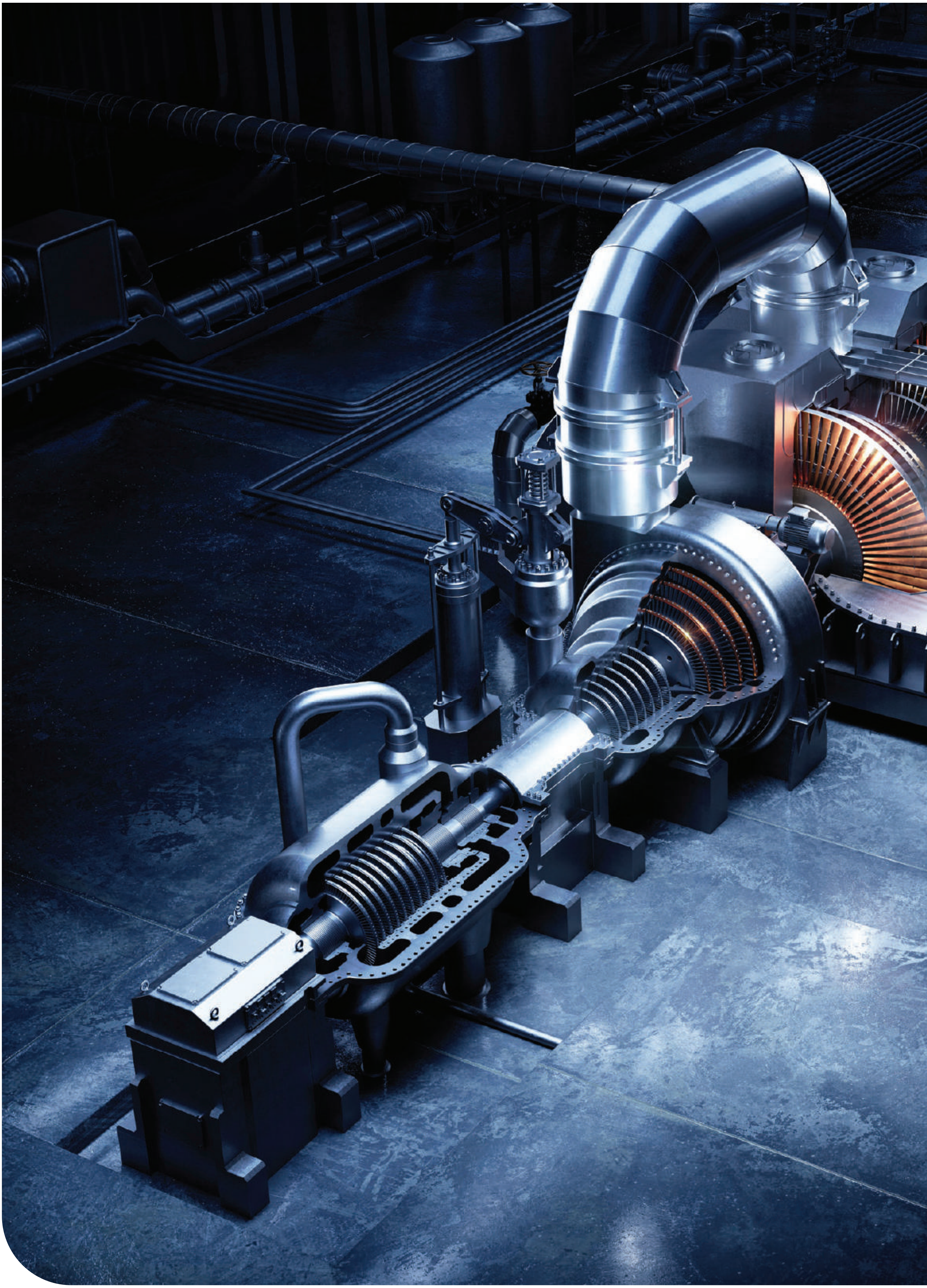
Veolia Průmyslové služby ČR, a.s.

ANNUAL REPORT 2025

CONTENTS

Annual report compiled on 4. 6. 2026



01 CORPORATE AND GENERAL INFORMATION ABOUT THE COMPANY

BASIC INFORMATION

Veolia Průmyslové služby ČR, a.s.

Company name

19 December 2007

Date of incorporation

CZK 429,000,000

Registered capital

15,600 dematerialised registered shares
with a nominal value of CZK 27,500 per share
(ISIN CZ0005125203)

Shares

public limited company (akciová společnost)

Legal form

278 26 554

Company No.

Zelená 2061/88a, Mariánské Hory,
709 00 Ostrava, special postcode: 709 74

Registered office

The Company is incorporated by entry in the Companies Register kept by the Ostrava Regional Court under file number B 3722.

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Veolia Průmyslové služby ČR, a.s. is the operator of a local electricity distribution system in the Czech Republic, produces and supplies heat and compressed air for the mining companies OKD, a.s., DIAMO, státní podnik, and Veolia Energie ČR, a.s., and operates cogeneration units supplying electricity and heat to industrial firms and households.

COMPANY DESCRIPTION

Veolia Průmyslové služby ČR, a.s. ("Veolia Průmyslové služby ČR", "the Company", or "VPS") was established in 2007 when mining establishments' specialised energy operations were spun off to form a company under the name of NWR Energy, a.s., which was acquired by Dalkia Česká republika, a.s. (now Veolia Energie ČR, a.s.) on 21 June 2010. The Company's name was changed to Dalkia Industry CZ, a.s. as of 21 June 2010. The Company assumed its present name, Veolia Průmyslové služby ČR, a.s., on 1 March 2015.

Veolia Průmyslové služby ČR is a wholly-owned subsidiary of Veolia Energie ČR, a.s., one of the leading heat and electricity producers in the Czech Republic. The owner of Veolia Group is Veolia Environnement, a world leader in environmental services.

Veolia Průmyslové služby ČR has two subsidiaries: Veolia Komodity ČR, s.r.o., which is one of the leading electricity traders on the Czech market and a gas trader, and Veolia Powerline Kaczyce Sp. z o.o., which is an electricity trader and distributor in Poland.

For Veolia Group, Veolia Průmyslové služby ČR constitutes a global reference in the extraction industry, as it operates electricity distribution, heat and hot water production and distribution, and compressed air production for mining operations of OKD, a.s. and DIAMO, státní podnik. The Company supplies all utilities to delivery points located in the surface areas of each of the mines.

The Company also owns a Local Distribution System (LDS), including a direct cross-border 110 kV line from Poland. It uses this LDS to distribute electricity to a part of the Frýdek-Místek region and to much of the Ostrava and Karviná regions, including some of the most prominent industrial sites and industrial companies here.

KEY DATA

COMPRESSED AIR SALES

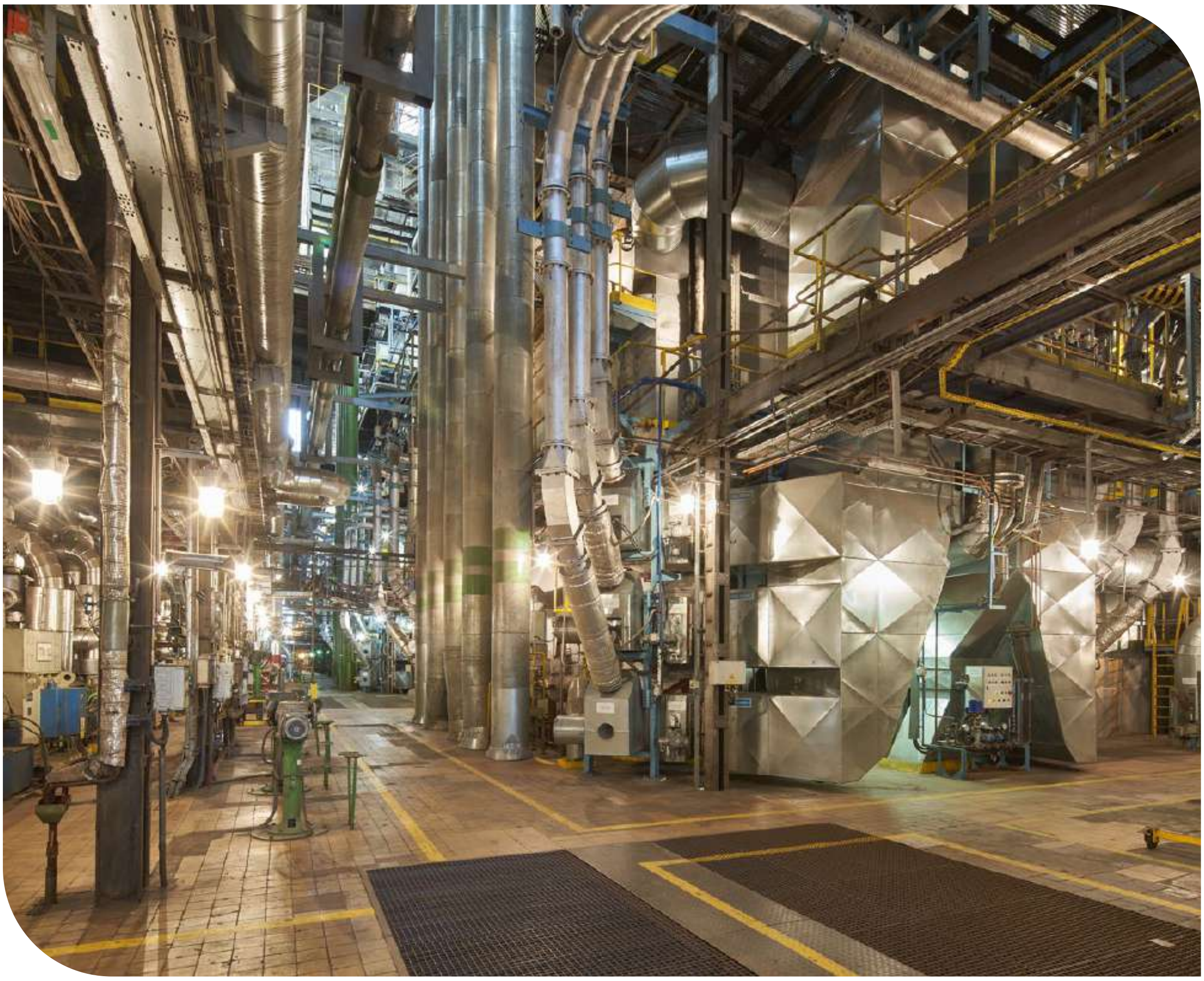
288 million Nm^3

ELECTRICITY DISTRIBUTION SERVICE

302,5 GWh

HEAT SALES

313,5 TJ



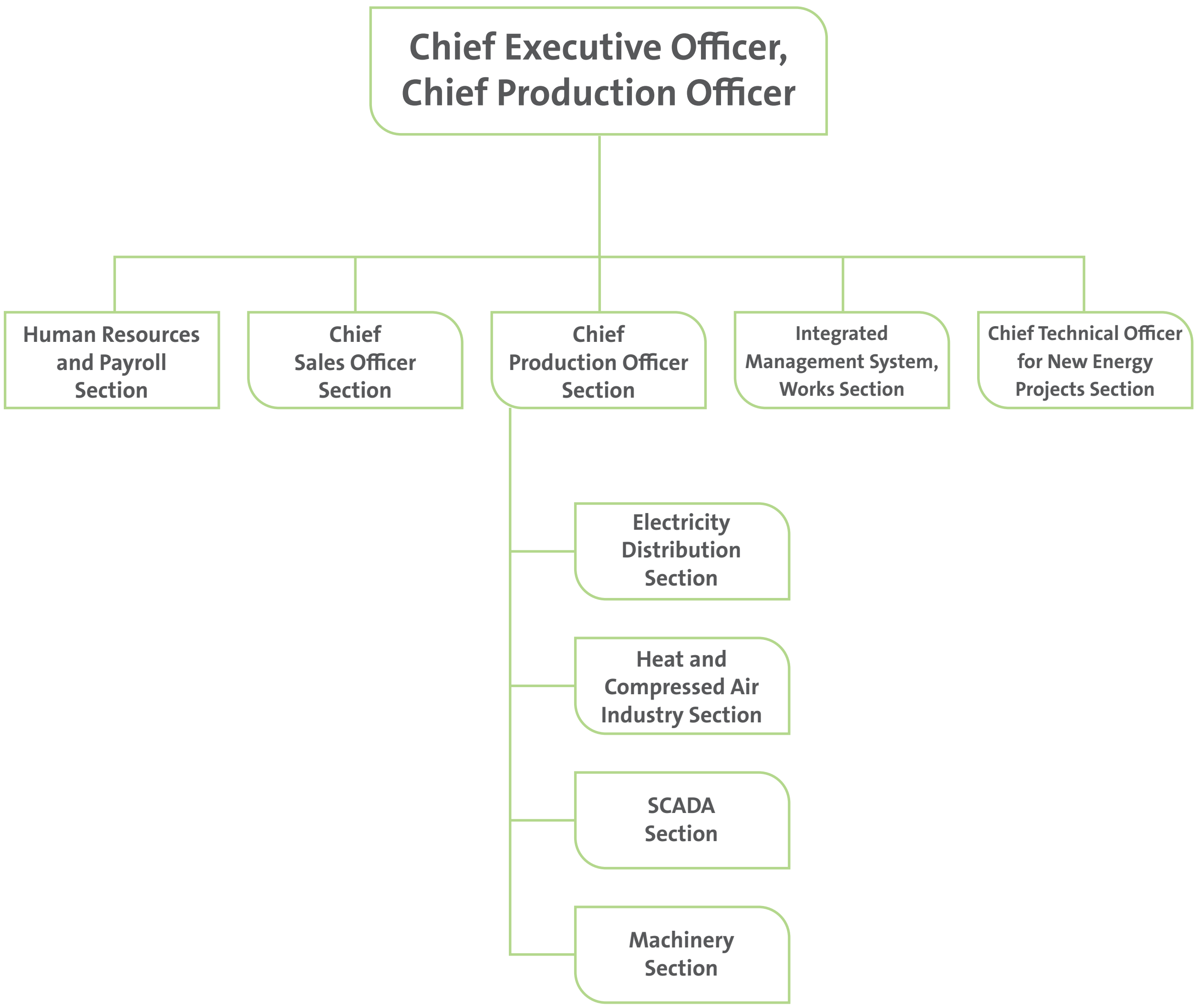
CORPORATE GOVERNANCE

BOARD OF DIRECTORS

Jakub Tobola – Chairperson
Radim Sobotík – Member
Pavel Luňáček – Member

Corporate Governance as at 31 December 2025

ORGANISATIONAL STRUCTURE



OTHER INFORMATION

Effective 2 January 2025, Jakub Tobola and Pavel Luňáček were re-elected members of the Board of Directors by the decision adopted on 18 December 2024 by the sole shareholder exercising the powers of the General Meeting. Jakub Tobola was then re-elected Chairman of the Board of Directors by a correspondence vote on 13 January 2025.

No significant post-balance-sheet events affecting its results occurred at Veolia Průmyslové služby ČR. The Company held none of its own shares as of 31 December 2025. The Company does not conduct its own research and development.

The Company wholly owns Veolia Komodity ČR, s.r.o., registered office: 28. října 3337/7, Moravská Ostrava, 702 00 Ostrava (incorporated by entry in the Companies Register kept by the Ostrava Regional Court under file number C 21431), and Veolia Powerline Kaczyce Sp. z o.o., registered office: ul. Gustawa Morcinka 17, 43-417 Kaczyce, Poland (incorporated by entry in the Sąd Rejonowy w Bielsku – Białej, VIII Wydział Gospodarczy Krajowego Rejestru Sądowego). The Company has no organisational units outside the Czech Republic.

SHAREHOLDER STRUCTURE OF VEOLIA PRŮMYSLOVÉ SLUŽBY ČR, A.S.

SOLE SHAREHOLDER

Veolia Energie ČR, a.s.
28. října 3337/7, Moravská Ostrava,
702 00 Ostrava
Company number: 451 93 410

CURRENCY RISK MANAGEMENT

The Veolia Energie ČR Group companies manage currency risk according to the instructions of the parent company, Veolia Energie International.

In line with its currency risk management strategy, Veolia and its individual entities therefore hedge their foreign exchange exposure and exchange rates so as to determine commodity prices that can be used in planning for the forthcoming period.

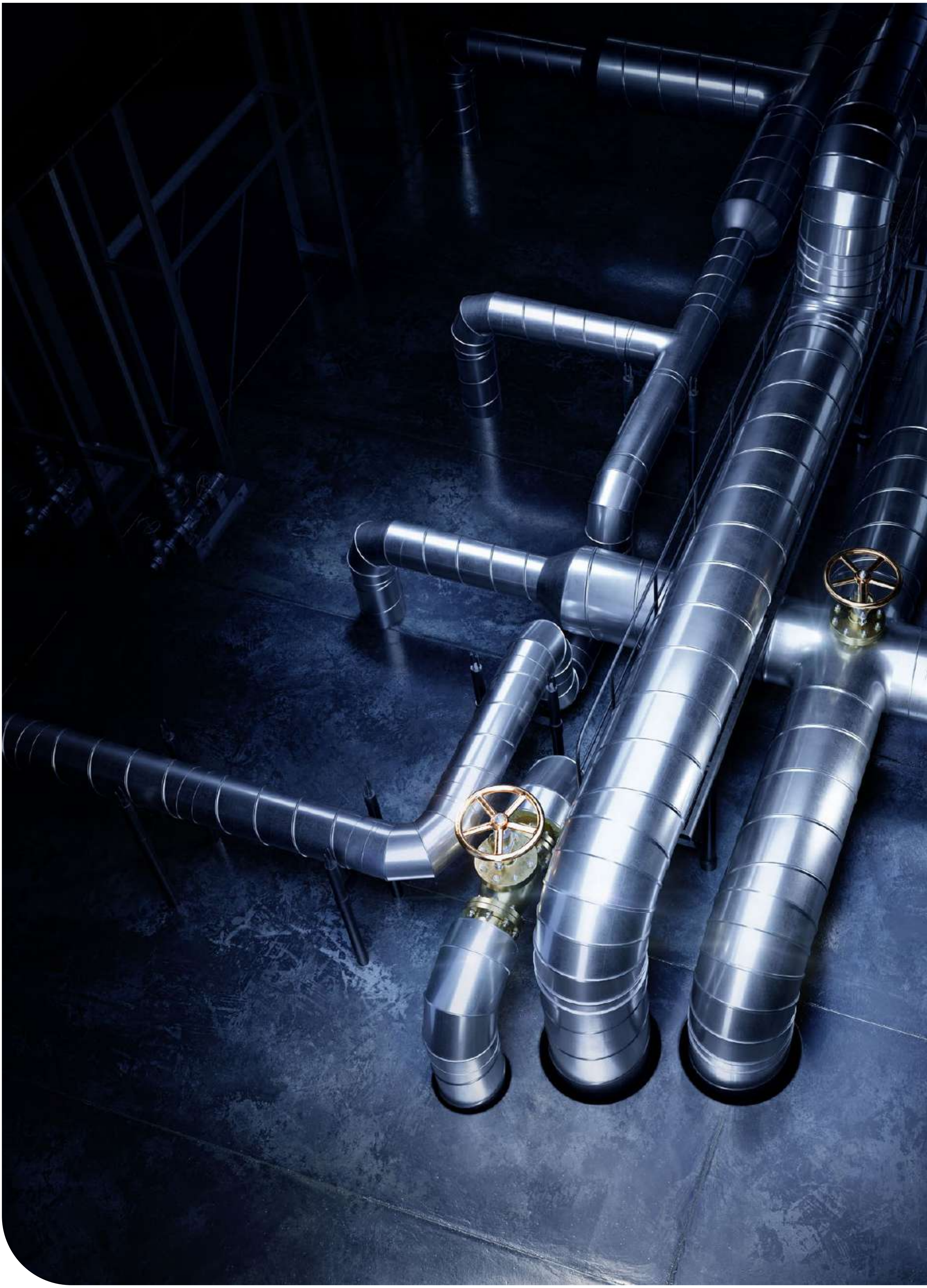
The various risks are regularly assessed, generally once a year, and are hedged on an ongoing basis.

