



COMPANY REPORT

2023



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01 INTRODUCTORY WORD BY THE CHAIRMAN OF THE SUPERVISORY BOARD

**Ladies and Gentleman,
Business Partners, Industry
Friends,**



Another year is upon us and intricate dance between global steel production and its impact on the European market has taken place. The steel industry, like a colossal ship navigating tempestuous waters, has faced both challenges and opportunities.

Global steel production, that mighty furnace of progress, reached a staggering 1.96 billion metric tons in 2021. Yet, within the symphony of molten metal, Europe's voice was not as resonant. Approximately 10% of this global output

belonged to our continent. China, the behemoth, dwarfed all others, contributing over half of the world's steel production. The European Union (EU). Once a titan, found itself at a crossroads.

In 2021, the EU's crude steel production hit one of its lowest levels, and why? The shifting tides of global trade and markets played their part. Our old steel giants, like ArcelorMittal grappled with uncertainties. With an output exceeding 79 million metric tons, ArcelorMittal stood second globally, trailing only the

China Baowu Group. However, the winds of change whispered through our factories.

In the heart of Europe, the appetite for steel waned. Apparent steel consumption that virtual gauge of demand, faltered. The third quarter of 2022 bore witness to a precipitous 11.2% decline in the European Union. A mere 32.2 million tones the lowest since 2020 marked a somber milestone.

The specter of war, energy price hikes, and a hesitant demand outlook cast their

shadows. Russia's conflict with Ukraine reverberated across supply chains, leaving steel consumption bruised and battered.

As the calendar turned to 2023, the forecast remained overcast. A fourth annual recession loomed, albeit at a slightly gentle pace of -1.6%. Hope flickered, but uncertainty clung to the horizon. Yet, the crescendo softened, 2023 whispered caution. The second quarter bore witness to a slowdown, and the annual increase settled at a modest and fragile dance, indeed.

As we look ahead to 2024, there is a cautious optimism. The European steel markets anticipate a year of stabilization and potential growth

after the trials of 2023. While the year began with subdued steel demand across the continent, the second half of 2024 may bring improved industrial outlooks and increased steel demand. But let us tread cautiously, for the path is strewn with high uncertainty. The global economic landscape, interest rates and manufacturing trends will continue to influence the industry.

The promise of green steel technology in Europe, ever the steward of environmental consciousness, embarks on a quest. Consultations echo in steel mills, as companies consider low-carbon production. But this shift, while noble, may ripple through consumer goods prices.



In summary, the global steel forge shapes Europe's destiny. We stand at the crossroads, balancing tradition and innovation. Let us forge resilience, adapt to the fires of the change, and craft a steel industry that not only builds bridges but also bridges to a greener tomorrow.

I need to shed a light on the central European steel distribution markets, specifically focusing on Poland, the Czech republic, Hungary and Slovakia. These countries have been navigating a complex landscape, and their steel industries have not been immune to the challenges.

Consultations with the public and unions are underway, as companies consider changes to their steel production technologies. These efforts align with environmental goals but may impact consumer goods prices. As new legislation takes effect, we anticipate rising costs in certain sectors.

In summary, central Europe's steel markets face both challenges and opportunities. Let us remain vigilant, adapt to changing circumstances, and work collectively toward a resilient and sustainable steel industry in the years to come. Fortunately, due to strong economic principles of Ferona, a.s. Management team and unwavering support of our financial partners we stay strong and ready to overcome

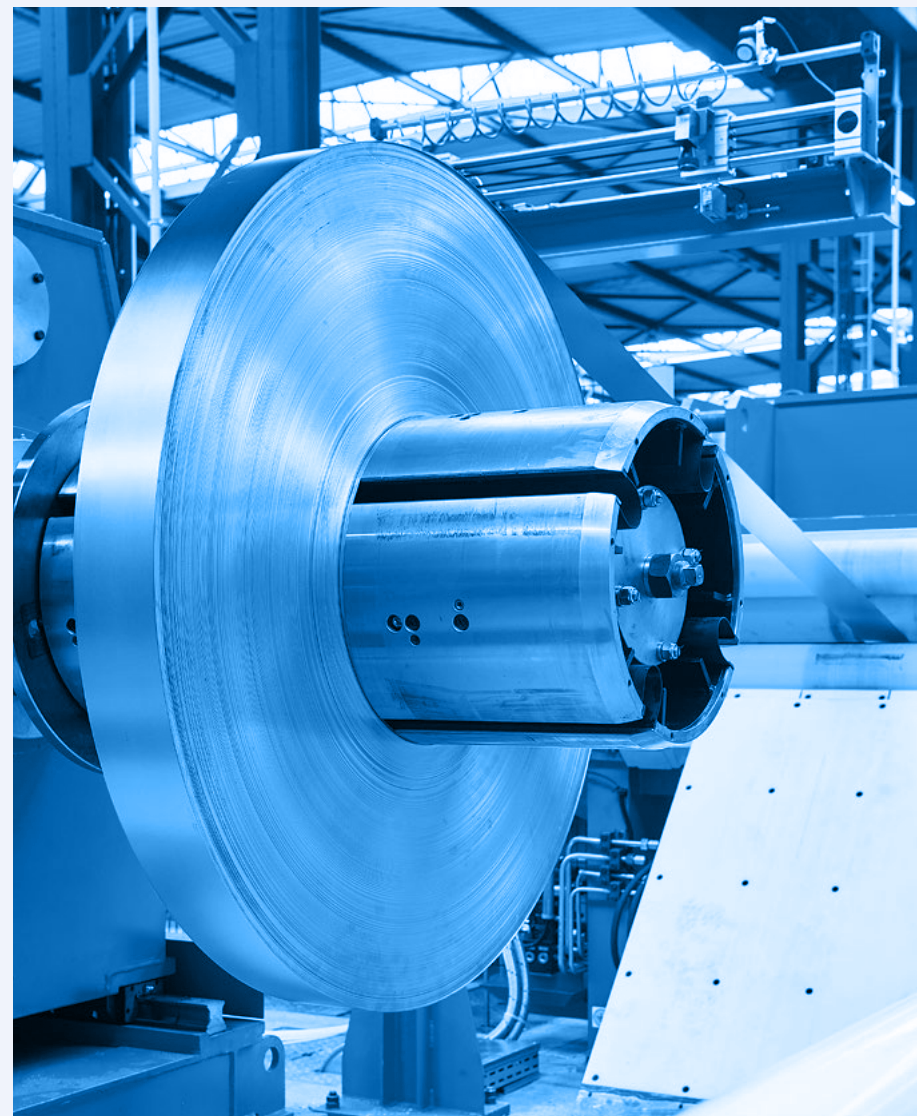
whatever any unexpected market circumstances may bring.

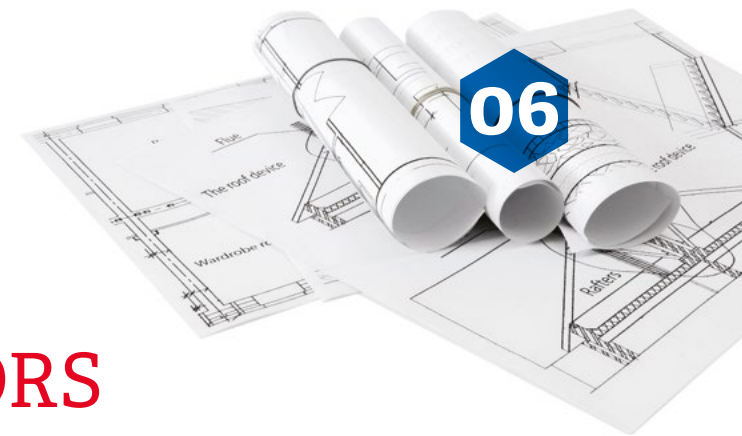
I would like to use this opportunity to express my most sincere thanks to our dedicated workforce as well as to our customers, business partners and financial institutions for their loyal, continued support.

