

Doosan Škoda Power s.r.o.

**INDEPENDENT AUDITOR'S REPORT
ON THE CONSOLIDATED
FINANCIAL STATEMENTS**

AS OF 31 DECEMBER 2023

INDEPENDENT AUDITOR'S REPORT

To the Partner of
Doosan Škoda Power s.r.o.

Having its registered office at: Tylova 1/57, Jižní Předměstí, 301 00 Plzeň

Opinion

We have audited the accompanying consolidated financial statements of Doosan Škoda Power s.r.o. and its subsidiary (the "Group") prepared on the basis of IFRS Accounting Standards as adopted by the European Union, which comprise the consolidated statement of financial position as at 31 December 2023, 31 December 2022 and 31 December 2021, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023, 31 December 2022 and 31 December 2021, and of its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with IFRS Accounting Standards as adopted by the European Union.

Basis for Opinion

We conducted our audit in accordance with the Act on Auditors and Auditing Standards of the Chamber of Auditors of the Czech Republic, which are International Standards on Auditing (ISAs), as amended by the related application guidelines. Our responsibilities under this law and regulation are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the Act on Auditors and the Code of Ethics adopted by the Chamber of Auditors of the Czech Republic and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Company's Statutory Executives for the Consolidated Financial Statements

The Statutory Executives are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards as adopted by the European Union and for such internal control as the Statutory Executives determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Statutory Executives are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Statutory Executives either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the above law or regulation, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Statutory Executives.
- Conclude on the appropriateness of the Statutory Executives' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Statutory Executives regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

In Prague on 10 September 2024

Audit firm:

Deloitte Audit s.r.o.
registration no. 079



Statutory auditor:

Lukáš Pytlíček
registration no. 2460



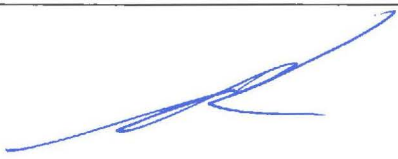

**CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

Name of the Company: Doosan Škoda Power s.r.o.
Registered Office: Tylova 1/57, Jižní Předměstí, 301 00 Plzeň
Legal Status: Limited Liability Company
Corporate ID: 491 93 864

Components of the Consolidated Financial Statements:


Consolidated Balance Sheet
Consolidated Profit and Loss Account
Consolidated Statement of Changes in Equity
Consolidated Cash Flow Statement
Notes to the Consolidated Financial Statements

These consolidated financial statements were prepared on 10 September 2024.

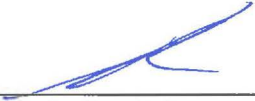
Statutory body of the reporting entity:	Signature
Sanghoun Park Statutory representative and CFO	
Youngki Lim Statutory representative	

Doosan Škoda Power s.r.o.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 31 December 2023, 31 December 2022 AND 31 December 2021
IFRS Accounting Standards as adopted by the European Union
(in thousands of Czech crowns)

	Note	31.12.2023	31.12.2022	31.12.2021
ASSETS		8 875 418	9 504 879	8 978 379
Property, plant and equipment	9	1 315 920	1 343 952	1 460 712
Intangible assets	8	1 260 948	1 222 709	1 196 333
Deferred tax assets	13	2 538	3 335	3 339
Non-current financial derivatives	25	12 692	30 216	3 575
Non-current receivables	5	134 093	50 044	25 403
Total non-current assets		2 726 191	2 650 256	2 689 362
Inventories	7	133 319	113 018	118 115
Trade receivables	5	1 423 651	1 123 458	843 583
Other assets	5	41 396	70 058	98 977
Contract assets	6	1 338 578	1 183 581	1 290 155
Current tax assets	13	--	--	115 501
Short term financial instruments and loans	23	1 050 000	2 780 000	1 280 000
Financial derivatives	25	36 379	103 001	65 148
Cash and cash equivalents	4	2 125 904	1 481 507	2 477 538
Total current assets		6 149 227	6 854 623	6 289 017
EQUITY AND LIABILITIES		8 875 418	9 504 879	8 978 379
Share capital		3 298 345	3 298 345	3 298 345
Statutory and other reserves		329 835	329 835	329 835
Revaluation of assets	15	65 128	30 889	30 889
Revaluation of hedging reserves	25	13 623	74 103	13 493
Translation reserves		-16 064	-14 298	-7 417
Retained earnings		2 237 106	3 873 152	3 547 361
Total equity		5 927 973	7 592 026	7 212 506
Deferred tax liabilities	13	92 583	62 000	69 167
Non-current provisions	14	49 419	38 283	33 851
Non-current financial derivatives	25	24 470	169	19 741
Other non-current liabilities	11	21 659	24 866	15 059
Total non-current liabilities		188 131	125 318	137 818
Trade payables	10	890 887	702 875	709 494
Other liabilities	10	307 067	169 174	96 845
Contract liabilities	6	1 298 753	625 590	585 765
Income tax payable	13	86 807	68 916	--
Current provisions	14	143 988	220 980	224 334
Current financial derivatives	25	31 812	--	11 617
Total current liabilities		2 759 314	1 787 535	1 628 055



 Youngki Lim
 Statutory representative



 Sanghoun Park
 Statutory representative


10.09.2024

 Date


The statement of financial position is to be read in conjunction with the notes to and forming part of the financial statements.

Doosan Škoda Power s.r.o.
CONSOLIDATED INCOME STATEMENT FOR 2023, 2022 AND 2021
IFRS Accounting Standards as adopted by the European Union
(in thousands of Czech crowns)

	Note	2023	2022	2021
Revenues from goods, products and services	16	4 787 917	4 060 940	3 520 533
Other revenues	16	22 846	51 833	25 794
Revenues		4 810 763	4 112 773	3 546 327
Raw materials and consumables used		-3 359 850	-2 731 204	-2 406 435
Changes in stocks of finished production		-71	114	-8
Own work capitalized		72 545	64 999	67 008
Personnel expenses	18	-1 021 735	-995 188	-833 784
Depreciation and amortization	8, 9	-165 831	-181 527	-234 171
Other operating expenses	19	-89 440	-63 071	-73 349
Other gains and losses	20	236 645	253 665	174 559
Operating expenses		-4 327 737	-3 652 212	-3 306 180
Profit/loss from disposal of non-current assets and material		2	3 822	-8 111
Operating profit		483 028	464 383	232 036
Revenue from investments		--	--	--
Financial income	22	293 801	342 503	309 651
Financial costs	22	-26 778	-76 686	-322 565
Profit before income tax		750 051	730 200	219 122
Income tax expense	13	-190 707	-154 409	-29 828
Profit for the period		559 344	575 791	189 294



 Youngki Lim
 Statutory representative



 Sanghoun Park
 Statutory representative


10.09.2024

 Date

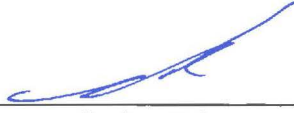
The income statement is to be read in conjunction with the notes to and forming part of the financial statements.

Doosan Škoda Power s.r.o.
CONSOLIDATED CASH FLOW STATEMENT FOR 2023, 2022 AND 2021
IFRS Accounting Standards as adopted by the European Union
(in thousands of Czech crowns)

	2023	2022	2021
Profit before tax	750 051	730 200	219 122
- Depreciation and amortization	165 831	181 527	234 171
- Profit/loss on disposal of non-current assets	-48	-3 815	5 315
- Impairment losses on current assets	-17 814	-76 218	-33 832
- Non-capitalized exchange rate differences	58 468	59 464	-28 494
- Interest paid, interest expenses and income and bank fees	-245 488	-280 218	-141 569
- Other non-cash operations	-96 229	-157 884	-19 218
- Creation and release of provisions	-65 725	1 576	-29 737
Total adjustments	-201 005	-275 568	-13 364
Cash flows from operating activities before changes in working capital	549 046	454 632	205 758
Change in inventories	-14 864	7 282	146 153
Change in trade and other receivables	-607 095	-19 810	224 937
Change in trade and other payables	1 132 542	326 520	336 924
Cash from operating activities	1 059 629	768 624	913 772
Interest received	61 896	24 499	1 920
Interest paid and bank fees	-9 244	-6 564	-7 164
Income tax paid	-131 880	21 668	-132 337
Net cash from operating activities	980 401	808 227	776 191
Acquisition of property, plant and equipment	-41 699	-27 699	-26 920
Acquisition of intangible assets	-72 339	-60 356	-57 950
Acquisition of financial investments	0	0	1 541 950
Loans provided - drawing	0	-2 300 000	-1 320 000
Proceeds from sale of property, plant and equipment	60	3 849	47
Loans provided - payoff	1 730 000	800 000	300 000
Interest received	240 522	46 163	118 537
Net cash from investing activities	1 856 544	-1 538 043	555 664
Paid dividends (including withholding tax)	-2 195 390	-250 014	-230 002
Net cash from financing activities	-2 195 390	-250 014	-230 002
Net increase/decrease in cash and cash equivalents	641 555	-979 830	1 101 853
Cash and cash equivalents at the beginning of period	1 481 507	2 477 538	1 382 573
FX gains/losses on cash and cash equivalents	2 842	-16 201	-6 888
Cash and cash equivalents at the end of the period	2 125 904	1 481 507	2 477 538



Youngki Lim
Statutory representative



Sanghoun Park
Statutory representative


10.09.2024

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.
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR 2023, 2022 AND 2021
IFRS Accounting Standards as adopted by the European Union
(in thousands of Czech crowns)

