PALASINO



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

2025

Palasino Holdings Limited

百樂皇宮控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code：2536

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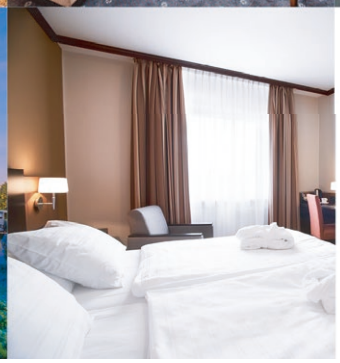

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HOTEL KRANICHHÖHE
Bövingen 129, 53804 Much, Germany

HOTEL DONAUWELLE
Am Winterhafen 13, 4020 Linz, Austria

1. Introduction

MESSAGE FROM THE MANAGEMENT

We are pleased to present Palasino Holdings Limited's second sustainability report. This report provides an overview of our sustainability performance and initiatives for the current financial year, highlighting our progress and improvements following our successful listing on The Stock Exchange of Hong Kong Limited ("HKEX"). The principles of sustainability have guided our Group since its inception 30 years ago; with our listing on 26 March 2024, we are now pleased to have the opportunity and means to better communicate this information to investors and the public in an official manner. We have prepared our Group for the future by placing sustainability at the heart of our corporate strategy, creating a business model that combines profitability and investor value with ESG considerations. This commitment to sustainability is further reinforced by ongoing legislative changes that are critical to the Group. Today's societal changes and challenges motivate us not only to comply with regulations but also to adopt new measures that reflect responsible behaviour and sustainability.

Fiscal year 2025, spanning from April 2024 to March 2025 ("FY2025"), marked another positive return to normal for the Group following the challenges associated with the COVID-19 pandemic. Unfortunately, the positive developments within the Group were overshadowed by external factors, including the impact of global conflicts and climate change, which are affecting energy prices and costs. Our Group remains one of the leading players in the Czech Republic's casino industry, and we have successfully maintained this position year after year.

These issues, along with shifts in global supply chain dynamics, present significant challenges for the Group going forward. We are determined not to be complacent but to continue working closely with stakeholders, organisations, and government institutions to address these challenges through sustainability and a responsible approach to fulfilling our commitments. As part of the Group's commitment to sustainability, we have focused on energy-saving measures and environmental initiatives, including the installation of photovoltaic ("PV") power plants at all our sites in the Czech Republic, thereby reducing energy consumption, costs and greenhouse gas emissions. In addition, the Group plans to explore other alternative energy sources to decrease its reliance on external energy providers further. We continue to work on reducing waste and water consumption. We are in the process of renewing the Group's passenger car motor pool with a preference for purchasing hybrid and electric vehicles. We are also prioritising sustainability with the external suppliers associated with our supply chain as well as actively seeking ways to engage our clients in reducing the Group's carbon footprint during service delivery. The Group remains a highly valued employer in the locations of our operations. Our employment policies, work environment, remuneration and growth opportunities make us an employer of choice in the casino, leisure and hotel industry. We are committed to professional growth in all our team members and provide various opportunities for their personal and career development. As part of their training, we educate them on managing their respective teams, collaborating with their peers, and advancing their growth within the company, with a focus on sustainable development, while fostering a culture of responsibility and accountability. We recognise that our team members are the future of our company. The Group's business and relationships with stakeholders continuously change and evolve. The communities in which we operate, whether at the level of local associations, villages, towns or regions, are increasingly providing constructive feedback on our business activities. In the interests of sustainability, we continue to build on the strong relationships established over time and to incorporate their perspectives when planning future initiatives.

During this financial year, we have focused even more on promoting responsible gaming and raising problem gambling awareness among our customers. We have also successfully renewed our ISO27001:2014 certification, further demonstrating the Group's high standards in security and data protection for both customers and team members. We remain committed to further improving our responsible practices and creating a positive social impact through team member volunteering, charitable donations and other social activities. We also uphold the principles of equal treatment in all aspects of our operations and management, as reflected in the provision of an ethics hotline for team members and external collaborators.

1. Introduction

In the years ahead, the Group will continue managing and integrating the principles of sustainability as outlined in our ESG report will be crucial and will enable us to achieve higher goals, effectively monitor progress across various areas and maintain our market position. Acting sustainably not only gives the Group a competitive advantage, but is also essential for building a successful future, creating positive impacts and minimizing negativity, while ensuring continued success in the global marketplace.

Pavel Maršík
Executive Director and Chief Executive Officer,
Palasino Holdings Limited

2. History and Overview of the Group Companies

HISTORY

Palasino Holdings Limited ("Palasino" or "the Company", together with its subsidiaries, "the Group", "We", "Our") is a gaming and leisure group with a significant footprint in Europe. The Group's operations are primarily carried out by Palasino Group, a.s. ("Palasino Group"), which comprises one integrated land-based casino and resort and two full-service land-based casinos operating in the Czech Republic primarily offering slot machines and table games, with a plan to develop a new casino in the Czech Republic. We also own and operate three hotels in Germany and one hotel in Austria offering accommodation, catering, conference, and leisure services. We are subject to all relevant laws and regulations in the Czech Republic, Germany, Austria, and Malta.

With almost 30 years of experience in the casino, leisure and hotel industry guided by our senior management, we are well positioned to capitalise on market opportunities due to our operational experience and strong industry knowledge. Our long standing presence in Central Europe began in 1995 with the purchase of Palasino Furth im Wald (formerly named as American Chance Casinos Česká Kubice). The Group expanded its casino portfolio opening in 1999 Palasino Excalibur City (formerly named as American Chance Casinos Route 59) and Palasino Wullowitz (formerly named as American Chance Casinos Route 55) in 2004 (see the graphic depiction of our development milestones).

Our tagline "at the heart of the game" captures the essence of our casino operations and by leveraging our strong foundations and market position, we aim to provide a unique casino environment that reflects this. Our established presence in the Czech casino industry is based on our ability to fulfil the diverse preferences of even the most discerning of our players. We offer a wide range of gaming products including slot machines from multiple suppliers and a variety of live table game options typical of land-based casinos, thus creating a fun and memorable casino experience.

In 2008, the Group opened the Savannah Hotel, and together with the adjacent Palasino Excalibur City, forms our flagship Palasino Savannah Resort. The Palasino Savannah Resort offers a full range of casino facilities including over 300 slot machines, 32 live game and poker tables, 79 rooms, dining and catering services, a state of the art spa and wellness, conference and banquet services as well as a wine cellar to complement the Resort's own vineyards. As a result, we cater not only to gaming visitors but also non-gaming visitors as a destination for friends and families.

Through strategic acquisitions between 2014 and 2017, the Group also built a portfolio of hotels in Germany and Austria, including Hotel Columbus, Hotel Auefeld and Hotel Kranichhöhe in Germany as well as Hotel Donauwelle in Austria. These hotels are primarily positioned as business and leisure hotels serving both individuals and corporate clients. Our hotels provide various types of accommodation and leisure facilities, quality catering services and a selection of meeting and conference rooms.

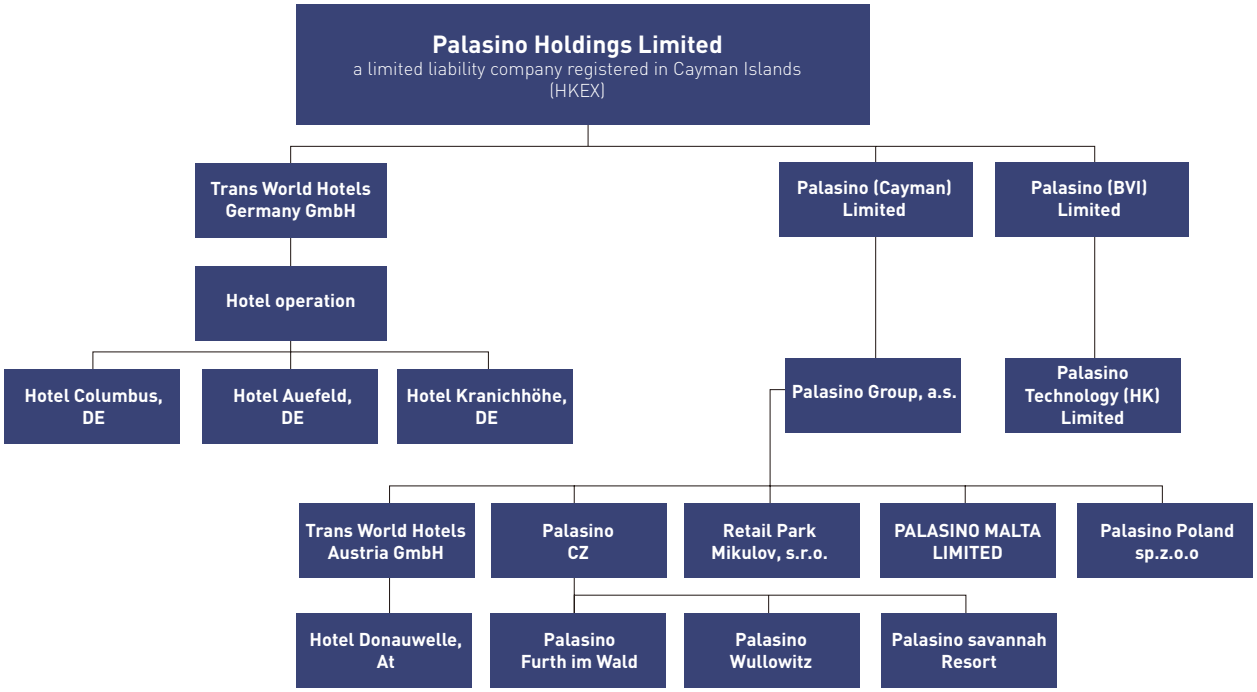
Palasino Holdings Limited (Stock code: 2536) has been successfully listed on the Main board of the HKEX on 26 Mar 2024, the total fund raising size is HK$371M.





2. History and Overview of the Group Companies

ORGANISATION CHART

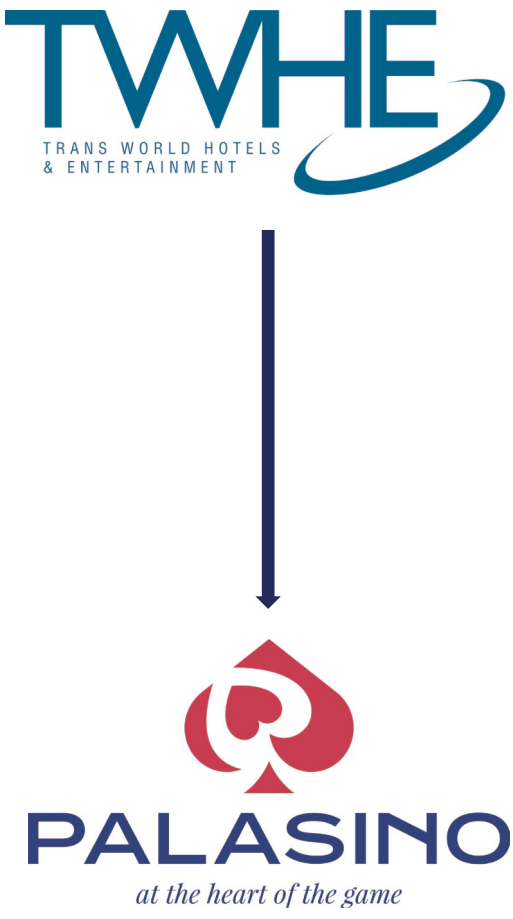


Our trademarks

Palasino – at the heart of the game

In 2022, we underwent a rebranding from "American Chance Casinos" to "Palasino". The name "Palasino" is a compound created by combining the words "Palace" and "Casino". This play on words not only evokes the sense of grandeur associated with a palace but also highlights our core business of operating casinos. The rebranding has brought several benefits to our Group's casino business:

- Demonstrating our dedication to offering customers the best of both words, a feature that has been positively received by our players;
- Rebranding helps to strengthen the Group's image by consolidating all casinos under a unified brand identity;
- When combined with effective marketing activities, this creates a cluster effect improving the Group's market image and perception, which in turn drives increased foot traffic;
- In a highly competitive gaming industry, the right rebranding provides a competitive advantage by differentiating the Palasino Group from its competitors through a unique brand identity, message and positioning, standing out more prominently in the marketplace.



2. History and Overview of the Group Companies

Our Hotels and Casinos

In addition to the Savannah Hotel at the Palasino Savannah Resort, which operates under the "Palasino" brand, we own and operate four other hotels in Germany and Austria under the "Trans World Hotels" brand with the "TWH" logo. This brand is derived from the former name of Palasino Group, Trans World Hotels & Entertainment, which in turn was derived from the previous owner, Trans World Corporation.

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2. History and Overview of the Group Companies

Our locations

The following figure illustrates the location of our casinos and hotels in Central Europe.



2. History and Overview of the Group Companies

COMPANY MILESTONES

1995 The company is registered in Pilsen. Opening of the first casino on the Czech-German border in Česká Kubice under the name Casino Club Europe. Later opening of the casino in Rozvadov.

1998 The company was sold to the American company Trans World Corporation. LMJ Casino Rozvadov was renamed and began operating as American Chance Casinos.

1999 Opening of new Casino Route 59 (Palasino Excalibur City) near Znojmo Czech.

2004 Opening of new Casino Route 55 (Palasino Wullowitz) Dolní Dvořiště Czech.

2008 Opening of new Hotel Savannah with 79 rooms, located adjacent to Casino Route 59 (Palasino Excalibur City). Casino Rozvadov sold.

2014 Refurbishment of Česká Kubice (Palasino Furth im Wald) with the addition of apartments and an extended slots area. Purchase of Hotel Columbus, Seligenstadt (nr. Frankfurt), Germany

2016 Completion of the extension of the Česká Kubice casino with a new restaurant, reception and apartments. Expansion project in Casino Route 55 (Palasino Wullowitz) with additional slot machines and customer facilities. Purchase of Hotel Kranichhoehe, Much (nr Cologne), Germany.

2017 Purchase of Hotel Donauwelle, Linz, Austria. New casino license to operate gambling in the Czech Republic from the Ministry of Finance of the Czech Republic for the operation of casinos pursuant to the new ZHH 186/2016 Coll.