May I wish you and your families a prosperous, peaceful, healthy and happy remainder of 2024.



Robert Kay
Chairman of the
Supervisory Board





02

INTRODUCTORY WORD BY THE CHAIRMAN OF THE BOARD OF DIRECTORS

Ladies and gentlemen,
dear business partners,

I would like to say a few words about 2023, a year which – once again – proved to be an extremely challenging one. It was marked by the war in Ukraine, which unfortunately is still going on. On top of that, there has been a conflict in the Middle East, as well as the energy crisis, high inflation and high central bank interest rates. To make matters worse, European industry, particularly the automotive industry, is facing a deep structural crisis.



Steel prices have plummeted by tens of percent, which has pushed most European steelworks into losses and threatened the steel industry as a whole.

But despite all this negative news, the Feronia Group ended 2023 with a positive economic result and financial stability. This applies not only to the parent company, Feronia, a.s., but also to all its subsidiaries, i.e. Feronia Slovakia, Feronia Polska, Pragmet, and Feronia Thermo Plastics.

Outlook for the future

We expect that the Czech National Bank will finally succeed in reining in inflation, with the economy gradually rebounding from the bottom in 2024. Although the recovery is not likely to be significant, we could still see moderate growth during the year

The Feronia Group is ready for the challenges ahead. We have recently invested heavily in innovation and technological development and these investments are slowly starting to pay off. We have comprehensively modernized all SSC



cutting centers, launched new Stretcher levelling technology, automated the production of hollow sections, and acquired new sawing, burning and blasting equipment. All these investments had one common objective – to offer higher-quality services and more added-value to our customers.

I also mentioned the energy industry. The energy industry is currently the source of major worries for almost all European companies. There is even talk in Europe of the biggest energy crisis since the oil and energy crises back in the 1970s. However, we in Feronia are not sitting around and waiting. We are going to

launch 4 new photovoltaic power plants this year. A pilot project is now being completed in Olomouc, with Žilina, Hradec Králové, and Ostrava to follow. The goal is clear: to reduce costs as well as the dependence of the Feronia Group on external electricity suppliers.

We will finally launch a new ERP-system from Microsoft – Microsoft Dynamics 365 Finance and Operations – this year. This is the best and most advanced computer system currently available and it will help us prepare for the new requirements and needs of our customers, especially in the area of Industry 4.0 platform. This will be followed by a full digitalization of all our warehouses. It should result

not only in higher speed, but also in higher reliability and quality of our services.

This year, we will open 3 new retail outlets, specifically in Prague, Žilina and Chomutov, with links to the Feronia ONLINE store. Going forward, we would like to have a retail outlet in every Feronia branch so that we can serve not only large and medium-sized customers, but also smaller companies, tradesmen, and end consumers from a single place. In other words, Feronia must be for everyone.

Another topic I would like to address is the environment. Feronia conducts its business activities in an environmentally responsible manner, considering environmental

protection as one of its major priorities. In our Company Policy, we made a commitment to continuously reduce adverse impacts on the environment. It is also worth noting that green spaces account for 35% of the total area of our premises in Ferona, which is highly above standard for industrial areas.

Further investments will primarily be directed towards the development and training of our employees. Their knowledge, experience, know-how relating to materials, technology, production processes, as well as their skills and readiness to help customers are our most valuable assets and our highest competitive advantage. Personally, I consider these investments an absolute priority in all areas of our business.

Our motto is “Ferona, 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 any and all conditions and circumstances.

As always, I would like to conclude my message by wishing you all a successful year and, most importantly, iron health and nerves of steel.



Dr. Jan Moravec
CEO and Chairman
of the Board of Directors





195 years

The beginnings of Ferona
date back to 1829





03 COMPANY IDENTIFICATION

Ferona
195
YEARS
1829—2024

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

Originally, the Company was established as Reklus, 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, 1st 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 27th June 2001. The registration of the take-over into the Commercial

The Company is registered in the Commercial Register maintained by the Municipal Court in Prague, Part B, Entry 7143.

Register entered into legal force and effect on 29th 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.



04 BASIC CHARACTERISTICS OF THE COMPANY

Currently, Feronia 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 Feronia, 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 Feronia, a.s. and IRG Steel Limited, London, owner of STEEL INVESTMENTS GROUP, a.s., the ceasing company, became the entity controlling Feronia, a.s. Since 2017, the company IRG Steel Limited is owned by IRG Asset Management, ltd., Nicosia.

As of 1 January 2023, IRG Asset Management, Ltd., Nicosia underwent a merger with

a change of its registered office to the Czech Republic and became IRG Asset Management a.s. with its registered office at Havlíčkova 1043/11, Praha 1.

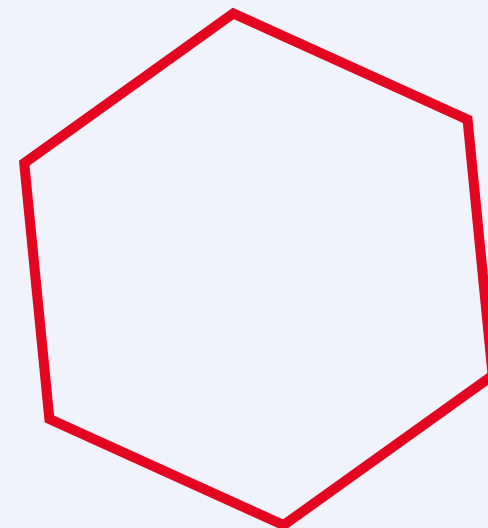
The core object of the Company's business is warehouse wholesale, specialised in purchasing, storing, modification and sale of metallurgical products, metallurgical secondary products, non-ferrous metals and associated iron and steel product portfolio. Feronia business activities focus mainly on the 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 – Ferona is able to attend to the widest spectrum of customers, ranging from large industrial companies to small clients.

The joint-stock company Ferona 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.





05

BOARD OF DIRECTORS, SUPERVISORY BOARD AND DIRECTORS

BOARD OF DIRECTORS

Ing. Jan Moravec, Ph.D.

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

Mgr. Tomáš Balko

born in 1976, graduated from the UKF in Nitra, member of the statutory body since 2013, Vice-Chairman of the Board since 1 July 2023

Ing. Miroslav Vaníček

Vice-Chairman of the Board, born in 1961, graduated from the University of Economics, member of the statutory body since 2005 to 30 June 2023

Ing. Peter Piatka

born in 1967, graduate of VŠDS (University of Žilina), member of the statutory body since 1 July 2023

Ing. Milan Rada

born in 1963, 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

Ing. 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

Ing. Zdeněk Baumruk

Member of the Supervisory Board, born in 1967, Company employee since 1990, Member of the Supervisory Board since 2019



TOP MANAGEMENT

Ing. Jan Moravec, Ph.D.

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

Mgr. Tomáš Balko

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

Ing. Miroslav Vaníček

Financial Director, born in 1961, graduated from the University of Economics, employed with the Company since 1985 to 30 June 2023

Ing. Peter Piatka

Financial Director, born in 1967, graduate of the Faculty of Transport Operations and Economics at the University of Žilina, employee of the company since 2014, in Ferona Polska since 2009

Ing. Milan Rada

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

Ing. Pavel Horák

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

Ing. Tomáš Krejčí

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

Doc. Ing. Ivo Juříčka, CSc.

