainly for lease principal and mobile phone activations.

Of the **short-term receivables**, trade receivables form the largest part and have increased in net value compared to the previous year to the amount of CZK 1,421,494 thousand. All receivables more than 60 days past due are treated by the creation of an allowance. Allowances are made for other receivables according to the assessment of their risk at the date of the financial statements. The immediate turnaround time of short-term trade receivables at the end of the year was 33 days, a year-on-year decrease of 7 days. The item „Accounts receivable“ mainly represents bonuses granted for the purchase of goods that had not been invoiced at the balance sheet date.

Short-term financial assets at the end of the year amounted to CZK 334,935 thousand, a decrease of CZK 113,267 thousand compared to the beginning of the year in view of the optimisation of credit drawdowns at the end of the year with a relatively high level of payables during the company-wide holiday.

Accruals amounted to CZK 9,245 thousand, or 0.10% of total assets.

The most significant item of liabilities is **equity**, which as at 31 December 2021 amounted to CZK 6,031,842 thousand and covers 64.6% of the total book value of liabilities. A summary of the changes is described in the notes to the financial statements.

The registered capital has a value of CZK 3,000,000 thousand and is divided into 300 registered shares in book-entry form, each with a nominal value of CZK 10,000 thousand. The Company did not acquire treasury shares in 2021.

Liabilities amounted to CZK 3,294,081 thousand at the end of 2021 and had the following structure:

| | CZK thousand | % |
|---------------------------|--------------|------|
| Reserves | 2,853 | 0.1 |
| Long-term payables | 54,495 | 1.7 |
| Short-term payables | 2,363,525 | 71.8 |
| Bank loans and assistance | 873,208 | 26.4 |

Non-current liabilities consist of a deferred tax liability of CZK 54,495 thousand, the year-on-year change of which is due to a different structure of items included in the calculation.

Among current liabilities, the most important are **trade payables**, which amounted to CZK 1,553,838 thousand at the end of the year and, except for invoices withheld due to complaints and liabilities ready for offsetting, were up to the due date. The year-on-year increase of CZK 410,174 thousand was due to purchases of mainly production materials at the end of the year to ensure the production

of goods for project business. Due to company-wide holidays, it was not possible to capture all the invoices received in the balance sheet and therefore, as in the past, these transactions were posted to the passive accounts. The company was not late in paying its liabilities in 2021 either.

Bank loans excluding factoring amounted to CZK 869,614 thousand at the end of the year. As at the date of the financial statements, the Company had drawn down an operating loan to finance current assets. The year-on-year growth is due to the increase in the prices of goods sold and increased purchases at the end of the year. Recourse factoring payables amounted to only CZK 3,594 thousand.

Accruals at the end of the year amounted to CZK 10,429 thousand, the largest being accruals for interest and fees on bank loans and freight charges.



Road Transport

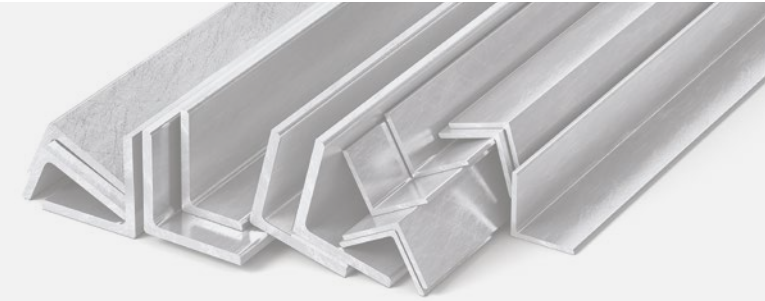
A part of the vehicle fleet is annually replaced with the most modern vehicles of the corresponding environmental class. Drivers are provided with systematic training, which is the standard of Feroná's logistics, with the aim of increasing operational efficiency, i.e. economical driving

In 2020, Feroná used a total of

6,217
wagons

Average rating of economic driving in 2020 was

8.7
points



THE RESULTS OF THE ANNUAL FINANCIAL STATEMENTS SHOW THAT THE COMPANY'S FINANCIAL SITUATION IS STABLE IN THE LONG TERM. IT ENSURES THE FULFILMENT OF ALL OBLIGATIONS WITHIN THE AGREED AND SET DEADLINES AND THE COMPANY HAS NOT BEEN INSOLVENT.

The Company's overall indebtedness has been maintained at an acceptable level and the Company has not experienced any problems in repaying any of its liabilities. The Company has maintained the confidence of the banking and insurance houses even in 2021. The share of foreign funds and other liabilities in the total assets of the Company as on 31.12.2021 was only 35.4%.

The ratio of bank loans and advances to sales of goods and services fell to 5.6% at the end of 2021.