2018 Purchase of Holding Company TWC, by Far East Consortium (Hong Kong based company).

2021 Launch of Palasino Malta online project. Covid casino closures for six months.

2022 American Chance Casinos rebrands to PALASINO. Palasino Malta Limited granted online casino license by Malta Gaming Authority.

2023 Obtains the ČSN EN ISO/IEC 27001:2014 certificate. Trans World Hotels & Entertainment, a.s. (TWHE) renamed as Palasino Group, a.s..

2024 Palasino Holdings Limited successfully lists on Hong Kong Stock Exchange.

3. ESG Statement

We are committed to being a responsible Global Group and delivering sustainable value to our stakeholders through significant efforts in the areas of environment, social, governance and management. Since the Group's inception, we have been guided, in deciding our future strategies and development, by the principles of sustainability while maintaining maximum efficiency and operational profitability. We consider the synergy between sustainability and business to be a key factor in the Group's development and a major driver of value.

THE TWELVE SUSTAINABLE DEVELOPMENT GOALS

Our Group subscribes to the eleven goals adopted by the Member States of the United Nations as sustainable development goals (SDGs). This is in the framework of the SDGs General Assembly resolution A/RES/70/1 of 25 September 2015 and its efforts to achieve these seventeen goals by 2030. The overarching goal of the entire initiative is to end all forms of poverty-related living, combat inequalities, address climate change, while ensuring that no one is left behind at risk of poverty. Currently, our work and activities support the following twelve goals.



SUSTAINABLE DEVELOPMENT GOALS

3. ESG Statement

FY2025 SUSTAINABILITY HIGHLIGHTS



Defended our data and IT security ISO27001:2014 certification:

- Underwent a successful audit and recertification process, ensuring our data security policies, procedures, and controls continue to meet the rigorous requirements of this internationally recognised certification.



We defended our Czech Casino License during all regulatory supervision:

- This renewal supports the Group's strength of operations, adherence to regulatory requirements, and our position as a trusted and responsible gaming provider.



Generated 658 MWh of renewable energy during the FY2025:

- This represents a positive contribution to the Group's overall energy mix and supports the Group's corporate sustainability goals of reducing our environmental impact and reliance on fossil fuels.



Reduced non-hazardous waste intensity by over 30% and energy intensity by nearly 9% compared to FY2024, despite the resumption of our operations:

- These results demonstrate the Group's commitment to sustainable business practices and ability to drive continuous environmental improvements.



Donated approximately CZK1 million to charity:

- This contribution illustrates the Group's commitment to giving back to the communities in which we operate, creating a positive impact on the lives of those in need.

Business Environment and Future Prospects

Our casinos and hotels are directly independently operated and managed on site giving us complete control over their operations. This model ensures consistency in our management processes, high levels of guest satisfaction and reduced implementation and maintenance costs, while providing flexibility and resilience in potential downturn scenarios. Unlike competing operating models, our approach grants us full control over the entire operational process.

By maintaining direct oversight of all sites, the Group adopts a personalised approach to customer service as it receives constant feedback from its customers. This allows us to respond quickly to their needs and preferences, leading to improved customer satisfaction and increased long-term loyalty.

We are actively seeking opportunities to expand in the Czech Republic, Central Europe and other markets through the acquisition of businesses and assets, all while fully adhering to our ESG strategies and Code of Conduct. Acquiring assets provides us with immediate access to fully developed properties and gaming facilities, while business acquisitions may offer casino licenses and an established customer base, allowing us to increase market share. We are also considering bidding for new gaming licenses to establish new operations and expand our geographic footprint.

Scope of ESG disclosures

This sustainability report covers the FY2025. The report fulfils relevant provisions of Rule 13.91 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and the ESG Reporting Guide in Appendix C2 to the Listing Rules. This report focuses on material ESG topics and events that relate to our business and operations. The scope of reporting includes hotels and gaming entities over which we have significant operational control. This includes a total of nine key assets:

- **One integrated casino and resort, and two casinos in the Czech Republic;**
  - Palasino Savannah Resort
  - Palasino Furth im Wald
  - Palasino Wullowitz
- **Three hotels in Germany;**
  - Hotel Columbus
  - Hotel Auefeld
  - Hotel Kranichhöhe;
- **One hotel in Austria;**
  - Hotel Donauwelle
- **One office in Malta; and**
  - Palasino Malta Ltd
- **One office in Poland,**
  - Palasino Poland PS z.o.o.

4. Involvement of Stakeholders and Assessment of Materiality of the Group

At the financial year 2024, which marks the first year of preparing and producing our Group's ESG report, we engaged stakeholders to foster understanding between the Group and various key internal and external stakeholders; including the Board of Directors, senior management, team members, shareholders and investors and other relevant related groups. The insights gained from this engagement formed the foundation for our ESG materiality assessment, which helped us identify potential ESG-related risks and opportunities in relation to the Group's overall strategy and financial performance. Our materiality assessment was conducted using a three-stage approach:

1. **Identification:**
   We identified 15 significant themes across three main ESG categories: Environment, Social and Governance. This process involved thorough desk research, factoring in various aspects of our business and industry.

2. **Assessment:**
   Our key internal and external stakeholders were invited to participate in an online survey to rate the relevance and importance of various topics to both them and the Group. They were provided with instructions to evaluate the topics based on several factors and quantifiable indicators, including the level of positive and/or negative significance, the severity of the impact caused by the topics and the likelihood of risks associated with the topics for them and the Group. A total of 46 topics were assessed, with materiality evaluated as part of the overall analysis.

3. **Setting priorities:**
   An analysis was conducted based on the results of our stakeholder survey. Six key ESG issues were identified and prioritised as the main issues of the importance to our Group: climate change and greenhouse gas emissions, energy management, human rights and employment practices, guest health and safety, business ethics and integrity, and responsible gaming.

   These topics have been prioritised as they represent the most significant areas of focus for our Group's ESG strategy. Prioritizing these important issues will serve as the foundation of our business model for the near future. Additionally, we will regularly review and reprioritise these topics to ensure ongoing alignment with stakeholder expectations and perspectives.

ESG key areas (selection of relevant topics)



4. Involvement of Stakeholders and Assessment of Materiality of the Group

Area E – important topics

Significant themes – identified impacts, risks and opportunities



	Impact assessment of significance		Financial assessment of materiality	
Topic	**Positive impacts +**	**Negative impacts -**	**Opportunities +**	**Risks -**
We are environmentally responsible	X	X	Spreading awareness of sustainable activities	X

Area S – important topics

Significant themes – identified impacts, risks and opportunities



	Impact assessment of significance		Financial assessment of materiality	
Topic	**Positive impacts +**	**Negative impacts -**	**Opportunities +**	**Risks -**
We are a good employer	Employee satisfaction due to high level of employee benefits compared to competitors and employer stability Uniform treatment of all employees across the Company and equal pay Professional and personal development of employees	X	Equal access communication for all employees	Labour shortage
We are accountable to our communities	Palasino makes a significant contribution to the state and municipal budgets through its significant tax levies, supporting the lives of its citizens Supporting employment in the regions where Palasino operates	X	We communicate our activities transparently	X
We value our clients	X	Gaming addiction, "irresponsible" gaming Leakage of personal data of customers (and employees) and subsequent impact on customers (employees)	Implementation of a project for an internal communication tool for clients	Leakage of personal data about customers (and employees)

Area G – important topics

Significant themes – identified impacts, risks and opportunities



	Impact assessment of significance		Financial assessment of materiality	
Topic	**Positive impacts +**	**Negative impacts -**	**Opportunities +**	**Risks -**
We face risks in legislation	X	X	Collaboration across our business sector Lobbying	Legislation restricting marketing communications Legislative changes in connection with the tightening of the gambling law (risk from the state) Dependence on the decisions of the municipal council where the casino operates Level of compliance with set changes in legislation across the market
We are a good steward	Reliable and trustworthy partner	X	Due to the high demands on operational activity, the maturity and reliability of the technology ensures 365/24 operation in all conditions	Financially and operationally demanding running, operation and servicing of systems in the plants

5. We are Environmentally Responsible

As a Group, we are committed to minimising our environmental impact in the regions where we operate by investing in sustainable technologies alternative initiatives, responsible waste management and reducing the consumption of various resources. However, we will approach these sustainability strategies with a focus on profitability of the resources invested and their return on investment ("ROI"). We recognise that these initiatives are not only vital for the planet, but also plays a key role in shaping the Group's investment profile, contributing to long-term returns for our shareholders, customers and other stakeholders.

INITIATIVES IN THE FIELD OF BUILDING SUSTAINABILITY AND OPERATIONAL REQUIREMENTS

We strive to integrate sustainability into all our activities. The operation of buildings and the demands on their maintenance and energy consumption and their impact on the environment is one of the important topics for sustainability.

Renewable energy

The most significant environmental initiatives undertaken by the Group since 2021 has been the installation of PV plants for renewable energy production on the roofs of all our owned buildings in the Czech Republic. This project has allowed us to benefit from the EU-funded National Renewable Energy Plan Subsidy Programme, which has contributed upwards to 35% of the project costs and reduced the expected payback period.

Using a PV system on the roofs of our buildings provides a number of benefits, reducing operating costs, lowering our carbon footprint and decreasing our reliance on external electricity sources. Once fully operational, our portfolio of PV installations already has a total capacity of 485 kWp. We are also exploring the feasibility of extending PV coverage to our buildings in Germany and Austria, which would further reduce our carbon footprint and external energy dependence.

In this fiscal year, our PV systems generated over 637 MWh of renewable energy in the all four locations. Once all PV plants are all year fully operational, we estimate they will provide an alternative electricity source reducing our overall consumption by 10%–15%, depending on the system's performance. Gas-fired cogeneration units have been installed at our Palasino Resort Savannah and Kranichhöhe sites to provide both renewable energy and a source of heat for the facilities. This is an alternative with 95% efficiency.

Our rooftop PV panel installations include:

- 99 kWp in Palasino Furth im Wald (connected since September 2023)
- 72 kWp in the casino (connected since October 2023) and 99 kWp in the hotel (connected since August 2024) at Palasino Savannah Resort
- 215 kWp in Palasino Wullowitz (Connected since July 2024)



5. We are Environmentally Responsible

Replacement of lighting sources

In 2021, we initiated a project to gradually replace outdated and energy – intensive light sources, such as classic fluorescent tubes and fluorescent lamps, halogen lights and similar fixtures with modern LED light sources. This transition has been progressively implemented across all our operations in the Czech Republic. By replacing traditional light sources with energy-efficient LED lights, we aim to achieve an estimated daily energy saving of 156 kWh and an annual saving of 65.4 MWh, while maintaining optimal lighting levels in our buildings. The complete replacement of lights in the Czech Republic finalised by the end of FY2025. This will help us to reduce energy consumption, save costs and move towards a more energy efficient future. We also plan to extend this initiative to our operations in Austria and Germany aligning with budget allocations and cost of/implementation.

Reducing energy consumption in hotel services

As part of our commitment to the environment and the sustainable hotel industry, we have been collaborating with the "Hotels for Trees" foundation since 2018. Hotels for Trees is a non-profit foundation that partners with hotels to help reduce water and material consumption while directly contributing to reforestation projects around the world. Guests staying multiple nights at our hotels have the option to skip daily room cleaning and display a sign outside their room that reads "Hotels for Trees" to show their participation in the program. Each day, the total number of rooms which "skipped" cleaning is provided to "Hotels for Trees" organization, which will plant a new tree in one of the Foundation's global reforestation projects for every room given. By participating in this program, the Group saves water by reducing laundry and room cleaning, contributing to reforestation programmes around the world and offering guests more options to make sustainable choices. Since the launch of our partnership with the Hotel for Trees programme in April 2023, the Group has contributed to the planting of 330,931 trees worldwide. We are excited to continue our involvement with the Hotels for Trees programme and are actively exploring additional organizations and programmes to further enhance our sustainability efforts.

Replacement of heat sources with heat pumps

In locations that allow this change, we aim to replace heat sources (boilers, gas boilers, direct-fired boilers) with heat pumps. An example of this activity is the replacement of a 50 kW electric direct-fired boiler with a 25 kW heat pump for our facilities and offices in Česká Kubice, Czech Republic. This heat pump will serve the same purpose while reducing our heating energy consumption by 35%. However, this project requires gradual steps in replacing technologies that will centrally produce hot water for heating or domestic use. Therefore, these projects must be consulted with designers and thoroughly prepared for implementation.

Thermal comfort management and control system

In fiscal year 2025, we completed a full replacement of the Measurement and Control system (the "M&C system") for heating, cooling and ventilation across all of our casinos and the Savannah Hotel. The M&C system gathers extensive data from our facilities and allows facility managers to implement precise and intelligent temperature control. This ensures optimal comfort for our guests and enhances our energy efficiency. Additionally, the M&C system reduces temperature fluctuations and allows for early detection of equipment issues, ensuring smooth and consistent heating throughout our operations. With the implementation of the M&C system, we have achieved a 10% energy savings on heating and cooling compared to our consumption before the M&C system was implemented. The same modification is yet to be implemented in our hotels in Germany, where the implementation will be based on a feasibility study and will depend on budget allocation according to project costs.

5. We are Environmentally Responsible



Hybrid and electric vehicles and electric vehicles ("EV") chargers

We are dedicated to promoting the use of hybrid and electric vehicles in locations that make economic sense given the capacity and purpose for this technology. To support this, we have installed 12 EV charging points in key locations the Czech Republic, Austria and Germany, providing convenient access for our customers and employees using EVs. Additionally, we are in process of renewing our fleet aiming to replace fossil fuel-powered vehicles with hybrids and electric vehicles that will utilise our EV charging facilities. We are planning, in collaboration with our supplier TOYOTA CZECH, to conduct a test of the real-world usability of electric passenger vehicles and shuttle vehicles with up to nine seats at one of our locations. Based on our practical experience, this will help us assess the economic and operational feasibility of integrating these EVs into our fleet. We have installed stationary charging stations for electric EVs at all our locations so that they are accessible to the public and guests for their needs. We also cooperate with external developers who invest in the infrastructure of fast charging stations and provide them with our land for the installation of these charging devices.



Initiatives to save drinking water

To achieve our goal of reducing water consumption, we continually seek opportunities to enhance water efficiency and minimise usage, including:



Using energy-saving nozzles for taps across our operations: when purchasing new taps, we specifically select models equipped with nozzles that regulate the water flow, ensuring efficiency without compromising functionality. We are also working to identify and replace older nozzles in our buildings that lack water-saving features, reducing overall water consumption.



