# Doosan Škoda Power a.s.

*(a joint-stock company (akciová společnost) incorporated under the laws of the Czech Republic)*

**Offering of up to 10,527,000 Shares**

**Offer Price Range: CZK 220 to CZK 260 per Offer Share**

This document (the **Prospectus**) relates to:

(A) an offering (the **Offering**) of:

(i) up to 2,900,000 ordinary registered book-entry shares to be issued by Doosan Škoda Power a.s. (the **Company**), established and existing under the laws of the Czech Republic, having its registered office at Tylova 1/57, Jižní Předměstí, 301 00 Pilsen, Czech Republic, identification number (**Id. No.)** 491 93 864, legal entity identifier: (**LEI**): 31570010000000024442, registered with the Commercial Register maintained by the Regional Court in Pilsen, File No. B 2251, with a nominal value of CZK 50 each (the **New Shares**); and

(ii) up to 6,670,000 existing ordinary registered book-entry shares of the Company, each with a nominal value of CZK 50 and fully paid up (the **Existing Offer Shares**), held by Doosan Power Systems S.A., having its registered office at L-2411 Luxembourg, 28, Boulevard F.W. Raiffeisen, Grand Duchy of Luxembourg, Id. No. B125754, LEI: 5493002324XYX4878951, registered with the Luxembourg trade and companies register (Registre de commerce et des sociétés, Luxembourg) under number B125754 (the **Selling Shareholder**); and

(B) the listing and admission to trading of the Shares on the Prime Market operated by Burza cenných papírů Praha, a.s., established and existing under the laws of the Czech Republic, having its registered office at Rybná 14/682, 110 00 Prague 1, Czech Republic, Id. No. 471 15 629, registered with the Commercial Register maintained by the Municipal Court in Prague, File No. B 1773 (the **PSE** or the **Prague Stock Exchange**) (together, the **Admission**).

The New Shares, if and when issued, will be fully fungible with all ordinary registered book-entry shares issued by the Company comprising 100 per cent. of the registered share capital of the Company as of the date hereof (the **Existing Shares** and, together with the New Shares, the **Shares**) and rank *pari passu* in all respects.

In addition, the Selling Shareholder has granted to WOOD & Company Financial Services, a.s., LEI: 549300UYJKOXE3HB8L79 (**WOOD**) (as stabilising manager in respect of the Shares on behalf of the Joint Global Coordinators (as defined below)) (the **Stabilising Manager**) an option exercisable within 30 days of commencement of trading in the Shares on the Prime Market, to purchase up to 10 per cent. of the number of Existing Offer Shares and New Shares at the relevant Offer Price, solely to cover over-allotments, if any, in connection with the Offering (the **Over-Allotment Shares**, and together with the New Shares and the Existing Offer Shares, the **Offer Shares**).

The Offer Shares will be offered through a public offering within the meaning of the Prospectus Regulation in the Czech Republic and through a private placement to certain institutional investors in certain other eligible jurisdictions in reliance on Regulation S under the U.S. Securities Act (**Regulation S**) and in accordance with applicable securities laws outside the United States, subject to the terms and conditions of the Underwriting Agreement and subject to applicable securities laws. The Offer Shares have not been and will not be registered under the U.S. Securities Act and may not be offered or sold in the United States or to or for the account or benefit of U.S. persons (as defined in Regulation S under the U.S. Securities Act) except to certain persons in offshore transaction in reliance on Regulation S under the U.S. Securities Act.

There will be no public offering of the Offer Shares in any jurisdiction outside of the Czech Republic. The Offering does not constitute an offer to sell, or solicitation of an offer to buy, the Offer Shares in any jurisdiction in which such offer or solicitation would be unlawful. For a description of these and certain further restrictions on offers, sales and transfers of the Offer Shares and the distribution of this Prospectus, see *Important Information*, *The Offering*, *Plan of Distribution* and *Selling and Transfer Restrictions*.

**Investing in the Offer Shares involves a high degree of risk. Prospective investors should read and consider the entire Prospectus and, in particular, *Risk Factors* prior to making an investment in the Offer Shares.**

This Prospectus has been prepared pursuant to Regulation (EU) 2017/1129 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market (the **Prospectus Regulation**) and Commission Delegated Regulation (EU) 2019/980 supplementing the Prospectus Regulation (the **Delegated Regulation**).

The Prospectus has been approved by the Czech National Bank (the **CNB**) as the competent authority under the Prospectus Regulation, decision reference number 2025/009925/CNB/650, file. no. S-Sp-2024/00262/CNB/653 dated 24 January 2025, which became final and effective on 27 January 2025. The CNB only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation and its approval should not be considered as an endorsement of the shares in the issuer that are the subject of this Prospectus or the issuer's profitability. Potential investors should make their own assessment as to the suitability of investing in the Offer Shares.

Prior to the Offering, the Shares of the Company have not been admitted to or traded on any regulated market. The Company expects that the Admission of the Shares to trading on the Prime Market of the PSE will take place on or around 3 February 2025, under the ticker symbol DSPW. However, no assurance can be made that the application for Admission will be approved. The Company expects that investors will be able to start trading in the Shares on the Prime Market of the PSE at 9:00 CET on or around 6 February 2025.

**This Prospectus is valid for 12 months from the date on which its approval by the CNB became final and effective. The validity of the Prospectus will expire on 27 January 2026. The obligation to supplement the Prospectus in the event of significant new factors, material mistakes or material inaccuracies does not apply when the Prospectus is no longer valid and applies only until the closing of the Offer Period or the time of the Admission, whichever occurs later.**

Subject to the satisfaction of certain conditions as set out in the Underwriting Agreement, including the execution of a pricing agreement and publication of the Pricing Supplement, the New Shares are offered by the Company and the Existing Offer Shares and the Over-Allotment Shares are offered by the Selling Shareholder. The Offering is coordinated by: Raiffeisen Bank International AG, LEI: 9ZHRYM6F437SQJ6OUG95 (**RBI**), Raiffeisenbank a.s., LEI: 31570010000000004460 (**RBCZ**) and WOOD acting together as joint global coordinators and joint bookrunners (each a **Joint Global Coordinator** and together the **Joint Global Coordinators**). The Offer Shares are offered severally and not jointly or jointly and severally by the Joint Global Coordinators, subject to receipt and acceptance by them of, and their right to reject, any order in whole or in part. The Retail Investors may place orders for the Offer Shares through any of (i) RBCZ, (ii) WOOD Retail Investments a.s. with its registered office at Jihlavská 1558/21, 140 00 Prague 4, the Czech Republic, Id. No. 178 18 834, registered with the Commercial Register maintained by the Municipal Court in Prague, File No. B 27805, LEI: 315700L9BQPLA4VXO332 (**WOODRI**), or (iii) J&T BANKA, a.s., with its registered office at Sokolovská 700/113a, 186 00 Prague 8 , the Czech Republic, Id. No. 471 15 378, registered with the Commercial Register maintained by the Municipal Court in Prague, File No. B 1731, LEI: 31570010000000043842 (**J&T Banka**) (collectively the **Retail Offering Managers**) and each individually a **Retail Offering Manager**). The Eligible Employees may place orders for the Offer Shares through RBCZ.

The period during which investors may submit purchase orders for the Offer Shares, commences on 27 January 2025 and is expected to end on 5 February 2025 at 13:00 CET (the **Offer Period**) for Retail Investors, 17:00 CET on 5 February 2025 for Institutional Investors, and at 13:00 CET on 5 February 2025 for Eligible Employees. The Company and the Selling Shareholder set the offer price range per Offer Share from CZK 220 to CZK 260 (the **Offer Price Range**). The Offer Price Range is indicative only, the final offer price per Offer Share (the **Offer Price**) may be set outside of the Offer Price Range, provided however that, in the case of Retail Investors and Eligible Employees, the final Offer Price will not be set higher than CZK 260, being the top of the Offer Price Range. Retail Investors and Eligible Employees will be placing orders at any price within or at the top of the Offer Price Range. The final Offer Price per Offer Share for Eligible Employees will be equal to the Retail Investors Offer Price, provided however, that each Eligible Employee participating in the Employee Offering will receive a 30 per cent. discount on the Retail Investors Offer Price (the **Employee Discount**) for any number of Offer Shares allocated to such Eligible Employee up to an individual pre-Employee Discount total subscription amount of CZK 300,000, except for the Directors, who will receive the Employee Discount for any number of Offer Shares allocated to such Director up to an individual pre-Employee Discount total subscription amount of CZK 1,000,000 (the **Eligible Employee Offer Price**). The participation of Eligible Employees in the Employee Offering is conditional upon the conclusion of a participation agreement in the Employee Offering between the Eligible Employee and the Company, based on which the Eligible Employee will, among other things, agree to a lock-up period from the Settlement Date and ending 360 days after the Settlement Date. An Eligible Employee must place a purchase order, without taking into account the Employee Discount, in the amount of (i) at least CZK 30,000 and (ii) at least CZK 100,000 in case of the Directors. The Employee Offering is limited to a total subscription amount of CZK 270,000,000, representing a maximum of 1,038,461 Offer Shares, assuming the Offer Price is at the top of the Offer Price Range.

The Offer Price for the Offer Shares will be determined by the Selling Shareholder, the Company and the Joint Global Coordinators following a book-building process. The Company expects to publish the final Offer Price and the final number of Shares to be sold pursuant to the Offering on the Company's website, www.doosanskodapower.com, by electronic media, by press release and in a pricing supplement to this Prospectus (the **Pricing Supplement**) on or around 5 February 2025 (the **Pricing Date**).

The Shares are registered with the Central Securities Depository, established and existing under laws of the Czech Republic, having its registered office at Rybná 682/14, 110 00 Prague 1, Czech Republic, Id. No. 250 81 489, registered with the Commercial Register maintained by the Municipal Court in Prague, File No. B 4308 (*Centrální depozitář cenných papírů, a.s.*) (the **CSD**). Following the Offering, the Shares will be traded on the Prime Market of the PSE in Czech crowns and settled and cleared through the CSD.

***Joint Global Coordinators***

| | | |
|---|---|---|
| **RAIFFEISEN BANK INTERNATIONAL AG** | **RAIFFEISENBANK A.S.** | **WOOD & COMPANY FINANCIAL SERVICES, A.S** |

The date of this Prospectus is 24 January 2025.

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# SUMMARY

***A. Introduction and warnings***

This summary should be read as an introduction to this prospectus (the **Prospectus**). Any decision to invest in the securities should be based on consideration of the Prospectus as a whole by the investor and not just the summary. An investor could lose all or part of the invested capital.

Where a claim relating to the information contained in this Prospectus is brought before a court, the plaintiff investor might, under national law, have to bear the costs of translating this Prospectus before the legal proceedings are initiated.

Civil liability attaches only to those persons who have tabled this summary, including any translation thereof, but only where this summary is misleading, inaccurate or inconsistent when read together with the other parts of this Prospectus or it does not provide, when read together with the other parts of this Prospectus, key information in order to aid investors when considering whether to invest in such securities.

This Prospectus relates to

(a) an offering (the **Offering**) of:

(i) up to 2,900,000 ordinary registered book-entry shares to be issued by Doosan Škoda Power a.s. (the **Company**), established and existing under the laws of the Czech Republic, having its registered office at Tylova 1/57, Jižní Předměstí, 301 00 Pilsen, Czech Republic, identification number (**Id. No.**) 491 93 864, legal entity identifier: (**LEI**): 315700100000000024442, registered with the Commercial Register maintained by the Regional Court in Pilsen, File No. B 2251, telephone: +420 378 185 000, +420 378 185 939, website: www.doosanskodapower.com, with a nominal value of CZK 50 each (the **New Shares**); and

(ii) up to 6,670,000 existing ordinary registered book-entry shares of the Company, each with a nominal value of CZK 50 and fully paid up (the **Existing Offer Shares**), held by Doosan Power Systems S.A., operating and incorporated under the laws of the Grand Duchy of Luxembourg, having its registered office at L-2411 Luxembourg, 28, Boulevard F.W. Raiffeisen, Grand Duchy of Luxembourg, Id. No. B125754, LEI: 5493002324XYX4878951, registered with the Luxembourg trade and companies register (Registre de commerce et des sociétés, Luxembourg) under number B125754 (the **Selling Shareholder**); and

(b) the listing and admission to trading of the Shares (as defined below) on the Prime Market operated by Burza cenných papírů Praha, a.s., established and existing under the laws of the Czech Republic, having its registered office at Rybná 14/682, 110 00 Prague 1, Czech Republic, Id. No. 471 15 629, registered with the Commercial Register maintained by the Municipal Court in Prague, File No. B 1773 (the **PSE** or the **Prague Stock Exchange**), (together, the **Admission**). The international securities identification number (**ISIN**) of the Existing Offer Shares and all ordinary registered book-entry shares issued by the Company comprising 100 per cent. of the registered share capital of the Company as of the date hereof (the **Existing Shares**) (together with the New Shares, the **Shares**) is: CZ1008000310. The New Shares will be registered under the same ISIN code as the Existing Shares.

In addition, the Selling Shareholder has granted to WOOD & Company Financial Services, a.s., Id. No.: 265 03 808, with its registered office at náměstí Republiky 1079/1a, 110 00 Praha 1, Czech Republic, LEI: 549300UYJKOXE3HB8L79 (**WOOD**) (as stabilising manager in respect of the Shares on behalf of the Joint Global Coordinators (as defined below)) (the **Stabilising Manager**) an option exercisable within 30 days of commencement of trading in the Shares on the Prime Market, to purchase up to 10 per cent. of the number of Existing Offer Shares and New Shares at the relevant Offer Price, solely to cover over-allotments, if any, in connection with the Offering (the **Over-Allotment Shares** and the **Over-Allotment Option)**, and together with the New Shares and the Existing Offer Shares, the **Offer Shares**).

The New Shares are offered by the Company and the Existing Offer Shares and the Over-Allotment Shares are offered by the Selling Shareholder.

The Offering is coordinated by:

- Raiffeisen Bank International AG, Id. No.: FN 122119m, with its registered office Am Stadtpark 9, Vienna 1030, Austria, LEI: 9ZHRYM6F437SQJ6OUG95 (**RBI**);
- Raiffeisenbank a.s., Id. No.: 492 40 901, with its registered office at Hvězdova 1726/2b, 140 78 Praha 4, Czech Republic, LEI: 31570010000000004460 (**RBCZ**); and
- WOOD,

(acting together as joint global coordinators and joint bookrunners, each, a **Joint Global Coordinator** and together, the **Joint Global Coordinators**).

The Prospectus was approved by the Czech National Bank (the **CNB**) as the competent authority pursuant to Article 31 of the Prospectus Regulation (Regulation (EU) 2017/1129) under decision reference number 2025/009925/CNB/650, file no. S-Sp-2024/00262/CNB/653, dated 24 January 2025, which entered into force on 27 January 2025. Contact details of the CNB are as follows: telephone: +420 224 411 111 or +420 800 160 170, address Na Příkopě 28, Prague 1, Postal Code 115 03, Czech Republic, www.cnb.cz.

***B. Key information on the issuer***

***Who is the issuer of the securities?***

The issuer of the Shares is the Company (Doosan Škoda Power a.s.). The legal form of the Company is a joint-stock company (In Czech: *akciová společnost*) incorporated in and operating under the laws of the Czech Republic, in particular the Czech Act No. 90/2012 Coll., on business corporations and cooperatives, as amended (the **Czech Companies Act**).

The primary activity of the Company is the manufacture of steam turbines, offering a power output spectrum that spans from three to 1,300 MW. These turbines are supplied to customers globally. The Company provides an extensive selection of cutting-edge turbine designs, products, and services tailored for the energy generation sector. It is one of the leading experts in steam turbines and equipment with a high reputation, a proven track record, and unique intellectual property. The Company's vast experience encompasses engineering, design, manufacture, management, procurement and construction of steam turbines and equipment relevant to turbine machine halls. It markets and sells its products under Doosan brand as well as under the ŠKODA brand. The Company is headquartered and its main production facility is located in the Czech Republic.

The sole shareholder of the Company is the Selling Shareholder (Doosan Power Systems S.A.). Accordingly, the Selling Shareholder directly exercises ultimate control over the Company. The sole shareholder of the Selling Shareholder is Doosan Enerbility Co., Ltd. with its registered office at 22 Doosanvolvo-ro, Seongsan-gu, Changwon, 51711, the Republic of Korea (**Doosan Enerbility**). The main shareholder of Doosan Enerbility is Doosan Co., Ltd. (**Doosan Corporation**) holding a total of 30.39 per cent. of shares in Doosan Enerbility (the **Major Shareholder**). There are no shareholders of the Major Shareholder owning more than 25 per cent. of its shares. The main shareholders of the Major Shareholder are the National Pension Service and Mr. Jeong won Park owning 7.64 and 8.23 per cent., respectively.

The key managing directors of the Company are the members of its board of directors (the **Board of Directors**): Youngki Lim, Sanghoun Park, Seungwoo Sohn and Donggil Kim.

The auditor of the Company is Deloitte Audit s.r.o., a company incorporated under the laws of the Czech Republic, having its registered seat at Italská 2581/67, Vinohrady, Prague 2, 120 00, Czech Republic, Id. No. 496 20 592.

***What is the key financial information regarding the issuer?***

The following financial information as of and for the years ended 31 December 2023, 2022 and 2021 is taken or derived from the audited consolidated financial statements of the Company as of and for the years ended 31 December 2023, 2022 and 2021, together with the notes thereto (the **Audited Financial Statements**). The Audited Financial Statements have been audited in accordance with the Act on Auditors and Auditing Standards of the Chamber of Auditors of the Czech Republic, which are International Standards on Auditing (ISAs), as amended by the related application guidelines; and prepared in accordance with the International Financial Reporting Standards (**IFRS**) as adopted by the European Union (the **EU**). The Company's date of transition to IFRS on consolidated basis was 1 January 2021. Where financial information in the following tables is labelled "audited", this means that it has been taken from the Audited Financial Statements.

The following financial information as of and for the period from 1 January 2024 to 24 September 2024 (including unaudited comparative financial information) originates from, or has been calculated on the basis of, the Unaudited Interim Financial Statements (the **Unaudited Interim Financial Statements**). The Unaudited Interim Financial Statements have been prepared in accordance with International Accounting Standard 34 (**IAS 34**) and have not been audited but have been reviewed in accordance with ISRE 2410 by Deloitte Audit s.r.o.

The Company's three main revenue streams include: (i) new installations of the Company's products; (ii) service activities including maintenance, repair and overhaul on a case-by-case basis and (iii) long-term service agreements. The Company's revenues are mainly derived from the sale of steam turbines and provision of related services, including overhauls, replacement of worn components of the steam turbine-generators, post-warranty service and their retrofitting or modernization. Other operating income comprises various other operating income items, such as contractual penalties, reimbursement from insurance companies, reimbursement from employees for damages caused, claims from suppliers, proceeds from the sale of scrap material and other operating income.

*Selected information from the Consolidated Income Statement and the Consolidated Statement of Other Comprehensive Income*

| | For the period from 1 January to 24 September | | For the year ended 31 December | | |
|---|---|---|---|---|---|
| | 2024 | 2023 | 2023 | 2022 | 2021 |
| | (unaudited) | | (audited) | | |
| | *(CZK thousands)* | | | | |
| **Revenues** | **3,932,148** | **3,154,738** | **4,810,763** | **4,112,773** | **3,546,327** |
| **Operating profit** | **251,559** | **248,087** | **483,028** | **464,383** | **232,036** |
| **Profit before income tax** | **457,831** | **467,445** | **750,051** | **730,200** | **219,122** |
| **Profit for the period** | **355,445** | **357,196** | **559,344** | **575,791** | **189,294** |
| **Other net comprehensive income** | **(2,658)** | **(39,698)** | **(28,007)** | **53,729** | **12,355** |
| **Total comprehensive income for the accounting period** | **352,787** | **317,498** | **531,337** | **629,520** | **201,649** |

*Selected information from the Consolidated Statement of Financial Position*

| | For the period from 1 January to 24 September | For the year ended 31 December | | |
|---|---|---|---|---|
| | 2024 | 2023 | 2022 | 2021 |
| | (unaudited) | (audited) | | |
| | *(CZK thousands)* | | | |
| **Total assets** ................................................................ | **8,664,393** | **8,875,418** | **9,504,879** | **8,978,379** |
| **Total equity** ................................................................ | **5,804,271** | **5,927,973** | **7,592,026** | **7,212,506** |
| **Total liabilities** ........................................................... | **2,860,122** | **2,947,445** | **1,912,853** | **1,765,873** |
| **Total liabilities and equity** ......................................... | **8,664,393** | **8,875,418** | **9,504,879** | **8,978,379** |

*Selected information from the Consolidated Cash Flow Statement*

| | For the period from 1 January to 24 September | | For the year ended 31 December | | |
|---|---|---|---|---|---|
| | 2024 | 2023 | 2023 | 2022 | 2021 |
| | (unaudited) | | (audited) | | |
| | *(CZK thousands)* | | | | |
| **Net cash from operating activities** ............................. | **355,259** | **411,394** | **980,401** | **808,227** | **776,191** |
| **Net cash from investing activities** .............................. | **(96,316)** | **1,905,951** | **1,856,544** | **(1,538,043)** | **555,664** |
| **Net cash from financing activities** ............................. | **(476,488)** | **(2,195,390)** | **(2,195,390)** | **(250,014)** | **(230,002)** |
| **Net change in cash and cash equivalents** .................. | **(217,545)** | **121,955** | **641,555** | **(979,830)** | **1,101,853** |
| **Cash and cash equivalents at the beginning of period** ..................................................................... | **2,125,904** | **1,481,507** | **1,481,507** | **2,477,538** | **1,382,573** |
| **Cash and cash equivalents at the end of the period** .. | **1,908,196** | **1,604,531** | **2,125,904** | **1,481,507** | **2,477,538** |

***What are the key risks that are specific to the issuer?***

The most material risk factors specific to the Company include in particular:

- The Company's business is exposed to, and may be adversely affected by, general economic and political conditions and a decrease in demand for the products the Company manufactures. The Company's operations and income are influenced by the global economy. Current economic uncertainties, including high inflation, could negatively impact demand and sales. Many of the Company's customers are government-established and/or government-controlled entities, and changes in government spending due to economic conditions can reduce demand for the Company's products. Challenging economic conditions can also affect the financial stability of the Company's other customers, potentially leading to unfulfilled contractual obligations and increased costs, which could harm the Company's business.
- The energy market is subject to disruptive trends, such as a shift towards decarbonisation, to which the Company may not be able to adapt either in a timely fashion or at all. The Company's products and service offering are significantly aligned with traditional power generation methods, which are increasingly under scrutiny as global trends shift towards renewable energy sources. The rapid decline in demand for fossil fuel power plants, coupled with the rise of competitive energy storage solutions and the trend of decentralisation of power generation, could adversely affect the Company's market position. Failure to timely realign its business model and product offerings with these evolving demands could have a negative impact on the Company's overall position.
- The Company's future business performance depends on the renewals and extensions of existing contracts and the award of new project contracts, which are not within its control. These projects include nuclear tenders for the delivery of turbines to the new power units at the Dukovany nuclear power plant, where the Company has been pre-selected as a supplier to the preferred bidder EPC provider Korea Hydro & Nuclear Power Co., Ltd., though, as of the date of this Prospectus, no firm contract is yet in place. Additionally, there is a prospective tender for the replacement and servicing of generators in the Temelín nuclear power plant for ČEZ, a.s., and small modular reactors tenders for Rolls-Royce SMR Limited. Given the lengthy and complex bidding process associated with large-scale projects, it is difficult for the Company to predict whether and when it will be awarded such contracts. Additionally, long-standing customer relationships are crucial, and any damage to these could lead to contract losses, affecting the Company's revenue and reputation. The Company also faces risks from variation orders to existing agreements, which can impact profit margins and financial results if not successfully negotiated. Additionally, the requirement to provide bank guarantees for certain projects poses risks, as customers may exploit these guarantees, resulting in increased costs and reduced profitability.
- Failure to successfully execute on projects, including as a result of delay, lack of performance, or cost overruns, may result in substantial liquidated damages, penalties, or losses. The Company faces commercial risks such as inaccurate cost estimates, budget overruns, and delays in delivering products or services. Cost overruns are generally not recoverable from customers, and actual expenses can vary due to technical challenges, equipment failures, unforeseen costs, and delays. Inaccurate cost estimates can result in significant losses. Delays or failure to meet key performance indicators may lead to claims, liquidated damages, additional damages, and reputational harm, potentially affecting subsequent projects and the Company's overall financial stability.

- The loss of any major customer could significantly impact the Company's business, financial condition, results of operations, cash flows, and profit. Revenue from the top five customers, excluding Doosan Enerbility, represented 28.9 per cent., 36.2 per cent., and 31.2 per cent. of the Company's revenues for 2023, 2022, and 2021, respectively. The loss of any of the Company's major customers could have a material adverse effect on the Company's financial condition. The Company's limited bargaining power with these customers could also lead to unfavourable terms, affecting margins and profitability.
- The failure of control measures and systems could result in defects in the Company's products, related product repairs, which could result in potential liability, harm the Company's reputation and result in other adverse regulatory consequences and the Company's insurance may not be sufficient to cover these risks. The Company has strict control measures to ensure product safety and quality, but any failure due to raw material flaws, human error, or equipment faults could have severe consequences, including litigation, loss of market share, and revenue. Despite providing warranties and performance guarantees, the Company may face substantial costs and reputational damage from product liability claims.
- The success of the Company's business depends on its ability to compete effectively. The Company faces competition from both international and domestic competitors. High barriers to enter specific markets, such as regulatory conditions and customs duties, add to the competitive intensity, requiring the Company to demonstrate competitive advantages and reliability in its products. Failure to respond to these competitive pressures could materially affect the Company's business, financial condition, and prospects.
- The Company relies on third-party equipment manufacturers and suppliers and may be exposed to liability for their acts and/or omissions. If the Company's suppliers fail to meet quality standards, deliver on time, or if the Company's costs for suppliers exceed its estimates, the Company may incur substantial additional costs or claims, potentially resulting in reduced profits or losses.
- The Company enters into fixed-price contracts with limited or no scope for price adjustments. The Company has no ability to pass on cost increases to customers, potentially affecting profit its margins and business. While some contracts allow for price adjustments, these may not fully cover increased costs in timely manner.
- The Company is dependent on suppliers and partners, which may affect the timely delivery of the Company's products. The Company's business model is project-oriented and dependent on the supply of raw materials, parts, complete products and assembly services, which can affect the timely delivery of its products. Supplier non-performance or deficiencies could lead to substantial costs, delays, and reputational damage. Limited competition among suppliers due to regulations and the technical complexity of projects further intensifies these risks, potentially affecting the Company's financial condition and operations.
- The Company contracts with government controlled and/or government established, including local municipalities, entities and is subject to risks related to governmental contracts. These governmental contracts often include unique terms such as prohibitions on work suspension due to delayed payments, application of indirect and consequential damages, cumulative penalties for project milestones, and non-standard penalty caps. Non-compliance with these regulations can lead to investigations by various authorities and may result in contract suspension or administrative penalties.
- The Company may be required to follow public procurement regulations applicable to the relevant jurisdiction in which the Company is operating when acting as a contractor for a subsidised contracting entity or a voluntary contracting entity. Non-compliance with such regulations could lead to sanctions such as tender abolishment, performance prohibition, fines, or even criminal charges. The Company cannot guarantee that the contracting entity will adhere to public procurement regulations and thus cannot assure the avoidance of sanctions. Changes in procurement laws could introduce additional costs and delays, and any breaches could lead to substantial liabilities and damage to the Company's reputation.

***C. Key information on the securities***

***What are the main features of the securities?***

The Existing Shares consist of 29,000,000 existing ordinary registered book-entry shares of the Company with a par value of CZK 50 each. The currency of the Shares is Czech koruna (CZK). The Shares are registered with the CSD. The ISIN of the Shares is CZ1008000310. The Shares are fully fungible and rank *pari passu* in all respects. Under Czech Act No. 90/2012 Coll., on commercial companies and cooperatives, as amended, and the Company's articles of association (the **Articles of Association**), each of the Company's shareholders has, *inter alia*, the following rights:

- The pre-emptive right to subscribe to a *pro rata* portion of the shares if the registered share capital of the Company is increased by cash contributions into the Company, unless that pre-emptive right is restricted or limited by a general meeting of shareholders (the **General Meeting**) resolution.
- The pre-emptive right to subscribe to a *pro rata* portion of any preference or convertible bonds, unless that pre-emptive right is restricted or limited by a General Meeting resolution.
- The right to participate in the Company's profit and liquidation balance to the extent approved at a General Meeting.
- The right to attend and vote at a General Meeting.
- The right to request and receive information from the Company at a General Meeting relating to the Company or its subsidiaries if such information is necessary to assess items on the agenda of the General Meeting or to exercise shareholder rights at the General Meeting.
- The right to make proposals and counter-proposals in relation to items on the agenda of a General Meeting.
- The right to challenge the validity of resolutions of the General Meeting in a court action against the Company within three months following the date on which the Company's shareholders became aware of the resolution of the General Meeting or could have become aware of the resolution of the General Meeting.

In the event of insolvency of the Company, investors may recover less than their initial investment or may not be able to recover any amounts at all. In the event of the Company's liquidation, the liquidation balance, if any, will be distributed to the holders of the Company's shares in proportion to the paid nominal amount of their respective shares in the Company.

The Shares are freely transferable.

If certain statutory conditions are met, a direct or indirect acquisition of control of the Company may also be subject to prior merger clearance by the Czech Office for Protection of Competition, or the European Commission, as applicable.

Any transfer of the Shares is effective once registered with the CSD or in follow-up records maintained by a CSD participant (as the case may be). Any shareholder instruction to open or close a securities account with the CSD and acquire or dispose of Shares must be submitted by the shareholder to the CSD through a CSD participant. A list of CSD participants is published on the CSD's website www.cdcp.cz.

The Company does not have a dividend policy stipulated in its Articles of Association.

The Company paid out dividends to shareholders in the amount of CZK 476 million in the period from 1 January 2024 to 24 September 2024, CZK 2,195 million in 2023, CZK 250 million in 2022 and CZK 230 million in 2021. By resolution of the directors of the Company on 25 April 2024, the directors of the Company proposed to the Selling Shareholder to approve a dividend payment in the amount CZK 476 million, which was approved by the Selling Shareholder on 25 April 2024 and paid out to the Selling Shareholder on 29 April 2024.

Dividends, if and when declared, are distributed to shareholders on a pro-rata basis proportionately to their participation in the share capital of the Company. Each Share gives its owner the right to receive dividends. The Company will pay any dividends in CZK.

***Where will the securities be traded?***

Prior to the Offering, the Shares of the Company have not been admitted to or traded on any regulated market. The Company expects that the Admission of the Shares to trading on the Prime Market of the PSE will take place on or around 3 February 2025, under the ticker symbol DSPW. However, no assurance can be made that the application for Admission will be approved. The Company expects that investors will be able to start trading in the Shares on the Prime Market of the PSE at 9:00 CET on or around 6 February 2025.

***Is there a guarantee attached to the securities?***

No guarantee is attached to the Shares.

***What are the key risks attached to the securities?***

The most material risk factors specific to the Shares contained in the Prospectus include in particular:

- The rights of minority shareholders will be governed by the laws of the Czech Republic, whose corporate governance standards may differ from those of other jurisdictions.
- Exchange rate fluctuations may impact the market price and the value of the Shares, as well as any dividends or other income paid on the Shares for an investor whose principal currency is not CZK.

***D. Key information on the offer of the shares to the public and the admission to trading on a regulated market***

***Under which conditions and timetable can I invest in the shares?***

The Offering consists of: (i) a public offering of the Offer Shares in the Czech Republic (the **Retail Offering**), (ii) private placements of the Offer Shares to certain Institutional Investors outside of the United States in reliance on Regulation S under the U.S. Securities Act and in accordance with locally applicable laws and regulations, or in a transactions not subject to, the registration requirements of the U.S. Securities Act (the **Institutional Offering**) , and (iii) an offering of the Offer Shares in the Czech Republic to Eligible Employees (as defined below) limited to a total subscription amount of CZK 270,000,000, representing a maximum of 1,038,461 Offer Shares, assuming the Offer Price is at the top of the Offer Price Range (the **Employee Offering**) The final Offer Price per Offer Share for Eligible Employees will be equal to the Retail Investors Offer Price, provided however, that each Eligible Employee participating in the Employee Offering will receive a 30 per cent. discount on the Retail Investors Offer Price (the **Employee Discount**) for any number of Offer Shares allocated to such Eligible Employee up to an individual pre-Employee Discount total subscription amount of CZK 300,000, except for the Directors, who will receive the Employee Discount for any number of Offer Shares allocated to such Director up to an individual pre-Employee Discount total subscription amount of CZK 1,000,000. The participation of Eligible Employees in the Employee Offering is conditional upon the conclusion of a participation agreement in the Employee Offering between the Eligible Employee and the Company, based on which the Eligible Employee will, among other things, agree to a lock-up period from the Settlement Date and ending 360 days after the Settlement Date. An Eligible Employee must place a purchase order, without taking into account the Employee Discount, in the amount of (i) at least CZK 30,000 and (ii) at least CZK 100,000 in case of the Directors.

The Offer Price is set within the range of CZK 220 and CZK 260 per Offer Share (the **Offer Price Range**). The final Offer Price per Offer Share for Retail Investors (the **Retail Investors Offer Price**) and Eligible Employee will not be set higher than CZK 260 per Offer Share, being the top of the Offer Price Range. Retail Investors and Eligible Employees will be placing orders at any price within or at the top of the Offer Price Range.

Allocations under the Offering will be determined jointly by the Company and the Selling Shareholder following recommendation by the Joint Global Coordinators regarding such allocations, on the basis of the book-building and with regards to certain qualitative criteria aimed at optimizing proceeds and the Company's future shareholding structure.

The period during which investors may submit purchase orders for the Offer Shares is expected to commence on 27 January 2025 and to expire on 5 February 2025 (the **Offer Period**). Offers to purchase Offer Shares may be submitted until the last day of the Offer Period (i) until 13:00 CET by private retail investors (natural persons with a depository account in the Czech Republic) (**Retail Investors**), (ii) until 17:00 CET by institutional investors (**Institutional Investors**) , and (iii) until 13:00 CET by persons who are the Company's employees, and the Company's directors as recognised by the Company's internal position grading system, (the **Directors**) as of the last day of the Offer Period, provided that they have been employed by the Company for at least one year prior to the commencement of the Offer Period (the **Eligible Employees**). Retail Investors may place orders for the Offer Shares through any of RBCZ, WOOD Retail Investments a.s. with its registered office at Jihlavská 1558/21, 140 00 Prague 4, the Czech Republic, Id. No. 178 18 834, registered with the Commercial Register maintained by the Municipal Court in Prague, File No. B 27805 (**WOODRI**) or J&T BANKA, a.s., with its registered office at Sokolovská 700/113a, 186 00 Prague 8, the Czech Republic, Id. No. 471 15 378, registered with the Commercial Register maintained by the Municipal Court in Prague, File No. B 1731 (**J&T Banka**). Eligible Employees may place orders for the Offer Shares through RBCZ. Purchase orders must be denominated in CZK, only in increments of CZK 1 (one Czech koruna). Multiple purchase orders are permitted. Multiple orders in the Employee Offering are not allowed.

The Offer Price and the final number of Offer Shares (*i.e.* the results of the Offering) are expected to be published on or around 5 February 2025 (the **Pricing Date**), on the Company's website www.doosanskodapower.com by electronic media, by press release and in the pricing supplement to the Prospectus (the **Pricing Supplement**). After the Offer Price has been set, the Offer Shares will be allotted to investors on 6 February 2025 on the basis of the purchase orders then available.

***Expected Timetable of the Offering***

The timetable below lists indicative dates in respect of the Offering:

- Publication of the Prospectus ...................................................................................... on or around 27 January 2025
- Roadshow and book-building process ......................................................................... 27 January 2025 to 5 February 2025
- Start of the Offer Period .............................................................................................. 27 January 2025
- End of the Offer Period for Retail Investors ................................................................ 5 February 2025 at 13:00 CET
- End of the Offer Period for Institutional Investors ...................................................... 5 February 2025 at 17:00 CET
- End of the Offer Period for Eligible Employees ........................................................... 5 February 2025 at 13:00 CET
- Pricing Date .................................................................................................................. on or around 5 February 2025
- Announcement of the Existing Offer Shares and the New Shares allocations (the **Announcement Date**)........................................................................................... on or around 6 February 2025
- First Trading Date (as defined below) ......................................................................... on or about 6 February 2025
- Settlement Date (day of settlement of the purchased Offer Shares) ............................ on or about 10 February 2025

Application for the admission to trading of the Shares will be made by the Company to the PSE to list the Shares on the Prime Market of the PSE. The Company expects that the Shares will be listed, on the Prime Market of the PSE on or around 3 February 2025, under the ticker symbol DSPW. The Company expects that investors will be able to start trading in the Shares on the Prime Market of the PSE on or around 6 February 2025 (the **First Trading Date**).

The following table sets out the holding of the Company's Shares before and immediately upon completion of the Offering, assuming issuance of 2,900,000 Shares at the mid-point of the Offer Price Range and that the Selling Shareholder does not participate in the Offering:

| | **Participation in share capital and voting rights prior to the Offering** | | **Participation in share capital and voting rights** | | | |
|---|---|---|---|---|---|---|
| | | | **Full exercise of the Over-Allotment Option** | | **No exercise of the Over-Allotment Option** | |
| **Name** | *(number of shares)* | *(%)* | *(number of shares)* | *(%)* | *(number of shares)* | *(%)* |
| Selling Shareholder............ | 29,000,000 | 100% | 21,373,000 | 67% | 22,330,000 | 70% |
| Free-float ........................... | 0 | 0% | 10,527,000 | 33% | 9,570,000 | 30% |

The fees and expenses to be borne by the Company in connection with the Offering and the Admission, including but not limited to, the Joint Global Coordinators' fees, the CNB's fees, fees related to the Admission, advisors' fees and expenses and the costs of printing and distribution of documents and other transaction costs are estimated to amount to approximately CZK 35.56 million (including VAT), resulting in estimated net proceeds to the Company of approximately CZK 660.44 million, in each case assuming all of the New Shares and Existing Offer Shares are placed at the mid-point of the Offer Price Range and the full exercise of the Over-Allotment Option. The Selling Shareholder has agreed to pay its expenses in connection with the sale of the Existing Offer Shares and any Over-Allotment Shares including the underwriting fees payable thereon. Investors will not be charged expenses by the Company, the Selling Shareholder or the Joint Global Coordinators in their capacity as bookrunners. Investors will have to bear customary transaction and handling fees charged by their brokers or other financial institutions through which they hold their securities.

***Who is the offeror and/or the person asking for admission to trading?***

The New Shares are offered by the Company, the Existing Offer Shares and the Over-Allotment Shares are offered by the Selling Shareholder.

***Why is this prospectus being produced?***

This Prospectus is being produced in connection with the Offering and the Admission.

The Offering is being conducted in order to facilitate the sale of the New Shares and raising capital by the Company while raising the Company's profile, brand recognition and credibility with its customers and employees and providing direct access to the domestic and international capital markets. In addition, the Selling Shareholder intends to sell some of its Existing Shares in the Offering to enhance the liquidity of the Shares.

The Selling Shareholder will receive the net proceeds from the sale of the Existing Offer Shares and any Over-Allotment Shares and the Company will receive the net proceeds from the sale of the New Shares. Assuming all of the New Shares and Existing Offer Shares are placed for an offer price at the mid-point of the Offer Price Range and a full exercise of the Over-Allotment Option, the net proceeds from the Offering are expected to amount to CZK 2,397.40 million, of which the Selling Shareholder will receive CZK 1,736.96 million and the Company will receive CZK 660.44 million.

The Company intends to use the net proceeds of the Offering received by it primarily for the improvement of its overall capability and competitiveness. In the mid-term, the Company expects to invest, in particular, in:

- machines and facilities to further improve the efficiency of the production process;
- digitization and information technology (including infrastructure) focused on improving the Company's efficiency and/or profitability, such as remote-monitoring of installed fleets and production-flow management solutions;
- research and development for future applications; and
- minor ramp-up investments into generator rotors production.

In connection with the Offering and the Admission, the Joint Global Coordinators have formed a contractual relationship with the Company and the Selling Shareholder. The Joint Global Coordinators are acting for the Company on the Offering and on coordinating the structuring and execution of the Offering. Upon successful implementation of the Offering, the Joint Global Coordinators will receive a commission, and the size of such commission depends on the results of the Offering. As a result of these contractual relationships, the Joint Global Coordinators have a financial interest in the success of the Offering at the best possible terms.

Each of the Joint Global Coordinators (together with their respective affiliates) have from time to time been engaged, and may in the future engage, in commercial banking, investment banking and financial advisory, lending services and ancillary activities in the ordinary course of their business with the Company and its consolidated subsidiaries or any parties related to any of them for which they have received or may receive customary compensation, fees and/or commission.

## SHRNUTÍ

### *A. Úvod a upozornění*

Toto shrnutí je třeba číst jako úvod k tomuto prospektu (**Prospekt**). Jakékoli rozhodnutí investovat do cenných papírů by mělo být založeno na tom, že investor zváží Prospekt jako celek, a ne pouze shrnutí. Investor může přijít o veškerý investovaný kapitál nebo jeho část.

V případě, že je u soudu vznesen nárok na základě informací uvedených v tomto Prospektu, může být žalujícímu investorovi podle vnitrostátního práva uložena povinnost uhradit náklady na překlad tohoto Prospektu před zahájením soudního řízení.

Občanskoprávní odpovědnost nesou pouze ty osoby, které shrnutí včetně jeho překladu předložily, avšak pouze pokud je shrnutí zavádějící, nepřesné nebo v rozporu s ostatními částmi tohoto Prospektu nebo pokud shrnutí ve spojení s ostatními částmi tohoto Prospektu neposkytuje klíčové informace, které investorům pomáhají při rozhodování, zda do dotyčných cenných papírů investovat.

Tento Prospekt se týká

(a) nabídky (**Nabídka**):

(i) až 2.900.000 kmenových zaknihovaných akcií na jméno, které vydá společnost Doosan Škoda Power a.s. (**Společnost**), založená a existující podle práva České republiky, se sídlem Tylova 1/57, Jižní Předměstí, 301 00 Plzeň, Česká republika, identifikační číslo (**IČO**) 491 93 864, identifikátor právnické osoby: (**LEI**): 31570010000000024442, zapsaná v obchodním rejstříku vedeném Krajským soudem v Plzni, spisová značka B 2251, telefon: +420 378 185 000, +420 378 185 939, webová stránka: www.doosanskodapower.com, s nominální hodnotou každé akcie 50 Kč (**Nové akcie**); a

(ii) až 6.670.000 existujících kmenových zaknihovaných akcií Společnosti na jméno, s nominální hodnotou každé akcie 50 Kč, plně splacených (**Existující nabízené akcie**), vlastněných společností Doosan Power Systems S.A., založenou a existující podle práva Lucemburského velkovévodství, se sídlem L-2411 Lucemburk, 28, Boulevard F.W. Raiffeisen, Lucemburské velkovévodství, identifikační číslo B125754, LEI: 5493002324XYX4878951, zapsanou v Lucemburském rejstříku obchodu a společností (Registre de commerce et des sociétés, Luxembourg) pod číslem B125754 (**Prodávající akcionář**); a

(b) žádosti o přijetí Akcií k obchodování na trhu Prime Market provozovaném společností Burza cenných papírů Praha, a.s., založenou a existující podle práva České republiky, se sídlem Rybná 14/682, 110 00 Praha 1, Česká republika, IČO: 471 15 629, zapsanou v obchodním rejstříku vedeném Městským soudem v Praze, spisová značka B 1773 (**BCPP** nebo **Burza cenných papírů Praha**), (**Přijetí**). Mezinárodní identifikační číslo cenných papírů (**ISIN**) Existujících nabízených akcií a všech kmenových zaknihovaných akcií Společnosti na jméno představujících 100 % základního kapitálu Společnosti k datu tohoto Prospektu (**Existující akcie**), (spolu s Novými akciemi **Akcie**) je: CZ1008000310. Nové akcie budou registrovány pod stejným kódem ISIN jako Existující akcie.

Nad rámec toho udělil Prodávající akcionář společnosti WOOD & Company Financial Services, a.s., IČO: 265 03 808, se sídlem náměstí Republiky 1079/1a, 110 00 Praha 1, Česká republika, LEI: 549300UYJKOXE3HB8L79 (**WOOD**) (jako stabilizačnímu manažerovi ve vztahu k Akciím jménem Spolumanažerů (jak jsou definováni níže)) (**Stabilizační manažer**) opci uplatnitelnou do 30 dnů od zahájení obchodování s Akciemi na trhu Prime Market, k nákupu až 10 % z počtu Existujících nabízených akcií a Nových akcií za příslušnou Cenu nabídky, a to výhradně na pokrytí případného nadlimitního úpisu v souvislosti s Nabídkou (**Nadalokované akcie**) a (**Nadalokační opce**), a společně s Novými akciemi a Existujícími nabízenými akciemi, **Nabízené akcie**).

Nové akcie jsou nabízeny Společností, Existující nabízené akcie a Nadalokované akcie jsou nabízeny Prodávajícím akcionářem.

Koordinátory Nabídky jsou:

- Raiffeisen Bank International AG, identifikační číslo: FN 122119m, se sídlem Am Stadtpark 9, Vídeň 1030, Rakousko, LEI: 9ZHRYM6F437SQJ6OUG95 (**RBI**);
- Raiffeisenbank a.s., IČO: 492 40 901, se sídlem Hvězdova 1726/2b, 140 78 Praha 4, Česká republika, LEI: 31570010000000004460 (**RBCZ**); a
- WOOD,

(jednající společně jako spolumanažeři a společní vedoucí knihy objednávek, každý jako **Spolumanažer** a společně **Spolumanažeři**).

Tento Prospekt schválila Česká národní banka (**ČNB**) jako příslušný orgán podle článku 31 nařízení o prospektu (Nařízení (EU) 2017/1129) rozhodnutím č.j. 2025/009925/CNB/650, ref. č. S-Sp-2024/00262/CNB/653, dne 24. ledna 2025, které nabylo účinnosti 27. ledna 2025. Kontaktní údaje ČNB jsou: telefon: +420 224 411 111 nebo +420 800 160 170, adresa Na Příkopě 28, Praha 1, PSČ 115 03, Česká republika, www.cnb.cz.

### *B. Klíčové informace o emitentovi*

#### *Kdo je emitentem cenných papírů?*

Emitentem Akcií je Společnost (Doosan Škoda Power a.s.). Právní formou Společnosti je akciová společnost a je založena a podniká podle práva České republiky, zejména podle zákona České republiky (ČR) č. 90/2012 Sb., o obchodních společnostech a družstvech, ve znění pozdějších předpisů (**Zákon o obchodních korporacích**).

Primární činností Společnosti je výroba parních turbín, které nabízejí výkonové spektrum od tří do 1.300 MW. Tyto turbíny jsou dodávány zákazníkům po celém světě. Společnost poskytuje široký výběr špičkových turbínových řešení, produktů a služeb přizpůsobených pro sektor přeměny energie. Společnost je jedním z předních odborníků na parní turbíny a příslušenství s vysokou reputací, osvědčenými výsledky a jedinečným duševním vlastnictvím. Společnost má bohaté zkušenosti v oblasti inženýrství, projektování, výroby, řízení, nákupu a výstavby parních turbín a zařízení relevantních pro strojní haly turbín. Své produkty uvádí na trh a prodává pod značkou Doosan i pod značkou ŠKODA. Společnost má sídlo a hlavní výrobní závod v České republice.

Jediným akcionářem Společnosti je Prodávající akcionář (Doosan Power Systems S.A.). Prodávající akcionář proto přímo vykonává konečnou kontrolu nad Společností. Jediným akcionářem Prodávajícího akcionáře je společnost Doosan Enerbility Co., Ltd. se sídlem 22 Doosanvolvo-ro, Seongsan-gu, Changwon, 51711, Korejská republika (**Doosan Enerbility**). Většinovým akcionářem Doosan Enerbility je Doosan Co., Ltd. (**Doosan Corporation**) která vlastní 30,39% podíl v Doosan Enerbility (**Většinový akcionář**). Žádný z akcionářů Většinového akcionáře na něm nevlastní větší než 25% podíl. Hlavními akcionáři Většinového akcionáře jsou National Pension Service a pan Jeong won Park vlastnící 8,23%, resp. 7,64% podíl.

Klíčovými výkonnými řediteli Společnosti jsou členové jejího představenstva (**Představenstvo**): Youngki Lim, Sanghoun Park, Seungwoo Sohn a Donggil Kim.

Auditorem Společnosti je společnost Deloitte Audit s.r.o., založená podle práva České republiky, se sídlem Italská 2581/67, Vinohrady, Praha 2, PSČ 120 00, Česká republika, IČO: 496 20 592.

***Které finanční informace o emitentovi jsou klíčové?***

Následující finanční informace za roky do 31. prosince 2023, 2022 a 2021 a k těmto datům jsou převzaty nebo odvozeny z auditovaných konsolidovaných účetních výkazů Společnosti za roky do 31. prosince 2023, 2022 a 2021 a k těmto datům, spolu s jejich přílohami (**Auditované účetní výkazy**). Auditované účetní výkazy byly auditovány v souladu se zákonem o auditorech a auditorskými standardy Komory auditorů České republiky, což jsou Mezinárodní auditorské standardy (ISA), ve znění příslušných pokynů pro aplikaci; a vypracovány v souladu s Mezinárodními standardy účetního výkaznictví (**IFRS**), jak byly přijaty Evropskou unií (**EU**). Datum přechodu Společnosti na IFRS na konsolidované bázi bylo 1. ledna 2021. Tam, kde finanční informace v následujících tabulkách jsou označeny „auditováno“, znamená to, že byly převzaty z Auditovaných účetních výkazů.

Následující finanční informace za období od 1. ledna 2024 do 24. září 2024 a k těmto datům (včetně neauditovaných srovnatelných finančních informací) pocházejí z, nebo byly vypočítány na základě neauditovaných mezitímních účetních výkazů (**Neauditované mezitímní účetní výkazy**). Neauditované mezitímní účetní výkazy byly vypracovány v souladu s Mezinárodním účetním standardem 34 (**IAS 34**) a nebyly auditovány, ale byly prověřeny v souladu s ISRE 2410 společností Deloitte Audit s.r.o.

Hlavní tři zdroje výnosů Společnosti zahrnují: (i) nové instalace produktů Společnosti; (ii) servisní činnosti včetně údržby, oprav a komplexních servisních činností na základě jednotlivých případů a (iii) dlouhodobé servisní smlouvy. Výnosy Společnosti jsou převážně odvozeny z prodeje parních turbín a poskytování souvisejících služeb, včetně generálních oprav, výměny opotřebovaných součástí parních turbín-generátorů, poprodejního servisu a jejich přestavby nebo modernizace. Ostatní provozní výnosy zahrnují různé další provozní výnosy, jako jsou smluvní pokuty, náhrady od pojišťoven, náhrady od zaměstnanců za způsobené škody, nároky od dodavatelů, výnosy z prodeje šrotu a další provozní výnosy.

*Vybrané údaje z Konsolidovaného výkazu zisků a ztrát a Konsolidovaného výkazu o ostatním úplném výsledku hospodaření*

| | **Za období od 1. ledna do 24. září** | | **Za rok do 31. prosince** | | |
|---|---|---|---|---|---|
| | **2024** | **2023** | **2023** | **2022** | **2021** |
| | (neauditováno) | | | (auditováno) | |
| | | | *(v tis. Kč)* | | |
| **Výnosy** | **3,932,148** | **3,154,738** | **4,810,763** | **4,112,773** | **3,546,327** |
| **Provozní zisk** | **251,559** | **248,087** | **483,028** | **464,383** | **232,036** |
| **Zisk před daní z příjmu** | **457,831** | **467,445** | **750,051** | **730,200** | **219,122** |
| **Zisk za období** | **355,445** | **357,196** | **559,344** | **575,791** | **189,294** |
| **Ostatní úplný výsledek hospodaření** | **(2,658)** | **(39,698)** | **(28,007)** | **53,729** | **12,355** |
| **Celkový úplný výsledek hospodaření za účetní období** | **352,787** | **317,498** | **531,337** | **629,520** | **201,649** |

*Vybrané údaje z Konsolidovaného výkazu o finanční situaci*

| | Za období od 1. ledna do 24. září | Za rok do 31. prosince | | |
|---|---|---|---|---|
| | 2024 | 2023 | 2022 | 2021 |
| | (neauditováno) | | (auditováno) | |
| | | (v tis. Kč) | | |
| **Aktiva celkem** | **8,664,393** | **8,875,418** | **9,504,879** | **8,978,379** |
| **Vlastní kapitál celkem** | **5,804,271** | **5,927,973** | **7,592,026** | **7,212,506** |
| **Závazky celkem** | **2,860,122** | **2,947,445** | **1,912,853** | **1,765,873** |
| **Závazky a vlastní kapitál celkem** | **8,664,393** | **8,875,418** | **9,504,879** | **8,978,379** |

*Vybrané údaje z Konsolidovaného výkazu o peněžních tocích*

| | Za období od 1. ledna do 24. září | | Za rok do 31. prosince | | |
|---|---|---|---|---|---|
| | 2024 | 2023 | 2023 | 2022 | 2021 |
| | (neauditováno) | | | (auditováno) | |
| | | | (v tis. Kč) | | |
| **Čisté peněžní toky z provozní činnosti** | **355,259** | **411,394** | **980,401** | **808,227** | **776,191** |
| **Čisté peněžní toky z investiční činnosti** | **(96,316)** | **1,905,951** | **1,856,544** | **(1,538,043)** | **555,664** |
| **Čisté peněžní toky z finanční činnosti** | **(476,488)** | **(2,195,390)** | **(2,195,390)** | **(250,014)** | **(230,002)** |
| **Čistá změna peněžních prostředků a peněžních ekvivalentů** | **(217,545)** | **121,955** | **641,555** | **(979,830)** | **1,101,853** |
| **Peněžní prostředky a peněžní ekvivalenty na začátku období** | **2,125,904** | **1,481,507** | **1,481,507** | **2,477,538** | **1,382,573** |
| **Peněžní prostředky a peněžní ekvivalenty na konci období** | **1,908,196** | **1,604,531** | **2,125,904** | **1,481,507** | **2,477,538** |

***Jaká jsou hlavní rizika, která jsou specifická pro daného emitenta?***

Nejvýznamnější rizikové faktory, které jsou specifické pro Společnost, jsou zejména tyto:

- Podnikání Společnosti je vystaveno obecným ekonomickým a politickým podmínkám, které mohou nepříznivě ovlivnit její činnost a snížit poptávku po jejich produktech. Provoz a příjmy Společnosti jsou ovlivňovány globální ekonomikou. Současné ekonomické nejistoty, včetně vysoké inflace, by mohly negativně ovlivnit poptávku a prodeje. Mnoho zákazníků Společnosti jsou státem zřízené nebo kontrolované subjekty, a změny ve veřejných výdajích v důsledku ekonomických podmínek mohou snížit poptávku po produktech Společnosti. Náročné ekonomické podmínky mohou také ovlivnit finanční stabilitu ostatních zákazníků Společnosti, což může vést k nesplněným smluvním závazkům a zvýšeným nákladům, které by mohly poškodit podnikání Společnosti.
- Energetický trh podléhá rušivým trendům, jako je přechod k dekarbonizaci, na které se Společnost nemusí být schopna přizpůsobit buď včas, nebo vůbec. Produkty a nabídka služeb Společnosti jsou významně spojeny s tradičními metodami výroby energie, které jsou stále více pod drobnohledem z důvodu posunu globálních trendů směrem k obnovitelným zdrojům energie. Rychlý pokles poptávky po elektrárnách na fosilní paliva, spolu s nárůstem konkurenčních řešení pro skladování energie a trendem decentralizace výroby energie, by mohly negativně ovlivnit tržní pozici Společnosti. Neschopnost včas přizpůsobit svůj obchodní model a nabídku produktů těmto vyvíjejícím se požadavkům by mohla mít negativní dopad na celkovou pozici Společnosti.
- Budoucí podnikatelské výsledky Společnosti závisí na obnově a prodloužení stávajících smluv a získání nových zakázek na projekty, které Společnost nemá pod kontrolou. Tyto projekty zahrnují jaderné tendry na dodávku turbín pro nové energetické jednotky v jaderné elektrárně Dukovany, kde byla Společnost předvybrána jako dodavatel pro preferovaného uchazeče na generálního dodavatele Korea Hydro & Nuclear Power Co., Ltd., avšak k datu tohoto Prospektu není ještě uzavřena žádná konečná smlouva. Dále existuje potenciální tendr na výměnu a servis generátorů v jaderné elektrárně Temelín pro ČEZ, a.s. a tendry na malé modulární reaktory pro Rolls-Royce SMR Limited. Vzhledem k dlouhému a složitému procesu výběrového řízení spojenému s velkými projekty je pro Společnost obtížné předpovědět, zda a kdy tyto zakázky získá. Klíčové jsou také dlouhodobé vztahy se zákazníky a jakékoli jejich poškození by mohlo vést ke ztrátě zakázek, což by ovlivnilo příjmy a reputaci Společnosti. Společnost také čelí rizikům změn objednávek ke stávajícím smlouvám, které mohou ovlivnit ziskové marže a finanční výsledky, pokud nebudou úspěšně vyjednány. Požadavek na poskytování bankovních záruk u určitých projektů navíc představuje rizika, protože zákazníci mohou tyto záruky zneužít, což může vést ke zvýšení nákladů a snížení ziskovosti.
- Neschopnost úspěšně realizovat projekty, včetně zpoždění, nedostatečného provedení nebo překročení nákladů může vést ke značným odškodněním, smluvním pokutám nebo ztrátám. Společnost čelí obchodním rizikům, jako jsou nepřesné odhady nákladů, překročení rozpočtu a zpoždění při dodávkách produktů nebo služeb. Překročené náklady obecně nelze od zákazníků získat a skutečné výdaje se mohou lišit kvůli technickým problémům, selháním zařízení, nepředvídaným nákladům a zpožděním. Nepřesné odhady nákladů mohou vést k významným ztrátám. Zpoždění nebo nesplnění klíčových ukazatelů výkonnosti může vést ke vzniku nároků, smluvním pokutám, dodatečným náhradám škody a poškození reputace, což může potenciálně ovlivnit následné projekty a celkovou finanční stabilitu Společnosti.

- Ztráta jakéhokoli významného zákazníka by mohla významně ovlivnit podnikání Společnosti, její finanční situaci, provozní výsledky, peněžní toky a zisk. Výnosy Společnosti od pěti největších zákazníků, s výjimkou Doosan Enerbility, představovaly 28,9 %, 36,2 % a 31,2 % výnosů Společnosti za roky 2023, 2022 a 2021. Ztráta jakéhokoli z hlavních zákazníků Společnosti by mohla mít významný nepříznivý dopad na finanční situaci Společnosti. Omezená vyjednávací síla Společnosti s těmito zákazníky by také mohla vést k nevýhodným podmínkám ovlivňujícím marže a ziskovost.
- Selhání kontrolních opatření a systémů by mohlo vést k vadám produktů Společnosti a souvisejícím opravám, což by mohlo mít za následek potenciální odpovědnost, poškodit pověst Společnosti a vést k dalším nepříznivým regulatorním důsledkům, přičemž pojištění Společnosti nemusí být dostatečné k pokrytí těchto rizik. Společnost má přísná kontrolní opatření k zajištění bezpečnosti a kvality produktů, ale jakékoli selhání způsobené vadami surovin, lidskou chybou nebo poruchami zařízení by mohlo mít vážné důsledky, včetně soudních sporů, ztráty tržního podílu a příjmů. Navzdory poskytování záruk a garancí plnění může Společnost čelit značným nákladům a poškození pověsti v důsledku nároků vznikajících z odpovědnosti za výrobky.
- Úspěch podnikání Společnosti závisí na její schopnosti účinně konkurovat. Společnost čelí konkurenci jak od mezinárodních, tak domácích konkurentů. Velké překážky pro vstup na specifické trhy, jako jsou regulatorní podmínky a celní poplatky, zvyšují intenzitu konkurence, což vyžaduje, aby Společnost prokázala konkurenční výhody a spolehlivost svých produktů. Neschopnost reagovat na tyto konkurenční tlaky by mohla významně ovlivnit podnikání Společnosti, její finanční situaci a vyhlídky.
- Společnost se spoléhá na externí výrobce a dodavatele vybavení a může být vystavena odpovědnosti za jejich jednání nebo opomenutí. Pokud dodavatelé Společnosti nesplní požadované standardy kvality, budou mít zpoždění s dodávkami nebo pokud náklady na dodavatele překročí odhady Společnosti, může Společnost čelit značným dodatečným nákladům nebo nárokům, což by mohlo vést ke snížení zisků nebo ke ztrátám.
- Společnost uzavírá smlouvy za pevnou cenu s omezeným nebo žádným prostorem pro úpravy cen. Společnost nemůže přenést zvýšení nákladů na zákazníky, což by mohlo ovlivnit její ziskové marže a podnikání. I když některé smlouvy umožňují úpravy cen, nemusí tyto úpravy plně pokrýt zvýšené náklady včas.
- Společnost je závislá na dodavatelích a partnerech, což může ovlivnit včasné dodání produktů Společnosti. Obchodní model Společnosti je projektově orientovaný a závisí na dodávkách surovin, dílů, hotových výrobků a montážních služeb, což může ovlivnit včasné dodání produktů Společnosti. Nesplnění závazků nebo nedostatky v plnění ze strany dodavatelů by mohly vést ke značným nákladům, zpožděním a poškození pověsti Společnosti. Omezená konkurence mezi dodavateli způsobená regulacemi a technickou složitostí projektů dále zvyšuje tato rizika, což by mohlo ovlivnit finanční situaci a provoz Společnosti.
- Společnost uzavírá smlouvy se státem ovládanými nebo zřízenými subjekty, včetně místních samospráv, a je vystavena rizikům spojeným se smlouvami uzavíranými s veřejnoprávními subjekty. Tyto smlouvy často obsahují specifické podmínky, jako jsou zákazy přerušení práce kvůli zpožděným platbám, uplatňování nepřímých a následných škod, kumulativní pokuty za dosažení milníků projektu a nestandardní limity pokut. Nedodržení těchto pravidel může vést k vyšetřování různými orgány a může mít za následek pozastavení smlouvy nebo správní pokuty.
- Společnost může být povinna dodržovat předpisy o veřejných zakázkách platné v příslušné jurisdikci, ve které Společnost působí, když jedná jako dodavatel pro dotovaného zadavatele nebo pro subjekt v rámci dobrovolné dohody. Nedodržení těchto předpisů by mohlo vést k sankcím, jako je zrušení výběrového řízení, zákaz výkonu činnosti, pokuty nebo dokonce trestní obvinění. Společnost nemůže zaručit, že zadavatel bude dodržovat předpisy o veřejných zakázkách, a proto nemůže zajistit vyhnutí se sankcím. Změny v zákonech upravujících veřejné zakázky by mohly přinést dodatečné náklady a zpoždění, a jakékoli jejich porušení by mohlo vést ke vzniku značných povinností a poškození pověsti Společnosti.

***C. Klíčové informace o cenných papírech***

***Jaké jsou hlavní rysy cenných papírů?***

Existující akcie se skládají z 29.000.000 existujících kmenových zaknihovaných akcií Společnosti na jméno s nominální hodnotou každé akcie 50 Kč. Měnou Akcií je česká koruna (Kč). Akcie jsou zaregistrovány v CDCP. ISIN Akcií je CZ1008000310. Akcie jsou plně zastupitelné a ve všech ohledech mají rovnocenné postavení. Na základě Zákona o obchodních korporacích, a stanov Společnosti (**Stanovy**), má každý akcionář Společnosti mimo jiné následující práva:

- Přednostní právo na upsání poměrné části akcií, pokud se základní kapitál Společnosti zvýší hotovostními vklady do Společnosti, pokud toto přednostní právo není zakázáno nebo omezeno rozhodnutím valné hromady akcionářů (**Valná hromada**).
- Přednostní právo na upsání poměrné části preferenčních nebo konvertibilních dluhopisů, pokud toto přednostní právo není zakázáno nebo omezeno rozhodnutím Valné hromady.
- Právo podílet se na zisku a likvidačním zůstatku Společnosti v rozsahu schváleném Valnou hromadou.
- Právo účastnit se Valné hromady a hlasovat na ní.
- Právo požadovat a obdržet od Společnosti na Valné hromadě informace týkající se Společnosti nebo jejích dceřiných společností, pokud tyto informace jsou nezbytné pro posouzení bodů programu Valné hromady nebo pro výkon akcionářských práv na Valné hromadě.
- Právo přednášet návrhy a protinávrhy ve vztahu k bodům programu Valné hromady.
- Právo napadnout platnost rozhodnutí Valné hromady žalobou proti Společnosti ve lhůtě tří měsíců po dni, ve který se akcionáři Společnosti dozvěděli nebo mohli dozvědět o rozhodnutí Valné hromady.

V případě platební neschopnosti Společnosti se může stát, že investoři dostanou zpět částku, která bude menší než jejich původní investice, nebo nedostanou zpět žádnou částku. V případě likvidace Společnosti bude případný likvidační zůstatek rozdělen mezi držitele akcií Společnosti v poměru ke splacené nominální hodnotě jejich akcií Společnosti.

Akcie jsou neomezeně převoditelné.

Budou-li splněny určité zákonné podmínky, přímé či nepřímé nabytí kontroly nad Společností může podléhat také předchozímu schválení Úřadem pro ochranu hospodářské soutěže České republiky nebo Evropskou komisí.

Převod Akcií bude účinný po zápisu do CDCP nebo do navazující evidence vedené účastníkem CDCP. Pokyn akcionáře k otevření nebo zavření účtu cenných papírů u CDCP a k nabytí nebo prodeji Akcií musí být akcionářem podán CDCP prostřednictvím účastníka CDCP. Seznam účastníků CDCP je zveřejněn na internetové stránce CDCP www.cdcp.cz.

Společnost nemá ve svých Stanovách stanovenou dividendovou politiku.

Společnost vyplatila akcionářům dividendy ve výši 476 milionů Kč za období od 1. ledna 2024 do 24. září 2024, 2.195 milionů Kč v roce 2023, 250 milionů Kč v roce 2022 a 230 milionů Kč v roce 2021. Jednatelé Společnosti dne 25. dubna 2024 navrhli Prodávajícímu akcionáři schválit výplatu dividendy ve výši 476 milionů Kč, která byla Prodávajícím akcionářem schválena 25. dubna 2024 a byla vyplacena Prodávajícímu akcionáři 29. dubna 2024.

Pokud jsou vyhlášeny dividendy, jsou akcionářům rozdělovány poměrně podle jejich účasti na základním kapitálu Společnosti. Každá Akcie dává jejímu vlastníkovi právo obdržet dividendu. Společnost dividendy vyplácí v Kč.

***Kde budou cenné papíry obchodovány?***

Před Nabídkou nebyly akcie Společnosti přijaty k obchodování na žádném regulovaném trhu. Společnost očekává, že k přijetí Akcií k obchodování na trhu Prime Market BCPP se uskuteční dne nebo okolo 3. února 2025, pod symbolem DSPW. Nicméně nelze zaručit, že žádost o Přijetí bude schválena. Společnost očekává, že investoři budou moci začít obchodovat s akciemi na trhu Prime Market BCPP v 9:00 SEČ ve dne nebo okolo 6. února 2025.

***Je za cenné papíry poskytnuta záruka?***

Za Akcie není poskytnuta záruka.

***Jaká jsou hlavní rizika, která jsou specifická pro tyto cenné papíry?***

Nejvýznamnější rizikové faktory, které jsou specifické pro Akcie a jsou obsaženy v tomto Prospektu, zahrnují zejména následující faktory:

- Práva minoritních akcionářů se budou řídit právem České republiky, jejíž standardy správy a řízení společností se mohou lišit od jiných jurisdikcí.
- Fluktuace směnných kurzů mohou ovlivnit tržní cenu a hodnotu akcií, stejně jako jakékoli dividendy nebo jiné příjmy vyplácené na akcie pro investora, jehož hlavní měnou není Kč.

***D. Klíčové informace o veřejné nabídce cenných papírů nebo o jejich přijetí k obchodování na regulovaném trhu***

***Za jakých podmínek a podle jakého časového rozvrhu mohu investovat do těchto akcií?***

Nabídku tvoří: (i) veřejná nabídka Nabízených akcií v České republice (**Retailová nabídka**), (ii) neveřejná nabídka Nabízených akcií určitým institucionálním investorům mimo Spojené státy v souladu s nařízením S zákona USA o cenných papírech z roku 1933 (**Zákon USA o cenných papírech**) a v souladu s místně platnými zákony a předpisy, nebo v transakcích, které nepodléhají registračním požadavkům zákona USA o cenných papírech (**Institucionální nabídka**), a (iii) nabídky Nabízených akcií v České republice oprávněným zaměstnancům (jak je definováno níže) omezené na celkovou maximální upisovanou částku ve výši 270.000.000 Kč, představující maximálně 1.038.461 Nabízených akcií, za předpokladu, že Cena nabídky bude na horní hranici Rozmezí Ceny nabídky (**Nabídka zaměstnancům**). Konečná Cena nabídky za Nabízenou Akcii pro Oprávněné zaměstnance bude rovna Ceně nabídky pro Retailové Investory, s tím, že každý Oprávněný zaměstnanec účastnící se Nabídky zaměstnancům obdrží slevu 30 % z Ceny nabídky pro Retailové Investory (**Zaměstnanecká sleva**) na jakýkoli počet Nabízených Akcií přidělených takovému Oprávněnému zaměstnanci až do celkové upisované částky před Zaměstnaneckou slevou ve výši 300.000 Kč, s výjimkou Ředitelů, kteří obdrží Zaměstnaneckou slevu na jakýkoli počet Nabízených akcií přidělených takovému Řediteli až do celkové upisované částky před Zaměstnaneckou slevou ve výši 1.000.000 Kč. Účast Oprávněných zaměstnanců v Nabídce zaměstnancům je podmíněna uzavřením dohody o účasti v Nabídce zaměstnancům mezi Oprávněným zaměstnancem a Společností, na základě které se Oprávněný zaměstnanec, mimo jiné, zaváže k období ode Dne vypořádání a končícímu 360 dní ode Dne vypořádání, během něhož nebude možné akcie prodat (tzv. „lock-up“). Oprávněný zaměstnanec musí zadat pokyn ke koupi, aniž by bral v úvahu Zaměstnaneckou slevou, v hodnotě (i) alespoň 30.000 Kč a (ii) alespoň 100.000 Kč v případě Ředitelů.

Cena nabídky je stanovena v rozmezí od 220 Kč do 260 Kč na Nabízenou akcii (**Rozmezí Ceny nabídky**). Konečná Cena nabídky za jednu Nabízenou akcii pro Retailové investory (**Cena nabídky pro Retailové investory**) a pro Oprávněné zaměstnance nebude stanovena výše než 260 Kč za jednu Nabízenou akcii, což je horní hranice Rozmezí Ceny nabídky. Retailoví investoři a Oprávnění zaměstnanci budou podávat objednávky za cenu, která se nachází v rámci nebo na horní hranici Rozmezí Ceny nabídky.

Přidělení v rámci Nabídky stanoví společně Společnost a Prodávající akcionář na doporučení Spolumanažerů ohledně těchto přidělení, na základě tvorby knihy objednávek a s ohledem na určitá kvalitativní kritéria, jejichž cílem je optimalizovat výnosy a budoucí akcionářskou strukturu Společnosti.

Očekává se, že období, ve kterém investoři budou moci podávat pokyny ke koupi Nabízených akcií, začne 27. ledna 2025 a skončí 5. února 2025 (**Nabídkové období**). Nabídky na koupi Nabízených akcií mohou být podány do posledního dne Nabídkového období (i) do 13:00 SEČ privátními retailovými investory (fyzickými osobami s depozitním účtem v České republice) (**Retailoví investoři**), (ii) do 17:00 SEČ institucionálními investory (**Institucionální investoři**) , a (iii) do 13:00 SEČ osobami, které jsou zaměstnanci Společnosti, a dále ředitelé Společnosti podle vnitřního systému klasifikace pracovních pozic ve Společnosti (**Ředitelé**) k poslednímu dni Nabídkového období, za předpokladu, že byli zaměstnáni ve Společnosti alespoň 1 rok před zahájením Nabídkového období (**Oprávnění zaměstnanci**). Retailoví investoři mohou podávat pokyny ke koupi Nabízených akcií prostřednictvím kterékoliv z RBCZ, WOOD Retail Investments a.s. se sídlem Jihlavská 1558/21, 140 00 Praha 4, Česká republika, IČO: 178 18 834, zapsané v obchodním rejstříku vedeném Městským soudem v Praze, sp. zn. B 27805 (**WOODRI**) nebo J&T BANKA, a.s., se sídlem Sokolovská 700/113a, 186 00 Praha 8, Česká republika, IČO: 471 15 378, zapsané v obchodním rejstříku vedeném Městským soudem v Praze, sp. zn. B 1731 (**J&T Banka**). Oprávnění zaměstnanci mohou podávat pokyny ke koupi Nabízených akcií prostřednictvím RBCZ. Pokyny ke koupi musí být denominovány v Kč, pouze v násobcích 1 Kč (jedné české koruny). Je povoleno podat více pokynů ke koupi. Více pokynů není dovoleno v případě Nabídky zaměstnancům.

Očekává se, že Cena nabídky a konečný počet Nabízených akcií (tj. výsledky Nabídky) budou zveřejněny přibližně 5. února 2025 (**Den ocenění**), na internetové stránce Společnosti www.doosanskodapower.com elektronickými médii, tiskovou zprávou a dodatkem Prospektu o ocenění (**Dodatek o ocenění**). Po stanovení Ceny nabídky budou Nabízené akcie dne 6. února 2025 přiděleny investorům na základě v té době dostupných pokynů ke koupi.

***Očekávaný časový rozvrh Nabídky***

Níže uvedená tabulka obsahuje indikativní data ve vztahu k Nabídce:

- Zveřejnění prospektu .................................................. přibližně 27. ledna 2025
- Roadshow a tvorba knihy objednávek .................................................. 27. ledna 2025 do 5. února 2025
- Začátek Nabídkového období .................................................. 27. ledna 2025
- Konec Nabídkového období pro Retailové investory .................................................. 5. února 2025 v 13:00 SEČ
- Konec Nabídkového období pro Institucionální investory .................................................. 5. února 2025 v 17:00 SEČ
- Konec Nabídkového období pro Oprávněné zaměstnance 5. února 2025 v 13:00 SEČ
- Den ocenění .................................................. přibližně 5. února 2025
- Oznámení o přidělení Existujících nabízených akcií a Nových akcií (**Den oznámení**) .................................................. přibližně 6. února 2025
- První den obchodování (jak je definován níže) .................................................. přibližně 6. února 2025
- Den vypořádání (den vypořádání koupených Nabízených akcií) .................................................. přibližně 10. února 2025

Žádost o přijetí Akcií k obchodování bude podána Společností na BCPP za účelem zařazení akcií na trh Prime Market BCPP. Společnost očekává, že Akcie budou kotovány na trhu Prime Market BCPP přibližně 3. února 2025, pod symbolem DSPW. Společnost očekává, že investoři budou moci zahájit obchodování s Akciemi na trhu Prime Market BCPP přibližně 6. února 2025 (**První den obchodování**).

V následující tabulce je uvedeno držení Akcií Společnosti před a bezprostředně po dokončení Nabídky, za předpokladu, že bude vydáno 2.900.000 Akcií za cenu ve středu Rozmezí Ceny nabídky a že se Prodávající akcionář neúčastní Nabídky:

| | **Účast na základním kapitálu a hlasovacích právech před Nabídkou** | | **Účast na základním kapitálu a hlasovacích právech** | | | |
|---|---|---|---|---|---|---|
| | | | **Plné využití Nadalokační opce** | | **Bez využití Nadalokační opce** | |
| **Jméno** | *(počet akcií)* | *(%)* | *(počet akcií)* | *(%)* | *(počet akcií)* | *(%)* |
| Prodávající akcionář ........... | 29.000.000 | 100 % | 21.373.000 | 67 % | 22.330.000 | 70 % |
| Free-float ........................... | 0 | 0 % | 10.527.000 | 33 % | 9.570.000 | 30% |

Poplatky a náklady, které Společnost ponese v souvislosti s Nabídkou a Přijetím, mimo jiné včetně poplatků Spolumanažerům, poplatků ČNB, poplatků souvisejících s Přijetím, poplatků poradců a nákladů a výdajů na tisk a distribuci dokumentů a jiných transakčních nákladů se odhadují na přibližně 35,56 milionů Kč (včetně DPH), což znamená očekávané čisté výnosy Společnosti ve výši 660,44 milionů Kč, v každém případě za předpokladu, že všechny Nové akcie a Existující nabízené akcie budou prodány za cenu ve středu Cenového rozpětí nabídky a plného využití Nadalokační opce. Prodávající akcionář se zavázal, že uhradí své náklady v souvislosti s prodejem Existujících nabízených akcií a jakýchkoliv Nadalokovaných akcií včetně poplatků za jejich úpis. Investorům nebudou účtovat poplatky Společnost, Prodávající akcionář ani Spolumanažeři v jejich postavení vedoucích knihy objednávek. Investoři budou muset nést obvyklé transakční a manipulační poplatky účtované jejich makléři nebo jinými finančními institucemi, prostřednictvím kterých drží své cenné papíry.

***Kdo je osobou nabízející cenné papíry nebo osobou, která žádá o přijetí k obchodování?***

Nové akcie jsou nabízeny Společností, Existující nabízené akcie a Nadalokované akcie jsou nabízeny Prodávajícím akcionářem.

***Proč je tento prospekt sestavován?***

Tento Prospekt je sestavován v souvislosti s Nabídkou a Přijetím.

Nabídka je prováděna, aby se umožnil prodej Nabízených akcií a získání kapitálu Společností, při čemž se zároveň zvýší známost Společnosti a její značky a její důvěryhodnost vůči jejím zákazníkům a zaměstnancům, a Společnosti bude poskytnut přímý přístup k domácím a mezinárodním kapitálovým trhům. Navíc Prodávající akcionář hodlá v Nabídce prodat některé ze svých Existujících akcií, aby zvýšil likviditu Akcií.

Prodávající akcionář obdrží čistý výnos z prodeje Existujících nabízených akcií a Nadalokovaných akcií a Společnost obdrží čistý výnos z prodeje Nových akcií. Pokud všechny Nabízené akcie budou prodány za nabídkovou cenu ve středu Rozmezí Ceny nabídky a pokud bude plně využita Nadalokační opce, očekává se, že čistý výnos z Nabídky bude činit 2.397,40 milionů Kč, z čehož Prodávající akcionář obdrží 1.736,96 milionů Kč a Společnost obdrží 660,44 milionů Kč.

Společnost hodlá použít čistý výnos, který obdrží z Nabídky, především na zlepšení své celkové schopnosti a konkurenceschopnosti. Ve střednědobém horizontu hodlá Společnost investovat zejména do:

- strojů a zařízení pro další zlepšení efektivity výrobního procesu;
- digitalizace a informačních technologií (včetně infrastruktury) zaměřených na zlepšení efektivity a/nebo ziskovosti Společnosti, jako je dálkové monitorování instalovaných jednotek a řešení pro řízení toku výroby;
- výzkumu a vývoje pro budoucí aplikace; a
- menších investic do rozšíření výroby rotorů generátorů.

Spolumanažeři v souvislosti s Nabídkou a Přijetím uzavřeli smluvní vztah se Společností a Prodávajícím akcionářem. Spolumanažeři jednají za Společnost při Nabídce a při koordinaci struktury a provedení Nabídky. Spolumanažeři po úspěšné realizaci Nabídky obdrží provizi, jejíž výše závisí na výsledcích Nabídky. V důsledku těchto smluvních vztahů mají Spolumanažeři finanční zájem na úspěchu Nabídky za co nejlepších podmínek.

Každý Spolumanažer (spolu s jejich příslušnými přidruženými subjekty) se v minulosti zabýval a v budoucnu se může zabývat komerčním bankovnictvím, investičním bankovnictvím a finančním poradenstvím, úvěrovými službami a doplňkovými činnostmi v rámci jejich běžných obchodních vztahů se Společností a jejími konsolidovanými dceřinými společnostmi nebo s jejich přidruženými subjekty, za které obdržel nebo může obdržet obvyklé odměny, poplatky a/nebo provize.

## RISK FACTORS

*Any investment in the Shares is subject to a number of risks. Prior to investing in the Shares, prospective investors should carefully consider risk factors associated with any such investment in the Shares, the Company's business and the industry in which it operates, together with all other information contained in this Prospectus including, in particular, the risk factors described below, and consult with their respective legal, financial or other advisors. An investment in the Shares is suitable only for prospective investors who understand the risks associated with this type of investment and who can afford to lose all or part of their investment. If any of the following risks were to materialise, individually or together with other circumstances, they could have a material adverse effect on the Company and/or its business, financial condition, results of operations, cash flows, reputation and/or prospects, which could cause a decline in the value and trading price of the Shares, resulting in the loss of all or part of an investment in the Shares. Prospective investors should consider carefully whether an investment in the Shares is suitable for them in the light of the information in this Prospectus and their personal circumstances.*

*The risk factors described below are not an exhaustive list or explanation of all risks which investors may face when making an investment in the Shares and should be used as guidance only. Additional risks and uncertainties relating to the Company that are currently not known to the Company, or that the Company currently deems immaterial, could individually or cumulatively also have a material adverse effect on the Company's business, results of operations, financial condition, cash flows, prospects, reputation and, if any such risk should occur, the price of the Shares may decline and investors could lose all or part of their investment. Prospective investors should note that the risks relating to the Company and the Shares summarised in the section headed Summary of this Prospectus are the risks that the Company believes to be the most essential to an assessment by a prospective investor of whether to consider an investment in the Shares. However, as the risks which the Company faces relate to events and depend on circumstances that may or may not occur in the future, prospective investors should consider not only the information on the key risks summarised in section headed Summary of this Prospectus but also, among other things, the risks and uncertainties described below in this section.*

*The risk factors deemed most material for the Company, taking into account their potential negative impact on the Company and the probability of their occurrence, are set out first. The absence of negative past experience associated with a given risk factor does not mean that the risks and uncertainties described in that risk factor are not genuine potential threats to an investment in the Shares. This Prospectus also contains forward-looking statements that involve risks and uncertainties. The Company's actual results may differ materially from those anticipated in the forward-looking statements as a result of various factors, including the risks described below and elsewhere in this Prospectus.*

Within each category of risk factors stated below, the risk factors are presented in order of priority reflecting their estimated materiality on the basis of an overall evaluation of the criteria set out in the Prospectus Regulation (assessing probability of the occurrence of a risk and the expected magnitude of the negative impact). However, the order of the categories does not represent any evaluation of the materiality of the risks within that category, when compared to risks in another category.

### Risk related to the Company and the Doosan Group

#### Risks related to the Company's business activities and industry

***The Company's business is exposed to, and may be adversely affected by, general economic and political conditions and a decrease in demand for the products the Company manufactures.***

The Company's results of operations have been, and will continue to be, influenced by the general state of the global economy. Consequently, the Company's income and results of operations are dependent, to a certain extent, on the performance of the global economy, including overall growth rates. As at the date of this Prospectus, the outlook for the world economy remains uncertain.[1] In an economic climate marked by high unemployment,

[1] International Monetary Fund, 2024.*World Economic Outlook – Steady but Slow: Resilience amid Divergence*, Washington, DC (available at https://www.imf.org/en/Publications/WEO/Issues/2024/04/16/world-economic-outlook-april-2024).

reduced corporate profits, governmental fiscal challenges, and diminished business investment, the demand for the Company’s offerings can be significantly lowered. Moreover, there has been a notable rise in inflation worldwide since early 2022, with rates reaching levels not seen since the 1980s. This inflationary trend affects regions where the Company has customers. Consequently, macroeconomic conditions can also have an impact on the demand for and sales of the Company’s products to the market. These and other macroeconomic conditions could negatively impact the environment within which the Company operates. As a result, over the longer term, many businesses, including the Company and its customers, may have difficulty in successfully implementing future growth plans and accessing the capital markets for their financing requirements. This may have adverse effects on the Company’s business, financial condition, revenue, results of operations, cash flows and prospects and its ability to pursue its growth objectives.

Furthermore, future developments regarding global political and economic conditions hinge on numerous factors, including the effectiveness of measures by the European Commission, EU member states, international organizations, and other states to address the energy crises, the debt burdens of certain countries, the overall stability of the Eurozone, and the influx of refugees in certain countries resulting from conflicts in Ukraine, the Middle East and North Africa.

The Company’s business is contingent upon the demand for and sale of electricity, which is influenced by various factors, including macroeconomic conditions, national policies, population growth, and the popularity of electronic products. A significant decline in market demand for electricity, such as the one experienced in the European Union in 2023[2], could have a material and adverse effect on the Company’s business, financial condition, results of operations, and prospects as a result of reduced demand for the Company’s products. The Company cannot guarantee that the demand for electricity will not decrease due to changing global economic conditions or other factors.

A significant portion of the Company’s customer base consists of government-established and/or government-controlled entities, for instance, ČEZ, a.s., Orlen S.A. and Fortum Oyj or powerheat stations and utilities companies controlled by local municipalities. Any changes in governments mainly as a result of elections or a change in the prevailing socio-economic conditions, including the financial health of a country, can greatly influence its government’s spending patterns. When the economy is struggling, governments often opt to reduce their expenditures. These cutbacks typically affect non-essential or discretionary spending, which could include spend on energy infrastructure projects, and, as a result, reduce the demand for the Company’s products from the Company’s customers that are government-established and/or government-controlled entities.

Additionally, challenging economic conditions could adversely affect the financial stability of the Company’s customers and other parties involved in contracts. This financial strain may lead to situations where these parties are unable to fulfil their contractual obligations to the Company, or the Company’s costs in respect of ongoing projects may increase and there may be limited or no scope for the renegotiation of contractual terms. Furthermore, the Company’s ability to pass on the impact of any sudden and unexpected increases in costs to its customers is limited. Consequently, the Company might have to recognize that some of the amounts owed to them may not be recoverable, necessitating such amounts being written off, which could have a material adverse effect on the Company’s business, financial condition, results of operations, cash flows and prospects.

***The energy market is subject to disruptive trends, such as a shift towards decarbonisation, to which the Company may not be able to adapt either in a timely fashion or at all.***

The energy sector is experiencing transformative shifts, particularly the movement toward decarbonization. The Company’s product and service offerings are significantly aligned with traditional power generation methods that utilize fossil fuels, such as gas and coal. These methods are increasingly under scrutiny as the global trend shifts toward sustainable power generation, which favours renewable energy sources and carbon-neutral fuels. To some extent, nuclear power generation is also affected by this shift.

[2] International Energy Agency, 2024. *Electricity 2024 – Analysis and forecast to 2026,* Paris (available at https://www.iea.org/reports/electricity-2024).

The shift toward sustainable energy is influenced by multiple factors outside the Company's influence, including but not limited to governmental policies, societal and corporate initiatives, advancements in the efficiency and affordability of renewable energy technologies, investment and financing criteria, and evolving consumer energy preferences. These factors are largely driven by the overarching goal of mitigating global climate change. The approaches to achieving sustainable power generation may differ significantly across various countries and regions.

There exists a substantial risk that the demand for fossil fuel power plants and associated infrastructure may decline more rapidly than anticipated due to an accelerated shift to renewable energy sources. This potential decrease in demand could be a consequence of the diminishing levelized cost of energy for solar and wind installations, which may lead to a reduced reliance on conventional power generation in certain global markets. The transition away from fossil fuels could be driven by regulatory measures, market structures that favour renewable energy, or a reduction in policies that support investment in new, reliable power generation capacities that utilize fossil or carbon-neutral fuels.

Moreover, the emergence of competitive energy storage solutions could accelerate the transition to renewable energy by mitigating their inherent limitation of not being able to consistently meet fluctuating energy demands. The push for decarbonization may also impose additional costs on the oil and gas industry, restrict access to financing, and ultimately diminish the overall demand for oil and natural gas. This could result in decreased investment, particularly in new oil and gas projects, adversely affecting the Company's industrial applications segment. Consequently, the decarbonization trend may compel the Company to reassess its strategic direction and product portfolio.

The trend towards decentralization of power generation, characterized by the increasing adoption of distributed energy resources could lead to a shift in the energy market dynamics. This shift may result in a reduced demand for large, centralized power units and an increased emphasis on smaller, modular, and more flexible energy solutions. As a consequence, the Company might face challenges in maintaining its competitiveness in markets that are increasingly favouring smaller, decentralized power generation units. The ability to adapt to this changing landscape in a timely fashion is crucial for the Company to remain relevant and competitive. Should these risks materialise, the Company may encounter fewer opportunities to secure new contracts and realize new projects, potentially leading to decreased business volume or less advantageous contract terms. Any failure to sufficiently or promptly realign the Company's business model and product offerings with the evolving market demands could have a material adverse effect on its business, financial position, results of operations and prospects.

***The Company's future business performance depends on the renewals and extensions of existing contracts and the award of new project contracts, which are not within its control.***

The Company's future business performance depends on the renewals and extensions of existing contracts and the award of new project contracts. These projects include nuclear tenders for the delivery of turbines to the new power units at the Dukovany nuclear power plant, where the Company has been pre-selected as a supplier to the preferred bidder EPC provider Korea Hydro & Nuclear Power Co., Ltd., though no firm contract is yet in place. Additionally, there is a prospective tender for the replacement and servicing of generators in the Temelín nuclear power plant for ČEZ, a.s., and small modular reactors tenders for Rolls-Royce SMR Limited. Non-nuclear tenders include the delivery of a turbine to the newly constructed Port Augusta concentrated solar power thermal power plant in Australia for Vast Solar 1 Pty Ltd., the modernization of the Opatovice power plant for Energetický a průmyslový holding, a.s. and other combine cycle power plant projects in the Czech Republic. It is generally very difficult to predict whether and when the Company will be awarded contracts for large-scale projects that it bids on, as they frequently involve a lengthy and complex bidding and selection process. This process is affected by a number of factors, such as market conditions, competition, availability of customer financing and governmental approvals. In addition, as contract awards are in most cases also affected by price, the Company's ability to win new contracts and extensions is highly dependent on its ability to operate efficiently.

The costs associated with bidding for new contracts or for extensions in the scope of work or renewals of existing contracts can be significant, and they may not necessarily result in the award of new contracts or in the extension or renewal of existing contracts.

The Company participates in a number of such bids each year and failure to win such bids may have a material adverse effect on its business, financial position, results of operations, cash flows and prospects. In addition, a reduction in bidding opportunities will also have a negative impact on its business.

Furthermore, the Company has many long-standing relationships with customers, and any damage to these relationships, from performance-related issues or otherwise, could result either in a failure to win new project contracts or in a customer's decision to restructure, terminate or not to renew or extend existing contracts. The Company's revenues generated from its top five customers, excluding Doosan Enerbility, amounted to CZK 1,390 million, CZK 1,490 million and CZK 1,106 million, representing 28.9 per cent., 36.2 per cent. and 31.2 per cent. of the Company's revenues for the years 2023, 2022 and 2021, respectively. Hitachi Zosen Inova AG, being the Company's largest customer for the respective years, accounted for 9.6 per cent. of the Company's revenue for the period from 2021 to 2023, while ČEZ, a.s., accounted for 8.6 per cent. of the Company's revenues for the period from 2021 to 2023. The loss of any one major long-term customer or group of customers could have an adverse impact on the Company's financial performance. In addition, the loss of a major long-term customer could also damage the Company's reputation, which could jeopardise the Company's existing relationships with other customers or its ability to establish new customer relationships.

In addition to new investment decisions, which directly affect the Company's bidding opportunities and contract extensions, the Company also faces risks arising from variation orders to existing agreements. The Company normally includes anticipated variations to the original contract scope, especially in relation to capacity, design and other specifications, which can, however, also increase the amount of work the Company undertakes and revenue it receives under existing contracts. While the Company has successfully negotiated such variations on a number of contracts, it may at times be difficult to negotiate variations that preserve profit margins for the expected life of a given project. If the Company is not able to successfully negotiate variations to existing agreements or the counterparty has the ability to impose variations unilaterally, its financial results may not meet expectations.

Furthermore, for certain projects, the Company may be required to provide bank guarantees to secure payments provided in advance, the efficient and timely completion of these projects and potential warranty claims. There is an inherent risk that more customers may attempt to leverage the bank guarantees to their advantage. Customers might pressure the Company into waiving certain claims that it holds against them or demand that the Company extends the warranty periods beyond what was initially agreed upon. This could increase the Company's liability and potential costs associated with warranty claims. Any such exploitation of the security instruments provided by the Company could result in increased costs, delayed revenue recognition or reduced profitability for that particular project, each of which could have a material adverse effect on the Company's business, financial condition, results of operations, cash flows and prospects.

Any of the factors above could have a material adverse effect on the Company's business, financial position, results of operations, cash flows and prospects.

***Failure to successfully execute on projects, including as a result of delay, lack of performance or cost overrun, may result in substantial liquidated damages, penalties or losses.***

The Company is subject to a number of commercial risks in relation to execution of its projects. These can range from failing to estimate costs accurately or execute within budget to failure in delivering products and/or services in a timely manner or bringing contracts to a successful conclusion, any of which can give rise to significant penalties or losses, which could have a negative impact on the Company's business.

Pursuant to the terms of the Company's contracts with its customers, cost overruns are generally not recoverable from the customer. Actual expenses incurred in executing these fixed-price contracts can vary substantially from those originally anticipated for reasons including, but not limited to: (i) technical challenges and equipment/material failures; (ii) additional works that do not constitute variations (including due to unilateral interpretation of ambiguous parts of the relevant contract); (iii) unforeseen costs related to the procurement of necessary equipment and materials; (iv) unforeseen delays in delivery of necessary equipment and materials; (v) labour shortages in the markets where the contracts are performed; (vi) unexpected costs accruing during commissioning and start-up of the project; (vii) delays caused by local weather conditions, health issues and/or natural disasters; and (viii) a failure of suppliers or subcontractors to perform their contractual obligations.

If the Company's cost estimate for a contract is inaccurate for any of these reasons, the project may be less profitable than expected or result in losses which could be significant.

Delays in completion of a project or failure to meet certain key performance indicators may expose the Company to claims and liquidated damages payable to its customers, some of which may be significant. Furthermore, under certain circumstances, the Company may also be required to pay additional damages to its customers and may suffer reputational damage. Additionally, delays in certain projects could lead to delays in subsequent projects that were scheduled to use resources and common vendors or subcontractors still being utilised on the delayed project, or the Company may not be able to recover the revenue recognized by it according to its accounting policies from the actual cash received from customers.

Any of the factors above could have a material adverse effect on the Company's business, financial position, results of operations, cash flows and prospects.

***The loss of any of the Company's major customers could have a material adverse effect on the Company's business, financial condition, results of operations, cash flows and profit.***

The Company's sales to its top five customers amounted to CZK 1,390 million, CZK 1,490 million and CZK 1,106 million, representing 28.9 per cent., 36.2 per cent. and 31.2 per cent. of the Company's revenues for the years 2023, 2022 and 2021, respectively. There can be no assurance the Company's major customers will continue to place purchase orders at current volumes or pricing levels or at all or that the Company will be able to maintain relationships with these major customers. Any substantial reduction in the purchase of the Company's products or any termination, change or deterioration in its relationship with a major customer could have a material adverse effect on the Company's business, financial condition, results of operations, cash flows and prospects.

The Company may have limited bargaining power against its major customers due to their significant contribution to the Company's revenues. This limited bargaining power could result in the customers being able to negotiate more favorable terms or pricing, which may in turn adversely affect the Company's margin and profitability. Additionally, the Company may have to be in a position when it has to choose between enforcing certain contractual terms against these major customers and being on good terms to preserve their business relationship. Additionally, the Company's reliance on several major customers may limit its ability to diversify its customer base, making it more vulnerable to market fluctuations and changes in customer demand. Any adverse developments in the financial health or purchasing behaviour of these major customers could have a material adverse effect on the Company's business, financial condition, results of operations, cash flows and prospects.

***The failure of control measures and systems could result in defects in the Company's products, related product repairs, which could result in potential liability, harm the Company's reputation and result in other adverse regulatory consequences and the Company's insurance may not be sufficient to cover these risks.***

The Company has strict control measures and systems designed to ensure a high level of safety and quality of its products. The consequences of a product not meeting these rigorous standards, due to, among other things, raw material flaws or lower quality of raw materials, human error or equipment fault, could be severe. Such consequences might include adverse effects on the Company's reputation, claims and litigation, loss of market share, costs related to remediation of the related products and loss of revenue.

If the Company's customers were to bring claims against the Company alleging defects in manufacture or design of the Company's products including the product quality and contract-based expectations of the customer, the Company could incur substantial costs in defending against such claims and any resulting litigation and such claims could divert management time and resources. Furthermore, if any of the Company's products were found to be defective, it could be required to pay substantial damages, which could in turn harm the Company's relationship with its customers and, ultimately, its brand and reputation.

In the course of the Company's development of more sophisticated products tailored to customer demands, preferences and habits, the Company may face product liability claims or corrective actions, and may not be able to defend itself against any such claims successfully or implement any required corrective action, at acceptable costs or in a timely manner, if at all.

The Company provides warranties for quality, design and workmanship of its product, and, in the majority of its contracts, it also provides performance guarantees in respect of the proper functioning of its products mainly in terms of noise and vibration limitations, and ability to perform within certain guaranteed criteria, such as a range of electrical output, heat-rate or operational availability of the product. Any liability arising out of the breach of such warranties or performance guarantees, including the payment of liquidated damages, penalties or losses, could have a material adverse effect on the Company's business, financial condition, results of operations, cash flows and prospects.

From time to time, the Company's customers demand a defect rectification or payment of compensation. However, as of the date of this Prospectus, the Company is not aware of any demand for recall of the product by its customers, but there can be no assurance that any demand for recall is not being presently contemplated or will not occur in the future.

Although the Company currently holds various insurance policies that cover a majority of these risks in amounts it believes to be adequate and customary for the businesses and sectors in which it operates, there can be no assurance that its coverage will be adequate to insure against all product or professional liability claims that may arise. Also, certain types of liability, for instance, liquidated damages or penalties pursuant to the Company's contractual arrangements and any claims arising against the Company due to cybersecurity incidents are excluded from its insurance cover. As a result of the factors above, product defect claims or demand for remedies could have a material adverse effect on the Company's business, financial condition, results of operations, cash flows and prospects.

***The success of the Company's business depends on its ability to compete effectively.***

The Company's products, solutions, and services are subject to significant competitive pressures, and the Company faces competition from both international and domestic competitors operating in the turbomachinery industry. The Company's main competitors in the Company's addressable market include Siemens Energy AG, Mitsubishi Power, Ltd., GE Vernova Inc., MAN Energy Solutions SE, Triveni Turbine Ltd., TGM Kanis Turbinen GmbH, Franco Tosi Meccanica S.p.A. and Baker Hughes Company. The Company competes with these global competitors, as all of them have similar product portfolios. The market is largely international, with a few regional barriers to entry, such as high custom duties applied in India and Brazil.

Projects that involve turbomachinery products are often characterized by significant financial investment and any faults or deficiencies in products and/or services supplied in respect of such projects could have significant consequences, such as the requirement to rectify any such faults or deficiencies or liability to pay damages for them. As a result, there are high barriers to entry in the segment of the turbomachinery industry that the Company operates in and a solid and proven track record is both a critical factor for success as well as a prerequisite to engage in business with both the end users of the Company's products and services as well as the EPC contractors that the Company supplies its products to. Typically, the Company's customers prioritize cost and technical parameters, such as the efficiency of the turbine, when making their decisions. The presence of lower-cost country competitors adds to the intensity of the competition. The Company's ability to compete effectively also depends on timely project delivery, completion lead times and resource and capacity availability.

In some cases, the Company may also face certain market-specific barriers that can limit its ability to compete effectively in some regions, potentially reducing market share and revenue opportunities. For instance, certain markets are not easily accessible to the Company due to specific regulatory and market conditions. In Brazil, customs duties are applied depending on turbine type and/or output. In India, customs duties are imposed irrespective of the size or type of the turbine or whether the localization element exists. In the United States, customers are likely to reject any suppliers from China and in some countries, the customers deny generally all non-OECD suppliers. These barriers increase competition within these markets as local and regional competitors may have an advantage due to their familiarity with regulatory requirements and customer preferences. Consequently, the Company may not be able to compete effectively in these markets.

Given the competitive environment the Company operates in, its ability to demonstrate competitive advantages through its guarantees on electrical output, heat rate, availability, maintenance schedules, and associated costs becomes paramount. These evaluation criteria are commonly applied by customers to assess the reliability and performance of turbomachinery offerings. There can be no assurance that other entities operating in the turbomachinery industry will not disrupt the Company's business in the future. The competitive risk the Company may face in the turbomachinery industry market is related to its capacity to meet these customer expectations and to differentiate itself through its proven performance and the strength of its product guarantees.

The Company's ability to compete effectively depends on, among other things, its ability to anticipate its customers' needs and provide products to meet those needs, adapt quickly to new market and industry trends, integrate modern solutions, differentiate its products from its competitors' offerings, enhance and upgrade its existing portfolio of products, sustain and promote the strength of its brand and on its ability to achieve these goals without compromising the quality of its products while increasing development and manufacturing efficiency.

If the Company is unable to respond to such competitive pressures, it could have a material adverse effect on the Company's business, financial condition, results of operations, cash flow and prospects.

***The Company relies on third-party equipment manufacturers and suppliers and may be exposed to liability for their acts and/or omissions.***

The Company relies on third-party equipment manufacturers and suppliers in the execution and performance of its contracts and ordinary course activities. To the extent that it cannot engage suppliers or acquire equipment or materials according to its plans and budgets, the Company's ability to complete a project or contract in a timely fashion or at a profit may be impaired. If the amount the Company is required to pay for these goods and services exceeds the amount estimated in bidding for fixed-price work, the Company could experience losses under the relevant contracts.

In addition, if a supplier or a manufacturer is unable to deliver its services, equipment or materials according to the negotiated terms or on time, the Company may be required to purchase such services, equipment or materials from another source at a higher price. Furthermore, where a supplier fails to meet quality standards or to deliver its services or equipment according to negotiated terms or on time, the Company may be subject to claims. There can be no assurance that the Company will be able to recover such costs from the relevant party. The resulting additional costs or claims may be substantial, and the Company may be required to compensate the project customer. The Company may not be able to recover these costs, in whole or in part, in all circumstances, which may reduce the profit to be realised or result in a loss on a project for which services, equipment or materials were needed. Such events may have a material adverse effect on the Company's reputation, business, financial condition, results of operations, cash flows and prospects.

***The Company enters into fixed priced contracts with limited or no scope for price adjustments.***

Most of the Company's sales, including all new installations contracts but excluding LTSAs and services contracts, are made to customers on a purchase order basis including fixed price for the Company's products and/or services based on a turn-key principle (i.e. where the Company contracts under a single contract to complete all project stages from detail engineering through to construction), providing the Company with no ability to pass on price increases to these customers. Such cost increases may include, but are not limited to, the prices of raw materials, transportation and other essential inputs.

Whilst the Company promptly sub-contracts the delivery of materials subsequent to the effectiveness of sales contracts to secure input prices, this strategy may not always be successful in preventing cost escalations from affecting the Company's profit margins and, if the Company's profit margins were affected, it could materially and adversely affect the Company's business, financial condition, results of operations, cash flows and prospects.

Furthermore, while some of the Company's contracts permit price adjustments, these adjustments are typically allowed only at specified intervals and are often based on aggregated indices that may not reflect the full impact of any increased costs of materials on the Company. As a result, these price adjustment mechanisms may not only delay the Company's ability to pass on cost increases to its customers but may also result in the Company being able to only partially recover or not recover at all any increases in its costs arising from specific material price changes. Consequently, there is a risk that the Company may not be able to recover increased costs in a timely manner or at all, which could materially and adversely affect the Company's business, financial condition, results of operations, cash flows and prospects.

***The Company is dependent on suppliers and partners, which may affect the timely delivery of the Company's products.***

The Company's business model is project-oriented and dependent on suppliers and partners, for the supply of raw materials, parts, complete products (in particular, generators) and assembly services, including erection works. In 2023, the Company's ten main suppliers comprised approximately 40 per cent. of the procurement turnover on all projects. Given the technical and business complexity of the projects undertaken by the Company, including different types of regulations and clients' demands, the pool of potential suppliers is also quite limited.

To successfully complete its projects, the Company is particularly dependent on the supply of generators, which the Company does not produce itself. The Company's main suppliers of generators include Siemens Energy Global GmbH & Co. KG, BRUSH SEM s.r.o. and TD Power Systems Europe GmbH. Consequently, the Company could encounter operational and financial challenges if one or more of its main suppliers were unable to participate in a particular project.

Additionally, although the Company's suppliers and partners provide warranties for such parts, products, services and works, in the event of any faults or deficiencies in the materials, products and/or services supplied by the Company's suppliers and partners, these warranties may not be adequate to cover all the expenses or liabilities incurred by the Company or guarantee complete rectification of such faults or deficiencies.

Contract delays and adjustments to the scope of work occur from time to time as a result of factors beyond the Company's control, including suppliers' and partners' failure to fulfil subcontracts on time and delivering all contractual requirements. Large projects are especially prone to this risk, with costs of the suppliers and partners comprising, in some cases, more than 70 per cent. of the total project costs attributable to products and services provided by the Company.

Cases of supplier non-performance or performance deficiencies could adversely affect the reputation of the Company and/or require the Company to incur substantial costs and time in addressing and remedying such issues and could divert management time and resources, and could consequently adversely affect the Company's operations.

The risk is particularly prevalent in situations where no alternative vendors are available or when the Company lacks the technical expertise to rectify such defects or nonconformities in a timely manner or at all, or to develop the technical solution in-house. Considering the complex nature of the projects managed by the Company, there may also be instances where projects necessitate the adoption of new technical solutions. In such cases, the Company might need to take extra time to fully test every aspect, especially when components of these emerging technologies are provided by the Company's suppliers, which could in turn in some cases materially delay execution or performance of the affected project.