The hedged risk consists of movement in the forward exchange rate and the cash flows resulting from concluded contracts, taking revenues and costs separately, from the date of conclusion of a contract to the time of completion and due payment for the deliverable.

Veolia monitors its credit risk and the counterparty risk of the hedging instrument, and is not aware of any facts that would have such an impact on credit risk that the effect of credit risk would prevail in the fair value change of the hedging instrument or hedged item.

Veolia maintains a hedging relationship ratio equal to the ratio of the amount of the currently hedged item to the amount of the hedging instrument currently used to hedge the hedged item. The hedging ratio according to the risk management strategy and objective, and in relation to the definition of the hedged item, the hedging instrument and the specified economic relationship between them, corresponds to 100%.

No other price, credit or liquidity risks are hedged by derivatives.



02 MANAGEMENT REPORT

FOREWORD

DEAR BUSINESS PARTNERS, DEAR SHAREHOLDERS, LADIES AND GENTLEMEN,

I am honoured to have this opportunity to present to you a report on our Company's results for the past calendar year 2025. I note with satisfaction that we have been successful in meeting the set strategic objectives and in generating the planned financial result; we have even significantly surpassed them in a number of key areas. I regard as particularly beneficial the fact that thanks to our employees' professional approach and robust expertise, in the past period, again, we provided continuous, reliable, and safe supply of energy utilities to the entire portfolio of our customers. The strategic support and technological backing offered by Veolia Group, our accumulated know-how, and the partnership relationships with our trade partners, which we are fostering on a long-term basis, have helped us to consolidate our position as a well-established and respected entity in the Czech energy market.

Veolia Průmyslové služby ČR specialises in the all-round provision of energy services, which include the production and distribution of energy commodities and the servicing of energy equipment and facilities. Our Company produces and supplies thermal energy, hot service water and compressed air and distributes electricity mainly for the mining operations of OKD, a.s. and DIAMO, státní podnik. In addition to these key accounts, we also supply heat and distribute electricity to a broad range of other customers in the Moravian-Silesian and Olomouc Regions. This makes Veolia Průmyslové služby, a.s. one of the most important local electricity distribution system operators in the Czech Republic. The technical modifications made, and the contracts signed with the higher-level regional electricity distributor, have given the generating facilities and customers connected to our LDS an opportunity to provide balancing services for the Czech transmission system operator, ČEPS, a.s., as of 2025. In 2025, we also extended the provision of balancing services in our own generating facility through the aggregation unit operated by Veolia Energie ČR, a.s. to include downward balancing energy.

The year 2025 was marked by intensive preparations for the declared termination of hard coal extraction from the last active mine, ČSM Mine. In the past period, we successfully finalised talks with OKD, a.s. and DIAMO, státní podnik, which resulted in the signing of amendments to contracts and new contracts concerning the time following the end of hard coal mining. We responded to this strategic change, primarily in the requirements for the supplied heat quantity, flexibly and well in advance by effecting a technical modification of boiler K2 at the ČSM CHP plant, adjusting it for natural gas firing. We have thereby ensured that our customers' thermal energy needs will also be fully met following the decommissioning of the coal-fired boilers K1 and K3. Thus, going forward, our Company will no longer burn hard coal, contributing to reductions in CO2 emissions in this region.

The completed construction of a high-efficiency CHP plant, Korýtko Cogeneration, at the Ostrava-Zábřeh site, constitutes a fundamental milestone for the Company's future development. This generating facility, consisting of three cogeneration units having a total installed electric capacity of 6.9 MWe, will constitute a major source of income in our Company's portfolio from 2026, subject to meeting all the legislative requirements.

The nature of our business, the requirements of mining laws, and our customers' specific requirements mean that our operations must comply with extremely stringent standards of the supplies that we deliver, and our operating units consistently follow them. In addition to these requirements, we have implemented and are continuously expanding an integrated management system in line with European standards, with the aim of constantly improving our internal processes. We are able to answer all the demands placed on us by the legislation, standards, and our customers only because of the professional dedication, robust expertise, and responsible approach of our employees. I would like to express my heartfelt gratitude to them for all their work and loyalty.

In 2026, we will continue to systematically develop and modernise our local electricity distribution system and to prepare and carry out a capital project for erecting a high-efficiency combined heat and power generation plant, the OZO cogeneration unit. We are also committed to consistently achieving our Company's and Veolia Group's environmental transformation objectives, which we have specified for both the medium- and long-term strategic horizon. A challenge in the forthcoming period will be adjustment to the termination of hard coal extraction and the accelerated phase-out of the ČSM Mine, as a result of which our Company will face a significant shrinking of energy commodity supply for OKD, a.s.

Veolia Průmyslové služby ČR has been operating in the energy sector for 16 years now, with an excellent track record. Our everyday activities prove that we are able to follow the latest trends in energy and implement them in practice, and that we take the utmost professional care in our approach to customers' needs. So we have no doubt that in the coming years, Veolia Průmyslové služby ČR will continue to be a thriving company providing comprehensive, dependable, and affordable solutions and energy services for its customers.

We thank all our customers and trade partners for working with us in 2025.

Respectfully,

Ing. Radim Sobotík
CEO and member of the Board of Directors

Jakub Tobola
Chairman of the Board of Directors

ING. RADIM SOBOTÍK

CEO and member of the Board of Directors

JAKUB TOBOLA

Chairman of the Board of Directors

CORE VALUES

In its work the Company relies on core values shared across Veolia Group: customer focus, innovation, responsibility, respect and solidarity.

CUSTOMER FOCUS

Veolia pursues this value by, in particular, striving to continuously improve the efficiency and quality of its services. Veolia promotes transparency and ethical rules as essential prerequisites for building lasting relationships with its customers. Veolia listens to its customers and provides fitting and innovative solutions that meet their technical, economic and environmental requirements.

INNOVATION

Research and innovation combine to form the core of the Veolia Group's strategy of developing sustainable solutions and services for the customers, the environment and society at large.

RESPONSIBILITY

One of Veolia's objectives is to take an active part in the shaping of a society committed to sustainable development. It is a key player in the environmental services market and as such it assumes, daily, the responsibility for the meeting of general interests such as, in particular:

- Supporting the harmonious development of regions;
- Improving the living conditions of the people affected by its operations, and environmental protection;
- Developing its employees' business skills, improving personal safety at work (occupational injury prevention), and fostering a healthy work environment.

RESPECT

This value guides the individual conduct of all Veolia Group employees and is expressed by compliance with the law and the Group's internal rules and through the respect shown to others.

SOLIDARITY

As through its business activity Veolia serves common and shared interests, solidarity is one of its core values in its relationships with all stakeholders.

Concretely, this value is expressed by developing solutions which enable Veolia Group to provide essential services for everyone. We consider this to be a central plank of our corporate social responsibility.


VEOLIA

OUR SERVICES

ENERGY UTILITY PRODUCTION AND SALES

Veolia Průmyslové služby ČR produces and distributes electricity, heat, hot water and compressed air, and operates cogeneration units supplying electricity and heat.

Within the Company's organisational structure, these operations are in the hands of two production sections:
- Electricity Distribution (responsible for distribution and the management of the local distribution system);
- Operations (responsible for the production and distribution of heat, cooling energy, compressed air and nitrogen for industry, and the generation of electricity).

ELECTRICITY DISTRIBUTION

Veolia Průmyslové služby ČR distributes electricity to customers who are connected to the Company's local distribution system (VPS LDS) in accordance with applicable legislation. These are customers with MV and LV connections at 52 specified sites. Electricity producers are also connected to the VPS LDS, as is Veolia Průmyslové služby ČR for the electricity internally generated, which is either consumed captively or used within the VPS LDS. In its role as an LDS operator, VPS manages more than 700 billing and balancing measurement sites. The VPS LDS is endowed with high transmission capacities.

The Company owns and operates the following in the Ostrava, Karviná and Frýdek-Místek areas:
Five 110kV HV distribution substations
Forty-two 22kV MV distribution substations
Ten 6kV MV distribution substations
13 km of HV overhead lines
140 km of MV overhead lines
96 km of MV cable lines
13 km of LV cable lines

The total electricity distributed to VPS LDS customers amounted to 272 GWh while total distribution for VPS's captive consumption amounted to 30.5 GWh in 2025.

PRODUCTION AND DISTRIBUTION OF HEAT

The Company makes heat, steam and hot service and bathing water, which it distributes for the industrial facility heating systems, bathrooms and open-cast mining technology of OKD, a.s., DIAMO, státní podnik, and third parties at six mining sites. These activities are carried out by operating centres spread to cover the mining sites in Karviná, Stonava, Orlová, Horní Suchá and Stařič. Heat is also produced at the Přerov CHP plant, the Tonak operation and the Špičková výtopna Olomouc peaking heating plant sites, where VPS supplies heat to local heat distribution systems.

As at 31 December 2025, the installed capacity of licensed heat sources was 120.721 MWt. In 2025, 313.5 TJ were supplied to customers.

In 2025, the Company operated 27.845 km of heat supply networks and 13 heat sources, with capacities ranging from 253 kWt to 37.60 MWt, in total, specifically:
2 hard-coal-fired boilers with mine gas stabilisation (50% of mixture is CH4)
6 gas boilers
5 cogeneration units (reciprocating internal combustion engine)

PRODUCTION AND DISTRIBUTION OF COMPRESSED AIR

The Company makes compressed air for the technological requirements of OKD, a.s. and DIAMO, státní podnik, and for captive consumption. Compressed air production was a new area of production within Veolia Energie ČR Group. Since 2010, the old electric turbo compressors have been replaced as part of the major upgrading of machinery for this production. In 2025, 288 million Nm3 of compressed air were supplied.

The production of compressed air and its distribution to the mining sites of OKD, a.s. and DIAMO, státní podnik are

carried out by operating centres alongside the production and distribution of heat.

New ZH and GA electric turbo compressors are now in operation at all production facilities.

The Company operates the following equipment:
56 AC ZH electric turbo compressors
1 AC GA screw compressor

The electric turbo compressor used by the Company has a capacity of up to 15,000 Nm3 per hour. Air pressure is regulated at approximately 0.3 MPa. The compressed air production plant is operated without storage facilities in view of how long the pipe distribution systems on the surface and in the mine are.

GENERATION OF ELECTRICITY

Electricity is produced in CHP operation.

The ČSM CHP plant operates the TG3 4.95 MWe steam turbine generator in cogeneration mode. 1.2 MWe and 0.999 MWe gas cogeneration units were also in operation there in 2025. The heat is used for technological process operations at OKD, a.s. and DIAMO, státní podnik. The fuel is mine gas (a local secondary source).

Other cogeneration units are in operation at the site of the Teplárny Přerov CHP plant, at Tonak's site in Nový Jičín and at the Hlubočky site. Veolia Energie ČR operates the cogeneration unit on the Olomouc University Hospital's premises, while Veolia Průmyslové služby ČR services this unit. All these cogeneration units fire natural gas and their electrical output ranges from 0.200 MWe to 0.999 MWe.

In total, 18.3 GWh of electricity were generated in 2025.

PROVISION OF BALANCING SERVICES

In 2024, Veolia Průmyslové služby ČR connected its KGJ 13 cogeneration unit in Přerov to the aggregation unit operated by Veolia Energie ČR as the aggregator, with a view to providing balancing services for ČEPS, the Czech electricity transmission system operator. In 2025, the provision of balancing services continued at the KGJ 13 cogeneration unit in Přerov, and the Company started to provide downward balancing capacity in addition to upward balancing capacity.

In 2025, the provided upward balancing capacity totalled 3,437 MWh and the supplied downward balancing capacity amounted to 1,492.75 MWh. In the same period, the supplied upward balancing energy totalled 2.043 MWh and the supplied downward balancing energy totalled 2.868 MWh.

INNOVATION

INVESTMENT

In 2025, Veolia Průmyslové služby ČR continued the process of the development and innovation of its local distribution system (VPS LDS). We carried out four capital projects, the objective of which was to modernise our LDS with a view to ensuring reliable and safe operation on a long-term basis. We also completed the upgrade of the LDS's control centre, with a major update of the control centre's software.

A major project in heat production (and in combined heat and power generation) was the erection of three cogeneration units, each with a capacity of 2,300 kWe, at the Korýtko site in Ostrava. The project was successfully completed in 2025. 2026 will see the obtaining of all the required permissions for commercial operation, and the optimisation of these new facilities' operation.

Equally importantly, we invested in the modernisation of the Converge reading system and its upgrade to a new version with a view to making our services for customers and our communication with OTE, a.s. more efficient.

2025 saw continued preparations for the capital project SUPPORT FOR CHP IN THE OSTRAVA HEAT SUPPLY SYSTEM – THE 'OZO' COGENERATION UNIT; the documentation for permission for the plan was completed and an application for the building permit was lodged.

PROJECTS SUPPORTED BY PUBLIC FUNDS

We carried out one project supported by public funds in 2025. VPS received a subsidy of CZK 70.9 million for this project:

- SUPPORT FOR CHP IN THE OSTRAVA HEAT SUPPLY SYSTEM – THE 'KORÝTKO' COGENERATION UNITS: Support under a Modernisation Fund programme in a HEAT 1/2022 call, Programme 1.A PRIORITY PROJECTS – retrofit or replacement of heat production plants in heat supply systems involving switchover of the fuel base or energy type to: 2) natural gas and other naturally occurring and synthetic gases, always in combination with high-efficiency CHP.

Also, preparatory and design work on future projects for which support had been granted continued. They are the following projects:

- Modernisation and rollout of distribution networks with a view to reducing technical losses in distribution transformer stations at Veolia Průmyslové služby ČR: support under Operational Programme Energy Infrastructure - Energy Infrastructure – Savings in LDS – the first call under Operational Programme Technology and Applications for Competitiveness.
- SUPPORT FOR CHP IN THE OSTRAVA DISTRICT HEAT SUPPLY SYSTEM – THE 'OZO' COGENERATION UNIT: Support under a Modernisation Fund programme in a HEAT 1/2022 call, Programme 1. Modernisation of heat supply systems (HEAT), supported activities 1.A PRIORITY PROJECTS – retrofit or replacement of heat production plants in heat supply systems involving switchover of the fuel base or energy type to: 2) natural gas and other naturally occurring and synthetic gases, always in combination with high-efficiency CHP.

SELECTED INVESTMENTS COMPLETED IN 2025

- The Korýtko cogeneration units
- Modernisation of the D211/VN131 power line
- Modernisation of the D18/D190/191 power line
- Relocation of the R22 kV substation at the Teplárna Československé armády CHP plant
- Upgrade of the Converge reading system, Phase II

PARTNERSHIP IN INNOVATION

The Company has a permanent partnership with the VŠB – Technical University of Ostrava that covers the verification, measurement and analysis of production equipment operating parameters in the production of heat and in the distribution of electricity. The knowledge gained from consultations, expert evaluations and assessments is then put to use directly in production or in preparations for production. We are also continuing our collaboration with the design and consulting firm Elprocon 21 in the areas of renewable energy sources and innovative projects. Closer collaboration with this company at the Veolia Group level has led to the establishment of a joint venture, VEO Project Engineering, s.r.o.

SIGNIFICANT EVENTS IN THE REPORTING PERIOD

FROM A TECHNICAL VIEWPOINT:

- The construction of a new CHP plant, designated as Korýtko Cogeneration, was completed. This generating facility is composed of three cogeneration units, each with an electric capacity of 2,300 kWe (6,900 kWe in total) and a thermal capacity of 2,392 kWt (7,176 kWt in total). The plant is sited in Ostrava-Zábřeh next to the Jižní Město Mobile Boiler Facility. The produced electrical energy is exported at 22 kV into a distribution system owned by ČEZ Distribuce, a.s. The thermal energy is supplied into a hot water pipeline operated by Veolia Energie ČR, a.s. (VEČR) and supplying heat to a part of Ostrava. There is an interesting technical detail of hooking to the hot water heating system: in this particular case, it is a three-pipe topology supporting interoperation with the main source of heat, the Elektrárna Třebovice power station, in parallel and in series. The cogeneration units are remote controlled from the ČSM CHP plant's control room and are ready to provide balancing services via the VEČR aggregation unit. Cooperating with its subcontractors and enjoying technical consultations with our Company's staff, TERMONTA PRAHA a.s. was in charge of building the generating facility.
- Boiler K2 at the ČSM CHP plant was optimised for natural gas firing. The retrofit consisted of an overall inspection of the boiler, replacement of gas burners, and erection of a gas service pipe. Through this project, our Company has met OKD's and DIAMO's requirements for thermal energy following the end of hard coal extraction from the ČSM Mine and the decommissioning of coal-fired boilers K1 and K3.

FROM A COMMERCIAL VIEWPOINT:

- We signed amendments to contracts (or new contracts) with our key accounts OKD, a.s. and DIAMO, státní podnik for the time following the termination of hard coal extraction from the ČSM Mine.
- We extended the provision of balancing services for the transmission system operator to include downward balancing energy.
- We signed a cooperation agreement with the higher-level distribution system (ČEZ Distribuce, a.s.) to make it possible for generating facilities connected to VPS LDS to provide balancing services.
- We prepared the contracts for and took over the Nemocnice Valašské Meziříčí hospital's LDS.
- Aid for CHP was granted to cogeneration units KGJ15 in Nový Jičín and KGJ16 in Hlubočky.
- We signed a contract for works with the City of Karviná for the design and erection of an electricity line to serve the developing recreational area known as Karvinské moře (the Karviná Sea)

FROM AN ENVIRONMENTAL AND OHS VIEWPOINT:

- Successful completion of all internal and external audits of the Company's integrated management system under ČSN EN ISO 14001 – environmental management system, ČSN ISO 45001 – occupational health and safety management system, ČSN EN ISO 50001 – energy management system, and ISO 37001 – anti-bribery management system.
- Continuation of the “Good Ideas” and “OHS Motivation of Employees” projects.
- Installation and commissioning of a cogeneration unit at the Hlubočky site completed.
- Implementation of LOTO (Lockout/Tagout) elements in the procedure for shutting equipment off safely.
- Four transformers at the Radvanice site were modernised.
- Retrofit of the K2 coal-fired boiler to natural gas at the ČSM CHP plant.
- Continuation of the Veolia Run competition to support employees' sporting activities and the Veolia Foundation.
- Raising awareness of the Anti-bribery Management System among employees.

CUSTOMERS

COMMERCIAL OPERATIONS

Much of Veolia Průmyslové služby ČR's commercial operations are geared towards business affairs with its most important customers, OKD, a.s and DIAMO, státní podnik, and its parent, Veolia Energie ČR, a.s. Veolia Průmyslové služby ČR provides supplies under long-term contracts for the supply of thermal energy and compressed air and for the provision of distribution system services and the supply of electricity from its own plants.

RESPONSIBILITY

INTEGRATED MANAGEMENT SYSTEM

PRIORITIES IN ENVIRONMENTAL PROTECTION, ENERGY MANAGEMENT, OHS AND THE ANTI-BRIBERY SYSTEM

Veolia Průmyslové služby ČR is a company subject to supervision by Státní báňská správa (the national mining administration authority) and by Statní úřad inspekce práce (State Labour Inspection Office). In its activities, it is required to respect legislation of general application and mining laws.

In the performance of its business activities, the Company respects all requirements concerning environmental protection, energy management, the anti-bribery system and occupational health and safety. The priorities in this area are set out in the Veolia Energie ČR Group's Sustainable Development Policy and Veolia Energie ČR's Anti-bribery Management System Policy, to which Veolia Průmyslové služby ČR also subscribes. The policies that have been adopted include the commitments detailed below.