13

Financial Standing of the Company



14

Incorporation of the Company into the Consolidation Group

FERONA, A.S. IS THE CONTROLLING COMPANY, WHICH HAS ALMOST 80% INTEREST IN THE RESULTS OF THE FERONA GROUP, WHICH INCLUDED THE FOLLOWING CONTROLLED PERSONS AS AT 31 DECEMBER 2021:

FERONA Slovakia, a.s.

| | |
|---|---|
| Registered office | Bytčická 12, Žilina, SK |
| Company ID | 36401137 |
| Other establishments | Nitra, Košice, Bratislava |
| Activity | Metallurgical products wholesale, cutting flat products |
| Equity | EUR 22,058 thousand |
| 2021 profit and/or loss – profit | EUR 4,755 thousand |
| Ferona, a.s. share in registered capital | 100% |
| Book value of Ferona, a.s. share (net) | CZK 548,353 thousand |

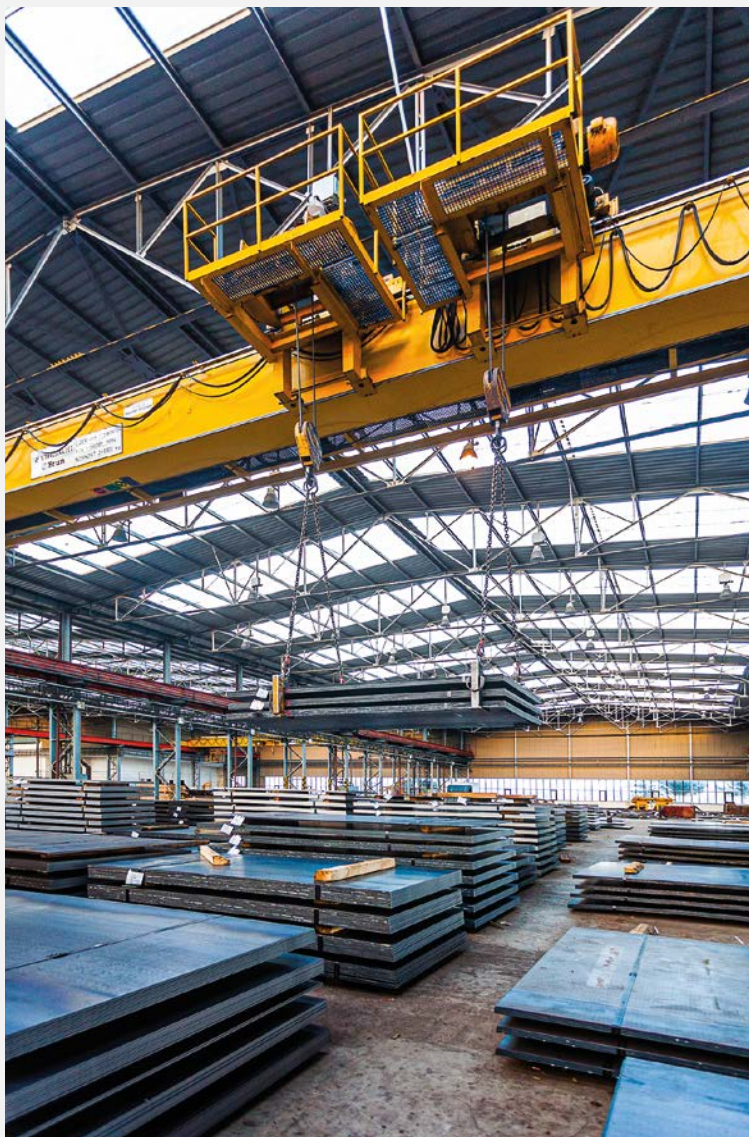


FERONA POLSKA, S.A.

| | |
|---|----------------------------------|
| Registered office | Mikolowska 31, Myslowice, Polsko |
| Company ID | 240569429 |
| Other establishments | Wroclaw, Kielce, Poznań |
| Activity | Metallurgical goods wholesale |
| Equity | PLN 49,405 thousand |
| 2021 profit and/or loss – profit | PLN 30,776 thousand |
| Ferona, a.s. share in registered capital | 100% |
| Book value of Ferona, a.s. share (net) | CZK 267,182 thousand |

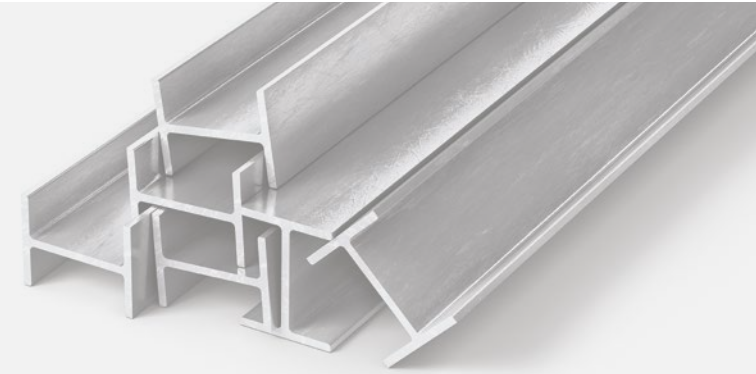
FTP PLASTICS, s.r.o.

