

Liberty Ostrava a.s.

Annual Report
for the Year Ended
31 March 2022

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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 2022:	LIBERTY OSTRAVA LIMITED (100%)

Composition of the Company's Board of Directors and Top Management as of 31 March 2022:

Sanjeev Gupta

- Member of the Board of Directors

Gunjan Choudhary

- Chief Long Products and Tubes Sales Officer

Iain Mark Hunter

- Vice Chairman of the Board of Directors

Jan Voráček

- Manager for Purchasing Coordination

Ajay Kumar Aggarwal

- Chairman of the Board of Directors

František Šourek

- Chief HR Officer

Deepak Sogani

- Member of the Board of Directors

Oleksandr Ivanov

- Chief Executive Officer

Sambit Beborta

- Chief Technology Officer

The Composition of the Supervisory Board as of 31 March 2022:

Chairman

Roland Jean Pierre Junck

Vice Chairman

Eduard Muřický

Member

Ashok Virupaksha Gowda Patil

Member

Arnaud Nicolas Joseph Maurice de Weert

Member

Petr Slanina

Member

Alena Sobolová

In the year ended 31 March 2022, the below-listed changes were made in the composition of the Board of Directors and the Supervisory Board:

On 25 April 2021, the sole shareholder acting in the capacity of the General Meeting removed Václav Habura and Pradhan Suyash Kumar from the position of Member of the Board Directors and appointed new Member of the Board of Directors, Iain Mark Hunter.

Subsequently, the Board of Directors voted at their meeting held on 25 April 2021 to appoint Ajay Kumar Aggarwal Vice Chairman of the Board of Directors.

On 16 June 2021, the sole shareholder acting in the capacity of the General Meeting appointed Paramjit Singh Kahlon as Member of the Board of Directors.

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

On 16 November 2021, the Board of Directors voted at their meeting to remove Sanjeev Gupta as Chairman of the Board of Directors and Ajay Kumar Aggarwal as Vice Chairman of the Board of Directors and appoint Ajay Kumar Aggarwal as the new Chairman of the Board of Directors and Iain Mark Hunter as the new Vice Chairman of the Board of Directors.

On 6 January 2022, the sole shareholder acting in the capacity of the General Meeting appointed Deepak Sogani as Member of the Board of Directors.

On 27 January 2022, the employees re-elected Petr Slanina as Member of the Supervisory Board.

Expert Directors as of 31 March 2022

Pavel Šedivý – Director of Production and Infrastructure Coordination

Jiří Kaluža – Executive Director of Primary Production

Ivan Znobishyn – Executive Director of Final Production

Plant Directors as of 31 March 2022

Plant 10 – Coke Plant	Kamil Kičmer
Plant 12 – Blast Furnaces Plant	Jan Haščin
Plant 13 – Steel Plant	Aleš Marek
Plant 14 – Rolling Mills of Long Products	David Božoň
Plant 15 – Tube Mills	Libor Černý
Plant 16 – Rolling Mills of Flat Products	Jan Pudich
Plant 3 – Maintenance Plant	Roland Hinterreiter
Plant 5 – Transport Plant	Peter Dudáš

Majority Shareholders as of 31 March 2022

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 year ended 31 March 2022.

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
- 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 April 2021 to 25 April 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 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 as Member of the Board of Directors.

On 25 April 2021, the Board of Directors voted at their meeting to appoint Ajay Kumar Aggarwal as Vice Chairman of the Board of Directors.

In the period from 25 April 2021 to 16 June 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	- Ajay Kumar Aggarwal
Member of the Board of Directors	- Iain Mark Hunter

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

In the period from 16 June 2021 to 11 November 2021, business activities were managed by the Company's Board of Directors with the following composition:

Chairman of the Board of Directors	- Sanjeev Gupta
Members of the Board of Directors	- Ajay Kumar Aggarwal - Iain Mark Hunter - Paramjit Singh Kahlon

On 11 November 2021, Paramjit Singh Kahlon resigned from the position of Member of the Board of Directors. On 16 November 2021, the Board of Directors voted at their meeting to remove Sanjeev Gupta as Chairman of the Board of Directors and appointed Ajay Kumar Aggarwal as Chairman of the Board of Directors and Iain Mark Hunter as Vice Chairman of the Board of Directors.

In the period from 11 November 2021 to 6 January 2022, business activities were managed by the Company's Board of Directors with the following composition:

Chairman of the Board of Directors	- Ajay Kumar Aggarwal
Vice Chairman of the Board of Directors	- Iain Mark Hunter
Member of the Board of Directors	- Sanjeev Gupta

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

In the period from 6 January 2022 to 31 March 2022, business activities were managed by the Company's Board of Directors with the following composition.

Chairman of the Board of Directors	- Ajay Kumar Aggarwal
Vice Chairman of the Board of Directors	- Iain Mark Hunter
Members of the Board of Directors	- Sanjeev Gupta
	- Deepak Sogani

In the period between 1 April 2021 and 31 March 2022, 24 meetings of the Company's Board of Directors took place.

2. Results of Operations

In the year ended 31 March 2022, the Company generated a profit before tax of CZK 7,619 million. The total profit after tax amounts to CZK 6,109 million.

In the reporting period, the Company made an operating profit of CZK 7,210 million and a financial profit of CZK 409 million.

The total sales of own products and services amounted to CZK 56,172 million in the reporting period.

As of 31 March 2022, the Company reported total assets of CZK 41,002 million. Fixed assets totalled CZK 14,485 million, of which tangible fixed assets represented CZK 9,198 million and non-current financial assets amounted to CZK 654 million. Assets are presented in net amounts. Equity amounted to CZK 18,946 million.

3. Production and Sales

In the reporting period, the Company produced 1,210,649 tonnes of long products (Heavy Section Mill, Medium-Fine Section Mill, Wire Rod Mill and machinery production), and 694,181 tonnes of flat products (Steckel Mill). The aggregate tube production amounted to 147,844 tonnes.

The produced volume of wet coke amounted to 1,120,813 tonnes; the production of pig iron amounted to 1,872,361 tonnes and liquid steel to 2,226,161 tonnes.

4. Environmental Protection

In the period between 1 April 2021 and 31 March 2022, the Company complied with all environmental emission limits.

The Czech Environmental Inspectorate of the Trade Inspection Authority Ostrava (CEI) carried out 6 inspections in the period between 1 April 2021 and 31 March 2022 related to the compliance with obligations in the area of air protection, integrated permits and regulated substances, including the reporting obligations. Three inspections were performed in Plant 12 – Blast Furnaces Plant and Plant 3 – Maintenance Plant, two inspections in Plant 15 – Tube Mills and one inspection dealt with the general public's complaint regarding a higher incidence of dust from the Company's premises and was performed in all plants.

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 April 2021 and 31 March 2022.

Additionally, in the year ended 31 March 2022, the Regional Authority for the Moravian-Silesian Region concluded the extensive integrated inspection of compliance with the conditions of the integrated permit for Z12 – Blast Furnaces and Z3 – Maintenance, which started in 09/2020 and the CEI's inspection of Plant 10. The inspection of the Regional Authority for the Moravian-Silesian Region dealt with water management, air protection and waste management. The inspection has not found any violations of the IP regarding water management and air protection. The CEI's inspection dealt with the compliance with the IP's requirements in Plant 10.

The fulfilment of the obligations under Sections 10 and 12 of Act No. 477/2001, on Packaging continues to be 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 compiled with in the period between 1 April 2021 and 31 March 2022.

All obligations resulting from the Greenhouse Gas Emission Trading Act were met in the period between 1 April 2021 and 31 March 2022 within the stipulated deadlines.

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 clean-up works in Skatulův Hliník and tar lagoon in the GO Steel premises in Frýdek Místek were completed and currently, a post-clean-up monitoring is underway. The post-clean-up monitoring will be completed by 12/2023.

5. Investments

In the period between 1 April 2021 and 31 March 2022, the Company's investments totalled CZK 504 million, of which CZK 226 million were investments in the renovation of facilities, CZK 38 million were investments in increased safety and CZK 38 million were investments in projects to improve the environment.

The three most expensive projects of the reporting period include:

- LO Energy project – lighting (CZK 44 million) – a subsidy project to reduce energy consumption in LO. Emphasis is placed on replacing inefficient halogen lamps by installing new LED-based lights.
- Heavy Section Rolling Mill – reconstruction of straightener B (CZK 29 million) – the project aimed to refurbish straightener B in the same manner as the previously completed refurbishment of straightener A.
- Heavy Section Rolling Mill – Modernisation of Rolling Mills 5-9 (CZK 27 million) – the project aims to refurbish the Heavy Section Rolling Mill Lines for positions 5-9.

Structure of investments by individual plants:

- Plant 10 – Coke Plant: the VKB 11 Fire Extinguishing Tower project was implemented and the documentation for the Primary coolers project and other projects of CZK 27 million was prepared.
- Plant 12 – Blast Furnaces: the Reduction of Fugitive Emissions on Outbound Routes of Agglomeration Plant North, Natural Gas Injection to VP3, Protective Cover Installation – phase 1 and other projects, amounting to CZK 74 million.

- Plant 13 – Steel Plant continued in the projects of Crane for the Material Shop, Hybrid Furnace – Preparation and Documentation, Continuous Casting Machine No. 2 Cooling Chamber and Steam Exhaust Adjustment and other projects, amounting to CZK 71 million.
- Plant 14 – Rolling Mills implemented the projects of Heavy Section Rolling Mills – Straightener B Refurbishment, Heavy Section Rolling Mills – Modernisation of Rolling Mills 5-9, Medium-Fine Section Mill – Modernisation of cassettes (2021 phase) and other projects. Investments in the Rolling Mills amounted to CZK 124 million in total.
- Plant 15 – Tube Mills – the New Management System of the Shloemann Water Press and other projects were started. Investments in the Tube Mills amounted to CZK 7 million in total.
- Plant 16 – Rolling Mills of Flat Products continued in the projects of Reconstruction of Furnace Winders, Optimisation of the Hydraulic System, Air Conditioning for the Electrical Building, New C-frame for the Universal X-ray Meter and other projects in the total amount of CZK 102 million.
- Plant 5 – Transport Plant a Zephir shunting car was purchased for CZK 2.9 million and a contract was signed for a universal multi-purpose vehicle (draisine).

There were also 2 subsidy projects aimed at reducing energy consumption by replacing old lighting and installing frequency converters in the amount of CZK 57 million.