COMPLY WITH LEGISLATIVE AND OTHER REQUIREMENTS RELATING TO:

- the meeting of needs associated with the Company's principal activities;
- the environmental aspects identified;
- OHS-related risks;
- risks associated with any incidents involving the Legionella bacteria;
- energy use and consumption and energy performance.

MAKE STEADFAST IMPROVEMENTS IN:

- the management and efficiency of the organisation in terms of OHS;
- prevention of environmental pollution;
- prevention of occupational accidents and harm to health;
- the quality of our products and services with a view to increasing our customers' satisfaction;
- communication with employees and other stakeholders.

ALWAYS COMPLY WITH:

- occupational safety and hygiene rules – this applies to all employees;
- arrangements ensuring that information and resources are available for the pursuit of targets;
- the priority procurement of energy-efficient services;
- encouraging proposals to improve energy performance.

MAKE CONTINUOUS INCREASES IN:

- the professional competence and motivation of employees with a view to encouraging their responsibility and personal involvement in the performance of all activities and processes at the Company in such a way that these are consistent with the adopted Sustainable Development Policy;
- the proportion of renewable and secondary sources of raw materials used.

MAKE ONGOING REDUCTIONS IN:

- the environmental impact of the Company's activities by systematically preventing risks deriving from the operation of Company facilities and technologies and by managing all activities and processes with consideration for environmental protection;
- emissions, particularly CO2;
- the energy intensity of internal production processes and facilities, and contribute to expanded renewable energy source use;
- unemployment in the Moravian-Silesian and Olomouc Regions via the Veolia Foundation.

MAINTAIN AND IMPROVE:

- the Anti-bribery Management System, so that it remains in alignment with anti-corruption legislation and functions correctly.

SIGNIFICANT OBJECTIVES, PROCEDURES AND ACHIEVEMENTS IN ENVIRONMENTAL PROTECTION, ENERGY MANAGEMENT, OHS AND THE ANTI-BRIBERY SYSTEM

An integrated management system was fully operational at the Company during 2025.

The whole Company currently holds certification for an environmental management system under ČSN EN ISO 14001, an occupational health and safety management system under ČSN ISO 45001, an energy management system under ČSN EN ISO 50001 and an anti-bribery management system under ISO 37001.

THE FOLLOWING OBJECTIVES WERE SET AND PURSUED IN 2025 AS PRIORITIES IN ACCORDANCE WITH INTERNATIONAL STANDARDS:

- Continuation of the Veolia Run competition to support employees' sporting activities and the Veolia Foundation
- Implementation of LOTO elements in the procedure for shutting equipment off safely, objective from 2024 continued
- Installation and commissioning of a cogeneration unit at the Hlubočky site, objective from 2024 continued
- Modernisation of four transformers at the Radvanice site
- Retrofit of the K2 coal-fired boiler to natural gas at the ČSM CHP plant
- Raising employee awareness of the compliance system, Anti-bribery Management System (AbMS)

ACTIVITIES RELATED TO OCCUPATIONAL HEALTH AND SAFETY (OHS), THE ENVIRONMENT, ENERGY MANAGEMENT AND ANTI-BRIBERY MANAGEMENT IN 2025

In the field of health and safety, the most significant event in 2025 was the successful meeting of our OHS Action Plan and set indicators. Furthermore, we modernised four transformers at the Radvanice site, retrofitted the K2 coal-fired boiler to natural gas at the ČSM CHP plant, implemented LOTO elements in the procedure for shutting equipment off safely, and completed the installation of a cogeneration unit at the Hlubočky site. Also, raising employees' awareness of the anti-bribery system under ČSN ISO 37001.

The Company also achieved excellent results in its accident rate, with not a single injury recorded throughout 2025. Intensive identification of OHS incidents known as near-misses was running throughout the year, and measures were designed to prevent potential injuries.

As regards environmental protection and energy management, the most important project in 2025 was completing the installation and commissioning of a cogeneration unit at the Hlubočky site, retrofitting the K2 coal-fired boiler to natural gas at the ČSM CHP plant and modernising four transformers at the Radvanice site. These projects have a positive effect on the environment and on reducing our energy intensity.

Other prominent projects running throughout 2025 were "Good Ideas", "OHS Motivation of Employees", and the Veolia Run competition in support of employees' sporting activities and the Veolia Foundation, which many employees joined.

The Company also took part in the International Health and Safety Week organised by its parent Veolia Group with the main theme Act Safe, Act Now.

The Company spent the whole year continuing to unify its concept for the management of OHS methodologies and standards throughout the Veolia Group. In 2025, work continued on implementing the "High-risk Management Standards" for ten selected high-risk activities: electricity, traffic management, hazardous substances, hot works, confined spaces, excavation & trenching, electric devices, work at heights, high-pressure water jetting, control of hazardous energy (lockout/tagout) and lifting operations. Veolia Group's Life-saving Rules were also being implemented.

During 2025, none of the checks on OHS, fire protection, the environment and occupational hygiene carried out at Veolia Průmyslové služby ČR by state administration officials resulted in the shutdown of any workplace or the imposition of any penalties.

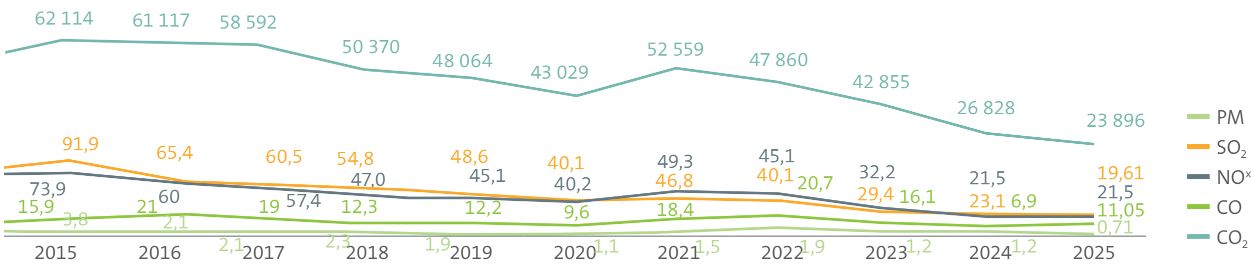
Veolia Průmyslové služby ČR, a.s. holds all the permits, decisions and documents it needs for its operations within the scope of general legislation (waste management, greenhouse gas emissions, an integrated permit for the ČSM CHP plant, the operating rules of installations, emergency response plans, etc.), and the authorisations required for operations in accordance with regulations under the Mining Act (authorisations and certificates from the competent district mining authority) regarding the operation, inspection, repair, installation and testing of dedicated technical lifting, pressure and gas equipment and dedicated electrical equipment.

The Company also holds authorisations from the Czech Technical Inspectorate for the operation, inspection, repair, installation and testing of dedicated technical electrical, pressure and gas equipment.

Emissions produced (tonnes per year) in 2015–2025

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
PM (t)	3,8	2,1	2,1	2,3	1,9	1,1	1,5	1,9	1,2	1,2	0,71
SO_2 (t)	91,9	65,4	60,5	54,8	48,6	40,1	46,8	40,1	29,4	23,1	19,61
NO^x(t)	73,9	60,0	57,4	47,0	45,1	40,2	49,3	45,1	32,2	21,5	21,5
CO (t)	15,9	21,0	19,0	12,3	12,2	9,6	18,4	20,7	16,07	6,9	11,05
CO_2(t)	62 114	61 117,5	58 592	50 370	48 064,4	43 029	52 559	47 860	42 855	26 828	23 896

CO2 emissions generated by VPS (tonnes per year) in 2015–2025



Total waste generated by VPS [tonnes per year] in 2015–2025

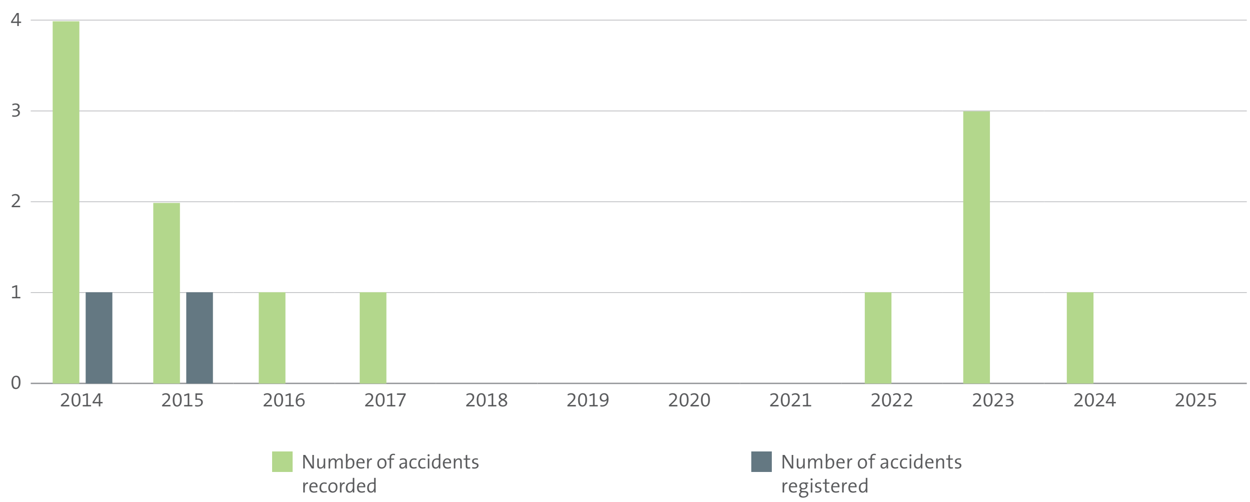
2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
4 551,77	4 169,88	4 594,64	3 522,56	3 432,23	2 814,17	3 326,10	2 827,27	2 425,19	507,86	495,49

The reason for the drop in waste production in 2024 is that fly ash was certified as a product and passed over to customers in this mode.

Accident rate in 2014-2025

Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Number of accidents recorded	4	2	1	1	0	0	0	0	1	3	1	0
Number of accidents registered	1	1	0	0	0	0	0	0	0	0	0	0

Chart of Accident rate in 2014-2025



HUMAN RESOURCES

LABOUR AND EMPLOYMENT RELATIONS

The Company follows all labour legislation, the current collective agreement, the conditions of employment, and all internal regulations.

EMPLOYEE STRUCTURE

There was an average of 114 employees (FTE) in 2025:

- of whom 104 men and 10 women;
- of whom 78 in blue-collar occupations and 36 in white-collar positions.

Of the total number 14.9% of employees hold a university degree and 32.5% have completed secondary education with a school-leaving examination (maturita).

The average employee age in 2025 was 51 years. The high average age is a salient human resources issue and is tied to the need to adjust replacements for those employees who retire.

The Company recruited 2 new employees in 2025.

As at 31 December 2025, in terms of the total years of service at the Company, 11 persons had been employed for up to 5 years, 11 for 10 years, 19 for 15 years, 21 for 20 years, 5 for 25 years and 47 for over 25 years.

EMPLOYEE INCENTIVES

Employees receive tariff-based or contractual wages.

Under the current collective agreement, employees receive benefits and other consideration beyond the statutory requirements of legislation of general application.

The Company has an incentive system in place that involves the use of personal employee accounts. Employees can draw on the benefits in their personal account via an online shop called Veolia Energie Benefity Café. One area in which employees can use their allowance is leisure, e.g., cultural, educational, sports, recreational-facility and health services.

They may also channel funds into pension plans or private life policies.

Personal benefit accounts enable employees to choose from various freely combinable options for using the funds allocated to them.

Employees receive child allowances to cover the costs of recreation and leisure activities for children from the ages of five until they reach the age of 15. Employees can apply to the HR Department to receive this allowance.

Employees also enjoy a raft of other benefits, especially meal allowances, a bonus twice a year, discounts on the price of electricity, discounted bundles with mobile operators, cheaper rent on Heimstaden flats, special-rate offers from financial institutions, and discounts on Leo Express tickets. The Company also pays for its staff's personal accident insurance, covering occupational and other accidents 24 hours a day if employees so wish.

Employees are given the opportunity to invest in the Veolia Environnement Group's employee stock purchase programme. This is an opportunity they are keen to take up, with 100% of staff investing in the employee mutual funds.

EMPLOYEE TRAINING

The corporate training system ensures that the skills needed to pursue particular professions are maintained and that employee skills and qualifications are improved and increased.

As the Company places considerable emphasis on OHS, periodic and new training courses are provided in this area.

Staff have access to the innovative Academia by Veolia Institute's e-learning portal, which is expanded every year to include new courses, some of which are also available in English or French versions.

In 2025, 1.22% of payroll expenses were spent on staff training and development.

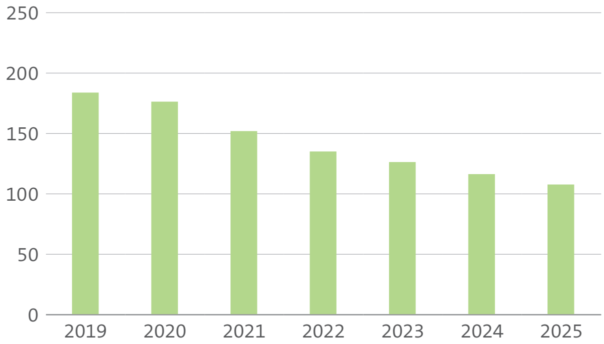
APPRAISALS

The Company applies a system of employee management via defined goals. A periodic part of its outreach is appraisal interviews, which line managers conduct with their subordinates. In these interviews, employees on contractual wages are set annual targets and white-collar employees with tariff-based wages are set target bonuses.

The findings from interviews form a basis for employees' personal training programmes and for directing their careers.

White-collar workers are appraised once a year.

Average number of employees (FTE)



Employee structure by education

2 % | Elementary
51 % | Secondary without maturita
32 % | Secondary with maturita
15 % | University

Employee structure by age

3% | up to 30 years
15 % | up to 40 years
20 % | up to 50 years
39 % | up to 60 years
23 % | over 60 years

SOLIDARITY

All employees who give up their free time for voluntary work (by leading a children's club, helping the disabled, caring for children in institutions for infants, removing litter from woodland, etc.) may be granted up to CZK 50,000 for such activities under the Mini Grants project.

03 FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

FINANCIAL STATEMENTS AS AT 31 DECEMBER 2025

Company name:	**Veolia Průmyslové služby ČR, a.s.**
Registered office:	**Zelená 2061/88a, Mariánské Hory, 709 74 Ostrava**
Legal form:	**Public limited company (*akciová společnost*)**
Company No.:	**278 26 554**

Components of the financial statements:

Income statement

Statement of comprehensive income

Statement of financial position

Statement of changes in equity

Statement of cash flows

Notes

The financial statements were prepared on 4 June 2026.

Entity's governing body	**Signature**
Radim Sobotík Member of the Board of Directors	
Pavel Luňáček Member of the Board of Directors	

Veolia Průmyslové služby ČR, a.s.

Income statement

For the year ended 31 December

In thousands of CZK	**Note**	**2025**	**2024**
Revenue	6	991,728	1,005,397
Cost of sales	7	(762,784)	(852,520)
Increase in value of non-current assets	7	--	--
Gross profit / (loss)		228,944	152,877
Distribution expenses	8	(4,421)	(4,342)
Administrative revenue	8	--	--
Administrative expenses	8	(104,758)	(85,649)
Other operating expenses		(5,328)	--
Operating result		114,437	62,886
Finance income	9	376,974	717,397
Finance costs	9	(3,969)	(6,448)
Decrease in value of financial assets	13	--	--
Profit / (loss) before income tax		487,442	773,835
Income tax expense	10	(40,440)	(25,802)
Profit / (loss) for the accounting period		**447,002**	**748,033**

The Notes are an integral part of the financial statements.

Statement of comprehensive income

For the year ended 31 December

In thousands of CZK	**2025**	**2024**
Profit / (loss) for the accounting period	447,002	748,033
Changes in fair value of hedging instruments (may be reclassified to income statement)*	(288)	(916)
Employee benefits – actuarial gains / (losses) (not reclassified to income statement)*	(206)	112
Other comprehensive income after tax	**(494)**	**(804)**
Total comprehensive income for the period	**446,508**	**747,229**

* Taxation is described in Note 10.

The Notes are an integral part of the financial statements.

Veolia Průmyslové služby ČR, a.s.

Statement of financial position

As at 31 December

In thousands of CZK	**Note**	**2025**	**2024**
Assets			
Property, plant and equipment	11	407,537	222,240
Intangible assets	12	6,217	2,123
Right-of-use	25	49,629	25,032
Financial interests	13	199,847	199,847
Long-term receivables	14	62,223	73,739
Total non-current assets		725,453	522,981
Inventories	16	11,442	20,970
Derivatives		--	--
Current tax assets	10	--	--
Trade and other receivables	17	134,724	118,948
Cash and cash equivalents	18	337,745	732,593
Total current assets		483,911	872,511
Total assets		**1,209,364**	**1,395,492**
Equity			
Registered capital	19	429,000	429,000
Reserves and other capital contributions	19	-288	--
Retained profit / (loss)		446,796	722,981
Total equity		875,508	1,151,981
Liabilities			
Contract liabilities		10,015	4,046
Loans and borrowings	21	37,110	10,713
Employee benefits	22	3,426	--
Provisions	20	7,650	7,650
Derivatives		--	--
Deferred tax liabilities	15	2,352	751
Total non-current liabilities		60,553	23,160
Trade and other payables	23	234,159	201,307
Contract liabilities	23	--	1,155
Loans and borrowings	21	9,979	11,060
Current tax liabilities	10	20,235	4,250
Employee benefits	22	829	161
Provisions	20	7,634	2,418
Derivatives		467	--
Total current liabilities		273,303	220,351
Total liabilities		333,856	243,511
Total equities and liabilities		**1,209,364**	**1,395,492**

Statement of changes in equity

In thousands of CZK	Registered capital	Statutory reserves	Other capital contributions	Cash flow hedges	Retained earnings	Total
Balance at 1 January 2024	**429,000**	--	--	**916**	**400,492**	**830,408**
Loss for the period	--	--	--	--	748,033	748,033
Other comprehensive income						
Changes in fair value of hedging instruments	--	--	--	(916)	--	(916)
Employee benefits – actuarial gains	--	--	--	--	112	112
Total other comprehensive income	--	--	--	(916)	112	(804)
Total comprehensive income for the period	**--**	**--**	**--**	**(916)**	**748,145**	**747,229**
Transactions with owners, recorded directly in equity						
Rounding	--	--	--		10	10
Merger impact at 1 January 2024	--	--	--	--	(27,466)	(27,466)
Dividends	--	--	--	--	(398,200)	(398,200)
Balance at 31 December 2024	**429,000**	--	--	--	**722,981**	**1,151,981**
Profit for the period	--	--	--	--	447,002	447,002
Other comprehensive income						
Changes in fair value of hedging instruments	--	--	--	(288)	--	(288)
Employee benefits – actuarial gains	--	--	--	--	(206)	(206)
Total other comprehensive income	--	--	--	(288)	(206)	(494)
Total comprehensive income for the period	**--**	**--**	**--**	**(288)**	**446,796**	**446,508**
Transactions with owners, recorded directly in equity						
Rounding	--	--	--	--	--	--
Reduction in registered capital	--	--	--	--	--	--
Dividends	--	--	--	--	(722,981)	(722,981)
Balance at 31 December 2025	**429,000**	**--**	**--**	**(288)**	**446,796**	**875,508**

The Notes are an integral part of the financial statements.

Veolia Průmyslové služby ČR, a.s.