	Registered capital and share premium	Statutory and other reserves	Revaluation of assets	Revaluation of hedging reserves	Translation reserve	Retained earnings	Total equity
Balance as at 1 January 2021	3 298 345	329 835	23 713	8 950	-8 053	3 588 067	7 240 857
Changes in accounting methods	--	--	--	--	--	--	--
Adjustment to prior period data	--	--	--	--	--	--	--
Adjusted balance	3 298 345	329 835	23 713	8 950	-8 053	3 588 067	7 240 857
Profit for the period	--	--	--	--	--	189 294	189 294
Components of other comprehensive income	--	--	7 176	4 543	636	--	12 355
Total comprehensive income for the period	--	--	7 176	4 543	636	189 294	201 649
Transactions with owners							
Change in share capital	--	--	--	--	--	--	--
Dividends	--	--	--	--	--	-230 000	-230 000
Other contributions to share capital	--	--	--	--	--	--	--
Other equity transactions							
Distribution of equity outside owners	--	--	--	--	--	--	--
Transfer from other components of equity to retained profits	--	--	--	--	--	--	--
Transfer of retained profits to other components of equity	--	--	--	--	--	--	--
Balance as at 31 December 2021	3 298 345	329 835	30 889	13 493	-7 417	3 547 361	7 212 506
Balance as at 1 January 2022	3 298 345	329 835	30 889	13 493	-7 417	3 547 361	7 212 506
Changes in accounting methods	--	--	--	--	--	--	--
Adjustment to prior period data	--	--	--	--	--	--	--
Adjusted balance	3 298 345	329 835	30 889	13 493	-7 417	3 547 361	7 212 506
Profit for the period	--	--	--	--	--	575 791	575 791
Components of other comprehensive income	--	--	--	60 610	-6 882	--	53 729
Total comprehensive income for the period	--	--	--	60 610	-6 881	575 791	629 520
Transactions with owners							
Change in share capital	--	--	--	--	--	--	--
Dividends	--	--	--	--	--	-250 000	-250 000
Other contributions to share capital	--	--	--	--	--	--	--
Other equity transactions							
Distribution of equity outside owners	--	--	--	--	--	--	--
Transfer from other components of equity to retained profits	--	--	--	--	--	--	--
Transfer of retained profits to other components of equity	--	--	--	--	--	--	--
Balance as at 31 December 2022	3 298 345	329 835	30 889	74 103	-14 298	3 873 152	7 592 026
Balance as at 1 January 2023	3 298 345	329 835	30 889	74 103	-14 298	3 873 152	7 592 026
Changes in accounting methods	--	--	--	--	--	--	--
Adjustment to prior period data	--	--	--	--	--	--	--
Adjusted balance	3 298 345	329 835	30 889	74 103	-14 298	3 873 152	7 592 026
Profit for the period	--	--	--	--	--	559 344	559 344
Components of other comprehensive income	--	--	34 239	-60 480	-1 766	--	-28 007
Total comprehensive income for the period	--	--	34 239	-60 480	-1 766	559 344	531 337
Transactions with owners							
Change in share capital	--	--	--	--	--	--	--
Dividends	--	--	--	--	--	-2 195 390	-2 195 390
Other contributions to share capital	--	--	--	--	--	--	--
Other equity transactions							
Distribution of equity outside owners	--	--	--	--	--	--	--
Transfer from other components of equity to retained profits	--	--	--	--	--	--	--
Transfer of retained profits to other components of equity	--	--	--	--	--	--	--
Balance as at 31 December 2023	3 298 345	329 835	65 128	13 623	-16 064	2 237 106	5 927 973



 Youngki Lim
 Statutory representative



 Sanghoun Park
 Statutory representative

10.09.2024

 Date


The statement of changes in equity is to be read in conjunction with the notes to and forming part of the financial statements.

Doosan Škoda Power s.r.o.
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR 2023, 2022 AND 2021
IFRS Accounting Standards as adopted by the European Union
(in thousands of Czech crowns)

	2023	2022	2021
Profit for the accounting period	559 344	575 791	189 294
Other net comprehensive income	-28 007	53 729	12 355
Items that will not be reclassified subsequently to profit or loss:			
Increase/decrease in value of assets as a result of their revaluation	44 306	--	8 859
Deferred tax relating to items not reclassified	-10 067	--	-1 683
	34 239	--	7 176
Items that may be reclassified subsequently to profit or loss:			
Gains/losses on cash flow hedges	-74 241	74 827	5 609
Foreign currency translation differences for foreign operations	-1 766	-6 881	636
Deferred tax on items of other comprehensive income	13 761	-14 217	-1 066
	-62 246	53 729	5 179
Total comprehensive income for the accounting period	531 337	629 520	201 649



Youngki Lim
Statutory representative



Sanghoun Park
Statutory representative

10.09.2024
Date

The statement of comprehensive income is to be read in conjunction with the notes to and forming part of the financial statements.

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1. Description of the Group's activities

Establishment and description of the Group

Doosan Škoda Power s.r.o. ("the Company") was established by a Memorandum of Association as a limited liability company on 27 April 1993 and was recorded in the Commercial Register on 1 July 1993 in Pilsen.

The Company has only one not significant wholly owned subsidiary ŠKODA POWER Private Limited (the Subsidiary), the Company has voting control there. Together as "the Group".

The Company is a leading European manufacturer and supplier of the technological equipment and customer services in the field of power generation – a supplier of steam turbines to machine halls of ŠKODA design and of complex services for fossil power plants, cogeneration units, combined cycles, nuclear power plants, waste & biomass incineration plants and solar power plants.

Owners of the Company

The sole owner as at 31 December 2023 is Doosan Power Systems S.A. (Grand Duchy of Luxembourg). The ultimate parent is Doosan Co., Ltd (Korea).

Company registered office

Doosan Škoda Power s.r.o.
Tylova 1/57
301 28 Pilsen
Czech Republic

Identification number

491 93 864

The registered office of the Subsidiary:
ŠKODA POWER Private Limited
Siddhartha Chamber, Hauz Khas
New Delhi 110016
India

Changes in the Commercial Register

In 2023 there were no changes in the Commercial Register.

Organizational structure

The statutory body of the Company consists of four executives. Two of them are engaged in daily managing roles: one executive director acts as the Company's Chief Executive Officer, the second executive director acts as the Company's Chief Financial Officer. CFO as well as the Chief Operating Officer, the managers of HR, Turbogenerator Product, Execution, Corporate Strategy and Marketing are accountable directly to the CEO. The managers of Sales and Procurement are accountable to the COO.

Statutory executives as of 31 December 2023

Sukjoo Kang
Hongook Park
Sanghoun Park
Jeongtaek Lee

2. Basis of preparation of the financial statements

Statement of compliance

The financial statements were prepared in accordance with the IFRS Accounting Standards issued by the International Accounting Standards Board (IASB), as adopted by the European Union.

The financial statements were authorized for issue on 10 September 2024.

Consolidated financial statements

These statements are consolidated financial statements of the Group as defined by IFRS 10 Consolidated Financial Statements.

Application of IFRS 1

These financial statements are the first consolidated financial statements, which the Group compiled according to the IFRS Accounting standards adopted by the EU.

IFRS 1 requires an entity to reconcile equity, comprehensive income and cash flows for prior periods. The Company have not prepared in the previous years any consolidated financial statements, however it prepared and published separate financial statements according to IAS 27 Separate Financial Statements. Therefore, the reconciliation of the separate financial statements of the Company according to IFRS Accounting standards with the Group's financial statements according to IFRS Accounting standards as adopted by EU as of January 1, 2021 and December 31, 2023 is stated. The Company has only one not significant subsidiary ŠKODA POWER Private Limited.

Statement of Financial Position as at 31 December 2023:

TCZK	The Company separate IFRS	Reclassification adjustment*	Subsidiary and consolidation adjustments	IFRS consolidated
Total Assets	8 980 911	-211 519	106 026	8 875 418
Total Liabilities	3 145 509	-211 519	13 455	2 947 445
Total Equity	5 835 402	-	92 571	5 927 973

*Reclassification adjustment was related to netting of contract accruals with paid operational advances.

Statement of Financial Position as at 1 January 2021:

TCZK	The Company separate IFRS	Reclassification adjustment*	Subsidiary and consolidation adjustments	IFRS consolidated
Total Assets	8 886 060	-121 784	107 340	8 871 616
Total Liabilities	1 682 751	121 784	69 792	1 630 759
Total Equity	7 203 309		37 548	7 240 857

*Reclassification adjustment was related to netting of contract accruals with paid operational advances.

Income Statement for 2023:

TCZK	The Company separate IFRS	Reclassification adjustment*	Subsidiary and consolidation adjustments	IFRS consolidated
Revenues	4 689 933	106 829	14 001	4 810 763
Operating expenses	-4 217 817	-106 829	-3 091	-4 327 737
Net profit	546 855	-	12 489	559 344
Net comprehensive income	520 614	-	10 723	531 337

**Reclassification adjustment was related to change work in progress for short term projects spanning over the year end.

New and revised IFRS Accounting Standards in issue but not yet effective

At the date of authorisation of these financial statements, the Group has not applied the following revised IFRS Accounting Standards that have been issued by IASB but are not yet effective:

Standard	Title	Effective date
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to IAS 1	Classification of Liabilities as Current or Non-Current and Classification of Liabilities as Current or Non-Current - Deferral of Effective Date	1 January 2024
Amendments to IAS 1	Non-current Liabilities with Covenants	1 January 2024
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements.	1 January 2024

New and revised IFRS Accounting Standards in issue but not adopted by the EU

At present, IFRS accounting standards as adopted by the EU do not significantly differ from IFRS accounting standards adopted by the International Accounting Standards Board (IASB) except for the following new standards and amendments to the existing standards, which were not adopted by the EU as at date of authorisation of these financial statements:

Standard	Title	Effective date
IFRS 18	Presentation and Disclosures in Financial Statements (IASB effective date: 1 January 2027)	Not yet adopted by EU
(IASB effective date: 1 January 2027)	Subsidiaries without Public Accountability: Disclosure (IASB effective date: 1 January 2027) Voluntary use for eligible subsidiaries	Not yet adopted by EU
IFRS 19	Amendments to the Classification and Measurement of Financial Instruments (IASB effective date: 1 January 2026)	Not yet adopted by EU
(IASB effective date: 1 January 2027)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture and further amendments (effective date deferred by IASB indefinitely but earlier application permitted)	Endorsement process postponed indefinitely until the research project on the equity method has been concluded
Voluntary use for eligible subsidiaries	Annual Improvements to IFRS Accounting Standards - Volume 11 (IASB effective date: 1 January 2026)	Not yet adopted by EU
Amendments to IFRS 9 and IFRS 7	Lack of Exchangeability (IASB effective date: 1 January 2025)	Not yet adopted by EU

The Group does not expect that the adoption of the new standard and amendments to standards listed above will have a material impact on the financial statements of the Group in future periods.

The accounting policies set out in Note 3 have been applied in preparing the financial statements for the year ended 31 December 2023, the comparative information presented in these financial statements for the year ended 31 December 2022 and 2021 and in the preparation of an opening IFRS balance sheet as at 1 January 2021 (the Group's date of transition).

Going Concern

The Group has, at the time of approving the financial statements, a reasonable expectation that it has adequate resources to continue in operational existence for the foreseeable future. Thus it continues to adopt the going concern basis of accounting in preparing the financial statements.

Basis of measurement

The financial statements have been prepared on a historic cost basis, with the exception of financial assets and financial derivatives, which are valued at fair value. The fair value is determined on the basis of a market valuation or a qualified estimate.

Use of estimates, critical accounting judgments and key sources of estimation uncertainty

The preparation of financial statements in compliance with IFRS accounting standards adopted by EU requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both the current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Impairment of assets

The Group assesses the recoverable value of all assets when there are indicators of their impairment (with the exception of intangible assets with indefinite useful lives, which are tested for impairment at least annually). This assessment is based on anticipated assumptions and may change in the future as the situation evolves and information is available.

Long term contracts

Revenue recognition on long term contracts depends on certain variables (percentage of completion, costs to complete, margin, estimate of penalties that may be claimed by customers, etc.). Those variables are re-assessed every month based on anticipated assumptions and may change in the future as the situation evolves and new information becomes available.

Provisions for legal disputes and business risks

The Group may be involved in court and out-of-court commercial disputes. Where the criteria for the recognition of provisions are met, the Group creates provisions for these disputes on the basis of the best available information and estimates. However, the actual outcome of the disputes may differ from these estimates.