Conducting a feasibility analysis of installing smart water meters across our operations to monitor water consumption and reduce our long-term operating costs.



Palasino Wullowitz utilises water from their own well, reducing dependency on public water services. This water is treated to meet safety standards.



The use of tap water or beverages in returnable glass containers for catering and making beverages for guests. This cost-saving initiative has reduced the dependance on bottled water and minimised plastic waste.

ENVIRONMENTAL OUTREACH

As part of our commitment to the environment and the sustainable hotel industry, we have partnered with the Hotels for Trees Foundation since 2018. Hotels for Trees is a non-profit foundation that partners with hotels to help reduce water and material use while directly contributing to reforestation projects across the globe. Guests staying multiple nights at our hotels are given the choice to skip their daily room cleaning, hanging the Hotel for Trees door hanger outside their room to indicate their participation in the programme. Every day, the total number of rooms that have 'skipped' cleaning are submitted to Hotels for Trees, who proceed to plant a new tree in one of the foundation's global reforestation projects for every room submitted.

By participating in this programme, we save water by minimising our linen washing and room cleaning, contributes to reforestation programmes around the world, and offers our valued guests more opportunities to make sustainable choices. Since we began partnering with Hotel for Trees, the Group has contributed to the planting of 330,931 trees across since April 2023. We look forward to our continued participation with Hotels for Trees, and continue to evaluate other organisations and programmes to increase our contributions to sustainability.

Greenhouse gas emissions and energy consumption

Externally purchased goods and services were the largest source of greenhouse gas emissions from our operations, accounting for nearly 40% of total emissions. Energy consumption through purchased electricity for our facilities contributed 25% to total emissions this year, while stationary combustion was responsible for 15% of greenhouse gas emissions. Consequently, our emissions intensity is 47 tons of CO_2e/1 mil CZK.

Total Greenhouse Gas Emissions (Tons of CO_2e)

The Group's total energy consumption and greenhouse gas emissions increased this year compared to the previous two years. However, this increase is mainly attributable to the resumption of operations as our business recovered from the COVID-19 pandemic. Our casinos and hotels experienced a period of closure in 2021 and 2022.

TOTAL EMISSIONS PRODUCED	4.186,50 t CO_2e
Emission intensity	0,07 t CO_2e/ thousand € revenue
MOST IMPORTANT SOURCES	
SCOPE 3	23,4 t CO_2e
SCOPE 2	2.723,5 t CO_2e
SCOPE 1	1.439,16 t CO_2e

We continuously monitor our energy consumption and greenhouse gas emissions to minimise our environmental impact and achieve operational cost savings. To this end, the Group has set quantitative targets for reducing overall greenhouse gas emissions and energy consumption by 5% per year aiming for a total reduction of 20%. To achieve these targets, we are implementing innovative technologies such as rooftop PV systems and replacing outdated technologies with more energy-efficient models including LED lights and heat pumps. At the same time, the Group is exploring the introduction of EVs into the company fleet to reduce on – site emissions from vehicles.

5. We are Environmentally Responsible

WASTE MANAGEMENT



The Group's non-hazardous waste generation has increased over the last three years, with the majority of waste coming from the collection of general waste and kitchen food waste generated by the business. As with our energy and water consumption, this increase is mainly attributable to the Group's recovery from the COVID-19 pandemic.

We track all waste through a central system and ensure compliance with relevant laws through regular checks.. Waste is separated directly at our facilities. Recyclable materials, the majority of which are paper, glass, plastics and organic waste are also separated locally which facilitates subsequent sorting and recycling.

The Group has set a quantitative target for reducing the intensity of non-hazardous waste generation. We want to reduce the production of municipal non-sorted waste by 3% each year. To achieve this target, we have implemented waste reduction measures. These measures are expected to reduce our overall waste production and long-term operating costs.

Due to the nature of our operations, the Group did not generate significant amounts of hazardous waste this year. We were not subject to any significant fines or penalties for non-compliance with applicable environmental laws this year, nor were the Group subject to any significant administrative penalties related to violations of applicable environmental laws.

Food waste management

Food waste constitutes a significant portion of our non-hazardous waste. We believe that effective food waste management begins with efficient handling of raw materials, minimizing surpluses and excess. The Group's contribution to greenhouse gas emissions is 40% from the supply and demand chain, which includes suppliers of raw materials for food production. To this end, it is essential to focus on the cost efficiency of raw material handling and their optimal use. While some food waste in production is unavoidable, we employ two key waste management strategies to mitigate its impact:

Food waste generated before serving to customers:
We ensure that all food waste is separated into compostable and animal waste, both of which are professionally disposed of.

Food waste from unconsumed products:
Waste from unconsumed food products is managed in strict accordance with legal procedures and guidelines.

Reducing single use plastic

The Group has removed the distribution of drinking water and other soft drinks in disposable plastic bottles, replacing these with reusable glass bottles at our casino and hotel facilities. Drinking water is obtained from filtered water taps while soda machines which mix beverages, have been introduced on site, eliminating the requirement for bottled soft drinks. This transition has also significantly reduced the emissions associated with beverage transportation.



Whenever possible, we prioritise the use of paper packaging over plastic, further decreasing our plastic consumption. Through waste separation initiatives, we maintain detailed records of plastic waste, enabling us to pinpoint key areas for further reduction efforts in the future.

6. We are a Good Employer

Our employees are a key factor in our success, and we are dedicated to supporting them while prioritizing internal talent for new opportunities Through competitive remuneration packages, training, career development and occupational health and safety programmes, we invest in our employees as we know this is an investment in our future. All of Group's activities are founded on a strong commitment to equal opportunity and diversity, enabling our employees to perform at their best and deliver quality service to our customers.



OCCUPATIONAL HEALTH AND SAFETY

As a gaming and hotel operator, we recognise that the safety of our customers, employees, properties, and surrounding environments, is vital for building a sustainable long-term business. The Group has implemented a comprehensive workplace safety policy to ensure a safe and healthy working environment. This policy encourages employees to identify and report work-related obstacles or unsafe conditions. We provide occupational safety training-including fire protection and legal assistance-to raise awareness of these measures. We have installed automated external defibrillators ("AED") at all sites and provided staff training. AEDs are now standard equipment in our workplaces, and we are part of the AED equipment map.

INVOLVEMENT OF EMPLOYEES

We believe that the key to delivering an exceptional guest experience depends on the engagement and development of high-performing employees. To increase employee engagement and protect our employees' interests, we support a works council that represents the interests of our employees at Hotel Auefeld in Germany. The Group has not experienced any significant labour disputes or industrial actions this year that have had a material impact on our business. We maintain strong relationships with our workforce, as evidenced by the appointment of an employee-elected representative to the Supervisory Board.

ATTRACTING AND RETAINING TALENT

The Group employs a large number of employees in various departments, where we place emphasis on providing quality service. In order to continue to meet the high expectations of our customers, our employment policies are designed to attract and retain exceptional talent. These policies cover many aspects of employment, including recruitment, career development, work hours, rest periods, benefits, termination, equal opportunity and non-discrimination, in compliance with all applicable laws and regulations. In line with our ongoing strategy to maintain and further strengthen our market presence, we continue to seek and develop potential candidates who are interested in pursuing careers in the gaming and hospitality industry. In order to attract and retain quality employees, we offer competitive benefits packages that include above-average wages, incentive bonuses, complimentary meals, company transportation and accommodation options. Our employees' wages are determined based on, among other

6. We are a Good Employer

things, their individual qualifications, position and job performance. We also offer an extra week of leave beyond the applicable laws and regulations in our areas of operation, including sick leave, paternity/maternity leave and parental leave, which helps our employees balance their work and personal commitments. We are continuously innovating and refining our compensation and benefits processes to further motivate our employees to perform at their best. Long term employees are rewarded for their years of service, promoting loyalty within our workforce. Most importantly the Group cares about equality and fairness in the workplace, which is why the Group has provided a whistle blowing process and ethics hotline. We provide all employees with a free work uniform, clothing and equipment for safe working in the workplace with the option of having them cleaned and laundered by the employer. Employees are kept up to date with all the latest information, Group events and news through our quarterly NEWSLETTER, which is sent to each employee's email.



TRAINING AND DEVELOPMENT

We place a strong emphasis on the personal and professional development of our employees, who are our most important asset. To help them thrive and advance with the Group, we offer all employees a wide range of training and career development opportunities.



We are committed to the continued professional growth and personal well-being of our employees, with our main objective being to help our employees reach their full potential in a safe and sustainable manner. To protect the health, safety and regulatory compliance of our employees and the Group, we provide mandatory training programmes. These programmes cover data protection and security, as well as the European Union's General Data Protection Regulation ("GDPR") compliance, anti-money laundering procedures of EU and other topics related to our business. These training programs are delivered through a variety of formats: online, offline and in-person, offering employees a rich and diverse learning experience. Our online training courses are managed through a learning management system allowing our Human Resources department to allocate, track and manage all mandatory and optional training A monthly audit of completed and incomplete training is conducted, making it easier to identify and address any training-related deficiencies.



It is important for the Group to ensure continued employee satisfaction therefore we provide numerous opportunities for personal and professional development to enhance the competitiveness of our employees. We recognise that employee development positively impacts not only individuals but also their families, and we are committed to fostering their growth through quality training programs.



CAREER DEVELOPMENT

We have a comprehensive career development system that empowers our employees to grow and advance their careers. We care about our employees' career ambitions and support them to reach their full potential. Our management team conducts an annual performance and behaviour assessments, setting clear goals for the coming year. We also regularly review salary structures and promotion opportunities to ensure the retention of talented employees.

CODE OF CONDUCT, DIVERSITY, EQUALITY AND INTEGRATION



The Group promotes integration and equality among employees from all backgrounds, regardless of gender, age, ethnicity, nationality, marital status or religion or other personal characteristics. Promoting diversity, including but not limited to gender diversity, is important to the success and growth of the Group.

We promote diversity and equal employment opportunities within our Group. Gender equality in our work environment and equal pay are important issues, with these factors taken into account in all decision-making processes. In the Czech Republic, the gender pay gap has historically hovered around 20%. In 2020, the average gender pay gap was 16.4%. The Group recognises that unequal pay has an impact on the living standards of families and the quality of life of women and single mothers. We also understand that some job roles may traditionally be more challenging for men or women, but we are dedicated to ensuring equal opportunities for all employees, regardless of gender. Currently, there is no need to approve emergency strategies dealing with gender equality within our Group. Our previous efforts have been focused on achieving gender equality in both employment opportunities and remuneration. These efforts are reflected in our calculated PAY-GAP index, which measures the gender pay gap within the Group.

In accordance with the principle of equal opportunities, we make recruitment decisions based on the experience, skills and qualifications of the applicant. All job applicants are also required to provide information and data as a means of ensuring compliance with all applicable laws and regulations for our industry. Our Code of Conduct and Employment Policies clearly define the terms and conditions of employment, expectations for employee conduct and behaviour, and employee rights and benefits in complying with the principles of decent behaviour. The policy also includes mechanisms for the employment termination or retirement process. New employees are introduced to our employment policies as part of a new employee orientation programme.

The Group's commitment to fairness and equal opportunity helps eliminating discrimination and abuse in the workplace. We strive to create a fair and inclusive workplace where the rights and unique characteristics of each employee are respected, including during the recruitment process. The Group promotes equal opportunity and diversity, does not tolerate any form of discrimination and expects all team members to act with respect at all times. Our equality and diversity policy ensures fair treatment based on merit, without prejudice. Because every employee matters.

7. We are Responsible to Communities

We strive to establish meaningful relationships with local communities in our areas of operation and contribute to their health, well-being and satisfaction through various activities and programmes. These include community outreach and volunteer initiatives, donations, sports and culture, support for local employment and our significant tax contributions.

DONATION

The Group provides financial support to charities in the regions where we operate, giving back to the communities that we impact. The organization strive to work together over long term on projects that benefit local communities. In this financial year, approximately CZK 1 million was donated to support these communities.









Good Angel and Health clowns

The Group is proud to be a partner and sponsor of the Good Angel Foundation and Health clowns Foundation. Good Angel provides a platform for companies and individuals to provide targeted financial support to families of seriously ill children. The Good Angel Foundation assists families facing financial hardships due to illness. The condition is that the patient must be a dependent child or a parent caring for at least one dependent child. The aim of the Good Angel Foundation's system is for the families of patients to receive regular monthly financial assistance of several thousand crowns. Through Good Angel's system, families receive regular monthly financial assistance, increasing their income by an average of 20%. These contributions help covering medical expenses and support the families' overall financial well-being.

Health Clown is a charitable organization that since 2001 has been helping mainly pediatric but also geriatric patients to go through the treatment process with a smile. Health Clown's mission is to bring joy, good cheer, and most importantly hope to places where there is little to none. These are mainly children's hospital rooms, specialised outpatient clinics, and households caring for seriously ill children.

Support for animals

In this financial year, the Group was the general sponsor of Gut Friedstein GmbH, It is a shelter for neglected or abandoned animals, surrounded by green hills and idyllic forests. The establishment of this shelter sets an example for the care of animals in need. It provides them with a new home, which they call "Noah's Ark". Here, the animals have the opportunity to find peace in nature and regain their trust in people and other animals. Their motto is: "Saving one animal won't change the world, but the whole world will change because of that one animal."

Para Hockey Club – SKV Sharks

Supporting people with disabilities is a key priority for the Group. To this end, the Group strongly supports the SKV Sharks, which provides an opportunity for club members to participate in para ice hockey, the official paralympic version of ice hockey. Players sit on special sledges and manoeuvre and control the puck using two sticks, resulting in a fast and exciting game.

Since its founding in 2003, SKV Sharks has become one of the most successful paralympic sports clubs in the Czech Republic, winning the Czech Para Hockey League six times with several players regularly representing the Czech Republic at international para hockey tournaments. The Group is proud that its donations contribute to the dreams of athletes with disabilities and looks forward to continuing cooperation with the SKV Sharks in the future.