The Company also conducted projects in the area of occupational health and safety, namely the installation of protective covers at Agglomerations and Coke Plant for CZK 9 million, or the reconstruction of the LE 400 press, HCl tank, Continuous Casting Machine No. 3 – inter-pan drying station etc.

6. Research and Development

In the current period, the 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. At the end of the period, a new working group was created to enhance the support in the area of energy, modelling and measuring. In accordance with the requirement of the Chief Technology Officer under which the Research Unit Q falls, some of the plants' requirements were solved in the form of "Technical Assistance" (TA), without starting a new R&D project on the given issue.

In the area of coke production, the last R&D project was completed. The project concerned the validation of the detergent Kurilin to increase the bulk density of burdens. Other R&D projects are not discussed here; the Research Unit Q does not have its own research capacities in the area of coke production.

In the field of production of sinter and liquid pig iron, 2 R&D projects are underway. Researchers from the field of steel production are used. A new R&D project has been launched to increase the proportion of anthracite in the sinter burden (reduction of burden costs). Preparatory work for operational testing has been carried out. Within TA, a semi-operational SPT (Sinter Pot Test) facility was prepared for the planned verification of the addition of anthracite to the sinter burden.

In the area of steel production, the R&D project with financial support from the Technology Agency of the Czech Republic keeps being developed with a new temperature model for predicting and controlling steel temperature in the casting basin (Industry 4.0, grant, subsidy CZK 10.6 million). The R&D project concerning the introduction of a new insulating material in the casting basin was completed with a contribution of CZK 17 million/year (reduction in power and gas consumption). An R&D project study on optimising the heating of the Tandem furnaces was started (lifetime of refractory material). As part of the completed R&D project, increased casting speeds were introduced at the Continuous Casting Machine No. 1 for the 180 mm square billets. The project at the Continuous

Casting Machine No. 2 continued with the installation of 5 new horizontal segments. In cooperation with Primetals Technologies, a control model called Dynacs 3D was modified, and quality and production parameters were verified.

In the field of production of continuously cast blocks for the production of railway wheels, the R&D project for R7 and R8 steel grades was completed. The production of these steels for the Bonatrans Group continues and is being increased, with a benefit of CZK 16 million at the end of the project. The Deutsche Bahn certificate was obtained. The follow-up project for more demanding steel grades continues, including physical modelling.

In the area of long products, 7 R&D projects were completed. These concerned Heavy Section Rolling Mills, mine reinforcements, threaded rods, the Koch line (steel grade B500SP) and terminated spring steels. The R&D project on mine reinforcements is continuing, with the introduction of steel production with a minimum yield strength of 550 MPa for the V29 profile. The solution is continuing for the V32 and V36 profiles, including the use of the SW laboratory (adjustments to roll calibrations). A new R&D project has been started for round and flat bars at Heavy Section Rolling Mills to achieve stable mechanical properties results. Another new R&D project introduces galvanised threaded rods including accessories.

In the area of seamless pipe production, an R&D project on oil and casing pipes was completed, where, for example, a new in-house brand T50S with a lower content of alloying elements was introduced. An R&D project study on the possibility of producing tubes suitable for hydrogen transport (CN30/CN50) was initiated.

In the area of flat products and spirally welded tubes, the solution of reintroducing and verifying the production of high-strength microalloyed steel continued. Within an R&D project, the production of steel grades up to X60 was introduced. The solution continues with steel grade X70.

In the year ended 31 March 2022, 25 R&D projects were implemented in Plant 10, Plant 12, Plant 13, Plant 14, Plant 15 and Plant 16. In total, 12 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, are regularly audited each year by BUREAU VERITAS;
- EnMS, which meets the requirements of EN ISO 50001, is regularly reviewed each year by TÜV Nord Czech.

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 43,140. The final number of employees was 5,581 persons as of 31 March 2022. The average recalculated number of employees was 5,190 persons in the period between 1 April 2021 and 31 March 2022.

Employee Education and Training

The Training and Staff Development Unit is involved in projects financed by the Employment Operational Programme and the state budget of the Czech Republic.

Within the POVEZ II – SUPPORT OF EMPLOYEE TRAINING project, we implemented, for example, training courses focused on digitalisation and automation of in-house processes, courses focused on working with SIEMENS/SIMATIC control systems for employees of the Maintenance Plant and the Coke Academy. We received a contribution to the training of our employees and reimbursement of their wages for the duration of the training in the total amount of approximately CZK 1,249,075.

The next project was a project called Age Management – smart change in management, opportunity for growth for the period 2019-2021. The purpose of the project was to introduce age management-related measures into the management of the organisation; the funds received amounted to approx. CZK 243,591.

At the end of 2021, we started to use a new online platform in the company called Learning Management System 365 (LMS365), which will provide employees with access to online training courses. The platform can be used by all employees who have work email addresses.

In the period between 1 April 2021 and 31 March 2022, the Company recorded 46 serious events and 24 lost time injuries, of which four lost time injuries were 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 3,822 lost calendar days in the analysed period; 0 for external employees. In the year ended 31 March 2022, the number of acknowledged occupational illnesses was 11.

10. Events Occurring After the Balance Sheet Date

On 8 July 2022, Liberty Ostrava a.s. 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 a.s. 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.

After the balance sheet date, Liberty Ostrava a.s. provided a short-term loan to Liberty Finance Management (LIG) Ltd. of EUR 45 million; the total amount of the loan is EUR 250 million as of the balance sheet date.

In addition, the Company granted short-term credit to the following companies after the date balance sheet date:

- Liberty Magona in the amount of EUR 24.9 million,
- Liberty Dudelage Limited in the amount of EUR 1 million
- Liberty Liège-Dudelage (LU) S.A. in the amount of EUR 4.6 million
- LIBERTY STEEL CENTRAL EUROPE Kft. in the amount of EUR 4.3 million

After the balance sheet date, Liberty Ostrava a.s. sold 4,946,954 pieces of EUA allowances.

On 17 December 2022, the term of office of the Vice-Chairman of the Supervisory Board, Mr. Eduard Muřický, ended. On 13 February 2023, the term of office of Supervisory Board member, Ms. Alena Sobolová, and on 18 March 2023, the term of office of the Chairman of the Supervisory Board, Mr. Roland Junck, and of the Supervisory Board member, Mr. Arnaud de Weert, ended.

On 20 March 2023, the sole shareholder of Liberty Ostrava a.s. amended the Articles of Association of Liberty Ostrava a.s. The amendment of the Articles of Association consisted, among other things, in reducing the number of members of the Supervisory Board from 6 to 3. On the same day, the sole shareholder elected Mr. Roland Junck as a member of the Supervisory Board, whose term of office expired on 18 March 2023. On 6 April 2023, the Supervisory Board elected Mr. Roland Junck as Chairman of the Supervisory Board.

In June 2023, the Company filed an additional corporate income tax return for the year ended 31 March 2022. This fact was also accounted for in the period ended 31 March 2022.

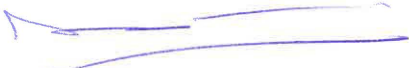

In September 2023, the state insurance company EGAP (Exportní garanční a pojiřtovací společnost) settled the guarantee for the loan granted by Greensill Bank AG to Liberty Ostrava a.s. in accordance with the applicable agreements. The guarantee was paid out in the amount of EUR 60.8 million. EGAP thus became a creditor of Liberty Ostrava a.s.

11. Expected Development and Strategy of Liberty Ostrava a. s. in 2022 – 2023

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
3 October 2023

Board of Directors
Liberty Ostrava a.s.

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

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 year ended 31 March 2022

For the year 31 March 2022, 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 year ended 31 March 2022.

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., 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 2022 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 year ended 31 March 2022, 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 year ended 31 March 2022 amount to CZK 35,963 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 year ended 31 March 2022 amount to CZK 17,595 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 9,127 thousand. In March 2022, the cash was returned to the account of Liberty Ostrava.

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 74,303 thousand and is recognised under 'Other financial income'.

On 15 July 2021, the Company concluded a loan contract with Liberty Finance Management (LIG) Ltd., to which it provided a loan bearing an interest in EUR at three-month EURIBOR plus a margin of 5%. On 14 October 2021, the margin was increased to 8%. The interest for the year ended 31 March 2022 amounted to CZK 138,435 thousand.

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 year ended 31 March 2022 amount to CZK 120,545 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 year ended 31 March 2022 amounts to CZK 33,275 thousand.

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 year ended 31 March 2022 amount to CZK 1,284 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 year ended 31 March 2022 amount to CZK 19 thousand.

Liberty Czestochowa sp. z o.o.

On 4 January 2021, the Company concluded a Framework Tolling Agreement with Liberty Czestochowa sp. z o.o. The subject of the agreement is the provision of services related to the production of products in Czestochowa in Poland for Liberty Ostrava which supplies its own input for this production and Liberty Czestochowa processes the inputs into products.

On 24 May 2021, a supplement to the agreement was concluded, based on which Liberty Ostrava paid an advance to Liberty Czestochowa which bears interest on the basis of a three-month EURIBOR with a margin of 8%. Interest income for the year ended 31 March 2022 amounts to CZK 38,297 thousand.