3. Summary of material accounting policies

Functional currency

With regard to the economic environment the Czech crown was determined as the functional currency of the Company, as substantial part of the costs is influenced by CZK (personal cost, both cost for services and material deliveries, etc.) and revenues are influenced by various currencies depending on the contracts fulfilled in given year. The functional currency of the subsidiary is INR.

Unless stated otherwise the figures disclosed in these financial statements are in thousands of Czech crowns, "TCZK".

Revenue recognition - contracts with customers

The Group recognizes revenue at the amount of consideration to which the Group expects to be entitled in exchange for transferring its promised goods and services to a customer.

The Group recognizes three main revenue streams:

- New installation – new machine deliveries including retrofits (new rotors according the state of the art). Project execution usually take over two years up to three years, followed by warranty period.
- Service - repairs and general overhauls, general services, spare parts. Usually short term projects realized within one year
- Long term service agreements (LTSA)

The Group recognizes its revenues predominantly based on 'over time' method due to customer-specific nature of production covered by signed and legally enforceable contracts. The group applies input (cost-to-cost) method for measurement of percentage of completion as this method best reflects nature of Group's contracts and way how the control and value is transferred to the customers. Contract revenue is recognised in profit or loss in proportion to the stage of completion of the contract, which is measured based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs. Contract costs incurred include also accruals for significant deliveries for specific contracts provided by vendors according to the amount they incurred to date (deliveries over 2 MCZK where production time exceeds 6 months).

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

At a point in time recognition method applies only to sales of excessive materials and scrap. This revenue stream is not material.

Significant payment terms

For all new installations and bigger service projects the Group receives usually several advances, accounted along with the main parts delivery. The advances are in the range from ca 10% to 70% of the contract value.

Typical billing milestones for New Installation contracts are distributed through the project duration to advance payments (contract signature, allocation of sub-deliveries) and milestone-based invoices (ex. delivery of designs, castings, forging and generators).

Typical billing milestones for Services and Long term service agreements are based on upon-agreed and scheduled performances. Works are typically not subject advance payments and may contain inflation index clauses.

The typical maturity of issued invoices is 30 days, less often 45 or 60 days. For significant contracts, 5% or up to 10% of the invoice payment may be subject of retention, which may prolong the payment maturity to 120 days up to two years, exceptionally longer. As release of the retained payment is subject only to elapse of the prolonged time period, the Group recognizes the retained payments as receivables.

Variable consideration

Contracts with customers usually include penalty clause, like liquidated damages for delay and non-compliance of guaranteed parameters. If such event occurs, the contract price is reduced. Since the probability of such event is very low, the Group accounts and reports the variable adjustment of transaction price only when it becomes probable.

Contract values do not include any other discounts and bonuses.

Contract-related costs

Cost to obtain contract and cost to fulfil contract incurred before the contract is obtained by the Group are not material. The Group is using own sales teams for order intake.

Financing component

The timing difference between revenue recognition and cash flow received is typically less than one year, therefore the Group is applying the practical expedient and does not account for the effect of significant financing component. Balances given by long-term retainage do not give rise to material discounting effect.

Warranties

The Group classifies warranty for provided projects as assurance-type warranty as the warranty conditions do not exceed standard assurance. In case of defect or malfunction the root cause is always analysed and if the problem is within the Group range of responsibility, then the cost is covered by the Group and from warranty provision.

Contract Balances

Where contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is shown as contract assets. For contracts where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is shown as contract liabilities. Amounts received before the related work is performed are included in the statement of financial position, as a contract liability. Amounts billed for work performed but not yet paid by the customer are included in the statement of financial position under trade receivables.

Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Transactions in foreign currencies

Transactions denominated in foreign currencies other than the functional currency of the entities included in the consolidation are translated at the exchange rate at the transaction date (official exchange rates of the Czech National Bank, hereafter exchange rate). Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are not retranslated.

Gains and losses arising from changes in exchange rates of foreign currencies after the transaction date are recognised in the profit and loss account.

Property, plant and equipment

Assets owned by the Group

Items of property, plant and equipment are stated at cost less accumulated depreciation (see below) and impairment losses, except for land. Land is subsequently measured at revalued amounts and is not depreciated. Cost includes expenditure that is directly attributable to the acquisition of the assets. Tangible fixed assets costing less than TCZK 5 are charged to the income statement in the year that they are acquired (cutting instruments costing less than TCZK 10, devices costing less than TCZK 20 and cutting products costing less than TCZK 40 are also charged to the income statement in the year they were acquired).

Depreciation

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease terms.

Day to day repair and maintenance costs are charged directly to the income statement.

The estimated useful lives are as follows:

Asset	Period (years)
Buildings	20 – 50
Machinery and equipment	3 –16
Hardware	4

Depreciation methods, useful lives and residual values are reviewed each year.

Intangible assets

Initial recognition and amortisation

Intangible assets are stated at cost less accumulated amortisation and impairment losses. Intangible assets with specific useful lives are amortised over their estimated useful lives, starting from the time when they are ready for use, i.e. once they are at a location and in a condition allowing for their use as intended by the Group. The amortisation period for non-current intangible assets owned by the Group ranges from 2 to 10 years, assets are depreciated on a straight-line basis. Amortisation rates and useful lives applied are reviewed on regular basis (at least at the end of the accounting period), with changes applied, if necessary, in the following period.

Intangible assets with indefinite useful lives are not amortised.

Intangible assets costing less than TCZK 5 are recognised as an expense in the period when they become ready for their intended use.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

Impairment

The carrying amounts of the Group's assets, other than inventories, assets where IFRS 9 impairment requirements are applied and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated, and the amount of impairment, if any, is determined. If the recoverable amount of the individual asset cannot be estimated, the Group determines the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the estimated recoverable amount of the assets (or cash-generating unit) is lower than its carrying amount, the carrying amount of the assets (cash-generating unit) is reduced to the recoverable amount. Impairment losses are recognised in expenses – Other gains and losses.

If an impairment loss is subsequently reversed, the carrying amount of the asset (cash-generating unit) is increased to the newly estimated recoverable amount; only to the extent, however, that the asset's carrying amount does not exceed the carrying amount that would have been determined, if no impairment loss had been recognised in respect of the asset (cash-generating unit). Reversal of impairment loss (except for goodwill) is recognised in income.

Intangible assets with indefinite useful lives are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired. The brand value analysis is based on the royalty fee estimate utilizing revenue forecast linked to the Group's long-term budgets and the market royalty rate assumption. To obtain a brand value, the estimated royalty fees are converted to their present value using an appropriate discount rate relevant for intangible assets valuation.

Impairment of financial assets (IFRS 9)

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVTOCI, trade receivables and amounts due from customers, as well as on financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables and amounts due from customers. The expected credit losses on these financial assets are estimated either individually or using a provision matrix based on the Group's historical credit loss experience: all receivables are divided into 3-months buckets according to their aging. For each buckets is annually recalculated allowance percentage from the last four years historical analysis. The percentage is based on how much of the amount outstanding at the end of each quarter is not collected by the end of the next quarter. Data for calculation include written-off receivables.

Allowance %	2023	2022	2021
Due	1.6%	1.5%	0.8%
Up to 3 months	4.9%	4.4%	2.8%
3-6 months	14.3%	11.9%	9.2%
6-9 months	20.5%	17.4%	15.7%
9-12 months	32.4%	28.1%	24.3%
12-15 months	42.0%	40.2%	37.1%

Allowance %	2023	2022	2021
15-18 months	50.5%	46.4%	48.9%
18-21 months	60.0%	56.2%	55.2%
21-24 months	65.6%	60.5%	59.3%
24-27 months	71.4%	65.9%	64.7%
27-30 months	86.3%	80.1%	77.3%
30-33 months	98.4%	91.3%	84.3%
over 33 months	100%	100%	100%

For all other financial instruments, the Group measures the loss allowance at an amount equal to 12-month ECL for stage 1 assets and at an amount equal to lifetime ECL for stage 2 and stage 3 assets. Financial instruments are moved to stage 2 when they are overdue more than 30 days and to stage 3 when there is a default.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The assets write-off follows the end of the bankruptcy.

Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value, except trade receivables (without significant financing component), which are initially recognized at transaction price.

Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

Trade receivables

Trade receivables are initially recognised at the transaction price and subsequently stated at amortised cost less expected credit losses.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cash at the bank, bank deposits and current highly liquid investments with an original maturity up to three months.

Trade payables

Trade payables are stated at nominal value.

Financial derivatives - Cash flow hedging (hedging derivatives)

The Group continuously monitors exchange rate risks and employs zero-cost hedging strategies where appropriate to mitigate potential adverse effects on the financial performance associated with future cash flows, aiming to hedge 100 % of open position that exceeds the level of natural hedging at the individual business case level, subject to a threshold of TCZK 2 500. The typical hedge ratio ranges from 60 to 100 %, depending on the currency involved in the business case.

The Group applies hedge accounting under IFRS 9. The Group classifies derivative instruments as hedging derivatives and trading derivatives. Derivatives are classified as hedging where the following conditions are met:

- at the inception of the hedge, there is a formal designation of the hedged items or transactions, the hedging instruments, the risks being hedged, and how the hedge effectiveness will be calculated and supported;
- the hedge is highly effective (i.e. ranging from 80% to 125%);
- the effectiveness of the hedge can be reliably measured and is assessed on an ongoing basis.

The Group determines the economic relationship between the hedged item and the hedging instrument by ensuring that there is an expectation that the value of the hedging instrument will move in an opposite direction to the value of the hedged item in response to changes in the hedged risk. The Group enters into fixed-term derivative contracts, such as forwards and swaps, exclusively with top-tier financial institutions.

The hedged item is specifically identified as the highly probable cash flow, evaluated individually at the level of each business case. The purpose of hedging is to eliminate risk rather than to engage in speculation; therefore, the Group hedges only effective projects or their parts. The risk component is designated using a conservative approach, with only initially highly probable income considered for hedging.

At the inception of the hedge relationship, the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

The Group utilizes the hypothetical derivative approach for evaluating hedge effectiveness and quantifying hedge ineffectiveness.

Potential exceptional loss of high efficiency may result from substantial timing mismatches between the hedged item and the hedging instrument, which cannot be mitigated through swap transactions or adjustments in contract terms. Hedging effectiveness may be compromised if there is a significant reduction in the likelihood of cash flow realization, primarily due to sudden untreated counterparty risk of the cash-flow originator.

Derivatives that do not meet the above conditions for hedge accounting are classified by the Group as trading.

Financial derivatives are initially recognised at fair value (which is also the cost price) and subsequently measured at fair value at the reporting date. Changes in the fair value of financial derivatives are proportionately recognised in equity (equivalent to percentage of incompleteness) and in the profit and loss account (equivalent to percentage of completion).