Statement of cash flows

For the year ended 31 December

In thousands of CZK	**Note**	**2025**	**2024**
Cash flow from operating activities			
Profit / (loss) for the accounting period		447,002	748,033
Depreciation and amortisation of non-current assets	7.8	48,659	70,728
Change in provisions	7.8	6,274	885
Net change in value of non-current assets	7.13	(16,994)	
Derecognition of lease contracts		(2,108)	
Gain / (loss) on sale of property, plant and equipment		(940)	(135)
Income from dividends	9	(333,858)	(663,230)
Net interest income and expense	9	(21,446)	(26,256)
Exchange rate gains and losses	9		
Interest expense on lease liabilities		1,969	1,251
Other financial income and expenses	9	(21,029)	(23,152)
Other items		2,666	(14,205)
Income (expenses) from the settlement of derivatives		102	(79)
Income tax	10	40,440	25,802
		150,737	**119,642**
Change in the working capital			
Receivables	14, 17	(14,145)	(38,174)
Current liabilities	23	14,989	(77,185)
Current contractual liabilities	23	(1,155)	119
Non-current contractual liabilities		5,969	1,043
Inventories	16	10,491	(31,685)
Cash flow from operating activities		166,886	(26,240)
Income tax paid	10	(22,721)	4,682
Net cash flow from operating activities		**144,165**	**(21,558)**
Cash flow from investing activities			
Acquisition of fixed assets		(191,829)	(25,321)
Proceeds from the sale of property, plant and equipment		1,127	135
Payments of lease receivables	27	32,726	31,959
Dividends received	9	333,858	663,231
Net cash flow from (used in) investing activities		**175,882**	**670,004**
Cash flow from financing activities			
Interest received	9	22,057	30,190
Interest paid		(1,538)	(3,005)
Payments of lease liabilities		(12,433)	(14,548)
Dividends paid	19	(722,981)	(398,200)
Net cash flow from (used in) financing activities		**(714,895)**	**(385,563)**
Net increase (decrease) in cash and cash equivalents		(394,848)	262,883
Cash and cash equivalents at 1 January	18	732,593	469,710
Cash and cash equivalents at 31 December	18	337,745	732,593

The Notes are an integral part of the financial statements.

1 General information

Veolia Průmyslové služby ČR, a.s. ("the Company") is registered in the Czech Republic.

The Company's registered office is situated at Zelená 2061/88a, Ostrava - Mariánské Hory, postcode 709 74, Company No. 27826554.

The core business is the production and distribution of heat and compressed air and the generation and distribution of electricity. For Veolia Group, Veolia Průmyslové služby ČR constitutes a global reference in the extraction industry, as it operates electricity distribution, heat and hot water production and distribution, and compressed air production for mining operations of OKD, a.s. and DIAMO, státní podnik. The Company supplies these utilities to delivery points located in the surface areas of each of the mines. In 2022 some of the downscaled mines were transferred under the management of DIAMO, státní podnik. The Company also owns a Local Distribution System (LDS), including a direct cross-border 110 kV line from Poland. Through the LDS it distributes electricity in a part of the Frýdek-Místek area, and in the largest part of the Ostrava and Karviná areas, including certain major industrial areas and companies.

Veolia Průmyslové služby ČR has two subsidiaries:

Veolia Komodity ČR, s.r.o. (formerly Dalkia Commodities CZ, s.r.o.), Ostrava, 28. října 3337/7, postcode: 702 00. The core business is trading in electricity and gas. Interest 100% (2024: 100%). The Company is one of the leading electricity traders on the Czech market and a gas trader.

Veolia Powerline Kaczyce Sp. z o.o. (formerly Dalkia Powerline Sp. z o.o.), 43-417 Kaczyce, ul. Morcinka 17, Poland. The core business is trading in electricity. Interest 100% (2024: 100%). The company is an electricity trader and distributor in Poland.

The sole shareholder of the Company is Veolia Energie ČR, a.s., having its registered office at 28. října 3337/7, Moravská Ostrava, 702 00 Ostrava.

2 Basis of preparation

a) *Statement of compliance*

In accordance with Section 19a (1) of Act No 563/1991 on accounting, the Company applies IFRS accounting standards as adopted by the EU in the preparation of its financial statements. These financial statements have been prepared as separate financial statements. The parent company prepares consolidated financial statements, which include the Company.

The financial statements were approved for release by the Company's Board of Directors on 04 June 2026.

b) *Basis of preparation*

The financial statements are presented in Czech crowns, as the functional currency, rounded to the nearest thousand. The financial statements have been prepared on the historical cost basis, except for the derivative financial instruments measured at fair value, and the provision for employee benefits measured at their present value.

The method of measuring fair value is described in Note 4.

Going concern assumption

The financial statements have been prepared on the assumption that the entity is a going concern and intends to continue its operations for the foreseeable future. Assets and liabilities are therefore recorded on the basis that the entity will be able to realise its assets and discharge its liabilities in the normal course of business.

c) Use of estimates and judgements

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses as at the date of the financial statements. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period and in any future periods affected.

In particular, information about significant areas of estimation, uncertainty and critical judgement in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in Notes

- 3 b) – classification of the cash pool receivables
- 3 g) and 22 – key actuarial assumptions
- 3 h) and 20 – determining the probability and amount of the outflow of funds from provisions
- 3 f) and 7 – asset impairment
- 3 c) and 25 – determining whether the assets owned by the Company are under the control of the customer

Climate risks

The Veolia Environnement Group (VEG) has committed to fighting pollution and accelerating ecological transition. This commitment can be broken down into several objectives, including combating climate change. In addition, the Group's activities and those of its customers, due to their nature and geographic locations, may be exposed to risks related to climate change, which are likely to increase the frequency and magnitude of natural disasters.

For these reasons, VEG, to which the Group belongs, has integrated the identification of the main climate risks into its accounts closing process, to assess their potential impacts on the financial statements and, in particular, on:

- the useful life of certain assets;
- the value of certain non-current assets, particularly through cash flow estimates incorporating, where appropriate, decarbonising plans;

The main risks identified concern:

- long-term shifts in mean (or "chronic") climate conditions, that may cause higher average temperatures;
- risks related to the transition to a lower-carbon economy (so-called "transition risks") of various types: regulatory, technological, market, reputation.

With regard to transition risks, the Group is particularly exposed to the Emissions Trading Scheme (EU ETS) introduced by the European Union in 2005, due to the quantity of free allowances granted and the cost of carbon on this market. To manage this exposure, VEG has adopted an active strategy in order to manage its greenhouse gas (GHG) emissions and allowances, by implementing an appropriate structure and creating a special-purpose legal entity to purchase, sell and price different types of greenhouse gas allowances.

VEG has also reaffirmed its commitment to phase out coal in Europe, by converting coal-based power generation assets to less carbon-intensive energies and local energies in particular. This commitment is also taken into account by the Group when drafting the long-term plans used in the impairment testing of assets. The inclusion of climate risks did not have a material impact on the financial statements of the Group in 2025.

d) Changes in accounting policies / new IFRS standards and interpretations of IFRIC

(i) Standards not applied

New standards, interpretations and amendments to existing standards issued by the International Accounting Standards Board (IASB) and adopted by the European Union but not yet effective

Standard	Name	Effective date
Amendments to IFRS 9 and IFRS 7	Amendments to classification and measurement of financial instruments	1 January 2026
Amendments to IFRS 9 and IFRS 7	Contracts referencing nature-dependent electricity	1 January 2026
Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7	Annual improvements to IFRS (volume 11)	1 January 2026
IFRS 18	Presentation and disclosure in financial statements	1 January 2027

The Company is currently assessing the impact of the new IFRS 18 on its financial statements and disclosures.

The Company does not expect the adoption of the other new standards and amendments to have any significant impact on its financial statements for future periods.

New standards, interpretations and amendments to existing standards issued by the International Accounting Standards Board (IASB), not yet adopted by the EU

Standard	Name	EU approval status
IFRS 19 and subsequent amendments	Subsidiaries without Public Accountability: Disclosures (IASB effective date: 1 January 2027) Voluntary application by eligible subsidiaries	Not yet adopted by the EU
Amendments to IAS 21	Translation to a Hyperinflationary Presentation Currency (IASB effective date: 1 January 2027)	Not yet adopted by the EU
Amendments to IFRS 10 and IAS 28	Sale or contribution of assets between an investor and its associate or joint Venture and other amendments (The IASB decided to postpone the effective date indefinitely but the amendments may be adopted early)	Approval for use in the EU has been deferred until the completion of the Equity Method of Accounting project.

The Company does not expect the adoption of new standards and amendments to have any significant impact on its financial statements for future periods.

(ii) Applied standards

New standards, interpretations and amendments to existing standards issued by the International Accounting Standards Board (IASB) and adopted by the European Union effective for the period that began on 1 January 2025

- Lack of exchangeability (amendment to IAS 21);

This amendment had no significant impact on the Company’s financial statements.

3 Accounting policies

The accounting policies described below have been applied consistently in all the accounting periods reported in these financial statements.

a) *Foreign currency*

Foreign currency transactions
Transactions in foreign currencies are translated at fixed exchange rates for the functional currency based on the Czech National Bank's official rates for the first day of the month in which the transaction occurs. At the date of the statement of financial position, foreign currency monetary assets and liabilities are translated at the Czech National Bank official rates for that date. Foreign exchange differences arising on translation of foreign currency monetary assets and liabilities are recognised in the income statement. An exception is foreign exchange differences arising in connection with cash flow hedging, which are recognised in equity.

b) *Financial instruments*

(i) Non-derivative financial instruments
Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Cash and cash equivalents presented in the statement of cash flows include cash, bank deposits and cash in the cash pool. Based on contractual terms and conditions, cash pooling receivables are reported in cash and cash equivalents in the statement of financial position, whereas cash pooling payables are shown in loans and borrowings. For the purpose of the statement of cash flows both cash pool receivables and cash pool payables are presented as cash.

Investments in subsidiaries and associated companies are stated at acquisition cost. Receivables, liabilities, loans and borrowings are stated at their present/carrying value using the effective interest rate, while adhering to the materiality principle. Cash and cash equivalents are stated at nominal value.

After initial measurement at transaction value, receivables are subsequently carried at their amortised cost less any allowance for impairment (see Note 3 f).

Other non-derivative financial instruments are initially stated at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. If the fair value cannot be reliably determined, the acquisition cost is used. Subsequent to initial recognition, they are measured at cost less any impairment losses (see Note 3 f), or through provisions, depending on the type of financial instrument.

(ii) Derivative financial instruments
The Company uses financial derivatives for hedging the currency risk related to changes in exchange rates.

Derivatives are initially recognised at fair value; attributable transaction costs are recognised in the income statement when incurred. After initial recognition, derivatives are measured at fair value and the change in fair value is then charged to finance costs / income (item: remeasurement of derivatives), with the exception of derivatives that are carried as hedging instruments (on the balance sheet, derivatives are classified as active, passive, short-term and long-term).

Cash flow hedges

Changes in the fair value of a derivative hedging instrument classified as cash flow hedging are charged to equity under the Company's rules. In the case of FX forward contracts the hedging instrument is designated to be the spot component. Where the hedged item is a non-financial asset, the amount recognised in equity is transferred to the carrying value of the asset when the asset is recognised. In other cases, the amount recognised in equity is transferred to costs or revenue in the period in which the hedged item influences costs or revenue.
To the extent that the hedge is ineffective, changes in the fair value of the derivative are recognised in the income statement.

If the hedging instrument no longer meets the criteria for hedge accounting, or if it expires or is sold, terminated or exercised, then hedge accounting is discontinued as expected. The cumulative gain or loss previously recognised in equity remains there until the anticipated transaction takes place, and then is charged to costs or revenue.

The Company applies an exception under IFRS 9, laying down that contracts for the purchase or sale of non-financial items that may be settled net in cash in accordance with the entity's expected purchase, sale or usage requirements do not have to be recognised under IFRS 9, but are only recognised at the time of buying or selling the underlying item.

Other derivatives
When a derivative financial instrument is not held for trading and is not designated in a qualifying hedge relationship, all changes in its fair value are recognised as gain or loss in the income statement.

(iii) Equity
The registered capital comprises fully paid-up shareholders' contributions. Dividends are recognised as liabilities in the period in which they are declared.

c) Property, plant and equipment

(i) Owned assets
Items of property, plant and equipment are stated at cost less accumulated depreciation (see below) and impairment losses (see Note 3 f). The cost of self-constructed assets includes the cost of materials, direct labour and an appropriate proportion of production overheads.

When parts of an item of property, plant and equipment have different useful lives, the individual parts are depreciated separately.

If external financing is used, the acquisition cost of property, plant and equipment may include a proportionate part of the borrowing costs incurred until the asset is brought into use. The same also applies to intangible assets.

(ii) Leased assets
See Note 3 l.

(iii) Government grants
Government grants for the acquisition of property, plant and equipment are recognised initially at fair value when there is reasonable assurance that they will be received, and the Group will comply with the conditions associated with the grant. These grants reduce the value of such acquisitions.

(iv) Subsequent expenditures
The Company recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item, including the costs associated with necessary inspections and major overhaul, where it is probable that the future economic benefits embodied within the item will flow to the Company and costs can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised directly in the costs of the current period.

(v) Depreciation
Depreciation is recognised in the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated. The estimated useful lives are as follows:

Buildings and constructions	30–40 years
Excavators, cranes, load-carrying vehicles	5–10 years
Turbines, air handling equipment	11–20 years
Other	4–6 years

d) Intangible assets

Intangible assets acquired by the Group are stated at acquisition cost less accumulated amortisation (see below) and accumulated impairment losses (see Note 3 f). Purchased software that is integral to the functioning of equipment is capitalised as a part of the equipment.

Amortisation
Amortisation is recognised in the income statement on a straight-line basis over the estimated useful lives of intangible assets. Other intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

Software	4–6 years
Other	4–10 years

e) Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less associated costs to complete and estimated associated cost to sell the asset. The cost of fuel inventories is determined using the FIFO method and comprises the purchase price and other costs associated with acquisition, such as freight and storage. The cost of other inventories is determined using the weighted average method and comprises the purchase price and other costs associated with the acquisition, such as freight and storage.

At the date of the financial statements the Company reviews the carrying values of inventories. If the realisable value of inventories is lower than the purchase price, the difference is recognised in the income statement.

Emission allowances
Allowances for greenhouse gas emissions ("emission allowances" or "EUAs"), which the Company recognises as inventory because it regards them as part of the production process, represent the right of the operator of a plant generating greenhouse gas emissions to release an equivalent of a tonne of CO_2 into the air in a given calendar year. In the financial statements, the granted emission allowances are stated at an acquisition cost of zero. Purchased allowances are stated at acquisition cost. Consumption of emission allowances is recognised using the FIFO method. As at the date of the statement of financial position the Company determines whether there is an indication of impairment of emission allowances.

If any such indications exist, the Company assesses whether the recoverable amount of the emission allowances is lower than their carrying amount. Any impairment loss is recognised in the income statement. If the utilisation of emission allowances in the accounting period is higher than the number of allowances available at the date of the statement of financial position, a provision is established based on the value of allowances that will have to be purchased on the public market in the following period. This provision is measured at the average value of the emission allowances as at the date of the statement of financial position.

In 2025, the Company purchased units obtained by investing in project mechanisms under the Kyoto Protocol (EUA), which it expected to use in 2025 and beyond.

The use of emission allowances and the proceeds from their sale are recognised in the income statement in the Cost of sales position.

f) Impairment

(i) Financial assets
The Company uses the expected credit loss (ECL) provisioning approach, which is applied to financial assets measured at amortised cost. In accordance with IFRS 9 the Company measures the loss allowance for credit-impaired financial assets with regard to the development of credit risk, which is reflected in the impairment stage a) corresponding to 12-month expected credit losses (stage 1) or equal to the full lifetime expected credit losses (stages 2-3). After initial recognition, the financial asset is allocated to stage 2 in the event of a significant increase in credit risk since initial recognition, or to stage 3, credit impaired financial assets.

The Company measures loss allowances for credit losses on trade receivables at an amount equal to full lifetime expected credit losses.

For cash and cash equivalents and cash pool the Company measures loss allowances at an amount equal to 12-month expected credit losses unless there has been a significant increase in credit risk since initial recognition or the counterparty's default was identified.

When determining whether the credit risk on a financial asset has increased significantly, the Company compares the risk of a default on the financial instrument occurring at the reporting date with the risk of a default occurring at initial recognition, considering reasonable and supportable information available without undue cost or effort and indicating a significant increase in the credit risk. The Company regards situations where the financial asset has been overdue for more than 90 days as a significant increase in the credit risk. A specific provision is recognised where the client is considered to be risky. In such a case a provision is recognised for all the amounts owed by the client in excess of the provision made under the guidance. It is recognised up to 50%, 70% or 100%.

Losses are measured as the difference between all contract cash flows payable under the contract and all cash flows that the Company expects to collect, discounted using the effective interest rate that was determined at initial recognition.

Impairment losses on financial assets, including contract assets, are recognised in the statement of profit or loss in the line Change in provisions.

(ii) Non-financial assets

The carrying amounts of non-financial assets other than inventories (see Note 3 e) and deferred tax assets (see Note 3 k) are reviewed at each date of the statement of financial position to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised in the income statement if the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount.

A cash-generating unit is the smallest identifiable asset group that generates cash flows that are largely independent from other assets and groups. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Impairment losses recognised in the past periods are assessed at the date of the financial statements as to whether or not signals exist that the loss has diminished or ceased to exist. A previously recognised impairment loss is reversed if there has been a change in the assumption used to determine the recoverable amount. The impairment loss is reversed only to the extent that the carrying amount of the asset does not exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised.

Calculation of recoverable amount

The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs of disposal and value in use. In assessing value in use, the 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. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

g) Employee benefits

The Company's obligation is the amount of future benefits that employees have earned in return for their service in the current and prior periods. This is calculated using the projected unit credit method. The discount rate is the current rate of return on long-term treasury bonds in the Czech Republic. Any actuarial gains and losses are recognised in the income statement in the period in which they arise except actuarial gains and losses on post-employment benefits, which are recognised in equity.

h) Provisions

A provision is recognised in the statement of financial position when the Company has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of economic resources will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

(i) Site restoration

In accordance with the Company's published environmental policy and applicable legal requirements, a provision for site restoration and land decontamination is recognised when land is contaminated. The provision recognised represents the best estimate of the expenditures required to settle the present obligation at the date of the statement of financial position. Changes in the liability that result from a change in the current best estimate of cash flows required to settle the obligation or a change in the discount rate are added to (or deducted from) the amount recognised as the related assets. However, to the extent that such a treatment would result in negative assets, the effect of the change is recognised in the income statement.

ii) Other provisions

Other provisions include provisions established in connection with the risks related to the Company's principal activities. Provisions for other risks were reviewed and adjusted based on the best estimates arising from changes in legislation and in estimates.

i) Revenue

The Company applies IFRS 15 for recognising revenue from contracts with customers.

The Company has implemented a five-step model to determine the time and amount at which revenue should be recognised. The model sets forth that revenue is recognised at the moment when the Company transfers control over the goods or services to the customer, in the amount to which it expects to be entitled. Depending on the criteria for the satisfaction of a performance obligation revenue is recognised:

- at a point in time when control over the goods or services is passed to the customer.

Sales of heat and compressed air

The Company recognises revenue at the moment of delivery to the customer. The moment of delivery is understood to be the moment of transferring control over the products, i.e. the moment when the customer receives the rewards and the Company satisfies its performance obligation.

Revenue is measured using transaction prices assigned to such transferred goods and reflects the supplied volume, including the estimated volume supplied between the date of the latest issued invoice and the end of the period. In respect of household customers, advance payments are usually required; their amount is based on historical consumption. Once the actual supply volumes are known the advance payments are accounted for. In respect of commercial customers, invoicing usually takes place more often based on actual supply volumes. Sale transactions do not involve a significant financing arrangement.

Electricity distribution

This activity is regulated by the Energy Regulatory Office which sets the prices of the individual components of distribution services for all regional distribution systems. As the Company is connected at 100% to the regional distribution system of ČEZ Distribuce, a.s., it accepts the approved rates for this regional distribution system.

