

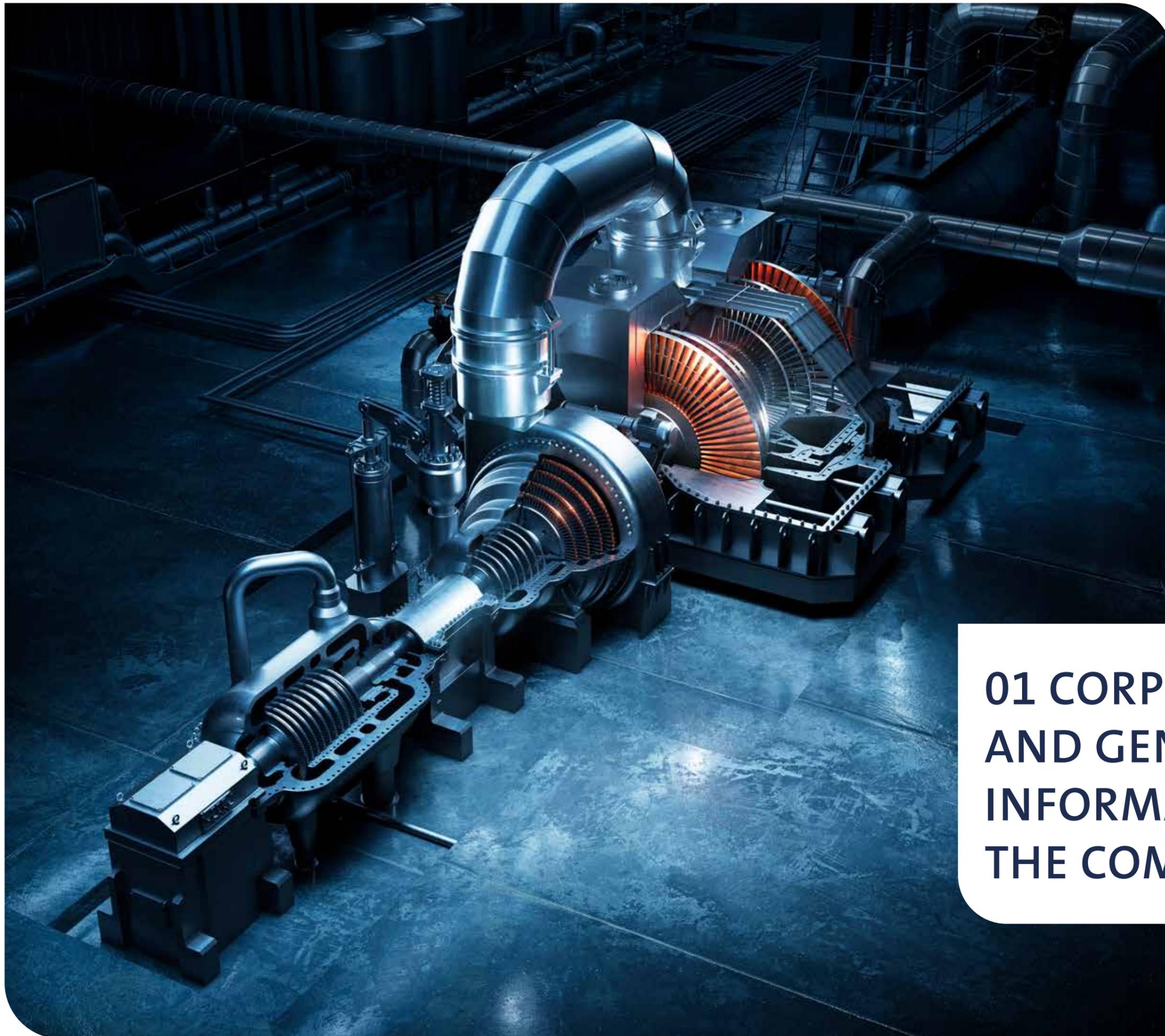
Veolia Průmyslové služby ČR, a.s.

ANNUAL REPORT 2024

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Annual report compiled on 30. 4. 2025



**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.



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

364 million Nm³

ELECTRICITY DISTRIBUTION SERVICE

289 GWh

HEAT SALES

290 TJ

CORPORATE GOVERNANCE

BOARD OF DIRECTORS

Jakub Tobola – Chairperson

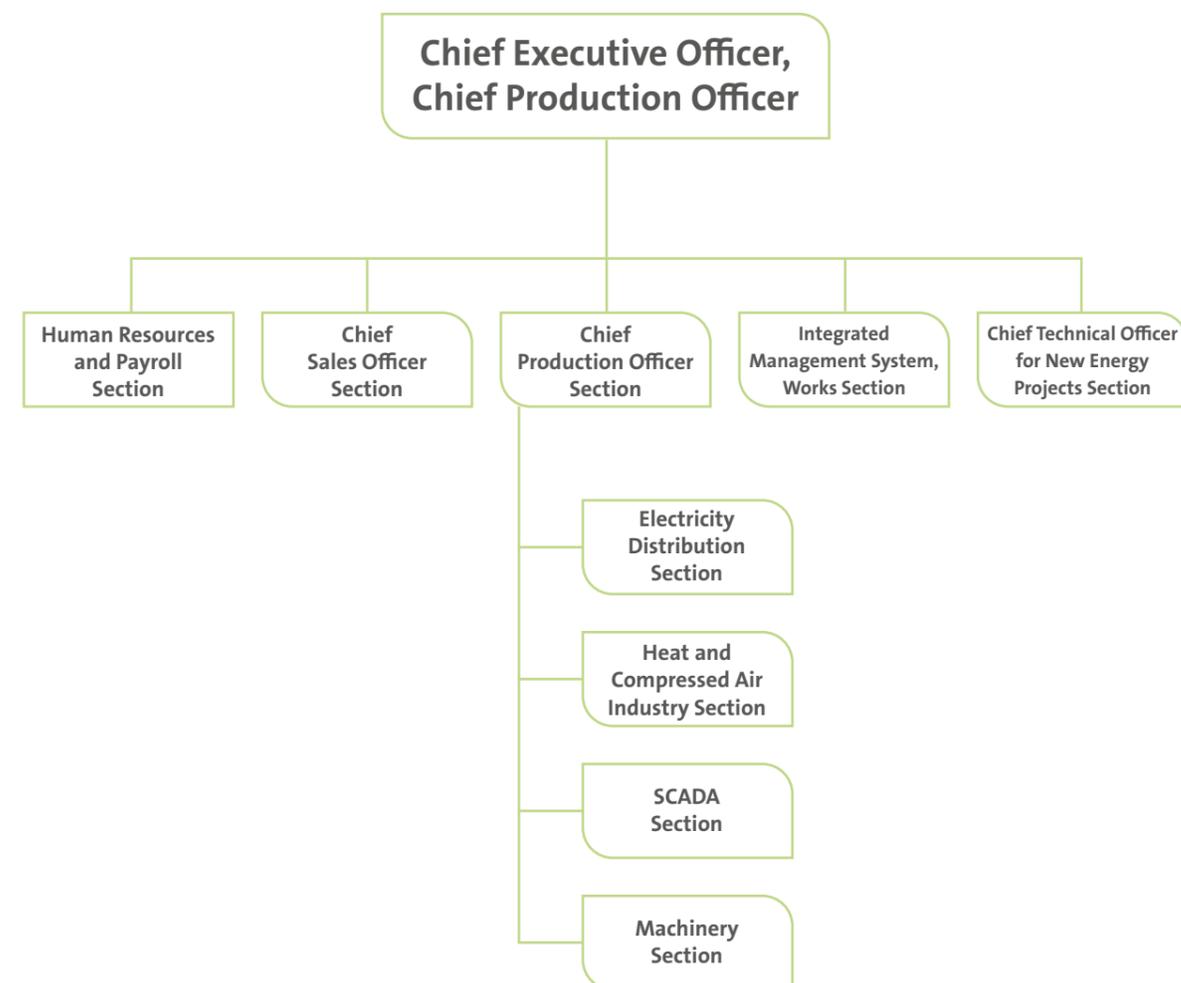
Radim Sobotík – Member

Pavel Luňáček – Member

Corporate Governance as at 31 December 2024



ORGANISATIONAL STRUCTURE



OTHER INFORMATION

The Company, as the acquirer, absorbed Veolia Smart Systems ČR, s.r.o., having its registered office at Zelená 2061/88a, Mariánské Hory, 709 00 Ostrava, company no.: 03081761, legal form: private limited company (společnost s ručeným omezením); the assets and liabilities of the company being acquired were transferred to the acquirer as a result of the merger pursuant to the Draft Terms of Merger by Acquisition dated 25 June 2024. This change was entered in the Companies Register on 1 December 2024.

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

2024. 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, COLLEAGUES, LADIES AND GENTLEMEN,

We are pleased to announce that in 2024 we successfully maintained the high quality of our work to date, and continued to provide our customers and business partners with safe and dependable energy supplies. Thanks to our long-standing partnerships, business know-how, the expertise of our employees and the support of the Veolia Group, we were able to meet our commitments and strategic goals, and to be profitable.

The core business of Veolia Průmyslové služby ČR is the provision of energy services, which run from the production of energy commodities and their distribution to the servicing of energy equipment and facilities. Our company produces and supplies heat, hot water and compressed air and distributes electricity, mainly for the mining operations of OKD and DIAMO, státní podnik. In addition to these mining companies, we also supply heat and distribute electricity to a variety of other customers in the Moravian-Silesian and Olomouc regions. This makes Veolia Průmyslové služby one of the largest local electricity distribution system operators in the Czech Republic. In 2024, we also started to provide balancing services through the aggregation unit operated by Veolia Energie ČR, a.s. And we are currently preparing projects for connecting additional facilities to balancing services provision and for modifying our local distribution system so that the selected generating plants and facilities connected to the LDS are able to provide these services.

