

Buzuluk

A n n u a l R e p o r t

BUZULUK a.s.

as at 31/12 2022

1. Introduction.....	3
1.1. Letter of the Director	
1.2. Statutory Bodies of the Company	
1.3. Organizational Structure of the Company	
2. Basic Information about the Company	6
3. Scope of Business	7
4. Report of the Board on the Company's Business and Assets	7
4.1. Sales	
4.2. Products	
4.3. Treasury and Risk Management	
4.4. Investments and Environmental Protection	
4.5. Personnel Policy	
4.6. Goals and Strategy for 2023	
4.7. Selected Indicators	
4.8. Proposal on Profit Distribution	
5. Report on Relationships with Affiliated Entities in 2022	14
6. Financial Statement	17
6.1. Full Balance Sheet as at 31 December 2022	
6.2. Full Profit and Loss Statement for 2022	
6.3. Notes to the Financial Statements for 2022	

1. Introduction

1.1. Letter of the Director

Dear Shareholders, Customers, Business Partners, Friends,

After the "post-COVID-19" year of 2021, which saw some stabilisation of the Company's operations and an improvement in the global economic situation, 2022 was a year of expectations. Unfortunately, the development of the macroeconomic situation in 2022 affected significantly business activities, especially in Europe. In 2022, the inflation rose together with energy prices, resulting into increased costs of inputs and a further extension of delivery times for materials and components. Delays in sub-deliveries postponed the deadlines of several key contracts from 2022 to 2023 and impacted the 2022 revenues.

Despite that, BUZULUK generated revenues of EUR 341 million in 2022, an increase of 13.5% compared to 2021, and achieved a profit of CZK 6.9 million. An important fact is that the Company managed to secure orders for the future period in an amount that can be compared to the "pre-covid" volume of orders, which provides some certainty for shareholders, employees as well as business partners.

A negative aspect is the extension of sub-delivery dates, which has a direct impact on extending project implementation times, which have doubled in some cases. Additionally, the uncertainty of component deliveries and the extension of deadlines has a major impact on the Company's operations, placing greater demands on project management, risk management, cash flow and it will affect significantly the Company's revenue in 2023 as projects contracted in second half of 2022 will not be delivered until 2024, due to the prolonged delivery dates.

Increasing operating costs, delays in component deliveries and extending project delivery dates place heavy demands on BUZULUK to control cash flow, as it is the general contractor. This is further complicated by the attitude of the banking sector, which is tightening the conditions for the use of financial services in view of the worsening economic situation and increasing risks. Such an attitude, coupled with rising interest rates, is worsening the position of industrial enterprises in project implementation.

As the Company anticipated an increase in the costs of inputs, some processes and services were optimized and the number of employees was reduced by 13% in 2022. Despite the reduction in the total number of employees, the Company stabilized and reinforced the staff involved in the production process.

In order to reduce the costs of project implementation, BUZULUK started to make greater use of production and purchasing capacities with its business partners outside Europe. With the expectation of high costs of locally sourced inputs in the short and medium term, the Company plans to continue deepening this cooperation.

Due to cost-saving measures, the Company is planning lower investments in the short term. The exception is the investment in a 1MWp photovoltaic power plant, which is expected to start in 2023 and to be put into operation in the second quarter of 2024. This investment will ensure electricity supply of 25% of the Company's expected consumption and will contribute to reducing energy costs in the long term.

BUZULUK is an export oriented company with the majority of its business conducted in EUR currency. The strong Czech crown against the Euro is an important factor that affected the revenues in terms of several percents and competitiveness of the Company in 2022. The Company mitigates foreign exchange risks using financial instruments and natural hedges arising from its business activities. Given the very strong CZK and high inflation at the end of 2022, we expect the CZK to depreciate in 2023, which will have a positive impact on our business.

I would like to thank our employees and business partners for their cooperation, wishing them good health and strength for the years to come.