In the year ended 31 March 2022, 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.	2 564
Czech Slag - Nová Huť s.r.o.	189
Total	2 753

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

Sales for the period 4 / 2021 – 3 / 2022

Entity	Sales for the period 4 / 2021 – 3 / 2022 (in CZK '000)		
	inventory	services	fixed assets
Liberty Engineering Products Ostrava s.r.o.	147 747	134 635	11 873
Liberty Technotron s.r.o.	37	3 559	-
Czech Slag - Nová Huť, s.r.o.	-	83	-
První Signální, a.s.	-	63	-
MG Odra Gas, spol. s r.o.	-	304 733	-
WylandsCapital Ltd	-	20 198	-
Liberty Commercial Czech Republic k.s.	12 766 221	5 769	-
Liberty Commercial PL sp. z o.o.	6 384 564	4 086	-
Liberty Commercial Germany GmbH	2 945 560	3 426	-
Liberty Distribution Ostrava, s.r.o.	-	(30)	-
Liberty Czestochowa sp. z o.o.	4 496	693	-
Liberty Galati S A	477 588	1 897	1 242 480
Total	22 726 213	479 112	1 254 353

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

Purchases for the period 4 / 2021 – 3 / 2022

Entity	Purchases for the period 4 / 2021 – 3 / 2022 (in CZK '000)		
	inventory	services	fixed assets
Liberty Commercial Germany GmbH	-	24 375	-
Liberty Commercial PL sp. z o.o.	-	3 405	-
Liberty Engineering Products Ostrava s.r.o.	154 777	254 638	11 735
Liberty Pipes Ltd.	-	3 072	-
Czech Slag - Nová Huť, s.r.o.	-	15 925	-
MG Odra Gas, spol. s r.o.	-	309 126	-
Liberty Holdings Australia Pty Ltd.	53	-	-
První Signální, a.s.	-	11 857	347
Ocelářská unie a.s.	-	2 741	-
Liberty Galati S A	950 588	4 540	-
Liberty Czestochowa Sp. z o.o.	-	7 808 541	-
Liberty Metal Recycling Europe	70	-	-
Liberty Steel East Europe Bidco Limited	-	5 082	-
Liberty Magona S.r.l.	-	294	-
Wyelands Capital Ltd	-	611 038	-
Total	1 105 488	9 054 634	12 082

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). On 1 September 2021, an agreement was concluded between Liberty Ostrava and Liberty Engineering Products Ostrava on the transfer of rights and obligations under employment law in connection with the transition of activities. On the basis of this agreement, the employees and activities of the following operations (engineering production, electric motor repair, cylinder turning and electrical and mechanical maintenance) were transferred.

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 July 2020 to 31 March 2021 and distribution of the profit for this period.

In Ostrava
30 June 2022

Board of Directors
Liberty Ostrava a.s.

Statutory body of the reporting entity:	Signature
AJAY KUMAR AGGARWAL Vice-Chairman of the Board	
DEEPAK SOGANI Member of the Board	

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 2022

FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 APRIL 2021 TO 31 MARCH 2022

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 3 October 2023.

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

BALANCE SHEET
full version

Liberty Ostrava a.s.
Corporate ID 451 93 258

As of
31.03.2022
(in CZK thousand)

Vratimovská 689/117, Kunčice
719 00 Ostrava

		31.03.2022			31.03.2021
		Gross	Adjustment	Net	Net
	TOTAL ASSETS	83 858 633	42 856 727	41 001 906	32 216 832
B.	Fixed assets	55 624 103	41 138 657	14 485 446	12 829 183
<i>B.I.</i>	<i>Intangible fixed assets</i>	5 005 285	372 030	4 633 255	2 703 237
B.I.1.	Development	371	371		
B.I.2.	Valuable rights	379 201	371 579	7 622	1 107
B.I.2.1.	Software	375 770	368 265	7 505	1 107
B.I.2.2.	Other valuable rights	3 431	3 314	117	
B.I.4.	Other intangible fixed assets	4 597 109		4 597 109	2 674 147
B.I.5.	Prepayments for intangible fixed assets and intangible fixed assets under construction	28 604	80	28 524	27 983
B.I.5.2.	Intangible fixed assets under construction	28 604	80	28 524	27 983
<i>B.II.</i>	<i>Tangible fixed assets</i>	49 844 070	40 645 606	9 198 464	9 466 251
B.II.1.	Land and structures	14 312 993	10 157 407	4 155 586	4 251 761
B.II.1.1.	Land	1 249 795		1 249 795	1 249 795
B.II.1.2.	Structures	13 063 198	10 157 407	2 905 791	3 001 966
B.II.2.	Tangible movable assets and sets of tangible movable assets	34 741 899	30 425 001	4 316 898	4 283 708
B.II.4.	Other tangible fixed assets	1 448		1 448	1 456
B.II.4.3.	Other tangible fixed assets	1 448		1 448	1 456
B.II.5.	Prepayments for tangible fixed assets and tangible fixed assets under construction	787 730	63 198	724 532	929 326
B.II.5.1.	Prepayments for tangible fixed assets	108 436	26 664	81 772	27 000
B.II.5.2.	Tangible fixed assets under construction	679 294	36 534	642 760	902 326
<i>B.III.</i>	<i>Non-current financial assets</i>	774 748	121 021	653 727	659 695
B.III.1.	Equity investments - controlled or controlling entity	549 236	16 742	532 494	538 482
B.III.3.	Equity investments in associates	129 862	8 880	120 982	120 962
B.III.5.	Other non-current securities and investments	95 650	95 399	251	251
C.	Current assets	28 136 727	1 718 070	26 418 657	19 274 045
<i>C.I.</i>	<i>Inventories</i>	15 526 547	1 077 861	14 448 686	7 561 001
C.I.1.	Material	6 439 096	333 536	6 105 560	3 366 369
C.I.2.	Work in progress and semifinished goods	4 267 116	193 646	4 073 470	2 362 026
C.I.3.	Products and goods	1 923 736	155 992	1 767 744	1 513 824
C.I.3.1.	Products	1 921 141	155 992	1 765 149	1 459 643
C.I.3.2.	Goods	2 595		2 595	54 181
C.I.5.	Prepayments for inventories	2 896 599	394 687	2 501 912	318 782
<i>C.II.</i>	<i>Receivables</i>	12 268 623	640 209	11 628 414	11 032 296
C.II.1.	Long-term receivables	1 349 525	392	1 349 133	1 436 507
C.II.1.2.	Receivables - controlled or controlling entity	898 965		898 965	944 443
C.II.1.4.	Deferred tax asset				242 306
C.II.1.5.	Receivables - other	450 560	392	450 168	249 758
C.II.1.5.2.	Long-term prepayments made				107 195
C.II.1.5.3.	Estimated receivables	446 982		446 982	138 934
C.II.1.5.4.	Sundry receivables	3 578	392	3 186	3 629
<i>C.II.2.</i>	<i>Short-term receivables</i>	10 919 098	639 817	10 279 281	9 595 789
C.II.2.1.	Trade receivables	3 783 135	634 719	3 148 416	4 829 053
C.II.2.2.	Receivables - controlled or controlling entity	4 998 925		4 998 925	2 628 645
C.II.2.4.	Receivables - other	2 137 038	5 098	2 131 940	2 138 091
C.II.2.4.3.	State - tax receivables	282 734		282 734	474 428
C.II.2.4.4.	Short-term prepayments made	1 241 488	2 898	1 238 590	318 968
C.II.2.4.5.	Estimated receivables	590 985		590 985	285 853
C.II.2.4.6.	Sundry receivables	21 831	2 200	19 631	1 058 842
<i>C.IV.</i>	<i>Cash</i>	341 557		341 557	680 748
C.IV.1.	Cash on hand	6 680		6 680	4 730
C.IV.2.	Cash at bank	334 877		334 877	676 018
D.	Other assets	97 803		97 803	113 604
D.1.	Deferred expenses	97 803		97 803	113 604

		31.03.2022	31.03.2021
	TOTAL LIABILITIES & EQUITY	41 001 906	32 216 832
A.	Equity	18 945 699	12 836 475
A.I.	Share capital	12 390 257	12 390 257
A.I.1.	Share capital	12 390 257	12 390 257
A.IV.	Retained earnings (+/-)	446 218	-43 652
A.IV.1.	Accumulated profits or losses brought forward (+/-)	3 656 286	3 166 416
A.IV.2.	Other profit or loss from prior years (+/-)	-3 210 068	-3 210 068
A.V.	Profit or loss for the current period (+/-)	6 109 224	489 870
B.+C.	Liabilities	22 056 184	19 380 334
B.	Reserves	789 545	689 115
B.IV.	Other reserves	789 545	689 115
C.	Payables	21 266 639	18 691 219
C.I.	Long-term payables	5 746 943	5 536 858
C.I.2.	Payables to credit institutions	1 853 260	1 987 020
C.I.6.	Payables - controlled or controlling entity	3 328 696	3 549 023
C.I.8.	Deferred tax liability	564 195	
C.I.9.	Payables - other	792	815
C.I.9.3.	Sundry payables	792	815
C.II.	Short-term payables	15 519 696	13 154 361
C.II.3.	Short-term prepayments received	83 564	1 693 945
C.II.4.	Trade payables	4 073 407	4 632 311
C.II.6.	Payables - controlled or controlling entity	312 423	334 972
C.II.8.	Other payables	11 050 302	6 493 133
C.II.8.3.	Payables to employees	193 885	170 712
C.II.8.4.	Social security and health insurance payables	102 946	91 263
C.II.8.5.	State - tax payables and subsidies	4 092 551	2 683 599
C.II.8.6.	Estimated payables	6 641 485	3 204 764
C.II.8.7.	Sundry payables	19 435	342 795
D.	Other liabilities	23	23
D.2.	Deferred income	23	23

PROFIT AND LOSS ACCOUNT
structured by the nature of expense method

Liberty Ostrava a.s.
Corporate ID 451 93 258

Year ended
31.03.2022
(in CZK thousand)

Vratimovská 689/117, Kunčice
719 00 Ostrava

		Year ended 31.03.2022	Year ended 31.03.2021
I.	Sales of products and services	56 171 898	21 963 290
II.	Sales of goods	97 173	58 804
A.	Purchased consumables and services	52 858 492	21 723 079
A.1.	Costs of goods sold	57 433	46 736
A.2.	Consumed material and energy	39 039 358	17 877 951
A.3.	Services	13 761 701	3 798 392
B.	Change in internally produced inventory (+/-)	-2 136 603	234 532
C.	Own work capitalised (-)	-540 906	-192 926
D.	Staff costs	3 767 853	2 453 265
D.1.	Payroll costs	2 722 988	1 776 703
D.2.	Social security and health insurance costs and other charges	1 044 865	676 562
D.2.1.	Social security and health insurance costs	986 840	640 259
D.2.2.	Other charges	58 025	36 303
E.	Adjustments to values in operating activities	1 084 339	-683 358
E.1.	Adjustments to values of intangible and tangible fixed assets	517 165	522 797
E.1.1.	Adjustments to values of intangible and tangible fixed assets - permanent	733 848	527 338
E.1.2.	Adjustments to values of intangible and tangible fixed assets - temporary	-216 683	-4 541
E.2.	Adjustments to values of inventories	510 458	-1 173 184
E.3.	Adjustments to values of receivables	56 716	-32 971
III.	Other operating income	25 597 537	7 678 585
III.1.	Sales of fixed assets	6 239 632	1 911 838
III.2.	Sales of material	122 470	58 016
III.3.	Sundry operating income	19 235 435	5 708 731
F.	Other operating expenses	19 623 896	6 156 522
F.1.	Net book value of sold fixed assets	7	162
F.2.	Material sold	119 661	63 967
F.3.	Taxes and charges	32 876	12 380
F.4.	Reserves relating to operating activities and complex deferred expenses	100 430	-115 297
F.5.	Sundry operating expenses	19 370 922	6 195 310
*	Operating profit or loss (+/-)	7 209 537	9 565
IV.	Income from non-current financial assets - equity investments	189	204
IV.2.	Other income from equity investments	189	204
G.	Costs of equity investments sold		194 034
V.	Income from other non-current financial assets	2 564	1 597
V.2.	Other income from other non-current financial assets	2 564	1 597
VI.	Interest income and similar income	219 174	28 961
VI.1.	Interest income and similar income - controlled or controlling entity	219 134	28 961
VI.2.	Other interest income and similar income	40	
I.	Adjustments to values and reserves relating to financial activities	5 967	-183 422
J.	Interest expenses and similar expenses	230 937	210 777
J.1.	Interest expenses and similar expenses - controlled or controlling entity	175 406	179 555
J.2.	Other interest expenses and similar expenses	55 531	31 222
VII.	Other financial income	1 777 761	1 207 838
K.	Other financial expenses	1 353 821	321 569
*	Financial profit or loss (+/-)	408 963	695 642
**	Profit or loss before tax (+/-)	7 618 500	705 207
L.	Income tax	1 509 276	215 337
L.1.	Due income tax	702 774	
L.2.	Deferred income tax (+/-)	806 502	215 337
**	Profit or loss net of tax (+/-)	6 109 224	489 870
***	Profit or loss for the current period (+/-)	6 109 224	489 870
*	Net turnover for the current period	83 866 296	30 939 279