The nature of our business, the requirements of mining laws and the needs of our customers mean that our operations must meet stringent conditions on the standard

of our supplies. On top of that, we have implemented an integrated management system in line with European standards, and continue to develop it, with the aim of constantly improving our company's internal procedures. We are able to answer all the demands placed on us by legislation, standards and our customers only because of the dedication, expertise and professionalism of our employees, and we would like to express our gratitude to them for all their work.

In 2025, we will continue to develop and modernise our local electricity distribution system and to prepare and carry out projects for implementing high-efficiency combined heat and power generation. We are also committed to achieving the ecological transition objectives of our company and the Veolia Group, which we have set ourselves for both the medium- and long-term future. Looking at the operational experience we have accumulated, the expertise of our employees, our technical equipment, the backing we receive from our parent company Veolia Energie ČR, and the great working relationships we have with our business partners, I am sure we will accomplish all the company's development and modernisation goals.

Veolia Průmyslové služby ČR has been operating in the energy sector for 15 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 care in our approach to customers' needs. So we have no doubt that in the coming years Veolia Průmyslové služby ČR will remain a thriving company, providing comprehensive, dependable

„Thanks to our long-standing partnerships, business know-how, the expertise of our employees and the support of the Veolia Group, we were able to meet our commitments and strategic goals, and to be profitable.“

and affordable services and energy solutions for its customers.

We thank all our customers and partners for working together with us in 2024.



Radim Sobotik
CEO and member of the Board of Directors



Jakub Tobola
Chairman of the Board of Directors

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 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.



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:

- 5 110 kV HV substations**
- 14 MV substations**
- 24 unmanned distribution substations**
- 13 km of HV overhead lines**
- 237 km of MV power lines**
- 15 km of cable lines**

The total electricity distributed to VPS LDS customers over 2024 amounted to 289 GWh.

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 Staříč. Heat is also produced at the Přerov CHP plant, the Tonak operation and the Olomouc peaking heating plant sites, where VPS supplies heat to local heat distribution systems.

As at 31 December 2024, the installed capacity of licensed heat sources was 120.466 MWt. In 2024, 290 TJ were supplied to customers.

In 2024, the Company operated 27.845 km of heating networks and 12 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**
- 4 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 2024, 364 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:

- 8 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 a 4.95 MWe steam turbine generator in cogeneration mode and a 0.4 MWe steam

micro-turbine. 1.2 MWe and 0.999 MWe gas cogeneration units were also operated there in 2024. 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 and at Tonak's site in Nový Jičín. 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 1.2 MWe.

In total, 12 GWh of electricity were generated in 2024.

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 2024, the provided balancing capacity totalled 3384.35 MWh and the supplied balancing energy amounted to 3.9 MWh.

INNOVATION

INVESTMENT

In 2024, Veolia Průmyslové služby ČR continued the process of the development and innovation of its local distribution system (VPS LDS). We carried out three capital projects, the objective of which was to modernise our LDS so that the selected generating plants connected to it could provide balancing services. We also started to upgrade the LDS's control centre by replacing the control system's hardware. The upgrade will continue in 2025 with a major update of the control centre's software.

Major projects in heat production (and in combined heat and power generation) included the erection of a gas-fired steam boiler, the K21, at the Špičková výtopna Olomouc heating plant's site and the installation of a 200kW cogeneration unit in the gas boiler room in Hlubočky. The two projects were carried out successfully. 2025 will see the finishing work, 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 with a view to making our services for customers and our communication with OTE, a.s. more efficient.

PROJECTS SUPPORTED BY PUBLIC FUNDS

We did not carry out any projects supported by public funds in 2024. However, preparatory and design work on future projects for which support has been granted or for which application for support has been made is underway. 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, a.s.: 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 HEAT SUPPLY SYSTEM – THE 'KORÝTKO' COGENERATION UNIT: 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.
- 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.

In 2024, Veolia Průmyslové služby ČR, a.s. received a CZK 4.7 million grant from the Operational Programme Enterprise and Innovation for Competitiveness for a project carried out in 2023: Smart Grids LDS Veolia – A kiosk transformer station at the 9. květen site.

SELECTED INVESTMENTS COMPLETED IN 2024

- The Hlubočky cogeneration plant
- The K21 gas-fired boiler at the Špičková výtopna Olomouc heating plant's site
- Replacement of billing metering at our LDS substations
- Modification of our LDS supply points for the provision of balancing services

Expansion of the distribution installations: expansion of our LDS in Zárubek



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:

- Modification of our local electricity distribution system with a view to operating the generation equipment and appliances so as to provide ancillary services in the Czech electricity grid for the operator of the Czech transmission system (ČEPS, a.s.).

- Installation of Automated Meter Management (AMM) technology at selected LDS sites for Type C electricity metering. AMM technology enables two-way communication between the metering site (meter) and the electricity distributor's system. Data is transferred between meters and the concentrator using the Power-line Communication (PLC) system, which allows data to be communicated over the high-voltage lines of the grid.
- Transition to eMonitor 3: Last year, we successfully completed a major upgrade of our energy management system by switching over from eMonitor 2 to the latest eMonitor 3 release from Autel. This update brings a number of key improvements that significantly increase the efficiency of our energy system and support our effort for sustainable operation. The new eMonitor 3 now works on a web interface, which allows easy and safe access to the system from anywhere and from any device. The implemented HTTPS protocol provides the highest possible standard of data and communication security. The system offers an extended graphic interface that provides better data visualisation and more intuitive operation, thereby facilitating energy data analysis and interpretation. The improved administration of functionalities makes it possible to manage the system more efficiently and set users' rights more flexibly. A key benefit of the update is extended integration with other systems and protocols, including OPC, Converge, SQL, and Greengrass. These improvements enhance interconnection with our existing industrial facilities and information systems; one of the results is a more comprehensive view of our energy system and more effective decision-making. The eMonitor upgrade constitutes a major step forward in our effort to optimise energy consumption, reduce costs, and minimise environmental impacts. We are confident that this investment in state-of-the-art energy management technology will boost our energy efficiency and competitiveness over the long term.
- Repairs after the floods: at the Šverma and Přívoz sites, we carried out repairs of damage caused by the autumn floods. They included the following: Installation of temporary metering in a mobile kiosk for Amitek and TAW, which are major K2 customers, the entire Šverma site ensuring uninterrupted energy supply. Erection of a new supply point on BorsodChem's premises on the WH502 line for the installation of a ČEZ electricity meter. Modernisation of metering systems: Our effort to improve metering efficiency and accuracy prompted us to install

new electricity meters employing the AMM (Automated Meter Management) advanced technology for type C metering at the Šverma site.

- Successful commissioning of the KGJ15 cogeneration unit: The new KGJ15 cogeneration unit was put into operation in Nový Jičín. The project constitutes a major step forward in our effort to improve energy efficiency and the sustainability of our operation.
- Key aspects of the project:
 - Installation and commissioning:
 - The KGJ15 cogeneration unit was successfully installed and put in full operation. Our Automated Control Systems and I&C centre's contribution:
 - Our centre played the key role in the installation of control systems that support efficient and accurate control of KGJ15.
 - We installed billing meters for thermal and electric energy, and volume conversion devices for monitoring energy production and consumption.
 - We implemented a telemetry system for ČEZ; it ensures trouble-free communication and integration with the distribution network. Technical advantages:
 - KGJ15 cogenerated heat and power, which significantly improves overall energy efficiency.
 - Thanks to our advanced control systems, the unit is able to optimise its output and minimise its emissions.
 - Integration within the existing systems:
 - KGJ15 was fully integrated into our energy management, including eMonitor3, Converge, and MCS 02 for optimised control and monitoring.
 - Commissioning of the K21 boiler: As part of our incessant effort to optimise and expand our production capacities we successfully completed a full-scale implementation of the K21 boiler last year. This project included several key stages:
 - Licensing process:
 - We successfully obtained all the required permissions and licences for operating the K21 boiler.
 - This step ensured our full compliance with the regulatory requirements and enabled us to extend our production capacities lawfully.
 - Commissioning:
 - The K21 boiler was successfully put in full operation.
 - Thorough testing and optimisation of the operating parameters took place in order to achieve the maximum efficiency and reliability.
 - Integration within eMonitor:
 - The K21 boiler was fully integrated into our eMonitor3 advanced energy management system.
 - This integration makes it possible to monitor, analyse, and optimise boiler output in real time in the context of the entire energy system.
 - Benefits of this implementation:
 - Our overall production capacity and energy supply flexibility have been improved.
 - Increased efficiency thanks to the option of detailed monitoring and control of boiler operation through eMonitor3.
 - Our ability to respond to the changing energy demand and to optimise resource utilisation has been improved.

- Relocation of the main data link at the ČSA site: Responding to the major changes in our operating environment, last year we successfully carried out a project for the relocation of the main data link at the ČSA site. This project was necessitated by the termination of the ČSA CHP plant's operation and included the following:
 - Relocation of T-Mobile's main data link: The ČSA CHP plant's operation was discontinued, and the main data link therefore had to be relocated. The data link was relocated from the stack of the now closed ČSA CHP plant to the stack of the new K13 boiler room. This strategic relocation ensures the continuity of our main communication channel at the site while optimising its siting for better coverage and stability. Installation of the back-up LTE link: A back-up LTE link, sited at the ČSA3 substation, was set up together with the relocation of the main data link. This measure significantly increases the redundancy of our communication system, thereby minimising the risk of outages. After completion, this project now brings a number of key advantages:
 - Uninterrupted operation of data transmission was ensured when the ČSA CHP plant's operation was discontinued. The reliability and stability of the communication network have been improved thanks to

the new siting and the back-up solution. The system is better prepared for future technological requirements and upscaling options. This project demonstrates our capability of flexibly responding to changes in the operating environment while grasping an opportunity to upgrade our infrastructure. Investments in our robust and flexible communication network help us to maintain a high level of operating efficiency and to provide reliable services to our customers in changing circumstances too.