Delays in the Company's execution or performance of a contract may result in contractual as well as statutory liability, each of which could have a material and adverse financial impact on the Company as well as on its reputation.

Additionally, suppliers may be subject to domestic laws and regulations, including minimum wage requirements and requirements relating to the preferential hiring of the local workforce, limiting the number of suppliers capable of offering on-site installations within an acceptable price range. This may lead to limited competition among suppliers, thereby imposing additional logistical challenges and costs on the Company, which could have a material adverse effect the Company's business, financial condition, results of operations, cash flows and prospects.

***Any damage to the brand and reputation of the Company's business may adversely affect its financial condition, results of operations and prospects.***

Maintaining and enhancing the Company's brands is critical to its customer relationships, its ability to obtain partners and retain employees. Negative publicity regarding the Company or actual, alleged or perceived issues regarding any of its products or services could harm its relationships with customers. The successful promotion of the Company's brands will depend upon its marketing and public relations efforts, its ability to continue to offer high-quality products and services and its ability to successfully differentiate its solutions from those of its competitors. In addition, future extension of the Company's brands to add new products or services different from its current offerings may dilute its brands, particularly if it fails to maintain its quality standards in these new areas. Failure to maintain, protect or enhance the Company's brands may adversely impact its credibility and could have a material adverse effect on its business relationships, financial condition, results of operations and prospects.

***The inability to attract, train or retain key managers, senior executives and other qualified personnel could have a material adverse effect on the Company's expertise, business, know-how, operations, financial condition, results of operations, cash flows and prospects.***

The Company's ability to implement its long-term strategy depends on the capabilities and performance of its personnel. Loss of key managers, senior executives, executives and other qualified personnel (including engineers and R&D experts, operating and technical personnel) or an inability to attract, train or retain highly qualified or skilled individuals could impede the Company's operations. Furthermore, the Pilsen region of the Czech Republic has low unemployment rates and, as a result, the Company may be unable to recruit an adequate number of personnel required for the purposes of its Pilsen facility, in particular certain types of personnel, e.g. skilled workers. The inability of the Company to attract or retain key managers, employees and other qualified personnel or a significant increase in the compensation costs associated with attracting and retaining such employees could have a material adverse effect on the Company's expertise, business, know-how, operations, financial condition, results of operations, cash flows and prospects. Moreover, it could compromise the Company's ability to satisfy customer demands promptly or at all or to achieve its strategic goals.

***The Company's business is significantly influenced by Doosan Enerbility and Doosan Corporation.***

While the Company acts independently of the Selling Shareholder in its day-to-day business, the Selling Shareholder is and will remain (following Admission) the majority shareholder of the Company, and by extension, so will Doosan Enerbility and Doosan Corporation, and, as a result, the Company is and will continue to be significantly influenced by the Doosan Group entities through the Selling Shareholder, Doosan Enerbility and Doosan Corporation in particular. This influence is important to the Company's future growth, including in relation to its investment strategies, product enhancement, synergies and strategic direction.

Doosan Enerbility, given its retained indirect control post Admission, will remain in a position allowing it to exert substantial influence over the General Meeting of the Company and, consequently, on matters decided by the General Meeting, including the distribution of dividends, the amendment of the Articles of Association of the Company or any proposed share capital increase. Furthermore, Doosan Enerbility may significantly influence the composition of the Board of Directors, which it in fact does in case of the Chief Executive Officer and the Chief Financial Officer of the Company, who are effectively nominated by Doosan Enerbility by the virtue of its indirect control of the Company. Similarly, the Chief Executive Officer and the Chief Financial Officer of the Company can be replaced at the initiative of Doosan Enerbility. Ultimately, Doosan Enerbility and Doosan Corporation have significant influence over the Company's business and strategic decisions, policies and practices due to its majority ownership and related control.

The Company is particularly reliant on IT support provided by Doosan Digital Innovation Europe, an affiliate of Doosan Corporation, which is critical to the Company's operations. This support includes, but is not limited to, enterprise resource planning, engineering platforms and cloud services. For further information, see *The Company* *is exposed to disruptions in its information technology and to cyber-attacks; the Company's insurance may not be sufficient to cover these risks.*

Doosan Enerbility (directly or through other entities from the Doosan Group) may also grant the Company with access to new technologies, intellectual property, and may facilitate the Company's entry into new markets or the development of new products. For instance, it is contemplated that the Company will receive a licence to manufacture two-poles air-cooled generators (with an output below 300 MW) and gas and hydrogen turbines from Doosan Enerbility.

If Doosan Enerbility decides to reduce or withdraw its support, to refocus its market strategy, to cease or reallocate operations in key market segments or to sell its shareholding in the Company, the Company may face certain challenges. This could result in disruptions to the Company's production, loss of key business relationships and/or profitable business segments or an inability to maintain competitive offerings, each of which could, consequently, materially and adversely affect the Company's business, financial condition, results of operations, cash flows and prospects.

Furthermore, the Company and Doosan Enerbility have a mutual arrangement in place that limits the Company's ability to independently pursue opportunities outside certain agreed-upon market segments, potentially affecting its competitive positioning and ability to respond to market trends. Under this arrangement, the Company is entitled to target and execute projects involving production of steam turbines with an output capacity below 350 MW, while Doosan Enerbility is entitled to target and execute the remaining projects. However, certain exceptions to this agreement apply. The Company exclusively contracts full-speed nuclear application projects (while Doosan Enerbility contracts half-speed nuclear applications), nuclear and CCPP projects within the Czech Republic regardless of power output, and also caters to the needs of its longstanding clients such as ČEZ, a.s., Vattenfall AB, E.ON SE, RWE AG and Fortum Oyj as for its European activities and engages in marketing and sales support in Germany, Finland, Sweden and Slovakia. This arrangement between the Company and Doosan Enerbility retains a degree of flexibility, allowing for ad hoc adjustments.

This arrangement with Doosan Enerbility may in some cases limit the Company's ability to independently pursue all existing market opportunities, potentially affecting its competitive positioning and responsiveness to market trends. Ultimately, it could lead to missed business opportunities, suboptimal resource allocation and slower decision-making processes, any of which could, in turn, affect the Company's overall business performance and growth potential and have a material adverse effect on the Company's business, financial condition, results of operations, cash flows and prospects.

***The Company's business is affected by fluctuations in the price and availability of raw materials, specialised raw material components, transportation costs and other inputs, as a result of inflation or other factors outside of the Company's control.***

The whole turbomachinery industry is significantly impacted by fluctuations in the costs of raw materials, such as metals (steel, titanium, aluminium), composites, and other specialized alloys required for high-performance components. These components constitute a substantial portion of the Company's production expenses, and their prices can be affected by highly volatile prices of raw materials, that are affected by market dynamics, geopolitical tensions, supply chain disruptions, and changes in global demand. Rising prices of raw materials and, consequently, rising prices of components made out of them, can erode the Company's profit margins, increase production costs, and lead to higher prices for end products.

The following table sets out the change in the key components costs for the periods indicated:

| | **For the year ended 31 December** *(EUR per kilogram)* | | | |
|---|---|---|---|---|
| | **2024** | **2023** | **2022** | **2021** |
| Castings | 4.5 | 5.1 | 4.7 | 5.3 |
| Rotor forgings | 6.5 | 8.8 | 8.6 | 8.3 |
| Weldments | 2.4 | 2.6 | 2.3 | 2.3 |
| Blade bars | 4.1 | 4.9 | 4.5 | 4.3 |

For the year ended 31 December 2023, the Company's expenses for raw materials and consumables used was CZK 3,360 million, corresponding to 77.6 per cent. of the Company's total operating expenses for the same year. In 2022 and 2021, the Company's expenses for raw materials and consumables used amounted to CZK 2,731 million and CZK 2,406 million, respectively, corresponding to 74.8 per cent. and 72.8 per cent. of the Company's total operating expenses, respectively. For the period from 1 January 2024 to 24 September 2024, the Company's expenses for raw materials and consumables used was CZK 2,677 million, corresponding to 72.7 per cent. of the Company's total operating expenses for the same period. For the period from 1 January 2023 to 24 September 2023, the Company's expenses for raw materials and consumables used was CZK 2,239 million, corresponding to 77.0 per cent. of the Company's total operating expenses for the same period.

Price fluctuations in raw materials have a direct impact on production costs and consequently on the profitability of the Company. Raw materials and consumables used as a percentage of revenue from goods, products and services decreased from 68.33 per cent. for the year ended 31 December 2021 to 67.25 per cent. for the year ended 31 December 2022 and increased from 67.25 per cent. for the year ended 31 December 2022 to 70.18 per cent. for the year ended 31 December 2023. The raw material components that the Company uses have historically been available in adequate supply from multiple sources within Europe. In addition, the Company is seeking to purchase raw material components from suppliers outside of Europe to benefit from lower unit prices. There can be no assurance that the Company will be able to successfully source raw material components from suppliers outside Europe or, even if it is able to do so, it will be able to achieve its desired unit prices. Furthermore, the pricing benefit of sourcing raw material components from non-European suppliers may be partially or wholly offset as the Company would typically incur higher transportation costs in sourcing raw material components from such suppliers.

Moreover, the Company may be further adversely affected by the Carbon Border Adjustment Mechanism (**CBAM)** rules adoption, which could subject certain materials that the Company sources from non-EU countries to a special carbon border tax (for further details see: *Costs and liabilities related to stringent environmental standards and technical norms and standards and changes in regulations and their enforcement could have a material impact on the Company's operations.*) the incurrence of which could increase the overall cost of raw material components, thereby reducing the cost-effectiveness of sourcing from non-European suppliers and potentially impacting the Company's profit margins. In 2023, the Company sourced 27.9 per cent. of its raw material components from non-EU countries, as compared to 29.3 per cent. and 19.5 per cent. in 2022 and 2021, respectively. For the period from 1 January 2024 to 24 September 2024, the Company sourced 15.5 per cent. of its raw materials from non-EU countries, as compared to 42.6 per cent. for the period from 1 January 2023 to 24 September 2023.

There may also be temporary shortages in the supply of raw materials due to weather, transportation, production delays or other factors. In such an event, the Company may not be able to secure necessary raw material components from sources other than its current suppliers on terms as favourable as its current terms, on commercially acceptable terms or at all. In addition, mismatches between the supply and demand of goods and services, partially as a result of the Russo-Ukrainian conflict, have contributed to a rise in global inflation in 2022, which has resulted in an increase in the price of some of the raw materials the Company uses in its production processes (in particular raw material components like forging and casting primarily due to the increase in energy prices), as well as container shipping costs, which, as a result of inflation and the increase in fuel prices, increased by 70 per cent. from 2021 to 2022, decreased by 18 per cent. from 2022 to 2023 and increased by 10 per cent. from the end of period from 1 January 2023 to 24 September 2023 to the end of period from 1 January 2024 to 24 September 2024. A prolonged global inflationary environment, coupled with the instability in the world markets for petroleum and natural gas, including as a result of or related to the Russian military action in Ukraine, could continue to adversely affect the price and supply of raw materials, including by affecting the cost of transportation and the cost of the raw materials themselves. The economic impact from the Russian military action in Ukraine has resulted in, and may continue to result in, inflationary pressure in the future, affecting energy prices and global supply chains. Additionally, the Red Sea shipping crisis as well as the Israel-Palestine conflict have put the global supply traffic through the Red Sea region under threat, causing delays in supply from Asia to Europe. This poses additional risks to the Company, as the Company relies heavily on uninterrupted shipping routes between Europe and Southeast Asia and India. The occurrence of additional conflicts in globally strategic regions may further undermine the Company's supply chains, and as a consequence, could materially and adversely affect its financial performance and prospects.

The Company may experience additional supply chain disruptions, increasing transportation costs or material increases in the Company's energy costs or in the prices of the Company's manufacturing materials. This includes materials, components or goods supplied by third parties, particularly with respect to electrical generators that the Company purchases from a limited pool of vendors. If any of these circumstances were to occur, there can be no assurance that the Company would be able to continue sourcing raw materials on commercial terms similar to its present sourcing arrangements or at all and the Company's inability to source raw material components could materially and adversely affect its business, financial performance and prospects. In addition, there is a great deal of uncertainty as to how inflationary increases in the Company's manufacturing material costs, energy costs and supply chain disruptions may develop, any of which could materially and adversely affect its business, financial performance and prospects.

***The potential of the small modular reactors (SMR) market is uncertain and may not develop in the way the Company may expect or yield the expected returns.***

The Company acknowledges the potential of the SMR market amidst a rising global interest in combining nuclear with alternative energy sources, including renewables, as the OECD Nuclear Energy Agency estimates that the global SMR market could reach 21 GW by 2035[3]. Despite this potential, there are significant challenges that could impede the progress and profitability of SMRs. Their initial phases of development are fraught with technical, regulatory, (including governmental or export restrictions), and financial hurdles, all of which could compromise its success. Designs of SMRs are yet to be fully tested and brought to market and there are ongoing debates about their operational effectiveness and cost benefits when compared to traditional nuclear reactors and alternative energy sources. The unique aspects of SMRs also pose multiple legal questions including licensing and certification procedures, which could further hinder their mass market entry. The initial costs of implementing SMRs are considerable, and the expected reductions in costs from economies of scale remain uncertain. Additionally, the energy industry is becoming more competitive with the rising popularity of affordable renewable options such as wind and solar power, which are also backed by strong policy support.

Consequently, the Company's strategic emphasis on the SMR sector might not yield the anticipated revenue streams. The Company's pivot towards SMRs therefore carries the inherent risk that the expected financial outcomes may not materialize as projected, which could have a material adverse effect the Company's business, financial condition, results of operations, cash flows and prospects.

***The international presence of the Company's business may expose it to unique business risks and challenges and may not be successful.***

The Company has grown and may continue to grow by expanding into new geographic markets. As the Company's operations increasingly expand across international markets, and in particular if it expands outside the European Union, it may be vulnerable to the unique business risks and challenges experienced by businesses in such markets, including restrictions on the movement of funds or limitations on the repatriation of funds, disruption to operations due to strikes, civil unrest or political interference, difficulty in receiving payment for costs incurred or goods already delivered to the customer and the risk of expropriations of privately held assets. This may include challenges arising from the specific economic and political conditions in such markets, unique commercial situations that the Company's businesses may face (for instance, competition from local manufacturers who have a better understanding of such market, sustainability expectations, local business practices, lack of developed infrastructure and expectations or requirements to source materials or components locally), unexpected costs and errors in the localisation of the Company's products or lack of familiarity with the commercial dynamics of a local market.

For instance, during the Company's expansion into India, the Company had to manage various operational challenges, including the establishment of an effective system for securing payments from customers and

[3] Nuclear Energy Agency, 2024. *The NEA Small Modular Reactor (SMR) Strategy*. Paris (available at https://www.oecd-nea.org/jcms/pl_26297/the-nea-small-modular-reactor-smr-strategy)

contractually protecting themselves against any delays in delivery from Indian partners, which often occurs in that market.

Currently, the Company is contemplating to expand in the US service market. The Company has already engaged on a contractual basis with several third-party agents and consultants who provide advisory, project planning and other project-related administrative tasks on a success fee basis. There can be no assurance that the agents and consultants will act with due diligence, provide proper advice to the Company comply with relevant laws and regulations, or comply with confidentiality clauses. Any failure of the agents and/or the consultants to act diligently or comply with their obligations could require the Company to incur additional costs and could have a material adverse effect on the Company's business, financial condition, results of operations, cash flows and prospects.

Operating in international markets also requires significant management attention and further international expansion of the Company's operations may raise unexpected challenges, lead to increased costs for the Company, may not be successful wholly or in part and may lead to operational difficulties in the central oversight of regional operations, each of which could have a material adverse effect on the Company's business, financial condition, results of operations, cash flows and prospects.

***The success of new products and services launched by the Company is uncertain and may not be successful or yield the expected returns.***

There exists a risk that the Company's new advanced products, services, and solutions, including two-pole air cooled generators (with an output of up to 300MW) and gas and hydrogen turbines, may not be sufficiently cost- and performance-effective to compete in the market. Additionally, there is a possibility that the Company may not complete these developments within anticipated timelines or at all. For instance, the Company cannot guarantee that its generator product line, which is currently in development, will achieve commercial success or strengthen its competitive position against competing products.

The industry in which the Company operates is characterized by substantial technological shifts. These shifts necessitate the Company's agility in adapting to market changes, understanding and fulfilling customer requirements, and managing its costs effectively. Even if the Company is successful in pioneering new technologies, there is the possibility that competitors may commercialise similar technologies more efficiently or effectively. The introduction of new products and technologies necessitates a substantial investment in research and development, which in turn demands the allocation of significant financial resources. The Company may not have adequate financial resources to allocate towards such investments and there can be no assurance that such investments, if undertaken, will always result in successful outcomes.

There is also the potential for technologies to not gain the expected market acceptance or for the Company's products, services, or systems to be delayed in reaching the market, which could result in them being surpassed by those of competitors or becoming outdated. Such events could materially and adversely affect the Company's financial performance, results of operations and prospects.

***The Company's operations involve significant safety risks and occupational hazards and are subject to extensive safety standards and regular inspections and examinations by relevant regulatory authorities.***

The Company's operations involve risks and occupational hazards inherent in the manufacturing and operation of heavy machinery, which may not be completely eliminated through the implementation of preventive or protective measures. Factors such as human error, insufficient attention to safety or maintenance, and working conditions associated with production could result in accidents or damage to human health. The main types of occupational hazards include dust, exposure to noise, vibration and power frequency electric field and high temperature in the summertime and any industrial accidents caused as a result of human error. Additionally, construction activities on sites introduce risks such as falls from heights, equipment-related injuries, and structural collapses, which necessitate rigorous adherence to safety protocols. These risks and hazards could result in property damage, personal injury, business interruption, claims and penalties.

The Company is subject to stringent operational safety requirements in the Czech Republic, which requires it to make significant investments in operational safety management. The intensity, nature, and location of the work required in the Company's manufacturing facilities and on construction sites makes maintaining its employees' safety particularly important. Employees are informed of the hazards related to their job responsibilities and the Company periodically organizes occupational health and safety training for its employees. However, failure of employees to strictly abide by the Company's operation and maintenance procedures and construction safety standards may lead to accidents or damage to their health.

The Company uses a limited number of hazardous substances in its manufacturing and construction related activities, for instance, substances for cleaning or conservation. In the event that any of these substances is proven to be harmful to health and/or the environment, the Company may be liable for increased costs for health-related claims or removal or retreatment of such substances. Moreover, the Company cannot exclude the detection of other small amounts of such substances, and the Company may be subject to related civil, criminal or administrative claims in relation to exposure to hazardous substances at its facility.

Violations of, or liabilities under, applicable environmental, health and safety laws and regulations could result in fines, penalties and legal claims as well as increased operating costs, which could have a material adverse effect on the Company's business, financial condition, results of operations, cash flows and prospects. In the event of an accident or a construction-related incident, the Company may face business interruption and claims for damages, which could be costly and time consuming and may divert management time and resources, in addition to being exposed to potential reputational damage, which could result in the loss of customers. If the Company is found negligent, and its insurance proves to be insufficient in scope and amount, the Company could be liable for the corresponding shortfall or lack of coverage.

In addition, claims could arise against the Company associated with the acoustic environment generated from machines used in the manufacturing process, and exposure to chemicals such as dusts, fumes and heat and spreading particles, generated during welding, blades manufacturing, machining or heat treatment. Claims may also arise from construction-related activities, including but not limited to, the operation of construction machinery. If these claims succeed, they could have a material adverse impact on the Company's business, financial condition, results of operations, cash flows and prospects. In addition, new technology and the implementation of new work processes and machinery in both manufacturing and construction may have unforeseen negative effects on the working conditions of the Company's employees.

***The Company may be unable to protect its intellectual property and trade secrets from competitors or may unintentionally infringe intellectual property rights of third parties.***

The Company's future success depends, to a great extent, on the development and protection of the Company's intellectual property. If the Company fails to protect or enforce its intellectual property rights, its sales volumes and market share could suffer, which could adversely affect the Company's business, financial condition, results of operations, cash flows and prospects. The Company holds a number of trademarks registered with European Union Intellectual Property Office, World Intellectual Property Office and/or the Czech Industrial Property Office, a total of 55 patents and five utility models (calculated per country where such patent is registered), for example fastening of a turbine blade with tree-shaped root in a turbine rotor by means of a deformable fixation wedge and a securing element or impeller blade for the last stage of steam turbine of a nuclear power plant and a low pressure steam turbine containing this blade, and has filed a number of patent and trademark applications. The Company cannot provide any assurance that the patent applications will be successful or, that upon the expiration of any of the Company's patents, the Company's competitors will not commence manufacturing products using similar technologies to those protected by the Company's current patents, which could adversely affect the Company's business, financial condition, results of operations, cash flows and prospects.

Third parties may infringe the Company's intellectual property rights or learn the Company's trade secrets as a result of breaches of confidentiality agreements or otherwise. In the ordinary course of the Company's business, the Company is sometimes involved in claims or litigation related to intellectual property. If the Company was to lose any such litigation, a court or a similar foreign governing body could invalidate or render unenforceable the Company's owned or licensed patents, require the Company to pay significant damages, require the Company to redesign its products, or prevent the Company from manufacturing, constructing and selling products in those jurisdictions. Any of those events could have a material adverse effect on the Company's business, financial condition, results of operations, cash flows and prospects.

The Company may expend significant resources monitoring, protecting, and enforcing the intellectual property rights from infringement by third parties and the Company may not be successful in its efforts to do so. The risk that the Company may be unable to protect its intellectual property rights is likely to increase as the Company expands into new geographic areas and diversifies into new product sectors.

Some production techniques and services of the Company are not protected by patents or trademarks, which gives the potential competitors the opportunity to establish their own intellectual property rights in these areas. This is particularly significant considering the Company's reliance on its extensive know-how which includes, in particular, data accumulated over decades, unique internal software and calculations, which are not capable of being protected by patents or trademarks. If the Company fails to secure the necessary protections for its trademarks and patents promptly, or if it is unable to do so at all, it may find itself at a competitive disadvantage. Competitors could capitalize on this oversight by replicating similar production methods or services, thereby diluting the Company's market share and potentially undermining its competitive edge.

The Company cannot be certain that the steps it has taken will prevent the unauthorised use or the reverse engineering of its proprietary technology. In addition, the Company's competitors may independently develop products, know-how and production techniques similar to those developed or used by the Company or infringe its intellectual property. The enforcement of its intellectual property rights also depends on the Company's legal actions against these infringers being successful, and there can be no assurance that these actions will be successful, even when its rights have been infringed. Furthermore, effective patent, trademark, service mark and trade secret protection may not be available in every country in which the Company operates or may potentially operate.

Furthermore, given the increasing complexity of production technologies and the importance of fast product innovation, there is a risk that the Company may unintentionally infringe intellectual property rights, in particular patents, trademarks, and design rights, of third parties. In the case of such infringement, the Company may be liable for damages as well as litigation costs and may have to withdraw products already produced from the market or purchase a license to use such rights, and such license may not be available on commercially acceptable terms or at all.

Third parties could claim that the Company's technology and processes underlying its products and services infringe their intellectual property. In addition, to the extent that the Company gains greater visibility and market exposure as a public company, it may face a higher risk of being the target of intellectual property infringement claims asserted by third parties. As a result of the limited effectiveness of the process for active avoidance of infringement of third parties' intellectual property, the Company may, in the future, receive notices alleging that it has misappropriated or infringed a third party's intellectual property rights. There may be third party intellectual property rights, including patents and pending patent applications that cover significant aspects of the Company's technologies, processes or business methods. Any claims of infringement or misappropriation by a third party, even those without merit, could cause the Company to incur substantial defence costs, suffer reputational damage and could distract the Company's management from its business, with no assurance that the Company will be able to prevail against such claims. Some of the Company's competitors may have the capability to dedicate substantially greater resources to enforcing their intellectual property rights and to defending claims that may be brought against them than the Company does. Furthermore, a party making such a claim, if successful, could secure a judgment that requires the Company to pay substantial damages, potentially including punitive damages if the Company is found to have wilfully infringed a patent. A judgment could also include an injunction or other court order that could prevent the Company from offering its products and services. Alternatively, the Company might be required to develop non-infringing technology, which could require significant effort and expense and might ultimately not be successful.

Third parties may also assert infringement claims against the Company's customers relating to their use of the Company's technologies or processes. Any of these claims might require the Company to defend potentially protracted and costly litigation on their behalf, regardless of the merits of these claims, especially where the Company has committed to indemnify its customers from third party claims of intellectual property infringement under certain conditions. If any of these claims succeed, the Company might be forced to pay damages on behalf of its customers, which could adversely affect its business, financial condition, results of operations, cash flows and prospects.

***The nature of the Company's business is susceptible to corruption, fraud or other improper activities.***

The Company's operations and its participation in various tendering procedures, make the Company susceptible to corruption and its management, employees, proxies or agents may engage in misconduct, fraud or other improper activities. The Company is exposed to the risk that its management, employees, proxies or agents, including external sales representatives, pay bribes or indulge in other practices in order to obtain business, fail to comply with applicable government procurement regulations or violate the government requirements concerning the protection of classified information and misappropriation of government or third party property and information, the occurrence of which would result in the Company's suspension or debarment from contracting with government (including local municipalities) or government-controlled entities, as well as the imposition of fines and penalties, any of which could have a material adverse effect the Company's reputation as well as its business, financial condition, results of operations, cash flows and prospects.

The Company's customers, some of which include government-established and/or government-controlled entities, are particularly focused on compliance with anti-corruption laws. As a result, any infringement of these laws could result in the imposition of fines or damage to the Company's reputation or could have more far reaching repercussions, such as the Company's suspension or debarment from contracting with certain government-established and/or government-controlled entities which could result in the Company being unable to participate in tenders for projects proposed to be established by such government-established and/or government-controlled entities, and, as a result, could have a material adverse effect on the Company's business, financial condition, results of operations, cash flows and prospects.

***The Company's inability to successfully compete for bids may negatively impact its results of operations.***

The Company bids for projects on the basis of a number of different factors, which include experience and expertise in a given geography and/or scope, price, service offerings, project execution capabilities and customer relationships. Contracts for the Company's services are generally awarded following a competitive bidding process. While the Company's capabilities, reputation and experience, among other factors, are typically considered as part of customer decisions for new contracts, price is often a major factor in these bid awards.

The industry in which the Company operates is subject to price competition, and if price competition were to intensify in the future, the number of bids which could deliver appropriate margins to the Company could decline and the Company's financial performance could be adversely affected. In addition, many of the Company's major competitors are diversified multinational companies that are large and have substantial financial resources making them better able to compete in providing faster, more efficient services or reduced prices, including by working for lower margins. These companies may also be more resilient to cyclical downturns in the turbomachinery industry. The Company also competes against local and regionally-focused companies that may be favoured in bidding processes. In addition, the Company also faces competition from market participants from non-European jurisdictions that operate from a lower cost base.

Any of these competitive factors could cause the Company to lose market share in one or more of its key markets or strategic market position, which may have a material adverse effect on its business, financial position, results of operations, cash flows and prospects.

***If the Company fails to introduce new and innovative products, experiences delays in product delivery, incurs substantial costs in research and development, fails to adapt to developments in technology, fails to respond to changes in customer requirements or if its investments in new technology and other capital expenditures do not yield expected returns, its business, financial condition, results of operations, cash flows and prospects could be materially and adversely affected.***

The Company aims to develop new and innovative products and to continuously update existing products and processes to provide its customers with high quality and reliable products that are technologically sophisticated and suited to their specific needs.

The Company's success also depends on its ability to react to changing customer demands and preferences in a timely manner. However, the Company cannot predict all the effects of future technological changes. If the Company fails to keep pace with product development, anticipate customer preferences, meet consumer and customer demands, the Company's business, financial condition, results of operations, cash flows and prospects could be materially adversely affected.

Expenditures incurred in developing new products or technologies (including costs incurred in the Company's R&D initiatives) may not result in viable products. In that case, the Company will have increased expenses without having a corresponding increase in revenues and, as a result, the Company's profits may decline. The Company's future financial performance will accordingly depend in part upon its ability to develop, implement and utilize technology successfully and in a commercially viable manner to improve its business operations.

The cost of implementing new technologies could be significant, and its ability to finance these technological developments may be adversely affected by potential future inability to obtain required financing to develop or acquire competing technologies. There can be no assurance that the investments it has made in product development and technology will generate expected returns and enable the Company to increase or maintain market share.

If the Company fails to make sufficient investments in research and development or fails to generate expected returns on any of its investments, the Company's business, financial condition, results of operations, cash flows and prospects may be materially and adversely affected.

The manufacture of turbomachinery products involves the use of automated processes and technologies. The Company will continue to invest in equipment and make other capital expenditures to further improve its production efficiency and the scope of its offerings and to reduce the Company's cost profile. To the extent that these investments do not generate targeted levels of returns in terms of revenue, efficiency or improved cost profile, the Company's business, financial condition, results of operations, cash flows and prospects could be materially and adversely affected.

***The Company orders specific input materials only after projects are contracted.***

The Company does not keep inventories of several input materials, such as body castings and rotor forgings. These materials are procured only after projects are contracted. This supply management approach enables the Company to maintain minimal inventory levels, which may help it to avoid the need to write down inventories. However, it also leaves the Company vulnerable to shortages of essential input materials at the start of production. Input components may become unavailable when needed due to supply chain disruptions, supplier strikes, disputes, or force majeure events. Any resulting disruption in the Company's production ability may adversely affect the Company's business, financial condition, results of operations, cash flows and prospects.

***The Company's business and financial performance may be adversely affected by increases in energy costs as a result of inflation or other factors; electricity is subject to fluctuating prices and such fluctuations could adversely affect the Company's business, financial condition, results of operations, cash flows and prospects.***

The Company's industrial operations have high energy requirements and, in addition to primary raw materials, the Company's cost base is affected by energy costs, namely electricity. The global economy, particularly in Europe, is witnessing a period of volatility in energy prices due to a combination of different factors, including low gas stock levels, high energy demand in the context of the economic recovery following the COVID-19 pandemic and severely constrained gas flow coming from Russia. Although the Company's actual exposure to the geographical areas affected by the Russo-Ukrainian conflict which began in February 2022 and the associated international, EU and US sanctions that have been imposed is limited, these events have intensified the uncertainty around Russian gas supplies to several countries, particularly EU members, which has led to significant upside pressure on gas and energy prices. In the Czech Republic, the price of electricity is significantly influenced by the Leipzig Power Exchange which serves as a major trading platform for energy in Central Europe and plays a crucial role in determining electricity prices through its market mechanisms.

The Company consumes high volumes of electricity in its manufacturing processes. Electricity expenses totalled CZK 28 million for the period from 1 January 2024 to 24 September 2024 (CZK 34 million for the period from 1 January 2023 to 24 September 2023) and CZK 46 million in 2023 (CZK 29 million in 2022 and CZK 30 million in 2021) or 0.96 per cent. of the Company's revenues from goods, products and services in 2023 (0.71 per cent. in 2022 and 0.85 per cent. in 2021). The Company's operating results are affected by the cost of electricity. When the cost of electricity increases, the Company may experience an increase in its costs of sales. Therefore, the Company generally purchases electricity by entering into a mixed electricity delivery contract with its energy provider, partially at fixed prices and guaranteed volumes and partially on a spot rate, with a typical contract period from two to three years, depending on the market situation and the Company's needs. There can be no assurance that, in the future, the Company will be able to enter into mixed electricity delivery contracts on favourable terms and, as a result, the Company may not be able to offset costs of electricity increases and this materially and adversely affect the Company's business, financial condition, results of operations, cash flows and prospects.

If some of the Company's energy supply contracts were to be terminated by the Company's counterparties for any reason, or not renewed upon expiration, or not renewed on favourable terms, or if market conditions remain volatile and result in a significant increase in the price of electricity, the Company may not be able to find alternative comparable suppliers or suppliers capable of providing electricity on terms or amounts satisfactory to the Company. As a result of any of these events, the Company's business, financial condition, results of operations, cash flows and prospects may be materially and adversely affected.

***The Company's manufacturing facility is subject to operating hazards, potential disruptions, unexpected equipment failures and extended maintenance times, any of which may lead to production curtailments.***

The majority of the Company's manufacturing processes involve operating heavy machinery and equipment, which expose it to a number of risks and hazards, including industrial accidents, leaks and ruptures, explosions, fires, mechanical failures and environmental hazards, such as spills, leaks and discharges or releases of toxic or hazardous substances and gases, including into the environment.

The occurrence of any of these events, which are generally more likely to occur as the Company's machines and equipment approach time for refurbishment, could result in requirements for environmental remediation and civil, administrative and criminal sanctions and liabilities, in addition to the potential injuries that may be suffered by its workforce.

These hazards may cause unplanned business interruptions, unscheduled downtime, transportation interruptions, personal injury and loss of life, severe damage to or the destruction of property and equipment, environmental contamination and other environmental damage, civil, criminal and administrative sanctions and liabilities, and third-party claims, any of which could cause a material adverse effect on the Company's business, financial condition, results of operations, cash flows and prospects.

The Company's manufacturing processes are dependent upon heavy machinery including precise computer numerical control machines, lathe machines, boring and grinding machines, reaming machines, heavy lifts and cranes, balancing machines, equipment for machining and thermal treatment, balancing tunnel and equipment and other special devices and machines. This equipment may incur downtime due to power interruption or as a result of unanticipated failures, accidents, natural disasters (including floods) or similar events, but also as a consequence of periodic maintenance or overhauls. For example, in the past, when the tool and head of the precise computer numerical control machines broke down due to a malfunction, the Company had to order a spare head and implement preventive measures which comprised mainly adjusting programming considerations, including implementing collision avoidance features, which led to additional costs and loss of effective working time of the machine and assigned employees.

To the extent that the Company experiences any such events, it may be required to make significant and unexpected capital expenditures, for which it may not have available resources, and may not be able to meet customer demand and/or its obligations under customer contracts in a timely manner or at all, each of which could also harm the Company's reputation and could have a material adverse effect on its business, financial condition, results of operations, cash flows and prospects. The Company may in the future experience facility shutdown or periods of reduced or limited production as a result of such failures or events. Unexpected interruptions in the Company's production capabilities would adversely affect its productivity and results of operations for the affected period.

Shutdowns in the Company's production facility, whether scheduled or not, may prevent it from adequately responding to competitive pressures and customer demand in a timely manner, which could materially impact the Company's business, financial condition, results of operations, cash flows and prospects.

A loss of the use of all or a portion of the Company's manufacturing facility due to an accident, weather conditions, natural disaster or otherwise, whether short or long-term, could have a material adverse effect on its business, financial condition, results of operations, cash flows and prospects.

Unpredictable events, such as political unrest, terrorist attacks, power failures, natural disasters (such as wildfires, flooding or hurricanes) and severe weather conditions could interrupt the Company's operations by causing disruptions in global markets, economic conditions, international trade, fuel supply or demand. Such events could also trigger large-scale technology failures, delays or security lapses. Such events, if continuing or significant, could affect the Company's revenue by reducing the demand for its products and services, by limiting its ability to provide its services or by causing issues to its technology systems and the information contained therein which could therefore cause a material adverse effect on its business, financial condition, results of operations, cash flows and prospects.

***The Company depends on a single production facility.***

The Company operates its production facility in Pilsen, Czech Republic. Since this is the Company's only production facility, it is critical to its operations. The Company does not have any other production capacity which it could use as a substitute for its Pilsen production facility. The production facility in Pilsen could suffer damage or interruption from human error, fire, rain or storm water intrusion, power loss, telecommunications and IT and computer failures or occurrences of hacking, break-ins, terrorist attacks, acts of war and similar events and/or labour disputes. Any failure, breakdown, outage or other event causing disruption of the operation of this facility for even a short period of time may adversely affect the Company's ability to manufacture its products and provide services timely to its customers, which would in turn materially and adversely affect the Company's business, financial condition, results of operations, cash flows and prospects.

In the event that significant increases in raw materials prices occur in the future, the Company's margins would likely be adversely affected. See also *The Company's business is affected by fluctuations in the price and availability of raw materials, specialised raw material components, transportation costs and other inputs, as a result of inflation or other factors outside of the Company's control.* above.

In addition, the Company may not be able to rely on an uninterrupted supply of certain materials from its regular vendors or alternative sources in the event of a local or international shortage of the materials used by the Company, or it may encounter a shortage or discontinuation of certain types of materials purchased from one or more of suppliers of the Company. In such circumstances, the Company may be required to find alternative sources for the supply of such materials and there can be no assurance that the Company will be able to obtain the supply of such materials on commercially reasonable terms or at all.

***The employees and representatives of the Company face significant health and safety risks on construction sites, which are beyond the Company's control.***

The employees and representatives of the Company are routinely dispatched to various construction sites around the world, where they are exposed to a range of health and safety risks. While the Company is committed to maintaining high standards of health and safety by adhering to its internal policies and procedures, as well as complying with the rules and regulations set forth by customers on-site, there are inherent risks that are beyond the Company's control.

The primary role of the Company's employees at construction sites is to provide technical advising and supervision, rather than engaging in manual labour. This necessitates strict adherence to the Company's internal safety rules and procedures during site activities. However, there is a persistent risk that customers may not implement or adhere to safety standards that are comparable to those commonly practiced in Europe. This discrepancy can lead to situations where the Company's employees are working in environments where the health and safety practices are suboptimal, increasing the likelihood of accidents and injuries.

Even though the Company arranges for comprehensive training programs, ensuring that only those who successfully complete the training are permitted to work on sites, the variability in the enforcement of safety regulations, potential for accidents, and the presence of health hazards in certain regions represent significant risks to the Company's employees and representatives that are beyond the Company's immediate control, considering, in particular factors like local cultural practices, legal standards and the effectiveness of public health systems.

Despite contractual obligations that require customers to provide facilities and accommodation for the Company's employees and representatives that meet European or certain specified standards, the Company recognizes that the enforcement and maintenance of these standards can vary significantly by region. This is particularly relevant in countries with higher health risks, such as Pakistan, India, Bangladesh, Israel, Botswana, and others.

***The Company is exposed to disruptions in its information technology and to cyber-attacks; the Company's insurance may not be sufficient to cover these risks.***

The operation of the Company's manufacturing facility as well as the sales, marketing and other service activities depend, to a great extent, on the efficient and uninterrupted operation of complex and sophisticated computer, telecommunication and data processing systems. Computer and data processing systems and related infrastructure (data centre, hardware and wide and local area networks) are generally exposed to the risk of disturbances, damage, electricity failures, computer viruses, fire, other disasters, hacker attacks and similar events. Operational technology (**OT**) systems, which control and monitor physical processes in the manufacturing facility, are also at risk of cyber or physical attacks that could lead to equipment damage, safety incidents, or data leaks that could compromise the Company's proprietary knowledge and intellectual property.

A significant malfunction or disruption in the operation of the systems could disrupt the Company's business. Breakdowns and interruptions in the Company's information technology systems could jeopardize their operation, causing a halt in production, errors in the execution of orders or transactions, inefficient processes and other operational interruptions. This could lead to product deficiencies, safety concerns and loss of customers, which would not only require time and resources to rectify but could also damage the Company's market position and customer trust. Moreover, a compromise of the OT systems could result in unauthorized changes to operational procedures, leading to unsafe operating conditions or suboptimal performance. Data leaks pose a significant threat to the Company's competitive position, as the loss of know-how and confidential information could be detrimental to its strategic interests. The unauthorized disclosure of such data could lead to a loss of intellectual property, undermine the Company's competitive advantages, and result in a loss of business opportunities.

The integration of IT and OT systems, while beneficial for operational efficiency, increases the potential attack surface for cyber threats, as vulnerabilities in one system can be exploited to access the other. The Company uses its information technology systems to collect and store confidential and sensitive data, including information about the Company's business, customers, suppliers, and employees. The integration of cloud computing services into the Company's IT infrastructure introduces additional complexities and potential vulnerabilities. The use of cloud services necessitates stringent security protocols to protect data in transit and at rest, as cloud environments are often targets for cybercriminals due to the vast amount of data stored on them. The remote communication features used by the Company are sensitive to both wilful and unintentional security breaches. In the event of a security breach that allows third parties to access such confidential information, the Company could be subject to lawsuits, fines and other means of regulatory enforcement. The same applies to OT systems, where unauthorized access could lead to manipulation of critical operational data or physical sabotage, which might not only disrupt operations but also pose risks to human safety.

The Company's assets are exposed to the risk of cyber-attacks, or threats of intentional disruption, which are increasing in terms of sophistication and frequency, with the consequence that such cyber-incidents may remain undetected for long periods of time. The OT environment, traditionally isolated, is now more connected to IT networks, thereby increasing its exposure to cyber threats that could lead to operational disruptions or physical damage. The Company has experienced a malware attack and an instance of invoice fraud in the past. While these incidents have not had a material impact on the Company, there can be no assurance that similar incidents will not occur at a greater extent in the future and that they will not have a material adverse impact on the Company's reputation, business, financial condition, liquidity, results of operations, cash flows and prospects.

Additionally, certain critical IT processes, such as enterprise resource planning, engineering platforms, and cloud services, are outsourced to Doosan Digital Innovation Europe, who may address cyber-security and related protective measures independently, without the Company's influence or oversight. Therefore, the Company may not be able to ensure that these measures are at all times sufficient and reliable.

The protective measures taken by the Company or Doosan Digital Innovation Europe, may not prevent all instances of cyber-attacks. In case of a severe cyber-attack, the Company's operations could be temporarily disrupted, which could have a material adverse effect on the Company's reputation, business, financial condition, liquidity, results of operations, cash flows and prospects. Whilst the Company has implemented and continues to update robust security measures in line with Directive (EU) 2022/2555 on measures for a high common level of cybersecurity across the Union, including network segmentation, regular vulnerability assessments and real-time monitoring of OT systems to seek to prevent the occurrence of such OT risks, the evolving nature of cyber threats means that the risk of a security incident can never be entirely eliminated and accordingly no assurance can be given that these measures will be effective. The insurance coverage of the Company may not be sufficient to cover all losses and liabilities related to disruption in information technology and cyber-attacks. As a result, the Company may sustain losses from risks not covered by, or exceeding the coverage limits of, its insurance policies.

Furthermore, suppliers and partners of the Company may be vulnerable to instances of cyber-attacks and, if a cyber-attack against any of the Company's suppliers and partners were to be successful, the Company may experience disruptions in its supply chain as a result and may not be able to source raw materials or other products and services from alternative suppliers in a timely manner, on commercially reasonable terms or at all.

Any such occurrences could have a material adverse effect the Company's business, financial condition, results of operations, cash flows and prospects.

### Risks related to the Company's financial matters

***The Company is subject to end customers' credit risk.***

The Company may be exposed to financial losses due to the inability of end customers to make payments in accordance with their contractual obligations arising from the project contracts. Such situation may occur most likely due to the customers' insolvency, them prioritizing other projects, problems with project financing or poor cashflow. Even though the Company has not observed any significant increase in defaulting customers, the occurrence of any such significant increase for any reason in end customers defaulting on their contractual obligations towards the Company could have a material adverse effect on the Company's business, financial condition, results of operations, cash flows and prospects.

The financing terms available to the Company's customers, including, in particular, interest rates for such financing, could have a significant influence on whether (and when) the Company's customers and their financing providers will proceed with the development of energy projects, and thus utilise the Company's steam turbines and other products and services.

Adverse financial market conditions may have a follow-on effect on the assessment of the creditworthiness of the Company's customers, including by rating agencies, which may downgrade such customers, and thus reduce the probability of such customers being able to obtain financing on sufficiently attractive terms to facilitate energy projects utilising the Company's products.

***Should general credit and liquidity conditions deteriorate, customers may reduce the scope of their orders or delay them, which could result in a decrease in the Company's order intake and production gaps and have a material adverse effect on the Company's revenue and profits, particularly in worsening or volatile market conditions. The Company's business is subject to foreign exchange risk.***

The Company's results of operations may be affected by both the transaction effects and the translation effects of foreign currency exchange rate fluctuations. The Company is therefore, to a certain extent, exposed to currency fluctuation when it converts currencies that it receives for its products into currencies required to purchase raw materials, meet its fixed costs or pay for services, resulting in a gain or loss depending on fluctuations in exchange rates.

Given the economic environment in which the Company carries out the majority of its business activities, the Czech crown (CZK) was determined as the Company's functional currency and the Company's financial statements are therefore denominated in CZK. Apart from CZK, the Company's revenue is also denominated in EUR, USD, and GBP, while the majority of the Company's costs, capital expenditures and investments are denominated in CZK. As of 31 December 2023, 31 December 2022, and 31 December 2021, a 10 per cent. depreciation of the Czech koruna against EUR, GBP, PLN and USD would have led to a decrease of CZK 90.9 million, CZK 64.8 million, and CZK 50.8 million in the Company's profit before income tax, respectively, provided that other variables (in particular, the interest rate) remain unchanged.

The Company employs certain hedging strategies in respect of foreign exchange risk. The Company also has certain hedging arrangements in place, typically associated with project-related contracts exceeding EUR 100,000 in value, and reflecting certain contractual payment milestones. The Company's hedging strategy also includes a general policy of securing any exposure exceeding CZK 2.5 million by entering into fixed derivatives contracts (either forwards or swaps) and by implementing hedge accounting for long-term contracts concluded in foreign currencies (EUR, USD, GBP and PLN). The Company expects to continue hedging activities in the future.

Whilst the Company attempts to minimise its exposure to foreign exchange risks through such measures, there can be no assurance that it will be able to successfully hedge and mitigate its foreign currency exchange risks in whole or in part. Furthermore, disruptions such as market crises and economic recessions could limit the availability and effectiveness of the Company's hedging instruments or strategies in relation to foreign exchange risk. If the Company fails to successfully hedge or mitigate its foreign currency exchange risks, it could have a material adverse effect on its business, financial position, results of operations, cash flows and prospects.

**Legal and regulatory risks**

***The Company contracts with government controlled and/or government established entities, including local municipalities, entities and is subject to risks related to governmental contracts.***

In the course of its business, the Company contracts with entities controlled or established by governments. As a result, it is subject to various laws and regulations that apply to companies doing business with federal, national, state, municipal or local governments.

The Company contracts with government controlled and/or government established entities, including local municipalities. In making an assessment of the revenue generated by such entities, the Company has considered entities in the Czech Republic in which the Company is able to identify full or majority (over 50 per cent.) control by the Czech government based on publicly available information (which does not reflect any agreements between the shareholders and/or other arrangements). As far as the Company is aware, such entities in the Czech Republic include ČEZ, a.s., which is ultimately controlled by the Czech government, and Teplárna Strakonice a.s., which is ultimately controlled by the town of Strakonice. The Company's revenues generated from projects with these entities amounted to 6 per cent. of total revenues in 2023, 10 per cent. of total revenues in 2022 and 10 per cent. of total revenues in 2021.

The laws relating to governmental contracts differ from other commercial laws and the Company's governmental contracts may contain certain terms and conditions that are not common among private contracts. For example, governmental contracts typically do not allow for the suspension of work or the delivery of a project if the customer delays payment. They may also include the application of indirect and consequential damages, as well as cumulative penalties for a variety of project milestones, and feature non-standard amounts for penalty caps. In addition, the Company may be subject to investigation by tax and customs authorities, labour and safety inspections, export control authorities and data privacy authorities from time to time concerning its compliance with the laws and regulations relating to its governmental contracts. The Company's failure to comply with these laws or regulations may result in suspension of these contracts or administrative or other penalties.

***Risks related to rules on public procurement.***

The Company may in certain situations (when acting as a contractor of a subsidised contracting entity or voluntary contracting entity) be required to follow public procurement regulations applicable to the relevant jurisdiction the Company is operating in. For example, in the Czech Republic, the Company may be required (along with the contracting entity) to follow Act No. 134/2016 Coll. on public procurement, as amended (the **Public Procurement Act**) when participating in tenders.

In case a contracting entity does not comply with its obligations under the Public Procurement Act, the Czech Competition Authority may abolish the tender, prohibit the performance under the awarded contract (if already awarded) and/or impose a fine on the contracting entity. Similarly, in other jurisdictions, the Company could face temporary or immediate suspensions, exclusions, debarments, fines and potentially also criminal charges, in case of non-compliance with the applicable public procurement regulations. It is beyond the Company's control to guarantee that the contracting entity will adhere to the Public Procurement Act and/or any other applicable public procurement regulations; consequently, there can be no assurance that the Company will be able to avoid the aforementioned sanctions. Such sanctions could have a material adverse effect on the Company's business, financial condition, results of operations, cash flows and prospects.

The public procurement process is generally subject to extensive oversight and regulation, and any changes in laws or regulations can significantly affect it. Introduction of new regulations might introduce additional requirements for procurement practices, which could result in higher costs and potential delays. If the Company does not comply with the applicable public procurement rules and regulations, including the Public Procurement Act, it may face considerable liability such as fines or loss of subsidies. There can be no assurance that the Company will avoid incurring substantial costs and liabilities due to possible breaches of public procurement rules. Any such costs and liabilities could have a material adverse effect on the Company's reputation as well as its business, financial condition, results of operations, cash flows and prospects.

***Evolution and geographic expansion of the Company's business may subject it to additional regulatory requirements and other risks, for which failure to comply or adapt could harm its operating results.***

The evolution and expansion of the Company's business may subject it to additional risks and regulatory requirements, including tax-related obligations and changes to the applicable legal regulation. These requirements may vary throughout the markets in which the Company operates and have increased over time as the Company's geographic spread has expanded. While the Company maintains a compliance programme focused on applicable laws and regulations, there is no guarantee that it will not be subject to fines, criminal and/or civil lawsuits or other regulatory enforcement actions in one or more jurisdictions or be required to adjust business practices to accommodate future regulatory requirements.

Efforts to acquire and maintain relevant licences could require significant management time, effort, and cost and may not guarantee compliance given the dynamic nature of these regulatory frameworks. Accordingly, costs associated with changes in compliance requirements, regulatory audits, enforcement actions, reputational harm, or other regulatory limits on the Company's ability to grow its business could adversely affect its financial results.

The Company's business requires interaction with national government representatives and officials, or persons influenced or directed by national governments (including representatives of state-owned entities), particularly those responsible for awarding government contracts. These officials are subject to anti-bribery and anti-corruption legislation. The Company's future growth strategy may include expansion to countries which are known to present a higher risk of bribery and corruption. The Company's increased presence in new jurisdictions increases the possibility of violations of anti-bribery and anti-corruption laws.

The Company also must monitor its compliance with various sanctions regimes. Economic sanctions could similarly be introduced on short notice in the countries where the Company currently operates or into which it plans to expand. As a result of the imposition of sanctions, the Company may be required to cease the supply of products or services in a particular country and/or terminate its supply arrangements with the relevant end customer and/or EPC contractor. In such circumstances, there can be no assurance that the Company will be able to recover any costs already incurred in relation to such projects in part or at all.

Furthermore, sanctions could also indirectly affect the Company. For instance, the Company's third-party service providers may halt their services to comply with relevant sanctions. Moreover, financial institutions could withhold financing from the Company's customers who are under sanctions or might be subject to sanctions in the future.

The Company's policies and procedures, which are designed to ensure that it, its employees, agents and intermediaries comply with applicable foreign anti-bribery and anti-corruption (**ABAC**) laws as well as applicable sanctions regimes, may fail to work effectively or protect it against liability for actions taken by its employees, agents and intermediaries with respect to its business or any businesses that it may acquire. In the event that the Company believes, or has reason to believe, that its employees, agents or intermediaries have or may have violated applicable ABAC laws or a sanctions regime, the Company may be required to investigate or have a third party investigate the relevant facts and circumstances, which will require the Company to incur additional expense and require significant time and attention from senior management. Any determination that the Company has violated ABAC laws, or the sanctions regime of any other jurisdiction could subject it to, among other things, penalties and legal expenses that could harm its reputation and have a material adverse effect on its financial condition and results of operations.

The occurrence of one or more of these events could have a material adverse effect on the Company's international operations and, consequently, its operating results.

***The Company's business could be affected by technology transfer and export control rules.***

The Company's success in the energy sector, particularly in the development and deployment of steam turbines and other related technologies and equipment, is significantly influenced by its ability to provide and deliver solutions across international borders. This process is inherently complex due to the stringent regulatory frameworks governing the export of sensitive technologies as export control is a crucial element in the global strategy against the proliferation of weapons of mass destruction (**WMDs**). Export control serves as a preventive mechanism against the production and accumulation of conventional weapons in high-risk regions and the spread of WMDs and their delivery systems. This affects especially the Company's ability to deliver its products and components to nuclear energy projects – both industrial nuclear power plants as well as small modular reactors. Moreover, the Company acknowledges the potential for additional risks, such as those arising from comprehensive export regulations concerning nuclear technology in the United States. Consequently, there may be instances where the Company is unable to bid on a project if the customer has been denied export privileges by the government. A similar situation could arise within the United Kingdom, reflecting the global nature of export control challenges the Company faces.

Regulation (EU) 2021/821 establishes a Union regime for the control of exports, brokering, technical assistance, transit and transfer of dual-use items (the **Export Control Regulation**) and governs the EU's export control regime, which is designed to regulate the trade of dual-use items - goods, software, and technology that can be used for both civilian and military applications. The Export Control Regulation introduces uniform export control rules across the EU, including a set of criteria for assessing exports and a variety of authorization types such as individual, global, and general licenses. It also provides a consolidated EU list of dual-use items that are subject to controls. The regulation extends to non-listed items as well, particularly when there is a risk of them being used in the development of WMDs or in human rights violations. Under the Export Control Regulation exporters are mandated to implement specific control measures, including maintaining records and registers. The Export Control Regulation also facilitates the creation of a network of competent authorities to foster the exchange of information and ensure uniform application and enforcement of export controls throughout the EU.

The Company, as a potential exporter of dual-use items, is obligated to determine whether an export license is necessary by performing a comprehensive evaluation on a case-by-case basis, guided by a set of specific criteria. These include the classification of the goods, the country of destination and the end user of the product. The Company notes that, depending on the situation, several of its products and product components may meet the definition criteria of dual-use items under the Export Control Regulation. For instance, certain components of heat exchangers or pumps may be classified as Category 0 items (nuclear materials, facilities and equipment), unless they are exempted under a specific a component provision of the applicable law.

As a result, the Company's capacity to execute specific projects may be hindered by the administrative demands associated with securing export licenses. The issuance or refusal of an export license largely depends on the assessment of the application and the information regarding the end-use of the exported controlled items. Further, some customer may be denied export privileges. Consequently, the Company must also perform a comprehensive know-your-customer review of its customers, which adds to the administrative challenges. Such proceedings may be time-consuming and resource-intensive, potentially resulting in project delays, which could in turn have negative effect on the Company's operations and financial performance.

***The Company's business could suffer as a result of labour actions, including collective action or work stoppages by essential staff, and the Company may have limited control over rates of pay or incentives that must be offered to employees.***

Maintaining good relationships with staff is crucial to avoid disruptions to the Company's business. The quality of the Company's relationships with its staff depends on them continuing to regard their conditions of employment as fair and reasonable and for those terms to continue to support the Company's business model. However, the Company may face disputes, work stoppages, strikes or similar actions as a result of working arrangements or other issues. These actions may require the Company to adopt or negotiate changes with respect to working arrangements that are unfavourable to its business.

Furthermore, approximately 40 per cent. of the Company's employees are members of ZO OS KOVO ŠKODA TURBÍNY (the **Company Trade Union**), the largest trade union in the Czech Republic, and the terms of employment of the Company's employees are subject to a collective bargaining arrangement. The Company is therefore dependent on good relations with its employees, unions and employee representatives to avoid business interruptions, implement restructuring and amend existing collective bargaining agreements.

In certain countries, terms and conditions have to reflect industry standards on collective bargaining, and the Company may have limited control over rates of pay or incentives that must be offered to employees, and its operating costs could increase as a result. In some cases, the Company must ensure compliance with local regulations, for instance, by registering with foreign agencies, respecting local unions' demands or contractual terms which may include requests for localisation - the use of local labour, further influencing the Company's labour practices and potentially increasing operational costs.

### Environmental, social and governance risks

***The Company's business requires access to significant guarantee lines and project-related insurance, which may not be available for certain types of projects.***

The Company's operations involve projects that typically require substantial financial guarantees and insurance coverage. Environmental, social and governance (**ESG**) criteria have become increasingly significant in the financial sector. Financial institutions are adopting ESG policies to align their business practices with sustainability goals and to manage risks associated with social and environmental issues. As a result, these institutions may limit or withdraw their support for projects that are perceived to have a negative impact on the environment, such as those involving coal or other fossil fuels.

Consequently, the Company may face challenges in securing the necessary financial guarantees and insurance for projects that are not aligned with the prevailing ESG criteria. In the Company's experience, obtaining financial guarantees in respect of smaller projects could be more difficult and burdensome compared to large-scale projects. As regards the project-related insurance, there might be even cases when such projects are, according to the insurance companies, uninsurable.

In such cases, the Company may have a reduced pool of financial institutions that are willing to provide bank guarantees or insurance coverage in relation to such projects. Moreover, even when such financial services are available, they may be offered under less favourable terms, including higher costs, more restrictive conditions, or additional requirements that could impede the Company's financial results.

***Increasing scrutiny and changing expectations from investors, customers and the Company's employees with respect to its ESG practices may impose additional costs on the Company or expose it to new or additional risks.***

There is increased focus, including from governmental organisations, investors, employees and customers, on ESG issues such as environmental stewardship, climate change, diversity and inclusion, racial justice and workplace conduct. Negative public perception, adverse publicity or negative comments in social media could damage the Company's reputation if it is perceived to be inadequately addressing these issues. Any harm to the Company's reputation could impact employee engagement and retention and the willingness of customers and its partners to do business with it. In addition, organisations that provide information to investors on corporate governance and related matters have developed ratings processes for evaluating companies on their approach to ESG matters, and unfavourable ratings of the industry, the Company or its businesses may lead to negative investor sentiment or attention from activist investors or cause the diversion of investment to competitors.

***Costs and liabilities related to stringent environmental standards and technical norms and standards and changes in regulations and their enforcement could have a material impact on the Company's operations.***

The Company and mainly its customers are subject to a broad range of environmental laws and regulations and technical norms and standards in the Czech Republic, other jurisdictions in which the Company and/or its customers operate as well as to various supranational regulations relating to environmental protection. The areas of these regulations include, but are not limited to, waste management, environmental management systems, handling of chemical substances, or noise and air pollution protection. In addition, the Company must also adhere to technical norms and standards which encompass product quality, safety, and management such as EN ISO 9001:2015, EN ISO 14001:2015, EN ISO 45001:2018, EN ISO 3834-2, EN 1090-2, ISO 10005:2018, ISO 10006:2017, ISO 19011:2018, Directive (EU) 2014/68 on the harmonisation of the laws of the Member States relating to the making available on the market of pressure equipment, and UK Statutory Instruments SI 2016/1105 1105 pressure equipment (safety) regulations. These standards, laws and regulations impose increasingly stringent environmental protection standards and technical requirements regarding, among other things, the use, storage and handling of hazardous materials, discharge and disposal of factory waste, the discharge of wastewaters, the emission of air pollutants and greenhouse gases, the remediation of environmental damage or contamination and safety standards relating to industrial installations and processes. Compliance with these standards, laws and regulations involves significant costs.

In addition, it is possible that government officials and/or governmental authorities or agencies responsible for enforcing environmental laws, may view certain issues as more severe than the Company anticipates. There is also a risk that the Company might not identify or fully understand an existing liability until it becomes legally obligated to address it. Moreover, government officials and/or governmental authorities or agencies responsible for enforcing environmental laws, may interpret the environmental legislation generally applicable to the Company's business more restrictively than expected.

The Company must comply with the legal requirements in the Czech Republic, as the EU and any other applicable international legal requirements. Failure to comply with these requirements could result in the imposition of any fines, orders (including orders to cease operations), or criminal sanctions for non-compliance, or the loss of a significant permit or license, the occurrence of any of which could have a material adverse effect on the Company's business, financial condition, results of operations, cash flows and prospects.

Environmental regulations as well as future events, such as changes in laws and technology, the promulgation of new laws or the development or discovery of new facts or conditions could expose the Company to substantial costs and liabilities that could have a material adverse effect on the Company's business, financial condition, results of operations and cash flows.

Based on the information known to the Company, the Company is not able to predict with certainty the impact of future environmental compliance requirements or of the costs associated with the resolution of any future environmental proceedings and claims, in part because the scope of the remedies that may be required is not certain and environmental laws and regulations are subject to modification and changes in interpretation. There can be no assurance that environmental regulations will not become more burdensome in the future or that no unknown conditions will be discovered and that such developments will in no case have a material adverse effect on the Company's business. For instance, the CBAM rules may have an impact on the future cost efficiency and competitiveness of the Company. The Company imports several of its input materials from non-EU countries, and under the CBAM such materials may be subject to a special carbon border tax. This could potentially have a negative impact on the cost estimation of the Company's projects and could result in unanticipated increased costs to be incurred by the Company and there can be no assurance that the Company will be able to successfully pass on the impact of any such increased costs, wholly or in part, to its customers.

The Company is also not able to predict changes to the technical norms and standards and the evolution of new regimes, which could potentially require the Company to invest in finding new technical solutions that are compliant with the revised norms and standards, causing the Company to incur additional costs and any such new solutions, if formulated, could lead to different level of performance or could prolong project lead times.

Many legal requirements, such as laws and regulations concerning the use, storage and handling of hazardous materials, discharge and disposal of factory waste, the discharge of wastewaters, the emission of air pollutants and greenhouse gases, the remediation of environmental damage or contamination and safety standards relating to industrial installations and processes, as well as technical norms and standards, may apply to properties that the Company presently operates and, as a result, make compliance with all applicable laws and regulations more challenging for the Company. Changes in laws and regulations in the future could increase the Company's compliance costs, restrict its freedom to conduct its business as it presently does and/or reduce its profitability. In addition, failure to comply with any enhanced or new laws and regulations can lead to civil, administrative or criminal penalties, including but not limited to fines. Any such occurrences could have a material adverse effect on the Company's reputation as well as its business, financial condition, results of operations, cash flows and prospects.

## Risk related to the Shares

### Risks related to the nature of the Shares

***The rights of minority shareholders will be governed by the laws of the Czech Republic, whose corporate governance standards may differ from those of other jurisdictions.***

The Company is incorporated as a joint stock company under the laws of the Czech Republic. The rights of holders of the Shares are governed by the Company's Articles of Association and by applicable Czech law, principally the Czech Act No. 90/2012 Coll., on business corporations and cooperatives, as amended (the **Czech Companies Act**). These rights, including the rights of minority shareholders, may differ in some respects from the rights of shareholders in corporations incorporated outside the Czech Republic. Accordingly, the rights of minority holders of the Shares may differ materially and can be less beneficial from those applicable in other jurisdictions. Under Czech law: (i) under certain circumstances, majority shareholders holding at least 90 per cent. of the shares in the Company (and the corresponding portion of voting rights) can demand a squeeze-out of the remaining minority shareholders; (ii) shareholders must reach a certain percentage of the shares in a company in order to be able to exercise further rights, such as the right to request the Board of Directors to convene a General Meeting, the right to request the Board of Directors to include any additional matter in the agenda of a General Meeting that has already been called and the right to request that the Supervisory Board reviews the manner in which the Board of Directors exercises its power and responsibilities; (iii) minority shareholders may be unable to prevail in a claim against the Company under, or to enforce liabilities predicated upon, the securities laws of jurisdictions outside the Czech Republic. These provisions may cause the minority shareholders' position within the Company and rights to be adversely affected, as well as the value of their investments.

***Exchange rate fluctuations may impact the market price and the value of the Shares, as well as any dividends or other income paid on the Shares for an investor whose principal currency is not CZK.***

The Shares are denominated in CZK. An investment in the Shares by an investor in a jurisdiction other than the Czech Republic exposes the investor to foreign currency exchange rate risk. Any depreciation of CZK in relation to such foreign currency, will reduce the value of the investment in the Shares or any dividends in foreign currency terms. Further, the Company declares and distributes dividends or other income, if any, in CZK. Exchange rate movements of CZK will therefore affect the value of these dividends or other income for investors whose principal currency is not CZK. This could affect the value of the Shares and of any dividends or other income paid on the Shares for an investor whose principal currency is not CZK.

***The Selling Shareholder's interests may conflict with the Company's and the Company's other shareholders.***

Prior to the Offering, the Selling Shareholder owned all of the outstanding Shares of the Company. Upon completion of the Offering, the percentage shareholding of the Selling Shareholder is expected to be diluted to approximately 67.00 per cent., assuming that the Over-Allotment Option is exercised in full. By virtue of the level of its voting power, the Selling Shareholder will retain the ability to exercise control over certain matters requiring shareholder approval, including (but not limited to) the election of the members of each of the Company's Supervisory Board and Board of Directors, the increase or decrease of the share capital of the Company, amendments to the Articles of Association, the payment of dividends and the approval of financial statements of the Company, and strategic decisions of the Company, such as business strategy for coal exit or strategic expansion into new markets such as generator and gas turbine production. The Selling Shareholder may support strategies and directions that are in its best interests, but these may conflict with the interests of the Company and the Company's other shareholders, which could have a material adverse effect on the Company's business, results of operations, financial condition, liquidity, capital base, prospects or reputation and any investment in the Shares.

See also *The Company's business is significantly influenced by Doosan Enerbility and Doosan Corporation.* for more detail on the influence of the Selling Shareholder, Doosan Enerbility and Doosan Corporation over the Company.

***The Company's ability to pay dividends on the Shares will depend on the availability of distributable profits and the Company's dividend policy may be subject to change.***

The Company's ability to pay dividends is influenced by a number of factors, including the availability of distributable reserves, and any limits set out by applicable laws.

In 2020, the Company entered into an agreement with Všeobecná úverová banka, a.s. (**VUB**) under which VUB agreed to provide the Company with a facility of up to EUR 45,000,000 (or the equivalent amount in CZK, USD, or GBP), by way of issuance of bank guarantees and certain other instruments (the **VUB Facility**). According to the terms of the VUB Facility, the Company is prohibited from distributing to its shareholders any form of profit exceeding 100 per cent. of the after-tax profit for the relevant accounting period without the prior written consent of VUB. Should VUB withhold consent, the Company's ability to declare and pay dividends may consequently be restricted.

There is also risk that shareholders of the Company, at a general meeting of shareholders (the **General Meeting**), may also decide by a majority of at least two thirds of the votes cast at the General Meeting to issue preferred shares entitled to receive dividends or other payments that rank senior to dividends payable on the Shares (see

*The Selling Shareholder's interests may conflict with the Company's and the Company's other shareholders.*). In this case, amounts paid on such preferred shares would decrease the Company's distributable profits and, accordingly, the amount of funds available to make dividend payments on the Shares. Therefore, to the extent the Company's distributable profits are insufficient to pay dividends on both the Shares and any preferred shares, the dividend on such preferred shares would be paid first and holders of the Shares may receive only a reduced dividend or no dividend at all.

As a result of the foregoing, the Company may not be able to make the currently planned dividend distributions or maintain the targeted dividend growth or otherwise attain the targets set for the payment of dividends or the Company may change its approach to determining dividend payments as a result of any other circumstances which may occur in the future.

***Shareholders in certain jurisdictions may not be able to participate in future equity offerings.***

Czech law provides for pre-emptive rights to be granted to existing shareholders in the Company in the event of an issue of shares by the Company. However, securities laws of certain jurisdictions may restrict the Company's ability to allow participation by shareholders in future offerings. In particular, holders of the Shares in the United States may not be entitled to exercise these rights, unless the Shares and any other securities that are offered and sold are registered under the U.S. Securities Act, or the Shares and such other securities are offered pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act. The Company cannot assure prospective investors that any exemption from such overseas securities law requirements would be available to enable U.S. or other shareholders to exercise their pre-emptive rights or, if available, that the Company will utilise any such exemption.

***In the event of insolvency of the Company, investors may recover less than their initial investment or may not be able to recover any amounts at all.***

In the event of insolvency of the Company, the Shares would rank behind any debt claims against the Company in respect of any distributions made in the relevant proceedings and no distribution would be made in respect of the Shares unless all claims ranking senior to the Shares are satisfied. Accordingly, in the event of insolvency of the Company, investors may recover less than their initial investment or may not be able to recover any amounts at all.

***Not all rights available to shareholders under laws of other jurisdictions will be available to holders of the Shares.***

Shareholders should be aware that not all rights typically available under the laws of other jurisdictions will be accessible to them. The rights of holders of the Shares are subject to Czech law and the governing documents of the Company. It is important to note that the legal framework in the Czech Republic may offer a different set of rights compared to those available to shareholders of companies in other jurisdictions.

The legal protections and mechanisms for action by shareholders can vary significantly. For instance, Czech law may place more restrictive conditions on the ability of shareholders to initiate derivative actions. In the context of Czech companies, derivative actions are legal proceedings that shareholders can bring forward on behalf of a company if they believe that a wrongful act has been committed against it. However, under Czech law, such actions are not as broadly available as they might be in other jurisdictions. Typically, it is the company itself that is recognized as the proper plaintiff in legal proceedings concerning wrongful acts committed against it. Individual shareholders, or any group of shareholders, usually do not possess the right to sue in these situations.

Furthermore, in the event of corporate actions that shareholders may disagree with, Czech law does not provide for appraisal rights in the same manner as some other jurisdictions. Appraisal rights allow dissenting shareholders to have their shares appraised and to receive monetary compensation in lieu of participating in certain corporate actions. The absence of such rights under Czech law means that shareholders may have fewer options when they disagree with decisions made by the Company.

It is essential for shareholders to understand these differences and how they may impact their rights and remedies as shareholders under Czech law.

### Risks related to the Offering and Admission

***Substantial future offerings by the Company or the Selling Shareholder of equity or equity-linked securities may adversely affect the market price of the Shares and dilute the shareholders' interests.***

Sales of additional Shares (or other equity or equity-linked securities) into the public market following the Offering, including by the Company and the Selling Shareholder, could adversely affect the market price of the Offer Shares. The Company and the Selling Shareholder have each agreed not to issue, offer, sell or undertake similar transactions relating to the Shares for a lock-up period of 360 days, without the prior written consent of the Joint Global Coordinators, subject to, in each case, certain customary exceptions.

During the periods immediately prior to and following the end of the periods of sales restriction provided for by these lock-up arrangements, the market price of the Shares may fall in anticipation of a sale of Shares. Following the expiry of these arrangements, there will be no contractual restriction on the sale of the Shares owned by the Selling Shareholder. The Company cannot predict whether a substantial number of Shares in addition to those which will be available in the Offering will be sold in the open market following the expiry or waiver of these restrictions. In particular, there can be no assurance that after the restrictions expire, or prior to such time if any such restrictions are waived, the Selling Shareholder will not reduce its holding of Shares.

Furthermore, the General Meeting may authorize the Board of Directors to increase the share capital of the Company by up to 50 per cent. of the current share capital of the Company without approval of the General Meeting.

The Company may raise additional capital by offering additional equity or equity-linked securities, including global depositary receipts, commercial paper, medium-term notes, senior or subordinated notes, series of preferred shares or ordinary shares. The issuance of equity or equity-linked securities may dilute the economic and voting rights of existing shareholders, if made without granting pre-emptive or other subscription rights, or reduce the price of the Shares, or both. Any decision by the Company to issue additional securities will depend on market conditions and other factors beyond the Company's control, and therefore the Company cannot predict or estimate the amount, timing or nature of any such future issuances. Thus, prospective investors bear the risk of the Company's future offerings reducing the market price of the Shares and diluting their interest in the Company.

***Shares in the Company may be subject to market price volatility, and the market price of the Shares in the Company may decline disproportionately in response to developments that are unrelated to the Company's operating performance.***

The Offer Price is not indicative of the market price of the Shares that will prevail following Admission. The market price of the Shares may be volatile and subject to wide fluctuations. The market price of the Shares may fluctuate as a result of a variety of factors, including, but not limited to, those referred to in this *Risk Factors* section, as well as period-to-period variations in operating results or changes in revenue or profit estimates by the Company, industry participants or financial analysts. The market price could also be adversely affected by developments unrelated to the Company's operating performance, such as the operating and share price performance of other companies that investors may consider comparable to the Company, speculation about the Company in the press or the investment community, unfavourable press, the research and reports that industry or securities analysts publish about the Company or the Company's business or the lack of any such reports, strategic actions by competitors (including acquisitions and restructurings), changes in market conditions, regulatory changes and broader market volatility and movements. Any or all of these factors could result in material fluctuations in the price of Shares, which could lead to investors getting back less than they invested or a total loss of their investment.

***There has been no prior public market for the Shares and an active and liquid market for the Shares may not develop.***

There has been no public market for the Shares before the Offering. Although the Company will apply for the Shares to be admitted to trading on the Prime Market of the Prague Stock Exchange, an active liquid trading market may not develop or be sustained after the Offering. Due to the absence of a prior market, the Offer Price may not accurately reflect the market price of the Shares following the Offering and investors should not view the Offer Price as any indication of the price that will prevail in the trading market. Furthermore, prices of Shares that may prevail in the trading market can be different. If a market for the Shares does not develop, the price of the Shares and the ability to sell the Shares could be adversely affected.

In addition, the securities market in the Czech Republic is substantially smaller, less liquid and significantly more volatile than major securities markets in the United States or the United Kingdom. According to the PSE website, as of 9 January 2025, only 18 issuers had their shares traded on the regulated market of the Prague Stock Exchange, total equity market capitalisation was CZK 1,587.29 billion and the year-to-date share trading volume of shares listed on the Prague Stock Exchange was CZK 109.95 billion. The small number of listed companies and low trading volumes tend to decrease the liquidity and increase the volatility of the Czech securities market. Accordingly, there may not be a liquid market for the Shares and the trading price of the Shares may be subject to significant volatility.

***Trading in the Shares may be suspended or halted.***

The Prague Stock Exchange may suspend or cease trading in the Shares in a number of circumstances, such as if the Company failed to comply with certain reporting obligations or in the event of market manipulation. Suspension of trading in the Shares would prevent investors from selling the Shares and realizing any income from such sales.

***The issuance of additional Shares in the Company in connection with future acquisitions, any share incentive or share option plan or otherwise may dilute all other shareholdings.***

The Company may seek to raise financing for future acquisitions and other growth opportunities. The Company may, for these and other purposes, such as in connection with share incentive and share option plans, issue additional equity or convertible equity securities. As a result, existing shareholders may suffer dilution in their percentage of ownership or the market price of the Shares may be adversely affected.

***None of the Joint Global Coordinators, the Company or the Selling Shareholder will be liable for delays in the unblocking or return of the amounts due to the Investors in the event that the Offering is cancelled, suspended or over-subscribed.***

None of the Company, the Selling Shareholder or the Joint Global Coordinators shall have any liability to any investor. Neither the Company, the Selling Shareholder nor the Joint Global Coordinators bear any liability for any consequences (including, without limitation, losses, damages or lost opportunity) incurred by any third party (including the Investors) and/or their affiliates in respect to and/or in connection with suspension or cancellation of the Offering.

## IMPORTANT INFORMATION

### General

This document comprises a Prospectus for the purposes of the Prospectus Regulation and the Delegated Regulation.

This Prospectus has been approved as a prospectus for the purposes of the Prospectus Regulation by, and filed with, the CNB, as competent authority under the Prospectus Regulation on 24 January 2025. The CNB has only approved this Prospectus as meeting the standard of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of the quality of the Company and/or the securities that are the subject of this Prospectus. Investors should make their own assessment as to the suitability of investing in the Offer Shares. This Prospectus is valid for 12 months from the date on which its approval by the CNB became final and effective. The validity of the Prospectus will expire on 27 January 2026.

The material risks associated with the Company's activity, its shareholder structure and the Offer Shares are detailed in the section headed *Risk Factors*. Prospective investors should carefully consider the risks referred to and the other warnings contained in this Prospectus before making any investment decision. If any doubts remain regarding these matters, prospective investors should consult their own legal, tax and financial advisors. Prospective investors should also inform themselves of any applicable legal and tax implications in their country of residence arising from the acquisition, holding or disposal of the Offer Shares.

This Prospectus is not intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Company, the Selling Shareholder, any of the Joint Global Coordinators or any of their representatives that any recipient of this Prospectus should purchase the Offer Shares.

None of the Company or the Joint Global Coordinators nor any of their respective representatives or affiliates is making any representation to any offeree, subscriber or purchaser of the Offer Shares regarding the legality of an investment in the Offer Shares by such offeree, subscriber or purchaser under the laws applicable to such offeree, subscriber or purchaser. The content of this Prospectus is not to be considered or interpreted as legal, financial, business or tax advice. Prior to making any decision whether to subscribe for or purchase the Offer Shares, prospective investors should read this Prospectus. Investors should ensure that they read the whole of this Prospectus and not just rely on key information or information summarised within it. Each prospective investor should consult his or her own stockbroker, bank manager, lawyer, auditor and/or other financial, legal or tax advisers before making any investment decision with regard to the Offer Shares, among other things to consider such investment decision in light of his or her personal circumstances and in order to determine whether or not such prospective investor is eligible to subscribe for or purchase the Offer Shares. In making an investment decision, prospective investors must rely on their own examination and analysis of the Company, the Offer Shares and the terms of the Offering, including the merits and risks involved. This Prospectus does not constitute a recommendation by the Company or an invitation by the Company to subscribe for or purchase the Offer Shares and does not constitute an analysis as to the quality of the Offer Shares. Investors should be aware that they may be required to bear the financial risks of this investment for an indefinite period of time.

Recipients of this Prospectus are authorised solely to use it for the purpose of considering an investment in the Offer Shares and may not reproduce or distribute this Prospectus, in whole or in part, and may not disclose any of the contents of this Prospectus or use any information herein for any purpose other than considering an investment in the Offer Shares. Such recipients of this Prospectus agree to the foregoing by accepting delivery of this Prospectus.

Prospective investors should rely only on the information contained in this Prospectus and any supplement to this Prospectus within the meaning of article 23 of the Prospectus Regulation. The Company does not undertake to update this Prospectus, unless required pursuant to article 23 of the Prospectus Regulation, and therefore prospective investors should not assume that the information in this Prospectus is accurate as of any date other than the date of this Prospectus. No person is or has been authorised to give any information or to make any representation in connection with the Offering, other than as contained in this Prospectus, and, if given or made, any other such information or representations must not be relied upon as having been authorised by the Company, the Board of Directors or Supervisory Board, the Joint Global Coordinators, any of the Joint Global Coordinators or any of their respective affiliates or representatives. The delivery of this Prospectus at any time after the date hereof will not, under any circumstances, create any implication that there has been no change in the Company's affairs since the date hereof or that the information set forth in this Prospectus is correct as of any time since its date.

This Prospectus and the Offering (except for the Underwriting Agreement) are governed by Czech law.

Although the Joint Global Coordinators are party to various agreements pertaining to the Offering and each of the Joint Global Coordinators has entered or might enter into a financing arrangement with the Company or any of its affiliates, this should not be considered as a recommendation by any of them or any of their respective affiliates to invest in the Offer Shares. In connection with the Offering and, if applicable, the Over-allotment Option, the Joint Global Coordinators and any of their respective affiliates or any investment vehicle directly or indirectly related to the Joint Global Coordinators may take up a portion of the Offer Shares as a principal position and, in that capacity, may retain, purchase, sell, offer to sell, or otherwise deal for its or their own account(s) in such Offer Shares, any other securities of the Company or other related investments in connection with the Offering or otherwise. Accordingly, references in this Prospectus to the Offer Shares being offered or otherwise dealt with should be read as including any offer to, or dealing by, the Joint Global Coordinators or any of them and any of their affiliates and/or investment vehicle(s) directly or indirectly related thereto, acting in such capacity. In addition, certain of the Joint Global Coordinators or their affiliates and/or any investment vehicle(s) directly or indirectly related to the Joint Global Coordinators, may enter into financing agreements (including swaps, warrants or contracts for differences) with investors in connection with which such Joint Global Coordinators (or their affiliates) may, from time to time, acquire, hold or dispose of the Offer Shares. The Joint Global Coordinators do not intend to disclose the extent of any such investment or transaction otherwise than in accordance with any legal or regulatory obligation to do so.

The Offering and the distribution of this Prospectus, any related materials and the offer, acceptance, delivery, transfer, exercise, purchase of, subscription for, or trade in Offer Shares may be restricted by law in certain jurisdictions other than the Czech Republic, including the United States and therefore persons into whose possession this Prospectus comes should inform themselves and observe any restrictions.

This Prospectus may not be used for, or in connection with, and does not constitute, any offer to sell, or an invitation to purchase, the Offer Shares offered hereby in any jurisdiction in which such offer or invitation would be unlawful or would result in the Company becoming subject to public company reporting obligations outside the Czech Republic. Persons in possession of this Prospectus are required to inform themselves about and to observe any such restrictions. Other than in the Czech Republic, no action has been or will be taken in any jurisdiction by the Company and/or the Joint Global Coordinators that would permit an initial public offering of the Offer Shares or possession or distribution of a prospectus in any jurisdiction where action for that purpose would be required. The Company, the Directors and the Joint Global Coordinators do not accept any responsibility for any violation by any person, whether or not such person is a prospective subscriber or purchaser of the Offer Shares, of any of these restrictions. See *Selling and Transfer Restrictions*.

Each person receiving this Prospectus acknowledges that: (i) such person has not relied on any of the Joint Global Coordinators and/or any person(s) affiliated with any of them in connection with any investigation of the accuracy of any information contained in this Prospectus or their investment decision; (ii) such person has relied only on the information contained in this Prospectus; and (iii) no person has been authorised to give any information or to make any representation concerning the Company or the Offer Shares (other than as contained in this Prospectus) and, if given or made, any such other information or representation should not be relied upon as having been authorised by the Company or the Joint Global Coordinators.

**Persons Responsible and limitation of liability**

This Prospectus is made available by the Company, and the Company accepts full and sole responsibility for the information contained in this Prospectus. The Company declares that, to the best of its knowledge, the information contained in this Prospectus is in accordance with the facts and contains no omission likely to affect its import.

Any information from third parties identified in this Prospectus as such has been accurately reproduced and, as far as the Company is aware and able to ascertain from the information published by a third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

Without prejudice to the above, no responsibility is accepted by the persons responsible for the information given in this Prospectus solely based on the summary of this Prospectus, unless such summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus or it does not provide, when read together with the other parts of the Prospectus, key information in order to aid the investors when considering whether to invest in the Offer Shares.

Raiffeisen Bank International AG is authorised and regulated by the Austrian Financial Market Authority (*Finanzmarktaufsichtsbehörde*) in the Republic of Austria as well as the European Central Bank and Raiffeisenbank a.s. is authorised and regulated by the CNB in the Czech Republic. WOOD & Company Financial Services, a.s. is authorised and regulated by the CNB in the Czech Republic. The Joint Global Coordinators are acting exclusively for the Company and no one else in connection with the Offering and will not regard any other person (whether or not a recipient of this Prospectus) as a client in relation to the Offering and will not be responsible to any other person for providing the protections afforded to their respective clients or for providing advice in relation to the Offering. No representation or warranty, express or implied, is made or given, and no responsibility is accepted, by, or on behalf of, any of the Joint Global Coordinators or any of their respective affiliates or representatives, or their respective directors, personally liable partners, officers or employees or any other person, as to the accuracy, fairness, verification or completeness of the information or opinions contained in this Prospectus, and nothing in this Prospectus is, or shall be relied upon as, a promise or representation by any of the Joint Global Coordinators or any of their respective affiliates or representatives, or their respective directors, personally liable partners, officers or employees or any other person, as to the past or future. None of the Joint Global Coordinators, or any of their respective affiliates or representatives, or their respective directors, personally liable partners, officers or employees or any other person in any of their respective capacities in connection with the Offering, accepts any responsibility whatsoever for the contents of this Prospectus, for any omissions from this Prospectus or for any other statements made or purported to be made by either itself, or on its behalf, in connection with the Company, the Offering or the Offer Shares. Accordingly, each of the Joint Global Coordinators and each of their respective affiliates or representatives, or their respective directors, personally liable partners, officers and employees and any other person disclaim, to the fullest extent permitted by applicable laws and regulations, all and any liability, whether arising in tort or contract or which they might otherwise be found to have in respect of this Prospectus and/or any such statement.

In connection with the Offering, WOOD, as Stabilising Manager, or any of its agents, may (but will be under no obligation to), to the extent permitted by applicable law, over-allot Shares or effect other stabilisation transactions with a view to supporting the market price of the Shares at a higher level than that which might otherwise prevail in the open market. The Stabilising Manager is not required to enter into such transactions and such transactions may be effected on any securities market, over-the-counter market, stock exchange or otherwise and may be undertaken at any time during the period commencing on the date of the commencement of trading in the Shares on the Prime Market of the PSE and ending no later than 30 calendar days thereafter. However, there will be no obligation on the Stabilising Manager or any of its agents to effect stabilising transactions and there is no assurance that stabilising transactions will be undertaken. Such stabilisation, if commenced, may be discontinued at any time without prior notice. In no event will measures be taken to stabilise the market price of the Shares above the Offer Price. Except as required by law or regulation, neither the Stabilising Manager nor any of its agents intends to disclose the extent of any over-allotments made and/or stabilisation transactions conducted in relation to the Offering.

## Presentation of financial information

This Prospectus should be read and construed in conjunction with the audited consolidated financial statements of the Company as of and for the years ended 31 December 2023, 2022 and 2021, together with the notes thereto (the **Audited Financial Statements**) and the unaudited condensed consolidated interim financial statements of the Company as of and for the period from 1 January 2024 to 24 September 2024 (including unaudited comparative financial information), together with the notes thereto (the **Unaudited Interim Financial**

**Statements**). The Company's financial year aligns with the calendar year but individual monthly reporting periods, apart from December, conclude on the 24th day of each month due to internal reporting policies across the Doosan Group. This set-up is also reflected in the Company's enterprise resource planning system. Consequently, instead of the conventional nine period-end date (i.e. 30 September), the Company has presented the Unaudited Interim Financial Statements for the period from 1 January to 24 September to align with the financial reporting processes of the Doosan Group.

The Audited Financial Statements included in this Prospectus have been audited by Deloitte Audit s.r.o. in accordance with the Act on Auditors and Auditing Standards of the Chamber of Auditors of the Czech Republic, which are International Standards on Auditing (**ISAs**), as amended by the related application guidelines and prepared in accordance with the International Financial Reporting Standards (the **IFRS**) as adopted by the EU. The Company's date of transition to IFRS on consolidated basis was 1 January 2021. The Unaudited Interim Financial Statements have been prepared in accordance with International Accounting Standard 34 (**IAS 34**) and have not been audited but have been reviewed in accordance with ISRE 2410 by Deloitte Audit s.r.o.

Unless stated otherwise, the financial data concerning the Company (on consolidated basis) presented herein for the years ended 31 December 2023, 2022, and 2021 originates from, or has been calculated on the basis of, the Audited Financial Statements. Unless stated otherwise, the financial data concerning the Company (on consolidated basis) presented herein for the period from 1 January 2023 to 24 September 2023 and the period from 1 January 2024 to 24 September 2024 originates from, or has been calculated on the basis of, the Unaudited Interim Financial Statements. Certain financial information and operating data presented in the Prospectus has been extracted from, prepared or calculated based on sources other than the Audited Financial Statements and the Unaudited Interim Financial Statements, such as management accounts and schedules prepared on the basis of accounting records by the Company for its internal purposes. Such data has not been subject to any audit or review procedures carried out by independent certified auditors.

In this Prospectus references to **2023**, **2022** and **2021**, are to the financial year ended 31 December 2023, the financial year ended 31 December 2022 and the financial year ended 31 December 2021, respectively, and references to a date shall mean as of such date.

**Exchange Rate Information**

Unless otherwise provided, the figures presented in this Prospectus in EUR have been converted from Czech Koruna to Euro using the exchange rate (EUR/CZK) as shown in the following table:

| **Year ended 31 December** | **Period average** | **Period end** |
|---|---|---|
| | CZK per EUR 1 | CZK per EUR 1 |
| 2021 | 25.645 | 24.860 |
| 2022 | 24.565 | 24.115 |
| 2023 | 24.007 | 24.725 |

| **The period from 1 January to 24 September** | **Period average** | **Period end** |
|---|---|---|
| | CZK per EUR 1 | CZK per EUR 1 |
| 2023 | 23.837 | 24.385 |
| 2024 | 24.685 | 25.125 |

**Recently Adopted Accounting Standards**

The Audited Financial Statements are the first consolidated financial statements, which the Company compiled according to the IFRS adopted by the EU. For more information see note 2 of the Audited Financial Statements.

**<u>Non-IFRS financial measures</u>**

This Prospectus includes certain unaudited financial measures which are not accounting measures as recognised by IFRS and may not be permitted to appear on the face of primary financial statements or footnotes thereto. Such unaudited financial measures are considered to be "alternative performance measures" as defined in the "ESMA Guidelines on Alternative Performance Measures" issued by the European Securities and Markets Authority on 5

October 2015 (the **Alternative Performance Measures** or **APMs)**. Accordingly, these APMs were not audited or reviewed. The following are the APMs that are used in this Prospectus:

**EBITDA**

The Company calculates EBITDA based on figures included in the Audited Financial Statements and the Unaudited Interim Financial Statements as profit for the period *plus* income tax expense *plus* interest expenses *less* interest revenues *plus* depreciation and amortization (**EBITDA**). The Company uses EBITDA as a measure of its operating performance by excluding the effects of interest, taxes, depreciation, and amortization, providing insight into its core profitability and operational efficiency. This metric allows for a clearer comparison of performance across different periods and against other companies in the industry. Consequently, EBITDA serves as a valuable tool for management and investors to evaluate the underlying financial health and operational success of the Company.

**EBITDA margin**

EBITDA margin is defined by the Company as EBITDA as a percentage of revenues (**EBITDA margin**).

**Free Cash Flow**

The Company calculates free cash flow based on figures included in the Audited Financial Statements and the Unaudited Interim Financial Statements as Cash from operating activities *less* cash outflow from acquisition of property, plant and equipment *less* cash outflow from acquisition of intangible assets *plus* cash inflow from proceeds from sale of property, plant and equipment *less* income tax paid (**Free Cash Flow**). The Company uses Free Cash Flow as a measure of available cash after deduction of acquisition and proceeds from sale of property, plant, and equipment and intangible assets and tax, providing insight into the Company's liquidity and operational efficiency.

**Cash conversion**

The Company calculates cash conversion as Free Cash Flow as a percentage of EBITDA (**Cash conversion**). The Company uses Cash conversion to assess its ability in converting earnings into cash flow.

**Book-to-bill ratio**

The book-to-bill ratio is expressed by the Company as a ratio of the Company's order intake over its revenues (**Book-to-Bill Ratio**). The Company uses the Book-to-Bill Ratio as an indicator of future demand for the Company's products, where a ratio above 1x suggests that the order intake in the current period has outpaced the revenues generated in the same period. Consequently, the Company may benefit from using the Book-to-Bill Ratio for forecasting and planning purposes.

**Backlog**

In this Prospectus references to **backlog** are to the figure referred to as revenue backlog in the Audited Financial Statements and the Unaudited Interim Financial Statements, which describe the remaining transaction price allocated to performance from contracts that are not yet satisfied at the end of the reporting period. Backlog is translated to CZK using the foreign exchange rate as of the balance sheet date or an actual historical rate for any amounts billed and/or advances received. The Company uses backlog to track the remaining transaction price from unsatisfied contracts at the end of the reporting period, offering valuable insight into anticipated future revenue and overall financial stability.

**Order intake**

In this Prospectus references to **order intake** are to the additions to the backlog in the current period. This includes new contracts, amendments to existing contracts and in exceptional cases also cancellations of existing contracts. The Company calculates order intake as backlog closing balance less backlog opening balance plus revenues from goods, products and services plus foreign exchange rate differences plus other adjustments including claims and timing differences. The Company utilizes order intake to track and manage the accumulation of new and amended contracts, providing valuable insight into future revenue streams and operational planning.

The Company has presented these measures (i) as they are used by its management to monitor its financial position and (ii) to represent similar measures that are widely used by certain investors, securities analysts and other interested parties as supplemental measures of financial position, financial performance and liquidity. The Company believes that the inclusion of these ratios and measures, when considered in conjunction with measures reported under IFRS, enhance investors' understanding of indebtedness and the Company's current ability to fund its ongoing operations.

The APMs mentioned in this Prospectus may not be comparable to other similarly titled measures as used by different companies for differing purposes and are often calculated in ways that reflect the circumstances of those companies. Investors should exercise caution in comparing the APMs mentioned in this Prospectus to similar measures used by other companies.

Further, none of these APMs is a measurement of performance under IFRS, and investors should not consider such APMs in isolation or construe them as substitutes for, inter alia, net income, operating profit, cash flows from operating activities, investing activities or financing activities or other measures determined in accordance with IFRS. The APMs should only be read as additional information to, and not as a substitute for or superior to, the financial information prepared in accordance with IFRS. The APMs should not be given more prominence than measures sourced directly from the Audited Financial Statements and/or the Unaudited Interim Financial Statements and should be read in conjunction with the Audited Financial Statements and the Unaudited Interim Financial Statements.

**Reconciliation of the APMs used by the Company**

| | **For the period from 1 January to 24 September** | | **For the year ended 31 December** | | |
|---|---|---|---|---|---|
| | *(unaudited in CZK thousands, unless indicated otherwise)* | | | | |
| | **2024** | **2023** | **2023** | **2022** | **2021** |
| **Profit for the period** | **355,445** | **357,196** | **559,344** | **575,791** | **189,294** |
| Income tax expense | 102,386 | 110,249 | 190,707 | 154,409 | 29,828 |
| Interest revenues | (185,722) | (198,098) | (254,883) | (286,944) | (148,932) |
| Interest expenses | 1,162 | 816 | 1,336 | 2,143 | 1,213 |
| Depreciation and amortization | 127,918 | 124,020 | 165,831 | 181,527 | 234,171 |
| **EBITDA** | **401,189** | **394,183** | **662,335** | **626,926** | **305,574** |
| | | | | | |
| EBITDA | 401,189 | 394,183 | 662,335 | 626,926 | 305,574 |
| Revenues | 3,932,148 | 3,154,738 | 4,810,763 | 4,112,773 | 3,546,327 |
| **EBITDA margin** | **10.2%** | **12.5%** | **13.8%** | **15.2%** | **8.6%** |
| | | | | | |
| Cash from operating activities | 437,256 | 380,214 | 1,059,629 | 768,624 | 913,772 |
| Acquisition of property, plant and equipment | (42,326) | (23,686) | (41,699) | (27,699) | (26,920) |
| Acquisition of intangible property | (54,026) | (43,858) | (72,339) | (60,356) | (57,950) |

| | | | | | |
|---|---|---|---|---|---|
| Proceeds from sale of property, plant and equipment | 36 | 53 | 60 | 3,849 | 47 |
| Income tax paid | (121,085) | (3,555) | (131,880) | 21,668 | (132,337) |
| **Free Cash Flow** | **219,855** | **309,168** | **813,771** | **706,086** | **696,612** |
| | | | | | |
| **Free Cash Flow** | **219,855** | **309,168** | **813,771** | **706,086** | **696,612** |
| EBITDA | 401,189 | 394,183 | 662,335 | 626,926 | 305,574 |
| **Cash conversion** | **54.8%** | **78.4%** | **122.9%** | **112.6%** | **228.0%** |
| | | | | | |
| **Backlog closing balance** | **10,198,425** | **6,265,875** | **8,665,027** | **4,926,824** | **4,235,280** |
| Backlog opening balance | (8,665,027) | (4,926,824) | (4,926,824) | (4,235,280) | (3,621,303) |
| Revenues from goods, products and services | 3,920,874 | 3,147,123 | 4,787,917 | 4,060,940 | 3,520,533 |
| Foreign exchange rate differences | (79,171) | 90,659 | (149,712) | 194,895 | 290,228 |
| Other adjustments including claims and timing differences | 30,167 | (55,154) | (125,877) | 13,173 | (4,546) |
| **Order intake** | **5,405,268** | **4,521,679** | **8,250,531** | **4,960,552** | **4,420,192** |
| | | | | | |
| **Order intake** | **5,405,268** | **4,521,679** | **8,250,531** | **4,960,552** | **4,420,192** |
| Revenues | 3,932,148 | 3,154,738 | 4,810,763 | 4,112,773 | 3,546,327 |
| **Book-to-Bill Ratio** | **1.4x** | **1.4x** | **1.7x** | **1.2x** | **1.2x** |

These APMs have limitations as analytical tools, including the following:

- they do not reflect the Company's cash expenditures or future capital expenditures or contractual commitments;
- they do not reflect changes in, or cash requirements for, the Company's working capital needs;
- the fact that other companies in the same industry may calculate EBITDA and other APMs mentioned in this Prospectus differently than those mentioned in this Prospectus, limits their usefulness as comparative measures;
- EBITDA margin is dependent on revenue figures and may therefore suffer from inflated revenues;
- although depreciation and amortisation are non-monetary charges, the assets being depreciated and amortised will often need to be replaced in the future and EBITDA does not reflect any cash requirements that would be required for such replacements;
- Free Cash Flow does not account for cash flows from financing activities and may therefore not fully capture the Company's cash position; and
- the Book-to-Bill Ratio does not provide context about the profitability or complexity of the order intake.

**Currency presentation**

In this Prospectus, all references to:

**AED** refer to the Arab Emirates Dirham, the currency of the United Arab Emirates.

**Czech Koruna** and **CZK** refer to Czech Koruna, the currency of the Czech Republic.

**EUR**, **euro** and **€** refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended.

**GBP** refers to Sterling, the currency of the United Kingdom.

**INR** refers to the Indian rupee, the currency of India.

**MXN** refers to the Mexican peso, the currency of Mexico.

**PLN** refers to the Polish złoty, the currency of Poland.

**U.S. Dollars** and **USD** refer to United States dollars, the currency of the United States of America.

**Interpretation**

This Prospectus is drawn up in the English language. Certain legislative references and technical terms in the English version have been cited in their original Czech language in order that the correct technical meaning may be ascribed to them under applicable law.

**Rounding**

Certain data in this Prospectus, including financial, statistical, and operating information has been rounded. As a result of the rounding, the totals of data presented in this Prospectus may vary slightly from the actual arithmetic totals of such data. Percentages in tables have been rounded and accordingly may not add up to 100 per cent.

Amounts in tables are generally expressed in thousands of CZK. Changes and percentages are generally calculated from amounts rounded to millions of CZK. This may cause slight discrepancies compared to changes and percentages calculated from amounts in thousands of CZK.

**Market data and other information from third parties**

All references to market share, market data, industry statistics and industry forecasts in this Prospectus consist of estimates compiled by industry professionals, competitors, organisations or analysts, of publicly available information or of the Company's own assessment of its sales and markets. Statements based on the Company's own proprietary information, insights, opinions or estimates contain words such as 'the Company believes', 'the Company expects', 'the Company sees', 'the Company considers', 'the Company aims', 'the Company estimates' and as such do not purport to cite, refer to or summarise any third-party or independent source and should not be so read.

Third-party reports referenced in this Prospectus include the McCoy Report dated 13 February 2024, prepared by McCoy Power Reports, at the request of the Company (the **McCoy Report**) (see section *Industry*). The McCoy Report includes, among others, observations, segment analyses and overall market share performance in the steam turbine industry. McCoy Power Reports has its business address at 1910 Byrd Ave, Suite 128, Richmond, Virginia 23230, the United States. McCoy is a leading provider of market data on the power generation industry. As at the date of this Prospectus, McCoy does not have any material interest in the Company. Any parts and extracts of the McCoy Report are included in this Prospectus in the form and context in which they are included, with the consent of McCoy, which has authorised the contents of the relevant parts of the Prospectus.

Third party publications and surveys generally state that the information contained therein has been obtained from sources believed to be reliable, but there can be no assurance as to the accuracy or completeness of included information and such information is not intended to be used as the sole basis for any business decision. The Company has not independently verified any of the data from third party sources nor has it ascertained the underlying economic assumptions relied upon therein. The Company confirms that all such data contained in this Prospectus has been accurately reproduced and, so far as the Company is aware and able to ascertain from information published by third parties, no facts have been omitted that would render the reproduced information inaccurate or misleading. All information contained in this Prospectus is subject to change based on various factors, including those discussed in *Risk Factors.*

Where third-party information has been used in this Prospectus, the source of such information has been identified.

## Trademarks

The Company has proprietary rights to trademarks used in this Prospectus which are important to its business, many of which are registered under applicable intellectual property laws. Solely for convenience, trademarks and trade names referred to in this Prospectus appear without the "®" or "™" symbols, but such references are not intended to indicate, in any way, that the Company will not assert, to the fullest extent possible under applicable law, its rights or the rights of the applicable licensor to these trademarks and trade names. The Company does not intend the use or display of other companies' trade names, trademarks or service marks to imply a relationship with, or endorsement or sponsorship of the Company by, any other companies. Each trademark, trade name or service mark of any other company appearing in this Prospectus is the property of its respective holder.

## Important notices

**EXCEPT AS OTHERWISE SET OUT IN THIS PROSPECTUS, THE OFFERING DESCRIBED IN THIS PROSPECTUS IS NOT BEING MADE TO INVESTORS IN THE UNITED STATES, CANADA, AUSTRALIA OR JAPAN, AND THIS PROSPECTUS SHOULD NOT BE FORWARDED OR TRANSMITTED IN OR INTO THE UNITED STATES, AUSTRALIA, CANADA OR JAPAN.**

The Offering is being made outside the United States of America (the **United States** or **US**). The Offer Shares have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the **U.S. Securities Act**), or under any securities laws or regulations of any state or other jurisdiction of the United States and may not be, at any time, offered, sold, taken up, pledged, exercised, resold, renounced, transferred or delivered, directly or indirectly, in or into the United States, as defined in Regulation S under the US Securities Act (**Regulation S**), except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States. There will be no public offer of the Offer Shares in the United States.

In addition, until the end of the 40th calendar day after commencement of the Offering, an offering or sale of Offer Shares within the United States by a dealer (whether or not participating in the Offering) may violate the registration requirements of the US Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from such registration requirement.

The Offer Shares have not been recommended, approved or disapproved by the US Securities and Exchange Commission, any state securities commission in the United States or any other US regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the Offering or the accuracy or adequacy of this Prospectus. Any representation to the contrary is a criminal offense in the United States.

There will be no public offering of the Offer Shares in any jurisdiction other than the Czech Republic, although the Offer Shares will be offered to institutional investors outside of the Czech Republic in accordance with applicable law. The Offering does not constitute an offer to sell, or solicitation of an offer to buy, the Offer Shares in any jurisdiction in which such offer or solicitation would be unlawful. In any member state of the European Economic Area other than the Czech Republic, this Prospectus is only addressed to and is only directed at persons who are "qualified investors" within the meaning of Article 2 of the Prospectus Regulation. In the European Economic Area other than the Czech Republic, the Offer Shares are only available to, and any invitation, offer or agreement to subscribe for, purchase or otherwise acquire any Offer Shares will be engaged in, only with qualified investors. No person that is not a qualified investor may act or rely on this Prospectus or any of its contents.

In the United Kingdom, this Prospectus is only addressed to and is only directed at persons who are "qualified investors" within the meaning of the Prospectus Regulation as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018, and who are also: (i) persons who have professional experience in matters relating to investments falling within Article 19(5) of the FSMA (Financial Promotion) Order 2005, as amended (the **Order**), (ii) high net worth entities falling within Article 49(2)(a) to (d) of the Order, or (iii) otherwise persons to whom it may otherwise lawfully be communicated (all such persons together being referred to as **Relevant Persons**). The Offer Shares are only available in the United Kingdom to, and any invitation, offer or agreement to subscribe for, purchase or otherwise acquire any Offer Shares in the United Kingdom will be engaged in only with Relevant Persons. Any person in the United Kingdom who is not a Relevant Person should not act or rely on this Prospectus or any of its contents.

For a description of these and certain further restrictions on offers, sales and transfers of the Shares and the distribution of this Prospectus, see *Plan of Distribution* and *Selling and Transfer Restrictions*.

**Information for Distributors**

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended (**MiFID II**); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the **MiFID II Product Governance Requirements**), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the Offer Shares have been subject to a product approval process, which has determined that such Offer Shares are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the **Target Market Assessment**). Notwithstanding the Target Market Assessment, distributors should note that: the price of the Offer Shares may decline and investors could lose all or part of their investment; the Offer Shares offer no guaranteed income and no capital protection; and an investment in the Offer Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Offering.

For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the Offer Shares.

Each distributor is responsible for undertaking its own target market assessment in respect of the Offer Shares and determining appropriate distribution channels.

**Interests of persons participating in the Offering**

The Company will receive the net proceeds from the sale of the New Shares.

The Selling Shareholder will receive proceeds from the sale of the Existing Offer Shares and the Over-Allotment Shares (if any) in the Offering.

The following entities have been appointed to act with respect to the Offering and will receive remuneration for their services calculated based on the results of the Offering: WOOD & Company Financial Services, a.s., Raiffeisen Bank International AG and Raiffeisenbank a.s. will act as the Joint Global Coordinators and joint bookrunners.

The following entities have been appointed to act as the Retail Offering Managers and will receive remuneration for their services with respect to the Retail Offering: Raiffeisenbank a.s., WOOD Retail Investments a.s. and J&T BANKA, a.s. RBCZ has been appointed to act as the Retail Offering Manager responsible for the Employee Offering.

Clifford Chance Prague LLP, organizační složka, has been appointed to act as the legal advisors to the Joint Global Coordinators as to Czech law and Clifford Chance LLP, as to English and U.S. Law, and will receive remuneration for its services. Allen Overy Shearman Sterling (Czech Republic) LLP, organizační složka, has been appointed to act as the legal advisors to the Company, as to Czech law, Allen Overy Shearman Sterling LLP, as to U.S. Law, and Allen Overy Shearman Sterling LLP, as to English Law, and will receive remuneration for their services, including success fees upon completion of the Offering.