Ing. Josef Hlad, MBA, General Director and Member of the Board

1.2. Statutory Bodies and Company Management

Board of Directors

Chi Anxin
Chairman

Ing. Josef Hlad, MBA
Member of the Board

Mgr. Hailong Hao
Member of the Board

Ing. Květuše Křivánková,
MBA
Member of the Board

Ni Jun
Member of the Board

Management

Ing. Josef Hlad, MBA
General Director

Ing. Květuše Křivánková,
MBA
Financial Director

Bc. Petr Dlouhý, MSC
HR Manager

Mgr. Hailong Hao
Vice-President

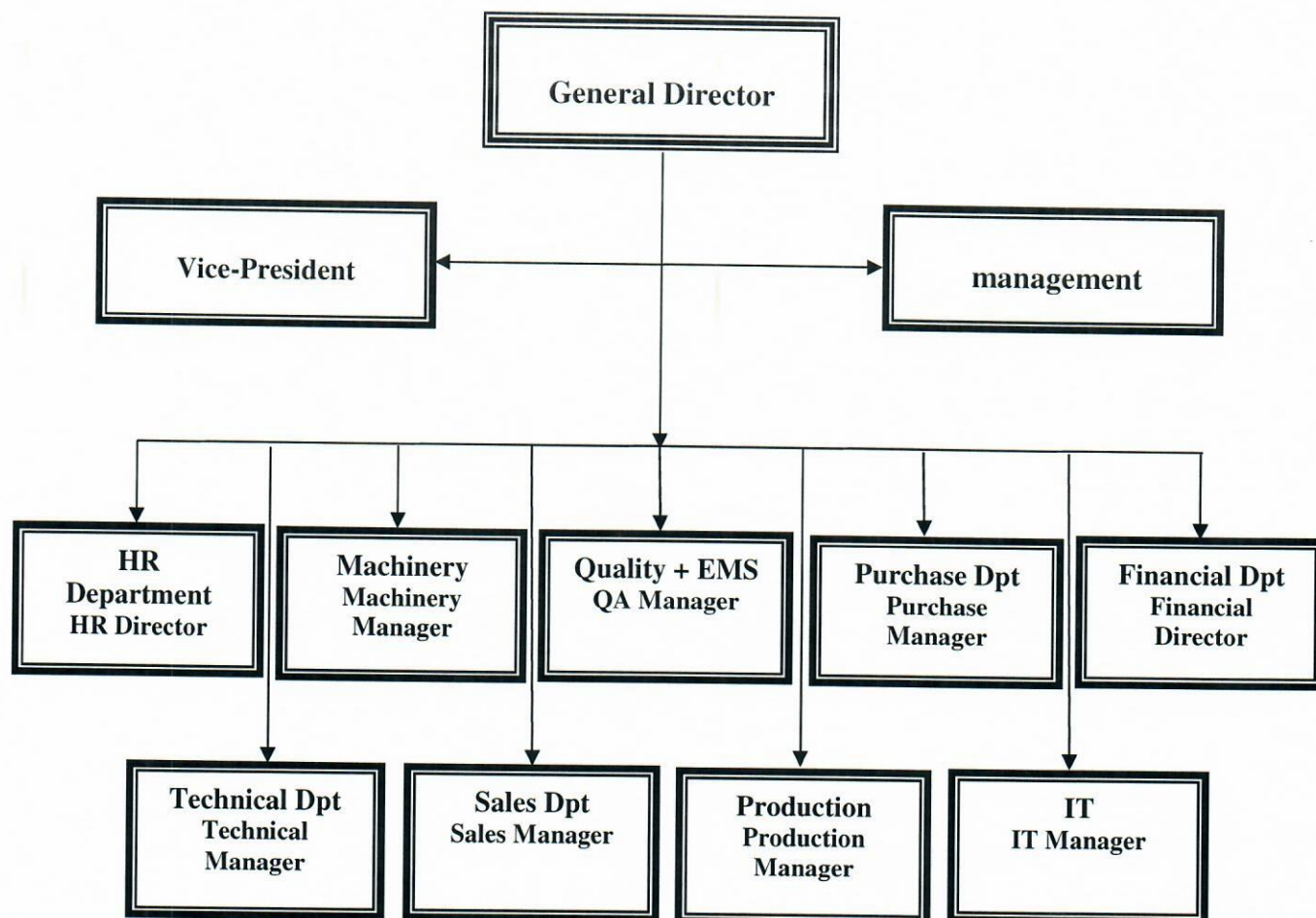
Supervisory Board

Sun Ling
Member of the Board

Chi Ming
Member of the Board

Milan Ernest
Member of the Board

1.3. Organizational Structure of the Company



2. Basic Information about the Company

Company name: BUZULUK a. s.
Registered office: 267 62 Komárov, Buzulucká 108
Legal form: joint stock company (a.s.)
Founded in: 1996
Commercial Register: Municipal Court in Prague, Section B, Insert 4059, reg. on 31/05 1996
Company ID No.: 25056301
VAT No.: CZ25056301
Banking account: 115-2362780277/0100 (CZK)
2193000507/8150 (EUR)
Registered capital: CZK 96,855,000

Indicators and commentary:

Types and volume of issued securities:

1 registered share with the nominal value of CZK 6,975,000
1 registered share with the nominal value of CZK 80,194,500
1 registered share with the nominal value of CZK 9,685,500

- the shares are issued as registered in paper form and are not publicly traded

Information about the Company's solvency: as at 31/12 2022 the Company is solvent

Publicly traded bonds: not issued

Publicly traded share certificates: not issued

Conclusion of contracts that affect significantly the annual result: -

Entry of the Company into bankruptcy proceedings: -

Persons / entities controlling the Company with at least a 10% share of the voting rights in the Company:

Dalian Heavy Industry Equipment Group Co., Ltd.