FROM A COMMERCIAL VIEWPOINT:

- Improvement of distribution service quality by modernising distribution substations
- Transition to a new system of remote meter readings, thereby enhancing comfort in the provision of additional services to customers
- Implementation of power generating equipment (a cogeneration unit) in the system that provides ancillary services to the Czech transmission system operator (ČEPS, a.s.)
- Merger of Veolia Smart systém s.r.o. with Veolia Průmyslové služby ČR, a.s., based on the forthcoming merger project, in order to unify control and combine their areas of business

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.
- Relocation of cogeneration unit KGJ 12 from the ČSM site to Olomouc University Hospital.
- Completion of the automation and upgrading of the substation at the 9. květen site.
- Installation and commissioning of a cogeneration unit at the Hlubočky site.
- Implementation of LOTO (Lockout/Tagout) elements in the procedure for shutting equipment off safely.
- 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 Státní 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 2024.

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 2024 AS PRIORITIES IN ACCORDANCE WITH INTERNATIONAL STANDARDS:

Objective 1 Automation and modernisation of the substation at the 9. květen site

- the objective from 2023 was continued

Objective 2 Relocation of cogeneration unit KGJ 12 from the ČSM site to Olomouc University Hospital and its commissioning

- the objective from 2023 was continued

Objective 3 Continuation of the Veolia Run competition to support employees' sporting activities and the Veolia Foundation.

Objective 4 Implementation of LOTO elements in the procedure for shutting equipment off safely

Objective 5 Installation of a cogeneration unit at the Hlubočky site

Objective 6 Raising employee awareness and understanding of the Anti-bribery Management System (AbMS)

ACTIVITIES RELATED TO OCCUPATIONAL HEALTH AND SAFETY (OHS), THE ENVIRONMENT, ENERGY MANAGEMENT AND ANTI-BRIBERY MANAGEMENT IN 2024

- In the field of health and safety, the most significant event in 2024 was the successful implementation of our OHS Action Plan and contract.
- Furthermore, we completed the relocation of the KGJ12 cogeneration unit from the ČSM site to the Olomouc University Hospital's premises and the automation and modernisation of the substation at the 9. květen site, implemented LOTO elements in the procedure for shutting equipment off safely, and installed a cogeneration unit at the Hlubočky site. Also, raising employees' awareness and understanding of the anti-bribery management system in line with ČSN ISO 37001.

The Company also achieved excellent results in its accident rate, with not a single lost-time injury recorded throughout the entire year of 2024.

As regards environmental protection and energy management, the most important project in 2024 was completing the automation and modernisation of the

substation at the 9. květen site and completing the relocation of the KGJ12 cogeneration unit from the ČSM site to the Olomouc University Hospital's premises. These projects had a positive effect on the environment as well as on improvement of our energy performance.

Other prominent projects running throughout 2024 were "Good Ideas", "OHS Motivation of Employees", and the Veolia Run competition in support of employees' sporting activities and the Veolia Foundation, in which many of employees got involved.

The Company also took part in the "International Health and Safety Week" organised by its parent Veolia Group with the main theme "Let's break the routine".

The Company spent the year unifying its concept for the management of OHS methodologies and standards throughout the Veolia Group. In 2024, work continued on implementing the "High-risk management standards" for ten selected high-risk activities: electricity, traffic management, hazardous materials, hot works, confined spaces, excavation & trenching, work at heights, high-pressure water jetting, control of hazardous energy (lock-out/tag-out) and lifting operations.

During 2024, 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 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 in 2014–2024

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
TZL (t)	3.9	3.8	2.1	2.1	2.3	1.9	1.1	1.5	1.9	1.2	1.2
SO ₂ (t)	78.1	91.9	65.4	60.5	54.8	48.6	40.1	46.8	40.1	29.4	23.1
NO _x (t)	74.8	73.9	60.0	57.4	47.0	45.1	40.2	49.3	45.1	32.2	21.5
CO (t)	9.8	15.9	21.0	19.0	12.3	12.2	9.6	18.4	20.7	16.07	6.9
CO ₂ (t)	54,239	62,114	61,117	58,592	50,370	48,064	43,029	52,559	47,860	42,855	26,828

Total emissions generated by VPS [tonnes per year]



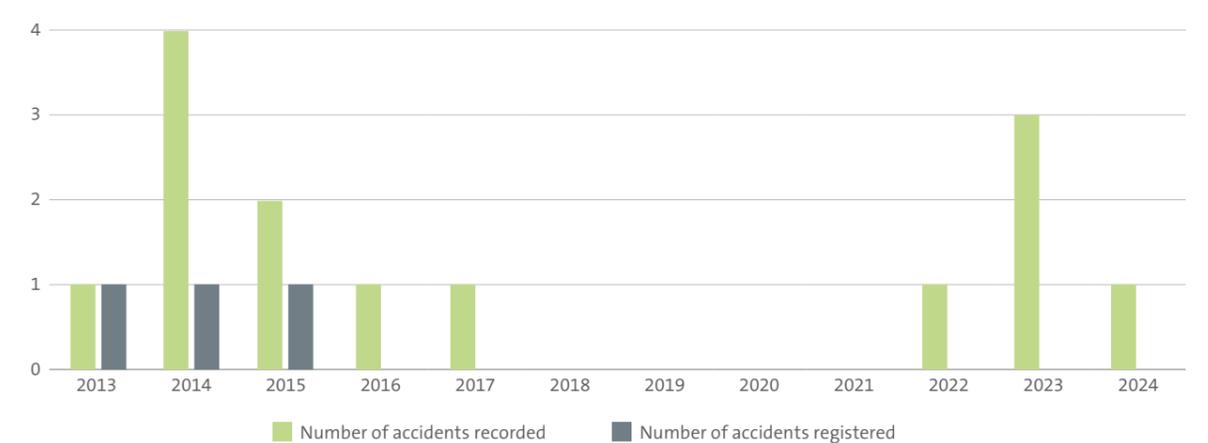
Total waste generated by VPS [tonnes per year] in 2014–2024

Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total waste	3,219.25	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

Accident rate in 2013–2024

Year	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Number of accidents recorded	1	4	2	1	1	0	0	0	0	1	3	1
Number of accidents registered	1	1	1	0	0	0	0	0	0	0	0	0

Chart Accident rate in 2013–2024



HUMAN RESOURCES

LABOUR AND EMPLOYMENT RELATIONS

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

EMPLOYEE STRUCTURE

There were an average of 122 employees (FTE) in 2024:

- of whom 109 men and 13 women;
- of whom 82 in blue-collar occupations and 40 in white-collar positions.

Of the total number, 16.4% of employees hold a university degree and 30.3% have completed secondary education with a school-leaving examination (maturita).

The average employee age in 2024 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 7 new employees in 2024.

As at 31 December 2024, in terms of the total years of service at the Company, 13 persons had been employed for up to 5 years, 12 for 10 years, 23 for 15 years, 16 for 20 years, 6 for 25 years and 52 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 Benefit Caf . One area in which

employees can use their allowance is leisure, e.g., cultural, educational, sports and recreational-facility 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 Environment Services 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 2024, 1.20% of payroll expenses were spent on staff training and development.

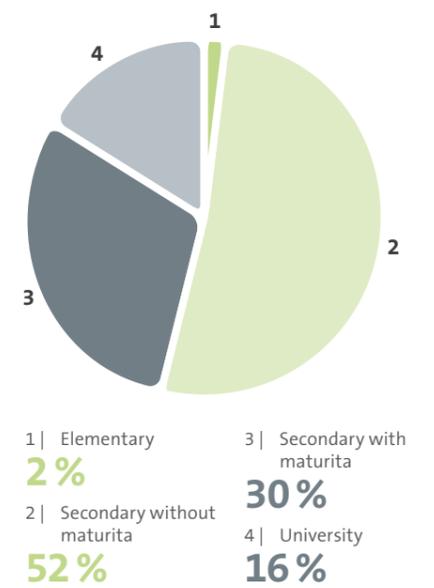
APPRAISALS

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.

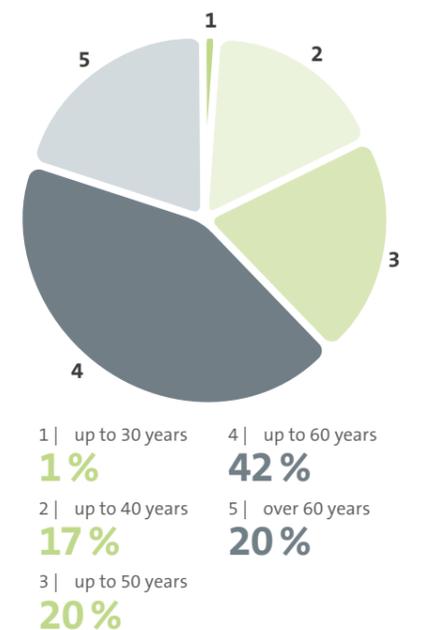
The findings from interviews form a basis for employees' personal training programmes and for directing their careers.

White-collar workers are appraised once a year.