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





06 KEY INDICATORS FOR THE LAST THREE YEARS

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

		2021	2022	2023
Tangible products sold	(thousand tons)	604	544	522
Revenues from products sold	(CZK million)	15,357	16,953	12,599
Profit and/or loss	(CZK million)	1,356	577	64
Inventories	(CZK million)	4,344	3,626	2,985
Short term receivables */	(CZK million)	1,684	2,794	2,428
Short term payables excl. financial	(CZK million)	2,367	1,529	1,582
Bank loans */	(CZK million)	870	2,299	1,832
Number of employees	(CZK million)	801	787	788

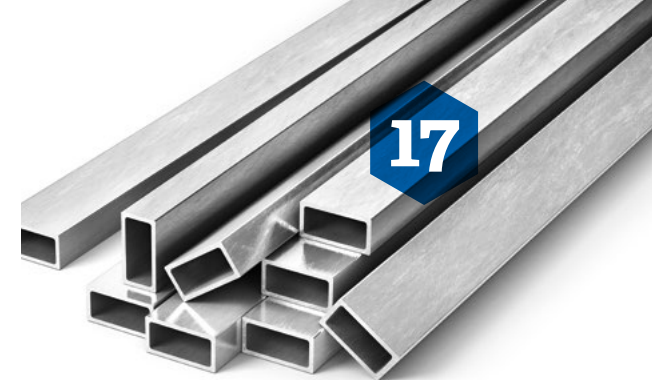
*/ from 2022 Ferona finances the entire Group with intra-group loans

521 619 t

Sales of goods to
customers in 2023



07 BUSINESS ACTIVITIES



Ferona ranks among the leading companies in inventory sale of metallurgical products, manufactured 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 521,619 tonnes of goods to its customers, a decrease of 22,351 t compared to 2022 and a decrease of 82,674 t compared to 2021.

Revenues from the sale of goods amounted to CZK 12,599,022 thousand, which represents a decrease of CZK 4,354,002 thousand compared to 2022. Compared to 2021, revenues are lower by CZK 2,758,203 thousand. The changes in values are mainly due to sharp decreases in the price level of commodities sold as a result of the market situation and changes in the structure of commodities sold.

In the first quarter of 2023, the business developed in line with the plan's assumptions. However, the ongoing conflict

in Ukraine, high interest rates, high inflation rates, volatile energy prices and the search for new sources of energy due to the ongoing sanctions against the Russian Federation created a significant degree of uncertainty for the economy, which began to slip into recession under the influence of these factors. Demand gradually began to weaken in all segments of the economy and prices of metallurgical materials responded by falling sharply within a very short period, which is difficult for a warehouse wholesaler such as Ferona to deal with in real time. This situation lasted,

with minor adjustments, until the end of 2023. As a result, the planned material and financial targets for the business could not be met. It was only thanks to an accommodating sales policy, balanced inventories and their adjusted valuation, the use of divisional service centres, service support and a strict credit policy that this unfavourable situation could be slightly corrected. All these factors contributed to the Company's profit for the financial year 2023 in the lower tens of millions of crowns, despite the market situation described above.

The Company buys products it sells on a stable basis both from domestic producers, the leading suppliers being ArcelorMittal Europe CZ, Liberty Ostrava, Moravia Steel, Valsabbia, ESAB, and from foreign companies, predominantly in Slovakia (U.S. Steel Košice, Železárny Podbrezová), Poland (ArcelorMittal Poland, CMC), Germany (Stahlwerk, ESP Feralpi) as well as in other countries (Duferco, Padana,

Ferriere, Wieland etc.). There is a constant adjustment of the portfolio of suppliers to the specific market conditions. Adjustment of commercial policy to Ferona group's interests plays a major role in changing these conditions.



The revenue structure by product group in 2023 was as follows:



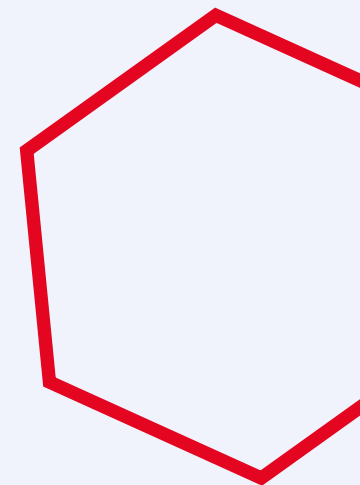
08 INVESTMENT ACTIVITIES

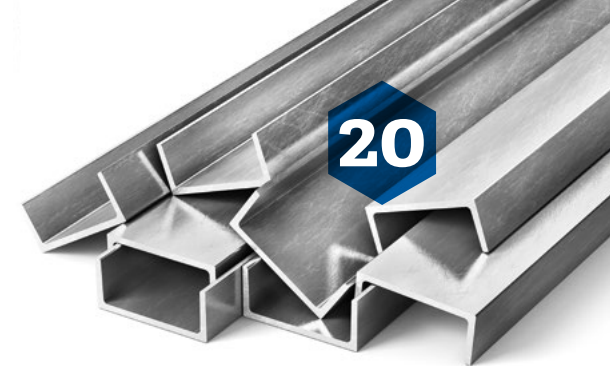


The year 2023 meant the acquisition of fixed assets in the value of CZK 166,285 thousand. The most significant item in terms of cost is the group of investments related to the implementation of the new ERP, i.e. CZK 41,900 thousand. The investments were thus directed to intangible (CZK 23.5 million) and tangible assets (CZK 18.4 million). Furthermore, the development of technological equipment related to material cutting services and welded profile production amounted to CZK 34,502 thousand. The renewal of transport equip-

ment amounted to CZK 24,894 thousand. The construction of the FV powerplant in the Velká Bystřice area cost CZK 18,850 thousand (production start in 2024). The development of buildings – in particular the insulation of the administration building in Velká Bystřice cost CZK 18,527 thousand. Land was acquired – mainly the change of co-ownership to full ownership in Praha Malešice – a total of CZK 15,000 thousand. CZK 6,740 thousand was spent on handling equipment in the form of forklifts and cranes. Other tangible assets, HW

CZK 1,821 thousand. Other intangible assets, SW CZK 1,335 thousand. CZK 2,716 thousand was spent on advances on investments.





09 SIGNIFICANT PROJECTS



01

H.A.N.S. STAVBY, a.s.
Supplies of rebar and prestressing ropes.



02

FIRESTA
Supply of materials for the construction of a footbridge in a landscape park Havraňák.



03

BRESTT STAVBY
Supplies of rebar.



04

DOOSAN BOBCAT

Deliveries of hot-rolled sheets cut using the "STRETCHER" technology to Doosan Bobcat EMEA.



05

AMMANN

Supply of steel materials for the production of construction compaction equipment.