Dalian Rubber & Plastics Machinery Co., Ltd

Tianjin Machinery Import & Export Corporation

DXS HongKong Investment Enterprise Ltd 90%

Xin Sheng Investments Limited 10%

Persons/entities whose business the Company participates in: -

Position in the group of assets-interconnected persons/entities: see the Company's organizational chart in the Report on Relationships with Affiliated Entities

Bodies of the Company: the Board of Directors is the statutory body

Bank loans as at 31/12 2022: CZK 74,631,979

3. Scope of Business

The Company's scope of business includes:

- road haulage – freight haulage operated by vehicles or articulated vehicles with capacity below 3.5 tonnes, if intended for the transport of animals or goods
- installation, repair, inspection, and testing of electrical equipment
- rental of property, apartments, and non-residential premises
- production, trade, and services not specified in Annexes 1 to 3 of the Trade Act
- casting and modelling
- machining
- galvanizing, enamelling
- data processing, database services, network management
- warehousing and cargo handling
- accounting, bookkeeping, tax accounting
- real estate activities
- research and development in natural and technical sciences or social sciences – research and development in piston rings, car parts, rubber-making, and plastics machinery

4. Report of the Board on the Company's Business and Assets

4.1. Sales

Product sales and revenues in 2022 were significantly affected by rising input costs and the extension of delivery times, the delivery times of some components even doubling when compared to the "pre-covid" times.

The increase in input costs, particularly energy costs, reduced significantly the Company's competitiveness in the market, when compared to competitors operating outside Europe, especially those from Asia and America, where the increase in inputs was not as significant as in the Czech Republic. The Company's competitiveness was better in the European market given the local conditions, which was reflected in the breakdown of sales by territory, with almost 90% of sales being made in the European market.

Extended delivery times of components caused a postponement in project deadlines for 2023 in an amount of EUR 28 million, which impacted revenues in 2022.

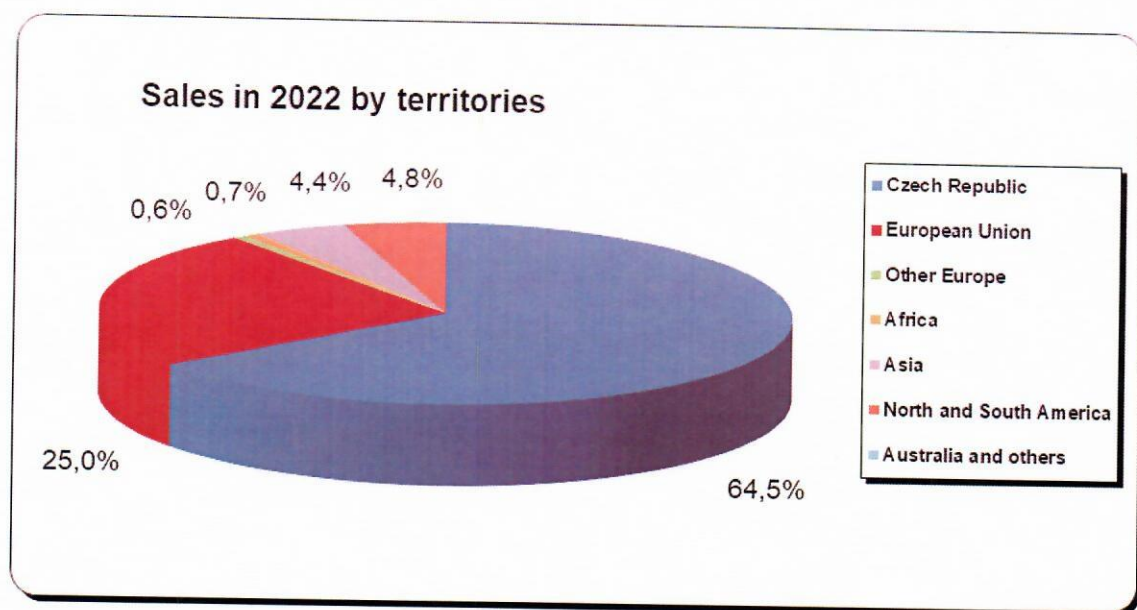
In spite of the abovementioned problems, revenues in 2022 increased by 13.5% compared to 2021.