| | |
|---|--|
| Registered office | ul. ČSA 730, Velká Bystřice |
| Company ID | 25354418 |
| Other establishments | Králův Dvůr, České Budějovice |
| Activity | Technical plastics wholesale including assembly and installation |
| Equity | CZK 137,789 thousand |
| 2021 profit and/or loss – profit | CZK 17,648 thousand |
| Ferona, a.s. share in registered capital | 100% |
| Book value of Ferona, a.s. share (net) | CZK 137,789 thousand |



PRAGMET, a.s.

| | |
|---|--------------------------------------|
| Registered office | Havlíčková 1043/11, Praha 1 |
| Company ID | 25789449 |
| Other establishments | Benátky nad Jizerou |
| Activity | Cutting flat products for automotive |
| Equity | CZK 267,694 thousand |
| 2021 profit and/or loss – profit | CZK 53,350 thousand |
| Ferona, a.s. share in registered capital | 100% |
| Book value of Ferona, a.s. share (net) | CZK 267,694 thousand |



15

Results of the Consolidation Group

THE GROUP COMPANIES ACHIEVED SALES OF GOODS FOR THE YEAR 2021 OF EUR 21,114,934 THOUSAND. THIS IS 61% MORE THAN IN THE PREVIOUS YEAR. HOWEVER, THE VALUE ADDED AMOUNTED TO CZK 3,072,697 THOUSAND. IT INCREASED BY 150% COMPARED TO THE PREVIOUS YEAR. THE CONSOLIDATED OPERATING RESULT AS AT 31 DECEMBER 2021 IS A PROFIT OF CZK 2,245,667 THOUSAND.

The consolidated result (excluding minority interests in the result and including equity interests) was a profit of CZK 1,701,450 thousand.

The value of the assets of the consolidating unit at the end of 2021 was CZK 11,687,189 thousand. The value of **equity** amounted to CZK 6,027,936 thousand.

Digitisation

Digitisation is one of Feroná's main priorities. In addition to the Feroná ONLINE ordering system mentioned above, it includes the „Optimisation of Administrative Activities in the Hradec Králové and Ostrava Cutting Centres” project, which took place in several stages starting in 2018.

Its goal was to streamline processes in production and administration, reduce labour, improve information availability, and reduce errors and the volume of printed documents (reduction of paper consumption), which led to a reduction in the burden on the environment. Paper savings have also been achieved throughout Feroná by double-sided printing wherever possible.



16

Events After the Balance Sheet Date, Key Objectives, Other Data and Outlook for 2022



AFTER THE DATE OF THE FINANCIAL STATEMENTS, THE BANKRUPTCY OF TENZO, A.S., WHOSE CLAIMS WERE FULLY JUSTIFIED IN THE PAST, WAS TERMINATED AND THEREFORE THIS FACT DOES NOT AFFECT THE CONTENT OF THE FINANCIAL STATEMENTS.

Since the end of 2019, the whole world has been facing the Covid-19 pandemic, which has negatively affected most countries. World trade is marked by disruption

in distribution channels, which brings a degree of uncertainty to all trading relationships. Management is therefore constantly monitoring the potential impact of the above-described phenomena and taking measures (in terms of inventory and customer credit policy) to mitigate any negative effects on the Company and its employees. As a result of these measures, the company has not only met all its commitments and agreements with its business partners, but has even strengthened its financial position and used the favourable price levels for the sale of goods to its advantage to significantly strengthen its equity.

The opening of war conflict in Ukraine towards the end of February 2022 will certainly cause difficulties in the supply of metallurgical goods, especially flat products from slabs, for which Ukraine has been the main supplier to Europe. Given that the company had sufficient stocks in all commodities at the end of 2021 and responded with a change in its trading policy after the conflict, it can be assumed that it will be able to cope with the emerging

market problems. The market has started to react with concerns about shortages of metallurgical products, and so price levels of commodities sold are rising again. The company reacted immediately to possible changes in customer cash flow by tightening its credit policy, in particular by controlling its semi-due receivables.

Based on an evaluation of all currently available information, negotiated commercial agreements and an analysis of its balance sheet, the management of the company has considered the current potential impact on its operations and business and concluded that there is no material uncertainty regarding the going concern. In view of this, the financial statements as at 31 December 2021 have been prepared on the assumption that the Company will be able to continue as a going concern.

THE COMPANY'S QUALITY POLICY, WHICH HAS BEEN SET FOR A LONG TIME AND IS VERIFIED EVERY YEAR BY AN AUTHORISED COMPANY, DEFINES THE BASIC OBJECTIVES.

The quality policy according to the ČSN EN ISO 9001:2016 standard defines the following objectives:

- to increase the share of the target markets for metallurgical materials
- to optimise the product range and improve the quality of services
- to increase the efficiency of business operations
- to adapt the range of suppliers to the conditions of the specific market
- to develop the company's internal potential
- to meet the specific requirements of automotive customers at SSC

The above-mentioned objectives are concretised into specific areas of action:

- increasing the share of material sales in Poland by expanding the product range
- maximum use of the division's capacity in its own service centres
- launching a new technology of hot rolled coil cutting on the market
- efficient inventory management at the Feronia Group level
- centralised commercial policy in price risk management
- streamlining and improving the transport of goods to customers
- centralised approach to credit management
- centralisation of credit resources at parent company level
- strive for efficiency and improvement of all business processes
- transfer of experience to all Feronia Group companies

ADDITIONAL INFORMATION ON FERONA, A.S.