The effective portion of changes in the fair value of the hedging derivative proportional to percentage of incompleteness is recognised in equity, in "Revaluation and hedging reserve" and the proportional part to percentage of completion is recognised in the profit and loss account, in the line of other gains and losses. Percentage of completion or incompleteness is calculated individually at the project level. The non-effective portion of the hedge and changes in the fair value of a hedging instrument are recognised in the profit and loss account, in the line of other gains and losses.

Fair value of financial derivatives is determined based on contract valuation at the reporting date. The Group obtained L2 level valuation from individual banks with whom the derivatives were contracted.

Hedge accounting is discontinued when the Group revokes the hedging relationship, or when the hedging instrument no longer qualifies for hedge accounting (e.g. when realisation of a hedged cash flow is not expected to happen). Any gain or loss recognised in other comprehensive income and accumulated in equity at that time is immediately reclassified in profit or loss.

Financial derivatives – fair value hedging (trading derivatives)

The Group will strategically utilize its resources to maximize potential returns, in alignment with our long-term growth objectives and financial stability. In the event that the Group exceptionally identifies and executes an advantageous financial investment, the fair value ensuring the profitability of this opportunity is hedged using the same principles as described above regarding determination of the economic relationship between the hedged item and the hedging instrument. Forward and swap transactions are used to mitigate currency risk until the financial assets are realized.

Hedge accounting is not applied. Financial derivatives are initially recognised at fair value and subsequently measured at fair value as of the reporting date. Changes in the fair value of financial derivatives are recognised in the profit and loss account based on L2 valuation obtained from the cooperating bank.

Inventories

Inventory is stated at the lower of the acquisition cost and net realisable value. The cost includes transportation and insurance charges, direct material, direct labour and overhead incurred in bringing the inventory to its present location and condition. The net realisable value is the estimated selling price less estimated completion costs and estimated costs to sell.

Based on a detailed analysis of individual material items the Group determined to create 50% provision against material that has been idle for more than one year.

Use of material is stated using the weighted average method.

State subsidies

State subsidies are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Subsidies awarded to refund the Group for expenses incurred are recognised in income over the period, in which the related expenses are incurred, and are deducted when the expenses are recognised.

Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Warranty provisions

A warranty provision is established based on an analysis of historical costs incurred for warranties, adjusted by the expected future development in warranties.

Onerous contracts

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

Other provisions

Provisions for risks and other provisions are created on the basis of an individual assessment carried out by responsible project managers and administrators.

Research and development

Research costs are incurred for the purpose of acquiring new technical knowledge, which may lead to improved products or processes in the future, the economic viability of which however has not been established. Research costs are charged to the income statement in the year in which they are incurred.

Development costs incurred comprise new technical knowledge or methods for new or substantially improved products or production processes.

Development costs can be capitalized only if development expenditures can be measured reliably, the product or process is technically and commercially feasible and will generate probable future economic benefits, the Group intends to and has sufficient resources to complete development and to use or sell the asset. If the above conditions are not met, development costs are expensed in the year in which they are incurred.

4. Cash, cash equivalents

TZCK	31.12.2023	31.12.2022	31.12.2021
Cash in bank accounts	2 081 358	1 440 114	2 435 041
Current deposits	44 546	41 393	42 497
Total	2 125 904	1 481 507	2 477 538

The vast majority of cash (ca 90%) is held in big Czech banks with good credit rating, which are under the supervision of the Czech National Bank.

5. Trade receivables and other assets

Trade receivables

TCZK	31.12.2023	31.12.2022	31.12.2021
Trade receivables	1 327 851	1 034 986	926 878
Other trade receivables	2 823	9 976	8 564
Accrued receivables	332 647	339 436	230 599
Total receivables (gross)	1 663 321	1 384 398	1 166 041
Allowances			
Opening balance	-260 940	-322 458	-236 099
Additional allowances	-45 812	-52 608	-135 083
Amounts written off	10 614	2 270	2 519
Amounts recovered	49 165	108 510	49 294
Foreign exchange gains and losses	7 303	3 346	-3 089
Closing Balance	-239 670	-260 940	-322 458
Total receivables (net)	1 423 651	1 123 458	843 583

Ageing structure of trade receivables

TCZK	31.12.2023		31.12.2022		31.12.2021	
	Gross amount	Allo-wance	Gross amount	Allo-wance	Gross amount	Allo-wance
Due	633 120	-10 321	373 729	-6 947	338 336	-8 678
Up to 3 months	206 718	-5 455	218 946	-5 042	81 362	-1 521
3-6 months	87 382	-10 535	31 119	-3 469	29 971	-2 637
6-9 months	13 544	-1 767	35 638	-5 953	67 743	-4 696
9-12 months	40 917	-10 938	5 185	-1 457	1 978	-357
12-15 months	77 953	-179	9 178	-1 325	1 896	-584
15-18 months	2 556	-260	6 407	-3 307	9 876	-4 829
18-21 months	35 227	-8 096	55 127	-17 367	65 104	-6 651
21-24 months	600	-394	1 525	-903	18 275	-839
24-27 months	8 608	-1 026	984	-648	139 735	-115 918
27-30 months	412	-355	10 172	-8 206	18 252	-14 317
30-33 months	22 040	-17 413	63 866	-11 321	181	-181
over 33 months	201 597	-172 930	233 086	-194 995	162 734	-161 250
Total	1 330 674	-239 670	1 044 962	-260 940	935 442	-322 458

Average credit period of trade receivables is 93 days.

Non-current receivables are represented mostly by retentions – project receivables with prolonged payments maturity according to contract conditions.

Other assets

Other assets consist of receivables from the state, primarily VAT, operational advances paid, accrued expenses and other receivables (from employees.)

6. Balance of long term contracts

Contract assets

TCZK	31.12.2023	31.12.2022	31.12.2021
Contract assets	1 351 612	1 196 068	1 297 898
Allowances	-13 034	-12 487	-7 743
Total Contract assets (net)	1 338 578	1 183 581	1 290 155

Contract liabilities

TCZK	31.12.2023	31.12.2022	31.12.2021
Opening balance	625 590	585 765	489 445
Revenue recognised in the reporting period that was included in the contract liability balance at the start of the period	514 899	368 294	307 009
New liabilities	1 188 062	408 119	403 329
Closing balance	1 298 753	625 590	585 765

7. Inventories

TCZK	31.12.2023	31.12.2022	31.12.2021
Raw materials	168 053	152 366	161 375
Total inventories (gross)	168 053	152 366	161 375
Allowances			
Opening balance	-39 348	-43 260	-166 967
Additional / recovered amounts	-1 913	-8 251	-10 270
Amounts written off	6 527	12 163	133 977
Closing Balance	-34 734	-39 348	-43 260
Total (net)	133 319	113 018	118 115

The cost of inventories recognised as an expense during the year in respect of continuing operations is TCZK 501 859 (2022: TCZK 431 896, 2021: TCZK 532 813).

The Group estimates provisions against inventories based on a detailed analysis of individual inventory items.

8. Intangible assets

2023

Acquisition value	Software	Brand	Assets under construction*	Development costs*	Other	Total
TCZK						
1 January 2023	534 243	959 776	334 617	438 126	28 107	2 294 869
Additions	4 584	0	70 980	-3 176	-	72 388
Disposals	0	0	-48	-	-	-48
Transfers	228	0	-62 954	62 726	-	0
31 December 2023	539 055	959 776	342 595	497 676	28 107	2 367 209

Accumulated amortisation and impairment losses	Software	Brand	Assets under construction*	Development costs*	Other	Total
TCZK						
1 January 2023	532 272	-0	137 052	374 794	28 041	1 072 159
Amortisation for year	3 696	0	0	30 362	44	34 102
Disposals	0	0	0	-	-	0
31 December 2023	535 968	-0	137 052	405 156	28 085	1 106 261

Net book value	Software	Brand	Assets under construction*	Development costs*	Other	Total
TCZK						
1 January 2023	1 971	959 776	197 565	63 332	66	1 222 710
31 December 2023	3 087	959 776	205 543	92 520	22	1 260 948

2022

Acquisition value	Software	Brand	Assets under construction*	Development costs*	Other	Total
TCZK						
1 January 2022	532 037	959 776	325 854	388 762	28 120	2 234 549
Additions	2 156	0	58 358	-154	-	60 360
Disposals	0	0	0	-27	-13	-40
Transfers	50	0	-49 595	49 545	-	--
31 December 2022	534 243	959 776	334 617	438 126	28 107	2 294 869

Accumulated amortisation and impairment losses	Software	Brand	Assets under construction*	Development costs*	Other	Total
TCZK						
1 January 2022	530 508	0	137 052	342 629	28 027	1 038 216
Amortisation for year	1 764	0	0	32 203	14	33 981
Disposals	0	0	0	-37	-	-37
31 December 2022	532 272	0	137 052	374 795	28 041	1 072 160
Net book value	Software	Brand	Assets under construction*	Development costs*	Other	Total
TCZK						
1 January 2022	1 529	959 776	188 802	46 133	93	1 196 333
31 December 2022	1 971	959 776	197 565	63 331	66	1 222 709
2021						
Acquisition value	Software	Brand	Assets under construction**	Development costs*	Other	Total
TCZK						
1 January 2021	531 159	959 776	295 965	362 554	28 111	2 177 565
Additions	55	--	56 964	55	10	57 084
Disposals	-43	--	--	-56	--	-99
Transfers	866	--	-27 075	26 209	--	--
31 December 2021	532 037	959 776	325 854	388 762	28 121	2 234 550
Accumulated amortisation and impairment losses	Software	Brand	Assets under construction*	Development costs*	Other	Total
TCZK						
1 January 2021	503 772	--	137 052	292 246	28 011	961 081
Amortisation for year	26 779	--	--	50 438	17	77 234
Disposals	-43	--	--	-55	--	-98
31 December 2021	530 508	--	137 052	342 629	28 028	1 038 217
Net book value	Software	Brand	Assets under construction*	Development costs*	Other	Total
TCZK						
1 January 2021	27 387	959 776	158 913	70 307	101	1 216 484
31 December 2021	1 529	959 776	188 802	46 133	93	1 196 333

Development costs is internally generated intangible asset.

The most important intangible asset is ŠKODA brand in amount of TCZK 959 776. This brand is regarded as having indefinite useful economic life and is therefore not amortised. The brand is protected by trademark, which is renewable indefinitely, in all of the major markets where the Group operates. There are not believed to be any legal, regulatory or contractual provisions that limit the useful lives of this brand. Accordingly, the Group believes that it is appropriate that the brands are treated as having indefinite lives for accounting purposes.

Annual impairment test 2023 based on expected discounted cash flows (10% discount rate) from royalty fees to be paid for using similar brand (1.8% of forecasted revenues) did not indicate Škoda Brand impairment.

Assets under construction represents mainly capitalized Research and development cost.

Total R&D costs amounted to TCZK 135 501 in 2023 (2022: TCZK 115 127, 2021: TCZK 117 665). A part of the cost in amount of TCZK 63 811 was capitalized and is included in intangible assets (2022: TCZK 57 901, 2021: TCZK 56 913). Non-capitalized R&D cost is included in operating expenses.