In connection with the Offering, each of the Joint Global Coordinators and any of its respective affiliates acting as an investor for its own account may take up Offer Shares, and in that capacity may retain, subscribe, purchase or sell Offer Shares for its own account and may offer or sell such securities otherwise than in connection with the Offering. The Joint Global Coordinators do not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

Each of the Joint Global Coordinators and their affiliates (most of them as parts of global or international financial services firms) is or may be engaged in the investment banking, securities, investment management and individual wealth management businesses. The Joint Global Coordinators and their respective affiliates have in the past performed commercial banking, investment banking and advisory services for the Company from time to time for which they have received customary fees and reimbursement of expenses and may, from time to time, engage in transactions with and perform services for the Company in the ordinary course of their business for which they may receive customary fees and reimbursement of expenses.

Further, their securities businesses are or may be engaged in securities underwriting, trading (customer and proprietary) and brokerage activities and foreign exchange, commodities and derivatives trading (customer and proprietary), as well as providing brokerage, investment banking, research, financing and financial advisory services. To the extent allowed by the applicable law and conflict of interest rules regarding providing brokerage and investment banking services: (a) in the ordinary course of the trading, brokerage and financing activities each of the Joint Global Coordinators and their affiliates may at any time hold long- or short-term investments, finance investments, and may trade or otherwise structure and execute transactions, for their own account or the accounts of customers, in debt or equity securities or senior loans of any entity involved in the Offering, or in any currency or commodity involved in the Offering, or in any related derivative instrument; (b) each of the Joint Global Coordinators and their affiliates, their directors, members of management or supervisory boards, executives and employees may also at any time invest for their own account or manage funds that invest for their own account in debt or equity securities issued by any entity involved in the Offering, or in any currency or commodity involved in the Offering, or in any related derivative instrument; (c) each of the Joint Global Coordinators and their affiliates may at any time carry out ordinary course of brokerage activities for any entity involved in the Offering.

**Information regarding forward-looking statements**

This Prospectus includes statements that are, or may be deemed to be, "forward-looking statements", especially with respect to the Company's future financial results, plans, or expectations regarding the Company's business and management, the Company's future growth or profitability and general economic and regulatory conditions and other matters affecting the Company. These forward-looking statements can be identified by the use of terminology such as "believes", "expects", "may", "will", "could", "should", "shall", "risk", "intends", "estimates", "aims", "plans", "predicts", "continues", "assumes", "positioned", "projects", "aspires", "objective", "potential", "goal" "strategy", "targets" or "anticipates" or the negative thereof, other variations thereon or comparable terminology. All statements other than statements of historical facts included in this Prospectus are forward-looking statements. They appear in a number of places throughout this Prospectus, involve known and unknown risks and uncertainties, many of which are beyond the Company's control and all of which are based on the Management's or the Company's intentions, beliefs or current expectations concerning, among other things, the results of operations, financial condition, liquidity, prospects, growth, strategies, and dividend policy of the Company and the industry in which it operates and the general economic outlook. In particular, the statements under the headings *Summary*, *Risk Factors*, *Industry*, *Business*, and *Operating and Financial Review* regarding the Company's strategy and other future events or prospects are forward-looking statements.

These forward-looking statements and other statements contained in this Prospectus regarding matters that are not historical facts involve predictions. They reflect the Company's current views of future events and are based on the Company's assumptions regarding the Company's present and future business and the environment in which the Company expects to operate in the future. These forward-looking statements are subject to known and unknown risks, uncertainties and assumptions and other factors that could cause the Company's actual results of operations, financial condition, liquidity, performance, prospects, anticipated growth, strategies, plans or opportunities, as well as those of the markets the Company serves or intends to serve, to differ materially from those expressed in, or suggested by, these forward-looking statements. Investors should read *Risk Factors, Business* and *Industry* for a more complete discussion of the factors that could affect the Company. No assurance can be given that such future results will be achieved; actual events or results may differ materially as a result of risks and uncertainties facing the Company. Such risks and uncertainties could cause actual results to vary materially from the future results indicated, expressed, or implied in such forward-looking statements. In light of these risks, uncertainties and assumptions, the forward-looking events described in this Prospectus may or may not occur in the future. Additional risks that the Company may currently deem immaterial or that are not presently known to the Company could also cause the forward-looking events discussed in this Prospectus not to occur.

Such forward-looking statements contained in this Prospectus speak only as of the date of this Prospectus. Except as required by the Prospectus Regulation (including in circumstances where the Prospectus Regulation may require a supplement to the Prospectus to be published) and other applicable regulations, the Company, the Board of Directors, the Selling Shareholder and the Joint Global Coordinators expressly disclaim any obligation or undertaking to update these forward-looking statements contained in the Prospectus to reflect any change in their expectations or any change in events, conditions, or circumstances on which such statements are based unless required to do so by applicable law or the listing rules of the Prague Stock Exchange.

This Prospectus does not contain any profit estimates or profit forecast as defined in Delegated Regulation 2019/980.

**Enforcement of civil liabilities against the Company**

*The following description contains only general information and relies on information obtained from publicly available sources. Neither the Company nor its advisers make any representation as to the accuracy or completeness of the information included herein. Any prospective subscribers or purchasers of the Shares should therefore not rely upon the information included herein and are recommended to contact their legal advisers for consultation about the enforcement of claims in respect of the Company's private law liabilities within any relevant jurisdiction.*

The courts of the Czech Republic shall have jurisdiction to settle any disputes, which may arise out of or in connection with the Shares (including a dispute relating to any non-contractual obligations arising out of or in connection with the Shares).

The recognition and enforcement of foreign judgments in civil and commercial matters in the Czech Republic is governed by EU law, public international treaties and Czech law. Regulation (EU) 1215/2012 of 12 December 2012 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters (**Regulation 1215/2012**) is directly applicable in the Czech Republic. Based on this regulation, court rulings issued by any court authority in the EU member states with regard to civil and commercial matters are enforceable in the Czech Republic, subject to the rules set forth in Regulation 1215/2012 and, conversely, court rulings issued by court authorities in the Czech Republic with regard to civil and commercial matters are reciprocally enforceable in the EU member states.

As from 1 January 2021, Regulation 1215/2012 no longer applies in the United Kingdom of Great Britain and Northern Ireland (the **United Kingdom** or the **UK**). As a result, persons enforcing a judgment obtained before English courts no longer benefit from the recognition of such judgment in EU courts (including the Czech Republic) under Regulation 1215/2012. However, on 28 September 2020, the UK deposited an instrument of accession to the Hague Convention on Choice of Court Agreements 2005 (the **Hague Convention**). The Hague Convention is an international convention which requires contracting states to recognise and respect exclusive jurisdiction clauses in favour of other contracting states and to enforce related judgments. As the Czech Republic already is a party to the Hague Convention by virtue of being a member state of the EU, judgments handed down by a UK court should be recognised and enforced under the Hague Convention in the Czech Republic. However, the scope of the Hague Convention is limited to contracts containing exclusive jurisdiction clauses and there is no assurance that such judgments will be recognised on exactly the same terms and in the same conditions as under Regulation 1215/2012. On 1 September 2023, the Convention on the Recognition and Enforcement of Foreign Judgments in Civil or Commercial Matters entered into force (the **Hague Judgment Convention**), currently between the EU Member States and Ukraine. The Hague Judgment Convention is an international convention which complements the Hague Convention and creates rules for cross-border recognition and enforcement of judgments emanating from the courts of contracting states, beyond cases where there was a judgment produced on the basis of an exclusive choice of court agreement between parties. The Czech Republic is a party to the Hague Judgment Convention by virtue of being a member state of the EU. The UK ratified the Hague Judgement Convention on 27 June 2024, but it will enter into force for the UK only on 1 July 2025. Regulation 1215/2012 will continue to apply between the EU Member States.

According to Regulation (EC) No 593/2008 of 17 June 2008 on the law applicable to contractual obligations, parties to a contract may, subject to the terms set out therein, select the law which will govern their contractual relations in civil and commercial matters and Czech courts will give effect to such choice of law. In addition, EC Regulation No. 864/2007 on the law applicable to non-contractual obligations of 11 July 2007 allows parties to make a choice with respect to governing law of their non-contractual obligations in civil and commercial matters, subject to the terms set out therein. Unless parties to the dispute agreed otherwise, or unless courts of a different member state have an exclusive jurisdiction, foreign entities are able to bring civil proceedings before Czech courts against individuals and legal entities domiciled therein. In court proceedings, Czech courts apply their respective national procedural rules and their judgments are enforceable in their jurisdiction, subject to certain statutory limitations on the ability of creditors to enforce judgments against certain assets.

Any person bringing an action in the Czech Republic may be required to: (i) submit to the court a translation of any relevant document into the Czech language (apostilled if applicable pursuant to respective international treaties) prepared by a sworn translator authorised by such court; and (ii) pay a court filing fee.

In the event that court judgments against the Company are issued by court bodies of non-EU member states, the following rules shall apply:

(a) In cases where the Czech Republic concluded an international treaty with a specific country on the recognition and enforcement of court rulings, the recognition and enforcement of court rulings issued in such country is processed in accordance with the provisions of the applicable international treaty.

(b) If no international treaty on the recognition and enforcement of court rulings exists, then the rulings of foreign courts shall be recognised and enforced in the Czech Republic in accordance with Czech Act No. 91/2012 Coll., on private international law, as amended (the **Czech Private International Law Act**) and other relevant legislation. In the event of a foreign ruling against a Czech individual or legal entity, such a foreign ruling shall be recognised and enforced if, among other things, actual reciprocity has been established regarding the recognition and enforcement of judgments rendered by Czech courts in the relevant country.

The Czech Ministry of Justice may, upon agreement with the Czech Ministry of Foreign Affairs and other ministries, declare that reciprocity has been established with respect to a particular foreign country. Such declaration is binding on the Czech courts. Even if the declaration has been issued, the courts may decide otherwise. If such declaration of reciprocity has not been issued with regard to a particular country, however, this does not automatically mean that reciprocity cannot be established in a given case. In such cases, the recognition of reciprocity would be assessed as part of the proceedings by the Czech court based on the actual situation in a given country with regard to the recognition of judgments of Czech authorities.

On the other hand, even if reciprocity has been established and declared by the Czech Ministry of Justice with respect to judgments issued by judicial bodies of a particular foreign country, such judgments may not be recognised and enforced under applicable provisions of Czech law if, for example: (i) the matter falls within the exclusive jurisdiction of the courts of the Czech Republic, or in the event that the proceedings could not have been conducted by any authority of a foreign state, should the provisions on the jurisdiction of Czech courts be applied for considering the jurisdiction of the foreign authority (unless the party against whom the decision was issued voluntarily submitted to the authority of the foreign body); (ii) proceedings are underway before a Czech court with regard to the same legal relations and if said proceedings commenced prior to the proceedings abroad, in which the judgement whose recognition has been proposed was issued; (iii) a Czech court has issued or recognised a final judgment in the same matter, or proceedings regarding the same matter are pending before a Czech court; (iv) the foreign authority deprived the party to the proceedings against whom the judgment was made of the opportunity to properly participate in the proceedings (i.e., in particular, if such party had not been duly served for the purposes of the initiation of the proceedings); or (v) the recognition of a foreign judgment would be contrary to the public order in the Czech Republic.

The issue and acquisition of the Offer Shares is not subject to any foreign exchange regulation in the Czech Republic. Under Czech Constitutional Act No. 110/1998 Coll., on security of the Czech Republic, as amended, the Czech Government or its Prime Minister may declare an emergency (in Czech: *nouzový stav*). If the Czech Government declares an emergency, payments in foreign currency or abroad generally, interbank transfers of monies from abroad to the Czech Republic and/or sale of securities (including the Offer Shares) abroad may be suspended in accordance with Czech Act No. 240/2000 Coll., on crisis management and amendment to certain acts, as amended, for the duration of such emergency. Such an emergency may be declared for a maximum period of 30 days unless prolonged by the approval of the Chamber of Deputies of the Parliament of the Czech Republic.

**Definitions**

A list of definitions used in this in this Prospectus and page number of where a relevant definition is located can be found in *Index of Defined Terms.*

Prospective investors should only rely on the information that is provided in this Prospectus. Investors should refer to *Presentation of financial information*.

No documents or information, including the contents of the Company's website www.doosanskodapower.com or of any websites directly or indirectly accessible from hyperlinks on the Company's website or from hyperlinks included in this Prospectus, form part of, or are incorporated by reference into, this Prospectus. The contents of the Company's website www.doosanskodapower.com, or of websites accessible from hyperlinks on that website or from hyperlinks included in this Prospectus have not been scrutinised or approved by the CNB and investors should not rely on them.

**Documents available for inspection**

The following documents will be available free of charge at the registered office of the Company during normal business hours and on the Company's website during the term of this Prospectus:

(a) the Articles of Association of the Company available at www.doosanskodapower.com, under the "Governance" section in the "General Meeting" tab;

(b) Audited Financial Statements available at www.doosanskodapower.com, under the "IR Information" section in the "Financial Reports" tab;

(c) Unaudited Interim Financial Statements available at www.doosanskodapower.com, under the "IR Information" section in the "Financial Reports" tab ;

(d) the McCoy Report available at www.doosanskodapower.com, under the "IR Information" section in the "IPO" tab; and

(e) copies of the documents required to be published on the Company's website pursuant to the applicable laws available in the corresponding section under the "IR Information" section in the "Regulatory Information" tab at www.doosanskodapower.com.

The Prospectus will remain publicly available in electronic form on the Company's website www.doosanskodapower.com under the "IR Information" section in the "IPO" tab for at least ten years after the publication on the website.

**<u>Tax Warning</u>**

The tax legislation of an investor's state of tax residence (or of any other state whose tax laws apply to them for other reasons) and the Czech Republic, as the Company's country of incorporation, may have an impact on the income received from the Shares. Prospective investors should therefore consult their own professional tax advisors regarding the tax implications of acquiring, holding or transferring the Shares in light of their particular circumstances. For further information, please see section *Taxation*.

## REASONS FOR THE OFFER AND USE OF PROCEEDS

The Offering is being conducted in order to facilitate the sale of the New Shares and raising capital by the Company while raising the Company's profile, brand recognition and credibility with its customers and employees and providing direct access to the domestic and international capital markets. In addition, the Selling Shareholder intends to sell some of its Existing Shares in the Offering to enhance the liquidity of the Shares.

The Selling Shareholder will receive the net proceeds from the sale of the Existing Offer Shares and any Over-Allotment Shares and the Company will receive the net proceeds from the sale of the New Shares. Assuming all of the New Shares and Existing Offer Shares are placed for an offer price at the mid-point of the Offer Price Range and a full exercise of the Over-Allotment Option, the gross proceeds from the Offering are expected to amount to CZK 2,526 million, of which the Selling Shareholder will receive CZK 1,830 million and the Company will receive CZK 696 million.

The fees and expenses to be borne by the Company in connection with the Offering and the Admission including but not limited to the Joint Global Coordinators' fees, the CNB's fees, fees related to the Admission, advisors' fees and expenses and the costs of printing and distribution of documents and other transaction costs are estimated to amount to approximately CZK 35.56 million (including VAT), resulting in estimated net proceeds to the Company of approximately CZK 660.44 million in each case assuming all of the New Shares and Existing Offer Shares are placed at the mid-point of the Offer Price Range and the full exercise of the Over-Allotment Option. The Selling Shareholder has agreed to pay its expenses in connection with the sale of the Existing Offer Shares and any Over-Allotment Shares including the underwriting fees payable thereon. Investors will not be charged expenses by the Company, the Selling Shareholder or the Joint Global Coordinators in their capacity as bookrunners. Investors will have to bear customary transaction and handling fees charged by their brokers or other financial institutions through which they hold their securities.

The Company intends to use the net proceeds of the Offering received by it primarily for the improvement of its overall capability and competitiveness. In the mid-term, the Company expects to invest, in particular, in:

(a) machines and facilities to further improve the efficiency of the production process;

(b) digitization and information technology (including infrastructure) focused on improving the Company's efficiency and/or profitability, such as remote-monitoring of installed fleets and production-flow management solutions;

(c) research and development for future applications; and

(d) minor ramp-up investments into generator rotors production.

## DIVIDEND POLICY

Dividends, if and when declared, are distributed to shareholders on a pro-rata basis proportional to their participation in the paid-up share capital of the Company. Each fully paid-up Share gives its owner the right to receive dividends. The Company will pay any dividends in CZK.

The Company does not have a dividend policy stipulated in its Articles of Association. Nevertheless, on 17 January 2025, the Company adopted a decision of the Selling Shareholder, which, effective from 17 January 2025, sets out the Company's dividend payout ratio policy of at least 70 per cent. of the Company's net income achieved in the previous financial year subject to (i) the availability of sufficient distributable cash and without jeopardising the Company's financial stability; (ii) net income being adjusted for extraordinary effects generally not related to the ordinary financial performance of the year; and (iii) shareholder approval for the distribution of dividends.

The Company paid out dividends to shareholders in the amount of CZK 476 million in the period from 1 January 2024 to 24 September 2024, CZK 2,195 million in 2023, CZK 250 million in 2022 and CZK 230 million in 2021. By resolution of the directors of the Company on 25 April 2024, the directors of the Company proposed to the Selling Shareholder to approve a dividend payment in the amount CZK 476 million, which was approved by the Selling Shareholder on 25 April 2024 and paid out to the Selling Shareholder on 29 April 2024.

There are no dividend restrictions or specific procedures for shareholders resident outside the Czech Republic claim dividends. For a description of withholding tax on dividends applicable to non-Czech residents, see section *Taxation - Income taxation of dividends, decreases of registered share capital and distributions of share premium*.

Under the terms of the VUB Facility, the Company is prohibited from distributing to its shareholders any form of profit exceeding 100 per cent. of the after-tax profit for the relevant accounting period without the prior written consent of VUB. For a description of the VUB Facility see section *Material Contracts*.

## CAPITALISATION AND INDEBTEDNESS

The following tables set forth the Company's total capitalisation and indebtedness as of 24 November 2024, which was derived from the consolidated unaudited management accounts of the Company, (i) on an actual consolidated basis, and (ii) as adjusted to reflect the assumed gross proceeds of the sale of 2,900,000 New Shares at an assumed Offer Price at the mid-point of the Offer Price Range less the commissions, costs and expenses related to the Offering payable by the Company estimated at CZK 35.56 million. This table should be read in conjunction with *Operating and Financial Review*, Unaudited Interim Financial Statements and the Audited Financial Statements and the related notes thereto, which appear elsewhere in this Prospectus.

**Capitalisation**

| | As of 24 November 2024 (Unaudited) | |
|---|---|---|
| | Actual | As adjusted for the Offering |
| | *(CZK thousands)* | |
| **Total current debt** | 7,975 | 7,975 |
| *of which:* | | |
| Guaranteed | 0 | 0 |
| Secured[(1)] | 7,975 | 7,975 |
| Unguaranteed / Unsecured | 0 | 0 |
| **Total non-current debt (excluding current portion of long–term debt)** | 12,076 | 12,076 |
| *of which:* | | |
| Guaranteed | 0 | 0 |
| Secured[(2)] | 12,076 | 12,076 |
| Unguaranteed / Unsecured | 0 | 0 |
| **Shareholder's equity** | | |
| Share capital | 3,298,345 | 3,443,345 |
| Share premium | 0 | 515,441 |
| Legal reserve | 0 | 0 |
| Other reserves[(3)] | 2,061,966 | 2,061,966 |
| **Total equity** | 5,751,330 | 6,447,330 |
| **Total capitalisation** | **5,380,362** | **6,076,362** |

**Net Indebtedness**

| | As of 24 November 2024 (Unaudited) | |
|---|---|---|
| | Actual | As adjusted for the Offering |
| | *(CZK thousands)* | |
| A. Cash | 1,741,016 | 2,437,016 |
| B. Cash equivalents[(4)] | 167,648 | 167,648 |
| C. Other current financial assets[(5)] | 1,354,836 | 1,354,836 |
| **D. Liquidity (A) + (B) + (C)** | 3,263,500 | 3,959,500 |
| E. Current financial debt (including debt instruments, but excluding current portion of non-current financial debt) | 0 | 0 |
| F. Current portion of non-current financial debt[(6)] | 7,975 | 7,975 |
| **G. Current Financial Indebtedness (E) + (F)** | 7,975 | 7,975 |

| | | |
|---|---|---|
| **H. Net Current Financial Indebtedness (G) - (D)** | (3,255,525) | (3,951,525) |
| | | |
| I. Non-current financial debt (excluding current portion and debt instruments)[(7)] | 12,076 | 12,076 |
| J. Debt instruments[(8)] | 0 | 0 |
| K. Non-current trade and other payables | 0 | 0 |
| **L. Non-current Financial Indebtedness (I) + (J) + (K)** | 12,076 | 12,076 |
| | | |
| **M. Total Financial Indebtedness (H) + (L)** | **(3,243,449)** | **(3,939,449)** |

(1) *Secured current debt* includes the outstanding amount of the current portion of lease liabilities that are secured against the underlying leased assets.
(2) *Secured non-current debt* includes the outstanding amount of the non-current portion of lease liabilities that are secured against the underlying leased assets.
(3) *Other reserves* include statutory and other reserves, revaluation reserve, translation reserve, cash flow hedge reserves, and retained earnings as of 24 November 2024. It does not include the profit of the reporting period.
(4) *Cash equivalents* represent the outstanding amount of current deposits including accrued and unpaid interest.
(5) *Other current financial assets* represent the outstanding amount of the loan provided to the Selling Shareholder under the Selling Shareholder Loan Agreement as of 24 November 2024.
(6) *Current portion of non-current financial debt* represent the outstanding amount of the current portion of lease liabilities.
(7) *Non-current financial debt (excluding current portion and debt instruments)* included the outstanding amount of the non-current portion of lease liabilities.
(8) The Company had no outstanding debt instruments and non-current trade and other payables that include non-remunerated debt for which there is a significant financing component as of 24 November 2024.

Under the terms of the Financial Guarantees, the Company is liable for issued Advance Payment Guarantees, Performance Guarantees and Warranty Guarantees amounting to CZK 3,317 million as of 24 November 2024. Additionally, as of 24 November 2024, the Company has issued non-bank guarantees amounting to CZK 194 million in favour of Doosan Enerbility, covering advance refunds, efficient fulfilment of projects and warranty period liability (for more detail on Financial Guarantees see section *Financing arrangements*).

Since 24 November 2024, there have been no material changes in the total capitalisation and indebtedness of the Company included in the tables above, except:

- the decrease of the share capital of the Company by CZK 1,848,345,000 in December 2024, where a total of CZK 1,050,000,000 was offset against an equivalent amount of the outstanding principal under the Selling Shareholder Loan Agreement. The payout of the remaining portion to be paid out to the Selling Shareholder, amounting to CZK 798,345,000, was settled on 13 December 2024 as follows: (i) a part in the amount of CZK 270,000,000 was offset against an equivalent amount provided by the Company to the Selling Shareholder as a principal under a loan agreement dated 27 November 2024 (the **Short Term Loan**), (ii) accrued interest from the Short Term Loan in the amount of CZK 507,600 was offset against the capital reduction amount to be paid out to the Selling Shareholder, (iii) and an amount of CZK 527,837,400 was paid out to the Selling Shareholder. Upon the above-described settlement, the Short Term Loan was terminated. For more information on the share capital decrease see section *Registered share capital*; and

- effective as of 17 January 2025, the Company's reserve fund booked in other reserves in the Company's shareholder equity was dissolved in the total amount of CZK 329,834,500, where a total of CZK 312,909,937 was offset against accrued interest due from the Selling Shareholder Loan Agreement. The remaining portion of CZK 16,924,563 is booked as other reserves.

## SELECTED CONSOLIDATED FINANCIAL INFORMATION

The financial information as of and for the years ended 31 December 2023, 2022 and 2021 contained in the following tables is taken or derived from the Audited Financial Statements. The financial information as of and for the period from 1 January 2023 to 24 September 2023 and as of and for the period from 1 January 2024 to 24 September 2024 (including unaudited comparative financial information) contained in the following tables is taken or derived from the Unaudited Interim Financial Statements.

The following discussion should be read together with the Audited Financial Statements and the independent audit opinion thereon and the Unaudited Interim Financial Statements, included in this Prospectus beginning on page F-1. The Audited Financial Statements have been prepared in accordance with IFRS as adopted by the EU. The Unaudited Interim Financial Statements have been prepared in accordance with IAS 34.

Deloitte Audit s.r.o., an independent auditor, has audited and issued an unqualified audit opinion with respect to the Audited Financial Statements.

Certain financial information in the following tables has been rounded according to established commercial standards. As a result, the aggregate amounts (sum total or sub totals or differences or if numbers are put in relation) in the following tables may not correspond in all cases to the aggregate amounts of the underlying (unrounded) figures appearing elsewhere in this Prospectus. Furthermore, these rounded figures may not add up exactly to the total contained in the relevant tables. Financial information presented in parentheses denotes the negative of such number presented. In respect of financial information set out in this Prospectus, a dash ("—") signifies that the relevant figure is not available, while a zero ("0") signifies that the relevant figure is available but either the figure was zero or was rounded to zero. Amounts in tables are generally expressed in thousands of CZK. Changes and percentages are generally calculated from amounts rounded to millions of CZK. This may cause slight discrepancies compared to changes and percentages calculated from amounts in thousands of CZK.

**Consolidated Income Statement**

| | **For the period from 1 January to 24 September** | | **For the year ended 31 December** | | |
|---|---|---|---|---|---|
| | **2024** | **2023** | **2023** | **2022** | **2021** |
| | (unaudited) | | | (audited) | |
| | | | *(CZK thousands)* | | |
| Revenues from goods, products and services | 3,920,874 | 3,147,123 | 4,787,917 | 4,060,940 | 3,520,533 |
| Other revenues | 11,274 | 7,615 | 22,846 | 51,833 | 25,794 |
| **Revenues** | **3,932,148** | **3,154,738** | **4,810,763** | **4,112,773** | **3,546,327** |
| Raw materials and consumables used | (2,677,173) | (2,239,354) | (3,359,850) | (2,731,204) | (2,406,435) |
| Changes in stocks of finished production | - | - | (71) | 114 | (8) |
| Own work capitalized | 57,739 | 43,352 | 72,545 | 64,999 | 67,008 |
| Personnel expenses | (823,401) | (735,345) | (1,021,735) | (995,188) | (833,784) |
| Depreciation and amortization | (127,918) | (124,020) | (165,831) | (181,527) | (234,171) |
| Other operating expenses | (83,873) | (63,697) | (89,440) | (63,071) | (73,349) |
| Other gains and losses | (26,073) | 212,337 | 236,645 | 253,665 | 174,559 |
| **Operating expenses** | **(3,680,699)** | **(2,906,727)** | **(4,327,737)** | **(3,652,212)** | **(3,306,180)** |
| Profit/loss from disposal of non-current assets and material | 110 | 76 | 2 | 3,822 | (8,111) |
| **Operating profit** | **251,559** | **248,087** | **483,028** | **464,383** | **232,036** |
| Revenue from investments | - | - | - | - | - |

| | | | | | |
|---|---|---|---|---|---|
| Financial income | 282,843 | 233,627 | 293,801 | 342,503 | 309,651 |
| Financial costs | (76,571) | (14,269) | (26,778) | (76,686) | (322,565) |
| **Profit before income tax** | **457,831** | **467,445** | **750,051** | **730,200** | **219,122** |
| Income tax expense | (102,386) | (110,249) | (190,707) | (154,409) | (29,828) |
| **Profit for the period** | **355,445** | **357,196** | **559,344** | **575,791** | **189,294** |

**Consolidated Statement of Comprehensive Income**

| | For the period from 1 January to 24 September | | For the year ended 31 December | | |
|---|---|---|---|---|---|
| | **2024** | **2023** | **2023** | **2022** | **2021** |
| | (unaudited) | | (audited) | | |
| | *(CZK thousands)* | | | | |
| **Profit for the accounting period** | 355,445 | 357,196 | 559,344 | 575,791 | 189,294 |
| **Other net comprehensive income** | **(2,658)** | **(39,698)** | **(28,007)** | **53,729** | **12,355** |
| Items that will not be reclassified subsequently to profit or loss: | | | | | |
| Increase/decrease in value of assets as a result of their revaluation | - | - | 44,306 | - | 8,859 |
| Deferred tax relating to items not reclassified | - | - | (10,067) | - | (1,683) |
| | **-** | **-** | **34,239** | **-** | **7,176** |
| Items that may be reclassified subsequently to profit or loss: | | | | | |
| Gains/losses on cash flow hedges | (1,276) | (50,501) | (74,241) | 74,827 | 5,609 |
| Foreign currency translation differences for foreign operations | (1,650) | 1,208 | (1,766) | (6,881) | 636 |
| Deferred tax on items of other comprehensive income | 268 | 9,595 | 13,761 | (14,217) | (1,066) |
| | **(2,658)** | **(39,698)** | **(62,246)** | **53,729** | **5,179** |
| **Total comprehensive income for the accounting period** | **352,787** | **317,498** | **531,337** | **629,520** | **201,649** |

**Consolidated Statement of Financial Position**

| | As of 24 September | As of 31 December | | |
|---|---|---|---|---|
| | **2024** | **2023** | **2022** | **2021** |
| | (unaudited) | (audited) | | |
| | *(CZK thousands)* | | | |
| **ASSETS** | **8,664,393** | **8,875,418** | **9,504,879** | **8,978,379** |
| **Non-current assets** | | | | |
| Property, plant and equipment | 1,266,267 | 1,315,920 | 1,343,952 | 1,460,712 |
| Intangible assets | 1,280,205 | 1,260,948 | 1,222,709 | 1,196,333 |
| Deferred tax assets | 2,541 | 2,538 | 3,335 | 3,339 |

| | | | | |
|---|---|---|---|---|
| Non-current financial derivatives | 18,993 | 12,692 | 30,216 | 3,575 |
| Non-current receivables | 158,284 | 134,093 | 50,044 | 25,403 |
| **Total non-current assets** | **2,726,290** | **2,726,191** | **2,650,256** | **2,689,362** |
| | | | | |
| **Current assets** | | | | |
| Inventories | 117,536 | 133,319 | 113,018 | 118,115 |
| Trade receivables | 1,683,088 | 1,423,651 | 1,123,458 | 843,583 |
| Other assets | 109,206 | 41,396 | 70,058 | 98,977 |
| Contract assets | 1,049,880 | 1,338,578 | 1,183,581 | 1,290,155 |
| Current tax assets | - | - | - | 115,501 |
| Short term financial instruments and loans | 1,050,000 | 1,050,000 | 2,780,000 | 1,280,000 |
| Financial derivatives | 20,197 | 36,379 | 103,001 | 65,148 |
| Cash and cash equivalents | 1,908,196 | 2,125,904 | 1,481,507 | 2,477,538 |
| **Total current assets** | **5,938,103** | **6,149,227** | **6,854,623** | **6,289,017** |
| | | | | |
| **EQUITY AND LIABILITIES** | **8,664,393** | **8,875,418** | **9,504,879** | **8,978,379** |
| **Capital and funds** | | | | |
| Share capital | 3,298,345 | 3,298,345 | 3,298,345 | 3,298,345 |
| Statutory and other reserves | 329,835 | 329,835 | 329,835 | 329,835 |
| Revaluation of assets | 65,128 | 65,128 | 30,889 | 30,889 |
| Revaluation of hedging reserves | 12,615 | 13,623 | 74,103 | 13,493 |
| Translation reserve | (17,714) | (16,064) | (14,298) | (7,417) |
| Retained earnings | 2,116,062 | 2,237,106 | 3,873,152 | 3,547,361 |
| **Total equity** | **5,804,271** | **5,927,973** | **7,592,026** | **7,212,506** |
| | | | | |
| **Non-current liabilities** | | | | |
| Deferred tax liabilities | 122,395 | 92,583 | 62,000 | 69,167 |
| Non-current provisions | 106,071 | 49,419 | 38,283 | 33,851 |
| Non-current financial derivatives | 27,966 | 24,470 | 169 | 19,741 |
| Other non-current liabilities | 25,121 | 21,659 | 24,866 | 15,059 |
| **Total non-current liabilities** | **281,553** | **188,131** | **125,318** | **137,818** |
| | | | | |
| **Current liabilities** | | | | |
| Trade payables | 996,094 | 890,887 | 702,875 | 709,494 |
| Other liabilities | 198,150 | 307,067 | 169,174 | 96,845 |
| Contract liabilities | 1,185,797 | 1,298,753 | 625,590 | 585,765 |
| Income tax payable | 42,685 | 86,807 | 68,916 | - |
| Current provisions | 124,124 | 143,988 | 220,980 | 224,334 |
| Current financial derivatives | 31,719 | 31,812 | - | 11,617 |
| **Total current liabilities** | **2,578,569** | **2,759,314** | **1,787,535** | **1,628,055** |

**Consolidated Cash Flow Statement**

| | For the period from 1 January to 24 September | | For the year ended 31 December | | |
|---|---|---|---|---|---|
| | **2024** | **2023** | **2023** | **2022** | **2021** |
| | (unaudited) | | (audited) | | |
| | | | *(CZK thousands)* | | |
| **Profit before tax** | **457,831** | **467,445** | **750,051** | **730,200** | **219,122** |
| Depreciation and amortization | 127,918 | 124,020 | 165,831 | 181,527 | 234,171 |
| Profit/loss on disposal of non-current assets | (36) | (44) | (48) | (3,815) | 5,315 |

| | | | | | |
|---|---|---|---|---|---|
| Impairment losses on current assets ............ | (8,897) | (38,627) | (17,814) | (76,218) | (33,832) |
| Non-capitalized exchange rate differences.. | (20,966) | 45,523 | 58,468 | 59,464 | (28,494) |
| Interest paid, interest expenses and income and bank fees............................................. | (178,447) | (192,804) | (245,488) | (280,218) | (141,569) |
| Other non-cash operations.......................... | 8,471 | (45,222) | (96,229) | (157,884) | (19,218) |
| Creation and release of provisions .............. | 36,765 | (61,435) | (65,725) | 1,576 | (29,737) |
| Total adjustments ....................................... | (35,192) | (168,589) | (201,005) | (275,568) | (13,364) |
| **Cash flows from operating activities before changes in working capital ...........** | **422,639** | **298,856** | **549,046** | **454,632** | **205,758** |
| Change in inventories................................. | 9,428 | 24,194 | (14,864) | 7,282 | 146,153 |
| Change in trade and other receivables......... | 113,039 | (159,918) | (607,095) | (19,810) | 224,937 |
| Change in trade and other payables............ | (107,850) | 217,082 | 1,132,542 | 326,520 | 336,924 |
| **Cash from operating activities .................** | **437,256** | **380,214** | **1,059,629** | **768,624** | **913,772** |
| Interest received ......................................... | 46,363 | 40,029 | 61,896 | 24,499 | 1,920 |
| Interest paid and bank fees.......................... | (7,275) | (5,294) | (9,244) | (6,564) | (7,164) |
| Income tax paid........................................... | (121,085) | (3,555) | (131,880) | 21,668 | (132,337) |
| **Net cash from operating activities ...........** | **355,259** | **411,394** | **980,401** | **808,227** | **776,191** |
| Acquisition of property, plant and equipment.................................................. | (42,326) | (23,686) | (41,699) | (27,699) | (26,920) |
| Acquisition of intangible assets................... | (54,026) | (43,858) | (72,339) | (60,356) | (57,950) |
| Acquisition of financial investments........... | - | - | - | - | 1,541,950 |
| Loans provided – drawing........................... | - | - | - | (2,300,000) | (1,320,000) |
| Proceeds from sale of property, plant and equipment.................................................. | 36 | 53 | 60 | 3,849 | 47 |
| Loans provided – payoff ............................. | - | 1,730,000 | 1,730,000 | 800,000 | 300,000 |
| Interest received ......................................... | - | 243,442 | 240,522 | 46,163 | 118,537 |
| **Net cash from investing activities ............** | **(96,316)** | **1,905,951** | **1,856,544** | **(1,538,043)** | **555,664** |
| Paid dividends (including withholding tax) | (476,488) | (2,195,390) | (2,195,390) | (250,014) | (230,002) |
| **Net cash from financing activities............** | **(476,488)** | **(2,195,390)** | **(2,195,390)** | **(250,014)** | **(230,002)** |
| Net increase/decrease in cash and cash equivalents ................................................ | (217,545) | 121,955 | 641,555 | (979,830) | 1,101,853 |
| Cash and cash equivalents at the beginning of period..................................................... | 2,125,904 | 1,481,507 | 1,481,507 | 2,477,538 | 1,382,573 |
| FX gains/losses on cash and cash equivalents ................................................ | (163) | 1,069 | 2,842 | (16,201) | (6,888) |
| **Cash and cash equivalents at the end of the period ..................................................** | **1,908,196** | **1,604,531** | **2,125,904** | **1,481,507** | **2,477,538** |

**APMs used by the Company**

| | For the period from 1 January to 24 September | | For the year ended 31 December | | |
|---|---|---|---|---|---|
| | *(CZK thousands, unless indicated otherwise)* | | | | |
| | **2024** | **2023** | **2023** | **2022** | **2021** |
| EBITDA ........................... | 401,189 | 394,183 | 662,335 | 626,926 | 305,574 |
| EBITDA margin................ | 10.2% | 12.5% | 13.8% | 15.2% | 8.6% |
| Free Cash Flow ................ | 219,855 | 309,168 | 813,771 | 706,086 | 696,612 |
| Cash conversion ................ | 54.8% | 78.4% | 122.9% | 112.6% | 228.0% |
| Backlog at the end of the period ............................... | 10,198,425 | 6,265,875 | 8,665,027 | 4,926,824 | 4,235,280 |
| Order intake...................... | 5,405,268 | 4,521,679 | 8,250,531 | 4,960,552 | 4,420,192 |
| Book-to-Bill Ratio............ | 1.4x | 1.4x | 1.7x | 1.2x | 1.2x |

## OPERATING AND FINANCIAL REVIEW

*The following discussion should be read together with the Audited Financial Statements, the independent audit opinion thereon and the Unaudited Interim Financial Statements, included in this Prospectus beginning on page F-1. See section Presentation of financial information and Selected Consolidated Financial Information. The following discussion of the Company's results of operations also makes reference to certain non-IFRS financial measures. See sections Non-IFRS financial measures and Reconciliation of the APMs used by the Company.*

*The Audited Financial Statements have been prepared in accordance with IFRS as adopted by the European Union and the Interim Financial Statements have been prepared in accordance with IAS 34 "Interim Financial Reporting," the standard of IFRS applicable to the preparation of interim financial statements. In making an investment decision, investors must rely upon their own examination of the Company, the terms and conditions of the Offering and the financial information included herein.*

### Overview

The Company's Management believes the Company is one of the leading manufacturers and suppliers of steam turbines with power outputs ranging from three to 1,300 MW. These turbines are supplied to customers and plants globally. The Company has extensive experience and a strong portfolio in applications for combined cycle and fossil fuel power plants, combined heat and power plants, waste to energy power plants, nuclear power plants, concentrated solar power plants and biomass incineration plants. In the service sector, the Company offers comprehensive overhauls including the replacement of worn components, long-term service agreements, and retrofitting or modernization of both OEM and non-OEM steam turbines.

The Company provides its products and services to customers who operate in several sectors including waste-to-energy, utilities, pulp and paper, mining, refinery, steel works and the chemical industry. The Company's three main revenue streams include: (i) new installations of the Company's products; (ii) service activities including maintenance, repair and overhaul on a case-by-case basis and (iii) long-term service agreements.

The Company's headquarters and its production facility are situated in Pilsen, the Czech Republic, concentrating on production, engineering, research and development and management under one roof, supported by the Company's subsidiary in India, ŠKODA POWER Private Limited, which carries out product design and project management. The Company boasts a history spanning over 120 years.

In 2023, the Company generated CZK 4,811 million of revenues and CZK 662 million of EBITDA. In 2023, 28.9 per cent. of revenues from goods, products and services were generated in the Czech Republic, 18.5 per cent. in Asia and 39.6 per cent. in Europe (excluding the Czech Republic). In 2023, the Company's order intake amounted to CZK 8,251 million. In 2023, the Company had an average recalculated headcount of 955, out of which, on average, 920 were based in the Czech Republic and 35 were based in India.

In the period from 1 January 2024 to 24 September 2024, the Company generated CZK 3,932 million of revenues and CZK 401 million of EBITDA. In the period from 1 January 2024 to 24 September 2024, 18.8 per cent. of revenues from goods, products and services were generated in the Czech Republic, 26.6 per cent. in Asia and 36.0 per cent. in Europe (excluding the Czech Republic). In the period from 1 January 2024 to 24 September 2024, the Company's order intake amounted to CZK 5,405 million. In the period from 1 January 2024 to 24 September 2024, the Company had an average recalculated headcount of 1,001, out of which, on average, 962 were based in the Czech Republic and 39 were based in India.

Unless otherwise specified, all amounts in respect of the Company's results of operations in this Operating and Financial Review relate to the Company's continued operations only. The Company has no operations classified as discontinuing.

### Key Factors Affecting Comparability between Periods

A significant increase in EBITDA and operating profit in 2022 compared to 2021 was caused by the settlement of outstanding debt owed by Abener Energía S.A. for terminated projects and release of the related allowance. In 2021, additional allowances, amounting to CZK 82 million, were created. In 2022, allowances totalling CZK 112 million were released. In March 2022, the Company reached an agreement with Abener Energía S.A., resulting in the receipt of USD 6 million by the Company. This payment resolved a debt owed by Abener Energía S.A. to the Company from a previously signed settlement agreement between the parties in December 2020, related to the delivery of a steam turbine to the Stalowa Wola CCPP project in Poland. The comparability of the Company's EBITDA and operating profit for the years 2022 and 2021 is therefore affected.

## Key Factors Affecting the Company's Results of Operations

The factors discussed below have impacted the Company's results of operations for the periods presented in this Prospectus or are likely to impact the Company's results of operations in the future.

From a profit for the period perspective, higher interest rates during the years 2022 and 2023 had a positive impact on the Company's results of operations, resulting in interest gains from loans provided to the Selling Shareholder, which is not part of the consolidated group and thus not subject to the elimination of intercompany transactions, as well as cash deposits.

### Sales of steam turbines

The Company's revenues are derived through the design, engineering, manufacture, procurement and sale of steam turbines, and other auxiliary equipment and provision of services, including overhauls, which include the replacement of worn components of the steam turbines, long-term post-warranty service and retrofitting or modernization of steam turbines. The revenues the Company generates therefore generally depend primarily on the demand for the Company's products and the product mix and also on the prices for the Company's products and services.

#### *Revenue by revenue streams*

The following table sets forth a breakdown of the Company's revenue by particular revenue streams for the periods indicated:

| | **For the period from 1 January to 24 September** | | **For the year ended 31 December** | | |
|---|---|---|---|---|---|
| | **2024** | **2023** | **2023** | **2022** | **2021** |
| | (unaudited) | | (audited) | | |
| | | | (*CZK thousand*) | | |
| New installations..... | 2,898,892 | 2,249,910 | 3,393,812 | 2,942,852 | 2,467,840 |
| Services.................. | 729,870 | 783,305 | 1,169,988 | 952,392 | 904,263 |
| Long term service agreements.............. | 292,112 | 113,908 | 224,117 | 165,696 | 148,430 |
| Other revenues......... | 11,274 | 7,615 | 22,846 | 51,833 | 25,794 |
| **Total revenues........** | **3,932,148** | **3,154,738** | **4,810,763** | **4,112,773** | **3,546,327** |

The Company undertakes projects that reflect market demand and energy transformation trends across conventional fuels, as well as nuclear and waste energy, with a particular emphasis on the transformation of green and renewable sources. As a supplier to EPC providers, the Company underscores its commitment to be an energy transition enabler supporting the global demand for energy. The Company customizes products for customers who operate in various sectors, including utilities, pulp and paper, mining, refinery, steel works and chemical.

***Revenue by installations' fuel type***

The following tables set forth a breakdown of the Company's revenue by the installations' respective fuel type for the periods indicated.

| | For the period from 1 January to 24 September | | For the year ended 31 December | | |
|---|---|---|---|---|---|
| | **2024** | **2023** | **2023** | **2022** | **2021** |
| | (unaudited) | | | (unaudited) | |
| | | | (*CZK thousand*) | | |
| Coal ..................... | 658,129 | 1,109,551 | 1,483,768 | 787,214 | 689,194 |
| Gas ...................... | 1,640,810 | 927,748 | 1,455,035 | 1,403,002 | 945,227 |
| Waste .................. | 545,568 | 644,811 | 1,036,404 | 741,190 | 766,996 |
| Biomass .............. | 333,829 | 226,189 | 396,291 | 813,487 | 527,984 |
| Nuclear ............... | 335,010 | 172,537 | 283,383 | 185,049 | 390,635 |
| Oil........................ | 365,029 | 3,721 | 46,122 | 9,100 | 42,674 |
| Solar .................. | 2,813 | 11,508 | 25,612 | 23,109 | 95,032 |
| Others[(1)] ............. | 39,688 | 51,059 | 61,302 | 98,789 | 62,791 |
| Other revenues..... | 11,274 | 7,615 | 22,846 | 51,833 | 25,794 |
| **Total revenues....** | **3,932,148** | **3,154,738** | **4,810,763** | **4,112,773** | **3,546,327** |

[(1)] Includes especially cooperation services (e.g. machining or heat material treatment) for various clients mostly out of turbine related business.

***Revenue by market section***

The following tables set forth a breakdown of the Company's revenue as per market sector of the final user for the periods indicated.

| | For the period from 1 January to 24 September | | For the year ended 31 December | | |
|---|---|---|---|---|---|
| | **2024** | **2023** | **2023** | **2022** | **2021** |
| | (unaudited) | | | (unaudited) | |
| | | | (*CZK thousand*) | | |
| IPP ...................... | 1,349,609 | 1,096,306 | 1,711,306 | 810,418 | 648,039 |
| Utility ................. | 1,167,899 | 780,763 | 1,174,768 | 1,191,598 | 1,254,056 |
| Waste to Energy | 474,887 | 644,779 | 1,031,178 | 741,190 | 766,996 |
| Refinery.............. | 536,716 | 403,581 | 566,266 | 651,219 | 47,889 |
| Pulp and paper..... | 17,676 | 82,738 | 114,635 | 261,411 | 276,468 |
| Mining................ | 159,286 | 46,548 | 50,561 | 41,342 | 8,718 |
| Municipality ........ | 147,854 | 11,408 | 31,422 | 103,677 | 28,782 |
| Chemical ............ | 17,583 | 17,259 | 31,143 | 82,936 | 403,978 |
| Metals................. | 8,078 | 15,166 | 15,528 | 53,747 | 23,129 |
| Sugar .................. | 1,604 | 1,541 | 3,093 | 26,573 | 428 |
| Other[(1)]................ | 39,682 | 47,034 | 58,017 | 96,829 | 62,050 |
| Other revenues..... | 11,274 | 7,615 | 22,846 | 51,833 | 25,794 |
| **Total revenues....** | **3,932,148** | **3,154,738** | **4,810,763** | **4,112,773** | **3,546,327** |

[(1)] Includes especially cooperation services (e.g. machining or material heat treatment) for various clients from various market sectors.

*Revenue by geography*

The following tables set forth a breakdown of the Company's revenue by regions of installations for the periods indicated.

| | For the period from 1 January to 24 September | | For the year ended 31 December | | |
|---|---|---|---|---|---|
| | 2024 | 2023 | 2023 | 2022 | 2021 |
| | (unaudited) | | (audited) | | |
| | | | (*CZK thousand*) | | |
| Europe (excluding Czech Republic) | 1,411,112 | 1,148,677 | 1,894,788 | 1,890,756 | 1,685,522 |
| Czech Republic | 736,696 | 979,066 | 1,382,064 | 596,612 | 447,252 |
| Asia | 1,041,927 | 620,172 | 884,370 | 1,085,324 | 929,726 |
| South and Central America | 430,189 | 114,599 | 295,967 | 145,542 | 367,867 |
| Africa | 98,082 | 239,564 | 256,428 | 82,863 | 2,629 |
| North America | 196,332 | 38,578 | 64,358 | 258,048 | 89,458 |
| Australia | 6,536 | 6,467 | 9,942 | 1,795 | (1,921) |
| Other revenues | 11,274 | 7,615 | 22,846 | 51,833 | 25,794 |
| **Total revenues** | **3,932,148** | **3,154,738** | **4,810,763** | **4,112,773** | **3,546,327** |

**Products, services, procurement and contracts**

The Company's results of operations in any period are affected by the number of projects being executed and the phase of execution of specific projects. The average duration of a new installation project is approximately two and a half to three years. The pre-delivery phase, which includes design, engineering, manufacturing, procurement up to the point of delivery readiness, typically last 12 to 15 months. During this period, the project generates approximately 70 to 90 per cent. of revenues. The post-delivery phase then consists of various levels of client support on site, ranging from technical advisory services supporting the installation and commissioning works performed by the client to supervision of installation and commissioning works, up to turn-key assembly and commissioning of the delivered equipment.

New installation projects are usually contracted for a fixed price. As the same approach is also applied for related sub-supplies, the Company is able to reliably prepare short-term projections, as these are based on predictable inputs.

Service contracts generally achieve a higher profit margin potential than new installations. This is driven by a higher portion of service work performed directly by the Company's own staff compared to new installations, thereby generating higher added value. A specific contract category is represented by the LTSAs, which are typically valid for more than five years and where a reasonable escalation formula or triggering threshold for renegotiation of contractual conditions is implemented. The LTSAs consist of various elements, the majority of which are represented by periodical inspections with a pre-defined scope but also include continuous services such as hotlines and remote monitoring. As shown in the table illustrating the Company's revenue by individual revenue streams above, the revenue from the LTSAs has increased over the past three years. Additionally, the service segment provides further opportunities for the Company's both in terms of OEM and non-OEM services.

**Competitive landscape**

The turbomachinery industry is competitive and competition impacts the Company's revenues and consequently, its results of operations. The Company's primary competitors in its addressable market are Siemens Energy AG, Mitsubishi Power, Ltd., GE Vernova Inc., MAN Energy Solutions SE, Triveni Turbine Ltd., TGM Kanis Turbinen GmbH, Franco Tosi Meccanica S.p.A., and Baker Hughes Company. The Company competes primarily on price, performance, delivery time and post-delivery services. The level of competition affects the Company's ability to set prices for its products and services, including its ability to pass on any cost increases to its customers.

Significant competition in the turbo-machinery market could reduce the Company's sales volumes and adversely impact its prices and margins. A certain portion of accessible market is linked to governmental financing or support, such as subsidies for transition from coal to other energy sources provided by the European Union, which are subject to continuous change. A shift in approach, such as a consequence of political change, could adversely affect the market, leading to a decrease in order intake, revenues, and consequently, profitability. It could also require the Company to spend more on sales, marketing and research and development. In addition, increased competition resulting in pricing pressure may result in the Company incurring impairment charges, if the carrying value of an asset is no longer recoverable due to a change in market conditions.

Projects involving turbomachinery products require substantial financial investment, and any faults or deficiencies can lead to significant consequences, such as rectification costs or liability for damages. Consequently, there are high entry barriers in this industry segment, and a proven track record is essential for success and for doing business with end users and EPC contractors. Customers typically prioritize cost and technical parameters, such as turbine efficiency, in their decisions. Competition is intensified by lower-cost country competitors. The Company's competitive edge also relies on timely project delivery, short lead times, and resource availability.

The Company may also face market-specific entry barriers that limit its ability to compete effectively in certain regions, potentially reducing market share and revenue. For example, some markets are difficult to access due to regulatory and market conditions. In Brazil, customs duties vary by turbine type and output, while in India, duties apply regardless of turbine size or localization. In the United States, customers often reject Chinese suppliers, and some countries generally deny all non-OECD suppliers. These barriers give local and regional competitors an advantage due to their familiarity with regulations and customer preferences, making it challenging for the Company to compete effectively.

The Company may also face certain limitations resulting for the concentration of its major customers. The Company's sales to its top five customers, excluding Doosan Enerbility, amounted to CZK 1,390 million, CZK 1,490 million and CZK 1,106 million, representing 28.9 per cent., 36.2 per cent. and 31.2 per cent. of the Company's revenues for the years 2023, 2022 and 2021, respectively. For more details on the associated risks see section *Risk Factors - The loss of any of the Company's major customers could have a material adverse effect on the Company's business, financial condition, results of operations, cash flows and profit.*

**Currency exchange rate fluctuations and hedging**

With regard to the economic environment in which the Company carries out the majority of its business activities, the Czech crown (CZK) was determined as the functional currency. The Company's revenues, sales and purchases are denominated in EUR and USD and to lesser extent in CZK, GBP and PLN, while significant part of the Company's costs, capital expenditures and investments are denominated in CZK as the production facility as well as a significant portion of its employees are located in the Czech Republic.

This currency mismatch represents significant foreign exchange exposure for the Company. Fluctuations in currency rates can influence the Company's operating and financial results. As a significant portion of the Company's sales is denominated in EUR, USD and, to a lesser extent, GBP and PLN, an appreciation of CZK against these currencies generally has a negative impact on the Company's revenues and CZK depreciation against EUR, USD, GBP or PLN typically has a positive effect on the Company's revenues.

In order to mitigate the foreign exchange risk and the impact of foreign exchange fluctuations on its operating results, the Company engages in hedging by entering into derivative transactions, including forward contracts with Commerzbank Aktiengesellschaft, pobočka Praha, Česká spořitelna, a.s., Československá obchodní banka, a.s., Komerční banka, a.s., Raiffeisenbank, a.s. and VUB, a.s., pobočka Praha. The Company also hedges future cash flows.

The Company recognized a net expense from hedging operations of CZK 24 million in the period from 1 January 2024 to 24 September 2024. The Company's net income from hedging operations was CZK 102 million in 2023, CZK 167 million in 2022 and CZK 89 million in 2021. See section *Risk Factors - The Company's business is subject to foreign exchange risk.*

**Personnel expenses**

More than 95 per cent. of the Company's total headcount is located in the Czech Republic. In recent years, various economic indicators, led by inflation, and the low unemployment rate in the Czech Republic have intensified the competition to attract skilled employees. This is especially evident in the Pilsner region where the unemployment rate is below the country-wide average due to the concentration of industries. This has created upward pressure on nominal wages, which has increased the Company's personnel expenses. The Company had an average headcount (including part time employees) of 1,001 in the period from 1 January 2024 to 24 September 2024 and average headcounts of 955, 933 and 954 in 2023, 2022 and 2021, respectively. In 2023, 920 employees were based in the Czech Republic, out of which, on average, 865 were located in Pilsen, 21 in Prague, 24 in Brno and 10 in Ostrava. The remaining 35 employees were based in India, focusing on product design, procurement and project management.

**Seasonality**

The Company's business is driven by the timing of its customers' purchasing decisions, which, for public sector customers, are in turn driven by their budgets. Governments' and government agencies' budgets are generally set on an annual basis or longer. Furthermore, customers operating with annual budgets are often required to spend their entire budgets within the annual period in which they are granted. As a result, subject to exceptions, the majority of their spending often occurs in the fourth quarter of the year, followed typically by significantly lower spending in the first quarter of the following year. This can result in a spike in orders in the fourth quarter of the year and increased pressure on the manufacturing process. Considering the average turbine readiness to dispatch schedule, with a duration of approximately 12 to 15 months from the contract signature, it also triggers the recognition of the majority of material and processing costs within the second half of that project phase. This affects revenue recognition accordingly, based on the progress of completion, which is usually in the second half of the year. Seasonality is also evident in scheduled maintenance and overhaul services, where the timing is strategically planned for the summer season, which coincides with lower electricity demand and, consequently, reduced production losses for the plant operator. Generally, all of the aforementioned factors lead to a slightly higher revenue and profitability in the second half of a year.

**Backlog**

Given the industry-specific extended project durations, especially in the nuclear energy sector where project life cycles can span up to 70 years, the Company sustains a significant project backlog, which represents the remaining transaction price allocated to performance from contracts that are not yet satisfied at the end of the reporting period. Securing new projects, with average durations of approximately two and a half to three years, enables the Company to record additional backlog, assuming a consistent revenue stream throughout each project's life cycle. This backlog suggests a steady revenue stream for the coming years. The backlog for the year ending 2023 amounted to CZK 8,665 million. Of this amount, 44.0 per cent. is expected to be recognized as revenue within one year, 27.9 per cent. within two to three years, and 28.1 per cent. within four or more years.

The following tables set forth a breakdown of the Company's backlog as per market sector of the final user:

| | As of 24 September | | As of 31 December | | |
|---|---|---|---|---|---|
| | 2024 | 2023 | 2023 | 2022 | 2021 |
| | (*CZK thousands*) | | | | |
| Refinery | 3,020,569 | 329,602 | 3,374,394 | 717,579 | 617,431 |
| Utility | 3,021,179 | 1,832,812 | 1,973,489 | 817,911 | 1,135,137 |
| IPP | 1,290,532 | 2,327,928 | 1,882,972 | 1,401,672 | 718,658 |
| Waste to Energy | 648,767 | 1,249,398 | 962,541 | 1,717,365 | 1,187,306 |
| Mining | 1,992,078 | 253,089 | 267,007 | 52,976 | 8,948 |
| Municipality | 82,912 | 132,573 | 120,307 | 23,124 | 34,862 |
| Chemical | 23,803 | 45,912 | 33,980 | 61,399 | 138,094 |
| Pulp and paper | 58,931 | 33,147 | 5,550 | 84,334 | 309,504 |
| Metals | 3,512 | 4,507 | 4,449 | 13,481 | 9,396 |

| | | | | | |
|---|---|---|---|---|---|
| Sugar | 0 | 3,260 | 1,570 | 32,457 | 54,735 |
| Other | 56,142 | 53,647 | 38,768 | 4,526 | 21,209 |
| **Total backlog** | **10,198,425** | **6,265,875** | **8,665,027** | **4,926,824** | **4,235,280** |

The Company significantly increased its backlog in refinery by CZK 2,656 million, or 369.9 per cent., from CZK 718 million in 2022 to CZK 3,374 million in 2023, especially due to the successfully contracted Orlen Plock project, positively affecting both the new installations as well as LTSAs. Additionally, a substantial increase was registered in the utility segment, where the Company increased its backlog from CZK 818 million in 2022 to CZK 1,973 million in 2023, i.e. by CZK 1,155 million or 141.2 per cent., as a result of the Turkistan and Ørsted projects being signed.

As of 24 September 2024, the Company increased its backlog in the refinery segment by CZK 2,691 million to CZK 3,021 million, from CZK 330 million as of 24 September 2023. An additional increase in the Company's backlog came from the utility segment, where the Company registered an increase of CZK 1,188 million or 64.8 per cent., from CZK 1,833 million as of 24 September 2023 to CZK 3,021 million as of 24 September 2024, driven by the contract for the modernisation of the Loviisa nuclear power plant. The Company also recorded a significant increase in backlog in the mining segment, by CZK 1,739 million from CZK 253 million as of 24 September 2023 to CZK 1,992 million as of 24 September 2024. This major improvement was a result of securing the Mmamabula phase I & II projects in Botswana and the Maaden WAS Phosphate project in Saudi Arabia, which were all contracted in 2024.

In comparison, the Company's backlog decreased in the waste-to-energy segment by CZK 754 million or 43.9 per cent., from CZK 1,717 million in 2022 to CZK 963 million in 2023, mainly due to the peak of execution of the waste incineration plants Slough, Rivenhall, South Clyde, North London in the United Kingdom and the Wiesbaden plant in Germany which took place in 2022. As of 24 September 2024, the Company's backlog in waste-to-energy decreased by CZK 600 million or 48.0 per cent. to CZK 649 million, from CZK 1,249 million as of 24 September 2023. The decrease was driven by the progress of completion of multiple projects in the United Kingdom including Slough, Rivenhall, Lostock, South Clyde and North London.

The following tables set forth a breakdown of the Company's backlog by regions for the periods indicated:

| | **As of 24 September** | | **As of 31 December** | | |
|---|---|---|---|---|---|
| | **2024** | **2023** | **2023** | **2022** | **2021** |
| | (unaudited) | | | (unaudited) | |
| | | | *(CZK thousands)* | | |
| Europe (excluding the Czech Republic) | 6,070,931 | 2,574,925 | 5,327,502 | 2,619,393 | 2,219,685 |
| Asia | 1,303,249 | 1,797,593 | 1,640,638 | 894,604 | 1,308,859 |
| South and Central America | 446,748 | 669,292 | 801,777 | 93,781 | 66,102 |
| Czech Republic | 419,123 | 1,033,434 | 726,164 | 958,554 | 286,054 |
| North America | 361,113 | 144,091 | 124,908 | 75,619 | 315,950 |
| Africa | 1,590,549 | 32,774 | 33,229 | 274,176 | 26,259 |
| Other | 6,712 | 13,766 | 10,809 | 10,697 | 12,371 |
| **Total backlog** | **10,198,425** | **6,265,875** | **8,665,027** | **4,926,824** | **4,235,280** |

The Company has significantly increased its backlog in Europe (excluding the Czech Republic) from CZK 2,619 million in 2022 to CZK 5,328 million in 2023, representing a change of CZK 2,709 million or 103.4 per cent. This was mostly due to securing the Orlen Plock project in Poland and Ørsted project in Denmark in 2023. The Company's backlog in Asia increased from CZK 895 million in 2022 to CZK 1,641 million in 2023, i.e. by CZK 746 million or 83.4 per cent., mainly due to securing the Turkistan and Qyzylorda projects in Kazakhstan and the Amamapare project in Indonesia. The backlog in South and Central America increased from CZK 94 million in 2022 to CZK 802 million in 2023, i.e. by CZK 708 million, mainly due to securing the Energas and Boca Chica projects in the Dominican Republic and the Hermosillo and Empalme II service projects in Mexico.

As of 24 September 2024, the Company's backlog in Europe (excluding the Czech Republic) increased to CZK 6,071 million from CZK 2,575 million as of 24 September 2023, representing a change of CZK 3,496 million or 135.8 per cent. This was mostly due to securing the project for the modernisation of the Loviisa nuclear plant in Finland. As of 24 September 2024, the Company's backlog in Asia decreased to CZK 1,303 million from CZK 1,798 million as of 24 September 2023, representing a change of CZK 495 million, or 27.5 per cent. This resulted from the peak of execution of the Turkistan and Qyzylorda projects in Kazakhstan within the first three quarters of 2024. As of 24 September 2024, the Company's backlog in South and Central America decreased to CZK 447 million from CZK 669 million as of 24 September 2023, representing a change of CZK 222 million or 33.2 per cent. The decrease came as a result of the quick execution of the Energas and Boca Chica projects in the Dominican Republic in 2023. The backlog in Africa as of 24 September 2024 was substantially affected by the signing of the Mmamabula phase I & II projects in Botswana that resulted in a backlog increase by CZK 1,558 million to CZK 1,591 million from CZK 33 million as of 24 September 2023. The backlog in the Czech Republic as of 24 September 2024 was substantially affected by the project progress on the Komořany and Tisová projects, which were signed in 2023. This progress resulted in a backlog decrease by CZK 614 million to CZK 419 million from CZK 1,033 million as of 24 September 2023. The backlog in North America as of 24 September 2024 was substantially affected by securing of the Altura and Astoria projects in United States in 2024. This resulted in a backlog increase by CZK 217 million to CZK 361 million from CZK 144 million as of 24 September 2023.

The following tables set forth a breakdown of the Company's backlog by the installations' respective fuel type for the periods indicated.

| | **As of 24 September** | | **As of 31 December** | | |
|---|---|---|---|---|---|
| | **2024** | **2023** | **2023** | **2022** | **2021** |
| | | | (*CZK thousands*) | | |
| Oil.................................. | 2,912,756 | 89,461 | 3,236,086 | 81,117 | 92,726 |
| Gas ................................ | 2,001,750 | 2,430,437 | 2,400,582 | 1,271,643 | 1,271,419 |
| Waste.............................. | 677,475 | 1,348,708 | 1,059,999 | 1,717,365 | 1,187,306 |
| Biomass.......................... | 918,984 | 982,817 | 921,190 | 539,154 | 836,957 |
| Coal ............................... | 1,986,593 | 1,005,234 | 707,168 | 1,210,060 | 686,020 |
| Nuclear........................... | 1,582,060 | 286,267 | 238,492 | 98,676 | 128,254 |
| Solar .............................. | 62,049 | 69,304 | 62,742 | 4,283 | 10,255 |
| Others(1) ........................ | 56,758 | 53,647 | 38,768 | 4,526 | 22,343 |
| **Total backlog ...............** | **10,198,425** | **6,265,875** | **8,665,027** | **4,926,824** | **4,235,280** |

(1) Includes especially cooperation services (e.g. machining or heat material treatment) for various clients mostly out of turbine related business.

The increase in the Company's order backlog between 2022 and 2023 was driven mainly by the oil-fueled installation segment, where the Company received an order from Orlen S.A. for the Plock project, amounting to roughly CZK 3,100 million. The impact of the Plock project was also evident in the backlog in the period from 1 January 2024 to 24 September 2024. The Company's backlog in the waste fuel type decreased by CZK 657 million or 38.3 per cent., from CZK 1,717 million in 2022 to CZK 1,060 million in 2023, especially due to ongoing works on the waste incineration plants Slough, Rivenhall, South Clyde, North London in the United Kingdom and the Wiesbaden plant in Germany. The impact of these projects decreased by CZK 672 million or 49.8 per cent. from CZK 1,349 million as of 24 September 2023 to CZK 677 million as of 24 September 2024.

In addition, despite an initial decrease of the Company's backlog from coal-fuelled installations in 2023 compared to 2022, this segment registered a notable increase in the period from 1 January 2024 to 24 September 2024. The backlog as of 24 September 2024 amounted to CZK 1,987 million, driven by securing the Mmamabula phase I & II projects in Botswana. During the same period, the Company's backlog from nuclear projects reached CZK 1,582 million, primarily due to securing the project for the modernisation of the Loviisa power plant in Finland.

**Outlook**

*The Company has identified the following financial and operational targets for the mid-term. The targets are forward-looking statements and the Company's ability to achieve them will depend on a number of factors, many of which are outside of its control, including significant business, economic and competitive uncertainties and contingencies and risks, including those described under the headings Information regarding forward-looking* *statements and Risk Factors. As a result, the Company's actual results may vary significantly from its targets, and such variations may be material. The Company does not undertake to publish updates as to its progress towards achieving any of the below-described targets or to reflect the occurrence of any unanticipated events or circumstances. These targets are based on data, assumptions and estimates which are considered to be reasonable by the Company as at the date of this Prospectus. Such data and assumptions may change or be modified due to uncertainties relating, in particular, to the economic, financial, competitive, regulatory and fiscal climate or because of other factors of which the Company is not aware at the date of this Prospectus. The Company has not defined the terms "mid-term" and "long-term" by reference to any specific period, and unless specified otherwise, the below-described targets are not to be read as indicating that the Company is targeting or expecting such metrics in respect of any particular financial year. In addition, the achievement of these targets presupposes the successful and effective implementation of the strategy presented in Business – Strategy in this Prospectus. The Company accordingly makes no commitment or guarantee regarding the achievement of the targets presented below. Such targets have not been reviewed or audited by the Company's independent statutory auditor, Deloitte Audit s.r.o.*

*In line with the Company's business strategy, the Company has set the following mid-term targets.*

**Revenues**

The Company aims to increase its revenues in the mid-term with a compound annual growth rate in the mid-to-high teens.

**EBITDA**

The Company aims to gradually increase its EBITDA margin to above mid-teen levels in the mid-term.

**Capital expenditures**

In the mid-term, the Company targets annual capital expenditures in the range of CZK 275 million to CZK 375 million. These expenditures are expected to include:

- investments into machine and facilities to further improve efficiency of the production process;
- investments into digitalization and IT focused on improving the efficiency and/or profitability, such as remote-monitoring of installed fleets and production-flow management;
- research and development for future applications; and
- minor ramp-up investments into generator rotors production.

In the long-term, the Company expects major investments into the production of generators and gas turbines.

**<u>Key Income Statement Items</u>**

**Revenues**

***Revenues from goods, products and services***

Revenues from the sale of own products, goods and services, or revenues, consist of revenues from the sale of own products, sale of goods and services. The Company's revenues are mainly derived from the sale of steam turbines and provision of related services, including overhauls, replacement of worn components of the steam turbine-generators, post-warranty service (LTSAs) and their retrofitting or modernization.

***Other revenues***

Other operating income comprises various other operating income items, such as contractual penalties, reimbursement from insurance companies, reimbursement from employees for damages caused, claims from suppliers, proceeds from the sale of scrap material and other operating income.

***Own work capitalized***

Own work capitalized represents the production cost of additions to fixed assets that have been manufactured by the Company itself and consequently caused material, labour and other production costs. Fixed assets manufactured by the Company are measured at internal cost including direct material and payroll expenses and production overheads. Besides R&D items, there is no significant scope of fixed assets produced by usage of internal resources.

***Raw materials and consumables used***

Raw materials and consumables used comprise the cost of raw material consumption, costs of goods sold and energy consumption for the products and services the Company sells. It also includes various expense items, such as maintenance of machinery and buildings, freight expenses relating to sales, commission from sales, external services, promotion, advertising and exhibitions, postage, freight and telecommunication expenses, travel expenses, repairs, advisory, legal and translation services, car leases expenses, employment agency expenses, recycling and waste handling services of immaterial nature and other services.

***Personnel expenses***

Personnel expenses include wages and bonuses and other employee benefits paid to the Company’s employees and the members of its statutory body, cost of social security and health insurance and other social costs.

***Depreciation and amortization***

Depreciation expenses include costs related to the depreciation of tangible assets, in particular buildings and machinery. Amortization expenses include costs related to the amortization of various intangible assets, in particular capitalized R&D costs and software.

***Other gains and losses***

Other gains and losses include decrease or increase in provisions, decrease or increase in adjustments to assets, net income from hedging operations, exchange rate gains or losses from operating activities, other income from receivables and other operating income.

***Other operating expenses***

Other operating expenses comprise various other operating expense items, such as fees and levies, change in provisions and allowances, gifts, fines and penalties, insurance, written-off receivables, damage compensation, liquidation of inventories, impairment of assets and other operating expenses.

***Financial income, financial costs***

<u>Interest revenues</u>

The Company’s interest income mainly relates to interest earned on loans to the Selling Shareholder, which is not part of the consolidated group and thus not subject to the elimination of intercompany transactions, as well as interest earned on bank deposits.

Interest revenues in 2021 included an interest income of CZK 104 million arising from the 3-month asset-backed short-term bonds (ABSTB) issued by K-Partners 20th Co., Ltd. on the Korean securities market. The Company purchased these bonds to generate interest income from its free cash, with the final repayment occurring in December 2021. Since then, this instrument has neither been utilized nor is its reuse planned. Consequently, from 2022 onwards, this instrument has not impacted interest revenue values.

<u>Other financial income/costs</u>

Other financial income/costs consist of (i) exchange rate gains or losses from cash and cash equivalents, short term financial instruments and loans, and (ii) gains/losses from hedging operations on financial instruments, primarily related to the Company's currency and interest rate hedges, expenses for banking fees and certain other minor financial income/expenses.

***Income tax expense***

Income tax expense includes current and deferred tax expense. Current taxes are recognized for taxable income of the financial year in which such income was, as well as for additional tax payments or refunds relating to prior years. Deferred taxes are recognized for temporary differences between the carrying amounts of existing assets and liabilities in financial statements and their respective tax base.

In the Czech Republic, corporations were, prior to 2024, subject to 19 per cent. corporate income tax. As of 1 January 2024, corporations in the Czech Republic are subject to 21 per cent. corporate income tax.

**<u>Results of Operations</u>**

The following tables set forth key items from the Company's consolidated income statement and other comprehensive income for the periods indicated derived from the Audited Financial Statements and the Unaudited Interim Financial Statements.

**Consolidated income statement**

| | **For the period from 1 January to 24 September** | | **For the year ended 31 December** | | |
|---|---|---|---|---|---|
| | **2024** | **2023** | **2023** | **2022** | **2021** |
| | (unaudited) | | | (audited) | |
| | | | (*CZK thousands*) | | |
| Revenues from goods, products and services............................................ | 3,920,874 | 3,147,123 | 4,787,917 | 4,060,940 | 3,520,533 |
| Other revenues ................................ | 11,274 | 7,615 | 22,846 | 51,833 | 25,794 |
| **Revenues .........................................** | **3,932,148** | **3,154,738** | **4,810,763** | **4,112,773** | **3,546,327** |
| Raw materials and consumables used ................................................. | (2,677,173) | (2,239,354) | (3,359,850) | (2,731,204) | (2,406,435) |
| Changes in stocks of finished production | - | - | (71) | 114 | (8) |
| Own work capitalized....................... | 57,739 | 43,352 | 72,545 | 64,999 | 67,008 |
| Personnel expenses........................... | (823,401) | (735,345) | (1,021,735) | (995,188) | (833,784) |
| Depreciation and amortization .......... | (127,918) | (124,020) | (165,831) | (181,527) | (234,171) |
| Other operating expenses .................. | (83,873) | (63,697) | (89,440) | (63,071) | (73,349) |
| Other gains and losses....................... | (26,073) | 212,337 | 236,645 | 253,665 | 174,559 |
| **Operating expenses .........................** | **(3,680,699)** | **(2,906,727)** | **(4,327,737)** | **(3,652,212)** | **(3,306,180)** |
| Profit/loss from disposal of non-current assets and material ................ | 110 | 76 | 2 | 3,822 | (8,111) |
| **Operating profit .............................** | **251,559** | **248,087** | **483,028** | **464,383** | **232,036** |
| Revenue from investments................ | - | - | -- | -- | -- |
| Financial income.............................. | 282,843 | 233,627 | 293,801 | 342,503 | 309,651 |
| Financial costs.................................. | (76,571) | (14,269) | (26,778) | (76,686) | (322,565) |
| **Profit before income tax .................** | **457,831** | **467,445** | **750,051** | **730,200** | **219,122** |
| Income tax expense........................... | (102,386) | (110,249) | (190,707) | (154,409) | (29,828) |
| **Profit for the period ........................** | **355,445** | **357,196** | **559,344** | **575,791** | **189,294** |

**Consolidated statement of other comprehensive income**

| | For the period from 1 January to 24 September | | For the year ended 31 December | | |
|---|---|---|---|---|---|
| | **2024** | **2023** | **2023** | **2022** | **2021** |
| | (unaudited) | | (audited) | | |
| | *(CZK thousands)* | | | | |
| **Profit for the accounting period** | 355,445 | 357,196 | 559,344 | 575,791 | 189,294 |
| **Other net comprehensive income** | **(2,658)** | **(39,698)** | **(28,007)** | **53,729** | **12,355** |
| Items that will not be reclassified subsequently to profit or loss: | | | | | |
| Increase/decrease in value of assets of their revaluation | - | - | 44,306 | - | 8,859 |
| Deferred tax relating to items not reclassified | - | - | (10,067) | 0 | (1,683) |
| | **-** | **-** | **34,239** | **-** | **7,176** |
| Items that may be reclassified subsequently to profit or loss: | | | | | |
| Revaluation of available-for-sale financial assets | - | - | - | - | - |
| Gains/losses on cash flow hedges | (1,276) | (50,501) | (74,241) | 74,827 | 5,609 |
| Foreign currency translation differences for foreign operations | (1,650) | 1,208 | (1,766) | (6,881) | 636 |
| Share of other comprehensive income of associated companies | - | - | - | - | - |
| Deferred tax on items of other comprehensive income | 268 | 9,595 | 13,761 | (14,217) | (1,066) |
| | **(2,658)** | **(39,698)** | **(62,246)** | **53,729** | **5,179** |
| **Total comprehensive income for the accounting period** | **352,787** | **317,498** | **531,337** | **629,520** | **201,649** |

**The period from 1 January 2024 to 24 September 2024 compared to the period from 1 January 2023 to 24 September 2023**

***Revenues from goods, products and services***

The following table sets forth a breakdown of the Company's revenue by particular revenue streams for the periods indicated:

| | The period from 1 January to 24 September | | Change |
|---|---|---|---|
| | **2024** | **2023** | **%** |
| | (unaudited) *(CZK thousands)* | | |
| New installations | 2,898,892 | 2,249,910 | 28.8 |
| Services | 729,870 | 783,305 | (6.8) |
| Long term service agreements | 292,112 | 113,908 | 156.1 |
| **Revenue from goods, products and services** | **3,920,874** | **3,147,123** | **24.6** |

Revenues from goods, products and services increased by CZK 774 million, or 24.6 per cent., from CZK 3,147 million in the period from 1 January 2023 to 24 September 2023 to CZK 3,921 million in the period from 1 January

2024 to 24 September 2024. This increase primarily resulted from a significant portion of successfully contracted new projects in the preceding period, which commenced in the current period and started generating revenue.

Revenues from new installations increased by CZK 649 million, or 28.8 per cent., from CZK 2,250 million in the period from 1 January 2023 to 24 September 2023 to CZK 2,899 million in the period from 1 January 2024 to 24 September 2024. The increase was driven by the continuing execution of 2023 backlog projects, namely Qyzylorda and Turkistan (both Kazakhstan), Orlen Plock (Poland), Boca Chica (Dominican Republic), Komořany (Czech Republic) and Ørsted (Denmark). Revenues from the provision of services decreased by CZK 53 million, or 6.8 per cent., from CZK 783 million in the period from 1 January 2023 to 24 September 2023 to CZK 730 million in the period from 1 January 2024 to 24 September 2024, due to completion of several substantial overhaul projects in 2023. Revenues from LTSAs increased by CZK 178 million or 156.1 per cent., from CZK 114 million in the period from 1 January 2023 to 24 September 2023 to CZK 292 million in the period from 1 January 2024 to 24 September 2024 as a result of long-term cooperation with ČEZ on nuclear power plants.

The following table sets forth a breakdown of the Company's revenues by the region of the installations for the periods indicated.

| | **The period from 1 January to 24 September** | | **Change** |
|---|---|---|---|
| | **2024** | **2023** | **%** |
| | (unaudited) *(CZK thousands)* | | |
| Europe (excluding Czech Republic)............. | 1,411,112 | 1,148,677 | 22.8 |
| Czech Republic............................................ | 736,696 | 979,066 | (24.7) |
| Asia............................................................... | 1,041,927 | 620,172 | 68.1 |
| South and Central America .......................... | 430,189 | 114,599 | 274.8 |
| Africa............................................................ | 98,082 | 239,564 | (58.8) |
| North America............................................. | 196,332 | 38,578 | 405.1 |
| Australia ...................................................... | 6,536 | 6,467 | 1.1 |
| **Revenue from goods, products and services...** | **3,920,874** | **3,147,123** | **24.6** |

Regionally, revenues in Europe (excluding the Czech Republic) increased by CZK 262 million, or 22.8 per cent., from CZK 1,149 million in the period from 1 January 2023 to 24 September 2023 to CZK 1,411 million in the period from 1 January 2024 to 24 September 2024 driven especially by the progress of the Plock and Ørsted projects and accrual of revenues from these projects in this period. Revenues in the Czech Republic decreased by CZK 242 million, or 24.7 per cent., from CZK 979 million in the period from 1 January 2023 to 24 September 2023 to CZK 737 million in the period from 1 January 2024 to 24 September 2024, as a result of the substantial completion of the modernization project at the Opatovice power plant as well as the completion of numerous service contracts during this period. Revenues generated in Asia increased by CZK 422 million or 68.1 per cent., from CZK 620 million in the period from 1 January 2023 to 24 September 2023 to CZK 1,042 million in the period from 1 January 2024 to 24 September 2024, mainly as a result of the progress of execution of the Qyzylorda and Turkistan projects in Kazakhstan, which were contracted in 2023, and generated revenues in the period from 1 January 2024 to 24 September 2024.

Revenues in South and Central America increased by CZK 316 million, or 274.8 per cent., from CZK 115 million in the period from 1 January 2023 to 24 September 2023 to CZK 430 million in the period from 1 January 2024 to 24 September 2024 due to the execution of Boca Chica and Energas projects (Dominican Republic). Revenues in Africa decreased by CZK 141 million, or 58.8 per cent., from CZK 240 million in the period from 1 January 2023 to 24 September 2023 to CZK 98 million in the period from 1 January 2024 to 24 September 2024, due to the near completion of the Temane project (Mozambique) and fewer execution milestones remaining. The revenues in North America increased by CZK 158 million from CZK 39 million in the period from 1 January 2023 to 24 September 2023 to CZK 196 million in the period from 1 January 2024 to 24 September 2024. This increase is attributed to the execution of the Pasco and Astoria projects, and the inspection of the Lansing power plant, conducted primarily in 2024. Revenues generated in Australia increased marginally by CZK 69 thousand from CZK 6.47 million in the period from 1 January 2023 to 24 September 2023 to CZK 6.54 million in the period from 1 January 2024 to 24 September 2024.

***Own work capitalized***

Own work capitalized increased by CZK 15 million, or 34.9 per cent., from CZK 43 million in the period from 1 January 2023 to 24 September 2023 to CZK 58 million in the period from 1 January 2024 to 24 September 2024.

***Raw materials and consumables used***

Raw materials and consumables used increased by CZK 438 million, or 19.6 per cent., from CZK 2,239 million in the period from 1 January 2023 to 24 September 2023 to CZK 2,677 million in the period from 1 January 2024 to 24 September 2024. This increase resulted from the increased production of the Company during this period. As a percentage of revenues from goods, products and services, raw materials and consumables used decreased from 71.1 per cent. in the period from 1 January 2023 to 24 September 2023 to 68.3 per cent. in the period from 1 January 2024 to 24 September 2024.

***Personnel expenses***

Personnel expenses increased by CZK 88 million, or 12.0 per cent., from CZK 735 million in the period from 1 January 2023 to 24 September 2023 to CZK 823 million in the period from 1 January 2024 to 24 September 2024, which was attributable to an increased number of employees, as well as to annual merit-based increases in wages, which occur annually as of 1 July.

***Depreciation and amortization***

Depreciation and amortization expenses increased by CZK 4 million, or 3.2 per cent., from CZK 124 million in the period from 1 January 2023 to 24 September 2023 to CZK 128 million in the period from 1 January 2024 to 24 September 2024.

***Other gains and losses***

Other gains and losses decreased by CZK 238 million from net gain of CZK 212 million in the period from 1 January 2023 to 24 September 2023 to net loss of CZK 26 million in the period from 1 January 2024 to 24 September 2024. This development was primarily impacted by the loss from hedging operations and the creation of warranty and other provisions.

***Other operating expenses***

Other operating expenses increased by CZK 20 million, or 31.3 per cent., from CZK 64 million in the period from 1 January 2023 to 24 September 2023 to CZK 84 million in the period from 1 January 2024 to 24 September 2024. This increase resulted from a statutory write-off of receivables relating to the Curtis biomass plant project in Spain.

***EBITDA***

EBITDA increased by CZK 7 million, or 1.8 per cent., from CZK 394 million in the period from 1 January 2023 to 24 September 2023 to CZK 401 million in the period from 1 January 2024 to 24 September 2024. The increase in the period from 1 January 2024 to 24 September 2024 resulted from an increase in the Company's revenue over the same period. For a reconciliation of profit for the period to EBITDA, see *Reconciliation of the APMs used by the Company*.

***Financial income, financial costs***

(i) Interest revenues/expenses

Interest revenues decreased by CZK 12 million, or 6.1 per cent., from CZK 198 million in the period from 1 January 2023 to 24 September 2023 to CZK 186 million in the period from 1 January 2024 to 24 September 2024. This decrease resulted from a reduction in the principal amount of loans provided to the Selling Shareholder.

Interest expenses increased by CZK 0.4 million from CZK 0.8 million in the period from 1 January 2023 to 24 September 2023 to CZK 1.2 million in the period from 1 January 2024 to 24 September 2024.

(ii) Exchange rate gains/losses from cash and cash equivalents, short term financial instruments and loans

Exchange rate gains from cash and cash equivalents, short term financial instruments and loans increased by CZK 62 million, or 172.2 per cent., from CZK 36 million in the period from 1 January 2023 to 24 September 2023 to CZK 97 million in the period from 1 January 2024 to 24 September 2024.

Exchange rate losses from cash and cash equivalents, short term financial instruments and loans increased by CZK 62 million from CZK 13 million in the period from 1 January 2023 to 24 September 2023 to CZK 75 million in the period from 1 January 2024 to 24 September 2024.

The net value of exchange rate gains from cash and cash equivalents, short term financial instruments and loans in the period from 1 January 2024 to 24 September 2024 was net gain of CZK 22 million, that is comparable to net gain of CZK 22 million in the period from 1 January 2023 to 24 September 2023.

***Profit before income tax***

Profit before income tax decreased by CZK 9 million, or 1.9 per cent., from CZK 467 million in the period from 1 January 2023 to 24 September 2023 to CZK 458 million in the period from 1 January 2024 to 24 September 2024, for the reasons mentioned above.

***Income tax expense***

Income tax expense decreased by CZK 8 million, or 7.3 per cent., from CZK 110 million in the period from 1 January 2023 to 24 September 2023 to CZK 102 million in the period from 1 January 2024 to 24 September 2024, as a result of a decrease in the profit before income tax, which was partially offset by an increase in the rate of corporate tax during this period.

***Profit for the period***

Profit for the period decreased by CZK 2 million from CZK 357 million in the period from 1 January 2023 to 24 September 2023 to CZK 355 million in the period from 1 January 2024 to 24 September 2024 for the reasons mentioned above.

***Comprehensive income for the period***

Comprehensive income for the period increased by CZK 36 million, or 11.4 per cent., from CZK 317 million in the period from 1 January 2023 to 24 September 2023 to CZK 353 million in the period from 1 January 2024 to 24 September 2024 for the reasons mentioned above.

**Financial Year ended 31 December 2023 Compared to Financial Year ended 31 December 2022**

***Revenues from goods, products and services***

The following table sets forth a breakdown of the Company's revenue by particular revenue streams for the periods indicated:

| | For the year ended 31 December 2023 | 2022 | Change % |
|---|---|---|---|
| | (audited) | | |
| | *(CZK thousands)* | | |
| New installations | 3,393,812 | 2,942,852 | 15.3 |
| Services | 1,169,988 | 952,392 | 22.9 |
| Long term service agreements | 224,117 | 165,696 | 34.9 |
| **Revenue from goods, products and services** | **4,787,917** | **4,060,940** | **17.9** |

Revenues from goods, products and services increased by CZK 727 million, or 17.9 per cent., from CZK 4,061 million in 2022 to CZK 4,788 million in 2023. The increase in revenues during 2023 was mainly driven by an increase in order intake in the preceding period.

Revenues from new installations increased by CZK 451 million, or 15.3 per cent., from CZK 2,943 million in 2022 to CZK 3,394 million in 2023. Revenues from provision of services increased by CZK 218 million, or 22.9 per cent., from CZK 952 million in 2022 to CZK 1,170 million in 2023. Revenues from the LTSAs increased by CZK 58 million, or 34.9 per cent., from CZK 166 million in 2022 to CZK 224 million in 2023. The increase in revenues from the LTSAs is driven by the increasing number of contracted LTSAs and approaching milestones of LTSA contracts signed in previous periods, which are scheduled for inspections.

The following table sets forth a breakdown of the Company's revenues from goods, products and services by the region of the installations for the periods indicated.

| | For the year ended 31 December 2023 | 2022 | Change % |
|---|---|---|---|
| | (audited) | | |
| | *(CZK thousands)* | | |
| Europe (excluding Czech Republic) | 1,894,788 | 1,890,756 | 0.2 |
| Czech Republic | 1,382,064 | 596,612 | 131.5 |
| Asia | 884,370 | 1,085,324 | (18.5) |
| South and Central America | 295,967 | 145,542 | 102.7 |
| Africa | 256,428 | 82,863 | 208.4 |
| North America | 64,358 | 258,048 | (75.2) |
| Australia | 9,942 | 1,795 | 450.0 |
| **Revenue from goods, products and services** | **4,787,917** | **4,060,940** | **17.9** |

Regionally, revenues in Europe (excluding the Czech Republic) increased marginally by CZK 4 million, or 0.2 per cent., from CZK 1,891 million in 2022 to CZK 1,895 million in 2023. Revenues in the Czech Republic increased by CZK 785 million, or 131.5 per cent., from CZK 597 million in 2022 to CZK 1,382 million in 2023, mainly due to the execution of modernization projects at the Opatovice power plant (Czech Republic) and repair services provided at the Počerady power plant (Czech Republic). Revenues generated in Asia decreased by CZK 201 million or 18.5 per cent., from CZK 1,085 million in 2022 to CZK 884 million in 2023, mainly as a result of finalization of two significant projects Dubai (United Arab Emirates) and Tanajib (Saudi Arabia) and shift to the post-delivery phase.

Revenues in South and Central America increased by CZK 150 million, or 102.7 per cent., from CZK 146 million in 2022 to CZK 296 million in 2023 mainly due to the execution of the Boca Chica and Energas projects (Dominican Republic). Revenues generated in Africa increased by CZK 173 million, or 208.4 per cent., from CZK 83 million in 2022 to CZK 256 million in 2023, due to the execution of the Temane project (Mozambique). The revenues in North America decreased by CZK 194 million or 75.2 per cent., from CZK 258 million in 2022 to CZK 64 million in 2023 due to the remaining portions of the Guam and Lansing projects being progressed in 2023. Revenues generated in Australia increased by CZK 8.1 million from CZK 1.8 million in 2022 to CZK 9.9 million in 2023 due to continuing technical advisory services at Kwinana project (Australia) and pre-engineering works performed for Port Augusta project.

***Own work capitalized***

Own work capitalized increased by CZK 8 million, or 12.3 per cent., from CZK 65 million in 2022 to CZK 73 million in 2023.

***Raw materials and consumables used***

Raw materials and consumables used increased by CZK 629 million, or 23.0 per cent., from CZK 2,731 million in 2022 to CZK 3,360 million in 2023. The increase was driven by an overall increase in the financial performance of the Company as a result of growing order intake. As a percentage of revenues, raw materials and consumables used increased from 66.4 per cent. in 2022 to 69.8 per cent. in 2023. As a percentage of revenues from goods, products and services, raw materials and consumables used increased from 67.3 per cent. in 2022 to 70.2 per cent. in 2023. This relative increase was attributable to the re-evaluation by the Company of the allocation between internal and external resources for raw material procurement i.e. whether to produce materials in-house or procure them from third parties.

***Personnel expenses***

Personnel expenses increased by CZK 27 million, or 2.7 per cent., from CZK 995 million in 2022 to CZK 1,022 million in 2023. The increase was attributable to an increased number of employees and annual merit-based increases in wages. The increase was marginal as a result of the higher base set in 2022 due to the disbursement of bonuses.

***Depreciation and amortization***

Depreciation and amortization decreased by CZK 16 million, or 8.8 per cent., from CZK 182 million in 2022 to CZK 166 million in 2023.

***Other gains and losses***

Other gains and losses decreased by CZK 17 million, or 6.7 per cent, from CZK 254 million in 2022 to CZK 237 million in 2023.

***Other operating expenses***

Other operating expenses increased by CZK 26 million, or 41.3 per cent., from CZK 63 million in 2022 to CZK 89 million in 2023. The rise in other operating costs was driven by paid contractual penalties and increased insurance expenses as a result of a revision of the scope of the Company’s insurance coverage.

***EBITDA***

EBITDA increased by CZK 35 million, or 5.6 per cent., from CZK 627 million in 2022 to CZK 662 million in 2023. The increase in 2023 was mostly related to the decrease in depreciation and amortization. For a reconciliation of profit for the period to EBITDA, see *Reconciliation of the APMs used by the Company*.

*Financial income, financial costs*

(i) Interest revenues/expenses

Interest revenues decreased by CZK 32 million, or 11.1 per cent., from CZK 287 million in 2022 to CZK 255 million in 2023. This decrease was the result of a reduction in the principal amount of a loan provided to the Selling Shareholder, which is not part of the consolidated group and thus not subject to the elimination of intercompany transactions, and an increased amount of cash on hand utilized in bank deposits. However, the total nominal value of available cash decreased during the year 2023 as a consequence of a significant dividend payout in 2023.

Interest expenses decreased by CZK 0.8 million, or 38.1 per cent., from CZK 2.1 million in 2022 to CZK 1.3 million in 2023. These interest expenses were related to the interest costs associated with leased assets. This decrease was a result of the adjustments in the scope of leased assets.

(ii) Exchange rate gains/losses from cash and cash equivalents, short term financial instruments and loans

Exchange rate gains from cash and cash equivalents, short term financial instruments and loans increased by CZK 11 million, or 39.3 per cent., from CZK 28 million in 2022 to CZK 39 million in 2023.

Exchange rate losses from cash and cash equivalents, short term financial instruments and loans decreased by CZK 50 million, or 66.7 per cent., from CZK 75 million in 2022 to CZK 25 million in 2023.

The net value of exchange rate gains/losses from cash and cash equivalents, short term financial instruments and loans for 2023 was a net gain of CZK 14 million, compared to a net loss of CZK 47 million in 2022. The change in the net value resulted from exchange rate differences from cash and cash equivalents, short-term financial instruments and loans.

(iii) Gains/Losses from hedging operations on financial instruments

Gains from hedging operations on financial instruments were CZK 28 million in 2022, compared to CZK 0 million gains in 2023.

Losses from hedging operations on financial instruments were negative CZK 1 million in 2022, compared to CZK 0 million losses in 2023.

The net value of hedging operations on financial instruments for 2023 was no net gains or losses, compared to a net gain of CZK 29 million in 2022. The decrease of CZK 29 million, or 100 per cent., was primarily driven by the termination of short-term financial instruments.

***Profit before income tax***

Profit before income tax increased by CZK 20 million, or 2.7 per cent., from CZK 730 million in 2022 to CZK 750 million in 2023, for the reasons mentioned above.

***Income tax expense***

Income tax expense increased by CZK 37 million, or 24.0 per cent., from CZK 154 million in 2022 to CZK 191 million in 2023. This increase was driven in particular as a result of the effect of an increase in the corporate tax rate from 19 per cent. to 21 per cent., effective from 1 January 2024, which in turn led to an increase in deferred tax liabilities as of 31 December 2023, with the adjustment charged to the income statement.

***Profit for the period***

Profit for the period decreased by CZK 17 million, or 3.0 per cent., from CZK 576 million in 2022 to CZK 559 million in 2023, for the reasons mentioned above.

***Comprehensive income for the period***

Comprehensive income for the period decreased by CZK 99 million, or 15.7 per cent., from CZK 630 million in 2022 to CZK 531 million in 2023. The decrease in comprehensive income was primarily a result of losses incurred from cash-flow hedges, which was partially offset by gains achieved as a result of re-evaluation of land.

**Financial Year ended 31 December 2022 Compared to Financial Year ended 31 December 2021**

***Revenues from the sale of own products, goods and services***

The following table sets forth a breakdown of the Company's revenue by particular revenue streams for the periods indicated:

| | For the year ended 31 December | | Change |
|---|---|---|---|
| | 2022 | 2021 | % |
| | (audited) *(CZK thousands)* | | |
| New installations | 2,942,852 | 2,467,840 | 19.2 |
| Services | 952,392 | 904,263 | 5.3 |
| Long term service agreements | 165,696 | 148,430 | 11.6 |
| **Revenue from goods, products and services** | **4,060,940** | **3,520,533** | **15.3** |

Revenues from goods, products and services increased by CZK 540 million, or 15.3 per cent., from CZK 3,521 million in 2021 to CZK 4,061 million in 2022. The increase in revenues during 2022 was mainly driven by the increased value of order intake in the preceding period.

Revenues from new installations increased by CZK 475 million, or 19.2 per cent., from CZK 2,468 million in 2021 to CZK 2,943 million in 2022. Revenues from provision of services increased by CZK 48 million, or 5.3 per cent., from CZK 904 million in 2021 to CZK 952 million in 2022. Revenues from the LTSAs increased by CZK 18 million, or 12.2 per cent., from CZK 148 million in 2021 to CZK 166 million in 2022. Revenues from new installations were driven by significant progress on the Tanajib (Saudi Arabia), Olefins (Poland) Guam (United States), Reunion (France), Kemi (Finland) and Dubai (United Araba Emirates) projects.

The following table sets forth a breakdown of the Company's revenues by the region of the installations for the periods indicated.

| | For the year ended 31 December | | Change |
|---|---|---|---|
| | 2022 | 2021 | % |
| | (audited) *(CZK thousands)* | | |
| Europe (excluding Czech Republic | 1,890,756 | 1,685,522 | 12.2 |
| Czech Republic | 596,612 | 447,252 | 33.6 |
| Asia | 1,085,324 | 929,726 | 16.7 |
| South and Central America | 145,542 | 367,867 | (60.3) |
| Africa | 82,863 | 2,629 | 2,666.7 |
| North America | 258,048 | 89,458 | 189.9 |
| Australia | 1,795 | (1,921) | 193.4 |
| **Revenue from goods, products and services** | **4,060,940** | **3,520,533** | **15.3** |

Regionally, revenues in Europe (excluding the Czech Republic) increased by 205 CZK million, or 12.2 per cent., from CZK 1,686 million in 2021 to CZK 1,891 million in 2022. Revenues in the Czech Republic increased by CZK 150 million, or 33.6 per cent., from CZK 447 million in 2021 to CZK 597 million in 2022, mainly due to service works at ČEZ power plants and the general overhaul of the Chvaletice power plant (Czech Republic). Revenues in Asia increased by CZK 155 million, or 16.7 per cent., from CZK 930 million in 2021 to CZK 1,085 million in 2022, especially due to the Tanajib project (Saudi Arabia), which contributed CZK 400 million to the Company's revenue in 2022.

Revenues generated in South and Central America decreased by CZK 222 million or 60.3 per cent., from CZK 368 million in 2021 to CZK 146 million in 2022, mainly as a result of completing a series of retrofit and other service projects. Revenues generated in Africa increased by CZK 80 million from CZK 3 million in 2021 to CZK 83 million in 2022, due to the execution of the Temane project (Mozambique). Revenues in North America increased by CZK 169 million or 189.9 per cent., from CZK 89 million in 2021 to CZK 258 million in 2022 in relation to securing the Guam project (United States) and the significant progress in its pre-delivery phase, which contributed CZK 236 million to the Company's revenue in 2022. Revenues in Australia increased from a negative value of CZK 1.9 million in 2021 to CZK 1.8 million in 2022 due to the adjustment of the contract value based on forecasted foreign exchange rates and the remaining contract price to be recognized in future periods. Since there was little to no progress on the Kwinana project during the COVID-19 lockdowns in Australia, this initially led to a decrease in revenues.

***Own work capitalized***

Own work capitalized decreased by CZK 2 million, or 3.00 per cent., from CZK 67 million in 2021 to CZK 65 million in 2022.

***Raw materials and consumables used***

Raw materials and consumables used increased by CZK 325 million, or 13.5 per cent., from CZK 2,406 million in 2021 to CZK 2,731 million in 2022. Of that increase, CZK 209 million was attributable to the increasing purchase of services related to increasing demand, especially of on-site services, and CZK 73 million was attributable to raw material costs. The nominal increase of raw materials and consumables was driven by the overall increased performance of the Company, and effectively higher revenues, in 2022 as compared to 2021.

***Personnel expenses***

Personnel expenses increased by CZK 161 million, or 19.3 per cent., from CZK 834 million in 2021 to CZK 995 million in 2022. The increase was attributable to an annual merit-based increase of wages and bonuses paid in 2022, which, after final evaluation, exceeded the provisions created in 2021.

***Depreciation and amortization***

Depreciation and amortization decreased by CZK 52 million, or 22.2 per cent., from CZK 234 million in 2021 to CZK 182 million in 2022. The decrease was driven by the end of amortization of several significant items, of which CZK 24 million was represented by the Company's enterprise resource planning software and CZK 18 million was represented by capitalized R&D projects.

***Other gains and losses***

Other gains increased by CZK 79 million, or 45.1 per cent, from CZK 175 million in 2021 to CZK 254 million in 2022.

***Other operating expenses***

Other operating expenses decreased by CZK 10 million, or 13.7 per cent., from CZK 73 million in 2021 to CZK 63 million in 2022.

***EBITDA***

EBITDA increased by CZK 321 million, or 104.9 per cent., from CZK 306 million in 2021 to CZK 627 million in 2022. The increase in 2022 was related to a significant increase in profit for the period and also to the increase of income from hedging operations. For a discussion on the comparability of EBITDA between the periods, see section *Key Factors Affecting Comparability between Periods*. For a reconciliation of profit for the period to EBITDA, see *Reconciliation of the APMs used by the Company*.

***Financial income, financial costs***

(i) Interest revenues/expenses

Interest revenues increased by CZK 138 million, or 92.6 per cent., from CZK 149 million in 2021 to CZK 287 million in 2022. This increase was primarily caused by the strategic use of available cash on hand. After selling short-term financial instruments previously used for placing free cash, the funds were redirected towards intra-group loans and cash deposits. Both of these allocations benefited from the generally higher interest rates in 2022 compared to 2021.

Interest expenses increased by CZK 0.9 million, or 75 per cent., from CZK 1.2 million in 2021 to CZK 2.1 million in 2022. These interest expenses were related to the interest costs associated with leased assets. This increase was a result of the adjustments in the scope of leased assets.

(ii) Exchange rate gains/losses from cash and cash equivalents, short term financial instruments and loans

Exchange rate gains from cash and cash equivalents, short term financial instruments and loans decreased by CZK 99 million, or 78.0 per cent., from CZK 127 million in 2021 to CZK 28 million in 2022.

Exchange rate losses from cash and cash equivalents, short term financial instruments and loans decreased by CZK 169 million, or 69.3 per cent., from CZK 244 million in 2021 to CZK 75 million in 2022.

The net value of exchange rate gains/losses from cash and cash equivalents, short term financial instruments and loans for 2022 was a net loss of CZK 47 million, compared to a net loss of CZK 117 million in 2021. The change in the net value was influenced by exchange rates fluctuations resulting in exchange rate differences from cash and cash equivalents, short-term financial instruments and loans. The year-on-year decrease in the net loss was particularly influenced by the use of short-term financial instruments denominated in Korean won in 2021.

(iii) Gains/Losses from hedging operations on financial instruments

Gains from hedging operations on financial instruments decreased by CZK 6 million, or 17.6 per cent., from CZK 34 million in 2021 to CZK 28 million in 2022.

Losses from hedging operations on financial instruments decreased by CZK 78 million from CZK 77 million in 2021 to negative CZK 1 million in 2022.

The net value of hedging operations on financial instruments for 2022 was a net gain of CZK 29 million, compared to a net loss of CZK 43 million in 2021. The movement by CZK 72 million was primarily driven by changes in the revaluation of outstanding derivatives connected with short-term financial instruments denominated in South Korean won, as a consequence of exchange and interest rate fluctuations.

***Profit before income tax***

Profit before income tax increased by CZK 511 million, or 233.3 per cent., from CZK 219 million in 2021 to CZK 730 million in 2022. The increase in 2022 was due to the reasons mentioned above.

***Income tax expense***

Income tax expense increased by CZK 124 million from CZK 30 million in 2021 to CZK 154 million in 2022. The significant increase was mostly driven by the Company’s increased profit before income tax for 2022 mentioned above.

***Profit for the period***

Profit for the period increased by CZK 387 million, or 204.8 per cent., from CZK 189 million in 2021 to CZK 576 million in 2022.

***Comprehensive income for the period***

Comprehensive income for the period increased by CZK 428 million, or 211.9 per cent., from CZK 202 million in 2021 to CZK 630 million in 2022. The increase was due to the reasons mentioned above.

## Liquidity and Capital Resources

### Overview

Historically, the Company's liquidity requirements have been for working capital purposes. The Company's principal sources of liquidity have been cash generated from its operating activities and interest gains resulting from cash balance management through intra-group loans and bank deposits.

***Summary Cash Flows***

The following table sets forth an overview of the Company's cash flows for the periods indicated.

| | For the period from 1 January to 24 September | | For the year ended 31 December | | |
|---|---|---|---|---|---|
| | 2024 | 2023 | 2023 | 2022 | 2021 |
| | (unaudited) | | (audited) | | |
| | (*CZK thousands*) | | | | |
| Net cash from operating activities | 355,259 | 411,394 | 980,401 | 808,227 | 776,191 |
| Net cash from investing activities | (96,316) | 1,905,951 | 1,856,544 | (1,538,043) | 555,664 |
| Net cash from financing activities | (476,488) | (2,195,390) | (2,195,390) | (250,014) | (230,002) |
| Net increase/decrease in cash and cash equivalents | (217,545) | 121,955 | 641,555 | (979,830) | 1,101,853 |
| Cash and cash equivalents at the beginning of the period | 2,125,904 | 1,481,507 | 1,481,507 | 2,477,538 | 1,382,573 |
| Cash and cash equivalents at the end of the period | 1,908,196 | 1,604,531 | 2,125,904 | 1,481,507 | 2,477,538 |

***Net cash from operating activities***

Net cash from operating activities decreased by CZK 56 million, from CZK 411 million in the period from 1 January 2023 to 24 September 2023 to CZK 355 million in the period from 1 January 2024 to 24 September 2024. This decrease resulted from a decrease in the value of payables and from payment of income tax, which was partially offset by an increase in the value of receivables.

Net cash from operating activities increased by CZK 172 million, from CZK 808 million in 2022 to CZK 980 million in 2023. This increase was coupled with an increase in the value of payables, especially in relation to the advancement of long-term projects, and an increase in the receivables.

Net cash from operating activities increased by CZK 32 million, from CZK 776 million in 2021 to CZK 808 million in 2022. This marginal increase was primarily due to a higher profit for the period in 2022, partially offset by changes in working capital.

***Net cash from investing activities***

Net cash from investing activities comprised outflow of CZK 96 million in the period from 1 January 2024 to 24 September 2024 and inflows of CZK 1,906 million in the period from 1 January 2023 to 24 September 2023. The considerable inflow in the period from 1 January 2023 to 24 September 2023 was caused by the nonrecurring repayment of loans provided by the Company to the Selling Shareholder.

Net cash from investing activities comprised inflow of CZK 1,857 million in 2023 and outflows of CZK 1,538 million in 2022. These movements were mainly due to the repayment of loans provided by the Company to the Selling Shareholder in 2023 and the drawdown of these loans by the Selling Shareholder in 2022, respectively.