Taekwon-do club, NARAMA Pilsen

Palasino is a long-time partner and sponsor of the Taekwon-do club NARAMA in Pilsen. The club, which has been operating since 1993, is a member of the International Taekwon-do Federation (ITF). Financial support is provided to the NARAMA club for its activities, which consist mainly in teaching practical and moral principles of Taekwon-do to children. In addition, the club is promoted internally, which has led to the children of some employees joining the NARAMA club, which has improved their health and contributed to the club's growth.





Nová Ves Children's Home

Since 1996, the Group has been a partner of the Nová Ves Children's Home in the Czech Republic, supporting its work with children in need who depend on the help of the Children's Home. The Children's Home provides care and accommodation for children who cannot be brought into their own families and serves as an alternative educational institute for children and young people. Each year a visit to the home is made to collect Christmas wishes from the children. Efforts are made to purchase these gifts and distribute them at the home's annual Christmas party. In FY2025, a donation of almost CZK 50,000 was made by buying gifts for 39 children of the home. This annual tradition holds great significance for the Group, and there is a commitment to continuing this partnership.



7. We are Responsible to Communities

IRIS magazine

The Group has been a partner of IRIS, the official magazine of the Zoological and Botanical Garden of Pilsen in the Czech Republic, since its first issue in 1998. The magazine provides general information about the ZOO, including detailed information about the animals found there, as well as special events and activities. IRIS is also a source of natural history news for children and encourages them to learn about the natural world and animal conservation. Pride is taken in supporting this important publication and the Pilsen ZOO as a whole. In addition to monetary and promotional support, educational trips to the ZOO are regularly organised for the children of employees, helping to strengthen the strong partnership with this organisation.



SUPPORTING LOCAL EMPLOYMENT

As part of our commitment to supporting local communities and developing talent, prioritizing the employment of local workers is essential. This practice provides new job opportunities for the people of our regions and helps to foster local professional and personal development. The Group offers above-average wages for the regions in which it operates, resulting in positive local impacts as a result of increased investment and support for regional businesses and development by its employees. As at the end of the FY2025, more than 65% of employees come from local communities.

TAX RATES

As an operator of casino games, the Group makes a significant contribution to the Czech National Budget. As part of the redistribution of taxes paid by Palasino Group, a.s. the state directly allocates a portion of the levied gaming tax to the municipalities and towns where it operates. These large sums to local municipal budgets enable the implementation of investment projects and initiatives that would not be possible without these contributions. Thanks to our tax contributions, local governments are able to provide improved services and support to their citizens, including discounted utilities and services, subsidised water rates, free garbage collection, home repair grants, free internet, contributions for pupils and students, and support for education, culture and sports.

8. We Face Risks in Legislation

Gambling regulation in Central Europe is constantly evolving and governments are promoting responsible gambling environments and tools for responsible gambling and, as a result of these requirements, tightening legislation and requirements for operators. The Group is committed to meeting the challenge and mitigating the risks associated with these legislative changes by, among other things, introducing additional measures to protect gamblers, increasing investment in infrastructure and allocating capital to security measures.

ANTI-MONEY LAUNDERING MEASURES

As a gambling operator in the Czech Republic, the Group is obliged to comply with the anti-money laundering ("AML") regulations in the Czech Republic, which impose strict obligations, in addition to conditions set out in the Czech Gambling Act. The rules and requirements related to AML are defined in Czech Act No. 253/2008 Sb. on Selected Measures Against the Legitimisation of Proceeds of Crime and Terrorist Financing (the "Czech Anti-Money Laundering Act"). In accordance with these regulations, the Group has put in place appropriate procedures and control measures to comply with our obligations against money laundering and the financing of criminal activities and to comply in all material respects with the laws and regulations of the Czech Republic. These measures are set out in our AML policy. All of our employees receive AML training upon hire and at least once every 12 months of employment to the extent required for their position and job classification. In FY2025, each employee received an average of six hours of AML training. Beyond this training, audit reviews of the procedures and activities set out in our internal policies are conducted on a regular basis. We regularly review and update our database of sanctioned individuals and conduct Politically Exposed Persons ("PEP") checks to prevent potential issues. In the future, we intend to focus on improving our PEP checks and on checks related to the process of proving the origin of funds used for gambling.

WHISTLEBLOWING, ETHICS HOTLINE

The Group has a whistleblowing procedure in place that allows employees to report any actual or suspected misconduct within the company without fear of retaliation. In the Czech Republic, this procedure is implemented through an "Ethics Hotline" application, which provides a platform for employees and all other persons not employed by the Group to anonymously report violations of our policies or misconduct. Any issues reported through the ethics hotline platform are dealt with in a responsible manner in accordance with the relevant policies.

ANTI-CORRUPTION AND BRIBERY

The Group has a zero tolerance policy towards any form of fraud or bribery and is committed to the prevention, deterrence, detection and investigation of all forms of fraud and bribery. These expectations and practices are described in our Code of Conduct for Employees (the "Code"). The Code defines the standards of integrity and transparency to which our employees at all levels of the Group must adhere. All employees must comply with all applicable laws, external and internal regulations and the Code's guidelines, while making a personal and non-transferable commitment to honesty, loyalty to the Group and transparency in all work-related activities. Employees are provided with relevant anti-corruption and anti-bribery training to help protect our operations. The Group prides itself on the quality, loyalty, transparency and integrity of its people, who have built a strong reputation and standing in the communities in which the organization operates, with business partners and with government representatives. The way business is conducted is a testament to the values represented and it is essential that all employees uphold the highest standards of the Code. For subcontractors and suppliers, requirements on anti-corruption and anti-bribery have been established within supplier-customer relationships in the format of the "Code of Conduct for Suppliers." When beginning work with partners, the aim is to familiarise them with this Code and ask for their compliance.



8. We Face Risks in Legislation

PRIVACY AND DATA SECURITY

Ensuring the protection of data collected from clients and employees is a high priority for the Group. All possible measures have been taken and will continue to be taken to prevent any possible leakage or misuse of data. To this end, the Group invests in, among other things, operational security, player account security, CCTV systems, backup systems and other privacy and data protection procedures. Measures have been implemented to ensure compliance with the requirements and procedures of the GDPR, including but not limited to:

- Preparing and updating privacy policies for our customers and employees;
- Providing mandatory data protection and data security training to our employees;
- Establishing internal procedures and standards governing GDPR, data security, password request security, access security, data collection and backup, disaster recovery, and mobile device use and security; Appointing a Data Protection Officer to ensure compliance with the GDPR.

All possible and effective measures have been taken and will continue to be taken to prevent possible leakage or misuse of data. This year the Group successfully renewed the ISO27001:2014 certification for the security of information systems and processes. The Group complies with all relevant laws and regulations relating to data privacy and security in the Czech Republic, Austria, Germany, Malta, throughout the European Union and Hong Kong. During the year, the Group did not experience any instances of non-compliance with relevant data protection laws and regulations that had a material adverse effect on our business and financial performance. The Group does not currently have a specific policy on intellectual property rights and copyright as we do not expect intellectual property related issues to be material to the Group. However, we have included guidance in our Code of Conduct for employees related thereto.



HUMAN RIGHTS

Reducing the risks to which employees are exposed that could lead to human rights issues, child and forced labour, injuries, illnesses and fatalities in our operations is of paramount importance to the Group. To control and eliminate these risks, thorough safety measures are ensured that comply with industry standards, policies and applicable laws and regulations. In addition to these issues, there is a commitment to creating a positive work environment that promotes respect and courtesy. All employees are treated equally regardless of gender, sexual orientation, racial or ethnic origin, national origin, language, age, religion, and marital or family status or other personal characteristics. Policies on equal treatment and non-discrimination, as well as workplace etiquette and conduct, are set forth in the Work Ethics and Conduct Policy. The Group's operations fully comply with all European Union labour laws, which have strict requirements regarding modern slavery, child labour and human rights. The Labour Law within the Czech Republic and the European Union has a high level of protection for employee rights, ensuring legal, health and social protection for all employees. If any issues arise, the Group addresses them in strict accordance with all applicable European Union and Czech Republic labour laws, as detailed in the Code.



9. We Face Risks Associated with Gambling Addiction

RESPONSIBLE GAMING

In its very principle, gambling is not harmful to people. It is rather a type of entertainment that people have always sought and will continue to seek. Entertainment combined with some form of risk has captivated society. The conclusion of all studies that the level of supply is always directly proportional to the level of demand should be emphasised here. The phrase *'bread and games', 'panem et circenses'*, which dates back to the late Roman Empire, is still valid and people will always seek some form of entertainment that offers excitement and the thrill of risk.

According to annually published studies (NATIONAL MONITORING CENTRE FOR DRUG AND ADDICTIONS SECRETARIAT OF THE COUNCIL OF GOVERNMENT FOR COORDINATION OF POLICY IN THE AREA OF ADDICTIONS, THE OFFICE OF THE GOVERNMENT OF THE CZECH REPUBLIC), which assess the prevalence of gambling within the population and in the Czech Republic historically since 2015, the following gambling data were statistically published: In 2022, 44–56% of people aged 15 years and older reported participation in gambling (including lotteries) in the past 12 months, 16–25% of the adult population played games of chance without lotteries, and 17–18% played online. Lotteries are the most frequently reported games (38–49% in the past 12 months according to the study). Excluding lotteries, participation in fixed-odds betting in brick-and-mortar establishments (8–20%) and online, including live betting (12%), is the most frequently reported long-term activity, followed by playing technical games in establishments (3–7%).



9. We Face Risks Associated with Gambling Addiction

FOLLOWING THE RULES

The Group implements the compliance policy under the Gambling Act in its entirety and implements the AML policy in accordance with the guidelines approved by the Financial Analytical Office. It also implements responsible gaming programmes under the Gambling Act rules and provides opportunities for self-limitation and self-exclusion for clients. We implemented a new toll, as Panic-Button kiosk, for customers, which wish to self-exclude from gambling.





RESPONSIBILITY

The Group provides extensive training for staff to recognise and manage problem gambling and continues to work with organisations such as Lending Hands which provide support to pathological gamblers in order for Group staff to better understand the way and options of dealing with these clients. Through this approach, the Group demonstrates to clients and the community that social and corporate responsibility for any negative phenomena associated with gambling is an important issue for the Group and not just empty words.

COOPERATION

By working seamlessly and fairly with each other, the Group is gaining allies in local communities for the potential re-evaluation of local ordinances for the purpose of continuing to permit gaming venues. It also gains a positive view of gambling operators from the perspective of these communities, as long as they operate with consideration for the surrounding area and with minimal impact on their safety. The revenue to municipal coffers from the reallocation of taxes makes for an economically beneficial partnership. The Group has the opportunity in the future to further focus on directly supporting the communities in the locations where it operates, thereby increasing positive perceptions of casino and gambling operations.

Unfortunately, this positive reputation has not yet influenced national and state policy. The view of gambling operations is skewed by politicians' view of some historical operators who disregarded social responsibility and the need for responsible operating policies and impact on neighbourhoods and communities.

The Group is aware that the issue of gambling and possible addiction of players is a negative effect that affects the personal lives of clients, but also has a negative effect on the public relations of our type of business. Over the last five years, our Group has implemented, in accordance with and also over and above the legal requirements, resources for players to enable them to engage in various types and kinds of self-limitation and possible self-exclusion from the game. In collaboration with the "Lending Hands" foundation, which provides interventions for people suffering from gambling problems, we organise training for our senior staff. These training sessions focus on identifying problem gambling and how to communicate with these people. The Group is looking for an appropriate way to find the operator's communication level with these problem gamblers. Information leaflets have been created to help players identify if they have problems with controlling their gambling and there is also a focus on expanding the competencies of the senior staff to provide assistance should players feel they are encountering problems with their gambling. The Group intends to continue and improve this work.

10. We are a Good Manager

As a casino, hotel and leisure operator, The Group fully recognises and respects the responsibility held in managing the Group and thereby influencing the management of environmental, social and governance issues related to its operations. In this regard, there is a commitment to being a responsible manager and applying a comprehensive ESG management system that guides actions in its areas of operation, but always with a sense of the economic impact on the Group's performance. The Group prides itself on being a good manager, valuing strong relationships with business partners and building the reliability of its services through their cooperation. In establishing business relationships, care is taken to ensure fairness in pricing policies and service delivery, the speed of which plays an important role. In return, fair behaviour and timely and unconditional payment of obligations are always offered.

THE MANAGEMENT BOARD AND THE BOARD OF DIRECTORS

PALASINO HOLDINGS LIMITED

Board Composition/Oversight

The Palasino Board of Directors ("the Board") consists of eight directors as at 31 March 2025, including one executive director, three non-executive directors, and four independent non-executive directors. The following table provides information on the roles and responsibilities of each board member:

Name	Position	Responsibilities
Tan Sri Dato' David Chiu (丹斯里拿督邱達昌)	Non-executive Director and Chairman of the Board	Providing strategic advice in the formulation of business plans and major decisions of the Group
Cheong Thard Hoong (孔祥達)	Non-executive Director	Providing strategic advice in the formulation of business plans and major decisions of the Group
Mengbi Li (李梦筆)	Non-executive Director	Providing strategic advice in the formulation of business plans and major decisions of the Group
Pavel Maršík	Executive Director and Chief Executive Officer	Day-to-day management and strategic planning of the Group
Ngai Wing Liu (廖毅榮)	Independent non-executive Director	Providing oversight of the Board and independent advice on the operation and management of the Group
Kam Choi Rox Lam (林錦才)	Independent non-executive Director	Providing oversight of the Board and independent advice on the operation and management of the Group
Sin Kiu Ng (吳先僑)	Independent non-executive Director	Providing oversight of the Board and independent advice on the operation and management of the Group
Jie Jiao (焦捷)	Independent non-executive Director	Providing oversight of the Board and independent advice on the operation and management of the Group

The functions and duties of our Board include convening shareholder meetings, reporting to shareholders at shareholder meetings, implementing shareholder resolutions, determining our business and investment plans, formulating our annual budget and final accounts, formulating proposals for our dividend and bonus distributions and for the increase or reduction of capital, as well as exercising other powers, functions and duties as authorised by our Articles of Association. The Board meets at the top level quarterly. Appropriate Board committees has also been established to govern its functions and duties, including the audit committee, remuneration committee, nomination committee, and executive committee.