The company did not spend any funds on research and development in 2021.

The company does not show any significant environmental activities, but by rationalisation and cost-saving measures in the area of power consumption, the company purposefully increases efficiency and thus reduces environmental impacts, which it monitors and evaluates in the measures taken, which are issued in the form of internal regulations. Since 2021, it has regularly measured the carbon footprint of the impact of direct emissions on the environment.

The company does not have a foreign branch.

FINANCIAL PLAN OF FERONA, A.S. FOR 2022

Ferona, a.s. expects to achieve sales of goods of CZK 17,867 million. The profit before tax is planned to amount to CZK 283 million.

FERONA, A.S. INVESTMENT PLAN FOR 2022

Ferona, a.s. will spend CZK 197 million on investments, which will be both renewal and development in nature. CZK. The renewal relates to crane and conveyor technology and the development investments will make production more efficient in the service centres and will support the overall operations of all companies in the long term in the Ferona Group with the new ERP system.

17

Independent Auditor's Report on the Audit of the Company's Non-Consolidated Financial Statements



Tel: +420 241 046 111
www.bdo.cz

BDO Audit s. r. o.
V Parku 2316/12
Praha 4 - Chodov
148 00

This document is an English translation of the Czech auditor's report issued on April 25, 2022. Only the Czech version of the report is legally binding.

Independent Auditor's Report

To the Shareholder of Feronia, a.s.

Opinion

We have audited the accompanying consolidated financial statements of Feronia, a.s., with its headquarters at Havlíčkova 1043/11, Praha 1, Czech Republic, IC (Registration Number) 264 40 181 (hereafter the "Company") and its subsidiaries (hereafter also the "Group") prepared in accordance with Czech accounting regulations, which comprise the consolidated balance sheet as at 31. 12. 2021, the consolidated income statement, consolidated statement of changes in equity and consolidated statement of cash flows for the period of 1. 1. 2021 to 31. 12. 2021 and notes to these consolidated financial statements, including a summary of significant accounting policies and other explanatory information. Information about the Group are included in Section 2 of Notes to the consolidated financial statements.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31. 12. 2021, of its expenses and revenues, its financial performance and its cash flows for the period of 1. 1. 2021 to 31. 12. 2021 in accordance with Czech accounting regulations.

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 clauses. Our responsibilities under these regulations are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group 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 regulations. 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 consolidated financial statements and auditor's report thereon. The Board of Directors of Feronia, a.s. is responsible for this other information.

Our opinion on the consolidated financial statements does not cover the other information. In connection with our audit of the consolidated financial statements, our responsibility is

BDO Audit s. r. o. - česká společnost s ručením omezeným IČ: 214351, se sídlem v Praze, ulice s. č. 1234, 14800 Praha 4. Kancelář: Praha 1, ČP 1010, je členem BDO International Limited společnosti s ručením omezeným ve výšce 100% s sídlem v Londýně, Spojené království Velké Británie a Severního Irska. BDO Audit s. r. o. je součástí mezinárodní sítě členských společností BDO.



Tel.: +420 241 046 111
www.bdo.cz

BDO Audit s. r. o.
V Parku 2316/12
Praha 4 - Chodov
148 00

This document is an English translation of the Czech auditor's report issued on April 25, 2022. Only the Czech version of the report is legally binding.

to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone and consolidated financial statements or our knowledge of the Group obtained from 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 the applicable laws and regulations, in particular, whether the other information complies with the laws and regulations in terms of formal requirements and procedures 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 standalone and consolidated financial statements is, in all material respects, consistent with the standalone and consolidated financial statements; and
- The other information is prepared in compliance with the applicable laws and regulations.

In addition, our responsibility is to report, based on our knowledge and understanding of the Group obtained from 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 Board of Directors and Supervisory Board of Ferona, a.s. for the Consolidated Financial Statements

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

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

The Supervisory Board of Ferona, a.s. is responsible for overseeing the Group's financial reporting process.

BDO Audit s. r. o. / BDO spol. s r.o. s ústředím v Praze, se sídlem v Parku 2316/12, Praha 4 - Chodov, IČO: 2779, zapsaná v obchodním rejstříku vedeném Městským soudem v Praze, oddíl B, vložka 12729.
Kancelář v Praze: Parku 2316/12, Praha 4 - Chodov, IČO: 2779, zapsaná v obchodním rejstříku vedeném Městským soudem v Praze, oddíl B, vložka 12729.
www.bdo.cz



Tel.: +420 241 046 111
www.bdo.cz

BDO Audit s. r. o.
V Parku 2316/12
Praha 4 - Chodov
148 00

This document is an English translation of the Czech auditor's report issued on April 25, 2022. Only the Czech version of the report is legally binding.