06

SOR

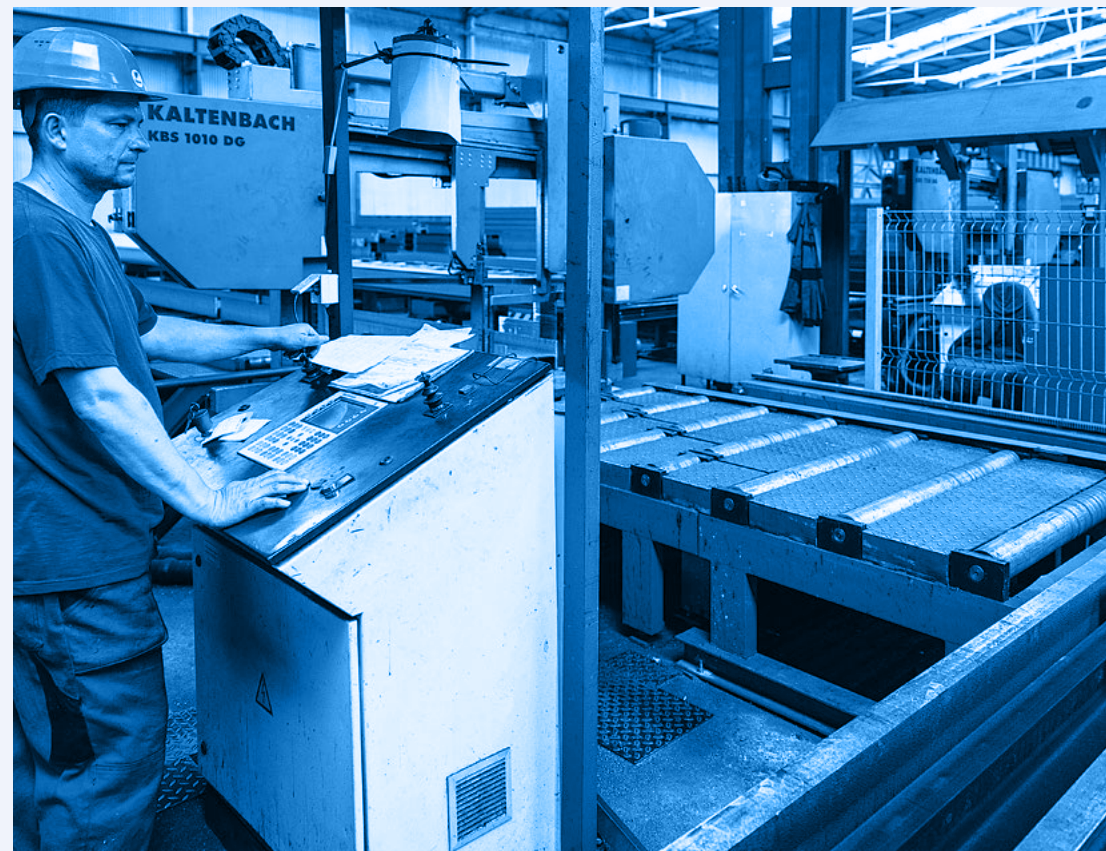
Supply of steel materials for the production of emission-free electric buses.

10 FERONA STAFF

The average number of employees at the end of 2023 was 788, which is 1 person more than in 2022 and 3 persons less than in 2021. In 2023, as in previous years, the Company continuously streamlined all its operations.

The average gross monthly salary in 2023 (excluding managers) was CZK 40,395, which is CZK 1,153 more than in 2022 and CZK 2,590 more than in 2021.

The wage costs in 2023 amounted to CZK 464,775 thousand, which means a decrease of CZK 26,068 thousand compared to 2022 and a decrease of CZK 27,596 thousand compared to 2021. Statutory social security and health insurance costs totalled CZK 155,144 thousand and social costs within the social expenditure budget amounted to CZK 8,621 thousand and remained at a comparable level to 2022.



788

**Average number of employees
at the end of 2023**





11 COMMENTARY ON PROFIT AND LOSS ACCOUNT

The trading margin in 2023 amounted to CZK 945,491 thousand, which is CZK 865,608 thousand lower than in 2022 and CZK 1,560,876 thousand lower than in 2021. The significant decrease in 2023 compared to 2022 was due to the dramatic fall in the price levels of the commodities sold, the high inflation rate, energy prices, the ongoing war conflict and the continued recessionary behaviour of the economy in Central Europe and especially in Germany.

Revenues from services, which are represented by transport fees, cutting and finishing of material such as burning of thick plates and services provided to subsidiaries, amounted to CZK 222,648 thousand and increased by CZK 4,276 thousand compared to 2022 and by CZK 30,560 thousand compared to 2021, mainly for transport fees.

The largest item of the **operational consumption** (apart from the value of goods sold) is the cost of consumed material and energy and it

amounts to CZK 3,175,867 thousand, of which the majority is the consumption of material for production in Steel Service Centres. Purchased services are mainly made up of contractual freight (33%), repairs and maintenance (24.5%), security (5.5%), professional services (4.5%), waste disposal (4.3%), advertising and promotion (1.7%) and consulting (3.9%). The Company adjusted the use of the costs of power consumption excluding the consumption of materials for production to the revenues achieved, which resulted in a decrease of CZK

25,735 thousand compared to the previous year, with repairs and maintenance accounting for the largest share of the decrease.

The value added in 2023 amounted to CZK 948,738 thousand and recorded a decrease of CZK 748,223 thousand compared to 2022 and a decrease of CZK 1,292,197 thousand compared to 2021 for the reasons described above. Total personnel costs amounted to CZK 619,919 thousand and decreased by CZK 26,726 thousand compared to 2022. Depreciation of



intangible and tangible fixed assets amounting to CZK 149,149 thousand remained almost unchanged year-on-year.

The operating result ended with a profit of CZK 181,232 thousand, which is a decrease of CZK 570,908 thousand compared to the previous year due to the above-described economic and geopolitical situation. The total impact of provisions on the operating result was a charge of CZK 34,695 thousand. Almost the entire amount is ac-

counted for by the settlement of provisions for receivables.

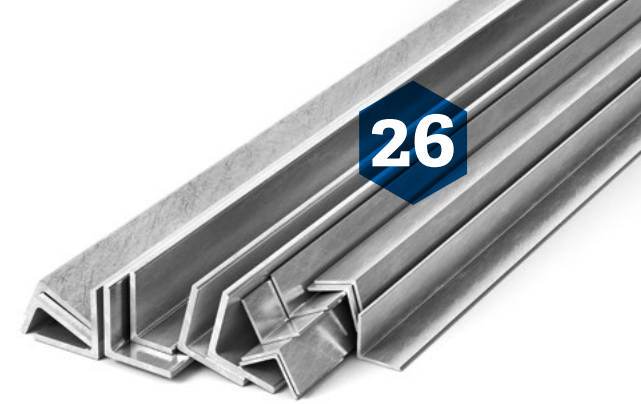
Interest expense on operating loans and factoring, which amounted to CZK 164,638 thousand, increased by CZK 31,974 thousand year-on-year due to high interbank interest rates throughout the year and the Company's drawdown of loans for the entire Feron Group (increase in interest by CZK 29,444 thousand). Interest income is mainly made up of interest income in the Group amounting to CZK

68,885 thousand. Financial expenses, such as bank charges and foreign exchange losses, amounted to CZK 251,868 thousand, the largest item being foreign exchange losses of CZK 224,454 thousand, while other financial income of CZK 207,077 thousand is mostly made up of foreign exchange gains of CZK 201,328 thousand. The balance of exchange rate differences is an expense and, including spot hedging on the purchase of foreign currencies, amounts to CZK 17,377 thousand.

In the accounting period, the Company did not recognise any transaction affecting **the extraordinary result** and the **profit before tax** amounted to CZK 40,977 thousand.

The result for the accounting period is a profit of CZK 63,715 thousand, the amount of which is significantly positively influenced by exceptional market developments during the year.

12 COMMENTARY ON BALANCE SHEET



The total assets of the company as at 31 December 2023 decreased slightly compared to the previous period and reached the book value of CZK 9,315,225 thousand. This fact was mainly due to the decrease in the value of inventories and trade receivables, but on the other hand also to the increase in the value of financial assets.

Fixed assets, representing 32.8% of the value of assets, amounted to CZK 3,057,715 thousand.

The largest part of **tangible fixed assets** is made up of buildings worth CZK 551,351 thousand (33% of the total value of tangible fixed assets), movable assets worth CZK 538,447 thousand (32.3% of

the total) and land worth CZK 507,820 thousand (30.5% of the total).