10. We are a Good Manager

Board diversity

The Board adopts a board diversity policy in order to enhance the effectiveness of our Board of Directors and to maintain a high standard of corporate governance. The Board Diversity Policy sets out the criteria for selecting candidates for the Board, including but not limited to gender, age, cultural background, educational background, professional experience, skills, knowledge, and/or length of service. The ultimate decision for appointment to the Board will be based on merit and the contribution that the selected candidates will bring to the our Board of Directors. Our directors have a balanced mix of knowledge and skills, including business management, finance, accounting, and legal knowledge. They have obtained degrees in diverse subjects including hotel and tourism management, law, international trade, accounting, business administration, economics, and mechanical engineering. Board members encompass a wide range of ages, from 37 to 74. We recognise that the gender diversity of the Board is a potential area for improvement given that the majority of our directors are male. To address this, the Group plans on identifying and selecting several female individuals with a diverse range of skills, experiences, and knowledge in different fields, and to maintain a list of such female individuals who possess qualities to become members of the Board. This list will be periodically reviewed by our Nomination Committee in order to develop a pipeline of potential successors to the Board to promote gender diversity. In addition to the Board level, we are also committed to promoting gender diversity at senior management and all other levels of the Group by providing career development opportunities, knowledge and skills training, and succession planning support for female staff. The Board will also ensure that an appropriate balance of gender diversity is achieved with reference to the expectations of our investors, as well as international and local best practices. The nomination committee is responsible for reviewing the diversity of our Board, periodically monitoring and evaluating the implementation of the Board Diversity Policy to ensure its continued effectiveness. The nomination committee will also include in successive annual reports a summary of the Board Diversity Policy, including any measurable objectives set for implementing the Board Diversity Policy and the progress on achieving these objectives. The Board is of the view that our current Board of Directors satisfies the requirements outlined in our Board Diversity Policy.

SUSTAINABILITY GOVERNANCE

The Board is responsible for establishing, adopting, and reviewing our ESG objectives, strategies, priorities, initiatives, and goals, as well as reviewing and approving our annual sustainability report. The Board also identifies key performance indicators ("KPI") and other relevant measurements used to evaluate and address our ESG-related risks in accordance with the European Sustainability Reporting Standards ("ESRS"). These risks are evaluated according to their materiality to the Group. Our senior management oversees all matters related to sustainability and is responsible for managing our Group's sustainability policies and strategies including setting and monitoring targets, key initiatives, sustainability reporting, associated risks and opportunities, and other matters of significance.

The Board closely monitors the Group's compliance with ESG rules and regulations, informed by our materiality assessment. We are committed to establishing an ESG committee within one year after our listing to assist the Board in overseeing ESG governance, ensuring implementation of ESG policies, monitoring ESG-related performance and targets, adjusting ESG strategies, and preparing the Group's sustainability report. The ESG committee is expected to report to the Board periodically on the ESG performance of the Group and the effectiveness of our ESG systems.

Within our first year post-listing, ESG training sessions and education on pertinent market trends related to ESG will be held for the Board and the ESG committee. The ESG committee will work to aid the Board in staying abreast of HKEX's reporting mandates and associated listing regulations.

The Group does not currently have an environmental policy. The ESG committee, once formed, will identify areas of focus for the Group's environmental efforts and look into the possibility of forming an official environmental policy to guide our future ESG actions.

Appendix 1 – Social Performance Data Summary

TABLE 1

Metric	Unit	FY2025
Total workforce		
By gender		
Male	Number	326
Female	Number	362
By region		
Czech Republic		
Male	Number	244
Female	Number	276
Germany		
Male	Number	56
Female	Number	63
Austria		
Male	Number	25
Female	Number	17
Malta		
Male	Number	0
Female	Number	6
Poland		
Male	Number	1
Female	Number	0

Appendix 1 – Social Performance Data Summary

Metric	Unit	FY2025
By age group		
30 or below	Number	176
31-40	Number	208
41-50	Number	152
51 or above	Number	152
By employee category		
Senior management[3]		
Male	Number	16
Female	Number	4
Middle management[4]		
Male	Number	33
Female	Number	19
General staffs		
Male	Number	269
Female	Number	347
By employee type		
Full-time	Number	564
Part-time	Number	124

Appendix 1 – Social Performance Data Summary

TABLE 2

Metric	Unit	FY2025
New Employees		
By gender		
Male	Number	91
Female	Number	112
By region		
Czech Republic	Number	112
Germany	Number	30
Austria	Number	54
Malta	Number	6
Poland	Number	1
By age group		
30 or below	Number	92
31-40	Number	40
41-50	Number	41
51 or above	Number	30
Employee turnover rates		
By gender		
Male	Percentage (%)	27.9%
Female	Percentage (%)	30.9%
By region		
Czech Republic	Percentage (%)	21.5%
Germany	Percentage (%)	25.2%
Austria	Percentage (%)	128.6%
Malta	Percentage (%)	100%
Poland	Percentage (%)	0%
By age group		
30 or below	Percentage (%)	52.3%
31-40	Percentage (%)	19.2%
41-50	Percentage (%)	27.0%
51 or above	Percentage (%)	19.7%

Appendix 1 – Social Performance Data Summary

TABLE 3

Metric	Unit	FY2025
Customer Relationship		
Products and service-related complaints received	Number	0
Community Investment[10]		
Donation amount		
Arts & culture	€	292.41
Environment	€	14,982.98
Community wellness	€	2,659.72
Youth education & development	€	400.56
Others	€	15,421.59
Number of volunteers		
Arts & culture	Number	2
Environment	Number	4
Community wellness	Number	11
Youth education & development	Number	3
Others	Number	4
Volunteering hours		
Arts & culture	Hours	180
Environment	Hours	158
Community wellness	Hours	375
Youth education & development	Hours	25
Others	Hours	535
Number of suppliers by geographical region		
Czech republic	Number	707
Europe	Number	556
United Kingdom	Number	9
Hong Kong	Number	3
Asia (excluding Hong Kong, Mainland China and Singapore)	Number	1
Other region	Number	7
North America	Number	8

Appendix 1 – Social Performance Data Summary

TABLE 4

Metric	Unit	FY2025
Health and safety		
Work-related injuries	Number	14
Work-related injuries rate[7]	Percentage (%)	2.0%
Lost days due to work-related injury	Days	542.1
Work-related injuries with fatality	Number	0
Learning & development		
Average training hours per employees[8]	Hours	9.1
By gender		
Male	Hours	6.1
Female	Hours	8.7
By region		
Czech Republic	Hours	10.2
Germany	Hours	5.0
Austria	Hours	4.4
Malta	Hours	13.4
Poland	Hours	1.0
By employee category		
Senior management	Hours	31.1
Middle management	Hours	21.5
General staff	Hours	6.5
Percentage of employees that received training[9]		
By gender		
Male	Percentage (%)	100%
Female	Percentage (%)	100%

Appendix 1 – Social Performance Data Summary

Metric	Unit	FY2025
By region		
Czech Republic	Percentage (%)	100%
Germany	Percentage (%)	100%
Austria	Percentage (%)	100%
Malta	Percentage (%)	100%
Poland	Percentage (%)	100%
By employee category		
Senior management	Percentage (%)	100%
Middle management	Percentage (%)	100%
General staff	Percentage (%)	100%
Percentage of employee receiving regular	Percentage (%)	100%

1. The social performance table only includes social data within the scope of ESG reporting. The total number of employees within the scope of ESG reporting is 688 as of 31 March 2025.
2. The data includes full-time and part-time employees.
3. Senior management refers to C-suites, general managers of regional offices and hotels, members of executive committees, department heads and directors, casino managers and assistant casino managers.
4. Middle management refers to managers of departments, regional offices and hotels other than senior management, floor managers, pit bosses and heads of departments.
5. General staff refers to employees other than senior management and middle management.
6. Employee turnover refers to the total number of employees who left the Group in the year. It is calculated as "total number of employees who left the Group during the FY2025 divided by total number of employees as of the end of FY2025 and then multiplied by 100%".
7. The rate of work-related injuries is calculated as "Total number of recordable work-related injuries divided by number of employees (per 100 employees)".
8. The average training hours per employee is calculated as "Total number of training hours provided to employees during the FY2025 divided by total number of employees as of the FY2025".
9. The percentage of employees trained is calculated as "Total number of trained employees divided by the total number of employees as of the end of FY2025 and then multiplied by 100%".
10. Exchange rate of 1 Czech Koruna = 0.33 Hong Kong Dollar used.
11. The rate of work-related fatalities is calculated as "Total number of fatalities as a result of work-related injury divided by the numbers of employees (per 100 employees)".

Appendix 2 – Environmental Performance Data Summary

TABLE 1

Metric	Unit	FY2022	FY2023	FY2024	FY2025
Air Emissions[2]					
Nitrogen oxides	kg	3,572.60	5,052.30	4,565.50	3,722.30
Sulphur oxides	kg	836.90	1,019.80	840.26	775.90
Particulate matter	kg	224.20	319.70	279.52	225.00
Energy Consumption					
Renewable electricity generated and consumed	MWh		–	31.5	631.7
Direct energy					
Petrol	MWh	3.50	19.8	116.6	117.98
Diesel	MWh	460.50	688.1	625.8	444,385
LPG	MWh	282.40	282.4	201.7	219.26
Fuel oil	MWh	202.10	224.6	171.9	180.63
Natural gas	MWh	1,180.80	2,675.8	6,607.2	6,630.59
Indirect energy					
Electricity	MWh	2,846.00	4,183.0	6,038.5	5,596.54
Heating	MWh	152.80	0.0	2.8	0.54
Total consumption[3]	MWh	5,128.10	8,073.8	13,796.0	13,827.03
Total intensity	MWh/thousand revenue €	0.19	0.23	0.21	0.22

Appendix 2 – Environmental Performance Data Summary

Metric	Unit	FY2022	FY2023	FY2024	FY2025
Greenhouse Gas (GHG) Emissions[4, 5]					
Scope 1[6]	Tonnes CO_2 equivalent	465.8	860.3	1,708.5	1,439.6
Scope 2[7]	Tonnes CO_2 equivalent	1,375.4	1,794.5	2,332.1	2,723.5
Scope 3[8]	Tonnes CO_2 equivalent	0.1	2.6	16.1	23.4
Total emissions	Tonnes CO_2 equivalent	1,841.3	2,657.4	4,056.7	4,186.5
Total intensity[9]	Tonnes CO_2 equivalent/ thousand revenue in €	0.07	0.08	0.06	0.07
Water consumption					
Total consumption	m^3	11.17	20,969	46,659	50,697.0
Total intensity	m/thousand revenue in €		0.60	0.72	0.79

Appendix 2 – Environmental Performance Data Summary

TABLE 2

Metric	Unit	FY2022	FY2023	FY2024	FY2025
Hazardous Waste Disposed[10]					
Total generation	Tonnes	0.0	1.0	4.25	2.50
Total intensity	Tonnes/million revenue in €	0.00	0.03	0.07	0.04
Non-Hazardous Waste Disposed[11]					
Total generation[12]	Tonnes	153.8	220.9	258.4	258.4
Total recycled or reused	Tonnes	33.6	53.0	51.1	47.8
Paper	Tonnes	10.5	22.5	23.3	26.6
Plastics	Tonnes	9.6	13.9	12.3	7.3
Glass	Tonnes	8.5	13.6	14.5	13.9
Construction and demolition waste for reuse	Tonnes	3.0	2.0	–	–
Mixed recyclables	Tonnes	2.0	1.0	1.0	0.01
Total intensity	Tonnes/million revenue in €	5.76	6.37	3.99	4.04

Notes:

1. The methodology used to calculate the FY2025 environmental KPIs is in line with FY2024, which includes the use of the latest available emission factors with reference to the Greenhouse Gas Protocol, IEA's Energy Statistics Manual, US EPA's Emission Factors for Greenhouse Gas Inventories, and Environmental Protection Department and the Electrical and Mechanical Services Department's Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purposes) in Hong Kong (2010 Edition) and HKEX's "How to prepare an ESG Report – Appendix 2: Reporting Guidance on Environmental KPIs".
2. Air emissions are generated from petrol and diesel fuel combustion in stationary and mobile sources.
3. The total energy consumption includes direct and indirect energy consumption, and the consumption of renewable electricity generated and consumed onsite.
4. Global Warming Potential ("GWP") values are referenced from the IPCC Sixth Assessment Report and the UK Department for Environment Food and Rural Affairs.
5. GHG emission calculations comprise carbon dioxide, methane, nitrous oxides and hydrofluorocarbons.
6. Scope 1 emissions include direct emissions from combustion of fuel in stationary and mobile sources and fugitive releases from equipment and systems.
7. Scope 2 emissions include energy indirect emissions from the generation of purchased electricity and heating, calculated based on location.
8. Scope 3 emissions include other indirect emissions from business air travel by employees (Category 6).
9. Calculation of the total GHG intensity covers Scope 1, Scope 2, and Scope 3 emissions.
10. Includes hazardous construction waste (e.g. hazardous concrete, bricks, tiles and asbestos), fluorescent tubes, paints, solvents and battery.
11. Refers to the production of waste from operational activities, which includes waste that is reused, recycled, landfilled, or processed by other waste management methods.
12. Includes general waste, food waste, paints, cardboard, and metal.

Appendix 3 – Report on compiled ESG reporting requirements under the CSRD, processing of requirements in Appendices C1 and C2 of the Main Board Listing Rules by BDO Audit a.s. under the supervision of BDO International Limited ("BDO")



The following section of the ESG report focuses on meeting the formal requirements of the ESG Reporting Code, specifically those outlined in Appendices C1 and C2 of the Main Board Listing Rules. It includes both mandatory disclosures and those reported on a "comply or explain" basis, structured around the key pillars and aspects defined by the regulatory framework. BDO supported the company throughout the preparation of this section by providing methodological guidance on the ESG reporting process, helping to ensure transparency and alignment with current regulatory expectations.

Appendix 3 – Report on compiled ESG reporting requirements under the CSRD, processing of requirements in Appendices C1 and C2 of the Main Board Listing Rules by BDO Audit a.s. under the supervision of BDO International Limited ("BDO")

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COMPLIANCE WITH THE CORPORATE GOVERNANCE

Code C1 – Part 1

Palasino Holdings Limited affirms its full compliance with Section C1 part 1 of the Corporate Governance Code. The Company's Corporate Governance Report – available in full within the Annual Report – provides a comprehensive overview of the responsibilities and accountabilities of the Board, senior management, and all established committees. It outlines how the Board operates, including the division of duties, oversight mechanisms, and the types of decisions reserved for Board approval versus those delegated to management. The report also discloses directors' attendance, training, and compliance with the Model Code. These disclosures reflect Palasino's commitment to transparency, integrity, and effective leadership.

