

**Liberty Ostrava a.s.**

Annual Report  
for the Period from 1 July 2020  
to 31 March 2021

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## I. GENERAL INFORMATION ABOUT THE COMPANY

### Company Profile

Business Name:	Liberty Ostrava a.s.
Registered Office:	Vratimovská 689/117, Kunčice, 719 00 Ostrava
Legal Status:	Joint stock company
Corporate ID:	45193258
Tax ID:	CZ45193258
The Company's Core Business:	The Company is primarily engaged in the production and processing of hot metal and steel and secondary metallurgical production. Long and flat rolled products account for the largest portion of the metallurgical production. Engineering manufacturing principally produces mine supports and road crash barriers. Servicing and maintenance activities are predominantly provided by the Company's own service plants.
Registration of the Company in the Register of Companies was performed by:	Regional Court in Ostrava, file ref. B 297
Established:	22 January 1992
Majority Shareholder as of 31 March 2021:	LIBERTY OSTRAVA LIMITED (100%)

On 22 July 2020, the General Meeting decided on an amendment to the Articles of Association, decreasing the number of members of the Supervisory Board from nine to six.

On 15 December 2020, the Board of Directors decided on a change of the reporting period from a calendar year to a fiscal year starting from 1 July 2020 and ending on 31 March 2021; afterwards, the reporting period will always start from 1 April and end on 31 March.

## **Composition of the Company's Board of Directors and Top Management as of 31 March 2021:**

### **Sanjeev Gupta**

- Chairman of the Board of Directors

### **Gunjan Choudhary**

- Head of Sales

### **Pradhan Suyash Kumar**

- Vice Chairman of the Board of Directors
- Chief Finance Officer

### **Ivo Bouda**

- Chief Purchasing Officer

### **Ajay Kumar Aggarwal**

- Member of the Board of Directors

### **Jaroslav Výstrk**

- Chief HR Officer

### **Václav Habura**

- Member of the Board of Directors
- Chief Operations Officer

### **Petr Baranek**

- Chief Environmental Officer

### **Jiří Michálek**

- Chief Health & Safety Officer

## **The Composition of the Supervisory Board as of 31 March 2021:**

Members:

Roland Jean Pierre Junck  
Arnaud Nicolas Joseph Maurice de Weert  
Ashok Virupaksha Gowda Patil  
Eduard Muřický  
Petr Slanina  
Alena Sobolová

In the reporting period from 1 July 2020 to 31 March 2021, the below-listed changes were made in the composition of the Board of Directors and the Supervisory Board:

On 22 July 2020, the sole shareholder acting in the capacity of the General Meeting removed Virinder Bahadur Garg from the position of Member of the Supervisory Board and appointed a new Member of the Supervisory Board, Paramjit Singh Kahlon.

On 26 August 2020, the sole shareholder acting in the capacity of the General Meeting appointed Sanjeev Gupta Member of the Board of Directors.

On 15 December 2020, the sole shareholder acting in the capacity of the General Meeting removed Pascal Herve Martin Marie Genest from the position of Member of the Board of Directors and appointed a new Member of the Board of Directors, Ajay Kumar Aggarwal.

On 16 February 2021, the sole shareholder acting in the capacity of the General Meeting removed Ashok Virupaksha Gowda Patil from the position of Member of the Board of Directors and appointed a new Member of the Board of Directors, Václav Habura. It also removed Paramjit Singh Kahlon from the position of Member of the Supervisory Board and appointed a new Member of the Supervisory Board, Ashok Virupaksha Gowda Patil.

Subsequently, the Board of Directors voted at their meeting held on 16 February 2021 to appoint Sanjeev Gupta Chairman of the Board of Directors and Pradhan Suyash Kumar Vice Chairman of the Board of Directors.

## **Plant Directors as of 31 March 2021**

Plant 10 – Coke Plant	Kamil Kičmer
Plant 12 – Blast Furnaces Plant	Jan Haščin
Plant 13 – Steel Plant	Jiří Kaluža
Plant 14 – Rolling Mills of Long Products	David Božoň
Plant 15 – Tube Mills	Pavel Kňura (entrusted with representation)
Plant 16 – Rolling Mills of Flat Products	Richard Toman
Plant 3 – Maintenance Plant	Roland Hinterreiter
Plant 5 – Transport Plant	Peter Dudáš
Plant 45 – Automation	Miroslav Hýbl

## **Majority Shareholders as of 31 March 2021**

LIBERTY OSTRAVA LIMITED	100%
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## **Securities Issued by the Company:**

Type:	Shares
Form:	Bearer shares
Status:	Book-entered, filed by the Central Depository of Securities, Rybná 14, 110 05 Prague 1
No. of shares issued:	12,390,257

In connection with its manufacturing and business activities, Liberty Ostrava a.s. holds equity investments in a number of companies. The Company did not acquire any treasury shares or equity investments in the reporting period from 1 July 2020 to 31 March 2021.

The Company does not have a branch or other business part abroad.

## **Brief Characteristics of the Company's Individual Plants**

### **Plant 10 – Coke Plant**

Plant 10 – Coke Plant is one of the producers of coke in the Czech Republic. Two coke batteries with ramming operation and a large-capacity coke battery with pouring operation together produce approximately 1.2 million tonnes of coke per year. The chemical section of the Plant produces chemical products (raw coke oven tar, raw coke-oven benzol, coke-oven gas, liquid sulphur), which are distributed to the Czech and foreign markets.

### **Plant 12 – Blast Furnaces Plant**

Plant 12 – Blast Furnaces Plant has four blast furnaces in place. At present, the operation of two blast furnaces is sufficient to meet the requirements of pig iron customers, having an annual production capacity of over 2 million tonnes of pig iron.

The major part of production of liquid pig iron is consumed by Plant 13 – Steel Plant, approximately under 10% of the production of pig iron is strengthened on the casting machine in several range classes in accordance with customer requirements regarding the chemical composition these firm types of iron for steelworks or foundries. The smallest portion of production in terms of volume (under 1%) is intended for the foundry of Liberty Engineering Products Ostrava.

Beside the production of pig iron and sinter for internal use only, external customers are sold products from blast furnace slag, both slag aggregates in several granulometric sorts primarily used for construction purposes, and the blast furnace granulation product for further processing in cement factories or glass works.

### **Plant 13 – Steel Plant**

Plant 13 – Steel Plant is the largest producer of steel in the Czech Republic. Steel is made by the oxygen process in tandem furnaces with an annual production capacity of more than 3 million tonnes. Prior to continuous casting, all liquid steel is processed in ladle furnaces. The liquid steel for modernised continuous casting machine No. 1 with electromagnetic stirring of steel can be processed at the vacuum station to achieve the required parameters, in particular, to degas steel and increase its purity. Subsequently, all liquid steel is cast in sequences on three continuous casting machines into slabs and square or round billets.

### **Plant 14 – Rolling Mills**

Plant 14 – Rolling Mills are the largest final producer of Liberty Ostrava a.s. They process mostly steel that is transported from the Steel Plant (Plant 13) in the form of continuously cast billets. The plant produces and supplies rolled products for domestic and foreign markets. Finishing mills are represented by two section mills (the heavy section rolling and Medium-Fine Section Mills), wire mill and a wide range of sections and wire.

The Heavy Section Rolling Mill produces medium and heavy steel sections ranging from simple round-section bars to simple shaped sections and shaped steel of special cross-sections. This rolling mill also produces steel sections for mine supports and flat steel of a width from 130 to 200 mm.

The Medium-Fine Section Mill produces a broad assortment of rolled products, fine and medium steel sections of basic shapes, round and flat bars, rebars and the range of threaded bars for reinforced concrete and some special sections for the automotive industry.

The Wire Rod Rolling Mill produces hot steel rolled wire with diameters of 5.5-14 mm in coils for further processing in the wire drawing shops and the production plant of steel for reinforced concrete.

### **Plant 15 – Tube Mills**

Plant 15 – Tube Mills – is the final producer of steel tubes of Liberty Ostrava a.s. It mainly processes steel delivered from Plant 13 (Steel Plant) in the form of continuously cast billets and from Plant 64 (Strip Rolling Mills) in the form of hot rolled steel strips. Plant 15 manufactures and supplies steel tubes for domestic and foreign markets. Finishing mills include two (St 4-10'' and St 140) large and small Stiefel mills for a range of seamless tubes, from smooth tubes to threaded tubes, flanged tubes and oil tubes, and a Welding Plant for spirally welded tubes.

Tubes on mills St 4-10'' and St 140 are manufactured only from continuously cast billets. The most difficult product are seamless oil tubes – casing tubes, pumping tubes, drill tubes and oil line tubes. Since 1957, the Company has been authorised to label oil tubes with the American Petroleum Institute (API) logo. Apart from standard API threads, the Company also sells casing tubes and pumping tubes with gas-tight threaded joints.

From the hot rolled steel strips, the Welding Plant manufactures welded tubes with a helical weld both in black design and for the needs of the gas industry with an external protection of the tubes by a three-layer PE insulation, or, alternatively, external or internal FZM-type fibre cement insulation.

We believe our top-class products include the Hunting casing tubes with gas-tight threaded joints, which are resistant to external distortion, and welded tubes for high-pressure gas pipelines furnished with external polyethylene insulation reinforced with a fibre cement layer.

### **Operation 64 – Strip Rolling Mills**

Operation 64 – hot production of rolled flat steel in coils.

### **Operation 65 – Crash Barriers and Mining Supports**

Operation 65 – Crash Barriers and Mining Supports is a producer of steel road restraint systems (crash barriers) and steel mining supports.

### **Plant 3 – Maintenance Plant**

Plant 3 – Maintenance Plant is a repair and maintenance facility that provides for the needs of the production plants with respect to maintenance, repairs and modernisation of production equipment, and investment construction.

In addition, it ensures inspection reviews and maintenance (machinery, electro, hydraulics and automated management systems), the preparation of the annual repairs plan, monitoring of repair costs, inspections of steel structures and diagnostics measurements. It maintains the brickwork (coke battery, blast and tandem furnaces, mobile blenders and heating furnaces) and repairs of metallurgical vehicles.

### **Plant 5 – Transport Plant**

In order to satisfy the transportation requirements of the Company, the plant has locomotives, special railway vehicles, railway cars and railway infrastructure.

The railway transports raw material, material, semi- finished and finished steel products.

Plant 5 – Transport Plant operates railway siding and railway transport on this railway siding, provides for customs clearance, coordinates the services of external suppliers in railway and road freight transport and the transport of employees.

Other services include the operation of passenger vehicles, weighing on railway and road scales, and the measuring of radiation levels of shipped goods.

The plant also acts as an administrator of the “Cold dump”, where the Company’s waste generated during the production process within the company is processed and then stored.

In addition, the competences of Plant 5 – Transport Plant include unloading of raw materials for the production of the Blast Furnaces Plant.

## Principal Products

### Metallurgic Primary Production

- Hot metal production
- Metallurgic coke with the relevant associated coke and chemical products (crude benzol, coking tar, coking gas, liquid sulphur)

### Metallurgic Production

- Plain steel grades, micro alloyed and alloyed steels
- Electro-technical steels under KN 41 3161, KN 41 3162, KN 41 3163 and KN 41 3164 and KN 41 3170 (transformer steel) for production of coils designed for cold rolling, steels resistant to atmospheric corrosion under ČSN EN 10 025-5 (ČSN EN 10 155)
- Continuously cast slabs and billets of a square, quadrangular and circular profile
- Cast formats  
Squares: 115 mm, 130 mm, 160 mm and 180 mm  
Circular: D 130 mm, D 160 mm, D 200 mm, D 270 mm, D 350 mm, D 400 mm  
Slabs: 740-1,575 mm x 150 mm
- Plain steel grades, micro alloyed and alloyed steels
- Hot rolled bars with a simple and shaped cross section
- Hot rolled strip on line P 1500
- Rolling of a strip with oval overhangs on line P 1500
- Rolled wires
- Threaded bars and spring steel
- Production of cold-moulded thin-walled sections
- Mining reinforcements
- Steel traffic barriers
- Reinforcing bars
- Threaded rods for construction
- Blast furnace slag and processed steel slag
- Blast furnace sinter
- Seamless tubes with an outer diameter from 21.3 mm to 273.1 mm – smooth tubes to threaded tubes, flanged tubes and oil tubes
- Welded tubes with a helical weld with an outer diameter from 323.9 mm to 1,016 mm – both in black design and with an external protection of the tubes by a three-layer PE insulation, or, alternatively, external or internal FZM-type fibre cement insulation.

## **II. Report of the board of directors on the business activities and on the balance of assets of Liberty Ostrava a.s.**

### **1. Activities of the Board of Directors**

In the period from 1 July 2020 to 26 August 2020, business activities were managed by the Company's Board of Directors with the following composition:

Chairman of the Board of Directors	-	Ashok Virupaksha Gowda Patil
Vice Chairman of the Board of Directors	-	Pascal Herve Martin Marie Genest
Members of the Board of Directors	-	Pradhan Suyash Kumar

On 26 August 2020, the General Meeting appointed Sanjeev Gupta Member of the Board of Directors.

In the period from 26 August 2020 to 15 December 2020, business activities were managed by the Company's Board of Directors with the following composition:

Chairman of the Board of Directors	-	Ashok Virupaksha Gowda Patil
Vice Chairman of the Board of Directors	-	Pascal Herve Martin Marie Genest
Members of the Board of Directors	-	Pradhan Suyash Kumar
	-	Sanjeev Gupta

On 15 December 2020, the General Meeting removed Pascal Herve Martin Marie Genest as Member of the Board of Directors and appointed Ajay Kumar Aggarwal Member of the Board of Directors.

In the period from 16 February 2021 to 31 March 2021, business activities were managed by the Company's Board of Directors with the following composition:

Chairman of the Board of Directors	-	Sanjeev Gupta
Vice Chairman of the Board of Directors	-	Pradhan Suyash Kumar
Members of the Board of Directors	-	Ajay Kumar Aggarwal
	-	Václav Habura

On 16 February 2021, the General Meeting removed Ashok Virupaksha Gowda Patil as Member of the Board of Directors and appointed Václav Habura new Member of the Board of Directors. At its meeting on 16 February 2021, the Board of Directors appointed Sanjeev Gupta Chairman of the Board of Directors and Pradhan Suyash Kumar Vice Chairman of the Board of Directors.

In the period between 1 July 2020 and 31 March 2021, 18 meetings of the Company's Board of Directors took place, of which 2 *per rollam*.

### **2. Results of Operations**

In the reporting period from 1 July 2020 to 31 March 2021, the Company generated a profit before tax of CZK 705 million. The total profit after tax amounts to CZK 490 million.

In the reporting period, the Company made an operating profit of CZK 10 million and a financial profit of CZK 696 million.

The total sales of own products and services amounted to CZK 21,963 million in the reporting period.

As of 31 March 2021, the Company reported total assets of CZK 32,217 million. Fixed assets totalled CZK 12,829 million, of which tangible fixed assets represented CZK 9,466 million and non-current financial assets amounted to CZK 660 million. Assets are presented in net amounts. Equity amounted to CZK 12,836 million.

### **3. Production and Sales**

In the reporting period, the Company produced 808,234 tonnes of long products (Heavy Section Mill, Medium-Fine Section Mill, Wire Rod Mill and machinery production), and 502,468 tonnes of flat products (Steckel Mill). The aggregate tube production amounted to 107,079 tonnes.

The produced volume of wet coke amounted to 734,619 tonnes; the production of pig iron amounted to 1,263,555 tonnes and liquid steel to 1,500,898 tonnes.

### **4. Environmental Protection**

In the period between 1 July 2020 and 31 March 2021, the Company complied with all environmental limits.

The Czech Environmental Inspectorate of the Trade Inspection Authority Ostrava (CEI) carried out 4 inspections in the period between 1 July 2020 and 31 March 2021 related to the compliance with obligations in the area of air protection, integrated permits and regulated substances, including the reporting obligations. Two inspections were performed in Plant 12 – Blast Furnaces Plant, one inspection in Plant 13 – Steel Plant and one inspection in Plant 14 – Rolling Mills.

The inspections identified no breach of the conditions of Act No. 201/2012 Coll., on Air Protection, or breach of the conditions set in the valid integrated permits or the special conditions of operations when the smog regulation is announced for the period between 1 July 2020 and 31 March 2021.

In the period from 1 July 2020 to 31 March 2021, the Regional Authority for the Moravian-Silesian Region initiated an extensive inspection of compliance with the conditions of the integrated permit for Z12 – Blast Furnaces and Z3 – Maintenance. The inspection has not yet been completed – the expected date of completion is Q2/2021.

In the period from 1 July 2020 to 31 March 2021, no breach of the conditions arising from the provisions of Acts No. 185/2001 and 541/2020, Coll., on Waste, was found.

The fulfilment of the obligations under Sections 10 and 12 of the Act on Packaging is carried out on the basis of a contract concluded with the authorised packaging company EKO-KOM.

All conditions set for waste water drained from Liberty Ostrava a.s. to surface water and ground water and the sewerage system for public use and for the consumption of surface water from the Žermanice hydraulic structure and the Ostravice River were complied with in the period between 1 July 2020 and 31 March 2021.

All obligations resulting from the Greenhouse Gas Emission Trading Act were met in the period between 1 July 2020 and 31 March 2021 within the stipulated deadlines.

The allocation of allowances for 2021 did not take place within the statutory deadline of 28 February 2021 due to the delay in the European Commission's work on the preparation of Benchmarks for NAP IV. The expected deadline for the allowance allocation for 2021 is Q3/2021.

The topic of dealing with the environmental undertakings originating prior to the privatisation is still dealt with on the basis of two separate agreements with the government. The deadlines for clean-up works were set for 2024 for sites on the Company's premises and land in Ostrava and for 2023 for Skatulův Hliník and Incinerator Plant site – tar lagoon in Frýdek Místek.

## 5. Investments

In the period between 1 July 2020 and 31 March 2021, the Company's investments totalled CZK 261 million, of which CZK 110 million were investments in the renovation of facilities, CZK 9 million were investments in increased safety and CZK 2 million were investments in projects to improve the environment.