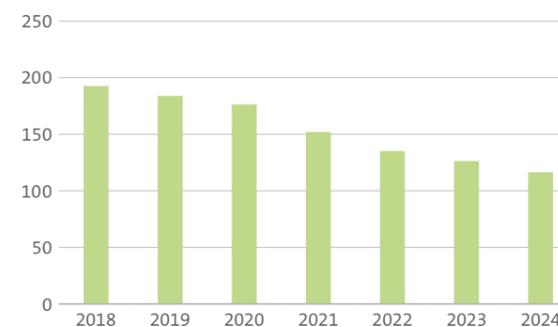
Employee structure by education



Employee structure by age



Average number of employees (FTE)



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 2024**

Veolia Průmyslové služby ČR, a.s.
Income statement
For the year ended 31 December
In thousands of CZK

	Note	2024	2023
Revenue	6	1,005,397	946,107
Cost of sales	7	(852,520)	(935,471)
Increase in value of non-current assets	7	--	50,360
Gross profit / (loss)		<u>152,877</u>	<u>60,996</u>
Distribution expenses	8	(4,342)	--
Administrative income	8	--	7,240
Administrative expenses	8	(85,649)	(84,076)
Other operating expenses		--	(3,001)
Operating result		<u>62,886</u>	<u>(18,841)</u>
Finance income	9	717,397	429,114
Finance costs	9	(6,448)	(1,665)
Decrease in value of financial assets	13	--	--
Profit / (loss) before income tax		<u>773,835</u>	<u>408,608</u>
Income tax expense	10	(25,802)	(10,406)
Profit / (loss) for the accounting period		<u>748,033</u>	<u>398,202</u>

The notes are an integral part of the financial statements.

Veolia Průmyslové služby ČR, a.s.
Statement of comprehensive income
For the year ended 31 December
In thousands of CZK

	2024	2023
Profit / (loss) for the accounting period	748,033	398,202
Changes in fair value of hedging instruments (may be reclassified to income statement)*	(916)	1,307
Employee benefits – actuarial gains / (losses) (not reclassified to income statement)*	112	57
Other comprehensive income after tax	<u>(804)</u>	<u>1,364</u>
Total comprehensive income for the period	<u>747,229</u>	<u>399,566</u>

* Taxation is described in Note 10.

The Notes are an integral part of the financial statements.

On behalf of the Company:



Radim Sobotík
Member of the Board of Directors



Pavel Luňáček
Member of the Board of Directors

Date: 30 April 2025

Veolia Průmyslové služby ČR, a.s.

Statement of financial position

As at 31 December

<i>In thousands of CZK</i>	Note	2024	2023
Assets			
Property, plant and equipment	11	222,240	233,145
Intangible assets	12	2,123	260
Right-of-use	25	25,032	29,884
Financial interests	13	199,847	199,847
Long-term receivables	14	73,739	84,916
Total non-current assets		522,981	548,052
Inventories	16	20,970	3,808
Derivatives		--	1,080
Current tax assets	10	--	14,437
Trade and other receivables	17	118,948	101,844
Cash and cash equivalents	18	732,593	469,710
Total current assets		872,511	590,879
Total assets		1,395,492	1,138,931
Equity			
Registered capital	19	429,000	429,000
Reserves and other capital contributions	19	--	916
Retained profit / (loss)		722,981	400,492
Total equity		1,151,981	830,408
Liabilities			
Contract payables		4,046	3,003
Loans and borrowings	21	10,713	17,508
Employee benefits	22	--	--
Provisions	20	7,650	7,650
Derivatives		--	--
Deferred tax liabilities	15	751	9,834
Total non-current liabilities		23,160	37,995
Trade and other payables	23	201,307	257,365
Contract payables	23	1,155	1,036
Loans and borrowings	21	11,060	10,425
Current tax liabilities	10	4,250	--
Employee benefits	22	161	489
Provisions	20	2,418	1,213
Derivatives		--	--
Total current liabilities		220,351	270,528
Total liabilities		243,511	308,523
Total equities and liabilities		1,395,492	1,138,931

The Notes are an integral part of the financial statements.

Veolia Průmyslové služby ČR, a.s.

Statement of changes in equity

<i>In thousands of CZK</i>	Registered capital	Statutory reserves	Other capital contributions	Cash flow hedges	Retained earnings	Total
Balance at 1 January 2023	429,000	--	--	(390)	90,810	519,420
Loss for the period	--	--	--	--	398,202	398,202
Other comprehensive income						
Changes in fair value of hedging instruments	--	--	--	1,307	--	1,307
Employee benefits – actuarial gains	--	--	--	--	57	57
Total other comprehensive income	--	--	--	1,307	57	1,364
Total comprehensive income for the period	--	--	--	1,307	398,259	399,566
Transactions with owners, recorded directly in equity						
Rounding	--	--	--	(1)	(2)	(3)
Reduction in registered capital	--	--	--	--	--	--
Dividends	--	--	--	--	(88,575)	(88,575)
Balance at 31 December 2023	429,000	--	--	916	400,492	830,408
Profit 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
Impact of the merger as of 1 January 2024	--	--	--	--	(27,466)	(27,466)
Dividends	--	--	--	--	(398,200)	(398,200)
Balance at 31 December 2024	429,000	--	--	--	722,981	1,151,981

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	2024	2023
Cash flow from operating activities			
Profit / (loss) for the accounting period		748,033	398,202
Depreciation and amortisation of non-current assets	7.8	70,728	58,287
Change in provisions	7.8	885	970
Net change in value of non-current assets	7.13		(50,360)
Derecognition of lease contracts			4,227
Gain / (loss) on sale of property, plant and equipment		(135)	(9,791)
Income from dividends	9	(663,230)	(383,008)
Net interest income and expense	9	(26,256)	(20,149)
Exchange rate gains and losses	9		–
Interest expense on lease liabilities		1,251	1,201
Other financial income and expenses	9	(23,152)	(24,956)
Other items		(14,205)	(38)
Income (expenses) from the settlement of derivatives		(79)	(821)
Income tax	10	25,802	10,406
		119,642	(15,830)
Change in the working capital			
Receivables	14, 17	(38,174)	(10,328)
Current liabilities	23	(77,185)	103,187
Current contractual liabilities	23	119	(9,265)
Non-current contractual liabilities		1,043	3,003
Inventories	16	(31,685)	(3,004)
Cash flow from operating activities		(26,240)	67,763
Income tax paid	10	4,682	(9,415)
Net cash flow from operating activities		(21,558)	58,348
Cash flow from investing activities			
Acquisition of fixed assets		(25,321)	(81,029)
Proceeds from the sale of property, plant and equipment		135	11,787
Payments of lease receivables	27	31,959	60,036
Dividends received	9	663,231	383,008
Net cash flow from (used in) investing activities		670,004	373,802
Cash flow from financing activities			
Interest received	9	30,190	20,182
Interest paid		(3,005)	(33)
Payments of lease liabilities		(14,548)	(11,179)
Dividends paid	19	(398,200)	(88,575)
Net cash flow from (used in) financing activities		(385,563)	(79,605)
Net increase (decrease) in cash and cash equivalents		262,883	352,545
Cash and cash equivalents at 1 January	18	469,710	117,165
Cash and cash equivalents at 31 December	18	732,593	469,710

The Notes are an integral part of the financial statements.

Veolia Průmyslové služby CR, a.s.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2024

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 principal business activity is the production and distribution of heat, cooling energy and compressed air and the generation 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, DIAMO, státní podnik took over the management of some of the downscaled mines; the Company also owns a local distribution system (LDS), including a direct 110 kV cross-border 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% (2023: 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% (2023: 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.

The Company merged and absorbed Veolia Smart Systems ČR, s.r.o. in 2024.

2. Basis of preparation

a) Statement of compliance

In accordance with Section 19a (1) of the Act on Accounting, No. 563/1991, the Company applies IFRS 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 30 April 2025.

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.

Veolia Průmyslové služby ČR, a.s.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2024

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 2024.

Veolia Průmyslové služby ČR, a.s.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2024

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

The following new and amended standards are effective for the annual period that began on or after 1 January 2024 with a possible early adoption. In preparing these financial statements, the Company did not adopt early any new or amended standards and does not expect them to have a material effect on the financial statements.

- Sales or Contributions of Assets Between an Investor and Its Associate/Joint Venture (amendment to IFRS 10 and IAS 28)
- Lack of Exchangeability (amendments to IAS 21);
- Amendments to the Classification and Measurement of Financial Instruments (amendments to IFRS 9 and IFRS 7);
- Annual Improvements to Accounting Standards (IFRS – volume 11);
- Presentation and Disclosure in Financial Statements (IFRS 18);
- Subsidiaries without Public Accountability: Disclosures (IFRS 19).

(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 2024

- Non-current Liabilities with Covenants (Amendments to IAS 1);
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1);
- Lease Liability in a Sale and Leaseback (Amendments to IAS 16);
- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7).

These amendments will have no 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

Veolia Průmyslové služby ČR, a.s.**NOTES TO THE SEPARATE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2024**

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 hedging

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 in profit or loss.

(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***Veolia Průmyslové služby ČR, a.s.****NOTES TO THE SEPARATE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2024**

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.

Veolia Průmyslové služby ČR, a.s.**NOTES TO THE SEPARATE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2024**

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 CO₂ 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 2024, the Company purchased units obtained by investing in project mechanisms under the Kyoto Protocol (EUA), which it expected to use in 2024 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 measures the loss allowances using the model of expected credit losses, 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.

Veolia Průmyslové služby ČR, a.s.**NOTES TO THE SEPARATE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2024***(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 the 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.

Veolia Průmyslové služby ČR, a.s.**NOTES TO THE SEPARATE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2024**

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.