The ERO always publishes the rates of the individual components of the prices of distribution services for the upcoming year in November of the previous year.

The distribution services are billed under the agreements on bundled supply of electricity, or separately directly to the client. Each client chooses the billing method on an individual basis.

j) Expenses

Finance income and expenses

Finance income and expenses comprise interest payable on borrowings calculated using the effective interest rate method, interest receivable on funds invested, income from dividends and unwinding of the discount on provisions.

k) Income tax

Income tax comprises current and deferred tax. Income tax charge is recognised in the income statement except to the extent that it relates to items recognised directly in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates applicable at the first date of the reporting period and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes, using the tax rate expected to be valid in the period when the tax asset or liability is expected to be realised.

At the date of the statement of financial position the Company reviews the carrying value of the deferred tax asset. A deferred tax asset is recognised only to the extent that it is probable that such tax asset will be utilised in future periods.

The establishment of deferred tax represents tax consequences subject to the method which the Company expects to use at the end of the reported period to realise or settle the carrying amount of its assets and liabilities. It is assumed for capital assets measured at fair value that the carrying amount of the capital assets is always realised by sale unless such assumption can be disconfirmed.

Top-up tax

Under section 117 of Act No. 416/2023 on top-up taxes for large multinational groups and large domestic groups, the Company is subject to the top-up tax. The impact of the top-up tax on the Company and the entire Veolia CZ Group is null.

l) Leases

Where the Company is the lessee, the Company recognises a right-of-use asset and a lease liability at the commencement date.

A right-of-use asset is initially measured at cost (the present value of the lease payments) and subsequently at cost less any accumulated depreciation and any accumulated impairment losses adjusted for any remeasurement of the lease liability primarily due to lease modification or indexation. The right-of-use asset is depreciated on a straight-line basis over the time for which the asset is usable or until the end of the lease, whichever is earlier.

The lease liability is initially measured at the present value of the lease payments due at the commencement date, discounted using the incremental borrowing rate determined by the Group.

The lease liability is subsequently increased by interest expense on the lease liability and decreased by the lease payments made. It is remeasured in case the future lease payments change due to a change in the index or rate, a change in the estimate of the amount expected to be payable under residual value guarantee, or a change in the assessment of whether exercising the option to extend the lease is reasonably certain (including the extension of the expected term of the lease in cases of leases for an indefinite period).

The Company estimates the term of the lease for lease contracts under which it is the lessee and which include options to renew or terminate, or which are concluded for an indefinite period. Assessment whether the Company is reasonably certain that it will exercise such option affects the lease term, which in turn affects the values of the lease liabilities and right-of-use assets recognised. Where the lessee and the lessor have the right to terminate the contract with no more than an insignificant penalty, the period of notice is deemed to be the lease term. In such cases, penalty is understood to include not only, e.g., a penalty for early termination but also the costs incurred in moving or arranging for an alternative lease.

The Company has elected to use the practical expedient, allowed by the standard, not to recognise right-of-use assets and lease liabilities for short-term leases and leases for which the underlying asset is of low value. Short-term leases are leases that have a lease term of 12 months or less. Leases for which the underlying asset is of low value include primarily leases for information technology and office equipment.

The Company only applies the practical expedient not to separate non-lease components from lease components for vehicles, where it accounts for a single lease component.

4 Fair value

Some accounting policies applied by the Company require a fair value to be determined for both financial and non-financial assets and liabilities. The Company periodically reviews the measurements and the inputs used for measurement. In determining fair value, the Company uses data available from the market as far as possible. When a quoted price in an active market is not available, the Company uses valuation techniques that maximise the use of observable market data and minimise the use of unobservable market data. The chosen valuation technique integrates all the factors that market participants would take into account in valuing the transaction. Fair value is not measured if it is justified to recognise it as approximately equivalent to the carrying value.

Fair values are determined using the following methods:

(i) Derivatives
The fair value of forward contracts hedging the foreign exchange risk is determined as the discounted difference between the contractual value and the market forward price.

(ii) Non-derivative financial liabilities, receivables and cash pool
Fair value for the purpose of reporting in the Notes is calculated as the present value of future payments of the face value and interest, discounted at the market interest rate as at the date of the statement of financial position.

5 Financial risk management

The Company has exposure to the following risks:

- credit risk,
- liquidity risk,
- market risk.

The Statutory CEO, who reviews and approves the risk management rules described below, is generally responsible for specifying and reviewing the rules for risk management in the Company. Risks are managed internally in cooperation with the parent company.

The financial department primarily monitors the procedure followed in the preparation of financial statements, and evaluates the effectiveness of the Company's internal controls, internal audit and, if applicable, risk management systems.

Credit risk
Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

Trade and other receivables
The exposure to credit risk is influenced mainly by the individual characteristics of each customer, and the Company endeavours to manage and limit this risk. The Company has established a credit policy under

which each major customer is analysed individually for creditworthiness before the standard payment and delivery terms and conditions are offered. The review includes external ratings when available, and in some cases references obtained from a specialised firm. Credit limits are established for each customer. Customer analysis and monitoring of observance of the credit limits is carried out by the Collections Department. Customers that fail to keep within the credit limit may have their deliveries suspended, subject to case-by-case assessment. More than 80 percent of customers have been transacting with the Company for over four years, and losses have occurred infrequently. In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or legal entity, their industry and payment history. including whether they are an individual or legal entity, their industry and payment history. Customers that are graded as “high risk” are monitored separately, and sometimes a payment schedule is offered to secure debt recovery.

Credit risk related to receivables is covered by provisions.

Cash and cash pool
As at 31 December 2025, the Company holds cash and cash equivalents of CZK 337,745,000 (31 December 2024: CZK 732,593,000). Cash and cash equivalents are deposited with banks with high ratings and in cash pooling with Veolia Environnement Finance.

Off-balance-sheet liabilities
The Company’s policy is to provide financial guarantees only on an exceptional basis, where required for the purpose of a tender procedure or where the law provides so. As at 31 December 2025, the Company provides bank guarantees amounting to CZK 0 (2024: CZK 643,000).

Liquidity risk
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company’s approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities when due, not risking damage to its reputation.

The Company uses activity-based costing to cost its products and services, which assists it in monitoring cash flow requirements and optimising its cash return on investments. The Company ensures that it has sufficient cash on demand to meet expected operational expenses through participation in cash pooling within the Veolia Group. Within the cash pooling scheme, the Company may draw on a cash credit facility of up to CZK 643,000. By this approach, the Company limits the possible impacts of unforeseeable events.

Market risk
Market risk is the risk that changes in market prices, foreign exchange rates, interest rates, equity prices or prices of emission allowances will affect the Company’s income or the value of financial instruments in its possession.

Currency risk
The Company is exposed to a currency risk in the area of purchases and borrowing, as the major portion of purchases are denominated in foreign currencies. For commodity payments in foreign currencies (EUR, PLN) the Company concludes forward contracts to hedge the foreign exchange risk, thereby significantly eliminating the risk. All known future sales and purchases are hedged (i.e. arrangements are in place for buying foreign currencies for each particular transaction).

Interest rate risk
The Company partly covers its exposure to movement in interest rates by obtaining financing mainly from its parent company. This financing is exposed to market risk from movements in interest rates.

Insurance of risks
The Company has concluded insurance arrangements (e.g. property insurance, third party liability insurance) for its major assets to cover the risks of significant losses.

Capital management

The Statutory CEO manages the Company's capital structure in compliance with the shareholder's requirements, focusing on appropriate indebtedness and dividend policy monitoring. The objective is to achieve the right proportion of debt to equity, and to meet the planned dividend targets. This involves looking for an adequate level of debt, which depends on profit (cash flow) generation, and meeting the average cost of capital and working capital targets planned by the Group.

6 Revenue

In thousands of CZK	**2025**	**2024**
Revenue from sale of heat and related products	327,113	280,980
Revenue from sale and re-sale of electricity and ancillary services	484,724	493,437
Revenue from sale of compressed air	169,440	212,105
Other operating revenue	10,451	18,875
Total	991,728	1,005,397

In thousands of CZK	**2025**	**2024**
Industry	968,368	990,897
Public sector	20,771	11,857
Households	2,589	2,643
Total	991,728	1,005,397

All of the Company's revenue is generated in the Czech Republic.

In the public sector, the Company supplies energy to schools and public institutions.

Advance payments for energy supplies are made under the relevant contractual arrangements on a monthly basis or, in exceptional cases with minor volumes, on an annual basis. The resulting amount of the supply is variable and the amount of advance payments is updated regularly.

No clients were connected or disconnected in 2025 so as to affect revenue.

The Company's revenue includes mostly the supplies of utilities to the mining operations of OKD, a.s. and DIAMO, státní podnik. If these activities were discontinued the Company would have to take additional measures that may have an impact on the figures reported in the following period. The Company has been watching the developments of this major account in terms of the extraction scope and the financial position on an ongoing basis.

The company also operates cogeneration units supplying electricity and heat to industry and households.

7 Cost of sales

In thousands of CZK	**2025**	**2024**
Personnel expenses	(105,928)	(117,751)
Amortisation	(36,161)	(55,241)
Right-of-use amortisation	(8,970)	(12,337)
Consumption of fuel	(127,041)	(106,693)
Consumption of raw materials	(47,002)	(59,535)
Consumption of energy	(317,373)	(366,199)
Consumption of services	(89,522)	(97,009)
Consumption – other	(9,031)	(12,227)
Change in provisions	16,617	(681)
Compensation from insurers	6,601	2,623
Consumption of emission allowances	(44,974)	(27,470)
Total	(762,784)	(852,520)

The main asset balances by CGU

A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The main asset balances by CGU are as follows:

Results of the impairment test

In thousands of CZK at 31 December 2025	**Asset value before impairment**	**Impairment**	**Net asset value after impairment**
Assets related to mining activities	85,831	--	85,831
Other assets	682,007	(304,455)	377,552
Total	767,838	(304,455)	463,383

In thousands of CZK at 31 December 2024	**Asset value before impairment**	**Impairment**	**Net asset value after impairment**
Assets related to mining activities	67,773	--	67,773
Other assets	486,077	(304,455)	181,622
Total	553,850	(304,455)	249,395

Net value after impairment represents the asset’s calculated value in use.

Key assumptions used in determining the value in use of the cash-generating unit "mining activities"

Cash flow projections are taken from the plan prepared each year and reflect changes in volumes, prices, direct costs and investment in the period, determined based on contracts and activities and in line with past data and expected changes over the period covered by the plan. This plan covers the period until the projected termination of supplies for mining activities. A discount rate (weighted average cost of capital) is determined for each cash-generating unit and is equal to the risk-free rate plus a risk premium weighted for the specific risks. Investments included in forecast/future cash flows are those investments that enable the level of economic benefits expected to arise from the assets to be maintained in their current condition.

	2025	2024
Discount rate	6.3%	7.7%

8 Distribution expenses, Administrative expenses

Distribution expenses

In thousands of CZK	**2025**	**2024**
Personnel expenses	(3,462)	(3,778)
Right-of-use amortisation	(195)	(185)
Raw material costs	(88)	(169)
Service costs	(347)	(316)
Other costs	(70)	(41)
Change in provisions	(259)	147
Total distribution expenses	(4,421)	(4,342)

Administrative expenses

In thousands of CZK	**2025**	**2024**
Personnel expenses	(15,184)	(12,837)
Amortisation	(947)	(509)
Right-of-use amortisation	(2,384)	(2,455)
Management costs	(53,648)	(31,605)
Raw material costs	(676)	(717)
Service costs	(32,012)	(36,999)
Other costs	93	(527)
Total administrative expenses	(104,758)	(85,649)

Administrative expenses went up due to strategic management expenses as part of intra-group transfer pricing at CZK 25,823,000 (2024: CZK 0).

9 Finance income and expenses

In thousands of CZK	**2025**	**2024**
Interest income	22,057	30,190
Income from dividends	333,858	663,231
Foreign exchange gain	22	736
Discount of lease receivables	21,035	23,159
Remeasurement of derivatives	--	79
Other finance income	2	2
Total finance income	376,974	717,397
Foreign exchange loss	(1,240)	(1,127)
Discount of provisions	(6)	(7)
Discount of lease liabilities	(1,969)	(1,251)
Interest expense	(610)	(3,933)
Remeasurement of derivatives	(102)	--
Other finance expenses	(42)	(130)
Total finance expenses	(3,969)	(6,448)

10 Income tax expense

Recognised in the income statement

In thousands of CZK		
Current tax	**2025**	**2024**
Current year	(34,397)	(17,908)
Adjustments for prior periods	(4,311)	2,034
	(38,708)	(15,874)
Deferred tax		
Effect of the change in temporary differences	(1,732)	(9,928)
Total income tax expense in income statement	(40,440)	(25,802)

Reconciliation of effective tax rate

In thousands of CZK	**2025**	**2024**
Profit / (loss) before income tax	487,442	773,835
Income tax calculated using the domestic corporate income tax rate	(102,363)	(162,505)
Effect of non-deductible expenses	(3,912)	(4,645)
Effect of tax-exempt income	70,110	139,279
Effect of change in the deferred tax rate	--	--
Effect of tax deduction	36	36
Adjustments for prior periods and other adjustments	(4,311)	2,034
Total income tax expense in income statement	(40,440)	(25,802)

The outstanding balance of income tax is reported in Current tax liabilities and amounts to CZK 20,236,000 (2024: an income tax liability of CZK 4,250,000). The current tax liability includes, in particular, a corporate income tax estimate of CZK 34,397,000 (2024: CZK 17,908,000) less income tax advances paid in an amount of CZK 14,161,000 (2024: CZK 13,658,000).

Deferred tax is based on all temporary differences between the carrying and tax value of assets and liabilities, and other temporary differences (tax losses carried forward, if any), multiplied by the tax rate expected to be valid for the period in which the tax asset/liability will be utilised.

Tax impact on items of other comprehensive income on deferred tax:

In thousands of CZK	**2025**	**2024**
Actuarial gains / (losses): before taxation	(261)	142
Tax	55	(30)
After taxation	(206)	112
Changes in fair value of cash flow hedge: before taxation	(365)	(1,161)
Tax	77	245
After taxation	(288)	(916)

11 Property, plant and equipment

Acquisition cost (in thousands of CZK)	Balance at 1 January 2025	Additions / transfers	Impairment losses	Disposals	Balance at 31 December 2025
Land	8,196	378	--	--	8,574
Buildings and constructions	453,633	36,689	--	(4,630)	485,692
Plant and equipment, and other assets	601,326	6,856	--	(15,556)	592,626
Under construction and advances	11,516	182,986	--	--	194,502
Total	**1,074,671**	**226,909**	**--**	**(20,186)**	**1,281,394**
Depreciation and impairment losses (in thousands of CZK)					
Land	(5,320)	--		--	(5,320)
Buildings and constructions	(357,750)	(11,597)		4,630	(364,717)
Plant and equipment, and other assets	(485,812)	(24,071)		15,370	(494,513)
Under construction and advances	(3,549)	(5,758)		--	(9,307)
Total	**(852,431)**	**(41,426)**	**0**	**20,000**	**(873,857)**

Acquisition cost (in thousands of CZK)	Balance at 1 January 2024	Merger impact	Additions / transfers	Impairment losses	Disposals	Balance at 31 December 2024
Land	3,757	--	4,439	--	--	8,196
Buildings and constructions	424,520	--	29,923	--	(810)	453,633
Plant and equipment, and other assets	525,367	(1,639)	93,434	--	(15,836)	601,326
Under construction and advances	91,454	5,898	(85,836)	--	--	11,516
Total	**1,045,098**	**4,259**	**41,960**	**--**	**(16,646)**	**1,074,671**
Depreciation and impairment losses (in thousands of CZK)						
Land	(2,732)	--	--	(2,588)	--	(5,320)
Buildings and constructions	(322,817)	--	(21,757)	(13,986)	810	(357,750)
Plant and equipment, and other assets	(425,706)	(833)	(33,614)	(41,520)	15,861	(485,812)
Under construction and advances	(60,698)	--	--	57,149	--	(3,549)
Total	**(811,953)**	**(833)**	**(55,371)**	**(945)**	**16,671**	**(852,431)**

Carrying amount (in thousands of CZK)	At 1 January 2024	At 31 December 2024	At 31 December 2025
Land	1,025	2,876	3,254
Buildings and constructions	101,703	95,883	120,975
Plant and equipment, and other assets	99,661	115,514	98,113
Under construction and advances	30,756	7,967	185,195
Total	**233,145**	**222,240**	**407,537**

As at 31 December 2025, the value of the tangible and intangible assets has been reduced by a provision totalling CZK 292,572,000 after an impairment test (see Note 7).

Planned investment

Investments of CZK 26,773,000 are planned for 2026.

Grants

In 2025 the Company received a grant from the State Environmental Fund for its project called Support for CHP in the Ostrava heat supply system – the 'Korýtko' cogeneration units. The goal is to modernise the heat supply system at a cost of CZK 70,942,000, which reduced the acquisition cost of the related assets.

12 Intangible assets

Acquisition cost (in thousands of CZK)	Balance at 1 January 2025	Additions / transfers	Impairment losses	Disposals	Balance at 31 December 2025
Software	13,531	1,140	--		14,671
Other	19,180	765	--	--	19,945
Under construction and advances	42,352	--	--	(19,123)	23,229
Total	**75,062**	**1,905**	**--**	**(19,123)**	**57,844**

Depreciation and impairment losses (in thousands of CZK)					
Software	(10,642)	(1,441)			(12,083)
Other	(19,945)	--	--	--	(19,945)
Under construction and advances	(42,352)	--	22,753	--	(19,599)
Total	**(72,939)**	**(1,441)**	**22,753**	**--**	**(51,627)**

Acquisition cost (in thousands of CZK)	Balance at 1 January 2024	Merger impact	Additions / transfers	Impairment losses	Disposals	Balance at 31 December 2024
Software	11,920	118	5,303	--	(3,810)	13,531
Other	19,180	--	--	--	--	19,180
Under construction and advances	--	42,352	--	--	--	42,352
Total	**31,100**	**42,469**	**5,303**	**--**	**(3,810)**	**75,062**

Depreciation and impairment losses (in thousands of CZK)						
Software	(10,895)	(61)	(377)	(3,118)	3,809	(10,642)
Other	(19,945)	--	--	--	--	(19,945)
Under construction and advances	--	(42,352)	--	--	--	(42,352)
Total	**(30,485)**	**(42,413)**	**(377)**	**-3118**	**3,809**	**(72,939)**

Carrying amount (in thousands of CZK)	At 1 January 2024	At 31 December 2024	At 31 December 2025
Software	1,025	2,888	2,587
Other	(765)	(765)	0
Under construction and advances	--	--	3,630
Total	**260**	**2,123**	**6,217**

13 Financial interests

The Company has investments in the following companies:

	Country	Participating interest
Veolia Komodity ČR, s.r.o.	Czech Republic	100%
Veolia Powerline Kaczyce Sp. z o.o.	Poland	100%

In thousands of CZK	**2025**	**2024**
Veolia Komodity ČR, s.r.o.	199,847	199,847
Veolia Powerline Kaczyce Sp. z o.o.	--	--
Total in subsidiaries	199,847	199,847

Following an impairment test, the value of the share in Veolia Powerline Kaczyce Sp. z o.o. has been reduced by a provision totalling CZK 395,275,000.

14 Long-term receivables

In thousands of CZK	**2025**	**2024**
Long-term receivables from Group companies (see Note 27)	62,223	73,739
Total long-term receivables	62,223	73,739

These are receivables due from the parent company, Veolia Energie ČR, a.s., for the lease of things, rights and other property rights, designated as "Heat for households" – see Note 25 Leases from the lessor's perspective. The current portion of the receivables is reported in Trade receivables due from related parties (see Note 17).