Net cash from investing activities comprised outflows of CZK 1,538 million in 2022 and inflows of CZK 556 million in 2021. These movements were mainly due to the additional drawdown of the loans provided to the Selling Shareholder in 2022 following the initial loan provision in 2021. In 2021 this effect was partially offset by the gain from disposal of investments into asset-backed securities in 2021, accompanied by a partial drawdown of funds collected from the loans.

***Net cash from financing activities***

Net cash from financing activities comprised outflow of CZK 476 million in the period from 1 January 2024 to 24 September 2024 and CZK 2,195 million in the period from 1 January 2023 to 24 September 2023. This resulted from the payment of dividends, including a significant portion of retained earnings from previous years in the period from 1 January 2023 to 24 September 2023.

Net cash from financing activities comprised outflow of CZK 2,195 million in 2023 and CZK 250 million in 2022. The cash outflow in 2023 was a result of the payment of dividends of CZK 2,195 million in 2023, including a significant portion of retained earnings from previous years. The cash outflow in 2022 was a result of the payment of dividends of CZK 250 million in 2022.

Net cash from financing activities comprised outflow of CZK 250 million in 2022 and CZK 230 million in 2021. The cash outflow in 2022 and 2021 was a result of the payment of dividends of CZK 250 million in 2022 and CZK 230 million in 2021.

***Cash Capital Expenditures***

Cash capital expenditures are defined as the Company's cash payments for the acquisition of non-current assets as reflected in the corresponding line item in the consolidated cash flow statement of the Audited Financial Statements and Unaudited Interim Financial Statements.

*Cash capital Expenditures in the period from 1 January 2024 to 24 September 2024 and the financial years ended 31 December 2023, 2022 and 2021*

The following table sets forth an overview of the Company's cash capital expenditures for the periods indicated:

| | **For the period from 1 January to 24 September** | | **For the year ended 31 December** | | |
|---|---|---|---|---|---|
| | **2024** | **2023** | **2023** | **2022** | **2021** |
| | (unaudited) | | (audited) | | |
| | | | (*CZK thousands*) | | |
| Acquisition of property, plant and equipment. | 42,326 | 23,686 | 41,699 | 27,699 | 26,920 |
| Acquisition of intangible assets...................... | 54,026 | 43,858 | 72,339 | 60,356 | 57,950 |
| **Total cash capital expenditures....................** | **96,352** | **67,544** | **114,038** | **88,055** | **84,870** |

Cash capital expenditures amounted to CZK 96 million in the period from 1 January 2024 to 24 September 2024, an increase of CZK 28 million, or 41.2 per cent., from CZK 68 million in the period from 1 January 2023 to 24 September 2023.

Cash capital expenditures amounted to CZK 114 million in 2023, an increase of CZK 26 million, or 29.5 per cent., from CZK 88 million in 2022.

Cash capital expenditures amounted to CZK 88 million in 2022, an increase of CZK 3 million, or 3.5 per cent., from CZK 85 million in 2021.

*Current and Planned Capital Expenditures*

The Company's currently planned capital expenditures for the year 2025 amount to CZK 284 million, with CZK 82 million allocated to R&D capitalization, CZK 72 million to production shop machines and modernizations, and CZK 56 million to IT modernization, replacement and upgrades. Of this total, investments already approved amount to CZK 41 million, relating primarily to machine tools. The Company is considering various financing options for its planned capital expenditures, which may include cash flow generated by its operations, issuance of debt or equity instruments, acceptance of a loan or their combination.

The Company's cash capital expenditures as of 24 September 2024 amounted to CZK 96 million, the majority of which was invested into production shop machines and modernizations including production facilities, IT modernization, replacement and upgrades (including infrastructures and software), as well as investments in models, fixtures and R&D capitalization.

The above discussion of the Company's capital expenditure plans and expectations contains forward looking statements which, although based on assumptions that the Company considers reasonable, are subject to risks and uncertainties which could cause actual events or conditions to differ materially from those expressed or implied by the forward-looking statements. For a discussion of risks and uncertainties facing the Company as a result of various factors, see section *Important Information - Information regarding forward-looking statements.*

***Contractual Obligations and Commercial Commitments***

The following table sets forth the Company's contractual obligations as of 24 September 2024.

| | **Carrying amount** | **Up to 3 months** | **3 months to 1 year** | **1 – 5 years** | **Over 5 years** |
|---|---|---|---|---|---|
| | | | *(CZK thousands)* | | |
| Trade payables......................... | 1,021,215 | 648,173 | 304,590 | 68,452 | -- |
| Derivatives in designated hedge accounting relationships (FVTPL[(1)]) ............................... | 59,685 | 11,691 | 20,028 | 27,822 | 144 |
| **Total........................................** | **1,080,900** | **659,864** | **324,618** | **96,274** | **144** |

(1) fair value through profit or loss

Trade payables including other non-current liabilities as well as current and non-current financial derivatives are split according to the due dates and maturities of individual items, with over 91 per cent. of contractual obligations being due within one year.

**Off-balance Sheet Arrangements**

As of 24 September 2024, the Company had no significant off-balance sheet arrangements.

**Quantitative and Qualitative Disclosures about Financial Risks**

As a result of our business activities, the Company is exposed to various financial and operational risks: market risk in the form of currency and interest rate risks and liquidity risk.

**Market Risks and Risk Management**

The Company continuously enhances its risk management systems in order to minimise the negative impacts on the progress of contracts and the Company's financial outcomes. The Company recognizes that managing its activities outside the Czech Republic, fluctuations in foreign exchange rates, the scope of the services it provides, and the specific conditions of the country and customer all introduce inherent risks.

To manage these risks, the Company employs proven systems of control and project management throughout the entire lifecycle of a project. The sharing of data and information facilitates particularly effective communication with suppliers and customers. Evaluating this data and information is essential for making correct and efficient decisions.

An integral part of the Company's Integrated Management System (**IMS**) is the risk prevention system. This system is founded on the principles of risk description, the establishment of preventive measures, and the ongoing control of risk-related activities, including their elimination.

***Credit Risk***

A credit risk is a risk that a customer or other party to a financial arrangement does not fulfil its contractual liabilities and obligations. This primarily results from financial insolvency or a reluctance of the debtor to pay-off liabilities to the Company, or loans provided by it.

The exposure to the credit risk depends mainly on the characteristics of each customer. Potential risk is assessed primarily on the basis of demographical factors (in the financial risk management system, areas with increased sensitivity towards credit risk are identified). In general, the credit risk is assessed in relation to the individual customers' payment history.

In new contracts and engagements the solvency of each customer is assessed. Where necessary, the future cash flows are secured by required advances or bank guarantees, and in specific cases, receivables are also insured.

A maximum credit limit is set for every customer. Exceeded limits must be evaluated and approved by the Management of the Company.

A credit risk is hedged by the establishment of adjustments or extraordinary receivables written off.

Financial assets with a derivative trading nature are not evaluated for credit risk because they are measured at fair value through profit or loss (FVTPL) and are not in scope of the expected credit loss (ECL) calculation.

Loans amounting to CZK 1,050 million, CZK 2,780 million and CZK 1,280 million for 2023, 2022 and 2021, respectively, are fully classified under Stage 1, with no amounts classified under Stage 2 or Stage 3. The expected credit loss assessment was performed and is considered immaterial.

See *Risk Factors - The Company is subject to end customers' credit risk.* For more details, refer to note 24 of the Audited Financial Statements.

***Liquidity Risk***

Liquidity risk is the risk that the Company would not be able to pay its financial liabilities and obligations when they mature. The Company systematically manages its cash flow so that it is able to avoid delays in payments of its obligations, even when there is increased pressure from suppliers and other creditors.

The main liquidity management tools are received advances used to cover costs relating to the realisation of the projects, allocation of the surplus funds to highly liquid bank instruments (term and bill deposits, repurchase papers), and reaching agreements with the suppliers regarding the maturity dates.

See *Liquidity and Capital Resources*. For more detail, refer to note 24 of the Audited Financial Statements.

***Market Risk***

Market risk results from changes in market prices, which may be caused by changes of exchange rates, interest rates, and stock indexes. The Company is exposed to risk due to trades in EUR, USD, GBP and PLN. As of 31 December 2023, 31 December 2022, and 31 December 2021, a 10 per cent. depreciation of the Czech koruna against EUR, GBP, PLN and USD would have led to a decrease of CZK 90.9 million, CZK 64.8 million and CZK 50.8 million in Company's profit before income tax, respectively, provided that other variables (in particular, the interest rate) remain unchanged.

The main instruments for market risk elimination are derivatives, which are established for hedging exchange rate volatility in relation to expected future cash flows. The Company hedges foreign currency risks at 100 per cent. of free cash position from expected cash flows in EUR, USD, GBP and PLN for the contract period.

As regards long term contracts, natural hedging is applied using through advances received in the currency in which the contract is concluded.

Interest rates risk is eliminated by fixed interest rate agreements. The Company does not conclude any commodity contracts except where the contract can be settled using the relevant commodity (binding orders of a fixed minimum inventory quantity, for a specific period).

See *Risk Factors - The Company's business is subject to foreign exchange risk.* For more detail, refer to note 24 of the Audited Financial Statements.

**Significant Accounting Policies and Critical Judgments, Estimates and Assumptions**

The preparation of the Company's consolidated financial statements requires the Company's Management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and the accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities for future periods. On an ongoing basis, the Company's management evaluates the Company's estimates, assumptions and judgments.

The Company's management based its assumptions and estimates on parameters available when the Company's consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the Company's control. Such changes are reflected in the assumptions when they occur.

Material accounting policies are discussed in note 3 of the Audited Financial Statements.

## INDUSTRY

### Industry overview

The Company is a global supplier of high-performance steam turbines, offering solutions ranging from 3 MW to 1,300 MW along with essential equipment for turbine machine halls. The Company targets and executes steam turbine projects with an output capacity below 350 MW as well as for full-speed nuclear applications, based on the agreement with Doosan Enerbility (for more detail see section *The Global Steam Turbine Market*.) The Company operates globally, with its key markets including the Czech Republic, the rest of Europe, and Asia. The Company does not operate in Russia, Iran, and China. The Company's technology supports various fuel sources, including fossil fuels, biomass, nuclear, and renewables, serving diverse energy needs worldwide.

The Company is therefore exposed to various markets of the energy sector as well as global trends, both of which are discussed in this section.

### Introduction to the Energy Sector

*Unless otherwise stated, the data referred to in this chapter is taken from the World Energy Outlook 2024 report published by the International Energy Agency (**IEA**) in October 2024 (**WEO 2024**).*

The energy sector comprises all the industries involved in the supply of energy, playing a significant role in the development of the global economy. Modern society relies heavily on various forms of energy such as fuel, electricity, and heat, which are supplied by energy systems (the networks and processes by which energy is produced, transmitted and consumed) based on fossil fuels, nuclear power, and renewable sources. These energy systems aim to deliver an energy supply that is affordable, reliable, and sustainable.

To limit the greenhouse gas emissions and address the increasing demand for energy, there has been an ongoing shift from conventional fossil fuels towards renewables. This transition is accelerated by global trends such as geopolitical tensions, urbanisation, demographic change, climate change and digitalisation, leading to three key developments in the energy markets: demand growth, decarbonisation, and decentralisation. All of these provide opportunities and challenges in the Company's key and targeted markets (which will be defined later in this chapter).

The WEO 2024 examines energy trends and the transformation of energy markets across various scenarios to outline what the energy industry could look like in the future depending on how committed the governments across the world are and will be to adopting environmentally responsible policies. The report tracks key energy policies enacted by the countries of the G20 and other IEA member countries, and synthesizes a policy dataset from the Energy Policy Inventory[4]. Each scenario begins with the same baseline and incorporates the latest data on energy supply and demand, market trends, technology costs, and policies, alongside similar assumptions for future population and economic growth. However, none of these scenarios are forecasts. The energy system in each scenario evolves along a distinct pathway, using different mixes of technologies and fuels to deliver energy services, with varied impacts on energy security, affordability, and emissions. These differences primarily stem from assumptions about how government policies evolve and how these shifts influence investment and technology choices by households and businesses.

The Stated Policies Scenario (**STEPS**) aims to provide insight into the current trajectory of the energy system, based on evaluation of existing policies and closely examines what policies the governments of the countries mentioned in the previous paragraph are implementing to meet their energy and climate objectives. According to the United Nations as of January 2024, around 107 countries responsible for approximately 82 per cent. of global greenhouse gas emissions had adopted net zero pledges[5]. The outcomes in STEPS are derived from a sector-by-sector analysis of the policies and measures currently in place or officially announced, without assuming that aspirational energy or climate targets will automatically be met.

The Announced Pledges Scenario (**APS**) assumes that the governments will fully and promptly meet all of their announced climate-related commitments, including long-term net-zero emissions targets and pledges in nationally determined contributions (**NDCs**), which form the basis for achieving the objectives of the Paris Agreement, an

[4] International Energy Agency, 2024. *Energy Policy Inventory,* Paris (available at: https://www.iea.org/data-and-statistics/data-tools/energy-policy-inventory)

[5] United Nations, 2024. *For a liveable climate: Net-zero commitments must be backed by credible action*, New York (available at: https://www.un.org/en/climatechange/net-zero-coalition)

international treaty on climate change signed in 2016 (the **Paris Agreement**), along with related commitments such as energy access. The NDCs contain information on targets, and policies and measures for reducing national emissions and on adapting to climate change impacts. The NDCs also contain information on either the needs for, or the provision of, finance, technologies and capacity building for these actions. The APS is associated with a 50 per cent. probability of a temperature rise of 1.7 °C by 2100.

The Net Zero Emissions by 2050 Scenario (**NZE**) outlines a pathway for the energy sector to help limit global temperature rise to 1.5°C above pre-industrial levels by 2100, with a 50 per cent. probability and minimal temporary exceedance of the targeted temperature.

In each scenario, electrification plays a key role and becomes the main source of energy, especially in the APS and NZE scenarios. At the same time, demand for fossil fuels is expected to reach its peak before 2030 and then decline over time. For decades fossil fuels have represented around 80 per cent. of the total energy demand. The rapid adoption of nuclear and renewables are expected to invert this trend lowering the shares of unabated fossil fuel. Consumption is projected to decrease to 64 per cent. under STEPS, 60 per cent. under APS, and 56 per cent. under NZE.

**The future energy mix**

Renewables provided 30 per cent. of the electricity generated worldwide in 2023 and are projected to provide nearly 47 per cent. by 2030 under STEPS. Currently, hydropower is the largest low-emission source of electricity (in 2023, it accounted for 47 per cent. of the electricity generated through renewable sources), but its annual output can vary widely, and high upfront capital cost and limitations on the development of favourable sites limits further growth prospects. Therefore, solar photovoltaics (**PV**) and wind are expected to be the main technologies in the deployment of renewables to decarbonise energy supply faster. In 2050 these sources are estimated to provide 50 per cent. and 29 per cent., respectively, of renewable electricity generated, compared to just 15 per cent. for hydropower.

Natural gas continues to play a crucial role in energy systems and is expected to remain a key contributor to global electricity generation for decades to come. Currently, it supplies 22 per cent. of the world's electricity, offering essential flexibility and reliability. Although gas-fired generation is projected to peak before 2030, it maintains a significant presence, with its share expected to be around 18 per cent. by 2030 and 11 per cent. by 2050 under the STEPS. In advanced economies, the focus on gas-fired power plants is shifting towards providing valuable flexibility, enabling the smooth integration of growing solar PV and wind energy, which highlights the enduring importance of natural gas in supporting renewable energy transitions.

Nuclear power is the second-largest source of low-emission energy available, accounting for 5 per cent. of the total energy supply compared to 12 per cent. for renewables and 9 per cent. of the electricity generation in 2023. The nuclear electricity generation share is expected to remain stable overtime as it is projected to be 9 per cent. and 8 per cent. respectively in 2030 and 2050. While large-scale reactors currently dominate the sector of nuclear powerplants, SMRs continue to gain momentum among policymakers and industry players as a promising nuclear technology. SMRs are smaller, both in terms of power output and physical size, than conventional gigawatt-scale nuclear reactors. According to the Nuclear Energy Agency's (**NEA**) 2022 estimates, putting the global economy on track to meet net zero targets would require nuclear capacity to triple to 1,160 GW by 2050. According to NEA, this target can be achieved through a combination of long-term operation of existing plants and future deployment of generation III reactors (large nuclear power plants with enhanced safety features compared to earlier generation designs), as well as small modular and generation IV reactors (advanced reactors that take advantage of high-temperature coolants such as helium, liquid metals, liquid salts, or supercritical water, allowing for up to a 40 per cent. increase in thermal efficiency) for electric and non-electric applications, including industrial heat and hydrogen production, in particular to reduce emissions in hard-to-abate sectors such as industries.

Coal demand is projected to fall in the years ahead in all scenarios, but the speed of its decline is closely tied to the strength of climate action. Coal use for electricity generation drops by approximately 14 per cent. under STEPS, by 15 per cent. under APS and by 50 per cent. under NZE by 2030.

**World electricity sector – total generation (in TWh / percentage)**

| | 2023 | | Stated Policies Scenario 2050 | | Net Zero Emissions by 2050 2050 | |
|---|---|---|---|---|---|---|
| | TWh | % | TWh | % | TWh | % |
| Coal | 10,648 | 36% | 4,256 | 7% | 0 | 0% |
| Oil | 753 | 3% | 126 | 0% | 0 | 0% |
| Natural gas | 6,540 | 22% | 6,425 | 11% | 206 | 0% |
| Nuclear | 2,765 | 9% | 4,460 | 8% | 6,969 | 9% |
| Renewables | 9,029 | 30% | 42,770 | 73% | 70,963 | 88% |
| Other | 1 | 0% | 200 | 0% | 1,966 | 2% |
| **Total** | **29,863** | **100%** | **58,352** | **100%** | **80,194** | **100%** |

*Source: International Energy Agency, World Energy Outlook 2024*

Energy investment is crucially important under each of the scenarios mentioned. Under STEPS, global energy investments are expected to rise to USD 3.5 trillion by 2035, with more than 75 per cent. of the total directed towards clean energy. Under APS, clean energy is expected to comprise close to 90 per cent. of USD 4.5 trillion of investment in energy by 2035. Under NZE scenario in the same year clean energy is expected to account for more than 95 per cent. of the USD 5.2 trillion investments.

**General Trends in the Energy Sector**

The energy sector is undergoing a period of significant transformation driven by major global trends: geopolitical tension, urbanisation and demographic change, climate change, and digitalisation are the key trends the Company believes having the largest impact on the sector and pushing for the adoption of low-emissions energy sources in place of unabated fossil fuels.

***Geopolitical Tension*[6]**

Geopolitics and energy have been always closely linked. Recent crises have confirmed how geopolitical events can have a strong impact on the energy sector. Energy markets begun to tighten in 2021 because of the strong economic rebound following the covid pandemic. The situation further escalated following Russia's invasion of Ukraine in February 2022. Europe relies significantly on the import of natural gas for the production of electricity, and Russia's share of total EU gas demand amounted on average to more than 40 per cent. between 2018 and 2021, significantly up from 26 per cent. in 2010. After the conflict in Ukraine started, Russia cut 80 billion cubic meter of pipelines gas supplies to Europe. As a result, more than 40 per cent. of this deficit was covered through imports of liquified natural gas (**LNG**) from the United States. In addition, European countries started importing natural gas from other producers such as Algeria, Norway and Azerbaijan. The combination of EU and US sanctions that were imposed following the conflict's start, and Russia curtailing gas export, led to a significant drop in natural gas supply in Europe and sharp spike in gas prices. As a result, Europe saw its electricity prices increase - while at the start of 2020, electricity prices for household consumers in the EU were at EUR 0.1332 per kilowatt-hour, while at the end of 2022, they averaged EUR 0.2449 per kilowatt-hour[7].

In 2024, two years into the war in Ukraine, electricity and gas prices have fallen from record highs, primarily due to a milder winter and Europe's ability to replace Russia supply of energy, but they are still well above pre-energy crisis levels. The war continues to reshape the global energy system with trade patterns for natural gas shifting significantly as governments look to implement energy security measures.

6 International Energy Agency. *Global Energy Crisis,* Paris (available at: https://www.iea.org/topics/global-energy-crisis); International Renewable Energy Agency, 2024. *Geopolitics of the energy transition: Energy security,* Abu Dhabi (available at: https://www.irena.org/Publications/2024/Apr/Geopolitics-of-the-energy-transition-Energy-security); International Energy Agency, 2024. *Russia´s War on Ukraine,* Paris (available at: https://www.iea.org/topics/russias-war-on-ukraine); ING THINK economic and financial analysis, 2024. *Geopolitical conflict threatens yet another shipping choke point*, Amsterdam (available at: https://think.ing.com/articles/shipping-gulf-oil-strait-hormuz-iran-trade/)

7 Eurostat, 2024. *Electricity prices for non-household consumers - bi-annual data (from 2007 onwards)*, Luxembourg (available at: https://ec.europa.eu/eurostat/databrowser/view/nrg_pc_204/default/line?lang=en&category=nrg.nrg_price.nrg_pc)

Additionally, heightened geopolitical tensions in the Middle East have become another threat to energy security. Around 20 per cent. of global crude and LNG passes through the Strait of Hormuz, located between the Persian Gulf and the Gulf of Oman, serving as a critical chokepoint that connects the oil-rich countries of the Middle East with the rest of the world. If Iran were to attempt to disrupt or block flows through the strait, the transport of oil from countries such as Iraq, Qatar and Kuwait would be severely disrupted as they usually transport 100 per cent. of their crude oil exports through the Strait of Hormuz. In addition, a significant amount of LNG passes through the strait. Qatar, the third largest LNG exporter in 2023, shipped 108 billion cubic meters of LNG through the choke point, a quantity equivalent to around 20 per cent. of total global LNG trade. Given that Qatar is set to boost capacity to more than 170 billion cubic meters by 2027, the strait will become even more important for LNG flows. With Europe being increasingly more reliant on LNG since the Russia-Ukraine war, any disruptions to the LNG market will likely have more serious consequences for Europe.

The current crises could accelerate the rollout of cleaner and sustainable renewable such as wind and solar as well as nuclear. The crisis also highlighted the need to invest in robust gas and power network infrastructure. It underlined the needs for government to foster greater self-sufficiency investing across different forms of energy rather than concentrating mostly on fossil fuels.

***Urbanisation*[8]**

Currently, about 56 per cent. of the world population lives in cities. This trend is expected to continue with the global urban population expected to more than double its current size by 2050. By that time, it is expected that 7 out of 10 people will be living in urban areas.

As urbanisation continues to accelerate, the demand for energy within cities is expected to rise significantly, placing increased pressure on existing infrastructure and energy resources. The operations of buildings, including cooling, lighting, and heating, accounts for 30 per cent. of global final energy consumption and 26 per cent. of global energy-related emissions. The growing urban population will lead to a surge in the need for efficient buildings, transportation, and services, making it crucial to adopt sustainable energy solutions.

To address this challenge and accomplish the goals set by the Paris Agreement, the Company believes there will be a greater emphasis on integrating renewable energy sources, improving energy efficiency in building designs, and implementing smart technologies to manage energy consumption more effectively.

| | **Urbanisation[9] (share of population, %)** | | | |
|---|---|---|---|---|
| | **2023** | **2030** | **2035** | **2050** |
| **World** | **57** | **60** | **62** | **68** |
| North America | 83 | 84 | 86 | 89 |
| Central and South America | 82 | 83 | 85 | 88 |
| Europe | 76 | 78 | 80 | 84 |
| Africa | 45 | 48 | 51 | 59 |
| Middle East | 73 | 75 | 76 | 81 |
| Eurasia | 65 | 67 | 68 | 73 |
| Asia Pacific | 51 | 55 | 57 | 64 |

***Demographic change*[10]**

According to the United Nations the world population is expected to continue growing over the coming fifty to sixty years, reaching a peak of approximately 10.3 billion around the year 2080. This represents an increase from

8 World Bank, 2023. *Urban Development Overview*, Washington (available at: https://www.worldbank.org/en/topic/urbandevelopment/overview); International Energy Agency. *Energy System – Buildings*, Paris (available at https://www.iea.org/energy-system/buildings)

9 International Energy Agency, 2024. *World Energy Outlook 2024*, Paris (available at: https://www.iea.org/reports/world-energy-outlook-2024)

10 United Nations, 2024. *World Population Prospects 2024: Summary of Results*, New York (available at: https://desapublications.un.org/publications/world-population-prospects-2024-summary-results); United Nations, 2024. *Population Prospects of Countries in Special Situations*, New York (available at: https://desapublications.un.org/publications/population-prospects-countries-special-situations-tracking-demographic-change-among); United Nations trade & development, 2022. *Now 8 billion and counting: Where the world's population has grown most*

8.2 billion in 2024. After reaching its peak, the global population is projected to start declining gradually, falling to approximately 9.7 billion by the end of the century.

In the past 25 years, the growth in population primarily occurred in Asia and Oceania, with an increase of 1.2 billion people, and Africa, with additional 700 million people. This trend is expected to continue, with half of the projected increase in world population between 2024 and 2050 expected to occur in several larger countries in Africa and Asia.

Simultaneously, 63 countries, such as Japan, Russia, China and Germany, have already reached their population peak. In some of these countries, the decline in population size has been partially offset by an increase in immigration. For countries such as Italy, Germany or Russia that peak would have occurred sooner in the absence of immigration.

Conversely, the countries where population is expected to reach its peak in 2100 or beyond include emerging economies with some exception such as the United States, Canada and Australia.

A rising population, along with an expanding global economy is a key driver behind the growing demand for energy. As most of this population growth is projected to occur in the least advanced economies, these societies are likely to have a significant impact on global energy demand. As these nations progress economically, their energy needs will rise substantially, further intensifying the demand for resources and posing challenges to sustainable energy management on a global scale.

***Climate Change*[11]**

According to the World Meteorological Organisation, each decade since the 1980s has been warmer than the precedent one. The year 2023 was the hottest year on record, with the global average temperature approximately 1.45 °C above pre-industrial levels. The rise in temperature is accompanied by more extreme weather events, such as heatwaves, floods, droughts, and wildfires. Ocean temperatures have also reached record highs, with warming accelerating at an unprecedent rate - a trend expected to continue in the coming years. Concurrently, sea levels have risen dramatically, and glaciers and ice sheets are retreating. This retreat threatens future water security, disrupts ecosystems, and further contributes to rising sea levels.

The production and consumption of energy account for 75 per cent. of greenhouse gas emissions, dominated by carbon dioxide and methane, making it the primary driver of climate change. According to the latest data from the Emissions Database for Global Atmospheric Research, greenhouse gas emissions reached 53 gigatonnes of carbon dioxide equivalent in 2023, an increase of 1.9 per cent. from 2022. China, the United States, India, the EU, Russia and Brazil were the six worlds' largest greenhouse gas emitters in 2022. Global greenhouse gas emissions primarily consisted of carbon dioxide, which contributed 73.7 per cent., resulting from the combustion of fossil fuels, methane contributed 18.9 per cent., while nitrous oxide and fluorinated gases contributed 4.7 per cent. and 2.7 per cent., respectively.

As global temperatures around the world continue to break records, the global energy system requires a rapid transformation focused on the energy transition. In recent years, the growth of clean energy technologies – including electric cars, solar PV and batteries – has helped keeping the goal of limiting warming to 1.5 °C, as indicated by the Paris Agreement, within reach. However, according to the IEA, achieving this target demands progress on a much larger scale. This involves scaling up investments in renewable energy, improving energy efficiency, electrifying transportation, and implementing policies that encourage decarbonization. Furthermore, it requires addressing challenges such as energy storage, grid modernization, and sustainable practices in sectors like agriculture and heavy industry.

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*and why that matters*, New York (available at: https://unctad.org/data-visualization/now-8-billion-and-counting-where-worlds-population-has-grown-most-and-why)

[11] World Metereological Organisation, 2024. *State of the Global Climate 2023*, Geneve (available at: https://library.wmo.int/viewer/68835/download?file=1347_Global-statement-2023_en.pdf&type=pdf&navigator=1); Interanational Energy Agency, 2024. *Climate Change*, Paris (available at: https://www.iea.org/topics/climate-change); Emissions Database for Global Atmospheric Research, 2024. *GHG emissions of all world countries*, Luxemburg (available at: https://edgar.jrc.ec.europa.eu/report_2024)

***Digitalization*[12]**

Technology has significantly transformed lives of people by providing access to timely information and augmenting production factors. For businesses, digital technology can improve decision-making, increase efficiency, facilitate innovation and expand markets. Demand for digital services is growing rapidly - According to the World Bank the world gained 1.5 billion new internet users between 2018 and 2022, as the pandemic amplified and accelerated growth in emerging economies. The total number of internet users reached 5.3 billion in 2022, corresponding to two-thirds of the world population.

Artificial intelligence and machine learning are expected to be two important digital tools for businesses in the coming years as they will improve efficiency and productivity by allowing companies to automate routine process, streamline operation and enhance decision making through better data analysis.

Businesses are increasingly migrating to the cloud, thereby relying more on data centres. With digitalisation and online services gaining importance, they face a greater risk of digital attacks. Consequently, organisations are developing cybersecurity frameworks to ensure data integrity and secure transactions.

The rapid evolution of digital technologies, lower costs, and widespread connectivity have significantly accelerated the digital transformation of the energy sector, particularly in electricity networks. Since 2015, grid-related investment in digital technologies has grown by over 50 per cent., with digital investments accounting for 19 per cent. of total grid investment in 2023. The focus is increasingly on the distribution segment, which makes up more than 75 per cent. of total digital spending. There has also been a notable rise in investment in electric vehicle charging infrastructure, which doubled in 2022 compared to the previous year. However, further efforts from policymakers and industry are needed to fully harness digitalization's potential for clean energy transitions. This includes establishing standards, policies, and regulations that foster innovation and interoperability, while also addressing cybersecurity and data privacy concerns.

In 2022, the European Union introduced an action plan to digitalize the energy system. The plan aims to enhance connectivity and interoperability, encourage coordinated investments in smart grid technologies, empower consumers, strengthen cybersecurity, improve efficiency, and establish effective governance through joint planning initiatives.

Digitalization is already transforming the energy sector, much like other industries. Smart technologies are now embedded in electric vehicles, solar panels, heat pumps, and many other devices, generating data and allowing for remote control. The number of active internet-of-things devices worldwide is projected to grow rapidly, exceeding 25.4 billion by 2030, while 51 per cent. of households and small and medium enterprises in the EU are already equipped with smart electricity meters.

Investment in digital grid efficiency reached a record high of USD 63 billion in 2022. The primary driver of this growth was the expansion of electric vehicle (**EV**) charging infrastructure, with global investment in public EV charging rising to USD 16.8 billion, a more than tenfold increase from USD 1.5 billion in 2018, reflecting the rapid increase in EV adoption. For the first time in a decade, total investment in smart meters saw a slight decline in 2022, as deployment rates plateaued in many countries that have already achieved near-complete rollouts. Meanwhile, investment by distribution and transmission system operators in analytics for grid operations, asset performance management, and power quality more than doubled since 2016, increasing from USD 0.68 billion to USD 1.48 billion in 2022.

The Company anticipates that digital technologies will transform power generation from the earliest stages of the investment life cycle, including the design and construction of generation facilities, as well as applications in the oil & gas and process industries. Moreover, digital tools can enhance the performance and profitability of power plants and wind farms by enabling optimal responses to changing grid conditions and power market dynamics through the interoperability of assets, from individual turbines to connected hybrid systems. In addition to predictive or condition-based maintenance, digital tools can maintain historical performance benchmarks for individual assets and entire plants, continuously comparing them to real-time data. Any deviations from expected performance will trigger alerts, allowing for timely corrective actions. Software that leverages a machine's full

[12] World Bank, 2024. *Digital Progress and Trends Report 2023*, Washington (available at: https://www.worldbank.org/en/publication/digital-progress-and-trends-report); International Energy Agency. *Digitalisation*, Paris (available at https://www.iea.org/energy-system/decarbonisation-enablers/digitalisation)

physical capabilities can also adjust operating parameters in real time, maximizing efficiency and reducing costs. As a result, improved operational efficiency leads to a reduced environmental footprint for the plant.

However, digital technologies do not have only a positive effect on the environment. Digital technologies have direct effects on energy use and emissions. Data centers, transmission networks, and connected devices that support digitalization contributed around 330 metric tons of carbon dioxide equivalent in 2020 (including embodied emissions), representing 0.9 per cent. of energy-related greenhouse gas emissions. Nevertheless, since 2010, emissions have risen only modestly, despite a surge in demand for digital services. This is due to improvements in energy efficiency, renewable energy purchases by ICT companies, and broader decarbonization of electricity grids in many regions.

**Transformation of Energy Markets**

The energy sector is undergoing a deep transformation. The traditional electricity supply model was built on a centralized system of conventional power generation, where dispatchable power plants met demand, and electricity flowed in one direction from large generators to consumers. This setup provided economic stability for conventional energy companies while ensuring consistent electricity availability. However, this traditional framework is now facing challenges on multiple fronts. The rapid growth of renewable energy generation is a key factor, as the global energy supply shifts toward a more affordable, reliable, and sustainable model. In most of the markets analyzed by the WEO 2024 report, renewable technologies such as wind and solar PV are now the cheapest electricity sources, and various support mechanisms, such as preferential feed-in tariffs, are accelerating this shift. As a result, conventional power plants now primarily serve to balance the fluctuating supply from renewables, operating fewer hours than before. This changing generation mix introduces more variability into the grid, increasing its complexity and necessitating regional supply management and demand balancing. Additionally, natural gas plays an important transitional role, as it produces lower carbon dioxide emissions per kilowatt-hour in combined-cycle applications compared to coal or oil.

This transformation is fueled by shifts in market economics, regulatory changes, and a more engaged customer base, along with increased competition. Many emerging trends in the energy sector are also directly linked to, or strongly influenced by, the global trends described at the beginning of this section. The most important changes that are fueling the transformation encompass the approach taken by investors, governments including EU institutions, companies and industries and the general public.

Investors are progressively redirecting capital towards sustainable funds, while banks are adjusting their policies to restrict or cease financing conventional power generation projects. Additionally, in November 2019, the European Investment Bank updated its energy lending policy, declaring that it would stop funding fossil fuel energy projects by the end of 2021, which it did. The European Investment Bank also introduced a new emissions performance standard of 250 grams of carbon dioxide per kilowatt-hour, establishing an eligibility threshold for financing power generation projects.

Governments and EU institutions are establishing new frameworks, driven by commitments such as those outlined in the Paris Agreement, with many nations setting ambitious goals to reduce carbon emissions and implement climate-friendly initiatives. Additionally, coal-fired power plants are being phased out in some countries, while others, such as Australia, Switzerland, and Germany, have also introduced national hydrogen strategies.

Companies and industries are setting bold sustainability goals. Initiatives like the Science-Based Targets Initiative[13] and the RE100 initiative[14] are key platforms through which businesses globally are committing to climate objectives. Science-Based Targets offers companies a clear roadmap for sustainable growth, outlining how much and how quickly they must reduce their greenhouse gas emissions. Many industrial companies have adopted ambitious emissions reduction goals and other environmentally friendly targets.

The public opinion is increasingly driving the adoption of more ambitious environmental measures. Moreover, customers are placing greater emphasis on companies' environmental practices when making purchasing decisions.

The transformation described above is driving changes in the industries the Company operates in. For example, oil and gas companies such as Saudi Arabian Oil Company (Aramco), BP p.l.c., ExxonMobil Corporation, OMV

13 Science Based Targets initiative, 2024. London (available at: https://sciencebasedtargets.org/)
14 RE100, 2024. *RE100 members*, London (available at: https://www.there100.org/re100-members).

Aktiengesellschaft and Total Energies SE are working to reduce their carbon footprint and achieve more carbon-efficient production, with some, such as BP[15] and ExxonMobil[16] aiming for net zero emissions and investing in renewables. Many countries, such as Germany, Poland, the Netherlands as well as the Czech Republic, Romania and Bulgaria, are transitioning from coal to gas[17], spurred by rising carbon prices and regulatory pressures, while also investing in renewables such as onshore and offshore wind and solar PV. Additionally, municipal utilities are focusing on decentralized energy sources, renewables, and energy storage, while exploring new technologies such as cogeneration and trigeneration – the production of several forms of energy, including heating, cooling, and electricity from a single energy source – flexible ramp-up solutions, and mobile energy systems. Grid operators are also investing in solutions to manage the challenges of integrating renewables and ensuring grid stability, such as flexible alternating current transmission systems and synchronous condensers.

As the generation mix shifts and renewables gain a larger share of total electricity output, there remain opportunities for conventional generation technology to serve as a primary power source, albeit with reduced installed capacity, and to contribute to grid stability by providing backup for intermittent renewable sources. Additionally, conventional power generation is essential for supplying thermal energy in district heating networks and for industrial processes in combined heat and energy systems. The Company anticipates that conventional generation technology will continue to play a crucial role in the global electricity system, ensuring supply security over the coming decades, particularly given the economic limitations of storage technologies for storing energy from intermittent renewables over extended periods.

The Company views the increasing demand for energy and electricity, along with trends in decarbonization, decentralization, and digitalization, as the most significant factors impacting our business, as detailed below.

***Supply Growth for Energy and Electricity***

Global energy supply is expected to increase from about 640 exajoules (**EJ**) in 2023 to 680 EJ by 2030 under the STEPS scenario, representing an average annual growth rate of 0.7 per cent. This rate is about half of what was observed over the past decade. The global energy supply is expected to increase from 2030 to 2050 at an annual growth rate of 0.4 per cent. Under the NZE scenario, energy supply is expected to decrease by an average of 1.3 per cent. annually until 2030, driven by the faster adoption of renewables, improved energy efficiency, and more rapid electrification compared to STEPS.

**World energy supply (in EJ / percentage)**

| | | | **Stated Policies Scenario** | | **Net Zero Emmissions by 2050** | |
|---|---|---|---|---|---|---|
| | **2023** | | **2050** | | **2050** | |
| | EJ | % | EJ | % | EJ | % |
| Coal | 172 | 27% | 90 | 12% | 13 | 2% |
| Oil | 191 | 30% | 176 | 24% | 40 | 7% |
| Natural gas | 138 | 21% | 142 | 19% | 24 | 4% |
| Nuclear | 30 | 5% | 49 | 7% | 78 | 14% |
| Renewables | 97 | 15% | 251 | 33% | 399 | 71% |
| **Total** | **642** | **100%** | **722** | **100%** | **564** | **100%** |

*Source: International Energy Agency, World Energy Outlook 2024*

According to the WEO 2024, the global energy supply rose by 2 per cent. in 2023, a growth mainly attributable to an expanding global economy and a population requiring more energy services.

15 bp, 2024. *bp Net Zero Ambition Progress Update 2024,* London (available at: https://www.bp.com/content/dam/bp/business-sites/en/global/corporate/pdfs/investors/bp-net-zero-progress-update-2024.pdf)

16 ExxonMobil, 2024. *Emission-reduction plans and progress,* Spring (available at: https://corporate.exxonmobil.com/sustainability-and-reports/advancing-climate-solutions/emission-reduction-plans-and-progress)

17 Reuters, 2024. *European coal-to-gas fuel switching set to continue this year,* Paris, London, Frankfurt (available at: https://www.reuters.com/business/energy/european-coal-to-gas-fuel-switching-set-continue-this-year-2024-03-19)

According to the Global Energy Perspective 2024 by McKinsey[18], the global energy demand is rising faster than anticipated, with geopolitical tensions, emerging new demand sources (such as data centers for cloud solutions, cryptocurrencies and artificial intelligence or green hydrogen production), and lower-than-expected efficiency gains potentially driving unexpected shifts in demand growth. Forecasts suggest global energy demand could increase by up to 18 per cent. by 2050, primarily driven by emerging economies where population growth and a strengthening middle class will push demand higher. The relocation of manufacturing from advanced to emerging economies will also contribute to this shift.

Additionally, the future impact of artificial intelligence on energy consumption remains uncertain but could significantly alter demand trends. The trajectory of this demand will play a key role in shaping the energy transition. McKinsey projects that the increasing use of cloud computing, cryptocurrency, and artificial intelligence could lead data centers to consume between 2,500 and 4,500 terawatt hours (**TWh**) of global electricity by 2050. This represents a more than tenfold increase in consumption compared to between 240 and 340 TWh in 2022, as estimated by the IEA[19]. These new demand centers may introduce unforeseen challenges to the energy system. For instance, data centers, which rely primarily on electricity and have constant demand, could drive a greater need for gas or other reliable energy sources to balance the intermittency of renewable energy sources.

Electrification is progressing rapidly – the World Energy Outlook by IEA indicates that electricity generation could almost double between 2023 and 2050 under the STEPS scenario and nearly triple under the NZE scenario. This contrasts with total energy consumption growth, which is much slower, growing by 20 per cent. under the STEPS scenario and decreasing by almost 23 per cent. under the NZE scenario. Despite the growth in electrification, fossil fuels are expected to remain a substantial part of the energy mix through 2050.

The electrification of the energy system leads to a decrease in final energy consumption due to more efficient energy use. Electricity is expected to become the dominant energy source by 2050 across various scenarios, driven by demand from both traditional sectors, like building electrification, and emerging sectors, such as data centers, electric vehicles, and green hydrogen.

***Decarbonization***

Global efforts to reduce carbon dioxide emissions and combat climate change have gained increasing significance over the past decades. Decarbonization is driving the transformation of the energy sector, supported by initiatives like the Paris Agreement[20], the Intergovernmental Panel on Climate Change Report[21], and various initiatives from the European Commission, which in 2020 created a set of policy proposals (also known as the Green Deal) in which it outlined its long-term vision for a prosperous, modern, competitive, and climate-neutral economy by 2050. More governments, including those of Norway, Sweden, France, the United Kingdom, and several US states, are incorporating zero-emissions or 100 per cent. clean energy targets into national strategies and legislation. Additionally, key players in the energy sector, including BP p.l.c., ExxonMobil Corporation, OMV Aktiengesellschaft or Total Energies SE, have set ambitious carbon reduction goals, while others, including Iberdrola S.A. and Enel S.p.A., committed to the United Nations's net zero targets.

The emissions gap, defined as the difference between the estimated global greenhouse gas emissions resulting from full implementation of the latest NDCs and those under least-cost pathways aligned with the long-term temperature goal of the Paris Agreement, remains high.

Based on the UN Emissions Gap Report 2023[22], the unconditional and conditional NDCs for 2030 are estimated to reduce global emissions by 2 per cent. and 9 per cent., respectively, compared with current policy projections and assuming they are fully implemented. To achieve the levels consistent with least-cost pathways limiting global warming to below 2°C and 1.5°C, global greenhouse gas emissions must be reduced by 28 per cent. and 42 per cent, respectively.

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[18] McKinsey, 2024. *Global Energy Perspective,* New York City (available at: https://www.mckinsey.com/industries/energy-and-materials/our-insights/global-energy-perspective)

[19] International Energy Agency, 2023. *Data Centres and Data Transmissions Networks*, Paris (available at: https://www.iea.org/energy-system/buildings/data-centres-and-data-transmission-networks)

[20] United Nations, 2015. *Paris Agreement,* Paris (available at: https://unfccc.int/sites/default/files/english_paris_agreement.pdf)

[21] Intergovernmental Panel on Climate Change, 2024. *IPCC reports,* Geneva (available at: https://www.ipcc.ch/reports/)

[22] United Nations Environment Programme, 2023. *Emissions Gap Report 2023: Broken Record – Temperatures hit new highs, yet world fails to cut emissions (again),* Nairobi (available at: https://wedocs.unep.org/bitstream/handle/20.500.11822/43922/EGR2023.pdf?sequence=3&isAllowed=y)

The growing need to close the gap between emissions and climate change targets is driving changes, such as the expanded use of renewable energy and a reduction in fossil fuel consumption. Nevertheless, it is anticipated that fossil fuels will still play a significant role in meeting primary energy demand through 2050, with a shift from oil and coal toward gas.

According to the IEA's Renewables 2023 report[23], the global renewable power capacity expanded by 510 GW in 2023 to a total of 4,246 GW, representing a 50 per cent. increase in new additions compared to 2022. Solar PV led this growth, accounting for three quarters of renewable capacity additions. The table below sets out the global capacity mix by fuel type by 2050 under the STEPS and NEZ scenarios.

**World electricity sector – total capacity (in GW / percentage)**

| | | | **Stated Policies Scenario** | | **Net Zero Emmissions by 2050** | |
|---|---|---|---|---|---|---|
| | **2023** | | **2050** | | **2050** | |
| | GW | % | GW | % | GW | % |
| Coal | 2,243 | 24% | 1,385 | 4% | 213 | 1% |
| Oil | 414 | 4% | 151 | 0% | 34 | 0% |
| Natural gas | 2,007 | 21% | 2,528 | 8% | 657 | 2% |
| Nuclear | 416 | 4% | 647 | 2% | 1,017 | 2% |
| Renewables | 4,246 | 45% | 23,218 | 74% | 33,179 | 80% |
| out of which solar | 1,610 | 17% | 16,445 | 52% | 21,618 | 52% |
| out of which wind | 1,015 | 11% | 4,189 | 13% | 7,901 | 19% |
| out of which hydro | 1,411 | 15% | 2,031 | 6% | 2,419 | 6% |
| out of which bioenergy | 188 | 2% | 394 | 1% | 696 | 2% |
| out of which concentrated solar power | 7 | 0% | 68 | 0% | 390 | 1% |
| other | 16 | 0% | 90 | 0% | 154 | 0% |
| Other | 0 | 0% | 57 | 0% | 678 | 2% |
| **Total** | **9,436** | **100%** | **31,436** | **100%** | **41,298** | **100%** |

*Source: International Energy Agency, World Energy Outlook 2024*

In the long term, under the STEPS scenario, the share of renewables in total electricity installed capacity will rise from 45 per cent. in 2023 to about 74 per cent. by 2050. with the nuclear segment growing by more than 50 per cent. in terms of total capacity, but its share decreasing from 4 per cent. to 2 per cent. between 2023 and 2050 and coal dropping from 24 per cent. to 4 per cent. between 2023 and 2050. Under the NZE scenario, renewables are expected to account for roughly 80 per cent. of total electricity capacity globally through 2050, alongside nuclear power and carbon capture technologies. In a windfall for the Company, bioenergy is projected to more than double between 2023 and 2050 under the STEPS scenario and almost quadruple under the NZE scenario. Similarly, the concentrated solar power installed capacity is projected to increase tenfold under the STEPS scenario and to increase by more than fiftyfold under the NZE scenario.

As per the McKinsey Global Energy Perspective 2024 report, nuclear power has the potential to be a major force in decarbonization, as it is nearly carbon-free and produces more electricity than many other low-carbon energy sources with equivalent investment. Moreover, nuclear energy provides a reliable supply, and emerging technologies like small modular reactors and molten salt reactors promise increased efficiency and reduced waste generation.

As renewable power production grows, it is still important to sustain the stability and balance of the energy systems and the reliability of deliveries in spite of the instability of supply from the renewable energy sources. Therefore, according to the McKinsey Global Energy Perspective 2024 report natural gas demand is expected to continue growing beyond 2030, primarily driven by the need for blue hydrogen (produced from natural gas with carbon capture, utilization, and storage) and gas-fired power generation. The installed capacity of gas-fired power generation is projected to rise, reaching 3.0 terawatts (**TW**) by 2050, compared to 1.5 TW today and 2.0 TW by

[23] International Energy Agency, 2023. *Renewables*, Paris (available at: https://www.iea.org/energy-system/renewables)

2030. Gas is anticipated to remain significant in industrial applications, particularly in high-heat processes where heat pumps are not feasible and where green hydrogen may not be economically viable.

While advancing the decarbonization of energy systems, it is essential to maintain the reliability of sustainable energy supplies, keep energy prices affordable for households and businesses, deliver future-proof infrastructure, and empower energy users. In a fossil-fuel-dominated global economy, decarbonization efforts in sectors such as industry, power, heating, gas, and mobility have largely been isolated. To achieve net-zero carbon dioxide emissions by mid-century, renewable energy from the power sector must be integrated into other sectors like transport, industry, and heating—a process known as sector coupling, which is key to widespread decarbonization, enabling climate goals by transferring renewable energy across sectors. Sector coupling also enhances overall energy efficiency and supports supply and demand balancing, especially with the increased use of intermittent renewable energy in the grid.

In addition, to achieve decarbonization, including the climate goals of the Paris Agreement, the implementation of an international carbon dioxide pricing mechanism could play an important role. Governments around the world have already collected USD 104 billion generated by carbon dioxide pricing systems in 2023[24], which are being invested in low-carbon infrastructure or used to support technological advances. Furthermore, the private sector is integrating climate risks and opportunities into its long-term strategies and corporate governance.

***Decentralization***

The energy system is increasingly shaped by distributed energy generation, driven largely by the rapid expansion of wind turbines and solar PV installations. Distributed energy systems encompass not only decentralized generation but also local energy storage and demand response. Many consumers, including households and businesses, have now become producers of electricity—either using it onsite or feeding it back into the grid. These consumers differ from traditional consumers in their role within the energy system, affecting their expectations of energy suppliers, grid usage patterns, and potential future involvement in balancing electricity supply and demand.

While centralized generation will remain important in the near future, the trend towards decentralization is expected to continue.

BloombergNEF (**BNEF**) indicates that global demand for energy storage, excluding pumped hydro powerplants, will grow from 56 GWh in 2021 to nearly 1,194 GWh by 2030[25]. Currently, lithium-ion batteries dominate energy storage installations, but various non-battery technologies, including compressed air and thermal energy storage, are actively being developed.

According to BNEF's forecast, the majority of energy storage built by 2030, about 61 per cent. of the total newly built capacity expressed in megawatts, will be dedicated to energy shifting – essentially adjusting the timing of electricity dispatch. Energy generation projects in which energy is generated from renewable sources and then stored at the same or near location, especially projects in which energy is generated using solar power and is stored, are becoming increasingly common worldwide. Additionally, an increasing number of batteries providing storage capacities are based at customers' sites, both residential and commercial/industrial. These applications are also expected to grow steadily, with Germany and Australia leading the way, followed by significant markets in Japan and California, USA. BNEF predicts that by 2030, around one-quarter of global storage installations will be located in homes and businesses.

A topic closely connected to decentralization of the energy systems it the so-called demand response. As the IEA[26] reports, demand response enhances the flexibility of the electricity grid. This is done by offering lower prices during off-peak hours, providing an incentive to shift energy consumption from times with high demand to times with lower demand, making the consumption more balanced in time and therefore placing less demand on the capacity of the grid. Moreover, this mechanism is sometimes accompanied by financial incentives, to adjust demand and generation resources making direct payments to consumers who shift their demand to times when there would be a surplus of supply in the system. This makes it a crucial tool for an efficient transition to a low-carbon electricity system. Increasingly, governments' energy policies around the world, such as Australia's

24 World Bank Group, 2024. *Global Carbon Pricing Revenues Top a Record $100 Billion*, Washington (available at: https://www.worldbank.org/en/news/press-release/2024/05/21/global-carbon-pricing-revenues-top-a-record-100-billion)

25 BloombergNEF, 2022. *Global Energy Storage Market to Grow 15-Fold by 2030,* New York (available at: https://about.bnef.com/blog/global-energy-storage-market-to-grow-15-fold-by-2030)

26 International Energy Agency, 2023. *Demand Response*, Paris (available at: https://www.iea.org/energy-system/energy-efficiency-and-demand/demand-response)

Wholesale Demand Response Mechanism, South Korea's Energy Pause Programme or Brazil's approval of a mechanism allowing large consumers to participate in the provision of demand response, recognize the importance of demand response and are addressing the barriers to its full adoption. As more distributed energy resources come online, demand response programs are likely to become even more adaptable. While these programs have traditionally focused on commercial and industrial customers, innovations like precooling air conditioners, smart refrigerators that respond to automated price signals, and advances in digitalization—enabling more effective aggregation—are making demand response easier for residential customers as well.

**The Global Steam Turbine Market**

*Unless the source is otherwise stated, the market, economic and industry data in this section is extracted from the McCoy Report.*

***Introduction***

The Company is a supplier of high-performance steam turbines. It provides steam turbines with output ranging from three MW to 1,300 MW and equipment relevant to turbine machine halls for customers and plants around the world. The Company operates globally, with the exception of Russia and Iran due to the sanctions imposed banning companies from doing business with these countries, and China due to significant barriers to entry for foreign companies in that market. In addition, the Company and Doosan Enerbility have a mutual agreement that allows the Company to pursue exclusively projects involving the production of steam turbines with an output below 350 MW as well as projects for full-speed nuclear applications. This arrangement does not apply for nuclear and CCPP projects within the Czech Republic as well as for projects commissioned by longstanding clients such as ČEZ, a.s., Vattenfall AB, E.ON SE, RWE AG and Fortum Oyj, and other ad hoc adjustments. The Company's key market regions are therefore represented by the Czech Republic, Europe and Asia. The technology covers different fuel types from fossil fuel and biomass to nuclear and renewables.

Historically, fossil fuels such as gas, oil and coal have been the backbone of electricity generation. The proliferation of renewables is reducing the reliance of the global economy on fossil fuels, which, nevertheless, still account for more than 60 per cent. of the electricity production in 2023 according to the WEO 2024. Despite the global trend towards sustainable energy sources, fossil fuels will remain relevant in the long term to allow for a smooth transition, allowing the Company to continue to profit from the traditional business and adapt its business to new trends.

***Market Size***

According to the McCoy Report, the steam turbine markets can be divided in three unit-size segments[27]:

- the small turbine market with turbine output of 5.0 MWe to 30.0 MWe;
- the medium turbine market with turbine output of 30.1 to 100.0 MWe; and
- the large turbine market with turbine output above 100 Mwe

The following table sets forth the total number of steam turbine units delivered and their total corresponding generation capacity, across the years indicated:

| | Capacity (GWe) | Units |
|---|---|---|
| 2014 | 109.20 | 662 |
| 2015 | 133.28 | 681 |
| 2016 | 89.95 | 569 |
| 2017 | 68.22 | 581 |
| 2018 | 60.38 | 605 |
| 2019 | 48.83 | 601 |
| 2020 | 62.02 | 563 |

[27] The Company classifies the market into two main categories:
1. Steam turbine for industrial application, whose power output ranges from 3.0 to 65.0 Mwe
2. Steam turbine for medium and large power outputs, whose power output ranges from 50.0 to 1300.0 MWe

| | | |
|---|---|---|
| 2021 | 55.48 | 591 |
| 2022 | 78.82 | 560 |
| 2023 | 80.64 | 501 |

The following tables sets forth the total number of steam turbine units delivered and their total corresponding generation capacity, by unit-size segments and across the years indicated:

| Capacity (GWe) | Large | Medium | Small |
|---|---|---|---|
| 2004 | 93.70 | 6.08 | 4.14 |
| 2005 | 87.74 | 4.60 | 3.75 |
| 2006 | 101.82 | 6.91 | 4.97 |
| 2007 | 228.76 | 10.07 | 4.54 |
| 2008 | 214.97 | 7.63 | 3.64 |
| 2009 | 125.23 | 4.52 | 2.70 |
| 2010 | 127.42 | 6.51 | 5.09 |
| 2011 | 107.08 | 8.74 | 3.74 |
| 2012 | 105.13 | 5.32 | 3.61 |
| 2013 | 109.65 | 6.67 | 4.11 |
| 2014 | 99.67 | 4.77 | 4.77 |
| 2015 | 122.28 | 6.46 | 4.53 |
| 2016 | 80.26 | 5.78 | 3.91 |
| 2017 | 56.21 | 7.36 | 4.65 |
| 2018 | 48.16 | 7.12 | 5.10 |
| 2019 | 35.42 | 7.99 | 5.42 |
| 2020 | 50.13 | 7.46 | 4.44 |
| 2021 | 42.71 | 7.75 | 5.03 |
| 2022 | 69.57 | 5.00 | 4.25 |
| 2023 | 72.67 | 4.04 | 3.94 |

| Units | Large | Medium | Small |
|---|---|---|---|
| 2004 | 282 | 107 | 204 |
| 2005 | 244 | 83 | 192 |
| 2006 | 267 | 127 | 304 |
| 2007 | 544 | 167 | 290 |
| 2008 | 482 | 136 | 232 |
| 2009 | 287 | 84 | 178 |
| 2010 | 297 | 116 | 291 |
| 2011 | 291 | 166 | 260 |
| 2012 | 243 | 95 | 235 |
| 2013 | 270 | 119 | 287 |
| 2014 | 237 | 95 | 320 |
| 2015 | 244 | 121 | 315 |
| 2016 | 194 | 113 | 262 |
| 2017 | 127 | 135 | 319 |
| 2018 | 137 | 129 | 339 |
| 2019 | 100 | 146 | 350 |
| 2020 | 115 | 147 | 297 |
| 2021 | 101 | 142 | 348 |
| 2022 | 160 | 97 | 294 |
| 2023 | 140 | 76 | 284 |

In 2023 the steam turbine markets reached a generation capacity of 80.6 gigawatt electrical (**GWe**), corresponding to a total volume of 501 units. In 2023, unit volumes of all the three segments declined, with the medium turbine market volume falling to a 22-year low, while large steam turbine capacity rose to a seven-year high.

The table below presents the share of different energy sources on the total steam turbine capacity:

| Capacity (GWe) | Fossil | Thermal Renewables | Combined cycle | Nuclear | Miscellaneous |
|---|---|---|---|---|---|
| 2004 | 83.64 | 2.01 | 17.55 | 0.31 | 0.41 |
| 2005 | 75.71 | 2.26 | 13.10 | 4.77 | 0.25 |
| 2006 | 91.17 | 3.29 | 13.79 | 4.50 | 0.94 |
| 2007 | 207.38 | 4.38 | 21.68 | 8.80 | 1.10 |
| 2008 | 175.87 | 4.92 | 19.55 | 24.68 | 1.18 |
| 2009 | 92.66 | 1.98 | 11.67 | 24.46 | 1.67 |
| 2010 | 105.47 | 5.53 | 13.80 | 12.97 | 1.23 |
| 2011 | 82.00 | 6.33 | 25.59 | 5.19 | 0.43 |
| 2012 | 84.65 | 3.53 | 18.27 | 6.29 | 1.26 |
| 2013 | 90.44 | 6.10 | 20.93 | 2.60 | 0.31 |
| 2014 | 80.49 | 5.68 | 19.46 | 2.90 | 0.61 |
| 2015 | 97.89 | 6.08 | 21.15 | 8.06 | 0.00 |
| 2016 | 52.17 | 5.46 | 20.58 | 11.74 | 0.00 |

| | | | | | |
|---|---|---|---|---|---|
| 2017 | 36.05 | 6.88 | 15.00 | 10.22 | 0.00 |
| 2018 | 31.27 | 8.79 | 12.76 | 7.56 | 0.00 |
| 2019 | 25.05 | 8.33 | 15.35 | 0.00 | 0.00 |
| 2020 | 34.64 | 7.29 | 12.41 | 7.65 | 0.00 |
| 2021 | 32.09 | 9.22 | 10.12 | 4.05 | 0.00 |
| 2022 | 44.35 | 7.15 | 18.37 | 8.95 | 0.00 |
| 2023 | 53.75 | 5.54 | 14.35 | 6.66 | 0.00 |

The shares of thermal renewables (waste-to-energy, waste heat, biomass, geothermal and solar thermal) and the fossil segment increased in 2023, with the fossil segment's share of capacity growing to 67 per cent., the highest level since 2015. The steam turbine market is significantly dominated by the Asian market with 75 per cent. of the overall orders in 2023. In Europe orders for steam turbine accounted for 11 per cent. of the global orders while North and South America contributed with 10 per cent. in 2023. The remaining 4 per cent. of the global orders in 2023 came from other regions around the world, including Africa, and the Saudi region.

The table below sets forth the share of the global steam turbine capacity, across the years indicated, of turbines delivered by Chinese producers and producers from the rest of the world:

| **Capacity (GWe)** | **Rest of the World** | **China** |
|---|---|---|
| 2004 | 36.84 | 67.09 |
| 2005 | 35.27 | 60.83 |
| 2006 | 50.22 | 63.48 |
| 2007 | 96.64 | 146.74 |
| 2008 | 98.11 | 128.12 |
| 2009 | 76.21 | 56.25 |
| 2010 | 79.61 | 59.41 |
| 2011 | 72.08 | 47.47 |
| 2012 | 55.13 | 58.93 |
| 2013 | 48.72 | 71.72 |
| 2014 | 59.98 | 49.22 |
| 2015 | 61.30 | 71.98 |
| 2016 | 53.81 | 36.14 |
| 2017 | 46.22 | 22.00 |
| 2018 | 44.83 | 15.54 |
| 2019 | 32.61 | 16.23 |
| 2020 | 26.38 | 35.64 |
| 2021 | 26.38 | 29.10 |
| 2022 | 19.27 | 59.55 |
| 2023 | 20.31 | 60.33 |

As shown by the table below, in 2023, steam turbine unit volumes from Chinese producers fell by 28 per cent. year-on-year to a total of 147 units, while steam turbine units from producers from the rest of the world fell by 1 per cent. year-over-year, to a total of 354 units, respectively. The market share of Chinese producers reached 29 per cent. in 2023. In terms of total steam turbine capacity, the capacity of steam turbines from Chinese producers grew by 1 per cent. year-on-year, to a total of 60.3 GWe, while the capacity of steam turbines from producers from the rest of the world increased by 6 per cent., to a total of 20.3 GWe, pushing China's generation capacity share to 75 per cent.

| **Units** | **Rest of the World** | **China** |
|---|---|---|
| 2004 | 326 | 267 |
| 2005 | 302 | 217 |
| 2006 | 464 | 234 |

| | | |
|---|---|---|
| 2007 | 641 | 360 |
| 2008 | 612 | 238 |
| 2009 | 436 | 113 |
| 2010 | 521 | 183 |
| 2011 | 568 | 149 |
| 2012 | 398 | 175 |
| 2013 | 491 | 237 |
| 2014 | 520 | 142 |
| 2015 | 512 | 169 |
| 2016 | 420 | 149 |
| 2017 | 431 | 150 |
| 2018 | 431 | 174 |
| 2019 | 414 | 187 |
| 2020 | 341 | 222 |
| 2021 | 366 | 225 |
| 2022 | 357 | 203 |
| 2023 | 354 | 147 |

***Market Segmentation***

As shown in the table below, the demand for small steam turbines amounted to 3.9 GWe of capacity and 284 units in 2023, corresponding to a 7 per cent. and a 3 per cent. year-on-year decline, respectively.

| | **Units** | **Capacity (GWe)** |
|---|---|---|
| 2014 | 320 | 4.77 |
| 2015 | 315 | 4.53 |
| 2016 | 262 | 3.91 |
| 2017 | 319 | 4.65 |
| 2018 | 339 | 5.10 |
| 2019 | 350 | 5.42 |
| 2020 | 297 | 4.44 |
| 2021 | 348 | 5.03 |
| 2022 | 294 | 4.25 |
| 2023 | 284 | 3.94 |

The table below presents information on the demand for small market steam turbines by energy source by region for the years indicated:

| | | **2018-2022** | | **2023** |
|---|---|---|---|---|
| **ASIA** | | | | |
| | Thermal Renewable | 983 | Thermal Renewable | 186 |
| | Fossil | 200 | Fossil | 28 |
| | Combined Cycle | 53 | Combined Cycle | 1 |
| **EUROPE** | | | | |
| | Thermal Renewable | 147 | Thermal Renewable | 20 |
| | Fossil | 30 | Fossil | 6 |
| | Combined Cycle | 31 | Combined Cycle | 1 |
| **AMERICAS** | | | | |
| | Thermal Renewable | 91 | Thermal Renewable | 27 |

| | 2018-2022 | | 2023 |
|---|---|---|---|
| Fossil | 9 | Fossil | 1 |
| Combined Cycle | 8 | Combined Cycle | 1 |
| **AFRICA/EAST MEDITERRANEAN** | | | |
| Thermal Renewable | 42 | Thermal Renewable | 8 |
| Fossil | 6 | Fossil | 2 |
| Combined Cycle | 3 | Combined Cycle | 0 |
| **SAUDI/GULF STREAM** | | | |
| Thermal Renewable | 10 | Thermal Renewable | 2 |
| Fossil | 9 | Fossil | 0 |
| Combined Cycle | 6 | Combined Cycle | 0 |

In the period from 2018 to 2022, Asia accounted for 76 per cent. of the total small steam turbine demand. In addition, Asia represented 78 per cent. of the global demand for steam turbines fuelled by thermal renewables over the same period. In 2023 Asia represented 86 per cent. of the global demand for steam turbines fuelled by thermal renewables. In 2023, Siemens Energy AG was the market leader, with 88 units and a market share of 31 per cent. followed by Triveni Company Limited and Qingdao Jieneng Steam Turbine Group Company Limited with 76 and 9 units, corresponding to a 22 per cent. and a 3 per cent. market share, respectively.

As shown in the table below, the demand for medium steam turbines amounted to 4.0 GWe of capacity and 76 units in 2023, corresponding to a 19 per cent. and 22 per cent. year-on-year decline, respectively.

| | **Units** | **Capacity (GWe)** |
|---|---|---|
| 2014 | 95 | 4.77 |
| 2015 | 121 | 6.46 |
| 2016 | 113 | 5.78 |
| 2017 | 135 | 7.36 |
| 2018 | 129 | 7.12 |
| 2019 | 146 | 7.99 |
| 2020 | 147 | 7.46 |
| 2021 | 142 | 7.75 |
| 2022 | 97 | 5.00 |
| 2023 | 76 | 4.04 |

The table below presents information on the demand for medium market steam turbines by energy source by region for the years indicated:

| | **2018-2022** | | **2023** |
|---|---|---|---|
| **ASIA** | | | |
| Thermal Renewable | 249 | Thermal Renewable | 27 |
| Fossil | 135 | Fossil | 7 |
| Combined Cycle | 75 | Combined Cycle | 13 |
| Compressed Air | 1 | Compressed Air | 0 |
| **EUROPE** | | | |
| Thermal Renewable | 42 | Thermal Renewable | 6 |
| Fossil | 42 | Fossil | 3 |
| Combined Cycle | 18 | Combined Cycle | 0 |
| Nuclear | 1 | Nuclear | 0 |
| **AMERICAS** | | | |
| Thermal Renewable | 50 | Thermal Renewable | 7 |
| Fossil | 7 | Fossil | 2 |

| | | | |
|---|---|---|---|
| Combined Cycle | 14 | Combined Cycle | 8 |
| **SAUDI/GULF STREAM** | | | |
| Thermal Renewable | 15 | Thermal Renewable | 0 |
| Fossil | 2 | Fossil | 0 |
| Combined Cycle | 2 | Combined Cycle | 0 |
| **AFRICA/EAST MEDITERRANEAN** | | | |
| Thermal Renewable | 5 | Thermal Renewable | 3 |
| Fossil | 1 | Fossil | 0 |
| Combined Cycle | 2 | Combined Cycle | 0 |

In the period from 2018 to 2022, the demand for medium steam turbines mostly came from Asia, which represented 70 per cent. of the total market demand and 55 per cent. of the thermal renewables market. In 2023, Asia's shares in the global demand for medium steam turbines decreased to 62 per cent. but increased to 57 per cent. in the thermal renewables segment. Siemens Energy AG was the market leader in 2023 with a volume of 35 units and a market share of 46 per cent., followed by Mitsubishi Heavy Industries, Ltd. with 8 units produced and 11 per cent. of the market share.

As shown in the table below, the demand for large steam turbines amounted to 72.7 GWe of capacity, an increase of 7 per cent. from 2022, and a volume of 140 units in 2023, representing a 13 per cent. decrease from 2022.

| | Units | Capacity (GWe) |
|---|---|---|
| 2014 | 237 | 99.67 |
| 2015 | 244 | 122.28 |
| 2016 | 194 | 80.26 |
| 2017 | 127 | 56.21 |
| 2018 | 137 | 48.16 |
| 2019 | 100 | 35.42 |
| 2020 | 115 | 50.13 |
| 2021 | 101 | 42.71 |
| 2022 | 160 | 69.57 |
| 2023 | 140 | 72.67 |

The table below presents information on the demand for large market steam turbines by energy source by region for the years indicated:

| | 2018-2022 | | 2023 |
|---|---|---|---|
| **ASIA** | | | |
| Fossil | 254 | Fossil | 66 |
| Combined Cycle | 166 | Combined Cycle | 40 |
| Nuclear | 20 | Nuclear | 5 |
| Thermal Renewable | 9 | Thermal Renewable | 1 |
| Compressed Air | 0 | Compressed Air | 1 |
| **EUROPE** | | | |
| Fossil | 26 | Fossil | 6 |
| Combined Cycle | 21 | Combined Cycle | 11 |
| Nuclear | 4 | Nuclear | 0 |
| Thermal Renewable | 3 | Thermal Renewable | 0 |
| **AMERICAS** | | | |
| Combined Cycle | 53 | Combined Cycle | 3 |

| | | | | |
|---|---|---|---|---|
| | Thermal Renewable ...... | 11 | Thermal Renewable ........ | 1 |
| | Fossil............................ | 1 | Fossil.............................. | 0 |
| **AFRICA/EAST MEDIT** | | | | |
| | Nuclear.......................... | 19 | Fossil.............................. | 6 |
| | Thermal Renewable ...... | 4 | Thermal Renewable ........ | 0 |
| **SAUDI/GULF STREAM** | | | | |
| | Combined Cycle............. | 18 | Combined Cycle............. | 0 |
| | Thermal Renewable ........ | 4 | Thermal Renewable ........ | 0 |

In the period from 2018 to 2022, Asia represented 73 per cent. of the total large steam turbine demand and 46 per cent. of the demand for steam turbines fuelled by fossil fuels. In 2023, Asia's shares in the large steam turbine market increased to 81 per cent., while its share in the fossil fuel segment reached 51 per cent. Steam turbines produced by Chinese producers accounted for 45 per cent. of the global large steam turbine capacity and 44 per cent. of the global large steam turbine units, respectively. The OEM leader in the large steam turbine market was Dongfang Electric Corporation with 33 units followed by Harbin Turbine Company Limited with 31 and Shanghai Turbine Company Limited with 26 units. Among the main competition of the Company, Siemens Energy AG stands out with 13 units awarded in 2023.

***Global Competitive Landscape***

In the period from 2018 to 2022, Siemens Energy AG ranked first in total steam turbine market with 609 units sold, representing a 21 per cent. market share, followed by Triveni Turbine Limited and Dongfang Electric Corporation with 299 and 257 units sold, respectively, corresponding to a 10 per cent. and a 9 per cent. market share, respectively. In 2023 Siemens Energy AG captured 27 per cent. of the market while Triveni Turbine Limited and Dongfang Electric Corporation reached 14 per cent. and 7 per cent.

From a generation capacity standpoint, in the period from 2018 to 2022, Shanghai Turbine Company Limited led the rankings with a total capacity of 60.5 GWe, followed by Harbin Turbine Company Limited and Dongfang Electric Corporation with 52.4 GWe and 47.3 GWe, respectively. In 2023, Harbin Turbine Company surpassed Shanghai Turbine Company Limited with a global steam turbine capacity of 24.0 GWe and a 30 per cent. global market share. Shanghai Turbine Company Limited achieved a global steam turbine capacity of 22.6 GWe, corresponding to a 28 per cent. market share, followed by Dongfang Electric Company with a global steam turbine capacity of 12.4 GWe, corresponding to a 15 per cent. market share.

The tables below set out the main global producers of steam turbines in 2023 in terms of units delivered and capacity generated:

| **TOP 25 Technology Owner (1)** | **Units 2023** | **Market Share** | **TOP 25 Manufacturer (2)** | **Units 2023** | **Market Share** |
|---|---|---|---|---|---|
| SIEMENS ENERGY | 136 | 27.1% | SIEMENS ENERGY | 136 | 27.1% |
| TRIVENI | 72 | 14.4% | TRIVENI | 72 | 14.4% |
| DONGFANG TURBINE WKS | 34 | 6.8% | DONGFANG TURBINE WKS | 34 | 6.8% |
| HARBIN TURBINE CO. | 33 | 6.6% | SHANGHAI TURBINE CO. | 33 | 6.6% |
| SHANGHAI TURBINE CO. | 33 | 6.6% | HARBIN TURBINE CO. | 33 | 6.6% |
| TGM | 18 | 3.6% | NANJING TURBINE CO. | 17 | 3.4% |
| NANJING TURBINE CO. | 17 | 3.4% | TGM TURBINAS | 16 | 3.2% |
| MITSUBISHI HEAVY IND | 16 | 3.2% | MHI COMPRESSOR (MCO) | 16 | 3.2% |
| DOOSAN ENERBILITY | 15 | 3.0% | HANGZHOU TURBINE CO. | 15 | 3.0% |
| SHIN NIPPON | 15 | 3.0% | SHIN NIPPON | 15 | 3.0% |
| HANGZHOU TURBINE CO. | 15 | 3.0% | MITSUBISHI POWER | 11 | 2.2% |
| BAKER HUGHES | 11 | 2.2% | BAKER HUGHES | 11 | 2.2% |
| MITSUBISHI POWER | 11 | 2.2% | ORMAT TECHNOLOGIES | 10 | 2.0% |
| ORMAT TECHNOLOGIES | 10 | 2.0% | DOOSAN SKODA POWER | 10 | 2.0% |
| QINGDAO JIENENG | 9 | 1.8% | QINGDAO JIENENG | 9 | 1.8% |

| | | | | | |
|---|---|---|---|---|---|
| ROTEC HOLDINGS | 7 | 1.4% | URAL TURBINE WORKS (UTW) | 7 | 1.4% |
| MAN ENERGY SOLUTIONS | 7 | 1.4% | GE POWER | 6 | 1.2% |
| GENERAL ELECTRIC | 6 | 1.2% | KAWASAKI HEAVY IND | 5 | 1.0% |
| KAWASAKI HEAVY IND | 5 | 1.0% | MAN ENERGY SOLUTIONS | 5 | 1.0% |
| DE PRETTO INDUSTRIE | 4 | 0.8% | DOOSAN ENERBILITY | 5 | 1.0% |
| POWER MACHINES | 4 | 0.8% | DE PRETTO INDUSTRIE | 4 | 0.8% |
| CHINA CHANG JIANG | 4 | 0.8% | CHINA CHANG JIANG | 4 | 0.8% |
| FINCANTIERI | 3 | 0.6% | TURBIMAQ | 3 | 0.6% |
| MAPNA TURBINE (TUGA) | 3 | 0.6% | POWER MACHINES | 3 | 0.6% |
| JFE ENGINEERING | 3 | 0.6% | MAPNA TURBINE (TUGA) | 3 | 0.6% |
| OTHER | 10 | 2.0% | OTHERS | 18 | 3.6% |

(1) Technology owner: the parent company that owns the technology being utilized for a specific equipment piece.
(2) Manufacturer: usually the same as technology owner, but when different, it represents the licensee, JV partner, or legacy manufacturer.

***The Company's Addressable market***

The Company's addressable markets include the production of steam turbines with capacity below 350 MWe excluding Russia, Iran and China. Based on these criteria the Company's addressable market, as shown in the table below, experienced a decrease in contracted capacity from 15.8 GWe in 2019 11.8 GWe in 2023. However, the market seems to have recovered from 2021 levels when the contracted capacity reached only 10.8 GWe. In terms of units contracted, the development was more stable, though a similar trend may be observed. In 2019, the number of units contracted reached 364, compared to 288 units in 2020 and 330 units in 2023.

| | **Capacity (GWe)** | **Units** |
|---|---|---|
| 2019 | 15.76 | 364 |
| 2020 | 12.92 | 288 |
| 2021 | 10.78 | 322 |
| 2022 | 13.49 | 332 |
| 2023 | 11.85 | 330 |

The Company identifies the following companies as its main competitors in its addressable market: Siemens Energy AG, Mitsubishi Power, Ltd., GE Vernova, MAN Energy Solutions SE, Triveni Turbine Ltd., TGM Kanis Turbinen GmbH, Franco Tosi Meccanica S.p.A. and Baker Hughes Company. In the Company's targeted market segment, the leading competitor in terms of contracted capacity is Siemens Energy AG, which in 2023 reached 5,293 MWe followed by Mitsubishi Power, Ltd. and GE Vernova with 1,543 MWe and 1,356 Mwe, respectively. Among the other competitors, Triveni Turbine Limited also stands out, having reached 890 MWe of generated capacity in 2023. Finally, the Company ranked number 5 achieving a contracted capacity of 748 MWe.

| **2023** | **Number of Units** | **Total capacity (Mwe)** |
|---|---|---|
| Siemens Energy AG | 135 | 5,293 |
| Mitsubishi Power | 9 | 1,543 |
| GE Vernova | 6 | 1,356 |
| Triveni | 71 | 890 |
| Doosan Škoda | 10 | 748 |

## BUSINESS

### Overview

The Company's management believes that the Company is one of the leading steam turbine and equipment experts with a high reputation, proven track record and unique intellectual property. The Company's vast experience encompasses engineering, design, manufacture, management, procurement and construction of steam turbines and equipment relevant to turbine machine halls.

The Company specializes in the manufacture of steam turbines, offering a power output spectrum that spans from three to 1,300 MW. These turbines are supplied to customers globally. The Company offers an extensive selection of cutting-edge turbine designs, products and services tailored for the energy generation sector. This includes, but is not limited to, equipment for turbines and generators, heat exchangers and complete turbine generator sets and comprehensive solutions from turbine islands and complete turbine machine halls to extended scope engineering, procurement and construction (**EPC**) deliveries. Additionally, the Company provides long-term service agreements and retrofitting programs to ensure the ongoing performance and modernization of energy generation equipment. The Company's main customers include Orlen S.A., Hitachi Zosen Inova AG, Acciona, S.A., Fortum Oyj, TSK Electronica y Electricidad S.As, Energetický a průmyslový holding, a.s. and ČEZ, a.s.

The Company provides its products and services to customers who operate in several sectors including waste-to-energy, utilities, pulp and paper, mining, refinery, steel works and the chemical industry. The Company's three main revenue streams include: (i) new installations of the Company's products; (ii) service activities including maintenance, repair and overhaul on a case-by-case basis and (iii) long-term service agreements. As a supplier to EPC providers, the Company underscores its commitment to be an energy transition enabler supporting the global demand for energy. Regionally, the Company's key markets include the Czech Republic, Europe (excluding the Czech Republic) and Asia. The Company possesses the necessary expertise and experience to perform projects across various energy sources, including biomass, waste-to-energy, nuclear, gas, oil and renewable or alternative energy sources and for both independent and industrial power producers, reflecting market demands and energy transformation trends. For a detailed split of the Company's revenues by market sector, fuel type and geographies, see section *Operating and Financial Review*.

The Company markets and sells its products under the Doosan brand (**Doosan**), a registered trademark of the Company's ultimate parent company Doosan Co., Ltd. with its registered office at 275 Jangchungdan-ro, Jung-gu Seoul, 04563, the Republic of Korea (**Doosan Corporation**), as well as under the ŠKODA brand, a registered trademark of the Company (see section *Intellectual Property* below). The Company is headquartered, and its production facility is based in the Czech Republic, concentrating production, engineering, research and development (**R&D**) and management under one roof, supported by the Company's subsidiary in India, ŠKODA POWER Private Limited which carries out product design and project management. Building upon the legacy of the original Škoda Works (in Czech: *Škodovy závody*), the Company boasts a history spanning over a century in the Czech Republic.

In the period from 1 January 2024 to 24 September 2024, the Company generated CZK 3,932 million of revenues, CZK 355 million of profit for the period and CZK 401 million of EBITDA. In the period from 1 January 2023 to 24 September 2023, the Company generated CZK 3,155 million of revenues, CZK 357 million of profit for the period and CZK 394 million of EBITDA.

In 2023, the Company generated a total of CZK 4,811 million of revenues, CZK 559 million of profit for the period and CZK 662 million of EBITDA. In 2022, the Company generated a total of CZK 4,113 million of revenues, CZK 576 million of profit for the period and CZK 627 million of EBITDA. In 2021, the Company generated a total of CZK 3,546 million of revenues, CZK 189 million of profit and CZK 306 million of EBITDA.

In 2023, the Company had an average headcount (including part time employees) of 955 employees based in the Czech Republic (out of which, on average, 865 were located in Pilsen, 21 in Prague, 24 in Brno and 10 in Ostrava) and 35 employees in India. In 2022, the Company had an average headcount of 933 employees based in the Czech Republic and 26 employees in India.

The table below sets forth a breakdown of the Company's revenues by regions for the periods indicated:

| | For the period from 1 January to 24 September | | For the year ended 31 December | | |
|---|---|---|---|---|---|
| | 2024 | 2023 | 2023 | 2022 | 2021 |
| | (unaudited) | | (audited) | | |
| | *(CZK thousands)* | | | | |
| Europe (excluding the Czech Republic) | 1,411,112 | 1,148,677 | 1,894,788 | 1,890,756 | 1,685,522 |
| Czech Republic | 736,696 | 979,066 | 1,382,064 | 596,612 | 447,252 |
| Asia | 1,041,927 | 620,172 | 884,370 | 1,085,324 | 929,726 |
| South and Central America | 430,189 | 114,599 | 295,967 | 145,542 | 367,867 |
| Africa | 98,082 | 239,564 | 256,428 | 82,863 | 2,629 |
| North America | 196,332 | 38,578 | 64,358 | 258,048 | 89,458 |
| Australia | 6,536 | 6,467 | 9,942 | 1,795 | (1,921) |
| Other revenues | 11,274 | 7,615 | 22,846 | 51,833 | 25,794 |
| **Total revenues** | **3,932,148** | **3,154,738** | **4,810,763** | **4,112,773** | **3,546,327** |

The Company has historically derived stable revenues from within Europe, particularly from its domestic market, the Czech Republic. It has also achieved success in Asia and has been actively penetrating the African and South and Central American markets. As part of its long-term strategy, the Company aims to strengthen its position in the US market. In the period from 1 January 2024 to 24 September 2024, the Company's key markets by revenue were Europe, especially the Czech Republic, Poland and the United Kingdom, and Asia (Kazakhstan). As compared to the period from 1 January 2023 to 24 September 2023, the Company recorded an increase in revenues mainly in Asian (Kazakhstan), European (excl. the Czech Republic) and South and Central American markets (Dominican Republic).

The following table sets forth a breakdown of the Company's revenue by particular revenue streams for the periods indicated:

| | For the period from 1 January to 24 September | | For the year ended 31 December | | |
|---|---|---|---|---|---|
| | 2024 | 2023 | 2023 | 2022 | 2021 |
| | (unaudited) | | (audited) | | |
| | (*CZK thousand*) | | | | |
| New installations | 2,898,892 | 2,249,910 | 3,393,812 | 2,942,852 | 2,467,840 |
| Services | 729,870 | 783,305 | 1,169,988 | 952,392 | 904,263 |
| Long term service agreements | 292,112 | 113,908 | 224,117 | 165,696 | 148,430 |
| Other revenues | 11,274 | 7,615 | 22,846 | 51,833 | 25,794 |
| **Total revenues** | **3,932,148** | **3,154,738** | **4,810,763** | **4,112,773** | **3,546,327** |

The majority of the Company's revenue comes from new installations, amounting to 69.59 per cent., 71.55 per cent. and 70.55 per cent. of the total revenue in 2021, 2022 and 2023, respectively. The rest of the Company's revenue comes from general service activities, the LTSAs and other revenues, including cooperation contracts for machining, proceeds from contractual penalties and from the sale of scrap.

The following tables set forth a breakdown of the Company's revenue as per market sector of the final user for the periods indicated:

| | For the period from 1 January to 24 September | | For the year ended 31 December | | |
|---|---|---|---|---|---|
| | 2024 | 2023 | 2023 | 2022 | 2021 |
| | (*CZK thousand*) | | | | |
| IPP | 1,349,609 | 1,096,306 | 1,711,306 | 810,418 | 648,039 |
| Utility | 1,167,899 | 780,763 | 1,174,768 | 1,191,598 | 1,254,056 |
| Waste to Energy | 474,887 | 644,779 | 1,031,178 | 741,190 | 766,996 |

| | | | | | |
|---|---|---|---|---|---|
| Refinery | 536,716 | 403,581 | 566,266 | 651,219 | 47,889 |
| Pulp and paper | 17,676 | 82,738 | 114,635 | 261,411 | 276,468 |
| Other[(1)] | 39,682 | 47,034 | 58,017 | 96,829 | 62,050 |
| Mining | 159,286 | 46,548 | 50,561 | 41,342 | 8,718 |
| Municipality | 147,854 | 11,408 | 31,422 | 103,677 | 28,782 |
| Chemical | 17,583 | 17,259 | 31,143 | 82,936 | 403,978 |
| Metals | 8,078 | 15,166 | 15,528 | 53,747 | 23,129 |
| Sugar | 1,604 | 1,541 | 3,093 | 26,573 | 428 |
| Other revenues | 11,274 | 7,615 | 22,846 | 51,833 | 25,794 |
| **Total revenues** | **3,932,148** | **3,154,738** | **4,810,763** | **4,112,773** | **3,546,327** |

(1) Includes especially cooperation services (e.g. machining or material heat treatment) for various clients from various market sectors.

The majority of the Company's revenues comes from customers in the independent power producer (IPP), utility, waste to energy and refinery sectors, representing together 93 per cent. and 83 per cent. of the Company's revenues for 2023 and 2022, respectively.

**<u>General information</u>**

The Company was incorporated in the Czech Republic on 1 July 1993 and is registered in the Commercial Register maintained by the Regional Court in Pilsen, Section B, file no. 2251, with Id. No. 491 93 864. The Company is a joint stock company governed by the laws of the Czech Republic applicable to commercial companies in the Czech Republic, in particular the Czech Companies Act. The registered office of the Company is Tylova 1/57, Jižní Předměstí, 301 00 Pilsen, the Czech Republic. The Company's telephone number is +420 378 185 000, +420 378 185 939 and its website is www.doosanskodapower.com. The Company's website does not form part of this Prospectus unless that information is incorporated by reference into this Prospectus.

As of the date of this Prospectus, the Company's share capital was CZK 1,450,000,000 and was fully paid up. Immediately prior to the Offering, the sole shareholder of the Company is the Selling Shareholder, i.e. Doosan Power Systems S.A., with its registered office at 28, Boulevard F.W. Raiffeisen, L - 2411 Luxembourg, the Grand Duchy of Luxembourg (**Doosan Power Systems**). The parent company that owns 100 per cent. of the share capital of Doosan Power Systems is Doosan Enerbility Co., Ltd., with its registered office at 22 Doosanvolvo-ro, Seongsan-gu, Changwon, 51711, the Republic of Korea (**Doosan Enerbility**). The ultimate parent company of the Company is Doosan Corporation.

According to article 3.1. of the Company's Articles of Association, the scope of business of the Company includes: a) construction execution, modifications and demolition; b) design activities in construction; c) machining; d) locksmithing, tool making; e) production, installation, repair of electrical machines and devices, electronic and telecommunications equipment; f) installation, repair, maintenance and testing of gas equipment and filling of gas containers; g) installation, repair, maintenance and testing of pressure equipment and gas containers; h) manufacture of metal structures and metalworking products; i) manufacture of electronic components, electrical equipment and the manufacture and repair of electrical machines and electronic devices operating at low voltage; j) manufacture of machinery and equipment; k) wholesale and retail; l) providing software, consulting in the field of information technology, data processing, hosting and related activities and web portals; m) advisory and consultation activities, processing of expert studies and reports; n) designing electrical equipment; o) R&D in natural and technical sciences or social sciences; p) testing, measurement, analysis and inspection; q) services in the field of administrative management and services of an organizational economic nature; and r) assembly, repairs, revisions and tests of electrical equipment.

**<u>Strengths</u>**

**One of the leading steam turbine original equipment manufacturers (OEM)**

The Company is one of the leading global players in the steam turbine industry, having delivered more than 576 turbine units since 1960 representing in aggregate approximately 56 GW in power output. As of the date of this Prospectus, the Company has supplied its products to customers in 62 countries across six continents with 339 units delivered in Europe, 72 units in India, 24 units in the Middle East, 61 units in the rest of Asia, 57 units in North & South America, 22 units in Africa and 1 unit in Australia.

The Company has a diversified portfolio of products covering various types of energy sources, including waste-to-energy, biomass and nuclear. This is demonstrated by the Company's track record of delivering groundbreaking projects worldwide. In recent years, the Company has pioneered the delivery of a 200 MW turbine to one of the world's largest waste-to-energy plants in Dubai, a 270 MW turbine to one of the world's largest pulp and paper plants in Kemi (Finland), 299 MW turbine to the Tees Renewable Energy Plant (United Kingdom) – one of the world's largest biomass plants, and a non-original equipment manufacturer (**non-OEM**) and a maintenance, repair and overhaul (**MRO**) project for the Loviisa nuclear power plant (Finland). This project focuses on modernizing the plant's low-pressure turbines and related equipment, as part of a broader initiative to enhance the plant's efficiency and extend its operational life, building on the Company's previous work at the Loviisa plant, which focused on high-pressure turbines, and underscoring the Company's strategic focus on opportunities in the nuclear industry.

Moreover, the Company leverages the prestige of the ŠKODA brand, which represents more than 100 years of technological development and is recognised globally as a mark of excellence and stands as a testament to enduring excellence in a field that has seen dramatic technological evolutions. The Company's longevity in the industry has fostered a deep-seated expertise and experience, enabling the Company to anticipate customer needs and deliver solutions that are both innovative and time-tested.

**Integral member of the Doosan Group**

The Company benefits from being an integral part of the Doosan group, and particularly with Doosan Enerbility, which is one of the leading energy companies in the world, supplying power and water to 40 countries worldwide, with its core business focus on nuclear power, CCPP, wind power, desalination, gas turbines and new business projects, including fuel cells, hydrogen and ammonia co-firing solutions.

The close cooperation between the Company and Doosan Enerbility is evident through the Company's frequent engagement as a supplier on projects where Doosan Enerbility acts as the EPC provider. In recent years, the Company and Doosan Enerbility have entered into several agreements for the supply of the Company's steam turbines. Notable contracts include the contract for the delivery of two 62 MW turbines to the Palu 3 thermal fired power plant in Indonesia in 2020, the contract for the delivery of a 73 MW turbine to the Ukudu CCPP in Guam in 2021, the contract for the delivery of a 70 MW turbine to the Jafurah cogeneration plant in Saudi Arabia in 2022, and the contract for the delivery of two 175 MW turbines to the Turkistan CCPP in Kazakhstan in 2023. By leveraging these synergies with Doosan Enerbility, the Company is able to participate in large-scale projects and enter new markets, thereby spreading its brand name globally.

In May 2024, Doosan Enerbility announced its plan to transfer part of its technology and know-how to the Company, aiming to establish it as the European hub of the Doosan Group. This transfer is expected to enable the Company to undertake the manufacture of air-cooled generators, gas turbines, and hydrogen combustion turbines in the future at the Company's facilities. The Company aims to produce the first rotor of its own generator in 2026. This strategic move is expected to enable the Company to produce its own generators, eliminating the need for external purchases, and to enter the gas turbine market.

Being part of the Doosan group also means promoting a set of basic principles and ethical values that are important to the Company, and which have been the foundation of the Company's success for the past century (the **Doosan Credo**). The Doosan Credo is fundamental to the Company's operations and decision-making, instilling pride in employees, ensuring customer satisfaction with high-quality goods and services, and delivering fair profits to shareholders. By adhering to these values, the Company aims to achieve success and business growth through the growth of its people.

The Company also adheres to the philosophy of Doosan Enerbility, whose name was derived from the words 'energy' and 'sustainability'. The commitment to this philosophy reflects the Company's dedication to enhancing the quality of life through the provision of sustainable and eco-friendly energy solutions, which symbolizes the Company's continuous pursuit of sustainable business models such as waste heat recovery, energy storage, fuel cells, wind turbines and turbines for SMRs. This approach underscores the Company's forward-thinking strategy, aligning with global trends towards environmental responsibility and long-term viability.

**Research and development expertise**

R&D and innovation are vital to the Company's operations, given that its customers expect products that are not only innovative and reliable but also incorporate the latest technologies. The Company's position as a technology innovator with a total of 55 patents[28] and five utility models worldwide stands as a significant competitive edge. The Company's product innovations are fundamental to its success story and are integral to its ability to deliver tailor-made solutions to its customers with an output of up to 1,300 MW per unit. The Company benefits from the expertise of digitalization specialists and a process innovation team, which further help to streamline processes and maintain momentum in digitalization including the Company's tailor-made software for the Škoda Turbo Life Care System monitoring system (see section *Services* below).

The Company's competitiveness is further supported by its development of new products such a carbon dioxide turbine or solutions for energy storage. The carbon dioxide turbine is a novel turbine concept that uses carbon dioxide as the medium instead of steam and takes advantage of the fact that carbon dioxide has specific properties that enable a significant reduction in the turbine size. In 2019, the Company started developing an experimental carbon dioxide turbine solution in collaboration with Czech research institutions Centrum Výzkumu Řež and Ústav jaderného výzkumu Řež. II initiative, which includes significant activities aimed at implementing pilot units of innovative energy systems. The experimental conversion cycle, known as SOFIA, uses supercritical CO2 as the working fluid, offering high flexibility, compact size, and increased efficiency. The Company's experimental solution is to be delivered to the Mělník II power plant, owned by Energotrans, a.s., a subsidiary of ČEZ, a.s. with operation expected to begin in the second half of 2025, marking it as the first demonstration unit of its kind in Europe. The Company sees potential for the use of such turbine in small and medium modular reactors, waste heat recovery applications and power-to-heat-to-power projects.

In 2020, the Company also initiated the development of an organic ranking cycle (**ORC**) solution- a thermodynamic process used to convert heat into mechanical energy, which can then be used to generate electricity. The Company completed the development of its ORC solution in 2024. Following this, the Company successfully completed a feasibility study for an experimental home ORC unit. The implementation phase for this experimental unit is scheduled to begin in 2025, with commissioning and operational activities anticipated to start in 2027.

This commitment to technological advancement is exemplified by the Company's cutting-edge R&D centre of excellence, which is situated within the Company's manufacturing facility in Pilsen and in the proximity of a nearby power plant, allowing for real-time testing with steam, immediate feedback, efficient resource utilisation and knowledge sharing across various teams directly at the Company's facility. The R&D centre includes 1 MW and 10 MW testing turbines as well as other testing equipment such as a dynamic blade measurement machine, on-site flow and moisture measurement, and on-site blade vibration monitoring. As a result, the Company is able to test new equipment and gather valuable data directly at its own premises, streamlining R&D and engineering processes.

The Company's recent R&D activities include project ASTERIx-CAESar, which focuses on the development of a novel high-efficiency solar thermal power plant concept with an integrated electricity storage solution, the co-founding of the National Centre for Energy II, which encourages and strengthens long-term cooperation between the leading research and application sectors in the energy industry and other programs supported by the Technological Agency of the Czech Republic under programs THÉTA 2 (see section *Research and Development*).

As of 31 December 2023, the Company's R&D team consisted of an average headcount of 49 employees, including product designers, analysts, material specialists and project leaders. Additionally, the Company proactively seeks out promising university students and provides them with trainee programs and internships, with the potential for these individuals to eventually become specialists within the Company.

[28] Calculated per country where such patent is registered.

**Sustained growth and profitability**

The Company boasts a solid history of robust financial performance, characterized by growth and profitability. Between 2021 and 2023, it has achieved a steady growth in revenues with a compound annual growth rate (**CAGR**) of 16.48 per cent. Between 2021 and 2023, the Company also increased its profit for the period from CZK 189 million in 2021 to CZK 576 million in 2022 and CZK 559 million in 2023. This success is largely attributed to an increase in product sales, expansion into new geographic territories, with a focus on emerging markets, and the implementation of operational efficiency measures, such as reduction in production costs, supply chain optimization and improvement of tools. This is coupled with the effective use of assets, such as the use of welding stand capability for turbine rotors, which allows for the welding of non-homogenous parts or welding of other rotary parts, a vacuum balancing tunnel, of which there are only three in the Czech Republic, which the Company offers to other manufacturers for collaboration purposes.

The main reasons for the Company's growth in 2023 include the revival of the combined cycle power plant market outside of Europe caused by market uncertainty after the invasion of Ukraine by Russia, the growth and focused development in building relationships with end-users and providing them with tailor-made service activities which has resulted in the entry into long-term service agreements, increasing the number of LTSAs, including retrofitting and servicing non-OEM equipment. The Company has also improved its profitability through an established risk management process, which helps the Company to avoid losses, especially from site-installation projects, through a more diligent screening process that evaluates risks throughout the project lifecycle as well we and in separate execution phases.

The Company's total revenues have consistently increased year on year, from CZK 3,546 million in 2021 to CZK 4,113 million in 2022 and to CZK 4,811 million in 2023, and from CZK 3,155 million for the period from 1 January 2023 to 24 September 2023 to CZK 3,932 million for the period from 1 January 2024 to 24 September 2024.

The Company's order intake has consistently increased year on year, from CZK 4,420 million in 2021 to CZK 4,961 million in 2022 and to CZK 8,251 million in 2023, and from CZK 4,522 million for the period from 1 January 2023 to 24 September 2023 to CZK 5,405 million for the period from 1 January 2024 to 24 September 2024.

The increase in order intake in 2023 was also reflected in the Company's Book-to-Bill Ratio, which increased to 1.7x in 2023 from the previous amount of 1.2x in both 2022 and 2021. For the period from 1 January 2024 to 24 September 2024, the Book-to-Bill Ratio amounted to 1.4x, as compared to 1.4x for the period from 1 January 2023 to 24 September 2023.

**Effective project handling and backlog**

At any one time, the Company is able to manage over 60 projects (including both projects in execution phase and projects in warranty phase) with an aggregate value of up to EUR 1.2 billion at any one time. Considering the industry-specific long-term project periods, particularly in the nuclear energy sector where project life cycles can extend up to 70 years, the Company maintains a substantial project pipeline, which ensures a consistent revenue stream for future years.

The Company has gradually increased its backlog from CZK 4,235 million in 2021 to CZK 4,927 million in 2022 and CZK 8,665 million in 2023. The Company's backlog as of 24 September 2024 amounted to CZK 10,198 million as compared to CZK 6,266 million as of 24 September 2023. The Company's backlog represents up to 80 per cent. of the following year's revenue. This consistent growth in backlog figures underscores the Company's strategic planning and operational efficiency, further solidifying its financial stability and future prospects.

**<u>Strategy</u>**

The Company aspires to become a global energy transition enabler with steam turbines as the Company's core product. The Company's strategy revolves around delivering advanced steam turbines engineered for a variety of clean energy applications, such as waste-to-energy, biomass, CCPP, traditional large nuclear power, concentrated solar power (**CSP**), and diverse industrial uses, all designed for high efficiency and flexibility.

The Company aims to address future energy trends with its steam turbines for SMRs and energy storage systems, including air turbines. The Company's ORC solutions optimize waste heat recovery and support carbon dioxide applications, showcasing its commitment to leading the next generation of energy technologies.

Additionally, the Company's comprehensive service offerings include strong support for both OEM and non-OEM systems. The Company also provides LTSAs, as well as retrofits and modernizations, ensuring enhanced performance and longevity of energy systems.

Through these strategic initiatives, the Company is dedicated to delivering sustainable and innovative energy solutions.

As part of the planned transfer of technology and know-how from Doosan Enerbility to the Company, Doosan Enerbility intends to promote the Company as a European hub of the Doosan group for the production and servicing of two-pole air-cooled generators, gas turbines, and hydrogen combustion turbines. This strategic move is expected to enable the Company to produce its own two-pole air-cooled generators, eliminating the need for external purchases, and to enter the gas turbine market, enhancing its competitive edge and benefiting from its ability in the future to offer both gas and steam turbines. Timing wise, the Company plans to produce the first rotor for its own generator by 2026 and aims to start offering gas and hydrogen turbines by the end of 2028, with deliveries beginning after 2030.

The Company's strategy is to build long-term relationships with existing customers, such Orlen S.A., Hitachi Zosen Inova AG, Acciona, S.A., Fortum Oyj, TSK Electronica y Electricidad S.As, Energetický a průmyslový holding, a.s. and ČEZ, a.s., with whom the Company has worked on several occasions, having the benefit of mutual understanding of customers' expectations and building on an existing relationship, thus saving time and costs when negotiating any contracts in the future.

At the same time, the Company strives to attract new potential customers by ensuring the superior quality of its products and services.

**Expanding into new markets by cooperating with Doosan Enerbility**

The Company has expanded into 62 markets globally. To achieve further growth, the Company believes that it is essential to enhance its brand recognition outside of Europe and to pursue further territorial expansion. The Company believes that the global demand for the CCPPs arising from the exit from coal-fuelled energy sources and in regions not affected by the shortage of natural gas, such as Latin America, the Middle East and Asia, and the associated market for installing new steam turbines to already existing simple cycle gas turbines is an ideal opportunity to increase its global presence. The Company believes that one of the ways of achieving this is by leveraging its cooperation with Doosan Enerbility in penetrating new markets by providing its products and services as a subcontractor on projects secured by Doosan Enerbility in its capacity as an EPC contractor, such as the Company's contracts with Doosan Enerbility for the delivery of a 73 MW turbine to the Ukudu CCPP in Guam in 2021 and for the delivery of two 175 MW turbines to the Turkistan CCPP in Kazakhstan in 2023.

The Company is also confident of its ability to expand into new markets, leveraging the expertise it has acquired through the successful completion of international projects in developing countries, including projects in Mozambique, Botswana and Indonesia. Simultaneously, the Company leverages its experience and awareness to navigate market challenges, such as the competitive pricing dynamics of smaller-scale projects (below 50 MW), duties levied on imports in certain markets and the acquisition and maintenance of necessary export licenses.

The Company is proactive in enhancing its emerging brand presence and expanding its local offices in non-European regions, such as working closely with Doosan Turbomachinery Services, Inc. to expand the Company's non-OEM services activities in the US.

**Nuclear modernization and small modular reactors**

The Company views the nuclear renaissance in Europe as an opportunity to not only contribute to the expansion of nuclear power plants but also to engage in the anticipated growth of the SMR segment. The Company invests time and resources into SMR R&D and has successfully completed the development of the first modular concept of a complete machine hall, which is a key solution for future SMR projects, and introduced a dedicated product line for SMR turbines. The Company also maintains relations with prospective SMR developers, including Électricité de France SA, GE-Hitachi Nuclear Energy International LLC, NuScale Power Corporation, Rolls-Royce SMR Limited, and Westinghouse Electric Company UK Limited, through direct meetings, exhibitions and conferences, such as the annual Nuclear Days conferences at the University of West Bohemia in Pilsen.

The Company actively monitors global developments in the SMR segment and is aware that as of June 2024, projects with an aggregate output range of approximately 22 GW were underway[29]. To capitalise on this potential, the Company's current collaborations in the SMR sector include submitting offers, engaging in paid partnerships and exploring potential equity investments in SMR projects. The Company estimates, that as of the date of this Prospectus, its prospective SMR market includes over 56 SMR units across Europe. In 2024, the Company also became a member of the EU Industrial Alliance on SMRs, which brings together key stakeholders to strengthen the nuclear supply chain, support specific SMR projects, and identify investment opportunities.

Furthermore, the Company seeks to capitalize on the opportunities arising from the transition and increased focus of numerous European nations on nuclear energy, along with the consequent demand for servicing their nuclear power plants. This includes the Company's cooperation with the EPC provider Korea Hydro & Nuclear Power Co., Ltd., who was selected as the preferred supplier of two new nuclear power plant units at the Dukovany power plant in the Czech Republic in July 2024 and based on whose bid the Company was pre-selected as the supplier of turbines to the new nuclear power plants units. The Company also recognizes the additional potential in the Czech nuclear energy sector, particularly with the possible expansion of two new nuclear power plant units at the Temelín power plant and their subsequent servicing. The Company anticipates that these market developments will also lead to the issuance other new nuclear tenders.

**Focus on sustainable energy as a driving factor for biomass and waste-to-energy projects**

As global demand increasingly shifts towards sustainable and clean energy sources, the Company is placing greater emphasis on waste-to-energy and biomass projects, which have become the preferred renewable source to reduce carbon dioxide emissions. Biomass and waste-to-energy projects not only offer a method to convert waste materials into valuable energy, thereby addressing waste management challenges, but they also provide a steady, reliable source of renewable energy. This can be particularly attractive in regions with abundant biomass resources or significant waste output such as Latin America (particularly Brazil) and Northern Europe.

The Company also intends to pursue opportunities arising from the conversion of former coal power plants into waste-to-energy or biomass facilities, including services related to both OEM and non-OEM products, as well as in the growing demand for new installations. The Company anticipates that prioritizing sustainable energy projects will bolster ties with existing customers, who will seek alternatives to coal-fuelled energy sources for their existing and future projects, and will also help in attracting new customers. For instance, the Company is, as of the date of this Prospectus, engaged with an energy provider in the Czech Republic to plan its coal exit and conversion to sustainable energy by 2030.

The Company also aligns its strategy with EU Regulation 2021/1119, which sets a legally binding target to achieve net zero greenhouse gas emissions by 2050. Under the related EU Modernisation Fund, which supports the transition to carbon neutrality, applicants from the Czech Republic can access approximately CZK 150 billion of funds. Of this, 26 per cent. (i.e. CZK 40 billion) is allocated for changing the fuel base and modernizing heat sources and distribution systems, highlighting additional opportunities for sustainable projects.

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EnerData, 2024. *SMR Technology Trends Worldwide*, Grenoble, France (available at https://www.enerdata.net/publications/executive-briefing/smr-world-trends.html#:~:text=About%2022%20GW4%20of,projects%2C%20with%20nearly%204%20GW.).

The Company's focus on sustainable energy is further reinforced by the growing potential of the energy industry. According to the International Energy Agency[30], under the net zero scenario (a pathway to achieve net zero CO2 emissions by 2050) the global demand for electricity is expected to more than double by 2050 while the global electricity generation is expected to increase by 165 per cent. between 2030 and 2050. The repurposing of coal plants and erection of new waste-to-energy and biomass plants is expected to be the driving force behind this transformation.

The Company also engages in R&D activities related to sustainable energy. In 2023, the Company, together with several European research institutions and energy companies, joined up on project ASTERIx-CAESar, in an attempt to develop a novel high-efficiency solar thermal power plant concept (see *Research and Development* for a detailed description.)