Access the full Corporate Governance Report here:
link to Annual Report https://www.irasia.com/listco/hk/palasino/annual/index.htm

Code C1 – Part 2

Palasino Holdings Limited is committed to maintaining high standards of corporate governance following the principles and code provisions set out in Part 2 of the Corporate Governance Code. For the FY2025, the Company confirms its full compliance with all applicable provisions, including those under Section C1 – Principles of good corporate governance.

The majority of the detailed disclosures regarding the Board's composition, committee structure, director training, attendance, and governance practices are included in the Corporate Governance Report section of the Annual Report. These disclosures provide a comprehensive view of how the Company ensures effective oversight, accountability, and ethical conduct at all levels.

The Board maintains a robust governance framework, supported by a balanced mix of executive, non-executive, and independent non-executive directors. Board committees – including Audit, Remuneration, Nomination, Executive, and ESG Committees – operate under formal terms of reference and meet regularly to fulfil their responsibilities.

In line with our commitment to sustainability and regulatory best practices, the ESG Committee was formally established during the year to support the Board in overseeing ESG topics, monitoring performance, and ensuring compliance with applicable ESG regulations and standards.

The Company continues to uphold high standards of integrity, transparency, and accountability through its Code of Conduct, internal control systems, and policies on anti-corruption, whistleblowing, and data privacy. Stakeholder engagement, responsible gaming, and diversity remain key pillars of our governance approach.

REPORTING THRESHOLD

This report has been compiled on a consolidated basis for the Group.

The organisational structure is presented in graphic form in Chapter 2.

Compared to the previous reporting period, this report differs in that it includes Palasino Malta LTD and Palasino Poland due to the commencement of data reporting for ESG reporting and their inclusion in the group for reporting mandatory data under the ESRS and the corporate sustainability reporting directive ("CSRD") reporting.

Appendix 3 – Report on compiled ESG reporting requirements under the CSRD, processing of requirements in Appendices C1 and C2 of the Main Board Listing Rules by BDO Audit a.s. under the supervision of BDO International Limited ("BDO")

STATEMENT BY THE BOARD OF DIRECTORS

Our Board of Directors holds collective and overarching responsibility for setting, adopting, and reviewing our ESG goals, strategies, priorities, initiatives, and intentions; for identifying KPIs and relevant metrics; for assessing, determining and addressing ESG-related risks in accordance with ESRS standards based on the identification of material aspects for our holding company Palasino Group, and for reviewing and approving our ESG report. Our senior management oversees all sustainability-related matters and is responsible for managing our group's sustainability policies and strategies, including setting and monitoring targets, key initiatives, sustainability reporting, related risks and opportunities, and other significant matters.

Our goal is to prepare our group for the future by ensuring that sustainability is at the core of our corporate strategy and by developing a business model in which profitability and value for investors are combined with and complemented by environmental, social, and governance aspects. This commitment to sustainability is also driven by changes in legislation, which encourage our group to go beyond compliance and embrace and embody new changes in responsible behaviour.

The Board and its directors closely monitor compliance with significant regulations identified for the Palasino holding company and rules in the areas of the environment, social affairs, and governance, as well as other relevant rules and regulations. To this end, an ESG Committee has been established to assist the Board of Directors in overseeing ESG management and ensuring the implementation of ESG policies, monitoring ESG performance and targets, and adjusting the ESG strategy. This includes assisting in the preparation of the ESG report. An ESG Working Group has been established to assist our Board of Directors and the ESG Committee in implementing policies, goals, and strategies, conducting assessments of the significance of environmental, social, and climate risks, evaluating appropriate responses, collecting ESG data for the ESG report, and continuously monitoring the implementation and effectiveness of measures taken to address our ESG-related risks and responsibilities. The ESG Committee and the ESG Working Group report annually to the Board of Directors on our group's ESG performance, the effectiveness of our ESG systems, and any recommendations. We support the organisation of and participation in regular ESG training and provide education on relevant ESG-related market trends for both the ESG Committee and the ESG Working Group. The ESG Committee and ESG Working Group will work with the Board of Directors to help it maintain an overview of stock exchange reporting obligations and related listing regulations.

REPORTING PRINCIPLES

The method for determining significant ESG data and involving employees in this process was carried out in several steps:

1) Materiality

- The involvement of employees in the ESG materiality assessment process was determined based on an evaluation by company management. Identifying the employees to be involved was key to obtaining relevant information and successfully implementing the ESG strategy and materiality assessment, as well as collecting data.

- Training was provided by an external BDO consultant on the method and approach for determining materiality and setting up the process and tables for identifying material topics and their contribution or risk to the company.

Appendix 3 – Report on compiled ESG reporting requirements under the CSRD, processing of requirements in Appendices C1 and C2 of the Main Board Listing Rules by BDO Audit a.s. under the supervision of BDO International Limited ("BDO")

- The identification of material ESG data was conducted over several rounds with the participation of designated employees. In the first phase of data collection, 48 significant topics and their impacts or opportunities were evaluated. In the next round, material topics were identified and the impacts, risks, and opportunities associated with ESG were described. These findings should form the basis for the preparation of the ESG report by evaluating them according to a risk scale.

- In the final round, six key ESG topics of significance for our entire group were identified and agreed upon. This output was subsequently approved by the company's Board of Directors and assigned to the ESG manager.

2) Quantitative

The carbon footprint calculation was carried out in accordance with the GHG Protocol methodology, which is a globally recognized standard for measuring and reporting greenhouse gas emissions. This framework was chosen for its transparency, compatibility with sustainability reporting, and broad acceptance among businesses and regulatory authorities.

The calculation covered the main emission categories: Scope 1 (direct emissions from owned operations), Scope 2 (indirect emissions from purchased electricity and heat), and part of Scope 3 (other indirect emissions, limited to business air travel).

Significant assumptions were taken into account during the calculation. Data were collected for the fiscal year 2025, with organizational boundaries including companies within the Palasino Groups a.s.. The location-based method was used for calculating emissions from electricity consumption.

The emission factors and conversion coefficients used for reporting energy consumption in MWh were sourced from a reputable database published by the UK Department for Environment, Food & Rural Affairs and the Department for Energy Security and Net Zero (https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2024). For calculating emissions associated with purchased electricity, the emission factor database from the Association of Issuing Bodies was used (https://www.aib-net.org/facts/european-residual-mix/2023).

3) Consistency

As part of the Scope 2 carbon footprint calculation, a change was made in the emission factor database used for purchased electricity. This change was necessary because, unlike in the previous reporting year, the current reporting includes companies Palasino Poland and PALASINO MALTA LIMITED for which the previously used database did not provide emission factors. The newly adopted database (AIB) offers emission factors for all countries in which our companies operate. To ensure consistency and comparability across the Group, emission factors from the AIB database were also applied retroactively to companies reported in the previous period. This change has resulted in an increase in reported Scope 2 emissions from purchased electricity compared to the previous reporting year.

Appendix 3 – Report on compiled ESG reporting requirements under the CSRD, processing of requirements in Appendices C1 and C2 of the Main Board Listing Rules by BDO Audit a.s. under the supervision of BDO International Limited ("BDO")

ENVIRONMENTAL INFORMATION

A1: Emissions

Our efforts are leading to an active approach to combating climate change, and we will strive to achieve climate neutrality by 2050. Our strategy and business model are undergoing a transformation that will enable us to achieve these goals while continuing to deliver value to our customers and shareholders. Our transition strategy is based on the principles of sustainable development, innovation, and social responsibility. We apply national emission reduction targets to our internal targets. This includes a commitment to reduce our total greenhouse gas emissions by 45% by 2030 compared to 2010 levels, in line with the recommendations for countries under the Paris Agreement. However, these targets can only be achieved if they do not have a significant impact on increasing costs and reducing the value of the company for shareholders. We comply with all limits on emissions, waste, and other pollution in accordance with national legislation.

As part of our commitment to decarbonisation, we have identified key levers such as investing in technologies that will help us reduce our energy intensity and utilise renewable energy sources, increasing energy efficiency, reducing fuel combustion, and reducing demands within our supply chain. We plan to complete our projects focused on reducing energy intensity through the use of renewable sources and investments in equipment and technologies to reduce emissions in our services. Another focus will be to identify in more detail the practices in our supply chain for the supply of services, products, and maintenance. We are also committed to working with our partners in the value chain to jointly reduce our overall climate impact.

Our climate change mitigation transition plan is integrated into our overall business strategy and financial planning, with cost-effectiveness being a key consideration. Emissions reduction is one of several key factors in decision-making and investment. This approach includes allocating financial resources to renewable energy projects, energy efficiency and energy-saving technologies, which supports long-term financial stability, cost reduction and business growth in line with global climate goals. Our commitment to sustainability is continuously evaluated and updated to ensure that our business models and investment decisions are fully aligned with the latest trends and regulations in climate change mitigation.

We currently do not have a formalised plan for transitioning to climate change mitigation. We are aware of its importance, but at the same time we want to evaluate the investments made in comparison with the effectiveness of the resources invested in terms of overall costs. We are working on a plan, but given the high demands related to social and governance commitments, it is necessary to correctly assess the degree of effectiveness for the commitment made. We expect the plan to be adopted and launched during the next year, which will enable us to systematically address and reduce our greenhouse gas emissions and align our business operations with global climate goals. Our sustainability and climate impact reduction commitments will be continuously evaluated as technologies evolve, and their effectiveness improves.

Appendix 3 – Report on compiled ESG reporting requirements under the CSRD, processing of requirements in Appendices C1 and C2 of the Main Board Listing Rules by BDO Audit a.s. under the supervision of BDO International Limited ("BDO")

Air emissions *(A1.1)*

The carbon footprint was calculated in accordance with the GHG Protocol, meaning that the resulting carbon footprint was calculated with an emphasis on including the greenhouse gases CO_2, N_2O, CH_4, HFC, PFC, and SF_6, if they were identified as relevant in the emissions inventory.

Information on Scope 1, 2, and 3 greenhouse gas emissions is available in Table 1 in Appendix 2.

Waste management *(A1.3, A1.4)*

The total amount of hazardous waste produced in the reporting year was 2.5 tons. The total amount of non-hazardous waste produced was 258.4 tons.

A year-on-year comparison of waste production is provided in Table 2 in Appendix 2.

Setting goals *(A1.5, A1.6)*

The company does not yet have any measures in place for climate change mitigation. Given the number of regulatory measures to secure operation, it must invest heavily in systems and processes to ensure compliance with regulatory measures for sustainable operation. It plans to implement this but has not yet set a firm date. We strive to implement national emission reduction targets into our internal targets. This includes a commitment to reduce our total greenhouse gas emissions by 45% by 2030 compared to 2010 levels, which is in line with the recommendations for countries under the Paris Agreement. As part of setting our emission targets, we are committed to gradually reducing the carbon footprint of our business activities and reducing the ratio of our carbon footprint to €1 million in revenue.

As part of our waste management goals, we are committed to not increasing the amount of municipal mixed waste we produce and to converting as much of this waste as possible into recyclable waste, within the capabilities of our suppliers. Additionally, we are exploring opportunities to implement take-back schemes for product packaging, thereby reducing the amount of waste we generate.

A2: Use of Resources

At Palasino, we follow a policy of efficient use of natural resources with the aim of minimising our environmental footprint. We use energy from our own PV panels, which we have installed on our buildings, and at the same time we are implementing energy-saving measures in our daily operations, including modern lighting systems, heat recovery, and energy audits.

We use water sparingly, whether for operational consumption or sanitary facilities. We do not waste water, regularly monitor consumption, and encourage a responsible approach among all employees.

We sort waste at all workplaces and strive to reduce the volume of non-recyclable waste. We have completely eliminated the use of single-use plastic packaging, PET bottles, and paper tableware. By digitising internal processes, we are reducing our consumption of paper and other materials.

Energy *(A2.1, A2.3)*

We have installed PV systems with direct consumption at all our facilities in the Czech Republic so that we can consume energy directly on site, with any surpluses being shared for direct consumption at other facilities. In other countries, we are not yet able to make these investments with a reasonable return. In FY2025, we generated 637 MW of renewable energy from PV systems, which accounted for 10% of our total energy consumption. Next year, we expect a higher share of alternative energy generated, as all PV systems will be in operation 365 days a year.

Information on energy consumption is provided in Table 1 in Appendix 2.

Appendix 3 – Report on compiled ESG reporting requirements under the CSRD, processing of requirements in Appendices C1 and C2 of the Main Board Listing Rules by BDO Audit a.s. under the supervision of BDO International Limited ("BDO")

Water *(A2.2, A2.4)*

The total water consumption for the group is 50,697 m^3 of water.

A year-on-year comparison of water consumption is provided in Table 1 in Appendix 2.

There are no problems with water supply in the company and normal measures are taken to ensure its efficient use.

Packaging *(A2.5)*

We use packaging materials in our production. In 2023, 953 bottles with a volume of 0.7 litres of wine were produced and packaged. For production in 2024, 319 bottles with a volume of 0.7 litres of wine were produced. As at 31 March 2025, there were 471 bottles of unsold wine in stock. The average weight of an empty 0.7-litre bottle is 0.4 kg. The average weight of 100 aluminium screw caps is 0.2 kg.

The production of 1,272 bottles of wine with a volume of 0.7 litres per bottle required 0.509 tons of bottle glass and 2.54 kg of aluminium for caps. Of this amount, 0.32 tons of bottle glass and 1.602 kg of aluminium for caps were sold.

A3: Environment and Natural Resources

The Group actively manages the impact of its activities on the environment and natural resources. We assess the impact not only in terms of our own impact, but also in terms of cost savings for processing and disposal, including optimisation of energy consumption. We strive to reduce energy consumption, use alternative energy sources produced by installed technologies at our facilities, and reduce our environmental impact through specific measures in the areas of recycling, use of renewable energy sources, and electromobility. These measures are part of our long-term commitment to sustainability and responsible business practices.