**STATEMENT OF
CHANGES IN EQUITY**

Liberty Ostrava a.s.
Corporate ID 451 93 258

Year ended
31.03.2022
(in CZK thousand)

Vratimovská 689/117, Kunčice
719 00 Ostrava

	Share capital	Accumulated profits or losses brought forward	Other profit or loss from prior years	Profit or loss for the current period	TOTAL EQUITY
Balance at 30 June 2020 - original	12 390 257	2 861 307		305 109	15 556 673
Correction of prior year's error			-3 210 068		-3 210 068
Balance at 30 June 2020	12 390 257	2 861 307	-3 210 068	305 109	12 346 605
Distribution of profit or loss		305 109		-305 109	
Profit or loss for the current period				489 870	489 870
Balance at 31 March 2021	12 390 257	3 166 416	-3 210 068	489 870	12 836 475
Distribution of profit or loss		489 870		-489 870	
Profit or loss for the current period				6 109 224	6 109 224
Balance at 31 March 2022	12 390 257	3 656 286	-3 210 068	6 109 224	18 945 699

CASH FLOW STATEMENT

Liberty Ostrava a.s.
Corporate ID 451 93 258

Year ended
31.03.2022
(in CZK thousand)

Vratimovská 689/117, Kunčice
719 00 Ostrava

		Year ended 31.03.2022	Year ended 31.03.2021
P.	Opening balance of cash and cash equivalents	680 748	1 453 080
	<i>Cash flows from ordinary activities (operating activities)</i>		
Z.	Profit or loss before tax	7 618 500	705 207
A.1.	Adjustments for non-cash transactions	-4 970 687	-2 913 086
A.1.1.	Depreciation of fixed assets	733 848	527 338
A.1.2.	Change in provisions and reserves	456 888	-1 509 415
A.1.3.	Profit/(loss) on the sale of fixed assets	-6 239 625	-1 911 676
A.1.4.	Revenues from profit shares	-2 753	-1 801
A.1.5.	Interest expense and interest income	11 763	181 816
A.1.6.	Adjustments for other non-cash transactions	69 192	-199 348
A.*	Net operating cash flow before changes in working capital	2 647 813	-2 207 879
A.2.	Change in working capital	-4 111 538	867 060
A.2.1.	Change in operating receivables and other assets	2 434 287	-2 372 434
A.2.2.	Change in operating payables and other liabilities	852 316	3 200 963
A.2.3.	Change in inventories	-7 398 141	38 531
A.**	Net cash flow from operations before tax	-1 463 725	-1 340 819
A.3.	Interest paid	-152 980	-14 094
A.4.	Interest received	40	
A.5.	Income tax paid from ordinary operations	-286 134	4 988
A.6.	Received profit shares	2 753	
A.***	Net operating cash flows	-1 900 046	-1 349 925
	<i>Cash flows from investing activities</i>		
B.1.	Fixed assets expenditures	-1 384 109	-223 628
B.2.	Proceeds from fixed assets sold	6 239 632	1 911 838
B.3.	Loans and borrowings to related parties	-3 294 668	-2 651 164
B.***	Net investment cash flows	1 560 855	-962 954
	<i>Cash flow from financial activities</i>		
C.1.	Change in payables from financing		1 540 547
C.***	Net financial cash flows		1 540 547
F.	Net increase or decrease in cash and cash equivalents	-339 191	-772 332
R.	Closing balance of cash and cash equivalents	341 557	680 748

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

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

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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 2022.

Entities with an equity interest greater than 10%:

Shareholder	Ownership percentage
LIBERTY OSTRAVA LIMITED, SW1X7GG London, 40 Grosvenor place, 2nd floor, the United Kingdom of Great Britain and Northern Ireland; Registration No. 12055100	100.00
Total	100.00

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

In the year ended 31 March 2022, the following changes were recorded in the Register of Companies:

On 26 April 2021:

- Ajay Kumar Aggarwal was recorded as Member of the Board of Directors.
- The new registered office of the sole shareholder of Liberty Ostrava Limited was recorded.

On 11 June 2021:

- Pradhan Suyash Kumar was removed as Vice Chairman of the Board of Directors.
- Ajay Kumar Aggarwal was removed as Member of the Board of Directors and recorded as Vice Chairman of the Board of Directors.
- Iain Mark Hunter was recorded as Member of the Board of Directors.

On 21 June 2021:

- Václav Habura was removed as Member of the Board of Directors.

On 22 July 2021:

- Paramjit Singh Kahlon was recorded as Member of the Board of Directors.

On 6 December 2021:

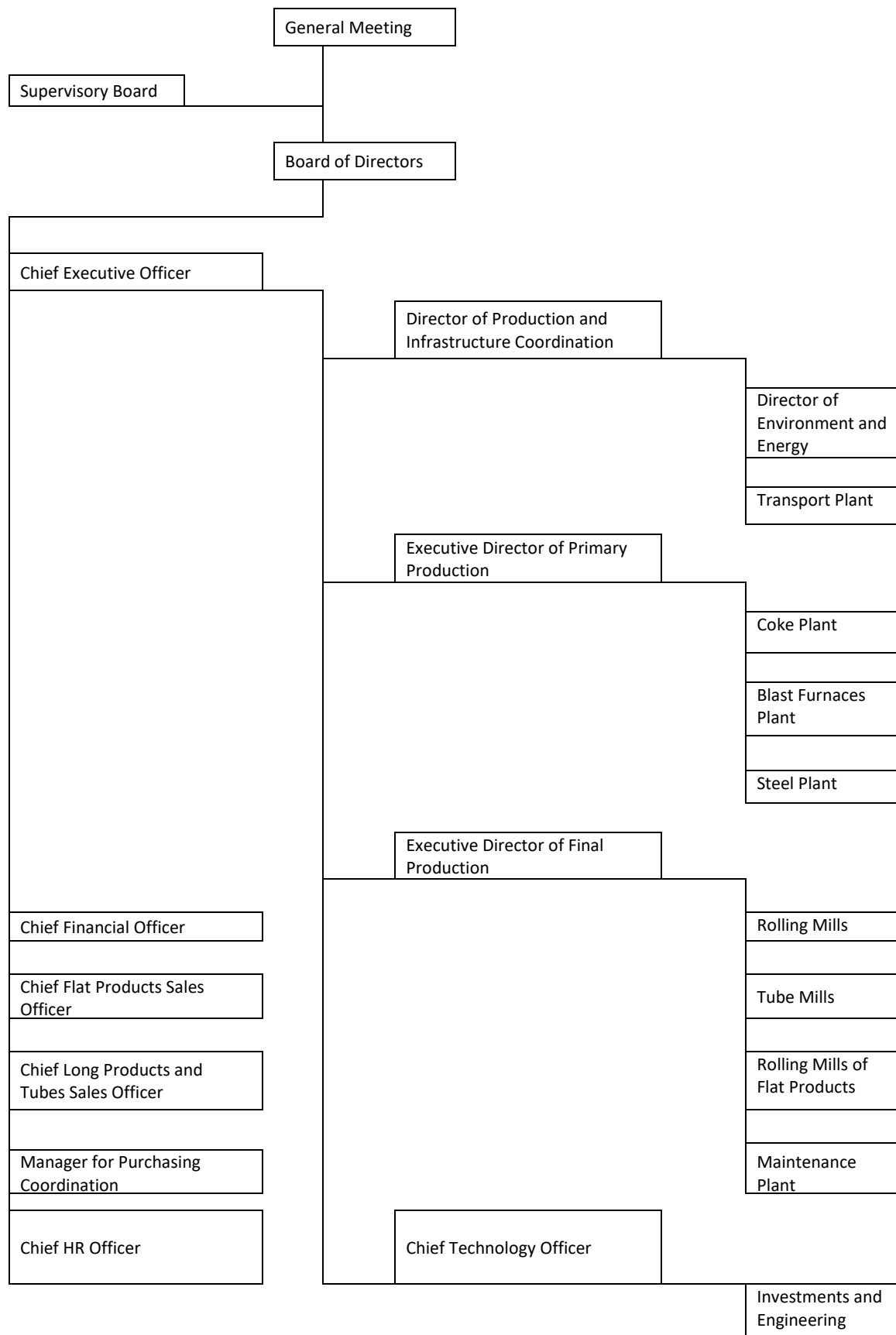
- Sanjeev Gupta was removed as Chairman of the Board of Directors and recorded as Member of the Board of Directors.
- Paramjit Singh Kahlon was removed as Member of the Board of Directors.
- Ajay Kumar Aggarwal was removed as Vice Chairman of the Board of Directors and recorded as Chairman of the Board of Directors.
- Iain Mark Hunter was removed as Member of the Board of Directors and recorded as Vice Chairman of the Board of Directors.

On 1 March 2022:

- Petr Slanina was removed as Member of the Supervisory Board and re-recorded as Member of the Board of Directors elected by the employees of the Company.