The value of non-current financial assets of CZK 1,330,328 thousand includes the shares owned by Feronia, 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 according to the current exchange rate of the Czech koruna to individual currencies as at 31 December 2023. The increase in the value of non-current financial

assets compared to the previous period is due to the profit achieved by all subsidiaries. For foreign holdings, the effect of the CZK/EUR and PLN exchange rates must be taken into account in their conversion.

Current assets account for 67% of total assets and have decreased by CZK 667,974 thousand to CZK 6,243,897 thousand since the beginning of the year, mainly in the value of inventories and short-term trade receivables, while financial assets have increased.

Structure of assets	CZK thousand	Share in %
Intangible fixed assets	59,762	2.0
Tangible fixed assets	1,667,625	54.5
Non-current financial assets	1,330,328	43.5

Of the total inventories, the most important item is the **inventory of trade goods**, which decreased to CZK 2,369,299 thousand compared to the beginning of the year. The immediate turnover time of goods inventories, calculated on the value of goods sold at the purchase price, reached 74 days at the end of the year, which represents an increase of 4 days compared to the previous year. The in-



crease in inventories of materials by CZK 36,606 thousand compared to the beginning of the period is due to the frontloading for production as a result of fluctuations in material price levels.

The Company has **long-term receivables** for advances primarily for principal payments on leases.

Trade receivables account for a significant part of short-term receivables and decreased in net value to CZK 1,067,643 thousand compared to the previous year. All receivables more than 60 days past due are treated by the creation of allowances. For other receivables, provisions are made according to the assessment of their risk

at the date of the financial statements. The immediate turnaround time for short-term trade receivables at the end of the year was 30 days, an increase of 1 day year-on-year. 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 827,569 thousand, which represents an increase of CZK 339,344 thousand compared to the beginning of the year due to the optimisation of loan drawdowns at the end of the year and the undrawn overdraft facility.

The accrual amounted to CZK 13,613 thousand, which is 0.15% of total assets.

The most significant item of liabilities is **equity**, which as at 31 December 2023 amounted to CZK 5,843,432 thousand and covers 62.7% of the total book value of liabilities. A summary of the changes is described in the notes to the financial statements.

The share 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 2023.

At the end of 2023, **liabilities** amounted to CZK 3,460,303 thousand in the following structure:

Structure of assets	CZK thousand	Share in %
Reserves	3,275	0.1
Long-term liabilities	42,732	1.2
Short-term liabilities	1,581,770	45.7
Bank loans and advances	1,832,526	53.0

Non-current liabilities

consist mainly of a deferred tax liability of CZK 35,843 thousand, whose year-on-year change is due to a different structure of the items included in the calculation.

Among current liabilities, the most important are **trade payables**, which amounted to CZK 1,165,151 thousand at the end of the year and, except for invoices withheld due to claims and liabilities ready for set-off, were

up to the due date. Their value remained almost unchanged year on year due to caution because of the constant fluctuations in the price levels of the commodities sold. Due to the company-wide holiday, 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 did not delay the payment of its liabilities in 2023 either.



Bank loans

excluding factoring amounted to CZK 1,831,795 thousand at the end of the year. As at the date of the financial statements, the Company drew operating loans to finance current assets. The year-on-year decrease is due to the situation in the economies of Central European countries, the decline in price levels and turnover. Liabilities from recourse factoring amounted to only CZK 731 thousand.

Accruals at the end of the year amounted to CZK 11,490 thousand, the largest value being accruals for interest and fees on bank loans and freight charges.

13 FINANCIAL STANDING



The results of the annual financial statements show that the company's financial situation is stable in the long term. It ensures the fulfillment of all obligations within the agreed and set deadlines and the company has not been insolvent.

The company's overall debt is maintained at an acceptable level and the company has not experienced any problems in repaying any of its obligations. The Company has maintained the confidence of the banking and insurance houses in 2023 as well. The share of

foreign funds and other liabilities in the company's total assets as of 31 December 2023 was only 37.3%, although the company finances the entire Ferona Group with loans. Excluding this effect, the aforementioned share of external

resources is only 27.7% and represents a further strengthening of the company's financial stability compared to the previous year.

The ratio of bank loans and advances to sales of goods

and services at the end of 2023 is 14.3% due to the change in the parent company's financing of the Group in 2022. Excluding loans to subsidiaries, it represents a value of 4.7% and a reduction compared to last year.





12 599 000

Revenue from the sale of goods
in 2023 (CZK thousand)



14 INCORPORATION OF SUBSIDIARIES IN THE FERONA GROUP CONSOLIDATION UNIT

Ferona, a.s. is the parent company that accounts for almost 60% of the sales of goods and services in the Ferona Group, which included the following controlled persons as at 31 December 2023:

FERONA Slovakia, a.s.	
Identification number	364 01 137
Registered office of the company	Bytčická 12, Žilina, Slovensko
Other establishments	Nitra, Košice, Bratislava
Activities	Wholesale of metallurgical products, cutting of flat products
Equity	EUR 26,601 thousand
Profit for the year 2023	EUR 379 thousand
Share of Ferona in the share capital	100%
Book value of Ferona's share (net)	CZK 657,707 thousand

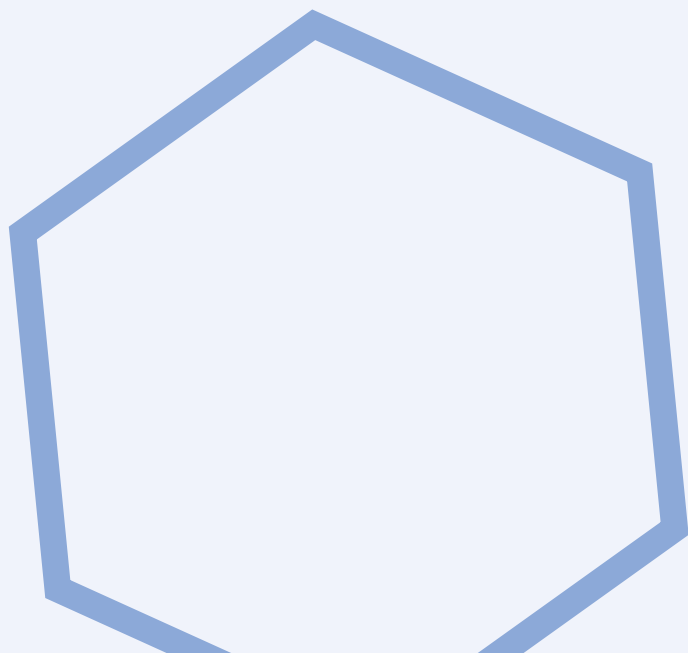
FERONA POLSKA, S.A.	
Identification number	240 569 429
Registered office of the company	Mikolowska 31, Myslowice, Polsko
Other establishments	Wroclaw, Kielce, Poznań
Activities	Wholesale of metallurgical products
Equity	PLN 40,155 thousand
Profit for the year 2023	PLN 810 thousand
Share of Ferona in the share capital	100%
Book value of Ferona's share (net)	CZK 228,643 thousand

FTP PLASTICS, s.r.o.

Identification number	253 54 418
Registered office of the company	ul. ČSA 730, Velká Bystřice, Česká republika
Other establishments	Králův Dvůr, České Budějovice
Activities	Trade in technical plastics including assembly and installation
Equity	CZK 137,818 thousand
Profit for the year 2023	CZK 1,304 thousand
Share of Ferona in the share capital	100%
Book value of Ferona's share (net)	CZK 137,818 thousand

PRAGMET, a.s.

