

Analysts call Transcript:

September 26, 2025, start of call: 10:30

Jiří Krupka, Head of Legal & Business Integrity Dept.

Good morning, everyone. We had a slight technical adjustment at the beginning, but everything seems to be working smoothly now. I trust you can hear us clearly, so we're ready to begin the conference call.

Can everyone confirm they're connected and able to hear us?

Lávička Milan, Senior Analyst J&T Bank

Yes, we can.

Jiří Krupka, Head of Legal & Business Integrity Dept.

OK, perfect. Now we can begin. Thank you all for joining today's conference call. The purpose of this call is to discuss the financial figures for the first half of 2025, which were published yesterday.

Let me start by outlining the agenda for today. First, we will go through a brief introduction. Then, we will move directly to the presentation, which is also available on our website. We believe the presentation will respond some of the questions you may already have. Following that, we will open the floor for the Q&A section.

Please note that this call is being recorded, and we reserve the right to publish the content for investors and regulatory reasons.

During the presentation, we kindly ask you to remain muted. There will be ample time for questions at the end of the call.

Now, let me introduce the key members of our team who are present on today's call:

- Mr. Youngki Lim: Chairman of the Board of Directors and CEO,
- Mr. Byoungtak Kim: Vice Chairman of the Board of Directors and CFO,
- Mr. Daniel Procházka: Chief Operating Officer (COO),
- Mr. Jiří Jindra: Head of Finance Operations,
- Mr. Ladislav Rys: Head of Strategy,
- Mrs. Katerina Zatkova: Head of Communication,
- Mrs. Martina Valentova: Controlling & IR Specialist,
- and myself, Jiří Krupka, Head of Legal and a Chairman of the Supervisory Board.

We aim to use our time today as efficiently as possible. Therefore, we suggest proceeding directly to the presentation. It will take some time, so please remain muted during this portion. Once the presentation concludes, we will move directly to the Q&A session. Thank you for your time and availability for today's call. We believe it's extremely valuable to have this kind of open discussion with analysts and to provide you with sufficient data to assist in preparing your reports and analyses.

We have approximately 90 minutes for this call, so let's make the most of it. Now, let's begin with the presentation. Thank you.

Daniel Procházka, COO & Sales Director

Let me begin by highlighting some key facts about our company, Doosan Škoda Power, and the products and services we provide. With over 100 years of history, Doosan Škoda Power is a leader in the steam turbine industry, leveraging its proprietary technology to deliver high-performance solutions.

Our workforce includes approximately 1,000 employees, with around 50% holding university degrees. This reflects the added value we bring through our in-house expertise across manufacturing, design and engineering, project management, procurement, and other functions. This breadth of capabilities allows us to deliver far more than just steam turbines.

We are also proud of our robust in-house R&D department, where we heavily invest to ensure our technology remains cutting-edge and competitive against the top players in the global market.

In addition to supplying new builds, we offer a comprehensive portfolio of service activities. This includes the servicing and modernization of not only our own turbines but also those manufactured by other OEMs.

In terms of sector and applications, we are actively involved in traditional market segments, such as nuclear power stations, combined heat and power (CHP) plants, and renewable energy projects. Within the renewable energy space, we manage projects utilizing biomass as the primary fuel source, including biomass combustion and waste incineration projects.

Beyond these traditional business, we are expanding our focus to emerging technologies. One example is our work in small modular reactors (SMRs), which are becoming an important focus in the energy industry. Our first SMR project is already under execution in Canada. Furthermore, we are collaborating with leading developers in this new segment, including GE Hitachi, Rolls-Royce, or X-Energy, and NuScale Power, where Doosan is holding certain share in these projects.

Additionally, we are working on innovative solutions such as waste heat recovery systems using Organic Rankine Cycle (ORC) technology, turbines for CO₂ cycles, and energy storage projects incorporating air turbines.

Our service offerings range from standard supply of spare parts and repair work to comprehensive long-term service agreements (LTSAs). These agreements typically span 7 to 15 years and cover minor, medium, and major overhauls. This approach provides customers with a clear perspective on their operational expenses (OPEX) while ensuring the efficient operation of our machines or those manufactured by other original equipment manufacturers (OEMs).

Our journey includes several key milestones. In 2009, Doosan acquired us, enabling broader market access, and integrating in-house steam turbine technology. All turbines currently manufactured under the Doosan brand are based on Škoda's design.

Recent achievements include:

2024: Successful delivery and commissioning of our largest turbine for a waste incineration project in Dubai, in collaboration with a Swiss company Kanadevia (renamed from Hitachi Zosen Inova).

2025: On February 6th, we entered the stock exchange market in Prague, marking a significant step in our financial and operational development.

Our traditional markets include Western Europe, where we remain a strong player. However, we are also significantly growing in the United States, supported by our sister company, Doosan Turbomachinery Services. Additionally, we have ongoing projects in the Middle East, particularly in Saudi Arabia, and are making strides in the African market, with notable achievements in 2024.

Our projects are typically long term. The process begins with identifying opportunities during the sales phase, which can last anywhere from six months to three years. Once a contract is signed, it is handed over to our Execution team. The design, manufacturing, and delivery stages generally require 12 to 16 months. Afterward, site activities start, lasting at least another 12 months to commission the machine and connect it to the grid.