Our Impacts on the Environment and Natural Resources *(A3.1)*

We install PV technologies with direct consumption and distribution. We save water resources by building our own sources and installing waterless systems, introducing waste recycling programmes, eliminating single-use plastics, and digitising operations to reduce office paper consumption. We install PV power plants with overflow for consumption within our facilities on our buildings, thereby reducing our dependence on fossil fuels and energy consumption costs. By replacing our fleet with alternative-fuel vehicles, we contribute to reducing CO_2 emissions.

We implement individual steps within the framework of environmental responsibility and carbon footprint reduction, as stated in our general statement, taking into account the volume of investments, their impact on costs, and value for our investors. Most of our activities are therefore focused on investments related to joint cost reduction (due to increases in energy, waste, and other prices) in relation to the overall benefit for shareholders, while at the same time reducing our carbon footprint and operational requirements and their impact on the environment. This progress is clearly evident in our overall energy consumption indicator and our total carbon footprint per €1 million of revenue.

Appendix 3 – Report on compiled ESG reporting requirements under the CSRD, processing of requirements in Appendices C1 and C2 of the Main Board Listing Rules by BDO Audit a.s. under the supervision of BDO International Limited ("BDO")

SOCIAL INFORMATION

Employment and working conditions

B1: Employment

Equal treatment and equal opportunities in employment are declared and promoted by the Group's management in its statements and company-wide policies. These key values are presented on the Group's website and in individual policies.

Policies:

- Human resource development ("HRD") 35 Work Ethics and Appearance Guidelines
- Code of Conduct
- HRD 01 Employee Recruitment
- Non-Discriminatory Nature of Job Vacancy Advertising
- Equal Career Advancement Opportunities for all Employees.

Employee Characteristics (B1.1, B1.2)

The total number of employees by gender, type of employment, age group, and geographical area is available in Table 1 in Appendix 1.

Information on employee turnover rates broken down by gender, age group, and geographical region is provided in Table 2 in Appendix 1.

The Group is in compliance with relevant laws and regulations that have a significant impact on compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.

B2: Health and Safety

The company implements generally binding relevant principles in the context of international standards and standards governed by labour laws in accordance with current legislation across all human resources procedures. We immediately implement all changes in labour legislation and occupational health and safety in accordance with applicable legislation. To protect health and safety at work, we have established contractual cooperation with external consultants who regularly carry out inspections and propose changes based on their findings and changes in legislation. We have also adopted internal policies to monitor and prevent increased impacts on employees. We classify individual job positions according to job categories and assess the risks of performing work with regard to visual strain, regular light measurements, night shifts in continuous operation, mental and physical strain, including the optimisation of protective equipment allocation. These measures ensure that the Group is in compliance with relevant laws and regulations that have a significant impact on providing a safe working environment and protecting employees from occupational hazards.

Injuries at Work (B2.1, B2.2, B2.3)

Palasino Group a.s. places great emphasis on health and safety at work. All employees undergo regular training in occupational health and safety, which is part of their initial and ongoing training. The aim of this training is to ensure that every employee is familiar with safety rules and procedures and is able to prevent risks in the workplace. We have contractual agreements with doctors specialising in occupational medicine, and employees undergo regular check-ups and examinations in accordance with the cycles prescribed by law. Workplace risk assessments are carried out within individual job classifications, and we constantly strive to reduce the level of assessed risk or compensate for it with other options for employee relaxation or protective equipment. In cooperation with external specialists, we check working conditions and assess potential risks, taking measures commensurate with the assessed risks.

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The health of our employees is a priority for us, which is why we create a safe working environment, regularly check compliance with established measures, and monitor working conditions. We implement all preventive and control measures in accordance with applicable legislation and with the support of professionally qualified persons in the field of occupational health and safety.

In the last three years, including the FY2025, we have not recorded any fatal accidents at work.

During the FY2025, our employees missed a total of 542 days of work due to accidents at work.

A comparison with fiscal year 2024 is provided in Table 4 in Appendix 1.

B3: Development and Training

Employee training is part of our company policy. Our employees and their skill level are our competitive advantage. Whenever possible, and relevant to job responsibilities, individual training courses are offered. Training is provided internally for areas such as croupier courses and German language lessons. Employees may request training, beyond the standard offerings, based on regular evaluations by their line manager. Each request is then assessed and either approved or declined. The list of employee training courses is specific to each establishment. These opportunities aim to enhance employee satisfaction and retention within the Company. Last year, we implemented a number of training courses in digital skills as part of the DIGI IT programme with a subsidy from the Labour Office.

100% of employees were trained during the FY2025. *(See Table 4 in Appendix 1).*

The average number of training hours completed is 9.1. The calculation includes all training courses required by law and optional training courses.

The breakdown of the average number of training hours completed by gender and employee category is shown in Table 4 in Appendix 1.

B4: Working Standards

The Group is fully committed to respecting fundamental human rights and ensuring decent working conditions. As part of our internal policies, we strictly prohibit any form of child or forced labour. This attitude is enshrined in our Code of Conduct and in our work guidelines. We work exclusively with partners and suppliers who share the same values and adhere to international standards in the area of human rights and working conditions. Our laws do not allow us to use child labour in our operations, and the Group is in full compliance with all relevant laws and regulations aimed at preventing child and forced labour.

Measures (B4.1, B4.2)

All companies within the group regularly review their working practices to ensure that no form of child or forced labour occurs. Our laws do not allow us to engage in any form of child or forced labour.

In our employee recruitment and hiring process, we verify the age of applicants and only employ individuals who meet the legal requirements for employment. All employment contracts are concluded transparently, voluntarily and in accordance with labour law. Our control mechanisms include regular audits of personnel records and supplier relationships.

Employees have access to an ethics hotline and mechanisms for anonymously reporting any suspected violations of labour rights. At the same time, the company's management monitors compliance with human rights principles through internal audits and throughout the supply chain.

Direct reporting via the Ethics Hotline is a possible solution for inappropriate practices. However, child and forced labour are entirely excluded within our operations. Any findings would be dealt with by the state authorities as abuse of juvenile labour. It is not even possible to employ persons under the age of 18 in a casino environment.

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Operating procedures

Within the framework of supplier-customer relationships, we are not in a position to carry out checks relating to environmental and social risks. However, as we work with companies from the EU and the UK in 99% of cases, it is highly likely that these companies also comply with the relevant conditions. The Code of Conduct has been drawn up for contractual partners as a recommendation for business ethics.

B5: Supply Chain Management

(B5.1, B5.2, B5.3, B5.4)

The majority of our suppliers are located in the Czech Republic, where we cooperate with 1,138 partners. We have another 125 suppliers in other European countries. We also have individual suppliers in the United Kingdom, Hong Kong, other parts of Asia, North America and other regions. The specific numbers of suppliers from each country are shown in the following table:

The specific numbers of suppliers in the locations listed can be found in Table 3 in Appendix 1.

As part of the materiality assessment, environmental and social risks in the supply chain were considered by representatives of our company who have long-term relationships with these key suppliers and customers and are in regular contact with them. These interactions enable us to continuously monitor potential risks, even if no formal checks are carried out. We are prepared to respond immediately to any risks identified. Under ISO 27001, it is mandatory to evaluate significant suppliers once a year, which we do. Furthermore, our extensive cooperation with partners from the EU and the United Kingdom ensures a high probability of compliance with relevant environmental and social standards.

The company is aware of its limited influence on its suppliers, given that it is not one of their key customers. Nevertheless, when selecting products and services, it strives to give preference to more environmentally friendly options, particularly through changes to its own product portfolio. A specific example is the transition from products packaged in PET bottles to alternatives with more environmentally friendly packaging. These changes are continuously evaluated in terms of their environmental impact and economic efficiency. Another example is the transition to returnable packaging for fats used in food production and the recycling of used fats for food production. In our supplier-customer relationships, we prefer to purchase chemical cleaning and maintenance products in large volumes with the option of returning the packaging to the supplier. For office paper, we have chosen a supplier that uses waste from sugar cane production.

B6: Product responsibility

As part of our responsibility for our products, we have the following policies in place:

- The policy for implementing the rules set out in the Gambling Act in its entirety
- The AML policy in accordance with the guidelines approved by the Financial Analytical Office.

We have also introduced responsible gaming programmes in accordance with the rules set out in the Gambling Act and within the scope of self-restriction and self-exclusion options for clients.

We train our employees to recognise and deal with problem gambling and continue to work with organisations that provide support to addicts to understand how to deal with these clients and offer a helping hand.

We take every opportunity to show our clients and the community that social and corporate responsibility for any negative phenomena associated with gambling are important issues for us and not just empty words. In line with this approach, the Group ensures full compliance with relevant laws and regulations that significantly impact health and safety, advertising, labeling, privacy, and redress mechanisms related to the products and services we provide.

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The policies established within the community are governed by mutually beneficial and win-win cooperation. This cooperation is historically based on trust and the ability to listen to needs and ensure smooth operations in the locations where we operate. We have always strived and will continue to strive to support the communities in which we operate, to uphold our good name and to minimise the burden on the surrounding communities.

Opportunity: Thanks to smooth and mutually fair cooperation, we are gaining allies in local communities for possible re-evaluation of local regulations for the purpose of maintaining the licence to operate gaming premises. The tax revenue generated from our operations contributes to municipal budgets, providing tangible – though currently modest – economic benefits. We have the opportunity to focus further on direct support for communities in the areas where we operate in the future, thereby increasing the positive perception of casino and gambling operations.

Risks: Unfortunately, we are unable to translate this positive impression into national and state policy. Opinions on gambling are distorted by politicians' views of certain historical operators who did not consider social responsibility and the need for responsible operating policies and their impact on the surrounding area and communities.

Products and Services (B6.1, B6.2, B6.3, B6.4)

None of our products have been withdrawn from the market due to health hazards during the reporting period.

Rules and procedures have been established for handling incoming emails from clients sent to info@palasino.eu to ensure effective and consistent communication and efficient handling of requests and any queries or complaints.

Receiving emails: When an email is received at info@palasino.eu, the system automatically generates a reply confirming receipt of the message.

Checking and forwarding: The assistant to the chief operating officer of the Group ("COO Assistant") manages incoming mail from info@palasino.eu and forwards other communications to the appropriate departments according to the nature of the enquiry, as per the attached diagram.

Handling routine enquiries: The COO Assistant handles routine client enquiries.

GDPR requests: If a request concerns GDPR, the COO Assistant forwards the request to the Data Protection Officer, who then responds to the request from their email address.

More complex requests: If a request requires further analysis, the COO Assistant forwards the request to the Director of Casino Operations ("DCO"). The DCO decides whether the request will be handled by lawyers. If so, the legal representative handles the case and communicates with the Board, informs the Management Committee, Department of audit and compliance and DCO. The DCO sends a draft response to the COO Assistant, who arranges for translation and sends the response from customerservice@palasino.eu, then records the incident on the guest's profile in NEON.

The role of the Board in the whole process: The Board can step in and adjust the process if needed.

Language policy: If the client writes in English or German, the response is sent in Czech with an attached translation in the corresponding language generated by DeepL or using AI.

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If any communication is received by post, the procedure is similar, except that the document is digitised and forwarded to the responsible employee.

Palasino Group has implemented a Code of Conduct and internal policies, and training focused on compliance with legal regulations and the protection of intellectual property. As part of the Code of Conduct, employees are familiarised with the manner of conduct and approach to personal data and intellectual property.

Customer Information (B6.5)
Storage of personal data:

- For the gambling sector – documentation concerning gamers and their activities for 10 years after the termination of the business relationship (the AML Act).
- For CCTV recordings for a period of 2 years.
- For other operations in accordance with legislation and the filing and shredding policy.

After the specified period has expired, the data is securely deleted or shredded.

Access to personal data is restricted to authorised persons in selected departments and in accordance with ISO 270016.

Personal data may only be transferred to third parties under pre-determined and defined conditions.

B7: Anti-corruption
(B7.1, B7.2)

Compliance with laws and regulations: Palasino Group, a.s. strictly complies with all relevant laws of the Czech Republic and the European Union relating to the fight against corruption, money laundering and financial crime, including Act No. 253/2008 Sb., on certain measures against the legalisation of proceeds from criminal activity (the AML Act), the Criminal Code and the Civil Code, as well as regulations governing the liability of legal entities. By implementing an internal system for reporting illegal conduct (whistleblowing) and control audits, we ensure that we comply with legal and ethical standards.

During the reporting period, there were no court cases involving corruption practices brought against our company or our employees.

Training (B7.3)
Our employees and board members are trained to identify potential risk situations that could lead to unethical behaviour.

Ethical conduct and transparency in business relationships: The training emphasises the importance of transparency in dealings with partners, clients and public institutions.

Attendants are informed about relevant legislation concerning corruption, money laundering and other illegal practices, including potential legal consequences for individuals and the company.

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Communities

B8: Investment in Communities

We strive to build meaningful relationships with local communities in the areas where we operate and contribute to their health, well-being and satisfaction through various activities and programmes. These include community engagement and volunteer initiatives, donations, support for local employment and our significant tax contributions. The Group provides financial support to charitable organisations in the regions where we operate, giving back to the communities we value. In this financial year, we have donated almost CZK 1 million to support our communities. As part of our efforts to support local communities and develop talent, we prioritise hiring local workers. This approach provides new job opportunities for the citizens of our region and contributes to local professional and personal development. The Palasino Group offers above-average wages for the regions where we operate, which has a positive local impact due to increased investment and support for regional businesses and development by Palasino employees. At the end of FY2025, more than 65% of our employees come from local communities. We support freedom of association and combat discrimination in the workplace.

As a gambling operator, the Group makes a significant contribution to the state treasury through its activities. As part of the redistribution of taxes paid by Palasino, the state directly allocates part of our gambling tax to the municipalities and towns where we operate. In FY2025, our tax payments accounted for 35% of state budget revenues and 65% of municipal budget revenues.

Areas we influence (B8.1)

Education: We support educational initiatives focused on developing professional skills, both internally for our employees and externally, for example through donations to schools and educational institutions.

Charitable activities: For several years, we have been supporting a children's home and also contribute a significant monthly amount to the Dobrý Anděl foundation, where we support families and sick children.

Labour market needs: The company participates in activities aimed at improving employment and developing the labour market, both through professional training and by supporting business projects that create job opportunities.

Health: We actively contribute to the prevention of illness among our employees.

Culture and sport: Our policy is to support cultural and sporting activities that contribute to community development, for example by sponsoring cultural events and sports teams, not only in our regions.