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

Our objectives are to obtain reasonable assurance about whether 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 the above regulations will always detect a material misstatement of the consolidated financial statements 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 consolidated financial statements.

As part of an audit in accordance with the above regulations, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of 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 of the Group 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 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 of Ferona, a.s. in the notes to the consolidated financial statements.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting in the preparation of the consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions concerning the Group's ability to continue as a going concern are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the notes, and whether the consolidated financial statements

BDO Audit s. r. o. / BDO spol. s r.o. s ústředím v Praze, se sídlem v Parku 2316/12, Praha 4 - Chodov, IČO: 2779, zapsaná v obchodním rejstříku vedeném Městským soudem v Praze, oddíl B, vložka 12729.
Kancelář v Praze: Parku 2316/12, Praha 4 - Chodov, IČO: 2779, zapsaná v obchodním rejstříku vedeném Městským soudem v Praze, oddíl B, vložka 12729.
www.bdo.cz



Tel.: +420 241 046 111
www.bdo.cz

BDO Audit s. r. o.
V Parku 2316/142
Praha 4 - Chodov
143 00

This document is an English translation of the Czech auditor's report issued on April 25, 2022. Only the Czech version of the report is legally binding.

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 and 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.

We communicate with the Board of Directors and the Supervisory Board of Ferona, a.s. 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 25th April 2022.

Auditing company:

BDO Audit s.r.o.
BDO Audit s. r. o.
Certificate No. 018

Statutory auditor:

Miloslav Krejčí
Miloslav Krejčí
Certificate No. 2266

BDO Audit s. r. o. je česká společnost s ručením omezeným (IČ: 241 046 111) registrovaná v obchodním rejstříku vedeném v Praze, oddíl A, vložka E. 1575, sídlem v Praze, Konecny vuhovský 142/142, je členem BDO International Limited (společnosti s ručením omezeným ve Velké Británii a je součástí mezinárodní sítě mezinárodních členských firem BDO.

Corporate Social Responsibility

Corporate social responsibility, or CSR, is a form of self-regulation that reflects a business's accountability and commitment to contributing to the well-being of communities and society through various environmental and social measures.

For us, CSR means responsibility, sustainability and long-term commitment in all areas of business activities. We emphasise socially responsible behaviour, which is certainly influenced by our operation in the market for more than 190 years.



CSR

CONSOLIDATED BALANCE SHEET – ASSETS

(IN CZK THOUSAND)

| No. | Text | Current as of 31. 12. 2021 | Past as of 31. 12. 2020 | Previous as of 31. 12. 2019 |
|-----------|--|-------------------------------|----------------------------|--------------------------------|
| | TOTAL ASSETS | 11 687 189 | 8 523 534 | 8 821 459 |
| B. | Fixed assets | 2 600 744 | 2 662 099 | 2 790 448 |
| B.I. | Intangible assets | 14 040 | 9 655 | 11 688 |
| B.II. | Tangible assets | 2 586 704 | 2 645 273 | 2 764 418 |
| B.III. | Financial investments | 0 | 0 | 0 |
| B.IV. | Consolidation balance – active "+", negative "-" | 0 | 7 171 | 14 342 |
| B.V. | Equity securities | 0 | 0 | 0 |
| C. | Current assets | 9 063 768 | 5 842 722 | 6 005 874 |
| C.I. | Inventory | 5 834 541 | 3 249 237 | 3 224 205 |
| C.II. | Receivables | 2 592 483 | 1 943 157 | 2 070 847 |
| C.IV. | Financial assets | 636 744 | 650 328 | 710 822 |
| D. | Prepaid expenses and accrued revenue | 22 677 | 18 713 | 25 137 |

18

Financial
Statements

CONSOLIDATED BALANCE SHEET – LIABILITIES

(IN CZK THOUSAND)

| No. | Text | Current as of 31.12.2021 | Past as of 31.12.2020 | Previous as of 31.12.2019 |
|-------------------------------------|--|-----------------------------|--------------------------|------------------------------|
| TOTAL LIABILITIES AND EQUITY | | 11 687 189 | 8 523 534 | 8 821 459 |
| A. | Equity | 6 027 936 | 4 507 992 | 4 382 166 |
| A.I. | Registered capital | 3 000 000 | 3 000 000 | 3 000 000 |
| A.II. | Share premium and capital funds | 96 805 | 149 776 | 122 370 |
| A.III. | Funds from profit | 320 826 | 317 063 | 311 988 |
| A.IV. | Retained earnings | 908 855 | 922 264 | 828 008 |
| A.V. | Current profit minus minority shares | 1 701 450 | 118 889 | 119 800 |
| 1. | Current profit/(loss) | 1 701 450 | 118 889 | 119 800 |
| 2. | Profit share in equity (+/-) | 0 | 0 | 0 |
| A.VI. | Consolidation reserve fund | 0 | 0 | 0 |
| B. + C. | Liabilities | 5 648 367 | 4 005 474 | 4 429 838 |
| B. | Reserves | 19 714 | 20 106 | 15 290 |
| C.I. | Long-term liabilities | 62 026 | 999 202 | 1 012 030 |
| C.II. | Short-term liabilities | 5 566 627 | 2 986 166 | 3 402 518 |
| D. | Deferred expenses and accrued revenue | 10 886 | 10 068 | 9 455 |
| E. | Minority equity | 0 | 0 | 0 |
| E.I. | Minority capital | 0 | 0 | 0 |
| E.II. | Minority capital funds | 0 | 0 | 0 |
| E.III. | Minority funds from profit including retained earnings | 0 | 0 | 0 |
| E.IV. | Minority profit for the period | 0 | 0 | 0 |