Following the commissioning phase, we provide a two-year warranty period, during which our service team handles any required support. Additionally, we offer modernization solutions for aging machines, including those not originally manufactured by us.

Our customers span diverse industries, including:

- Utilities (both large and small)
- Industrial sectors, such as steelworks, pulp and paper industry, mining, and sugar production.

This wide range of clients reflects our versatility and ability to meet various energy needs.

Jiří Krupka, Head of Legal & Business Integrity Dept.

OK, I will ask Jiří Jindra to provide information about financial figures which is the topic of our call today

Jiří Jindra, Head of Finance Operations Dept.

Good morning, everyone.

Let me provide a summary of the financial figures for the first half of 2025.

From a revenue perspective, we are at a similar level compared to the corresponding period of the previous year, with a slight increase in turnover. When looking into turnover and the structure of revenue streams, the breakdown remains largely unchanged. Approximately two-thirds of the revenue come from new installations, while the rest comes from services.

However, it is worth noting that ad-hoc services have shown an increase, while the LTSA (Long-Term Service Agreements) portion has slightly decreased. Despite this decline, we successfully contracted five new LTSA agreements since the end of comparative period having currently 30 active LTSA contracts.

As mentioned by Daniel, LTSA contracts consist of minor, medium, and major inspections or overhauls, with periodicity extending beyond one year. This implies that revenue recognition from these contracts is not linear. From a geographical perspective, the European region continues to hold a strong position. However, the most significant growth has occurred in the African region, where we have successfully increased our market penetration.

From the EBITDA perspective, we are slightly lower compared to the previous period. This is primarily due to costs associated with the IPO procedure, which impacted the first half's figures.

Regarding net income, the decrease is mainly attributed to lower financial income caused by pre-IPO activities. These activities involved optimizing the capital structure including elimination of intra-group loans.

In terms of backlog, we remain on track, comparable to the levels seen in the first half of 2024. It is important to highlight that we successfully secured a major contract in recent weeks. As a result, we anticipate that full-year figures for 2025 will surpass the levels recorded at the end of 2024.

Regarding CapEx, the first half of 2025 was not particularly significant in terms of investments. However, for the second half of the year, we aim to achieve at least 200 million CZK in investments. This will primarily focus on upgrading current machinery to enhance our capability for manufacturing gas turbines, as planned.

This concludes summary of the financial performance for the first half of 2025.

Jiří Krupka, Head of Legal & Business Integrity Dept.

Let me know if you have any questions or require further clarification. Thank you!

Daniel Procházka, COO & Sales Director

We were honored in this year to host the President of the Czech Republic at our facilities. Discussions included our participation in the Dukovany nuclear power project.

We became the main partner of the Prague Spring International Music Festival, hosting VIP guests, customers and strengthening our brand visibility. The next main partner at this event was ČEZ.

On June 24th, we conducted our first general meeting in Prague, presenting our 2024 results and announcing a dividend payment, which was distributed on July 17th.

Lastly, I'd like to briefly touch on an important recent development, as I noticed there were some questions related to the Temelín generators. Just two weeks ago, we signed a significant contract for the replacement of two generators at the Temelín Nuclear Power Plant. The signing ceremony was attended by the CEO of ČEZ, the Chief Nuclear Officer of ČEZ, the CEO of Power Service BG, Doosan Enerbility (DE), as well as the CEO of Doosan Škoda Power.

The contract is now signed and effective, and we will be happy to share more details based on your questions regarding this giant contract, during the Q&A session.

Jiří Krupka, Head of Legal & Business Integrity Dept.

Thank you. As mentioned earlier, there was a very important subsequent event following the functional results, and we believe it is worth highlighting here.

That concludes this very brief presentation. We intentionally kept it concise to allow sufficient time for questions, as we recognize there might be many from your side. Therefore, we kindly ask that if you have any questions, please use the "Raise Hand" feature in the Teams application, and we will answer them in order.

We will do our best to respond accordingly. If there are questions that might overlap or repeat, we'll consolidate them to provide clear and comprehensive answers.

Now, I can already see a raised hand. Let's start with Oleg. Oleg, please take the floor and share your question. We will do our best to reply thoroughly. Please go ahead.

Oleg Galburg, ODDO BHF Austria Branch

Good morning and thank you for holding this conference call and giving us the opportunity to ask questions. This is very valuable, and I greatly appreciate it. I have several questions, so let me start with one regarding the development of order intake or backlog in the first half of this year.

Could you provide more details about the new orders that have been signed? Specifically, could you share insights about the applications these orders pertain to, and whether they were large-size, medium-size, or smaller orders? Additionally, do you have any orders related to retrofitting of power plants using steam turbines produced by other manufacturers, such as LMZ from Russia, or General Electric?

On a related note, I'd like to hear more about the Dukovany project. Expectations in terms of order intake. Considering the consortium KHNP has committed to sourcing up to 60% of the project from local companies (if I'm not mistaken), it seems reasonable to assume that Doosan's role in this project could be significant. Could you elaborate on your expectations in terms of order intake? Furthermore, if Doosan's scope of participation is larger, should we expect the order to be booked as a single step or in multiple phases?

I realize there are quite a few questions here, so I'll stop for now and save my next ones for later. Thank you.

Jiří Krupka, Head of Legal & Business Integrity Dept.