The three most expensive projects of the reporting period include:

- Relocation of the threaded rod centre (CZK 71 million). The project involved the relocation of the current centre in Rodange to the Fagor hall in Ostrava to retain the sales of threaded rods.
- Fuel flexibility of heating furnaces (CZK 33 million) – preparations for operation using natural gas in case of shutdown of blast furnaces due to insufficient market demand.
- New segments for the continuous casting machine no. 2 (CZK 37 million) – replacement of 4 segments in critical condition after being in operation since 1997 – condition of full production capacity of slabs. The project is combined with a five-year Service agreement with Primetals for the repair of all segments.

Structure of investments by individual plants:

- Plant 10 – Coke Plant: a Study of the Effects on the Chemical Part of the Coke Plant was prepared in the amount of CZK 0.5 million
- Plant 12 – Blast Furnaces: the projects Replacement of Ignition Heads at Agglomeration Plant North – Belt B and C, Reconstruction of the Turboexhauster Central Lubrication, VP3 Ingot Discharge Implementation and other projects, amounting to CZK 32 million.
- Plant 13 – Steel Plant continued in the project Continuous Casting Machines 2 New Segments, Hybrid Furnace – Preparation and Documentation, CEPS 400kV Connection and Power Supply and other projects, amounting to CZK 50 million.
- Plant 14 – Rolling Mills implemented the projects Relocation of Threaded Rod Centre, Flexibility of the Operation of Rolling Mills' Heating Furnaces, Heavy Section Rolling Mill – High Pressure Spraying of Dross, Medium-Fine Section Mill – Reconstruction of 630 t Shears (left side), Medium-Fine Section Mill – Filtration of the Cooling Circuit of Rolling Mills and other projects. Investments in the Rolling Mills amounted to CZK 146 million in total.
- Plant 15 – Tube Mills implemented the projects Renovation of the Magnemag Line, MES System Upgrade for St4-10" and St140 mm, Reconstruction of BI, BII Crane, new cabins and other projects. Investments in the Tube Mills amounted to CZK 21 million in total.
- The Company also conducted minor projects in the area of occupational health and safety, for example, Fire Protection of P14 and 72 Belts (phase 2), Anti-collision and Overload Equipment for Z14 Cranes – 3<sup>rd</sup> stage, Pneumatic Strapping Machines for LDO, etc.

## 6. Research and Development

Research and development (R&D) activities of Liberty Ostrava a.s. were related mainly to the production of continuously-cast semi-finished products (billets, blocks and slabs) and hot rolling of finished products.

In the area of coke production, 2 R&D projects were completed. The first one was related to increasing the technological potential of the coke plant, which included a series of semi-operational coking tests. The second completed project dealt with the optimisation of the flushing of plate coolers. An R&D project addressing the possibility of increasing bulk density using the Kurilin detergent remains in progress. The Research Unit Q does not have its own research capacities in the area of coke production. The last R&D project in Z10 is being completed by a researcher from Unit 10/R. No new projects are planned.

The Research Unit Q does not have a separate researcher allocated for R&D projects in the field of sinter and liquid pig iron production. Nevertheless, a project on increasing the lifetime of trough of the blast furnace no. 2 was carried out. For this project, cooperation with the local university VŠB TUO is planned, which can be identified as one of the priorities for R&D projects. Another priority is cooperation with interns with the possibility of training our own future specialists. Here we can mention the earlier resumption of tests on the SPR (Sinter Pot Test) and the verification of alternative fuels.

In the field of steel production, a project with financial support from the Technology Agency of the Czech Republic is being developed. This involves a new temperature model for the prediction and control of steel temperature in the casting basin. This project, which falls under the Industry 4.0 category, is subsidised by a total amount of CZK 10.6 million.

Another R&D project dealt with the development and introduction of a new insulating material for the casting basin in order to reduce heat loss and save natural gas and electricity costs. The R&D project study on the development of an offline temperature model has been completed. A total of 4 R&D projects were carried out at the Steel Plant in the area of challenging HAV grades. These were products for railway applications, forging purposes, pressure cylinders and spring grades. The R&D project on steels for increased temperability requirements (18CrNiMo7-6 according to the ČSN EN 10084 norm, 42CrMo4 according to the ČSN EN 10083-3 norm) was successfully completed including quantification of the benefits. The steels are used for gears of wind power plants, among other uses. For example, a water model for the inter-pan area was used to solve these projects. A new R&D project was opened for the introduction of slab casting at the continuous casting machine no. 2 with newly installed arc segments. Production was successfully started in 12/2020, including the necessary modifications to the cooling model. The most recent R&D project at the Steelworks involved increasing the output of the continuous casting machine no. 1 for the 180 mm quadrant, where increased casting speeds of 0.2 m/min were validated.

In the area of finished products, 4 R&D projects were completed related to transformer steel, a newly planned profile for the Heavy Section Rolling Mill, spring steels and higher strength grades of tubes, in particular grades X60, X65 and X70 according to API 5L (PSL1 level), 46th edition, November 2018. In the field of long products, projects regarding new grades for the Koch (B500SP) Line, mining reinforcements (min. yield strength 550 MPa) and grade in delivery condition +N under the ČSN EN 10025-2 norm were addressed. The recently opened software laboratory at the Research Unit Q with Simufact Forming software was used intensively. This was also used, for example, for a project concerning the optimisation of the Heavy Section Mill Line cooler. Special numerical simulations have been carried out cross-sectionally for a number of R&D and non-R&D projects. In the area of steel strips, work continued on the re-introduction and verification of the production of high-strength microalloyed steel, in particular of the X60ME and X70ME grades for the production of spiral-welded

tubes. The possibility of improving the flatness of hot-rolled strip continued to be addressed. In the area of seamless tube production, the latest R&D project for new grades of oil line and casing tubes continued.

In the period from 1 July 2020 to 31 March 2021, 30 R&D projects were implemented in Plant 10, Plant 12, Plant 13, Plant 14, Plant 15 and Plant 16. In total, 8 R&D projects were completed. The implementation of R&D projects is being carried out by the Research Unit Q – Research within the Technical Development Plan of Liberty Ostrava a.s.

## 7. Industrial Property

1. The Company is the owner of five combined trademarks:



and two verbal trademarks:

**“Tanec pro život”** and **“Dance for life”**

2. The Company additionally owns fifteen utility models for the production and assembly of road crash barriers that are registered with the Czech Industrial Property Office and with the Slovak Industrial Property Office.
3. The Company also owns six Community industrial designs protecting the design of selected types of crash barriers.
4. Along with OKD, a.s., Liberty Ostrava is the co-owner of know-how for the production of mine steel supports.

## 8. Integrated Management System (IMS)

The integrated system is composed of the organisational structure, responsibilities, processes, activities, procedures and sources necessary for the management and implementation of quality, environmental protection, energy management, occupational health and safety. It includes all plants and units of Liberty Ostrava a.s. and the subsidiaries Liberty Engineering Product Ostrava s.r.o, Liberty Commercial Czech Republic k.s. a Liberty Technotron s.r.o.

The top management of the Company and subsidiaries announces the IMS Policy and Objectives as an expression of its attitude towards IMS assurance. To this end, IMS programmes and tasks are adopted at the plants, Company management units and subsidiaries.

- Within the area of QMS (Quality Management System), the Company proves its ability to permanently provide a product that complies with the requirements of customers. The objectives and tasks announced in respect of QMS primarily focus on the preparation and development of new products, processes and production technology; changes in products, technologies or processes; meeting the requirements of customers; defining limits in production quality and increasing the professional qualifications of employees.
- Within the area of EMS (Environmental Management System), the Company identifies environmental aspects that impact, or may impact, the environment. Objectives, programmes and tasks focus on the reduction of negative effects of the Company on the environment.

- Within HSMS (Health and Safety Management System), safety risks are identified, assessed and managed. Objectives, programmes and tasks focus on the removal of risks or the reduction of irremovable risks.
- Within EnMS (Energy Management System), the Company seeks to continuously improve energy savings and energy efficiency, use and consumption.
- Within the serious accident prevention system, the Company aims to prevent extraordinary events the effects of which could have a negative impact on the health of employees, the environment and assets of the Company.

The individual IMS components are regularly certified by authorised companies:

- QMS, EMS and HSMS, which meet the requirements of EN ISO 9001, EN ISO 14001 and ISO 45001, were audited in October 2020 as part of the first review audit performed by BUREAU VERITAS;
- EnMS, which meets the requirements of EN ISO 50001, is being reviewed by TÜV Nord Czech; and

The serious accident prevention system in LIBERTY Ostrava a.s. is built in line with Act No. 224/2015 Coll., and it is audited every year by the integrated inspection of state authorities.

Companies hold certificates for the relevant products for target export countries in line with customer requirements and applicable legislative requirements.

## **9. Human Resources Policy**

The average salary at the Company was CZK 39,261. The final number of employees was 4,793 persons as of 31 March 2021. The average recalculated number of employees was 4,861 persons in the period between July 2020 and March 2021.

### **Employee Education and Training**

Due to the epidemiological situation and the Czech government regulations, we were forced to limit the operation of the Training Centre. This fact also affected our company education programmes. Part of the education activities had been moved to the online environment and a new ONLINE ACADEMY has been created.

For the period between July 2020 and March 2021, 22 webinars took place, which were attended by 632 employees.

Employee training continues to be organised within the Support of Specialised Employee Education II project ("POVEZ II"), which deals with the issues of adaptability of labour force in enterprises to the constantly changing situation on the market. The project is co-financed from the European Social Fund as part of the Operational Programme Employment and the state budget of the Czech Republic. The Company obtained a contribution for employee education and salary refund over the period of training in the total amount of CZK 747,413.

The Steel 4.0 strategy involves training on Digitisation, Transformation and Automation of Intracompany Processes. The aim of this training is to familiarise employees with the principal reasons for digital transformation and to develop and expand their digital competencies; in addition, to prepare them for the changes that digital transformation will bring, teach them how to navigate the cyberspace and familiarise them with the main cyberthreats and show them how to utilise the robotic automation of processes. The training programme has already been attended by 169 employees.

In the period between 1 July 2020 and 31 March 2021, the Company recorded 40 serious events and 13 lost time injuries, of which one lost time injury was sustained by an agency employee. All lost time injuries and serious events were investigated using the method of analysis of root causes.

The lost time due to the aforementioned work injuries corresponded to 1,244 lost calendar days in the analysed period; 105 for external employees. In the period from 1 July 2020 to 31 March 2021, the number of acknowledged occupational illnesses was 5.

## **10. Events Occurring After the Balance Sheet Date**

On 25 April 2021, the General Meeting removed Pradhan Suyash Kumar and Václav Habura as Members of the Board of Directors and appointed Iain Mark Hunter. At its meeting on 25 April 2021, the Board of Directors appointed Ajay Kumar Aggarwal Vice Chairman of the Board of Directors.

On 16 June 2021, the General Meeting appointed Paramjit Singh Kahlon Member of the Board of Directors.

On 11 November 2021, Paramjit Singh Kahlon resigned as Member of the Board of Directors.

On 6 January 2022, the General Meeting appointed Deepak Sogani Member of the Board of Directors.

On 27 January 2022, the employees reappointed Petr Slanina Member of the Supervisory Board.

With effect from 1 September 2021, part of the rights and obligations of the subsidiary Liberty Engineering Products Ostrava s.r.o. were transferred to Liberty Ostrava a.s.

As of this date, the following operations, formerly part of Liberty Engineering Products Ostrava s.r.o., will be part of Liberty Ostrava a.s.:

Operation 21 – Engineering Production

Operation 22 – Electric Motor Repair Shop

Operation 23 – Cylinder Turning Shop

Operation 27 – Maintenance of Electrical and Mechanical LEPO

Liberty Ostrava sold Net 5,151,490 EUAs after the financial statements date. This includes the sale to Tameh (energy supplier) of 2,440,690 EUAs per the contractual arrangement with the company to lower the cost of energy. At the end of May 2022, the balance in the EUA account was 4,069,052 EUAs, which is after the annual surrender of 3,083,425 EUAs in April 2022.

Until the end of May 2022, Liberty Ostrava provided a short-term loan to Liberty Finance Management (LIG) Ltd. in the amount of EUR 220 million. As of 31 May 2022, the total amount of loans provided is EUR 123 million net of loans received within Liberty Group as of 31 May 2022.

The ongoing military conflict in Ukraine and the related sanctions against the Russian Federation may have an impact on the national economies in Europe and the rest of the world. Liberty Ostrava a.s. has no significant direct exposure to Russia. Liberty Ostrava a.s. sells practically nothing to Russia or Ukraine so there is no receivables exposure. The plant buys the bulk of Iron ore from Ukrainian mines. In March and April 2022, there was a noticeable disruption in supply compared to the usual delivered volume. However, Liberty Ostrava a.s. took this into consideration and made an immediate arrangement to buy from the high seas market (Vale, Australia). At the same time, supply from Ukraine started coming to normalcy. Thus, Liberty Ostrava a.s. is currently holding more than 2 months' worth of iron ore stock which is more than enough.

As of now, the Company's management does not see any direct risk to the availability of iron ore even if the war prolongs as it has tested alternative sources of supply. Also, Liberty group has mines in Australia which can supply ore in the worst-case situation. Indirectly, the Company is impacted by high energy prices but to a large extent, and comparatively, it is well protected due to the availability of supply from Tameh Czech s.r.o. and the generation of its own gases.

Nevertheless, at the date of these financial statements, the Company continues to meet its obligations as they fall due and therefore continues to apply the going concern basis of preparation.

On 8 July 2022, Liberty Ostrava signed a contract for hybrid furnace technology supply with Danieli & C. Officine Meccaniche S.P.A. The total value of the investment is EUR 350 million, which includes technology supply, building, site work, water systems, etc. This was a historic event for Liberty Ostrava as well as the Moravian-Silesian Region, as this will pave the way for the Company's journey towards being carbon neutral by 2030. This investment will directly result in a higher metallic yield, lower refractory consumption, higher oxygen efficiency and input charge flexibility from hot metal to scrap to HBI.

#### 11. Expected Development and Strategy of Liberty Ostrava a. s. in 2021 – 2022

The primary strategy of the Company consists in safe and sustainable production of steel products in an environmentally friendly manner. The Company focuses on the quality of products and services in all areas of production as well as services leading to customer satisfaction.

In Ostrava  
20 July 2022

Board of Directors  
Liberty Ostrava a.s.

<i>Statutory body of the reporting entity:</i>	Signature
<p><b>AJAY KUMAR AGGARWAL</b> Chairman of the Board</p>	
<p><b>DEEPAK SOGANI</b> Member of the Board</p>	

This report was discussed and approved at the meeting of the Board of Directors of Liberty Ostrava a.s.

### **III. Report on relations between the controlling and the controlled entities and relations between the controlled entity and other entities controlled by the same controlling entity according to section 82 of the business corporations act for the period ended 31 March 2021**

For the period from 1 July 2020 to 31 March 2021, the Report on Relations between **Liberty Steel Group Holdings Pte Ltd.**, having its registered office at 8 Marina View, #40-06 Asia Square Tower 1, Singapore 018960 (hereinafter the 'Controlling Entity'), as the controlling entity, and **Liberty Ostrava a.s.**, having its registered office at Vratimovská 689/117, Kunčice, 719 00 Ostrava (hereinafter the 'Controlled Entity'), as the controlled entity, and relations between the controlled entity and other entities controlled by the same controlling entity was prepared in compliance with Section 82 of Act No. 90/2012 Coll., on Business Corporations, as amended.

In this report, the Company reports transactions with related parties which are part of the Liberty House Group for the period from 1 July 2020 to 31 March 2021.

The sole shareholder controls the Company through the activity of the General Meeting.

The role of the controlled entity in relation to the controlling entity and other entities controlled by the same controlling entity is to produce long products and flat steel products, wet coke, pig iron and liquid steel, and their subsequent sale.

Based on available information, the Company's Board of Directors assessed the advantages and disadvantages arising from the Company's position in the group and concluded that advantages prevailed for Liberty Ostrava a.s., (the Company uses group financing and profits from the group's good name) and the Company incurred no significant disadvantages or risks. After thorough consideration, the Board of Directors declares that it is not aware of any risks arising between the entities described, aside from common business risks.

The contracts concluded with the Controlling Entity and the entities controlled by the same Controlling Entity respect the conditions of common business transaction and are considered by the contracting parties as bilaterally advantageous.

The Board of Directors of the Controlled Entity declares, to the best of their knowledge, that the below noted list of related parties with which the Controlled Entity effected performance and counter-performance for the period ended 31 March 2021 represents all such entities that are known to Liberty Ostrava a.s. as of today's date.

#### **I. Performance and Counter-performance based on Contracts**

In the period ended 31 March 2021, the performance and counter-performance between the Controlled Entity and the Controlling Entity and between the Controlled Entity and other entities controlled by the same Controlling Entity based on the concluded contracts were implemented as follows.

The Controlled Entity incurred no detriment from the provided performance and counter-performance.

The Company did not conclude any other legal acts or adopt other measures that would be in the interest or at the initiative of the Controlling Entity or in the interest or at the initiative of other entities controlled by the same Controlling Entity.

All amounts are presented net of VAT in thousands of CZK.

### **Liberty Steel East Europe Bidco Limited**

The Company concluded a loan contract with Liberty Steel East Europe Bidco Limited, effective from 1 July 2019. The loan provided by Liberty Steel East Europe Bidco Limited bears EUR interest on the basis of three-month EURIBOR with a margin of 5%. Interest expenses for the period from 1 July 2020 to 31 March 2021 amount to CZK 29,351 thousand.

### **Liberty Finance Management (LIG) Ltd.**

The Company concluded a loan contract with Liberty Finance Management (LIG) Ltd., effective from 1 July 2019. The loan provided by Liberty Finance Management (LIG) Ltd. bears EUR interest on the basis of three-month EURIBOR with a margin of 5%. Interest expenses for the period from 1 July 2020 to 31 March 2021 amount to CZK 14,407 thousand.

The Company concluded a cash deposit and management contract with Liberty Finance Management (LIG) Ltd. These funds drawn from Greensill Bank AG have been placed in a trust account with Liberty Finance Management (LIG) Ltd. for management. The margin has been set at 0.5% and the interest income amounts to CZK 3,262 thousand. In addition, the Company has agreed with Liberty Finance Management (LIG) Ltd. to reimburse the finance costs associated with the loan provided by Greensill Bank AG. This compensation was in the amount of CZK 39,941 thousand and is recognised under 'Other financial income'.