15 Deferred tax

Deferred tax assets and liabilities are attributable to the following:

Deferred tax

In thousands of CZK	Receivables		Liabilities		Difference	
	2025	**2024**	**2025**	**2024**	**2025**	**2024**
Property, plant and equipment	68,051	72,829	(78,520)	(79,950)	(10,469)	(7,121)
Inventories	5,114	3,290	(2,143)	--	2,971	3,290
Provisions	3,210	2,114		--	3,210	2,114
Right-of-use	9,842	4,351	(9,475)	(4,110)	368	241
Other items	2,012	1,224	(444)	(499)	1,568	725
Deferred tax assets / (liabilities)	88,230	83,808	(90,582)	(84,559)	(2,352)	(751)

The row Property, plant and equipment includes deferred tax in respect of the amount receivable for the lease of a business.

In thousands of CZK	Balance at 1 January 2025	Recognised in income statement	Recognised in equity	Merger impact	Balance at 31 December 2025
Property, plant and equipment	(7,121)	(3,348)	--	--	(10,469)
Inventories	3,290	(319)	--	--	2,971
Provisions	2,114	1,096	--	--	3,210
Right-of-use	241	127	--	--	368
Other items	725	711	132	--	1,568
Total	(751)	(1,733)	132	--	(2,352)

In thousands of CZK	Balance at 1 January 2024	Recognised in income statement	Recognised in equity	Merger impact	Balance at 31 December
Property, plant and equipment	(16,618)	603	--	8,894	(7,121)
Inventories	74	(312)	--	3,528	3,290
Provisions	1,861	253	--		2,114
Right-of-use	235	6	--		241
Other items	4,614	(10,478)	214	6,375	725
Total	(9,834)	(9,928)	214	18,797	(751)

16 Inventories

In thousands of CZK	2025	2024
Material and fuel	1,239	5,580
Emission allowances	10,203	15,390
Total	11,442	20,970

As at 31 December 2025, the Company recorded a provision reducing the value of materials by CZK 13,912,000
(2024: CZK 14,876,000).

Emission allowances
In 2005 the emission trading scheme was introduced in the European Union. As described in Note 3 e), emission allowances allocated in accordance with the National Allocation Plan and purchased emission allowances are recognised in assets as inventory.

17 Trade and other receivables

In thousands of CZK	**2025**	**2024**
Trade receivables due from related parties (see Note 27)	65,565	57,271
Trade receivables due from third parties	59,025	60,132
Contract assets	9,918	--
Other receivables	216	1,545
Total	134,724	118,948

Contract assets represent unbilled electricity supplies.

As at 31 December 2025, trade receivables are recognised in an amount reduced by a provision for doubtful debts, amounting to CZK 22,392,000 (2024: CZK 24,198,000) (see Note 24).

18 Cash and cash equivalents

In thousands of CZK	**2025**	**2024**
Cash in hand	4	79
Total cash	4	79
Cash pooling receivables	337,741	732,514
Cash pooling payables	--	(927)
Total cash in compliance with statement of cash flows	337,745	731,666

19 Capital and reserves

Reconciliation of movement in capital and reserves

As at 31 December 2025, the registered capital amounted to 15,600 dematerialised registered ordinary shares, each with a nominal value of CZK 27,500 (2024: CZK 27,500).

Reserves and other capital contributions

As at 31 December 2025, reserves and other capital contributions are comprised of other capital contributions of CZK 288,000 (2024: CZK 0). Other capital contributions are mostly comprised of the effects of the exchange rate hedging.

Dividend per share

2024 profits were distributed as a dividend payment in the amount of CZK 722,981,000 (2024: CZK 398,200,000).

20 Provisions

The Company has agreed to restore the land once OKD’s mining activity and the operation of the Company’s equipment end. The provision was not utilised in 2025.

In thousands of CZK	Balance at 1 January 2025	Provisions recognised	Provisions used	Balance at 31 December 2025	Non-current	Current
Site restoration	7,650	--	--	7,650	7,650	--
Other provisions	2,418	9,986	(4,770)	7,634	--	7,634
Total	**10,068**	**9,986**	**(4,770)**	**15,284**	**7,650**	**7,634**

In thousands of CZK	Balance at 1 January 2024	Provisions recognised	Provisions used	Balance at 31 December 2024	Non-current	Current
Site restoration	7,650	--	--	7,650	7,650	--
Other provisions	1,213	2,418	(1,213)	2,418	--	2,418
Total	**8,863**	**2,418**	**(1,213)**	**10,068**	**7,650**	**2,418**

21 Loans and borrowings

Note 24 contains more detailed information about the credit risk and the interest rate risk to which the Company is exposed. This position only shows the following liabilities; the Company has no other loans or borrowings.

In thousands of CZK	**2025**	**2024**
Non-current:		
Right-of-use liability	37,110	10,713
Total loans and borrowings	37,110	10,713
Current:		
Right-of-use liability	9,979	10,133
Unpaid interest on cash pool	--	927
Total loans and borrowings	9,979	11,060

22 Employee benefits

Since 2016 under the internal regulation on compensation, the Company has been obliged to pay benefits to employees who have worked for the Company for a certain fixed period of time. This is a retirement allowance.

Movements in the liability for defined benefit obligations

In thousands of CZK	**2025**	**2024**
Liability for defined benefit obligations at 1 January	161	489
Benefits paid	--	(205)
Current service costs	483	11
Interest	6	8
Actuarial (gains) losses recognised in equity	261	(132)
Change of plan	3,344	(10)
Actuarial (gains) losses recognised in income statement	--	--
Decrease of assumption	--	--
Liability for defined benefit obligations at 31 December	4,255	161
Non-current	3,426	--
Current	829	161

Actuarial assumptions	**2025**	**2024**
Discount rate at 31 December	4.60%	4.00%
Salary increase rate	3.0%	3.0%

Defined benefit liabilities are calculated on the basis of actuarial valuation under IAS 19. This standard requires the use of the "projected unit credit method" and unbiased and mutually compatible actuarial assumptions. The projected unit credit method was used to determine the present value of liability and current service costs.

Demographic assumptions: assumptions about mortality were taken from the 2025 mortality charts for males and females issued by the Czech Statistical Office. The disability assumption was taken from the charts of disabilities monitored by the Company. The assumed number of employees leaving the Company before reaching retirement age is based on expected departures of employees. The same assumptions were used to compute the provision for 2025.

Specific assumptions: the Company assumes that there is an 80% probability that agreements executed for a fixed term will be converted into agreements for an indefinite term. The amount of defined benefit liabilities as at 31 December 2025 takes into account social security contributions and health insurance. Description of risks: the Company does not have a separate plan for assets to cover employee benefit liabilities. Taking into account the annual payments from the plan and the nature of the Company's business this does not constitute a material risk for the Company.

Sensitivity analysis

The Company carried out a sensitivity analysis of the size of the provision for changes in the actuarial assumptions that influence the defined benefit liabilities. In the event of a change in one of the relevant actuarial assumptions, with other assumptions remaining constant, the defined benefit liabilities would change to the following amounts – based on a sensitivity analysis for assumptions with the most significant impact:

In thousands of CZK	**Discount rate increase +0.25%**	**Inflation rate increase+0.25%**
Liability for defined benefit obligations at 31 December 2025	4,215	4,299
Current service costs next year	491	496

Although this analysis does not take into account the timing of the cash flows that are expected under the plan, it provides information about the size of the liability upon a change in the various assumptions.

23 Trade and other payables, contract liabilities

Current liabilities

In thousands of CZK	**2025**	**2024**
Trade payables to related parties (see Note 27)	104,225	47,611
Trade payables to third parties	104,687	127,002
Other payables	25,247	26,694
Total	234,159	201,307

Other payables in 2025 included a VAT liability of CZK 12,419,000 (2024: CZK 10,884,000).

In thousands of CZK

	2025	**2024**
Contract liabilities	–	1,155

Of the contract liabilities recorded as at 31 December 2024, CZK 1,155,000 was recognised in revenue for 2025.

Reconciliation of liabilities and cash flow statement

At 31 December 2025

In thousands of CZK		**Lease liabilities**	**Total**
Balance at 31/12/2024		20,846	20,846
Interest expense	9	1,969	1,969
Interest paid	25	(1,969)	(1,969)
Transfers	25	--	--
Payments of lease liabilities	25	(12,433)	(12,433)
Change in lease - other	25	38,676	38,676
Balance at 31 December 2025		47,089	47,089

At 31 December 2024

In thousands of CZK		**Lease liabilities**	**Total**
Balance at 1 January 2024		27,933	27,933
Interest expense	9	1,251	1,251
Interest paid	25	(1,251)	(1,251)
Transfers	25	--	--
Payments of lease liabilities	25	(14,548)	(14,548)
Change in lease - other	25	7,461	7,461
Balance at 31 December 2024		20,846	20,846

24 Financial instruments

Credit risk
Maximum exposure to credit risk as at the date of the statement of financial position was:

In thousands of CZK	**Note**	**Carrying amount 2025**	**Carrying amount 2024**
Trade and other receivables	17	134,724	118,948
Long-term receivables	14	62,223	73,739
Derivatives		--	--
Cash and cash equivalents	18	337,745	732,593
Total		534,692	925,280

Impairment losses

In thousands of CZK	**Nominal value 2025**	**Impairment 2025**	**Nominal value 2024**	**Impairment 2024**
Not yet due	194,924	--	189,020	--
0–90 days overdue	317	--	414	--
90–180 days overdue	257	--	343	--
180–360 days overdue	--	--	48	--
More than 1 year overdue	23,841	22,392	27,060	24,198
Total	219,339	22,392	216,885	24,198

Movement in impairment provisions in respect of trade receivables in the course of the year was:

In thousands of CZK	**2025**	**2024**
Balance at 1 January	(24,198)	(750)
Recognition - merger impact	--	(21,342)
Recognition - other	(2,622)	(2,134)
Utilisation	4,428	28
Balance at 31 December	(22,392)	(24,198)

Liquidity risk
The following are payments of liabilities by the contractual maturities of financial liabilities, including estimated interest payments:

At 31 Dec 2025

In thousands of CZK	**Carrying amount**	**Contractual cash flow**	**Within 6 months**	**6–12 months**	**1–2 years**	**2–5 years**	**More than 5 years**
Trade and other payables, contract liabilities	234,159	234,159	234,159	--	--	--	--
Current tax liabilities	20,235	20,235	20,235	--	--	--	--
Derivative instruments – liabilities	467	467	467				
Cash pool interest	--	--	--	--	--	--	--
Total	254,861	254,861	254,861	--	--	--	--

At 31 Dec 2024

In thousands of CZK	**Carrying amount**	**Contractual cash flow**	**Within 6 months**	**6–12 months**	**1–2 years**	**2–5 years**	**More than 5 years**
Trade and other payables, contract liabilities	202,462	202,462	202,462	--	--	--	--
Current tax liabilities	4,250	4,250	4,250	--	--	--	--
Cash pool interest	927	927	927	--	--	--	--
Total	207,639	207,639	207,639	--	--	--	--

Currency risk
To hedge purchases and sales of electricity in foreign currencies (EUR), forward contracts were concluded with Veolia Environnement Finance – VE SA (see Note 5).
Due to the gradual hedging of purchases and sales the currency risk is minimal for the Company.

In thousands of CZK	**2025**	**2024**
	EUR	**EUR**
Trade receivables	19,105	19,846
Trade payables	(1,649)	(1,612)
Derivatives	(467)	--
Total	**16,989**	**18,234**

The effect of other foreign currency positions is immaterial.

Interest rate risk
As at 31 December 2025, the Company has the following interest-bearing financial instruments:

Variable-rate financial instruments

As regards variable-rate financial instruments the Company has right-of-use liabilities totalling CZK 47,089,000 (2024: CZK 20,846,000). The maturities fall from 2026 to 2037.

Sensitivity analysis of variable-rate financial instruments

Sensitivity analysis was based on exposure to interest rates related to variable-rate credit instruments at the end of the accounting period. For variable-rate debts the analysis is based on the assumption that the outstanding amount of the debt at the end of the accounting period was applicable in the same amount throughout the year.

Had the interest rates been 0.5% higher/lower with all the other variables remaining constant, the Company's profit for the period ending on 31 December 2025 would have decreased/increased by CZK 1.32 million (2024: decrease/increase by CZK 2.85 million).

Effective interest rate and remeasurement analysis

The effective interest rates of interest-bearing financial liabilities at the date of the statement of financial position and the periods in which they are remeasured average around 3.79%.

Fair values disclosed for items not recognised at fair value

It is considered justified to recognise the fair value of non-derivative financial liabilities, receivables and cash pool as approximately equivalent to their carrying value.

25 Leases

From the lessee's perspective

The Group (Company) leases buildings, land and equipment largely for the purpose of supplying heat. The lease term usually does not exceed ten years. It also leases offices for approximately five years and vehicles for usually four years.

The right to lease renewal is normally not contained in the contracts. Some contracts are indexed to inflation every year. Sublease of leased assets to third parties does not occur.

IT devices are not recognised as right-of-use assets due to insignificant value.

Amounts recognised in the income statement	**2025**	**2024**
(Income)/ Expenses from short-term leases	10,122	13,352
Costs related to variable lease payments	(78)	(83)
Other expenses	956	913
Total	11,000	14,182

Other	**2025**	**2024**
Interest expense on lease liabilities	1,969	1,251
Interest income from lease receivables	(21,035)	(23,159)

Amounts disclosed in the statement of cash flows	**2025**	**2024**
Total cash outflow for leases	(12,433)	(14,548)

Contractual cash flow

At 31 December 2025

In thousands of CZK	**Carrying amount**	**Contractual cash flow**	**Within 6 months**	**6–12 months**	**1–2 years**	**2–5 years**	**More than 5 years**
Right-of-use liability – non-current	37,110	39,812	--	--	11,300	27,805	707
Right-of-use liability – current	9,979	11,614	11,614	--	--	--	--
Total	47,089	51,426	11,614	--	11,300	27,805	707

At 31 December 2024

In thousands of CZK	**Carrying amount**	**Contractual cash flow**	**Within 6 months**	**6–12 months**	**1–2 years**	**2–5 years**	**More than 5 years**
Right-of-use liability – non-current	10,713	11,783	--	--	3,132	7,416	1,235
Right-of-use liability – current	10,133	10,861	10,861	--	--	--	--
Total	20,846	22,644	10,861	--	3,132	7,416	1,235

The Company leases land, buildings and equipment, and vehicles. The operating lease contracts that meet the requirements of IFRS 16 are recognised as assets – Right-of-use.

Right-of-use assets

Acquisition cost (in thousands of CZK)	Balance at 31 December 2024	Additions / transfers	Disposals	Balance at 31 December 2025
Property, land, buildings	41,761	9,323	(12,506)	38,578
Plant and equipment, and other assets	77,636	27,383	(2,096)	102,923
Total	**119,397**	**36,706**	**(14,602)**	**141,501**
Depreciation and impairment losses (in thousands of CZK)				
Property, land, buildings	(31,227)	(3,180)	12440	(21,967)
Plant and equipment, and other assets	(63,137)	(8,369)	1,602	(69,904)
Total	**(94,364)**	**(11,549)**	**14,042**	**(91,871)**

Acquisition cost (in thousands of CZK)	Balance at 1 January 2024	Merger impact	Additions / transfers	Disposals	Balance at 31 December 2024
Property, land, buildings	28,411	15,015	1,215	-2,880	41,761
Plant and equipment, and other assets	76,721	2,708	3,744	-5,537	77,636
Total	**105,132**	**17,723**	**4,959**	**-8,417**	**119,397**
Depreciation and impairment losses (in thousands of CZK)					
Property, land, buildings	(16,937)	(9,839)	(5,032)	581	(31,227)
Plant and equipment, and other assets	(58,311)	(1,914)	(5,881)	2,969	(63,137)
Total	**(75,248)**	**(11,753)**	**-10,913**	**3,550**	**(94,364)**

Carrying amount (in thousands of CZK)	At 1 January 2024	At 31 December 2024	At 31 December 2025
Property, land, buildings	11,474	10,534	16,611
assets	18,410	14,498	33,018
Total	**29,884**	**25,032**	**49,629**

At 31 December 2025, the value of the right of use under IFRS 16 is reduced by a provision totalling CZK 6,883,000.

From the lessor's perspective

Leased buildings and machinery
On 16 June 2011, the Company signed a contract on the lease of part of the business with its parent, Veolia Energie ČR, a.s. The contract became effective on 1 September 2011 and was concluded for a definite period until 31 December 2029.

Based on this contract, Veolia Průmyslové služby ČR, a.s. leases to its parent company, Veolia Energie ČR, a.s. a set of things, rights and other property that within Veolia Průmyslové služby ČR, a.s. had its own separate structure and was identified as "TEPLO OBYVATELSTVO" (Heat for households). At 31 December 2025, the balance of the receivable under this contract was CZK 95,605,000 (2024: CZK 107,297,000); the non-current portion was CZK 62,225,000 (2024: CZK 73,739,000) (see Note 14) and the current portion was CZK 33,381,000 (2024: CZK 33,558,000), recognised in the row Trade and other receivables due from related parties (see Note 17).

The lease payments are due over the following periods:

2025	**Payments at 31 December 2025**	**Future lease payments**	**Due within 1 year**	**Due in 1 to 5 years**	**Due in subsequent years**
Heat for households	346,058	137,584	33,381	104,203	--
Total	346,058	137,584	33,381	104,203	--

2024	**Payments at 31 December 2024**	**Future lease payments**	**Due within 1 year**	**Due in 1 to 5 years**	**Due in subsequent years**
Heat for households	313,332	179,863	33,558	146,305	--
Total	313,332	179,863	33,558	146,305	--

Based on the contractual conditions, the Company is obliged to purchase the performed improvements after the leasing period. The future purchase liability is not recognised, because the amount will be insignificant at the date of the lease end, and the Company does not expect to pay it. In 2025, interest income was CZK 21,035,000 (2024: CZK 23,159,000); see Note 9. Interest income – Right-of-use.

26 Related parties

Transactions with related parties

The Company is controlled by the multinational company Veolia International SA and its ultimate parent company, Veolia Environnement, VE SA. The Company has transactions with its subsidiaries (see Note 27).

Transactions with management personnel

Neither the management personnel of the Company nor their immediate relatives own any voting shares in the Company. In addition to their salaries, the Company also provides cars and mobile phones for both business and private purposes to management personnel.

In thousands of CZK	**2025**	**2024**
Employee compensation	6,872	5,158
Employee benefits	37	--
Total employee compensation	6,909	5,158

27 Companies in the Group

Sales and purchases within the Group

Typical transactions between the Company and the parent company and other Group companies controlled by its parent company are as follows:

Sales transactions:
- Supply of heat, electricity and distribution

Purchase transactions:
- Advisory services provided to the Company
- General overhaul and ordinary repairs and maintenance of fixed assets
- Transactions with emission allowances and certificates
- Supply of non-current assets

Typical transactions between the Company and its subsidiaries are as follows:

Sales transactions:
- Revenue from the electricity distribution
- Revenue from the provision of services
- Revenue from the lease of a part of the business

Purchase transactions:
- Supply of electricity and distribution

All significant transactions with related parties were carried out under arm's length conditions.

Related parties include all companies in the Veolia Group. The Company discloses only material relations with those entities.

In thousands of CZK	2025	2024
Purchases	(533,274)	(314,167)
Sales	91,378	47,300
Finance costs	1,190	657
Finance income	42,801	53,350

In thousands of CZK	2025	2024
Receivables	127,788	131,010
Liabilities	(104,225)	(47,611)
Financial liabilities	3,336	6,705

Receivables and payables also include estimated assets and, as applicable, estimated liabilities and advance payments.

The Company is involved in a cash pool with Veolia Environnement Finance (see Note 18). The cash pool balance is a receivable of CZK 337,741,000 (2024: a receivable of CZK 732,514,000). The balance of the receivable from the cash pool is not listed in the above table.