I believe Daniel can provide valuable insights into this area of the business, and I think it also touches on other topics that we may have already identified as potential opportunities. So, Daniel, please go ahead.

Daniel Procházka, COO & Sales Director

OK, there are quite a lot of questions, so let me address them one by one. The first question was about the

main projects we have secured this year. Let me start by highlighting that we are strengthening our position in the service segment. We have several interesting service projects underway. One notable project is the replacement of the last-stage blade at the Temelín Nuclear Power Station. We have already received a pre-order for this project and purchased part of the required materials. The full contract is expected to be signed within a few days. Additionally, we are gaining traction with new long-term service agreements (LTSAs) and other service activities. This is one key area of growth.

Moving to new-build projects, I'd like to highlight one significant achievement: the Rainey Station project in South Carolina, USA. This is a 200 MW turbine for a combined cycle application and represents another step in strengthening our position in the US market. What is particularly noteworthy is that we won this project in an open competition, without the involvement of our sister company. The contract, valued at over 700 million CZK, has been signed, is effective, and is currently under full execution. This is our largest project this year.

In addition to these, we've secured some other orders, including condensers for a project in the Dominican Republic and several smaller orders.

In addition to these projects, I'd like to provide clarification regarding the Temelín generator project, as we have received numerous questions following its mention in the press. To clarify, this project involves the replacement of two electric generators—not steam generators, which are part of the nuclear island. These electric generators are driven by the steam turbines we delivered earlier. ČEZ has decided to replace the generators primarily to extend the lifetime of the power plant and to accommodate the increased power output of the reactor as well as improvements to the turbine's efficiency. The existing generators have reached their maximum capacity, so the new ones will be designed with some reserve capacity to support further upgrades and efficiency improvements at the plant. Currently, the power output of the plant has been increased from its original design capacity of 1,000 MW to 1,100 MW, with additional potential for further increase. The new generators will ensure the plant has sufficient capacity to handle these improvements while providing some reserve capacity for future upgrades. The contract has been signed, and the generators will be manufactured by our parent company, Doosan Enerbility, in Korea. It's worth clarifying that this project is unrelated to our ongoing initiative to transfer generator technology to our Pilsen factory, which focuses on air-cooled generators. The Temelín generators, however, are large, hydrogen-cooled units, and at this time, we do not plan to transfer that specific technology to our factory. For this project, Doosan Enerbility will serve as our main subcontractor, manufacturing and delivering the generators. The first generator replacement is scheduled for 2029, and the second for 2030.

We are optimistic that this project will lead to further orders from ČEZ, particularly for turbines, to fully leverage the potential of the new generators. Combined with our service activities, the Rainey Station project, and other initiatives I've mentioned, our current year-to-date (YTD) order intake has exceeded 7.5 billion CZK.

As of now, our year-to-date performance is approximately 10–15% higher compared to last year. This brings me to the second question, which is related to the Dukovany project.

As you are aware, the EPC contract has been signed and is now fully effective. KHNP has already begun executing the contract. Currently, there are intensive discussions between KHNP, Doosan, and Doosan Enerbility regarding the signature of the contract for the steam turbine generator set. This contract will subsequently be followed by a subcontract between Doosan Enerbility and Škoda Power. Doosan is aiming to finalize the contract within this year. However, at this moment, it's difficult to confirm whether the turbine contract will also be signed this year or early next year.

In addition to the turbines for the Dukovany project, we are also in discussions with KHNP and Doosan Enerbility for the supply of additional equipment within the turbine island machinehall. This includes components such as condensers, heaters, feedwater pump turbines, and other features within the turbine hall. While these

discussions are progressing, we expect that the contracts for this additional equipment will take slightly longer and will likely be signed next year.

Addressing the next question regarding no OEM retrofits: we have identified several promising projects. For instance, we've had productive meetings with customers in Kazakhstan who operate a large fleet of LMZ machines. Together with our parent company, we are exploring potential investments in Kazakhstan to modernize these installations. Similarly, we are closely monitoring other European installations with LMZ turbines.

In terms of other non-OEM projects, we are currently executing the Altura project in Houston, United States. This involves the replacement of a GE D11 turbine. The critical phase of the project is set to begin next week, and we aim to complete the turbine replacement within a period of 70 days. This project is a significant milestone for us, as its outcome will greatly influence our future activities in the U.S. market. There are dozens of similar GE turbines that require modernization, and we believe that success with the Altura project will open the door to many more opportunities in this space.

Jiří Krupka, Head of Legal & Business Integrity Dept.

I believe, Oleg, that the response was sufficient. If there are additional details you'd like us to address, please let us know.

In the meantime, I'd like to use this opportunity to distribute the questions more evenly among the team. Peter, please go ahead with your question.

Peter Palovic, WOOD & Co.

Good morning, everyone, and thank you for the opportunity to join this call. Congratulations on the results so far.

I'd like to dive deeper into the backlog. Based on my calculations, it seems that only 0.5 billion Czech crowns in contracts were signed during the second quarter. Could you provide more insight into what happened during this period?

For comparison, I've noticed that companies like Siemens Energy and GE Vernova are experiencing a significant increase in their backlogs. Was this just a one-off quarter for you, or are there specific factors in the steam turbine market that might be contributing to slower demand?

Thank you.

Jiří Krupka, Head of Legal & Business Integrity Dept.