### **Liberty Ostrava Limited**

The Company concluded a loan contract with Liberty Ostrava Limited, effective from 1 July 2019. The loan provided by Liberty Ostrava Limited bears EUR interest on the basis of three-month EURIBOR with a margin of 5%. Interest expenses for the period from 1 July 2020 to 31 March 2021 amount to CZK 134,650 thousand. In addition, the Company concluded a loan contract with Liberty Ostrava Limited and provided this entity with a loan bearing EUR interest on the basis of three-month EURIBOR with a margin of 5%. Interest income for the period from 1 July 2020 to 31 March 2021 amounts to CZK 25,699 thousand.

On the basis of the receivable assignment contract, Liberty Ostrava assigned the receivable it had from Liberty Primary Steel & Mining Pte. Ltd. to Liberty Ostrava Limited. The amount of the receivable was EUR 41,400,000 and the receivable was assigned in a nominal amount. The transaction was executed on 31 March 2021. This assigned receivable was subsequently offset against the payable Liberty Ostrava had to Liberty Ostrava Limited.

### **Liberty Engineering Products Ostrava s.r.o.**

On 1 June 2020, a loan contract was signed between Liberty Ostrava a.s. and Liberty Engineering Products Ostrava s.r.o. concerning the balances of the former IHB, effective from 1 July 2019. The loan bears EUR interest on the basis of one-month EURIBOR with a margin of 0.45%. Interest expenses for the period from 1 July 2020 to 31 March 2021 amount to CZK 1,131 thousand.

### **Liberty Distribution Ostrava s.r.o.**

As of 1 July 2020, a loan contract was signed between Liberty Ostrava a.s. and Liberty Distribution Ostrava s.r.o. concerning the balances of the former IHB, effective from 1 July 2020. The loan bears EUR interest on the basis of one-month EURIBOR with a margin at 0.45%. Interest expenses for the period from 1 July 2020 to 31 March 2021 amount to CZK 16 thousand.

In the period from 1 July 2020 to 31 March 2021, the Company received dividend income, profit shares and other income from non-current financial assets from the below entities:

Entity	(in CZK '000)
První Signální a.s.	1 597
Czech Slag - Nová Huť s.r.o.	204
<b>Total</b>	<b>1 801</b>

Based on the contracts concluded, the Company realised the following volume of sales:

#### Sales for the period 7 / 2020 – 3 / 2021

Entity	Sales for the period 7 / 2020 – 3 / 2021 (in CZK '000)		
	inventory	services	fixed assets
Liberty Engineering Products Ostrava s.r.o.	79 386	87 272	-
Liberty Technotron s.r.o.	-1 908	1 682	-
Czech Slag - Nová Huť, s.r.o.	-	12	-
MG Odra Gas, spol. s r.o.	-	222 526	-
WyelandsCapital Ltd	-	21 494	-
Liberty Commercial Czech Republic k.s.	5 173 546	595	-
Liberty Commercial PL sp. z o.o.	2 956 174	2 962	-
Liberty Commercial Germany GmbH	1 674 977	2 074	-
Liberty Speciality Steels	581	-	-
Liberty Distribution Ostrava, s.r.o.	-	180	-
Liberty FE Trade DMCC	406 057	-	-
Liberty Galati S A	84 695	-	-
<b>Total</b>	<b>10 373 508</b>	<b>338 797</b>	<b>-</b>

Based on the contracts concluded, the Company realised the following volume of purchases:

#### Purchases for the period 7 / 2020 – 3 / 2021

Entity	Purchases for the period 7 / 2020 – 3 / 2021 (in CZK '000)		
	inventory	services	fixed assets
Liberty Commercial Germany GmbH	-	17 592	-
Liberty Commercial PL sp. z o.o.	-	258	-
Liberty Engineering Products Ostrava s.r.o.	119 795	202 037	774
Liberty Distribution Ostrava, s.r.o.	17 350	694	-
Czech Slag - Nová Huť, s.r.o.	-	11 246	-
MG Odra Gas, spol. s r.o.	-	226 611	-
Liberty Commodities Limited	121 111	-	-
První Signální, a.s.	54	13 301	-
Ocelářská unie a.s.	-	2 790	-
Speciality Steel UK Limited	-197	-	-
Liberty Galati S A	30 233	2 936	-
Liberty Czestochowa Sp. z o.o.	-	463 449	-
Liberty Metal recycling Europe	386 682	-	-
Liberty Steel East Europe Bidco Limited	-	40 597	-
Liberty Magona S.r.l.	-	2 474	-
Wyelands Capital Ltd	-	240 060	-
<b>Total</b>	<b>675 028</b>	<b>1 224 045</b>	<b>774</b>

Transactions were performed primarily based on the following contracts, concluded or valid in the relevant period:

**Liberty Commercial Czech Republic k.s.** - Distribution Agreement

**Liberty Commercial PL sp. z o.o.** - Distribution Agreement

**Liberty Commercial Germany GmbH** - Distribution Agreement

**Wyelands Capital Ltd** - Central Service Agreement

**Liberty Engineering Products Ostrava s.r.o. – agreements** (Service Agreement - TSA, Energy Supply Agreement, Material Supply Agreement, Service Agreement outside of the TSA, Transportation Agreement, Investment Purchase Agreement, Business Agreements).

Business transactions also take place based on orders.

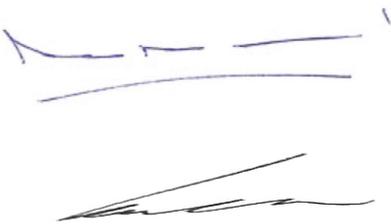
## II. Other Legal Acts and Measures

The Company performed no other legal acts and adopted no other measures in the interest or at the instigation of the Controlling Entity or in the interest or at the instigation of other entities controlled by the same controlling entity, except for:

- Decision of the sole owner made by the Board of Directors of the parent company regarding the following acts: approval of the financial statements for the period from 1 January 2019 to 30 June 2020 and distribution of the profit for this period.

In Ostrava  
30 June 2021

Board of Directors  
Liberty Ostrava a.s.

Statutory body of the reporting entity:	Signature
<p><b>AJAY KUMAR AGGARWAL</b> Vice-Chairman of the Board</p> <p><b>IAN MARK HUNTER</b> Member of the Board</p>	

This report was discussed and approved at the meeting of the Board of Directors of Liberty Ostrava a.s.

**IV. FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2021**

**FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JULY 2020 TO 31 MARCH 2021**

**Name of the Company:** Liberty Ostrava a.s.  
**Registered Office:** Vratimovská 689/117, Kunčice, 719 00 Ostrava  
**Legal Status:** Joint Stock Company  
**Corporate ID:** 451 93 258

**Components of the Financial Statements:**

**Balance Sheet**

**Profit and Loss Account**

**Statement of Changes in Equity**

**Cash Flow Statement**

**Notes to the Financial Statements**

**These financial statements were prepared on 20 July 2022.**

<b>Statutory body of the reporting entity:</b>	<b>Signature</b>
<b>AJAY KUMAR AGGARWAL</b> Chairman of the Board	
<b>DEEPAK SOGANI</b> Member of the Board	

**BALANCE SHEET**  
full version

As of  
31.03.2021  
(in CZK thousand)

Liberty Ostrava a.s.  
Corporate ID 451 93 258

Vratimovská 689/117, Kunčice  
719 00 Ostrava

		31.03.2021			30.06.2020
		Gross	Adjustment	Net	Net
	<b>TOTAL ASSETS</b>	<b>74 097 608</b>	<b>41 880 776</b>	<b>32 216 832</b>	<b>29 295 945</b>
<b>B.</b>	<b>Fixed assets</b>	<b>53 559 065</b>	<b>40 729 882</b>	<b>12 829 183</b>	<b>15 283 836</b>
<i>B.I.</i>	<i>Intangible fixed assets</i>	<i>3 072 342</i>	<i>369 105</i>	<i>2 703 237</i>	<i>4 879 920</i>
B.I.1.	Development	371	371		
B.I.2.	Valuable rights	369 761	368 654	1 107	7 431
B.I.2.1.	Software	366 680	365 573	1 107	7 431
B.I.2.2.	Other valuable rights	3 081	3 081		
B.I.4.	Other intangible fixed assets	2 674 147		2 674 147	4 849 065
B.I.5.	Prepayments for intangible fixed assets and intangible fixed assets under construction	28 063	80	27 983	23 424
B.I.5.2.	Intangible fixed assets under construction	28 063	80	27 983	23 424
<i>B.II.</i>	<i>Tangible fixed assets</i>	<i>49 711 975</i>	<i>40 245 724</i>	<i>9 466 251</i>	<i>9 733 609</i>
B.II.1.	Land and structures	14 234 987	9 983 226	4 251 761	4 380 616
B.II.1.1.	Land	1 249 795		1 249 795	1 249 795
B.II.1.2.	Structures	12 985 192	9 983 226	3 001 966	3 130 821
B.II.2.	Tangible movable assets and sets of tangible movable assets	34 268 259	29 984 551	4 283 708	4 536 213
B.II.4.	Other tangible fixed assets	1 456		1 456	1 456
B.II.4.3.	Other tangible fixed assets	1 456		1 456	1 456
B.II.5.	Prepayments for tangible fixed assets and tangible fixed assets under construction	1 207 273	277 947	929 326	815 324
B.II.5.1.	Prepayments for tangible fixed assets	53 664	26 664	27 000	51 629
B.II.5.2.	Tangible fixed assets under construction	1 153 609	251 283	902 326	763 695
<i>B.III.</i>	<i>Non-current financial assets</i>	<i>774 748</i>	<i>115 053</i>	<i>659 695</i>	<i>670 307</i>
B.III.1.	Equity investments - controlled or controlling entity	549 236	10 754	538 482	549 236
B.III.3.	Equity investments in associates	129 862	8 900	120 962	120 820
B.III.5.	Other non-current securities and investments	95 650	95 399	251	251
<b>C.</b>	<b>Current assets</b>	<b>20 424 939</b>	<b>1 150 894</b>	<b>19 274 045</b>	<b>13 976 110</b>
<i>C.I.</i>	<i>Inventories</i>	<i>8 128 405</i>	<i>567 404</i>	<i>7 561 001</i>	<i>6 426 348</i>
C.I.1.	Material	3 703 621	337 252	3 366 369	2 656 710
C.I.2.	Work in progress and semifinished goods	2 480 855	118 829	2 362 026	2 596 460
C.I.3.	Products and goods	1 624 979	111 155	1 513 824	956 121
C.I.3.1.	Products	1 570 798	111 155	1 459 643	955 840
C.I.3.2.	Goods	54 181		54 181	281
C.I.5.	Prepayments for inventories	318 950	168	318 782	217 057
<i>C.II.</i>	<i>Receivables</i>	<i>11 615 786</i>	<i>583 490</i>	<i>11 032 296</i>	<i>6 096 682</i>
C.II.1.	Long-term receivables	1 436 513	6	1 436 507	573 070
C.II.1.1.	Trade receivables				747
C.II.1.2.	Receivables - controlled or controlling entity	944 443		944 443	
C.II.1.4.	Deferred tax asset	242 306		242 306	457 643
C.II.1.5.	Receivables - other	249 764	6	249 758	114 680
C.II.1.5.2.	Long-term prepayments made	107 195		107 195	109 634
C.II.1.5.3.	Estimated receivables	138 934		138 934	
C.II.1.5.4.	Sundry receivables	3 635	6	3 629	5 046
<i>C.II.2.</i>	<i>Short-term receivables</i>	<i>10 179 273</i>	<i>583 484</i>	<i>9 595 789</i>	<i>5 523 612</i>
C.II.2.1.	Trade receivables	5 407 442	578 389	4 829 053	2 661 923
C.II.2.2.	Receivables - controlled or controlling entity	2 628 645		2 628 645	686 198
C.II.2.4.	Receivables - other	2 143 186	5 095	2 138 091	2 175 491
C.II.2.4.3.	State - tax receivables	474 428		474 428	368 444
C.II.2.4.4.	Short-term prepayments made	321 801	2 833	318 968	94 206
C.II.2.4.5.	Estimated receivables	285 853		285 853	1 622 507
C.II.2.4.6.	Sundry receivables	1 061 104	2 262	1 058 842	90 334
<i>C.IV.</i>	<i>Cash</i>	<i>680 748</i>		<i>680 748</i>	<i>1 453 080</i>
C.IV.1.	Cash on hand	4 730		4 730	5 765
C.IV.2.	Cash at bank	676 018		676 018	1 447 315
<b>D.</b>	<b>Other assets</b>	<b>113 604</b>		<b>113 604</b>	<b>35 999</b>
D.1.	Deferred expenses	113 604		113 604	35 999

		31.03.2021	30.06.2020
	<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>32 216 832</b>	<b>29 295 945</b>
<b>A.</b>	<b>Equity</b>	<b>12 836 475</b>	<b>12 346 605</b>
A.I.	<b>Share capital</b>	<b>12 390 257</b>	<b>12 390 257</b>
A.I.1.	Share capital	12 390 257	12 390 257
A.IV.	<b>Retained earnings (+/-)</b>	<b>-43 652</b>	<b>2 861 307</b>
A.IV.1.	Accumulated profits or losses brought forward (+/-)	3 166 416	2 861 307
A.IV.2.	Other profit or loss from prior years (+/-)	-3 210 068	
A.V.	<b>Profit or loss for the current period (+/-)</b>	<b>489 870</b>	<b>-2 904 959</b>
<b>B.+C.</b>	<b>Liabilities</b>	<b>19 380 334</b>	<b>16 949 318</b>
<b>B.</b>	<b>Reserves</b>	<b>689 115</b>	<b>804 412</b>
B.IV.	Other reserves	689 115	804 412
<b>C.</b>	<b>Payables</b>	<b>18 691 219</b>	<b>16 144 906</b>
C.I.	<b>Long-term payables</b>	<b>5 536 858</b>	<b>5 209 353</b>
C.I.2.	Payables to credit institutions	1 987 020	
C.I.6.	Payables - controlled or controlling entity	3 549 023	5 208 523
C.I.9.	<i>Payables - other</i>	<b>815</b>	<b>830</b>
C.I.9.3.	Sundry payables	815	830
C.II.	<b>Short-term payables</b>	<b>13 154 361</b>	<b>10 935 553</b>
C.II.2.	Payables to credit institutions		13
C.II.3.	Short-term prepayments received	1 693 945	28 669
C.II.4.	Trade payables	4 632 311	2 855 279
C.II.5.	Short-term bills of exchange to be paid		860
C.II.6.	Payables - controlled or controlling entity	334 972	337 828
C.II.8.	<i>Other payables</i>	<b>6 493 133</b>	<b>7 712 904</b>
C.II.8.3.	Payables to employees	170 712	138 892
C.II.8.4.	Social security and health insurance payables	91 263	93 087
C.II.8.5.	State - tax payables and subsidies	2 683 599	4 883 081
C.II.8.6.	Estimated payables	3 204 764	2 475 769
C.II.8.7.	Sundry payables	342 795	122 075
<b>D.</b>	<b>Other liabilities</b>	<b>23</b>	<b>22</b>
D.2.	Deferred income	23	22

**PROFIT AND LOSS ACCOUNT**  
structured by the nature of expense method

Liberty Ostrava a.s.  
Corporate ID 451 93 258

Period ended  
31.03.2021  
(in CZK thousand)

Vratimovská 689/117, Kunčice  
719 00 Ostrava

		Period 1.7.2020 - 31.3.2021	Period 1.1.2019 - 30.6.2020
I.	Sales of products and services	21 963 290	36 942 398
II.	Sales of goods	58 804	76 602
A.	Purchased consumables and services	<b>21 723 079</b>	<b>37 566 562</b>
A.1.	Costs of goods sold	46 736	69 765
A.2.	Consumed material and energy	17 877 951	31 209 281
A.3.	Services	3 798 392	6 287 516
B.	Change in internally produced inventory (+/-)	234 532	163 143
C.	Own work capitalised (-)	-192 926	-318 347
D.	Staff costs	<b>2 453 265</b>	<b>4 883 775</b>
D.1.	Payroll costs	1 776 703	3 512 332
D.2.	Social security and health insurance costs and other charges	<b>676 562</b>	<b>1 371 443</b>
D.2.1.	Social security and health insurance costs	640 259	1 299 216
D.2.2.	Other charges	36 303	72 227
E.	Adjustments to values in operating activities	<b>-683 358</b>	<b>2 283 907</b>
E.1.	Adjustments to values of intangible and tangible fixed assets	<b>522 797</b>	<b>1 090 827</b>
E.1.1.	Adjustments to values of intangible and tangible fixed assets - permanent	527 338	1 094 515
E.1.2.	Adjustments to values of intangible and tangible fixed assets - temporary	-4 541	-3 688
E.2.	Adjustments to values of inventories	-1 173 184	1 192 224
E.3.	Adjustments to values of receivables	-32 971	856
III.	Other operating income	<b>7 678 585</b>	<b>6 227 308</b>
III.1.	Sales of fixed assets	1 911 838	3 160 071
III.2.	Sales of material	58 016	267 157
III.3.	Sundry operating income	5 708 731	2 800 080
F.	Other operating expenses	<b>6 156 522</b>	<b>2 388 987</b>
F.1.	Net book value of sold fixed assets	162	940
F.2.	Material sold	63 967	273 145
F.3.	Taxes and charges	12 380	60 629
F.4.	Reserves relating to operating activities and complex deferred expenses	-115 297	26 177
F.5.	Sundry operating expenses	6 195 310	2 028 096
*	<b>Operating profit or loss (+/-)</b>	<b>9 565</b>	<b>-3 721 719</b>
IV.	Income from non-current financial assets - equity investments	204	80 842
IV.1.	Income from equity investments - controlled or controlling entity		80 717
IV.2.	Other income from equity investments	204	125
G.	Costs of equity investments sold	194 034	2
V.	Income from other non-current financial assets	<b>1 597</b>	<b>984</b>
V.2.	Other income from other non-current financial assets	1 597	984
VI.	Interest income and similar income	<b>28 961</b>	<b>41 018</b>
VI.1.	Interest income and similar income - controlled or controlling entity	28 961	40 645
VI.2.	Other interest income and similar income		373
I.	Adjustments to values and reserves relating to financial activities	-183 422	-1 337
J.	Interest expenses and similar expenses	<b>210 777</b>	<b>241 485</b>
J.1.	Interest expenses and similar expenses - controlled or controlling entity	179 555	241 485
J.2.	Other interest expenses and similar expenses	31 222	
VII.	Other financial income	1 207 838	1 505 313
K.	Other financial expenses	321 569	1 243 977
*	<b>Financial profit or loss (+/-)</b>	<b>695 642</b>	<b>144 030</b>
**	<b>Profit or loss before tax (+/-)</b>	<b>705 207</b>	<b>-3 577 689</b>
L.	Income tax	<b>215 337</b>	<b>-672 730</b>
L.1.	Due income tax		8 009
L.2.	Deferred income tax (+/-)	215 337	-680 739
**	<b>Profit or loss net of tax (+/-)</b>	<b>489 870</b>	<b>-2 904 959</b>
***	<b>Profit or loss for the current period (+/-)</b>	<b>489 870</b>	<b>-2 904 959</b>
*	Net turnover for the current period	<b>30 939 279</b>	<b>44 874 465</b>