Sources of Support (B8.2)

Our company finances charitable activities on two levels. The first level consists of regular (annual) contributions, while the second level consists of ad hoc support based on specific opportunities. It always depends on the specific events supported in a given period.

Specific information on the resources allocated to support communities is provided in Table 3 in Appendix 1.

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CLIMATE INFORMATION

Governance

At this stage, our Group has not yet conducted a comprehensive climate-related risk analysis. While we recognise the growing importance of climate-related risks and opportunities, our current ESG governance framework does not include a systematic process for identifying, assessing, or monitoring climate-related physical or transition risks in detail.

This is primarily due to our strategic focus over the past year on other ESG priorities, particularly on identifying and implementing measures aimed at reducing our overall environmental footprint and operational costs. Our efforts have been directed toward improving energy efficiency, optimizing resource use, and lowering our carbon emissions, which we considered to be the most immediate and actionable areas of impact.

Despite the absence of a formal climate risk assessment, our double materiality assessment has identified one material opportunity in the environmental area, which we are currently exploring further. However, we do not yet monitor climate-related risks in a structured or detailed manner.

We acknowledge the need to enhance our climate-related disclosures and risk management practices. As such, we intend to progressively develop our internal capabilities and governance structures to better address climate-related matters in alignment with the requirements set out in Part D of Appendix C2 to the Listing Rules. We will consider expanding our climate-related risk analysis in the future, provided that it is feasible in terms of internal capacity and cost and does not impose a disproportionate burden on our operations.

Strategy

Business model and value chain

Climate change and greenhouse gas emissions: climate change is a defining global issue that presents our Group with various risks and opportunities. Physical risks such as extreme temperature fluctuations, extreme weather events, droughts, extreme summer temperatures could make our day-to-day operations more difficult, while transitory risks such as stricter regulations, changes in market expectations and reputational risks could affect our Group's operating costs. In terms of our greenhouse gas emissions, purchased services from external partners were the main contributor, with energy consumption a distant second. In addition, the increase in GHG emissions was mainly due to further increases in operational activities over the previous period. However, amidst these risks, there are climate-related opportunities arising from the development of innovative technologies to address climate change. We will therefore continue to explore opportunities to deploy additional renewable energy sources within our business activities.

Energy management: effective energy management involves taking into account fluctuations in energy prices, the availability of energy resources and strategies to improve energy efficiency. Despite the challenges these factors present, they also create opportunities to develop innovative solutions to reduce energy consumption while maintaining the quality of our service and the sustainability of our business operations. To enhance our energy efficiency and energy management strategy, our Group is actively pursuing the installation of on-site renewable energy generation equipment to save operating costs. We have installed a PV power system with a total capacity of 485 kWp at our facilities. This allows us to generate electricity on-site without being dependent on a fossil fuel powered grid, which not only helps reduce our carbon footprint but also leads to a return on investment, ultimately improving our Group's financial performance.

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Strategy and decision-making

Although we have not yet formally integrated climate-related risks and opportunities into our Group's overall corporate strategy, we have taken several steps that reflect our commitment to addressing environmental challenges and improving our sustainability performance.

We are committed to minimising the negative impact on the environment in the regions where we operate. We believe that sound sustainability strategies can create sufficient investment value for our Group and deliver long-term returns to our shareholders, customers and other stakeholders. We strive to improve our buildings by incorporating lower energy intensity features, such as installing solar panels to reduce our carbon footprint, replacing low-energy light sources. We are refurbishing the electronic control systems for ventilation, heating, and cooling in our buildings, with the aim of again reducing energy consumption. We monitor the consumption of electricity, gas, water and other resources on a long-term basis. We are committed to reducing our environmental impact through various energy conservation initiatives. We are also committed to implementing a range of sustainable alternatives to reduce and recycle waste, including composting. In terms of food waste, we collect unconsumed food for environmentally friendly disposal. We believe that our operations do not generate any significant industrial waste and have a relatively limited environmental impact compared to businesses that are directly involved in manufacturing.

Changes in energy price increases have a significant impact on our Group's costs as well as on the prices of services and products from our subcontractors. As part of our activities, we are therefore progressively investing in reducing the energy intensity of our technologies and installing alternative sources for power and heat generation. Preferred technologies include the installation of PV power plants, cogeneration units, and heat recovery units.

The current measures in our plan include in particular:

- Increase energy efficiency in buildings by improving building insulation, efficient lighting or more efficient heat recovery.
- Switching to renewable energy sources – installing solar panels, utilising cogeneration units, and employing air recuperation.
- Fleet change – replacing company vehicles with fossil fuel hybrids and electric vehicles and developing green urban transport.

Mitigation measures include promoting

- Changing consumption habits – for example, reducing meat consumption, promoting local produce and reducing food waste.
- Recycling and waste reduction – minimising waste production and reusing waste reduces emissions associated with the production of new materials.

As part of the transition plan, we have set a strategy to gradually reduce energy intensity and reduce energy consumption by installing new alternative energy generation technologies. We are making a gradual effort to change consumption habits to reduce the consumption of food, meat and other products and to reduce animal waste. Another strategy is to increase the proportion of recycled and compostable waste and reduce municipal waste.

We aim to achieve the climate targets by allocating financial resources and gradually introducing individual technologies and practices. As part of our capital expenditure financial resource planning, we plan to allocate a portion of these investment resources each year to meet these targets.

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Financial position, financial performance and cash flows (Current and anticipated financial position)

Although we have not conducted a climate risk analysis, we observed that climate-related risks had a somewhat positive impact on our financial situation in the last financial year. Thanks to the opportunity we seized three years ago to install the PV systems and secure a subsidy program for these installations, we were able to significantly reduce our energy consumption and, consequently, lower our financial costs. In the last fiscal year, we also successfully negotiated energy prices with our suppliers, thereby ensuring greater cost stability and operational certainty.

While our current investment plans are primarily focused on the development and expansion of our facilities, we recognise that climate-related risks, such as energy price volatility and regulatory changes, may influence our long-term financial planning.

However, we have not quantified the financial effects of such risks at this stage. We are actively preparing for energy-related risks, which we consider to be the most relevant climate-related exposure for our Group. In response, we have implemented a range of measures to reduce our dependence on fossil fuels and mitigate energy price volatility. These include the installation of PV systems (e.g. 485 kWp capacity), investments in cogeneration and heat recovery technologies, and the gradual electrification of our vehicle fleet. We continue to monitor developments in energy markets and regulatory frameworks and will adjust our investment and financing strategies accordingly, if necessary. At present, there is no indication that our investment plans or sources of financing would need to be materially adjusted due to climate-related risks.

Our financial resources are a combination of internally generated financial resources from our operations and the provision of financial resources from our shareholders – both current and future shareholders.

In the short term, our financial performance should see an increase due to the implementation of the new facility. In the longer term, we will focus on greater efficiency and the implementation of targets that should help us to realise our objectives and increase shareholder value.

Climate resilience

At this stage, we have not conducted a formal climate-related scenario analysis to assess the resilience of our strategy and business model. This is primarily due to the nature of our operations, which are not directly exposed to high-emission industrial activities or climate-sensitive supply chains.

While we currently believe that, due to the nature and type of our business, conducting a climate scenario analysis is not necessary at this time, we acknowledge that such an analysis may become relevant in the future. Should it prove necessary or beneficial for identifying and implementing appropriate technologies or operational processes, we are prepared to carry out the analysis and incorporate its findings into our strategy and business model. In terms of historical experience, the global economic situation or political uncertainty within Europe has a more significant impact, which also causes uncertainty for citizens who consequently make less use of entertainment and travel.

Nevertheless, we acknowledge that climate-related risks, particularly those related to energy availability and pricing, may become more relevant over time. We are therefore actively implementing measures to reduce our exposure to such risks, including investments in renewable energy, energy efficiency, and operational flexibility. These actions enhance our ability to adapt to future developments, even in the absence of a formal scenario analysis. We will continue to monitor regulatory and market developments and reassess the need for scenario-based climate resilience analysis.

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Risk management

Risks and opportunities are assessed and managed as part of our broader operational risk management framework. Although we have not yet implemented a formal climate-specific risk management system, we recognise the growing relevance of climate-related factors – particularly those related to energy availability, pricing, and regulatory developments. We do not currently use climate scenario analysis to inform our risk identification process, as we have not yet determined that such analysis would provide actionable insights given the nature of our operations. However, we continue to monitor this area and may incorporate scenario-based assessments in the future as our ESG framework matures.

Individual risks and opportunities are managed in an integrated way at the management level. Individual risks and opportunities are assessed regularly in meetings. If a risk or an opportunity is identified as significant to the company, further investigation of solutions or actions is undertaken.

To identify and assess priorities, we use an evaluation of indicators of the cost benefit of implementing the measure, the method and difficulty of implementation, and the options for implementing the measure. At the same time, we monitor individual possibilities and opportunities by monitoring current news, attending congresses and exhibitions where new possible solutions are presented. Detection, identification and assessment are part of the job description of Facility staff. These staff then make proposals for individual solutions and submit them for an approval.

Metrics and targets

Greenhouse gas emissions

Information on Scope 1, 2, and 3 emissions is available in Table 1 in Appendix 2.

The carbon footprint calculation was carried out in accordance with the GHG Protocol, meaning the resulting carbon footprint was calculated with an emphasis on including greenhouse gases CO_2, N_2O, CH_4, HFCs, PFCs, and SF_6, if they were identified as relevant in the emissions inventory.

The carbon footprint calculation was carried out by the GHG Protocol methodology, which is a globally recognised standard for measuring and reporting greenhouse gas emissions. This framework was chosen for its transparency, compatibility with sustainability reporting, and broad acceptance among businesses and regulatory authorities.

The calculation covered the main emission categories: Scope 1 (direct emissions from owned operations), Scope 2 (indirect emissions from purchased electricity and heat), and a portion of Scope 3 (other indirect emissions, specifically limited to business air travel).

Significant assumptions were taken into account during the calculation. Data were collected for the fiscal year 2025, with organisational boundaries including companies within the Palasino Group a.s. The location-based method was used for calculating emissions from electricity consumption.

The emission factors and conversion coefficients used for reporting energy consumption in MWh were sourced from a reputable database published by the UK Department for Environment, Food & Rural Affairs and the Department for Energy Security and Net Zero (https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2024). For calculating emissions associated with purchased electricity, the emission factor database from the Association of Issuing Bodies was used (https://www.aib-net.org/facts/european-residual-mix/2023).

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As part of the Scope 2 carbon footprint calculation, a change was made in the emission factor database used for purchased electricity. This change was necessary because, unlike in the previous reporting year, the current reporting includes companies Palasino Poland and PALASINO MALTA LIMITED for which the previously used database did not provide emission factors. The newly adopted database ("AIB") offers emission factors for all countries in which our companies operate. To ensure consistency and comparability across the Group, emission factors from the AIB database were also applied retroactively to companies reported in the previous period. This change has resulted in an increase in reported Scope 2 emissions from purchased electricity compared to the previous reporting year.

The company does not use contractual instruments to procure renewable electricity beyond the residual energy mix of the countries in which it operates.

The Scope 3 carbon footprint calculation includes the category 'Business Travel', specifically covering air travel.

Climate-related transition risks, Climate-related physical risks

Based on our current assessment and the nature of our operations, we have not identified any material assets or business activities that are significantly vulnerable to climate-related transition risks or physical risks. As such, we do not report any amount or percentage of assets exposed under datapoints 30 and 31.

This conclusion is based on the fact that our operations are not energy-intensive, are located in regions with low exposure to extreme weather events and are not currently subject to climate-related regulatory pressures. We will continue to monitor these risks as part of our evolving ESG risk management framework.

Climate-related opportunities

Assets in the value of €3.595 mil, which is 6% of total assets, have been identified as contributing to the company's energy efficiency efforts and carbon footprint reduction, particularly within Scope 1 and Scope 2 emissions: These assets include all equipment and technologies that contribute to energy savings and, consequently, to a decrease of the company's carbon footprint and operating costs. This encompasses systems such as heat pumps, heat recovery units, thermal insulation, water-saving devices, and other technologies designed to enhance energy and resource efficiency. Collectively, these measures help reduce greenhouse gas emissions, particularly within Scope 1 and Scope 2.

Capital deployment

In line with our commitment to reducing greenhouse gas emissions and improving energy efficiency, we have allocated capital expenditures specifically to address climate-related risks and opportunities. Investment of €0.696 mil for which a subsidy of €0.168 mil was obtained from the state aid program. The key investment in this area is the installation of PV panels at our facilities.

Internal carbon prices

We do not currently apply an internal carbon price in our decision-making processes, including investment decisions, transfer pricing, or scenario analysis.

Remuneration

Our company has implemented a sustainability-linked remuneration framework that reflects our broader commitment to sustainable development and long-term value creation for shareholders. This framework incorporates performance indicators related to social and governance principles.

However, we have not yet introduced specific performance metrics that are directly tied to climate-related objectives. While sustainability is a key consideration in our overall performance evaluation, the integration of climate-specific targets into remuneration structures remains under review.

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Industry-based metrics

We do not currently disclose industry-specific metrics related to our business activities. At this stage, we have not identified specific industry-based disclosure topics that are applicable or material to our operations.

Climate-related targets

As part of our commitment to environmental sustainability, we have defined four general climate-related targets to be achieved by 2030, using 2018 as the baseline year. These targets apply to all our companies operating in the Czech Republic, Germany, and Austria. While there are currently no legally binding climate targets applicable to our type of business, we recognise the importance of setting clear and measurable objectives. Therefore, we plan to further refine and quantify these targets over time.

Our first target is to gradually reduce electricity consumption by 2030, compared to 2018 levels. The second target focuses on the installation of alternative technologies for renewable energy production. This includes the deployment of the PV systems and other clean energy solutions. Our third target is to reduce municipal waste, with the aim of increasing the share of recyclable materials. We understand that reducing municipal waste contributes to lower emissions and operational costs. Ultimately, we strive to minimise food waste throughout our operations. Lowering food waste not only reduces emissions but also contributes to cost savings and improved resource efficiency. We are currently evaluating the most effective ways to measure and manage food waste, and we intend to set a specific reduction target in the near future. Reducing waste helps reduce financial costs and, consequently, the carbon footprint per €1 million of revenue.