In 2025 the Company received a dividend from its subsidiary Veolia Komodity ČR, s.r.o. in the amount of CZK 383,858,000 (2024: CZK 663,231,000), which is not listed in the table above.

The Company signed a contract on the lease of part of the business with its parent company, Veolia Energie ČR,a.s.
(see Note 25). The balance of the receivable due for the lease amounts to CZK 95,605,000 (2024: CZK 107,297,000) and is reflected in the above table.

28 Subsequent events

In 2026 OKD, a.s. decommissioned the ČSM mine earlier than planned. Compared to the assumptions used in preparing the 2025 financial statements, the mine closure occurred a few months earlier. As a result, revenue may decline earlier by approximately 20% due, in particular, to the discontinuation of compressed air supplies and to lower revenue from electricity distribution.

04 REPORT ON RELATED PARTIES

Report on Related Parties
i.e. report on relations between the controlling and controlled entities and between the controlled entity and other entities under common control (related parties)

for the accounting period of 2025

prepared

under Section 82 of Act No 90/2012 on commercial companies and cooperatives (the Business Corporations Act, BCA), as amended,

by the governing body of Veolia Průmyslové služby ČR, a.s.
having its registered office at Zelená 2061/88a, Mariánské Hory, 709 00 Ostrava
Special postcode: 709 74
Company No.: 278 26 554

a company incorporated in the Companies Register maintained by the Ostrava Regional Court, file number B 3722

Contents

I
Preamble

The Report has been prepared by the Company's governing body under Section 82 of Act No 90/2012 on commercial companies and cooperatives (the Business Corporations Act, BCA), as amended, on 20 February 2026.

The accuracy of the disclosures contained herein was reviewed by the auditors, Deloitte Audit, s.r.o.

The Report has been prepared for the accounting period of 2025.

II
Specification and description of related parties

The list of related parties provides an overview of all related companies in the Czech Republic regardless of whether the Company had in place or performed under any contract with them in 2025, including their respective controlling entities. Furthermore, the list of related parties also includes those international entities with which the Company had in place or performed under a contract in the year reviewed.

Controlled company

Name:	**Veolia Průmyslové služby ČR, a.s.**
Registered office:	Zelená 2061/88a, Mariánské Hory, 709 00 Ostrava Special postcode: 709 74
Company No.:	278 26 554
File number:	B 3722, Companies Register maintained by the Ostrava Regional Court
Legal form:	Public limited company

Controlling companies and entities controlling the controlling companies

Name:	**Veolia Energie ČR, a.s.**
Registered office:	28. října 3337/7, Moravská Ostrava, 702 00 Ostrava
File number:	B 318, Companies Register maintained by the Ostrava Regional Court
Company No.:	451 93 410
Legal form:	Public limited company

Name:	**VEOLIA ENERGIE INTERNATIONAL S.A.**
Registered office:	21 rue La Boétie, 75008 Paris, France
Company No.:	433 539 566 R.C.S. Paris
Legal form:	Public limited company

Name:	**VEOLIA ENVIRONNEMENT S.A.**
Registered office:	21 rue La Boétie, 75008 Paris, France
Company No.:	403 210 032 R.C.S. Paris
Legal form:	Public limited company

Related parties

Name:	**VEOLIA ENVIRONNEMENT ENERGIE ET VALORISATION SAS**
Registered office:	21 rue La Boétie, 75008 Paris, France
Company No.:	488 770 785 R.C.S. Paris
Legal form:	Simplified public limited company

Name:	**Energie Projekt ČR, s.r.o. 'in liquidation'**
Registered office:	Praha 2, Americká 415
Company No.:	257 06 969
File number:	C 62955, Companies Register maintained by the Prague Municipal Court
Legal form:	Private limited company

Name:	**RECOVERA CZ, a.s.**
Registered office:	Zelená 2061/88a, Mariánské Hory, 709 00 Ostrava
Company No.:	601 93 204
File number:	B 11405, Companies Register maintained by the Ostrava Regional Court
Legal form:	Public limited company

Name:	**OLTERM & TD Olomouc, a.s.**
Registered office:	Janského 469/8, Povel, 779 00 Olomouc
Company No.:	476 77 511
File number:	B 872, Companies Register maintained by the Ostrava Regional Court
Legal form:	Public limited company

Name:	**AmpluServis, a.s.**
Registered office:	Ostrava-Třebovice, ul. Elektrárenská 5558, postcode 70974
Company No.:	651 38 317
File number:	B 1258, Companies Register maintained by the Ostrava Regional Court
Legal form:	Public limited company

Name:	**Veolia Energie Kolín, a.s.**
Registered office:	Kolín V., Tovární 21, postcode 280 63
Company No.:	451 48 091
File number:	B 1523, Companies Register maintained by the Prague Municipal Court
Legal form:	Public limited company

Name:	**Veolia Energie Mariánské Lázně, s.r.o.**
Registered office:	Nádražní náměstí 294, Úšovice, 353 01 Mariánské Lázně
Company No.:	497 90 676
File number:	C 4776, Companies Register maintained by the Plzeň Regional Court
Legal form:	Private limited company

Name:	**Veolia Komodity ČR, s.r.o.**
Registered office:	28. října 3337/7, Moravská Ostrava, 702 00 Ostrava
Company No.:	258 46 159
File number:	C 21431, Companies Register maintained by the Ostrava Regional Court
Legal form:	Private limited company

Name:	**Veolia Energie Praha, a.s.**
Registered office:	Na Florenci 2116/15, Nové Město, 110 00 Praha 1
Company No.:	036 69 564
File number:	B 20284, Companies Register maintained by the Prague Municipal Court
Legal form:	Public limited company

Name:	**Veolia Powerline Kaczyce Sp. z o.o.**
Registered office:	Morcinka 17, 43-417 Kaczyce, Poland
Company No.:	141 189 229, Regional Registry Court in Bielsko-Biała
Legal form:	Private limited company

Name:	**Institut environmentálních služeb, a.s.**
Registered office:	Na Florenci 2116/15, Nové Město, 110 00 Praha 1
Company No.:	629 54 865
File number:	B 9967, Companies Register maintained by the Prague Municipal Court
Legal form:	Public limited company

The company was wound up by merging with the acquiring company Veolia Support Services Česká republika, a.s. and struck off from the Companies Register on 31 August 2025.

Name:	**VEOLIA EAU - COMPAGNIE GENERALE DES EAUX SCA**
Registered office:	21 rue La Boétie, 75008 Paris, France
Company No.:	572 025 526 R.C.S. Paris
Legal form:	Partnership limited by shares

Name:	**VEOLIA CENTRAL & EASTERN EUROPE S.A.**

Registered office:	21 rue La Boétie, 75008 Paris, France
Company No.:	B 433 934 809 RCS PARIS
Legal form:	Public limited company
Name:	**Veolia Holding Česká republika, a.s.**
Registered office:	Na Florenci 2116/15, Nové Město, 110 00 Praha 1
Company No.:	106 96 539
File number:	B 26190, Companies Register maintained by the Prague Municipal Court
Legal form:	Public limited company
Name:	**VEOLIA ČESKÁ REPUBLIKA, a.s.**
Registered office:	Na Florenci 2116/15, Nové Město, 110 00 Praha 1
Company No.:	492 41 214
File number:	B 2098, Companies Register maintained by the Prague Municipal Court
Legal form:	Public limited company
Name:	**Pražské vodovody a kanalizace, a.s.**
Registered office:	Ke Kablu 971/1, Hostivař, 102 00 Praha 10
Company No.:	256 56 635
File number:	B 5297, Companies Register maintained by the Prague Municipal Court
Legal form:	Public limited company
Name:	**MORAVSKÁ VODÁRENSKÁ, a.s.**
Registered office:	Tovární 1059/41, Hodolany, 779 00 Olomouc
Company No.:	618 59 575
File number:	B 1943, Companies Register maintained by the Ostrava Regional Court
Legal form:	Public limited company
Name:	**Vodárna Zlín a.s.**
Registered office:	třída Tomáše Bati 383, Louky, 763 02 Zlín
Company No.:	142 37 083
File number:	B 8672, Companies Register maintained by the Brno Regional Court
Legal form:	Public limited company
Name:	**Středočeské vodárny, a.s.**
Registered office:	Kladno, U Vodojemu 3085, postcode 272 80
Company No.:	261 96 620
File number:	B 6699, Companies Register maintained by the Prague Municipal Court
Legal form:	Public limited company
Name:	**RAVOS, s.r.o.**
Registered office:	Frant. Diepolta 1870, Rakovník II, 269 01 Rakovník
Company No.:	475 46 662
File number:	C 19602, Companies Register maintained by the Prague Municipal Court
Legal form:	Private limited company
Name:	**Vodohospodářská společnost Rokycany, s.r.o.**
Registered office:	Sedláčkova 651, Plzeňské Předměstí, 337 01 Rokycany
Company No.:	453 51 325
File number:	C 2378, Companies Register maintained by the Plzeň Regional Court
Legal form:	Private limited company
Name:	**Královéhradecká provozní, a.s.**
Registered office:	Víta Nejedlého 893/6, Slezské Předměstí, 500 03 Hradec Králové
Company No.:	274 61 211
File number:	B 2383, Companies Register maintained by the Hradec Králové Regional Court
Legal form:	Public limited company
Name:	**1. SčV, a.s.**
Registered office:	Ke Kablu 971/1, 102 00 Praha 10
Company No.:	475 49 793
File number:	B 10383, Companies Register maintained by the Prague Municipal Court
Legal form:	Public limited company

Name:	**Česká voda – MEMSEP, a.s.**
Registered office:	Ke Kablu 971/1, Hostivař, 102 00 Praha 10
Company No.:	250 35 070
File number:	B 12115, Companies Register maintained by the Prague Municipal Court
Legal form:	Public limited company

Name:	**Solutions and Services, a.s.**
Registered office:	Na Florenci 2116/15, Nové Město, 110 00 Praha 1
Company No.:	272 08 320
File number:	B 11409, Companies Register maintained by the Prague Municipal Court
Legal form:	Public limited company

Name:	**Veolia Support Services Česká republika, a.s.**
Registered office:	Na Florenci 2116/15, Nové Město, 110 00 Praha 1
Company No.:	290 60 770
File number:	B 18573, Companies Register maintained by the Prague Municipal Court
Legal form:	Public limited company

Name:	**Veolia Vedlejší produkty ČR, s.r.o.**
Registered office:	Na Florenci 2116/15, Nové Město, 110 00 Praha 1
Company No.:	247 15 964
File number:	C 168333, Companies Register maintained by the Prague Municipal Court
Legal form:	Private limited company

Name:	**Severočeská servisní a.s.**
Registered office:	Přítkovská 1689/14, Trhovany, 415 01 Teplice
Company No.:	051 75 917
File number:	B 2659, Companies Register maintained by the Ústí nad Labem Regional Court
Legal form:	Public limited company

Name:	**IoT.water a.s.**
Registered office:	Radlická 364/152, Radlice, 158 00 Praha 5
Company No.:	055 89 916
File number:	B 25457, Companies Register maintained by the Prague Municipal Court
Legal form:	Public limited company

The company was wound up by merging with the acquiring company Popron System a.s. and struck off from the Companies Register on 31 May 2025.

Name:	**Pražská teplárenská a.s.**
Registered office:	Radlická 364/152, Radlice, 158 00 Praha 5
Company No.:	452 73 600
File number:	B 1509, Companies Register maintained by the Prague Municipal Court
Legal form:	Public limited company

Name:	**TERMONTA PRAHA a.s.**
Registered office:	Třebohostická 46/11, Strašnice, 100 00 Praha 10
Company No.:	471 16 234
File number:	B 1846, Companies Register maintained by the Prague Municipal Court
Legal form:	Public limited company

Name:	**PT Koncept, a.s.**
Registered office:	Radlická 364/152, Radlice, 158 00 Praha 5
Company No.:	032 61 816
File number:	B 19886, Companies Register maintained by the Prague Municipal Court
Legal form:	Public limited company

The company was wound up by merging with the acquiring company Pražská teplárenská, a.s. and struck off from the Companies Register on 1 December 2025.

Name:	**Teplo Neratovice, spol. s r.o.**
Registered office:	Neratovice, Školní 162, postcode 277 11
Company No.:	498 27 316
File number:	C 34074, Companies Register maintained by the Prague Municipal Court
Legal form:	Private limited company

Name:	**PT Distribuční, s.r.o.**
Registered office:	Praha 9 - Střížkov, Jablonecká 322/72, postcode 190 00
Company No.:	457 93 590
File number:	C 11208, Companies Register maintained by the Prague Municipal Court
Legal form:	Private limited company

Name:	**ENERGOPROJEKTA s.r.o.**
Registered office:	Dluhonská 1350/43, Přerov I-Město, 750 02 Přerov
Company No.:	059 85 005
File number:	C 70165, Companies Register maintained by the Ostrava Regional Court
Legal form:	Private limited company

Name:	**PT Transit, a.s.**
Registered office:	Radlická 364/152, Radlice, 158 00 Praha 5
Company No.:	293 52 797
File number:	B 19399, Companies Register maintained by the Prague Municipal Court
Legal form:	Public limited company

Name:	**Popron Systems a.s.**
Registered office:	Radlická 364/152, Radlice, 158 00 Praha 5 (formerly Revoluční 1082/8, Nové Město, 110 00 Praha 1)
Company No.:	618 55 162
File number:	B 28240, Companies Register maintained by the Prague Municipal Court
Legal form:	Public limited company

The company changed its registered office on 20 January 2025.

Name:	**VEO Project Engineering, s.r.o.**
Registered office:	28. října 3337/7, Moravská Ostrava, 702 00 Ostrava
Company No.:	171 61 703
File number:	C 89380, Companies Register maintained by the Ostrava Regional Court
Legal form:	Private limited company

Name:	**Recovera Využití zdrojů a.s.**
Registered office:	Radlická 364/152, Radlice, 158 00 Praha 5 (formerly Španělská 1073/10, Vinohrady, 120 00 Praha 2)
Company No.:	256 38 955
File number:	B 9378, Companies Register maintained by the Prague Municipal Court
Legal form:	Public limited company

The company changed its registered office on 1 January 2025 and was transferred under VEOLIA ČESKÁ REPUBLIKA, a.s. on 17 December 2025.

Name:	**Recovera Technický servis s.r.o.**
Registered office:	Hybešova 523/10, 787 01 Šumperk
Company No.:	268 36 980
File number:	C 40172, Companies Register maintained by the Ostrava Regional Court
Legal form:	Private limited company

The company was transferred under VEOLIA ČESKÁ REPUBLIKA, a.s. on 17 December 2025.

Name: **Recovera Facility a.s.**
Registered office: Drčkova 2798/7, Líšeň, 628 00 Brno
Company No.: 604 87 909
File number: B 9055, Companies Register maintained by the Brno Regional Court
Legal form: Public limited company
The company was transferred under VEOLIA ČESKÁ REPUBLIKA, a.s. on 17 December 2025.

Name: **Advance Energo a.s.**
Registered office: Zelená 2061/88a, Mariánské Hory, 709 00 Ostrava (dříve Sokolovská 675/9, Karlín, 186 00 Praha 8)
Company No.: 090 07 172
File number: B 11577, Companies Register maintained by the Ostrava Regional Court
Legal form: Public limited company

Name: **Příbramská provozní s.r.o**
Registered office: Novohospodská 93, Příbram IX, 261 01 Příbram
Company No.: 223 13 460
File number: C 414411, Companies Register maintained by the Prague Municipal Court
Legal form: Private limited company

Name: **Energo Příbram, s.r.o.**
Registered office: Obecnická 269, Příbram VI-Březové Hory, 261 01 Příbram
Company No.: 061 22 108
File number: C 275501, Companies Register maintained by the Prague Municipal Court
Legal form: Private limited company
The company became a part of the Veolia Group on 26 August 2025.

Name: **Teplo Příbram s.r.o.**
Registered office: Obecnická 269, Příbram VI-Březové Hory, 261 01 Příbram
Company No.: 106 64 637
File number: C 346189, Companies Register maintained by the Prague Municipal Court
Legal form: Private limited company
The company became a part of the Veolia Group on 26 August 2025.

Name: **Zkušebna Mydlovary s.r.o.**
Registered office: č.p. 103, 373 49 Mydlovary
Company No.: 260 41 863
File number: C 10813, Companies Register maintained by the České Budějovice Regional Court
Legal form: Private limited company
The company became a part of the Veolia Group on 22 July 2025.

Name: **Zkušebna Mydlovary – Morava s.r.o.**
Registered office: Fügnerova 1226/10, Horka-Domky, 674 01 Třebíč
Company No.: 033 57 881
File number: C 84395, Companies Register maintained by the Brno Regional Court
Legal form: Private limited company
The company became a part of the Veolia Group on 22 July 2025.

Name: **Mníšecká provozní, s.r.o.**
Registered office: Pražská 1616, 252 10 Mníšek pod Brdy
Company No.: 239 58 251
File number: C 435876, Companies Register maintained by the Prague Municipal Court
Legal form: Private limited company
The company was incorporated and became a part of the Veolia Group on 13 November 2025.

Name: **ČelakoVaK s.r.o.**
Registered office: Na Požárech 1882, 250 88 Čelákovice
Company No.: 238 37 519
File number: C 433732, Companies Register maintained by the Prague Municipal Court
Legal form: Private limited company
The company was incorporated and became a part of the Veolia Group on 15 October 2025.

Note: Schematic diagrams of the Group composed of the controlling and controlled entities as the related parties are shown in Annexes 1 and 2 to this Report.

III
Role of the controlled entity, methods and means of control, and evaluation of the advantages and disadvantages arising from relations between the related parties

Within the meaning of Section 79 BCA, Veolia Průmyslové služby ČR, a.s. is a dependent entity within the Group and is subject to joint management under a common policy of strategic management of the Group; for the dependent entity, the above primarily generates advantages from the know-how provided within the Group for performing the controlled entity's business.

The dependent entity is controlled through the sole shareholder acting in the capacity of the Company's general meeting, who has the influence to appoint their representatives to the Company's bodies and so can influence the business management of the Company.

The Company is not exposed to any future or long-term risks as a result of its membership of the Veolia Group and the governing body is not aware of any material future developments that may jeopardise the Company as a result of its belonging to the Group.

IV
Overview of agreements between related parties, assessment of damage and compensation for damage under Sections 71 and 72 BCA, and overview of acts made at the instigation or in the interest of the controlling entity or entities controlled by the controlling entity

A. Relations with controlling companies and entities controlling the controlling company

A1. Veolia Energie ČR, a.s.