**STATEMENT OF  
CHANGES IN EQUITY**

**Liberty Ostrava a.s.**  
**Corporate ID 451 93 258**

As of  
31.03.2021  
(in CZK thousand)

Vratimovská 689/117, Kunčice  
719 00 Ostrava

	Share capital	Capital funds	Funds from profit, reserve fund	Accumulated profits or losses brought forward	Other profit or loss from prior years	Profit share prepayments declared	Profit or loss for the current period	TOTAL EQUITY
<b>Balance at 31 December 2019</b>	<b>12 390 257</b>			<b>2 861 307</b>				<b>15 251 564</b>
Profit or loss for the current period							305 109	305 109
<b>Balance at 30 June 2020 - original</b>	<b>12 390 257</b>			<b>2 861 307</b>			<b>305 109</b>	<b>15 556 673</b>
Correction of prior years' errors					-3 210 068			-3 210 068
<b>Balance at 30 June 2020 - corrected</b>	<b>12 390 257</b>			<b>2 861 307</b>	<b>-3 210 068</b>		<b>305 109</b>	<b>12 346 605</b>
Distribution of profit or loss				305 109			-305 109	
Profit or loss for the current period							489 870	489 870
<b>Balance at 31 March 2021</b>	<b>12 390 257</b>			<b>3 166 416</b>	<b>-3 210 068</b>		<b>489 870</b>	<b>12 836 475</b>

# CASH FLOW STATEMENT

Liberty Ostrava a.s.  
Corporate ID 451 93 258

Period ended  
31.03.2021  
(in CZK thousand)

Vratimovská 689/117, Kunčice  
719 00 Ostrava

		Period 1.7.2020 - 31.3.2021	Period 1.1.2019 - 30.6.2020
P.	Opening balance of cash and cash equivalents	1 453 080	1 522 335
	Opening balance of cash and cash equivalents after transformation		
	<i>Cash flows from ordinary activities (operating activities)</i>		
Z.	Profit or loss before tax	705 207	-3 577 689
A.1.	Adjustments for non-cash transactions	-2 913 086	-841 670
A.1.1.	Depreciation of fixed assets	527 338	1 094 515
A.1.2.	Change in provisions and reserves	-1 509 415	1 214 232
A.1.3.	Profit/(loss) on the sale of fixed assets	-1 911 676	-3 159 131
A.1.4.	Revenues from profit shares	-1 801	-81 824
A.1.5.	Interest expense and interest income	181 816	200 467
A.1.6.	Adjustments for other non-cash transactions	-199 348	-109 929
A.*	<b>Net operating cash flow before changes in working capital</b>	<b>-2 207 879</b>	<b>-4 419 359</b>
A.2.	Change in working capital	867 060	-3 045 874
A.2.1.	Change in operating receivables and other assets	-2 372 434	-1 587 939
A.2.2.	Change in operating payables and other liabilities	3 200 963	-2 616 308
A.2.3.	Change in inventories	38 531	1 158 373
A.**	<b>Net cash flow from operations before tax</b>	<b>-1 340 819</b>	<b>-7 465 233</b>
A.3.	Interest paid	-14 094	-3 029
A.4.	Interest received		8 700
A.5.	Income tax paid from ordinary operations	4 988	6 902
A.***	<b>Net operating cash flows</b>	<b>-1 349 925</b>	<b>-7 452 660</b>
	<i>Cash flows from investing activities</i>		
B.1.	Fixed assets expenditures	-223 628	-892 901
B.2.	Proceeds from fixed assets sold	1 911 838	3 160 071
B.3.	Loans and borrowings to related parties	-2 651 164	83 400
B.***	<b>Net investment cash flows</b>	<b>-962 954</b>	<b>2 350 570</b>
	<i>Cash flow from financial activities</i>		
C.1.	Change in payables from financing	1 540 547	5 032 835
C.***	<b>Net financial cash flows</b>	<b>1 540 547</b>	<b>5 032 835</b>
F.	<b>Net increase or decrease in cash and cash equivalents</b>	<b>-772 332</b>	<b>-69 255</b>
R.	<b>Closing balance of cash and cash equivalents</b>	<b>680 748</b>	<b>1 453 080</b>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD FROM 1 JULY 2020 TO 31 MARCH 2021**

<b>Name of the Company:</b>	<b>Liberty Ostrava a.s.</b>
<b>Registered Office:</b>	<b>Vratimovská 689/117, Kunčice, 719 00 Ostrava</b>
<b>Legal Form:</b>	<b>Joint Stock Company</b>
<b>Corporate ID:</b>	<b>451 93 258</b>

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## 1. GENERAL INFORMATION

### 1.1. Incorporation of the Company and Characteristics of the Company

Liberty Ostrava a.s. (hereinafter referred to as the “Company”) was established by the National Property Fund of the Czech Republic having registered office at Rašínovo nábřeží 42, Prague 2, Zip Code 128 00 as the sole founder under the Founder’s Deed dated 13 January 1992 in form of a Notary’s Public Deed. The Company was incorporated following its registration in the Register of Companies of the District Court in Ostrava on 22 January 1992. The Company is primarily engaged in steel-making, iron production and metallurgical processing of iron and steel.

The Company’s registered office: Vratimovská 689/117, Kunčice, Zip Code 719 00 Ostrava

The Company’s share capital is CZK 12,390,257 thousand.

The Company’s financial statements have been compiled as of 31 March 2021.

Entities with an equity interest greater than 10%:

Shareholder	Ownership percentage
LIBERTY OSTRAVA LIMITED, W1J7RH London, 7 Hertford Street, the United Kingdom of Great Britain and Northern Ireland; Registration No. 12055100 (On 21 April 2021 the change of registered office was recorded in Register of Companies: SW1X7GG London, 40 Grosvenor place, 2nd floor, the United Kingdom of Great Britain and Northern Ireland; Registration No. 12055100	100.00
<b>Total</b>	<b>100.00</b>

On 22 July 2020, the General Meeting decided on an amendment to the Articles of Association, decreasing the number of members of the Supervisory Board from nine to six.

On 15 December 2020, the Board of Directors decided on a change of the reporting period from a calendar year to a fiscal year starting from 1 July 2020 and ending on 31 March 2021; afterwards, the reporting period will always start from 1 April and end on 31 March.

### 1.2. Year-on-Year Changes and Amendments to the Register of Companies

During the reporting period from 1 July 2020 to 31 March 2021, the following changes were recorded in the Register of Companies:

On 10 July 2020:

- Roland Junck was recorded as a Member of the Supervisory Board.

On 15 October 2020:

- Roland Junck was recorded as a Chairman of the Supervisory Board and Eduard Muřický was recorded as a Vice Chairman of the Supervisory Board.
- Pascal Herve Martin Marie Genest’s address change was recorded.
- Virinder Bahadur Garg was removed as Member of the Supervisory Board.

On 9 November 2020:

- Sanjeev Gupta was recorded as Member of the Board of Directors.

On 26 January 2021:

- Pascal Herve Martin Marie Genest was removed as Vice Chairman of the Board of Directors.

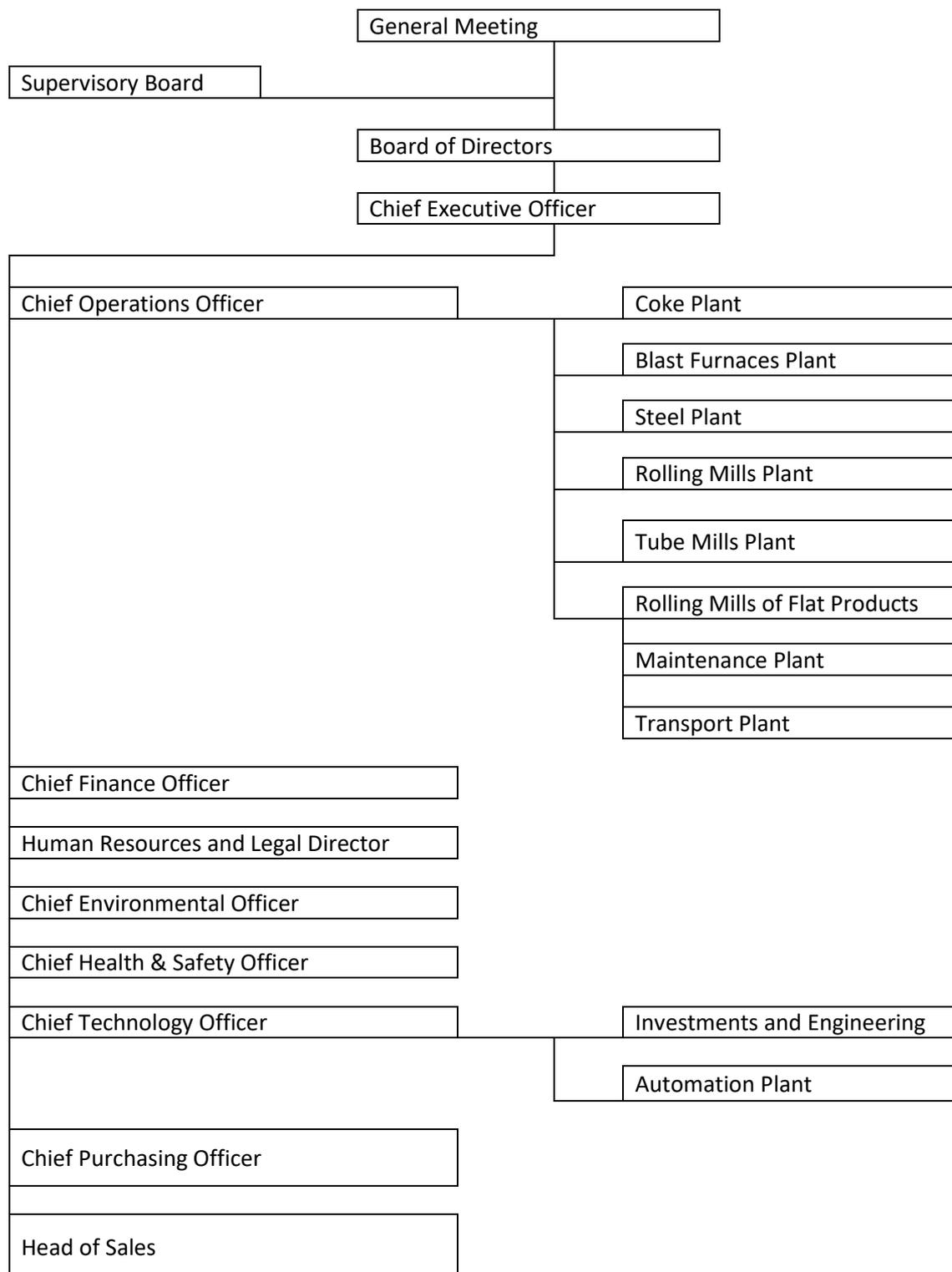
On 3 March 2021:

- Ashok Virupaksha Gowda Patil was removed as Chairman of the Board of Directors.

- Václav Habura was recorded as Member of the Board of Directors.
- Sanjeev Gupta and Pradhan Suyash Kumar were recorded as Chairmen of the Board of Directors and Vice Chairman of the Board of Directors, respectively.
- Ashok Virupaksha Gowda Patil was recorded as Member of the Supervisory Board.

### 1.3. Structure of Organisation the Company

Structure of organisation as of 31 March 2021:



#### 1.4. Group Identification

The Company is part of the Liberty House Group.

The narrowest consolidation group is the consolidation group of Liberty Steel East Europe Bidco Ltd, with its registered office at 40 Grosvenor Place, 2nd Floor, London, the United Kingdom, SW1X 7GG.

The widest consolidation group is the consolidation group of Liberty Steel Group Holdings OPte Ltd, with its registered office at ASIA SQUARE TOWER 1, 8 MARINA VIEW, Singapore, Postal 018960, #40-06.

Liberty Ostrava is not required to prepare consolidated financial statements in accordance with Act 563/1991 Coll., on Accounting. Under Section 22a(3), the consolidating entity is not required to prepare financial statements if the consolidating entity controls only consolidated entities that are individually and collectively insignificant.

The consolidated financial statements of the consolidating entities mentioned above can be obtained at the Company's registered office.

#### 1.5. Board of Directors and Supervisory Board

The composition of the Board of Directors and Supervisory Board as of 31 March 2021 was as follows:

	Position	Name
<b>Board of Directors</b>	Chairman	Sanjeev Gupta
	Vice-Chairman	Pradhan Suyash Kumar
	Member	Ajay Kumar Aggarwal
	Member	Václav Habura
<b>Supervisory Board</b>	Member	Roland Jean Pierre Junck
	Member	Arnaud Nicolas Joseph Maurice de Weert
	Member	Ashok Virupaksha Gowda Patil
	Member	Eduard Muřický
	Member	Petr Slanina
	Member	Alena Sobolová

In the reporting period from 1 July 2020 to 31 March 2021, the below-listed changes were made in the composition of the Board of Directors and the Supervisory Board:

On 22 July 2020, the sole shareholder acting in the capacity of the General Meeting removed Virinder Bahadur Garg from the position of Member of the Supervisory Board and appointed a new Member of the Supervisory Board, Paramjit Singh Kahlon.

On 26 August 2020, the sole shareholder acting in the capacity of the General Meeting appointed Sanjeev Gupta Member of the Board of Directors.

On 15 December 2020, the sole shareholder acting in the capacity of the General Meeting removed Pascal Herve Martin Marie Genest from the position of Member of the Board of Directors and appointed a new Member of the Board of Directors, Ajay Kumar Aggarwal.

On 16 February 2021, the sole shareholder acting in the capacity of the General Meeting removed Ashok Virupaksha Gowda Patil from the position of Member of the Board of Directors and appointed a new Member of the Board of Directors, Václav Habura. It also removed Paramjit Singh Kahlon from the position of Member of the Supervisory Board and appointed a new Member of the Supervisory Board, Ashok Virupaksha Gowda Patil.

Subsequently, the Board of Directors voted at their meeting held on 16 February 2021 to appoint Sanjeev Gupta Chairman of the Board of Directors and Pradhan Suyash Kumar Vice Chairman of the Board of Directors.

## **2. ACCOUNTING METHODS AND GENERAL ACCOUNTING PRINCIPLES**

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

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

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

As its reporting period, the Company applies a fiscal year starting on 1 July 2020 and ending on 31 March 2021.

These financial statements of the Company were prepared as of the balance sheet date of 31 March 2021 for the period from 1 July 2020 to 31 March 2021.

These financial statements are ordinary financial statements and have not been prepared for any special purpose, transaction or user. Users should not rely exclusively on these financial statements in making decisions and should undertake other appropriate inquiries before making decisions.

### **2.1. Comparative Data**

The financial statements are prepared for the period from 1 July 2020 to 31 March 2021, i.e. 9 months. The comparable period for the purposes of the financial statements is the prior reporting period, i.e., the period from 1 January 2019 to 30 June 2020 – 18 months.

The prior period has been restated to correct prior year's errors. The information in the financial statements for the prior period are presented as if the prior period error had not occurred. Note 4.6 describes the transactions that had an impact on the prior period and are reflected in the prior period statements.

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING RULES AND PROCEDURES

#### 3.1. Tangible Fixed Assets

Tangible fixed assets include land, buildings, individual movable assets and sets of movable assets with an estimated useful life greater than one year and an acquisition cost greater than CZK 80 thousand on an individual basis.

Purchased tangible fixed assets are stated at cost less accumulated depreciation and any recognised impairment losses.

Tangible fixed assets developed internally are valued at direct costs, incidental costs directly attributable to the internal production of assets (production overheads).

The following tangible fixed assets are stated at replacement cost: tangible fixed assets acquired through donation, fixed assets recently entered in the accounting records and a contribution of tangible fixed assets. Replacement cost is the cost for which the assets would be acquired in the period of recognition.

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

The valuation of tangible fixed assets is reduced by the amount of the undisputable legal claim for a subsidy relating to the acquisition of these assets.

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

	Number of years
Buildings	30 - 50
Production machinery	4 - 50
Vehicles	6 - 20
Furniture and fixtures	6 - 17

Things made of precious metals are expensed upon disposal.

Provisions were made against tangible fixed assets based on the results of the inventory taking, to the extent that the carrying value temporarily does not match the actual value. The provisioning balance is determined on an individual basis by reference to the level of asset impairment.

#### 3.2. Intangible Fixed Assets

Intangible fixed assets include development, software and valuable rights with an estimated useful life greater than one year and an acquisition cost greater than CZK 60 thousand on an individual basis and greenhouse gas emission allowances.

Purchased intangible fixed assets are measured at cost.

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

The cost of fixed asset improvements exceeding CZK 60 thousand for the taxation period increases the acquisition cost of the related intangible fixed asset.