**Service offerings and long-term service agreements**

The Company intends to expand its service offerings of both OEM as well as non-OEM turbines. In 2023, the Company's revenues from its service offerings, except for long-term service agreements, amounted to CZK 1,170 million compared to CZK 952 million in 2022. A key aspect of the Company's service provision strategy is the implementation of long-term service agreements (**LTSAs**), with a typical term of five to 15 years). LTSAs are instrumental in preventing equipment failures and ensuring comprehensive technical support (see section *Services* for a detailed description of the LTSAs). LTSAs typically encompass preventive maintenance, efficient responses to any technical issues that may arise, remote monitoring, predictable long-term maintenance costs, optimized maintenance programs and costs, guaranteed availability or reliability, and overhauls in the shortest possible time.

Additionally, the Company's strategic approach to services includes efforts to penetrate the US market by undertaking modernization and retrofitting projects and by demonstrating competitiveness and efficiency through modernisation solutions, which increase the turbine's efficiency and its life cycle and which the Company is able to deliver in a matter of weeks. This strategy is supported by Doosan Turbomachinery Services, Inc., a US-based subsidiary of Doosan Enerbility, which coordinates aftermarket service activities in the US and identifies prospective servicing projects, and via a network of consultants equipped with in-depth knowledge of the Company's offerings serving as advisors and service providers to the Company. The Company has broadened its collaboration with Svertas Group to provide non-OEM maintenance services for power plants in Lithuania. These plants were previously maintained by Leningradsky Metallichesky Zavod, which no longer services the plants due to EU sanctions following the Russian invasion of Ukraine. The Company also believes there may be further opportunities to further penetrate the market previously served by Leningradsky Metallichesky Zavod, having identified 24 nuclear power plants in Europe and in the Commonwealth of Independent States member states (excluding Russia).

**The Company's philosophy and values**

The Company's philosophy reflects its vision of being a global leader in the turbines industry and leading supplier on global EPC projects, as well as its mission of providing quality products and services focused on customers. By following this philosophy, the Company strives to build long-term relationships with its customers and enter into long-term service agreements. The Company's philosophy is based on the following principles: own research and development, advanced design, engineering and solutions, technological and production core competencies, high-level project and site management, quality-driven processes, optimal economic solutions, human resource management, integrity and steady dynamic growth of the Company. Additionally, a key aspect of the Company's philosophy is risk management (see section *Risk Management*).

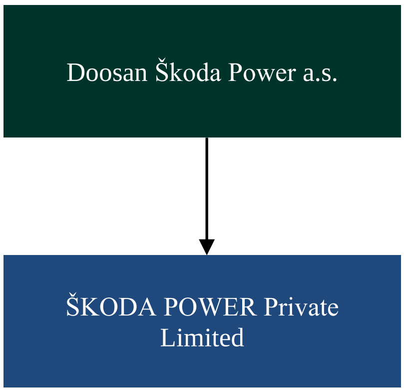
In implementing its vision, the Company also strives to:

- prioritize and uphold the health and safety of any person directly or indirectly affected by the Company's activities, through a proactive error prevention approach to seek to ensure zero incidents;

[30] International Energy Agency, 2024. *2024 Mid-Year Outlook*; *2023 World Energy Outlook; 2024 Electricity Outlook* Paris (available at https://www.iea.org/analysis?type=report).

- take its environmental responsibilities seriously, promoting environmental best practice and complying with international legislation and guidelines;
- be committed to achieving high standards of quality and excellence in everything the Company does;
- conduct its business ethically and with integrity and promote a culture within the Company of respect for each other, the Company's customers and all of its other stakeholders;
- work hard to gain a technological edge by developing the products and technologies of the future and delivering them to the market ahead of the competition; and
- aim to be an employer of choice and invest in the Company's skilled team of professionals.

**Company Structure**




See section *Major Shareholders and Related Party Transactions* for information about the ownership structure of the Company as well as the related party transactions entered into between the Company and other subsidiaries of Doosan Corporation.

**Subsidiaries**

The description below provides certain information with respect to ŠKODA POWER Private Limited, the sole key operational and/or material subsidiary of the Company:

**ŠKODA POWER Private Limited (Škoda Power India)**

Škoda Power India is a fully owned subsidiary of the Company based in New Delhi, India. It was established by the Company in 2005. Škoda Power India is not involved in the direct manufacturing of the Company's products and instead participates in sales, engineering, design and project management. Škoda Power India is consolidated in the Company's consolidated financial statements. Consequently, where appropriate, the term "Company" also refers to Škoda Power India.

**History**

The history of the Company dates back to 1869. The table below sets forth the most significant milestones in the development of the Company:

| | |
|---|---|
| 1869 | Emil Škoda founded an engineering workshop |
| 1904 | The first Rateau system steam turbine with a power output of 412 kW is manufactured. |
| 1911 | The Rateau system turbines are replaced by turbines of Škoda's own design. |

1932 The first reheating steam turbines with a unit capacity of 23 MW with were developed.

1959 A steam turbine with a capacity of 110 MW was produced.

1966 A steam turbine with a capacity of 200 MW was manufactured.

1976 Steam turbines of 220 MW capacity for nuclear power plants were launched.

1978 A steam turbine with a capacity of 500 MW was produced.

1992 A steam turbine with a capacity of 1,000 MW is manufactured for use in nuclear power plants.

1993 Privatization, the Company (then Brown & Root ŠKODA, s.r.o.) is established as a subsidiary of ŠKODA a.s.

1998 The Company is renamed to ŠKODA ENERGO s.r.o.

2004 The Company is renamed to ŠKODA POWER s.r.o.

2005 The Company establishes a subsidiary in India – ŠKODA POWER Private Limited.

2006 The Company is transformed into a joint-stock company under the name ŠKODA POWER a.s.

2007 Switch-on of 660 MW USC unit is contracted for the Ledvice power plant in the Czech Republic.

2008 Innovative 1220mm turbine blades are introduced.

2009 The Company joins Doosan Group as a subsidiary of Doosan Heavy Industries and Construction.

2012 The Company is renamed to Doosan Škoda Power s.r.o.

2013 The new Doosan Group R&D Center of Excellence for Steam Turbines is opened.

2014 A steam turbine with a capacity of 1,100 MW is manufactured for use in nuclear power plants.

2024 A steam turbine with a capacity of 200 MW is put into operation at one of the world’s largest waste-to-energy plants in Dubai.

**The turbomachinery business**

The Company is a modern and dynamic supplier of high-performance steam turbines, condensers and heat exchangers that the Company believes rank amongst the best products of their kind in today’s global marketplace. The Company’s business can be divided into two main segments: new installations and services.

**New installations**

The Company’s production segment covers a full range of steam turbines with an output of three to 1,300 MW, which can be customized to meet the specific needs of the customers’ market sectors and applications around the world. See section *Production and on-site assembly* for a detailed description of the production and on-site process. In accordance with the agreement established with Doosan Enerbility, the primary market focus of the Company is centred on the production of steam turbines with an output capacity below 350 MW. While this serves as a guiding principle, it is not an absolute rule, and as such, there are notable exceptions to this delineation of market responsibilities. For example, the Company exclusively contracts full-speed nuclear application projects (while Doosan Enerbility contracts half-speed nuclear applications), fulfils the requirements for nuclear and CCPP projects within the Czech Republic and also serves long-term clients such as ČEZ, a.s., Vattenfall AB, E.ON SE, RWE AG and Fortum Oyj and engages in marketing and sales support in Germany, Finland, Sweden and Slovakia. Moreover, this principle retains a degree of flexibility, allowing for ad hoc adjustments that facilitate the optimal allocation of resources and the strategic alignment of business objectives between the Company and Doosan Enerbility.

The Company's technology can handle different fuel types, such as biomass, waste, nuclear, geothermal, solar and hydro as well as coal, oil and gas. The Company also designs and, through its regular suppliers, supplies condensers and heat exchangers to improve power generation efficiency. Following the transfer of technology and know-how from Doosan Enerbility to the Company, the Company also intends to commence its own production of generators and gas and hydrogen turbines, utilising the license granted by Doosan Enerbility.

Generally, the production process of the Company's steam turbines consists of the purchase of material (such as castings and forgings) from selected suppliers, the production of individual rotor and stator parts and the final assembly of the turbine.

Due to the superior capabilities of the Company's machinery, the Company also produces various individual parts of steam turbines for customers. Additionally, the Company also provides steam turbine, gas turbine and generator rotor balancing in the Company's vacuumable balancing tunnel.

The Company has a modern manufacturing facility in Pilsen, Czech Republic, where it performs all-in-one design and manufacturing, heavy manufacturing, turbine component machining, blade machining, rotor machining, rotor high-speed balancing and assembly, pre-final assembly and dispatch and engineering.

The Company carries out extensive projects including the supply of its products and machinery to complex turnkey deliveries including on-site construction and commissioning – in instances of broad, extensive scopes, the delivery of turbines may constitute approximately 20 per cent. of the total project value. The Company upgrades its own turbines with cutting-edge technology, as well as non-OEM turbines that utilize the Company's components.

The Company has a dedicated procurement department, responsible for ensuring the supply of materials and products necessary for the production of steam turbines. Regardless of the size of the turbine, the Company usually purchases similar components, such as raw materials and various electronical and mechanical parts. The Company sources the necessary materials and components from both European and global suppliers and ensures that the materials meet the required specifications through a quality control process. As the Company is a project-oriented company, the tendering process takes place specifically for each project and commodity, especially due to the unique technical solutions required for each individual project.

The scope of the Company's product line and the size of its operations allow the Company to offer specific product models for both industrial use and for medium size and large size power projects. Accordingly, the steam turbines manufactured by the Company can be split into industrial steam turbines and turbines for medium and large power output. In 2023, sales of industrial steam turbines and turbines for medium and large power output amounted to CZK 3,394 million. In 2022, sales of industrial steam turbines and turbines for medium and large power output amounted to CZK 2,943 million.

The Company's revenues from the new installations revenue stream amounted to CZK 3,394 million or 70.55 per cent. of the Company's total revenues for 2023, compared to CZK 2,943 million or 71.55 per cent. of the Company's total revenues for 2022.

**Services**

The Company's services segment offers a full range of services for its customers. The services segment of the Company focuses on providing maintenance of both OEM and non-OEM turbines, as well as other services connected with the Company's scope of business and products. The services segment can be split into two distinct types of services:

- maintenance, repair and overhaul on a case-by-case basis; and
- LTSAs offering long-term predictive and preventive maintenance.

The services that the Company provides consist of spare parts supply and management, expert services applying advanced diagnostic monitoring and evaluation, troubleshooting, overhauling and repairing of the turbine hall (including generator), condensate and feedwater equipment, service hotline in case of emergencies, carrying out residual lifetime assessments for turbines and generators, measuring performance degradation, advance repair technology and retrofitting and on-site machining.

The Company has a strong track record of servicing both its own, as well as non-OEM, equipment, with a focus on enhancing the reliability, availability, flexibility and thermodynamic efficiency of turbomachinery systems. The Company also has in-house research and development facilities that enable it to innovate and adapt to the changing needs and trends of the market.

The Company also offers LTSAs to provide a close, long-term partnership with customers, focusing on preventive maintenance and providing an efficient response to any technical issues that may arise. The LTSAs include partnerships with OEMs, remote monitoring, predictable long-term maintenance costs, optimized maintenance programmes and costs, guaranteed availability or reliability and overhauling in the shortest possible time. Typically, the terms of the LTSAs usually include a schedule of periodic inspections (minor annual inspections, medium inspections every three to four years and major inspections involving turbine opening every seven to eight years), the provision of a hotline service over an agreed period (which usually spans ten to 15 years) and, in some cases, even real-time monitoring. Based on the results and findings of the particular inspections, relevant adjustments or repairs are initiated, leading to additional order intake and turnover in the form of spare parts and service deliveries. In 2023, the Company entered into 9 LTSAs, compared to 5 LTSAs in 2022. As of the date of this Prospectus, the Company has 27 active LTSAs.

Another major part of the Company's service offerings is the Škoda Turbo Life Care System (**Škoda TLCS**), which provides comprehensive management and monitoring of turbogenerator conditions, and the trademark to which the Company registered in 2022. The Škoda TLCS combines cutting-edge technology using artificial intelligence elements to ensure optimal operation and maximum longevity of turbogenerators. By using the Škoda TLCS the Company is able to remotely monitor its customer's turbine data and predict future operability of the turbines, including the need for any maintenance. The finalisation of the TLCS infrastructure, including the central server agreement, workflow, and security, has been a critical milestone in enhancing the system's reliability and efficiency. The Škoda TLCS offers comprehensive services such as proactive maintenance, customized reporting, advanced analysis and expert troubleshooting, all aimed at reducing costs and enhancing performance, coupled with exceptional support through a 24/7 hotline, online help and fast global connectivity, which minimizes response times and travel expenses with remote assistance.

The Company specializes in retrofitting and modernizing turbines and other equipment within turbine machine halls. The Company also provides additional auxiliary systems including lubrication oil systems, control systems, boiler feed water pumps and valves. The Company's services are designed to enhance performance and prolong the operational lifespan of both OEM and non-OEM equipment. Regarding retrofits, the Company's customers can expect a return on investment within three to five years. The Company's approach to its retrofitting services includes:

- use of original foundation with minor modifications;
- replacement of old steam paths with new flow paths and blading;
- reverse engineering for non-OEM turbines and generators;
- retention of original turbine design and dimensions (bearing span, etc.);
- use of original or retrofitted condenser and heaters;
- control system upgrade;
- turbine valves regulation retrofit; and
- generator rewinding of old stator and/or rotor coils with new materials, enhanced insulation and greater capacity.

The Company's revenues from the service and long-term service agreements revenue stream amounted to CZK 1,394 million or 28.98 per cent. of the Company's total revenues in 2023, compared to revenues of CZK 1,118 million or 27.18 per cent. of the Company's total revenues in 2022.

*Ancillary services and maintenance*

Additional services include reverse engineering and 3D scanning, which are instrumental in the modernization and retrofitting of non-OEM equipment, particularly in instances where original detailed drawings are unavailable. By leveraging advanced technology, the Company can accurately replicate essential drawings and execute retrofit and modernization projects. Furthermore, the Company employs 3D scanning technology in existing projects, where its role includes gathering detailed technical data on existing layouts and machinery.

The Company also offers on-site machining, which enables the Company to make repairs directly on-site which minimises operational shutdowns and does not require disassembly and transport of parts to a workshop. This approach is both time and cost effective, resulting in significant benefits for the end customer.

**Business process**

Production and services are fundamental components of the Company's business model, each holding a pivotal role within the Company's comprehensive business process, which typically consists of sales, execution (including engineering & design procurement, sourcing, production, delivery to site, assembly & commissioning, warranty), and service LTSAs (including retrofitting and modernization).

**Product portfolio**

The Company offers a variety of turbomachinery solutions designed to address different energy and project-specific requirements. The Company's product range includes steam turbines suitable for industrial applications, as well as those for medium and large power outputs, along with condensers and heat exchangers. The average lifespan of a turbine is approximately 25 years or 200,000 operating hours, depending on the type of installation and operation.

***Industrial steam turbines***

The Company's industrial steam turbines are flexible units that meet the requirements of even the most complex processes in a range of industries, from metallurgy, mining, pulp and paper to sugar mills and local heating from cogeneration units, including waste incineration plants. For high-speed turbines, the power output ranges from three to 65 MW.

The turbines are constructed as single-casing, high-speed turbines, either condensing or back-pressure, in a compact configuration. Single casing steam turbines are usually coupled to the generator via a gearbox.

The construction of these turbines allows for the application of one or more controlled steam extraction systems and a radial or axial outlet into the condenser. Each turbine is fully and compactly assembled upon a robust frame, ensuring that all components are securely in place. This comprehensive assembly, typically conducted at a workshop, includes thorough insulation and the integration of instrumentation and control systems, which are critical for the efficient and safe operation of the turbines. To further streamline the installation process, the turbines are delivered with a flange-to-flange connection, providing a seamless and straightforward setup. This level of workshop pre-assembly means that the end customers receive a product that is ready for immediate integration into their systems, eliminating the need for additional assembly on-site time and reducing associated costs.

The table below contains the Company's most frequently delivered products in the industrial steam turbines category:

| | |
|---|---|
| DST-V | The DST-V is a variable speed driver steam turbine with indicative output in a range of three up to 35 MW. |
| DST-G10 | The DST-G10 is an industrial steam turbine connected via a gearbox. The G10 model has an indicative output that ranges from three up to 35 MW running at a speed greater than 6,500 revolutions per minute (**RPM**). |

| | |
|---|---|
| DST-G20 | Similarly to the DST-G10, the DST-G20 is an industrial steam turbine connected via a gearbox. The G20 model has an indicative output of 20 up to 65 MW running at a speed of 4,000 to 6,500 RPM. |

***Turbines for medium and large power output***

The Company's medium and large power output steam turbines for power generation application are designed primarily with the requirements of utilities and heating facilities in mind. The power output ranges from 50 to 1,300 MW.

The Company follows the principle that a turbine's flow part is always designed according to the specific requirements and conditions of each individual project. To achieve the maximum possible efficiency, the Company combines its modular structure with operationally verified nodes. Outlet casings for condensing turbines differ only according to the standard modular last stage blade.

The table below contains the Company's most frequently delivered products in the turbines for medium and large power output category:

| | |
|---|---|
| DST-S10 | The DST-S10 is a power generation synchronous steam turbine, that can be manufactured as a single casing or double casing type. Both types run at a speed of 3,000 or 3,600 RPM.<br><br>The single casing model has an indicative power output range of 50 to 180 MW, while the double casing is more powerful with an output of 50 to 250 MW.<br><br>The double casing type was used in project Atacama I in Chile, which makes it the largest concentrated solar power project undertaken by the Company. |
| DST-S20 | The DST-S20 is a power generation synchronous steam turbine, of a high-intermediate pressure (**HIP**) and low pressure (**LP**) type. Its output spans from 100 to 700 MW.<br><br>The DST-S20 model was used in the KEMI project – the largest wood processing plant in the Northern Hemisphere, which produces 1.5 million tonnes of wood pellets per year, and in the Dubai Waste-to-Energy project – the largest waste incinerator plant in the world, which will process 2 million tonnes of solid waste every year and provide power for 120,000 homes. |
| DST-S30 | The DST-S30 is the Company's most powerful synchronous steam generation turbine, of a high pressure (**HP**), intermediate pressure (**IP**) and LP type. Its output can range from 200 up to 1,100 MW.<br><br>The DST-S30 model was used by the Company in the Empalme II project in Mexico. |
| DST-N | The DST-N steam turbines for nuclear power plants are the most powerful steam turbines that the Company manufactures. The DST-N can either run at half speed (**DST-NH**) or at full speed (**DST-NF**).<br><br>The DST-N can achieve an output of 200 to 1,300 MW. The DST-NF model was supplied by the Company to the Temelín nuclear power plant, which makes it the largest full-speed unit in the Czech Republic. |

***Condensers and heat exchangers***

To achieve the best efficiency for steam cycles, the highest efficiency condensers and heat exchangers are required. The Company designs and supplies these through its regular suppliers. These products are crafted using the latest advancements in technology and engineering to ensure optimal performance and efficiency.

Through decades of experience with the thermal cycle design as steam turbine OEM, the design of condensers and heat exchangers can be customised to meet all customer requirements regarding size, price, layout and overall thermal cycle optimization. The Company's condensers and heat exchangers comply with commonly used standards including Heat Exchange Institute (HEI) Standards and other design standards for pressure equipment including the Pressure Equipment Directive (PED), European Standard (EN) and American Society of Mechanical Engineer (ASME) Code.

***Condensers***

The design of condensers is offered for any size and type of steam turbine and the Company supplies them to its customers through its regular suppliers. Based on years of research and application experience, the optimum condenser type with appropriate supports and connection to a steam turbine is selected. Materials including condenser tubes are selected either based on the technical specifications agreed in each project or by the Company based on the expected application parameters. Through experience with hundreds of successful projects, the Company can, with cooperation from its supplier, also deliver condensers with all the necessary auxiliary equipment.

***Heat exchangers***

*District water heaters*

The Company's district water heater design is based on extensive customer feedback and considers modern trends and features based on thermodynamic calculations, using the Company's custom-made software and internationally recognized design standards, such as European Standards (EN) and the American Society of Mechanical Engineering (ASME) Code. The Company's district water heaters with U-tubes or straight tubes are designed to meet stringent district heating requirements and achieve the highest possible efficiency of an entire heating cycle.

*Regenerative LP & HP heaters*

The Company's regenerative heat exchangers utilize latest findings from its own research and include all modern features such as integrated desuperheaters and sub-coolers. Materials and the design are optimized for thermal loading to meet customers' price and layout expectations.

*Steam jet ejectors*

The Company offers highly efficient and robust alternatives to water ring vacuum pumps. The vent steam condenser is integrated in the steam jet ejector's condenser. This solution saves space and reduces total investment cost.

**Reference projects**

**Key projects**

***Project Temelín***

The Company delivered two 1,000 MW units of the DST-NF turbine, the largest full-speed nuclear units in the Czech Republic, to the Temelín nuclear power plant, which commenced commercial operation in 2002. The Company remains actively engaged at the Temelín power plant, accomplishing a successful modernization of the flow paths in the supplied steam turbines in 2016, along with turbine valves and auxiliary components, to increase the power output up to 1,100 MW, prolong service life and enhance efficiency.

***Project Empalme II***

The Company supplied a DST-S30 steam turbine and a DGen-H generator with power capacity achieving 296 MW to the Sonora CCPP plant in Mexico, which commenced operation in 2019. Project Empalme II marks the Company's continuous ambition towards deeper integration in the Latin America energy market.


***Project Kemi***

Despite facing restrictions related to the COVID-19 pandemic, the Company was able to deliver a state of the art 270 MW DST-20 steam turbine to the Kemi bioproduct mill in Finland. The Kemi mill is the largest wood processing plant in the Northern Hemisphere with a production of 1.5 million tonnes of wood pellets per year and 2.0 TWh of renewable electricity per year.

***Project Atacama I***

In 2021, the Company supplied a DST-S10 steam turbine with a power capacity of 110 MW to the solar power plant Atacama I project in Chile. Project Atacama I is the largest concentrated solar unit project ever undertaken by the Company and is a testament to the Company's mission to actively participate in the reduction of carbon dioxide emissions in the production of electricity by assisting the transition from conventional technologies to renewable sources.

***Project Dubai Waste-to-Energy***

In 2024, the Company's DST-S20 turbine is put into operation at one of the largest waste incinerator plants in the world, constructed in Dubai. The DST-S20 model has a power capacity of 200 MW per unit. Project Dubai Waste-to-Energy is set to process 2 million tonnes of solid waste every year and provide power for 120,000 homes.

***Project Loviisa***

In 2024, the Company entered into a non-OEM contract with Fortum Oyj, for the supply of a new low-pressure turbine for the Loviisa nuclear power plant in Finland. This project is part of a broader initiative to enhance the plant's efficiency by approximately 38 MWe and extend its operational life. This collaboration underscores the Company's role in supporting the modernization and sustainability of nuclear energy infrastructure and building on the Company's previous work at the Loviisa plant, which focused on high-pressure turbines.

***Project Plock***

In 2024, the Company entered into a turnkey technology delivery contract with Orlen S.A. for the modernization of the TG-4 and the TG-5 turbogenerators of the Plock heat and power plant in Poland, which includes manufacturing, installation, commissioning, and a subsequent ten-year LTSA. The project, scheduled for completion in 2029, will be executed as an EPC contract, ensuring an approximately nine per cent. increase in energy efficiency. The modernization will occur in two phases to maintain operational continuity and safety. The Company previously supplied and commissioned a 75 MW turbine unit at the plant in 2017.

**Other reference projects**

The Company's products described in the section *The turbomachinery business* above are utilized in energy projects around the world. In addition to the reference projects mentioned in the section *Key projects* above, the tables below show a selection of the Company's projects, categorized by model, completed over the past 15 years:

*DST-N model*

| Year | Project and Location | Power Output | Units | Application |
|---|---|---|---|---|
| 2020 | Mochovce, Slovakia | 220 MW | 2 | Nuclear Power Plant |
| 2013 | Temelín, Czech Republic | 1100 MW | 2 | Nuclear Power Plant |
| 2012 | Dukovany, Czech Republic | 250 MW | 8 | Nuclear Power Plant |

*DST-S20 model*

| Year | Project and Location | Power Output | Units | Application |
|---|---|---|---|---|
| 2015 | Red Dragon, Chile | 375 MW | 1 | Fossil Fuels |
| 2014 | Kelar, Chile | 179 MW | 1 | Combine Cycle Steam Turbines |
| 2013 | Lichterfelde, Germany | 116 MW | 1 | Combine Cycle Steam Turbines |

| | | | | |
|---|---|---|---|---|
| 2012 | Stalowa Wola, Poland | 160 MW | 1 | Combine Cycle Steam Turbines |
| 2011 | Hatay, Turkey | 320 MW | 1 | Combine Cycle Steam Turbines |
| 2009 | Počerady, Czech Republic | 273 MW | 1 | Combine Cycle Steam Turbines |

*DST-S10*

| Year | Project and Location | Power Output | Units | Application |
|---|---|---|---|---|
| 2019 | Sodegaura Biomass, Japan | 75 MW | 1 | Biomass Power Plant Turbines |
| 2018 | Istanbul, Turkey | 85 MW | 1 | Energy From Waste |
| 2018 | Lansing, USA | 92 MW | 1 | Combine Cycle Steam Turbines |
| 2018 | South Jeju, Korea | 59 MW | 1 | Combine Cycle Steam Turbines |
| 2018 | JSW Dolvi, India | 175 MW | 1 | Industrial Steam Turbines |
| 2017 | Zeran, Poland | 155 MW | 1 | Combine Cycle Steam Turbines |
| 2016 | Fadhili, Saudi Arabia | 209 MW | 1 | Combine Cycle Steam Turbines |
| 2015 | Grati 3, Indonesia | 198 MW | 1 | Combine Cycle Steam Turbines |
| 2015 | Plock, Poland | 75 MW | 1 | Industrial Steam Turbines |
| 2015 | Salalah 2, Oman | 90 MW | 2 | Combine Cycle Steam Turbines |
| 2015 | Zabrze, Poland | 75 MW | 1 | Biomass Power Plant Turbines |
| 2014 | Dublin, Ireland | 70 MW | 1 | Energy From Waste |
| 2013 | Vartan KVV8, Sweden | 154 MW | 1 | Biomass Power Plant Turbines |
| 2012 | Stendal, Germany | 46 MW | 1 | Biomass Power Plant Turbines |
| 2012 | Gummidipoondi, India | 171 MW | 1 | Fossil Fuels |

*DST-G20 model*

| Year | Project and Location | Power Output | Units | Application |
|---|---|---|---|---|
| 2020 | Palu 3, Indonesia | 62 MW | 2 | Fossil Fuels |
| 2019 | Wolfsburg, Germany | 49 MW | 2 | Combine Cycle Steam Turbines |
| 2019 | Kipaş Söke, Turkey | 47 MW | 1 | Fossil Fuels |
| 2019 | Kwinana, Australia | 42 MW | 1 | Energy From Waste |
| 2018 | Talara, Peru | 51 MW | 2 | Industrial Steam Turbines |
| 2018 | Cubillos del Sil, Spain | 50 MW | 1 | Biomass Power Plant Turbines |
| 2015 | Margam, UK | 45 MW | 1 | Biomass Power Plant Turbines |
| 2012 | Växjö, Sweden | 39 MW | 1 | Biomass Power Plant Turbines |

*DST-G10 model*

| Year | Project and Location | Power Output | Units | Application |
|---|---|---|---|---|
| 2020 | Aberdeen, UK | 15 MW | 1 | Energy From Waste |
| 2020 | Eti Maden, Turkey | 17 MW | 1 | Industrial Steam Turbines |

*DST-V model*

| Year | Project and Location | Power Output | Units | Application |
|---|---|---|---|---|
| 2020 | Sorek II, Israel | 14 MW | 4 | Drive turbines |

**Projects in preparation and new orders**

The Company's current and new projects include:

- the modernization of LP parts in four units of the Loviisa nuclear power plant in Finland, contracted in 2024 with a contract price of approximately EUR 60 million. The works are expected to take place during the summer months of 2026 through 2028, with the project to be handed over by late 2028;
- the modernization of non-OEM turbines in the Altura and Astoria power plants in the United States, both contracted in 2024, each with a contract price of approximately USD 8 million. The project is expected to be handed over by the mid-2028;
- the replacement of the original turbine in the Komořany TG 7 project in the Czech Republic, contracted in 2023, with a contract price of approximately CZK 530 million. The project is expected to be handed over by early 2025; and

- the replacement of original turbines in the Plock unit 4 & 5 project in Poland, contracted in 2023, with a contract price of approximately CZK 2,670 million. The project is expected to be handed over by mid-2026.

**Customer relations**

The Company places its customers at the core of its business operations. The Company sustains a broad base of customers with no customer representing more than 10 per cent. of the Company's revenues for the years 2023, 2022 and 2021. For instance, the Company's new installations, services and LTSA provided to one of its major customers, the Czech energy company ČEZ, a.s., accounted for 8.6 per cent. of the Company's revenues for the years 2023, 2022, and 2021. Recognizing the importance of long-standing partnerships, the Company identifies and values its key customers with whom it has completed numerous projects over time. To further strengthen these relationships, the Company is in the process of introducing a loyalty program, tailored specifically to meet the needs of these key customers.

In its commitment to fostering strong and long-term customer relationships, the Company ensures that management maintains a hands-on approach. This includes the establishment of steering committees for each project. While the project management team is responsible for the day-to-day project operations, the steering committees serve as a platform for the senior level management of both the Company and its customers to discuss key aspects of projects, steer and supervise the project and contract execution and also to provide an escalation route for operational issues. Each year, the execution director and other senior employees engage in up to 40 steering committees across various projects. This allows the Company to oversee projects from a managerial perspective and also ensures that customers are aware of the management's engagement in project management.

Moreover, the Company is dedicated to excellence and responsiveness and analyses customer feedback to drive continuous improvement across all segments of its operations.

The Company's customers typically consist of major EPC providers, which are engaged by the end customer to manage and supervise comprehensive energy projects. In this capacity, the Company serves as a specialist contractor, providing steam turbines, generators, and related ancillary equipment.

The Company's sales department is divided into Sales and Service. The Sales division is further divided into Sales Asia, Sales Americas and Sales Europe, as well as two specialized divisions: Sales Nuclear and Business Drivers. The Service division is divided into Service Domestic and Service Overseas.

The Company does not maintain a distribution network. Products are transported according to the contractual conditions agreed upon with each customer. Typically, this involves delivering the products to the port of departure under Free on Board (FOB) Incoterms.

The Company generally enters into agreements for the supply of steam turbines which detail the complete process for the supply of products, encompassing the engineering, manufacturing and delivery of steam turbines, on-site installation and product warranty. It is a standard practice for the Company to provide multiple financial guarantees, issued by reputable banks, to the contractors to secure the Company's proper and punctual delivery of its products. These typically include an advance payment guarantee, a performance guarantee and a warranty guarantee (**Financial Guarantees**). See also the risks associated with the Financial Guarantees in *The Company's business requires access to significant guarantee lines and project-related insurance, which may not be available for certain types of projects.* The Company typically also undertakes to pay liquidated damages for the delay in production and delivery as well as any shortcomings in availability and performance.

Given the extensive duration and scope of energy projects, along with the associated risks, the Company does not receive the full purchase price of the contract upfront. Instead, payments are made in instalments tied to specific project milestones. These milestones can differ from one project to another but generally include the following stages: contract signing, construction plan approval, product inspection at the manufacturing site, delivery to the project site, completion of erection at the project site, site take-over and final acceptance. The Company employs a multifaceted approach to sales and marketing, designed to expand its reach and strengthen its market position. This approach is characterized by a use of a blend of direct and indirect sales channels, as well as a variety of marketing activities that are tailored to the relevant industry's unique demands and the Company's strategic objectives.

The Company has established a reliable agency network that plays a crucial role in its sales strategy. This network comprises of select and highly competent consultants that represent the Company's interests across different regions. The consultants are equipped with in-depth knowledge of the Company's offerings and serve as advisors and service providers to the Company but are not empowered to act on the Company's behalf. They serve as the Company's extended arm in territories where it does not have a physical presence, for instance in the United States and Israel, ensuring that the Company's solutions are accessible to a wider audience. The Company also regularly participates in roadshows, expert conferences and exhibitions. These events serve as a platform for the Company to demonstrate its technological advancements, share insights on industry trends, reach a targeted audience in various geographical locations and to showcase the Company's products and services to a broader audience, reach its target market and communicate its value proposition to customers and stakeholders in the power and infrastructure sectors.

**Suppliers**

The Company's production of steam turbines relies on external suppliers of materials, parts and, in some cases, complete products. The Company utilizes numerous raw materials, including steel and certain alloys.

The Company maintains relationships with more than 1,000 suppliers of various parts, commodities, materials and services via a combination of short-and medium-term contracts, some of which contain minimum purchase requirements (primarily those with utility companies, including electricity and water suppliers), but often without volume requirements or fixed prices, with a variety of suppliers, as well as long-term relationships with vendors.

The Company's main suppliers may be categorized into raw material and energy suppliers, component suppliers (mechanical and electronic components), sub-assembly suppliers, packaging and transportation suppliers and technical service providers, each playing a pivotal role in the Company's production and service delivery. The Company's suppliers are based mainly in OECD countries with additional partnerships in India through Škoda Power India and in China. On a case-by-case basis the Company also partners with local suppliers when conducting projects abroad.

The terms of the Company's supply agreements typically include provisions regarding payment milestones, liability, warranty and liquidated damages and other provisions similar to those found in the Company's agreements with its customers. These provisions are designed to reflect the terms of the main project agreement as much as possible to prevent or at least mitigate any potential cost losses caused by the Company's suppliers. Additionally, the Company requires its suppliers to provide financial guarantees, which are on terms similar to the Financial Guarantees (typically various types of guarantees such Advance Payment Guarantees, Performance Guarantees and Warranty Guarantees) provided by the Company to its customers, to ensure the proper and punctual performance and delivery of products and services.

The Company also depends on a consistent supply of steam and cooling water to operate its R&D facility. See also *Steam and cooling water supply agreements with Plzeňská teplárenská, a.s.*.

Pursuant to its code of conduct for suppliers, the Company expects all of its suppliers to adhere to the following minimum requirements: compliance with all applicable laws and regulations; the highest standards of integrity in all business interactions; support and respect of internationally proclaimed human rights; compliance with labour statutory standards such as freedom of association and non-discrimination; and a precautionary approach to environmental issues and promotion of greater environmental responsibility. The Company's suppliers are regularly evaluated, internally, by assigned employees of the Company from the procurement, quality and engineering departments. All components that are sourced from suppliers, as well as all their relevant documentation, are subject to pre-shipment inspections by the Company. Key components such as generators, control systems, gearbox and electrical parts, condensers, integrated oil systems, valves and other materials, such as main casings and rotor forgings, are subject to pre-shipment inspections performed in the presence of the Company's representatives.

**Facilities**

The Company's material assets are primarily its production, distribution and storage facilities. Accordingly, the Company's material assets consist primarily of buildings, warehouses and other structures, as well as real estate (plots of land) on which these structures are located and the machinery and equipment housed by these structures (e.g. production lines).

The Company owns or leases various properties in Pilsen, Prague, Brno and Ostrava in the Czech Republic and in Gurugram and Chennai, India.

The table below sets forth the Company's production or distribution facilities and offices as of the date of this Prospectus:

| **Country** | **Location** | **Title** | **Total area[(1)(2)]** | **Brief Description** |
|---|---|---|---|---|
| Czech Republic | Pilsen | Owned | 88,613 $m^2$ | The Company's main production facility |
| Czech Republic | Pilsen | Leased | 622 $m^2$ | Storage for supplies |
| Czech Republic | Prague | Leased | 291 $m^2$ | Regional office |
| Czech Republic | Brno | Leased | 458 $m^2$ | Regional office |
| Czech Republic | Ostrava | Leased | 104 $m^2$ | Regional office |
| India | New Delhi | Leased | 33 $m^2$ (350 $ft^2$) | ŠKODA POWER Private Limited office |
| India | Gurugram | Leased | 446 $m^2$ (4,800 $ft^2$) | ŠKODA POWER Private Limited office |
| India | Chennai | Leased | 186 $m^2$ (2,000 $ft^2$) | ŠKODA POWER Private Limited office |

(1) Approximate values rounded up to the nearest $m^2$.
(2) Figures for India are converted to $m^2$ from their original unit of $ft^2$ which are shown in parentheses.

**Czech Republic**

The Company's main production facility in the Czech Republic is located in Pilsen. The total area of land plots owned by the Company in the area where the production facility is located is 88,613 $m^2$ (square meters).

***Pilsen***

The Company's production facility located in Pilsen is an all-in-one manufacturing, design and operation management plant with state-of-the-art manufacturing capabilities, which allows the Company to control the complete production process. All competencies – from production and engineering to project management, operations and finance and company management – are housed within a single premise, allowing close collaboration and cooperation. The production plant is divided into several workstations, including heavy manufacturing, turbine component machining, a turbine balancing tunnel and final assembly and dispatch. The wider premises of the production plant also include a special centre of excellence for R&D of turbines and an administration facility, as well as a leased storage space.

With an installed production capacity of 290,000 hours per year and up to 40 casings produced per year, the facility is designed to meet both current and future demands of the market, ensuring the Company's competitive edge. Subject to onboarding more skilled employees, the Company believes it can increase its production capacity to up to 450,000 hours per year. The cash capital expenditures for acquisition of property, plant and equipment, mainly represented by the Company's investment into the production facility, amounted to CZK 42 million, CZK 28 million and CZK 27 million, in 2023, 2022 and 2021, respectively, as compared to the total cash capital expenditures of the Company for the same periods, which amounted to CZK 114 million in 2023, CZK 88 million in 2022 and CZK 85 million in 2021. These investments have been directed towards upgrading existing machinery and expanding production lines.

***Prague, Brno, Ostrava***

The Company has regional offices in Prague, Brno and Ostrava in the Czech Republic.

**Other**

The Company leases offices in New Delhi, Gurugram and Chennai in India, with a total of 35 employees as of 31 December 2023, compared to a total of 26 employees as of 31 December 2022. The offices in India are used by the Company's subsidiary, Škoda Power India, for product design and project management.

**Production and on-site assembly**

The Company controls the entire production process of its steam turbines, beginning with engineering and design through to production, delivery to site and, in the final stages, either assembly and commissioning or providing technical advisory services or supervision of assembly and commissioning. Throughout this process, the Company adheres to strict quality control standards.

The design phase encompasses the engineering and design of turbine components such as blades, rotors, diaphragms, casings and valves using advanced computational methods to ensure high efficiency and reliability. The material selection is critical, with high-grade alloys often chosen for their durability and resistance to high temperatures and pressures. The manufacturing process typically starts with long lasting items like casings and rotor and blade forgings, followed by very precise machining at the workshop to achieve the required dimensions, tolerances and surfaces. If required by operational modes, blades and other critical parts undergo additional processes such as hardening or coating to improve their resistance to wear and corrosion.

Throughout manufacturing, components undergo rigorous quality control checks before being assembled into subassemblies or modules in a controlled factory environment. The completed turbine is then subjected to a series of measurements and tests (some of which are conducted once the turbines are on-site and a supply of steam is available for live testing) including assembly testing to ensure that it meets operational integrity and performance standards, thereby guaranteeing trouble-free commissioning and operation.

At the installation site, mechanical assembly (if required), testing and commissioning are conducted. The Company provides either turn-key services or technical field assistance, tailored to the particular project and the particular customer's requirements.

For projects where the Company has extended the scope of supply, it provides installation and commissioning of the supplied technologies. This typically includes piping, pumps, valves, steelwork, insulation, condensers and heat exchangers, electrical components and instrumentation and control.

The Company's highly qualified specialists ensure that all defined assembly procedures and high-quality requirements are adhered to, along with the testing of functional units. This is to guarantee a safe start-up of the turbine, which paves the way for subsequent reliable long-term operation.

**Securing project contracts**

The Company is actively involved in projects of considerable scale and scope, which often involve partnerships with government-established and/or government-controlled entities as customers. Consequently, the procurement process for securing such projects can be complex. This process typically includes the strategic sourcing of high-quality, durable materials, negotiating service agreements for precision engineering and managing logistics to ensure the timely delivery of parts and equipment. Governments are common customers in this sector due to their substantial investments in infrastructure and public utilities. Engaging in transactions with government entities requires an in-depth understanding of public procurement protocols and adherence to strict regulations and the navigation of protracted bidding and approval processes.

The Company's sales process begins with comprehensive market research to identify potential projects and understand industry trends. The Company primarily uses its internal capabilities to identify business opportunities and is also supported by its business partners and external consultants who conduct market research, provide strategic insights and offer specialized expertise. To stay informed about upcoming opportunities, the Company also builds a network of relationships and touch-points with industry stakeholders such as the Czech Power Industry Alliance, the Czech Chamber of Commerce and Confederation of Industry in the Czech Republic. Once a potential project has been identified, the next step involves the pre-qualification and tendering process, where the Company typically tries to get pre-qualified as a vendor to be able to review tender documents to understand the project's scope and requirements. At this stage the Company may also attend pre-bid meetings and site visits to get additional insights.

In the subsequent phases, the Company's internal teams conduct feasibility studies and develop technical specifications to ensure the proposal aligns with the technical requirements. The Company may also engage its vendors to consult on specific equipment and technical processes that are not handled by the Company in-house. Detailed designs and engineering plans are created, utilizing advanced software to optimize turbine performance, while also ensuring compliance with industry standards. A thorough cost estimation is prepared covering all financial aspects of the project. The proposal development is a critical stage where the Company showcases its expertise and value proposition while ensuring compliance with regulations and addressing environmental and safety concerns. Upon submission of the bid, the Company is ready for contractual terms negotiations and, if the Company's bid is successful, it moves on to detailed project planning and resource allocation.

The Company also benefits from synergies with Doosan Enerbility when securing contracts for the delivery of new installations and services. For more details see section *Integral member of the Doosan Group*.

The Company has a strong track record of securing projects globally, achieving a project success hit rate of 52.01 per cent. and 51.20 per cent. in 2023, and 2022, respectively, calculated as the total project value won over a period as a percentage of the total value of projects bid for in that period and a success hit rate of 33.33 per cent. and 41.67 per cent. in 2023, and 2022, respectively, calculated as number of projects won over a period as a percentage of the total number of projects bid for in that period. In terms of order intake, this resulted in total order value of CZK 4,961 million and CZK 8,251 million in 2022 and 2023, respectively.

**Research and Development**

R&D is at the core of the Company's business and helps it to maintain an advantage over its competition and secure its continued success. With the opening of the centre of excellence for R&D relating to steam turbines in 2013 in the Company's Pilsen production facility, the global steam turbine R&D of the Doosan Group was relocated to the Czech Republic.

The Company's R&D is focused on all types of turbines ranging from smaller units for industrial applications to large-scale turbines capable of handling super-critical steam parameters, with outputs reaching up to 1,300 MW. It is critical that turbines are designed to withstand extreme conditions, with pressures of 250 to 280 bar and temperatures between 600 to 620 degrees Celsius. The Company's R&D facility is equipped with 1 MW and 10 MW experimental steam turbines, a steam channel, a labyrinth seals test rig, a control valve test rig, air tunnels, a liquid impact erosion test rig and a dynamic blade measurement machine.

In addition to turbine design, the Company's R&D centre is also involved in the development of new materials and components that can endure higher operating parameters. A significant breakthrough has been the creation of a welded rotor designed to cope with inlet temperatures as high as 700 degrees Celsius. The centre's material research also extends to new surface finishing technologies that are aimed at enhancing the durability of turbine components, such as steam valve spindles and last stage blades.

Beyond physical components, the R&D team also develops advanced software tools for more efficient and accurate turbine calculations and designs. To ensure the reliability of these innovations, the components undergo rigorous testing at the Company's experimental laboratory, utilizing specialized test standards. The contribution of R&D results is then verified by measurements during the product's actual operation, especially for key components.

The Company's core R&D activities are:

- enhancing blade efficiency;
- standardising turbine components;
- developing new types of materials and welding;

- researching and developing heat-exchange technology; and
- improving heat cycle of the steam turbine machine room.

The Company acknowledges the importance of consistently attracting young and skilled talent to secure the fulfilment of its long-term R&D objectives. To support this, the Company has entered into strategic partnerships with higher education institutions, particularly the University of West Bohemia and its Faculty of Mechanical Engineering and Faculty of Applied Sciences, and offers the students at the University of West Bohemia trainee programs, internships and expert lectures. The Company also organizes the Doosan Thesis Award, which is aimed at students who choose to write their theses on topics related to the Company's products. To support these students, the Company not only suggests potential thesis topics but also provides access to relevant Company personnel who can oversee the students' work.

In 2022, the Company, in collaboration with nine Czech research institutions and various Czech energy companies, co-founded the National Centre for Energy II. This research initiative is dedicated to advancing the R&D of technological solutions and their integration into actual operations. The project's primary objective is to formulate an all-encompassing strategy for a modern, low-carbon and sustainable energy sector. This strategy is to be aligned with strategic frameworks at both national and international levels, particularly with the European Green Deal and the EU's plan for a green transition, the Fit for 55 package. The aim is to fulfil the Czech Republic's obligations to diminish greenhouse gas emissions and achieve carbon neutrality by the year 2050. As of 31 December 2023, the Company's R&D team consisted of an average headcount of 49 employees, including product designers, mathematical analysts, material specialists and project leaders, who utilize not only their know-how and knowledge, but also superior R&D methods, laboratory equipment and resources.

In 2023, the Company and several European technological research institutions and companies formed a consortium aimed at the development of a novel high-efficiency solar thermal power plant concept with integrated electricity storage solution titled project ASTERIx – CAESar (air-based solar thermal electricity for efficient renewable energy integration & compressed air energy storage). The project combines air-based central receiver CSP and Compressed Air Energy Storage (**CAES**)) to maximize conversion efficiency and enhance power grid energy management, enabling new operational strategies and business models. The project's activity will cover the techno-economic-environmental optimisation of the innovative CSP-CAES plant using representative boundary conditions, provided by grid operators and specialised partners, as well as the development and extensive testing of key components needed for its implementation. The main developments will include: (i) an advanced high-efficiency solar receiver, (ii) optical sensors and artificial intelligence-based control, (iii) optimized CAES with heat exchangers and detailed designs for compressors/expanders, and (iv) innovative integration of desalination. The ASTERIx-CAESar project is funded by the European Union under a grant agreement entered into between the consortium and the European Climate, Infrastructure and Environment Executive Agency in 2023 based on Regulation (EU) No 2021/695 of the European Parliament and of the Council of 28 April 2021 establishing Horizon Europe – the Framework Programme for Research and Innovation (2021-2027). The Company is one of the beneficiaries under the grant agreement and brings to the project, *inter alia*, its know-how in the field of thermal calculations and heat balance diagrams for steam, air and carbon dioxide.

In 2024, following a public competition organised pursuant to Czech Act No. 130/2002 Coll., on the support of research, experimental development, and innovation from public funds, the Company and the Technological Agency of the Czech Republic entered into two agreements for financial support provided under the THÉTA 2 program. These agreements pertain to the experimental projects conducted by the Company aimed at: (i) reducing accessories in steam turbine sealing circuits, and (ii) developing compact blading as a solution for efficient and flexible operation of small power turbines. Under the terms of the agreements, the Company and its cooperating parties on each project - (i) the University of West Bohemia, and (ii) the Czech Aerospace Research Centre - are eligible to receive up to CZK 5.35 million and CZK 11.45 million for these projects, respectively, which represents approximately 60 per cent. of the Company's total budget for each project.

In 2023, 2022 and 2021, the Company's R&D costs amounted to CZK 135.5 million, CZK 115.1 million and CZK 117.7 million, respectively, corresponding to 2.82 per cent. of the Company's revenues in 2023.

## Intellectual Property

The Company possesses a diverse portfolio of intellectual property, which includes patents, utility models, industrial designs, trademarks and proprietary expertise. In an industry driven by technological advancement, the ownership of patents and designs is crucial for maintaining a technological lead. It ensures that the Company's advancements in efficiency, reliability and performance of steam turbines remain exclusive, allowing the Company to offer unique solutions to its customers.

The Company owns a total of 55 patents and five utility models worldwide. As of the date of the Prospectus, there were two ongoing patent and design proceedings for the Company's results of R&D.

Among its trademarks, the Company owns the rights to the ŠKODA name and trademarks for energy production equipment, among others, goods classified as turbines and heat exchangers, battery storage units, and installation, maintenance and other services related to these goods, while other uses of the ŠKODA brand are safeguarded by trademarks held by other entities that have evolved from the original Emil Škoda workshops such as Škoda Auto a.s. in relation to vehicles and ŠKODA INVESTMENT a.s. and ŠKODA JS a.s. in relation to nuclear power. The Company and Škoda Auto, a.s. entered into a trademark coexistence agreement, which stipulates for what type of goods and services each the Company and Škoda Auto, a.s. may use the ŠKODA trademark (See also *Material Contracts*).

This collection of intellectual property is vital to the Company's operations and the successful implementation of its business strategy. The Company has amassed this intellectual property over many years through its activities in the development, production and sale of steam turbines. The Company's intellectual property enhances its profitability, shapes its business model and provides a competitive edge in the marketplace.

The Company's intellectual property is specifically protected in the following regions: Europe, North America and Oceania.

The following figurative trademarks are owned and used by the Company:

Figurative trademark: the winged arrow symbol

Figurative trademark: the winged arrow symbol accompanied by the ŠKODA brand name

## Information technology

The Company is dedicated to establishing itself as a leader in facilitating the global energy transition. Information technology is crucial in this endeavour, playing a pivotal role across various operational domains, including production, quality control, supply chain management and customer relations. The industrial complexity of the Company's operations necessitates the adoption of state-of-the-art information technology (**IT**) systems to foster continuous innovation and the development of new products and services. As of the date of this Prospectus, the Company owned 10 engineering and eight manufacturing key software systems.

Furthermore, the Company's R&D department relies on advanced software and hardware to conduct mathematical modelling, demonstrate operational processes and predict product performance. Sophisticated IT systems, such as those used for reverse engineering and 3D modelling, are also integral to the Company's service offerings, particularly in retrofitting and modernization projects. As of the date of this Prospectus, the Company owned 10 key R&D software systems.

The management of the Company's IT systems is outsourced to Doosan Digital Innovation Europe, the Company's sister company, based on a master IT service agreement. (See also *Material Contracts*)

## Material Contracts

### Loan agreement with the Selling Shareholder

In April 2022, the Company, as lender, entered into a loan agreement with the Selling Shareholder, as borrower (**Selling Shareholder Loan Agreement**). The principal amount of the loan was CZK 1,500,000,000 with a maturity of 12 months, bearing an interest rate of one-year Prague Interbank Offered Rate (PRIBOR) *plus* 4.2 per cent. per annum. In April 2023, the Company and the Selling Shareholder entered into an amendment to the Selling Shareholder Loan Agreement extending the maturity of the loan by another 12 months. On 20 April 2023 part of the principal in the amount of CZK 450,000,000 was set off against the Selling Shareholder's right to dividends. In April 2024, the Company and the Selling Shareholder entered into another amendment to the Selling Shareholder Loan Agreement extending the maturity of the loan until April 2025. Following the decrease of the Company's share capital, effective as of 5 December 2024, a portion of the amount to be paid out to the Selling Shareholder, totalling CZK 1,050,000,000, was offset against an equivalent amount of the outstanding principal under the Selling Shareholder Loan Agreement. Following the decision of the Selling Shareholder to dissolve the Company's statutory reserve fund, adopted on 17 January 2025, the interest accrued from the Selling Shareholder Loan Agreement, amounting to CZK 312,909,937, was offset by a portion of the reserves released from the Company's reserve fund (for more detail on the Company's share capital decrease and the dissolution of the Company's reserve fund, see section *Registered share capital*).

### VUB Facility

In 2020, the Company entered into the VUB Facility, under which VUB agreed to provide the Company with a facility of up to EUR 45,000,000 (or the equivalent amount in CZK, USD, or GBP) through the issuance of bank guarantees and certain other instruments. According to the terms of the VUB Facility, the Company is prohibited from distributing to its shareholders any form of profit exceeding 100 per cent. of the after-tax profit for the relevant accounting period without the prior written consent of VUB. If the Company were to declare and pay dividends in breach of the VUB Facility, it may lead to a contractual default. The Company is required to pay VUB a fee for opening each letter of credit, the amount of which will be determined individually by VUB in its offer to open a letter of credit for the Company.

### Steam and cooling water supply agreements with Plzeňská teplárenská, a.s.

In order for the Company's R&D centre to operate, there needs to be a supply of high-pressure steam and cooling water. The Company has entered into two separate agreements for the supply of both with Plzeňská teplárenská, a.s., whose steam power plant is located in the proximity of the Company's R&D centre.

In April 2016, the Company and Plzeňská teplárenská, a.s. entered into an agreement for the provision of high-pressure steam. The annual quantity of steam to be supplied is determined through an annual supply diagram. The price for the steam supply, being a regulated price, is set on an annual basis as a fixed price per one gigajoule (GJ) of steam supplied and in accordance with the relevant legal regulations on price regulation, specifically Czech Act No. 526/1990 Coll., on prices, as amended (the **Czech Act on Prices**), along with the implementing decree of the Ministry of Finance No. 450/2009 Coll., as amended, and the price decision of the Energy Regulatory Office. The agreement is concluded for an indefinite time period and can be terminated for convenience with a six-month notice period.

In January 2017, the Company and Plzeňská teplárenská, a.s. also entered into an agreement for the supply of cooling water. The pricing for the cooling water is determined annually, with a fixed rate applied per cubic metre ($m^3$) of cooling water delivered, in compliance with the Czech Act on Prices. The agreement is set for an indefinite period and includes a provision allowing for termination at the convenience of either party, provided a six-month notice period is observed.

In 2023, 2022 and 2021, the Company was charged by Plzeňská teplárenská, a.s. amounts of CZK 25.5 million, CZK 22.1 million and CZK 21.4 million, respectively (and exclusive of VAT), for the above-mentioned supplies.

**Technology license and collaboration agreement with Doosan Enerbility**

In May 2010, the Company, as licensor, entered into a technology license and collaboration agreement with Doosan Enerbility (then Doosan Heavy Industries & Construction), as licensee. Under this agreement, the Company granted to Doosan Enerbility an exclusive and unlimited license to utilize know-how and any other technical information (such as patent rights, copyrights, manufacturing and control techniques etc.) related to certain steam turbines specified therein. As compensation for the technology and the licenses, Doosan Enerbility is required to pay to the Company a lump sum fee, as well as a running royalty for products engineered, designed, sold, manufactured or erected by Doosan Enerbility utilising the technology granted to it by the Company. In the period from June 2016 to June 2024, the Company received a total of CZK 126,950,875 in royalties from Doosan Enerbility pursuant to this agreement. Additionally, under this agreement, the Company also agreed to provide Doosan Enerbility with commercially reasonable cooperation in connection with Doosan Enerbility’s selection and participation in bids for projects relating to the engineering, procurement and construction of products which utilize the Company’s technology, and the marketing of such products.

**Master IT service agreement with Doosan Digital Innovation Europe**

In January 2014, the Company entered into a master IT service agreement with Doosan Digital Innovation Europe Limited. Under this agreement, the Company appointed Doosan Digital Innovation Europe Limited as a provider of infrastructure management services, application management services, and consulting and systems integration services for the Company. These services include essential IT services such as data centre support, mobile device and personal computers support and data storage support. To facilitate these services, the Company permitted Doosan Digital Innovation Europe Limited to utilise certain contracts, assets and employees of the Company. In return for the services provided, the Company agreed to pay service fees to Doosan Digital Innovation Europe Limited. On 2 January 2025, the Company and Doosan Digital Innovation Europe Limited entered into an amendment to the master IT service agreement. The parties agreed to extend the term of the master IT service agreement until 28 February 2025 and committed to collaborating closely to negotiate a new service level agreement that will replace the existing master IT service agreement.

**Trademark sublicense agreement with Doosan Enerbility**

In March 2024, the Company, as sublicensee, entered into a trademark sublicense agreement with Doosan Enerbility. Under this agreement, Doosan Enerbility granted the Company a non-exclusive, non-transferable and non-assignable revocable right to use licensed trademarks owned by Doosan Corporation and licensed to Doosan Enerbility. The Company may use these trademarks only in relation to design, development, research, construction, manufacture, modification, or expansion of licensed products and services, such as the manufacture of steam turbines. In consideration for the rights, the Company agreed to pay a royalty to Doosan Enerbility pursuant to this agreement. From 2021 to 2023, the Company paid a total of CZK 31,136,891 in royalties to Doosan Enerbility. The license granted under the agreement may be revoked in the event of the Company’s dissolution, liquidation, or other major business changes of the Company as stipulated by the agreement.

**Trademark coexistence and cooperation agreements with Škoda Auto, a.s.**

In July 2019, the Company entered into a trademark coexistence agreement with Škoda Auto, a.s. which stipulates for what type of goods and services each the Company and Škoda Auto, a.s. may use the ŠKODA trademark (i.e., (i) the word mark “ŠKODA”, (ii) the figurative mark of a winged arrow and (iii) the combination of those two marks). No financial compensation was agreed between the parties under the agreement.

In July 2024, the Company entered into a further cooperation agreement with Škoda Auto, a.s. which sets down the rights and obligations of the parties relating to trademarks which should have been transferred or exclusively licensed to the Company by ŠKODA INVESTMENT a.s., but have been instead transferred to Škoda Auto, a.s. No financial compensation was agreed between the parties under the agreement.

**Trademark contribution agreement with ŠKODA INVESTMENT a.s.**

In September 2009, the Company entered into a contribution agreement with ŠKODA INVESTMENT a.s., under which ŠKODA INVESTMENT a.s. contributed certain ŠKODA trademarks to the Company. Some of these trademarks had not been transferred to the Company and were instead transferred to Škoda Auto, a.s. Following entry into the above-described cooperation agreement with Škoda Auto, a.s. in July 2024, the parties have also amended this contribution agreement settling outstanding rights and obligations relating to the non-transferred trademarks.

**Financing arrangements**

The primary sources of liquidity for the Company have been the cash flows generated from its operational activities. In 2010, the Company entered into a credit line commitment agreement with Česká spořitelna, a.s. under which it may draw down revolving term loans up to the amount of CZK 150,000,000 for the purpose of financing its production and factoring of receivables of the Company from the customers under the business contracts. As of the date of this Prospectus, the Company has not utilized any funds from this credit facility.

In accordance with the terms of its customer contracts, the Company is obliged to provide its customers with appropriate Financial Guarantees for: (i) the return of the first advance payment the Company typically receives prior to commencing work on a project (**Advance Payment Guarantee**), (ii) for the proper execution of the Company's work (**Performance Guarantee**), which is typically effective until the preliminary acceptance of the Company's works and (iii) for the warranty period (**Warranty Guarantee**).

The Advance Payment Guarantee is typically provided by the Company prior to and as a prerequisite for the payment of the advance payment by the contractor and amounts to approximately 10 per cent. of the total contract price. The Advance Payment Guarantee is typically valid until the issuance of the Performance Guarantee.

The Performance Guarantee is typically provided by the Company in connection with and as a prerequisite for the payment milestone regarding delivery of the products. The Performance Guarantee amount ranges from 10 to 20 per cent. of the total contract price. The Performance Guarantee is usually valid until the issuance of the Warranty Guarantee.

The Warranty Guarantee is normally provided by the Company in connection with the issuance of the hand-over certificate and its amount ranges from five to 10 per cent. of the total contract price. The Warranty Guarantee covers the whole warranty period, which is usually 24 months from the issuance of the preliminary acceptance or the hand-over of the Company's works).

As of 24 September 2024, the following banks issued Financial Guarantees to the Company:

- Československá obchodní banka, a.s. issued Financial Guarantees in the amount of CZK 347,929,125.41, EUR 31,958,805.52, USD 4,836,213.56, PLN 52,084,884.19, MXN 872,082.42 and AED 50,000, with maturity up to 3 November 2029. In accordance with the agreement with Československá obchodní banka, a.s., the Company may receive Financial Guarantees up to a total sum of CZK 1,000,000,000. Debts under or related to the agreement with Československá obchodní banka, a.s. are not secured. For each Financial Guarantee the parties will agree on a commitment fee calculated as a percentage of the value of the Financial Guarantee and payable every three months.

- Komerční banka, a.s. issued Financial Guarantees in the amount of CZK 405,888,000 and EUR 1,609,722.51 with maturity up to 7 December 2026. In accordance with the agreement with Komerční banka, a.s. the Company may receive Financial Guarantees up to a total sum of CZK 1,000,000,000. Debts under or related to the agreement with Komerční banka, a.s. are secured by a letter of comfort issued by Doosan Enerbility. For each Financial Guarantee the Company shall pay a commitment fee as agreed by the parties in each individual request for issuance of a Financial Guarantee.

- Raiffeisenbank a.s. issued Financial Guarantees in the amount of CZK 32,864,837.20, EUR 22,288,862.14 and USD 3,371,805, with maturity up to 29 July 2026. In accordance with the agreement with Raiffeisenbank a.s., the Company may receive Financial Guarantees up to a total sum of CZK 1,300,000,000. Debts under or related to the agreement with Raiffeisenbank a.s. are secured by a letter of comfort issued by Doosan Enerbility. For each Financial Guarantee the Company shall pay a commitment fee as agreed by the parties in each individual request for issuance of a Financial Guarantee.

- Všeobecná úverová banka, a.s. pobočka Praha, issued Financial Guarantees in the amount of CZK 105,451,500, EUR 4,712,565.92 and USD 11,547,600 with maturity up to 23 July 2026. In accordance with the agreement with Všeobecná úverová banka, a.s. pobočka Praha, the Company may receive Financial Guarantees up to a total sum of EUR 45,000,000. Debts under or related to the agreement with Všeobecná úverová banka, a.s. pobočka Praha, are not secured. For each Financial Guarantee the Company shall pay a commitment fee as agreed by the parties in each individual request for issuance of a Financial Guarantee.

  The commitment fees for the above-mentioned financing arrangements are not fixed. Each case undergoes a tender process amongst all interested banks, and the best option, based primarily on the evaluation of the proposed commitment fee, is subsequently selected.

- YES BANK Limited issued Financial Guarantees to Škoda Power India in the amount of INR 288,568,705 with maturity up to 25 February 2026. In accordance with the agreement with YES BANK Limited, Škoda Power India may receive Financial Guarantees up to a total sum of INR 370,000,000. Debts under or related to the agreement with YES BANK Limited are 100 per cent. secured by a cash deposit. For each Financial Guarantee Skoda Power Private Limited shall pay a commitment fee equal to 0.4 per cent. p.a.

**Legal Proceedings**

The Company may from time to time be subject to governmental, regulatory and legal or arbitral proceedings and claims, including those described below. Other than the proceedings described below, there have been no governmental, regulatory and legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) during the 12 months prior to the date of this Prospectus which may have or have had a significant effect on the financial position or profitability of the Company.

The Company had initiated litigation against (i) OHL INDUSTRIAL, (ii) S.L. UNIPERSONAL, and (iii) SENER INGENIERÍA Y SISTEMAS, S.A. due to unpaid payments totalling USD 4,840,000 arising from a contract for the delivery of a steam turbine and the provision of advisory services. SAPI, the Mexican subsidiary of the aforementioned companies, paid 50 per cent. of the amount due before entering into a settlement agreement with the Company to settle the remaining balance. In December 2019, when the remaining amount was to be paid, the Company had only received USD 654,000 and decided to file legal action against SAPI in Madrid's First Instance Court. The court had rejected its jurisdiction and instead the Company had referred the dispute to arbitration. In June 2023, before an arbitrator had been appointed the Company and SAPI settled the dispute and the Company received an agreed upon settlement amount of USD 1,500,000. This case is closed as of the date of this Prospectus.

Between September 2023 and September 2024 the Company was involved in a dispute against: (i) Ute Empalme II (Spain), (ii) Duro Felguera, S.A. (Spain), (iii) Elecnor, S.A. (Spain), and (iv) Dunor Energía Sociedad Anónima Promotora de Inversión de Capital Variable (Mexico). The dispute resulted from a contract for the turnkey supply of one steam turbine generator set. The Company's total claim amounted to approximately USD 4,400,000 and consisted mainly of the unpaid balance of the contract price instalment, costs for spare parts, reimbursement of the costs of the extension of the project team support, site services costs, costs for the delivery of the bolts, delivery of the space heater costs and statutory default interest on all the mentioned claims. In July 2024, the Company referred the matter to arbitration at the International Chamber of Commerce. In September 2024, the Company settled the dispute by entering into a settlement agreement with all parties involved, subsequently receiving an agreed settlement amount of USD 1,700,000. This case is closed as of the date of this Prospectus.

**Employees**

The Company's employees are based in the Czech Republic and India. The table below provides average headcount data (including part time employees) for the Company for the period from 1 January 2024 to 24 September 2024 and the years ended 31 December 2023, 2022 and 2021.

| | For the period from 1 January to 24 September 2024 | For the year ended 31 December 2023 | 2022 | 2021 |
|---|---|---|---|---|
| **Average headcount** | 962 | 955 | 933 | 954 |

The table below sets forth information on the geographical split of the Company's employees as of the date of this Prospectus:

| | **As of the date of this Prospectus** *(headcount)* |
|---|---|
| Pilsen, (Czech Republic) | 900 |
| Prague, (Czech Republic) | 27 |
| Brno, (Czech Republic) | 32 |
| Ostrava, (Czech Republic) | 11 |
| India | 43 |
| **Total** | **1,013** |

All of the Company's employees that are engaged through a regular full-time employment contract are covered by an incentive program that makes the amount of their bonuses conditional on the accomplishment of their individual or collective targets and on the financial results achieved by the Company. The Company provides training, contributes to the supplementary pension (third pension savings pillar) and provides a choice of one of three additional benefits consisting of either subsidised lunches in the Company cafeteria, contributions to life insurance plans, or the MultiSport card. The Company also offers opportunities for development and promotion to new employees. The Company estimates that, as of the date of this Prospectus, approximately 45 per cent. of its employees held university degrees, demonstrating the Company's commitment to hiring skilled individuals across all departments.

Employees of the Company may engage with the Company Trade Union, which conducts negotiations for collective agreements with the Company, and currently approximately 40 per cent. of the Company's employees are members of the Company Trade Union.

Collective agreements between the Company and the Company Trade Union are entered into for a term of 12 months, taking effect in July each year. During the six months ended 30 June 2024, the Company reached a consensus with the Company Trade Union to implement an annual salary increase consisting of a fixed increase of three per cent. with an additional discretionary increase of up to three per cent., in accordance with the terms stipulated in the collective agreement taking effect on 1 July 2024.

**Employee Share Option Plan**

The Company is currently evaluating the implementation of an employee equity or share options plan for the management and certain senior and key employees of the Company in order to further align the interests of management, employees and shareholders.

**Environmental and Health and Safety Matters**

The Company is subject to, and must comply with, a variety of national and international laws and regulations regarding the protection of the environment, health and safety. These laws and regulations address, among other things, the identification, acceptance, treatment, storage, handling, transportation and disposal of hazardous and solid materials and waste, air and water emissions, soil and water contamination, noise, the prevention or minimization of climate change and exposure of employees and others to hazardous materials or waste.

The Company's principal production facility in Pilsen, Czech Republic has been in operation for more than 60 years. The Company is subject to both scheduled and surprise inspections. In the past three years, the Company has been subjected to air quality inspections conducted by the Czech Environmental Inspectorate in 2022 and 2024 and a waste management inspection conducted by the Department of Environmental Protection of the City of Pilsen in 2024, with no material issues identified in each case.

The Company has implemented an effective environmental management system (**EMS**) and obtained ISO 14001:2015 certification (environmental management system), ISO 45001:2018 certification (occupational health and safety) as well as the Czech technical standard ČSN 73 0804 (fire safety of buildings). The Company's safety, health and environment policy commits to continuous improvement of the integrated safety, health and environment system, active leadership in raising employees' environmental impact awareness and responsible behaviour that encourages everyone to be alert to the potential environmental impacts.

**Insurance**

The Company possesses insurance coverage that the Company believes to be adequate for the risks associated with the business in which it is engaged and in line with industry standards.

The Company maintains insurance for its buildings and inventory as well as business interruption insurance, third-party liability insurance for defective products and environmental damage (contamination), directors and officers liability insurance, and various other policies which the Company believes provide it with adequate protection against ordinary course risks associated with conducting its business, save for cyber security threats, which are not covered by any special insurance.

**Corporate Social Responsibility (CSR)**

Corporate social responsibility is an integral part of the Company's activities. The Company engages actively with communities where it operates and supports them through volunteering, internships and donations. The Company also contributes to charitable projects, non-profit organizations, foundations, interest groups and sport clubs.

The three CSR pillars of the Company are:

**Science, technology, engineering and mathematics (STEM)**

The Company actively supports engineering education by raising understanding of engineering among school and university students, by encouraging young people to choose a career in engineering and developing career paths for prospective candidates. The Company also supports and aids the development of engineering degree courses and supports engineering research in universities.

**Sustainability**

The Company ensures that it manages its supply chain to minimise its impact on the environment, while striving to make its manufacturing practices responsible. It also makes the safety of its employees and customers one of its main priorities and promotes its wide clean energy product portfolio. In order to develop and oversee the Company's ESG strategy, the Company has established an ESG Committee (see section *ESG Committee* ). In 2024, the Company appointed PricewaterhouseCoopers Česká republika, s.r.o. as an external consultant for the implementation of the Directive (EU) 2022/2464, as regards corporate sustainability reporting (**CSRD**). The Company has also conducted a Double Materiality Assessment aimed at identifying which sustainability matters are the most material to the Company and its stakeholders. This assessment evaluated the impact of these matters on environmental and social factors (the inside-out perspective), while also considering how they influence the Company (the outside-in perspective). The Company has initiated a gap analysis to compare its current sustainability practices with the specific requirements of the CSRD. In addition, the Company aims to review its carbon dioxide footprint calculation by a certified advisor. The Company's aim is to issue a sustainability report in 2025 to be prepared for the issue of the sustainability report in 2026, at which time the issuance of such a report will be mandatory.

**Strong community work in the Pilsen region**

The Company is committed to maintaining strong connections with the communities surrounding its operational sites, particularly within the city and region of Pilsen. In 2024, the Company received the distinction of being voted the third-best employer among businesses with up to 5,000 employees in the Pilsen region, solidifying its status as an outstanding employer within the area. Since 2005, the Company has been a partner of the Viktoria Plzeň football club and in recent years the title sponsor of its football stadium. The Company and Viktoria Plzeň have engaged in several CSR activities including blood donations and retirement home support. The Company also organises volunteering activities for its employees aimed at supporting the local community in the Pilsen region.

As of September 2023, the Company has launched its state-of-the-art vocational training centre, aimed at enhancing the skills of high school and vocational school students. The training is conducted under the guidance of experienced instructors, selected from among the Company's experts. Emphasis is placed on an individual approach with the aim of quality preparation for future employment in the Company. As of the date of this Prospectus, the Secondary Technical School of Mechanical Engineering and Vocational School of Professor Švejcar in Pilsen and Secondary School Rokycany are involved in the program.

**Corporate governance code**

The Company complies with applicable laws and regulations, including the Czech Companies Act. In the Czech Republic, there is no mandatory corporate governance regime and the Company is not presently required to comply with any corporate governance code. The Company intends to comply with Czech companies' corporate governance code (in Czech: *Kodex správy a řízení společností ČR*) issued by the Czech Institute of Directors in September 2018 (the **CG Code**) and, if relevant, also the G20/OECD Principles of Corporate Governance 2023.

Under the CG Code, based on the "comply or explain" principle, the Company should either comply with the CG Code or explain any non-compliance. As of the date of this Prospectus the Company complies and expects to comply with the CG Code, except for certain principles as follow:

- Section 2.3.2 of the CG Code recommends that the Company should not allow shareholders to make decisions outside the general meeting (*per rollam*). The Articles of Association allow for *per rollam* voting which entails exercise of voting and other shareholder rights in writing without the personal participation of shareholders at the General Meeting (*per rollam* voting is more flexible due to wide investor base comprising also foreign investors and such practice has been widely adopted by many issuers following lockdowns during COVID-19 pandemic);
- Section 2.3.4 of the CG Code recommends that the Company should ensure, at its own expense, that shareholders can be represented at the general meeting by representatives (*proxies*) appointed by the Company. The Articles of Association do not impose an obligation on the Company to ensure, at its own expense, that shareholders can be represented at the General Meeting by representatives (*proxies*) appointed by the Company since shareholders tend to choose their own representatives or participate on the General Meeting personally;
- Section 2.5.4 of the CG Code recommends that after the conclusion of a General Meeting, the Company should provide shareholders on request with confirmation that their votes have been duly recorded and counted by the Company and in the case of electronic voting, the Company should ensure that electronic confirmation of the receipt of votes is sent to the persons who voted. The Articles of Association do not impose an obligation on the Company to provide shareholders, at their request, with confirmation that their votes have been recorded and counted at the General Meeting. However, if any shareholder requests the Company to provide him/her with such a confirmation, the Company expects that it will provide such a confirmation to the requesting shareholder;
- Section 7.1.2 of the CG Code recommends that the Board of Directors of a listed Company should obtain pre-approval from its Supervisory Board for fundamental decisions, such as decisions involving significant changes in the Company's asset structure and which will materially affect the Company's financial or income situation. The Articles of Association do not require the Board of Directors to obtain pre-approval from the Supervisory Board for fundamental decisions (this reflects the fact that the Supervisory Board does not appoint and remove members of the Board of Directors and therefore does not have to pre-approve decisions of the Board of Directors which is ultimately subordinated to the General Meeting to which it reports; notwithstanding this, the Articles of Associations still envisage certain actions of the Board of Directors that need to be pre-approved by the Supervisory Board);
- Section 9.4 of the CG Code recommends that a remuneration committee should prepare proposals for decisions of the Supervisory Board concerning the remuneration of members of the Company's elected bodies and should provide the necessary support to the relevant corporate body in these matters, and Section 9.4.1 of the CG Code

recommends that a remuneration committee should take into account the requirements set out in Section 4.1 of the CG Code when drafting remuneration decisions. Under the Articles of Association, members of elected bodies are remunerated according to their service contracts and the Company's own remuneration rules. The Company and the Major Shareholder have their own remuneration rules which reflect the remuneration structure of the Major Shareholder. As the Supervisory Board has not established a remuneration committee, the remuneration rules of the Company may not reflect all remuneration recommendations under the Section 4.1 of the CG Code;

- Section 6.2 of the CG Code recommends that the Supervisory Board should have at least three members and a sufficient number of its members should be independent. Under the Articles of Association, the Supervisory Board of the Company does not have to be comprised of a sufficient number of independent members (however, the Supervisory Board has two members elected by employees and one independent member from the academic sector);

- Section 6.3.2 of the CG Code recommends that the Members of the Supervisory Board elected by employees should regularly inform other employees of the Company about their activities. Under the Articles of Association, members of the Supervisory Board who are elected by the employees of the Company are not obliged to inform other employees about their activities (transparency of the activities of the Supervisory Board members is secured by way of publishing the Supervisory Board's report on its activities on the Company's website due to statutory requirements);

- Section 9.2 of the CG Code recommends that the Supervisory Board, in order to enhance the effectiveness of their activities, should establish non-executive committees, in particular a nomination committee, a remuneration committee, a risk committee and an audit committee, The Supervisory Board has not established a risk committee, a nomination committee or a remuneration committee (the Company has its own robust risk management system that does not have to represented by a separate committee; moreover, as the General Meeting has capacity to appoint and remove all members of the Board of Directors and the Supervisory Board, transparency regarding nomination and remuneration of these members is secured via information provided to all shareholders in connection with the relevant General Meeting which makes these committees redundant).

**Compliance and anti-bribery policy**

The Company conducts its business with integrity, responsibility and transparency and invests in enhancing its practices and systems to support these values. The Company expects its employees and associates to follow the same high ethical standards.

The Company is committed to maintaining an environment that fosters open and honest communications. The Company wants its employees to feel comfortable in approaching their supervisor or management with questions and concerns including instances where they believe violations of standards or policies may have occurred. Employees are welcome to submit reports relating to violations of the Company's written standards and policies, as well as to ask for guidance related to compliance or ethics matters. The Company's compliance portal is available at the Company's website.

The Company's whistleblowing policy is designed in accordance with Directive (EU) 2019/1937 on the protection of persons who report breaches of Union law, as well as Act No. 171/2023 Coll., on the protection of whistleblowers. Under the Company's whistleblowing policy, reports of wrongdoings can be reported to the designated contacts in person, by telephone, by email, by written correspondence, through a NAVEX helpline or through the Company's compliance portal.

The Company also adheres to the Doosan code of conduct (the **Doosan Code**), which applies to all directors, officers and employees of Doosan Corporation and its subsidiaries, including the Company. The Doosan Code consists of five key pillars:

- respect, teamwork and openness (In Korean: *Inhwa*);

- integrity and transparency;

- fair competition;

- focus on customers, innovation and growth; and
- community, development, safety and environment.

**Risk Management**

The Company has established a comprehensive policy for managing risks related to its business operations, financial matters, legal, environmental, and social factors, and other potential risks. This policy establishes designated managers to oversee various aspects of the Company's risk management, with a dedicated project risk management (**PRM**) department at the senior management level, reporting directly to the Company's Chief Executive Officer.

PRM is integrated into the workflows of individual projects, utilizing the same meetings, platforms, tools and forms as the business projects. This integration includes risk reviews, quality gates meetings, technical risk reviews, internal project progress meetings and project execution team meetings. The Company maintains a risk register to record, evaluate and manage risks and implement mitigations.

The Company's primary risk management principles are to: (i) proactively plan and implement measures to manage risks, and (ii) to capitalize on opportunities. Addressing both risks and opportunities lays the foundation for the effectiveness of the Company's Integrated Management System (**IMS**), enhancing outcomes and mitigating adverse effects. Risk management measures such as individual risk mitigation plans integrated with contingency planning, are designed to prevent nonconformities and address adverse impacts that may affect the Company's ability to achieve growth of revenues and profit.

**Risk assessment**

Risk assessment is conducted at both the general process level and the individual project level, and includes:

- management of planned changes – ensuring that risks are assessed when handling changes in the Company;
- PRM – identifying risks that could potentially affect the Company's business operations;
- various risk analyses, such as a quality management system (QMS), environmental management system (EMS) and occupational health and safety management system (OHS); and
- corrective and preventive actions rules – suggesting the steps to take to eliminate the causes of existing or potential risks.

The Company's risk assessment criteria include:

- probability - the likelihood of a risk occurring measured in percentages;
- significance - the potential damage a risk could cause if it occurs; and
- detection possibility - the ease of detecting a risk as it occurs.

This methodology guides the Company when deciding on implementing mitigation or contingency plans effectively.

**Capitalising on opportunities**

The Company also considers risks as opportunities for improvement that could result in cost savings, innovative solutions, or modifications to products or services. The Company's risk management strategy incorporates a lessons learned policy, ensuring that past failures are analysed and addressed to prevent recurrence and enhance future performance.

**Trends**

Since 31 December 2023, the date to which the Audited Financial Statements were prepared, no significant trend affecting the Company has occurred in respect of production, sales and inventory, and costs and selling prices. The Company is not aware of any trend, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Company's prospects for the financial year ending 31 December 2025.

## MANAGEMENT, SUPERVISORY BOARD AND SENIOR MANAGEMENT

*Set out below is a summary of relevant information concerning the Board of Directors, the Supervisory Board, Senior Management and the Company's employees and a brief summary of certain significant provisions of Czech corporate law and the Articles of Association in respect of the Board of Directors and the Supervisory Board.*

*This summary does not purport to give a complete overview and should be read in conjunction with the Articles of Association and the relevant provisions of Czech law, and does not constitute legal advice regarding these matters and should not be considered as such. The full text of the Articles of Association is available, in Czech and English, via the Company's website www.doosanskodapower.com.*

### General overview

The Company has a two-tier board system consisting of the Board of Directors (in Czech: *představenstvo*) (the **Board of Directors**) and the Supervisory Board (in Czech: *dozorčí rada*) (the **Supervisory Board**). The Board of Directors is the statutory body (in Czech: *statutární organ*) of the Company that represents the Company in all matters and is, together with the senior management of the Company (**Senior Management**, and together with the Board of Directors as the **Management**) charged with its day-to-day business management.

The Supervisory Board is responsible for the supervision of the Company's activities and of the Board of Directors in their management of the Company and resolves on matters defined in the Czech Act No. 90/2012 Coll., on commercial companies and cooperatives, as amended (the **Czech Companies Act**) and the Articles of Association, particularly matters with material impact on the value of the ownership interests in the Company. Under the Czech Companies Act, the Supervisory Board may not make management decisions.

The Supervisory Board may form committees from among its members and delegate decision making power to any such committees as permitted by law. The committees' respective tasks, authorizations and processes are determined by the Supervisory Board. Pursuant to the Articles of Association, the Company formed an audit committee (the **Audit Committee**), members of which are elected by the General Meeting.

### Board of Directors

The Board of Directors represents the Company in all matters, unless such matter is specifically entrusted to the Supervisory Board or the General Meeting, and is responsible for the Company's management and day-to-day operations and acts on the Company's behalf. The business address of each member of the Board of Directors is the Company's registered office: Tylova 1/57, Jižní Předměstí, 301 00, Pilsen, the Czech Republic.

One member of the Board of Directors also serves as the Company's chief executive officer (the **Chief Executive Officer**) and one as the chief financial officer (the **Chief Financial Officer**), and are part of the Company's Senior Management (see *Senior Management*).

The Articles of Association provide that the Board of Directors consists of four members that are elected and recalled by the General Meeting. A member of the Board of Directors is appointed for a period of three years and may be reappointed. The General Meeting may remove a member of the Board of Directors at any time. The Board of Directors appoints its Chairman and Vice-Chairman from amongst its members.

The Board of Directors constitutes a quorum if a majority of its members is present or otherwise takes part in a meeting. The Board of Directors adopts a decision by a majority vote of its members present at the meeting. In case of a tie vote, the vote of the Chairman decides. Members of the Board of Directors may participate in the meetings through telephone or other remote means. When necessary, a decision may be made by the Board of Directors without holding a meeting.

As provided for by the Board of Directors' rules of procedure, the Board of Directors has formed an environmental, social and governance committee (the **ESG Committee**).

In accordance with the Articles of Association, meetings of the Board of Directors are called by the Chairman or, in their absence, by the Vice-Chairman of the Board of Directors, once every two months at the least. The Board of Directors shall convene upon the request of the Supervisory Board or any member of the Board of Directors.

The following table sets out the name and principal position of each member of the Board of Directors.

| Name | Position on the Board of Directors / Position in senior management | Commencement of Current Term of Office | Date of Expiration of Current Term of Office |
|---|---|---|---|
| Youngki Lim | Chairman of the Board of Directors | 1 January 2025 | 1 January 2028 |
| Sanghoun Park | Vice-Chairman of the Board of Directors | 1 January 2025 | 1 January 2028 |
| Seungwoo Sohn | Member of the Board of Directors | 1 January 2025 | 1 January 2028 |
| Donggil Kim | Member of the Board of Directors | 1 January 2025 | 1 January 2028 |

***Youngki Lim***

*Chairman of the Board of Directors, Chief Executive Officer*

Mr. Lim graduated from Yonsei University in the Republic of Korea. Mr. Lim began his career with Hyundai E&C in 1993 where he gained experience in various fields including financing, accounting and project management. After joining the Doosan Group in 2009, he had worked as the head of the International Finance Team until 2019. Following 11 years in this role, he was nominated as the Chief Financial Officer of the Company in 2020, where he also managed challenges posed by the COVID-19 pandemic. In 2022, Mr. Lim's role in the Doosan Group evolved, and he became the chief executive officer of Doosan Power System India Pvt. Ltd., headquartered in Delhi, India (**DPSI**). Due to his contributions to the DPSI's financial improvement, Mr. Lim was appointed Chief Executive Officer and executive director of the Company in 2024 and became the Chairman of the Board of Directors of the Company in January 2025. Mr. Lim is primarily responsible for overseeing all aspects of the Company's businesses operations.

***Sanghoun Park***

*Vice-Chairman of the Board of Directors, Chief Financial Officer*

Mr. Park graduated from Ajou University in the Republic of Korea and holds a Master of Business Administration (MBA) degree. Mr. Park began his career with Doosan Enerbility in 1998, gaining experience in various field such as accounting, treasury, financing and financial controlling. Since 2005, Mr. Park was involved the Doosan Group's mergers and acquisitions, including acquisitions such as Babcock (UK), Bobcat (USA), the Company (Czech Republic) and Lentjes (Germany). In 2009, Mr. Park was dispatched to Europe for the post-merger integration of the Company. He has since worked for the Doosan Group's subsidiaries for over 10 years. Mr. Park served as the chief financial officer of Doosan Lentjes GmbH for one and a half years. Since 2022, Mr. Park has served as the Chief Financial Officer of the Company. In January 2025, Mr. Park became a member of the Board of Directors. As Chief Financial Officer, Mr. Park is primarily responsible for the Company's finance, accounting, legal, governance and IT operations.

***Seungwoo Sohn***

*Member of the Board of Directors*

Mr. Sohn graduated from the Konkuk University in the Republic of Korea with a major in construction engineering. Mr. Sohn received his MBA degree from the New York University in the United Staes. Mr. Sohn began his career at Doosan Enerbility as an engineer in 1996, and he has since accumulated corporate experience in areas such as corporate planning, strategy, global marketing and sales. Mr. Sohn also has significant international experience, having spent four years at Doosan E&S in the United States. Upon his return to Doosan Enerbility, Mr. Sohn successfully served as vice-president of sales and senior-vice president of sales. His achievements in these roles led to his current position as the executive vice-president of the Power Service Business Group of Doosan Enerbility.

***Donggil Kim***

*Member of the Board of Directors*

Mr. Kim graduated from the Ulsan University in the Republic of Korea with a bachelor's degree in economics. Mr. Kim began his career at Doosan Enerbility in 1997, initially working in budget management and corporate planning. His expertise in these areas led to his appointment as the team leader of financial analysis. Over the years, Mr. Kim served as team leader for various business groups, including boiler and EPC, before being appointed as the financial analysis team leader in the corporate financial department. His extensive knowledge and experience across many business sectors of Doosan Enerbility led to his promotion to the vice president role as a controller. His current position is vice president of planning for the power service business group.

The table below sets forth the companies and partnerships where a member of the Board of Directors has been a member of the administrative, management or supervisory bodies or partner at any time in the previous five years other than the subsidiaries of the Company:

| **Name** | **Position** |
|---|---|
| **Youngki Lim** | *Past positions:*<br>Doosan Power System India Pvt. Ltd. – chairman of the board of directors – (January 2022 – December 2023)<br><br>*Present positions:*<br>Doosan Power Systems S.A. – chairman of the board of directors (February 2024 – up to date) |
| **Sanghoun Park** | *Past positions:*<br>Doosan Lentjes GmbH – member of the board of directors (January 2022 – March 2023)<br><br>*Present positions:*<br>Doosan Power Systems S.A. – member of the finance management (March 2023 – up to date) |
| **Seungwoo Sohn** | *Past positions:*<br>Doosan Enerbility Co., Ltd. – vice president (June 2020 – December 2021)<br>Doosan Enerbility Co., Ltd. – senior vice president (January 2022 – December 2023)<br><br>*Present positions:*<br>Doosan Lentjes GmbH – chairman of the board of directors (January 2024 – up to date)<br>Doosan Turbomachinery Services, Inc. – chairman of the board of directors (January 2024 – up to date)<br>Doosan Enerbility Vietnam Co., Ltd. – chairman of the board of directors (January 2024 – up to date)<br>Doosan Enerbility Co., Ltd. – executive vice president (January 2024 – up to date) |
| **Donggil Kim** | *Past positions:*<br>Doosan Enerbility Co., Ltd. – vice president, finance controller (January 2022 – December 2023)<br><br>*Present positions:*<br>Doosan Lentjes GmbH – member of the board of directors (January 2024 – up to date)<br>Doosan Turbomachinery Services, Inc. – member of the board of directors (January 2024 – up to date)<br>Doosan Enerbility Vietnam Co., Ltd. – member of the board of directors (January 2024 – up to date)<br>Doosan Enerbility Co., Ltd. – vice president, power service business group planning (January 2024 – up to date) |

## Supervisory Board

The Supervisory Board is an independent body of the Company that primarily oversees the Board of Directors. The Supervisory Board may not, under the Czech Companies Act and the Articles of Association make management decisions. The business address of each member of the Supervisory Board is the Company's registered office: Tylova 1/57, Jižní Předměstí, 301 00, Pilsen, the Czech Republic.

The Articles of Association provide that the Supervisory Board consists of six members that are elected and recalled by the General Meeting. A member of the Supervisory Board is appointed for a period of three years. A member of the Supervisory Board may be reappointed. The General Meeting may recall a member of the Supervisory Board at any time. The Supervisory Board appoints its Chairman and Vice-Chairman from amongst its members. Members of the Supervisory Board cannot simultaneously be a member of the Board of Directors.

According to the Czech Companies Act, given that the Company has more than 500 employees employed under an employment relationship (in Czech: *pracovní poměr*), a third of the members of the Supervisory Board shall be elected and recalled by the Company's employees. The election and recall of Supervisory Board members elected by employees is governed by the electoral rules, which are prepared and approved by the Board of Directors after discussion with the trade union organization and the employee council. The elections or dismissals of Supervisory Board members elected by employees are organized by the Board of Directors after discussion with the trade union organization and the employee council, in such a way as to allow the highest possible number of voters to participate.

As of the date of this Prospectus, four members have been elected to the Supervisory Board. The remaining two members, who will be elected by the Company's employees, are to be elected within 90 days from the date of the registration of the change of the Company's legal form from a limited liability company to a joint-stock company in the Commercial Register, as stipulated by Czech Act No. 125/2008 on transformations of business corporations and cooperatives. For more detail on the change of the Company's legal form, see section *Pre-IPO Reorganisation*.

The Supervisory Board constitutes a quorum if a majority of its members is present or otherwise takes part in a meeting. The Supervisory Board adopts a decision by a majority vote of its members present at the meeting. Members of the Supervisory Board may participate in the Supervisory Board meetings through telephone or other remote means. When necessary, a decision may be made by the Supervisory Board without holding a meeting.

In accordance with the Articles of Association, meetings of the Supervisory Board are called by the Chairman, or, in their absence, by the Vice-Chairman of the Supervisory Board. Members of the Supervisory Board are required to attend General Meetings.

The following table sets out the name and principal position of each member of the Supervisory Board:

| Name | Position | Commencement of Current Term of Office | Date of Expiration of Current Term of Office |
|---|---|---|---|
| Jiří Krupka | Chairman of the Supervisory Board | 1 January 2025 | 1 January 2028 |
| Youngboo Kwon | Vice-Chairman of the Supervisory Board | 1 January 2025 | 1 January 2028 |
| Jan Váně | Member of the Supervisory Board | 1 January 2025 | 1 January 2028 |
| Gabriela Jandíková | Member of the Supervisory Board | 1 January 2025 | 1 January 2028 |

***Jiří Krupka***

*Chairman of the Supervisory Board*

Mr. Krupka graduated from the Faculty of Social Sciences at Masaryk University in Brno in 2009, the Faculty of Law at Charles University in Prague in 2011, and CEVRO University (Information Security) in 2019. He also holds a diploma from the University of Cambridge – British Law Centre in English and European Law, which he obtained in 2016. Mr. Krupka began his career in 2009 with Škoda Transportation Group, where he held various roles in contract management, legal, compliance, and the group legal department. In 2019, Mr. Krupka joined the Company as the head of the legal department. Over time, he expanded his responsibilities to include intellectual property, compliance, and information security. In 2023, Mr. Krupka took on the role of head of legal & business integrity. In this capacity, Mr. Krupka oversees all legal aspects of the Company, including corporate law, and leads business integrity initiatives. He is also the primary contact for the Company's whistleblowing program.

***Youngboo Kwon***

*Vice-chairman of the Supervisory Board*

Mr. Kwon graduated from the University of Warwick in 2004 with a BSc in Computer Science. He is the head of international finance at Doosan Enerbility and has been with Doosan Enerbility for over 15 years. He is an experienced professional in project-related financing, with project expertise in the power sector, including project finance, export credit, bank guarantees, working capital financing, and foreign exchange. Additionally, he has extensive experience in debt capital market and equity capital market financing.

***Jan Váně***

*Member of the Supervisory Board*

Mr. Váně became a professor of sociology at the Palacky University in Olomouc in 2022. In 2013, he earned the title of docent in sociology from the Faculty of Social Studies at Masaryk University in Brno. Mr. Váně also completed his Ph.D. in philosophy at the Faculty of Art, Masaryk University in Brno in 2007. In 2003, he received his doctoral degree in Philosophy from the Faculty of Art, Masaryk University in Brno. Mr. Váně specializes in sociology, sociological theory, general methodology, qualitative research, quantitative research, political philosophy, industry 4.0 and education. As part of his academic career, Mr. Váně is active in the field of publishing, and he is also a member of the Research Development and Innovation Council of the Czech Government. Mr. Váně currently serves as the vice-rector for external relations and communications at the University of West Bohemia.

***Gabriela Jandíková***

*Member of the Supervisory Board*

Mrs. Jandíková holds Master's degree from the Faculty of Law at University of West Bohemia, where she graduated in 2022. She specializes in regulatory, corporate law and intellectual property law. She is currently completing a two-year specialisation study programme in industrial property. Since 2022, Mrs. Jandíková has been working as a legal specialist in the legal & business department at the Company. Mrs. Jandíková is primarily responsible for regulatory and intellectual property matters.

None of the members of the Supervisory Board have served as members of administrative, management, or supervisory bodies, nor have they been partners in any companies or partnerships, at any point in the past five years.

**Senior Management**

The Company's Senior Management consists of the Chief Executive Officer, the Chief Financial Officer and six senior managers of the Company – namely the chief operating officer and sales director (the **Chief Operating Officer**), the director of operations, the director of human resources, the director of services, the director of procurement and the director of turbogenerator product. Members of the Senior Management are employes of the Company, except for the Chief Executive Officer and the Chief Financial Officer, who are members of the Board of Directors and are engaged with the Company on the basis of the service contracts.

The Senior Management manages the Company's day-to-day business and oversees the Company's main organisational departments, consisting of finance, human resources, execution, turbogenerator product, procurement and sales. Each head of department reports to the Chief Executive Officer except for the director of procurement, who reports to the Chief Operating Officer. The business address of each member of the Senior Management is the Company's registered office: Tylova 1/57, Jižní Předměstí, 301 00, Pilsen, the Czech Republic.

The following table sets out the name and principal position of each member of the Senior Management:

| Name | Position | Since |
|---|---|---|
| Youngki Lim | Chief Executive Officer | 24 January 2024 |
| Sanghoun Park | Chief Financial Officer | 28 March 2022 |
| Daniel Procházka | Chief Operating Officer and Sales Director | 1 April 2020 |
| Ivo Řeřicha | Director of operations | 1 January 2025 |
| Richard Kabuď | Director of human resources | 1 January 2011 |
| Sangihn Jung | Director of services | 1 January 2025 |
| Luděk Votava | Director of procurement | 1 April 2007 |
| Jan Peterka | Director of turbogenerator product | 1 January 2023 |

***Youngki Lim***

*Chief Executive Officer*

Please see section *Board of Directors.*

***Sanghoun Park***

*Chief Financial Officer*

Please see section *Board of Directors.*

***Daniel Procházka***

*Chief Operating Officer and Sales Director*

Mr. Procházka graduated in law and passed the state rigorous exam in international law at the University of West Bohemia in Pilsen. He also completed a study internship at the University of Granada in Spain. Since March 2020, he has been working as a Chief Operating Officer at the Company. Prior to that, he had worked in the Company at executive positions in industrial turbine and business management departments and as well at the position of a director of the commercial and legal department between 2013 and 2018. Currently, he is also a vice-chairman of the Czech Power Industry Alliance - Czech Technological Suppliers for Energy Sources (CPIA) and servers as a board member of the Regional Chamber of Commerce in the Pilsen Region and as an administrative board member of the University of West Bohemia in Pilsen.

***Ivo Řeřicha***

*Director of operations*

Mr. Řeřicha graduated from University of West Bohemia, Faculty of Mechanical Engineering in 2003. He began his career as a production leader in an assembly company. In 2006, Mr. Řeřicha joined the Company as project quality specialist. Throughout his career, he has held various positions in quality and following that, in execution, eventually rising to the position of director of execution. In 2025, Mr. Řeřicha assumed the role of director of operations.

***Richard Kabuď***

*Director of human resources*

Mr. Kabuď graduated from the Faculty of Management and Adult Education of Charles University in Prague in 1997 and completed his MBA at ESMA Barcelona in 2004. He began his career in human resources roles in several multinational companies. Mr. Kabuď joined the Company in 2011 as director of human resources. Over time, Mr. Kabuď has expanded his responsibilities to include the areas of communications and systems and processes, and, most recently, investor relations as well.

***Sangihn Jung***

*Director of service*

Mr. Jung graduated from the Ohio State University in the USA with a bachelor's degree in business administration. He began his career at Samsung SDS in Korea providing IT consulting for Samsung Electronics. After joining Doosan Enerbility in 2008, he has worked in the finance department and human resources. He continued his career as a sales manager for Doosan Enerbility's power service business group. This experience eventually led him to the position of area sales director for Asia in the Company in 2021, and subsequently, he became the service sales director in 2025.

***Luděk Votava***

*Director of procurement*

Mr. Votava graduated from the Faculty of Telecommunications and Transportation of the Czech Technical University in Prague in 2000. He began his career at TEMPO Training Centre as a project manager, where he launched a global project and led a team of 12 in San Francisco in 2000. From February 2001 to October 2001, he was employed at VALEO Climate Control as a family buyer. Subsequently, he joined Siemens Kolejova Vozidla s.r.o., where he held various roles from 2002 to 2007, including head of the purchasing department, head of the strategical purchasing department, and head of the global sourcing group. In these roles, he led departments of varying sizes and developing new processes. Since 2007, Mr. Votava has been with the Company, currently serving as the director of procurement.

***Jan Peterka***

*Director of turbogenerator product*

Mr. Peterka graduated from the Faculty of Mechanical Engineering of the University of West Bohemia in 2007. He began his career at the Company as a project quality manager. After six years, he transitioned to the service department, gaining experience as a sales and project manager. In 2015, he became the head of a group within the service department and, three years later, was promoted to head of the technical department of the service department. Since 2022, he has served as the director of the turbogenerator product, overseeing R&D, design, technology, and production. He is also a member of the Company's executive, technical, quality, and product committees.

The table below sets forth companies and partnerships where a member of the Senior Management has been a member of the administrative, management or supervisory bodies or partner at any time in the previous five years other than the subsidiaries of the Company:

| Name | Position |
|---|---|
| Youngki Lim | Please see section *Board of Directors.* |
| Sanghoun Park | Please see section *Board of Directors.* |
| Daniel Procházka | *Past positions:*<br>Czech Power Industry Alliance – member of the committee (June 2023 – September 2023)<br><br>*Present positions:*<br>Czech Power Industry Alliance – vice-chairman of the committee (September 2023 – to date)<br>Regional Chamber of Commerce in the Pilsen Region – member of the board of directors (May 2023 – to date) |
| Ivo Řeřicha | None |
| Richard Kabuď | *Present positions:*<br>ABACUS HR s.r.o. – executive director (March 1999 – to date) |
| Sangihn Jung | None |
| Luděk Votava | None |
| Jan Peterka | None |

## <u>Audit Committee</u>

The majority of members of the Audit Committee are required to be independent and professionally qualified pursuant to applicable provisions of the Czech Act on Auditors, and at least one member of the Audit Committee is required to be a current or former statutory auditor or a person whose knowledge and previous experience in the area of accounting entail the presumption and proper performance of the functions of a member of the Audit Committee, with respect to the business of the Company. The chairman of the Audit Committee is required to be independent pursuant to applicable provisions of the Czech Act on Auditors. The business address of each member of the Audit Committee is the Company's registered office: Tylova 1/57, Jižní Předměstí, 301 00, Pilsen, the Czech Republic.

The Articles of Association provide that the Audit Committee consists of three members that are appointed for a period of three years by the General Meeting. A member of the Audit Committee may be reappointed. No member of the Audit Committee may be a member of the Board of Directors. The powers, responsibilities and decision-making process of the Audit Committee are defined by the Articles of Association, the Czech Act on Auditors and the rules of procedure of the Audit Committee.

Key responsibilities and powers of the Audit Committee include, *inter alia*, monitoring the effectiveness of the Company's internal control and risk management system, the effectiveness of the Company's internal audit and ensuring its functional independence; the process of preparation of the Company's consolidated and non-consolidated financial statements; and the statutory audit process.

The following table sets out the name and principal position of each member of the Audit Committee:

| Name | Position | Commencement of Current Term of Office | Date of Expiration of Current Term of Office |
|---|---|---|---|
| Petra Vaněčková | Chairman of the Audit Committee | 1 January 2025 | 1 January 2028 |
| Jiří Jindra | Member of the Audit Committee | 1 January 2025 | 1 January 2028 |
| Pavlína Hejduková | Member of the Audit Committee | 1 January 2025 | 1 January 2028 |

***Petra Vaněčková***

*Chairman of the Audit Committee*

Mrs. Vaněčková is a partner at Grant Thornton Czech Republic and an executive director of LH audit s.r.o. Mrs. Vaněčková has 20 years of experience in auditing and tax advisory. She holds a master's degree from Faculty of Economics of the Czech University of Life Sciences in Prague. Mrs. Vaněčková has been a certified auditor since 2008 and a certified tax adviser since 2014.

***Jiří Jindra***

*Member of the Audit Committee*

Mr. Jindra serves as the head of finance operations at the Company. Mr. Jindra has 20 years of experience in tax and accounting. He holds a master's degree from Faculty of Economics of the University of West Bohemia in Pilsen. Prior to joining the Company, he worked at an audit & tax advisory company.

***Pavlína Hejduková***

*Member of the Audit Committee*

Mrs. Hejduková has served as the head of the Department of Finance and Accounting at the University of West Bohemia in Pilsen since 2018. She is also a lecturer at the University of West Bohemia in Pilsen and has been involved in the academic sphere since 2006. Mrs. Hejduková has also been active in various governmental organisations in the Czech Republic and Slovakia. She holds a master's degree from the Faculty of Management at the Prague University of Economics and Business and has been awarded a Ph.D. from the Faculty of Economics at the University of West Bohemia in Pilsen.

**<u>ESG Committee</u>**

The key function of the ESG Committee is to ensure commitment to environmental, social and governance matters in the Company and companies directly or indirectly controlled by the Company.

The ESG Committee (i) advises and reports to the Board of Directors and (ii) shares information with the Supervisory Board, all on a permanent basis about ESG matters in the Company, covering the following areas:

- implementing environmental, social and governance policies within the Company; and
- reviewing the Company's business conduct from regulatory, environmental, social and governance and ethical point of view.

Members of the ESG Committee are elected and removed by the Board of Directors from among the Company's senior employees, considering their connection to the performance of specific roles within the Company. Consequently, the term of office for each member of the ESG Committee aligns with their tenure in these roles. The ESG Committee is chaired by the Company's Chief Executive Officer. The Company's head of strategy and ESG manager act as the coordinators for the ESG Committee. Other positions within the ESG Committee are associated with the roles detailed in the table below:

| **Name** | **Position** |
|---|---|
| Chief Executive Officer | Chairman of the ESG Committee |
| Head of Strategy | Coordinator of the ESG Committee |
| ESG Manager | Coordinator of the ESG Committee |
| Chief Operating Officer | Member of the ESG Committee |
| Chief Financial Officer | Member of the ESG Committee |
| Director of human resources | Member of the ESG Committee |
| Head of building management | Member of the ESG Committee |
| Head of payroll and human resources process | Member of the ESG Committee |
| Head of compensation and benefits | Member of the ESG Committee |
| Head of quality, health and safety | Member of the ESG Committee |
| Head of systems and processes | Member of the ESG Committee |
| Head of executive procurement | Member of the ESG Committee |
| Lawyer | Member of the ESG Committee |
| Compliance specialist | Member of the ESG Committee |
| Environmental specialist | Member of the ESG Committee |

**Conflicts of Interest**

There are no conflicts of interest between the duties of the members of the Board of Directors, Supervisory Board Members, Senior Management members, Audit Committee Members and other senior managers to the Company and their private interests or other duties. Youngki Lim, Sanghoun Park, Seungwoo Sohn, Donggil Kim and Youngboo Kwon act on the elected bodies of companies owned by the Major Shareholder.

In addition to their performance of the roles of members of the Supervisory Board, and member of the Audit Committee, respectively, Jiří Krupka, Gabriela Jandíková and Jiří Jindra also hold positions within the Company based on employment contracts. The Company does not consider such positions a conflict of interest.

**Other Information on Members of the Board of Directors, Supervisory Board Members, Senior Management Members and Audit Committee Members**

In the last five years, no member of the Board of Directors, the Supervisory Board, the Senior Management, and the Audit Committee has been:

(a) convicted in relation to any fraudulent offence;

(b) subject to any official public incrimination and/or sanctions by statutory or regulatory authorities (including designated professional bodies);

(c) disqualified by a court from acting as a member of the administrative, management or supervisory bodies of any issuer of securities or from acting in the management or conduct of the affairs of any issuer of securities; or

(d) associated with any bankruptcies, receiverships or liquidations, when acting in his capacity as a member of the administrative, management or supervisory body or as a senior manager within the Company.

**Contracts and remuneration**

Remuneration and other benefits for the members of the Company's Board of Directors, Supervisory Board, Senior Management and Audit Committee (the **Company Officers**) are agreed either in their respective service contracts or employment contracts approved by the Company's General Meeting, in compliance with the wording of its Articles of Association or the Company's decision as the shareholder of subsidiaries under its control or as the employer of Company Officers with employment contracts.