Identification number	240 569 429
Registered office of the company	Havlíčková 1043/11, Praha 1, Česká republika
Other establishments	Benátky nad Jizerou
Activities	Cutting of flat products for automotive
Equity	CZK 306,160 thousand
Profit for the year 2023	CZK 32,632 thousand
Share of Ferona in the share capital	100%
Book value of Ferona's share (net)	CZK 306,160 thousand





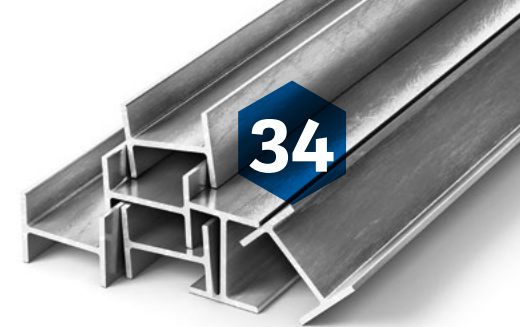
15 RESULTS OF THE FERONA GROUP CONSOLIDATION UNIT



In 2023, the companies in the group achieved sales of goods of CZK 17,694,407 thousand, which is about 24% less than in the previous year. The value added amounted to CZK 1,366,475 thousand and decreased by 43% compared to the previous year. The consolidated operating result as at 31 December 2023 is a profit of CZK 331,270 thousand.

The consolidated profit for 2023 amounted to CZK 112,700 thousand.

The value of assets of the consolidation unit at the end of 2023 amounted to CZK 10,183,257 thousand and the value of equity amounted to CZK 5,841,393 thousand.



16 EVENTS AFTER THE BALANCE SHEET DATE, KEY OBJECTIVES, OTHER DATA AND 2024 OUTLOOK

EVENTS AFTER THE BALANCE SHEET DATE FERONA

There were no significant events after the date of the financial statements.

The Company expects to become a taxpayer for the next financial year in accordance with the law on equalisation taxes for large multinational groups and large domestic groups. Testing of the effective tax rate is performed at the Group level. The Company is not aware of any other facts relating to the equalisation tax at the date of the financial statements.

THE CONTINUITY OF THE BUSINESS – STATEMENT BY THE COMPANY MANAGEMENT

The 2023 and 2022 financial years were marked by significant price changes for the goods sold by the Company, whether due to the pandemic with all its negatives, the conflict in Ukraine, significant increases in energy and fuel prices and the resulting incipient economic recession. This complex of causes has led to instability, which has manifested itself in momentary increases in demand or longer-term declines. Thanks to all the

measures implemented by the Company's Board of Directors in the range of products sold, the management of inventory levels and receivables, and the long-term excellent relations with banking and insurance houses, the Company created the conditions for coping with all the difficulties of the difficult economic situation. The decisions and measures taken have secured the 2023 result and the credit policy in place brings a long-term stable volume of available funds to secure all the Company's needs, including its development.

Under the influence of the deepening signs of recession in the economy, the Company has been creating the conditions during the second half of 2023 to enter 2024 ready to face new challenges and to ensure that its performance is able to withstand negative influences. The treatment of all assets, the payment of outstanding liabilities and the additional amount of available financial resources are evidence of this readiness.

Management, after evaluating all available information, negotiated business agreements and analysis of its balance sheet, has concluded that there is no material uncertainty regarding the going concern. In view of this, the financial statements as at 31 December 2023 have been prepared on the assumption that the company will be able to continue as a going concern.

THE KEY OBJECTIVES OF FERONA

In the quality policy, which the company has set for a long time and verifies its compliance every year through an authorized company, the key objectives are defined.

According to the ČSN EN ISO 9001:2016 standard, the quality policy defines the following objectives:

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

The above objectives are incorporated into specific action lines:

- consistent adherence to the business strategy according to the current market situation,
- maximum utilisation of the division capacity in its own service centres,
- use of new hot rolled coil cutting technology for customer requirements,
- not to exceed the proportion of customer complaints caused by Ferona,
- efficient inventory management at Ferona Group level,
- centralised commercial policy in price risk management,
- streamlining and improving the transport of goods to customers,

- centralised approach to credit policy management,
- centralisation of credit resources at parent company level,
- pressure for efficiency and improvement of all business processes,
- transfer of experience to all Ferona Group companies.

ADDITIONAL INFORMATION FERONA

The Company did not spend any funds on research and development in 2023.

The company does not show any significant activities in the field of environmental protection, but by rationalisation and saving measures in the field 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 and also adapted its investment plans to new environmentally friendly trends.

It regularly informs its business partners about its environmental activities, especially about upcoming investment projects that will reduce its carbon footprint in line with EU targets.

The company does not have a branch abroad.

FERONA FINANCIAL PLAN FOR 2024

Ferona expects to generate sales of CZK 14,029 million and a profit before tax of CZK 50 million in the year. This outlook realistically reflects the situation in the economic field.

FERONA INVESTMENT PLAN FOR 2024

Ferona will spend CZK 160 million on investments, which will have a renovation and, above all, development character. The renewal mainly concerns crane and conveyor technology, and the development investments will focus on commissioning the new ERP, streamlining production on the cutting lines (modernisation of longitudinal cutting), completion of retail outlets and also include the construction of photovoltaic power plants.





1 500

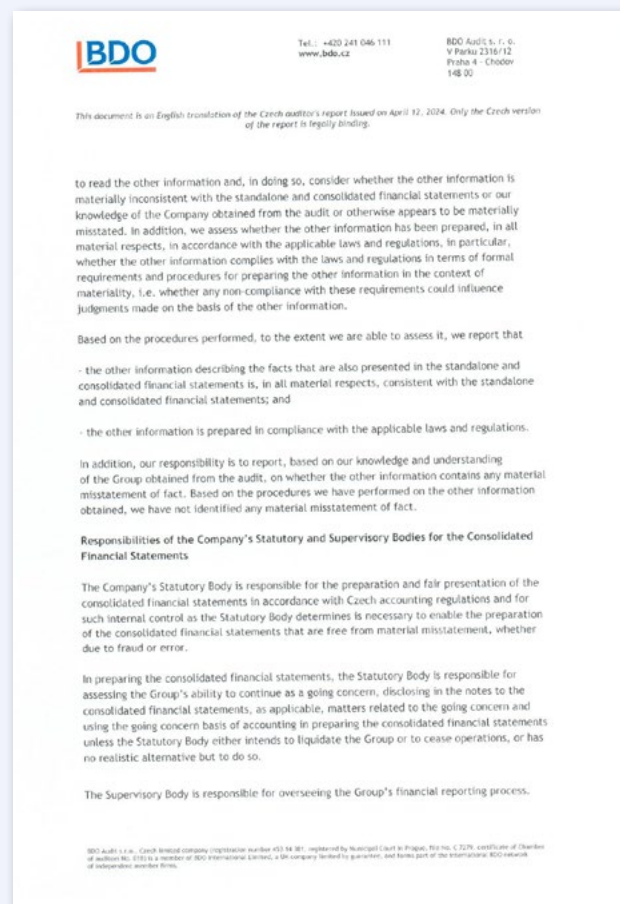
Number of trees in the area,
that are regularly cared for