Amortisation of intangible fixed assets, with the exception of greenhouse emission allowances, is recorded on a straight-line basis over their estimated useful lives as follows:

	Years
Software	3 - 10
Valuable rights	6

If a right of use is established for a fixed period in respect of intangible fixed assets, the annual amortisation charge is determined as the proportion of the input price and the contractually agreed period.

Provisions were made against intangible fixed assets based on the results of the inventory taking, to the extent that the carrying value temporarily does not match the actual balance. The provisioning balance is determined on an individual basis with reference to the level of asset impairment.

### 3.2.1. Greenhouse Emission Allowances

Greenhouse emission allowances are recognised as non-depreciable intangible fixed assets and are stated at cost, or replacement cost when acquired free of charge. An initial free-of-charge acquisition of the allowances is recognised as a grant not reducing the carrying amount of the intangible fixed assets. This 'grant' is released into income on a systematic basis in the same amount as the allowances are used and charged to expenses and sold.

The use of emission allowances is accounted for using the FIFO method in respect of emission allowances of the same kind at the balance sheet date as a minimum, on the basis of the level of greenhouse emissions estimated to be produced by the Company in the relevant period. Identical emission allowance types include allowances of the same kind (such as EUA, CER, ERU) acquired in the same method (eg free-of-charge allocation or via purchase). After the actual use is ascertained by an independent reviewer, the use is adjusted in the period when the relevant matters were identified.

If greenhouse emission allowances allocated free of charge are sold, they are recognised in expenses in account 548 (line: 'Sundry operating expenses') and the grant is recognised in income in account 648 (line: 'Sundry operating income') at the same time and in the same amount. The sale of greenhouse emission allowances is recognised in income from the sale of long-term fixed assets (line: 'Sales of fixed assets').

In the case of the sale of purchased allowances, they are recognised in account 541 (line: 'Net book value of sold fixed assets') and the sale of allowances is recorded in the proceeds from the sale of fixed assets account (line: 'Sales of fixed assets')

If, at the financial statements date, the market value of emission allowances allocated free of charge is materially lower than the replacement cost used for valuing these emission allowances upon acquisition, the allowances are measured at market value in the financial statements. Concurrently, the 'grant' is reduced by the same amount and the whole re-measurement is recognised without having any impact on the profit and loss account. In the event of material changes in the market value of purchased emission allowances, a provision is created.

### **3.3. Non-Current Financial Assets**

Non-current financial assets principally consist of loans with maturity exceeding one year, non-current term deposits, equity investments, securities and equity investments available for sale and debt securities with maturity over one year held to maturity.

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

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

If securities and equity investments were acquired in exchange for a non-cash contribution made to a company, they are recorded at the carrying value of the non-cash contribution.

Investments in enterprises in which the Company has a significant power to govern the financial and operating policies are treated as 'Equity investments in Subsidiaries'.

Investments in enterprises in which the Company is in a position to exercise significant influence over their financial and operating policies which is not decisive are treated as 'Equity Investments in Associates'.

As of the date of the financial statements, the Company reports:

- Equity investments at cost less provisions.
- Debt securities held to maturity are carried at cost increased to reflect interest income (including amortisation of the premium or discount, if any).

Provisions against non-current financial assets are recognised when the share of equity of the relevant entity is lower than its acquisition cost in the amount of the difference. If the share of equity is negative, a provision is recorded in an amount equal to the cost of the investment.

### **3.4. Derivative Financial Transactions**

As of the date of the financial statements, derivative financial instruments are carried at fair value in the balance sheet. Nominal values of derivatives are maintained off balance sheet. The fair value is determined as the present value of anticipated future cash flows.

Fair value changes in respect of trading derivatives are recognised as an expense or income from derivative transactions, as appropriate.

### **3.5. Inventory**

Purchased inventory is valued at acquisition costs. Acquisition cost includes the purchase cost and indirect acquisition costs such as customs fees, freight costs and storage fees, commissions, insurance charges and discounts. From intra-company services relating to the acquisition of inventory through purchase and the processing of inventory, only transportation charges and material processing costs are capitalised.

Internally developed inventory (including work in progress, semi-finished products, products and goods) is valued at the cost of producing the inventory, which consist of the direct costs of production or any other activity, and the portion of indirect costs relating to production or any other activity.

Internally developed inventory is valued at actual costs of production on the basis of the figures for the last month of the reporting period (with respect to the inventory movements).

Inventory is issued out of stock using the cost determined by the weighted arithmetic average method, or predetermined stock prices on the level of calculated own costs that are adjusted at the year-end according to actual costs.

The Company recognised provisions against inventory whose impairment is not deemed permanent by reference to, for instance, its aging analysis and an analysis of idle, redundant or unusable components, taking into account the achievable selling prices of the inventory and the anticipated selling prices of products that will be produced from this inventory.

### **3.6. Receivables**

Upon origination, receivables are stated at their nominal value as subsequently reduced by appropriate provisions for doubtful and bad amounts. Bad debts are written off only after the completion of the debtor's insolvency proceedings.

Provisions against receivables are recorded based on an aging analysis of receivables and individual assessment of the solvency of debtors. Receivables past due for more than 180 days are provided for in full (100%). As a policy, the Company does not create any provisions against receivables from related parties.

### **3.7. Trade Payables**

Trade payables are stated at their nominal value.

### **3.8. Reserves**

Reserves are intended to cover future risks, obligations or expenditure, the nature of which is clearly defined and which are likely to be incurred, but which are uncertain as to the amount or the date on which they will arise. Such reserves include, for example, a reserve for environmental liabilities, a reserve for commitments arising from legal disputes, business discounts, outstanding vacation days, bonuses and employee benefits.

### **3.9. Foreign Currency Translations to Czech Crowns**

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

At the date of the financial statements, financial assets, short-term receivables and payables denominated in a foreign currency are translated using the effective exchange rate promulgated by the Czech National Bank as of that date. Any resulting foreign exchange rate gains and losses are recorded through the current year's financial expenses or revenues as appropriate.

### **3.10. Taxes**

#### **3.10.1. Depreciation of Fixed Assets for Tax Purposes**

Depreciation of fixed assets is usually calculated using the accelerated method for tax purposes in accordance with the Income Taxes Act.

#### **3.10.2. Current Tax Payable**

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

#### **3.10.3. Deferred Tax**

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

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

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

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

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

### **3.11. Grants**

Grants received to offset costs are recognised as other operating and financial income over the period necessary to match them with the related costs. Grants received to acquire tangible and intangible fixed assets and technical improvements and grants towards interest expenses and other costs added to the cost are deducted in reporting their cost.

### **3.12. Impairment**

At each balance sheet date, the Company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the greater of the net selling price and the value in use.

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

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

### **3.13. Revenue Recognition**

Revenue is measured at the value of the consideration received or receivable and represents amounts receivable for goods, products and services provided in the normal course of business, net of discounts, VAT and other sales related taxes.

Revenues from the sale of products and goods are recognised when products and goods are delivered and underlying title has passed to the customer on the basis of the fulfilment of contractual delivery terms. The revenue for provided services is recognised as of the date when these services are rendered.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable. Dividend income is recognised when the shareholders' rights to receive dividends have been declared.

### **3.14. Use of Estimates**

The presentation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, equity and financial position of the Company at the date of the financial statements and the reported amounts of profit and loss during the reporting period. Management of the Company has made estimates and assumptions on the basis of all relevant information available as of the date of the financial statements in order to give a true and fair view of the assets, liabilities, equity and financial position of the Company as of the date of the financial statements and the results of its operations for the reporting period. Pursuant to the nature of estimates, the actual results and outcomes in the future may differ from these estimates.

### **3.15. Cash Flow Statement**

The cash flow statement is prepared using the indirect method. Cash equivalents include current liquid assets easily convertible into cash in an amount agreed in advance.

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

### **3.16. Subsequent Events**

The effect of events that occurred between the balance sheet date and the date of preparation of the financial statements is recorded in the financial statements, provided that these events provided additional information about the facts that existed as of the balance sheet date (adjusting subsequent events).

If significant events occurred between the balance sheet date and the date of preparation of the financial statements that constitute post balance sheet events, the consequences of these events are described and their effects quantified in the notes to the financial statements but they are not recorded in the financial statements (non-adjusting subsequent events).

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

##### 4.1. Fixed Assets

##### 4.1.1. Intangible Fixed Assets (Intangible FA)

###### Cost

	(CZK thousand)				
	Balance at 30 June 2020	Additions	Disposals	Transfers	Balance at 31 March 2021
Intangible R&D results	371	-	-	-	371
Software	371 260	-	-4 580	-	366 680
Other valuable rights	3 081	-	-	-	3 081
Other intangible FA	4 849 065	-	-2 174 918	-	2 674 147
Intangible FA under construction	23 504	4 559	-	-	28 063
<b>Total</b>	<b>5 247 281</b>	<b>4 559</b>	<b>-2 179 498</b>	<b>-</b>	<b>3 072 342</b>

###### Accumulated amortisation and provisions

	(CZK thousand)				
	Balance at 30 June 2020	Additions	Disposals		Balance at 31 March 2021
Intangible R&D results	-371	-	-		-371
Software	-363 829	-6 324	4 580		-365 573
Valuable rights	-3 081	-	-		-3 081
Other intangible FA	-	-	-		-
Provision for intangible FA under construction	-80	-	-		-80
<b>Total</b>	<b>-367 361</b>	<b>-6 324</b>	<b>4 580</b>		<b>-369 105</b>

###### Net Book Value

	(CZK thousand)	
	Balance at 30 June 2020	Balance at 31 March 2021
Intangible R&D results	-	-
Software	7 431	1 107
Valuable rights	-	-
Other intangible FA	4 849 065	2 674 147
Intangible FA under construction	23 424	27 983
<b>Total</b>	<b>4 879 920</b>	<b>2 703 237</b>

Other intangible fixed assets include greenhouse emission allowances (hereinafter referred to as the "allowances" – see Note 3.2.1).

No allowances were allocated in the period from 7/2020 to 3/2021.

Based on the estimate of CO<sub>2</sub> emissions for the period from 7/2020 to 3/2021, allowance consumption was recognised at 2,045,631 pieces in the amount of CZK 1,059,023 thousand.

Aside from the aforementioned allowance consumption, disposals of tangible fixed assets in the table of movements are also affected by the sale of emission allowances. In the reporting period, the Company sold 2,140,000 allowances in the total amount of CZK 1,111,674 thousand.

In the Company's accounting records as of 31 March 2021, a total of 4,533,458 EUA allowances was recorded, valued at CZK 2,674,147 thousand.

This balance was not remeasured as of 31 March 2021 as the cost of EUA allowances on the stock exchange market was higher as of that date than the cost used for valuation in the accounting records.

#### 4.1.2. Tangible Fixed Assets (Tangible FA)

##### Cost

	(CZK thousand)				
	Balance at 30 June 2020	Additions	Disposals	Transfers	Balance at 31 March 2021
Land	1 249 795	-	-	-	1 249 795
Buildings	12 980 615	-	-296	4 873	12 985 192
Movable assets	34 390 166	-	-255 664	133 757	34 268 259
Other tangible FA (works of art)	1 456	-	-	-	1 456
Tangible FA under construction	1 018 244	273 995	-	-138 630	1 153 609
Prepayments for tangible FA	78 293	26 697	-51 326	-	53 664
<b>Total</b>	<b>49 718 569</b>	<b>300 692</b>	<b>-307 286</b>	<b>-</b>	<b>49 711 975</b>

##### Accumulated Depreciation

	(CZK thousand)			
	Balance at 30 June 2020	Additions	Disposals	Balance at 31 March 2021
Buildings	-9 825 289	-134 451	296	-9 959 444
Movable assets	-29 846 955	-383 783	252 633	-29 978 105
Other tangible FA	-	-	-	-
<b>Total</b>	<b>-39 672 244</b>	<b>-518 234</b>	<b>252 929</b>	<b>-39 937 549</b>

##### Provisions

	(CZK thousand)			
	Balance at 30 June 2020	Increase	Decrease	Balance at 31 March 2021
Buildings	-24 505	-	723	-23 782
Movable assets	-6 998	-	552	-6 446
Tangible FA under construction	-254 549	-10 320	13 586	-251 283
Prepayments for tangible FA	-26 664	-	-	-26 664
<b>Total</b>	<b>-312 716</b>	<b>-10 320</b>	<b>14 861</b>	<b>-308 175</b>

##### Net Book Value

	(CZK thousand)	
	Balance at 30 June 2020	Balance at 31 March 2021
Land	1 249 795	1 249 795
Buildings	3 130 821	3 001 966
Movable assets	4 536 213	4 283 708
Other tangible fixed assets (works of art)	1 456	1 456
Tangible fixed assets under construction	763 695	902 326
Prepayments for tangible fixed assets	51 629	27 000
<b>Total</b>	<b>9 733 609</b>	<b>9 466 251</b>

The most significant additions to tangible fixed assets under construction in the reporting period included the Relocation of the threaded rod centre in the aggregate amount of CZK 71,138 thousand, the Fuel flexibility of heating furnaces project in the amount of CZK 33,000 thousand, the New segments for the continuous casting machine no. 2 project of CZK 36,619 thousand and the Heavy section rolling mill – high pressure spraying of dross project of CZK 10,000 thousand.

As of 31 March 2021 and 30 June 2020, low-value tangible and intangible assets not presented in the balance sheet amounted to CZK 440,547 thousand and CZK 447,028 thousand, respectively, at acquisition cost. These primarily include economic fixtures, tools and equipment. These assets are directly charged to operations.

The acquisition cost of tangible fixed assets that were not used by the Company as of 31 March 2021 and 30 June 2020 and were kept for liquidation or alternative use amounted to CZK 696,398 thousand and CZK 628,017 thousand, respectively. The Company also recognises a provision in an amount corresponding to the net book value of those assets.

The Company uses part of buildings located outside the Company's production area, e.g. residential units, medical facilities and sports and accommodation facilities. The net book value of those buildings as of 31 March 2021 and 30 June 2020 amounts to CZK 5,400 thousand and CZK 5,801 thousand, respectively.

The Company has pledged tangible fixed assets (lands, machines and equipment) of CZK 22,147,194 thousand as of 31 March 2021 (30 June 2020: CZK 0).

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

##### Operating Leases

As of 31 March 2021 and 30 June 2020, the Company records assets acquired in the form of operating lease in the acquisition cost of CZK 863,554 thousand and CZK 880,539 thousand, respectively. Actual payments made in the period from 1 July 2020 to 31 March 2021 amounted to CZK 88,251 thousand (CZK 183,178 for the period from 1 January 2019 to 30 June 2020), estimated payments for the year ending 31 March 2022 amount to CZK 113,650 thousand. These data are net of VAT provided that such tax can be applied as an input tax deduction.

##### Financial Leases

As of 31 March 2021 and 30 June 2020, the Company held no assets under finance lease.

#### 4.2. Non-Current Financial Assets

	(CZK thousand)			
	Balance at 30 June 2020	Additions	Disposals	Balance at 31 March 2021
Equity investments in controlled or controlling entities	549 236	-	-	549 236
Equity investments in associates	129 862	-	-	129 862
Other non-current securities and equity investments	289 684	-	-194 034	95 650
Provisions against equity investments in controlled or controlling entities	-	-10 754	-	-10 754
Provisions against equity investments in associates	-9 042	-	142	-8 900
Provisions against other non-current securities and equity investments	-289 433	-	194 034	-95 399
<b>Total</b>	<b>670 307</b>	<b>-10 754</b>	<b>142</b>	<b>659 695</b>

**4.2.1. Equity Investments in Controlled or Controlling Entities**Balance as of 31 March 2021

(CZK thousand)									
Company	Registered office	Cost	Provision	Valuation	Owner-ship in %	Voting power in %	Equity	Profit or loss	Income from non-current financial assets
				31 March 2021					
Liberty Distribution Ostrava, s.r.o.	Ostrava	262	-	262	100	100	75 082	208	-
Liberty Engineering Products Ostrava s.r.o.	Ostrava Frýdek-	504 550	-	504 550	100	100	631 540	-23 140	-
Liberty Technotron s.r.o.	Místek	40 800	-10 754	30 046	100	100	30 025	-4 604	-
Liberty Commercial Germany GmbH.***	Ratingen	640	-	640	100	100	22 170	9 024	-
Liberty Commercial PL sp. z o.o.**	Katowice	2 984	-	2 984	100	100	45 077	40 178	-
Liberty Commercial Czech Republic k.s*	Ostrava	-	-	-	99.99	99.99	59	138 964	-
<b>Total</b>		<b>549 236</b>	<b>-10 754</b>	<b>538 482</b>			<b>803 953</b>	<b>160 630</b>	<b>-</b>

\* Profit/loss before the transfer of share to partners, of which 99.99% is transferred to Liberty Ostrava a.s. and reported in 'Other financial income' in the current period.

\*\* Financial statements of this company were prepared as of 31.12.2020

\*\*\* Financial statements of this company were prepared as of 31 March 2021

Balance as of 30 June 2020

(CZK thousand)									
Company	Registered office	Cost	Provision	Valuation	Owner-ship in %	Voting power in %	Equity	Profit or loss	Income from non-current financial assets
				30 June 2020					
Liberty Distribution Ostrava, s.r.o.	Ostrava	262	-	262	100	100	74 873	44 746	25 916
Liberty Engineering Products Ostrava s.r.o.	Ostrava Frýdek-	504 550	-	504 550	100	100	643 325	-9 765	56 379
Liberty Technotron s.r.o.	Místek	40 800	-	40 800	100	100	35 041	-4 879	-1 576
Liberty Commercial Germany GmbH.**	Dusseldorf	640	-	640	100	100	-2 382	-3 017	-
Liberty Commercial PL sp. z o.o.**	Katowice	2 984	-	2 984	100	100	5 082	2 097	-
Liberty Commercial Czech Republic k.s	Ostrava	-	-	-	99.99	99.99	29	134 986*	-
<b>Total</b>		<b>549 236</b>	<b>-</b>	<b>549 236</b>			<b>755 968</b>	<b>164 168</b>	<b>80 719</b>

\* Profit/loss before the transfer of share to partners, of which 99.99% is transferred to Liberty Ostrava a.s. and reported in 'Other financial income' in the current period.