1.3. Structure of Organisation the Company

Structure of organisation as of 31 March 2022:



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 2022 was as follows:

	Position	Name
Board of Directors	Chairman	Ajay Kumar Aggarwal
	Vice-Chairman	Iain Mark Hunter
	Member	Sanjeev Gupta
	Member	Deepak Sogani
Supervisory Board	Chairman	Roland Jean Pierre Junck
	Vice-Chairman	Eduard Muřický
	Member	Ashok Virupaksha Gowda Patil
	Member	Arnaud Nicolas Joseph Maurice de Weert
	Member	Petr Slanina
	Member	Alena Sobolová

In the year ended 31 March 2022, the below-listed changes were made in the composition of the Board of Directors and the Supervisory Board:

On 25 April 2021, the sole shareholder acting in the capacity of the General Meeting removed Václav Habura and Pradhan Suyash Kumar from the position of Member of the Board Directors and appointed new Member of the Board of Directors, Iain Mark Hunter.

Subsequently, the Board of Directors voted at their meeting held on 25 April 2021 to appoint Ajay Kumar Aggarwal Vice Chairman of the Board of Directors.

On 16 June 2021, the sole shareholder acting in the capacity of the General Meeting appointed Paramjit Singh Kahlon as Member of the Board of Directors.

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

On 16 November 2021, the Board of Directors voted at their meeting to remove Sanjeev Gupta as Chairman of the Board of Directors and Ajay Kumar Aggarwal as Vice Chairman of the Board of Directors and appoint Ajay Kumar Aggarwal as the new Chairman of the Board of Directors and Iain Mark Hunter as the new Vice Chairman of the Board of Directors.

On 6 January 2022, the sole shareholder acting in the capacity of the General Meeting appointed Deepak Sogani as Member of the Board of Directors.

On 27 January 2022, the employees re-elected Petr Slanina as Member of the Supervisory Board.

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 April 2021 and ending on 31 March 2022.

These financial statements of the Company were prepared as of the balance sheet date of 31 March 2022 for the year ended 31 March 2022.

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 year ended 31 March 2022, i.e. 12 months. The comparable period for the purposes of the financial statements is the prior reporting period, i.e., the period from 1 July 2020 to 31 March 2021 – 9 months.

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 allocated free of charge based on the National Allocation Plan (NAP) are recognised as non-depreciable intangible fixed assets and are stated at replacement cost. At the moment of the 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, separately as part of a clearly defined category of allowances allocated free of charge under the NAP for the Company's own production, is accounted for using the FIFO method 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 (that is, free-of-charge allocation). 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').

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.

Purchased emission allowances for the purpose of their subsequent sale to a company that supplies electricity, heat and other media for production purposes are, with reference to the principles of IAS 2 and the Company's internal accounting directive, recorded as inventory in the relevant analysis account to account 132 at cost. These are emission allowances that the Company knew at the time of acquisition would be sold to the supplier of the electricity or other medium. The Company was contractually committed to this sale prior to the purchase of the allowances under the contract entered into on 18 March 2021, as amended. The re-supplied electricity enters into the Company's inventory cost calculations. For this reason, the Company records emission allowances in inventory at the time of purchase, as this is the category to which they belong under proper accounting principles. Thus, both the expense and the income are realised when the electricity is both delivered and consumed by the Company.

The consumption of purchased emission allowances, separately within the category defined above for subsequent sale to the electricity, heat and other media supply company, is also accounted for using the FIFO method.

Only in the event of material changes in the market value of purchased emission allowances is a provision created.

Since the current wording of the Czech accounting regulations does not specify the recognition of emission allowances in inventory (as compared to IAS 2), the Company, at the request of the auditor, reclassified this category of emission allowances to intangible fixed assets for the purpose of preparing the financial statements in accordance with Czech accounting standards. Within intangible fixed assets, however, it continues to apply separate accounting and consumption of emission allowances for own consumption within the Company's production and emission allowances for sale.

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 31 March 2021	Additions	Disposals	Transfers	Balance at 31 March 2022
Intangible R&D results	371	-	-	-	371
Software	366 680	-	-1 000	10 090	375 770
Other valuable rights	3 081	-	-	350	3 431
Other intangible FA	2 674 147	11 048 174	-9 125 212	-	4 597 109
Intangible FA under construction	28 063	10 981	-	-10 440	28 604
Total	3 072 342	11 059 155	-9 126 212	-	5 005 285

Accumulated amortisation and provisions

(CZK thousand)

	Balance at 31 March 2021	Additions	Disposals	Balance at 31 March 2022
Intangible R&D results	-371	-	-	-371
Software	-365 573	-3 692	1000	-368 265
Valuable rights	-3 081	-233	-	-3 314
Other intangible FA	-	-	-	-
Provision for intangible FA under construction	-80	-	-	-80
Total	-369 105	-3 925	1 000	-372 030

Net Book Value

(CZK thousand)

	Balance at 31 March 2021	Balance at 31 March 2022
Intangible R&D results	-	-
Software	1 107	7 505
Valuable rights	-	117
Other intangible FA	2 674 147	4 597 109
Intangible FA under construction	27 983	28 524
Total	2 703 237	4 633 255

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

In the period from 4/2021 to 3/2022, 5,395,488 allowances in the total carrying amount of CZK 10,114,490 thousand were allocated.

Based on the estimate of CO₂ emissions for the period from 4/2021 to 3/2022, allowance consumption was recognised at 3,072,102 pieces in the amount of CZK 4,184,105 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 4,671,025 allowances in the total carrying amount of CZK 6,239,609 thousand.

In the Company's accounting records as of 31 March 2022, a total of 2,185,819 EUA allowances allocated free of charge for the Company's production was recorded, valued at CZK 3,667,629 thousand.

In the Company's accounting records as of 31 March 2022, a total of 1,000,000 EUA allowances purchased for their subsequent sale was recorded, valued at CZK 929,480 thousand.

These balances were not remeasured as of 31 March 2022 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 31 March 2021	Additions	Disposals	Transfers	Balance at 31 March 2022
Land	1 249 795	-	-	-	1 249 795
Buildings	12 985 192	-	-3 410	81 416	13 063 198
Movable assets	34 268 259	-	-109 956	583 596	34 741 899
Other tangible FA (works of art)	1 456	-	-8	-	1 448
Tangible FA under construction	1 153 609	438 328	-247 631	-665 012	679 294
Prepayments for tangible FA	53 664	79 537	-24 765	-	108 436
Total	49 711 975	517 865	-385 770	-	49 844 070

Accumulated Depreciation

	(CZK thousand)				
	Balance at 31 March 2021	Additions	Disposals		Balance at 31 March 2022
Buildings	-9 959 444	-178 528	3 364		-10 134 608
Movable assets	-29 978 105	-551 137	109 736		-30 419 506
Other tangible FA	-	-	-		-
Total	-39 937 549	-729 665	113 100		-40 554 114

Provisions

	(CZK thousand)				
	Balance at 31 March 2021	Increase	Decrease		Balance at 31 March 2022
Buildings	-23 782	-241	1 224		-22 799
Movable assets	-6 446	-208	1 159		-5 495
Tangible FA under construction	-251 283	-	234 749		-36 534
Prepayments for tangible FA	-26 664	-	-		-26 664
Total	-308 175	-449	237 132		-91 492

Net Book Value

	(CZK thousand)	
	Balance at 31 March 2021	Balance at 31 March 2022
Land	1 249 795	1 249 795
Buildings	3 001 966	2 905 791
Movable assets	4 283 708	4 316 898
Other tangible fixed assets (works of art)	1 456	1 448
Tangible fixed assets under construction	902 326	642 760
Prepayments for tangible fixed assets	27 000	81 772
Total	9 466 251	9 198 464

The most significant additions to tangible fixed assets under construction in the reporting period included the LO Energy project – lighting in the aggregate amount of CZK 43,907 thousand, the Heavy Section Rolling Mill – reconstruction of straightener B project in the amount of CZK 28,960 thousand and the Modernisation of Rolling Mills project of CZK 27,177 thousand.

As of 31 March 2022 and 31 March 2021, low-value tangible and intangible assets not presented in the balance sheet amounted to CZK 454,027 thousand and CZK 440,547 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 2022 and 31 March 2021 and were kept for liquidation or alternative use amounted to CZK 367,503 thousand and CZK 696,398 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 2022 and 31 March 2021 amounts to CZK 4,877 thousand and CZK 5,400 thousand, respectively.

The Company has pledged tangible fixed assets (lands, machines and equipment) of CZK 22,429,369 thousand as of 31 March 2022 (31 March 2021: CZK 22,147,194 thousand).

4.1.3. Assets Held under Finance and Operating Lease Agreements

Operating Leases

As of 31 March 2022 and 31 March 2021, the Company records assets acquired in the form of operating lease in the acquisition cost of CZK 1,254,656 thousand and CZK 863,554 thousand, respectively. Actual payments made in the year ended 31 March 2022 amounted to CZK 166,812 thousand (CZK 88,251 for the period from 1 July 2020 to 31 March 2021), estimated payments for the year ending 31 March 2023 amount to CZK 195,750 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 2022 and 31 March 2021, the Company held no assets under finance lease.