The Company's Board of Directors, Supervisory Board and Audit Committee were established as of 1 January 2025, as part of the pre-IPO reorganisation of the Company (see *Pre-IPO Reorganisation*). Consequently, members of the Company's Supervisory Board and Audit Committee did not receive any remuneration or other benefits from the Company prior to this date in connection with their performance of the roles of Supervisory Board and Audit Committee members. Members of the Board of Directors, who held the role of directors of the Company (in Czech: *jednatel*) prior to 1 January 2025, and members of the Senior Management received remuneration and other benefits in accordance with their respective service contracts and employment contracts.

In 2024, the Company provided the members of the Board of Directors and the Senior Management with remuneration and other benefits in the following breakdown. In 2024, neither the members of the Board of Directors nor the Senior Management received any remuneration or other benefits from the Company's sole subsidiary, Škoda Power India.

**Fixed component of remuneration:**

- basic monthly remuneration; and
- benefits and perquisites in the form of liability insurance covering damage caused by a breach of duty of an officer (*i.e.* the directors and officers liability insurance), accident insurance, travel insurance for short-term business trips, including accommodation, a passenger car also for private use, use of IT equipment and mobile phone for personal use, pension benefits and health insurance in the Republic of Korea, contribution for meals, contribution for healthcare.

**Variable component of remuneration:**

- The annual bonus for the Chief Executive Officer and the Chief Financial Officer is tied to the fulfilment of specific performance criteria as outlined in their respective service contracts. The bonus can be up to 40 per cent. of the awarded base salary for the previous calendar year.
- The annual bonus for members of the Senior Management, excluding the Chief Executive Officer and the Chief Financial Officer, is tied to the fulfilment of certain performance criteria as outlined in their respective employment contracts and the Company's internal regulations. The bonus can be up to 52 per cent. of the awarded base salary for the previous calendar year.

An overview of gross remuneration and other benefits provided to members of the Company's Board of Directors in 2024:

| | *(in CZK)* |
|---|---|
| Annual full time equivalent number of members | 4 |
| Number of members who received any remuneration | 2 |
| **Fixed component of the remuneration** | |
| Basic remuneration | 3,621,690 |
| Benefits and other perquisites | 1,472,406 |
| **Variable component of the remuneration** | |

| | |
|---|---|
| Annual bonus | 461,606 |
| **Total remuneration and other perquisites** | **5,555,702** |

| | |
|---|---|
| Ratio between the fixed component of remuneration and total remuneration | 92% |
| Ratio between the variable component of remuneration and total remuneration | 8% |

The variable component of the remuneration shown in the table above represents the annual remuneration paid for the year 2024 with the conditions for entitlement being set in 2023 and assessed and paid in 2024.

All components of remuneration were paid to the members of the Board of Directors in compliance with their service contracts, as approved by the Selling Shareholder. Among the members of the Board of Directors, only the Chief Executive Officer and the Chief Financial Officer have entered into service contracts with the Company. The remaining two members of the Board of Directors perform their roles without compensation.

An overview of gross remuneration and other benefits provided in 2024 to those members of the Company's Senior Management, who served as members of the Company's Senior Management during that year:

| | *(in CZK)* |
|---|---|
| Annual full time equivalent number of members | 5 |
| **Fixed component of the remuneration** | |
| Basic remuneration | 9,851,725 |
| Benefits and other perquisites | 2,731,235 |
| **Variable component of the remuneration** | |
| Annual bonus | 4,969,754 |
| **Total remuneration and other perquisites** | **17,552,714** |

| | |
|---|---|
| Ratio between the fixed component of remuneration and total remuneration | 72% |
| Ratio between the variable component of remuneration and total remuneration | 28% |

The variable component of the remuneration shown above represents the remuneration paid for the year 2024; its amount and conditions for entitlement were set out in the employment contracts of each member of the Senior Management.

All components of remuneration have been paid to the members of the Senior Management in compliance with their employment contracts, except for the Chief Executive Officer and the Chief Financial Officer, who did not receive any remuneration or other benefits for their roles of members of the Senior Management as they were only compensated for their roles of members of the Board of Directors.

None of the members of the administrative, management or supervisory bodies of the Major Shareholder or any Major Shareholder group company, have any contracts with the Company or the respective member of the Company which would provide benefits upon termination of the member's services with the Company or the respective member of the Company beyond standard benefits approved by the Supervisory Board or relevant corporate body.

## DESCRIPTION OF SHARE CAPITAL AND CORPORATE GOVERNANCE STRUCTURE

*The following paragraphs summarise certain information concerning the Company's share capital and certain material provisions of the Articles of Association and applicable Czech law as in force on the date of this Prospectus. This summary does not purport to give a complete overview and should be read in conjunction with, and is qualified in its entirety by reference to, the Articles of Association and the relevant provisions of Czech law as in force on the date of this Prospectus. The Articles of Association (in the governing Czech language and in an unofficial English translation thereof) are available on the Company's website (www.doosanskodapower.com). See also Management, Supervisory Board and Senior Management for a summary of certain material provisions of the Articles of Association, the Board of Directors rules, the Supervisory Board rules and Czech law relating to the Board of Directors and the Supervisory Board.*

### General

The Company was incorporated as a limited liability company (in Czech: *společnost s ručením omezeným*) under the laws of the Czech Republic on 1 July 1993. On 1 January 2025, the Company underwent a conversion of its legal form to a joint-stock company (*akciová společnost*) pursuant to the relevant provisions of Czech law and corporate resolutions.

The Company has its registered office at Tylova 1/57, Jižní Předměstí, 301 00 Pilsen, Czech Republic. The identification number (Id. No.) of the Company is 49193864 (tel: +420 378 185 000), and it has been assigned the legal entity identifier (LEI) 315700100000000024442. Doosan Škoda Power a.s. is duly registered with the Commercial Register maintained by the Regional Court in Pilsen, and the details of its registration are recorded under File No. B 2251.

### Corporate Purpose

The Company is a Czech business company, the general objective of which is to be engaged in profit making activities. A full list of the Company's business objects is set out in Article 3 of the Articles of Association. The Company's principal registered business activities are outlined in section *Business - General information.*

### Share Capital

#### Registered share capital

The Company was incorporated as a limited liability company on 1 July 1993, with a registered share capital of CZK 176,078,000.

On 7 October 1997, the then sole shareholder of the Company, ŠKODA a.s., adopted a decision to decrease the registered share capital of the Company to CZK 161,012,000.

Effective as of 1 January 1998, the Company increased its registered share capital to CZK 1,367,332,000.

Effective as of 12 January 2006, the Company changed its legal form to a joint stock company. The registered share capital amount remained unchanged and was divided into 1,367 registered shares in documentary form with a nominal value of CZK 1,000,000 each and 332 registered shares in documentary form with a nominal value of CZK 1,000 each.

On 24 November 2008, the then sole shareholder of the Company, ŠKODA HOLDING a.s., adopted a decision on the increase of the registered share capital of the Company by CZK 959,776,000 by subscription for additional 959 registered shares in documentary form with a nominal value of CZK 1,000,000 each and 776 registered shares in documentary form with a nominal value of CZK 1,000 each. Effective as of 22 December 2008, the registered share capital of the Company amounted to CZK 2,327,108,000.

On 16 February 2009, the then sole shareholder of the Company, ŠKODA HOLDING a.s., adopted a decision on the increase of the registered share capital of the Company by CZK 971,237,000 by subscription for additional 971 registered shares in documentary form with the nominal value of CZK 1,000,000 each and 237 registered shares in documentary form with the nominal value of CZK 1,000 each. Effective as of 5 August 2009, the registered share capital of the Company amounted to CZK 3,298,345,000.

Effective as of 3 May 2010, the Company changed its legal form to a limited liability company. The registered share capital of the Company remained unchanged, *i.e.* amounted to CZK 3,298,345,000.

On 30 July 2024, the Selling Shareholder adopted a decision to decrease the registered share capital of the Company by CZK 1,848,345,000, with the reduced amount to be paid out to the Selling Shareholder. The decision became effective on 5 December 2024, when the decrease of the registered share capital was registered in the Czech Commercial Register. Effective as of 5 December 2024, the registered share capital of the Company amounted to CZK 1,450,000,000. Following the effectiveness of the share capital decrease, a portion of the amount to be paid out to the Selling Shareholder, totalling CZK 1,050,000,000, was offset against an equivalent amount of the outstanding principal under the Selling Shareholder Loan Agreement. The remaining portion, amounting to CZK 798,345,000, was paid out to the Selling Shareholder on 13 December 2024 as described in section *Capitalisation and Indebtedness*.

On 22 November 2024, the Selling Shareholder adopted a decision on the change of the legal form of the Company to a joint stock company. The registered share capital amount remained unchanged. Effective as of 1 January 2025, the registered share capital of the Company amounted to CZK 1,450,000,000 and was divided into 29,000,000 ordinary book-entry shares with a nominal value of CZK 50 each.

On 17 January 2025, the Selling Shareholder, as the sole shareholder and acting in the capacity of the general meeting of the Company, along with the Board of Directors, decided to dissolve the Company's statutory reserve fund, which totalled CZK 329,834,500. As a result, a portion of the released reserves, amounting to CZK 312,909,937, was used to offset the Company's receivable for the payment of interest under the Selling Shareholder Loan Agreement. The remaining amount of CZK 16,924,563 is booked as other reserves.

As of the date of this Prospectus, the registered share capital of the Company remains CZK 1,450,000,000 and is divided into the Existing Shares. The share capital of the Company has been fully paid up. The Existing Shares are denominated and reported in CZK and are freely transferable.

The Company has not issued any preferred shares, rights, convertible bonds or any other equity or equity-linked securities. All the Shares bear equal rights. The Company has no authorised but unissued capital. The Shares bear no redemption or conversion rights. No capital of any member of the Company is under option nor is it agreed conditionally or unconditionally to be put under option.

Prior to the Offering, all the Existing Shares are owned by the Selling Shareholder. Following Admission, the Selling Shareholder will continue to own and control a majority stake in the Company. See *Risk Factors* and *Major Shareholders and Related Party Transactions*.

**Authorization to Increase the Registered Share Capital**

In accordance with the Czech Companies Act, the General Meeting may authorize the Board of Directors to increase the registered share capital of the Company by up to 50 per cent. of the current share capital of the Company.

**Form of the Shares**

The Shares take the form of book-entry shares. Book-entry shares are defined as shares having the form of a record in the central register of book-entry securities maintained by the CSD or its participants authorized to maintain the follow-on registers.

**Limitations on the Ownership of the Shares**

There are neither provisions in the Articles of Association that would have an effect of delaying, deferring or preventing a transfer of the Shares or change of control over the Company nor are there any provisions restricting ownership of the Shares. No restrictions exist in relation to the holding or exercising by foreigners or non-Czech residents of voting rights in respect of the Shares.

**Transfer of the Shares**

The transfer of ownership of book-entry shares is effected by means of registration of the change of ownership of shares with the CSD, whether directly through the CSD or through a participant of the CSD; if the shares are registered in the customers' account, then the transfer is effected upon record in the customers' account (with mandatory follow-up record in the owner's account), whereas if the shares are registered in the owners' account, the transfer is effected upon record in the owners' account.

Moreover, if certain statutory conditions are met, a direct or indirect acquisition of control in the Company may also require prior merger clearance by the Czech Office for Protection of Competition, or the European Commission, as applicable.

**Acquisition of own Shares**

Czech law restricts the ability of the Company to acquire its own Shares. The Company may acquire its own Shares if and to the extent that (i) the issue price of the Shares was paid in full; (ii) the General Meeting approved the acquisition of the Shares; (iii) the acquisition of the Shares by the Company will not result in the Company's equity falling below the sum of the Company's registered share capital and funds which may not be distributed to shareholders; (iv) the Company has the funds available to create a reserve on its balance sheet in the amount of the book value of the acquired Shares; and (v) the acquisition of the Shares will not lead to the insolvency of the Company.

Notwithstanding the above, the Company may acquire its own Shares without approval by the General Meeting if, among other things: (i) the Shares are acquired for the purposes of an employee share option plan; (ii) the Shares are acquired in order to prevent significant losses of the Company; or (iii) the Shares are acquired in order to effect a reduction of the Company's registered capital.

Shares held by the Company carry neither voting rights at the General Meeting nor rights to participate in the Company's profit (the respective portion of the Company's profit is to be retained by the Company as retained earnings from previous years).

**Decrease in Registered Share Capital**

The General Meeting may resolve to decrease the registered share capital of the Company primarily by:

- withdrawal of Shares;
- reduction of the par value of Shares;
- cancellation of own (treasury) Shares; or
- not issuing Shares to the shareholder who failed to pay the issue price.

See also *General Meeting - Quorum* for information on the required quorum of the General Meeting for the adoption of a resolution on the decrease in the Company's registered share capital.

**Duties of a controlling shareholder**

If any shareholder controlling the Company becomes aware (or should have become aware) of the Company's pending insolvency, it is required to take all reasonable steps to avert the Company's insolvency. If the controlling shareholder does not comply with this duty (in breach of the duty of a diligent manager (only if the law prescribes such duty to such shareholder)), the insolvency court may decide that such controlling shareholder must guarantee the Company's obligations if the Company is declared insolvent by the insolvency court.

In addition, if the interests of the Company's minority shareholder are substantially harmed by the actions of any shareholder controlling the Company to such an extent that it may no longer be reasonably required of the minority shareholder to remain a shareholder of the Company, then such minority shareholder may under the Czech Companies Act request the shareholder controlling the Company to buy its Shares for fair consideration. The consideration must be determined by the opinion of a court-appointed expert. If the shareholder deems the offered or paid consideration unfair, it has the right to claim the difference between such consideration and fair consideration before a court (the court decision ordering payment of such difference is binding with respect to all relevant shareholders). Should the shareholder controlling the Company fail to buy the Shares, the minority shareholder has the right to claim damages or request the court to order the conclusion of a share purchase contract with the shareholder controlling the Company.

**Ownership of Shares by non-Czech persons**

There is no limitation under Czech law or the Articles of Association on the right of non-Czech residents or nationals to own the Shares or to exercise voting or other rights attached to the Shares.

**Shareholder Rights**

Each of the Company's shareholders may freely exercise the rights attached to the Shares, subject to the conditions described below and other conditions under Czech law. Each shareholder of the Company has the same rights and the Company and its management are obliged to treat all shareholders equally. Changing the rights of shareholders requires an amendment to the Articles of Association which requires approval by at least a three-fourths majority of shareholders present at the General Meeting. These conditions are not more stringent than as is required by law. The Articles of Association do not provide for any additional rights or other conditions beyond those granted by law, namely the Czech Companies Act.

Under the Czech Companies Act and the Articles of Association, each of the Company's shareholders primarily has the following rights:

**Proprietary Rights**

- The right to receive dividends, if any, when declared by the Company;
- the pre-emptive right to subscribe to a pro rata portion of new shares if the registered share capital of the Company is increased by cash contributions to the Company, unless such pre-emptive right is restricted or limited by a resolution of the General Meeting in accordance with the Czech Companies Act;
- the pre-emptive right to subscribe to a pro rata portion of any preferred or convertible bonds unless such pre-emptive right is restricted or limited by a resolution of the General Meeting in accordance with the Czech Companies Act;
- the right to participate in the Company's profit or liquidation balance after fulfilment of its obligations to creditors, proportionate to their shareholding, to the extent approved by the General Meeting; and
- the right of shareholders subject to certain conditions to have their shares bought out by the Company in case of resolution of the General Meeting on delisting, restrictions of transferability or change of the type of the Company's shares.

**Voting and Supervisory Rights Available to All Shareholders**

- The right to attend any General Meeting, submit proposals at General Meetings, take part in discussions and vote at any General Meeting;
- the right to request and receive information from the Company at the General Meeting relating to the Company and its subsidiaries if such information is necessary to assess items on the agenda of the General Meeting or to exercise shareholder rights at the General Meeting;
- the right to challenge the validity of resolutions of the General Meeting in court proceedings subject to conditions set out in the Czech Companies Act within three months following the date on which the Company's shareholders became aware of the resolution of the General Meeting or could have become aware of the resolution of the General Meeting; and

- the right to request the Board of Directors to provide the shareholder with a copy of the minutes of the General Meeting.

**Rights available to a shareholder (or shareholders, acting in concert) holding Shares representing at least five per cent. of the Shares if the Company's registered capital is CZK 100 million or less, or at least three per cent. of the Shares if the Company's registered capital exceeds CZK 100 million, or at least one per cent. of the Shares if the Company's registered capital exceeds CZK 500 million (the "Qualified Shareholders")**

- The right to request the Board of Directors to convene a General Meeting provided that drafts of the resolutions which are proposed to be adopted or, as the case may be, the grounds for calling the General Meeting are included in the request;

- the right to request the Board of Directors to include any additional matter in the agenda of a General Meeting that has already been called, provided that drafts of the resolutions which are proposed to be adopted, or the grounds for including the additional matter in the agenda of the General Meeting, are included in the request;

- the right to request that the Supervisory Board reviews the manner in which the Board of Directors exercises its powers and responsibilities;

- the right to file a claim on behalf of the Company against a person or an entity controlling the Company who uses its control to negatively affect the business management of the Company if the Company suffers any losses as a result;

- the right to file a claim on behalf of the Company against a member of the Board of Directors or the Supervisory Board for a breach of their duty of care, and a claim for damages;

- the right to file a claim on behalf of the Company against a shareholder to pay the subscription price for the Shares if the subscription price is not paid when due; and

- the right to request the competent Czech court to appoint an independent expert to review the Company's report on related party transactions which is annually prepared and published by the Board of Directors.

Under the Czech Civil Code and the Czech Companies Act, shareholders of the Company may not abuse their shareholders' rights to the detriment of the Company or of any other shareholders of the Company.

**Pre-emptive Right to Subscribe for new shares**

Each of the Company's shareholders has the pre-emptive right to subscribe for a pro rata portion of new shares issued by the Company if the registered share capital of the Company is increased by cash contributions. This pre-emptive right may be restricted or limited by a resolution of the General Meeting. The increase in the Company's registered share capital becomes effective upon registration in the Czech Commercial Register.

The Board of Directors must publish information on the terms and conditions for the exercise of pre-emptive rights by the Company's shareholders on the Company's website and in the Commercial Bulletin. Following the General Meeting approving an increase in the registered share capital of the Company, the shareholder's pre-emptive right to subscribe for the new shares may be separated from the Shares and transferred by the shareholder to any third person.

The pre-emptive right to subscribe for the new shares expires after a prescribed period of time which will be determined by a resolution adopted at the General Meeting increasing the registered share capital of the Company. Such period must be at least two weeks.

**Pre-emptive Right to Subscribe for Preferred or Convertible Bonds**

Under the Czech Companies Act, the Company may issue: (i) preferred bonds which give the bondholder the pre-emptive right to subscribe for a *pro rata* portion of new shares in the Company; and (ii) convertible bonds which give the bondholder the right to exchange the bonds for existing or new shares in the Company. Pursuant to the Czech Companies Act, each of the Company's shareholders has the pre-emptive right to subscribe for a *pro rata* portion of any preferred or convertible bonds issued by the Company unless such pre-emptive rights are restricted or limited by a resolution of the General Meeting.

**Rights to Participate in the Company's Liquidation Balance**

Each of the Company's shareholders has the right to participate in the Company's liquidation balance to the extent approved by the General Meeting. Each of the Company's shareholders has the right to receive a *pro rata* portion of the liquidation balance distributed to all shareholders according to the aggregate paid up value of the Shares held by the shareholder.

The shareholders of the Company that are registered in the CSD as of the day on which the Shares are deregistered from the CSD are entitled to receive a portion of the Company's liquidation balance.

Following the commencement of liquidation, the shareholders' right to receive a portion of the Company's liquidation balance may be separated from the Shares and transferred by shareholders to any third person.

After the deregistration of the Company from the Czech Commercial Register, each shareholder will vouch towards the Company's creditors for an amount commensurate to the portion of the liquidation balance they receive from the Company.

**Dividends and other Distributions**

According to Czech law and the Articles of Association, the distribution of dividends may take place following the adoption of the Company's annual accounts and resolution on dividends distributions by the General Meeting and the decision of the Board of Directors on the distribution of dividends. The distribution of any dividends is therefore within the discretion of the General Meeting and the Board of Directors and will depend upon, among other things, the Company's earnings, financial condition, future outlook, capital requirements, level of indebtedness or contractual restrictions with respect to the payment of dividends.

The Company may make distributions to its shareholders, whether from profits or from other own resources, if the following conditions are all met:

- the amount of dividends to be distributed does not exceed the value calculated as the Company's economic result of the last completed accounting period *plus* economic results of previous years *plus* distributable funds *less* allocation to the reserve / other fund in accordance with Czech law or the Articles of Association (the **Balance Sheet Test**);
- based on the latest financial statements, the Company's equity has not fallen below the sum of its paid-up registered share capital increased by the amount of the non-distributable funds maintained in accordance with Czech law or the Articles of Association, and the Company's equity will not fall below such level as a result of the distribution of dividends (the **Equity Test**);
- the distribution of dividends will not result in the Company's insolvency; and
- the ultimate beneficial owners of the Company have been disclosed and registered in accordance with the Czech Act No. 37/2021 Coll., on the register of beneficial owners, as amended (the **Czech UBO Act**).

The decision of the General Meeting on distribution of dividends taken in violation of the Balance Sheet Test and the Equity Test would be considered as if not taken.

The dividend is payable within three months (unless the General Meeting decided otherwise or the Articles of Association stipulate otherwise) from the day on which the General Meeting approved the dividend distribution to shareholders registered in the CSD as a shareholder of the Company on the seventh calendar day before the General Meeting. A right to dividends is individually transferable commencing on the day on which the General Meeting passed the resolution on dividends distributions. Dividends are not refundable, unless the person to whom the dividend was paid out knew or should have known that the payment of dividend was made in breach of the conditions for dividends payments pursuant to the Czech Companies Act.

The Czech Companies Act does not provide for any time limit after which entitlement to dividends lapses. Subject to various exceptions, Czech law provides a statutory period of limitation of three years from the date on which an obligation is due.

See section *Dividend Policy* for a more detailed description regarding the distribution of dividends by the Company.

**Summary of the Articles of Association and General Meetings**

**General Provisions**

The business name of the Company is Doosan Škoda Power a.s. The Company is a joint-stock company (in Czech: *akciová společnost*) incorporated in and operating under the laws of the Czech Republic, in particular the Czech Companies Act. The Company has a dualistic corporate structure. The Company's seat is the city of Pilsen in the Czech Republic. The Company is established for an indefinite period of time.

The principal corporate bodies of the Company are the General Meeting, the Board of Directors, the Supervisory Board and the Audit Committee. The Board of Directors is the executive body and consists of four members elected for a three-year term of office. The Supervisory Board is the supervisory body and consists of six members elected for a three-year term of office. The Audit Committee is the controlling body in the field of audit (both internal and external including statutory) and accounting consisting of three members elected for a three-year term of office. See section *Management, Supervisory Board and Senior Management*.

**General Meeting**

The general meeting is the supreme corporate body of the Company.

The exclusive powers of the General Meeting under the Czech Companies Act and the Articles of Association include in particular:

- decisions on amendments to the Articles of Association;
- resolving on the increase or decrease of the registered share capital (or the authorisation of the Board of Directors to increase registered share capital);
- resolving on the possibility to set off a monetary receivable against issue price for shares;
- decisions on the increase of the registered share capital by means of non-monetary deposits;
- decisions on the issuance of preferred and convertible bonds;
- decisions on the acquisition of the Company's own shares in such cases as set out in the applicable law;
- resolving on the winding-up of the Company and liquidation, including the appointment and removal of the liquidator, approval of the final report on the liquidation process and the liquidation balance distribution;
- decisions on the exclusion or restriction of the pre-emptive right to an acquisition of preferred or convertible bonds or on exclusion or limitation of the pre-emptive right to a subscription of new shares;
- decisions on changing the class or type of shares and on changes to the rights vested in specific share classes;
- election and recall of members of the Board of Directors;
- election and recall of members of the Supervisory Board;
- election and recall of members of the Audit Committee;
- decisions on the Company's transformation;
- approving the listing or delisting of the Company's shares;

- approval of the service contracts for members of the Supervisory Board, and decisions on any other payments;
- appointment of the auditor who is to audit the Company's financial statements and other documents if required by law;
- granting of prior approval to provide financial assistance;
- approval of annual, extraordinary or consolidated financial statements and, in cases stipulated by law, interim financial statements, as well as decisions on the distribution of profit or coverage of loss, and the determination of the profit share for the members of the Company's bodies; and
- approving a transfer of, or creation of security over, an enterprise of the Company or its part which would lead to significant change in the structure of the enterprise, or business objects or activities of the Company.

***Calling the General Meeting***

The General Meeting takes place at least once each accounting period and must be called by the Board of Directors so that it convenes within six months after the end of the Company's previous accounting period (on or before 30 June).

The Board of Directors may call the General Meeting whenever it deems it necessary. The Board of Directors must call the General Meeting if:

- the Board of Directors receives a request from the Supervisory Board in accordance with the Czech Companies Act or a request from the Qualified Shareholders, see *Shareholder Rights* ;
- the accumulated losses of the Company based on its financial statements, after having been reduced by expending all of the Company's disposable resources, equal or exceed (or may reasonably be expected to equal or exceed) 50 per cent. of the Company's registered share capital; or
- there is another material reason.

If the Board of Directors fails to convene the General Meeting without undue delay even though the law requires it to be convened or if the Board of Directors lacks the ability to pass resolutions for an extended period of time, the General Meeting may be convened by a member of the Board of Directors.

The General Meeting may be called by the Supervisory Board if required by the Company's interests or if the Company has no Board of Directors or if the elected Board of Directors has neglected its obligations for a long period and the General Meeting has not been called. In doing so, the Supervisory Board must also propose the necessary measures. If the Supervisory Board does not convene the General Meeting, any member of the Supervisory Board may convene the General Meeting.

***Notice and course of General Meetings***

The invitation to the General Meeting must be published at the Company's website and in the Commercial Bulletin at least 30 days prior to the General Meeting. The provisions of the Czech Companies Act governing the formal requirements for the convening of the General Meeting may be waived if so agreed by all shareholders of the Company.

If Qualified Shareholders request that the General Meeting be called, the invitation to the General Meeting must be published at least 15 days before the date of the General Meeting. After the Admission, this period will be extended to 21 days before the date of the General Meeting. If a substitute General Meeting is called, the invitation to the General Meeting must be published by the 15th calendar day after the previously scheduled date of the General Meeting at the latest; the General Meeting must in such a case be held within six weeks from the same date. The invitation must contain all information required by law and the Articles of Association. If the agenda of the General Meeting calls for a change of the Articles of Association, the Company must permit each shareholder to review the proposed change in the period prescribed by the invitation, free of charge, at the Company's registered seat.

Matters which are not on the proposed agenda of the General Meeting may only be discussed or approved with the consent of all shareholders. The General Meeting may be cancelled or postponed only in accordance with the Czech Companies

Act. If the General Meeting is convened at the request of a Qualified Shareholder, it may only be cancelled or postponed with the consent of the respective Qualified Shareholder.

All notices of General Meetings must be published on the Company's website www.doosanskodapower.com and in the Commercial Bulletin.

***Quorum***

Under the Articles of Association, a resolution may be adopted by the General Meeting only if shareholders are present (either in person or by proxy) whose shares have a total nominal value amounting to more than 50 per cent. of the share capital of the Company as of the respective Record Date. However, a substitute General Meeting may adopt resolutions irrespective of the number of the Company's shareholders present.

Resolutions of the General Meeting generally require the approval of a majority of the votes of the Company's shareholders present at the General Meeting.

The following decisions of the General Meeting require a majority of at least two thirds of the votes of the Company's shareholders present at the General Meeting:

- an amendment to the Articles of Association or resolutions that indirectly amend the Articles of Association (for example, a resolution on an increase or decrease in the Company's registered capital);
- authorization of the Board of Directors to decide on an increase of the Company's registered capital;
- winding-up of the Company and distributing the Company's liquidation balance;
- approving a transfer of or creation of security over an enterprise of the Company or its part which would lead to a significant change in structure of the enterprise, or business objects or activities of the Company;
- resolving on the possibility to set off a monetary receivable against the issue price for shares; and
- decisions on the issuance of preferred or convertible bonds by the Company.

The decision of the General Meeting approving an agreement for the settlement of loss incurred by the Company as a result of a breach of the duty of due care by a member of the Company's corporate body requires a majority of at least two thirds of the votes of all shareholders.

The following decisions of the General Meeting require a majority of at least three quarters of the votes of the Company's shareholders present at the General Meeting:

- restriction or limitation of the shareholders' pre-emptive right to subscribe for a pro rata portion of new shares or for preferred or convertible bonds of the Company; and
- increase of the Company's registered share capital by in-kind contributions.

Resolutions passed at the General Meeting with a majority of at least three quarters of the votes of the Company's shareholders present at the General Meeting by shareholders holding the class of the Shares affected by such resolutions are required for (i) a change of a class of the Shares; (ii) a change of rights attached to the Shares; (iii) a conversion of registered Shares to bearer Shares and vice versa; (iv) a delisting of the Shares; and (v) approving restrictions or limitations of the Shares' transferability.

A merger or demerger of the Company must be approved by a resolution passed at the General Meeting with a majority of at least three quarters of the votes of the Company's shareholders present at the General Meeting by shareholders holding each class of Shares. A transfer of all of the Company's assets to its shareholder must be approved by a resolution passed at the General Meeting with a majority of at least 90 per cent. of the votes of all shareholders of the Company.

In certain cases set out in the Czech Companies Act, the resolution of the General Meeting must take the form of a notarial deed.

***Participation at the General Meeting and voting rights***

At the General Meeting, each shareholder of the Company has equal rights, including equal voting rights, subject to certain exceptions set out in the Czech Companies Act. According to the Articles of Association, each share in the Company entitles to one vote at the General Meeting.

Only shareholders registered in the CSD as shareholders of the Company on the seventh calendar day before the General Meeting (the **Record Date**) may attend the General Meeting. The Board of Directors must obtain the shareholder's ledger extract as of the Record Date.

Under the Czech Companies Act, a shareholder of the Company may not exercise voting rights at the General Meeting if, *inter alia*:

- the shareholder has not paid the subscription price for the shareholder's Shares when due;
- the General Meeting is voting on whether the Company's registered share capital will be increased by this shareholder's in-kind contribution; and
- the General Meeting is to decide on whether the shareholder or a person acting in concert with the shareholder should be relieved of the fulfilment of an obligation, and/or whether the shareholder should be recalled from office as a member of a company body for violating an obligation in the performance of his or her office

At the General Meeting, each of the Company's shareholders may be represented by: (i) a proxy under a power of attorney; or (ii) a trustee/custodian engaged by a shareholder and registered in the CSD as a person authorized to execute the shareholder's rights. A power of attorney for the proxy must be in writing with officially verified signatures and must specify the number of shares to which it relates and the aggregate nominal value of such shares and whether it is granted for representation at one particular general meeting or at several general meetings. A form of the power of attorney will be published by the Company prior to each General Meeting on its website www.doosanskodapower.com and will be available at the registered office of the Company.

Shareholders and their authorized representatives must identify themselves at the General Meeting with an official identification card/passport. Members of the governing body of a legal entity that is a shareholder of the Company must also present a current (not older than three months) extract from the relevant public register or other document showing that they are entitled to act on behalf of such legal entity.

***Per rollam decision-making***

Voting at the General Meeting may take place by means of an electronic device, ballot cards or by other suitable manner as decided by the person who called the General Meeting. Also, the Articles of Association allow for *per rollam* voting which entails exercise of voting and other shareholder rights in writing without the personal participation of shareholders at the General Meeting. *Per rollam* decision-making consists of three steps: (i) distribution of the proposed decisions together with the relevant supporting documents to the shareholders; (ii) delivery of the shareholders' opinion, subject to time limit of at least 10 days. If a shareholder fails to deliver his or her consent to the proposed decisions, the shareholder is deemed to have not agreed with the proposed decisions; and (iii) announcement of the voting results and the date of adoption of the relevant shareholders' decisions.

The Articles of Association also allow on the participation and voting at the General Meeting via direct two-way remote transmission enabling real-time communication between the General Meeting and the shareholders not physically present at the General Meeting, subject to certain limitations arising out of technical aspects of such manner of holding the meeting (e.g. impossibility to verify the General Meeting's decision by a notary if required by law).

**Dissolution and liquidation**

The Company may be dissolved by a resolution of the General Meeting. This resolution requires a majority of at least two thirds of the votes of the shareholders present at the General Meeting. Upon the adoption of a resolution of the General Meeting on dissolution of the Company, the Company enters into liquidation. In certain limited cases where the Company is unable to carry out its activities, a court may also decide on the dissolution and liquidation of the Company.

In the liquidation process, the Board of Directors appoints a liquidator who acquires its powers and is thus equally responsible for the proper performance of statutory duties as are members of the Board of Directors. The liquidator assumes the powers of the Board of Directors and carries out all activities aimed at terminating the Company's business.

The liquidator notifies all known creditors about the Company's entry into liquidation and proceeds to satisfy their claims. Once all of the Company's debts are paid off, the remaining assets are distributed to the shareholders based on their share on the liquidation balance. Only then can be the Company removed from the Commercial Register by which it ceases to exist.

**Liability**

Under Czech law, any person serving as a member of an elected body of the Company - the Board of Directors, the Supervisory Board and the Audit Committee - must perform their duties with the necessary loyalty, knowledge and diligence, *i.e.* act with due care (in Czech: *jednat s péčí řádného hospodáře*).

Violation of the duty to act with due care may, *inter alia*, result in a member's liability for damages or the obligation to return benefits resulting from that breach. Additionally, members who breach the duty to act with due care and do not reimburse the Company for the resulting damage, are liable to the Company's creditors for their receivables against the Company up to the amount of the unpaid reimbursement, provided that the creditors cannot obtain satisfaction from the Company's assets. Depending on the nature of the breach of the duty to act with due care, members may also face criminal charges.

**Czech Corporate Governance Code**

On 26 September 2018, the Czech Institute of Directors issued the CG Code to replace the original Czech companies' corporate governance code from 2004 issued by the Czech Securities Commission. The CG Code aims to establish standards and best practices for corporate governance and management, emphasizing transparency, accountability, and a long-term perspective. These principles are designed to enhance the value, competitiveness, sustainability, and market culture of companies, particularly those publicly traded, and others bound by governance standards.

The CG Code proposes that publicly traded companies and other companies required to meet certain corporate governance standards, adhere to the CG Code on a "comply or explain" basis. This principle mandates that companies shall either adhere to the CG Code or, if they diverge from any of its rules, provide a clear rationale for such non-compliance. Although Czech law does not obligate the Company to adhere to the CG Code or any other corporate governance code, the Company complies with the CG Code in line with the "comply or explain" principle. See section *Business - Corporate governance code* for a detailed description of the Company's adherence to the CG Code.

**Czech Securities Market and the Prague Stock Exchange**

The Czech securities market is governed by a wide range of laws and regulations, including the directly applicable EU legislation, and Czech laws and regulations which often implement the relevant EU legislation. The key laws and regulations relevant to the Czech equities market are, in particular, the following:

- Czech Act No. 256/2004 Coll., on conducting business on the capital market, as amended (the **Czech Capital Markets Act**) (implementing a number of EU directives, including MiFID II and Directive No. 2004/109/EC of the European Parliament and of the Council dated 15 December 2004 on the harmonisation of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market and amending Directive 2001/34/EC, as amended (the **Transparency Directive**));
- Czech Act No. 15/1998 Coll., on supervision on capital markets, as amended;
- Regulation (EU) No. 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (market abuse regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC Text with EEA relevance, as amended (the **Market Abuse Regulation**);

- Czech Act No. 104/2008 Coll., on takeover bids, as amended (the **Czech Takeover Act**) (implementing Directive 2004/25/EC of the European Parliament and of the Council of 21 April 2004 on takeover bids (the **Takeover Directive**));
- Czech Companies Act;
- Czech Act No. 240/2000 Coll., on crisis proceedings, as amended (the **Czech Crisis Act**);
- Czech Act No. 69/2006 Coll., on carrying out of international sanctions, as amended;
- Czech Act No. 563/1991 Coll., on accounting, as amended (the **Czech Accounting Act**);
- Czech Act No. 93/2009 Coll., on auditors, as amended (the **Czech Act on Auditors**);
- Regulation (EU) No 236/2012 of 14 March 2012 on short selling and certain aspects of credit default swaps (the **Regulation on Short Selling**);
- Czech Decree No. 234/2009 Coll., on the protection against market abuse and on transparency, as amended;
- Rules of the CSD; and
- Rules of the PSE.

**Introduction**

The PSE was founded in 1993 as a successor to the Prague Commodities and Stock Exchange. The PSE is a subsidiary of the Vienna Stock Exchange. In 2023, the aggregate trading volume of the PSE for equity and debt instruments, as well as structured products, was CZK 141.3 billion. The daily value of exchange trades in shares on the PSE in 2023 averaged CZK 493.78 million (*Source*: PSE 2023 Annual Report).

The PSE is one of two operators of regulated markets within the meaning of MiFID II (as implemented in the Czech law, in particular by the Czech Capital Markets Act) for trading in shares in the Czech Republic, the other operator of regulated markets being RM-SYSTÉM, česká burza cenných papírů, a.s. In the Czech Republic, shares may also be traded outside the regulated markets in over-the-counter transactions or multilateral trading facilities (MTF). The PSE operates the most prestigious securities market in the Czech Republic (as regards the volumes of trades) (*Source*: PSE) for trading in shares and bonds.

**Organization**

The PSE (*Burza cenných papírů Praha, a.s.*) is a Czech private joint stock company based on a participant principle: only participants of the PSE (which includes both foreign and domestic licensed brokers and banks) may trade directly on the PSE, either on their own account or for the account of their clients. Non-participants may trade on the PSE only through a participant. Further, the CNB and the Ministry of Finance of the Czech Republic may trade on the PSE directly.

The supreme body of the PSE is the General Meeting. The General Meeting elects members of the Exchange Chamber, which is the statutory body of the PSE, and the Supervisory Board, which supervises the Exchange Chamber. The Listing Committee of the PSE accepts securities for trading on the Prime Market organised by PSE and is involved in supervision of compliance with the PSE regulations governing the Prime Market. Further, the PSE is divided into several departments. The exercise of supervision over the PSE belongs to the CNB.

For trading in shares, the PSE operates a regulated market divided into two segments: the Prime Market and the Standard Market. In addition to these two segments, the PSE also operates exchange-regulated multilateral trading facilities (MTF) divided into two segments called Start Market and Free Market. To be traded on a specific market, certain non-statutory criteria must be met in addition to the statutory listing criteria. As of the date of this Prospectus, ten companies were listed on the Prime Market, eight companies were listed on the Standard Market, 12 companies were listed on the Start Market and 31 companies were listed on the Free Market (*Source*: PSE).

**Rules and regulations applicable to the PSE**

Activities on the markets regulated by the PSE are subject to numerous internal rules and regulations. These encompass trading rules, participant rules, conditions for the admission of shares for trading on the particular market, rules of the particular market, exchange fees, etc. As long as the Shares are listed on the PSE's Prime Market, the Company will be obliged to comply with the applicable provisions of the Czech Capital Markets Act and the applicable PSE rules, particularly the Conditions for the Admission of Shares for Trading on the Prime Market of the Exchange and the Trading Rules, and any additional rules which may be introduced by the PSE in the future.

The PSE's Listing Committee decides whether to admit a security to trading on the Prime Market and has some discretion to deviate from the admission requirements described above.

**Trading and settlement**

The trading on the PSE is carried out in the single auctions regime, continuous trading regime, and continuous auction regime or in block trades, in each case through the automated trading system XETRA T7, a technological platform for organized trading in securities. Fees set out by the PSE apply to individual transactions in shares; such fees also include fees for settlement by the CSD. Brokerage firms operating in the Czech Republic have an obligation to report to the CNB all transactions in securities admitted to trading on the PSE.

An important entity related to the PSE is the CSD, a joint stock company wholly owned by the PSE. The CSD started operating as the central securities depository in July 2010 when it took over the registry from the Czech Securities Registry (*Středisko cenných papírů*); and is a member of the European Central Securities Depositories Association (ECSDA). The key services provided by the CSD are the maintenance of the central evidence of book-entry securities and the settlement of all transactions executed on the PSE. The CSD settles both trades in securities concluded on the PSE and over-the-counter trades. The settlement of the exchange trades occurs on the second day after the trade date. The CSD operates on a participant principle; the services connected with the maintenance of securities and the settlement of trades are provided through the participants of the CSD.

**Suspension of trading or exclusion from trading by the PSE**

As long as the Shares are listed on the PSE's Prime Market, the PSE will be entitled to suspend the trading in the Shares or exclude them from trading on the regulated market if they do not meet the conditions for admission to trading set out by both the Czech Capital Markets Act and the applicable PSE rules or the rules of trading on the regulated market or if information duties regarding the Shares are not performed. However, the PSE must not suspend the trading nor exclude the Shares if it would cause serious danger to the interests of investors or the proper functioning of the market. The decision on suspension of trading or exclusion from trading is issued by the General Director of the PSE. The trading in the Shares is ceased or suspended on the day stated in the resolution on exclusion from trading or suspension of trading.

**Resolution on delisting by the Company**

Under the Czech Companies Act, the General Meeting of the Company may resolve on delisting the Company's Shares from trading on a regulated market by a resolution adopted by at least three-fourths majority of the votes of the shareholders present at the General Meeting that own the relevant securities. The Board of Directors must promptly notify the CNB and the PSE about the resolution on delisting and must publish it in the same manner as in the case of the convening of the General Meeting.

Within 30 days from the resolution on delisting, the Company must make a mandatory public bid pursuant to the Czech Companies Act to purchase the Shares from the shareholders who did not vote in favour of the delisting (unless the Shares are also traded on another European regulated market on which the Company performs its information duty under the Czech Capital Markets Act or similar national laws of the EEA member state). The purchase price in the bid must be fair and the bid is subject to the CNB's approval. Any shareholders who deem the price unfair have a right to claim before a court the difference between the price paid on the basis of the mandatory public bid and the fair price (the court decision ordering payment of such difference is binding with respect to all shareholders that did not vote for the delisting).

The shareholders who voted in favour of the delisting must purchase from the Company the Shares which the Company acquired pursuant to the public bid unless the Company may sell the Shares under more preferable conditions. The shareholders must buy those Shares within three months from the date of acquisition of those Shares by the Company and the price is increased by interest common at the time of the public bid.

If the Company fails to make the bid, the shareholders may request a Czech court to order the conclusion of a share purchase agreement by the Company with respect to the Shares, or claim damages.

**Procedure in case of voluntary delisting from the Prime Market of the PSE**

If (1) the Company resolves on the delisting from the regulated market (See *Resolution on delisting by the Company*); or (2) a squeeze-out of the minority shareholders of the Company occurs (See *Squeeze-out and sell-out rules* above), then the PSE will exclude the Shares from trading on the Prime Market upon request or notice by the Company if the conditions for the delisting under the applicable law are fulfilled.

In the case (1) above, the following documents must be presented to the PSE for the purposes of the delisting: (i) a proof of adopting the resolution on delisting in compliance with applicable laws, (ii) proof of making the mandatory public bid by the Company to purchase its Shares and purchasing the Shares thereunder, and (iii) other documents that may be requested by law.

In the case (2) above, the following documents must be presented to the PSE for the purposes of the delisting: (i) resolution of an authorized person on the transfer of the Shares to the Requesting Shareholder, including the date of the transfer of the Shares, and (ii) other documents that may be reasonably requested by the PSE in order to comply with applicable laws.

**Short selling**

The practice of naked short selling of shares listed on the PSE and off-market short selling of such shares is prohibited by virtue of the Regulation on Short Selling. The CNB must be notified of significant net short positions in shares listed on the PSE. The significant net short positions must also be disclosed to the public. Some transactions are exempt, for example any sales under a repurchase agreements, transfers of shares under securities lending agreements or futures contracts or other derivative contracts.

**<u>Disclosure Rules</u>**

**Scope and timing of ongoing disclosure**

An issuer of securities admitted to trading on a regulated market of the PSE is required to comply with certain disclosure obligations towards investors, the PSE and the CNB. These duties result primarily from the Czech Capital Markets Act and the rules of the PSE. The fulfilment of these obligations is supervised by the CNB as well as by the Prague Stock Exchange.

Disclosure obligations comprise mainly:

- mandatory publication of regulated information (information that the issuer must publish pursuant to the Czech Capital Markets Act (the **Regulated Information**)); and
- additional disclosure obligations owed towards the PSE under the applicable PSE rules.

In performing its disclosure obligations, an issuer must apply the principle of equal treatment of all owners of the respective securities which have the same standing and which are admitted to trading on a regulated market.

The Regulated Information is published either on a regular basis or on an ad hoc basis, depending on the nature of the information in question. An issuer of shares listed on a regulated market is obliged to publish a stand-alone annual report and a consolidated annual report within four months after the end of the relevant accounting period. Such annual report must be publicly accessible (typically on a web page) for at least ten years. The annual report must contain audited financial statements (in Czech: *účetní závěrka ověřená auditorem*) and other information as set out by the Czech Capital

Markets Act. Such an issuer must further publish a stand-alone semi-annual report or a consolidated semi-annual report (if such an issuer is required to consolidate its financial statements) within three months after the end of the first six months of the relevant accounting period. Such semi-annual report must be publicly accessible (typically on a web page) for at least ten years. The semi-annual report must contain information set out by the Czech Capital Markets Act.

The Czech Accounting Act requires that an issuer of listed securities prepare financial statements in accordance with IFRS and that the annual and extraordinary financial statements of the issuer be audited. The Czech Act on Auditors requires that an issuer of listed securities establish an audit committee.

In accordance with the Czech Capital Markets Act, an issuer of shares listed on a regulated market is also obliged to publish on an ad hoc basis changes of rights associated with shares.

In addition, the Czech Capital Markets Act sets out further obligations on such an issuer in relation to informing its shareholders in connection with the convening of, voting on and the agenda of a General Meeting.

Apart from the above disclosure obligations, such an issuer must submit to the PSE and the CNB any proposed decrease or increase of its registered share capital or any changes of the rights attached to the shares without undue delay.

The Regulated Information must be published on the issuer's website and submitted to the official Central Storage of Regulated Information (in Czech: *Centrální úložiště regulovaných informací*) operated by the CNB and accessible online, as well as to the PSE.

In addition to the Regulated Information, an issuer of shares listed on the Prime Market is obliged to submit to the PSE without delay all information necessary for the protection of investors and the operation of the securities market under the rules of the PSE, including in particular:

- a calendar indicating fulfilment of reporting obligations;
- preliminary financial results of the issuer in relation to all or selected indicators from the balance sheet and profit and loss statement;
- annual and annual consolidated, semi-annual or semi-annual consolidated (where obligatory) and interim quarterly reports;
- information about compliance with any corporate governance code;
- information and comments about the issuer's business results and changes in the issuer's financial situation or other facts during the financial year;
- information about the convocation of ordinary and extraordinary General Meetings, minutes of regular and extraordinary General Meetings, the payout of dividends, the issuance of new shares, the exercising of rights from convertible or priority bonds and the exercising of subscription rights and minutes of meeting;
- a draft resolution for an increase or decrease of registered capital, where relevant;
- any changes in the issuer's record in the public register;
- information about changes to the members of a governing body, members of supervisory bodies and the most senior managers of the issuer;
- information about any decision taken in the issuer's General Meeting to delist the shares from a stock exchange;
- information on changes to rights relating to the shares;
- information required for the protection of investors or for securing the smooth functioning of the market (e.g. legal and commercial disputes, new patents and licenses, entering into or termination of new contracts, appointment of a new auditor, etc.);
- information about shareholder structure; and

- information about shares held by the issuer in other entities.

The PSE publishes the information provided by the issuers within their reporting obligations.

**Notification of shareholdings**

An obligation to notify (in Czech or English) both the Company and the CNB is imposed upon a person acquiring or disposing of the voting rights in the Company where the proportion of voting rights of such person reaches (exceeds or declines below) the following threshold: one per cent. (if the Company's registered share capital exceeds CZK 500 million), three per cent. (if the Company's registered share capital exceeds CZK 100 million), five per cent., 10 per cent., 15 per cent., 20 per cent., 25 per cent., 30 per cent., 40 per cent., 50 per cent., or 75 per cent. Notification pursuant to the previous sentence must be done in cases of acquisition or disposal of the voting rights in connection with (inter alia) the sale of the Shares, the changes in the Company's registered share capital, acquisition of the Shares simultaneously by at least two affiliated persons, the transfer of voting rights in the Company under a pledge (or other) agreement or legal instrument. The obliged person must deliver the notice to the Company and the CNB within four business days after such person finds out or could have found out about the circumstance giving rise to the notification obligation. A non-rebuttable presumption is set out by the law that a person could have found out no later than two business days after the circumstance occurred. Subsequently, the CNB publishes the notice. This section applies also to a person acting in concert with other persons.

If the notification duty is not fulfilled, the transfer of the relevant Shares triggering the notification requirement above will remain valid; however, the acquired voting rights will be suspended until the satisfaction of the notification requirement.

**Takeover rules**

**EU tender offer regulations**

The relevant conflict of laws provisions of the Takeover Directive, implemented into Czech law through an amendment to the Czech Takeover Act, provide that if the securities of the offeree company (*i.e.* the company the securities of which are the subject of a bid) are admitted to trading on a regulated market in the Member State in which the company has its registered office, the authority competent to supervise the bid is that of the Member State in which the offeree company has its registered office. The competent authority in the Czech Republic is the CNB. There has been no public take-over bid in relation to the Shares in the year ended 31 December 2023 and the period between 1 January 2024 and the date of this Prospectus.

**Mandatory takeover bids**

In compliance with the Czech Takeover Act, if a person acquires a share in the Company's voting rights that corresponds to no less than 30 per cent. of all votes attached to the Company's Shares and becomes a controlling person, such person is required to make, within 30 days of the date following the date of acquiring or exceeding such a share, a mandatory takeover bid to all holders of the Shares. This rule applies also to persons acting in concert.

The consideration offered for the Shares by the offeror must equal or exceed the premium price, being the highest price paid for the Shares by the offeror (or by persons acting in concert with it) in the last 12 months and reflecting all monetary and non-monetary considerations paid or given for the acquisition of these Shares, including all benefits provided in this respect. If there is no premium price, the consideration must equal or exceed the weighted average price of the Shares on the PSE for the last six months. The consideration may be in cash, shares, or combination of both.

Mandatory takeover bids cannot be made without the consent of the CNB with a publication of an offer document. The Czech Takeover Act sets out conditions under which the CNB may change the consideration offered by the offeror.

Anyone who has accepted the mandatory takeover bid and deems the consideration unfair has the right to claim before a court the difference between the price paid on the basis of the mandatory takeover bid and the fair price (the court decision ordering payment of such difference is binding with respect to all shareholders of the Company having accepted the mandatory takeover bid). The court is not bound by the decision of the CNB on the amount of consideration.

The person who fails to perform the obligation to make a takeover bid (and the persons acting in concert) may not exercise voting rights in the Company until the obligation is met.

**Mandatory disclosure during a takeover bid**

Under the Czech Takeover Act, persons who are interested in the outcome or running of the takeover bid, in particular any shareholders of at least 5 per cent. of the target's securities, the bidder, cooperating persons, the target, and persons forming a group of companies with the target, must report to the CNB without undue delay following the announcement of an intention to launch a takeover bid, any acquisition or sale of the target's securities or options for these securities or securities being offered as consideration by the bidder.

**Voluntary takeover bids**

If an offeror makes a voluntary public offer to buy the Shares with the intention to gain control over the Company, such voluntary takeover bid must be in accordance with the relevant rules of the Czech Takeover Act and the Czech Companies Act. The offeror must submit the bid document to the CNB, which has the power to prohibit the offer. The minimum period for which the bid is effective is four weeks from the date of publication of the bid document.

**Squeeze-out and sell-out rules**

In compliance with the Czech Companies Act, a majority shareholder owning Shares representing at least 90 per cent. of (i) the registered share capital corresponding to shares with voting rights and (ii) voting rights in the Company (the **Requesting Shareholder**) is entitled to request the Board of Directors of the Company to convene a General Meeting to decide on the transfer of all the remaining Shares owned by the remaining minority shareholders (the **Squeezed-out Shareholders**) to such a Requesting Shareholder (squeeze-out).

The Squeezed-out Shareholders are entitled to fair monetary compensation for their Shares. The amount of the compensation is approved by the General Meeting and is based, if the Shares are admitted to trading on a European regulated market, on a justification of such amount prepared by the Requesting Shareholder. The Requesting Shareholder, when asking the Board of Directors to convene the General Meeting to decide on the squeeze-out, must also attach a prior consent of the CNB (confirming that the Requesting Shareholder properly justified the amount of the compensation).

Any shareholder of the Company may also become a Requesting Shareholder after a successful mandatory or voluntary takeover bid. In such a case, the compensation according to such a bid would automatically be deemed fair by operation of law provided that the Requesting Shareholder asks the Board of Directors to convene the General Meeting deciding on the squeeze-out within three months after the end of the bid acceptance period.

On the day the squeeze-out becomes effective (*i.e.* one month after the publication of the registration of the resolution on the transfer of the Shares in the Commercial Register), the Shares admitted to trading on the Czech regulated market are automatically delisted from such market.

Within three months of the publication of the General Meeting resolution on the squeeze-out in the Czech Commercial Register, any shareholder is entitled to initiate court proceedings in case he or she deems the consideration unfair. The court then considers the difference between the price paid and the fair price, without regard to the CNB's consent to the squeeze-out. The outcome is then automatically binding with regard to all Squeezed-out Shareholders. If the conditions for the squeeze-out are fulfilled, the minority shareholders are granted, by operation of law, an opposite right to ask the Requesting Shareholder to buy their Shares (sell-out).

**Insider trading and market manipulation rules**

In accordance with the Market Abuse Regulation, inside information is, *inter alia,* information of a precise nature, which has not been made public, relating, directly or indirectly, to one or more issuers whose financial instruments are admitted to trading on a regulated market or to one or more financial instruments admitted to trading on a regulated market, and which, if it were made public, would be likely to have a significant effect on the prices of those financial instruments or on the price of related derivative financial instruments.

Provisions of the Market Abuse Regulation regulating insider dealing apply to a person that becomes acquainted with inside information (that possesses inside information) as a result of: (i) being a member of the administrative, management or supervisory bodies of the issuer; (ii) having a holding in the capital of the issuer; (iii) having access to the information through the exercise of an employment, profession or duties; (iv) being involved in criminal activities. Further, the provisions apply also to any person who possesses inside information under circumstances other than those referred to in the previous sentence where that person knows or could know that it is inside information. Where the person is a legal person, the provisions also apply, in accordance with national law, to the natural persons who participate in the decision to carry out the acquisition, disposal, cancellation or amendment of an order for the account of the legal person concerned.

For the purposes of the Market Abuse Regulation, a situation where a person possesses inside information and uses it when acquiring or disposing of financial instruments to which that information relates, either for its own account or for the account of a third party, directly or indirectly, is considered insider dealing. Using inside information to cancel or amend an order concerning a financial instrument to which the information relates (where the order was placed before possession of the inside information), is also considered insider dealing.

It is prohibited to (i) engage or attempt to engage in insider dealing; (ii) recommend that another person engage in insider dealing or induce another person to engage in insider dealing; or (iii) unlawfully disclose inside information.

Pursuant to the Market Abuse Regulation, the Company must inform the public as soon as possible of inside information directly relating to the Company. The Company must ensure that the inside information is published in a manner enabling fast access and complete, correct and timely assessment of the information by the public and, where applicable, in the officially appointed mechanism referred to in Article 21 of the Transparency Directive. The Company must not combine the disclosure of inside information to the public with the marketing of its activities. All inside information that must be published by the Company must be posted and maintained on the Company' website for at least five years.

The Market Abuse Regulation also forbids market manipulation, the definition of which is divided into numerous types of manipulating conduct. Market manipulation comprises the following activities:

- entering into a transaction, placing an order to trade or any other behaviour which: (i) gives, or is likely to give, false or misleading signals as to the supply of, demand for, or price of, a financial instrument, a related spot commodity contract or an auctioned product based on emission allowances; or (ii) secures, or is likely to secure, the price of one or several financial instruments, a related spot commodity contract or an auctioned product based on emission allowances at an abnormal or artificial level (unless the person entering into a transaction, placing an order to trade or engaging in any other behaviour establishes that such transaction, order or behaviour has been carried out for legitimate reasons, and conforms with an accepted market practice as established in accordance with Article 13 of the Market Abuse Regulation);

- entering into a transaction, placing an order to trade or any other activity or behaviour which affects or is likely to affect the price of one or several financial instruments, a related spot commodity contract or an auctioned product based on emission allowances, which employs a fictitious device or any other form of deception or contrivance;

- disseminating information through the media, including the internet, or by any other means, which gives, or is likely to give, false or misleading signals as to the supply of, demand for, or price of, a financial instrument, a related spot commodity contract or an auctioned product based on emission allowances or secures, or is likely to secure, the price of one or several financial instruments, a related spot commodity contract or an auctioned product based on emission allowances at an abnormal or artificial level, including the dissemination of rumours, where the person who made the dissemination knew, or ought to have known, that the information was false or misleading;

- transmitting false or misleading information or providing false or misleading inputs in relation to a benchmark where the person who made the transmission or provided the input knew or ought to have known that it was false or misleading, or any other behaviour which manipulates the calculation of a benchmark.

The Company must implement, maintain and apply a mechanism for reporting breaches or threatened breaches of the respective provisions of the Market Abuse Regulation relating to insider dealing and market manipulation.

Under the Market Abuse Regulation, additional disclosure requirements apply, such as the requirement to notify the issuer and the competent authority of managers' transactions in shares, debt instruments or derivatives or other financial instruments linked thereto.

**Transparency of ultimate beneficial ownership**

The Czech UBO Act and the Czech Act No. 253/2008 Coll., on certain measures against the legalization of proceeds from crime and the financing of terrorism, as amended (the **AML Act**) set requirements in relation to transparency of ultimate beneficial ownership, implementing, amongst others, certain requirements of Directive (EU) 2015/849 of the European Parliament and of the Council of 20 May 2015 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, as amended.

Under the Czech UBO Act, all corporate, legal and other types of entities incorporated in the Czech Republic are required to continuously collect and record up-to date information leading to identification and verification of the identity of their beneficial owner, including information on the facts constituting the status of a beneficial owner. For these purposes, a beneficial owner is a natural person (individual) who has in fact or in law possibility to directly or indirectly exercise a decisive influence, for example through a holding of voting rights of more than 25 per cent. Furthermore, issuers are required to register the above information concerning their beneficial owners. Czech law imposes obligations regarding beneficial ownership rules on issuers only; no duty is being imposed on beneficial owners themselves in order to (i) disclose information leading to their identification as beneficial owners, or (ii) cooperate with issuers in the process of identification.

**Foreign investment and exchange controls**

In general, apart from certain specific cases, such as those listed below, the flow of capital into and from the Czech Republic is not restricted. Certain restrictions are imposed by the EU and the UN Security Council on organizations, persons and entities in specific countries. Additional restrictions may be imposed by Czech Act No. 34/2021 Coll., on Foreign Investment Screening, as amended (the **Czech FDI Act**). Foreign investors not residing in one of the member states of the EU may have informational or other obligations under the Czech FDI Act in the event that they acquire an effective degree of control, which can be achieved, among others, through the ability of a foreign investor (or persons acting in concert) to dispose of at least 10 per cent. of the voting rights or the ability to exert a corresponding influence on the entity through which the economic activity is conducted.

Additionally, under Czech Constitutional Act No. 110/1998 Coll., on Security of the Czech Republic, as amended, the Czech Government may declare a state of emergency upon occurrence of natural disasters, environmental or industrial accidents, other accidents or other dangers which, to a significant extent, endanger lives, health or property values or internal order and security. If a state of emergency is declared, the Czech Government is authorized under the Czech Crisis Act to set certain restrictions on the flow of capital in and out of the Czech Republic including, among others, restrictions on:

- acquiring foreign currencies, securities issued by an issuer residing outside the Czech Republic and derivatives thereof for the Czech currency;
- making payments from the Czech Republic to abroad, including payments between payment services providers and their branches;
- depositing funds in foreign accounts; or
- selling securities issued by an issuer residing in the Czech Republic to persons residing outside the Czech Republic.

Such an emergency may be declared for a maximum period of 30 days unless prolonged by the approval of the Chambers of Deputies of the Parliament of the Czech Republic.

## MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

**The Selling Shareholder**

On the date of this Prospectus, all Existing Shares representing the Company's entire registered capital are held by the Selling Shareholder. Accordingly, on the date of this Prospectus, the Selling Shareholder directly exercises control over the Company based on its ownership of 100 per cent. of the Existing Shares and voting rights.

The Shares held by the Selling Shareholder have the same voting rights as the voting rights of the Shares. To the Company's knowledge, there is no arrangement that might result in the change of control over the Company. The Offering will not result in the change of control over the Company.

As of the date of this Prospectus, the Selling Shareholder is fully owned by its immediate parent company, Doosan Enerbility Co., Ltd., with its registered office at 22 Doosanvolvo-ro, Seongsan-gu, Changwon, 51711, the Republic of Korea (**Doosan Enerbility**). Doosan Enerbility was founded in 1962, in 1982 completed construction of its factory in Changwon, Republic of Korea and in 1984 completed the first Korean-standard thermal plant. In 2001 Doosan Enerbility was privatised and renamed to Doosan Heavy Industries & Construction Co., Ltd. In 2019 Doosan Enerbility developed the Republic of Korea's first heavy duty gas turbine and in 2022 was renamed to its current name Doosan Enerbility in a transition to become an eco-friendly energy company. Doosan Enerbility is listed on the Korea Stock Exchange and engages in three main business lines: (i) the nuclear business group, (ii) the plant EPC business group and (iii) the power service business group.

As of the date of the date of this Prospectus, the main shareholder of Doosan Enerbility is Doosan Corporation holding a total of 30.39 per cent. of shares in Doosan Enerbility (the **Major Shareholder**). There are no shareholders of the Major Shareholder owning more than 25 per cent. of its shares. As of the date of this Prospectus, the main shareholders of the Major Shareholder were the National Pension Service and Mr. Jeong won Park owning 8.23 and 7.64 per cent., respectively.

As of the date of this Prospectus, the ultimate beneficial owners of the Company are Mr. Jeong won Park, Mr. Minchul Kim, Mr. Hongsung Moon, Mr. Woonggeol Yoon, Mr. Kyungwook Heo, Mrs. Hye Sung Kim and Mr. Sun Hyun Park, all being registered as substitute beneficial owners within the meaning of the Czech UBO Act, pursuant to their role as members of the board of directors of the Major Shareholder as follows:

- Mr. Jeong won Park, executive member of the board of directors of the Major Shareholder;
- Mr. Michul Kim, executive member of the board of directors of the Major Shareholder;
- Mr. Hongsung Moon, executive member of the board of directors of the Major Shareholder;
- Mr. Woonggeol Yoon, non-executive member of the board of directors of the Major Shareholder;
- Mr. Kyungwook Hur, non-executive member of the board of directors of the Major Shareholder;
- Mrs. Hye Sung Kim, non-executive member of the board of directors of the Major Shareholder; and
- Mr. Sun Hyun Park, non-executive member of the board of directors of the Major Shareholder.

The Company uses standard statutory mechanisms to prevent the Major Shareholder's potential misuse of its position and control over the Company, including the statutory report on relations between the related entities (related party transactions) which forms a part of the Company's annual report. The Company is not aware of any arrangements, the operation of which could result in a change in control of the Company. The Company is not dependent upon other group members or its parent companies.

**Shareholding before and upon completion of the Offering**

The following table sets out the holding of the Company's Shares before and immediately upon completion of the Offering, assuming the issuance of 2,900,000 New Shares at the mid-point of the Offer Price Range:

| Name | Participation in share capital and voting rights prior to the Offering (number of shares) | (%) | Participation in share capital and voting rights subsequent to the Offering[1] – Full exercise of the Over-Allotment Option (number of shares) | (%) | No exercise of the Over-Allotment Option (number of shares) | (%) |
|---|---|---|---|---|---|---|
| Selling Shareholder........ | 29,000,000 | 100% | 21,373,000 | 67% | 22,330,000 | 70% |
| Free float........................ | 0 | 0% | 10,527,000 | 33% | 9,570,000 | 30% |

(1) Assuming the sale of all Existing Offer Shares pursuant to the Offering.

## Dilution

According to the Company's consolidated statement of financial position as of 24 September 2024, being part of the Unaudited Interim Financial Statements, the Company's total equity (defined as the net asset value (total assets *less* total non-current liabilities and total current liabilities)) amounted to CZK 5,804 million as of 24 September 2024, and would amount to CZK 200.14 per share of the Company based on 29,000,000 outstanding shares of the Company immediately prior to the Offering.

The dilutive effect of the Offering is illustrated in the table below, demonstrating the amount by which the Offer Price exceeds the net book value (total value of assets) per share after completion of the Offering, assuming the Offering had been completed on 24 September 2024. In this respect, the net book value as of 24 September 2024 is adjusted for the effects of the completion of the Offering, assuming an increase in the net book value of CZK 145,000,000 based on the issuance of 2,900,000 New Shares at the mid-point of the Offer Price Range and not taking into account any tax effects. The adjusted net book value attributable to shareholders is expressed as a per share figure, assuming 31,900,000 Shares outstanding following completion of the Offering (this per share figure being referred to as the **Post-IPO Equity**).

| | **As of 24 September 2024** (unaudited) |
|---|---|
| Net asset value per Share (*in CZK*)(1)............................................................................................ | 200.14 |
| Gross proceeds from the Offering attributable to the Company (*in CZK million*)(2)..................... | 696.00 |
| Estimated total costs of the Offering to be borne by the Company (*in CZK million*)(2)(3)............ | 35.56 |
| Total net proceeds from the Offering attributable to the Company (*in CZK million*)(2)............... | 660.44 |
| Post-IPO Equity per Share (*in CZK*) (4)........................................................................................ | 203.77 |
| Amount by which the Offer Price exceeds the Post-IPO Equity per Share (immediate dilution of new shareholders of the Company) (*in CZK*)........................................................................ | 36.23 |
| *Percentage by which the Offer Price exceeds the Post-IPO Equity per Share (in %)*................. | 17.78% |
| Amount by which the Post-IPO Equity per Share exceeds the net asset value per Share immediately prior to the Offering (immediate accretion to the existing shareholders of the Company) (*in CZK*)........................................................................................................... | 3.63 |
| *Percentage by which the Post-IPO Equity per Share exceeds the net asset value per Share immediately prior to the Offering (in %)*..................................................................... | 1.81% |

(1) Based on (divided by) 29,000,000 outstanding Shares immediately prior to the Offering and total equity of the Company in the amount of CZK 5,804 million as of 24 September 2024.
(2) Assuming issuance of 2,900,000 New Shares at the mid-point of the Offer Price Range.
(3) Including underwriting and placement commissions payable to the Joint Global Coordinators in full.
(4) Based on 31,900,000 (divided by) Shares outstanding following completion of the Offering.

## Related Party Transactions

In the ordinary course of business, the Company and companies controlled by the Major Shareholder enter into related party transactions. All of the Company's related party transactions for the period between 1 January 2021 and the date of this Prospectus are carried out on an arm's length basis.

All of the Company's related party transactions are described in note 23 to the Audited Financial Statements (page 30) and note 16 to the Unaudited Interim Financial Statements (page 22).

No related party transactions were entered into between 25 September 2024 and the date of this Prospectus by the Company, except for the Short Term Loan between the Company and the Selling Shareholder described in section *Capitalisation and Indebtedness*.

**Pre-IPO Reorganisation**

Prior to the IPO the Company was a Czech limited liability company (in Czech: *společnost s ručením omezeným*). Based on the decision of the Selling Shareholder made on 22 November 2024, the Company was transformed into a joint-stock company (in Czech: *akciová společnost*).

This transformation took effect on 1 January 2025 and its purpose was to enable the admission to listing and trading of the Shares on the Prime Market of the PSE, a regulated market operated by the Prague Stock Exchange. The Company opted for a dualistic (two-tier) corporate structure system and the registered share capital amount remained unchanged, amounting to CZK 1,450,000,000 and divided into 29,000,000 ordinary book-entry shares with a nominal value of CZK 50 each.

## THE OFFERING

### Introduction

The Company has requested the admission to listing and trading of the Shares on the Prime Market, a regulated market operated by the Prague Stock Exchange.

Pursuant to the Offering: (i) the Company is offering up to 2,900,000 New Shares; and (ii) the Selling Shareholder is offering up to 6,670,000 Existing Offer Shares and, in addition, up to 957,000 Over-Allotment Shares pursuant to the Over-Allotment Option described below (see section *Over-allotment and stabilisation*).

The Offering shall consist of:

(a) a public offering to Retail Investors in the Czech Republic (the **Retail Offering**);

(b) private placements to certain Institutional Investors outside of the United States in reliance on Regulation S and in accordance with locally applicable laws and regulations, or in a transaction not subject to, the registration requirements of the U.S. Securities Act (the **Institutional Offering**); and

(c) an offering to the Eligible Employees in the Czech Republic, limited to a total subscription amount of CZK 270,000,000, representing a maximum of 1,038,461 Offer Shares, assuming the Offer Price is at the top of the Offer Price Range (the **Employee Offering**).

For the purposes of allowing the Stabilising Manager to cover short positions resulting from any such over-allotments and/or from sales of Shares effected by it during the stabilising period, the Selling Shareholder has granted to it, on behalf of the Joint Global Coordinators, an option exercisable in whole or in part within 30 days of the commencement of trading in the Shares on the Prime Market of the PSE pursuant to which the Stabilising Manager may require the Selling Shareholder to sell additional Existing Shares in an amount of up to 10 per cent. of the total number of New Shares and Existing Offer Shares at the Offer Price.

Certain restrictions that apply to the distribution of this Prospectus and the Offer Shares being sold under the Offering in jurisdictions outside the Czech Republic are described in *Selling and Transfer Restrictions*. The Offering is made only in those jurisdictions in which, and only to those persons to whom, the Offering may be lawfully made.

The following groups of investors are authorised to participate in the Offering:

- all investors who are “qualified investors” within the meaning of Article 2(e) of the Prospectus Regulation and all investors who are “qualified investors” within the meaning of Article 2(e) of the Prospectus Regulation as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018, and who are also: (i) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Order; (ii) high net worth entities falling within Article 49(2)(a) to (d) of the Order; or (iii) otherwise persons to whom it may otherwise lawfully be communicated, invited and/or accepted by the Joint Global Coordinators to participate in the book-building process (the **Institutional Investors**); and/or

- all investors (other than the Institutional Investors) in the Czech Republic, irrespective of whether they are natural persons, legal entities or organizational units without legal personality (the **Retail Investors**); and/or

- the Eligible Employees,

and **Investors** means Retail Investors, Institutional Investors and the Eligible Employees, together.

### Timetable

Subject to acceleration or extension of the timetable for, or withdrawal of, the Offering, the timetable below sets forth certain expected key dates for the Offering.

| | |
|---|---|
| Publication of the Prospectus ....................................................................... | on or around 27 January 2025 |
| Roadshow and book-building process ........................................................ | 27 January 2025 to 5 February 2025 |

| | |
|---|---|
| Start of the Offer Period | 27 January 2025 |
| End of the Retail Offer Period | 5 February 2025 at 13:00 CET |
| End of the Institutional Offer Period | 5 February 2025 at 17:00 CET |
| End of the Eligible Employees Offer Period | 5 February 2025 at 13:00 CET |
| Pricing Date | on or around 5 February 2025 |
| Announcement of the Existing Offer Shares and the New Shares allocations (the Announcement Date) | on or around 6 February 2025 |
| First Trading Date and Admission | on or about 6 February 2025 |
| Settlement Date (day of settlement of the purchased Offer Shares) | on or about 10 February 2025 |

In the event of cancellation of the Offering or modification of the dates, times and periods given in the timetable and throughout this Prospectus, information about the cancellation or modification will be notified to the CNB and published in the same manner as this Prospectus and by way of a press release. Should the Offering be cancelled, purchase orders for the Offer Shares that have been placed will be deemed null and void and, on the date of the publication of the cancellation of the Offering, any amounts blocked on bank accounts of Retail Investors or Eligible Employees for the purpose of the payment for the Offer Shares will be unblocked and any payments for the Offer Shares made by Institutional Investors will be returned. No interest accrues on the unblocked or returned amounts.

Trading in the Shares will commence on the First Trading Date. However, Retail Investors and Eligible Employees participating in the Offering should be aware that the Shares subscribed for in the Offering may not be available for trading until the Settlement Date. The ability of Retail Investors and Eligible Employees participating in the Offering to trade in the Shares between the First Trading Date and the Settlement Date will depend on whether the respective Retail Investor's or Eligible Employee's broker allows trading of the Shares before settlement.

In the event of suspension or modification of the Offering, the suspension or modification will be made public in the form of a supplement to the Prospectus in the same manner as this Prospectus and by way of a press release. If the decision to suspend or modify the Offering is made after commencement of the Offer Period, the purchase orders for the Offer Shares that have been made should remain intact, but shall be subject to a right of withdrawal for the investor, exercisable within two Business Days from the publication of the supplement to the Prospectus. On the date of the withdrawal of the investor, any amounts blocked on bank accounts of the Retail Investor or an Eligible Employee for the purpose of the payment for the Offer Shares will be unblocked and any payments for the Offer Shares made by the Institutional Investors will be returned. No interest accrues on the unblocked or returned amounts.

None of the Joint Global Coordinators, the Company or the Selling Shareholder will be liable for delays in the unblocking or return of the amounts due to Investors in the event that the Offering is cancelled, suspended, modified or over-subscribed. In such circumstances, none of the Company, the Selling Shareholder or the Joint Global Coordinators shall have any liability to any Investor. Neither the Company, the Selling Shareholder nor the Joint Global Coordinators shall bear any liability for any consequences (including, without limitation, losses, damages or lost opportunity) incurred by any third party (including investors) and/or their affiliates in respect to and/or in connection with such suspension or cancellation of the Offering.

**Offer Period**

The Offer Period is the period during which investors may submit purchase orders for the Offer Shares. The Offer Period for the Institutional Investors is expected to commence on 27 January 2025 and end on 5 February 2025, at 17:00 CET (the **Institutional Offer Period**). The Offer Period for the Retail Investors is expected to commence on 27 January 2025 and end on 5 February 2025, at 13:00 CET (the **Retail Offer Period**). The Offer Period for the Eligible Employees is expected to commence on 27 January 2025 and end on 5 February 2025, at 13:00 CET (the **Eligible Employees Offer Period**), and together with the Retail Offer Period and the Institutional Offer Period, the **Offer Period**). The Company, with the consent of the Selling Shareholder and the Joint Global Coordinators, may extend or shorten the Offer Period.

**Maximum Price, Determination of the Offer Price and number of Offer Shares**

The Offer Price will be determined in CZK.

The Offer Price Range is from CZK 220 to CZK 260 per Offer Share. The final Offer Price per Offer Share for Retail Investors (the **Retail Investors Offer Price**) will not be set higher than CZK 260 per Offer Share (the **Maximum Price**), being the top of the Offer Price Range. Retail Investors and Eligible Employees will be placing orders at any price within the Offer Price Range or at the at the Maximum Price. If the Retail Investor and Eligible Employees in the purchase order do not specify any bid price, it will be considered as an order placed at the Maximum Price. The final offer price per Offer Share for Institutional Investors (the **Institutional Investors Offer Price**) may be set outside of the Offer Price Range. Institutional Investors will purchase the Offer Shares at the Institutional Investors Offer Price. If the Institutional Investors Offer Price is set within the Offer Price Range, the Retail Investors Offer Price and the Institutional Investors Offer Price will be the same. The final Offer Price per Offer Share for Eligible Employees will be equal to the Retail Investors Offer Price, provided however, that each Eligible Employee participating in the Employee Offering will receive the Employee Discount for any number of Offer Shares allocated to such Eligible Employee up to an individual pre-Employee Discount total subscription amount of CZK 300,000, except for the Directors, who will receive the Employee Discount for any number of Offer Shares allocated to such Director up to an individual pre-Employee Discount total subscription amount of CZK 1,000,000. The participation of Eligible Employees in the Employee Offering is conditional upon the conclusion of a participation agreement in the Employee Offering between the Eligible Employee and the Company, based on which the Eligible Employee will, among other things, agree to a lock-up period from the Settlement Date and ending 360 days after Settlement Date. An Eligible Employee must place a purchase order, without taking into account the Employee Discount, in the amount of (i) at least CZK 30,000 and (ii) at least CZK 100,000 in case of the Directors. For more details see section *Allocation to Eligible Employees*).

The final Offer Price and number of the Offer Shares is expected to be published after the close of the Offer Period on the Pricing Date, following the results of the book-building process for the Institutional Offering.

During the Institutional Offer Period, Institutional Investors that are interested in purchasing the Offer Shares will indicate the number of the Offer Shares they will be willing to purchase based on the Offering and the price they will be willing to pay. The book-building is expected to cease on the last day of the Institutional Offer Period. These orders will be the base for the determination of the Offer Price.

The Offer Price for the Offer Shares will be determined by the Selling Shareholder, the Company and the Joint Global Coordinators following a book-building process. Among the factors to be considered in determining the Offer Price will be (i) the size and the price sensitivity of demand from Investors as indicated during the book-building process, (ii) the current and anticipated situation on the Czech and international capital markets.

The final Offer Price and the exact numbers of the Offer Shares to be sold and the maximum number of Over-Allotment Shares will be notified to the CNB and published in the Pricing Supplement in the same manner as this Prospectus and by way of a press release and on the Company's website www.doosanskodapower.com on or around the Pricing Date. The Pricing Supplement is not a supplement to the Prospectus and does not trigger a right of investors to withdraw their purchase orders.

**Eligible Employees**

Subject to applicable laws, the persons, who are eligible for participation in the Employee Offering, are the Company's employees, and the Company's directors as recognised by the Company's internal position grading system (the **Directors**) as of the last day of the Offer Period, provided that they have been employed by the Company for at least one year prior to the commencement of the Offer Period (the **Eligible Employees**).

**Orders and Payments**

**Orders by Institutional Investors**

During the Institutional Offer Period, Institutional Investors may submit to the Joint Global Coordinators their purchase orders for the Offer Shares, specifying either the number of Offer Shares or the amount they would be prepared to acquire and the price from within the Offer Price Range. The Joint Global Coordinators may reject a purchase order, either partially or wholly, if the purchase order has not been made in accordance with the terms and conditions herein.

Institutional Investors who are included on the allotment list (see *Allocations of the Offer Shares* below) will be required to pay amounts corresponding to the number of the Offer Shares that was allocated to them multiplied by the Offer Price no later than on the Settlement Date and in a manner and currency agreed with the Joint Global Coordinators.

Institutional Investors who would like to take part in the Offering should contact the Joint Global Coordinators for further details regarding the purchase process.

**Orders by Retail Investors**

Retail Investors may place orders for the Offer Shares through any of RBCZ, WOODRI or J&T Banka (collectively the **Retail Offering Managers** and each individually a **Retail Offering Manager**). The administration of the Retail Offering will be at the discretion of the Retail Offering Managers.

Prior to placing a purchase order for the Offer Shares through either of the Retail Offering Managers, a Retail Investor will need to have a securities account and an investment account with the selected Retail Offering Manager. Retail Investors will be subject to standard fees related to such accounts which may be found at, in respect of:

(a) RBCZ, on its website www.rb.cz, in the document "IPO akcií na BCPP". To invest in the Offer Shares, a minimum of CZK 250,000 will be required. The fee to be paid by Retail Investors of RBCZ will be stated on the relevant purchase order and will amount to 0.20 per cent. of the total amount of the Offer Shares allocated to Retail Investors of RBCZ. Details of how to purchase the Offer Shares, or how to establish the securities account is described in the document "IPO akcií na BCPP";

(b) WOODRI at https://cdn.portu.cz/opportunity//documents/20230901_Sazebník%20Akcie%20na%20BCPP.pdf. There will be no fee charged to clients for orders and allocations of the Offer Shares during the Offering. Further trades are subject to fees as per the above-mentioned price list. A securities account with WOODRI may only be set up online, at the address https://o.portu.cz/; and

(c) J&T Banka, on its website www.jtbank.cz, under the link "Sazebník poplatků", in the document "Sazebník poplatků a odměn Fyzické osoby nepodnikatelé", available at https://www.jtbank.cz/files/j3i7g1hvv4-JTB_Sazebnik_FO_cz_2024_04_2, for clients of J&T Banka who are natural persons and not entrepreneurs and in the document "Sazebník poplatků a odměn Právnické osoby / Fyzické osoby podnikatelé" available at https://www.jtbank.cz/files/j3inl4h0xc-JTB_Sazebnik_PO_cz_2024_04_02j3i7g1hvv4-JTB_Sazebnik_FO_cz for clients of J&T Banka who are legal entities or natural persons and entrepreneurs. The fee paid by Retail Investors of J&T Banka will be stated on the purchase order and amounts to 0.25 per cent. of the total amount of the Offer Shares allocated to Retail Investors of J&T Banka, subject to a minimum fee of CZK 400. A securities account with J&T Banka may be set up either in person, at J&T Banka, or online, at the address: https://onboarding.jtbank.cz/welcome/.

The opening of a securities account requires that a Retail Investor undergoes a standard "know your customer" verification process with the selected Retail Offering Manager regarding the provision of investment services and concludes relevant agreements on the provision of investment services. To avoid capacity constraints, potential Retail Investors are advised to liaise early in the Retail Offer Period with their banks with respect to the procedures required for ordering of the Offer Shares and the respective time requirements.

Provided that the Retail Investor satisfies the criteria set forth in the general terms of business of the selected Retail Offering Manager, purchase orders may be placed throughout the Retail Offer Period as follows:

(a) to RBCZ as per the means described at the: www.rb.cz/ipo;

(b) to WOODRI, electronically via the online platform available at https://o.portu.cz/; and

(c) to J&T Banka via telephone, electronically via the online platform available at https://e-portal.jtbank.cz/index_cs.html, or using a printed form submitted in person or under a power of attorney at J&T Banka.

Information on how to open a securities account and consequently, further instructions and advice for how orders can be placed can be obtained at:

(a) RBCZ:

    (i) on the internet portal: www.rb.cz/ipo; and/or

    (ii) to investice@rb.cz.

(b) WOODRI:

    (i) on the internet portal: https://www.o.portu.cz/; and/or

    (ii) by sending an email to info@portu.cz; and/or

    (iii) by dialling telephone number: +420 222 096 666.

(c) J&T Banka:

    (i) on internet portal: www.jtbank.cz; and/or

    (ii) by sending an email to: DealingCZ@jtbank.cz ; and/or

    (iii) by dialling telephone number: +420 221 710 666.

Retail Investors are advised to consult the relevant agreement on the provision of investment services concluded with, and the general terms and conditions of, the selected Retail Offering Manager for more details on the process of placing an order for the purchase of investment products. To avoid capacity constraints, the Retail Investors are advised to liaise early in the Retail Offer Period with selected Retail Offering Manager with respect to the procedures required for ordering of the Offer Shares and the respective time requirements.

Purchase orders from Retail Investors may be submitted in CZK, only in increments of CZK 1 (one Czech Crown). When placing an order for the Offer Shares, Retail Investors may place an order at any price within or at the top of the Offer Price Range. If in the purchase order the Retail Investor does not specify any bid price, the selected Retail Offering Manager will consider such an order placed at the top of the Offer Price Range. If the final Retail Offer Price for the Offer Shares is set higher than the bid price submitted by a Retail Investor in his/her purchase order, no Offer Shares will be allotted to such Retail Investor.

A Retail Investor must place a purchase order for at least ten Offer Shares. Each Retail Investor may place multiple purchase orders for the Offer Shares. In case of multiple orders placed by the same Retail Investor, each order will be treated separately.

The Retail Offering Managers may reject a purchase order, either partially or wholly, if the purchase order has not been placed in accordance with the terms and conditions herein. Improperly completed purchase orders will be invalid. All the consequences of submitting incorrect or incomplete purchase order will be borne by the Retail Investor submitting such purchase order.

A purchase order for the Offer Shares is unconditional and may not include any reservations. A purchase order may be changed or withdrawn until the end of the Retail Offer Period.

When placing an order for the Offer Shares, a Retail Investor will be required to have available on their investment account held with the selected Retail Offering Manager immediately available funds in the amount calculated as the number of the Offer Shares specified in the purchase order multiplied by the bid price submitted by the Retail Investor, plus applicable fee charged by the selected Retail Offering Manager (the **Retail Investor Deposit Amount**). The fee charged by the Retail Offering Managers is payable only upon successful purchase and settlement of the purchased Shares.

The Retail Investor Deposit Amount will be blocked on the Retail Investor's investment account until the Settlement Date. On the Settlement Date and upon the completion of the purchase of the Offer Shares, the blocking of any excess funds up to the Retail Investor Deposit Amount on the Retail Investor's investment account will be terminated. The blocking of the Retail Investor Deposit Amount of the Retail Investors who have not been allotted any Offer Shares or whose orders have been reduced shall be terminated on the Settlement Date. The blocking of any excess funds will be terminated without any damages.

On the Settlement Date, upon (even partially) successful purchase of the Offer Shares, the allocated Offer Shares will be registered on the Retail Investor's securities account indicated in the purchase order and the applicable Offer Price plus the applicable fee will be debited from the Retail Investor's investment account.

The above description relates only to the process of ordering the Offer Shares with either of the Retail Offering Managers and applies to their clients.

**Orders by Eligible Employees**

Eligible Employees may place orders for the Offer Shares only through RBCZ. The administration of the Employee Offering will be at the discretion of the RBCZ.

Prior to placing a purchase order for the Offer Shares through RBCZ, an Eligible Employee will need to have a securities account and an investment account with RBCZ. Eligible Employees will be subject to standard fees related to such accounts which may be found at RBCZ's website www.rb.cz, in the document "*IPO akcií na BCPP*". A way on how to purchase the securities, or how to establish the securities account is described on the internet portal www.rb.cz/ipo. There will be no fee charged to Eligible Employees for orders and allocations of the Offer Shares during the Offering. Further trades are subject to fees as per the above-mentioned price list.

The opening of a securities account requires that an Eligible Employee undergoes a standard "know your customer" verification process with RBCZ regarding the provision of investment services and concludes relevant agreements on the provision of investment services. To avoid capacity constraints, Eligible Employees are advised to liaise early in the Eligible Employees Offer Period with RBCZ with respect to the procedures required for ordering of the Offer Shares and the respective time requirements.

Provided that the Eligible Employee satisfies the criteria set forth in the general terms of business of RBCZ, purchase orders may be placed throughout the Eligible Employees Offer Period to RBCZ by dialling telephone number +420 234 401 826.

Eligible Employees are advised to consult the relevant agreement on the provision of investment services concluded with, and the general terms and conditions of, RBCZ for more details on the process of placing an order for the purchase of investment products.

Purchase orders from Eligible Employees may be submitted in CZK, only in increments of CZK 1 (one Czech Crown). When placing an order for the Offer Shares, Eligible Employees may place an order at any price within or at the top of the Offer Price Range. If in the purchase order the Eligible Employee does not specify any bid price, RBCZ will consider such an order placed at the top of the Offer Price Range. If the final Eligible Employee Offer Price for the Offer Shares is set higher than the bid price submitted by an Eligible Employee in his/her purchase order, no Offer Shares will be allotted to such Eligible Employee.

An Eligible Employee must place a purchase order, without taking into account the Employee Discount, in the amount of (i) at least CZK 30,000 and (ii) at least CZK 100,000 in case of the Directors. Multiple orders in the Employee Offering are not allowed.

RBCZ may reject a purchase order, either partially or wholly, if the purchase order has not been placed in accordance with the terms and conditions herein. Improperly completed purchase orders will be invalid. All the consequences of submitting incorrect or incomplete purchase order will be borne by the Eligible Employee submitting such purchase order.

A purchase order for the Offer Shares is unconditional and may not include any reservations. A purchase order may be changed or withdrawn until the end of the Eligible Employees Offer Period.

When placing an order for the Offer Shares, an Eligible Employee will be required to have available on their investment account held with RBCZ immediately available funds in the amount calculated as the number of the Offer Shares specified in the purchase order multiplied by the bid price submitted by the Eligible Employee, less the applicable Employee Discount (the **Eligible Employee Deposit Amount**).

The Eligible Employee Deposit Amount will be blocked on the Eligible Employee's investment account until the Settlement Date. On the Settlement Date and upon the completion of the purchase of the Offer Shares, the blocking of any excess funds up to the Eligible Employee Deposit Amount on the Eligible Employee's investment account will be terminated. The blocking of the Eligible Employee Deposit Amount of the Eligible Employees who have not been allotted any Offer Shares or whose orders have been reduced shall be terminated on the Settlement Date. The blocking of any excess funds will be terminated without any damages.

On the Settlement Date, upon (even partially) successful purchase of the Offer Shares, the allocated Offer Shares will be registered on the Eligible Employee's securities account indicated in the purchase order and the Eligible Employee Deposit Amount will be debited from the Eligible Employee's investment account.

The above description relates only to the process of ordering the Offer Shares with RBCZ and applies to the Eligible Employees.

**Cost and fees**

There will be no costs related to the Offering directly charged to Institutional Investors, Retail Investors or Eligible Employees by the Company or the Selling Shareholder. Institutional Investors, Retail Investors and Eligible Employees will bear their own costs related to the evaluation of the investment and participation in the Offering, including brokerage fees and commissions charged by brokers and the Retail Offering Managers.

**Allocations of the Offer Shares**

Allocations under the Offering will be determined jointly by the Company and the Selling Shareholder following recommendation by the Joint Global Coordinators regarding such allocations, on the basis of the book-building and with regards to certain qualitative criteria aimed at optimising proceeds and the Company's future shareholder structure. Consideration will also be given to the amount of the total demand, including the total demand from investors participating in the Retail Offering and from the Eligible Employees participating in the Employee Offering in relation to the total demand from investors participating in the Institutional Offering as well as to whether the Offer Price and the number of Offer Shares to be sold allow for the reasonable expectation that the share price will demonstrate steady performance in the secondary market given the demand for the Offer Shares recorded in the order book. Attention will be paid not only to the prices offered by Investors and the number of Investors wanting Offer Shares at a particular price, but also to the composition of the group of shareholders in the Company that would result at a given price and expected Investor behaviour.

The rights attaching to the Offer Shares will be uniform in all respects and they will form a single class for all purposes. No separate tranches have been created in the Offering. The Selling Shareholder and the Company may allocate the Offer Shares between the Institutional Investors, the Retail Investors and the Eligible Employees and within such groups of Investors, at the absolute discretion of the Selling Shareholder and the Company following consultation with the Joint Global Coordinators. Should the total number of the Offer Shares prove insufficient to satisfy all purchase orders placed at the Offer Price, the Selling Shareholder, the Company and the Joint Global Coordinators reserve the right to allot orders only in part or not at all.

(i) On the Pricing Date, the Company and the Selling Shareholder will issue the pricing press release, informing Investors about the Offer Price and the split of allocation between the Retail Investors, the Institutional Investors and the Eligible Employees, (ii) in the case of the Institutional Offering, the Joint Global Coordinators will inform the Institutional Investors of the number of Offer Shares allocated and the total price on the Announcement Date, and additionally, (iii) in the case of the Retail Offering and the Employee Offering, on or about the Settlement Date, the selected Retail Offering

Manager to which the Retail Investor submitted a purchase order for the Offer Shares, or, in the case of an Eligible Employee participating in the Employee Offering, RBCZ, will issue a trading report to that Retail Investor or Eligible Employee, as the case may be, containing information on the number of Offer Shares purchased and the total price.

**Allocation to Retail Investors**

Retail Investors will be generally informed about the allocation of the Offer Shares between the Retail Investors, the Eligible Employees and the Institutional Investors in the pricing press release to be published on the Pricing Date. The Offer Shares allotted in the Retail Offering are to be allotted to the Retail Investors who submitted their purchase order at or above the Offer Price. In case of an oversubscription compared with the final number of the Offer Shares to be allotted to them, allocations to the Retail Investors will be reduced pro rata to the size of each purchase order placed. Where the pro rata reduction results in the need for rounding, allocations will be rounded down. For the purpose of pricing and allocation, each Retail Investor's order individually amounting to or exceeding 30,000 Shares will be treated as an order submitted by an Institutional Investor (see *Allocation to Institutional Investors* for more details). Retail Investors acknowledge that in such a case, the Retail Offering Manager through which such an order was placed will, for the purpose of allocation, disclose the respective Retail Investor's name and purchase order to the Company, the Selling Shareholder and the Joint Global Coordinators. Retail Investors' orders placed through banks other than the Retail Offering Managers will, in aggregate for each such bank, be treated as orders submitted by Institutional Investors.

By placing an order for the Offer Shares, Retail Investors acknowledge and agree that they may be allocated fewer Offer Shares than they have submitted a purchase order for or no Offer Shares at all. Retail Investors also acknowledge and agree that they cannot refuse the allocation they receive. Retail Investors also acknowledge and agree that they will have no right to request, and the Company, the Selling Shareholder and the Joint Global Coordinators shall have no obligation to disclose, the reasons for the allocation and pricing decisions.

**Allocation to Eligible Employees**

Eligible Employees will be generally informed about the allocation of the Offer Shares between the Retail Investors, the Eligible Employees and the Institutional Investors in the pricing press release to be published on the Pricing Date. The Offer Shares allotted in the Employee Offering are to be allotted to the Eligible Employees who submitted their purchase order at any price within or at the top of the Offer Price Range. Such Eligible Employees (excluding the Directors) will receive allocations of the Offer Shares up to an individual pre-Employee Discount total subscription amount of CZK 300,000, and up to an individual pre-Employee Discount total subscription amount of CZK 1,000,000 in case of the Directors. Where the allocation results in the need for rounding, allocations will be rounded down.

By placing an order for the Offer Shares, Eligible Employees acknowledge and agree that they may be allocated fewer Offer Shares than they have submitted a purchase order for or no Offer Shares at all. Eligible Employees also acknowledge and agree that they cannot refuse the allocation they receive. Eligible Employees also acknowledge and agree that they will have no right to request, and the Company, the Selling Shareholder and the Joint Global Coordinators shall have no obligation to disclose, the reasons for the allocation and pricing decisions.

Each Eligible Employee participating in the Employee Offering has agreed in writing with the Company that, during the period from the Settlement Date and ending 360 days after the Settlement Date, neither they nor any person acting on their behalf will, without the prior written consent of the Company: directly or indirectly, offer, pledge, sell, contract to sell, sell or grant any option, right, warrant or contract to purchase, exercise any option to sell, purchase any option or contract to sell, or lend or otherwise transfer or dispose of any Shares of the Company allotted to such Eligible Employee in the Employee Offering (the **Employee Shares**).

**Allocation to Institutional Investors**

The number of Offer Shares allocated to each Institutional Investor will be determined by the Selling Shareholder and the Company, following, in each case, recommendations from the Joint Global Coordinators regarding such allocations. After the end of the Institutional Offer Period, all purchase orders from Institutional Investors will be evaluated according to the prices offered and certain qualitative criteria such as: the time of purchase order, the investor type and investment horizons of the respective Institutional Investors, qualitative feedback during marketing process, focus on the industry and/or the region in which the Company operates as well as other criteria that allow a high-quality investor base.

Institutional Investors acknowledge and agree that they may be allocated fewer Offer Shares than they have submitted purchase order for, or they may receive no Offer Shares at all. Institutional Investors cannot refuse the allocation they receive. Institutional Investors have no right to request, and the Selling Shareholder, the Company and the Joint Global Coordinators shall have no obligation to disclose, the reasons for their allocation and pricing decisions.

**Subscription by the current shareholders, members of the Senior Management, the members of the Supervisory Board and members of the Audit Committee**

The Selling Shareholder, along with the following individuals, intend to purchase Offer Shares in the Offering: Jiří Krupka and Gabriela Jandíková, members of the Supervisory Board, Daniel Procházka, Ivo Řeřicha, Richard Kabuď, Sangihn Jung, Luděk Votava and Jan Peterka, members of the Senior Management, and Jiří Jindra, member of the Audit Committee.

**Withdrawal rights of investors**

If, in relation to any information stated in this Prospectus, a significant new factor, material mistake or a material inaccuracy arises or is noted after the CNB has approved this Prospectus and before the closing of the Offer Period or the time when trading in the Offer Shares begins on the Prime Market of the PSE and the new factor, mistake or the inaccuracy are capable of affecting the assessment of the Offer Shares, the Company will publish a supplement to the Prospectus in the same manner as this Prospectus and by way of a press release.

In such case, all investors who submitted purchase orders before the publication of the supplement to the Prospectus will have a right to withdraw their purchase orders in their entirety within two Business Days from the publication of the supplement to the Prospectus. Details of how to withdraw a purchase order will be made available if a supplement to the Prospectus is published.

The Issuer and the Joint Global Coordinators will inform the investors who ordered the Offer Shares through them of the possibility of a supplement to the Prospectus being published, when and where it would be published and that the Issuer or the relevant Joint Global Coordinator, as applicable, would assist them in exercising their right to withdraw acceptances in such case. The Joint Global Coordinators will contact such investors on the day when the supplement to the Prospectus is published. Investors who ordered the Offer Shares through a financial intermediary will be informed by such financial intermediary of the possibility of a supplement to the Prospectus being published, when and where it would be published and that the financial intermediary would assist them in exercising their right to withdraw acceptances in such case. The relevant financial intermediary will contact such investors on the day when the supplement to the Prospectus is published. If necessary, the Settlement Date will be adjusted in order to enable the investors to withdraw their purchase orders.

**Listing and Trading**

Application for the admission to trading of the Shares will be made by the Company to the PSE to list the Shares on the Prime Market of the PSE. The Company expects that the Shares will be listed on the Prime Market of the PSE on or around 3 February 2025, under the ticker symbol DSPW.

The Company expects that investors will be able to start trading in the Shares on the Prime Market of the PSE on or around 6 February 2025 (the **First Trading Date**).

**Delivery, clearing and settlement**

All Shares are registered with the CSD. The ISIN number of the Shares (including the Offer Shares) is CZ1008000310. All Shares (including the Offer Shares) will be in book entry form and, therefore, shareholders may only hold them through their respective securities accounts or omnibus accounts opened with and maintained by brokers or custodians which are CSD participants.

Settlement of the purchased Offer Shares is expected to be made on or around 10 February 2025 (the **Settlement Date**). Delivery of the Offer Shares will be made through the facilities of the CSD as delivery versus payment in accordance with settlement instructions placed by Investors upon subscription, except for unforeseen circumstances.

Notices of the recording of the Offer Shares in the Investor's securities or omnibus account will be delivered to allotted Investors in accordance with the rules of a given custodian or broker. For more details, see *Allocations of the Offer Shares*. The date of the delivery of such notice to the Investors will not have any impact on the date of admission of the New Shares, as the notices may be delivered to the Investors after the respective listing commenced.

**Voting Rights**

Each Share confers the right to cast one vote in the General Meeting (see *Participation at the General Meeting and voting rights*). All shareholders have the same voting rights.

**Ranking and dividends**

The Offer Shares and any Over-Allotment Shares will, upon issue, rank equally in all respects. The Offer Shares will carry dividend rights as of the date of issue. See *Dividend Policy*.

**Joint Global Coordinators**

Raiffeisen Bank International AG, Raiffeisenbank a.s. and WOOD & Company Financial Services, a.s. are acting as Joint Global Coordinators.

**Stabilising Manager**

WOOD & Company Financial Services, a.s. is the Stabilising Manager with respect to the Shares on the Prague Stock Exchange.

**Governing law**

This Prospectus and the Offering are governed by Czech law. All disputes arising in connection with this Prospectus and the Offering shall be subject to the jurisdiction of the Czech courts.

## PLAN OF DISTRIBUTION

### Underwriting Agreement

The Company, the Selling Shareholder and the Joint Global Coordinators have entered into an underwriting agreement on or about the date of this Prospectus with respect to the offer and sale of the Offer Shares (the **Underwriting Agreement**), pursuant to which, subject to certain customary conditions (as mentioned below), the Joint Global Coordinators will severally and not jointly nor jointly and severally agree to use their reasonable endeavours to procure purchasers for the aggregate of the New Shares and the Existing Offer Shares or, failing which, to purchase themselves and the Selling Shareholder agree to sell the aggregate of the New Shares and the Existing Offer Shares to purchasers procured by the Joint Global Coordinators or, failing which, to the Joint Global Coordinators themselves. The proportion of total Offer Shares which each Joint Global Coordinator may severally be required to purchase is indicated below.

| Joint Global Coordinator | % |
|---|---|
| Raiffeisen Bank International AG and Raiffeisenbank a.s. ...................... | 50% |
| WOOD & Company Financial Services, a.s. .......................................... | 50% |

The Underwriting Agreement provides that the obligations of the Joint Global Coordinators are subject to certain customary conditions precedent, such as the Company having performed its undertakings and other obligations in accordance with the Underwriting Agreement, the execution of the Pricing Agreement and the delivery of legal opinions by legal counsel to the Company and the Selling Shareholder. The Company and the Selling Shareholder will pay the commissions of the Joint Global Coordinators in accordance with the terms of the Underwriting Agreement. The Underwriting Agreement provides for the Joint Global Coordinators to be paid a fee consisting of: (i) an aggregate base fee calculated as 2.75 per cent. of the amount equal to the Offer Price multiplied by the aggregate number of the Offer Shares (including gross proceeds relating to the Over-Allotment Option); and (ii) a discretionary fee amounting to up to 0.75 per cent. of the amount equal to the Offer Price multiplied by the aggregate number of the respective Offer Shares (including gross proceeds relating to the Over-Allotment Option). The Company will also reimburse the Joint Global Coordinators for certain of their expenses in connection with the Offering set forth in and in accordance with the terms of the Underwriting Agreement.

The Underwriting Agreement contains certain representations and warranties made by the Company and the Selling Shareholder which are customary in underwriting agreements executed in respect of transactions similar to the Offering, including but not limited to, matters relating to the accuracy of this Prospectus, the relevant financial information and other documents relating to the Offering and there not having occurred any material adverse change in the Company's earnings, management, business affairs, assets or prospects. In addition, each of the Company and the Selling Shareholder has agreed to indemnify the Joint Global Coordinators, in a form that is typical for an agreement of this nature, against certain liabilities in connection with the Offering.

In addition, the Underwriting Agreement contains provisions entitling the Joint Global Coordinators to terminate the Underwriting Agreement at any time prior to the Settlement Date under certain circumstances, including in cases of breach of representations and warranties or undertakings, as well as breach of any other provisions of the Underwriting Agreement by the Company or the Selling Shareholder or any omissions or untrue, inaccurate or misleading statements in this Prospectus and/or other documents relating to the Offering (or any amendment or supplement to any of them).

The Underwriting Agreement also provides that the Company and the Selling Shareholder will be subject to lock-up restrictions with respect to the transfer of the Shares and share issue. For information related to the lock-up arrangements see the paragraph entitled *Lock-up arrangements* below.

The Underwriting Agreement is governed by and construed in accordance with English law.

### Lock-up arrangements

Pursuant to the Underwriting Agreement, the Company has agreed that, subject to certain exceptions described below, during the period from the date of the Underwriting Agreement to and including 360 days from the Settlement Date, it will not, without the prior written consent of the Joint Global Coordinators (such consent not to be unreasonably withheld, conditioned or delayed and may only be withheld for material and substantiated reasons directly related to the Offering or market conditions), (A) directly or indirectly, issue, offer, pledge, sell, contract to sell, sell or grant any option, right, warrant or contract to purchase, exercise any option to sell, purchase any option or contract to sell, or lend or otherwise transfer or dispose of any Shares of the Company, or any securities convertible into or exercisable or exchangeable for Shares of the Company, or publicly file any prospectus under the Prospectus Regulation and the rules thereunder (the **Prospectus Rules**) or any similar document with any other securities regulator, stock exchange, or listing authority with respect to any of the foregoing; (B) enter into any swap or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, the economic consequence of ownership of any Shares or other shares of the Company, whether any such transaction described in sub-Clause (A) above or this sub-Clause (B) is to be settled by delivery of Shares or other securities, in cash or otherwise; or (C) agree to do and/or publicly announce an intention to do any of the foregoing. These foregoing provisions shall not apply to the Company (i) granting Shares or options in respect of Shares or issuing Shares upon the exercise of any options granted by the Company pursuant to any employee equity or share options benefit or incentive plan, to the extent described in this Prospectus, and (ii) issuing the New Shares under the Underwriting Agreement.

Pursuant to the Underwriting Agreement and related arrangements, the Selling Shareholder has agreed that, subject to certain exceptions described below, during the period from the date of the Underwriting Agreement to and including 360 days from the Settlement Date, it will not, without the prior written consent of the Joint Global Coordinators (such consent not to be unreasonably withheld, conditioned or delayed and may only be withheld for material and substantiated reasons directly related to the Offering or market conditions): (A) directly or indirectly, offer, pledge, sell, contract to sell, sell or grant any option, right, warrant or contract to purchase, exercise any option to sell, purchase any option or contract to sell, or lend or otherwise transfer or dispose of any Shares or other shares of the Company, any securities convertible into or exercisable or exchangeable for Shares or other shares of the Company or request or demand that the Company publicly file any prospectus under the Prospectus Regulation and the Prospectus Rules or any similar document with any other securities regulator, stock exchange or listing authority with respect to any of the foregoing; (B) enter into any swap or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, the economic consequence of the ownership of any Shares or other shares of the Company; or (C) agree to do and/or publicly announce an intention to do any of the foregoing. The foregoing provisions shall not apply to: (i) any sale by the Selling Shareholder of the Existing Offer Shares and the Over-Allotment Shares pursuant to the Underwriting Agreement; (ii) any transfer of Shares held by the Selling Shareholder to the Stabilisation Manager pursuant to a stock loan agreement entered between the Stabilisation Manager and the Selling Shareholder; (iii) any transfers of Shares by the Selling Shareholder in favour of its affiliates or controlled companies and their affiliates; (iv) the transfer of Shares to the offeror in the context of a tender offer for the acquisition of the Company; (v) the sale of Shares acquired by the Selling Shareholder in open market transactions after the completion of the Offering; (vi) the transfer of Shares for the settlement of any employee equity or share options benefit or incentive plan, to the extent permitted by the Underwriting Agreement; and (vii) any disposal of Shares pursuant to any offer by the Company to purchase its own securities which is made on identical terms to all holders of Shares, provided that in the case of (iii) above: (A) the recipients of the Shares shall enter in each case into a letter agreement in favour of the Joint Global Coordinators prior to any such transfer or disposal agreeing to be bound, *mutatis mutandis*, by the restrictions contained in this paragraph for the then remaining duration of the lock-up period; and (B) such transfers of Shares shall be performed on terms and conditions that do not conflict with the Offering.