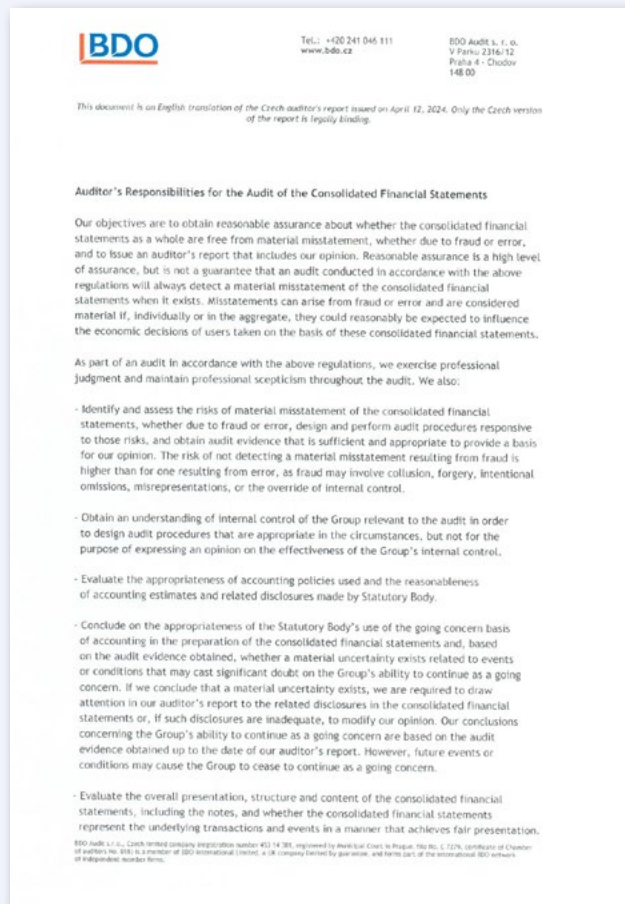


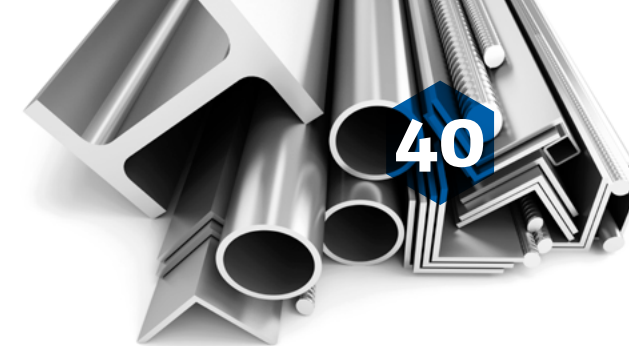


17

INDEPENDENT AUDITOR'S REPORT ON THE AUDIT OF THE COMPANY'S NON-CONSOLIDATED FINANCIAL STATEMENTS







18 FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET – ASSETS

(IN CZK THOUSAND)

		Current as of 31.12.2023	Current as of 31.12.2022	Previous as of 31.12.2021
	TOTAL ASSETS	10 183 257	10 822 793	11 687 189
B.	Fixed assets	2 606 115	2 557 637	2 600 744
B.I.	Intangible assets	60 552	36 562	14 040
B.II.	Tangible assets	2 545 563	2 521 075	2 586 704
B.III.	Financial investments	0	0	0
B.IV.	Consolidation balance – active "+", negative "-"	0	0	0
B.V.	Equity securities	0	0	0
C.	Current assets	7 558 226	8 247 325	9 063 768
C.I.	Inventory	4 280 343	4 993 324	5 834 541
C.II.	Receivables	2 179 386	2 489 977	2 592 483
C.IV.	Financial assets	1 098 497	764 024	636 744
D.	Prepaid expenses and accrued revenue	18 916	17 831	22 677

CONSOLIDATED BALANCE SHEET – LIABILITIES

(IN CZK THOUSAND)

		Current as of 31.12.2023	Current as of 31.12.2022	Previous as of 31.12.2021
	TOTAL LIABILITIES AND EQUITY	10 183 257	10 822 793	11 687 189
A.	Equity	5 841 393	5 979 372	6 000 409
A.I.	Registered capital	3 000 000	3 000 000	3 000 000
A.II.	Share premium and capital funds	96 277	67 302	96 805
A.III.	Funds from profit	459 369	412 016	320 826
A.IV.	Retained earnings	2 173 047	1 842 507	881 328
A.V.	Current profit minus minority shares	112 700	657 547	1 701 450
1.	Current profit / (loss)	112 700	657 547	1 701 450
2.	Profit share in equity (+/-)	0	0	0
A.VI.	Consolidation reserve fund	0	0	0
B.+C.	Liabilities	4 330 228	4 829 321	5 675 894
B.	Reserves	20 661	29 000	19 714
C.I.	Long-term liabilities	46 584	62 000	62 026
C.II.	Short-term liabilities	4 262 983	4 738 321	5 594 154
D.	Deferred expenses and accrued revenue	11 636	14 100	10 886
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)

		Actual in the accounting period		
		Current as of 31.12.2023	Current as of 31.12.2022	Previous as of 31.12.2021
I.	Revenue from sale of products and services	2 069 940	1 954 248	2 105 063
II.	Revenue from sale of goods	17 694 407	23 228 676	21 114 934
A.	Production consumption	23 374 246	28 557 719	25 283 095
B.	Change in internally developed inventory balance	14 054	-29 761	-29 258
C.	Capitalisation	-4 990 428	-5 757 770	-5 106 537
D.	Personnel expenses	832 641	851 064	853 372
E.	Adjustments of operation	168 735	91 899	-28 930
	of which – adjustments to tangible and intangible assets-permanent	202 802	199 454	203 307
	Deduction of the consolidation balance	0	0	7 171
III.	Other operating income	2 378 723	3 252 121	2 930 503
F.	Other operating expenses	2 412 552	3 645 870	2 925 920
*	Consolidated operating profit	331 270	1 076 024	2 245 667
VI.	Interest received and similar income	349	95	53
J.	Interest expense and similar expenses	173 872	141 456	34 208
VII.	Other financial gains	233 407	328 021	136 905
K.	Other financial losses	281 072	386 071	195 895
*	Consolidated financial profit/(loss)	-221 188	-199 411	-93 145
**	Consolidated profit before taxes	110 082	876 613	2 152 522
L.	Income tax	-2 618	219 066	451 072
**	Consolidated profit after taxes	112 700	657 547	1 701 450
***	Consolidated profit for the period	112 700	657 547	1 701 450
	of which – Profit for the period minus equity shares	112 700	657 547	1 701 450
	– Minority profit for the period	0	0	0
	Profit share in equity	0	0	0
****	Consolidated profit for the period	112 700	657 547	1 701 450

BALANCE SHEET UNABRIDGED AS OF 31. 12. 2023 – ASSETS

(IN CZK THOUSAND)

		Current period			Balance as of 31.12.2022
		Gross	Correction	Net	Net
	TOTAL ASSETS	13 003 309	-3 688 084	9 315 225	9 888 359
B.	Fixed assets	6 554 411	-3 496 696	3 057 715	2 962 115
B.I.	Intangible assets	157 016	-97 254	59 762	35 630
B.I.2.	Valuable rights	98 892	-97 254	1 638	999
B.I.2.1.	Software	98 892	-97 254	1 638	999
B.I.5.	Advances to intangible assets + intangible assets in progress	58 124	0	58 124	34 631
B.I.5.2.	Intangible assets in progress	58 124	0	58 124	34 631
B.II.	Tangible assets	5 067 067	-3 399 442	1 667 625	1 681 382
B.II.1.	Lands and buildings	2 971 857	-1 912 686	1 059 171	1 092 833
B.II.1.1.	Lands	507 820	0	507 820	492 820
B.II.1.2.	Buildings	2 464 037	-1 912 686	551 351	600 013
B.II.2.	Tangible movable things and sets of movable things	2 025 203	-1 486 756	538 447	534 309
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	69 693	0	69 693	53 926
B.II.5.1.	Advances to tangible assets	14 293	0	14 293	17 148
B.II.5.2.	Tangible assets in progress	55 400	0	55 400	36 778
B.III.	Financial investments	1 330 328	0	1 330 328	1 245 103
B.III.1.	Shares – controlled or controlling person	1 330 328	0	1 330 328	1 245 103