There is an allowance for intangible assets in amount of TCZK 137 052. In 2018, the Group created 100% allowance to capitalized Development costs under construction for "long blades" because the project most probably will not continue.

In 2023 the SW for thermodynamic design of the heat exchanger in total value of TCZK 832 was acquired. The main technical improvement was on SW PDMS in total purchase price of TCZK 3 365.

9. Property, plant and equipment

2023

Acquisition value	Assets under construction	Lands	Buildings	Machinery and equipment	Other	Total
TCZK						
1 January 2023	15 666	265 839	1 254 384	2 412 242	293 345	4 241 476
Additions	25 525	44 306	6 317	13 179	16 453	105 780
Disposals	-505	-	-8 157	-9 412	-30 968	-49 042
Transfers	-8 581	-	2 297	6 204	-	-80
31 December 2023	32 105	310 145	1 254 841	2 422 213	278 830	4 298 134

Accumulated depreciation and impairment losses	Assets under construction	Lands	Buildings	Machinery and equipment	Other	Total
TCZK						
1 January 2023	5 698	-	525 841	2 089 811	276 174	2 897 524
Depreciation for year	-	-	41 117	82 472	9 706	133 295
Impairment losses	-	-	-	-	-	-
Disposals	-	-	-8 157	-9 480	-30 968	-48 605
31 December 2023	5 698	-	558 801	2 162 803	254 912	2 982 214

Net book Value	Assets under construction	Lands	Buildings	Machinery and equipment	Other	Total
TCZK						
1 January 2023	9 968	265 839	728 543	322 431	17 171	1 343 952
31 December 2023	26 407	310 145	696 040	259 410	23 918	1 315 920

2022

Acquisition value	Assets under construction	Lands	Buildings	Machinery and equipment	Other	Total
TCZK						
1 January 2022	20 129	265 839	1 242 130	2 437 480	291 019	4 256 597
Additions	8 836	-	6 846	5 392	10 447	31 521
Disposals	-	-	-	-37 574	-8 121	-45 695
Transfers	-13 299	-	5 408	6 943	-	-948
31 December 2022	15 666	265 839	1 254 384	2 412 241	293 345	4 241 475

Accumulated depreciation and impairment losses	Assets under construction	Lands	Buildings	Machinery and equipment	Other	Total
TCZK						
1 January 2022	5 698	-	486 071	2 031 689	272 426	2 795 884
Depreciation for year	-	-	39 770	95 960	11 869	147 599
Impairment losses	-	-	-	-	-	-
Disposals	-	-	-	-37 839	-8 121	-45 960
31 December 2022	5 698	-	525 841	2 089 810	276 174	2 897 523

Net book Value	Assets under construction	Lands	Buildings	Machinery and equipment	Other	Total
TCZK						
1 January 2022	14 430	265 839	756 059	405 791	18 593	1 460 712
31 December 2022	9 968	265 839	728 543	322 431	17 171	1 343 952

2021

Acquisition value	Assets under construction	Lands	Buildings	Machinery and equipment	Other	Total
TCZK						
1 January 2021	19 310	256 980	1 243 639	2 425 997	316 964	4 262 890
Additions	12 999	8 859	4 972	10 767	7 368	44 965
Disposals	-	-	-6 729	-10 288	-33 313	-50 330
Transfers	-12 181	-	248	11 004	-	-929
31 December 2021	20 128	265 839	1 242 130	2 437 480	291 019	4 256 596

Accumulated depreciation and impairment losses	Assets under construction	Lands	Buildings	Machinery and equipment	Other	Total
TCZK						
1 January 2021	5 698	-	447 488	1 938 979	291 751	2 683 916
Depreciation for year	-	-	45 312	102 995	13 988	162 295
Impairment losses	-	-	-	-	-	-
Disposals	-	-	-6 729	-10 285	-33 313	-50 327
31 December 2021	5 698	-	486 071	2 031 689	272 426	2 795 884

Net book Value	Assets under construction	Lands	Buildings	Machinery and equipment	Other	Total
TCZK						
1 January 2021	13 612	256 980	796 151	487 018	25 213	1 578 974
31 December 2021	14 430	265 839	756 059	405 791	18 593	1 460 712

The main additions and disposals property, plant and equipment in 2023:

Industrial endoscope IPLEX NX with probe IV9650N in total value of TCZK 1 094, models and forms in total value of TCZK 6 360, computer technology in total value of TCZK 5 811, equipment in total value of TCZK 2 535 and revaluation of land TCZK 44 306.

The most significant technical improvements were made in the buildings - LED lighting system in total value of TCZK 6 238, on the balancing equipment - tunnel in total value of TCZK 2 776 and on cranes - replacement of frequency converters TCZK 1 708.

The main disposals in 2023 represent the disposal of separate tangible assets in total acquisition value of TCZK 1 793 (residual value TCZK 0), disposal of tools and fixtures in total acquisition value of TCZK 1 856 (residual value TCZK 126) and disposal of models in total acquisition value of TCZK 27 281 (residual value TCZK 113).

The main additions and disposals property, plant and equipment in 2022:

Industrial endoscope IPLEX NX with probe IV9675N in total value of TCZK 1 296, models and forms in total value of TCZK 3 586, computer technology in total value of TCZK 2 905, tools with total value of TCZK 1 879.

The most significant technical improvements were made in the production hall - LED lighting system with total value of TCZK 11 484. Replaceable heads with total value of CZK 1 827 on the boring machines and horizontal boring machines.

The main disposals in 2022 represent the disposal (sale) of separate tangible assets in total acquisition value of TCZK 37 405 (net book value TCZK 14), disposal of tools and fixtures in total acquisition value TCZK 1 056 (net book value TCZK 207), disposal of computer equipment in total acquisition value TCZK 5 977 (net book value TCZK 15) and liquidation of other equipment in total acquisition value TCZK 1 088 (net book value TCZK 38).

The main additions and disposals property, plant and equipment in 2021:

Models and forms in the total value TCZK 4 754, computer technology in the total value TCZK 999 and tools in the total value TCZK 1 007.

The most significant technical evaluation in 2021 was carried out on the CNC drilling machine for guide wheels RK FUQ150 in the total value of TCZK 1 857 CZK and on TG1 (experimental steam turbine) in the total value of TCZK 8 328.

The largest decrease of fixed assets in 2021 was the disposal of technical improvement of leased property Fit Out - Explora Butovice (offices) in the value of TCZK 6 729 (net book value TCZK 5 362), liquidation of tools and fixtures in the acquisition value of TCZK 12 333 (net book value TCZK 83), liquidation of models in the acquisition value of TCZK 19 400 (net book value 0 TCZK), liquidation of separate tangible assets in the acquisition value of TCZK 9 860 (net book value TCZK 113), liquidation of computer equipment in the acquisition value of TCZK 564 (net book value TCZK 0) and liquidation of inventory in acquisition value TCZK 1 016 (net book value TCZK 11).

As at 31 December 2023 the allowance for tangible assets amounted to TCZK 5 698 (2022: TCZK 5 698, 2021: TCZK 5 698).

The Group uses machinery and equipment recorded at zero residual value, which were acquired in previous years under finance leases. As at 31 December 2023, their total cost amounts to TCZK 210 982 (2022: TCZK 210 982, 2021: TCZK 222 839). The largest item is the gantry machining centre with the purchase price of TCZK 192 192.

Right-of-use assets

As at 31 December 2023 the Group presents two types of right of use items. The building (rented offices) with cost of TCZK 6 235 (net book value TCZK 3 495) and the cars with cost of TCZK 32 607 (net book value TCZK 12 794).

As at 31 December 2022 the Company presents two types of right of use items. The building (rented offices) with cost of TCZK 12 672 (net book value TCZK 3 009) and the cars with cost of TCZK 29 134 (net book value TCZK 9 354).

As at 31 December 2021 the Company presents two types of right of use items. The building with cost of TCZK 13 435 (net book value TCZK 4 046) and the cars with cost of TCZK 24 791 (net book value TCZK 9 994).

Pledged assets

The Group does not have any pledged assets as at 31.12.2023, 31.12.2022 and 31.12.2021.

10. Trade payables and Other liabilities

Trade payables

TCZK	31.12.2023	31.12.2022	31.12.2021
Trade accounts payable	880 948	675 175	677 333
Lease liabilities	7 460	5 992	6 281
Other payables	2 479	21 708	25 880
Total	890 887	702 875	709 494

Ageing structure of the trade payables

TCZK	31.12.2023	31.12.2022	31.12.2021
Payables before due	826 199	616 025	640 416
Payables overdue within 1 year	42 479	37 917	21 440
Payables overdue above 1 year	12 270	21 233	15 477
Total	880 948	675 175	677 333

Average credit period of trade payables is 28 days.

Other liabilities

Other liabilities consist of liabilities to the state, primarily VAT, liabilities to employees and liabilities from social security and health insurance.

11. Other non-current liabilities

TCZK	31.12.2023	31.12.2022	31.12.2021
Non-current lease liabilities	9 669	7 051	8 231
Other non-current trade liabilities (retention money)	11 990	17 815	6 828
Total	21 659	24 866	15 059

12. Loans and borrowings

In 2023, 2022 and 2021 the Group drew no loans and borrowings.

13. Income tax

Income tax is reported as follows in the income statement:

TCZK	2023	2022	2021
Current income tax	139 890	158 964	41 232
Income tax – adjustments from previous years	15 812	17 085	-16 401
Deferred income tax	35 005	-21 640	4 997
Total	190 707	154 409	29 828

As at 31 December 2023, the current tax liability amounted to TCZK 86 807, which comprises an estimate of an income tax liability for 2023 decreased by income tax advances paid (2022: TCZK 68 916, 2021: current tax assets TCZK 115 501).

Investment Incentives

The Group did not utilize any tax relief in respect of investment incentives in 2023 (2022: TCZK 0, 2021: TCZK 0).

The value of deferred tax reported in the financial statements as at 31 December 2023, 31 December 2022 and 31 December 2021 concerns the following items:

	31.12.2023	31.12.2022	31.12.2021
	TCZK	TCZK	TCZK
Deferred tax asset + / liability -			
Property, plant and equipment, intangible assets	-63 612	-62 376	-76 223
Receivables	9 059	9 224	27 279
Inventories	7 727	8 292	37 078
Stock Items on Projects	5 441	11 702	6 801
Long term contracts	-42 164	-21 993	-42 738
Provisions	41 683	50 789	50 638
Untaken holiday, targeted benefits – payables	16 997	13 830	3 839
Social security and health insurance on bonuses	600	408	306
Revaluation of assets and liabilities	-3 621	-17 382	-3 165
Unpaid penalty	-400	-1 641	-25 015
R&D own work capitalized	-61 755	-49 518	-44 628
Total net deferred tax asset (+) / liability (-)	-90 045	-58 665	-65 828
<i>Out of this deferred tax asset</i>	<i>2 538</i>	<i>3 335</i>	<i>3 339</i>
<i>Out of this deferred tax liability</i>	<i>-92 583</i>	<i>-62 000</i>	<i>-69 176</i>
Increase (decrease) in equity	3 694	-14 217	-1 066
Income tax benefit (+) / expense (-) for period	-34 277	21 384	-5 046

The deferred tax liability increase in amount of TCZK 34 277 was recorded as an increase of expenses. The change in deferred tax by TCZK 3 694 resulting from temporary differences from revaluation of assets and liabilities charged to equity, was not recorded as an income tax expense, but in Other comprehensive income.