Revenues of BUZULUK by assortment had the following share in 2022:

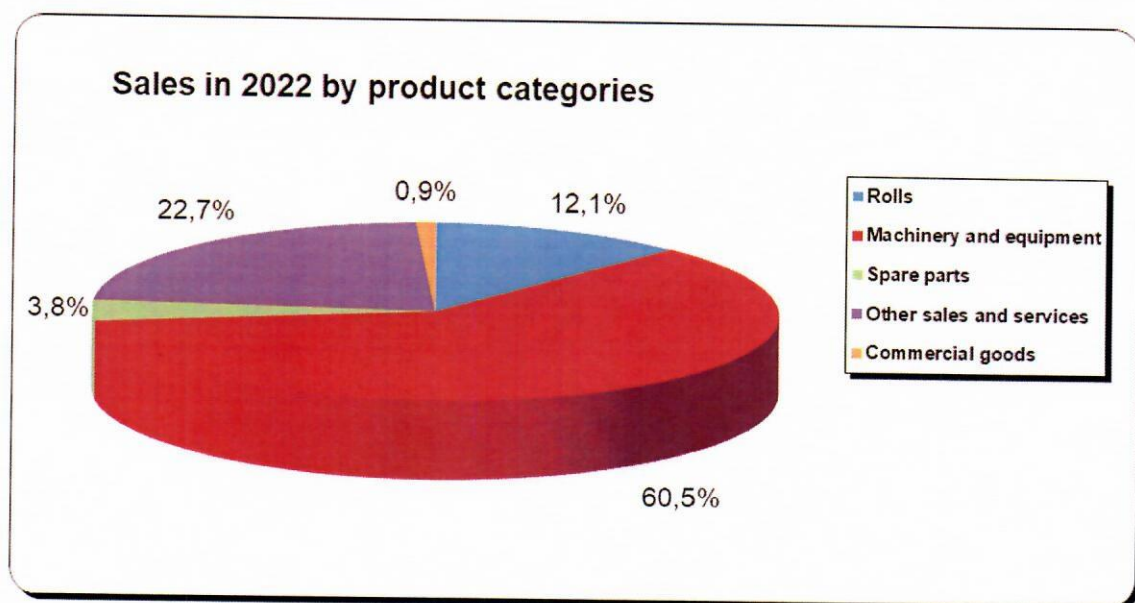
- orders concerning machines and assembly: 60.5%
- deliveries of replacement rolls: 12.1%
- deliveries of spare parts: 3.8%
- cooperation, merchandise and services: 23.6%

Due to rising inflation, growing input costs and reduced demand for products in the rubber and plastics industry, and with ongoing problems in the automotive industry, investment demand was reduced at the end of Q2 and the beginning of Q3 2022. The market recovery in the rubber machinery segment occurred in the second half of Q3 and Q4 2022. This fact, together with the extension of component delivery dates, will impact significantly 2023 revenues as the implementation of newly secured projects in Q4 2022 will be completed in 2024.

Sales in 2022 by territories in %



Sales in 2022 by product categories in %



4.2. Products

BUZULUK has in place EN ISO 9001 quality management system (since 1995) and EN ISO 14001 environment management system (since 2002). Since 2018, the Company has been certified for ISO 50001 Energy management systems. In 2022, the Company was recertified to all of the aforementioned standards.

In recent years, there has been an increasing demand from customers to reduce the energy consumption of their equipment and the environmental impact of their products, as well as for low energy consumption and environmentally friendly operation of their suppliers. In order to reduce operating costs and the environmental impact of production, BUZULUK plans to install, complete and put into operation a 1MWp photovoltaic power plant in 2024.

The development of new product lines is based on the use of components and technologies that meet the latest environmental and energy requirements. The Company's main objective is to remain a quality and reliable manufacturer and to continue to market products that meet the most demanding requirements of a wide range of customers.

In the future, BUZULUK will focus on the development of products in the field of rubber compounding, where it is expanding its existing product portfolio and developing complements for mixing lines. The new products will give the Company greater control over the supply of complete mixing lines, full service and warranties to customers, and they will enable it to supply new customer segments.

With respect to the increasing production costs in the Czech Republic and Europe, BUZULUK will intensify cooperation with its parent company in the areas of production and purchasing in order to reduce the costs of project implementation and increase its competitiveness in the market, while maintaining the required quality and European standards.

In 2022, BUZULUK continued the cooperation with universities and research organizations in the Czech Republic. The cooperation focused primarily on the development of foundry technologies, mixing and calendaring, i.e. key areas of BUZULUK's production programme.

A long-term objective of BUZULUK is to remain a top manufacturer of machines and devices for rubber technologies and keep pace with other top manufacturers in the industry.

Research and development activities are planned on the basis of outputs from previous processes, in particular processes concerning customers (a particular requirement of a customer or a group of customers, information from marketing activities that map and formulate market requirements, legislative requirements, customer satisfaction assessment). Such information influences development of new products and serves the purpose of optimizing internal processes so that such processes are customer-oriented.