CONSOLIDATED PROFIT AND LOSS ACCOUNT

(IN CZK THOUSAND)

| No. | Text | Actual in the accounting period | | |
|-------------|--|---------------------------------|----------------------------|--------------------------------|
| | | Current as of 31. 12. 2021 | Past as of 31. 12. 2020 | Previous as of 31. 12. 2019 |
| I. | Revenue from sale of products and services | 2 105 063 | 1 795 917 | 1 608 331 |
| II. | Revenue from sale of goods | 21 114 934 | 13 131 712 | 15 701 975 |
| A. | Production consumption | 25 283 095 | 16 769 769 | 19 614 893 |
| B. | Change in internally developed inventory balance | -29 258 | -10 216 | 42 273 |
| C. | Capitalisation | -5 106 537 | -3 059 142 | -3 439 795 |
| D. | Personnel expenses | 853 372 | 774 746 | 752 784 |
| E. | Adjustments of operation | -28 930 | 202 815 | 102 916 |
| | of which – Adjustments to tangible and intangible assets – permanent | 203 307 | 213 528 | 228 746 |
| | Deduction of the consolidation balance | 7 171 | 7 171 | 7 172 |
| III. | Other operating income | 2 930 503 | 1 697 462 | 2 088 912 |
| F. | Other operating expenses | 2 925 920 | 1 717 540 | 2 138 179 |
| * | Consolidated operating profit | 2 245 667 | 222 408 | 180 796 |
| IV. | Income from financial investments – shares | 0 | 0 | 0 |
| VI. | Interest received and similar income | 53 | 180 | 357 |
| J. | Interest expense and similar expenses | 34 208 | 44 070 | 79 019 |
| VII. | Other financial gains | 136 905 | 148 714 | 46 606 |
| K. | Other financial losses | 195 895 | 180 822 | 75 197 |
| * | Consolidated financial profit/(loss) | -93 145 | -75 998 | -107 253 |
| ** | Consolidated profit before taxes | 2 152 522 | 146 410 | 73 543 |
| L. | Income tax | 451 072 | 27 521 | -46 257 |
| ** | Consolidated profit after taxes | 1 701 450 | 118 889 | 119 800 |
| *** | Consolidated profit for the period minus equity shares | 1 701 450 | 118 889 | 119 800 |
| | of which – Profit for the period minus equity shares | 1 701 450 | 118 889 | 119 800 |
| | of which – Minority profit for the period | 0 | 0 | 0 |
| | Profit share in equity | 0 | 0 | 0 |
| **** | Consolidated profit for the period | 1 701 450 | 118 889 | 119 800 |

BALANCE SHEET UNABRIDGED AS OF 31. 12. 2020 – ASSETS

(IN CZK THOUSAND)

| No. | ASSETS | Current period | | | Balance as of |
|-----------|---|-------------------|-------------------|------------------|------------------|
| | | Gross 1 | Correction 2 | Net 3 | 31/12/2020 |
| | | | | | Net 4 |
| | TOTAL ASSETS | 13 039 964 | -3 703 612 | 9 336 352 | 6 781 208 |
| B. | Fixed assets | 6 224 182 | -3 263 520 | 2 960 662 | 2 680 506 |
| B.I. | Intangible assets | 108 075 | -95 705 | 12 370 | 7 503 |
| B.I.2. | Valuable rights | 97 356 | -95 705 | 1 651 | 2 634 |
| B.I.2.1 | Software | 97 356 | -95 705 | 1 651 | 2 634 |
| B.I.5. | Advances to intangible assets+intangible assets in progress | 10 719 | 0 | 10 719 | 4 869 |
| B.I.5.2 | Intangible assets in progress | 10 719 | 0 | 10 719 | 4 869 |
| B.II. | Tangible assets | 4 895 089 | -3 167 815 | 1 727 274 | 1 756 776 |
| B.II.1. | Lands and buildings | 2 924 700 | -1 763 028 | 1 161 672 | 1 245 813 |
| B.II.1.1. | Lands | 490 089 | 0 | 490 089 | 490 422 |
| B.II.1.2 | Buildings | 2 434 611 | -1 763 028 | 671 583 | 755 391 |
| B.II.2. | Tangible movable things and sets of movable things | 1 840 168 | -1 404 787 | 435 381 | 475 206 |
| B.II.4. | Other tangible assets | 314 | 0 | 314 | 314 |
| B.II.4.3 | Other tangible assets | 314 | 0 | 314 | 314 |
| B.II.5. | Advances to tangible assets+tangible assets in progress | 129 907 | 0 | 129 907 | 35 443 |
| B.II.5.1. | Advances to tangible assets | 62 940 | 0 | 62 940 | 29 698 |
| B.II.5.2. | Tangible assets in progress | 66 967 | 0 | 66 967 | 5 744 |
| B.III. | Financial investments | 1 221 018 | 0 | 1 221 018 | 916 227 |
| B.III.1. | Shares – controlled or controlling person | 1 221 018 | 0 | 1 221 018 | 916 227 |