The implementation of the Pillar 2 processes is coordinated at the parent company level. The Group is confident that it will not be materially impacted by Pillar 2 given that it is not a recipient of investment incentives and other types of subsidies that would result in a significant reduction in the effective tax rate.

Reconciliation of effective tax rate

TCZK		2023		2022		2021
Profit/(loss) before tax		750 051		730 200		219 122
Income tax using the domestic corporation tax rate of	19%	143 553	19%	142 049	19%	42 507
Effect of income that is exempt from taxation and expense that are not deductible	3%	20 976	0%	3 200	-1%	-1 508
Development costs Allowances	0%	-	0%	-	0%	-
Tax incentive effect	0%	-	0%	-	0%	-
Foreign Establishment	1%	4 180	1%	4 516	17%	37 500
Adjustments recognised in the current year in relation to the current tax of prior years	2%	13 181	1%	4 644	-22%	-48 671
Tax rate change to 21% from 2024	1%	8 817				
Total		24% 190 707		21% 154 409		14% 29 828

14. Provisions

TCZK	31.12.2021	Additions	Disposals	31.12.2022	Additions	Disposals	31.12.2023
Warranty provisions	232 375	46 171	62 661	215 885	54 077	112 110	157 852
Other provisions	25 810	20 140	2 572	43 378	7 029	14 852	35 555
Total	258 185	66 311	65 233	259 263	61 106	126 962	193 407
Non-current part	33 851	--	--	38 283	--	--	49 419
Current part	224 334	--	--	220 980	--	--	143 988

Breakdown of disposals:

Warranty provisions:

- Use of provisions for originally specified purpose: TCZK 11 273 in 2023, TCZK 9 024 in 2022, TCZK 14 263 in 2021.
- Cancellation of provision: TCZK 100 741 in 2023, TCZK 53 636 in 2022, TCZK 19 560 in 2021.

Other provisions:

- Use of provisions for originally specified purpose: TCZK 14 811 in 2023, TCZK 2 354 in 2022, TCZK 269 in 2021.
- Cancellation of provision: TCZK 0 in 2023, TCZK 219 in 2022, TCZK 38 372 in 2021.

Other provisions include provisions for loss making projects and litigations. For a description of litigations refer to Note 27.

15. Equity

Revaluation reserves

a) Revaluation of assets

The assets revaluation reserve arises on the revaluation of land. The revaluation is provided by valuation expert regularly once every two years.

TCZK	31.12.2023	31.12.2022	31.12.2021
Opening balance	30 889	30 889	23 713
Revaluation increase	44 306	-	8 859
Deferred tax liability arising on revaluation of land	-10 067	-	-1 683
Closing Balance	65 128	30 889	30 889

b) Revaluation of hedging reserves

Movement of revaluation of hedging reserves is disclosed in Note 25 Summary of derivative instruments.

Dividend

The dividend is subject to approval by shareholders at the annual general meeting and has not been included as a liability in these financial statements. The payment of this dividend will not have any tax consequences for the Group.

16. Revenues from goods, products and services and Other revenues

The group has revenues in only one segment – Turbines.

Revenues from goods, products and services

Revenues disaggregation by contract duration

TCZK	2023	2022	2021
Long term - over one year	4 201 601	3 523 371	3 183 956
Short term - within one year	586 316	537 569	336 577
Total	4 787 917	4 060 940	3 520 533

Revenues disaggregation by main revenue streams

TCZK	2023	2022	2021
New installation	3 393 812	2 942 852	2 467 840
Service	1 169 988	952 392	904 263
Long term service agreements	224 117	165 696	148 430
Total	4 787 917	4 060 940	3 520 533

Revenues disaggregation by geographies

TCZK	2023	2022	2021
Europe others	1 894 788	1 890 756	1 685 522
Czech Republic	1 382 064	596 612	447 252
Asia	884 370	1 085 324	929 726
South and Central America	295 967	145 542	367 867
Africa	256 428	82 863	2 629
North America	64 358	258 048	89 458
Australia	9 942	1 795	-1 921
Total	4 787 917	4 060 940	3 520 533

Remaining transaction price allocated to performance obligations from contract with customers that are not yet satisfied (Revenue Backlog) at the end of the reporting period:

TCZK	31.12.2023	31.12.2022	31.12.2021
Revenue backlog (at the end of period)	8 665 027	4 926 824	4 235 280
Estimated recognition within 1 year after period end	3 809 210	3 173 273	2 856 239
Estimated recognition within 2-3 years after period end	2 416 762	1 340 979	1 071 927
Estimated recognition within 4+ years after period end	2 439 055	412 572	307 114

Other revenues

Other revenues of TCZK 22 846 (2022: TCZK 51 833, 2021: TCZK 25 794) include for example contractual penalties TCZK 9 198 and revenues from the sale of scrap TCZK 4 657.

17. Segment reporting

The Group has assessed its operating segments in accordance with IFRS 8 and concluded that the Group is having only one reportable operating segment. As described in the Note 16, the Group revenues are only in one segment – Turbines, from which it earns revenues and incurs expenses. The Group operations are concentrated mainly in Pilsen, Czech Republic. The revenues are monitored by individual projects with customers, however, discrete financial information is available only on an aggregate basis on which the Group's chief operating decision maker (CEO) is reviewing it.

18. Personnel expenses

TCZK	2023	2022	2021
Wages and salaries	743 261	719 796	605 077
Social security and health insurance	246 834	239 398	200 172
Expenses for employee benefits	31 640	35 994	28 535
Total personnel expenses	1 021 735	995 188	833 784

Wages and salaries and number of employees in 2023:

	Average number of employees	Wages and salaries	Social security and health insurance expenses	Other payroll expenses
Employees	947	721 633	240 004	31 517
Directors	8	21 628	6 830	123
Total	955	743 261	246 834	31 640

Wages and salaries and number of employees in 2022:

	Average number of employees	Wages and salaries	Social security and health insurance expenses	Other payroll expenses
Employees	925	700 317	233 227	35 880
Directors	8	19 479	6 172	113
Total	933	719 796	239 399	35 993

Wages and salaries and number of employees in 2021:

	Average number of employees	Wages and salaries	Social security and health insurance expenses	Other payroll expenses
Executives	945	587 591	194 325	28 391
Directors	9	17 486	5 847	144
Total	954	605 077	200 172	28 535

19. Other operating expenses

TCZK	2023	2022	2021
Taxes and fees	7 850	12 331	5 820
Receivables written off	7 411	5 294	5 135
Fines and penalties	16 251	438	1 502
Bank fees	9 244	6 564	7 164
Insurance	32 072	18 697	16 895
Other operating expense	16 612	19 747	36 833
Total	89 440	63 071	73 349

20. Other gains and (losses)

TCZK	2023	2022	2021
Decrease (increase) in provisions	66 587	1 254	29 856
Decrease (increase) in adjustments to assets	25 225	74 778	38 966
Net income from hedging operations	101 752	167 266	89 286
Exchange rate gains/(losses) from operating activities	2 227	-13 884	-34 276
Other income from receivables	19 893	75	2 003
Other operating income	20 961	24 176	48 724
Total	236 645	253 665	174 559

21. State subsidies (R&D grants)

In 2023 the Group credited to income a subsidy in amount of TCZK 7 633 (2022: TCZK 12 364, 2021: TCZK 9 711). The income is presented in other operating income in the section Other gains and losses.

22. Financial income (+), financial costs (-)

Financial income:

TCZK	2023	2022	2021
Exchange rate gains from cash and cash equivalents, short term financial instruments and loans	38 918	27 570	126 939
Gains from hedging operations on financial instruments	-	27 989	33 780
Interest revenues	254 883	286 944	148 932
Total	293 801	342 503	309 651

Interest revenues in 2021 contain 104 mil. CZK interest income from short term ABSTB bonds determined by effective interest method.

Financial costs:

TCZK	2023	2022	2021
Exchange rate losses from cash and cash equivalents, short term financial instruments and loans	25 442	75 194	244 152
Losses from hedging operations on financial instruments	-	-651	77 200
Interest expenses	1 336	2 143	1 213
Total	26 778	76 686	322 565

23. Transactions with related parties

Short term financial instruments and loans

TZCK	31.12.2023	31.12.2022	31.12.2021
Intercompany loan	1 050 000	2 780 000	1 280 000
Total	1 050 000	2 780 000	1 280 000

Parent and ultimate controlling party

Balances related to parent and ultimate controlling party are listed below.

Transactions with key management personnel

Remuneration to members of key management personnel (executives) is included in personnel expenses in Note 0 (amounts related to Directors). There were no loans provided to statutory representatives in 2023, 2022 and 2021 and no other special benefits except standard benefits like company cars and mobile phones for private use, life insurance, etc. Total amount of such benefits is not significant.

Loans granted

2023

There is one loan title remaining by end of 2023 with a principal amount of TCZK 1 050 000. It's a residual portion of the original CZK 1,5 bln loan agreed on 12.4.2022. At anniversary the expiration date has been extended until April 12th, 2024. Interest rate is 1Y PRIBOR + 4,2 % p.a. Annual interest income TCZK 139 527. Due to scheduled repayment within 12 months it is stated as a current loan in 2023.

Other loans were fully cleared within 2023 through set-off against profit distribution of the Company.

2022

There are 4 loan titles to Doosan Power Systems S.A. in total amount of TCZK 2 780 000.

Loan 1 of TCZK 260 000 is based on the agreement from 19.7.2019. Based on amendment to the loan agreement from November 2022 the expiration is extended until 27 November 2023, interest rate 1Y PRIBOR + 4,2 % p.a. Annual interest income TCZK 22 095.

Loan 2 of TCZK 320 000 is based on the agreement from 13.1.2021 and based on amendment to the loan agreement from January 2022. Expiration of this loan is on 13 January 2023, interest rate 1Y PRIBOR + 4,2 % p.a. Annual interest income TCZK 27 920.

Loan 3 of TCZK 700 000 is based on the agreement from 9.9.2021 and based on amendment to the loan agreement from September 2022. Expiration of this loan is on 9 September 2023, interest rate 1Y PRIBOR + 4,2 % p.a. Annual interest income TCZK 54 364.

Loan 4 of TCZK 1 500 000 is based on the agreement from 12.4.2022. Expiration of this loan is on 12 April 2023, interest rate 1Y PRIBOR + 4,2 % p.a. Annual interest income 108 296 TCZK

2021

There are 3 loan titles to Doosan Power Systems S.A. in total amount of TCZK 1 280 000.