4.3. Treasury, risk management and subsidy policy

BUZULUK has risk management (i.e. project and process management) in place. The process deals with detection, identification and assessment of risks linked with such projects and processes and their possible adverse impacts on operation and functioning of the Company. TOP management subsequently prepares risk management strategies and regularly monitors the risks. As the Company conducts financial activities that involve financial risks, it has a financial risk management process in place. The major financial risks include:

- Currency risk
- Credit risk
- Liquidity risk
- Bank loan risk
- Commodity price risk
- Operational risk

Given the fact that BUZULUK is export-oriented, it is exposed to effects of fluctuations in the EUR/CZK and USD/CZK exchange rates. Currency hedging is arranged continuously depending on existing and anticipated contracts in foreign currencies. The primary hedging instrument is currency forward contracts that cover exchange rate fluctuations. However, the Company only executed one forward trade in 2022, in September, which was necessary with respect to late payments from customers and order delays given by the lack of certain input materials in the market. The Company mostly opted for natural

hedging and made its purchases in pre-contracted currencies. Unfortunately, the appreciation of CZK at the end of 2022 affected significantly the amount of sales and receivables as many sales are made in EUR.

In order to hedge against credit risk, the Company uses documentary letters of credit and documentary collections and advance payments before delivery of finished products. Unfortunately, in 2022, banks decreased the guarantee limits due to concerns about the emerging crisis. We managed to secure guarantees for two large projects through EGAP. Sadly, the paperwork associated with the securing took several months. The Company is constantly negotiating with several banks to raise the limits.

The Company performs financial planning on a weekly and monthly basis. The objective of such planning is to manage liquidity risk so that the Company can meet its financial obligations by their due date and is able to manage its financial assets. The Company regularly monitors and assesses interest rates and repayment periods of its loans in order to protect itself from credit risk. It also monitors and controls the limits of its loans and whether they are purposeful. Due to a shortage of certain sub-deliveries, mainly electrical components, the handover of large orders was postponed at the end of the year until 2023. This caused an increase in payables in 2022 and also an increase in receivables that were to become due in 2023, resulting into a shortfall in the Company's cash flow at the end of 2022 and beginning of 2023.

In 2022, BUZULUK was also affected by the global risk of increased prices of some commodities such as energy, foundry raw materials, metals and metallurgical materials, which the Company noticed already in 2021. The Company regularly monitors economic development and global trends in commodity markets. It seeks to incorporate increased input prices into selling prices. The next step is to time purchases correctly.

Furthermore, the Company faces operational risk. It makes effort aimed at increasing internal control, eliminating mismanagement and human errors, while focusing on regular employee training and upskilling.

BUZULUK proactively seeks to make use of subsidy programmes. In 2019, the Company received a grant from the Operational Programme Enterprise and Innovation for Competitiveness ("OP EIC") – for a project "Reducing Energy Demand of Technological Equipment". With respect to deterioration of the financial situation and partial shutdowns of some departments due to the Government Resolution and spread of COVID-19, Annex No. 1 to the Decision of Grant Allocation was approved in 2020, postponing the deadline for project completion to 31/12 2022 (the Annex was based on the Company's application). In 2022, the Company withdrew from the project due to the need for funds for operational financing.

The Company received funds from the OP EIC – Application – Call VII for the project "Development of Film Drawing Technology" amounting to CZK 8 million in 2020. Given the deteriorated financial situation and partial shutdowns of some departments due to the Government Resolution and spread of COVID-19, Annex No. 1 to the Decision of Grant Allocation was approved, postponing the deadline for project completion to 31/10 2022. The project was launched in 2021. In 2022, the project was divided into 2 stages by Annex No. 2 to the Decision of Grant Allocation. The first stage was completed in 2022, with the settlement of eligible costs by 31/12 2022. The second stage shall be completed by 30/06 2023.

Furthermore, the Company participated in the government programme "COVID III Guarantee" from which the Company received additional funds for covering its operations. The Company started repaying the loan in 2021 and continued to repay it in 2022 in regular instalments.

In November 2022, the Company filed an application under the Support Program for Increased Costs of Natural Gas and Electricity Due to Exceptionally Abrupt Increases in Their Prices. According to the calculation, the Company only qualified for a subsidy for increased gas costs in the amount of CZK 935 thousand. At the date of the Annual Report, the Company received a positive decision on the payment of the subsidy.

In 2022, the Company filed an application for a subsidy to build a photovoltaic power plant at BUZULUK with an output of 993.6 kWp. The deadline for completion is 30/06 2024. The project will be co-financed from the funding programmes of the European Union.

BUZULUK cooperates with universities, e.g. with University of West Bohemia, Pilsen.

4.4. Investments and protection of the environment

The value of the assets placed in service in 2022 was CZK 1,613 thousand. The sum consisted of investments into coquille manufacture.

In October 2022, the certification company SGS Czech Republic, s.r.o. audited the Quality Management and Environmental Management System in accordance with ISO 9001:2015 and ISO 14001:2015 and concluded that the systems were established and maintained. New certificates were issued on the basis of the audit results for another three years.

All legislative and legal requirements pertaining to environmental management were met under the environmental management system in 2022.