\*\* Financial statements of these companies were prepared as of 31.12.2019

**4.2.2. Equity Investments in Associates**Balance as of 31 March 2021

(CZK thousand)

Company	Registered office	Cost	Provision	Valuation as of 31 March 2021	Ownership in %	Voting power in %	Equity	Profit or loss	Income from non-current financial assets
Czech Slag - Nová Huť s.r.o.	Ostrava	70	-	70	35,00	35,00	12 380	541	204
Ocelářská unie, a.s.	Prague 10	25 001	-8 900	16 101	38,02	38,02	43 171	-684	-
MG Odra Gas, spol. s r.o.	Vratimov	104 791	-	104 791	30,00	30,00	521 355	41 658	-
<b>Total</b>		<b>129 862</b>	<b>- 8 900</b>	<b>120 962</b>			<b>576 906</b>	<b>41 515</b>	<b>204</b>

The financial statements of the above-listed companies have been prepared for 12 months ended 31 December 2020.

Balance as of 30 June 2020

(CZK thousand)

Company	Registered office	Cost	Provision	Valuation as of 30 June 2020	Ownership in %	Voting power in %	Equity	Profit or loss	Income from non-current financial assets
Czech Slag - Nová Huť s.r.o.	Ostrava	70	-	70	35,00	35,00	12 421	582	123
Ocelářská unie, a.s.	Prague 10	25 001	-9 042	15 959	38,02	38,02	43 578	-1 764	-
MG Odra Gas, spol. s r.o.	Vratimov	104 791	-	104 791	30,00	30,00	479 696	37 857	-
<b>Total</b>		<b>129 862</b>	<b>-9 042</b>	<b>120 820</b>			<b>535 695</b>	<b>36 675</b>	<b>123</b>

The financial statements of the above-listed companies have been prepared for 12 months ended 31 December 2019.

**Other Non-Current Securities and Equity Investments**Balance as of 31 March 2021

(CZK thousand)

Type of security and equity investment	Cost at 31 March 2021	Provision	Valuation at 31 March 2021
Moravia Banka, a.s., (in liquidation)	94 799	-94 799	-
STEELTRADE, s.r.o.	101	-	101
První Signální, a.s.	150	-	150
FERROMET a.s.	600	-600	-
<b>Total</b>	<b>95 650</b>	<b>-95 399</b>	<b>251</b>

Balance as of 30 June 2020

(CZK thousand)

Type of security and equity investment	Cost at 30 June 2020	Provision	Valuation at 30 June 2020
Union Group, a.s. (in liquidation)	194 034	-194 034	-
Moravia Banka, a.s., (in liquidation)	94 799	-94 799	-
STEELTRADE, s.r.o.	101	-	101
První Signální, a.s.	150	-	150
FERROMET a.s.	600	-600	-
<b>Total</b>	<b>289 684</b>	<b>-289 433</b>	<b>251</b>

### 4.2.3. Pledged Non-Current Financial Assets

As of 31 March 2021, the Company has pledged shares in the following companies:

- Liberty Engineering Products Ostrava s.r.o.
- Liberty Commercial Czech Republic k.s.
- Liberty Commercial Germany GmbH

### 4.3. Inventory

The valuation of redundant and non-usable inventories is reduced to the selling price by means of provisions. A provision against inventory of material was determined based on an analysis of the inventory turnover in the amounts of CZK 337,252 thousand as of 31 March 2021 and CZK 288,998 thousand as of 30 June 2020.

In addition, the Company created other provisions against inventory in the amounts of CZK 229,984 thousand as of 31 March 2021 and CZK 1,451,422 thousand as of 30 June 2020. This provision was created with respect to the level of net realisable value reflecting that the valuation of assets should not exceed the anticipated effects of their sale or use. This provision is created in view of the current selling price and as of 31 March 2021 it decreased significantly due to the positive trend on the steel market anticipated for the second quarter of 2021.

Inventory with a cost value of CZK 6,626,594 thousand is pledged as collateral as of 31 March 2021, CZK 0 as of 30 June 2020.

### 4.4. Receivables

#### 4.4.1. Long-Term Receivables

As of 31 March 2021 and 30 June 2020, the Company's other long-term receivables primarily include a long-term deposit reported as a long-term prepayment made in the amount of CZK 107,195 thousand and CZK 109,634 thousand, respectively.

As of 31 March 2021 and 30 June 2020, the Company recognises long-term estimated receivables of CZK 138,934 thousand and CZK 0, respectively. This includes a receivable from the subsidiary Liberty Commercial Czech Republic k.s. in the same amount.

In addition, the Company recognises long-term receivables from companies within the Group:

(CZK thousand)			
Entity	Relation	Balance as of 31 March 2021	Balance as of 30 June 2020
Liberty Ostrava Limited	Related entity	675 590	-
Liberty Commercial Czech Republic k.s.	Subsidiary	268 853	-
<b>Total</b>		<b>944 443</b>	<b>-</b>

As of 31 March 2021 and 30 June 2020, the Company reported no long-term receivables with maturity exceeding five years.

**4.4.2.Short-Term Receivables**

The aging structure of short-term trade receivables is as follows:

				(CZK thousand)
<b>Balance at</b>	<b>Category</b>	<b>Before maturity</b>	<b>Past due date</b>	<b>Total</b>
31 March 2021	Gross	5 045 414	362 028	<b>5 407 442</b>
	Provisions	-406 057	-172 332	<b>-578 389</b>
	Net	4 639 357	189 696	<b>4 829 053</b>
30 June 2020	Gross	2 033 157	1 234 559	<b>3 267 716</b>
	Provisions	0	-605 793	<b>-605 793</b>
	Net	2 033 157	628 766	<b>2 661 923</b>

Receivables past their due dates by more than one year include receivables from customers in bankruptcy proceedings in the amounts of CZK 16,161 thousand and CZK 16,338 thousand as of 31 March 2021 and 30 June 2020, respectively, which were provisioned in full.

As of 31 March 2021 and 30 June 2020, estimated receivables principally consist of unbilled supplies of material and services in the amounts of CZK 222,392 thousand and CZK 1,587,125 thousand, respectively. As of 31 March 2021 and 30 June 2020, the Company also reports an estimate of received interest in the amounts of CZK 63,461 thousand and CZK 34,882 thousand, respectively.

As of 31 March 2021 and 30 June 2020, no trade receivables were pledged.

Changes in the provision against short-term trade receivables and short-term prepayments provided can be analysed as specified below:

			(CZK thousand)
	<b>Period ended 31 March 2021</b>	<b>Period ended 30 June 2020</b>	
Opening balance	606 961	605 871	
Creation	411 766	37 093	
Release	-437 505	-36 003	
<b>Closing balance</b>	<b>581 222</b>	<b>606 961</b>	

In the reporting period, the Company released a provision for receivables from Faradit Rohrwerk GMBH of CZK 426 million. The reason for the release of the provision was the conclusion of the insolvency proceedings and the receivables from the company were written off.

As of 31 March 2021, the Company created a provision for receivables from Liberty FE Trade DMCC of CZK 406,057 thousand.

Aside from the above, the Company recognised a provision against sundry receivables in the amounts of CZK 2,262 thousand and CZK 2,274 thousand as of 31 March 2021 and 30 June 2020, respectively.

As of 31 March 2021, the Company had escrow grant accounts with Komerční banka, a.s. in the amount of CZK 1,919 thousand; CZK 3,596 thousand as of 30 June 2020.

### 4.4.3. Inter-company Receivables

The Company showed the below-specified balances of short-term intercompany receivables (trade receivables + estimated receivables + prepayments made):

(CZK thousand)					
Entity	Relation	Balance at 31 March 2021	Of which receivables	Of which estimated receivables	Of which: prepayments made
Liberty Engineering Products Ostrava s.r.o.	Subsidiary	77 439	44 350	33 089	-
Liberty Distribution Ostrava,s.r.o.	Subsidiary	104	12	92	-
Liberty Technotron s.r.o.	Subsidiary	8 188	7 934	254	-
Liberty Commercial Czech Republic k.s	Subsidiary	1 613 246	1 568 095	45 151	-
Liberty Commercial PL s. z o.o.	Subsidiary	595 508	579 299	16 209	-
Liberty Commercial Germany Gmbh	Subsidiary	489 938	484 158	5 780	-
Liberty Galati S.A.	Related party	99 111	99 111	-	-
Liberty Ostrava Limited*	Related party	60 199	-	60 199	-
Liberty Finance Management (LIG) Ltd.**	Related party	43 203	-	43 203	-
Liberty Liège-Dudelange (BE)	Related party	4 245	4 245	-	-
Wyelands Capital Ltd	Related party	275 972	-	21 494	254 478
Liberty AD Skopje	Related party	2 179	2 179	-	-
Liberty FE Trade DMCC	Related party	406 057	406 057	-	-
Liberty Magona SRL	Related party	860	860	-	-
Liberty Steel East Europe Bidco Limited	Related party	19 404	21 032	-1 628	-
Banca Romana de Credite si Investitii SA	Related party	464	464	-	-
MG Odra Gas, spol. s r.o.	Related party	26 800	1 864	24 936	-
Czech Slag - Nová Huť s.r.o.	Related party	1	-	1	-
<b>Total receivables</b>		<b>3 722 918</b>	<b>3 219 660</b>	<b>248 780</b>	<b>254 478</b>
Liberty Finance Management (LIG) Ltd.	Related party	1 957 214	1 957 214	-	-
Liberty Czestochowa	Related party	671 431	671 431	-	-
<b>Receivables – controlled or controlling entity</b>		<b>2 628 645</b>	<b>2 628 645</b>	-	-
<b>Total</b>		<b>6 351 563</b>	<b>5 848 305</b>	<b>248 780</b>	<b>254 478</b>

\*The receivable from Liberty Ostrava Limited represents interest on a loan and this receivable is reported under estimated receivables.

\*\* Estimated receivables from this company include interest income in the amount of CZK 3,262 thousand.

(CZK thousand)					
Entity	Relation	Balance at 30 June 2020	Of which receivables	Of which estimated receivables	Of which: prepayments made
Liberty Engineering Products Ostrava s.r.o.	Subsidiary	136 937	40 835	96 102	-
Liberty Distribution Ostrava,s.r.o.	Subsidiary	6 600	3 675	2 925	-
Liberty Technotron s.r.o.	Subsidiary	7 140	5 055	2 085	-
Liberty Commercial Czech Republic k.s	Subsidiary	658 857	406 670	252 187	-
Liberty Commercial PL s. z o.o.	Subsidiary	484 868	489 655	-4 787	-
Liberty Commercial Germany Gmbh	Subsidiary	174 253	168 701	5 552	-
Liberty Galati S.A.	Related party	57 603	57 603	-	-
Liberty Liège-Dudelange (LU) S.A.	Related party	4	4	-	-
Liberty Ostrava Limited*	Related party	34 882	-	34 882	-
Wyelands Capital Ltd	Related party	55 990	-	-	55 990
Liberty Primary Steel & Mining Pte. Ltd.	Related party	1 107 036	-	1 107 036	-
MG Odra Gas, spol. s r.o.	Related party	84 833	60 936	23 897	-
Czech Slag - Nová Huť s.r.o.	Related party	7	6	1	-
<b>Total receivables</b>		<b>2 809 010</b>	<b>1 233 140</b>	<b>1 519 880</b>	<b>55 990</b>
Liberty Ostrava Limited	Related party	686 198	686 198	-	-
<b>Receivables – controlled or controlling entity</b>		<b>686 198</b>	<b>686 198</b>	-	-
<b>Total</b>		<b>3 495 208</b>	<b>1 919 338</b>	<b>1 519 880</b>	<b>55 990</b>

\*The receivable from Liberty Ostrava Limited represents interest on a loan and this receivable is reported under estimated receivables.

#### 4.5. Deferred Expenses

As of 31 March 2021 and 30 June 2020, deferred expenses principally include the costs relating to the Quality System Certification and costs relating to the provision of financial guarantees to secure loans in the amounts of CZK 113,604 thousand and CZK 30,647 thousand, respectively. The balances on accruals and deferrals accounts are presented by the Company in the items of accruals and deferrals as before.

#### 4.6. Equity and recognition of prior years' error

The Company's share capital consists of 12,390,257 ordinary bearer shares, fully subscribed and paid up, with a nominal value of CZK 1 thousand per share.

The Company generated net profit for the period from 1 July 2020 to 31 March 2021 in the amount of CZK 489,870 thousand. The Board of Directors has proposed to transfer the profit to accumulated profits or losses brought forward.

In the period ended 31 March 2021, the Company made a prior year adjustment due to the identification of an error relating to the reporting period ended 30 June 2020.

Two matters were identified, the impact of which the Company recognised in 'Other profit or loss from prior years', which is included in Equity.

The matters are as follows:

1. A recognised release of debt made in the reporting period ended 30 June 2020 which was made on the basis of documents called "Release letters" and was void due to a conflict of the "Release letters" with UK law. The impact of this error amounted to CZK 3,846,178 thousand (decrease in equity).
2. Increase in costs associated with the service received from Wyelands Capital Ltd. under the CSA (Central Services Agreement) for the period ended 30 June 2020. The impact of the increased costs amounted to CZK 92,819 thousand (decrease in equity)

Both of these have an impact on deferred tax, the impact of which was calculated at CZK 728, 929 thousand. This amount was recognised in 'Other profit or loss' as an increase in equity.

The total amount recognised in 'Other profit or loss' is CZK 3,210,068 thousand and is reported as a decrease in equity.

Recognition of prior years' error in the accounts for the reporting period ended 30 June 2020.

##### 1. BALANCE SHEET (ASSETS, LIABILITIES)

		30 June 2020 (net balance after adjustment in CZK '000)	Adjustment in CZK '000	30 June 2020 (original net balance CZK '000)
	TOTAL ASSETS	29 295 945	457 643	28 838 302
C.II.1.4	Deferred tax receivable	457 643	457 643	0

		30 June 2020 (balance after adjustment in CZK '000)	Adjustment in CZK '000	30 June 2020 (original balance CZK '000)
	<b>TOTAL LIABILITIES</b>	29 295 945	457 643	28 838 302
A.V.	Profit or loss for the current period (+/-)	-2 904 959	-3 210 068	305 109
C.I.6	Payables - controlled or controlling entity	5 208 523	3 743 600	1 464 923
C.I.8	Deferred tax liability	0	-271 286	271 286
C.II.8.6	Estimated payables	2 475 769	195 397	2 280 372

## 2. PROFIT AND LOSS ACCOUNT

		30 June 2020 (balance after adjustment in CZK '000)	Adjustment in CZK '000	30 June 2020 (original balance CZK '000)
A.3	Services	6 287 516	92 819	6 194 697
F.5	Sundry operating income	2 800 080	-3 567 900	6 367 980
J.1	Interest expenses and similar expenses - controlled or controlling entity	241 485	102 578	138 907
K.	Other financial expenses	1 243 977	175 700	1 068 277
L.2	Deferred income tax (+/-)	-680 739	-728 929	48 190

## 3. CASH FLOW STATEMENT

		30 June 2020 (balance after adjustment in CZK '000)	Adjustment in CZK '000	30 June 2020 (original balance CZK '000)
Z.	Profit or loss before tax	-3 577 689	-3 938 997	361 308
A.1.5.	Interest expense and interest income	200 467	102 578	97 889
A.1.6.	Adjustments for other non-cash transactions	-109 927	175 700	-285 627
A.2.2.	Change in operating payables and other liabilities	-2 616 308	92 819	-2 709 127
C.1.	Change in payables from financing	5 032 835	3 567 900	1 464 935

## 4.7. Reserves

Reserves can be analysed as follows:

	Balance at 30 June 2020	Creation	Use/ Release	Balance at 31 March 2021
Reserves for removing environ. burdens	214 816	-	6 561	208 255
Reserve for outstanding vacation days	85 363	85 157	85 363	85 157
Reserve for claims and customer discounts	47 680	40 481	47 680	40 481
Reserve for employee benefits	92 087	--	2 974	89 113
Reserve for late tax payments	5 635	--	5 635	-
Reserve for the social needs fund	315	--	-	315
Reserve for bonuses	171 289	130 230	171 289	130 230
Other reserves	187 227	15 557	67 220	135 564
<b>Total reserves:</b>	<b>804 412</b>	<b>271 425</b>	<b>386 722</b>	<b>689 115</b>

(CZK thousand)

**Reserve for eliminating environmental damage**

The reserve in the amount of CZK 208,255 thousand represents the present value of costs anticipated to be incurred by the Company to 2024 as the Company's share in clean-up work and removal of the so-called old environmental burdens under the Decision made by the Czech Environmental Inspectorate. The costs to be spent on those activities, not reflecting the time value of money, are estimated at CZK 233,050 thousand. The change in the balance of this reserve reflects the change in the time value of money for the period.

**Reserve for employee benefits**

The reserve shall be used for life jubilee bonuses, retirement bonuses and bonuses for work jubilees. The amount of the reserve is based on the effective Collective Labour Agreement and includes social security and health insurance.

**Reserve for bonuses**

The reserve shall be used for quarterly and annual bonuses to the employees and the Company's management relating to the period ended 31 March 2021. The reserve was prepared with regard to the effective Collective Labour Agreement.

**4.8. Payables****4.8.1. Long-Term Payables**

As of 31 March 2021, long-term payables particularly include payables to controlled and controlling entities and a long-term loan from Greensill Bank AG. As of 30 June 2020, long-term payables particularly include payables to controlled and controlling entities.

Long-term payables to group entities:

						(CZK thousand)
Entity	Relation	Balance at 31 March 2021	Balance at 30 June 2020 after adjustment	Adjustment	Balance at 30 June 2020 original	
Liberty Steel East Europe Bidco Limited	Related party	771 278	788 830	-	788 830	
Liberty Finance Management (LIG) Ltd.	Related party	354 441	379 624	-	379 624	
Liberty Ostrava Limited	Related party	2 423 304	4 040 069	3 743 600	296 469	
<b>Total</b>		<b>3 549 023</b>	<b>5 208 523</b>	<b>3 743 600</b>	<b>1 464 923</b>	

As of 31 March 2021 and 30 June 2020, the Company reported no long-term payables with maturity of more than five years. The above loans are due on 30 June 2023.