OK, thank you for the question, Peter.

Daniel Procházka, COO & Sales Director

Peter, we're not sure how you arrived at the figure of 0.5 billion, as the actual number for new orders in the first and second quarters combined is 1.9 billion Czech crowns.

Jiří Krupka, Head of Legal & Business Integrity Dept.

It's a bit challenging to address this directly without understanding the methodology you used to calculate your figure. Of course, this is a management-reported number, and it might be helpful to have a discussion to better align on how these numbers were derived. We believe there is a clear and accurate explanation for the figures, but it may come down to differences in interpretation or methodology.

If you have any specific follow-up questions or require clarification, please let us know, as it's difficult to respond properly without further details. We're happy to address any other points you'd like to raise.

Peter Palovic, WOOD & Co.

Of course.

Daniel Procházka, COO & Sales Director

Second answer was what's happening in the market right now? You mentioned that Siemens and GE are increasing their backlogs, which is true. Similarly, if we look at our year-to-date (YTD) figures, we are doing the same. However, it's important to note that GE and Siemens are primarily growing their backlogs in the gas turbine segment, particularly with gas turbine orders.

Peter Palovic, WOOD & Co.

And is it taking you like the market check from you from the steam turbine market basically or it is not?

Daniel Procházka, COO & Sales Director

These are two independent products. As you may know, DE is also active in the gas turbine business, and they are currently discussing large orders due to the booming gas turbine market. However, this has little connection to the steam turbine business.

Jiří Krupka, Head of Legal & Business Integrity Dept.

I can see there might be other questions. Perhaps we should circle back to Oleg because, even though we provided a comprehensive answer, I'm not entirely sure if it was sufficient. Hopefully, it was.

You mentioned that there are many questions, so perhaps you could ask another one before we smoothly go directly to Milan. Oleg, please go ahead with your next question.

Oleg Galbur, ODDO BHF Austria Branch

Yes, thank you very much. I do have quite a few questions, but of course, I don't want to dominate the discussion. It's great that you're alternating between analysts to ensure everyone gets a chance to participate. That said, I'd like to follow up on the order backlog. I understand there may be limitations on how much information you can share at this stage, but I'll ask, and you can let me know what you're able to disclose.

Could you provide more details on the magnitude of orders expected from the Temelín and Dukovany projects? That would be my first follow-up question.

Secondly, and very importantly, your management report mentions the strong outlook and high potential of the domestic market in the Czech Republic for your business, which we fully agree with. Could you elaborate on this further? Specifically, could you help us understand the addressable market in the Czech Republic, particularly in light of ČEZ's high CapEx program aimed at phasing out coal-based generation?

This additional context would help us better assess the growth potential of the domestic market, particularly for the steam turbine business. Those are my follow-up questions regarding the backlog.

Jiří Krupka, Head of Legal & Business Integrity Dept.

Very good. I believe Daniel already answered this, but I would suggest starting with the second question. It might be more relevant for the domestic market. Regarding the first question, the information about the total price for Temelin has been shared, but only in general terms, without specific details. So, let's proceed with what we can share, keeping in mind the regulatory requirements and disclaimers we've already mentioned.

Daniel Procházka, COO & Sales Director

To provide some context, the Temelín generator order is valued at approximately 5 billion Czech crowns (value is a combination of generator delivery and Services). As for the Dukovany project, estimating the total value is more challenging at this stage, as it depends heavily on the final scope of supply agreed upon with the customer. This is a long-term project, and delivery could range between 5 and 15 billion Czech crowns, depending on the finalized scope of work.

Additionally, in later stages, we anticipate our involvement in installation and commissioning activities. However, given the extended timeline of the project, which spans roughly 10 years, it's difficult to provide precise figures at this point.

That said, the steam turbine contract for Dukovany has already been awarded to us, and we are currently awaiting the formal signing of the contract.

Oleg Galbur, ODDO BHF Austria Branch

So, when it comes to steam turbines and generators, we're talking about approximately 5 billion Czech crowns. Is that correct?

Daniel Procházka, COO & Sales Director

Well, it depends on what the final scope will be. And yes, excluding the generator—that's an important distinction. I mentioned the steam turbine generator contract because this is the agreement between KHNP and DE. However, DE is responsible for delivering the generators, while the turbines will be supplied by us to DE.

Oleg Galbur, ODDO BHF Austria Branch

Understood. Thank you.

Daniel Procházka, COO & Sales Director

The second question was related to our domestic market. Currently, we are following several interesting opportunities. One of the largest players in the market, EPH, is in the process of tendering a replacement for the turbine at their Opatovice power plant. We should have the results of the tender process quite soon. This is a large project—previously, we completed Unit 3 and Unit 5 at the same power plant, with each project valued at approximately 500 to 600 million Czech crowns. We are now waiting for the outcome of the current tender.

You also mentioned ČEZ. It's true that ČEZ is now preparing for a tender for the third phase of the Mělník combined cycle power plant. The total power output of the complete plant is expected to be between 600 and 700 MW, with the steam turbine contributing around 200 to 250 MW. The pre-qualification process is ongoing, and we are in discussions with potential partners to determine who we will team up with, as well as which gas turbine supplier we will support.