No accidents that could endanger or harm the environment occurred in 2022. Potential risks are identified and monitored within the Company's context and environmental aspect register. Their impact is minimized through employee training and emergency drills.

The objectives of the environmental management for 2022 were continuously fulfilled during the monitored period.

The Company's commitment to quality and the environment is defined in the Company's quality and environmental policy and is reflected in the Company's objectives for the following years.

4.5. Personnel policy

In 2022, the Company had an average recalculated number of 187 employees. As at 31/12 2022, the total registered number of employees was 171, of which 78 manufacture workers, 21 operational workers and 72 technical workers.

As at 31/12 2022, BUZULUK had 19 employees (11%) with tertiary education, 2 employees (1%) with higher vocational education, 72 employees (42%) with secondary education and graduation exam, 74 employees (43%) with vocational education and 5 employees (3%) with basic education.

Staffing in 2022 was greatly affected by the global crisis triggered by the war in Ukraine. High inflation around 17%, high energy costs and the resulting hike in the prices of services and raw materials for production resulted in a drop in orders. This had a major impact on the number of employees and increased personnel costs during the year.

In order to reduce costs, the Company had to take a number of unpopular measures such as shutdowns of operation or dismissal of redundant employees. These measures stabilised the number of employees at a sustainable level. The savings in personnel costs are partly offset by rising energy costs.

The reduction in personnel costs led to the suspension of several planned staff development training sessions and the Company thus provided only mandatory training. We succeeded in obtaining a subsidy from an EU fund programme and trained the technical department staff in 3D CAD SW Product Design and Autodesk NASTRAN-IN CAD.

BUZULUK continues to pay utmost attention to occupational safety and health. It systematically trains all its employees in terms of OSH and it regularly inspects workplaces and eliminates deficiencies with the aim of risk minimization.

Between 01/01 2022 and 31/12 2022, 1 work accident occurred in BUZULUK. No occupational disease was reported for the given period.

4.6. Goals and strategy for 2023

The Company is an important constituent of the Hořovice Region as it provides a significant number of various job opportunities. Being a European manufacturer, BUZULUK focuses on quality, safety and

energy efficiency of its products. Its products subsequently represent not only the Company, but also the Hořovice Region as well as the Czech Republic in more than 40 countries where the Company sells its products. At the same time, the Company has traditionally been supporting local organizations, societies and cares for the environment.

The long-standing strategy of BUZULUK is to maintain its reputation of a manufacturer of high-quality and reliable machines with a high added value. This is enhanced by development of new products and expanding its product range in order to meet customer requirements and access new market segments. From the local and micro-economic perspective, the Company is set to expand cooperation with local companies in order to support local economy and thus contribute to the growth of small companies, improving quality of local people's lives and prosperity of the Hořovice Region.

After two "austerity" years affected by COVID-19, followed by a period of inflation and lack of some production inputs when the Company was forced to reduce spending, including investments, we want to focus on investments aimed at reducing energy consumption and dependence over the short and medium term. One of the Company's main tasks is to ensure sufficient staff capacity and to keep key employees. Our aim is to care for such employees in the spheres of their health, safety, education, personal and professional development. At the same time, we strive for equal opportunities and introducing anti-discrimination measures.

Another objective is to improve stakeholder relations, in particular improving supplier-customer relations, focusing on product safety, and supporting and cooperating with local associations and initiatives.

In order to achieve the objectives, the Company has in place a business plan describing in detail specific steps and milestones. The business plan, which is regularly updated, is an internal document of the Company and is considered confidential. Long-term objectives of the Company focus on constant improvement and increasing efficiency of internal processes while decreasing resource consumption.

The business plan consists of the following:

- Mission and vision of the Company
- Identification and elimination of risks
- Business and product strategy
- Purchase strategy
- Manufacture strategy
- HR strategy

Generally, the strategic objectives of the Company can be defined as follows:

- Remaining a dominating supplier in the Czech Republic and Slovakia while focusing on strategic export markets in Europe, America and Asia.
- Improving and innovating products and servicing and focusing on sustainability of its products with the least possible impact on the environment.
- Streamlining processes aimed at reducing carbon footprints.
- Focusing on research and development of innovative technological solutions that are not evoked by a customer requirement and that can convey a competitive advantage to the Company in the future (e.g. finding environmental-friendly technical solutions).
- Complementing its product portfolio with products that will enable the Company to enter new customer segments
- Projecting customer requirements in the Company's processes and its product development.
- Reducing costs (financial and environmental) and improving efficiency of costs linked with manufacture and operation of the Company's products.
- Remaining an important local business partner and employer.
- Minimizing negative impact of the Company on the environment.
- Managing the Company in accordance with the principles of sustainability and corporate responsibility.
- Focusing on employee care, their health, safety and ensuring equal opportunities for all the employees.