Veolia Průmyslové služby ČR, a.s.**NOTES TO THE SEPARATE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2024****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.

m) Merger accounting

The Company acquired assets and assumed liabilities as a result of the merger with an entity that had been controlled by the same entity, both before and after the merger; the control was not temporary. IFRS 3 does not apply to this type of merger. The assets acquired and liabilities assumed were disclosed in the financial statements in the same amounts as they had been previously in the consolidated financial statements of the shareholder, Veolia Energie ČR a.s. The impact of the merger was taken into account from the beginning of the period in which the merger took place.

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

Veolia Průmyslové služby ČR, a.s.**NOTES TO THE SEPARATE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2024**

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. 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 2024, the Company holds cash and cash equivalents of CZK 732,593,000 (31 December 2023: CZK 469,710,000). 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 2024 bank guarantees amounting to CZK 643,000,000 (2023: CZK 0) were issued.

Veolia Průmyslové služby ČR, a.s.**NOTES TO THE SEPARATE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2024***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 31,075,000. 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.

Veolia Průmyslové služby ČR, a.s.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2024**6. Revenue**

<i>In thousands of CZK</i>	2024	2023
Revenue from sale of heat and related products	280,980	358,321
Revenue from sale and re-sale of electricity and ancillary services	493,437	315,307
Revenue from the sale of compressed air	212,105	222,558
Other operating revenue	18,875	49,921
Total	1,005,397	946,107

<i>In thousands of CZK</i>	2024	2023
Industry	990,897	937,923
Public sector	11,857	7,654
Households	2,643	530
Total	1,005,397	946,107

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

The increase in total revenue primarily reflects higher input prices.

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 2024 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.

Veolia Průmyslové služby ČR, a.s.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2024**7. Cost of sales**

<i>In thousands of CZK</i>	2024	2023
Personnel expenses	(117,751)	(139,267)
Amortisation	(55,241)	(48,957)
Right-of-use amortisation	(12,337)	(6,931)
Consumption of fuel	(106,693)	(246,643)
Consumption of raw materials	(59,535)	(60,270)
Consumption of energy	(366,199)	(206,309)
Consumption of services	(97,009)	(154,297)
Consumption – other	(12,227)	(1,513)
Change in provisions	(681)	(183)
Compensation from insurers	2,623	512
Consumption of emission allowances	(27,470)	(71,613)
Total	(852,520)	(935,471)

In particular, the cost of repairs to distribution network lines dropped to CZK 25,437,000 (2023: CZK 91,751,000).

Provision	Note	2024	2023
<i>In thousands of CZK</i>			
Land, buildings, plant, equipment and intangible assets	11	297,572	293,508
Right-of-use IFRS 16	25	6,883	10,947
Total		304,455	304,455

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

<i>In thousands of CZK at 31 December 2024</i>	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

Veolia Průmyslové služby ČR, a.s.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2024

<i>In thousands of CZK at 31 December 2023</i>	Asset value before impairment	Impairment	Net asset value after impairment
Assets related to mining activities	101,261	--	101,261
Other assets	466,483	(304,455)	162,028
Total	567,744	(304,455)	263,289

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.

	2024	2023
Discount rate	7.7%	8.1%

Veolia Průmyslové služby ČR, a.s.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2024**8. Distribution expenses, administrative expenses and revenue****Distribution expenses**

<i>In thousands of CZK</i>	2024	2023
Personnel expenses	(3,778)	--
Right-of-use amortisation	(185)	--
Raw material costs	(169)	--
Service costs	(316)	--
Other costs	(41)	--
Change in provisions	147	--
Total distribution expenses	(4,342)	--

Administrative expenses and revenue

<i>In thousands of CZK</i>	2024	2023
Personnel expenses	(12,837)	(14,671)
Amortisation	(509)	(304)
Right-of-use amortisation	(2,455)	(2,094)
Management costs	(31,605)	(29,257)
Raw material costs	(717)	(1,462)
Service costs	(36,999)	(35,340)
Other costs	(527)	(948)
Total administrative expenses	(85,649)	(84,076)
Revenue from the sale of assets	--	8,027
Change in provisions	--	(787)
Total administrative revenue	--	7,240

In 2024, distribution expenses were incurred in relation to the new business development department, which identifies new external business opportunities.

9. Finance income and expenses

Veolia Průmyslové služby ČR, a.s.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2024

<i>In thousands of CZK</i>	2024	2023
Interest income	30,190	20,182
Income from dividends	663,231	383,008
Foreign exchange gain	736	45
Discount of lease receivables	23,159	25,056
Remeasurement of derivatives	79	821
Other finance income	2	2
Total finance income	717,397	429,114
Foreign exchange loss	(1,127)	(329)
Discount of provisions	(7)	(66)
Discount of lease liabilities	(1,251)	(1,201)
Interest expense	(3,933)	(33)
Other finance expenses	(130)	(36)
Total finance expenses	(6,448)	(1,665)

10. Income tax expense**Recognised in the income statement**

<i>In thousands of CZK</i>	2024	2023
Current tax		
Current year	(17,908)	(6,268)
Adjustments for prior periods	2,034	(793)
	(15,874)	(7,061)
Deferred tax		
Effect of the change in temporary differences	(9,928)	(3,345)
Total income tax expense in income statement	(25,802)	(10,406)

Reconciliation of effective tax rate

<i>In thousands of CZK</i>	2024	2023
Profit / (loss) before income tax	773,835	408,608
Income tax calculated using the domestic corporate income tax rate	(162,505)	(77,636)
Effect of non-deductible expenses	(4,645)	(3,922)
Effect of tax-exempt income	139,279	72,772
Effect of change in the deferred tax rate	--	(869)
Effect of tax deduction	36	42
Adjustments for prior periods and other adjustments	2,034	(793)
Total income tax expense in income statement	(25,802)	(10,406)

The outstanding balance of income tax is reported in Current tax liabilities and amounts to CZK 4,250,000 (2023: an income tax overpayment of CZK 14,437,000). A current tax liability represents particularly a corporate income tax estimate of CZK 17,908,000 (2023: CZK 6,268,000) reduced by income tax advances paid in an amount of CZK 13,658,000 (2023: CZK 20,705,000).

Veolia Průmyslové služby ČR, a.s.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2024

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:

<i>In thousands of CZK</i>	2024	2023
Actuarial gains / (losses): before taxation	142	125
Tax	(30)	(68)
After taxation	112	57
Changes in fair value of cash flow hedge: before taxation	(1,161)	1,642
Tax	245	(335)
After taxation	(916)	1,307

Veolia Průmyslové služby ČR, a.s.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2024

11. Property, plant and equipment

Acquisition cost (in thousands of CZK)	Balance at 31 December 2023	Impact of the merger	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 a	525,367	(1,639)	93,434	--	(15,836)	601,326
Under construction and advance	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 a	(425,706)	(833)	(33,614)	(41,520)	15,861	(485,812)
Under construction and advance	(60,698)	--	--	57,149	--	(3,549)
Total	(811,953)	(833)	(55,371)	(945)	16,671	(852,431)

Acquisition cost (in thousands of CZK)	Balance at 1 January 2023	Additions/transfers	Impairment losses	Disposals	Balance at 31 December 2023
Land	5,696	--	--	(1,939)	3,757
Buildings and constructions	444,154	22,947	--	(42,581)	424,520
Plant and equipment, and other a	515,503	11,767	--	(1,903)	525,367
Under construction and advance	98,567	(7,113)	--	0	91,454
Total	1,063,920	27,601	--	(46,423)	1,045,098

Depreciation and impairment losses (in thousands of CZK)

Land	(2,104)	(628)	--	--	(2,732)
Buildings and constructions	(362,179)	(18,878)	19,933	38,307	(322,817)
Plant and equipment, and other a	(420,897)	(29,398)	22,695	1,894	(425,706)
Under construction and advance	(60,698)	--	--	--	(60,698)
Total	(845,878)	(48,904)	42,628	40,201	(811,953)

Carrying amount (in thousands of CZK)	At 1 January 2023	At 31 December 2023	At 31 December 2024
Land	3,592	1,025	2,876
Buildings and constructions	81,975	101,703	95,883
Plant and equipment, and other a	94,606	99,661	115,514
Under construction and advance	37,869	30,756	7,967
Total	218,042	233,145	222,240

As at 31 December 2024, the value of the tangible assets has been reduced by a provision totalling CZK 297,572,000 (2023: CZK 292,742,000) after an impairment test (see Note 7). In the course of the year, the provision recognised last year in part for fixed assets and leased assets (see Note 25) was re-allocated.

Planned investment

Investments of CZK 254,062,000 are planned for 2025.

Veolia Průmyslové služby ČR, a.s.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2024

Grants

In 2024, the Company received an investment subsidy of CZK 4,716,000 (2023: CZK 0).

12. Intangible assets

Acquisition cost (in thousands of CZK)	Balance at 31 December 2023	Impact of the merger	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	(30,840)	(42,413)	(377)	(3,118)	3,809	(72,939)

Acquisition cost (in thousands of CZK)	Balance at 1 January 2023	Additions / transfers	Impairment losses	Disposals	Balance at 31 December 2023
Software	11,629	291	--	--	11,920
Other	19,180	--	--	--	19,180
Under construction and advances	--	--	--	--	--
Total	30,809	291	--	--	31,100

Depreciation and impairment losses (in thousands of CZK)

Software	(11,305)	410	--	--	(10,895)
Other	(19,180)	--	(765)	--	(19,945)
Under construction and advances	--	--	--	--	--
Total	(30,485)	410	(765)	--	(30,840)

Carrying amount (in thousands of CZK)	At 1 January 2023	At 31 December 2023	At 31 December 2024
Software	324	1,025	2,888
Other	--	(765)	(765)
Under construction and advances	--	--	--
Total	324	260	2,123

Veolia Průmyslové služby ČR, a.s.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2024**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%
<i>In thousands of CZK</i>		
	2024	2023
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 392,275,000.