In addition, there are other opportunities in the Czech Republic. For example, in Pilsen, EPH is planning to replace their existing coal-fired facility with combined cycle power plant. They have already purchased the gas turbine for the project, and we are currently discussing the remaining scope of work.

Aside from these larger projects, there are also smaller opportunities, such as waste incineration plants with outputs ranging from 5 to 15 MW. These projects are still in an early stage, but they represent additional potential for us.

So, in summary, the Czech market offers several promising opportunities across various scales.

Oleg Galbur, ODDO BHF Austria Branch

Thank you very much for that. Just a quick follow-up, as this is an important point when communicating with investors. Some of them have a feeling that Doosan Škoda as primarily a domestic player rather than an international one, especially in light of the two recent large orders signed for the nuclear power plant.

Perhaps you could also elaborate on the opportunities outside the Czech Republic, and particularly outside the CEE region, which I would consider your core market. This would help address any misconceptions and highlight your global potential.

Daniel Procházka, COO & Sales Director

Not exactly. Let me clarify this point. If we look at the projects over the past 10 to 15 years, approximately 80% of our turnover has come from export projects, while only 20% has been generated from the domestic market. So, it's not entirely accurate to say that we are heavily reliant on the Czech market—it's quite the opposite.

Yes, we are involved in the Dukovany project, which is indeed a significant undertaking, but it takes 15 years. Therefore, the actual impact on our turnover over the next 10 to 15 years is minimal in the broader context. Our business is very much driven by international markets.

Additionally, I'd like to correct the notion that we primarily focus on the Central European region. While we do have activity in Central Europe, including Poland, and some projects in Northern Europe (e.g., Sweden and Finland) and Western Europe (e.g., France), a significant number of our projects actually come from outside Europe. We are active in markets such as Saudi Arabia, the United States, Africa, and Korea, to name a few. So, while we maintain a presence in Central Europe, our scope is much broader, with many projects coming from overseas.

Jiří Krupka, Head of Legal & Business Integrity Dept.

Thank you. With that clarification, I believe it's now time for Milan from JT Bank. Milan, please go ahead.

Lávička Milan, Senior Analyst J&T Bank

Hi, thank you for taking my question.

Jiří Krupka, Head of Legal & Business Integrity Dept.

We're excited to go from the beginning, you know.

Lávička Milan, Senior Analyst J&T Bank

Can you hear me?

Jiří Krupka, Head of Legal & Business Integrity Dept.

Yes, please go ahead.

Lávička Milan, Senior Analyst J&T Bank

Thank you for taking my question. I have just one question. During the IPO process, a forecast was presented indicating an average revenue growth of 15–19% in the medium term, along with an EBITDA margin growth exceeding 15%.

Could you please confirm if this forecast is still valid, or provide an update based on recent developments?

Thank you.

Mr. Youngki Lim, CEO

Alright, let me clarify. Of course, during our IPO, we presented our guidance, and we remain committed to achieving that guidance over the long term. However, for this year specifically, if we look at the numbers, particularly for revenue, while we expect some growth compared to last year, it may come in slightly below our initial guidance in this year.

Similarly, the margin is also expected to be a bit lower than the forecast for this year. One of the reasons for this is that we expected contract for Dukovany for the project could have been secured earlier this year, which would have contributed more revenue and positively impacted our margins. However, due to strong competition and delays in finalizing the contracts, we've experienced a shift in the timeline for revenue recognition and its contribution to the margin.

I believe, as the CEO of the company, I firmly believe that starting next year, we will be able to catch up and align more closely with the guidance we presented in our prospectus.

Does this explanation address your question?

Lávička Milan, Senior Analyst J&T Bank

Basically, yes. Thank you.

Jiří Krupka, Head of Legal & Business Integrity Dept.

Thank you. OK, very good. So, I can see our next question from the better Peter. Peter, go ahead.

Peter Palovic, WOOD & Co.

Thank you very much for taking the question. I would like to go back to the backlog. Specifically, regarding the figure of 7.5 billion Czech crowns that you provided for the order intake, is it year-to-date?

Ladislav Rys, Head of Strategy

Yes

Peter Palovic, WOOD & Co.

Yes, and excluding this 5 billion for Temelin generators, the order intake would amount to approximately 2.5 billion, correct?

Ladislav Rys, Head of Strategy

Yes, that's correct.

Peter Palovic, WOOD & Co.

OK, I just wanted to clarify that. Thank you. My question is regarding your dividend policy, which specifies a minimum payout of 70% of last year's net profit.

What I find a bit confusing is that the dividend for 2024 was paid based on the net profit calculated using Czech accounting standards. What should be expected in the coming years? Will it be based on the IFRS net profit, or could you clarify the current dividend policy, please?

Jiří Krupka, Head of Legal & Business Integrity Dept.

Yes, I'll hand over to Jiří Jindra. I believe we tried to explain this during the general meeting, but let me clarify and repeat the company's position and the legal framework.

Jiří Jindra, Head of Finance Operations Dept.

You are right. For 2024, we did not have another option than to distribute dividends based on Czech GAAP, as it was the statutory reporting standard used for that year. However, starting from January 1, 2025, the company has adopted IFRS as the statutory reporting standard, in accordance with the Czech Accounting Act. From 2025 onwards, IFRS will serve as the basis for statutory reporting, dividend distribution, and all other measures provided on behalf of the company.

Peter Palovic, WOOD & Co.