☑ Table continues on the following page

| No. | ASSETS | Current period | | | Balance as of |
|--------------|---|------------------|-----------------|------------------|------------------|
| | | Gross 1 | Correction 2 | Net 3 | 31/12/2020 |
| | | | | | Net 4 |
| C. | Current assets | 6 806 537 | -440 092 | 6 366 445 | 4 090 899 |
| C.I. | Inventory | 4 344 595 | -257 | 4 344 338 | 2 241 341 |
| C.I.1. | Material | 905 459 | 0 | 905 459 | 487 524 |
| C.I.2. | Work in progress and semi-finished products | 1 943 | 0 | 1 943 | 3 078 |
| C.I.3. | Finished products and goods | 2 827 776 | -257 | 2 827 519 | 1 750 739 |
| C.I.3.2. | Goods | 2 827 776 | -257 | 2 827 519 | 1 750 739 |
| C.I.5. | Advances for inventory | 609 417 | 0 | 609 417 | 0 |
| C.II. | Receivables | 2 127 007 | -439 835 | 1 687 172 | 1 401 356 |
| C.II.1. | Long-term receivables | 3 271 | 0 | 3 271 | 3 296 |
| C.II.1.5. | Other receivables | 3 271 | 0 | 3 271 | 3 296 |
| C.II.1.5.2. | Long-term advances - paid | 3 271 | 0 | 3 271 | 3 296 |
| C.II.2. | Short-term receivables | 2 123 736 | -439 835 | 1 683 901 | 1 398 060 |
| C.II.2.1. | Accounts receivable | 1 861 329 | -439 835 | 1 421 494 | 1 091 568 |
| C.II.2.2. | Receivables - controlled and controlling person | 151 424 | 0 | 151 424 | 161 140 |
| C.II.2.4. | Other receivables | 110 983 | 0 | 110 983 | 145 352 |
| C.II.2.4.3. | State- tax assets | 0 | 0 | 0 | 148 |
| C.II.2.4.4. | Short-term advances - paid | 5 347 | 0 | 5 347 | 4 777 |
| C.II.2.4.5. | Estimated assets | 104 820 | 0 | 104 820 | 139 640 |
| C.II.2.4.6. | Other receivables | 816 | 0 | 816 | 787 |
| C.IV. | Cash | 334 935 | 0 | 334 935 | 448 202 |
| C.IV.1. | Petty cash | 1 656 | 0 | 1 656 | 1 917 |
| C.IV.2. | Bank accounts | 333 279 | 0 | 333 279 | 446 285 |
| D. | Accruals and deferrals | 9 245 | 0 | 9 245 | 9 803 |
| D.1. | Prepaid expenses | 8 966 | 0 | 8 966 | 8 592 |
| D.3. | Accrued income | 279 | 0 | 279 | 1 211 |

BALANCE SHEET UNABRIDGED AS OF 31. 12. 2021 – LIABILITIES

(IN CZK THOUSAND)

| No. | LIABILITIES | Current accounting period 5 | Current accounting period 6 |
|---------------|---|-----------------------------|-----------------------------|
| | TOTAL LIABILITIES AND EQUITY | 9 336 352 | 6 781 208 |
| A. | Equity | 6 031 842 | 4 521 470 |
| A.I. | Registered capital | 3 000 000 | 3 000 000 |
| A.I.1. | Registered capital | 3 000 000 | 3 000 000 |
| A.II. | Share premium and capital funds | 525 630 | 220 839 |
| A.II.2. | Capital funds | 525 630 | 220 839 |
| A.II.2.1. | Other capital funds | 230 542 | 230 542 |
| A.II.2.2. | Adjustments to assets and liabilities | 295 088 | -9 703 |
| A.III. | Funds from profit | 292 124 | 288 074 |
| A.III.1. | Other reserve funds | 292 124 | 288 074 |
| A.IV. | Retained earnings/(accumulated loss) | 858 507 | 931 612 |
| A.IV.1. | Retained earnings/ loss | 858 507 | 931 612 |
| A.V. | Net profit for the period | 1 355 581 | 80 945 |
| B.+ C. | Liabilities | 3 294 081 | 2 250 262 |
| B. | Reserves | 2 853 | 0 |
| B.4. | Other reserves | 2 853 | 0 |