4.2. Non-Current Financial Assets

	(CZK thousand)			
	Balance at 31 March 2021	Additions	Disposals	Balance at 31 March 2022
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	95 650	-	-	95 650
Provisions against equity investments in controlled or controlling entities	-10 754	-5 988	-	-16 742
Provisions against equity investments in associates	-8 900	-	20	-8 880
Provisions against other non-current securities and equity investments	-95 399	-	-	-95 399
Total	659 695	-5 988	20	653 727

4.2.1. Equity Investments in Controlled or Controlling EntitiesBalance as of 31 March 2022

(CZK thousand)									
Company	Registered office	Cost	Provision	Valuation as of 31 March 2022	Owner-ship in %	Voting power in %	Equity	Profit or loss	Income from non-current financial assets
Liberty Distribution Ostrava, s.r.o.	Ostrava	262	-	262	100	100	74 126	-955	-
Liberty Engineering Products Ostrava s.r.o.	Ostrava Frýdek-	504 550	-	504 550	100	100	626 909	-6 533	-
Liberty Technotron s.r.o.	Místek	40 800	-16 742	24 058	100	100	24 057	-6 380	-
Liberty Commercial Germany GmbH.***	Ratingen	640	-	640	100	100	68 274	47 596	-
Liberty Commercial PL sp. z o.o.**	Katowice	2 984	-	2 984	100	100	164 489	123 437	-
Liberty Commercial Czech Republic k.s.*	Ostrava	-	-	0	99.99	99.99	90	307 879	-
Total		549 236	-16 742	532 494			958 045	465 044	-

Balance as of 31 March 2021

(CZK thousand)									
Company	Registered office	Cost	Provision	Valuation as of 31 March 2021	Owner-ship in %	Voting power in %	Equity	Profit or loss	Income from non-current financial assets
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	-
Total		549 236	-10 754	538 482			803 953	160 630	-

* 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

4.2.2. Equity Investments in AssociatesBalance as of 31 March 2022

(CZK thousand)									
Company	Registered office	Cost	Provision	Valuation as of 31 March 2022	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	12 205	366	189
Ocelářská unie, a.s.	Prague 10	25 001	-8 880	16 121	38,02	38,02	42 403	-1 130	-
MG Odra Gas, spol. s r.o.	Vratimov	104 791	-	104 791	30,00	30,00	553 952	32 597	-
Total		129 862	-8 880	120 982			608 560	31 833	189

The financial statements of the above-listed companies have been prepared for 12 months ended 31 December 2021.

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	-
Total		129 862	-8 900	120 962			576 906	41 515	204

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

4.2.3. Other Non-Current Securities and Equity InvestmentsBalance as of 31 March 2022

(CZK thousand)			
Type of security and equity investment	Cost at 31 March 2022	Provision	Valuation at 31 March 2022
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	-
Total	95 650	-95 399	251

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	-
Total	95 650	-95 399	251

4.2.4. Pledged Non-Current Financial Assets

As of 31 March 2022 and 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 inventory 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 333,536 thousand as of 31 March 2022 and CZK 337,252 thousand as of 31 March 2021.

In addition, the Company created other provisions against inventory in the amounts of CZK 349,638 thousand as of 31 March 2022 and CZK 229,984 thousand as of 31 March 2021. 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.

Inventory with a cost value of CZK 9,183,085 thousand is pledged as collateral as of 31 March 2022, CZK 6,626,594 as of 31 March 2021. The Company created a provision for prepayments made for inventory to Adhunik Metaliks Ltd. in the amount of CZK 394,520 thousand as of 31 March 2022.

4.4. Receivables**4.4.1. Long-Term Receivables**

As of 31 March 2022 and 31 March 2021, 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 0 thousand and CZK 107,195 thousand, respectively.

As of 31 March 2022 and 31 March 2021, the Company recognises long-term estimated receivables of CZK 446,982 thousand and CZK 138,934, 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 2022	Balance as of 30 June 2021
Liberty Ostrava Limited	Related entity	630 112	675 590
Liberty Commercial Czech Republic k.s.	Subsidiary	268 853	268 853
Total		898 965	944 443

As of 31 March 2022 and 31 March 2021, 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)				
Balance at	Category	Before maturity	Past due date	Total
31 March 2022	Gross	2 293 595	1 489 540	3 783 135
	Provisions	-	-634 719	-634 719
	Net	2 293 595	854 821	3 148 416
31 March 2021	Gross	5 045 414	362 028	5 407 442
	Provisions	-406 057	-172 332	-578 389
	Net	4 639 357	189 696	4 829 053

Receivables past their due dates by more than one year include receivables from customers in bankruptcy proceedings in the amounts of CZK 16,164 thousand and CZK 16,161 thousand as of 31 March 2022 and 31 March 2021, respectively, which were provisioned in full.

As of 31 March 2022 and 31 March 2021, estimated receivables principally consist of unbilled supplies of material and services in the amounts of CZK 319,085 thousand and CZK 222,392 thousand, respectively. As of 31 March 2022 and 31 March 2021, the Company also reports an estimate of received interest in the amounts of CZK 271,900 thousand and CZK 63,461 thousand, respectively.

As of 31 March 2022 and 31 March 2021, 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)	
	Period ended 31 March 2022	Period ended 31 March 2021
Opening balance	581 222	606 961
Creation	59 543	411 766
Release	-3 148	-437 505
Closing balance	637 617	581 222

Aside from the above, the Company recognised a provision against sundry receivables in the amounts of CZK 2,200 thousand and CZK 2,262 thousand as of 31 March 2022 and 31 March 2021, respectively.

As of 31 March 2022, the Company had escrow grant accounts with Komerční banka, a.s. in the amount of CZK 1,155 thousand; CZK 1,919 thousand as of 31 March 2021.

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 2022	Of which receivables	Of which estimated receivables	Of which: prepayments made
Liberty Engineering Products Ostrava s.r.o.	Subsidiary	100 760	67 544	33 216	-
Liberty Technotron s.r.o.	Subsidiary	13 021	12 649	372	-
Liberty Commercial Czech Republic k.s.	Subsidiary	99 185	100 865	-1 680	-
Liberty Commercial PL s. z o.o.	Subsidiary	257 857	252 337	5 520	-
Liberty Commercial Germany Gmbh	Subsidiary	175 304	175 304	-	-
Liberty Galati S.A.	Related party	172 431	172 431	-	-
Liberty Ostrava Limited*	Related party	87 732	-	87 732	-
Liberty Finance Management (LIG) Ltd.**	Related party	261 336	-	261 336	-
Liberty Liège-Dudelange (BE)	Related party	25 208	25 208	-	-
Wyelands Capital Ltd	Related party	364 972	-	41 692	323 280
Liberty AD Skopje	Related party	170	170	-	-
Liberty Czestochowa***	Related party	918 312	320 909	37 503	559 900
Liberty FE Trade DMCC	Related party	406 057	406 057	-	-
Liberty Magona SRL	Related party	802	802	-	-
Liberty Steel Services India	Related party	59	-	-	59
Adhunik Metaliks Ltd.	Related party	394 520	-	-	394 520
MG Odra Gas, spol. s r.o.	Related party	35 373	43	35 330	-
Czech Slag - Nová Huť s.r.o.	Related party	1	1	-	-
Total receivables		3 313 100	1 534 320	501 021	1 277 759
Liberty Finance Management (LIG) Ltd.	Related party	4 998 925	4 998 925	-	-
Receivables – controlled or controlling entity		4 998 925	4 998 925	-	-
Total		8 312 025	6 533 245	501 021	1 277 759

*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 147,092 thousand.

*** Estimated receivables from this company include interest income in the amount of CZK 37,076 thousand.

(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	-
Total receivables		3 722 918	3 219 660	248 780	254 478
Liberty Finance Management (LIG) Ltd.	Related party	1 957 214	1 957 214	-	-
Liberty Czestochowa	Related party	671 431	671 431	-	-
Receivables – controlled or controlling entity		2 628 645	2 628 645	-	-
Total		6 351 563	5 848 305	248 780	254 478

*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.

4.5. Deferred Expenses

As of 31 March 2022 and 31 March 2021, 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 97,803 thousand and CZK 113,604 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 year ended 31 March 2022 in the amount of CZK 6,109,224 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.

4.7. Reserves

Reserves can be analysed as follows:

	Balance at 31 March 2021	Creation	Use/ Release	Balance at 31 March 2022
Reserves for removing environ. burdens	208 255	6 318	-	214 573
Reserve for outstanding vacation days	85 157	95 531	85 157	95 531
Reserve for claims and customer discounts	40 481	-	2 971	37 510
Reserve for employee benefits	89 113	9 666	-	98 779
Reserve for late tax payments	-	5 524	-	5 524
Reserve for the social needs fund	315	-	-	315
Reserve for bonuses	130 230	194 150	130 230	194 150
Other reserves	135 564	136 662	129 063	143 163
Total reserves:	689 115	447 851	347 421	789 545

(CZK thousand)

Reserve for eliminating environmental damage

The reserve in the amount of CZK 214,573 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 2022. 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 2022 and 31 March 2021, long-term payables particularly include payables to controlled and controlling entities and a long-term loan from Greensill Bank AG.

Long-term payables to group entities:

Entity	Relation	(CZK thousand)	
		Balance at 31 March 2022	Balance at 31 March 2021
Liberty Steel East Europe Bidco Limited	Related party	719 358	771 278
Liberty Finance Management (LIG) Ltd.	Related party	349 163	354 441
Liberty Ostrava Limited	Related party	2 260 175	2 423 304
Total		3 328 696	3 549 023

As of 31 March 2022 and 31 March 2021, the Company reported no long-term payables with maturity of more than five years. The above loans are due on 30 June 2023.

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 1,853,260 thousand as of 31 March 2022 and 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:

As of	(CZK thousand)		
	Before maturity	Past due date	Total
31 March 2022	2 903 855	1 169 552	4 073 407
31 March 2021	3 525 576	1 106 735	4 632 311

As of 31 March 2022 and 30 June 2021, 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)	
	Balance at 31 March 2022	Balance at 31 March 2021
Payable arising from taxes	424 615	8 223
Grants for settling costs	306	1 229
Grants for emission allowances	3 667 630	2 674 147
Closing balance	4 092 551	2 683 599

As of 31 March 2022 and 31 March 2021, estimated payables particularly include unbilled supplies of material and goods in the amount of CZK 3,043,439 thousand and CZK 1,171,361 thousand, respectively, and unbilled supplies of services in the amount of CZK 3,092,219 thousand and CZK 1,611,724 thousand, respectively. In addition, as of 31 March 2022 and 31 March 2021, estimated payables include interest in the amount of CZK 478,376 thousand and CZK 411,760 thousand, respectively.