4.7. Selected indicators

		2020	2021	2022
Total revenues	in thous. CZK	246 205	301 746	342 485
of which export	in thous. CZK	177 423	192 332	121 548
of which Czech Republic	in thous. CZK	68 782	109 414	220 937
EBITDA	in thous. CZK	-2 362	19 719	24 950
Personnel expenses	in thous. CZK	95 042	102 781	114 046
Depreciation	in thous. CZK	17 412	15 021	12 485
Operational profit (loss)	in thous. CZK	-19 774	4 698	12 465
Profit/loss	in thous. CZK	-22 615	2 218	6 934
Assets	in thous. CZK	448 313	450 728	508 897
Other sources and accruals	in thous. CZK	214 415	212 091	258 554
Equity	in thous. CZK	231 690	233 908	240 842
Employees	Ø recalculated	208	198	187
Revenues/recalculated employees	in thous. CZK	1 184	1 524	1 831
Profit (loss)/equity (ROE)	%	-9,8	0,9	2,9
Other sources/assets	%	47,8	47,1	50,8
Revenues/equity	%	106,3	129,0	142,2

		2020	2021	2022
average exchange rate		26,444	25,645	24,565
spot exchange rate		26,245	24,860	24,115
Total revenues	in thous. EUR	9 310	11 766	13 942
of which export	in thous. EUR	6 709	7 500	4 948
EBITDA	in thous. EUR	-89	769	1 016
Operating profit (loss)	in thous. EUR	-748	183	507
Profit/loss	in thous. EUR	-855	86	282
Assets	in thous. EUR	17 082	18 131	21 103
Other sources and accruals	in thous. EUR	8 170	8 531	10 722
Equity	in thous. EUR	8 828	9 409	9 987

4.8. Proposal on profit distribution

The Board of Directors of the Company shall propose to the General Meeting relocation of the profit from 2022 amounting to 6,934 thousand CZK to undistributed profit from previous years.

Komárov, 21 February 2023

Statutory Body of BUZULUK a.s.



Ing. Josef Hlad, MBA
Member of the Board

Mgr. Hailong Hao
Member of the Board

BUZULUK a.s.

Report on Relationships with Affiliated Entities in 2022

Author: **BUZULUK a.s.**
Buzulucká 108, 267 62 Komárov
ID No.: 25056301

the "controlled entity"

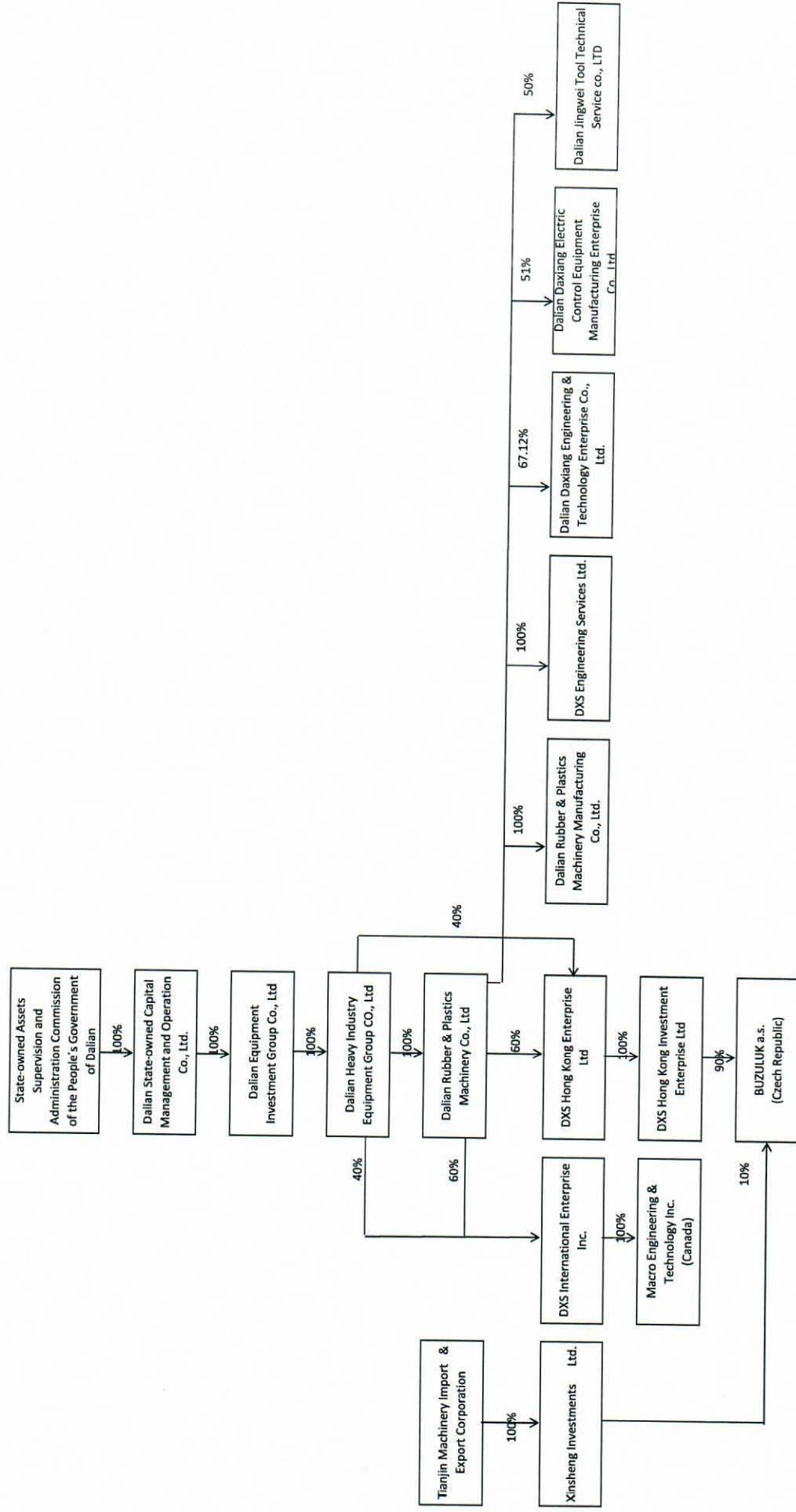
Controlling entities: **Dalian Rubber & Plastics Machinery Co., Ltd**
No. 18 Yinghui Road, Ganjingzi District, 116036 Dalian, Liaoning Province,
People's Republic of China