14. Long-term receivables

<i>In thousands of CZK</i>	2024	2023
Long-term receivables from Group companies (see Note 27)	73,739	84,916
Total long-term receivables	73,739	84,916

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:

<i>In thousands of CZK</i>	Receivables		Liabilities		Difference	
	2024	2023	2024	2023	2024	2023
Property, plant and equipment	72,829	63,935	(79,950)	(80,553)	(7,121)	(16,618)
Inventories	3,290	74	--	--	3,290	74
Provisions	2,114	1,861	--	--	2,114	1,861
Right-of-use	4,351	5,848	(4,110)	(5,613)	241	235
Other items	1,224	5,327	(499)	(713)	725	4,614
Deferred tax assets / (liabilities)	83,808	77,045	(84,559)	(86,879)	(751)	(9,834)

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

Veolia Průmyslové služby ČR, a.s.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2024**Movement in deferred tax assets and liabilities during the year**

<i>In thousands of CZK</i>	Balance at 31 December 2023	Recognised in income statement	Recognised in equity	Impact of the merger	Balance at 31 December 2024
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)

<i>In thousands of CZK</i>	Balance at 1 January 2023	Recognised in income statement	Recognised in equity	Balance at 31 December 2023
Property, plant and equipment	(7,360)	(9,258)	--	(16,618)
Inventories	6	68	--	74
Provisions	1,592	269	--	1,861
Right-of-use	(1,775)	2,010	--	235
Other items	1,452	2,759	403	4,614
Total	(6,085)	(4,152)	403	(9,834)

16. Inventories

<i>In thousands of CZK</i>	2024	2023
Material and fuel	5,580	3,808
Emission allowances	15,390	--
Total	20,970	3,808

As at 31 December 2024, the Company recorded a provision reducing the value of materials by CZK 14,876,000 (2023: CZK 352,000). The rise in the value of emission allowances compared to 2023 is mainly due to the purchase emission allowances for use in the future.

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.

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NOTES TO THE SEPARATE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2024

17. Trade and other receivables

<i>In thousands of CZK</i>	2024	2023
Trade receivables due from related parties (see Note 27)	57,271	45,492
Trade receivables due from third parties	60,132	55,361
Contract assets	--	--
Other receivables	1,545	991
Total	118,948	101,844

As at 31 December 2024, trade receivables are recognised in an amount reduced by a provision for doubtful debts, amounting to CZK 24,198,000 (2023: CZK 750,000 (see Note 24)). The provision rose mainly because of a pending lawsuit against a debtor for CZK 19,476,000.

18. Cash and cash equivalents

<i>In thousands of CZK</i>	2024	2023
Cash in hand	79	40
Total cash	79	40
Cash pooling receivables	732,514	469,670
Cash pooling payables	(927)	--
Total cash in compliance with statement of cash flows	731,666	469,710

19. Capital and reserves

Reconciliation of movement in capital and reserves

As at 31 December 2024, the registered capital amounted to 15,600 dematerialised registered ordinary shares, each with a nominal value of CZK 27,500 (2023: CZK 27,500).

Reserves and other capital contributions

As at 31 December 2024, reserves and other capital contributions are comprised of other capital contributions of CZK 0 (2023: CZK (916,000)). Other capital contributions were mostly comprised of the effects of the exchange rate hedging.

Dividend per share

2023 profits were distributed as a dividend payment in the amount of CZK 398,200,000 (2023: CZK 88,575,000).

20. Provisions

The Company has agreed to restore the land once OKD's mining activity and the operation of the Company's equipment end. This provision was not used in 2024.

Veolia Průmyslové služby ČR, a.s.

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<i>In thousands of CZK</i>	Balance at 1 January 2024	Provisions created	Provisions used	Unwinding of discount	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

<i>In thousands of CZK</i>	Balance at 1 January 2023	Provisions created	Provisions used	Unwinding of discount	Balance at 31 December 2023	Non-current	Current
Site restoration	7,943	--	(350)	57	7,650	7,650	--
Other provisions	439	1,213	(439)	--	1,213	--	1,213
Total	8,382	1,213	(789)	57	8,863	7,650	1,213

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.

<i>In thousands of CZK</i>	2024	2023
<i>Non-current:</i>		
Right-of-use liability	10,713	17,508
Total loans and borrowings	10,713	17,508
<i>Current:</i>		
Right-of-use liability	10,133	10,425
Unpaid interest on cash pool	927	--
Total loans and borrowings	11,060	10,425

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

Veolia Průmyslové služby ČR, a.s.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2024

<i>In thousands of CZK</i>	2024	2023
Liability for defined benefit obligations at 1 January	489	384
Benefits paid	(205)	(184)
Current service costs	11	34
Interest	8	10
Actuarial (gains) losses recognised in equity	(132)	(127)
Change of plan	(10)	372
Actuarial (gains) losses recognised in income statement	--	--
Decrease of assumption	--	--
Liability for defined benefit obligations at 31 December	161	489
Non-current	--	--
Current	161	489
Actuarial assumptions	2024	2023
Discount rate at 31 December	4.00%	4.75%
Salary increase rate	3.0%	2.0%

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 2024 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 2024.

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 2024 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:

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NOTES TO THE SEPARATE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2024

<i>In thousands of CZK</i>	Discount rate increase +0.25%	inflation rate increase
Liability for defined benefit obligations at 31 December 2024	161	489
Current service costs next year	12	17

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*

<i>In thousands of CZK</i>	2024	2023
Trade payables to related parties (see Note 27)	47,611	58,863
Trade payables to third parties	127,002	162,422
Other payables	26,694	30,050
Total	201,307	251,335

Other payables in 2024 included a VAT liability of CZK 10,884,000 (2023: CZK 3,618,000).

In thousands of CZK

	2024	2023
Contract payables	1,155	1,036

Customers’ contributions towards the eligible costs of providing the required reserved power input or output are treated by the Company as contract liabilities. Of the contract liabilities recorded as at 31 December 2023 CZK 1,036,000 were recognised in revenue for 2024.

Reconciliation of liabilities and cash flow statement

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NOTES TO THE SEPARATE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2024

At 31 December 2024

<i>In thousands of CZK</i>		Lease liabilities	Total
Balance at 31/12/2023		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

At 31 December 2023

<i>In thousands of CZK</i>		Lease liabilities	Total
Balance at 1 January 2023		23,094	23,094
Interest expense	9	1,201	1,201
Interest paid	25	(200)	(200)
Transfers	25	--	--
Payments of lease liabilities	25	(11,179)	(11,179)
Change in lease	25	15,017	15,017
Balance at 31 December 2023		27,933	27,933

24. Financial instruments

Credit risk

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

<i>In thousands of CZK</i>	Note	Carrying amount 2024	Carrying amount 2023
Trade and other receivables	17	118,948	101,844
Long-term receivables	14	73,739	84,916
Derivatives		--	1,080
Cash and cash equivalents	18	732,593	469,710
Total		925,280	657,550

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NOTES TO THE SEPARATE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2024

Impairment losses

<i>In thousands of CZK</i>	Nominal value 2024	Impairment 2024	Nominal value 2023	Impairment 2023
Not yet due	189,020	--	201,024	--
0–90 days overdue	414	--	183	10
90–180 days overdue	343	--	--	--
180–360 days overdue	48	--	--	--
More than 1 year overdue	27,060	24,198	740	740
Total	216,885	24,198	201,947	750

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

<i>In thousands of CZK</i>	2024	2023
Balance at 1 January	(750)	(744)
Creation – impact of the merger	(21,342)	--
Creation – other	(2,134)	(6)
Utilisation	28	--
Balance at 31 December	(24,198)	(750)

Liquidity risk

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

At 31 December 2024

<i>In thousands of CZK</i>	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	--	--	--	--
Cashpooling interest	927	927	927	--	--	--	--
Total	207,639	207,639	207,639	--	--	--	--

At 31 December 2023

<i>In thousands of CZK</i>	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	258,401	258,401	258,401	--	--	--	--
Total	258,401	258,401	258,401	--	--	--	--

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.

Veolia Průmyslové služby ČR, a.s.**NOTES TO THE SEPARATE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2024**

<i>In thousands of CZK</i>	2024		2023
	EUR	EUR	
Trade receivables	19,846		--
Trade payables	(1,612)		(2,151)
Derivatives	--		1,080
Total	18,234		(1,071)

The effect of other foreign currency positions is immaterial.

Interest rate risk

As at 31 December 2024, the Company has the following interest-bearing financial instruments:

Variable-rate financial instruments

As regards variable-rate financial instruments the Company only has right-of-use liabilities totalling CZK 20,846,000 (2023: CZK 27,933,000). The maturities fall from 2025 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 2024 would have decreased/increased by CZK 2.85 million (2023: decrease/increase by CZK 1.9 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 4.86%.

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.

Veolia Průmyslové služby ČR, a.s.**NOTES TO THE SEPARATE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2024**

<i>Amounts recognised in the income statement</i>	2024	2023
(Income)/ Expenses from short-term leases	13,352	12,222
Costs related to variable lease payments	(83)	471
Other expenses	913	834
Total	14,182	13,527

<i>Other</i>	2024	2023
Interest expense on lease liabilities	1,251	1,201
Interest income from lease receivables	(23,159)	(25,057)

<i>Amounts disclosed in the statement of cash flows</i>	2024	2023
Total cash outflow for leases	(14,548)	(11,179)

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NOTES TO THE SEPARATE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2024

Contractual cash flow

At 31 December 2024

<i>In thousands of CZK</i>	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

At 31 December 2023

<i>In thousands of CZK</i>	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	17,508	18,943	--	--	10,479	6,542	1,922
Right-of-use liability – current	10,425	11,576	11,576	--	--	--	--
Total	27,933	30,519	11,576	--	10,479	6,542	1,922

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.