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BALANCE SHEET UNABRIDGED AS OF 31. 12. 2023 – ASSETS

(IN CZK THOUSAND)

		Current period			Balance as of 31.12.2022
		Gross	Correction	Net	Net
C.	Current assets	6 435 285	-191 388	6 243 897	6 911 871
C.I.	Inventory	2 985 711	-524	2 985 187	3 626 397
C.I.1.	Material	611 461	0	611 461	574 855
C.I.2.	Work in progress and semi-finished products	3 048	0	3 048	2 992
C.I.3.	Finished products and goods	2 369 823	-524	2 369 299	2 885 221
C.I.3.2.	Goods	2 369 823	-524	2 369 299	2 885 221
C.I.5.	Advances for inventory	1 379	0	1 379	163 329
C.II.	Receivables	2 622 005	-190 864	2 431 141	2 797 249
C.II.1.	Long-term receivables	3 236	0	3 236	3 206
C.II.1.5.	Other receivables	3 236	0	3 236	3 206
C.II.1.5.2.	Long-term advances – paid	3 236	0	3 236	3 206
C.II.2.	Short-term receivables	2 618 769	-190 864	2 427 905	2 794 043
C.II.2.1.	Accounts receivable	1 258 507	-190 864	1 067 643	1 352 948
C.II.2.2.	Receivables – controlled and controlling person	1 230 095	0	1 230 095	1 298 585
C.II.2.4.	Other receivables	130 167	0	130 167	142 510
C.II.2.4.3.	State – tax assets	22 400	0	22 400	47 946
C.II.2.4.4.	Short-term advances – paid	3 559	0	3 559	3 013
C.II.2.4.5.	Estimated assets	103 882	0	103 882	91 073
C.II.2.4.6.	Other receivables	326	0	326	478
C.IV.	Cash	827 569	0	827 569	488 225
C.IV.1.	Petty cash	1 615	0	1 615	1 586
C.IV.2.	Bank accounts	825 954	0	825 954	486 639
D.	Accruals and deferrals	13 613	0	13 613	14 373
D.1.	Prepaid expenses	10 898	0	10 898	12 011
D.3.	Accrued income	2 715	0	2 715	2 362

BALANCE SHEET UNABRIDGED AS OF 31. 12. 2023 – LIABILITIES

(IN CZK THOUSAND)

		Current accounting period	Balance as of 31.12.2022
	TOTAL LIABILITIES AND EQUITY	9 315 225	9 888 359
A.	Equity	5 843 432	5 982 491
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	634 941	549 715
A.II.2.	Capital funds	634 941	549 715
A.II.2.1.	Other capital funds	230 542	230 542
A.II.2.2.	Adjustments to assets and liabilities	404 399	319 173
A.III.	Funds from profit	388 953	360 124
A.III.1.	Other reserve funds	388 953	360 124
A.IV.	Retained earnings / (accumulated loss)	1 755 823	1 496 089
A.IV.1.	Retained earnings / loss	1 755 823	1 496 089
A.V.	Net profit for the period	63 715	576 563
B.+C.	Liabilities	3 460 303	3 891 572
B.	Reserves	3 275	2 703
B.4.	Other reserves	3 275	2 703

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BALANCE SHEET UNABRIDGED AS OF 31. 12. 2023 – LIABILITIES

(IN CZK THOUSAND)

		Current accounting period	Balance as of k 31.12.2022
C.	Payables	3 457 028	3 888 869
C.I.	Long-term payables	42 732	60 756
C.I.8.	Deferred tax liability	35 843	58 083
C.I.9.	Other payables	6 889	2 673
C.I.9.3.	Other payables	6 889	2 673
C.II.	Short-term payables	3 414 296	3 828 113
C.II.2.	Payables to credit institutions	1 831 795	2 298 585
C.II.3.	Short-term advances receives	3 611	4 449
C.II.4.	Accounts payable	1 165 151	1 142 111
C.II.8.	Other payables	413 739	382 968
C.II.8.2.	Short-term borrowings	731	3 651
C.II.8.3.	Payables to employees	42 389	26 353
C.II.8.4.	Social security and health insurance payable	20 545	12 963
C.II.8.5.	Stát – daňové závazky a dotace	31 104	32 288
C.II.8.6.	State – tax liabilities and subsidies	317 402	306 189
C.II.8.7.	Other payables	1 568	1 524
D.	Accruals and deferrals	11 490	14 296
D.1.	Accrued expenses	11 382	14 193
D.2.	Deferred income	108	103

PROFIT AND LOSS ACCOUNT UNABRIDGED, BY TYPE AS OF 31. 12. 2023

(IN CZK THOUSAND)

		Actual in accounting period	
		Current	Past
I.	Income from sale of goods and services	222 648	218 372
II.	Income from sale of goods	12 599 022	16 953 024
A.	Production consumption	15 108 154	19 218 850
A.1.	Cost of goods sold	11 653 531	15 141 925
A.2.	Material and energy consumption	3 175 867	3 772 434
A.3.	Services	278 756	304 491
B.	Change of balance of internally developed inventory	-87	-9 043
C.	Capitalisation	-3 235 135	-3 735 372
D.	Personnel expenses	619 919	646 645
D.1.	Payroll	464 775	490 843
D.2.	Social security, health insurance and other expenses	155 144	155 802
D.2.1.	Social security and health insurance expenses	146 523	146 857
D.2.2.	Other expenses	8 621	8 945
E.	Adjustments to operations	114 454	-64 425
E.1.	Adjustments to tangible and intangible assets	149 149	148 852
E.1.1.	Adjustments to tangible and intangible assets-permanent	149 149	148 852
E.2.	Adjustments to inventory	-442	709
E.3.	Adjustments to receivables	-34 253	-213 986
III.	Other operating income	1 627 643	2 206 342
III.1.	Income from sold fixed assets	5 627	7 263
III.2.	Income from sold materials	20 608	35 386
III.3.	Other operating income	1 601 408	2 163 693

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PROFIT AND LOSS ACCOUNT UNABRIDGED, BY TYPE AS OF 31. 12. 20233

(IN CZK THOUSAND)

		Actual in accounting period	
		Current	Past
F.	Other operating expenses	1 660 776	2 568 943
F.1.	Residual price of sold assets	1 192	1 320
F.2.	Residual price of sold material	8 532	21 375
F.3.	Taxes and charges	14 429	14 779
F.4.	Operating reserves and complex prepaid expenses	572	-150
F.5.	Other expenses	1 636 051	2 531 619
*	Profit / (loss) from operations	181 232	752 140
IV.	Gains on financial investments – shares	0	115 319
IV.1.	Gains on shares – controlling or controlled person	0	115 319
VI.	Interest and other similar income	69 174	39 441
VI.1.	Interest income – controlled or controlling person	68 885	39 441
VI.2.	Interest and other similar income	289	0
J.	Interest and other similar expense	164 638	132 664
VII.	Other financial gains	207 077	305 124
K.	Other financial losses	251 868	355 669
*	Financial profit (loss)	-140 255	-28 449
**	Profit before taxes	40 977	723 691
L.	Income tax	-22 738	147 128
L.1.	– due	-498	143 539
L.2.	– deferred	-22 240	3 589
**	Profit/(loss) after taxes	63 715	576 563
***	Profit for the period	63 715	576 563
XII.	Net turnover for the period (group 6)	14 725 564	19 837 622