**Over-allotment and stabilisation**

In connection with the Offering, the Stabilising Manager or any of its agents may (but will be under no obligation to), to the extent permitted by applicable law, for stabilisation purposes, over-allot Shares or effect other transactions with a view to supporting the market price of the Shares at a higher level than that which might otherwise prevail in the open market. The Stabilising Manager is not required to enter into such transactions and such transactions may be effected on any securities market, over-the-counter market, stock exchange or otherwise and may be undertaken at any time during the period commencing on the date of trading in the Shares on the Prime Market and ending no later than 30 calendar days thereafter. However, there will be no obligation on the Stabilising Manager or any of its agents to effect stabilising transactions and there is no assurance that stabilising transactions will be undertaken. Such stabilisation, if commenced, may be discontinued at any time without prior notice. In no event will measures be taken to stabilise the market price of the Shares above the Offer Price. Except as required by law or regulation, neither the Stabilising Manager nor any of its agents intends to disclose the extent of any over-allotments made and/or stabilisation transactions conducted in relation to the Offering.

In connection with the Offering, the Stabilising Manager or any of its agents may (but will be under no obligation to), to the extent permitted by applicable law, for stabilisation purposes, over-allot Shares up to a maximum of 10 per cent. of the total number of New Shares and Existing Offer Shares at the Offer Price. For the purposes of allowing the Stabilising Manager to cover short positions resulting from any such over-allotments and/or from sales of Shares effected by it during the stabilising period, the Selling Shareholder has granted to it, on behalf of the Joint Global Coordinators, an option exercisable in whole or in part within 30 days of the commencement of trading in the Shares on the Prime Market of the PSE pursuant to which the Stabilising Manager may require the Selling Shareholder to sell additional Existing Shares in an amount of up to a maximum of 10 per cent. of the total number of New Shares and Existing Offer Shares at the Offer Price. Any Over-Allotment Shares made available pursuant to the Over-Allotment Option will rank *pari passu* in all respects with the Shares, including for all dividends and other distributions declared, made or paid on the Shares, will be purchased on the same terms and conditions as the Shares being issued or sold in the Offering and will form a single class for all purposes with the other Shares.

**Interests of persons participating in the Offering**

The Company will receive the net proceeds from the sale of the New Shares in the Offering.

The Selling Shareholder will receive the net proceeds from the sale of the Existing Offer Shares and the Over-Allotment Shares (if any) in the Offering.

Neither the current shareholder, nor any of the members of the Board of Directors, the other members of the management or the members of the Supervisory Board intend to subscribe for or purchase any Offer Shares in the Offering.

The following entities have been appointed to act with respect to the Offering and will receive remuneration for their services calculated based on the results of the Offering: Raiffeisen Bank International AG, Raiffeisenbank a.s. and WOOD & Company Financial Services, a.s. will act as the Joint Global Coordinators and joint bookrunners. The following entities have been appointed to act as the Retail Offering Managers and will receive remuneration for their services with respect to the Retail Offering: Raiffeisenbank a.s., WOOD Retail Investments a.s. and J&T BANKA, a.s. RBCZ has been appointed to act as the Retail Offering Manager responsible for the Employee Offering and will receive remuneration for its services with respect to the Employee Offering.

Clifford Chance Prague LLP, organizační složka has been appointed to act as the legal advisors to the Joint Global Coordinators as to Czech law and Clifford Chance LLP, as to English and U.S. Law, and will receive remuneration for its services. Allen Overy Shearman Sterling (Czech Republic) LLP, organizační složka, has been appointed to act as the legal advisors to the Company, as to Czech law, Allen Overy Shearman Sterling LLP, as to English and U.S. law, and will receive remuneration for their services, including success fees upon completion of the Offering.

In connection with the Offering, each of the Joint Global Coordinators and any of its respective affiliates acting as an investor for its own account may take up Offer Shares and in that capacity may retain, subscribe, purchase or sell Offer Shares for its own account and may offer or sell such securities otherwise than in connection with the Offering. The Joint Global Coordinators do not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

Each of the Joint Global Coordinators and their affiliates (most of them as parts of global or international financial services firms) is or may be engaged in the investment banking, securities, investment management and individual wealth management businesses. The Joint Global Coordinators and their respective affiliates have in the past performed commercial banking, investment banking and advisory services for the Company from time to time for which they have received customary fees and reimbursement of expenses and may, from time to time, engage in transactions with and perform services for the Company in the ordinary course of their business for which they may receive customary fees and reimbursement of expenses.

Further, their securities businesses are or may be engaged in securities underwriting, trading (customer and proprietary) and brokerage activities and foreign exchange, commodities and derivatives trading (customer and proprietary), as well as providing brokerage, investment banking, research, financing and financial advisory services. To the extent allowed by the applicable law and conflict of interest rules regarding providing brokerage and investment banking services: (a) in the ordinary course of the trading, brokerage and financing activities each of the Joint Global Coordinators and their affiliates may at any time hold long- or short-term investments, finance investments, and may trade or otherwise structure and execute transactions, for their own account or the accounts of customers, in debt or equity securities or senior loans of any entity involved in the Offering, or in any currency or commodity involved in the Offering, or in any related derivative instrument; (b) each of the Joint Global Coordinators and their affiliates, their directors, members of management or supervisory boards, executives and employees may also at any time invest for their own account or manage funds that invest for their own account in debt or equity securities issued by any entity involved in the Offering, or in any currency or commodity involved in the Offering, or in any related derivative instrument; (c) each of the Joint Global Coordinators and their affiliates may at any time carry out ordinary course of brokerage activities for any entity involved in the Offering.

## SELLING AND TRANSFER RESTRICTIONS

### General

The distribution of this Prospectus and the offer of Offer Shares in certain jurisdictions may be restricted by law and therefore persons into whose possession this Prospectus comes should inform themselves about and observe any restrictions, including those set out in the paragraphs that follow. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

No action has been or will be taken in any jurisdiction that would permit a public offering of the Offer Shares, or possession or distribution of this Prospectus or any other offering material in any country or jurisdiction where action for that purpose is required. Accordingly, the Offer Shares may not be offered or sold, directly or indirectly, and neither this Prospectus nor any other offering material or advertisement in connection with the Offer Shares may be distributed or published in or from any country or jurisdiction except in circumstances that will result in compliance with any and all applicable rules and regulations of any such country or jurisdiction. Persons into whose possession this Prospectus comes should inform themselves about and observe any restrictions on the distribution of this Prospectus and the offer of Offer Shares contained in this Prospectus. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. This Prospectus does not constitute an offer to subscribe for or purchase any of the Offer Shares to any person in any jurisdiction to whom it is unlawful to make such offer of solicitation in such jurisdiction.

### No public offering outside the Czech Republic

Except for the offer to the public in the Czech Republic (subject to the limitations set out in this Prospectus), no action has been or will be taken in any jurisdiction that would permit a public offering of the Offer Shares, or possession, circulation or distribution of this Prospectus or any other offering material relating to the Company or the Offer Shares in any country or jurisdiction where action for that purpose is required.

Accordingly, the Offer Shares may not be offered or sold, directly or indirectly, and neither this Prospectus nor any other offering material or advertisement in connection with the Offer Shares may be distributed or published in or from any country or jurisdiction except in circumstances that will result in compliance with any and all applicable rules and regulations of any such country or jurisdiction. Persons into whose possession this Prospectus comes should inform themselves about and observe any restrictions on the distribution of this Prospectus and the offer and sale of the Offer Shares contained in this Prospectus, including those in the paragraphs below. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

This Prospectus does not constitute an offer to purchase any of the Offer Shares to any person in any jurisdiction to whom it is unlawful to make such offer or solicitation in such jurisdiction.

### European Economic Area

In relation to each Member State of the EEA other than the Czech Republic (each a **Relevant Member State**), an offer to the public of any Offer Shares which are the subject of the Offering contemplated by this Prospectus may not be made in that Relevant Member State, except that an offer to the public in that Relevant Member State of any Offer Shares may be made at any time under the following exemptions under the Prospectus Regulation:

(a) to any legal entity which is a qualified investor as defined in the Prospectus Regulation;

(b) to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation) per Relevant Member State, subject to obtaining the prior consent of the Joint Global Coordinators for any such offer; or

(c) in any other circumstances falling under the scope of Article 1(4) of the Prospectus Regulation,

provided that no such offer of Offer Shares shall require the Company or the Joint Global Coordinators to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

Each person in a Relevant Member State who acquires any Offer Shares in the Offering or to whom any offer is made will be deemed to have represented, acknowledged and agreed to and with the Company and the Joint Global Coordinators that it is a qualified investor within the meaning of the Prospectus Regulation.

In the case of any Offer Shares being offered to a financial intermediary as that term is used in Article 5(1) of the Prospectus Regulation, each such financial intermediary will be deemed to have represented, acknowledged and agreed to and with the Company and the Joint Global Coordinators that the Offer Shares acquired by it in the offer have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, persons in circumstances which may give rise to an offer to the public other than their offer or resale in a Relevant Member State to qualified investors.

The Company, the Joint Global Coordinators and their affiliates will rely upon the truth and accuracy of the foregoing representations, acknowledgements and agreements.

For the purposes of this provision, the expression an offer to the public in relation to any Offer Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the Offer and any Offer Shares to be offered so as to enable an investor to decide to purchase, or subscribe for, any Offer Shares and the expression Prospectus Regulation means Regulation (EU) 2017/1129 and includes any relevant delegated regulations.

**United Kingdom**

In the United Kingdom, an offer to the public of any Offer Shares which are the subject of the Offering contemplated by this Prospectus may not be made, except that an offer to the public in the United Kingdom of any Offer Shares may be made at any time under the following exemptions under the UK Prospectus Regulation:

(a) to any legal entity which is a qualified investor as defined under Article 2 of the UK Prospectus Regulation;

(b) to fewer than 150 natural or legal persons (other than qualified investors as defined under Article 2 of the UK Prospectus Regulation), subject to obtaining the prior consent of the Joint Global Coordinators for any such offer; or

(c) in any other circumstances falling under the scope of section 86 of the Financial Services and Markets Act 2000 (the **FSMA**),

provided that no such offer of Offer Shares shall require the Company or the Joint Global Coordinators to publish a prospectus pursuant to section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation.

Each person in the United Kingdom who acquires any Offer Shares in the Offering or to whom any offer is made will be deemed to have represented, acknowledged and agreed to and with the Company, the Selling Shareholders and the Joint Global Coordinators that it is a qualified investor within the meaning of the UK Prospectus Regulation.

In the case of any Offer Shares being offered to a financial intermediary as that term is used in Article 5(1) of the UK Prospectus Regulation, each such financial intermediary will be deemed to have represented, acknowledged and agreed to and with the Company, the Selling Shareholder and the Joint Global Coordinators that the Offer Shares acquired by it in the offer have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, persons in circumstances which may give rise to an offer to the public other than their offer or resale in the United Kingdom to qualified investors, in circumstances in which the prior consent of the Joint Global Coordinators has been obtained to each such proposed offer or resale. Neither the Company nor the Joint Global Coordinators have authorised, nor do they authorise, the making of any offer of Offer Shares through any financial intermediary, other than offers made by the Joint Global Coordinators which constitute the final placement of Offer Shares contemplated in this Prospectus.

The Company, the Selling Shareholder and the Joint Global Coordinators and their affiliates will rely upon the truth and accuracy of the foregoing representations, acknowledgements and agreements.

For the purposes of this provision, the expression an "offer to the public" in relation to the Shares in the United Kingdom means the communication in any form and by any means of sufficient information on the terms of the offer and any Shares to be offered so as to enable an investor to decide to purchase or subscribe for any Shares and the expression **UK Prospectus Regulation** means Regulation (EU) 2017/1129 as it forms part of domestic EU law by virtue of the European Union (Withdrawal) Act 2018 (**EUWA**).

**Canada**

No prospectus has been filed with any securities commission or similar regulatory authority in Canada in connection with the offer and sale of the Offer Shares, the Offer Shares have not been, and will not be, qualified for sale under the securities laws of Canada or any province or territory thereof and no securities commission or similar regulatory authority in Canada has reviewed or in any way passed upon this Prospectus or the merits of the Offer Shares and any representation to the contrary is an offence.

The Offer Shares may not be offered or sold, directly or indirectly, in Canada or to or for the benefit of any resident of Canada, other than in compliance with applicable securities laws and, without limiting the generality of the foregoing:

(a) any offer or sale of the Offer Shares in Canada will be made only to persons in, or to persons subject to the securities laws of, the provinces of Alberta, British Columbia, Manitoba, Ontario or Québec and only to purchasers that are "accredited investors" (as such term is defined in section 1.1 of NI 45-106 or, in Ontario, as such term is defined in section 73.3(1) of the Securities Act (Ontario)), that are also "permitted clients" (as such term is defined in section 1.1 of NI 31-103), that are purchasing as principal, or are deemed to be purchasing as principal in accordance with applicable Canadian securities laws, and that are not a person created or used solely to purchase or hold the Offer Shares as an "accredited investor" as described in paragraph (m) of the definition of "accredited investor" in section 1.1 of NI 45-106;

(b) each Joint Global Coordinator distributing the Offer Shares in Canada is: (i) appropriately registered under applicable Canadian securities laws in each relevant province or territory to distribute the Offer Shares; or (ii) relying on an exemption from the dealer registration requirements under applicable Canadian securities laws and has complied with the requirements of that exemption; and

(c) no offering memorandum or any other offering material other than this Prospectus will be distributed or delivered in or to a resident of Canada in connection with the offering of the Offer Shares, except in compliance with applicable Canadian securities laws.

**Australia**

The Prospectus:

(a) does not constitute a prospectus or a product disclosure statement under the Australian Corporations Act 2001 of the Commonwealth of Australia (Cth) (the **Australian Corporations Act**),

(b) does not purport to include the information required of a prospectus under Part 6D.2 of the Australian Corporations Act or a product disclosure statement under Part 7.9 of the Australian Corporations Act; has not been, nor will it be, lodged as a disclosure document with the Australian Securities and Investments Commission (the **ASIC**), the Australian Securities Exchange operated by ASX Limited or any other regulatory body or agency in Australia, and

(c) may not be provided in Australia other than to select investors (**Exempt Investors**) who are able to demonstrate that they: (i) fall within one or more of the categories of investors under section 708 of the Australian Corporations Act to whom an offer may be made without disclosure under Part 6D.2 of the Australian Corporations Act, and (ii) are "wholesale clients" for the purpose of section 761G of the Australian Corporations Act.

The Offer Shares may not be directly or indirectly offered for subscription or purchased or sold, and no invitations to subscribe for, or buy, the Offer Shares may be issued, and no draft or definitive offering memorandum, advertisement or other offering material relating to any Offer Shares may be distributed, received or published in Australia, except where disclosure to investors is not required under Chapters 6D and 7 of the Australian Corporations Act or is otherwise in compliance with all applicable Australian laws and regulations. By submitting an application for the Offer Shares, each prospective investor in Offer Shares represents and warrants to the Company and the Joint Global Coordinators and their affiliates that such prospective investor is an Exempt Investor.

As any offer of Offer Shares under this Prospectus, any supplement or the accompanying prospectus or any other document will be made without disclosure in Australia under Parts 6D.2 and 7.9 of the Australian Corporations Act, the offer of those Offer Shares for resale in Australia within 12 months may, under the Australian Corporations Act, require disclosure to investors if none of the exemptions in the Australian Corporations Act applies to that resale. By applying for the Offer Shares, each prospective investor in Offer Shares undertakes to the Company and the Joint Global Coordinators and their affiliates that such prospective investor will not, for a period of 12 months from the date of issue or purchase of the Offer Shares, offer, transfer, assign or otherwise alienate those Offer Shares to investors in Australia except in circumstances where disclosure to investors is not required under the Australian Corporations Act or where a compliant disclosure document is prepared and lodged with ASIC.

**United States**

The Offer Shares have not been, and will not be, registered under the U.S. Securities Act or under any securities laws or regulations of any state or other jurisdiction of the United States for offer or sale as part of their distribution and may not be, at any time, offered, sold, taken up, pledged, exercised, resold, renounced, transferred or delivered, in or into the United States, as defined in Regulation S under the U.S. Securities Act, except in certain transactions exempt from the registration requirements of the U.S. Securities Act.

The Offer Shares are not transferable except in accordance with the restrictions described herein. In particular, the Offer Shares may not be offered, resold, pledged or otherwise transferred except outside the United States in an offshore transaction complying with the provisions of Rule 903 or Rule 904 of Regulation S to a person outside the United States, or pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act, in each case in accordance with all applicable securities laws.

The Offer Shares have not been recommended, approved or disapproved by the SEC, any state securities commission in the United States or any other US regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the Offering or the accuracy or adequacy of this Prospectus. Any representation to the contrary is a criminal offense in the United States.

In addition, until the end of the 40th calendar day after commencement of the Offering, an offering or sale of Offer Shares within the United States by a dealer (whether or not participating in the Offering) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from such registration requirement.

**Japan**

The Offer Shares have not been and will not be registered under the Financial Instruments and Exchange Law (Law No. 25 of 1948), as amended (the **FIEL**). This Prospectus is not an offer of securities for sale, directly or indirectly, in Japan, or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or entity organised under the laws of Japan) or to others for reoffer or resale, directly or indirectly, in Japan or to any resident of Japan, except pursuant to an exemption from the registration requirements under the FIEL and otherwise in compliance with such law and any other applicable laws, regulations and ministerial guidelines of Japan.

**Korea**

The Offer Shares have not been and will not be registered under the Financial Investments Services and Capital Markets Act of Korea and the decrees and regulations thereunder (the **FSCMA**), and the Offer Shares have been and will be offered in Korea as a private placement under the FSCMA. None of the Offer Shares may be offered, sold or delivered directly or indirectly, or offered or sold to any person for re-offering or resale, directly or indirectly, in Korea or to any resident of Korea except pursuant to the applicable laws and regulations of Korea, including the FSCMA and the Foreign Exchange Transaction Law of Korea and the decrees and regulations thereunder (the **FETL**). Furthermore, the purchaser of the Offer Shares shall comply with all applicable regulatory requirements (including but not limited to requirements under the FETL) in connection with the purchase of the Offer Shares. By the purchase of the Offer Shares, the relevant holder thereof will be deemed to represent and warrant that if it is in Korea or is a resident of Korea, it purchased the Offer Shares pursuant to the applicable laws and regulations of Korea.

# TAXATION

The following summary is of a general nature and does not purport to address all tax consequences of the Offering, including the acquisition, holding and disposal of the Shares. It does not claim to be a comprehensive description of all Czech tax considerations that may be relevant to a decision to purchase the Shares and does not take into account the specific circumstances of any particular investor. This summary is based on the tax laws, regulations and regulatory practices of the Czech Republic as in effect on the date of this Prospectus, which may be subject to change (or subject to changes in interpretation), possibly with retroactive effect.

Any information contained in this summary is intended only as a general guide and is not, and should not be construed as, a legal or tax advice for any prospective holder of the Shares. While the information herein is considered a correct interpretation of Czech tax laws in force on the date of this Prospectus, the courts or tax authorities responsible for administering or interpreting such laws might take a different view. Prospective shareholders are advised to consult their own professional tax advisers in light of their particular circumstances as to the tax consequences of acquisition, holding and disposal of the Shares. Besides the consequences thereof under Czech tax laws, regulations and regulatory practices that could be relevant for them in connection with the Offering, this includes consideration of the consequences under the tax laws of the country of which they are residents for tax purposes, as well as of any other country whose tax laws could apply to them for other reasons.

This summary does not specifically comment on or take into account the impact of the U.S. Foreign Account Tax Compliance Act (FATCA) or any of its aspects.

## General considerations

Except where expressly stated otherwise, the paragraphs below are intended to apply only to:

(a) prospective shareholders, who:

- (i) are, for the whole calendar or financial year, as applicable, residents in the Czech Republic under Czech tax laws as well as for the purposes of any relevant tax treaty;
- (ii) do not have a permanent establishment outside the Czech Republic with which the Shares are effectively connected or to which any income in respect of the Shares is attributable; and
- (iii) are the beneficial owners of their Shares and of any income received in respect of them, with ‘beneficial owner’ of any such income following the meaning of this term in the OECD Model Tax Convention on Income and Capital and its Commentary; (the **Czech tax resident shareholders**); and

(b) prospective shareholders, who:

- (i) are, for the whole calendar or financial year, not residents in the Czech Republic under Czech tax laws;
- (ii) do not have a permanent establishment outside of their country of tax residence (including in the Czech Republic), with which the Shares are effectively connected or to which any income in respect of the Shares is attributable; and
- (iii) are the beneficial owners of their Shares and of any income received in respect of them, with ‘beneficial owner’ of any such income following the meaning of this term in the OECD Model Tax Convention on Income and Capital and its Commentary (the **non-Czech tax resident shareholders**).

In addition, the tax position of certain categories of prospective shareholders who are subject to specific rules have not been considered, including but not limited to: persons acquiring (or deemed to acquire) the Shares in connection with an employment, traders, brokers, dealers in securities, insurance companies, banks, financial institutions, investment companies, collective investment schemes, pension schemes, partnerships, tax-exempt or tax-transparent organizations or schemes, persons related to the Company or the Company, and persons holding the Shares as part of hedging or conversion transactions.

For Czech income tax purposes, taxpayers, whether they are tax resident in the Czech Republic or not, are generally categorized as either individuals, who are subject to Czech personal income tax, or entities other than individuals, who are subject to corporate income tax. For simplicity and readability, the latter category of taxpayers, which may include also various entities without legal personality, shall be referred to as '*corporations*' for the purposes of this summary. Furthermore, for prospective shareholders who are individuals, it is assumed that the Shares will be held as personal investments, separate from any of their business assets.

**Income taxation of dividends, decreases of registered share capital and distributions of share premium**

**Czech tax resident shareholders**

Dividends distributed by the Company to Czech tax resident shareholders, whether individuals or corporations, are subject to Czech withholding tax of 15 per cent., which is due on the gross amount of dividend. However, in the case of corporations only, a tax exemption may apply under the Czech participation exemption rules (see section *Czech participation exemption—dividend and decrease of registered share capital previously increased from profit*).

Distribution of share premium to Czech tax resident shareholders is subject to Czech withholding tax of 15 per cent. The tax is due on the gross distributable amount which can be decreased by the tax basis of the Shares if the shareholder proves that tax basis to the Company.

When the Company's registered share capital is reduced and the amount of such reduction is distributed to shareholders, the tax treatment follows the source of such distribution. If the distribution comes from sources other than the Company's profits that had increased the registered share capital, the distributed amount, after subtracting the tax basis of the Shares, is generally not be subject to withholding tax and should be reported by the shareholder on their Czech tax return. For individuals, this income is generally subject to a progressive tax rate of 15 or 23 per cent., with the higher rate applicable when the individual's income exceeds a threshold which is set at 36 times the average wage, amounting to CZK 1,676,052 for 2025. Corporations are subject to a 21 per cent. tax rate on such distributions. Conversely, if the reduction in registered share capital is sourced from the Company's profits that had increased the share capital (the reduction is deemed to come first from this profit-sourced portion, ensuring that the distribution is attributed primarily to the profits that increased the share capital, before any other sources are considered), the income is subject to a 15 per cent. withholding tax, up to the amount of the profit-sourced increase. This is the case unless, as regards corporations only, the distribution qualifies for a tax exemption under the Czech participation exemption rules (see section *Czech participation exemption—dividend and decrease of registered share capital previously increased from profit* described below).

When withholding tax applies, the Company is responsible for making the withholding at source from distributions that it makes and for remitting the tax to the tax authorities. The tax withheld is considered final, meaning no further tax obligations arise from these distributions. Shareholders are generally required to provide certain documents to evidence their tax residency and beneficial ownership status.

**Non-Czech tax resident shareholders**

Dividends distributed by the Company to non-Czech tax resident shareholders, whether individuals or corporations, are subject to Czech withholding tax of 15 or 35 per cent. (see the rules for the application of the 35 per cent. rate below), which is due on the gross amount of dividend. However, in the case of corporations only, a tax exemption may apply under the Czech participation exemption rules (see section *Czech participation exemption—dividend and decrease of registered share capital previously increased from profit* described below).

Distribution of share premium to non-Czech tax resident shareholders is subject to Czech withholding tax of 15 or 35 per cent. (see the rules for the application of the 35 per cent. rate below). The tax is due on the gross distributable amount which can be decreased by the tax basis of the Shares if the shareholder proves that tax basis to the Company.

When the Company's registered share capital is reduced and the amount of such reduction is distributed to shareholders, the tax treatment follows the source of such distribution. If the distribution comes from sources other than the Company's profits that had increased the registered share capital, the distributed amount, after subtracting the tax basis of the Shares, is generally not be subject to withholding tax and should be reported by the shareholder on their Czech tax return. For individuals, this income is generally subject to a progressive tax rate of 15 or 23 per cent., with the higher rate applicable when the individual's income exceeds a threshold which is set at 36 times the average wage amounting to CZK 1,676,052 for 2025. Corporations are subject to a 21 per cent. tax rate on such distributions. Moreover, if the shareholder is not a tax resident in the EU/EEA member state, such income is generally subject to 10 per cent. securing tax to be withheld by the Company from the gross amount of such income. The securing tax is creditable against the tax liability declared in the shareholder's Czech tax return with any overpayment being generally refundable (see also section *Securing tax* below). Conversely, if the reduction in registered share capital is sourced from the Company's profits that had increased the share capital (the reduction is deemed to come first from this profit-sourced portion, ensuring that the distribution is attributed primarily to the profits that increased the share capital, before any other sources are considered), the income is subject to a 15 or 35 per cent. withholding tax up to the amount of the profit-sourced increase. This is so, unless in the case of corporations only, the distribution qualifies for a tax exemption under the Czech participation exemption rules (see section *Czech participation exemption—dividend and decrease of registered share capital previously increased from profit* described below). The withholding tax rate of 35 per cent. applies if the shareholder is not a tax resident in another EU member state, in another state that is part of the EEA, or in a third country with which the Czech Republic has a valid and effective double taxation treaty, or an international agreement for the exchange of tax information on income matters, including any multilateral international treaties. According to official administrative guidance, the 35 per cent. withholding tax rate also applies if the tax residency (or, more generally, withholding tax status) of the recipient cannot be determined.

When withholding tax applies, the Company is responsible for making the withholding at source from distributions that it makes and for remitting the tax to the tax authorities. The tax withheld is considered final, meaning no further tax obligations arise from these distributions. Shareholders are generally required to provide certain documents to evidence their tax residency and beneficial ownership status.

**Czech participation exemption—dividend and decrease of registered share capital previously increased from profit**

The Czech participation exemption rules implement into Czech tax law the Directive 2011/96/EU, on the common system of taxation applicable in the case of parent companies and subsidiaries of different Member States, as amended (the **Parent-Subsidiary Directive**).

Under these rules, dividends, or income from a reduction in the Company's registered share capital – provided the capital reduction is sourced from the Company's profits – are exempt from Czech taxation if a parent company shareholder holds at least 10 per cent. in the registered capital of the subsidiary (*i.e.*, the Company) for an uninterrupted period of at least 12 months. This minimum holding period can be satisfied after the distribution has occurred.

An entity qualifies as a parent company if it is:

(a) a Czech tax resident entity having the legal form listed in the Annex to the Parent-Subsidiary Directive, a cooperative (in Czech: *družstvo*), a trust fund (in Czech: *svěřenský fond*), a family foundation (in Czech: *rodinná fundace*), a municipality (in Czech: *obec*) or an association of municipalities (in Czech: *svazek obcí*); or

(b) an EU member state tax resident entity that: (i) has a legal form listed in the Annex to the Parent-Subsidiary Directive, (ii) is considered to be a tax resident of an EU Member State and is not considered to be a tax resident outside the EU Member States based on a tax treaty concluded with a third state (*i.e.* a non-EU Member State), and (iii) is subject to tax as listed in the Annex to the Parent-Subsidiary Directive without being exempt or having an option for exemption.

Dividends distributed by the Company to its shareholders are also exempt from Czech taxation if a shareholder is a tax resident in Switzerland, Norway, Iceland, or Liechtenstein, under equivalent conditions to those described above for a parent company that is a tax resident in an EU Member State (other than the Czech Republic).

The Czech participation exemption is inapplicable to dividends if the parent company is exempt from corporate income tax, or from a similar tax, or has the option to elect exemption from such tax, or is subject to tax at a zero per cent. rate. Additionally, the exemption does not apply to dividends if the Company is in liquidation and such distribution is made to a parent company that is a tax resident of the Czech Republic, Switzerland, Norway, Iceland, or Liechtenstein.

**<u>Income taxation of disposals (capital gains)</u>**

**Czech tax resident shareholders - individuals**

Unless exempt from tax, capital gains upon sale of the Shares are subject to progressive taxation at 15 or 23 per cent., depending on the relevant shareholder's income bracket (the higher rate applying on the tax base exceeding CZK 1,676,052 in 2025). Any loss will generally be treated as non-deductible, except where such loss is compensated by taxable gains on the sales of other securities in the same year and the income from the sale of the Shares is not tax-exempt.

Capital gains realised from the sale of the Shares are exempt from tax if:

(a) the individual has held such Shares continuously for more than three years before their sale (the **Holding Exemption**); or

(b) the total gross income (i.e. not a gain) from the sale of securities (including the Shares) in one calendar year does not exceed CZK 100,000.

With effect from 1 January 2025, the Holding Exemption is subject to an annual threshold of CZK 40,000,000. This threshold refers to the amount of exempt income (i.e., not gains) and, besides income from the sale of securities (including the Shares), income from the sale of equity participations in corporations, where such participations are not represented by securities, will also count towards this threshold.

If the income from the sale of the Shares is tax exempt and such income exceeds CZK 5,000,000, then the individual must notify such income to the tax authorities.

**Czech tax resident shareholders—corporations**

Unless exempt from tax, capital gains from the sale of the Shares are subject to tax at 21 per cent. An exemption from tax may apply under the Czech participation exemption rules (see section *Czech participation exemption—disposal* below for more details).

The tax deductibility of losses incurred from the sale of the Shares generally depends on their treatment for Czech accounting purposes. Shareholders who are required to re-measure their Shares to fair value for accounting purposes – typically when the Shares are held for trading – can generally deduct such losses for tax purposes. However, this deductibility does not apply if the income from the sale of the Shares is exempt under the Czech participation exemption rules. Conversely, losses realized by shareholders who do not re-measure the Shares to fair value for accounting purposes are generally not deductible for tax purposes.

**Non-Czech tax resident shareholders**

Income derived from the sale of the Shares is – unless exempt from tax – subject to Czech taxation, including where both the seller and purchaser are non-Czech tax residents. The taxation rules that apply to non-Czech tax resident shareholders when selling their Shares are generally similar to those that apply to Czech tax resident shareholders.

In the case where a non-Czech tax resident, who is a tax resident outside of the EU/EEA, sells the Shares, the purchaser may be obligated to withhold a securing tax of one per cent. of the total purchase price (see section *Securing tax* below for more details).

**Securing tax**

In general, a Czech tax resident or a Czech tax non-resident acting through a Czech permanent establishment, when they purchase the Shares from a seller who is a resident for tax purposes outside the EU/EEA, are required, under their own responsibility, to withhold and to remit to the Czech tax authorities a securing tax at the rate of one per cent. from the (gross) purchase price. Such obligation can be waived based on a decision of Czech tax authorities.

In general, the securing tax is creditable against the tax liability declared by a non-Czech tax resident in their annual Czech tax return.

**Czech participation exemption—disposal**

Income from the sale of the Shares is exempt from Czech taxation if a parent company shareholder holds at least 10 per cent. of the registered share capital of the subsidiary (i.e., the Company) for an uninterrupted period of at least 12 months. This 12-month holding period requirement may be satisfied post-disposal. The definition of a parent company, as provided in section *Czech participation exemption—dividend and decrease of registered share capital previously increased from profit* above, applies equally to income from the sale of the Shares.

Income from the sale of the Shares realized by a shareholder tax resident in Norway, Iceland, or Liechtenstein is exempt from Czech taxation under conditions equivalent to those described above for a parent company that is a tax resident of an EU Member State.

The Czech participation exemption is inapplicable if the parent company is exempt from corporate income tax, or from a similar tax, or has the option to elect exemption from such tax, or is subject to tax at a zero per cent. rate. Furthermore, the Czech participation exemption on income from the sale of Shares is inapplicable if the Company is in liquidation.

**Czech tax treaties**

For non-Czech tax resident shareholders, double taxation treaties between the Czech Republic and their countries of tax residence may eliminate or reduce Czech tax liability. This applies to both distributions on or gains from selling the Shares, generally provided the relevant income is not attributable to a permanent establishment of that shareholder in the Czech Republic. To benefit from a double taxation treaty, the non-Czech tax resident shareholders must, at a minimum, be tax-resident in the given tax treaty country (including for the purposes of the relevant treaty) and must beneficially own the income in question (as proven by an up-to-date tax residency certificate and other necessary documents in accordance with applicable practice). Depending on a particular treaty, further requirements may apply.

**Other Czech taxes**

No Czech transfer tax, VAT, stamp duty or any other similar tax or duty is payable in the Czech Republic in respect of or in connection with the acquisition, holding and disposal of the Shares.

## GENERAL INFORMATION

**Authorisations and consents**

The Company has obtained all consents, approvals and authorisations in the Czech Republic in connection with the offer and sale of the Offer Shares and Admission.

**No significant change**

There has been no significant change in the financial position or in the financial performance of the Company since 24 September 2024, the date to which the Unaudited Interim Financial Statements were prepared except for the decrease in the share capital of the Company by CZK 1,848,345,000, which became effective on 5 December 2024, when the decrease of the registered share capital was registered in the Czech Commercial Register. Effective as of 5 December 2024, the registered share capital of the Company amounts to CZK 1,450,000,000. For more information see section *Registered share capital*.

**Litigation**

Save as described in this Prospectus (See section *Legal Proceedings*), there are no governmental, legal or arbitration proceedings (including such proceedings which are pending or threatened of which the Company is aware) during the 12 months preceding the date of this Prospectus, which may have, or have had, a significant effect on the Company's financial position or profitability.

**Working capital**

In the opinion of the Company the working capital available to the Company is sufficient for the Company's present requirements, that is for the next 12 months following the date of this Prospectus.

**Auditors**

The Audited Financial Statements were audited by Deloitte Audit s.r.o., an independent registered auditor with its registered seat in Italská 2581/67, Vinohrady, 120 00 Prague 2, Czech Republic, Id. No. 49620592, registered with the Commercial Register kept by the Municipal Court in Prague, File No. C 24349; and in the Register of Audit Companies with the Chamber of Auditors of the Czech Republic, under License No. 79 (**Deloitte Audit)**. On behalf of Deloitte Audit, the auditors' reports on the Audited Financial Statements were signed by Lukáš Pytlíček, holding auditor's certificate No. 2460, and the relevant audit reports are included in the Audited Financial Statements. Deloitte Audit reviewed the Unaudited Interim Financial Statements in accordance with ISRE 2410.

The Company declares that neither Deloitte Audit nor any of its members, employees or agents has any material interest in the Company.

## GLOSSARY OF TECHNICAL TERMS

The glossary of technical terms contains explanations and definitions of certain terms used in this Prospectus in connection with the Company and the Company's business. The terms and their meaning may not correspond to meanings or usage of these terms as used by others.

| | |
|---|---|
| CCPP | Combined cycle power plant. A CCPP is a complex system with a gas turbine, steam turbine and heat recovery steam generator working together from the same source of heat, converting it into mechanical energy. |
| Condenser | A heat exchanger used to condense a gaseous substance (typically steam) into a liquid state (typically water). |
| Double casting | A method of casting, in which an area of an object, such as a rim, is cast directly against another area, such as a machined or forged hub. |
| EPC | Engineering, Procurement, and Construction. |
| Fixation wedge | A specialized tool or device used to stabilize or secure an object in a fixed position. |
| Hydrogen-fuelled gas turbine | A gas turbine that uses hydrogen as its primary fuel source instead of traditional fossil fuels like natural gas or diesel. |
| Generator | A device converting mechanical energy into electrical energy. |
| Heat exchanger | A device for transferring heat from one medium to another. A heat exchanger is a system used to transfer heat between a source and a working fluid. They can be used in both cooling and heating processes. |
| Impeller blade | A component used to generate fluid flow and provide mechanical energy transfer. Impeller blades can have different shapes and configurations depending on the specific requirements of their application. |
| LTSAs | Long-term service agreements. |
| MWe | Megawatt electrical, a unit of power that specifically refers to the electrical output of a power plant or generator. |
| Power grid | A network of power lines and associated equipment used to transmit and distribute electricity over a geographical area. |
| R&D | Research and development. |
| Retrofitting | A process, in which new features and technologies are added to older technological components and buildings. |
| SMRs | Small modular reactors. SMRs are advanced nuclear reactors that typically have a power capacity of up to 500 MW per unit. |

| | |
|---|---|
| Steam jet ejector | A device which uses steam or gas to compress gas. Steam jet ejectors are often used to create vacuum within a system. |
| Steam turbine | A turbine in which a high-velocity jet of steam rotates a bladed disc or drum. A steam turbine extracts thermal energy from pressurized steam and uses it to do mechanical work on a rotating output shaft. |
| Turbine islands | A part of an energy plant which houses the turbine and electricity generator(s). |
| Turbine (machine) hall | A building or a room in any steam cycle power plant which houses components vital to the generation of electricity from the steam that comes from the boiler, or from the water coming from the reservoir. The components in the turbine hall are typically the turbines and electric generators, and in the case of steam cycle plants, moisture separators and reheaters. |
| Turbine rotor | The rotating assembly in a turbine. Simply put, a turbine rotor is the part of the turbine that allows for its spinning movement. |
| Two-poles air-cooled generator | An electrical generator that features two magnetic poles and uses air as the cooling medium. |

## INDEX OF DEFINED TERMS

# FINANCIAL STATEMENTS

**Unaudited Condensed Consolidated Interim Financial Statements of Doosan Škoda Power s.r.o. as at and for the period from 1 January 2024 to 24 September 2024, prepared in accordance with IAS 34**



**Independent Auditors' Report on the consolidated financial statements of Doosan Škoda Power s.r.o. as of 31 December 2023, prepared in accordance with IFRS as adopted by the EU**

**Doosan Škoda Power s.r.o.**

**Unaudited condensed consolidated interim financial report**

**as at and for the period from 1 January 2024 to 24 September 2024**

prepared in accordance with IAS 34

# Deloitte.

Deloitte Audit s.r.o.
Churchill I
Italská 2581/67
120 00 Prague 2 – Vinohrady
Czech Republic

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DeloitteCZ@deloitteCE.com
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Registered by the Municipal
Court in Prague, Section C,
File 24349
ID. No.:49620592
Tax ID. No.: CZ49620592

# REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION
## for the Statutory Executives of Doosan Škoda Power s.r.o.

Having its registered office at: Tylova 1/57, Jižní Předměstí, 301 00 Plzeň

Introduction

We have reviewed the accompanying Unaudited Condensed Consolidated Interim Financial Report of Doosan Škoda Power s.r.o. and its subsidiary (the "Group"), which comprise the condensed consolidated interim statement of financial position as at 24 September 2024, and condensed consolidated interim statement of profit or loss, the condensed consolidated interim statement of comprehensive income, condensed consolidated interim statement of changes in equity and condensed consolidated interim statement of cash flows for the period from 1 January to 24 September 2024 and selected explanatory notes to the condensed consolidated interim financial statements (hereinafter also the "Unaudited Consolidated Interim Financial Information"). Management is responsible for the preparation and fair presentation of this Unaudited Consolidated Interim Financial Information in accordance with the International Accounting Standard (IAS) 34, "Interim Financial Reporting" as adopted by the European Union. Our responsibility is to express a conclusion on this Unaudited Consolidated Interim Financial Information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying Unaudited Consolidated Interim Financial Information does not give a true and fair view of the consolidated financial position of the Group as at 24 September 2024, and of its consolidated financial performance and its consolidated cash flows for the period from 1 January 2024 to 24 September 2024 in accordance with the International Accounting Standard (IAS) 34, "Interim Financial Reporting" as adopted by the European Union.

In Prague on 10 December 2024

Audit firm:

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

Deloitte

Statutory auditor:

Lukáš Pytlíček
registration no. 2460

Pytlíček



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**CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT**
**FOR THE PERIOD FROM 1 JANUARY 2024 TO 24 SEPTEMBER 2024**

| | |
|---|---|
| **Name of the Company:** | **Doosan Škoda Power s.r.o.** |
| **Registered Office:** | **Tylova 1/57, Jižní Předměstí, 301 00 Plzeň** |
| **Legal Status:** | **Limited Liability Company** |
| **Corporate ID:** | **491 93 864** |

**Components of the Condensed Consolidated Interim Financial Report:**

**Condensed Consolidated Interim Statement of Financial Position**

**Condensed Consolidated Interim Statement of Profit or Loss**

**Condensed Consolidated Interim Statement of Comprehensive Income**

**Condensed Consolidated Interim Statement of Changes in Equity**

**Condensed Consolidated Interim Cash Flow Statement**

**Selected Notes to the Condensed Consolidated Interim Financial Statements**

**This condensed consolidated interim financial report was prepared on 10 December 2024.**

| **Statutory body of the reporting entity:** | **Signature** |
|---|---|
| **Sanghoun Park**<br>Statutory representative and CFO | |
| **Youngki Lim**<br>Statutory representative | |

**Doosan Škoda Power s.r.o.**

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION**

**as at 24 September 2024 and 31 December 2023**

**(in thousands of Czech crowns)**

| | Note | 24.09.2024 | 31.12.2023 |
|---|---|---|---|
| **ASSETS** | | **8 664 393** | **8 875 418** |
| Property, plant and equipment | | 1 266 267 | 1 315 920 |
| Intangible assets | 6 | 1 280 205 | 1 260 948 |
| Deferred tax assets | | 2 541 | 2 538 |
| Non-current financial derivatives | 17 | 18 993 | 12 692 |
| Non-current receivables | 4 | 158 284 | 134 093 |
| **Total non-current assets** | | **2 726 290** | **2 726 191** |
| Inventories | | 117 536 | 133 319 |
| Trade receivables | 4 | 1 683 088 | 1 423 651 |
| Other assets | 4 | 109 206 | 41 396 |
| Contract assets | 5 | 1 049 880 | 1 338 578 |
| Short term financial instruments and loans | 16 | 1 050 000 | 1 050 000 |
| Financial derivatives | 17 | 20 197 | 36 379 |
| Cash and cash equivalents | 17 | 1 908 196 | 2 125 904 |
| **Total current assets** | | **5 938 103** | **6 149 227** |
| **EQUITY AND LIABILITIES** | | **8 664 393** | **8 875 418** |
| Share capital | | 3 298 345 | 3 298 345 |
| Statutory and other reserves | | 329 835 | 329 835 |
| Revaluation of assets | | 65 128 | 65 128 |
| Revaluation of hedging reserves | 18 | 12 615 | 13 623 |
| Translation reserve | | -17 714 | -16 064 |
| Retained earnings | | 2 116 062 | 2 237 106 |
| **Total equity** | | **5 804 271** | **5 927 973** |
| Deferred tax liabilities | | 122 395 | 92 583 |
| Non-current provisions | 9 | 106 071 | 49 419 |
| Non-current financial derivatives | 17 | 27 966 | 24 470 |
| Other non-current liabilities | 17 | 25 121 | 21 659 |
| **Total non-current liabilities** | | **281 553** | **188 131** |
| Trade payables | 7 | 996 094 | 890 887 |
| Other liabilities | 7 | 198 150 | 307 067 |
| Contract liabilities | 5 | 1 185 797 | 1 298 753 |
| Income tax payable | | 42 685 | 86 807 |
| Current provisions | 9 | 124 124 | 143 988 |
| Current financial derivatives | 17 | 31 719 | 31 812 |
| **Total current liabilities** | | **2 578 569** | **2 759 314** |

Y. K. Lim

| Youngki Lim | Sanghoun Park | 10.12.2024 |
|---|---|---|
| Statutory representative | Statutory representative | Date |

The statement of financial position is to be read in conjunction with the notes to and forming part of the financial statements.

**Doosan Škoda Power s.r.o.**

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS**

**for the period from 1 January 2024 to 24 September 2024 and 1 January 2023 to 24 September 2023**

**(in thousands of Czech crowns)**

| | Note | 1-9/2024 | 1-9/2023 |
|---|---|---|---|
| Revenues from goods, products and services | 11 | 3 920 874 | 3 147 123 |
| Other revenues | 11 | 11 274 | 7 615 |
| **Revenues** | | **3 932 148** | **3 154 738** |
| Raw materials and consumables used | | -2 677 173 | -2 239 354 |
| Own work capitalized | | 57 739 | 43 352 |
| Personnel expenses | | -823 401 | -735 345 |
| Depreciation and amortization | | -127 918 | -124 020 |
| Other operating expenses | 13 | -83 873 | -63 697 |
| Other gains and losses | 14 | -26 073 | 212 337 |
| **Operating expenses** | | **-3 680 699** | **-2 906 727** |
| Profit/loss from disposal of non-current assets and material | | 110 | 76 |
| **Operating profit** | | **251 559** | **248 087** |
| Revenue from investments | | -- | -- |
| Financial income | 15 | 282 843 | 233 627 |
| Financial costs | 15 | -76 571 | -14 269 |
| **Profit before income tax** | | **457 831** | **467 445** |
| Income tax expense | | -102 386 | -110 249 |
| **Profit for the period** | | **355 445** | **357 196** |

Youngki Lim
Statutory representative

Sanghoun Park
Statutory representative

10.12.2024
Date

The income statement is to be read in conjunction with the notes to and forming part of the financial statements.

**Doosan Škoda Power s.r.o.**
**CONDENSED CONSOLIDATED INTERIM CASH FLOW STATEMENT**
**for the period from 1 January 2024 to 24 September 2024 and 1 January 2023 to 24 September 2023**
**(in thousands of Czech crowns)**

| | 1-9/2024 | 1-9/2023 |
|---|---|---|
| **Profit before tax** | **457 831** | **467 445** |
| - Depreciation and amortization | 127 918 | 124 020 |
| - Profit/loss on disposal of non-current assets | -36 | -44 |
| - Impairment losses on current assets | -8 897 | -38 627 |
| - Non-capitalized exchange rate differences | -20 966 | 45 523 |
| - Interest paid, interest expenses and income and bank fees | -178 447 | -192 804 |
| - Other non-cash operations | 8 471 | -45 222 |
| - Creation and release of provisions | 36 765 | -61 435 |
| Total adjustments | -35 192 | -168 589 |
| **Cash flows from operating activities before changes in working capital** | **422 639** | **298 856** |
| Change in inventories | 9 428 | 24 194 |
| Change in trade and other receivables | 113 039 | -159 918 |
| Change in trade and other payables | -107 850 | 217 082 |
| Cash from operating activities | 437 256 | 380 214 |
| Interest received | 46 363 | 40 029 |
| Interest paid and bank fees | -7 275 | -5 294 |
| Income tax paid | -121 085 | -3 555 |
| **Net cash from operating activities** | **355 259** | **411 394** |
| Acquisition of property, plant and equipment | -42 326 | -23 686 |
| Aquisition of intangible assets | -54 026 | -43 858 |
| Proceeds from sale of property, plant and equipment | 36 | 53 |
| Loans provided - payoff | -- | 1 730 000 |
| Interest received | -- | 243 442 |
| **Net cash from investing activities** | **-96 316** | **1 905 951** |
| Paid dividends (including withholding tax) | -476 488 | -2 195 390 |
| **Net cash from financing activities** | **-476 488** | **-2 195 390** |
| Net increase/decrease in cash and cash equivalents | -217 545 | 121 955 |
| Cash and cash equivalents at the begining of period | 2 125 904 | 1 481 507 |
| FX gains/losses on cash and cash equivalents | -163 | 1 069 |
| **Cash and cash equivalents at the end of the period** | **1 908 196** | **1 604 531** |

Y. H. Lim

Youngki Lim
Statutory representative

Sanghoun Park
Statutory representative

10.12.2024
Date

The cash flow statement is to be read in conjunction with the notes to and forming part of the financial statements.

**Doosan Škoda Power s.r.o.**
**CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY**
**for the period from 1 January 2024 to 24 September 2024 and 1 January 2023 to 24 September 2023**
**(in thousands of Czech crowns)**

| | Share capital | Statutory and other reserves | Revaluation of assets | Revaluation of hedging reserves | Translation reserve | Retained earnings | Total equity |
|---|---|---|---|---|---|---|---|
| **Balance as at 1 January 2023** | **3 298 345** | **329 835** | **30 889** | **74 103** | **-14 298** | **3 873 152** | **7 592 026** |
| Changes in accounting methods | -- | -- | -- | -- | -- | -- | -- |
| Adjustment to prior period data | -- | -- | -- | -- | -- | -- | -- |
| Adjusted balance | 3 298 345 | 329 835 | 30 889 | 74 103 | -14 298 | 3 873 152 | 7 592 026 |
| Profit for the period | -- | -- | -- | -- | -- | 357 196 | 357 196 |
| Components of other comprehensive income | -- | -- | -- | -40 906 | 1 208 | -- | -39 698 |
| Total comprehensive income for the period | -- | -- | -- | -40 906 | 1 208 | 357 196 | 317 498 |
| Transactions with owners | | | | | | | |
| Change in share capital | -- | -- | -- | -- | -- | -- | -- |
| Dividends | -- | -- | -- | -- | -- | -2 195 391 | -2 195 391 |
| Other contributions to share capital | -- | -- | -- | -- | -- | -- | -- |
| Other equity transactions | | | | | | | |
| Distribution of equity outside owners | -- | -- | -- | -- | -- | -- | -- |
| Transfer from other components of equity to retained profits | -- | -- | -- | -- | -- | -- | -- |
| Transfer of retained profits to other components of equity | -- | -- | -- | -- | -- | -- | -- |
| **Balance as at 24 September 2023** | **3 298 345** | **329 835** | **30 889** | **33 197** | **-13 090** | **2 034 957** | **5 714 133** |
| **Balance as at 1 January 2024** | **3 298 345** | **329 835** | **65 128** | **13 623** | **-16 064** | **2 237 106** | **5 927 973** |
| Changes in accounting methods | -- | -- | -- | -- | -- | -- | -- |
| Adjustment to prior period data | -- | -- | -- | -- | -- | -- | -- |
| Adjusted balance | 3 298 345 | 329 835 | 65 128 | 13 623 | -16 064 | 2 237 106 | 5 927 973 |
| Profit for the period | -- | -- | -- | -- | -- | 355 445 | 355 445 |
| Components of other comprehensive income | -- | -- | -- | -1 008 | -1 649 | -- | -2 658 |
| Total comprehensive income for the period | -- | -- | -- | -1 008 | -1 650 | 355 445 | 352 787 |
| Transactions with owners | | | | | | | |
| Change in share capital | -- | -- | -- | -- | -- | -- | -- |
| Dividends | -- | -- | -- | -- | -- | -476 489 | -476 489 |
| Other contributions to share capital | -- | -- | -- | -- | -- | -- | -- |
| Other equity transactions | | | | | | | |
| Distribution of equity outside owners | -- | -- | -- | -- | -- | -- | -- |
| Transfer from other components of equity to retained profits | -- | -- | -- | -- | -- | -- | -- |
| Transfer of retained profits to other components of equity | -- | -- | -- | -- | -- | -- | -- |
| **Balance as at 24 September 2024** | **3 298 345** | **329 835** | **65 128** | **12 615** | **-17 714** | **2 116 062** | **5 804 271** |

Youngki Lim
Statutory representative

Sanghoun Park
Statutory representative

10.12.2024
Date

The statement of changes in equity is to be read in conjunction with the notes to and forming part of the financial statements.

**Doosan Škoda Power s.r.o.**

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME**

**for the period from 1 January 2024 to 24 September 2024 and 1 January 2023 to 24 September 2023**

**(in thousands of Czech crowns)**

| | 1-9/2024 | 1-9/2023 |
|---|---|---|
| **Profit for the accounting period** | **355 445** | **357 196** |
| **Other net comprehensive income** | **-2 658** | **-39 698** |
| Items that will not be reclassified subsequently to profit or loss: | | |
| Increase/decrease in value of assets as a result of their revaluation | -- | -- |
| Deferred tax relating to items not reclassified | -- | -- |
| | - | - |
| Items that may be reclassified subsequently to profit or loss: | | |
| Revaluation of available-for-sale financial assets | -- | -- |
| Gains/losses on cash flow hedges | -1 276 | -50 501 |
| Foreign currency translation differences for foreign operations | -1 650 | 1 208 |
| Share of other comprehensive income of associated companies | -- | -- |
| Deferred tax on items of other comprehensive income | 268 | 9 595 |
| | **-2 658** | **-39 698** |
| **Total comprehensive income for the accounting period** | **352 787** | **317 498** |

| | | |
|---|---|---|
| Youngki Lim | Sanghoun Park | 10.12.2024 |
| Statutory representative | Statutory representative | Date |

The statement of comprehensive income is to be read in conjunction with the notes to and forming part of the financial statements.

Table of Contents

## 1. Description of the Group's activities

*Establishment and description of the Group*

Doosan Škoda Power s.r.o. ("the Company") was established by a Memorandum of Association as a limited liability company on 27 April 1993 and was recorded in the Commercial Register on 1 July 1993 in Pilsen.

The Company has only one not significant wholly owned subsidiary ŠKODA POWER Private Limited (the Subsidiary), the Company has voting control there. Together as "the Group".

The Company is a leading European manufacturer and supplier of the technological equipment and customer services in the field of power generation – a supplier of steam turbines to machine halls of ŠKODA design and of complex services for fossil power plants, cogeneration units, combined cycles, nuclear power plants, waste & biomass incineration plants and solar power plants.

*Owners of the Company*

The sole owner as at 24 September 2024 is Doosan Power Systems S.A. (Grand Duchy of Luxembourg). The ultimate parent is Doosan Co., Ltd (Korea).

*Company registered office*

Doosan Škoda Power s.r.o.
Tylova 1/57
301 28 Pilsen
Czech Republic

*Identification number*

491 93 864

The registered office of the Subsidiary:
ŠKODA POWER Private Limited
Siddhartha Chamber, Hauz Khas
New Delhi 110016
India

*Changes in the Commercial Register*

In 2024 there were following changes in the Commercial Register: Sukjoo Kang, Hongook Park and Jeongtaek Lee were removed as Statutory Executives and Seungwoo Sohn, Youngki Lim and Donggil Kim were appointed as Statutory Executives. The changes were entered into the Commercial Register on 22 May 2024.

*Organizational structure*

The statutory body of the Company consists of four executives. Two of them are engaged in daily managing roles: one executive director acts as the Company's Chief Executive Officer, the second executive director acts as the Company's Chief Financial Officer. CFO as well as the Chief Operating Officer, the managers of HR, Turbogenerator Product, Execution, Corporate Strategy and Marketing are accountable directly to the CEO. The managers of Sales and Procurement are accountable to the COO.

*Statutory executives as of 24 September 2024:*

Youngki Lim

Seungwoo Sohn

Sanghoun Park

Donggil Kim

## 2. Basis of preparation of the condensed consolidated interim financial report

**Statement of compliance**

The Group prepares its annual consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS Accounting Standards") issued by the International Accounting Standards Board ("IASB"), as adopted by the European Union. This condensed consolidated interim financial report for the reporting period from 1 January 2024 to 24 September 2024 (further referred to also as "condensed consolidated interim financial statements" or "financial statements") has been prepared in accordance with IAS 34 Interim Financial Reporting and does not include all the information required for a complete set of consolidated IFRS financial statements. Accordingly, it is to be read in conjunction with the consolidated financial statements for the year ended 31 December 2023.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for adoption of certain revised IFRS Accounting Standards, as described here after.

The financial statements were authorized for issue on 10 December 2024.

**Consolidated interim financial statements**

These interim financial statements are consolidated financial statements of the Group as defined by IFRS 10 Consolidated Financial Statements.

**New and revised IFRS Accounting Standards that are effective for the current reporting period**

In the current year, the Group has applied a number of amendments to IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) and adopted by the EU that are mandatorily effective for reporting period that begins on or after 1 January 2024. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

| Standard | Title |
|---|---|
| Amendments to IFRS 16 | Lease Liability in a Sale and Leaseback |
| Amendments to IAS 1 | Classification of Liabilities as Current or Non-Current and Classification of Liabilities as Current or Non-Current - Deferral of Effective Date and |
| Amendments to IAS 1 | Non-current Liabilities with Covenants |
| Amendments to IAS 7 and IFRS 7 | Supplier Finance Arrangements |

**New and revised IFRS Accounting Standards in issue but not yet effective**

At the date of authorisation of these financial statements, the Group has not applied the following revised IFRS Accounting Standards that have been issued by IASB but are not yet effective:

| Standard | Title | Effective date |
|---|---|---|
| Amendments to IAS 21 | Lack of Exchangeability | 1 January 2025 |

**New and revised IFRS Accounting Standards in issue but not adopted by the EU**

At present, IFRS accounting standards as adopted by the EU do not significantly differ from IFRS accounting standards adopted by the International Accounting Standards Board (IASB) except for the following new standards and amendments to the existing standards, which were not adopted by the EU as at date of authorisation of these financial statements:

| Standard | Title | Effective date |
|---|---|---|
| IFRS 18 | Presentation and Disclosures in Financial Statements<br>(IASB effective date: 1 January 2027) | Not yet adopted by EU |

| Standard | Title | Effective date |
|---|---|---|
| IFRS 19 | Subsidiaries without Public Accountability: Disclosure<br>(IASB effective date: 1 January 2027)<br>Voluntary use for eligible subsidiaries | Not yet adopted by EU |
| Amendments to IFRS 9 and IFRS 7 | Amendments to the Classification and Measurement of Financial Instruments (IASB effective date: 1 January 2026) | Not yet adopted by EU |
| Amendments to IFRS 10 and IAS 28 | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture and further amendments (effective date deferred by IASB indefinitely but earlier application permitted) | Endorsement process postponed indefinitely until the research project on the equity method has been concluded |
| Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7 | Annual Improvements to IFRS Accounting Standards - Volume 11<br>(IASB effective date: 1 January 2026) | Not yet adopted by EU |

The Group does not expect that the adoption of the new standard and amendments to standards listed above will have a material impact on the financial statements of the Group in future periods.

**Going Concern**

The Group has, at the time of approving the financial statements, a reasonable expectation that it has adequate resources to continue in operational existence for the foreseeable future. Thus it continues to adopt the going concern basis of accounting in preparing the financial statements.

**Basis of measurement**

The financial statements have been prepared on a historic cost basis, with the exception of financial assets and financial derivatives, which are valued at fair value. The fair value is determined on the basis of a market valuation or a qualified estimate.

**Use of estimates, critical accounting judgments and key sources of estimation uncertainty**

The preparation of financial statements in compliance with IFRS accounting standards adopted by EU requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources.

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

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

<u>Impairment of assets</u>

The Group assesses the recoverable value of all assets when there are indicators of their impairment (with the exception of intangible assets with indefinite useful lives, which are tested for impairment at least annually). This assessment is based on anticipated assumptions and may change in the future as the situation evolves and information is available.

Long term contracts

Revenue recognition on long term contracts depends on certain variables (percentage of completion, costs to complete, margin, estimate of penalties that may be claimed by customers, etc.). Those variables are re-assessed every month based on anticipated assumptions and may change in the future as the situation evolves and new information becomes available.

Provisions for legal disputes and business risks

The Group may be involved in court and out-of-court commercial disputes. Where the criteria for the recognition of provisions are met, the Group creates provisions for these disputes on the basis of the best available information and estimates. However, the actual outcome of the disputes may differ from these estimates.

## 3. Summary of material accounting policies

### Functional currency

With regard to the economic environment the Czech crown was determined as the functional currency of the Company, as substantial part of the costs is influenced by CZK (personal cost, both cost for services and material deliveries, etc.) and revenues are influenced by various currencies depending on the contracts fulfilled in given year. The functional currency of the subsidiary is INR.

Unless stated otherwise the figures disclosed in these financial statements are in thousands of Czech crowns, “TCZK”.

### Revenue recognition - contracts with customers

The Group recognizes revenue at the amount of consideration to which the Group expects to be entitled in exchange for transferring its promised goods and services to a customer.

The Group recognizes three main revenue streams:

- New installation – new machine deliveries including retrofits (new rotors according the state of the art). Project execution usually take over two years up to three years, followed by warranty period.
- Service - repairs and general overhauls, general services, spare parts. Usually short term projects realized within one year.
- Long term service agreements (LTSA).

The Group recognizes its revenues predominantly based on ‘over time’ method due to customer-specific nature of production covered by signed and legally enforceable contracts. The group applies input (cost-to-cost) method for measurement of percentage of completion as this method best reflects nature of Group’s contracts and way how the control and value is transferred to the customers. Contract revenue is recognised in profit or loss in proportion to the stage of completion of the contract, which is measured based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs. Contract costs incurred include also accruals for significant deliveries for specific contracts provided by vendors according to the amount they incurred to date (deliveries over 2 MCZK where production time exceeds 6 months).

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

At a point in time recognition method applies only to sales of excessive materials and scrap. This revenue stream is not material.

### Significant payment terms

For all new installations and bigger service projects the Group receives usually several advances, accounted along with the main parts delivery. The advances are in the range from ca 10% to 70% of the contract value.

Typical billing milestones for New Installation contracts are distributed through the project duration to advance payments (contract signature, allocation of sub-deliveries) and milestone-based invoices (ex. delivery of designs, castings, forging and generators).

Typical billing milestones for Services and Long term service agreements are based on upon-agreed and scheduled performances. Works are typically not subject advance payments and may contain inflation index clauses.

The typical maturity of issued invoices is 30 days, less often 45 or 60 days. For significant contracts, 5% or up to 10% of the invoice payment may be subject of retention, which may prolong the payment maturity to 120 days up to two years, exceptionally longer. As release of the retained payment is subject only to elapse of the prolonged time period, the Group recognizes the retained payments as receivables.

**Variable consideration**

Contracts with customers usually include penalty clause, like liquidated damages for delay and non-compliance of guaranteed parameters. If such event occurs, the contract price is reduced. Since the probability of such event is very low, the Group accounts and reports the variable adjustment of transaction price only when it becomes probable.

Contract values do not include any other discounts and bonuses.

**Contract-related costs**

Cost to obtain contract and cost to fulfil contract incurred before the contract is obtained by the Group are not material. The Group is using own sales teams for order intake.

**Financing component**

The timing difference between revenue recognition and cash flow received is typically less than one year, therefore the Group is applying the practical expedient and does not account for the effect of significant financing component. Balances given by long-term retainage do not give rise to material discounting effect.

**Warranties**

The Group classifies warranty for provided projects as assurance-type warranty as the warranty conditions do not exceed standard assurance. In case of defect or malfunction the root cause is always analysed and if the problem is within the Group range of responsibility, then the cost is covered by the Group and from warranty provision.

**Contract Balances**

Where contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is shown as contract assets. For contracts where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is shown as contract liabilities. Amounts received before the related work is performed are included in the statement of financial position, as a contract liability. Amounts billed for work performed but not yet paid by the customer are included in the statement of financial position under trade receivables.

**Income tax**

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

**Transactions in foreign currencies**

Transactions denominated in foreign currencies other than the functional currency of the entities included in the consolidation are translated at the exchange rate at the transaction date (official exchange rates of the Czech National Bank, hereafter exchange rate). Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are not retranslated.

Gains and losses arising from changes in exchange rates of foreign currencies after the transaction date are recognised in the profit or loss account.

**Property, plant and equipment**

*Assets owned by the Group*

Items of property, plant and equipment are stated at cost less accumulated depreciation (see below) and impairment losses, except for land. Land is subsequently measured at revalued amounts and is not depreciated. Cost includes expenditure that is directly attributable to the acquisition of the assets. Tangible fixed assets costing less than TCZK 5 are charged to the profit or loss account in the year that they are acquired (cutting instruments costing less than TCZK 10, devices costing less than TCZK 20 and cutting products costing less than TCZK 40 are also charged to the profit or loss account in the year they were acquired).

*Depreciation*

Depreciation is charged to the profit or loss account on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease terms.

Day to day repair and maintenance costs are charged directly to the profit or loss account.

The estimated useful lives are as follows:

| Asset | Period (years) |
|---|---|
| Buildings | 20 – 50 |
| Machinery and equipment | 3 –16 |
| Hardware | 4 |

Depreciation methods, useful lives and residual values are reviewed each year.

**Intangible assets**

*Initial recognition and amortisation*

Intangible assets are stated at cost less accumulated amortisation and impairment losses. Intangible assets with specific useful lives are amortised over their estimated useful lives, starting from the time when they are ready for use, i.e. once they are at a location and in a condition allowing for their use as intended by the Group. The amortisation period for non-current intangible assets owned by the Group ranges from 2 to 10 years, assets are depreciated on a straight-line basis. Amortisation rates and useful lives applied are reviewed on regular basis (at least at the end of the accounting period), with changes applied, if necessary, in the following period.

Intangible assets with indefinite useful lives are not amortised.

Intangible assets costing less than TCZK 5 are recognised as an expense in the period when they become ready for their intended use.

*Subsequent expenditure*

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

**Impairment**

The carrying amounts of the Group's assets, other than inventories, assets where IFRS 9 impairment requirements are applied and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated, and the amount of impairment, if any, is determined. If the recoverable amount of the individual asset cannot be estimated, the Group determines the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the estimated recoverable amount of the assets (or cash-generating unit) is lower than its carrying amount, the carrying amount of the assets (cash-generating unit) is reduced to the recoverable amount. Impairment losses are recognised in expenses – Other gains and losses.

If an impairment loss is subsequently reversed, the carrying amount of the asset (cash-generating unit) is increased to the newly estimated recoverable amount; only to the extent, however, that the asset's carrying amount does not exceed the carrying amount that would have been determined, if no impairment loss had been recognised in respect of the asset (cash-generating unit). Reversal of impairment loss (except for goodwill) is recognised in income.

Intangible assets with indefinite useful lives are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired. The brand value analysis is based on the royalty fee estimate utilizing revenue forecast linked to the Group's long-term budgets and the market royalty rate assumption. To obtain a brand value, the estimated royalty fees are converted to their present value using an appropriate discount rate relevant for intangible assets valuation.

*Impairment of financial assets (IFRS 9)*

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVTOCI, trade receivables and amounts due from customers, as well as on financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Group always recognises lifetime ECL for trade receivables and amounts due from customers. The expected credit losses on these financial assets are estimated either individually or using a provision matrix based on the Group's historical credit loss experience: all receivables are divided into 3-months buckets according to their aging. For each buckets is annually recalculated allowance percentage from the last four years historical analysis. The percentage is based on how much of the amount outstanding at the end of each quarter is not collected by the end of the next quarter. Data for calculation include written-off receivables.

| Allowance % | 2024 | 2023 | 2022 |
|---|---|---|---|
| Not yet due | 1.2% | 1.6% | 1.5% |
| Up to 3 months | 7.0% | 4.9% | 4.4% |
| 3-6 months | 17.9% | 14.3% | 11.9% |
| 6-9 months | 25.1% | 20.5% | 17.4% |
| 9-12 months | 36.9% | 32.4% | 28.1% |
| 12-15 months | 50.4% | 42.0% | 40.2% |
| 15-18 months | 57.3% | 50.5% | 46.4% |
| 18-21 months | 63.9% | 60.0% | 56.2% |
| 21-24 months | 67.6% | 65.6% | 60.5% |
| 24-27 months | 74.3% | 71.4% | 65.9% |
| 27-30 months | 85.2% | 86.3% | 80.1% |
| 30-33 months | 98.4% | 98.4% | 91.3% |
| over 33 months | 100.0% | 100% | 100% |

For all other financial instruments, the Group measures the loss allowance at an amount equal to 12-month ECL for stage 1 assets and at an amount equal to lifetime ECL for stage 2 and stage 3 assets. Financial instruments are moved to stage 2 when they are overdue more than 30 days and to stage 3 when there is a default.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The assets write-off follows the end of the bankruptcy proceedings.

**Financial instruments**

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value, except trade receivables (without significant financing component), which are initially recognized at transaction price.

Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

*Classification of financial assets*

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

*Trade receivables*

Trade receivables are initially recognised at the transaction price and subsequently stated at amortised cost less expected credit losses.

*Cash and cash equivalents*

Cash and cash equivalents comprise cash in hand, cash at the bank, bank deposits and current highly liquid investments with an original maturity up to three months.

*Trade payables*

Trade payables are stated at nominal value.

*Financial derivatives - Cash flow hedging (hedging derivates)*

The Group continuously monitors exchange rate risks and employs zero-cost hedging strategies where appropriate to mitigate potential adverse effects on the financial performance associated with future cash flows, aiming to hedge 100 % of open position that exceeds the level of natural hedging at the individual business case level, subject to a threshold of TCZK 2 500. The typical hedge ratio ranges from 60 to 100 %, depending on the currency involved in the business case.

The Group applies hedge accounting under IFRS 9. The Group classifies derivative instruments as hedging derivatives and trading derivatives. Derivatives are classified as hedging where the following conditions are met:

- at the inception of the hedge, there is a formal designation of the hedged items or transactions, the hedging instruments, the risks being hedged, and how the hedge effectiveness will be calculated and supported;
- the hedge is effective (i.e it meets an “economic relationship” criterion);
- the effectiveness of the hedge is assessed on an ongoing basis.

The Group determines the economic relationship between the hedged item and the hedging instrument by ensuring that there is an expectation that the value of the hedging instrument will move in an opposite direction to the value of the hedged item in response to changes in the hedged risk. The Group enters into fixed-term derivative contracts, such as forwards and swaps, exclusively with top-tier financial institutions.

The hedged item is specifically identified as the highly probable cash flow, evaluated individually at the level of each business case. The purpose of hedging is to eliminate risk rather than to engage in speculation; therefore, the Group hedges only effective projects or their parts. The risk component is designated using a conservative approach, with only initially highly probable income considered for hedging.

At the inception of the hedge relationship, the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

The Group utilizes the hypothetical derivative approach for evaluating hedge effectiveness and quantifying hedge ineffectiveness.

Potential exceptional loss of high efficiency may result from substantial timing mismatches between the hedged item and the hedging instrument, which cannot be mitigated through swap transactions or adjustments in contract terms. Hedging effectiveness may be compromised if there is a significant reduction in the likelihood of cash flow realization, primarily due to sudden untreated counterparty risk of the cash-flow originator.

Derivatives that do not meet the above conditions for hedge accounting are classified by the Group as trading.

Financial derivatives are initially recognised at fair value (which is also the cost price) and subsequently measured at fair value at the reporting date.

The non-effective portion of the of the hedging derivative is recognized in in the profit or loss account (line “other gains and losses”). The effective portion of the hedging derivative is recognised in equity (line “Revaluation and hedging reserve”) and then reclassified to the profit or loss account (line “other gains and losses”) proportionally to percentage of completion of the contract. Percentage of completion or incompletion is calculated individually at the project level.

Fair value of financial derivatives is determined based on contract valuation at the reporting date. The Group obtained L2 level valuation from individual banks with whom the derivatives were contracted.

Hedge accounting is discontinued when the hedging instrument no longer qualifies for hedge accounting (e.g. when realisation of a hedged cash flow is not expected to happen). Any gain or loss recognised in other comprehensive income and accumulated in equity at that time is immediately reclassified in profit or loss.

*Financial derivatives – fair value hedging (trading derivates)*

The Group will strategically utilize its resources to maximize potential returns, in alignment with our long-term growth objectives and financial stability. In the event that the Group exceptionally identifies and executes an advantageous financial investment, the fair value ensuring the profitability of this opportunity is hedged using the same principles as described above regarding determination of the economic relationship between the hedged item and the hedging instrument. Forward and swap transactions are used to mitigate currency risk until the financial assets are realized.

Financial derivatives are initially recognised at fair value and subsequently measured at fair value as of the reporting date. Changes in the fair value of financial derivatives are recognised in the profit or loss account (line “financial income” or “financial costs”) based on L2 valuation obtained from the cooperating bank.

**Inventories**

Inventory is stated at the lower of the acquisition cost and net realisable value. The cost includes transportation and insurance charges, direct material, direct labour and overhead incurred in bringing the inventory to its present location and condition. The net realisable value is the estimated selling price less estimated completion costs and estimated costs to sell.

Based on a detailed analysis of individual material items the Group determined to create 50% provision against material that has been idle for more than one year.

Use of material is stated using the weighted average method.

**State subsidies**

State subsidies are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Subsidies awarded to refund the Group for expenses incurred are recognised in income over the period, in which the related expenses are incurred, and are deducted when the expenses are recognised.

**Provisions**

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

*Warranty provisions*

A warranty provision is established based on an analysis of historical costs incurred for warranties, adjusted by the expected future development in warranties.

*Onerous contracts*

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

*Other provisions*

Provisions for risks and other provisions are created on the basis of an individual assessment carried out by responsible project managers and administrators.

**Research and development**

Research costs are incurred for the purpose of acquiring new technical knowledge, which may lead to improved products or processes in the future, the economic viability of which however has not been established. Research costs are charged to the profit or loss account in the year in which they are incurred.

Development costs incurred comprise new technical knowledge or methods for new or substantially improved products or production processes.

Development costs can be capitalized only if development expenditures can be measured reliably, the product or process is technically and commercially feasible and will generate probable future economic benefits, the Group intends to and has sufficient resources to complete development and to use or sell the asset. If the above conditions are not met, development costs are expensed in the year in which they are incurred.

## 4. Trade receivables and other assets

**Trade receivables**

| TCZK | 24.9.2024 | 31.12.2023 |
|---|---|---|
| Trade receivables | 1 428 357 | 1 327 851 |
| Other trade receivables | 45 635 | 2 823 |
| Accrued receivables | 420 715 | 332 647 |
| **Total receivables (gross)** | **1 894 707** | **1 663 321** |
| **Allowances** | | |
| Opening balance | -239 670 | -260 940 |
| Additional allowances | -48 928 | -45 812 |
| Amounts written off | 17 527 | 10 614 |
| Amounts recovered | 61 845 | 49 165 |
| Foreign exchange gains and losses | -2 393 | 7 303 |
| Closing Balance | -211 619 | -239 670 |
| **Total receivables (net)** | **1 683 088** | **1 423 651** |

**Ageing structure of trade receivables**

| TCZK | 24.9.2024 | | 31.12.2023 | |
|---|---|---|---|---|
| | Gross amount | Allowance | Gross amount | Allowance |
| Not yet due | 565 176 | -8 706 | 633 120 | -10 321 |
| Up to 3 months | 439 353 | -9 436 | 206 718 | -5 455 |
| 3-6 months | 51 940 | -7 474 | 87 382 | -10 535 |
| 6-9 months | 84 625 | -6 114 | 13 544 | -1 767 |
| 9-12 months | 25 485 | -9 404 | 40 917 | -10 938 |
| 12-15 months | 12 237 | -1 160 | 77 953 | -179 |
| 15-18 months | 8 409 | -1 955 | 2 556 | -260 |
| 18-21 months | 32 511 | -18 733 | 35 227 | -8 096 |
| 21-24 months | 83 277 | -166 | 600 | -394 |
| 24-27 months | 2 153 | - | 8 608 | -1 026 |
| 27-30 months | 10 249 | -87 | 412 | -355 |
| 30-33 months | 881 | -326 | 22 040 | -17 413 |
| over 33 months | 157 696 | -148 058 | 201 597 | -172 931 |
| **Total** | **1 473 992** | **-211 619** | **1 330 674** | **-239 670** |

Average credit period of trade receivables is 102 days.

Non-current receivables are represented mostly by retentions – project receivables with prolonged payments maturity according to contract conditions.

**Other assets**

Other assets consist of receivables from the state, primarily VAT, operational advances paid, accrued expenses and other receivables (from employees.)

## 5. Balance of long term contracts

**Contract assets**

| TCZK | 24.9.2024 | 31.12.2023 |
|---|---|---|
| Contract assets | 1 057 429 | 1 351 612 |
| Allowances | -7 549 | -13 034 |
| **Total Contract assets (net)** | **1 049 880** | **1 338 578** |

**Contract liabilities**

| TCZK | 24.9.2024 | 31.12.2023 |
|---|---|---|
| Opening balance | 1 298 753 | 625 590 |
| Revenue recognised in the reporting period that was included in the contract liability balance at the start of the period | 998 255 | 514 899 |
| New liabilities | 885 299 | 1 188 062 |
| **Closing balance** | **1 185 797** | **1 298 753** |

## 6. Intangible assets

The most important intangible asset is ŠKODA brand in amount of TCZK 959 776. This brand is regarded as having indefinite useful economic live and is therefore not amortised. The brand is protected by trademark, which is renewable indefinitely, in all of the major markets where the Group operates. There are not believed to be any legal, regulatory or contractual provisions that limit the useful lives of this brand. Accordingly, the Group believes that it is appropriate that the brands are treated as having indefinite lives for accounting purposes.

Impairment test based on expected discounted cash flows (10% discount rate) from royalty fees to be paid for using similar brand (1.8% of forecasted revenues) did not indicate Škoda Brand impairment.

Assets under construction represents mainly capitalized Research and development cost.

Total R&D costs amounted to TCZK 93 738 in 1-9/2024 (1-9/2023: TCZK 82 020). A part of the cost in amount of TCZK 51 273 was capitalized and is included in intangible assets (1-9/2023: TCZK 38 571). Non-capitalized R&D cost is included in operating expenses.

In 1-9/2024 the MATLAB SW in total value of TCZK 564 was acquired.

The main technical improvement was on SW PDMS in total purchase price of TCZK 2 159 and SW COMOS TCZK 1 804.

## 7. Trade payables and Other liabilities

Trade payables

| TCZK | 24.9.2024 | 31.12.2023 |
|---|---|---|
| Trade accounts payable | 976 690 | 880 948 |
| Lease liabilities | 7 975 | 7 460 |
| Other payables | 11 429 | 2 479 |
| **Total** | **996 094** | **890 887** |

**Ageing structure of the trade payables**

| TCZK | 24.9.2024 | 31.12.2023 |
|---|---|---|
| Payables before due | 932 514 | 826 199 |
| Payables overdue within 1 year | 34 378 | 42 479 |
| Payables overdue above 1 year | 9 798 | 12 270 |
| **Total** | **976 690** | **880 948** |

Average credit period of trade payables is 28 days.

**Other liabilities**

Other liabilities consist of liabilities to the state, primarily VAT, liabilities to employees and liabilities from social security and health insurance.

## 8. Loans and borrowings

In the nine-month periods ending 24 September 2024 and in 2023 the Group drew no loans and borrowings.

## 9. Provisions

| TCZK | 31.12.2022 | Additions | Disposals | 31.12.2023 | Additions | Disposals | 24.9.2024 |
|---|---|---|---|---|---|---|---|
| Warranty provisions | 215 885 | 54 077 | 112 110 | 157 852 | 40 965 | 25 502 | 173 315 |
| Other provisions | 43 378 | 7 029 | 14 852 | 35 555 | 26 000 | 4 674 | 56 881 |
| **Total** | **259 263** | **61 106** | **126 962** | **193 407** | **66 965** | **30 176** | **230 196** |
| Non-current part | 38 283 | -- | -- | 49 419 | | | 106 071 |
| Current part | 220 980 | -- | -- | 143 988 | | | 124 125 |

Breakdown of disposals:

Warranty provisions:

- Use of provisions for originally specified purpose: TCZK 11 662 in the period ended 24.9.2024, TCZK 11 273 in the period ended 31.12.2023
- Cancellation of provision: TCZK 13 839 in the period ended 24.9.2024, TCZK 100 741 in the period ended 31.12.2023.

Other provisions:

- Use of provisions for originally specified purpose: TCZK 4 674 in the period ended 24.9.2024, TCZK 14 811 in the period ended 31.12.2023.

- Cancellation of provision: TCZK 0 in in the period ended 24.9.2024, TCZK 0 in in the period ended 31.12.2023.

Other provisions include provisions for loss making projects and litigations. For a description of litigations refer to Note19.

## 10. Equity

**Dividend**

The dividend is subject to approval by shareholders at the annual general meeting and has not been included as a liability in these financial statements (it was already settled). The payment of this dividend will not have any tax consequences for the Group.

## 11. Revenues from goods, products and services and Other revenues

The group has revenues in only one segment – Turbines.

**Revenues from goods, products and services**

Revenues disaggregation by contract duration:

| TCZK | Period ended 24.9.2024 | Period ended 24.9.2023 |
|---|---|---|
| Long term - over one year | 3 475 863 | 2 816 160 |
| Short term - within one year | 445 011 | 330 963 |
| **Total** | **3 920 874** | **3 147 123** |

Revenues disaggregation by main revenue streams:

| TCZK | Period ended 24.9.2024 | Period ended 24.9.2023 |
|---|---|---|
| New installation | 2 898 892 | 2 249 914 |
| Service | 729 870 | 783 305 |
| Long term service agreements | 292 112 | 113 908 |
| **Total** | **3 920 974** | **3 147 123** |

Revenues disaggregation by geographies:

| TCZK | Period ended 24.9.2024 | Period ended 24.9.2023 |
|---|---|---|
| Europe (excluding Czech Republic) | 1 411 112 | 1 148 677 |
| Czech Republic | 736 696 | 979 066 |
| Asia | 1 041 927 | 620 172 |
| South and Central America | 430 189 | 114 599 |
| Africa | 98 082 | 239 564 |
| North America | 196 332 | 38 578 |
| Australia | 6 536 | 6 467 |
| **Total** | **3 920 874** | **3 147 123** |

Remaining transaction price allocated to performance obligations from contract with customers that are not yet satisfied (Revenue Backlog) at the end of the reporting period:

| TCZK | 24.9.2024 | 24.9.2023 |
|---|---|---|
| **Revenue backlog (at the end of period)** | **10 198 425** | **6 265 875** |
| Estimated recognition till the year end | 1 062 723 | 708 032 |
| Estimated recognition within 1 year after period end | 3 898 641 | 3 722 522 |
| Estimated recognition within 2-3 year after period end | 2 701 166 | 1 215 434 |
| Estimated recognition within 4+ years after period end | 2 535 895 | 619 887 |

**Other revenues**

Other revenues of TZCK 11 274 (period ended 24.9.2023: TCZK 7 615) include for example contractual penalties TCZK 3 050 and revenues from the sale of scrap TCZK 3 923.

## 12. Segment reporting

The Group has assessed its operating segments in accordance with IFRS 8 and concluded that the Group is having only one reportable operating segment. As described in the Note 11, the Group revenues are only in one segment – Turbines, from which it earns revenues and incurs expenses. The Group operations are concentrated mainly in Pilsen, Czech Republic. The revenues are monitored by individual projects with customers, however, discrete financial information is available only on an aggregate basis on which the Group's chief operating decision maker (CEO) is reviewing it.

## 13. Other operating expenses

| **TCZK** | **Period ended 24.9.2024** | **Period ended 24.9.2023** |
|---|---|---|
| Taxes and fees | 9 122 | 5 720 |
| Receivables written off | 18 256 | 7 209 |
| Fines and penalties | 9 975 | 15 907 |
| Bank fees | 7 275 | 5 294 |
| Insurance | 22 465 | 19 747 |
| Other operating expense | 16 780 | 9 820 |
| **Total** | **83 873** | **63 697** |

## 14. Other gains and (losses)

| **TCZK** | **Period ended 24.9.2024** | **Period ended 24.9.2023** |
|---|---|---|
| Decrease (increase) in provisions | -37 164 | 61 311 |
| Decrease (increase) in adjustments to assets | 27 154 | 45 836 |
| Net income/expense from hedging operations | -24 283 | 86 547 |
| Exchange rate gains/(losses) from operating activities | -1 161 | -7 870 |
| Other income from receivables | 1 440 | 19 893 |
| Other operating income | 7 941 | 6 620 |
| **Total** | **-26 073** | **212 337** |

## 15. Financial income (+), financial costs (-)

Financial income:

| TCZK | **Period ended 24.9.2024** | **Period ended 24.9.2023** |
|---|---|---|
| Exchange rate gains from cash and cash equivalents, short term financial instruments and loans | 97 121 | 35 529 |
| Interest revenues | 185 722 | 198 098 |
| Total | **282 843** | **233 627** |

Financial costs:

| **TCZK** | **Period ended 24.9.2024** | **Period ended 24.9.2023** |
|---|---|---|
| Exchange rate losses from cash and cash equivalents, short term financial instruments and loans | 75 409 | 13 453 |
| Interest expenses | 1 162 | 816 |
| **Total** | **76 571** | **14 269** |

## 16. Transactions with related parties

### Short term financial instruments and loans

| TZCK | 24.9.2024 | 31.12.2023 |
|---|---|---|
| Intercompany loan | 1 050 000 | 1 050 000 |
| **Total** | **1 050 000** | **1 050 000** |

### Parent and ultimate controlling party

Balances related to parent and ultimate controlling party are listed below.

### Transactions with key management personnel

Remuneration to members of key management personnel (executives) is included in personnel expenses. There were no loans provided to statutory representatives in reported periods and no other special benefits except standard benefits like company cars and mobile phones for private use, life insurance, etc. Total amount of such benefits is not significant.

### Loans granted

There is one loan title remaining in September 2024 with a principal amount of TCZK 1 050 000. It's a residual portion of the original CZK 1,5 bln loan agreed on 12 April 2022. At anniversary the expiration date has been extended until 12 April 2025. Interest rate is 1Y PRIBOR + 4,2 % p.a. Interest income in 1-9/2024 TCZK 95 935 (in 1-9/2023 TCZK 105 972). Due to scheduled repayment within 12 months it is stated as a current loan.

### Trade receivables and payables

The following related party balances are included in the trade receivables and payables described in Notes 4 and 7 above.

| | Receivables as at | | Payables as at | |
|---|---|---|---|---|
| **TCZK** | **24.9.2023** | **31.12.2023** | **24.9.2023** | **31.12.2023** |
| **Companies controlled by Ultimate parent:** | | | | |
| Doosan Digital Innovation, odštěpný závod | - | 445 | 38 294 | 39 298 |
| Doosan Power Systems SA (Luxembourg) | 286 794 | 190 865 | 5 750 | 3 300 |
| Doosan Turbomachinery (USA) | - | 2 238 | 79 070 | - |
| Doosan Lentjes (Germany) | 234 275 | 154 357 | - | - |
| Doosan Enerbility Co.Ltd. (Korea) | 233 122 | 92 301 | 366 433 | 423 208 |
| Doosan Power Systems Arabia (Saudi Arabia) | 1 525 | - | - | - |
| **Total** | **755 716** | **440 206** | **489 547** | **465 806** |

### Sales and purchases

| | Sales for period | | Purchases for period | |
|---|---|---|---|---|
| **TCZK** | **Period ended 24.9.2024** | **2023** | **Period ended 24.9.2024** | **2023** |
| **Companies controlled by Ultimate parent:** | | | | |
| Doosan Enerbility Co.,Ltd (Korea) | 595 434 | 672 651 | 5 857 | 16 874 |
| Doosan Digital Innovation, odštěpný závod | 374 | 367 | 115 798 | 139 287 |
| Doosan Power Systems SA (Luxembourg) | 286 794 | 190 864 | 2 450 | 2 233 |
| Doosan Lentjes (Germany) | 116 981 | 55 017 | - | - |
| Doosan Turbomachinery Services (USA) | 2 462 | 2 692 | 15 658 | - |
| Doosan Business Research Institute (Korea) | - | - | 4 | 4 |
| Doosan Power Systems Arabia (Saudi Arabia) | 2 506 | - | - | - |
| DOOSAN UKUDU POWER LLC (Guam) | 4 326 | - | - | - |
| **Total** | **1 008 877** | **921 591** | **139 767** | **158 398** |

Note: “Sales” comprise revenue from the sale of manufactured products, revenue from the sale of services, revenue from the sale of fixed assets and other operating revenue and interest income. “Purchases” comprise purchases of material, energy consumption, purchases of services, other operating expenses and purchases of inventories.

## 17. Financial instruments and risk management

### Categories of financial instruments

| TCZK | 24.9.2024 | 31.12.2023 |
|---|---|---|
| *Financial assets* | | |
| Cash and bank balances | 1 908 196 | 2 125 904 |
| Derivatives in designated hedge accounting relationships (FVTPL) | 39 190 | 49 071 |
| Loans and trade receivables | 2 891 372 | 2 607 744 |
| **Total** | **4 838 758** | **4 782 719** |

| TCZK | 24.9.2024 | 31.12.2023 |
|---|---|---|
| *Financial liabilities* | | |
| Derivatives in designated hedge accounting relationships (FVTPL) | 59 685 | 56 282 |
| Trade payables | 1 021 215 | 912 546 |
| **Total** | **1 080 900** | **968 828** |

The Group is exposed to the following risks resulting from financial instruments:

a) credit risk
b) liquidity risk
c) market risk

The management of the Group is generally responsible for setting and controlling the financial risk system management. The development and estimate of the effects resulting from individual risks is regularly assessed.

### Credit risk

A credit risk is a risk that a customer or other party to a financial arrangement does not fulfil its contractual liabilities and obligations. The risk primarily results from financial insolvency or a reluctance of the debtor to pay off liabilities to the Group, or loans provided by the Group.

The exposure to the credit risk depends mainly on the characteristics of each customer. Potential risk is assessed primarily on the basis of geographical factors (in the financial risk management system, areas with increased sensitivity towards credit risk are identified). In general, the credit risk is assessed in relation to the individual customers' payment history.

In new contracts and engagements the solvency of each customer is assessed. Where necessary, the future cash flows are secured by required advances or bank guarantees, and in specific cases, receivables are also insured.

A maximum credit limit is set for every customer. Exceeded limits must be evaluated and approved by the management of the Group.

Financial assets with a derivative trading nature are not evaluated for credit risk because they are measured at FVTPL and are not in scope of ECL calculation.

Loans in amount of TCZK 1 050 000 (24.9.2023: TCZK 1 050 000) are fully included in Stage 1, no amounts in Stage 2 and Stage 3. ECL assessment was performed and is considered immaterial.

Detail information about Trade receivables is included in Note 4.

### Liquidity risk

Liquidity risk is the risk that the Group would not be able to pay its financial liabilities and obligations when they mature. The Group systematically manages its cash flow so that it is able to avoid delays in payments of its obligations, even when there is increased pressure from suppliers and other creditors.

The main liquidity management tools are received advances used to cover costs relating to the realisation of the projects, allocation of the surplus funds to highly liquid bank instruments (term and bill deposits, repurchase papers), and reaching agreements with the suppliers regarding the maturity dates.

**24.9.2024**

| TCZK | Carrying amount | Up to 3 months | 3 months to 1 year | 1-5 years | Over 5 years |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| Trade receivables | 1 841 372 | 1 302 555 | 382 783 | 156 034 | - |
| Loans | 1 050 000 | - | 1 050 000 | - | - |
| Derivatives in designated hedge accounting relationships (FVTPL) | 39 190 | 8 664 | 11 533 | 18 993 | - |
| **Total assets** | **2 930 562** | **1 311 219** | **1 444 316** | **175 027** | **-** |
| **Liabilities** | | | | | |
| Trade payables | 1 021 215 | 648 173 | 304 590 | 68 452 | - |
| Derivatives in designated hedge accounting relationships (FVTPL) | 59 685 | 11 691 | 20 028 | 27 822 | 144 |
| **Total liabilities** | **1 080 900** | **659 864** | **324 618** | **96 274** | **144** |
| **Net liquidity risk position** | **1 849 662** | **651 355** | **1 119 698** | **78 753** | **-144** |

**31.12.2023**

| TCZK | Carrying amount | Up to 3 months | 3 months to 1 year | 1-5 years | Over 5 years |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| Trade receivables | 1 557 744 | 1 050 123 | 376 201 | 131 420 | - |
| Loans | 1 050 000 | - | 1 050 000 | - | - |
| Derivatives in designated hedge accounting relationships (FVTPL) | 49 071 | 9 741 | 26 638 | 12 692 | - |
| **Total assets** | **2 656 815** | **1 059 864** | **1 452 839** | **144 112** | **-** |
| **Liabilities** | | | | | |
| Trade payables | 912 546 | 469 021 | 421 179 | 21 885 | 461 |
| Derivatives in designated hedge accounting relationships (FVTPL) | 56 282 | 6 376 | 25 436 | 24 470 | - |
| **Total liabilities** | **968 828** | **475 397** | **446 615** | **46 355** | **461** |
| **Net liquidity risk position** | **1 687 987** | **584 467** | **1 006 224** | **97 757** | **-461** |

## Market risk

Market risk results from changes in market prices, which may be caused by changes of exchange rates and interest rates. The Group is exposed to risk due to trades in EUR, USD and PLN.

The main instruments for market risk elimination are derivatives, which are established for hedging exchange rate volatility in relation to expected future cash flows. The Group hedges foreign currency risks at 100% of free cash position from expected cash flows in EUR, USD and PLN for the contract period.

For long-term contracts, natural hedging is applied through the use of advances received in the currency in which the contract is concluded.

Interest rates risk is eliminated by fixed interest rate agreements. The Group does not conclude any commodity contracts except where the contract can be settled using the relevant commodity (binding orders of a fixed minimum inventory quantity, for a specific period).

### Interest rate risk management

The Group does not have any loans, it is financed solely by equity. It generates some interest profit from the loans to the parent company and short-term investments. But interest revenues are negligible to revenues from core business activities. The Group is not exposed to significant risk in case of change of market interest rates.

**Capital risk management**

The group is not subject to any externally imposed capital requirements and is fully financed by equity.

**Foreign currencies**

Summary of financial instruments in currencies as at 24 September 2024:

| TCZK | USD | EUR | CZK | Other | Total |
|---|---|---|---|---|---|
| Financial derivatives | 26 683 | 12 507 | - | - | 39 190 |
| Loans | - | - | 1 050 000 | - | 1 050 000 |
| Trade receivables | 346 336 | 979 319 | 496 941 | 18 776 | 1 841 372 |
| Cash, cash equivalents | 368 989 | 372 024 | 796 444 | 370 739 | 1 908 196 |
| **Total financial assets** | **742 008** | **1 363 850** | **2 343 385** | **389 515** | **4 838 758** |
| Other non-current liabilities | 346 | 7 119 | 17 561 | 95 | 25 121 |
| Financial derivatives | 3 098 | 56 587 | - | - | 59 685 |
| Trade payables | 11 279 | 103 393 | 862 194 | 19 228 | 996 094 |
| **Total financial liabilities** | **14 723** | **167 099** | **879 755** | **19 323** | **1 080 900** |

Summary of financial instruments in currencies as at 31 December 2023:

| TCZK | USD | EUR | CZK | Other | Total |
|---|---|---|---|---|---|
| Financial derivatives | 16 500 | 32 571 | - | - | 49 071 |
| Loans | - | - | 1 050 000 | - | 1 050 000 |
| Trade receivables | 206 445 | 790 354 | 546 954 | 13 991 | 1 557 744 |
| Cash, cash equivalents | 99 216 | 355 564 | 1 225 986 | 445 138 | 2 125 904 |
| **Total financial assets** | **322 161** | **1 178 489** | **2 822 940** | **459 129** | **4 782 719** |
| Other non-current liabilities | 148 | 5 925 | 15 481 | 105 | 21 659 |
| Financial derivatives | 5 809 | 50 473 | - | - | 56 282 |
| Trade payables | -4 841 | 91 333 | 789 624 | 14 771 | 890 887 |
| **Total financial liabilities** | **1 116** | **147 731** | **805 105** | **14 876** | **968 828** |

**Sensitivity analysis – currency risk**

As at 24 September 2024 (31 December 2023 respectively) a 10 percent appreciation (depreciation) of the Czech crown vis-à-vis the currencies listed below would have resulted in the increase (decrease) of TCZK 119 291 (2023: TCZK 90 942) in the profit or loss account, provided that other variables (in particular, the interest rate) remain unchanged.

The Group mitigates its currency risk exposure by concluding currency derivative transactions with the banks, thus closing its open position. The actual effect of exchange rate changes would be influenced by such a hedge.

| FX rate as at 24 September 2024 | | +10 % | -10 % |
|---|---|---|---|
| CZK/EUR | 25,115 | 27,627 | 22,604 |
| CZK/PLN | 5,873 | 6,460 | 5,286 |
| CZK/USD | 22,597 | 24,857 | 20,337 |

| FX rate as at 31 December 2023 | | +10 % | -10 % |
|---|---|---|---|
| CZK/EUR | 24,725 | 27,198 | 22,253 |
| CZK/GBP | 28,447 | 31,292 | 25,602 |
| CZK/USD | 22,376 | 24,614 | 20,138 |

| 24.9.2024 | | Original curr. | TCZK | TCZK +10 % | Change | TCZK -10 % | Change |
|---|---|---|---|---|---|---|---|
| Short-term and | TEUR | 38 993 | 979 319 | 1 077 251 | 97 932 | 881 387 | -97 932 |
| long-term | TPLN | 0 | 0 | 0 | 0 | 0 | 0 |
| receivables | TUSD | 15 327 | 346 336 | 380 970 | 34 634 | 311 703 | -34 634 |
| Short-term and | TEUR | 4 400 | 110 512 | 121 563 | 11 051 | 99 461 | -11 051 |
| long-term | TPLN | 843 | 4 951 | 5 447 | 496 | 4 456 | -496 |
| payables | TUSD | 765 | 17 285 | 19 013 | 1 728 | 15 556 | -1 728 |
| Net currency | TEUR | 34 593 | 868 807 | 955 688 | 86 881 | 781 927 | -86 881 |
| risk | TPLN | -843 | -4 951 | -5 447 | -496 | -4 456 | 496 |
| | TUSD | 14 562 | 329 051 | 361 957 | 32 906 | 296 147 | -32 906 |
| **Total** | | | | **TCZK** | **119 291** | **TCZK** | **-119 291** |

| 31.12. 2023 | | Original curr. | TCZK | TCZK +10 % | Change | TCZK -10 % | Change |
|---|---|---|---|---|---|---|---|
| Short-term and | TEUR | 32 542 | 804 612 | 885 073 | 80 461 | 724 150 | -80 461 |
| long-term | TGBP | 4 | 104 | 115 | 10 | 94 | -10 |
| receivables | TUSD | 9 247 | 206 918 | 227 610 | 20 692 | 186 227 | -20 692 |
| Short-term and | TEUR | 3 934 | 97 257 | 106 982 | 9 726 | 87 531 | -9 726 |
| long-term | TGBP | 77 | 2 181 | 2 399 | 218 | 1 963 | -218 |
| payables | TUSD | 124 | 2 773 | 3 050 | 277 | 2 496 | -277 |
| Net currency | TEUR | 28 609 | 707 355 | 778 090 | 70 735 | 636 619 | -70 735 |
| risk | TGBP | -73 | -2 077 | -2 285 | -208 | -1 869 | 208 |
| | TUSD | 9 123 | 204 145 | 224 560 | 20 415 | 183 731 | -20 415 |
| **Total** | | | | **TCZK** | **90 942** | **TCZK** | **-90 942** |

Derivative instruments:

| | | TCZK +10% | | TCZK -10% | |
|---|---|---|---|---|---|
| **24.9.2024** | **MtM value** | **MtM value** | **Additional effect** | **MtM value** | **Additional effect** |
| EUR | -44 079 | -401 377 | -357 298 | 313 218 | 357 298 |
| USD | 23 584 | -140 409 | -163 993 | 187 578 | 163 993 |
| **Total** | **-20 495** | **-541 786** | **-521 291** | **500 796** | **521 291** |

| | | TCZK +10% | | TCZK -10% | |
|---|---|---|---|---|---|
| **31.12.2023** | **MtM value** | **MtM value** | **Additional effect** | **MtM value** | **Additional effect** |
| EUR | -17 902 | -334 668 | -316 766 | 298 864 | 316 766 |
| USD | 10 691 | -81 033 | -91 724 | 102 415 | 91 724 |
| **Total** | **-7 211** | **-415 701** | **-408 490** | **401 279** | **408 490** |

## 18. Summary of derivative instruments

Since 2004, the Group has been continually concluding forward contracts with Czech commercial banks, currently with Commerzbank Aktiengesellschaft, pobočka Praha, Česká spořitelna, a.s., Československá obchodní banka, a. s., Komerční banka, a.s., Raiffeisenbank a.s. and Všeobecná úvěrová banka a.s., pobočka Praha, which are related to transactions involving the sale and purchase of EUR and USD. The Group uses these derivatives to hedge future cash flows and the fair values of some financial assets.

The Group classifies financial derivatives as hedging derivatives and derivatives for trading. The resulting receivables or payables arising from them are classified as either current or non-current according to the effective date of the contract.

**Fair value**

The carrying value of cash and cash equivalents, receivables, advances, other assets, payables and current loans is close to their fair value with regard to the current character of these items.

**Hedging**

The Group hedges future cash flows from long term contracts concluded in foreign currencies (EUR, USD) against currency risks. The Group also hedges the fair value of financial assets and liabilities arising from these contracts, against currency risks, until the financial assets are realised. Forward and swap transactions are used for the purpose of hedging.

| | **Hedging instruments – outstanding contracts** | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | **24.09.2024** | | | | **31.12.2023** | | | |
| | **Nominal value (TFX)** | **Nominal value (MCZK)** | **Fair value (TCZK)** | **AVG rate** | **Nominal value (TFX)** | **Nominal value (MCZK)** | **Fair value (TCZK)** | **AVG rate** |
| EUR | 142 067 | 3 548 | -44 079 | 25,07 | 128 116 | 3 188 | -17 902 | 24,89 |
| USD | 72 512 | 1 653 | 23 584 | 22,76 | 40 992 | 928 | 10 691 | 22,65 |
| PLN | - | - | - | - | - | - | - | - |
| **Total** | | **5 201** | **-20 495** | | | **4 116** | **-7 211** | |

Nominal value and other terms of hypothetical derivative (hedged item) used for measurement of hedge effectiveness is not significantly different from the terms and nominal value of the hedging instruments in the above table.

The fair value of derivative instruments, which fulfilled hedge accounting requirements, as at the reporting date was TCZK -20 495 (31/12/2023: TCZK -7 211).

The fair value of derivative instruments, which did not fulfil hedge accounting requirements, as at the reporting date was TCZK 0 (31/12/2023: TCZK 0). There were no significant derivatives in the periods under review that were reclassified due to failing to meet the conditions of high-efficiency criteria.

| | **Fair value of hedging instruments** | | | |
|---|---|---|---|---|
| **TCZK** | **24.09.2024** | | **31.12.2023** | |
| | **Receivable** | **Payable** | **Receivable** | **Payable** |
| Future cash flows hedging | | | | |
| *Within 1 year* | 20 197 | 31 719 | 36 379 | 31 812 |
| *From 2 to 5 years* | 18 993 | 27 966 | 12 692 | 24 470 |
| | 39 190 | 59 685 | 49 071 | 56 282 |
| **Total charged to equity** | **-13 918** | **-** | **-22 153** | **-** |
| **Total charged to profit or loss account** | **-6 577** | **-** | **14 942** | **-** |
| **Total charged** | **-20 495** | **-** | **-7 211** | **-** |

**Movement of Revaluation of hedging reserve**

| | TCZK |
|---|---|
| Opening balance 31.12.2023 | 13 623 |
| Gain/(loss) arising on changes in fair value of hedging instruments during the period | 4 534 |
| Related income tax | -952 |
| (Gain)/loss reclassified to profit or loss | -5 810 |
| Related income tax | 1 220 |
| Closing balance 24.9.2024 | 12 615 |

| | |
|---|---|
| Opening balance 31.12.2022 | 74 103 |
| Gain/(loss) arising on changes in fair value of hedging instruments during the period | -118 352 |
| Related income tax | 22 142 |
| (Gain)/loss reclassified to profit or loss | 44 111 |
| Related income tax | -8 381 |
| Closing balance 31.12.2023 | 13 632 |

## 19. Litigations

The Group does not have any significant active or passive litigation as at 24 September 2024 and 31 December 2023.

## 20. Environmental liabilities

The Group does not operate any technology that could give rise to the ecological risk.

## 21. Provided guarantees and other conditional obligations

*a) Overview of bank guarantees*

In accordance with the contract terms, the Group is liable for issued bank guarantees for efficient fulfilment of projects, guarantee period, and advance refunds.

- Československá obchodní banka, a. s. has issued bank guarantees of TCZK 347 929, TEUR 30 959, TUSD 4 836, TPLN 52 085, TMXN 872 and TAED 50 with maturity up to 3 November 2029.
- Komerční banka, a.s. has issued bank guarantees of TCZK 405 888 and TEUR 1 610 with maturity up to 07 December 2026.
- Raiffeisenbank a.s. has issued bank guarantees of TCZK 32 865, TEUR 22 289 and TUSD 3 372 with maturity up to 29 July 2026.
- Všeobecná úvěrová banka, a.s., pobočka Praha issued bank guarantees of TCZK 105 452, TUSD 11 548 and TEUR 4 713 with maturity up to 23 July 2026.
- YES Bank Limited issued bank guarantees of TINR 288 569 with maturity up to 31 March 2026

*b) Overview of nonbank guarantees*

In accordance with the contract conditions the Group issued nonbank guarantees for advance refunds, efficient fulfilment of projects and for covering liabilities in warranty period in amount of 190 168T CZK in favour of Doosan Enerbility Co., Ltd.

*c) Liabilities covered by a right of pledge*

The Group has no liabilities covered by a right of pledge.

*d) Overview of issued promissory notes*

The Group has no bank guarantee covered by promissory notes.

*e) Guarantees*

The Group provides no guarantees for bank guarantees and letter of credits facilities of related parties as at 24 September 2024.