Loan 1 of TCZK 260 000 is based on the agreement from 19.7.2019. Based on amendment to the loan agreement from November 2021 the expiration is extended until 27 November 2022, interest rate 1Y PRIBOR + 4,2 % p.a. Annual interest income TCZK 13 126. Due to scheduled repayment within 12 months it is stated as a current loan in 2021.

Loan 2 of TCZK 320 000 is based on the agreement from 13.1.2021. Expiration of this loan is on January 13th 2022, interest rate 1Y PRIBOR + 4,2 % p.a. Annual interest income TCZK 14 716. Due to scheduled repayment within 12 months it is stated as a current loan in 2021.

Loan 3 of TCZK 700 000 is based on the agreement from 9.9.2021. Expiration of this loan is on September 9th 2022, interest rate 1Y PRIBOR + 4,2 % p.a. Annual interest income TCZK 13 846. Due to scheduled repayment within 12 months it is stated as a current loan in 2021.

Trade receivables and payables

The following related party balances are included in the trade receivables and payables described in Notes 5 and 10 above.

The company Babcock Ltd. (UK) was sold during 2022 outside of the group. This company does not represents related party as of 31.12.2022 and as of 31.12.2023. There are trade receivables in amount of TCZK 0 related to this company as of 31.12.2023 (2022: TCZK 27, 2021: TCZK 0). Total revenues reached from transactions with this company are TCZK 0 during 2023 (2022: TCZK 91, 2021: TCZK 95).

TCZK	Receivables as at			Payables as at		
	31.12.2023	31.12.2022	31.12.2021	31.12.2023	31.12.2022	31.12.2021
Companies controlled by Ultimate parent:						
Doosan Digital Innovation, odštěpný závod	445	-	448	39 298	37 461	32 302
Doosan Power Systems SA (Luxembourg)	190 865	243 442	-	3 300	17 500	7 500
Doosan Turbomachinery (USA)		226	-	-	-	-
Doosan Lentjes (Germany)	154 357	86 022	-	-	-	33 345
Doosan Enerbility Co.Ltd. (Korea)	92 301	145 303	150 740	423 208	409 769	9 836
Doosan Babcock General Consulting (SAE)	-	-	1 708	-	-	-
Doosan Babcock Energy (Germany)	-	-	-	-	-	-
Doosan Power Systems Arabia (Saudi Arabia)	-	-	547	-	-	-
Total	437 968	474 993	153 443	465 806	464 730	82 983

Sales and purchases

TCZK	Sales for period			Purchases for period		
	2023	2022	2021	2023	2022	2021
Companies controlled by Ultimate parent:						
Doosan Enerbility Co.,Ltd (Korea)	672 651	128 615	124 306	16 874	22 646	17 827
Doosan Digital Innovation, odštěpný závod	367	368	391	139 287	122 976	122 781
Doosan Power Systems SA (Luxembourg)	190 864	260 408	-	2 233	10 000	14 333
Doosan Lentjes (Germany)	55 017	105 430	11 329	-	-	-
Doosan Turbomachinery Services (USA)	2 692	233	40 884	-	-	-
Doosan Business Research Institute (Korea)	-	-	-	4	-	-
Doosan Babcock General Constructing (SAE)	-	-	1 708	-	-	-
Doosan Heavy Industries Vietnam (Vietnam)	-	-	-	-	-	-
Doosan Power Systems Arabia (Saudi Arabia)	-	-	576	-	-	-
Total	921 591	495 054	179 194	158 398	155 622	154 941

Note: "Sales" comprise revenue from the sale of manufactured products, revenue from the sale of services, revenue from the sale of fixed assets and other operating revenue and interest income. "Purchases" comprise purchases of material, energy consumption, purchases of services, other operating expenses and purchases of inventories.

24. Financial instruments and risk management

Categories of financial instruments

TCZK	31.12.2023	31.12.2022	31.12.2021
<i>Financial assets</i>			
Cash and bank balances	2 125 904	1 481 507	2 477 538
Derivatives in designated hedge accounting relationships (FVTPL)	49 071	133 217	68 723
Loans and trade receivables	2 607 744	3 953 502	2 148 986
Total	4 782 719	5 568 226	4 695 247

TCZK	2023	2022	2021
<i>Financial liabilities</i>			
Derivatives in designated hedge accounting relationships (FVTPL)	56 282	169	31 358
Trade payables	912 546	727 741	724 553
Total	968 828	727 910	755 911

The Group is exposed to the following risks resulting from financial instruments:

- a) credit risk
- b) liquidity risk
- c) market risk

The management of the Group is generally responsible for setting and controlling the financial risk system management. The development and estimate of the effects resulting from individual risks is regularly assessed.

Credit risk

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

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

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

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

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

Financial assets with a derivative trading nature are not evaluated for credit risk because they are measured at FVTPL and are not in scope of ECL calculation.

Loans in amount of TCZK 1 050 000 (2022: TCZK 2 780 000, 2021: TCZK 1 280 000) are fully included in Stage 1, no amounts in Stage 2 and Stage 3. ECL assessment was performed and is considered immaterial.

Detail information about Trade receivables included in Note 5.

Liquidity risk

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

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

2023

TCZK	Carrying amount	Up to 3 months	3 months to 1 year	1-5 years	Over 5 years
Assets					
Trade receivables	1 557 744	1 050 123	376 201	131 420	-
Loans	1 050 000	-	1 050 000	-	-
Derivatives in designated hedge accounting relationships (FVTPL)	49 071	9 741	26 638	12 692	-
Total assets	2 656 815	1 059 864	1 452 839	144 112	-
Liabilities					
Trade payables	912 546	469 021	421 179	21 885	461
Derivatives in designated hedge accounting relationships (FVTPL)	56 282	6 376	25 436	24 470	-
Total liabilities	968 828	475 397	446 615	46 355	461
Net liquidity risk position	1 687 987	584 467	1 006 224	97 757	-461

2022

	Carrying amount	Up to 3 months	3 months to 1 year	1-5 years	Over 5 years
TCZK					
Assets					
Trade receivables	1 173 502	718 854	405 956	48 692	-
Loans	2 780 000	-	2 460 000	320 000	-
Derivates in designated hedge accounting relationships (FVTPL)	133 217	21 996	81 004	30 217	-
Total assets	4 086 719	740 850	2 946 960	398 909	-
Liabilities					
Trade payables	727 741	534 178	178 436	15 127	-
Derivates in designated hedge accounting relationships (FVTPL)	169	-	-	169	-
Total liabilities	727 910	534 178	178 436	15 296	-
Net liquidity risk position	3 358 810	206 672	2 768 525	383 613	-

2021

	Carrying amount	Up to 3 months	3 months to 1 year	1-5 years	Over 5 years
TCZK					
Assets					
Trade receivables	868 986	648 940	195 160	24 886	-
Loans	1 280 000	-	960 000	320 000	-
Derivates in designated hedge accounting relationships (FVTPL)	68 723	16 642	48 506	3 575	-
Total assets	2 217 709	665 582	1 203 666	348 461	-
Liabilities					
Trade payables	724 553	383 089	326 405	15 059	-
Derivates in designated hedge accounting relationships (FVTPL)	31 358	2 753	8 864	19 741	-
Total liabilities	755 911	385 842	335 269	34 800	-
Net liquidity risk position	1 461 798	279 740	868 397	313 661	-

Market risk

Market risk results from changes in market prices, which may be caused by changes of exchange rates, interest rates, and stock indexes. The Group is exposed to risk due to trades in EUR, USD, GBP and PLN.

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

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

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

Interest rate risk management

The Group does not have any loans, it is financed solely by equity. It generates some interest profit from the loans to the parent company and short-term investments. But interest revenues are negligible to revenues from core business activities. The Group is not exposed to significant risk in case of change of market interest rates.

Capital risk management

The group is not subject to any externally imposed capital requirements and is fully financed by equity.

Foreign currencies

Summary of financial instruments in currencies as at 31 December 2023:

TCZK	USD	EUR	CZK	Other	Total
Financial derivatives	16 500	32 571	-	-	49 071
Loans	-	-	1 050 000	-	1 050 000
Trade receivables	206 445	790 354	546 954	13 991	1 557 744
Cash, cash equivalents	99 216	355 564	1 225 986	445 138	2 125 904
Total financial assets	322 161	1 178 489	2 822 940	459 129	4 782 719
Other non-current liabilities	148	5 925	15 481	105	21 659
Financial derivatives	5 809	50 473	-	-	56 282
Trade payables	-4 841	91 333	789 624	14 771	890 887
Total financial liabilities	1 116	147 731	805 105	14 876	968 828

Summary of financial instruments in currencies as at 31 December 2022:

TCZK	USD	EUR	CZK	Other	Total
Financial derivatives	18 395	114 384	-	438	133 217
Loans	-	-	2 780 000	-	2 780 000
Trade receivables	129 696	617 447	411 698	14 661	1 173 502
Cash, cash equivalents	63 965	175 847	1 154 532	87 163	1 481 507
Total financial assets	212 056	907 678	4 346 230	102 262	5 568 226
Other non-current liabilities	218	13 820	10 823	5	24 866
Financial derivatives	100	69	-	-	169
Trade payables	322	100 449	589 373	12 731	702 875
Total financial liabilities	640	114 338	600 196	12 736	727 910

Summary of financial instruments in currencies as at 31 December 2021:

TCZK	USD	EUR	CZK	Other	Total
Financial derivatives	10 961	57 762	-	-	68 723
Loans	-	-	1 280 000	-	1 280 000
Trade receivables	98 446	497 372	226 945	46 223	868 986
Cash, cash equivalents	1 562 721	275 340	550 005	89 472	2 477 538
Total financial assets	1 672 128	830 474	2 056 950	135 695	4 695 247
Other non-current liabilities	156	4 235	10 636	32	15 059
Financial derivatives	7 939	23 147	272	-	31 358
Trade payables	3 648	91 358	598 790	15 698	709 494
Total financial liabilities	11 743	118 740	609 698	15 730	755 911

Sensitivity analysis – currency risk

As at 31 December 2023 (31 December 2022, 31 December 2021 respectively) a 10 percent appreciation (depreciation) of the Czech crown vis-à-vis the currencies listed below would have resulted in the increase (decrease) of TCZK 90 942 (2022: TCZK 64 839, 2021: TCZK 50 765) in the income statement, provided that other variables (in particular, the interest rate) remain unchanged.

The Group mitigates its currency risk exposure by concluding currency derivative transactions with the banks, thus closing its open position. The actual effect of exchange rate changes would be influenced by such a hedge.