The following agreements are in place between Veolia Průmyslové služby ČR, a.s. and Veolia Energie ČR, a.s.:
Agreements where Veolia Průmyslové služby ČR, a.s. is the supplier:
- Lease for a 22 kV Line, ID D 641, Teplárna Karviná sector (link between ČSA and TKV);
- Maintenance Agreements for the Servicing, Repairs and Trouble-shooting of Dry Ash Removal Installations at ETB;
- Agreement on the Lease of a Part of the Business;
- Agreement on the Sale of Heat to the Přerov Sector from a Co-generation Unit 13;
- Agreement on the Supply and Purchase of Electricity to the Přerov Sector from a Co-generation Unit 13;
- Agreement to Connect Cogeneration Unit KGJ13, No. 8903 VN;
- Service Agreement – Study of the Optimisation of Production Facilities – Palmix – re-invoiced services;
- Partial Outsourcing Agreement – Technical and HR functions;
- Framework Agreement – Servicing Work;
- Agreement on Heat Supply from Cogeneration Unit KGJ15 Nový Jičín;
- Agreement on Electricity Supply from Cogeneration Unit KGJ15 Nový Jičín;
- Agreement to Connect an Energy Generating Plant, Cogeneration Unit KGJ15 Nový Jičín, No. 9001 MV
- Servicing Agreement 2408-0020-08A for the post-guarantee servicing of the cogeneration unit at the Olomouc Teaching Hospital (KGJ FNOL)
- Customer Connection Contract No. 5890 LV – ČSA site
- Thermal Energy Supply Contract – K21 ŠVOL
- Contract for the Connection of a Power Generating Unit, No. 5501, 5502, 5503 MV – TKV site

- Agreement on the Provision of Distribution Services, No. 27620 VN – TKV site
- Contract for Work for the construction of a PV System in Mitušova, Olomouc, 2402-0012-V05
- Thermal Energy Supply Contract – Korýtko Cogeneration Unit
- Lease Agreement – lease of Cogeneration Unit 12 to Olomouc Teaching Hospital
- Customer Connection Contract No. 5889 LV – ČSA site

Agreements where Veolia Průmyslové služby ČR, a.s. is the customer:
- Agreement on the Sale of Heat to the ČSA site;
- Agreement on the Sale of Heat to the LAZY site;
- Agreement on the Charging of a Fixed Rate for the Decentralised Generation and Re-invoicing of Costs Related to the Supply to ČEZ Distribuce;
- Agreement on the Provision of Services and the Use of Sub-stations at Teplárna Karviná;
- Agreement on the Provision of Services and the Use of Sub-stations at Teplárna Ostrava;
- Lease Agreement for Non-residential Premises – warehouse on the Veolie Energie ČR, Karviná-Doly;
- Lease Agreement for Non-residential Premises at Zelená 2061, Ostrava-Mariánské Hory;
- Mandate to Handle and Trade Greenhouse Emission Allowances;
- Agreement on Services and Consultancy in Respect of Capital Projects;
- Agreement on Group Treasury Management, including implementing amendments;
- Service Agreement (IT, sales, invoicing, etc.);
- Service Agreement – advisory for Turkey;
- Decision for the company to adhere to the Sequoia employee shareholding plan;
- Agreement on Personal Data Processing;
- Sub-licence Agreement on Trade Mark Use;
- Agreement to Re-invoice Costs for the Purchase and Distribution of Natural Gas, for the Přerov Cogeneration Unit;
- Lease Agreement for Premises – Karolína Substation;
- Contract for Construction Rights – Cogeneration Unit KG J15 Nový Jičín;
- Contract for Construction Rights – PV Power Plant at Dukla Mine;
- Framework Agreement on Personal Data Protection;
- Memorandum on Cooperation in the Implementation of the Project: Korýtko Cogeneration Unit;
- Agreement on the Transfer of Some Acts – OHS, fire safety, Compliance and IMS
- Agreement on Participation in an Aggregation Unit
- Agreement for the Operation of Gas Boiler K21
- Agreement on the Invoicing and Re-invoicing of Natural Gas, Electricity and Water Supplies for boiler K21
- Agreement on Commercial Cooperation between VEČR and VPS
- Lease Agreement for the lease of commercial space and of movable assets – Olomouc CHP plant
- Lease Agreement – lease of Dukla land for a photovoltaic system installation
- Lease Agreement – lease of space for Cogeneration Unit 15 – Nový Jičín
- Agreement on the Re-invoicing of Natural Gas Costs (cogeneration unit 15 – Nový Jičín)

all of them on an arm’s length basis.

Veolia Energie ČR, a.s. takes out insurance policies for Veolia Průmyslové služby ČR, a.s. and then re-invoices the costs, equalling the actually incurred costs.

Veolia Průmyslové služby ČR, a.s. made a financial donation to the Veolia Energie Humain ČR Foundation set up by Veolia Energie ČR, a.s.

A2. VEOLIA ENVIRONNEMENT S.A.

Veolia Průmyslové služby ČR, a.s. signed a Declaration of Participation in the International Group Savings Plan of Veolia Environnement and the Sequoia employee shareholding programme with VEOLIA ENVIRONNEMENT S.A. and paid the contributions to the employee shares.

Veolia Průmyslové služby ČR, a.s. is a cash pool participant under a Two-way Real Cash-pooling Agreement and a Treasury Agreement on the Operation of Cash-pooling in the Group concluded with VEOLIA ENVIRONNEMENT S.A. and Komerční banka, a.s. on an arm's length basis. A Framework Agreement for Forward Transactions has also been concluded with VEOLIA ENVIRONNEMENT S.A.

A3. Companies controlling the controlling entity

No contracts were concluded or performed, no legal acts or measures were made towards such companies, and no deliveries or considerations were provided between the companies controlling the controlling entity.

B. Relations to related parties

B1. Veolia Komodity ČR, s.r.o.

The following agreements are in place between Veolia Průmyslové služby ČR, a.s. and Veolia Komodity ČR, s.r.o.:
Agreements where Veolia Průmyslové služby ČR, a.s. is the supplier:
- Agreement on Electricity Feed-in (ČSM);
- Agreement on Electricity Feed-in (Korýtko);
- Agreement on Electricity Feed-in (Hlubočky);
- Framework Agreement on Electricity Distribution;

Agreements where Veolia Průmyslové služby ČR, a.s. is the customer:
- Agreement on Electricity Supply (ČSM, Hlubočky, local distribution system losses);
- Agreement on Electricity Supply (Korýtko);
- Agreement on Bundled Natural Gas Supply Services (Korýtko)

all of them on an arm's length basis.

B2. Veolia Powerline Kaczyce Sp. z o.o.

The following agreement is in place between Veolia Powerline Kaczyce Sp. z o.o. and Veolia Průmyslové služby ČR, a.s. as the customer:
- Agreement on the Securing Transmission Capacity;

on an arm's length basis.

B3. AmpluServis, a.s.

The following agreements are in place between AmpluServis, a.s. and Veolia Průmyslové služby ČR, a.s. as the customer:
- Framework Agreement for Assembly Work and Workmanship, Repairs and Emergency Repairs;
- Framework Agreement for the Servicing of Listed Electrical Equipment
- Inspection Agreement – checks and assessments of fuel quality;

all of them on an arm's length basis.

B4. Institut environmentálních služeb, a.s.

Under an Agreement on Cooperation in Employee Education, Institut environmentálních služeb, a.s. provided Veolia Průmyslové služby ČR, a.s. with the education of its employees, education record keeping in the personnel system, and regular reporting on training until 31 August 2025, on an arm's length basis.

B5. VEOLIA ENVIRONNEMENT ENERGIE ET VALORISATION SAS

Veolia Průmyslové služby ČR, a.s. and VEOLIA ENVIRONNEMENT ENERGIE ET VALORISATION SAS concluded and performed under an Agreement on the Assignment of the Rights and Obligations deriving from the Agreement on CO_2 Allowance Trading, on an arm's length basis.

B6. Solutions and Services, a.s.

Solutions and Services, a.s. and Veolia Průmyslové služby ČR, a.s., as the customer, have the following agreements in place:

- Agreement on Data Services
- Legal Watch Service Agreement

all of them on an arm's length basis.

B7. VEO Project Engineering, s.r.o.

VEO Project Engineering, s.r.o. and Veolia Průmyslové služby ČR, a.s., as the customer, have the following agreements in place:

- Service Agreement, incl. amendments;
- Business Space Sublease Agreement;

all of them on an arm's length basis.

B8. Veolia Support Services Česká republika, a.s.

Veolia Support Services Česká republika, a.s. and Veolia Průmyslové služby ČR, a.s., as the customer, have the following agreement in place:

- Accounting Services Agreement;

on an arm's length basis.

Veolia Support Services Česká republika, a.s. provides training for Veolia Průmyslové služby ČR, a.s. on an arm's length basis.

B9. TERMONTA PRAHA a.s.

The following agreements are in place between Veolia Průmyslové služby ČR, a.s. and TERMONTA PRAHA a.s.:

- Contract for Work: Upgrade of line VN D211/VN131 (MV lines)
- Contract for Work: Upgrade of line D18/D190/191
- Contract for Work: Promotion of cogeneration in the Ostrava DHN – Korýtko Cogeneration Unit
- Servicing Agreement No. 2423-0007-03A – Cogeneration Units No. 17, 18 and 19 Korýtko

all of them on an arm's length basis.

B10. Veolia Vedlejší produkty ČR a.s.

The following agreement is in place between Veolia Průmyslové služby ČR, a.s. and Veolia Vedlejší produkty ČR, a.s.:

- Agreement on the Preparation of a Land Restoration Project, including the Implementation of Land Restoration at the ČSM Site;

on an arm's length basis.

B11. OLTERM & TD Olomouc, a.s.

The following agreements are in place between Veolia Průmyslové služby ČR, a.s. and OLTERM & TD Olomouc, a.s.:

- Agreement for the Re-invoicing of Natural Gas Supply Costs for the Cogeneration Unit
- Customer Connection Contract No. 9601 LV
- Agreement on Electricity Supply from the Generating Unit;
- Thermal Energy Supply Agreement from the Cogeneration Unit, No. 27394

all of them on an arm's length basis.

B12. Relations to other related parties

All the companies of the Veolia Group in the Czech Republic have a Framework Personal Data Protection Agreement in place.

No other contracts were concluded or performed, no legal acts were made, and no deliveries or considerations were provided between the other related companies within the Group.

C. Overview of acts carried out at the instigation or in the interest of controlling entities

In 2025, no acts were carried out at the instigation or in the interest of the controlling entity or entities controlled by the controlling entity concerning assets in excess of 10% of the controlled entity's equity and the controlled entity was not inhibited from making certain acts or strategic decisions due to control over the Company and due to controlling entities' interest or instigation.

V
Conclusion

On the basis of the information available to the governing body and in view of the information above, the Board of Directors as a governing body states that in the period under review, the controlled company suffered no damage in its relations with the controlling entity or in relations between related parties. Furthermore, the Board of Directors notes that the Report is complete and that the disclosure of any additional information, in particular such as would extend the scope or depth of the disclosures made herein, is subject to trade secrecy under Section 504 of Act No 89/2012, the Civil Code.

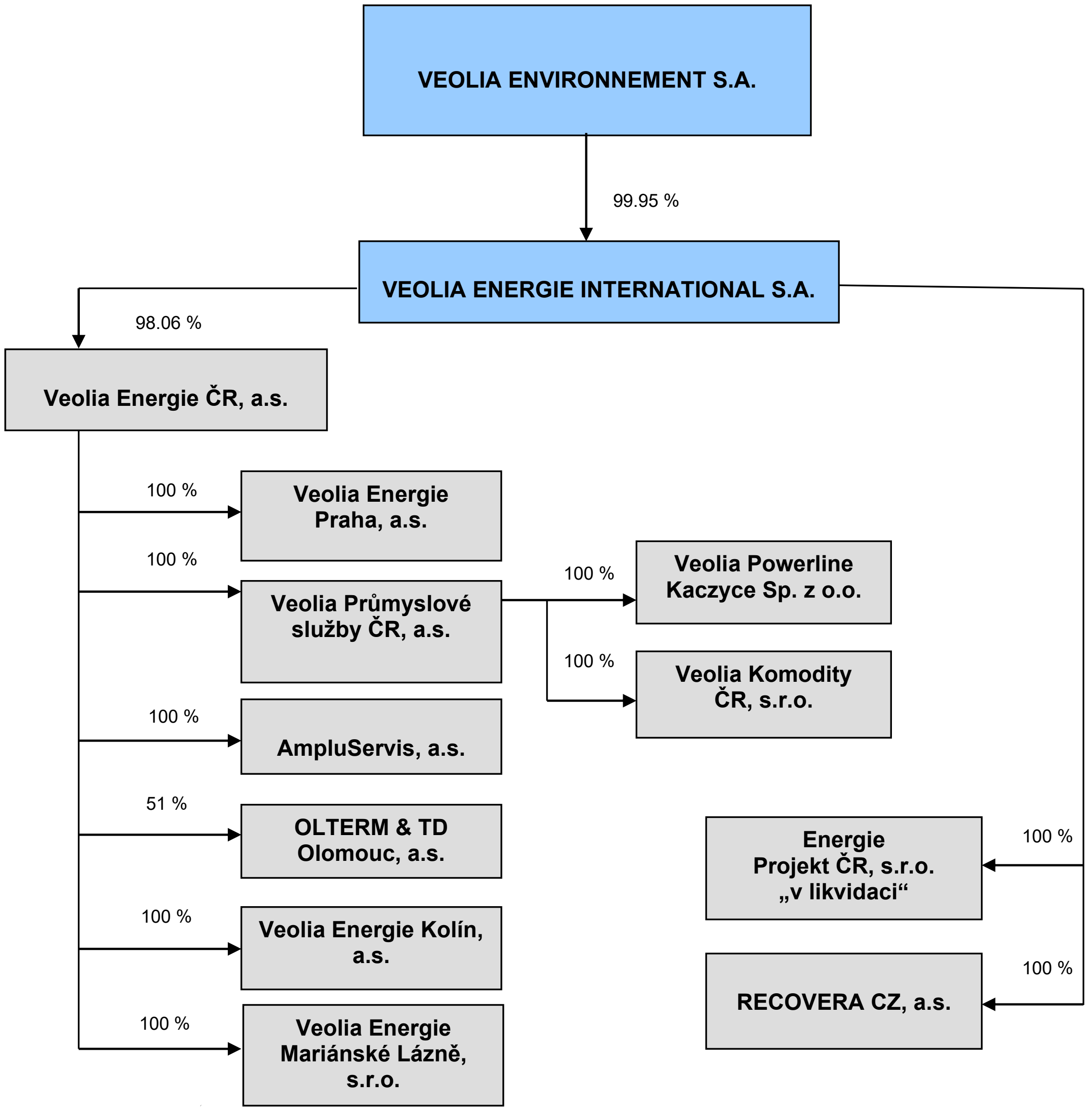
Ostrava, 31 March 2026

Radim Sobotík
Member of the Board of Directors

Pavel Luňáček
Member of the Board of Directors

Relationships of control

Annex 1 to the Report on Related Parties of Veolia Průmyslové služby ČR, a.s., i.e. the report on relations between the controlling and controlled entities and between the controlled entity and other entities under common control (related parties) valid as at 31 Dec 2025



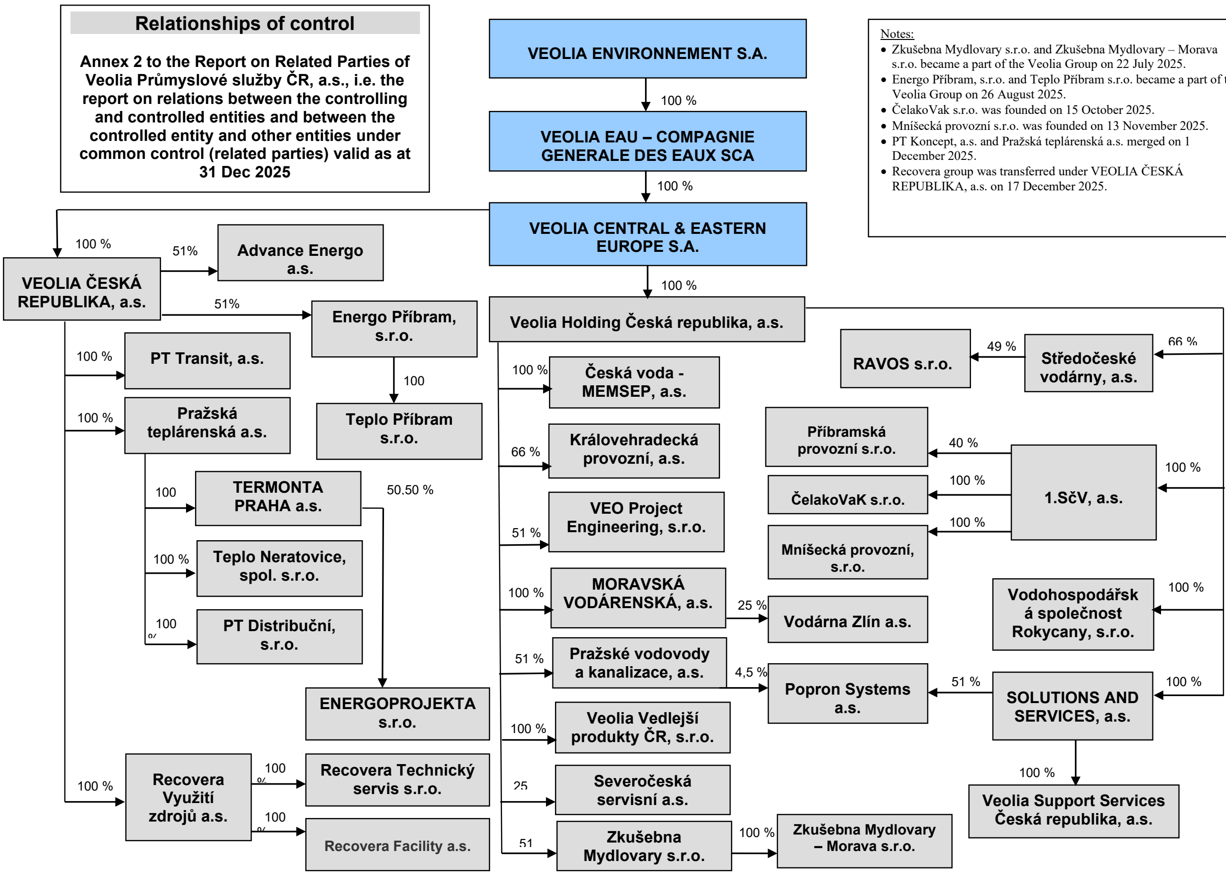
Note:

On 17 April 2025, VEOLIA ENERGIE INTERNATIONAL S.A. bought shares representing a 15% stake in the capital of Veolia Energie ČR, a.s. from ČEZ, a.s.

Relationships of control

Annex 2 to the Report on Related Parties of Veolia Průmyslové služby ČR, a.s., i.e. the report on relations between the controlling and controlled entities and between the controlled entity and other entities under common control (related parties) valid as at 31 Dec 2025

Notes:
- Zkušebna Mydlovary s.r.o. and Zkušebna Mydlovary – Morava s.r.o. became a part of the Veolia Group on 22 July 2025.
- Energo Příbram, s.r.o. and Teplo Příbram s.r.o. became a part of the Veolia Group on 26 August 2025.
- ČelakoVak s.r.o. was founded on 15 October 2025.
- Mníšecká provozní s.r.o. was founded on 13 November 2025.
- PT Koncept, a.s. and Pražská teplárenská a.s. merged on 1 December 2025.
- Recovera group was transferred under VEOLIA ČESKÁ REPUBLIKA, a.s. on 17 December 2025.



05 AUDITOR'S REPORT

Deloitte.

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INDEPENDENT AUDITOR'S REPORT

To the Shareholder of Veolia Průmyslové služby ČR, a.s.

Having its registered office at: Zelená 2061/88a, Mariánské Hory, 709 00 Ostrava

<u>Opinion</u>

We have audited the accompanying financial statements of Veolia Průmyslové služby ČR, a.s.(hereinafter also the "Company") prepared on the basis of IFRS Accounting Standards as adopted by the European Union, which comprise the statement of financial position as at 31 December 2025, and the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Veolia Průmyslové služby ČR, a.s. as of 31 December 2025, and of its financial performance and cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the European Union.

<u>Basis for Opinion</u>

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 opinion.

<u>Other Matter</u>

The financial statements of Veolia Průmyslové služby ČR, a.s. for the year ended 31 December 2024 were audited by another auditor who expressed an unqualified opinion on those financial statements on 30 April 2025.

<u>Other Information in the Annual Report</u>

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 Statutory Executive 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 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; and
- The other information is prepared in compliance with applicable law or regulation.

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

Responsibilities of the Company's Board of Directors 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 Board of Directors 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 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 5 June 2026

Audit firm:	Statutory auditor:
Deloitte Audit s.r.o. registration no. 079	Lukáš Pytlíček registration no. 2460

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Annual Report prepared on 4. 6. 2026

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