The Subsidiary provides fixed deposits cash collateral amounting to TINR 370 000 to secure bank guarantees and letter of credits facility as at 24 September 2024.

## 22. Subsequent events

The Company announced share capital reduction decided on the General Meeting on 30 July 2024: the registered share capital of the Company in amount of TCZK 3 298 345 will be decreased by TCZK 1 848 345 to TCZK 1 450 000.

Project of transformation of the Company from legal form of limited liability company (s.r.o.) to joint stock company (a.s.) as of 30 June 2024 with intended effectivity from 1 January 2025 was approved on 22 November 2024 and filed to Commercial register.

No other events occurred subsequent to the reporting date that would have a material impact on the consolidated interim financial statements.

In Pilsen on 10 December 2024

**Signature of authorised representatives:**

| | | |
|---|---|---|
| **Name:** | Sanghoun Park | Youngki Lim |
| **Position:** | Statutory representative and CFO | Statutory representative |
| **Signature:** | ............................................ | Y. K. Lim ............................................ |

doosan-skoda-power

doosanskoda

doosanplzen

doosan_skoda

Doosan Škoda Power

www.doosanskodapower.com

**Doosan Škoda Power s.r.o.**

**INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS**

**AS OF 31 DECEMBER 2023**

Deloitte.

Deloitte Audit s.r.o.
Churchill I
Italská 2581/67
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DeloitteCZ@deloitteCE.com
www.deloitte.cz

Registered by the Municipal Court
in Prague, Section C, File 24349
ID. No.: 49620592
Tax ID. No.: CZ49620592

# INDEPENDENT AUDITOR'S REPORT

## To the Partner of Doosan Škoda Power s.r.o.

Having its registered office at: Tylova 1/57, Jižní Předměstí, 301 00 Plzeň

### Opinion

We have audited the accompanying consolidated financial statements of Doosan Škoda Power s.r.o. and its subsidiary (the "Group") prepared on the basis of IFRS Accounting Standards as adopted by the European Union, which comprise the consolidated statement of financial position as at 31 December 2023, 31 December 2022 and 31 December 2021, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023, 31 December 2022 and 31 December 2021, and of its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with IFRS Accounting Standards as adopted by the European Union.

### Basis for Opinion

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

### Responsibilities of the Company's Statutory Executives for the Consolidated Financial Statements

The Statutory Executives are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards as adopted by the European Union and for such internal control as the Statutory Executives determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Statutory Executives are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Statutory Executives either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Statutory Executives.
- Conclude on the appropriateness of the Statutory Executives' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

In Prague on 10 September 2024

| Audit firm: | Statutory auditor: |
|---|---|
| Deloitte Audit s.r.o.<br>registration no. 079 | Lukáš Pytlíček<br>registration no. 2460 |

**CONSOLIDATED FINANCIAL STATEMENTS**
**FOR THE YEAR ENDED 31 DECEMBER 2023**

| | |
|---|---|
| **Name of the Company:** | **Doosan Škoda Power s.r.o.** |
| **Registered Office:** | **Tylova 1/57, Jižní Předměstí, 301 00 Plzeň** |
| **Legal Status:** | **Limited Liability Company** |
| **Corporate ID:** | **491 93 864** |

**Components of the Consolidated Financial Statements:**

**Consolidated Balance Sheet**

**Consolidated Profit and Loss Account**

**Consolidated Statement of Changes in Equity**

**Consolidated Cash Flow Statement**

**Notes to the Consolidated Financial Statements**

**These consolidated financial statements were prepared on 10 September 2024.**

| **Statutory body of the reporting entity:** | **Signature** |
|---|---|
| **Sanghoun Park**<br>Statutory representative and CFO<br><br>**Youngki Lim**<br>Statutory representative | |

**Doosan Škoda Power s.r.o.**

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

**as at 31 December 2023, 31 December 2022 AND 31 December 2021**

**IFRS Accounting Standards as adopted by the European Union**

**(in thousands of Czech crowns)**

| | Note | 31.12.2023 | 31.12.2022 | 31.12.2021 |
|---|---|---|---|---|
| **ASSETS** | | **8 875 418** | **9 504 879** | **8 978 379** |
| Property, plant and equipment | 9 | 1 315 920 | 1 343 952 | 1 460 712 |
| Intangible assets | 8 | 1 260 948 | 1 222 709 | 1 196 333 |
| Deferred tax assets | 13 | 2 538 | 3 335 | 3 339 |
| Non-current financial derivatives | 25 | 12 692 | 30 216 | 3 575 |
| Non-current receivables | 5 | 134 093 | 50 044 | 25 403 |
| **Total non-current assets** | | **2 726 191** | **2 650 256** | **2 689 362** |
| Inventories | 7 | 133 319 | 113 018 | 118 115 |
| Trade receivables | 5 | 1 423 651 | 1 123 458 | 843 583 |
| Other assets | 5 | 41 396 | 70 058 | 98 977 |
| Contract assets | 6 | 1 338 578 | 1 183 581 | 1 290 155 |
| Current tax assets | 13 | – | – | 115 501 |
| Short term financial instruments and loans | 23 | 1 050 000 | 2 780 000 | 1 280 000 |
| Financial derivatives | 25 | 36 379 | 103 001 | 65 148 |
| Cash and cash equivalents | 4 | 2 125 904 | 1 481 507 | 2 477 538 |
| **Total current assets** | | **6 149 227** | **6 854 623** | **6 289 017** |
| **EQUITY AND LIABILITIES** | | **8 875 418** | **9 504 879** | **8 978 379** |
| Share capital | | 3 298 345 | 3 298 345 | 3 298 345 |
| Statutory and other reserves | | 329 835 | 329 835 | 329 835 |
| Revaluation of assets | 15 | 65 128 | 30 889 | 30 889 |
| Revaluation of hedging reserves | 25 | 13 623 | 74 103 | 13 493 |
| Translation reserves | | -16 064 | -14 298 | -7 417 |
| Retained earnings | | 2 237 106 | 3 873 152 | 3 547 361 |
| **Total equity** | | **5 927 973** | **7 592 026** | **7 212 506** |
| Deferred tax liabilities | 13 | 92 583 | 62 000 | 69 167 |
| Non-current provisions | 14 | 49 419 | 38 283 | 33 851 |
| Non-current financial derivatives | 25 | 24 470 | 169 | 19 741 |
| Other non-current liabilities | 11 | 21 659 | 24 866 | 15 059 |
| **Total non-current liabilities** | | **188 131** | **125 318** | **137 818** |
| Trade payables | 10 | 890 887 | 702 875 | 709 494 |
| Other liabilities | 10 | 307 067 | 169 174 | 96 845 |
| Contract liabilities | 6 | 1 298 753 | 625 590 | 585 765 |
| Income tax payable | 13 | 86 807 | 68 916 | – |
| Current provisions | 14 | 143 988 | 220 980 | 224 334 |
| Current financial derivatives | 25 | 31 812 | – | 11 617 |
| **Total current liabilities** | | **2 759 314** | **1 787 535** | **1 628 055** |

| | | |
|---|---|---|
| Youngki Lim | Sanghoun Park | 10.09.2024 |
| Statutory representative | Statutory representative | Date |

The statement of financial position is to be read in conjunction with the notes to and forming part of the financial statements.

**Doosan Škoda Power s.r.o.**
**CONSOLIDATED INCOME STATEMENT FOR 2023, 2022 AND 2021**
**IFRS Accounting Standards as adopted by the European Union**
**(in thousands of Czech crowns)**

| | Note | 2023 | 2022 | 2021 |
|---|---|---|---|---|
| Revenues from goods, products and services | 16 | 4 787 917 | 4 060 940 | 3 520 533 |
| Other revenues | 16 | 22 846 | 51 833 | 25 794 |
| **Revenues** | | **4 810 763** | **4 112 773** | **3 546 327** |
| Raw materials and consumables used | | -3 359 850 | -2 731 204 | -2 406 435 |
| Changes in stocks of finished production | | -71 | 114 | -8 |
| Own work capitalized | | 72 545 | 64 999 | 67 008 |
| Personnel expenses | 18 | -1 021 735 | -995 188 | -833 784 |
| Depreciation and amortization | 8, 9 | -165 831 | -181 527 | -234 171 |
| Other operating expenses | 19 | -89 440 | -63 071 | -73 349 |
| Other gains and losses | 20 | 236 645 | 253 665 | 174 559 |
| **Operating expenses** | | **-4 327 737** | **-3 652 212** | **-3 306 180** |
| Profit/loss from disposal of non-current assets and material | | 2 | 3 822 | -8 111 |
| **Operating profit** | | **483 028** | **464 383** | **232 036** |
| Revenue from investments | | -- | -- | -- |
| Financial income | 22 | 293 801 | 342 503 | 309 651 |
| Financial costs | 22 | -26 778 | -76 686 | -322 565 |
| **Profit before income tax** | | **750 051** | **730 200** | **219 122** |
| Income tax expense | 13 | -190 707 | -154 409 | -29 828 |
| **Profit for the period** | | **559 344** | **575 791** | **189 294** |

Y. K. Lim

| Youngki Lim | Sanghoun Park | 10.09.2024 |
|---|---|---|
| Statutory representative | Statutory representative | Date |

The income statement is to be read in conjunction with the notes to and forming part of the financial statements.

**Doosan Škoda Power s.r.o.**
**CONSOLIDATED CASH FLOW STATEMENT FOR 2023, 2022 AND 2021**
**IFRS Accounting Standards as adopted by the European Union**
**(in thousands of Czech crowns)**

| | 2023 | 2022 | 2021 |
|---|---|---|---|
| **Profit before tax** | **750 051** | **730 200** | **219 122** |
| - Depreciation and amortization | 165 831 | 181 527 | 234 171 |
| - Profit/loss on disposal of non-current assets | -48 | -3 815 | 5 315 |
| - Impairment losses on current assets | -17 814 | -76 218 | -33 832 |
| - Non-capitalized exchange rate differences | 58 468 | 59 464 | -28 494 |
| - Interest paid, interest expenses and income and bank fees | -245 488 | -280 218 | -141 569 |
| - Other non-cash operations | -96 229 | -157 884 | -19 218 |
| - Creation and release of provisions | -65 725 | 1 576 | -29 737 |
| Total adjustments | -201 005 | -275 568 | -13 364 |
| **Cash flows from operating activities before changes in working capital** | **549 046** | **454 632** | **205 758** |
| Change in inventories | -14 864 | 7 282 | 146 153 |
| Change in trade and other receivables | -607 095 | -19 810 | 224 937 |
| Change in trade and other payables | 1 132 542 | 326 520 | 336 924 |
| Cash from operating activities | 1 059 629 | 768 624 | 913 772 |
| Interest received | 61 896 | 24 499 | 1 920 |
| Interest paid and bank fees | -9 244 | -6 564 | -7 164 |
| Income tax paid | -131 880 | 21 668 | -132 337 |
| **Net cash from operating activities** | **980 401** | **808 227** | **776 191** |
| Acquisition of property, plant and equipment | -41 699 | -27 699 | -26 920 |
| Aquisition of intangible assets | -72 339 | -60 356 | -57 950 |
| Acquisition of financial investments | 0 | 0 | 1 541 950 |
| Loans provided - drawing | 0 | -2 300 000 | -1 320 000 |
| Proceeds from sale of property, plant and equipment | 60 | 3 849 | 47 |
| Loans provided - payoff | 1 730 000 | 800 000 | 300 000 |
| Interest received | 240 522 | 46 163 | 118 537 |
| **Net cash from investing activities** | **1 856 544** | **-1 538 043** | **555 664** |
| Paid dividends (including withholding tax) | -2 195 390 | -250 014 | -230 002 |
| **Net cash from financing activities** | **-2 195 390** | **-250 014** | **-230 002** |
| Net increase/decrease in cash and cash equivalents | 641 555 | -979 830 | 1 101 853 |
| Cash and cash equivalents at the begining of period | 1 481 507 | 2 477 538 | 1 382 573 |
| FX gains/losses on cash and cash equivalents | 2 842 | -16 201 | -6 888 |
| **Cash and cash equivalents at the end of the period** | **2 125 904** | **1 481 507** | **2 477 538** |

| | | |
|---|---|---|
| Youngki Lim | Sanghoun Park | 10.09.2024 |
| Statutory representative | Statutory representative | Date |

The cash flow statement is to be read in conjunction with the notes to and forming part of the financial statements.

Doosan Škoda Power s.r.o.
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR FOR 2023, 2022 AND 2021
IFRS Accounting Standards as adopted by the European Union
(in thousands of Czech crowns)

| | Registered capital and share premium | Statutory and other reserves | Revaluation of assets | Revaluation of hedging reserves | Translation reserve | Retained earnings | Total equity |
|---|---|---|---|---|---|---|---|
| **Balance as at 1 January 2021** | **3 298 345** | **329 835** | **23 713** | **8 950** | **-8 053** | **3 588 067** | **7 240 857** |
| Changes in accounting methods | – | – | – | – | – | – | – |
| Adjustment to prior period data | – | – | – | – | – | – | – |
| Adjusted balance | 3 298 345 | 329 835 | 23 713 | 8 950 | -8 053 | 3 588 067 | 7 240 857 |
| Profit for the period | – | – | – | – | – | 189 294 | 189 294 |
| Components of other comprehensive income | – | – | 7 176 | 4 543 | 636 | – | 12 355 |
| Total comprehensive income for the period | – | – | 7 176 | 4 543 | 636 | 189 294 | 201 649 |
| Transactions with owners | | | | | | | |
| Change in share capital | – | – | – | – | – | – | – |
| Dividends | – | – | – | – | – | -230 000 | -230 000 |
| Other contributions to share capital | – | – | – | – | – | – | – |
| Other equity transactions | | | | | | | |
| Distribution of equity outside owners | – | – | – | – | – | – | – |
| Transfer from other components of equity to retained profits | – | – | – | – | – | – | – |
| Transfer of retained profits to other components of equity | – | – | – | – | – | – | – |
| **Balance as at 31 December 2021** | **3 298 345** | **329 835** | **30 889** | **13 493** | **-7 417** | **3 547 361** | **7 212 506** |
| **Balance as at 1 January 2022** | **3 298 345** | **329 835** | **30 889** | **13 493** | **-7 417** | **3 547 361** | **7 212 506** |
| Changes in accounting methods | – | – | – | – | – | – | – |
| Adjustment to prior period data | – | – | – | – | – | – | – |
| Adjusted balance | 3 298 345 | 329 835 | 30 889 | 13 493 | -7 417 | 3 547 361 | 7 212 506 |
| Profit for the period | – | – | – | – | – | 575 791 | 575 791 |
| Components of other comprehensive income | – | – | – | 60 610 | -6 882 | – | 53 729 |
| Total comprehensive income for the period | – | – | – | 60 610 | -6 881 | 575 791 | 629 520 |
| Transactions with owners | | | | | | | |
| Change in share capital | – | – | – | – | – | – | – |
| Dividends | – | – | – | – | – | -250 000 | -250 000 |
| Other contributions to share capital | – | – | – | – | – | – | – |
| Other equity transactions | | | | | | | |
| Distribution of equity outside owners | – | – | – | – | – | – | – |
| Transfer from other components of equity to retained profits | – | – | – | – | – | – | – |
| Transfer of retained profits to other components of equity | – | – | – | – | – | – | – |
| **Balance as at 31 December 2022** | **3 298 345** | **329 835** | **30 889** | **74 103** | **-14 298** | **3 873 152** | **7 592 026** |
| **Balance as at 1 January 2023** | **3 298 345** | **329 835** | **30 889** | **74 103** | **-14 298** | **3 873 152** | **7 592 026** |
| Changes in accounting methods | – | – | – | – | – | – | – |
| Adjustment to prior period data | – | – | – | – | – | – | – |
| Adjusted balance | 3 298 345 | 329 835 | 30 889 | 74 103 | -14 298 | 3 873 152 | 7 592 026 |
| Profit for the period | – | – | – | – | – | 559 344 | 559 344 |
| Components of other comprehensive income | – | – | 34 239 | -60 480 | -1 766 | – | -28 007 |
| Total comprehensive income for the period | – | – | 34 239 | -60 480 | -1 766 | 559 344 | 531 337 |
| Transactions with owners | | | | | | | |
| Change in share capital | – | – | – | – | – | – | – |
| Dividends | – | – | – | – | – | -2 195 390 | -2 195 390 |
| Other contributions to share capital | – | – | – | – | – | – | – |
| Other equity transactions | | | | | | | |
| Distribution of equity outside owners | – | – | – | – | – | – | – |
| Transfer from other components of equity to retained profits | – | – | – | – | – | – | – |
| Transfer of retained profits to other components of equity | – | – | – | – | – | – | – |
| **Balance as at 31 December 2023** | **3 298 345** | **329 835** | **65 128** | **13 623** | **-16 064** | **2 237 106** | **5 927 973** |

Youngki Lim
Statutory representative

Sanghoun Park
Statutory representative

10.09.2024
Date

The statement of changes in equity is to be read in conjunction with the notes to and forming part of the financial statements.

**Doosan Škoda Power s.r.o.**

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR 2023, 2022 AND 2021**

**IFRS Accounting Standards as adopted by the European Union**

**(in thousands of Czech crowns)**

| | 2023 | 2022 | 2021 |
|---|---|---|---|
| **Profit for the accounting period** | **559 344** | **575 791** | **189 294** |
| **Other net comprehensive income** | **-28 007** | **53 729** | **12 355** |
| Items that will not be reclassified subsequently to profit or loss: | | | |
| Increase/decrease in value of assets as a result of their revaluation | 44 306 | -- | 8 859 |
| Deferred tax relating to items not reclassified | -10 067 | -- | -1 683 |
| | **34 239** | **--** | **7 176** |
| Items that may be reclassified subsequently to profit or loss: | | | |
| Gains/losses on cash flow hedges | -74 241 | 74 827 | 5 609 |
| Foreign currency translation differences for foreign operations | -1 766 | -6 881 | 636 |
| Deferred tax on items of other comprehensive income | 13 761 | -14 217 | -1 066 |
| | **-62 246** | **53 729** | **5 179** |
| **Total comprehensive income for the accounting period** | **531 337** | **629 520** | **201 649** |

Y. H. Lim

Youngki Lim
Statutory representative

Sanghoun Park
Statutory representative

10.09.2024
Date

The statement of comprehensive income is to be read in conjunction with the notes to and forming part of the financial statements.

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## 1. Description of the Group's activities

*Establishment and description of the Group*

Doosan Škoda Power s.r.o. ("the Company") was established by a Memorandum of Association as a limited liability company on 27 April 1993 and was recorded in the Commercial Register on 1 July 1993 in Pilsen.

The Company has only one not significant wholly owned subsidiary ŠKODA POWER Private Limited (the Subsidiary), the Company has voting control there. Together as "the Group".

The Company is a leading European manufacturer and supplier of the technological equipment and customer services in the field of power generation – a supplier of steam turbines to machine halls of ŠKODA design and of complex services for fossil power plants, cogeneration units, combined cycles, nuclear power plants, waste & biomass incineration plants and solar power plants.

*Owners of the Company*

The sole owner as at 31 December 2023 is Doosan Power Systems S.A. (Grand Duchy of Luxembourg). The ultimate parent is Doosan Co., Ltd (Korea).

*Company registered office*

Doosan Škoda Power s.r.o.
Tylova 1/57
301 28 Pilsen
Czech Republic

*Identification number*

491 93 864

The registered office of the Subsidiary:
ŠKODA POWER Private Limited
Siddhartha Chamber, Hauz Khas
New Delhi 110016
India

*Changes in the Commercial Register*

In 2023 there were no changes in the Commercial Register.

*Organizational structure*

The statutory body of the Company consists of four executives. Two of them are engaged in daily managing roles: one executive director acts as the Company's Chief Executive Officer, the second executive director acts as the Company's Chief Financial Officer. CFO as well as the Chief Operating Officer, the managers of HR, Turbogenerator Product, Execution, Corporate Strategy and Marketing are accountable directly to the CEO. The managers of Sales and Procurement are accountable to the COO.

*Statutory executives as of 31 December 2023*

Sukjoo Kang

Hongook Park

Sanghoun Park

Jeongtaek Lee

## 2. Basis of preparation of the financial statements

### Statement of compliance

The financial statements were prepared in accordance with the IFRS Accounting Standards issued by the International Accounting Standards Board (IASB), as adopted by the European Union.

The financial statements were authorized for issue on 10 September 2024.

### Consolidated financial statements

These statements are consolidated financial statements of the Group as defined by IFRS 10 Consolidated Financial Statements.

### Application of IFRS 1

These financial statements are the first consolidated financial statements, which the Group compiled according to the IFRS Accounting standards adopted by the EU.

IFRS 1 requires an entity to reconcile equity, comprehensive income and cash flows for prior periods The Company have not prepared in the previous years any consolidated financial statements, however it prepared and published separate financial statements according to IAS 27 Separate Financial Statements. Therefore, the reconciliation of the separate financial statements of the Company according to IFRS Accounting standards with the Group's financial statements according to IFRS Accounting standards as adopted by EU as of January 1, 2021 and December 31, 2023 is stated. The Company has only one not significant subsidiary ŠKODA POWER Private Limited.

**Statement of Financial Position as at 31 December 2023:**

| TCZK | The Company separate IFRS | Reclassification adjustment* | Subsidiary and consolidation adjustments | IFRS consolidated |
|---|---|---|---|---|
| Total Assets | 8 980 911 | -211 519 | 106 026 | 8 875 418 |
| Total Liabilities | 3 145 509 | -211 519 | 13 455 | 2 947 445 |
| Total Equity | 5 835 402 | - | 92 571 | 5 927 973 |

*Reclassification adjustment was related to netting of contract accruals with paid operational advances.

**Statement of Financial Position as at 1 January 2021:**

| TCZK | The Company separate IFRS | Reclassification adjustment* | Subsidiary and consolidation adjustments | IFRS consolidated |
|---|---|---|---|---|
| Total Assets | 8 886 060 | -121 784 | 107 340 | 8 871 616 |
| Total Liabilities | 1 682 751 | 121 784 | 69 792 | 1 630 759 |
| Total Equity | 7 203 309 | | 37 548 | 7 240 857 |

*Reclassification adjustment was related to netting of contract accruals with paid operational advances.

**Income Statement for 2023:**

| TCZK | The Company separate IFRS | Reclassification adjustment* | Subsidiary and consolidation adjustments | IFRS consolidated |
|---|---|---|---|---|
| Revenues | 4 689 933 | 106 829 | 14 001 | 4 810 763 |
| Operating expenses | -4 217 817 | -106 829 | -3 091 | -4 327 737 |
| Net profit | 546 855 | - | 12 489 | 559 344 |
| Net comprehensive income | 520 614 | - | 10 723 | 531 337 |

**Reclassification adjustment was related to change work in progress for short term projects spanning over the year end.

**New and revised IFRS Accounting Standards in issue but not yet effective**

At the date of authorisation of these financial statements, the Group has not applied the following revised IFRS Accounting Standards that have been issued by IASB but are not yet effective:

| Standard | Title | Effective date |
|---|---|---|
| Amendments to IFRS 16 | Lease Liability in a Sale and Leaseback | 1 January 2024 |
| Amendments to IAS 1 | Classification of Liabilities as Current or Non-Current and Classification of Liabilities as Current or Non-Current - Deferral of Effective Date | 1 January 2024 |
| Amendments to IAS 1 | Non-current Liabilities with Covenants | 1 January 2024 |
| Amendments to IAS 7 and IFRS 7 | Supplier Finance Arrangements. | 1 January 2024 |

**New and revised IFRS Accounting Standards in issue but not adopted by the EU**

At present, IFRS accounting standards as adopted by the EU do not significantly differ from IFRS accounting standards adopted by the International Accounting Standards Board (IASB) except for the following new standards and amendments to the existing standards, which were not adopted by the EU as at date of authorisation of these financial statements:

| Standard | Title | Effective date |
|---|---|---|
| IFRS 18 | Presentation and Disclosures in Financial Statements<br>(IASB effective date: 1 January 2027) | Not yet adopted by EU |
| (IASB effective date: 1 January 2027) | Subsidiaries without Public Accountability: Disclosure<br>(IASB effective date: 1 January 2027)<br>Voluntary use for eligible subsidiaries | Not yet adopted by EU |
| IFRS 19 | Amendments to the Classification and Measurement of Financial Instruments<br>(IASB effective date: 1 January 2026) | Not yet adopted by EU |
| (IASB effective date: 1 January 2027) | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture and further amendments (effective date deferred by IASB indefinitely but earlier application permitted) | Endorsement process postponed indefinitely until the research project on the equity method has been concluded |
| Voluntary use for eligible subsidiaries | Annual Improvements to IFRS Accounting Standards - Volume 11<br>(IASB effective date: 1 January 2026) | Not yet adopted by EU |
| Amendments to IFRS 9 and IFRS 7 | Lack of Exchangeability<br>(IASB effective date: 1 January 2025) | Not yet adopted by EU |

The Group does not expect that the adoption of the new standard and amendments to standards listed above will have a material impact on the financial statements of the Group in future periods.

The accounting policies set out in Note 3 have been applied in preparing the financial statements for the year ended 31 December 2023, the comparative information presented in these financial statements for the year ended 31 December 2022 and 2021 and in the preparation of an opening IFRS balance sheet as at 1 January 2021 (the Group's date of transition).

**Going Concern**

The Group has, at the time of approving the financial statements, a reasonable expectation that it has adequate resources to continue in operational existence for the foreseeable future. Thus it continues to adopt the going concern basis of accounting in preparing the financial statements.

**Basis of measurement**

The financial statements have been prepared on a historic cost basis, with the exception of financial assets and financial derivatives, which are valued at fair value. The fair value is determined on the basis of a market valuation or a qualified estimate.

**Use of estimates, critical accounting judgments and key sources of estimation uncertainty**

The preparation of financial statements in compliance with IFRS accounting standards adopted by EU requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources.

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

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Impairment of assets

The Group assesses the recoverable value of all assets when there are indicators of their impairment (with the exception of intangible assets with indefinite useful lives, which are tested for impairment at least annually). This assessment is based on anticipated assumptions and may change in the future as the situation evolves and information is available.

Long term contracts

Revenue recognition on long term contracts depends on certain variables (percentage of completion, costs to complete, margin, estimate of penalties that may be claimed by customers, etc.). Those variables are re-assessed every month based on anticipated assumptions and may change in the future as the situation evolves and new information becomes available.

Provisions for legal disputes and business risks

The Group may be involved in court and out-of-court commercial disputes. Where the criteria for the recognition of provisions are met, the Group creates provisions for these disputes on the basis of the best available information and estimates. However, the actual outcome of the disputes may differ from these estimates.

## 3. Summary of material accounting policies

### Functional currency

With regard to the economic environment the Czech crown was determined as the functional currency of the Company, as substantial part of the costs is influenced by CZK (personal cost, both cost for services and material deliveries, etc.) and revenues are influenced by various currencies depending on the contracts fulfilled in given year. The functional currency of the subsidiary is INR.

Unless stated otherwise the figures disclosed in these financial statements are in thousands of Czech crowns, "TCZK".

### Revenue recognition - contracts with customers

The Group recognizes revenue at the amount of consideration to which the Group expects to be entitled in exchange for transferring its promised goods and services to a customer.

The Group recognizes three main revenue streams:

- New installation – new machine deliveries including retrofits (new rotors according the state of the art). Project execution usually take over two years up to three years, followed by warranty period.
- Service - repairs and general overhauls, general services, spare parts. Usually short term projects realized within one year
- Long term service agreements (LTSA)

The Group recognizes its revenues predominantly based on 'over time' method due to customer-specific nature of production covered by signed and legally enforceable contracts. The group applies input (cost-to-cost) method for measurement of percentage of completion as this method best reflects nature of Group's contracts and way how the control and value is transferred to the customers. Contract revenue is recognised in profit or loss in proportion to the stage of completion of the contract, which is measured based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs. Contract costs incurred include also accruals for significant deliveries for specific contracts provided by vendors according to the amount they incurred to date (deliveries over 2 MCZK where production time exceeds 6 months).

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

At a point in time recognition method applies only to sales of excessive materials and scrap. This revenue stream is not material.

### Significant payment terms

For all new installations and bigger service projects the Group receives usually several advances, accounted along with the main parts delivery. The advances are in the range from ca 10% to 70% of the contract value.

Typical billing milestones for New Installation contracts are distributed through the project duration to advance payments (contract signature, allocation of sub-deliveries) and milestone-based invoices (ex. delivery of designs, castings, forging and generators).

Typical billing milestones for Services and Long term service agreements are based on upon-agreed and scheduled performances. Works are typically not subject advance payments and may contain inflation index clauses.

The typical maturity of issued invoices is 30 days, less often 45 or 60 days. For significant contracts, 5% or up to 10% of the invoice payment may be subject of retention, which may prolong the payment maturity to 120 days up to two years, exceptionally longer. As release of the retained payment is subject only to elapse of the prolonged time period, the Group recognizes the retained payments as receivables.

**Variable consideration**

Contracts with customers usually include penalty clause, like liquidated damages for delay and non-compliance of guaranteed parameters. If such event occurs, the contract price is reduced. Since the probability of such event is very low, the Group accounts and reports the variable adjustment of transaction price only when it becomes probable.

Contract values do not include any other discounts and bonuses.

**Contract-related costs**

Cost to obtain contract and cost to fulfil contract incurred before the contract is obtained by the Group are not material. The Group is using own sales teams for order intake.

**Financing component**

The timing difference between revenue recognition and cash flow received is typically less than one year, therefore the Group is applying the practical expedient and does not account for the effect of significant financing component. Balances given by long-term retainage do not give rise to material discounting effect.

**Warranties**

The Group classifies warranty for provided projects as assurance-type warranty as the warranty conditions do not exceed standard assurance. In case of defect or malfunction the root cause is always analysed and if the problem is within the Group range of responsibility, then the cost is covered by the Group and from warranty provision.

**Contract Balances**

Where contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is shown as contract assets. For contracts where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is shown as contract liabilities. Amounts received before the related work is performed are included in the statement of financial position, as a contract liability. Amounts billed for work performed but not yet paid by the customer are included in the statement of financial position under trade receivables.

**Income tax**

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

**Transactions in foreign currencies**

Transactions denominated in foreign currencies other than the functional currency of the entities included in the consolidation are translated at the exchange rate at the transaction date (official exchange rates of the Czech National Bank, hereafter exchange rate). Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are not retranslated.

Gains and losses arising from changes in exchange rates of foreign currencies after the transaction date are recognised in the profit and loss account.

**Property, plant and equipment**

*Assets owned by the Group*

Items of property, plant and equipment are stated at cost less accumulated depreciation (see below) and impairment losses, except for land. Land is subsequently measured at revalued amounts and is not depreciated. Cost includes expenditure that is directly attributable to the acquisition of the assets. Tangible fixed assets costing less than TCZK 5 are charged to the income statement in the year that they are acquired (cutting instruments costing less than TCZK 10, devices costing less than TCZK 20 and cutting products costing less than TCZK 40 are also charged to the income statement in the year they were acquired).

*Depreciation*

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease terms.

Day to day repair and maintenance costs are charged directly to the income statement.

The estimated useful lives are as follows:

| **Asset** | **Period (years)** |
|---|---|
| Buildings | 20 – 50 |
| Machinery and equipment | 3 –16 |
| Hardware | 4 |

Depreciation methods, useful lives and residual values are reviewed each year.

**Intangible assets**

*Initial recognition and amortisation*

Intangible assets are stated at cost less accumulated amortisation and impairment losses. Intangible assets with specific useful lives are amortised over their estimated useful lives, starting from the time when they are ready for use, i.e. once they are at a location and in a condition allowing for their use as intended by the Group. The amortisation period for non-current intangible assets owned by the Group ranges from 2 to 10 years, assets are depreciated on a straight-line basis. Amortisation rates and useful lives applied are reviewed on regular basis (at least at the end of the accounting period), with changes applied, if necessary, in the following period.

Intangible assets with indefinite useful lives are not amortised.

Intangible assets costing less than TCZK 5 are recognised as an expense in the period when they become ready for their intended use.

*Subsequent expenditure*

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

**Impairment**

The carrying amounts of the Group's assets, other than inventories, assets where IFRS 9 impairment requirements are applied and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated, and the amount of impairment, if any, is determined. If the recoverable amount of the individual asset cannot be estimated, the Group determines the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the estimated recoverable amount of the assets (or cash-generating unit) is lower than its carrying amount, the carrying amount of the assets (cash-generating unit) is reduced to the recoverable amount. Impairment losses are recognised in expenses – Other gains and losses.

If an impairment loss is subsequently reversed, the carrying amount of the asset (cash-generating unit) is increased to the newly estimated recoverable amount; only to the extent, however, that the asset's carrying amount does not exceed the carrying amount that would have been determined, if no impairment loss had been recognised in respect of the asset (cash-generating unit). Reversal of impairment loss (except for goodwill) is recognised in income.

Intangible assets with indefinite useful lives are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired. The brand value analysis is based on the royalty fee estimate utilizing revenue forecast linked to the Group's long-term budgets and the market royalty rate assumption. To obtain a brand value, the estimated royalty fees are converted to their present value using an appropriate discount rate relevant for intangible assets valuation.

*Impairment of financial assets (IFRS 9)*

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVTOCI, trade receivables and amounts due from customers, as well as on financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables and amounts due from customers. The expected credit losses on these financial assets are estimated either individually or using a provision matrix based on the Group's historical credit loss experience: all receivables are divided into 3-months buckets according to their aging. For each buckets is annually recalculated allowance percentage from the last four years historical analysis. The percentage is based on how much of the amount outstanding at the end of each quarter is not collected by the end of the next quarter. Data for calculation include written-off receivables.

| Allowance % | **2023** | **2022** | **2021** |
|---|---|---|---|
| Due | 1.6% | 1.5% | 0.8% |
| Up to 3 months | 4.9% | 4.4% | 2.8% |
| 3-6 months | 14.3% | 11.9% | 9.2% |
| 6-9 months | 20.5% | 17.4% | 15.7% |
| 9-12 months | 32.4% | 28.1% | 24.3% |
| 12-15 months | 42.0% | 40.2% | 37.1% |

| Allowance % | **2023** | **2022** | **2021** |
|---|---|---|---|
| 15-18 months | 50.5% | 46.4% | 48.9% |
| 18-21 months | 60.0% | 56.2% | 55.2% |
| 21-24 months | 65.6% | 60.5% | 59.3% |
| 24-27 months | 71.4% | 65.9% | 64.7% |
| 27-30 months | 86.3% | 80.1% | 77.3% |
| 30-33 months | 98.4% | 91.3% | 84.3% |
| over 33 months | 100% | 100% | 100% |

For all other financial instruments, the Group measures the loss allowance at an amount equal to 12-month ECL for stage 1 assets and at an amount equal to lifetime ECL for stage 2 and stage 3 assets. Financial instruments are moved to stage 2 when they are overdue more than 30 days and to stage 3 when there is a default.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The assets write-off follows the end of the bankruptcy.

**Financial instruments**

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value, except trade receivables (without significant financing component), which are initially recognized at transaction price.

Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

*Classification of financial assets*

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

*Trade receivables*

Trade receivables are initially recognised at the transaction price and subsequently stated at amortised cost less expected credit losses.

*Cash and cash equivalents*

Cash and cash equivalents comprise cash in hand, cash at the bank, bank deposits and current highly liquid investments with an original maturity up to three months.

*Trade payables*

Trade payables are stated at nominal value.

*Financial derivatives - Cash flow hedging (hedging derivates)*

The Group continuously monitors exchange rate risks and employs zero-cost hedging strategies where appropriate to mitigate potential adverse effects on the financial performance associated with future cash flows, aiming to hedge 100 % of open position that exceeds the level of natural hedging at the individual business case level, subject to a threshold of TCZK 2 500. The typical hedge ratio ranges from 60 to 100 %, depending on the currency involved in the business case.

The Group applies hedge accounting under IFRS 9. The Group classifies derivative instruments as hedging derivatives and trading derivatives. Derivatives are classified as hedging where the following conditions are met:

- at the inception of the hedge, there is a formal designation of the hedged items or transactions, the hedging instruments, the risks being hedged, and how the hedge effectiveness will be calculated and supported;
- the hedge is highly effective (i.e. ranging from 80% to 125%);
- the effectiveness of the hedge can be reliably measured and is assessed on an ongoing basis.

The Group determines the economic relationship between the hedged item and the hedging instrument by ensuring that there is an expectation that the value of the hedging instrument will move in an opposite direction to the value of the hedged item in response to changes in the hedged risk. The Group enters into fixed-term derivative contracts, such as forwards and swaps, exclusively with top-tier financial institutions.

The hedged item is specifically identified as the highly probable cash flow, evaluated individually at the level of each business case. The purpose of hedging is to eliminate risk rather than to engage in speculation; therefore, the Group hedges only effective projects or their parts. The risk component is designated using a conservative approach, with only initially highly probable income considered for hedging.

At the inception of the hedge relationship, the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

The Group utilizes the hypothetical derivative approach for evaluating hedge effectiveness and quantifying hedge ineffectiveness.

Potential exceptional loss of high efficiency may result from substantial timing mismatches between the hedged item and the hedging instrument, which cannot be mitigated through swap transactions or adjustments in contract terms. Hedging effectiveness may be compromised if there is a significant reduction in the likelihood of cash flow realization, primarily due to sudden untreated counterparty risk of the cash-flow originator.

Derivatives that do not meet the above conditions for hedge accounting are classified by the Group as trading.

Financial derivatives are initially recognised at fair value (which is also the cost price) and subsequently measured at fair value at the reporting date. Changes in the fair value of financial derivatives are proportionately recognised in equity (equivalent to percentage of incompletion) and in the profit and loss account (equivalent to percentage of completion).

The effective portion of changes in the fair value of the hedging derivative proportional to percentage of incompletion is recognised in equity, in “Revaluation and hedging reserve” and the proportional part to percentage of completion is recognised in the profit and loss account, in the line of other gains and losses. Percentage of completion or incompletion is calculated individually at the project level. The non-effective portion of the hedge and changes in the fair value of a hedging instrument are recognised in the profit and loss account, in the line of other gains and losses.

Fair value of financial derivatives is determined based on contract valuation at the reporting date. The Group obtained L2 level valuation from individual banks with whom the derivatives were contracted.

Hedge accounting is discontinued when the Group revokes the hedging relationship, or when the hedging instrument no longer qualifies for hedge accounting (e.g. when realisation of a hedged cash flow is not expected to happen). Any gain or loss recognised in other comprehensive income and accumulated in equity at that time is immediately reclassified in profit or loss.

*Financial derivatives – fair value hedging (trading derivates)*

The Group will strategically utilize its resources to maximize potential returns, in alignment with our long-term growth objectives and financial stability. In the event that the Group exceptionally identifies and executes an advantageous financial investment, the fair value ensuring the profitability of this opportunity is hedged using the same principles as described above regarding determination of the economic relationship between the hedged item and the hedging instrument. Forward and swap transactions are used to mitigate currency risk until the financial assets are realized.

Hedge accounting is not applied. Financial derivatives are initially recognised at fair value and subsequently measured at fair value as of the reporting date. Changes in the fair value of financial derivatives are recognised in the profit and loss account based on L2 valuation obtained from the cooperating bank.

**Inventories**

Inventory is stated at the lower of the acquisition cost and net realisable value. The cost includes transportation and insurance charges, direct material, direct labour and overhead incurred in bringing the inventory to its present location and condition. The net realisable value is the estimated selling price less estimated completion costs and estimated costs to sell.

Based on a detailed analysis of individual material items the Group determined to create 50% provision against material that has been idle for more than one year.

Use of material is stated using the weighted average method.

**State subsidies**

State subsidies are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Subsidies awarded to refund the Group for expenses incurred are recognised in income over the period, in which the related expenses are incurred, and are deducted when the expenses are recognised.

**Provisions**

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

*Warranty provisions*

A warranty provision is established based on an analysis of historical costs incurred for warranties, adjusted by the expected future development in warranties.

*Onerous contracts*

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

*Other provisions*

Provisions for risks and other provisions are created on the basis of an individual assessment carried out by responsible project managers and administrators.

**Research and development**

Research costs are incurred for the purpose of acquiring new technical knowledge, which may lead to improved products or processes in the future, the economic viability of which however has not been established. Research costs are charged to the income statement in the year in which they are incurred.

Development costs incurred comprise new technical knowledge or methods for new or substantially improved products or production processes.

Development costs can be capitalized only if development expenditures can be measured reliably, the product or process is technically and commercially feasible and will generate probable future economic benefits, the Group intends to and has sufficient resources to complete development and to use or sell the asset. If the above conditions are not met, development costs are expensed in the year in which they are incurred.

## 4. Cash, cash equivalents

| TZCK | 31.12.2023 | 31.12.2022 | 31.12.2021 |
|---|---|---|---|
| Cash in bank accounts | 2 081 358 | 1 440 114 | 2 435 041 |
| Current deposits | 44 546 | 41 393 | 42 497 |
| **Total** | **2 125 904** | **1 481 507** | **2 477 538** |

The vast majority of cash (ca 90%) is held in big Czech banks with good credit rating, which are under the supervision of the Czech National Bank.

## 5. Trade receivables and other assets

**Trade receivables**

| TCZK | 31.12.2023 | 31.12.2022 | 31.12.2021 |
|---|---|---|---|
| Trade receivables | 1 327 851 | 1 034 986 | 926 878 |
| Other trade receivables | 2 823 | 9 976 | 8 564 |
| Accrued receivables | 332 647 | 339 436 | 230 599 |
| **Total receivables (gross)** | **1 663 321** | **1 384 398** | **1 166 041** |
| **Allowances** | | | |
| Opening balance | -260 940 | -322 458 | -236 099 |
| Additional allowances | -45 812 | -52 608 | -135 083 |
| Amounts written off | 10 614 | 2 270 | 2 519 |
| Amounts recovered | 49 165 | 108 510 | 49 294 |
| Foreign exchange gains and losses | 7 303 | 3 346 | -3 089 |
| Closing Balance | -239 670 | -260 940 | -322 458 |
| **Total receivables (net)** | **1 423 651** | **1 123 458** | **843 583** |

**Ageing structure of trade receivables**

| TCZK | 31.12.2023 | | 31.12.2022 | | 31.12.2021 | |
|---|---|---|---|---|---|---|
| | Gross amount | Allo-wance | Gross amount | Allo-wance | Gross amount | Allo-wance |
| Due | 633 120 | -10 321 | 373 729 | -6 947 | 338 336 | -8 678 |
| Up to 3 months | 206 718 | -5 455 | 218 946 | -5 042 | 81 362 | -1 521 |
| 3-6 months | 87 382 | -10 535 | 31 119 | -3 469 | 29 971 | -2 637 |
| 6-9 months | 13 544 | -1 767 | 35 638 | -5 953 | 67 743 | -4 696 |
| 9-12 months | 40 917 | -10 938 | 5 185 | -1 457 | 1 978 | -357 |
| 12-15 months | 77 953 | -179 | 9 178 | -1 325 | 1 896 | -584 |
| 15-18 months | 2 556 | -260 | 6 407 | -3 307 | 9 876 | -4 829 |
| 18-21 months | 35 227 | -8 096 | 55 127 | -17 367 | 65 104 | -6 651 |
| 21-24 months | 600 | -394 | 1 525 | -903 | 18 275 | -839 |
| 24-27 months | 8 608 | -1 026 | 984 | -648 | 139 735 | -115 918 |
| 27-30 months | 412 | -355 | 10 172 | -8 206 | 18 252 | -14 317 |
| 30-33 months | 22 040 | -17 413 | 63 866 | -11 321 | 181 | -181 |
| over 33 months | 201 597 | -172 930 | 233 086 | -194 995 | 162 734 | -161 250 |
| **Total** | **1 330 674** | **-239 670** | **1 044 962** | **-260 940** | **935 442** | **-322 458** |

Average credit period of trade receivables is 93 days.

Non-current receivables are represented mostly by retentions – project receivables with prolonged payments maturity according to contract conditions.

**Other assets**

Other assets consist of receivables from the state, primarily VAT, operational advances paid, accrued expenses and other receivables (from employees.)

## 6. Balance of long term contracts

**Contract assets**

| TCZK | 31.12.2023 | 31.12.2022 | 31.12.2021 |
|---|---|---|---|
| Contract assets | 1 351 612 | 1 196 068 | 1 297 898 |
| Allowances | -13 034 | -12 487 | -7 743 |
| **Total Contract assets (net)** | **1 338 578** | **1 183 581** | **1 290 155** |

**Contract liabilities**

| TCZK | 31.12.2023 | 31.12.2022 | 31.12.2021 |
|---|---|---|---|
| Opening balance | 625 590 | 585 765 | 489 445 |
| Revenue recognised in the reporting period that was included in the contract liability balance at the start of the period | 514 899 | 368 294 | 307 009 |
| New liabilities | 1 188 062 | 408 119 | 403 329 |
| **Closing balance** | **1 298 753** | **625 590** | **585 765** |

## 7. Inventories

| TCZK | 31.12.2023 | 31.12.2022 | 31.12.2021 |
|---|---|---|---|
| Raw materials | 168 053 | 152 366 | 161 375 |
| **Total inventories (gross)** | **168 053** | **152 366** | **161 375** |
| **Allowances** | | | |
| Opening balance | -39 348 | -43 260 | -166 967 |
| Additional / recovered amounts | -1 913 | -8 251 | -10 270 |
| Amounts written off | 6 527 | 12 163 | 133 977 |
| Closing Balance | -34 734 | -39 348 | -43 260 |
| **Total (net)** | **133 319** | **113 018** | **118 115** |

The cost of inventories recognised as an expense during the year in respect of continuing operations is TCZK 501 859 (2022: TCZK 431 896, 2021: TCZK 532 813).

The Group estimates provisions against inventories based on a detailed analysis of individual inventory items.

## 8. Intangible assets

### 2023

| Acquisition value<br>TCZK | Software | Brand | Assets under construction* | Development costs* | Other | Total |
|---|---|---|---|---|---|---|
| 1 January 2023 | 534 243 | 959 776 | 334 617 | 438 126 | 28 107 | **2 294 869** |
| Additions | 4 584 | 0 | 70 980 | -3 176 | - | **72 388** |
| Disposals | 0 | 0 | -48 | - | - | **-48** |
| Transfers | 228 | 0 | -62 954 | 62 726 | - | **0** |
| **31 December 2023** | 539 055 | 959 776 | 342 595 | 497 676 | 28 107 | **2 367 209** |

| Accumulated amortisation and impairment losses<br>TCZK | Software | Brand | Assets under construction* | Development costs* | Other | Total |
|---|---|---|---|---|---|---|
| 1 January 2023 | 532 272 | -0 | 137 052 | 374 794 | 28 041 | **1 072 159** |
| Amortisation for year | 3 696 | 0 | 0 | 30 362 | 44 | **34 102** |
| Disposals | 0 | 0 | 0 | - | - | **0** |
| **31 December 2023** | 535 968 | -0 | 137 052 | 405 156 | 28 085 | **1 106 261** |

| Net book value<br>TCZK | Software | Brand | Assets under construction* | Development costs* | Other | Total |
|---|---|---|---|---|---|---|
| **1 January 2023** | **1 971** | **959 776** | **197 565** | **63 332** | **66** | **1 222 710** |
| **31 December 2023** | **3 087** | **959 776** | **205 543** | **92 520** | **22** | **1 260 948** |

### 2022

| Acquisition value<br>TCZK | Software | Brand | Assets under construction* | Development costs* | Other | Total |
|---|---|---|---|---|---|---|
| 1 January 2022 | 532 037 | 959 776 | 325 854 | 388 762 | 28 120 | **2 234 549** |
| Additions | 2 156 | 0 | 58 358 | -154 | - | **60 360** |
| Disposals | 0 | 0 | 0 | -27 | -13 | **-40** |
| Transfers | 50 | 0 | -49 595 | 49 545 | - | **--** |
| **31 December 2022** | 534 243 | 959 776 | 334 617 | 438 126 | 28 107 | **2 294 869** |

| Accumulated amortisation and impairment losses TCZK | Software | Brand | Assets under construction* | Development costs* | Other | Total |
|---|---|---|---|---|---|---|
| 1 January 2022 | 530 508 | 0 | 137 052 | 342 629 | 28 027 | **1 038 216** |
| Amortisation for year | 1 764 | 0 | 0 | 32 203 | 14 | **33 981** |
| Disposals | 0 | 0 | 0 | -37 | - | **-37** |
| **31 December 2022** | 532 272 | 0 | 137 052 | 374 795 | 28 041 | **1 072 160** |

| Net book value TCZK | Software | Brand | Assets under construction* | Development costs* | Other | Total |
|---|---|---|---|---|---|---|
| **1 January 2022** | **1 529** | **959 776** | **188 802** | **46 133** | **93** | **1 196 333** |
| **31 December 2022** | **1 971** | **959 776** | **197 565** | **63 331** | **66** | **1 222 709** |

**2021**

| Acquisition value TCZK | Software | Brand | Assets under construction** | Development costs* | Other | Total |
|---|---|---|---|---|---|---|
| 1 January 2021 | 531 159 | 959 776 | 295 965 | 362 554 | 28 111 | **2 177 565** |
| Additions | 55 | -- | 56 964 | 55 | 10 | **57 084** |
| Disposals | -43 | -- | -- | -56 | | **-99** |
| Transfers | 866 | -- | -27 075 | 26 209 | | **--** |
| **31 December 2021** | 532 037 | 959 776 | 325 854 | 388 762 | 28 121 | **2 234 550** |

| Accumulated amortisation and impairment losses TCZK | Software | Brand | Assets under construction* | Development costs* | Other | Total |
|---|---|---|---|---|---|---|
| 1 January 2021 | 503 772 | -- | 137 052 | 292 246 | 28 011 | **961 081** |
| Amortisation for year | 26 779 | -- | -- | 50 438 | 17 | **77 234** |
| Disposals | -43 | -- | -- | -55 | | **-98** |
| **31 December 2021** | 530 508 | -- | 137 052 | 342 629 | 28 028 | **1 038 217** |

| Net book value TCZK | Software | Brand | Assets under construction* | Development costs* | Other | Total |
|---|---|---|---|---|---|---|
| **1 January 2021** | **27 387** | **959 776** | **158 913** | **70 307** | **101** | **1 216 484** |
| **31 December 2021** | **1 529** | **959 776** | **188 802** | **46 133** | **93** | **1 196 333** |

Development costs is internally generated intangible asset.

The most important intangible asset is ŠKODA brand in amount of TCZK 959 776. This brand is regarded as having indefinite useful economic live and is therefore not amortised. The brand is protected by trademark, which is renewable indefinitely, in all of the major markets where the Group operates. There are not believed to be any legal, regulatory or contractual provisions that limit the useful lives of this brand. Accordingly, the Group believes that it is appropriate that the brands are treated as having indefinite lives for accounting purposes.

Annual impairment test 2023 based on expected discounted cash flows (10% discount rate) from royalty fees to be paid for using similar brand (1.8% of forecasted revenues) did not indicate Škoda Brand impairment.

Assets under construction represents mainly capitalized Research and development cost.

Total R&D costs amounted to TCZK 135 501 in 2023 (2022: TCZK 115 127, 2021: TCZK 117 665). A part of the cost in amount of TCZK 63 811 was capitalized and is included in intangible assets (2022: TCZK 57 901, 2021: TCZK 56 913). Non-capitalized R&D cost is included in operating expenses.

There is an allowance for intangible assets in amount of TCZK 137 052. In 2018, the Group created 100% allowance to capitalized Development costs under construction for “long blades” because the project most probably will not continue.

In 2023 the SW for thermodynamic design of the heat exchanger in total value of TCZK 832 was acquired.

The main technical improvement was on SW PDMS in total purchase price of TCZK 3 365.

## 9. Property, plant and equipment

### 2023

| **Acquisition value**<br>**TCZK** | **Assets under construction** | **Lands** | **Buildings** | **Machinery and equipment** | **Other** | **Total** |
|---|---|---|---|---|---|---|
| 1 January 2023 | 15 666 | 265 839 | 1 254 384 | 2 412 242 | 293 345 | **4 241 476** |
| Additions | 25 525 | 44 306 | 6 317 | 13 179 | 16 453 | **105 780** |
| Disposals | -505 | - | -8 157 | -9 412 | -30 968 | **-49 042** |
| Transfers | -8 581 | - | 2 297 | 6 204 | - | **-80** |
| **31 December 2023** | 32 105 | 310 145 | 1 254 841 | 2 422 213 | 278 830 | **4 298 134** |

| **Accumulated depreciation and impairment losses**<br>**TCZK** | **Assets under construction** | **Lands** | **Buildings** | **Machinery and equipment** | **Other** | **Total** |
|---|---|---|---|---|---|---|
| 1 January 2023 | 5 698 | - | 525 841 | 2 089 811 | 276 174 | **2 897 524** |
| Depreciation for year | - | - | 41 117 | 82 472 | 9 706 | **133 295** |
| Impairment losses | - | - | - | - | - | - |
| Disposals | - | - | -8 157 | -9 480 | -30 968 | **-48 605** |
| **31 December 2023** | 5 698 | - | 558 801 | 2 162 803 | 254 912 | **2 982 214** |

| **Net book Value**<br>**TCZK** | **Assets under construction** | **Lands** | **Buildings** | **Machinery and equipment** | **Other** | **Total** |
|---|---|---|---|---|---|---|
| **1 January 2023** | **9 968** | **265 839** | **728 543** | **322 431** | **17 171** | **1 343 952** |
| **31 December 2023** | **26 407** | **310 145** | **696 040** | **259 410** | **23 918** | **1 315 920** |

### 2022

| **Acquisition value**<br>**TCZK** | **Assets under construction** | **Lands** | **Buildings** | **Machinery and equipment** | **Other** | **Total** |
|---|---|---|---|---|---|---|
| 1 January 2022 | 20 129 | 265 839 | 1 242 130 | 2 437 480 | 291 019 | **4 256 597** |
| Additions | 8 836 | - | 6 846 | 5 392 | 10 447 | **31 521** |
| Disposals | - | - | - | -37 574 | -8 121 | **-45 695** |
| Transfers | -13 299 | - | 5 408 | 6 943 | - | **-948** |
| **31 December 2022** | 15 666 | 265 839 | 1 254 384 | 2 412 241 | 293 345 | **4 241 475** |

| **Accumulated depreciation and impairment losses**<br>**TCZK** | **Assets under construction** | **Lands** | **Buildings** | **Machinery and equipment** | **Other** | **Total** |
|---|---|---|---|---|---|---|
| 1 January 2022 | 5 698 | - | 486 071 | 2 031 689 | 272 426 | **2 795 884** |
| Depreciation for year | - | - | 39 770 | 95 960 | 11 869 | **147 599** |
| Impairment losses | - | - | - | - | - | - |
| Disposals | - | - | - | -37 839 | -8 121 | **-45 960** |
| **31 December 2022** | 5 698 | - | 525 841 | 2 089 810 | 276 174 | **2 897 523** |

| **Net book Value**<br>**TCZK** | **Assets under construction** | **Lands** | **Buildings** | **Machinery and equipment** | **Other** | **Total** |
|---|---|---|---|---|---|---|
| **1 January 2022** | **14 430** | **265 839** | **756 059** | **405 791** | **18 593** | **1 460 712** |
| **31 December 2022** | **9 968** | **265 839** | **728 543** | **322 431** | **17 171** | **1 343 952** |

**2021**

| **Acquisition value**<br>**TCZK** | **Assets under construction** | **Lands** | **Buildings** | **Machinery and equipment** | **Other** | **Total** |
|---|---|---|---|---|---|---|
| 1 January 2021 | 19 310 | 256 980 | 1 243 639 | 2 425 997 | 316 964 | **4 262 890** |
| Additions | 12 999 | 8 859 | 4 972 | 10 767 | 7 368 | **44 965** |
| Disposals | - | - | -6 729 | -10 288 | -33 313 | **-50 330** |
| Transfers | -12 181 | - | 248 | 11 004 | - | **-929** |
| **31 December 2021** | 20 128 | 265 839 | 1 242 130 | 2 437 480 | 291 019 | **4 256 596** |

| **Accumulated depreciation and impairment losses**<br>**TCZK** | **Assets under construction** | **Lands** | **Buildings** | **Machinery and equipment** | **Other** | **Total** |
|---|---|---|---|---|---|---|
| 1 January 2021 | 5 698 | - | 447 488 | 1 938 979 | 291 751 | **2 683 916** |
| Depreciation for year | - | - | 45 312 | 102 995 | 13 988 | **162 295** |
| Impairment losses | - | - | - | - | - | - |
| Disposals | - | - | -6 729 | -10 285 | -33 313 | **-50 327** |
| **31 December 2021** | 5 698 | - | 486 071 | 2 031 689 | 272 426 | **2 795 884** |

| **Net book Value**<br>**TCZK** | **Assets under construction** | **Lands** | **Buildings** | **Machinery and equipment** | **Other** | **Total** |
|---|---|---|---|---|---|---|
| **1 January 2021** | **13 612** | **256 980** | **796 151** | **487 018** | **25 213** | **1 578 974** |
| **31 December 2021** | **14 430** | **265 839** | **756 059** | **405 791** | **18 593** | **1 460 712** |

*The main additions and disposals property, plant and equipment in 2023:*

Industrial endoscope IPLEX NX with probe IV9650N in total value of TCZK 1 094, models and forms in total value of TCZK 6 360, computer technology in total value of TCZK 5 811, equipment in total value of TCZK 2 535 and revaluation of land TCZK 44 306.

The most significant technical improvements were made in the buildings - LED lighting system in total value of TCZK 6 238, on the balancing equipment - tunnel in total value of TCZK 2 776 and on cranes - replacement of frequency converters TCZK 1 708.

The main disposals in 2023 represent the disposal of separate tangible assets in total acquisition value of TCZK 1 793 (residual value TCZK 0), disposal of tools and fixtures in total acquisition value of TCZK 1 856 (residual value TCZK 126) and disposal of models in total acquisition value of TCZK 27 281 (residual value TCZK 113).

*The main additions and disposals property, plant and equipment in 2022:*

Industrial endoscope IPLEX NX with probe IV9675N in total value of TCZK 1 296, models and forms in total value of TCZK 3 586, computer technology in total value of TCZK 2 905, tools with total value of TCZK 1 879.

The most significant technical improvements were made in the production hall - LED lighting system with total value of TCZK 11 484. Replaceable heads with total value of CZK 1 827 on the boring machines and horizontal boring machines.

The main disposals in 2022 represent the disposal (sale) of separate tangible assets in total acquisition value of TCZK 37 405 (net book value TCZK 14), disposal of tools and fixtures in total acquisition value TCZK 1 056 (net book value TCZK 207), disposal of computer equipment in total acquisition value TCZK 5 977 (net book value TCZK 15) and liquidation of other equipment in total acquisition value TCZK 1 088 (net book value TCZK 38).

*The main additions and disposals property, plant and equipment in 2021:*

Models and forms in the total value TCZK 4 754, computer technology in the total value TCZK 999 and tools in the total value TCZK 1 007.

The most significant technical evaluation in 2021 was carried out on the CNC drilling machine for guide wheels RK FUQ150 in the total value of TCZK 1 857 CZK and on TG1 (experimental steam turbine) in the total value of TCZK 8 328.

The largest decrease of fixed assets in 2021 was the disposal of technical improvement of leased property Fit Out - Explora Butovice (offices) in the value of TCZK 6 729 (net book value TCZK 5 362), liquidation of tools and fixtures in the acquisition value of TCZK 12 333 (net book value TCZK 83), liquidation of models in the acquisition value of TCZK 19 400 (net book value 0 TCZK), liquidation of separate tangible assets in the acquisition value of TCZK 9 860 (net book value TCZK 113), liquidation of computer equipment in the acquisition value of TCZK 564 (net book value TCZK 0) and liquidation of inventory in acquisition value TCZK 1 016 (net book value TCZK 11).

As at 31 December 2023 the allowance for tangible assets amounted to TCZK 5 698 (2022: TCZK 5 698, 2021: TCZK 5 698).

The Group uses machinery and equipment recorded at zero residual value, which were acquired in previous years under finance leases. As at 31 December 2023, their total cost amounts to TCZK 210 982 (2022: TCZK 210 982, 2021: TCZK 222 839). The largest item is the gantry machining centre with the purchase price of TCZK 192 192.

**Right-of-use assets**

As at 31 December 2023 the Group presents two types of right of use items. The building (rented offices) with cost of TCZK 6 235 (net book value TCZK 3 495) and the cars with cost of TCZK 32 607 (net book value TCZK 12 794).

As at 31 December 2022 the Company presents two types of right of use items. The building (rented offices) with cost of TCZK 12 672 (net book value TCZK 3 009) and the cars with cost of TCZK 29 134 (net book value TCZK 9 354).

As at 31 December 2021 the Company presents two types of right of use items. The building with cost of TCZK 13 435 (net book value TCZK 4 046) and the cars with cost of TCZK 24 791 (net book value TCZK 9 994).

**Pledged assets**

The Group does not have any pledged assets as at 31.12.2023, 31.12.2022 and 31.12.2021.

## 10. Trade payables and Other liabilities

Trade payables

| **TCZK** | **31.12.2023** | **31.12.2022** | **31.12.2021** |
|---|---:|---:|---:|
| Trade accounts payable | 880 948 | 675 175 | 677 333 |
| Lease liabilities | 7 460 | 5 992 | 6 281 |
| Other payables | 2 479 | 21 708 | 25 880 |
| **Total** | **890 887** | **702 875** | **709 494** |

**Ageing structure of the trade payables**

| TCZK | 31.12.2023 | 31.12.2022 | 31.12.2021 |
|---|---|---|---|
| Payables before due | 826 199 | 616 025 | 640 416 |
| Payables overdue within 1 year | 42 479 | 37 917 | 21 440 |
| Payables overdue above 1 year | 12 270 | 21 233 | 15 477 |
| **Total** | **880 948** | **675 175** | **677 333** |

Average credit period of trade payables is 28 days.

**Other liabilities**

Other liabilities consist of liabilities to the state, primarily VAT, liabilities to employees and liabilities from social security and health insurance.

## 11. Other non-current liabilities

| TCZK | 31.12.2023 | 31.12.2022 | 31.12.2021 |
|---|---|---|---|
| Non-current lease liabilities | 9 669 | 7 051 | 8 231 |
| Other non-current trade liabilities (retention money) | 11 990 | 17 815 | 6 828 |
| **Total** | **21 659** | **24 866** | **15 059** |

## 12. Loans and borrowings

In 2023, 2022 and 2021 the Group drew no loans and borrowings.

## 13. Income tax

Income tax is reported as follows in the income statement:

| TCZK | 2023 | 2022 | 2021 |
|---|---|---|---|
| Current income tax | 139 890 | 158 964 | 41 232 |
| Income tax – adjustments from previous years | 15 812 | 17 085 | -16 401 |
| Deferred income tax | 35 005 | -21 640 | 4 997 |
| **Total** | **190 707** | **154 409** | **29 828** |

As at 31 December 2023, the current tax liability amounted to TCZK 86 807, which comprises an estimate of an income tax liability for 2023 decreased by income tax advances paid (2022: TCZK 68 916, 2021: current tax assets TCZK 115 501).

*Investment Incentives*

The Group did not utilize any tax relief in respect of investment incentives in 2023 (2022: TCZK 0, *2021: TCZK 0*).

The value of deferred tax reported in the financial statements as at 31 December 2023, 31 December 2022 and 31 December 2021 concerns the following items:

| Deferred tax asset + / liability - | **31.12.2023 TCZK** | **31.12.2022 TCZK** | **31.12.2021 TCZK** |
|---|---|---|---|
| Property, plant and equipment, intangible assets | -63 612 | -62 376 | -76 223 |
| Receivables | 9 059 | 9 224 | 27 279 |
| Inventories | 7 727 | 8 292 | 37 078 |
| Stock Items on Projects | 5 441 | 11 702 | 6 801 |
| Long term contracts | -42 164 | -21 993 | -42 738 |
| Provisions | 41 683 | 50 789 | 50 638 |
| Untaken holiday, targeted benefits – payables | 16 997 | 13 830 | 3 839 |
| Social security and health insurance on bonuses | 600 | 408 | 306 |
| Revaluation of assets and liabilities | -3 621 | -17 382 | -3 165 |
| Unpaid penalty | -400 | -1 641 | -25 015 |
| R&D own work capitalized | -61 755 | -49 518 | -44 628 |
| **Total net deferred tax asset (+) / liability (-)** | **-90 045** | **-58 665** | **-65 828** |
| *Out of this deferred tax asset* | *2 538* | *3 335* | *3 339* |
| *Out of this deferred tax liability* | *-92 583* | *-62 000* | *-69 176* |
| Increase (decrease) in equity | 3 694 | -14 217 | -1 066 |
| Income tax benefit (+) / expense (-) for period | -34 277 | 21 384 | -5 046 |

The deferred tax liability increase in amount of TCZK 34 277 was recorded as an increase of expenses. The change in deferred tax by TCZK 3 694 resulting from temporary differences from revaluation of assets and liabilities charged to equity, was not recorded as an income tax expense, but in Other comprehensive income.

The implementation of the Pillar 2 processes is coordinated at the parent company level. The Group is confident that it will not be materially impacted by Pillar 2 given that it is not a recipient of investment incentives and other types of subsidies that would result in a significant reduction in the effective tax rate.

*Reconciliation of effective tax rate*

| **TCZK** | | **2023** | | **2022** | | **2021** |
|---|---|---|---|---|---|---|
| Profit/(loss) before tax | | 750 051 | | 730 200 | | 219 122 |
| Income tax using the domestic corporation tax rate of | 19% | 143 553 | 19% | 142 049 | 19% | 42 507 |
| Effect of income that is exempt from taxation and expense that are not deductible | 3% | 20 976 | 0% | 3 200 | -1% | -1 508 |
| Development costs Allowances | 0% | - | 0% | - | 0% | - |
| Tax incentive effect | 0% | - | 0% | - | 0% | - |
| Foreign Establishment | 1% | 4 180 | 1% | 4 516 | 17% | 37 500 |
| Adjustments recognised in the current year in relation to the current tax of prior years | 2% | 13 181 | 1% | 4 644 | -22% | -48 671 |
| Tax rate change to 21% from 2024 | 1% | 8 817 | | | | |
| **Total** | **24%** | **190 707** | **21%** | **154 409** | **14%** | **29 828** |

## 14. Provisions

| **TCZK** | **31.12.2021** | **Additions** | **Disposals** | **31.12.2022** | **Additions** | **Disposals** | **31.12.2023** |
|---|---|---|---|---|---|---|---|
| Warranty provisions | 232 375 | 46 171 | 62 661 | 215 885 | 54 077 | 112 110 | 157 852 |
| Other provisions | 25 810 | 20 140 | 2 572 | 43 378 | 7 029 | 14 852 | 35 555 |
| **Total** | **258 185** | **66 311** | **65 233** | **259 263** | **61 106** | **126 962** | **193 407** |
| Non-current part | 33 851 | -- | -- | 38 283 | -- | -- | 49 419 |
| Current part | 224 334 | -- | -- | 220 980 | -- | -- | 143 988 |

Breakdown of disposals:

Warranty provisions:

- Use of provisions for originally specified purpose: TCZK 11 273 in 2023, TCZK 9 024 in 2022, TCZK 14 263 in 2021.
- Cancellation of provision: TCZK 100 741 in 2023, TCZK 53 636 in 2022, TCZK 19 560 in 2021.

Other provisions:

- Use of provisions for originally specified purpose: TCZK 14 811 in 2023, TCZK 2 354 in 2022, TCZK 269 in 2021.
- Cancellation of provision: TCZK 0 in 2023, TCZK 219 in 2022, TCZK 38 372 in 2021.

Other provisions include provisions for loss making projects and litigations. For a description of litigations refer to Note 27.

## 15. Equity

**Revaluation reserves**

a) Revaluation of assets

The assets revaluation reserve arises on the revaluation of land. The revaluation is provided by valuation expert regularly once every two years.

| TCZK | 31.12.2023 | 31.12.2022 | 31.12.2021 |
|---|---|---|---|
| Opening balance | 30 889 | 30 889 | 23 713 |
| Revaluation increase | 44 306 | - | 8 859 |
| Deferred tax liability arising on revaluation of land | -10 067 | - | -1 683 |
| **Closing Balance** | **65 128** | **30 889** | **30 889** |

b) Revaluation of hedging reserves

Movement of revaluation of hedging reserves is disclosed in Note 25 Summary of derivative instruments.

**Dividend**

The dividend is subject to approval by shareholders at the annual general meeting and has not been included as a liability in these financial statements. The payment of this dividend will not have any tax consequences for the Group.

## 16. Revenues from goods, products and services and Other revenues

The group has revenues in only one segment – Turbines.

**Revenues from goods, products and services**

Revenues disaggregation by contract duration

| TCZK | 2023 | 2022 | 2021 |
|---|---|---|---|
| Long term - over one year | 4 201 601 | 3 523 371 | 3 183 956 |
| Short term - within one year | 586 316 | 537 569 | 336 577 |
| **Total** | **4 787 917** | **4 060 940** | **3 520 533** |

Revenues disaggregation by main revenue streams

| TCZK | 2023 | 2022 | 2021 |
|---|---|---|---|
| New installation | 3 393 812 | 2 942 852 | 2 467 840 |
| Service | 1 169 988 | 952 392 | 904 263 |
| Long term service agreements | 224 117 | 165 696 | 148 430 |
| **Total** | **4 787 917** | **4 060 940** | **3 520 533** |

Revenues disaggregation by geographies

| TCZK | 2023 | 2022 | 2021 |
|---|---|---|---|
| Europe others | 1 894 788 | 1 890 756 | 1 685 522 |
| Czech Republic | 1 382 064 | 596 612 | 447 252 |
| Asia | 884 370 | 1 085 324 | 929 726 |
| South and Central America | 295 967 | 145 542 | 367 867 |
| Africa | 256 428 | 82 863 | 2 629 |
| North America | 64 358 | 258 048 | 89 458 |
| Australia | 9 942 | 1 795 | -1 921 |
| **Total** | **4 787 917** | **4 060 940** | **3 520 533** |

Remaining transaction price allocated to performance obligations from contract with customers that are not yet satisfied (Revenue Backlog) at the end of the reporting period:

| TCZK | 31.12.2023 | 31.12.2022 | 31.12.2021 |
|---|---|---|---|
| **Revenue backlog (at the end of period)** | **8 665 027** | **4 926 824** | **4 235 280** |
| Estimated recognition within 1 year after period end | 3 809 210 | 3 173 273 | 2 856 239 |
| Estimated recognition within 2-3 years after period end | 2 416 762 | 1 340 979 | 1 071 927 |
| Estimated recognition within 4+ years after period end | 2 439 055 | 412 572 | 307 114 |

**Other revenues**

Other revenues of TZCK 22 846 (2022: TCZK 51 833, 2021: TCZK 25 794) include for example contractual penalties TCZK 9 198 and revenues from the sale of scrap TCZK 4 657.

## 17. Segment reporting

The Group has assessed its operating segments in accordance with IFRS 8 and concluded that the Group is having only one reportable operating segment. As described in the Note 16, the Group revenues are only in one segment – Turbines, from which it earns revenues and incurs expenses. The Group operations are concentrated mainly in Pilsen, Czech Republic. The revenues are monitored by individual projects with customers, however, discrete financial information is available only on an aggregate basis on which the Group's chief operating decision maker (CEO) is reviewing it.

## 18. Personnel expenses

| TCZK | 2023 | 2022 | 2021 |
|---|---|---|---|
| Wages and salaries | 743 261 | 719 796 | 605 077 |
| Social security and health insurance | 246 834 | 239 398 | 200 172 |
| Expenses for employee benefits | 31 640 | 35 994 | 28 535 |
| **Total personnel expenses** | **1 021 735** | **995 188** | **833 784** |

Wages and salaries and number of employees in 2023:

| | Average number of employees | Wages and salaries | Social security and health insurance expenses | Other payroll expenses |
|---|---|---|---|---|
| Employees | 947 | 721 633 | 240 004 | 31 517 |
| Directors | 8 | 21 628 | 6 830 | 123 |
| **Total** | **955** | **743 261** | **246 834** | **31 640** |

Wages and salaries and number of employees in 2022:

| | Average number of employees | Wages and salaries | Social security and health insurance expenses | Other payroll expenses |
|---|---|---|---|---|
| Employees | 925 | 700 317 | 233 227 | 35 880 |
| Directors | 8 | 19 479 | 6 172 | 113 |
| **Total** | **933** | **719 796** | **239 399** | **35 993** |

Wages and salaries and number of employees in 2021:

| | Average number of employees | Wages and salaries | Social security and health insurance expenses | Other payroll expenses |
|---|---|---|---|---|
| Executives | 945 | 587 591 | 194 325 | 28 391 |
| Directors | 9 | 17 486 | 5 847 | 144 |
| **Total** | **954** | **605 077** | **200 172** | **28 535** |

## 19. Other operating expenses

| TCZK | 2023 | 2022 | 2021 |
|---|---|---|---|
| Taxes and fees | 7 850 | 12 331 | 5 820 |
| Receivables written off | 7 411 | 5 294 | 5 135 |
| Fines and penalties | 16 251 | 438 | 1 502 |
| Bank fees | 9 244 | 6 564 | 7 164 |
| Insurance | 32 072 | 18 697 | 16 895 |
| Other operating expense | 16 612 | 19 747 | 36 833 |
| **Total** | **89 440** | **63 071** | **73 349** |

## 20. Other gains and (losses)

| TCZK | 2023 | 2022 | 2021 |
|---|---|---|---|
| Decrease (increase) in provisions | 66 587 | 1 254 | 29 856 |
| Decrease (increase) in adjustments to assets | 25 225 | 74 778 | 38 966 |
| Net income from hedging operations | 101 752 | 167 266 | 89 286 |
| Exchange rate gains/(losses) from operating activities | 2 227 | -13 884 | -34 276 |
| Other income from receivables | 19 893 | 75 | 2 003 |
| Other operating income | 20 961 | 24 176 | 48 724 |
| **Total** | **236 645** | **253 665** | **174 559** |

## 21. State subsidies (R&D grants)

In 2023 the Group credited to income a subsidy in amount of TCZK 7 633 (2022: TCZK 12 364, 2021: TCZK 9 711). The income is presented in other operating income in the section Other gains and losses.

## 22. Financial income (+), financial costs (-)

Financial income:

| TCZK | 2023 | 2022 | 2021 |
|---|---|---|---|
| Exchange rate gains from cash and cash equivalents, short term financial instruments and loans | 38 918 | 27 570 | 126 939 |
| Gains from hedging operations on financial instruments | - | 27 989 | 33 780 |
| Interest revenues | 254 883 | 286 944 | 148 932 |
| **Total** | **293 801** | **342 503** | **309 651** |

Interest revenues in 2021 contain 104 mil. CZK interest income from short term ABSTB bonds determined by effective interest method.

Financial costs:

| TCZK | 2023 | 2022 | 2021 |
|---|---|---|---|
| Exchange rate losses from cash and cash equivalents, short term financial instruments and loans | 25 442 | 75 194 | 244 152 |
| Losses from hedging operations on financial instruments | - | -651 | 77 200 |
| Interest expenses | 1 336 | 2 143 | 1 213 |
| **Total** | **26 778** | **76 686** | **322 565** |

## 23. Transactions with related parties

**Short term financial instruments and loans**

| TZCK | 31.12.2023 | 31.12.2022 | 31.12.2021 |
|---|---|---|---|
| Intercompany loan | 1 050 000 | 2 780 000 | 1 280 000 |
| **Total** | **1 050 000** | **2 780 000** | **1 280 000** |

**Parent and ultimate controlling party**

Balances related to parent and ultimate controlling party are listed below.

**Transactions with key management personnel**

Remuneration to members of key management personnel (executives) is included in personnel expenses in Note 18 (amounts related to Directors). There were no loans provided to statutory representatives in 2023, 2022 and 2021 and no other special benefits except standard benefits like company cars and mobile phones for private use, life insurance, etc. Total amount of such benefits is not significant.

**Loans granted**

**2023**

There is one loan title remaining by end of 2023 with a principal amount of TCZK 1 050 000. It’s a residual portion of the original CZK 1,5 bln loan agreed on 12.4.2022. At anniversary the expiration date has been extended until April 12th, 2024. Interest rate is 1Y PRIBOR + 4,2 % p.a. Annual interest income TCZK 139 527. Due to scheduled repayment within 12 months it is stated as a current loan in 2023.

Other loans were fully cleared within 2023 through set-off against profit distribution of the Company.

**2022**

There are 4 loan titles to Doosan Power Systems S.A. in total amount of TCZK 2 780 000.

Loan 1 of TCZK 260 000 is based on the agreement from 19.7.2019. Based on amendment to the loan agreement from November 2022 the expiration is extended until 27 November 2023, interest rate 1Y PRIBOR + 4,2 % p.a. Annual interest income TCZK 22 095.

Loan 2 of TCZK 320 000 is based on the agreement from 13.1.2021 and based on amendment to the loan agreement from January 2022. Expiration of this loan is on 13 January 2023, interest rate 1Y PRIBOR + 4,2 % p.a. Annual interest income TCZK 27 920.

Loan 3 of TCZK 700 000 is based on the agreement from 9.9.2021 and based on amendment to the loan agreement from September 2022. Expiration of this loan is on 9 September 2023, interest rate 1Y PRIBOR + 4,2 % p.a. Annual interest income TCZK 54 364.

Loan 4 of TCZK 1 500 000 is based on the agreement from 12.4.2022. Expiration of this loan is on 12 April 2023, interest rate 1Y PRIBOR + 4,2 % p.a. Annual interest income 108 296 TCZK

**2021**

There are 3 loan titles to Doosan Power Systems S.A. in total amount of TCZK 1 280 000.

Loan 1 of TCZK 260 000 is based on the agreement from 19.7.2019. Based on amendment to the loan agreement from November 2021 the expiration is extended until 27 November 2022, interest rate 1Y PRIBOR + 4,2 % p.a. Annual interest income TCZK 13 126. Due to scheduled repayment within 12 months it is stated as a current loan in 2021.

Loan 2 of TCZK 320 000 is based on the agreement from 13.1.2021. Expiration of this loan is on January 13th 2022, interest rate 1Y PRIBOR + 4,2 % p.a. Annual interest income TCZK 14 716. Due to scheduled repayment within 12 months it is stated as a current loan in 2021.

Loan 3 of TCZK 700 000 is based on the agreement from 9.9.2021. Expiration of this loan is on September 9th 2022, interest rate 1Y PRIBOR + 4,2 % p.a. Annual interest income TCZK 13 846. Due to scheduled repayment within 12 months it is stated as a current loan in 2021.

**Trade receivables and payables**

The following related party balances are included in the trade receivables and payables described in Notes 5 and 10 above.

The company Babcock Ltd. (UK) was sold during 2022 outside of the group. This company does not represents related party as of 31.12.2022 and as of 31.12.2023. There are trade receivables in amount of TCZK 0 related to this company as of 31.12.2023 (2022: TCZK 27, 2021: TCZK 0). Total revenues reached from transactions with this company are TCZK 0 during 2023 (2022: TCZK 91, 2021: TCZK 95).

| | Receivables as at | | | Payables as at | | |
|---|---|---|---|---|---|---|
| **TCZK** | **31.12.2023** | **31.12.2022** | **31.12.2021** | **31.12.2023** | **31.12.2022** | **31.12.2021** |
| **Companies controlled by Ultimate parent:** | | | | | | |
| Doosan Digital Innovation, odštěpný závod | 445 | - | 448 | 39 298 | 37 461 | 32 302 |
| Doosan Power Systems SA (Luxembourg) | 190 865 | 243 442 | - | 3 300 | 17 500 | 7 500 |
| Doosan Turbomachinery (USA) | | 226 | - | - | - | - |
| Doosan Lentjes (Germany) | 154 357 | 86 022 | - | - | - | 33 345 |
| Doosan Enerbility Co.Ltd. (Korea) | 92 301 | 145 303 | 150 740 | 423 208 | 409 769 | 9 836 |
| Doosan Babcock General Consulting (SAE) | - | - | 1 708 | - | - | - |
| Doosan Babcock Energy (Germany) | - | - | - | - | - | - |
| Doosan Power Systems Arabia (Saudi Arabia) | - | - | 547 | - | - | - |
| **Total** | **437 968** | **474 993** | **153 443** | **465 806** | **464 730** | **82 983** |

**Sales and purchases**

| | Sales for period | | | Purchases for period | | |
|---|---|---|---|---|---|---|
| **TCZK** | **2023** | **2022** | **2021** | **2023** | **2022** | **2021** |
| **Companies controlled by Ultimate parent:** | | | | | | |
| Doosan Enerbility Co.,Ltd (Korea) | 672 651 | 128 615 | 124 306 | 16 874 | 22 646 | 17 827 |
| Doosan Digital Innovation, odštěpný závod | 367 | 368 | 391 | 139 287 | 122 976 | 122 781 |
| Doosan Power Systems SA (Luxembourg) | 190 864 | 260 408 | - | 2 233 | 10 000 | 14 333 |
| Doosan Lentjes (Germany) | 55 017 | 105 430 | 11 329 | - | - | - |
| Doosan Turbomachinery Services (USA) | 2 692 | 233 | 40 884 | - | - | - |
| Doosan Business Research Institute (Korea) | - | - | - | 4 | - | - |
| Doosan Babcock General Constructing (SAE) | - | - | 1 708 | | | |
| Doosan Heavy Industries Vietnam (Vietnam) | - | - | - | | | |
| Doosan Power Systems Arabia (Saudi Arabia) | - | - | 576 | - | - | - |
| **Total** | **921 591** | **495 054** | **179 194** | **158 398** | **155 622** | **154 941** |

Note: “Sales” comprise revenue from the sale of manufactured products, revenue from the sale of services, revenue from the sale of fixed assets and other operating revenue and interest income. “Purchases” comprise purchases of material, energy consumption, purchases of services, other operating expenses and purchases of inventories.

## 24. Financial instruments and risk management

**Categories of financial instruments**

| **TCZK** | **31.12.2023** | **31.12.2022** | **31.12.2021** |
|---|---|---|---|
| *Financial assets* | | | |
| Cash and bank balances | 2 125 904 | 1 481 507 | 2 477 538 |
| Derivatives in designated hedge accounting relationships (FVTPL) | 49 071 | 133 217 | 68 723 |
| Loans and trade receivables | 2 607 744 | 3 953 502 | 2 148 986 |
| **Total** | **4 782 719** | **5 568 226** | **4 695 247** |

| **TCZK** | **2023** | **2022** | **2021** |
|---|---|---|---|
| *Financial liabilities* | | | |
| Derivatives in designated hedge accounting relationships (FVTPL) | 56 282 | 169 | 31 358 |
| Trade payables | 912 546 | 727 741 | 724 553 |
| **Total** | **968 828** | **727 910** | **755 911** |

The Group is exposed to the following risks resulting from financial instruments:

a) credit risk
b) liquidity risk
c) market risk

The management of the Group is generally responsible for setting and controlling the financial risk system management. The development and estimate of the effects resulting from individual risks is regularly assessed.

**Credit risk**

A credit risk is a risk that a customer or other party to a financial arrangement does not fulfil its contractual liabilities and obligations. The risk primarily results from financial insolvency or a reluctance of the debtor to pay off liabilities to the Group, or loans provided by the Group.

The exposure to the credit risk depends mainly on the characteristics of each customer. Potential risk is assessed primarily on the basis of demographical factors (in the financial risk management system, areas with increased sensitivity towards credit risk are identified). In general, the credit risk is assessed in relation to the individual customers' payment history.

In new contracts and engagements the solvency of each customer is assessed. Where necessary, the future cash flows are secured by required advances or bank guarantees, and in specific cases, receivables are also insured.

A maximum credit limit is set for every customer. Exceeded limits must be evaluated and approved by the management of the Group.

A credit risk is hedged by the establishment of adjustments or extraordinary receivables written off.

Financial assets with a derivative trading nature are not evaluated for credit risk because they are measured at FVTPL and are not in scope of ECL calculation.

Loans in amount of TCZK 1 050 000 (2022: TCZK 2 780 000, 2021: TCZK 1 280 000) are fully included in Stage 1, no amounts in Stage 2 and Stage 3. ECL assessment was performed and is considered immaterial.

Detail information about Trade receivables included in Note 5.

**Liquidity risk**

Liquidity risk is the risk that the Group would not be able to pay its financial liabilities and obligations when they mature. The Group systematically manages its cash flow so that it is able to avoid delays in payments of its obligations, even when there is increased pressure from suppliers and other creditors.

The main liquidity management tools are received advances used to cover costs relating to the realisation of the projects, allocation of the surplus funds to highly liquid bank instruments (term and bill deposits, repurchase papers), and reaching agreements with the suppliers regarding the maturity dates.

**2023**

| TCZK | Carrying amount | Up to 3 months | 3 months to 1 year | 1-5 years | Over 5 years |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| Trade receivables | 1 557 744 | 1 050 123 | 376 201 | 131 420 | - |
| Loans | 1 050 000 | - | 1 050 000 | - | - |
| Derivatives in designated hedge accounting relationships (FVTPL) | 49 071 | 9 741 | 26 638 | 12 692 | - |
| **Total assets** | **2 656 815** | **1 059 864** | **1 452 839** | **144 112** | **-** |
| **Liabilities** | | | | | |
| Trade payables | 912 546 | 469 021 | 421 179 | 21 885 | 461 |
| Derivatives in designated hedge accounting relationships (FVTPL) | 56 282 | 6 376 | 25 436 | 24 470 | - |
| **Total liabilities** | **968 828** | **475 397** | **446 615** | **46 355** | **461** |
| **Net liquidity risk position** | **1 687 987** | **584 467** | **1 006 224** | **97 757** | **-461** |

**2022**

| TCZK | Carrying amount | Up to 3 months | 3 months to 1 year | 1-5 years | Over 5 years |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| Trade receivables | 1 173 502 | 718 854 | 405 956 | 48 692 | - |
| Loans | 2 780 000 | - | 2 460 000 | 320 000 | - |
| Derivates in designated hedge accounting relationships (FVTPL) | 133 217 | 21 996 | 81 004 | 30 217 | - |
| **Total assets** | **4 086 719** | **740 850** | **2 946 960** | **398 909** | **-** |
| **Liabilities** | | | | | |
| Trade payables | 727 741 | 534 178 | 178 436 | 15 127 | - |
| Derivates in designated hedge accounting relationships (FVTPL) | 169 | - | - | 169 | - |
| **Total liabilities** | **727 910** | **534 178** | **178 436** | **15 296** | **-** |
| **Net liquidity risk position** | **3 358 810** | **206 672** | **2 768 525** | **383 613** | **-** |

**2021**

| TCZK | Carrying amount | Up to 3 months | 3 months to 1 year | 1-5 years | Over 5 years |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| Trade receivables | 868 986 | 648 940 | 195 160 | 24 886 | - |
| Loans | 1 280 000 | - | 960 000 | 320 000 | - |
| Derivates in designated hedge accounting relationships (FVTPL) | 68 723 | 16 642 | 48 506 | 3 575 | - |
| **Total assets** | **2 217 709** | **665 582** | **1 203 666** | **348 461** | **-** |
| **Liabilities** | | | | | |
| Trade payables | 724 553 | 383 089 | 326 405 | 15 059 | - |
| Derivates in designated hedge accounting relationships (FVTPL) | 31 358 | 2 753 | 8 864 | 19 741 | - |
| **Total liabilities** | **755 911** | **385 842** | **335 269** | **34 800** | **-** |
| **Net liquidity risk position** | **1 461 798** | **279 740** | **868 397** | **313 661** | **-** |

### Market risk

Market risk results from changes in market prices, which may be caused by changes of exchange rates, interest rates, and stock indexes. The Group is exposed to risk due to trades in EUR, USD, GBP and PLN.

The main instruments for market risk elimination are derivatives, which are established for hedging exchange rate volatility in relation to expected future cash flows. The Group hedges foreign currency risks at 100% of free cash position from expected cash flows in EUR, USD, GBP and PLN for the contract period.

As regards long term contracts, natural hedging is applied using through advances received in the currency in which the contract is concluded.

Interest rates risk is eliminated by fixed interest rate agreements. The Group does not conclude any commodity contracts except where the contract can be settled using the relevant commodity (binding orders of a fixed minimum inventory quantity, for a specific period).

### Interest rate risk management

The Group does not have any loans, it is financed solely by equity. It generates some interest profit from the loans to the parent company and short-term investments. But interest revenues are negligible to revenues from core business activities. The Group is not exposed to significant risk in case of change of market interest rates.

### Capital risk management

The group is not subject to any externally imposed capital requirements and is fully financed by equity.

**Foreign currencies**

Summary of financial instruments in currencies as at 31 December 2023:

| TCZK | USD | EUR | CZK | Other | Total |
|---|---|---|---|---|---|
| Financial derivatives | 16 500 | 32 571 | - | - | 49 071 |
| Loans | - | - | 1 050 000 | - | 1 050 000 |
| Trade receivables | 206 445 | 790 354 | 546 954 | 13 991 | 1 557 744 |
| Cash, cash equivalents | 99 216 | 355 564 | 1 225 986 | 445 138 | 2 125 904 |
| **Total financial assets** | **322 161** | **1 178 489** | **2 822 940** | **459 129** | **4 782 719** |
| Other non-current liabilities | 148 | 5 925 | 15 481 | 105 | 21 659 |
| Financial derivatives | 5 809 | 50 473 | - | - | 56 282 |
| Trade payables | -4 841 | 91 333 | 789 624 | 14 771 | 890 887 |
| **Total financial liabilities** | **1 116** | **147 731** | **805 105** | **14 876** | **968 828** |

Summary of financial instruments in currencies as at 31 December 2022:

| TCZK | USD | EUR | CZK | Other | Total |
|---|---|---|---|---|---|
| Financial derivatives | 18 395 | 114 384 | - | 438 | 133 217 |
| Loans | - | - | 2 780 000 | - | 2 780 000 |
| Trade receivables | 129 696 | 617 447 | 411 698 | 14 661 | 1 173 502 |
| Cash, cash equivalents | 63 965 | 175 847 | 1 154 532 | 87 163 | 1 481 507 |
| **Total financial assets** | **212 056** | **907 678** | **4 346 230** | **102 262** | **5 568 226** |
| Other non-current liabilities | 218 | 13 820 | 10 823 | 5 | 24 866 |
| Financial derivatives | 100 | 69 | - | - | 169 |
| Trade payables | 322 | 100 449 | 589 373 | 12 731 | 702 875 |
| **Total financial liabilities** | **640** | **114 338** | **600 196** | **12 736** | **727 910** |

Summary of financial instruments in currencies as at 31 December 2021:

| TCZK | USD | EUR | CZK | Other | Total |
|---|---|---|---|---|---|
| Financial derivatives | 10 961 | 57 762 | - | - | 68 723 |
| Loans | - | - | 1 280 000 | - | 1 280 000 |
| Trade receivables | 98 446 | 497 372 | 226 945 | 46 223 | 868 986 |
| Cash, cash equivalents | 1 562 721 | 275 340 | 550 005 | 89 472 | 2 477 538 |
| **Total financial assets** | **1 672 128** | **830 474** | **2 056 950** | **135 695** | **4 695 247** |
| Other non-current liabilities | 156 | 4 235 | 10 636 | 32 | 15 059 |
| Financial derivatives | 7 939 | 23 147 | 272 | - | 31 358 |
| Trade payables | 3 648 | 91 358 | 598 790 | 15 698 | 709 494 |
| **Total financial liabilities** | **11 743** | **118 740** | **609 698** | **15 730** | **755 911** |

**Sensitivity analysis – currency risk**

As at 31 December 2023 (31 December 2022, 31 December 2021 respectively) a 10 percent appreciation (depreciation) of the Czech crown vis-à-vis the currencies listed below would have resulted in the increase (decrease) of TCZK 90 942 (2022: TCZK 64 839, 2021: TCZK 50 765) in the income statement, provided that other variables (in particular, the interest rate) remain unchanged.

The Group mitigates its currency risk exposure by concluding currency derivative transactions with the banks, thus closing its open position. The actual effect of exchange rate changes would be influenced by such a hedge.

| FX rate as at 31 December 2023 | | +10 % | -10 % |
|---|---|---|---|
| CZK/EUR | 24,725 | 27,198 | 22,253 |
| CZK/GBP | 28,447 | 31,292 | 25,602 |
| CZK/PLN | 5,694 | 6,263 | 5,125 |
| CZK/USD | 22,376 | 24,614 | 20,138 |

| FX rate as at 31 December 2022 | | +10 % | -10 % |
|---|---|---|---|
| CZK/EUR | 24,115 | 26,527 | 21,704 |
| CZK/GBP | 27,200 | 29,920 | 24,480 |
| CZK/PLN | 5,152 | 5,667 | 4,637 |
| CZK/USD | 22,616 | 24,878 | 20,354 |

| FX rate as at 31 December 2021 | | +10 % | -10 % |
|---|---|---|---|
| CZK/EUR | 24,860 | 27,346 | 22,374 |
| CZK/GBP | 29,585 | 32,544 | 26,627 |
| CZK/PLN | 5,408 | 5,949 | 4,867 |
| CZK/USD | 21,951 | 24,146 | 19,756 |

| 2023 | | Original curr. | TCZK | TCZK +10 % | Change | TCZK -10 % | Change |
|---|---|---|---|---|---|---|---|
| Short-term and | TEUR | 32 542 | 804 612 | 885 073 | 80 461 | 724 150 | -80 461 |
| long-term | TGBP | 4 | 104 | 115 | 10 | 94 | -10 |
| receivables | TUSD | 9 247 | 206 918 | 227 610 | 20 692 | 186 227 | -20 692 |
| Short-term and | TEUR | 3 934 | 97 257 | 106 982 | 9 726 | 87 531 | -9 726 |
| long-term | TGBP | 77 | 2 181 | 2 399 | 218 | 1 963 | -218 |
| payables | TUSD | 124 | 2 773 | 3 050 | 277 | 2 496 | -277 |
| Net currency | TEUR | 28 609 | 707 355 | 778 090 | 70 735 | 636 619 | -70 735 |
| risk | TGBP | -73 | -2 077 | -2 285 | -208 | -1 869 | 208 |
| | TUSD | 9 123 | 204 145 | 224 560 | 20 415 | 183 731 | -20 415 |
| **Total** | | | | **TCZK** | **90 942** | **TCZK** | **-90 942** |

| 2022 | | Original curr. | TCZK | TCZK +10 % | Change | TCZK -10 % | Change |
|---|---|---|---|---|---|---|---|
| Short-term and | TEUR | 26 260 | 633 249 | 696 574 | 63 325 | 569 924 | -63 325 |
| long-term | TGBP | 1 | 37 | 40 | 4 | 33 | -4 |
| receivables | TUSD | 5 831 | 131 875 | 145 063 | 13 188 | 118 688 | -13 188 |
| Short-term and | TEUR | 4 738 | 114 269 | 125 695 | 11 427 | 102 842 | -11 427 |
| long-term | TGBP | 1 | 26 | 28 | 3 | 23 | -3 |
| payables | TUSD | 110 | 2 480 | 2 728 | 248 | 2 232 | -248 |
| Net currency | TEUR | 21 521 | 518 980 | 570 878 | 51 898 | 467 082 | -51 898 |
| risk | TGBP | 0 | 11 | 12 | 1 | 10 | -1 |
| | TUSD | 5 721 | 129 395 | 142 335 | 12 940 | 116 456 | -12 940 |
| **Total** | | | | **TCZK** | **64 839** | **TCZK** | **-64 839** |

| 2021 | | Original curr. | TCZK | TCZK +10 % | Change | TCZK -10 % | Change |
|---|---|---|---|---|---|---|---|
| Short-term and | TEUR | 20 534 | 510 465 | 561 511 | 51 046 | 459 418 | -51 046 |
| long-term | TGBP | 0 | 0 | 0 | 0 | 0 | 0 |
| receivables | TUSD | 4 485 | 98 445 | 108 290 | 9 845 | 88 601 | -9 845 |
| Short-term and | TEUR | 3 854 | 95 816 | 105 398 | 9 582 | 86 234 | -9 582 |
| long-term | TGBP | 18 | 534 | 587 | 53 | 480 | -53 |
| payables | TUSD | 224 | 4 912 | 5 403 | 491 | 4 421 | -491 |
| Net currency | TEUR | 16 679 | 414 649 | 456 114 | 41 465 | 373 184 | -41 465 |
| risk | TGBP | -18 | -534 | -587 | -53 | -480 | 53 |
| | TUSD | 4 261 | 93 534 | 102 887 | 9 353 | 84 180 | -9 353 |
| **Total** | | | | **TCZK** | **50 765** | **TCZK** | **-50 765** |

Derivative instruments:

| **2023** | | **TCZK +10%** | | **TCZK -10%** | |
|---|---|---|---|---|---|
| | **MtM value** | **MtM value** | **Additional effect** | **MtM value** | **Additional effect** |
| EUR | -17 902 | -334 668 | -316 766 | 298 864 | 316 766 |
| USD | 10 691 | -81 033 | -91 724 | 102 415 | 91 724 |
| **Total** | **-7 211** | **-415 701** | **-408 490** | **401 279** | **408 490** |

| **2022** | | **TCZK +10%** | | **TCZK -10%** | |
|---|---|---|---|---|---|
| | **MtM value** | **MtM value** | **Additional effect** | **MtM value** | **Additional effect** |
| EUR | 114 315 | -145 012 | -259 327 | 373 642 | 259 327 |
| USD | 18 295 | -81 820 | -100 115 | 118 410 | 100 115 |
| PLN | 279 | -352 | -631 | 910 | 631 |
| GBP | 159 | -329 | -488 | 647 | 488 |
| **Total** | **133 048** | **-227 513** | **-360 561** | **493 609** | **360 561** |

| **2021** | | **TCZK +10%** | | **TCZK -10%** | |
|---|---|---|---|---|---|
| | **MtM value** | **MtM value** | **Additional effect** | **MtM value** | **Additional effect** |
| EUR | 34 615 | -255 443 | -290 058 | 324 672 | 290 058 |
| USD | 3 022 | -233 950 | -236 972 | 239 994 | 236 972 |
| PLN | | | | | |
| GBP | -272 | -1 899 | -1 627 | 1 356 | 1 627 |
| **Total** | **37 365** | **-491 292** | **-528 657** | **566 022** | **528 657** |

## 25. Summary of derivative instruments

Since 2004, the Group has been continually concluding forward contracts with Czech commercial banks, currently with Commerzbank Aktiengesellschaft, pobočka Praha, Česká spořitelna, a.s., Československá obchodní banka, a. s., Komerční banka, a.s., Raiffeisenbank a.s. and Všeobecná úvěrová banka a.s., pobočka Praha, which are related to transactions involving the sale and purchase of EUR, USD, GBP and PLN. The Group uses these derivatives to hedge future cash flows and the fair values of some financial assets.

The Group classifies financial derivatives as hedging derivatives and derivatives for trading. The resulting receivables or payables arising from them are classified as either current or non-current according to the effective date of the contract.

### Fair value

The carrying value of cash and cash equivalents, receivables, advances, other assets, payables and current loans is close to their fair value with regard to the current character of these items.

### Hedging

The Group hedges future cash flows from long term contracts concluded in foreign currencies (EUR, USD, GBP, PLN) against currency risks. The Group also hedges the fair value of financial assets and liabilities arising from these contracts, against currency risks, until the financial assets are realised. Forward and swap transactions are used for the purpose of hedging.

| | Hedging instruments – outstanding contracts | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 31.12.2023 | | | | 31.12.2022 | | | | 31.12.2021 | | | |
| | Nominal value (TFX) | Nominal value (MCZK) | Fair value (TCZK) | AVG rate | Nominal value (TFX) | Nominal value (MCZK) | Fair value (TCZK) | AVG rate | Nominal value (TFX) | Nominal value (MCZK) | Fair value (TCZK) | AVG rate |
| EUR | 128 116 | 3 188 | -17 902 | 24,89 | 107 538 | 2 772 | 114 315 | 25,78 | 104 595 | 2 730 | 35 894 | 26,12 |
| USD | 40 992 | 928 | 10 691 | 22,65 | 44 267 | 1 030 | 18 295 | 23,27 | 107 955 | 2 406 | 3 022 | 22,29 |
| PLN | - | - | - | | 1 225 | 7 | 279 | 5,38 | - | - | - | |
| GBP | - | - | - | | 179 | 5 | 159 | 28,19 | 550 | 16 | -272 | 29,78 |
| MXN | - | - | | | | - | | | 24 981 | 1 | -1 280 | 24,48 |
| **Total** | | **4 116** | **-7 211** | | | **3 814** | **133 048** | | | **5 153** | **37 364** | |

The fair value of derivative instruments, which fulfilled hedge accounting requirements, as at the balance sheet date was TCZK -7 211 (2022: TCZK 133 048, 2021: TCZK 38 015).

The fair value of derivative instruments, which did not fulfil hedge accounting requirements, as at the balance sheet date was TCZK 0 (2022: TCZK 0, 2021: TCZK -650). There were no significant derivatives in the periods under review that were reclassified due to failing to meet the conditions of high-efficiency criteria.

| | Fair value of hedging instruments | | | | | |
|---|---|---|---|---|---|---|
| **TCZK** | **31.12.2023** | | **31.12.2022** | | **31.12.2021** | |
| | **Receivable** | **Payable** | **Receivable** | **Payable** | **Receivable** | **Payable** |
| Future cash flows hedging | - | - | - | - | - | - |
| *Within 1 year* | 36 379 | 31 812 | 103 001 | - | 65 148 | 11 617 |
| *From 2 to 5 years* | 12 692 | 24 470 | 30 216 | 169 | 3 575 | 19 741 |
| | 49 071 | 56 282 | 133 217 | 169 | 68 723 | 31 358 |
| **Total charged to equity** | **-22 153** | **-** | **62 078** | **-** | **10 688** | **-** |
| **Total charged to profit and loss account** | **14 942** | **-** | **70 970** | **-** | **26 677** | **-** |
| **Total charged** | **-7 211** | **-** | **133 048** | **-** | **37 365** | **-** |

**Movement of Revaluation of hedging reserve**

| | TCZK |
|---|---|
| Opening balance 1.1.2023 | 74 103 |
| Gain/(loss) arising on changes in fair value of hedging instruments during the period | -118 352 |
| Related income tax | 22 142 |
| (Gain)/loss reclassified to profit or loss | 44 111 |
| Related income tax | -8 381 |
| Closing balance 31.12.2023 | 13 623 |

| | |
|---|---|
| Opening balance 1.1.2022 | 13 493 |
| Gain/(loss) arising on changes in fair value of hedging instruments during the period | 50 976 |
| Related income tax | -9 685 |
| (Gain)/loss reclassified to profit or loss | 23 851 |
| Related income tax | -4 532 |
| Closing balance 31.12.2022 | 74 103 |

| | |
|---|---|
| Opening balance 1.1.2021 | 8 950 |
| Gain/(loss) arising on changes in fair value of hedging instruments during the period | -11 309 |
| Related income tax | 2 148 |
| (Gain)/loss reclassified to profit or loss | 16 918 |
| Related income tax | -3 214 |
| Closing balance 31.12.2021 | 13 493 |

## 26. Commitments arising from capital expenditures

As at 31 December 2023 the Group had commitments in respect of capital expenditures arising from concluded contracts amounting to TCZK 4 593 (2022: TCZK 8 523, 2021: TCZK 1 362).

## 27. Litigations

The Group had litigated against OHL INDUSTRIAL, S.L. UNIPERSONAL and SENER INGENIERÍA Y SISTEMAS, S.A. for default in the payment of the amount overdue. The case was settled and SAPI (Mexican subsidiary of above stated companies) paid TUSD 1 500 in June 2023. This case is closed.

## 28. Environmental liabilities

The Group does not operate any technology that could give rise to the ecological risk.

## 29. Provided guarantees and other conditional obligations

*a) Overview of bank guarantees*

In accordance with the contract terms, the Group is liable for issued bank guarantees for efficient fulfilment of projects, guarantee period, and advance refunds.

- Československá obchodní banka, a. s. has issued bank guarantees of TCZK 365 845, TEUR 32 584, TUSD 5 409, TPLN 53 307, TMXN 872 and TAED 50 with maturity up to 3 November 2029.
- Komerční banka, a.s. has issued bank guarantees of TCZK 132 064 and TEUR 1 610 with maturity up to 25 May 2026.
- Raiffeisenbank a.s. has issued bank guarantees of TCZK 42 054, TEUR 20 047 and TUSD 3 372 with maturity up to 30 March 2026.
- Všeobecná úvěrová banka, a.s., pobočka Praha issued bank guarantees of TCZK 140 602 and TEUR 9 139 with maturity up to 23 July 2026.

*b) Overview of nonbank guarantees*

In accordance with the contract conditions the Group issued nonbank guarantees for advance refunds, efficient fulfilment of projects and for covering liabilities in warranty period in amount of 326 759T CZK in favour of Doosan Enerbility Co., Ltd

*c) Liabilities covered by a right of pledge*

The Group has no liabilities covered by a right of pledge.

*d) Overview of issued promissory notes*

The Group has no bank guarantee covered by promissory notes.

*e) Guarantees*

The Group provides no guarantees for bank guarantees and letter of credits facilities of related parties as of 31.12.2023.

## 30. Subsequent events

Based on the decision of the General Meeting, the position of Statutory Executive was changed as of 24 January 2024. Sukjoo Kang, Hongook Park, Jeongtaek Lee were removed as Statutory Executives and Seungwoo Sohn, Youngki Lim and Donggil Kim were appointed as Statutory Executives. The changes were entered into Commercial register on 22 May 2024.

The dividend in amount of TCZK 476 488 from the 2023 profit was paid on 29 April 2024.

The Company announced share capital reduction decided on the General Meeting on 30 July 2024: the registered share capital of the Company in amount of TCZK 3 298 345 will be decreased by TCZK 1 848 345 to TCZK 1 450 000.

In Pilsen on 10 September 2024

**Signature of authorised representatives:**

| | | |
|---|---|---|
| **Name:** | Sanghoun Park | Youngki Lim |
| **Position:** | Statutory representative and CFO | Statutory representative |
| **Signature:** | ........................................ | ........................................ |

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