Thank you very much.

Jiří Krupka, Head of Legal & Business Integrity Dept.

OK, good. So next question, let's go back to Oleg. He's still on his list. So hopefully we are at the end of half at least. So please Oleg, go ahead.

Oleg Galbur, ODDO BHF Austria Branch

Thank you very much. Let's switch topics a bit. I'd like to discuss CapEx. Referring back to the prospectus, I recall that the medium-term guidance for annual CapEx was in the range of 275 to 375 million Czech crowns, if I remember correctly.

However, we observed that spending in the first half of this year was only marginally above last year's spending for the same period. At the same time, you mentioned that the full-year CapEx would be around 200 million Czech crowns, if I understood correctly.

Could you please clarify what we should expect for the second half of this year and beyond? Will the guidance from the prospectus remain unchanged, or is there a possibility of delays? What should we anticipate in this regard? Thank you.

Jiří Jindra, Head of Finance Operations Dept.

I believe the answer is quite similar to what Mr. Lim provided regarding the full-year expectations for revenues and EBITDA. For 2025, the full-year CapEx is expected to be around 200 million Czech crowns, and we could even approach the lower level of the indicated range.

The selection of suppliers for specific investment items is still ongoing, and we are confident that in the coming years, we will catch up and align with the levels as previously indicated. Additionally, I would like to mention that the parent company have made commitments and announcements in this regard, which further supports our expectations.

Oleg Galbur, ODDO BHF Austria Branch

Understood.

Mr. Youngki Lim, CEO

Our parent company DE – they announced transferring technology to power our future more effectively. The CapEx plan submitted in the prospectus was originally based on our strategy for renewing existing equipment and machines and implementing improvements to enhance the efficiency of steam turbines.

However, after further review and discussions with our parent company, we received proposals suggesting that some machines could be utilized for both steam turbines and other types of turbines. As a result, we need to

carefully evaluate and decide which types of machines would be suitable for both applications. This has caused some delays, as we are currently in the process of developing a roadmap to determine the appropriate technology and approach for transferring this work to our company.

Once this roadmap is finalized and the decisions regarding the machinery are made, we will revise our CapEx plan accordingly. That being said, we believe that our updated CapEx plan will remain aligned with the guidance provided in the prospectus. We kindly ask for some additional time to refine our strategy, improve efficiencies, and enhance profitability moving forward.

Oleg Galbur, ODDO BHF Austria Branch

Thank you.

Jiří Krupka, Head of Legal & Business Integrity Dept.

OK, good. So, I can't see no further hands. So please, there is a time. So, maybe wrong, wrong call from my side. OK. Peter, go ahead.

Peter Palovic, WOOD & Co.

Thank you very much. I'd like to make the most of this time, so I have one more question. In your financial statements, you highlighted the 2025 guidance, which indicated that EBIT or EBITDA should be higher compared to 2024.

Do you have any indication, target range, or specific expectations for revenue growth or EBITDA for this year?

Jiří Krupka, Head of Legal & Business Integrity Dept.

You know, for me, looking back at our past discussions, it's clear that providing specific indications can be quite tricky. I believe the team has always strived to share as much information as possible, including comparisons to last year and references to the prospectus, while also considering current market dynamics, as Mr. Lim and Daniel have explained.

It's challenging to provide a precise prediction or indication without the risk of being slightly misleading or making definitive statements. Perhaps it would be helpful to rephrase the question and focus more on the business itself — what is happening within the company, the opportunities we see, and how we view the current market environment. That might be a fairer way for us to provide you with comprehensive insights without overcommitting to any specific forecast.

This approach would allow you to make your own assessment of the market, our position, and how to guide investors accordingly. If you're looking for more detailed information, we might need additional time to consider and respond appropriately. For now, though, we would appreciate if the question could be adjusted to avoid pushing for a firm commitment. Thank you.

Peter Palovic, WOOD & Co.

OK. fair enough. I understand. I understand. OK, let me take some time.

Jiří Krupka, Head of Legal & Business Integrity Dept.

Let's take a few minutes to reflect on this, and then we can return to Oleg. I promise we'll circle back to this topic later. For now, let's discuss some other questions since we still have time. I believe it's fair to have a broader discussion about the business—what's happening, the opportunities we see, and how we can realize the potential in the current environment.

We'd like to share some insights from our perspective as the team running the business, especially since we understand that the energy sector is complex and challenging. It's worth discussing these aspects to give you a clearer understanding of our approach and thought process.

So, Oleg, if you have another question from your list, please go ahead.

Oleg Galbur, ODDO BHF Austria Branch

Thank you. I have two short questions this time.

First, regarding the income tax expense booked in the first half of this year—it was significantly lower year-over-year, yet the cash flow still reflects a comparable level of tax expense. Could you elaborate on this? More importantly, could you help us understand what we should expect as the effective income tax rate for the full year of 2025?

Second, on the topic of working capital evolution, now that you are handling these large-size orders, what should we expect in terms of working capital? Will it expand along with revenue growth, or, given the structure of these contracts and the potential for advance payments, could working capital growth be more limited?

As a reference, historically working capital was around 20% of revenues. Should we still consider this a reliable benchmark or expect a different trend? Thank you.

Jiří Jindra, Head of Finance Operations Dept.

Let me answer these two questions.