FX rate as at 31 December 2023		+10 %	-10 %
CZK/EUR	24,725	27,198	22,253
CZK/GBP	28,447	31,292	25,602
CZK/PLN	5,694	6,263	5,125
CZK/USD	22,376	24,614	20,138

FX rate as at 31 December 2022		+10 %	-10 %
CZK/EUR	24,115	26,527	21,704
CZK/GBP	27,200	29,920	24,480
CZK/PLN	5,152	5,667	4,637
CZK/USD	22,616	24,878	20,354

FX rate as at 31 December 2021		+10 %	-10 %
CZK/EUR	24,860	27,346	22,374
CZK/GBP	29,585	32,544	26,627
CZK/PLN	5,408	5,949	4,867
CZK/USD	21,951	24,146	19,756

2023		Original curr.	TCZK	TCZK +10 %	Change	TCZK -10 %	Change
Short-term and long-term receivables	TEUR	32 542	804 612	885 073	80 461	724 150	-80 461
	TGBP	4	104	115	10	94	-10
	TUSD	9 247	206 918	227 610	20 692	186 227	-20 692
Short-term and long-term payables	TEUR	3 934	97 257	106 982	9 726	87 531	-9 726
	TGBP	77	2 181	2 399	218	1 963	-218
	TUSD	124	2 773	3 050	277	2 496	-277
Net currency risk	TEUR	28 609	707 355	778 090	70 735	636 619	-70 735
	TGBP	-73	-2 077	-2 285	-208	-1 869	208
	TUSD	9 123	204 145	224 560	20 415	183 731	-20 415
Total			TCZK	90 942		TCZK	-90 942

2022		Original curr.	TCZK	TCZK +10 %	Change	TCZK -10 %	Change
Short-term and long-term receivables	TEUR	26 260	633 249	696 574	63 325	569 924	-63 325
	TGBP	1	37	40	4	33	-4
	TUSD	5 831	131 875	145 063	13 188	118 688	-13 188
Short-term and long-term payables	TEUR	4 738	114 269	125 695	11 427	102 842	-11 427
	TGBP	1	26	28	3	23	-3
	TUSD	110	2 480	2 728	248	2 232	-248
Net currency risk	TEUR	21 521	518 980	570 878	51 898	467 082	-51 898
	TGBP	0	11	12	1	10	-1
	TUSD	5 721	129 395	142 335	12 940	116 456	-12 940
Total			TCZK	64 839		TCZK	-64 839

2021		Original curr.	TCZK	TCZK +10 %	Change	TCZK -10 %	Change
Short-term and long-term receivables	TEUR	20 534	510 465	561 511	51 046	459 418	-51 046
	TGBP	0	0	0	0	0	0
	TUSD	4 485	98 445	108 290	9 845	88 601	-9 845
Short-term and long-term payables	TEUR	3 854	95 816	105 398	9 582	86 234	-9 582
	TGBP	18	534	587	53	480	-53
	TUSD	224	4 912	5 403	491	4 421	-491
Net currency risk	TEUR	16 679	414 649	456 114	41 465	373 184	-41 465
	TGBP	-18	-534	-587	-53	-480	53
	TUSD	4 261	93 534	102 887	9 353	84 180	-9 353
Total			TCZK	50 765		TCZK	-50 765

Derivative instruments:

	TCZK +10%			TCZK -10%	
	MtM value	MtM value	Additional effect	MtM value	Additional effect
2023					
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
	TCZK +10%			TCZK -10%	
	MtM value	MtM value	Additional effect	MtM value	Additional effect
2022					
EUR	114 315	-145 012	-259 327	373 642	259 327
USD	18 295	-81 820	-100 115	118 410	100 115
PLN	279	-352	-631	910	631
GBP	159	-329	-488	647	488
Total	133 048	-227 513	-360 561	493 609	360 561
	TCZK +10%			TCZK -10%	
	MtM value	MtM value	Additional effect	MtM value	Additional effect
2021					
EUR	34 615	-255 443	-290 058	324 672	290 058
USD	3 022	-233 950	-236 972	239 994	236 972
PLN					
GBP	-272	-1 899	-1 627	1 356	1 627
Total	37 365	-491 292	-528 657	566 022	528 657

25. Summary of derivative instruments

Since 2004, the Group has been continually concluding forward contracts with Czech commercial banks, currently with Commerzbank Aktiengesellschaft, pobočka Praha, Česká spořitelna, a.s., Československá obchodní banka, a. s., Komerční banka, a.s., Raiffeisenbank a.s. and Všeobecná úvěrová banka a.s., pobočka Praha, which are related to transactions involving the sale and purchase of EUR, USD, GBP and PLN. The Group uses these derivatives to hedge future cash flows and the fair values of some financial assets.

The Group classifies financial derivatives as hedging derivatives and derivatives for trading. The resulting receivables or payables arising from them are classified as either current or non-current according to the effective date of the contract.

Fair value

The carrying value of cash and cash equivalents, receivables, advances, other assets, payables and current loans is close to their fair value with regard to the current character of these items.

Hedging

The Group hedges future cash flows from long term contracts concluded in foreign currencies (EUR, USD, GBP, PLN) against currency risks. The Group also hedges the fair value of financial assets and liabilities arising from these contracts, against currency risks, until the financial assets are realised. Forward and swap transactions are used for the purpose of hedging.

Doosan Škoda Power s.r.o.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2023
PREPARED IN ACCORDANCE WITH IFRS ACCOUNTING STANDARDS ADOPTED BY EU

Hedging instruments – outstanding contracts												
	31.12.2023				31.12.2022				31.12.2021			
	Nomina l value (TFX)	Nomina l value (MCZK)	Fair value (TCZK)	AVG rate	Nomina l value (TFX)	Nomina l value (MCZK)	Fair value (TCZK)	AVG rate	Nominal value (TFX)	Nomina l value (MCZK)	Fair value (TCZK)	AVG rate
EUR	128 116	3 188	-17 902	24,89	107 538	2 772	114 315	25,78	104 595	2 730	35 894	26,12
USD	40 992	928	10 691	22,65	44 267	1 030	18 295	23,27	107 955	2 406	3 022	22,29
PLN	-	-	-		1 225	7	279	5,38	-	-	-	
GBP	-	-	-		179	5	159	28,19	550	16	-272	29,78
MXN	-	-	-		-	-	-		24 981	1	-1 280	24,48
Total		4 116	-7 211			3 814	133 048			5 153	37 364	

The fair value of derivative instruments, which fulfilled hedge accounting requirements, as at the balance sheet date was TCZK -7 211 (2022: TCZK 133 048, 2021: TCZK 38 015).

The fair value of derivative instruments, which did not fulfil hedge accounting requirements, as at the balance sheet date was TCZK 0 (2022: TCZK 0, 2021: TCZK -650). There were no significant derivatives in the periods under review that were reclassified due to failing to meet the conditions of high-efficiency criteria.

TCZK	Fair value of hedging instruments					
	31.12.2023		31.12.2022		31.12.2021	
	Receivable	Payable	Receivable	Payable	Receivable	Payable
Future cash flows hedging	-	-	-	-	-	-
<i>Within 1 year</i>	36 379	31 812	103 001	-	65 148	11 617
<i>From 2 to 5 years</i>	12 692	24 470	30 216	169	3 575	19 741
	49 071	56 282	133 217	169	68 723	31 358
Total charged to equity	-22 153	-	62 078	-	10 688	-
Total charged to profit and loss account	14 942	-	70 970	-	26 677	-
Total charged	-7 211	-	133 048	-	37 365	-

Movement of Revaluation of hedging reserve

	TCZK
Opening balance 1.1.2023	74 103
Gain/(loss) arising on changes in fair value of hedging instruments during the period	-118 352
Related income tax	22 142
(Gain)/loss reclassified to profit or loss	44 111
Related income tax	-8 381
Closing balance 31.12.2023	13 623
Opening balance 1.1.2022	13 493
Gain/(loss) arising on changes in fair value of hedging instruments during the period	50 976
Related income tax	-9 685
(Gain)/loss reclassified to profit or loss	23 851
Related income tax	-4 532
Closing balance 31.12.2022	74 103
Opening balance 1.1.2021	8 950
Gain/(loss) arising on changes in fair value of hedging instruments during the period	-11 309
Related income tax	2 148
(Gain)/loss reclassified to profit or loss	16 918
Related income tax	-3 214
Closing balance 31.12.2021	13 493

26. Commitments arising from capital expenditures

As at 31 December 2023 the Group had commitments in respect of capital expenditures arising from concluded contracts amounting to TCZK 4 593 (2022: TCZK 8 523, 2021: TCZK 1 362).

27. Litigations

The Group had litigated against OHL INDUSTRIAL, S.L. UNIPERSONAL and SENER INGENIERÍA Y SISTEMAS, S.A. for default in the payment of the amount overdue. The case was settled and SAPI (Mexican subsidiary of above stated companies) paid TUSD 1 500 in June 2023. This case is closed.

28. Environmental liabilities

The Group does not operate any technology that could give rise to the ecological risk.

29. Provided guarantees and other conditional obligations

a) Overview of bank guarantees

In accordance with the contract terms, the Group is liable for issued bank guarantees for efficient fulfilment of projects, guarantee period, and advance refunds.

- Československá obchodní banka, a. s. has issued bank guarantees of TCZK 365 845, TEUR 32 584, TUSD 5 409, TPLN 53 307, TMXN 872 and TAED 50 with maturity up to 3 November 2029.
- Komerční banka, a.s. has issued bank guarantees of TCZK 132 064 and TEUR 1 610 with maturity up to 25 May 2026.
- Raiffeisenbank a.s. has issued bank guarantees of TCZK 42 054, TEUR 20 047 and TUSD 3 372 with maturity up to 30 March 2026.
- Všeobecná úvěrová banka, a.s., pobočka Praha issued bank guarantees of TCZK 140 602 and TEUR 9 139 with maturity up to 23 July 2026.

b) Overview of nonbank guarantees

In accordance with the contract conditions the Group issued nonbank guarantees for advance refunds, efficient fulfilment of projects and for covering liabilities in warranty period in amount of 326 759T CZK in favour of Doosan Enerbility Co., Ltd

c) Liabilities covered by a right of pledge

The Group has no liabilities covered by a right of pledge.

d) Overview of issued promissory notes

The Group has no bank guarantee covered by promissory notes.

e) Guarantees

The Group provides no guarantees for bank guarantees and letter of credits facilities of related parties as of 31.12.2023.

30. Subsequent events

Based on the decision of the General Meeting, the position of Statutory Executive was changed as of 24 January 2024. Sukjoo Kang, Hongook Park, Jeongtaek Lee were removed as Statutory Executives and Seungwoo Sohn, Youngki Lim and Donggil Kim were appointed as Statutory Executives. The changes were entered into Commercial register on 22 May 2024.

The dividend in amount of TCZK 476 488 from the 2023 profit was paid on 29 April 2024.

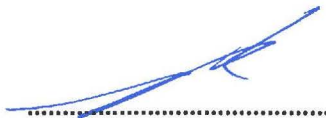
The Company announced share capital reduction decided on the General Meeting on 30 July 2024: the registered share capital of the Company in amount of TCZK 3 298 345 will be decreased by TCZK 1 848 345 to TCZK 1 450 000.

In Pilsen on 10 September 2024

Signature of authorised representatives:

Name:	Sanghoun Park	Youngki Lim
Position:	Statutory representative and CFO	Statutory representative

Signature:



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