As of 30 June 2020, long-term payables to group entities were adjusted due to the identification of an error related to the reporting period ended 30 June 2020.

Payables to Liberty Ostrava Limited were increased by CZK 3,743,600 thousand; from the original amount of CZK 296,469 thousand to a new amount of CZK 4,040,069 thousand.

In August 2020, the Company drew a long-term loan from Greensill Bank AG in the amount of EUR 76 million, the payable from this loan amounts to CZK 1,987,020 thousand as of 31 March 2021.

The loan matures in June 2023.

**4.8.2.Short-Term Payables**

Aging analysis of short-term trade payables is as follows:

(CZK thousand)			
<b>As of</b>	<b>Before maturity</b>	<b>Past due date</b>	<b>Total</b>
31 March 2021	3 525 576	1 106 735	<b>4 632 311</b>
30 June 2020	2 701 058	154 221	<b>2 855 279</b>

As of 31 March 2021 and 30 June 2020, the Company reports no overdue payables arising from social security and health insurance and no other payables towards the state institutions.

Payables to the Czech State can be analysed as follows:

(CZK thousand)		
	<b>Balance at 31 March 2021</b>	<b>Balance at 30 June 2020</b>
Payable arising from personal income tax and other taxes	8 223	32 787
Grants for settling costs	1 229	1 229
Grants for emission allowances	2 674 147	4 849 065
<b>Closing balance</b>	<b>2 683 599</b>	<b>4 883 081</b>

As of 31 March 2021, estimated payables particularly include unbilled supplies of material and goods in the amount of CZK 1,171,361 thousand and unbilled supplies of services in the amount of CZK 1,611,724 thousand. In addition, as of 31 March 2021, estimated payables include interest in the amount of CZK 411,760 thousand.

The originally reported estimated payables as of 30 June 2020 primarily included unbilled supplies of material and goods in the amount of CZK 915,148 thousand, unbilled supplies of services in the amount of CZK 1,197,235 and estimated interest of CZK 135,878 thousand.

Estimated payables as of 30 June 2020 after the adjustment of prior years' error primarily include unbilled supplies of material and goods in the amount of CZK 915,148 thousand, unbilled supplies of services in the amount of CZK 1,290,054 and estimated interest of CZK 238,456 thousand.

As of 31 March 2021 and 30 June 2020, trade payables and other payables were not secured by any of the Company's assets.

### 4.8.3. Short-Term Intercompany Payables

The Company's short-term intercompany payables (trade payables + estimated payables) were as follows:

(CZK thousand)				
Entity	Relation	Balance at 31 March 2021	Of which payables	Of which estimated payables
Liberty Engineering Products Ostrava s.r.o.**	Subsidiary	81 203	67 441	13 762
Liberty Distribution Ostrava, s.r.o.***	Subsidiary	39 712	39 553	159
Liberty Commercial CZ, k.s.****	Subsidiary	747 076	747 076	-
Liberty Technotron s.r.o.	Subsidiary	34	34	-
Liberty Commercial Germany Gmbh	Subsidiary	17 592	-	17 592
Liberty Commercial PL s. z o.o.	Subsidiary	258	-	258
Liberty Galati S.A.	Related party	35 410	20 993	14 417
Speciality Steel UK Limited	Related party	3 376	3 376	-
Liberty Magona S.r.l.	Related party	784	-	784
Liberty Steel East Europe Bidco Limited*	Related party	55 749	-	55 749
Liberty Finance Management (LIG) Ltd.*	Related party	28 656	-	28 656
Liberty Ostrava Limited*	Related party	319 987	-	319 987
Wyelands Capital Ltd	Related party	391 453	-	391 453
Czech Slag – Nová Huť, s.r.o.	Related party	3 994	2 704	1 290
MG Odra Gas spol. s r.o.,	Related party	86 029	68 217	17 812
První Signální a.s.	Related party	3 493	1 704	1 789
Liberty Metal Recycling	Related party	8 112	8 111	1
Liberty Czestochowa	Related party	533 755	364 854	168 901
<b>Payables</b>		<b>2 356 673</b>	<b>1 324 063</b>	<b>1 032 610</b>
Liberty Engineering Products Ostrava s.r.o.	Subsidiary	330 311	330 311	-
Liberty Distribution Ostrava, s.r.o.	Subsidiary	4 661	4 661	-
<b>Payables – controlled or controlling entity</b>		<b>334 972</b>	<b>334 972</b>	<b>-</b>
<b>Total</b>		<b>2 691 645</b>	<b>1 659 035</b>	<b>1 032 610</b>

\*The payables to these companies represent interest on a loan received and are recognised as estimated payables.

\*\*Estimated payables to this company include interest on a loan received in the amount of CZK 2,642 thousand.

\*\*\*Estimated payables to this company include interest on a loan received in the amount of CZK 16 thousand.

\*\*\*\*This payable is primarily comprised of a prepayment of CZK 598,577 thousand.

(CZK thousand)				
Entity	Relation	Balance at 30 June 2020 original	Of which Payables	Of which estimated payables
Liberty Engineering Products Ostrava s.r.o.***	Subsidiary	91 417	63 436	27 981
Liberty Distribution Ostrava, s.r.o.	Subsidiary	20 156	11 407	8 749
Liberty Technotron s.r.o.	Subsidiary	34	34	-
Liberty Galati S.A.	Related party	2 942	989	1 953
Speciality Steel UK Limited	Related party	3 452	3 167	285
Liberty Magona S.r.l.	Related party	2 969	-	2 969
Liberty Steel East Europe Bidco Limited**	Related party	95 492	56 027	39 465
Liberty Finance Management (LIG) Ltd.*	Related party	14 573	-	14 573
Liberty Ostrava Limited*	Related party	92 801	-	92 801
Wyelands Capital Ltd	Related party	55 990	-	55 990
Czech Slag – Nová Huť, s.r.o.	Related party	3 462	1 592	1 870
MG Odra Gas spol. s r.o.,	Related party	42 982	26 797	16 185
První Signální a.s.	Related party	3 780	2 665	1 115
STEELTRADE s.r.o.	Related party	250	250	-
Liberty Liège-Dudelage (BE)	Related party	62 295	62 295	-
<b>Payables</b>		<b>492 595</b>	<b>228 659</b>	<b>263 936</b>
Liberty Engineering Products Ostrava s.r.o.	Subsidiary	<b>337 828</b>	<b>337 828</b>	-
<b>Payables – controlled or controlling entity</b>		<b>337 828</b>	<b>337 828</b>	<b>-</b>
<b>Total</b>		<b>830 423</b>	<b>566 487</b>	<b>263 936</b>

\*The payables to these companies represent interest on a loan received and are recognised as estimated payables.

\*\*Estimated payables to this company include interest on a loan received in the amount of CZK 26,998 thousand.

\*\*\*Estimated payables to this company include interest on a loan received in the amount of CZK 1,505 thousand.

(CZK thousand)				
Entity	Relation	Balance at 30 June 2020 after adjustment	Of which payables	Of which estimated payables
Liberty Engineering Products Ostrava s.r.o.***	Subsidiary	91 417	63 436	27 981
Liberty Distribution Ostrava, s.r.o.	Subsidiary	20 156	11 407	8 749
Liberty Technotron s.r.o.	Subsidiary	34	34	-
Liberty Galati S.A.	Related party	2 942	989	1 953
Speciality Steel UK Limited	Related party	3 452	3 167	285
Liberty Magona S.r.l.	Related party	2 969	-	2 969
Liberty Steel East Europe Bidco Limited**	Related party	95 492	56 027	39 465
Liberty Finance Management (LIG) Ltd.*	Related party	14 573	-	14 573
Liberty Ostrava Limited*	Related party	195 379	-	195 379
Wyelands Capital Ltd	Related party	148 809	-	148 809
Czech Slag – Nová Huť, s.r.o.	Related party	3 462	1 592	1 870
MG Odra Gas spol. s r.o.,	Related party	42 982	26 797	16 185
První Signální a.s.	Related party	3 780	2 665	1 115
STEELTRADE s.r.o.	Related party	250	250	-
Liberty Liège-Dudelange (BE)	Related party	62 295	62 295	-
<b>Payables</b>		<b>687 992</b>	<b>228 659</b>	<b>459 333</b>
Liberty Engineering Products Ostrava s.r.o.	Subsidiary	<b>337 828</b>	<b>337 828</b>	-
<b>Payables – controlled or controlling entity</b>		<b>337 828</b>	<b>337 828</b>	-
<b>Total</b>		<b>1 025 820</b>	<b>566 487</b>	<b>459 333</b>

\*The payables to these companies represent interest on a loan received and are recognised as estimated payables.

\*\*Estimated payables to this company include interest on a loan received in the amount of CZK 26,998 thousand.

\*\*\*Estimated payables to this company include interest on a loan received in the amount of CZK 1,505 thousand.

As of 30 June 2020, short-term payables to group entities were adjusted due to the identification of an error related to the reporting period ended 30 June 2020. Payables to Liberty Ostrava Limited were increased by CZK 102,578 thousand; from the original amount of CZK 92,801 thousand to a new amount of CZK 195,379 thousand.

Payables to Wyelands Capital Ltd were increased by CZK 92,819 thousand; from the original amount of CZK 55,990 thousand to a new amount of CZK 148,809 thousand.

As of 31 March 2021 and 30 June 2020, the Company records sundry payables to Liberty Commercial CZ, k.s. of CZK 263,116 thousand and CZK 101,966, respectively.

As of 31 March 2021 and 30 June 2020, the Company records sundry payables to Liberty Commercial Germany GmbH of CZK 42,974 thousand and CZK 0, respectively.

Both of these payables are reported the balance sheet in line C.II.8.7. Sundry payables.

#### 4.9. Derivative Financial Instruments

As of 31 March 2021 and 30 June 2020, the Company reports currency derivatives in the nominal values of CZK 0 thousand and CZK 400,200 thousand, respectively. Based on revaluation of currency derivatives as of 31 March 2021, the Company reports a payable in the amount of CZK 0 thousand and as of 30 June 2020, a payable in the amount of CZK 270 thousand.

In addition, the Company records a forward as of 31 March 2021 and 30 June 2020 relating to the purchase of emission allowances in the nominal amount of CZK 1,188,813 thousand and CZK 1,215,868 thousand, respectively.

Based on the revaluation of this forward, the Company records a receivable of CZK 1,041,355 thousand and CZK 282,641 thousand as of 31 March 2021 and 30 June 2020, respectively.

In relation to this forward, the Company received a financial guarantee from ČEZ ESCO in the amount of CZK 1,014,165 thousand and CZK 199,480 thousand as of 31 March 2021 and 30 June 2020, respectively.

#### 4.10. Income Tax

##### 4.10.1. Income Tax – Deferred

The deferred tax liability/deferred tax asset can be analysed as specified below:

	(CZK thousand)		
	Balance at 31 March 2021 (deferred tax liability)	Balance at 30 June 2020 (deferred tax asset after adjustment)	Balance at 30 June 2020 (original deferred tax liability)
Deferred tax arising from the difference between accounting and tax book values of fixed assets	-891 636	-912 176	-912 176
Other temporary differences giving rise to deferred tax:			
Provisions against inventory	107 775	330 680	330 680
Provisions against fixed assets	53 502	54 365	54 365
Reserve for environment	39 568	40 815	40 815
Reserve for outstanding vacation days	16 180	16 219	16 219
Reserve for employee benefits	12 499	12 401	12 401
Reserve for claims and business discounts	7 691	9 060	9 060
Reserve for bonuses	24 744	32 545	32 545
Reserve for life jubilees	4 433	5 095	5 095
Other reserves	25 757	35 573	35 573
Unpaid contractual fines and default interest	-1 020	-930	-930
Deduction for R&D and professional education	-	2 918	-
Tax loss	842 813	831 078	105 067
<b>Total</b>	<b>242 306</b>	<b>457 643</b>	<b>-271 286</b>

As of 30 June 2020, the Company originally reported a deferred tax liability of CZK 271,286 thousand. After the adjustment of the financial statements for the period ended 30 June 2020, the Company reports a deferred tax asset of CZK 457,643 thousand.

##### 4.10.2. Income Tax Payable

Effective tax rate calculation

	(CZK thousand)		
	Balance at 31 March 2021	Balance at 30 June 2020 after adjustment	Balance at 30 June 2020 original
<b>Profit before tax</b>	<b>705 207</b>	<b>-3 577 689</b>	<b>361 308</b>
Income tax payable	-	-	-
Income tax relating to prior periods	-	8 009	8 009
Deferred tax	215 337	-680 739	48 190
<b>Total income tax</b>	<b>215 337</b>	<b>-672 730</b>	<b>56 199</b>
<b>Effective tax rate</b>	<b>30.54%</b>	<b>18.8%</b>	<b>15.55%</b>

**4.11. Income from Ordinary Activity by Principal Activities**

(CZK thousand)

	Period ended 31 March 2021			Period ended 30 June 2020		
	In-country	Cross-order	Total	In-country	Cross-order	Total
<b>Income from the sale of goods</b>	35 193	23 611	58 804	76 602	0	76 602
Metallurgic primary production	688 339	310 374	998 713	1 584 020	335 137	1 919 157
<i>Coke and chemical products of coke plant</i>	268 046	87 898	355 944	638 082	111 523	749 605
<i>Production of pig iron and ferroalloys</i>	420 293	222 476	642 769	945 938	223 614	1 169 552
Production of metallurgic and steel products*	9 371 773	10 171 628	19 543 401	16 314 675	15 673 064	31 987 739
Other (energy, services, etc.)	1 011 877	409 299	1 421 176	1 982 498	1 053 004	3 035 502
<b>Total income from the sale of own products and services</b>	<b>11 071 989</b>	<b>10 891 301</b>	<b>21 963 290</b>	<b>19 881 193</b>	<b>17 061 205</b>	<b>36 942 398</b>

\*Production of metallurgic and steel products includes particularly continuously cast billets, rolled material and engineering products.

**4.12. Related Party Transactions****4.12.1. Income Generated with Related Parties**

(CZK thousand)

Entity	Relation	Period of 9 months (July 2020 – March 2021)	Period of 18 months (Jan 2019 – June 2020)
MG Odra Gas spol. s r.o.	Related party	222 526	422 845
Czech Slag - Nová Huť s.r.o.	Related party	12	123
První Signální, a.s.	Related party	-	90
Liberty Galati SA	Related party	84 695	242 979
Liberty Primary Steel & Mining Pte. Ltd.	Related party	-	1 051 974
Liberty Technotron s.r.o.	Subsidiary	-226	6 505
Liberty Engineering Products Ostrava s.r.o.	Subsidiary	166 658	372 083
Liberty Distribution Ostrava, s.r.o.	Subsidiary	180	115 454
Liberty FE Trade DMCC	Related party	406 057	-
Liberty Speciality Steels	Related party	581	-
Wyelands Capital Ltd	Related party	21 494	-
Liberty Commercial Czech Republic k.s.	Subsidiary	5 174 141	7 602 210
Liberty Commercial PL sp. z o.o.	Subsidiary	2 959 136	2 796 211
Liberty Commercial Germany GmbH	Subsidiary	1 677 051	1 006 318
<b>Total</b>		<b>10 712 305</b>	<b>13 616 792</b>

As of 31 March 2021 and 30 June 2020, aside from the above, the Company reports interest income and similar income – controlled or controlling entity in the amount of CZK 28,961 thousand and CZK 40,645 thousand, respectively.

**4.12.2. Purchases from Related Parties**

(CZK thousand)				
Entity	Relation	Period of 9 months (July 2020 – March 2021)	Period of 18 months (Jan 2019 – June 2020) after adjustment	Period of 18 months (Jan 2019 – June 2020) original
Liberty Distribution Ostrava, s.r.o.	Subsidiary	18 044	176 109	176 109
Liberty Engineering Products Ostrava	Subsidiary	322 606	817 288	817 288
Liberty Commercial CZ, k.s.	Subsidiary	-	371 775	371 775
MG Odra Gas spol. s r. o.	Related party	226 611	414 682	414 682
Liberty Commercial Germany GmbH	Subsidiary	17 592	-	-
Liberty Commercial PL sp. z o.o.	Subsidiary	258	-	-
Ocelářská unie, a.s.	Related party	2 790	3 776	3 776
Liberty Commodities Limited	Related party	121 111	-	-
STEELTRADE s.r.o.	Related party	-	46 572	46 572
Liberty Czestochowa	Related party	463 449	-	-
Czech Slag Nová Huť s.r.o.	Related party	11 246	23 580	23 580
Liberty Metal recycling Europe	Related party	386 682	-	-
První Signální a.s.	Related party	13 355	11 969	11 969
Speciality Steel UK Limited	Related party	-197	4 774	4 774
Liberty Steel East Europe Bidco Limited	Related party	40 597	21 944	21 944
Wyelands Capital Ltd (see chapter 4.6)	Related party	240 060	148 809	55 990
Liberty Magona S.r.l.	Related party	2 474	2 969	2 969
Liberty Galati S.A.	Related party	33 169	2 835	2 835
<b>Total</b>		<b>1 899 847</b>	<b>2 047 082</b>	<b>1 954 263</b>

As of 31 March 2021, aside from the above, the Company reports interest expenses and similar expenses – controlled or controlling entity in the amount of CZK 179,555 thousand.

As of 30 June 2020, aside from the above, the Company originally reported interest expenses and similar expenses – controlled or controlling entity in the amount of CZK 138,907 thousand.

As of 30 June 2020, aside from the above, the Company reports interest expenses and similar expenses – controlled or controlling entity after adjustment in the amount of CZK 241,485 thousand.

For the period from July 2020 to March 2021, purchases from Wyelands Capital Ltd were increased by CZK 92,819 thousand after adjustment; from the original amount of CZK 55,990 thousand to a new amount of CZK 148,809 thousand.

**4.13. Fees Paid to the Statutory Auditor or Audit Firm**

The statutory audit costs of the fee paid to the statutory auditor amounted to CZK 3,299 thousand and CZK 2,617 thousand during the period ended 31 March 2021 and 30 June 2020, respectively.

**4.14. Other Major Components of Profit and Loss Account****4.14.1. Period ended 31 March 2021**

Sales of fixed assets primarily include sales of emission allowances of CZK 1,911,647 thousand. The result of the release of provisions for inventory amounted to CZK 1,173,184 thousand.