✓ Table continues on the following page

| No. | LIABILITIES | Current accounting period 5 | Current accounting period 6 |
|--------------|--|-----------------------------|-----------------------------|
| C. | Payables | 3 291 228 | 2 250 262 |
| C.I. | Long-term payables | 54 495 | 98 404 |
| C.I.8. | Deferred tax liability | 54 495 | 58 404 |
| C.I.9. | Other payables | 0 | 40 000 |
| C.I.9.3 | Other payables | 0 | 40 000 |
| C.II. | Short-term payables | 3 236 733 | 2 151 858 |
| C.II.2. | Payables to credit institutions | 869 614 | 700 000 |
| C.II.3. | Short-term advances receives | 661 | 3 568 |
| C.II.4. | Accounts payable | 1 553 838 | 1 143 664 |
| C.II.8. | Other payables | 812 620 | 304 626 |
| C.II.8.2. | Short-term borrowings | 3 594 | 2 062 |
| C.II.8.3. | Payables to employees | 25 402 | 24 699 |
| C.II.8.4. | Social security and health insurance payable | 12 258 | 12 589 |
| C.II.8.5. | State – tax liabilities and subsidies | 405 422 | 41 338 |
| C.II.8.6. | Estimate liabilities | 324 575 | 222 701 |
| C.II.8.7. | Other payables | 41 369 | 1 237 |
| D. | Accruals and deferrals | 10 429 | 9 476 |
| D.1. | Accrued expenses | 10 336 | 9 387 |
| D.2. | Deferred income | 93 | 89 |

PROFIT AND LOSS ACCOUNT UNABRIDGED AS OF 31. 12. 2021

(IN CZK THOUSAND)

| No. | Text | Actual in accounting period | |
|--------|--|-----------------------------|-------------------|
| | | Current | Past |
| I. | Income from sale of goods and services | 192 088 | 180 387 |
| II. | Income from sale of goods | 15 357 225 | 9 795 199 |
| A. | Production consumption | 16 512 947 | 11 420 270 |
| A.1. | Cost of goods sold | 12 850 858 | 8 876 724 |
| A.2. | Material and energy consumption | 3 366 366 | 2 322 122 |
| A.3. | Services | 295 723 | 221 424 |
| B. | Change of balance of internally developed inventory | 6 375 | 264 |
| C. | Capitalisation | -3 210 944 | -2 308 795 |
| D. | Personnel expenses | 646 220 | 589 543 |
| D.1. | Payroll | 492 371 | 445 578 |
| D.2. | Social security, health insurance and other expenses | 153 849 | 143 965 |
| D.2.1. | Social security and health insurance expenses | 144 846 | 134 753 |
| D.2.2. | Other expenses | 9 003 | 9 212 |
| E. | Adjustments to operations | -147 739 | 123 575 |
| E.1. | Adjustments to tangible and intangible assets | 152 429 | 160 472 |
| E.1.1. | Adjustments to tangible and intangible assets - permanent | 152 429 | 160 472 |
| E.2. | Adjustments to inventory | -264 771 | -407 |
| E.3. | Adjustments to receivables | -35 397 | -36 490 |
| III. | Other operating income | 2 073 189 | 1 308 118 |
| III.1. | Income from sold fixed assets | 98 193 | 72 384 |
| III.2. | Income from sold materials | 20 913 | 17 328 |
| III.3. | Other operating income | 1 954 083 | 1 218 406 |

☑ Table continues on the following page

| No. | Text | Actual in accounting period | |
|-------------|--|-----------------------------|-------------------|
| | | Current | Past |
| F. | Other operating expenses | 2 035 819 | 1 305 651 |
| F.1. | Residual price of sold assets | 20 722 | 21 602 |
| F.2. | Residual price of sold material | 9 706 | 12 964 |
| F.3. | Taxes and charges | 16 076 | 15 783 |
| F.4. | Operating reserves and complex prepaid expenses | 2 853 | 0 |
| F.5. | Other expenses | 1 986 462 | 1 255 302 |
| * | Profit / loss from operations | 1 779 824 | 153 196 |
| IV. | Gains on financial investments - shares | 0 | 0 |
| IV.1. | Gains on shares - controlling or controlled person | 0 | 0 |
| VI. | Interest and other similar income | 3 335 | 3 902 |
| VI.1. | Interest income-controlled or controlling person | 3 335 | 3 868 |
| VI.2. | Other interest and other similar income | 0 | 34 |
| J. | Interest and other similar expense | 18 981 | 27 449 |
| J.2. | Other interest and other similar expense | 18 981 | 27 449 |
| VII. | Other financial gains | 95 411 | 123 027 |
| K. | Other financial losses | 137 770 | 154 404 |
| * | Financial profit (loss) | -58 005 | -54 924 |
| ** | Profit before taxes | 1 721 819 | 98 272 |
| L. | Income tax | 366 238 | 17 327 |
| L.1. | - due | 370 147 | 12 891 |
| L.2. | - deferred | -3 909 | 4 436 |
| ** | Profit/(loss) after taxes | 1 355 581 | 80 945 |
| *** | Profit for the period | 1 355 581 | 80 945 |
| * | Net turnover for the period (group 6) | 17 721 248 | 11 410 633 |