Regarding income tax, you are correct that the reported amount is lower. This is due to several factors. One of them is the different treatment of IPO-related costs under Czech GAAP versus IFRS. Under IFRS, these costs are recognized as a decrease in equity compared to expense under Czech GAAP. Another factor is that the computed due tax liability is balanced by a decrease in deferred tax in the IFRS books. Overall, for the full year, we expect the effective tax rate to be slightly below the statutory rate. I would estimate it to fall in the range of 15% to 20% effective tax rate. As for working capital, you are correct that we expect to receive some advances before the year-end. However, it is also anticipated that advances will need to be provided to our suppliers. As a result, we do not expect any significant changes in the level of working capital compared to previous periods. Historically, it has been around 20% or slightly above 20% of annual revenues, and we expect it to remain at a similar level.

Oleg Galbur, ODDO BHF Austria Branch

Thank you, that's very helpful. I also have some questions regarding how the working capital is calculated, as I've had some difficulty reconciling your numbers with the balance sheet. However, I'll follow up with the IR team directly to avoid taking up time on this call with this topic.

Jiří Krupka, Head of Legal & Business Integrity Dept.

Please let's avoid discussing the methodology, as it tends to be a complex topic. Instead, let's move on—feel free to ask any other questions you may have. We still have time, so let's make the most of it. If you think it would be helpful, we can have a discussion and provide concise answers to your questions. Peter, as promised, I'll return to you shortly.

Peter Palovic, WOOD & Co.

Thank you. I have a very general question. You've already shared some insights about potential contracts, but my question is more about the current state of the steam turbine market in Europe.

Specifically, where does Doosan Škoda Power currently stand in both the European and global markets? Are we still in an upward investment cycle that began in 2021, or has the trend shifted?

Thank you.

Daniel Procházka, COO & Sales Director

Let me answer this.

Specifically in the European market, the size of turbines and plants tends to be smaller compared to other regions. Around 75% of the projects in the last 10 years have been below 50 MW. This reflects a diversification of smaller projects such as waste incineration programs, biomass-fired projects, and others. However, there are also larger projects, particularly for combined cycle plants, which we are actively pursuing.

Overall, the European market is quite stable. While I don't have the exact data in front of me, the market size is approximately 1 to 2 GW annually. This stability is supported by opportunities arising from the coal phase-out across many markets, including the Czech Republic. For example, companies like EPH and Veolia are transitioning away from coal, particularly in regions like North Moravia, where Veolia has a significant coal-fired base for heat supply. We expect a number of projects to emerge from this transition, likely focusing on gas as the main energy source, but also incorporating alternatives such as waste incineration.

On a global scale, while Europe focuses on smaller units, we are seeing a significant number of large-scale projects in regions like the Middle East and the United States. In the U.S., the expansion of gas-fired power plants and the development of shale gas programs are driving growth. A key driver for future demand in the U.S. will be data centers, which are creating a substantial need for energy. Currently, this demand is being met primarily by gas-fired power plants, but the expectation is that over time, these data centers will transition to alternative sources, such as small modular reactors (SMRs) or other innovative technologies, with gas serving as a backup. The demand for these projects is high, and time-to-market is critical, often outweighing price considerations. For example, whoever can deliver a gas turbine first is typically awarded the project. This trend is evident with companies like GE and Doosan, as availability plays a decisive role.

Additionally, as our CEO has emphasized, this presents a significant opportunity for us because gas turbines are often coupled with steam turbines. This is particularly relevant for the projects Doosan is developing in the United States, where the integration of gas and steam turbines is a key part of the energy strategy.

So, in summary, Europe remains stable with smaller projects and new opportunities from coal phase-outs, while globally, the U.S. and Middle East are seeing growth driven by large-scale projects and rising demand in sectors like data centers. It should be delivered together with the Škoda steam turbine.

Peter Palovic, WOOD & Co.

Thank you very much.

Jiří Krupka, Head of Legal & Business Integrity Dept.

So, yes, I believe that was a fairly comprehensive answer regarding the current state of the market. I see that Oleg has raised his hand—please go ahead, Oleg.

Oleg Galbur, ODDO BHF Austria Branch

Yes, thank you. I have a quick follow-up on what was just mentioned about the U.S. market. Is the U.S. tax strategy, in any way, impacting your business or the business of your parent company?

Jiří Krupka, Head of Legal & Business Integrity Dept.

You mean customs, correct?

Oleg Galbur, ODDO BHF Austria Branch

Yes, exactly. Yes, of course.

Mr. Youngki Lim, CEO

What I mean is that no manufacturer in the United States can fully produce a turbine domestically. To comment briefly, the reality is that most machines and turbines need to be imported into the U.S. from other regions, including Europe, Japan, India, or Korea.

If we consider the costs specifically for the U.S., all the machines must be imported. From this perspective, I believe that Doosan Škoda Power could even benefit, as the import duties or restrictions for the EU are comparatively lower than for countries like India or Korea. Therefore, I don't foresee this having a significant impact on our business.

Oleg Galbur, ODDO BHF Austria Branch

Thank you very much. Returning to the market discussion— you mentioned that Doosan Škoda is aiming to become more active in the service area. Services, as we know, typically generate higher-margin revenues.

I was wondering, where do you see the share of service revenues going forward compared to the approximately 20% average of recent years? This is particularly in light of your strategy to take on more projects or projects with a higher service component.