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NOTES TO THE SEPARATE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2024

Right-of-use assets

<i>Acquisition cost (in thousands of CZK)</i>	Balance at 31 December 2023	Impact of the merger	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)

<i>Acquisition cost (in thousands of CZK)</i>	Balance at 1 January 2023	Additions / transfers	Impairment losses	Disposals	Balance at 31 December 2023
Property, land, buildings	26,458	4,102	--	(2,149)	28,411
Plant and equipment, and other assets	64,810	14,937	--	(3,026)	76,721
Total	91,268	19,039	--	(5,175)	105,132

Depreciation and impairment losses (in thousands of CZK)

Property, land, buildings	(19,250)	(442)	2,755	--	(16,937)
Plant and equipment, and other assets	(55,656)	(8,581)	4,977	949	(58,311)
Total	(74,906)	(9,023)	7,732	949	(75,248)

<i>Carrying amount (in thousands of CZK)</i>	At 1 January 2023	At 31 December 2023	At 31 December 2024
Property, land, buildings	7,208	11,474	10,534
assets	9,154	18,410	14,498
Total	16,362	29,884	25,032

At 31 December 2024 the value of the right of use under IFRS 16 is reduced by a provision totalling CZK 6,883,000 (2023: CZK 10,947,000). The amount of this provision declined by CZK 4,064,000. In the course of the year, the provision recognised last year in part for fixed assets and leased assets (see Note 11) was re-allocated.

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.

Veolia Průmyslové služby ČR, a.s.**NOTES TO THE SEPARATE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2024**

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 2024, the balance of the receivable under this contract was CZK 107,297,000 (2023: CZK 116,097,000); the non-current portion was CZK 73,739,000 (2023: CZK 84,917,000) (see Note 14) and the current portion was CZK 33,558,000 (2023: CZK 31,180,000), recognised in the line Trade and other receivables due from related parties (see Note 17).

The lease payments are due over the following periods:

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	--

2023	Payments at 31 December 2023	Future lease payments	Due within 1 year	Due in 1 to 5 years	Due in subsequent years
Heat for households	281,372	206,656	31,180	138,638	36,838
Total	281,372	206,656	31,180	138,638	36,838

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 2024, interest income was CZK 23,159,000 (2023: CZK 25,056,000); 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 directors 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 directors and executive officers.

In thousands of CZK	2024	2023
Employee compensation	5,158	4,477
Employee benefits	--	--
Total employee compensation	5,158	4,477

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:

Veolia Průmyslové služby ČR, a.s.**NOTES TO THE SEPARATE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2024**

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.

Related parties

In thousands of CZK	2024	2023
Purchases	(314,167)	(390,804)
Sales	47,300	172,574
Finance costs	657	632
Finance income	53,350	45,239

In thousands of CZK	2024	2023
Receivables	131,010	130,408
Payables	(47,611)	(58,863)
Financial liabilities	6,705	8,882

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 732,514,000 (2023: a receivable of CZK 469,670,000). The balance of the receivable from the cash pool is not listed in the above table.

In 2024 the Company received a dividend from its subsidiary Veolia Komodity ČR, s.r.o. in the amount of CZK 663,231,000 (2023: CZK 383,008,000) 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 107,297,000 (2023: CZK 116,097,000) and is reflected in the above table.

Veolia Průmyslové služby ČR, a.s.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2024

28. Subsequent events

No events occurred between the date of the statement of financial position and the date of preparation of the financial statements that would have any material impact on the financial statements as at 31 December 2024, or that should be disclosed in the financial statements.

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 2024

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

1. Preamble
2. Specification and description of related parties
3. Role of the controlled entity, methods and means of control, and evaluation of the advantages and disadvantages arising from relations between the related parties
4. 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
5. Conclusion

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 2025.

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

The Report has been prepared for the accounting period of 2024.

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 2024, 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. Elektrařenská 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-Biala
Legal form: Private limited company

Name: Institut environmentálních služeb, a.s.
Registered office: Na Florenci 2116/15, Nové Město, 110 00 Praha 1 (formerly Podolská 15/17, Podolí, 147 00 Praha 4)
Company No.: 629 54 865
File number: B 9967, Companies Register maintained by the Prague Municipal Court
Legal form: Public limited company
The company changed its registered office on 3 October 2024.

Name: Veolia Smart Systems ČR, s.r.o.
Registered office: Zelená 2061/88a, Mariánské Hory, 709 00 Ostrava
Company No.: 030 81 761
File number: C 93006, Companies Register maintained by the Ostrava Regional Court
Legal form: Private limited company
The company was wound up by merging with the acquiring company Veolia Průmyslové služby ČR, a.s. (registered in the Companies Register on 1 December 2024).

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: I. SČV, a.s.
Registered office: Praha 10, Ke Kablu 971, postcode 100 00
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 (formerly Sokolovská 100/94, Karlín, 186 00 Praha 8)
Company No.: 055 89 916
File number: B 25457, Companies Register maintained by the Prague Municipal Court
Legal form: Public limited company
The company changed its registered office on 13 May 2024.

Name: Pražská teplotrenská a.s.
Registered office: Radlická 364/152, Radlice, 158 00 Praha 5 (formerly Partyzánská 1/7, 170 00 Praha 7)
Company No.: 452 73 600
File number: B 1509, Companies Register maintained by the Prague Municipal Court
Legal form: Public limited company
The company changed its registered office on 9 May 2024.

Name: TERMONTA PRAHA a.s.
Registered office: Praha 10, Třebostická 46/11, postcode 100 00
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 (formerly Partyzánská 1/7, Holešovice, 170 00 Praha 7)
Company No.: 032 61 816
File number: B 19886, Companies Register maintained by the Prague Municipal Court
Legal form: Public limited company
The company changed its registered office on 6 May 2024.

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 (formerly Partyzánská 1/7, Holešovice, 170 00 Praha 7)
Company No.: 293 52 797
File number: B 19399, Companies Register maintained by the Prague Municipal Court
Legal form: Public limited company
The company changed its registered office on 7 May 2024.

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.

Name: Advance Energo a.s.
Registered office: Zelená 2061/88a, Mariánské Hory, 709 00 Ostrava (formerly 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
The company became part of the Veolia Group on 27 February 2024 and changed its registered office on 21 March 2024.

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

The company was incorporated and became part of the Group on 28 November 2024.

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 a Cogeneration Unit KGJ13No. 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 MT
- Purchase Agreement 2402-0377-M08 – sale of an MV transformer

- Servicing Agreement 2408-0020-08A for the post-guarantee servicing of the cogeneration unit at the Olomouc Teaching Hospital (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 Husická, Olomouc, 2402-0028-V06
- Contract for Work for the construction of a PV System in Mitušova, Olomouc, 2402-0012-V05
- Mitušova PV System Donation Agreement
- Husická PV System Donation Agreement
- Purchase Order for the splitting of billing for the home owners' association in Hornoměřolupská
- Purchase Order for the splitting of billing for the home owners' association Ranta 1

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 Veolia 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 Co-generation 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: Cogeneration Unit Korýtko;
- 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

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 from a Renewable Energy Source;
- Framework Agreement on Electricity Distribution;

Agreements where Veolia Průmyslové služby ČR, a.s. is the customer:

- Agreement on Electricity Supply;

all of them on an arm's length basis.

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

The following agreements are in place between Veolia Powerline Kaczyce Sp. z o.o. and Veolia Průmyslové služby ČR, a.s. as the customer:

- Agreement on the Distribution of Polish Electricity;
- Agreement on the Connection to a Distribution System;
- Agreement on Cooperation between Operational and Control Centre Departments in the Operation of the Pogwizdow, Darkov and ČSM Sever 110kV Substations;
- V679/V680 Line Lease Agreement;

all of them 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;
- Assignment Agreement – vehicle Citroen C4 (01)
- Assignment Agreement – vehicle Citroen C4 (02)

- Agreement on the Fit-Out of LDS Transfer Points for the Provision of Balancing Services
 - Agreement for the Extension of the LDS distribution equipment, Zárubek site
- 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 education, 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 CO₂ 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;

all of them 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.:

- D211/VN131 MV Line Upgrade Contract;
- Agreement for the Promotion of Ostrava CHP DHS - Korýtko cogen. unit, public contract
- Framework Contract for Work

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;

all of them 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
- Agreement on Future Agreement to Connect Customer No. 9501, LV
- Customer Connection Contract No. 9601 LV
- Agreement on Electricity Supply from the Generating Unit;
- Thermal Energy Supply Agreement No. 27394 from the Cogeneration Unit

all of them on an arm's length basis.

B12. PT Koncept, a.s.

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

- Purchase Order for Full or Partial Technical Studies to Assess the Feasibility of PV System VSS-2023-026
- Purchase Order for Full or Partial Technical Studies to Assess the Feasibility of PV System VSS-2023-029
- Purchase Order for Full or Partial Technical Studies to Assess the Feasibility of PV System VSS-2022-530

all of them on an arm's length basis.

B13. Pražská teplotárenská a.s.

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

- Contract for Work for the Installation of a PV System (Prague 18), signed in 2023, implemented in 2024

all of them on an arm's length basis.