Sundry operating income principally includes the settlement of the grant for emission allowances consumed and sold in the reporting period in the amount of CZK 2,170,685 thousand and income from the assignment of receivables of CZK 3,487,574 thousand.

Sundry operating expenses primarily include the write-off of a grant for emission allowances consumed and sold of CZK 2,170,685 thousand and acquisition of assigned receivables of CZK 3,487,574 thousand.

Other financial income predominantly includes derivative revaluation gains of CZK 758,714 thousand and foreign exchange rate gains of CZK 266,987 thousand.

Other financial expenses predominantly include foreign exchange rate losses of CZK 279,417 thousand.

#### **4.14.2. Period ended 30 June 2020**

Sales of fixed assets primarily include sales of emission allowances of CZK 3,150,949 thousand.

Sundry operating income principally includes the settlement of the grant for emission allowances consumed and sold in the reporting period in the amount of CZK 1,732,036 thousand, and compensation of costs arising during the acquisition and other costs incurred by Liberty Ostrava following the shareholder's decision (charge-back) of CZK 810,579 thousand, which is related to the change of the Company's owner (total compensation billed to Liberty Primary Steel & Mining Pte. Ltd amounted to CZK 1,051,974 thousand, this amount was broken down as follows: CZK 48,279 thousand as a decrease in services, CZK 810,579 thousand as other operating income and CZK 193,116 thousand as a decrease in material consumption).

Sundry operating expenses primarily include the write-off of a grant for emission allowances consumed and sold of CZK 1,732,036 thousand and insurance premiums of CZK 205,214 thousand.

Other financial income predominantly includes foreign exchange rate gains of CZK 1,082,188 thousand.

Other financial expenses predominantly include foreign exchange rate losses in the aggregate amount of CZK 1,115,539 thousand (after prior years' error adjustment).

The Company reported expenses arising from the recognition of provisions against inventory of CZK 1,192,224 thousand, and from the expectation that the selling price net of costs of sale would be lower than the cost used for their valuation in the accounting books. Inventory is valued in the books and in the financial statements at this lower cost.

#### **4.15. Total Research and Development Costs**

In the period ended 31 March 2021 and 30 June 2020, the Company's costs incurred in the area of research and development amounted to CZK 8,989 thousand and CZK 18,925 thousand, respectively.

#### **4.16. Impact of the COVID-19 Pandemic**

In late 2019, the first news arrived from China about COVID-19 (coronavirus). In the first months of 2020, the virus spread worldwide, negatively affecting many countries. The Company's management considered the impact of this pandemic during the preparation of the financial statements as of 31 March 2021.

In the period ended 31 March 2021, the ongoing COVID-19 pandemic did not have a significant impact on the Company. The Company's management assessed the direct and indirect impacts of the ongoing COVID-19 pandemic in 2021 and does to anticipate any significant impacts on the Company and thus considers the going concern assumption to be appropriate and has used it in the preparation of these financial statements.

#### **4.17. Going Concern**

For the period from 1 July 2020 to 31 March 2021, the Company generated an operating profit of CZK 10 million. Year-on-year, the Company improved its performance, as it had an operating loss as recently as for the period ended 30 June 2020, which then amounted to CZK 3,722 million. In the period from 1 April 2021 to the balance sheet date, the Company generated a high operating profit and is prepared to successfully continue in its economic activity. The positive development in the area of operating profit is due to higher margins, which are affected by higher selling prices in the steel market.

In terms of production, the Company achieved record production results in 2021 since the takeover by the Liberty House Group in July 2019.

The Company is part of the global GFG Alliance, which faced financial trouble after its largest lender, Greensill Capital, went into insolvency in March 2021.

From this point onwards, the main priority for Liberty House Group is to secure refinancing for its metallurgical and mining operations in various parts of the world. Up to the balance sheet date, refinancing has been secured for metallurgical and mining operations in Australia as well as metallurgical operations in the USA.

With production and profits rising across the world in the Liberty House Group, the financial difficulties should not have a negative impact on the going concern of the Company and it is anticipated that the Company will continue in its business.

**5. EMPLOYEES, MANAGEMENT AND STATUTORY BODIES****5.1. Staff Costs and Headcount**Period Ended 31 March 2021

(CZK thousand)

	Number of staff	Payroll costs	Social security and health insurance	Other social costs	Total
Staff	4 832	1 690 088	622 648	36 273	2 349 009
Managers	28	86 615	17 611	30	104 256
<b>Total</b>	<b>4 860</b>	<b>1 776 703</b>	<b>640 259</b>	<b>36 303</b>	<b>2 453 265</b>

Period Ended 30 June 2020

(CZK thousand)

	Number of staff	Payroll costs	Social security and health insurance	Other social costs	Total
Staff	4 943	3 376 527	1 264 648	72 182	4 713 357
Managers	30	135 805	34 568	45	170 418
<b>Total</b>	<b>4 973</b>	<b>3 512 332</b>	<b>1 299 216</b>	<b>72 227</b>	<b>4 883 775</b>

In the period ended 31 March 2021 and 30 June 2020, external members and former external members of the statutory and supervisory bodies received remuneration in the total amount of CZK 821 thousand and CZK 2,517 thousand, respectively.

The number of employees is based on the average headcount.

The Company's management shall mean the Board's members, Directors and Heads of organisational branches.

**5.2. Loans, Borrowings and Other Benefits Provided**

In the period ended 31 March 2021 and 30 June 2020, members of the Company's Board of Directors, Supervisory Board and other members of management received the following loans and bonuses in addition to their basic salaries:

Period Ended 31 March 2021

(CZK thousand)

	Board of Directors	Supervisory Board	Other members of management
Life and pension insurance	2	-	422
Bonuses	5 497	821	8 470
Use of services provided by the Company	399	-	1 953
Cars/other movable and immovable assets for both business and private purposes (the figure increases the tax base of employees)	187	165	3 943

Period Ended 30 June 2020

(CZK thousand)

	Board of Directors	Supervisory Board	Other members of management
Life and pension insurance	70	-	705
Bonuses	5 774	1 056	15 297
Use of services provided by the Company	1 538	-	297
Cars/other movable and immovable assets for both business and private purposes (the figure increases the tax base of employees)	744	178	3 943

As of 31 March 2021 and 30 June 2020, members of the statutory and supervisory bodies did not own any shares in Liberty Ostrava a.s.

## **6. OFF BALANCE SHEET ASSETS AND LIABILITIES**

### **6.1. Guarantees Accepted and Provided**

As of 31 March 2021 and 30 June 2020, the Company accepted bank guarantees in the total amount of CZK 104,552 thousand and CZK 147,261 thousand, respectively.

As of 31 March 2021 and 30 June 2020, the Company also received corporate guarantees in the amount of CZK 11,244 and CZK 226,607 thousand, respectively.

As of 31 March 2021 and 30 June 2020, the Company provided a customs guarantee of CZK 3,500 thousand and CZK 3,500 thousand, respectively.

### **6.2. Environmental Commitments**

In 1995 and 1997, the Company, in cooperation with Unigeo a.s. and KAP, s.r.o., performed environmental audits relating to the contamination of building structures, soil and water, based on which the Company calculated the costs of removal of legacy environmental burdens. Estimated costs amounted to CZK 997 million. In line with the contract to pay the costs incurred in settling environmental liabilities that arose prior to the privatisation, concluded with the former National Property Fund of the Czech Republic (now the Ministry of Finance of the Czech Republic) on 10 August 1998, the Ministry of Finance of the Czech Republic committed to paying the Company reasonably incurred costs up to the amount of CZK 997 million.

In early 2009, the Ministry of Finance of the Czech Republic commissioned a project for the removal of legacy environmental burdens. On the basis of the project, the total costs were determined at CZK 1,595 million. In accordance with the contract to pay the costs incurred in settling environmental liabilities that arose prior to privatisation, Liberty Ostrava a.s. (then ArcelorMittal Ostrava a.s.) asked the Ministry of Finance of the Czech Republic on 18 March 2009 to increase the amount up to the total budget of the project.

During 2015, the deadline determined for the clean-up work was extended to 2024.

The costs of demolition of engineering structures will be paid by the Company and are estimated at CZK 233,050 thousand. The Company has created a reserve for these costs as equal to their present value.

The Company also concluded Contract No. 167/97 of 17 February 1997 with the Ministry of Finance for the purpose of funding the removal of legacy environmental burdens. The maximum limit of the cost of removing the legacy environmental burdens was set by the Ministry of Finance, being the successor organisation, to CZK 1,416,028 thousand.

Based on this contract, the implementation contract 'Implementation of Corrective Measures Leading to Eliminating Legacy Environmental Burdens in Válcovny plechu, a.s. Frýdek-Místek' was concluded between GEOTest Brno and the National Property Fund along with the contract 'Implementation of Measures Leading to Eliminating Environmental Burdens Arisen Prior to the Privatisation in ArcelorMittal Frýdek-Místek, a.s. – additional construction works' between GEOTest a.s. and the Ministry of Finance of the Czech Republic.

Until 2015, clean-up work had been performed on the premises of Plant 17, with post-clean-up monitoring being terminated as of 31 December 2018. Clean-up work remains to be completed in the Skatulův Hliník site, where the clean-up was commenced in 2017 based on a realisation contract concluded between the Ministry of Finance and the “S-G-A-Skatulův Hliník” Association, and in the Incineration Plant. The Company created a reserve of CZK 5 million for the costs of clean-up of the Skatulův Hliník area. During 2015, the deadline for completing this clean-up work was postponed to 2023.

### **6.3. Legal Dispute with ČEZ Distribuce**

On 1 January 2016, new legal regulation (amendment to the Energy Act) came into force, stipulating that the payment for system services (part of a fee for electricity distribution) is to be part of a distribution agreement. Producers simultaneously consuming electricity without using the services of a regional distributor (ČEZ Distribuce) do not have a statutory duty to pay this portion of the distribution fee (except for electricity distributed by means of the regional grid of ČEZ Distribuce). Since January 2016, the Company has not paid ČEZ Distribuce for system services in respect of the volume of electricity consumed without using the regional grid.

ČEZ Distribuce filed a petition in March 2017 seeking the payment of a fee for system services for January 2016. On 4 October 2019, the court of first instance issued a ruling, by which the court upheld the claim of ČEZ Distribuce in full. The Company lodged an appeal against this ruling. The appellate court then upheld the ruling of the court of first instance in its ruling of 8 April 2021 and dismissed the appeal. The Company will bring an appeal to the Supreme Court.

In February 2019, ČEZ Distribuce filed a petition for the amount of CZK 225,637 thousand, seeking the payment of a fee for the period from February 2016 to November 2018. The proceedings concerning this matter were suspended until the issuance of a final and conclusive judgment in the legal dispute pertaining to the fee for January 2016. As of 31 March 2021, the above-specified amount was fully recoded under short-term trade payables.

With respect to the aforementioned legal dispute, the plaintiff also claims the payment of default interest for the entire period, which amounted to CZK 86,649 thousand as of 31 March 2021. The calculation of default interest covers both of the legal disputes disclosed above.

### **6.4. Other Off-Balance Sheet Commitments**

The Company has concluded a long-term contract to draw oxygen, nitrogen, argon and acetylene, according to which it is obliged to comply with the overall consumption until December 2021. The Company is obliged to pay the contracted price regardless of whether it draws the full amount or a lower amount. This commitment until the end of the contract period amounts to approximately CZK 211,775 thousand for the purchase of oxygen, nitrogen, argon and acetylene.

## 7. POST BALANCE SHEET EVENTS

On 25 April 2021, the General Meeting removed Pradhan Suyash Kumar and Václav Habura as Members of the Board of Directors and appointed Iain Mark Hunter. At its meeting on 25 April 2021, the Board of Directors appointed Ajay Kumar Aggarwal Vice Chairman of the Board of Directors.

On 16 June 2021, the General Meeting appointed Paramjit Singh Kahlon Member of the Board of Directors.

On 11 November 2021, Paramjit Singh Kahlon resigned as Member of the Board of Directors.

On 6 January 2022, the General Meeting appointed Deepak Sogani Member of the Board of Directors.

On 27 January 2022, the employees reappointed Petr Slanina Member of the Supervisory Board.

With effect from 1 September 2021, part of the rights and obligations of the subsidiary Liberty Engineering Products Ostrava s.r.o. were transferred to Liberty Ostrava a.s.

As of this date, the following operations, formerly part of Liberty Engineering Products Ostrava s.r.o., will be part of Liberty Ostrava a.s.:

Operation 21 – Engineering Production

Operation 22 – Electric Motor Repair Shop

Operation 23 – Cylinder Turning Shop

Operation 27 – Maintenance of Electrical and Mechanical LEPO

Liberty Ostrava sold Net 5,151,490 EUAs after the financial statements date. This includes the sale to Tameh (energy supplier) of 2,440,690 EUAs per the contractual arrangement with the company to lower the cost of energy. At the end of May 2022, the balance in the EUA account was 4,069,052 EUAs, which is after the annual surrender of 3,083,425 EUAs in April 2022.

Until the end of May 2022, Liberty Ostrava provided a short-term loan to Liberty Finance Management (LIG) Ltd. in the amount of EUR 220 million. As of 31 May 2022, the total amount of loans provided is EUR 123 million net of loans received within Liberty Group as of 31 May 2022.

The ongoing military conflict in Ukraine and the related sanctions against the Russian Federation may have an impact on the national economies in Europe and the rest of the world. Liberty Ostrava a.s. has no significant direct exposure to Russia. Liberty Ostrava a.s. sells practically nothing to Russia or Ukraine so there is no receivables exposure. The plant buys the bulk of Iron ore from Ukrainian mines. In March and April 2022, there was a noticeable disruption in supply compared to the usual delivered volume. However, Liberty Ostrava a.s. took this into consideration and made an immediate arrangement to buy from the high seas market (Vale, Australia). At the same time, supply from Ukraine started coming to normalcy. Thus, Liberty Ostrava a.s. is currently holding more than 2 months' worth of iron ore stock which is more than enough.

As of now, the Company's management does not see any direct risk to the availability of iron ore even if the war prolongs as it has tested alternative sources of supply. Also, Liberty group has mines in Australia which can supply ore in the worst-case situation. Indirectly, the Company is impacted by high energy prices but to a large extent, and comparatively, it is well protected due to the availability of supply from Tameh Czech s.r.o. and the generation of its own gases.

Nevertheless, at the date of these financial statements, the Company continues to meet its obligations as they fall due and therefore continues to apply the going concern basis of preparation.

On 8 July 2022, Liberty Ostrava signed a contract for hybrid furnace technology supply with Danieli & C. Officine Meccaniche S.P.A. The total value of the investment is EUR 350 million, which includes technology supply, building, site work, water systems, etc. This was a historic event for Liberty Ostrava as well as the Moravian-Silesian Region, as this will pave the way for the Company's journey towards being carbon neutral by 2030. This investment will directly result in a higher metallic yield, lower refractory consumption, higher oxygen efficiency and input charge flexibility from hot metal to scrap to HBI.

**V. INDEPENDENT AUDITOR'S REPORT**

## INDEPENDENT AUDITOR'S REPORT

### To the Shareholder of Liberty Ostrava a.s.

Having its registered office at: Vratimovská 689/117, Kunčice, 719 00 Ostrava

#### Qualified Opinion

We have audited the accompanying financial statements of Liberty Ostrava a.s. (hereinafter also the "Company") prepared on the basis of accounting regulations applicable in the Czech Republic, which comprise the balance sheet as of 31 March 2021, and the profit and loss account, statement of changes in equity and cash flow statement for the period from 1 July 2020 to 31 March 2021, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, except for the possible effects described in the Basis for Qualified Opinion section of our report, the accompanying financial statements give a true and fair view of the financial position of Liberty Ostrava a.s. as of 31 March 2021, and of its financial performance and its cash flows for the period from 1 July 2020 to 31 March 2021 in accordance with accounting regulations applicable in the Czech Republic.

#### Basis for Qualified Opinion

In the period ended 31 March 2021, the Company recognised a correction of an error from the previous reporting period, as described in Note 4.6 to the financial statements, due to the discovery that a recognised debt release made in the reporting period ended 30 June 2020, which was made on the basis of documents referred to as "Release Letters", was invalid due to the "Release Letters" not being in accordance with UK law. The Company thus reported a loss associated with this adjustment in the amount of CZK 3,115,405 thousand reported in 'Other profit or loss' and adjusted the prior reporting period comparative information reported in these financial statements. We were not able to obtain sufficient and appropriate audit evidence concerning the invalidity of the "Release Letters", and we were therefore unable to ascertain the appropriateness of this accounting adjustment.

As of 31 March 2021, the Company recognised a short-term loan to Liberty Finance Management (LIG) Ltd of CZK 1,957,215 thousand in line "Receivables – controlled or controlling entity" of the financial statements. We were unable to obtain sufficient and appropriate audit evidence concerning the accuracy of its valuation.

As of 31 March 2021, the Company reported a long-term loan to Liberty Ostrava Limited of CZK 675,591 thousand in line "Receivables – controlled or controlling entity" of the financial statements. We were unable to obtain sufficient and appropriate audit evidence concerning the accuracy of valuation of this reported receivable

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

#### Emphasis of Matter

We draw attention to Note 2.1 to the financial statements, which describes that the financial statements are prepared for the period from 1 July 2020 to 31 March 2021 (9 months), and the comparative period constitutes the period from 1 January 2019 to 30 June 2020 (18 months). Our opinion is not modified in respect of this matter.

We draw attention to Note 7 to the financial statements, which describes the impact arising from the Russian-Ukrainian conflict, loans provided within the Group and other subsequent events. Our opinion is not modified in respect of this matter.

#### Other Information in the Annual Report

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

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

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

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

In addition, our responsibility is to report, based on the knowledge and understanding of the Company obtained in the audit, on whether the other information contains any material misstatement of fact.

Based on the procedures we have performed on the other information obtained, we have not identified any material misstatement of fact, with the exception of potential impacts of the matters described in the Basis for Qualified Opinion section.

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from

fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

In Prague on 20 July 2022

Audit firm:

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



Statutory auditor:

Petr Michalík  
registration no. 2020