We've also received feedback from some investors who have compared you to Siemens Energy, which reportedly has a service revenue share of almost 40%. Does this suggest there is significant room for growth for you, or are we simply comparing apples to oranges in this case? Thank you.

Daniel Procházka, COO & Sales Director

Over the past four to five years, we have been steadily increasing the share of service revenues in our overall revenue mix. You mentioned 20%, and while we'll see how things develop, our current ambition is to have one-third of our revenues generated from service activities.

To achieve this, our approach includes two key strategies:

1. Ensuring that every new unit we deliver is offered with a long-term service agreement (LTSA).
2. Expanding in the non-OEM service market, where we see significant opportunities. For example, in the United States, we believe we can be highly competitive, which is why the Altura project is particularly important for us as we focus on executing it successfully.

In addition, we see potential in servicing turbines from other manufacturers, such as LMZ or Siemens. While it remains to be seen how this will develop, we are optimistic about the opportunities in this space.

In summary, our ambition is to grow service revenues to account for one-third of our total turnover.

Oleg Galbur, ODDO BHF Austria Branch

Thank you, that's a good answer. I appreciate it. Regarding long-term service agreements, it was mentioned that the number increased by 5% in the first half of the year. Is that correct? Could you tell us how many long-term service agreements you have in total, either as of the end of the first half or as of today?

Ladislav Rys, Head of Strategy

Let me answer this one. The increase of 5 new long-term service agreements (LTSAs) refers to a year-over-year comparison with the status at the end of first half of the last year. This year, we have secured 2 additional LTSA contracts so far, bringing the total to 30 agreements as of now.

Oleg Galbur, ODDO BHF Austria Branch

OK. Thank you.

Jiří Krupka, Head of Legal & Business Integrity Dept.

OK. So it seems from my side at least that there is no. OK, there is a question. Peter, please go ahead.

Peter Palovic, WOOD & Co.

I promise last one from me

Jiří Krupka, Head of Legal & Business Integrity Dept.

OK, then you have to keep.

Peter Palovic, WOOD & Co.

Let me clarify. Going back to the backlog and just to confirm my calculations—looking at the third quarter line right now, excluding the Temelin project, the year-to-date order intake stands at approximately 2.5 billion Czech crowns.

In the first half of the year, specifically regarding order intake, this would suggest that, excluding the Temelin project, the order intake for the first quarter was roughly 0.6 billion CZK. Would you say this is an accurate indication? I am trying to understand, you know order intake and book to bill ratio based on the quarterly basis, based on the quarterly basis, whether it's still about 1 or not. And I am excluding the mailing project because it's the big one and the revenues, I believe the majority of the revenues will likely materialize in 2029 or 2030, possibly starting as early as 2028. What I'm focusing on, however, is the midterm let's say the midterm dynamic.

Daniel Procházka, COO & Sales Director

Your calculation isn't entirely wrong, but it's not fully accurate either. However, I wouldn't comment further until the end of the third quarter, as we currently have several important and large-scale projects where decisions are expected to be made within the coming days—if not hours. I would suggest revisiting this question once those decisions have been finalized.

Peter Palovic, WOOD & Co.

Of course. Thank you very much.

Daniel Procházka, COO & Sales Director

We not only have the ambition, but we are also hopeful that we will be successful and achieve significant results.

Peter Palovic, WOOD & Co.

Thank you.

Jiří Krupka, Head of Legal & Business Integrity Dept.

Alright, so no promises then, right? It seems there are no further questions at this moment. To me, this has been a very fruitful call with a great discussion. I'd like to thank you all for your questions —they're a good signal to us that you care and are eager to receive as much information as possible, which is greatly appreciated. Now, I'd like to hand it over to Mr. Lim for a few closing words. Mr. Lim, please go ahead.

Mr. Youngki Lim, CEO

Thank you, gentlemen, for your valuable time today. I'd like to start by apologizing, as this was our first conference following our IPO. During the preparation, we faced some challenges in setting up a proper timeline and ensuring everything was in order. I'm not sure if you're fully satisfied with the materials we presented today, but I promise that next time, we will do much better. We are committed to providing you with as much information as possible moving forward.

I also want to comment on our stock price, which, as of today, is close to 460CZK. During the IPO, I told the chairman of the Doosan Group that I wish to demonstrate a doubled stock price this year. We are only 20 crowns away, for example, from reaching that goal. We aim to give you a clearer understanding of our progress.

To provide you with a more tangible perspective, I'd like to extend an invitation to you and other analysts to visit our company. You'll have the opportunity to take a shop tour, see our manufacturing processes firsthand, and better understand what we are doing. If it's not possible this year, we'd be happy to arrange it next year.

Jiří Krupka, Head of Legal & Business Integrity Dept.

Let this be my strong closing message: you are always welcome to visit, and we look forward to hosting you. Once again, thank you all for your time and availability. It was a pleasure to have this discussion, and with that, I believe we can now conclude the call. And of course, if you have any further questions, our IR team is always available to assist you. Please feel free to reach out with any additional inquiries. We also look forward to welcoming you to our company for a shop tour in the near future.

Thank you once again for your time, and I wish you all a wonderful weekend. Thank you!

Thank you.

Thank you. Bye.

Thank you.

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