As of 31 March 2022 and 31 March 2021, 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 2022	Of which payables	Of which estimated payables
Liberty Engineering Products Ostrava s.r.o.**	Subsidiary	83 808	54 495	29 313
Liberty Distribution Ostrava, s.r.o.*	Subsidiary	43 978	43 978	20
Liberty Commercial CZ, k.s.	Subsidiary	5 811	5 811	-
Liberty Technotron s.r.o.	Subsidiary	34	34	-
Liberty Commercial Germany GmbH	Subsidiary	51 206	-	51 206
Liberty Commercial PL s. z o.o.	Subsidiary	3 587	-76	3 663
Liberty Galati S.A.	Related party	64 270	64 194	76
Speciality Steel UK Limited	Related party	3 577	3 577	-
Liberty Magona S.r.l.	Related party	899	899	-
Liberty Steel East Europe Bidco Limited***	Related party	40 940	2 980	37 960
Liberty Finance Management (LIG) Ltd.*	Related party	17 900	-	17 900
Liberty Ostrava Limited*	Related party	418 337	-	418 337
Liberty Holdings Australia Pty Ltd.	Related party	55	55	-
Liberty Pipes Ltd.	Related party	1 673	1 673	-
Wyelands Capital Ltd.	Related party	375 019	14 195	360 824
Ocelářská unie	Related party	763	65	698
Czech Slag – Nová Huť, s.r.o.	Related party	4 406	3 075	1 331
MG Odra Gas spol. s r.o.,	Related party	85 946	58 006	27 940
První Signální a.s.	Related party	3 520	1 766	1 754
Liberty Czestochowa	Related party	1 305 173	-	1 305 173
Payables		2 510 902	254 727	2 256 195
Liberty Engineering Products Ostrava s.r.o.	Subsidiary	308 075	308 075	-
Liberty Distribution Ostrava, s.r.o.	Subsidiary	4 348	4 348	-
Payables – controlled or controlling entity		312 423	312 423	-
Total		2 823 325	567 150	2 256 195

*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 1,406 thousand.

***Estimated payables to this company include interest on a loan received in the amount of CZK 36,467 thousand.

(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
Payables		2 356 673	1 324 063	1 032 610
Liberty Engineering Products Ostrava s.r.o.	Subsidiary	330 311	330 311	-
Liberty Distribution Ostrava, s.r.o.	Subsidiary	4 661	4 661	-
Payables – controlled or controlling entity		334 972	334 972	-
Total		2 691 645	1 659 035	1 032 610

*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.

As of 31 March 2022 and 31 March 2021, the Company records sundry payables to Liberty Commercial CZ, k.s. of CZK 0 thousand and CZK 263,116, respectively.

As of 31 March 2022 and 31 March 2021, the Company records sundry payables to Liberty Commercial Germany Gmbh of CZK 0 thousand and CZK 42,974, 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 2022 and 31 March 2021, the Company reports a forward related to the purchase of emission allowances in the nominal values of CZK 0 thousand and CZK 1,188,813 thousand, respectively.

As of 31 March 2022 and 31 March 2021, based on the revaluation of this forward, the Company records a receivable of CZK 0 thousand and CZK 1,041,355 thousand, respectively.

In relation to this forward, the Company received a financial guarantee from ČEZ ESCO in the amount of CZK 0 thousand and CZK 1,014,165 thousand as of 31 March 2022 and 31 March 2021, respectively.

4.10. Income Tax**4.10.1. Income Tax – Deferred**

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

	(CZK thousand)	
	Balance at 31 March 2022 (deferred tax liability)	Balance at 31 March 2021 (deferred tax asset)
Deferred tax arising from the difference between accounting and tax book values of fixed assets	-895 051	-891 636
Other temporary differences giving rise to deferred tax:		
Provisions against inventory	129 803	107 775
Provisions against fixed assets	53 135	53 502
Reserve for environment	40 769	39 568
Reserve for outstanding vacation days	18 151	16 180
Reserve for employee benefits	13 497	12 499
Reserve for claims and business discounts	7 127	7 691
Reserve for bonuses	36 889	24 744
Reserve for life jubilees	5 271	4 433
Other reserves	27 201	25 757
Unpaid contractual fines and default interest	-987	-1 020
Tax loss	-	842 813
Total	-564 195	242 306

4.10.2. Income Tax Payable

Effective tax rate calculation

	(CZK thousand)	
	Balance at 31 March 2022	Balance at 31 March 2021
Profit before tax	7 618 500	705 207
Income tax payable	702 774	-
Income tax relating to prior periods	-	-
Deferred tax	806 502	215 337
Total income tax	1 509 276	215 337
Effective tax rate	19,81%	30.54%

4.11. Income from Ordinary Activity by Principal Activities

	(CZK thousand)					
	Period ended 31 March 2022			Period ended 31 March 2021		
	In-country	Cross-order	Total	In-country	Cross-order	Total
Income from the sale of goods	28 930	68 243	97 173	35 193	23 611	58 804
Metallurgic primary production	925 738	333 830	1 259 568	688 339	310 374	998 713
<i>Coke and chemical products of coke plant</i>	609 458	78 631	688 089	268 046	87 898	355 944
<i>Production of pig iron and ferroalloys</i>	316 280	255 199	571 479	420 293	222 476	642 769
Production of metallurgic and steel products*	24 489 077	27 801 870	52 290 947	9 371 773	10 171 628	19 543 401
Other (energy, services, etc.)	1 477 794	1 143 589	2 621 383	1 011 877	409 299	1 421 176
Total income from the sale of own products and services	26 892 609	29 279 289	56 171 898	11 071 989	10 891 301	21 963 290

*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 12 months (April 2021 – March 2022)	Period of 9 months (July 2020 – March 2021)
MG Odra Gas spol. s r.o.	Related party	304 733	222 526
Czech Slag - Nová Huť s.r.o.	Related party	83	12
První Signální, a.s.	Related party	63	-
Liberty Galati SA	Related party	1 721 965	84 695
Liberty Technotron s.r.o.	Subsidiary	3 596	-226
Liberty Engineering Products Ostrava s.r.o.	Subsidiary	294 255	166 658
Liberty Distribution Ostrava, s.r.o.	Subsidiary	-30	180
Liberty FE Trade DMCC	Related party	-	406 057
Liberty Czestochowa	Related party	5 189	-
Liberty Speciality Steels	Related party	-	581
Wyelands Capital Ltd	Related party	20 198	21 494
Liberty Commercial Czech Republic k.s.	Subsidiary	12 771 990	5 174 141
Liberty Commercial PL sp. z o.o.	Subsidiary	6 388 650	2 959 136
Liberty Commercial Germany GmbH	Subsidiary	2 948 986	1 677 051
Total		24 459 678	10 712 305

As of 31 March 2022 and 31 March 2021, aside from the above, the Company reports:

- interest income and similar income – controlled or controlling entity in the amount of CZK 219,134 thousand and CZK 28,961 thousand, respectively.
- other financial income in the amount of CZK 74,303 thousand and CZK 39,941, respectively.

4.12.2. Purchases from Related Parties

(CZK thousand)			
Entity	Relation	Period of 12 months (April 2021 – March 2022)	Period of 9 months (July 2020 – March 2021)
Liberty Distribution Ostrava, s.r.o.	Subsidiary	-	18 044
Liberty Engineering Products Ostrava	Subsidiary	421 150	322 606
MG Odra Gas spol. s r. o.	Related party	309 126	226 611
Liberty Commercial Germany GmbH	Subsidiary	24 375	17 592
Liberty Commercial PL sp. z o.o.	Subsidiary	3 405	258
Ocelářská unie, a.s.	Related party	2 741	2 790
Liberty Commodities Limited	Related party	-	121 111
Liberty Czestochowa	Related party	7 808 541	463 449
Czech Slag Nová Huť s.r.o.	Related party	15 925	11 246
Liberty Metal recycling Europe	Related party	70	386 682
První Signální a.s.	Related party	12 204	13 355
Speciality Steel UK Limited	Related party	-	-197
Liberty Steel East Europe Bidco Limited	Related party	5 082	40 597
Liberty Holdings Australia Pty Ltd.	Related party	53	-
Liberty Pipes Ltd.	Related party	3 072	-
Wyelands Capital Ltd	Related party	611 038	240 060
Liberty Magona S.r.l.	Related party	294	2 474
Liberty Galati S.A.	Related party	955 128	33 169
Total		10 172 204	1 899 847

As of 31 March 2022 and 31 March 2021, aside from the above, the Company reports interest expenses and similar expenses – controlled or controlling entity in the amount of CZK 175,406 thousand and CZK 179,555 thousand, respectively.

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 4,013 thousand and CZK 3,299 thousand during the period ended 31 March 2022 and 31 March 2021, respectively.

4.14. Other Major Components of Profit and Loss Account

4.14.1. Period ended 31 March 2022

Sales of fixed assets primarily include sales of emission allowances of CZK 6,239,609 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 9,121,007 thousand and income from the assignment of receivables of CZK 9,836,868 thousand.

Sundry operating expenses primarily include the write-off of a grant for emission allowances consumed and sold of CZK 9,121,007 thousand and acquisition of assigned receivables of CZK 9,836,868 thousand.

Other financial income predominantly includes foreign exchange rate gains of CZK 1,147,296 thousand.

Other financial expenses predominantly include foreign exchange rate losses of CZK 1,319,653 thousand.

4.14.2. 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.

4.15. Total Research and Development Costs

In the period ended 31 March 2022 and 31 March 2021, the Company's costs incurred in the area of research and development amounted to CZK 10,455 thousand and CZK 8,989 thousand, respectively.

4.16. Going Concern

These financial statements have been prepared on a going concern basis, assuming the Company will continue in business for the foreseeable future.

For the year ended 31 March 2022, the Company generated an operating profit of CZK 7,210 million and reported positive equity of CZK 18,946 million. Compared to the previous reporting period, the Company has improved its performance and is ready to continue its business activities in a successful manner. The positive development of the operating result is due to higher margins, which are influenced by higher selling prices in the steel market. However, in the 18 months since the balance sheet date, prices have fallen significantly. However, the global steel market is well known for its cyclical nature resulting in regular peaks and troughs.

In terms of production, the Company achieved record production results in the year ended 31 March 2022 since the acquisition by Liberty House Group in July 2019.

Total liabilities include current liabilities in the amount of CZK 15,520 million and non-current liabilities in the amount of CZK 5,747 million. Total liabilities include long-term loans to group companies of CZK 3,329 million, a long-term loan to Greensill of CZK 1,853 million, and a short-term loan to group companies of CZK 312 million.

The Company is part of the global GFG Alliance, which faced financial difficulties after its lenders, Greensill Bank AG & Greensill Capital UK Ltd, filed for bankruptcy. This event had sweeping repercussions on business. Therefore, the main priority for Liberty Steel Group is to secure refinancing for its operations in Europe and around the world, thereby reducing the debt burden of Liberty Ostrava and its other subsidiaries.

On 25 April 2023, GFG Alliance entered into a “Delta Restructuring and Settlement” term sheet with the major creditors of Greensill Bank AG, which provides an indicative summary of the principal terms and conditions relating to the restructuring and settlement of certain indebtedness of the various GFG Alliance entities and Greensill Bank AG.