B14. 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 2024, 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, 2024

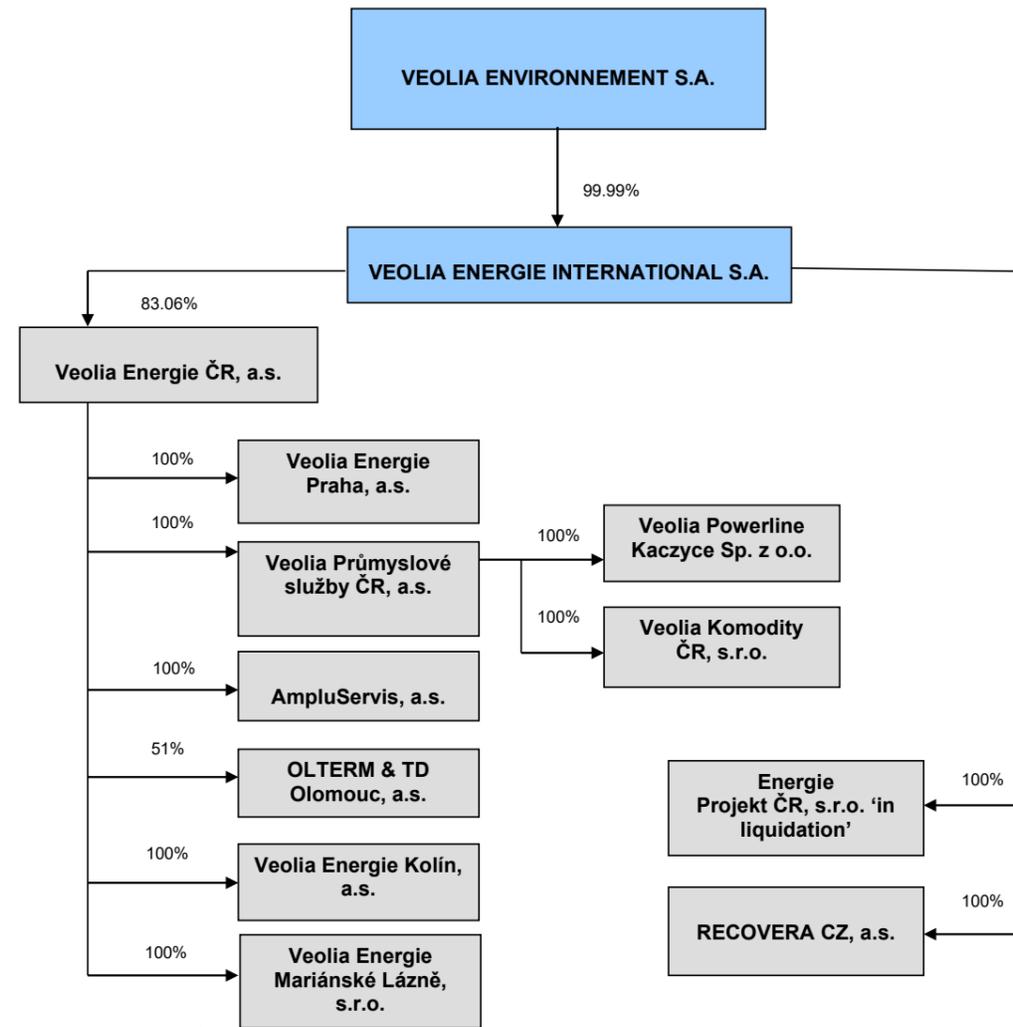


Jakub Tobola
Chairman of the Board of Directors



Pavel Luňáček
Member of the Board of Directors

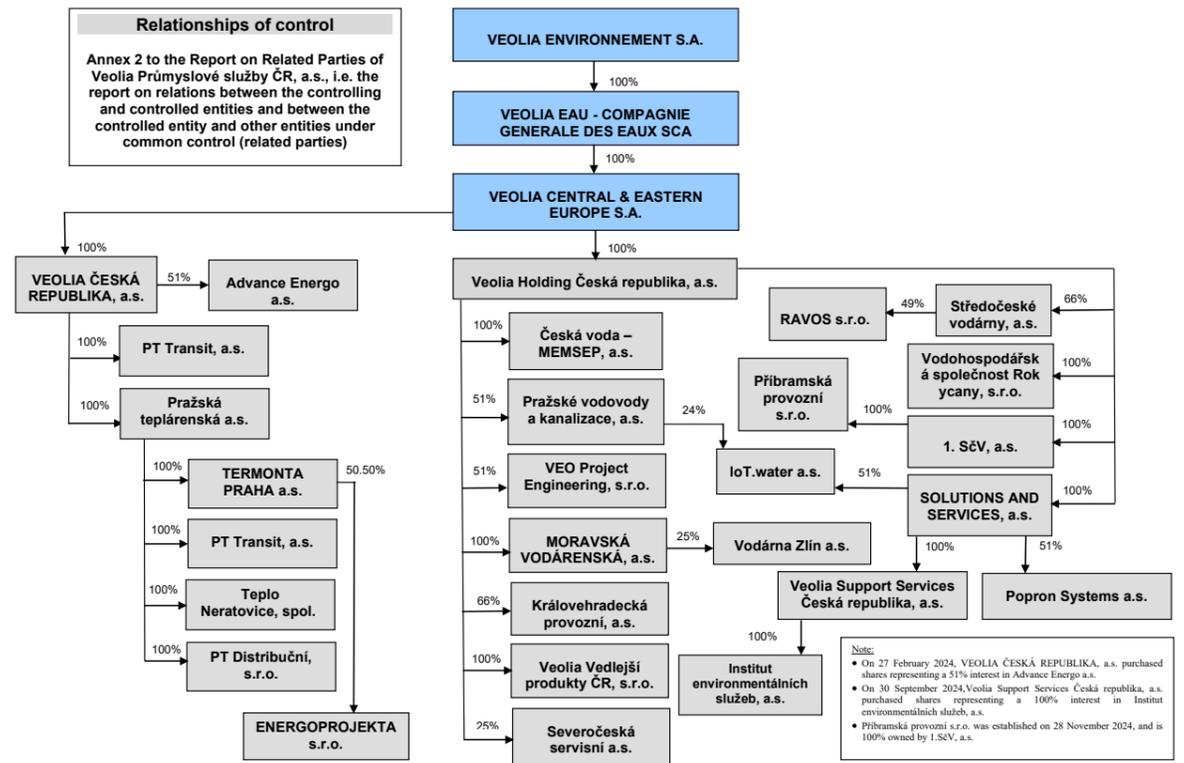
Relationships of control
Annex 1 to the Report on Related Parties of Veolia Průmyslové služby ČR, a.s., i.e. the report on relations between the controlling and controlled entities and between the controlled entity and other entities under common control (related parties)



Note:

- On 30 September 2024, Veolia Energie ČR, a.s. sold shares representing a 30% share in the registered capital of Institut environmentálních služeb, a.s. to Veolia Support Services Česká republika, a.s.
- Veolia Smart Systems, s.r.o. was wound up by merging with the acquiring company Veolia Průmyslové služby ČR, a.s. as a result of the merger by acquisition pursuant to the Draft Terms of Merger by Acquisition dated 25 June 2024 (registered in the Companies Register on 1 December 2024).

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)



Note:

- On 27 February 2024, VEOLIA ČESKÁ REPUBLIKA, a.s. purchased shares representing a 51% interest in Advance Energo a.s.
- On 30 September 2024, Veolia Support Services Česká republika, a.s. purchased shares representing a 100% interest in Institut environmentálních služeb, a.s.
- Příbramská provozní s.r.o. was established on 28 November 2024, and is 100% owned by I.SČV, a.s.

05 AUDITOR'S REPORT



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*This document is an unsigned English translation of the Czech auditor's report.
 Only the Czech version of the report is legally binding.*

Independent Auditor's Report

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

Opinion

We have audited the accompanying financial statements of Veolia Průmyslové služby ČR, a.s. ("the Company"), prepared in accordance with IFRS Accounting Standards as adopted by the European Union, which comprise the statement of financial position as at 31 December 2024, and the statement of comprehensive income, the statement of changes in equity and the cash flow statement for the year then ended, and notes to the financial statements, comprising material accounting policies and other explanatory information. Information about the Company is set out in Note 1 to the financial statements.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2024, and of its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the European Union.

Basis for Opinion

We conducted our audit in accordance with the Act on Auditors and Auditing Standards of the Chamber of Auditors of the Czech Republic, consisting of International Standards on Auditing (ISAs), which may be supplemented and amended by relevant application guidelines. Our responsibilities under those regulations 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.

Other Information

In accordance with Section 2(b) of the Act on Auditors, other information is defined as information included in the annual report other than the financial statements and our auditor's report. The statutory body 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 laws and regulations, in particular, whether the other information complies with laws and regulations in terms of



formal requirements and the procedure for preparing the other information in the context of materiality, i.e. whether any non-compliance with those 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 matters that are also presented in the financial statements is, in all material respects, consistent with the financial statements; and
- the other information has been prepared in accordance with applicable laws and regulations.

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. Based on the procedures we have performed on the other information obtained, we have not identified any material misstatement.

Responsibilities of the Board of Directors for the Financial Statements

The statutory body is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as adopted by the European Union, and for such internal control as the statutory body 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 statutory body 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 statutory body either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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 the above regulations 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 regulations, 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 statutory body.
- Conclude on the appropriateness of the statutory body's 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 those charged with governance 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.

Statutory Auditor Responsible for the Engagement

Karel Charvát is the statutory auditor responsible for the audit of the financial statements of Veolia Průmyslové služby ČR, a.s. as at 31 December 2024, based on which this independent auditor's report has been prepared.

Prague
30 April 2025

KPMG Česká republika Audit, s.r.o.
Registration number 71

Signed by

Karel Charvát
Partner
Registration number 2032

This Annual Report was produced by the CEO Section of Veolia Průmyslové služby ČR, a.s. and the Communication Section of Veolia Energie ČR.

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