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

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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:	Statutory auditor:
Deloitte Audit s.r.o. registration no. 079	Lukáš Pytlíček registration no. 2460
Deloitte	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 Statutory representative and CFO	
Youngki Lim Statutory representative	Y. H. Lim

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. H. 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	Sanghoun Park	10.12.2024
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.
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**

Y. K. Lim

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 (IASB effective date: 1 January 2027)	Not yet adopted by EU

Standard	Title	Effective date
IFRS 19	Subsidiaries without Public Accountability: Disclosure (IASB effective date: 1 January 2027) 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 (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.

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 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:

24.9.2024		**TCZK +10%**		**TCZK -10%**	
	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**

31.12.2023		**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**

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:	....	....

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