The Delta Restructuring and Settlement will provide new long-term sustainable financing. Based on the Delta Restructuring and Settlement term sheet, the main creditors of Greensill Bank AG have agreed to postpone all legal proceedings against the GFG Alliance entities. This is a significant step following a period of difficult negotiations since the insolvency of Greensill Bank AG.

According to the agreed “Delta Restructuring and Settlement” term sheet mentioned above, the debt of Liberty Ostrava and Liberty Steel Group will be partially repaid over a period of approximately four to five years from the cash flow of GFG Alliance.

The “Delta Restructuring and Settlement” term sheet represents the agreement and understanding of the parties as to the basis on which they will negotiate and agree final legal documentation for the settlement of Greensill Bank AG’s claims against the existing borrowers. The “Delta Restructuring and Settlement” term sheet is not legally binding.

Currently, GFG Alliance is concluding negotiations regarding the implementation of the “Delta Restructuring and Settlement” term sheet, and the signing of the final restructuring agreement is expected soon.

As of the date of preparation of the financial statements, the Company has not repaid the EUR 76 million loan to Greensill Bank AG, which was due on 30 June 2023. The state insurance company EGAP (Exportní garanční a pojišťovací společnost) provided a guarantee for this loan in the amount of EUR 60.8 million, which was issued in favour of Greensill Bank AG. On 16 August 2023, Greensill Bank AG filed a claim for the full amount of the guarantee. On 15 September 2023, EGAP complied with this request. As of the date of the financial statements, the Company is in negotiations on a schedule to repay EGAP in a manner feasible for the Company.

In assessing the Company's ability to meet its obligations as they fall due, management took into account the following:

- Positive equity of CZK 18,946 million as of 31 March 2022.
- The agreed "Delta Restructuring and Settlement" term sheet between Greensill Bank AG & Greensill Capital UK Ltd. and GFG Alliance for financing options as described above.
- Increased exposure to loans provided to Group companies (as described in more detail in Note 8 Subsequent Events).
- The current downward trend in global steel prices.
- The current war in Ukraine and its impact on the volatility of the steel market.
- The inability to cover outstanding liabilities to Greensill Bank AG.
- The current worsened liquidity situation as of the date of issuance of the financial statements (3 October 2023). Trade payables past due date amounting to CZK 3,957,636 thousand.

The first and foremost condition for the going concern assumption is that Liberty Ostrava and its parent company Liberty Steel Group will repay its debts over a period of approximately four to five years, requiring the successful completion of negotiations with EGAP on the installment repayment scheme and the signing of the final restructuring agreement with the main creditors of Greensill Bank AG. Furthermore, as mentioned above, it is crucial to secure refinancing for the operations of Liberty Ostrava and other companies and subsidiaries of the Liberty Steel Group in Europe and around the world.

Based on the current analysis of the business environment, the Company's management believes that the above assumptions will be met and considers it probable that the Company will be able to continue in operation for the foreseeable future. Therefore, the financial statements have been prepared on a going-concern basis.

However, due to the matters described above, there are material uncertainties that may cast significant doubt on the Company's ability to continue as a going concern.

5. EMPLOYEES, MANAGEMENT AND STATUTORY BODIES**5.1. Staff Costs and Headcount**Period Ended 31 March 2022

	(CZK thousand)				
	Number of staff	Payroll costs	Social security and health insurance	Other social costs	Total
Staff	5 169	2 641 608	968 483	58 005	3 668 096
Managers	21	81 380	18 357	20	99 757
Total	5 190	2 722 988	986 840	58 025	3 767 853

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
Total	4 860	1 776 703	640 259	36 303	2 453 265

In the period ended 31 March 2022 and 31 March 2021, external members and former external members of the statutory and supervisory bodies received remuneration in the total amount of CZK 900 thousand and CZK 821 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 2022 and 31 March 2021, 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 2022

	(CZK thousand)		
	Board of Directors	Supervisory Board	Other members of management
Life and pension insurance	1	-	239
Bonuses	20	900	9 594
Use of services provided by the Company	23	-	2 322
Cars/other movable and immovable assets for both business and private purposes (the figure increases the tax base of employees)	28	220	130

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

As of 31 March 2022 and 31 March 2022, 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 2022 and 31 March 2021, the Company accepted bank guarantees in the total amount of CZK 101,686 thousand and CZK 104,552 thousand, respectively.

As of 31 March 2022 and 31 March 2021, the Company also received corporate guarantees in the amount of CZK 93,395 and CZK 11,244 thousand, respectively.

As of 31 March 2022 and 31 March 2021, 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. The clean-up works in "Skatulův Hliník" and "Incinerator – tar lagoon" were completed. 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. Both sites are now subject to post-clean-up monitoring.

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 with accessories, 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 2022, the above-specified amount was fully recoded under short-term trade payables.

In November 2021, ČEZ Distribuce filed a petition for the amount of CZK 131,502 thousand with accessories, seeking the payment of a fee for the period from December 2018 to May 2021. The Company created a reserve of CZK 134,902 thousand to cover default interests and other related expenses.

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 August 2032. 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 5,304,421 thousand for the purchase of oxygen, nitrogen, argon and acetylene.

7. IMPACT OF THE WAR IN UKRAINE

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.

8. POST BALANCE SHEET EVENTS

On 8 July 2022, Liberty Ostrava a.s. 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 a.s. 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.

After the balance sheet date, Liberty Ostrava a.s. provided a short-term loan to Liberty Finance Management (LIG) Ltd. of EUR 45 million; the total amount of the loan is EUR 250 million as of the balance sheet date.

In addition, the Company granted short-term credit to the following companies after the date balance sheet date:

- Liberty Magona in the amount of EUR 24.9 million,
- Liberty Dudelange Limited in the amount of EUR 1 million
- Liberty Liège-Dudelange (LU) S.A. in the amount of EUR 4.6 million
- LIBERTY STEEL CENTRAL EUROPE Kft. in the amount of EUR 4.3 million

After the balance sheet date, Liberty Ostrava a.s. sold 4,946,954 pieces of EUA allowances.

On 17 December 2022, the term of office of the Vice-Chairman of the Supervisory Board, Mr. Eduard Muřický, ended. On 13 February 2023, the term of office of Supervisory Board member, Ms. Alena Sobolová, and on 18 March 2023, the term of office of the Chairman of the Supervisory Board, Mr. Roland Junck, and of the Supervisory Board member, Mr. Arnaud de Weert, ended.

On 20 March 2023, the sole shareholder of Liberty Ostrava a.s. amended the Articles of Association of Liberty Ostrava a.s. The amendment of the Articles of Association consisted, among other things, in reducing the number of members of the Supervisory Board from 6 to 3. On the same day, the sole shareholder elected Mr. Roland Junck as a member of the Supervisory Board, whose term of office expired on 18 March 2023. On 6 April 2023, the Supervisory Board elected Mr. Roland Junck as Chairman of the Supervisory Board.

In June 2023, the Company filed an additional corporate income tax return for the year ended 31 March 2022. This fact was also accounted for in the period ended 31 March 2022.

In September 2023, the state insurance company EGAP (Exportní garanční a pojišťovací společnost) settled the guarantee for the loan granted by Greensill Bank AG to Liberty Ostrava a.s. in accordance with the applicable agreements. The guarantee was paid out in the amount of EUR 60.8 million. EGAP thus became a creditor of Liberty Ostrava a.s.

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 2022, and the profit and loss account, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including 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 2022, and of its financial performance and its cash flows for the year then ended in accordance with accounting regulations applicable in the Czech Republic.

Basis for Qualified Opinion

As of 31 March 2022, the Company recognised a short-term loan to Liberty Finance Management Ltd. Of CZK 4,998,925 thousand (as of 31 March 2021: CZK 1,957,215 thousand) in line 'Receivables – controlled or controlling entity' of the financial statements and an unbilled interest on this loan of CZK 261,337 thousand (as of 31 March 2021: CZK 43 203 thousand) in line 'Estimated receivables' of the financial statements. As of 31 March 2022, the Company also recognised a long-term loan to Liberty Ostrava Limited Ltd. Of CZK 630,112 thousand (as of 31 March 2021: CZK 675,591 thousand) in line 'Receivables – controlled or controlling entity' of the financial statements and an unbilled interest on this loan of CZK 87,732 thousand (as of 31 March 2021: CZK 60 199 thousand) in line 'Estimated receivables' of the financial statements. We were unable to obtain sufficient and appropriate audit evidence concerning the recoverability of these receivables and the related interest. As a result, we were unable to determine whether any adjustments were necessary in respect of the valuation of the above balances and the corresponding elements making up the profit and loss account, statement of changes in equity and the cash flow statement.

In the period ended 30 June 2020, the Company recognised a profit of CZK 3,115,405 thousand resulting from the debt release made during that period. During the period ended 31 March 2021, the company discovered that the documents referred to as "Release Letters", which formed the basis of the above mentioned debt release, were not in accordance with UK law and thus were invalid. Based on this, the Company, in the financial statements for the period ended 31 March 2021, recognised a correction of the error from the previous reporting period as described in Note 4.6 to the financial statements. This correction amounting to CZK 3,115,405 thousand was recognised within equity as of 31 March 2021 under the line "Other profit or loss from prior years" with corresponding adjustments to liabilities and deferred tax balances. In the current period ending 31 March 2022, the company continues to report the above amount of CZK 3,115,405 thousand within the equity under "Other profit or loss from prior periods" and reduced its income tax payable as of 31 March 2022 by the amount of CZK 730,744 thousand (utilising the deferred tax asset recognised in the previous period as discussed above). 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 accounting adjustments made during periods ending 31 March 2021 and 2022 as described above.

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.

Material Uncertainty Related to Going Concern

We draw attention to Note 4.16 to the financial statements describing that the most important condition for the going concern assumption is that Liberty Ostrava a.s.'s debts will be paid over a term of approximately four to five years for which it is imperative to successfully finish the negotiation with a credit insurance corporation regarding an instalment repayment scheme, sign the final restructuring agreement with the main creditors of Greensill Bank AG and secure refinancing for operations of Liberty Ostrava a.s. as well as for other entities and subsidiaries of Liberty Steel Group in Europe and around the world. As a result of the above and other matters described in Note 4.16 to the financial statements, material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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 April 2021 to 31 March 2022 (12 months), and the comparative period constitutes the period from 1 July 2020 to 31 March 2021 (9 months). 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 3 October 2023

Audit firm:

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



Statutory auditor:

Petr Michalík
registration no. 2020