Tianjin Machinery Import & Export Corporation
No. 75 Jianshe Road, Heping District, 300040 Tianjin, Tianjin Municipality,
People's Republic of China

Dalian Heavy Industry Equipment Group Co., Ltd.
No. 169 Bayi Road, Xigang District, 116013 Dalian, Liaoning Province,
People's Republic of China

Affiliation between the controlling entities and the controlled entity is shown in the following chart:

Organizational structure of the companies from the Group as at 31/12 2022



Source: Dalian Rubber & Plastics Machinery Co., Ltd

HAYEK, spol. s r.o., holding
 Jindřišská 5/901
 110 00 Praha 1
 DIČ: CZ43875092

Information sorted by Art. 82 (2, 4) of the Act on Business Corporations No. 90/2012 Coll.

Art. 82(2) a) See the organizational structure of companies in the Group.

b) BUZULUK a.s. is directly controlled by DXS Hong Kong Investment Enterprise Ltd and Xin Sheng Investments Limited.

c) In accordance with Articles of Association of BUZULUK a.s., decisions are made by Dalian Rubber & Plastics Machinery Co., Ltd; Tianjin Machinery Import & Export Corporation and Dalian Heavy Industry Equipment Group Co., Ltd., whose representatives are members of the Board of Directors of BUZULUK a.s. and whose representatives vote at the General Meeting of BUZULUK a.s. through shareholders DXS Hong Kong Investment Enterprise Ltd and Xin Sheng Investments Limited.

d) In the 2022 accounting period, no negotiations about assets exceeding 10% of equity to the benefit of a controlling entity were held.

e) Agreements between the controlled entity and controlling entities or between entities controlled by the same controlling entities:

- *Agreements between BUZULUK a.s. and other entities controlled by the same controlling entities where BUZULUK a.s. is the supplier:*

BUZULUK a.s. has no agreements with any company controlled by the same controlling entities where BUZULUK a.s. is the supplier.

- *Agreements between BUZULUK a.s. and controlling entities where BUZULUK a.s. is the supplier:*

Business agreements terminated upon delivery

Buzuluk's customer	contract / agreement / order	invoice	date	invoiced amount in CZK
Dalian Rubber & Plastics Machinery Co., Ltd	DXS-BK-2205-FJ	2250105	10.11.2022	1 893 510
	DXS-BK-2206BKT	2250110	16.11.2022	1 391 677
	DXS-BK-2207-TH	2250117	30.11.2022	1 858 471
	DXS-BK-2210-SJ	2287069	10.11.2022	7 330 960
	DXS-BK-2210-DH	2287070	10.11.2022	1 374 555
				13 849 172

- *Agreements between BUZULUK a.s. and other entities controlled by the same controlling entities where BUZULUK a.s. is the customer:*

BUZULUK a.s. has no agreements with other companies controlled by the same controlling entities where BUZULUK a.s. is the customer.

- *Agreements between BUZULUK a.s. and controlling entities where BUZULUK a.s. is the customer:*

BUZULUK a.s. has no agreements with controlling entities where BUZULUK a.s. is the customer.

f) The General Meeting of BUZULUK a.s., held on 9 April 2019 decided about dividend payment for 2018 amounting to CZK 10,000,000 to the owners of the Company in three instalments. In the 2019 accounting period, CZK 3,450,000 was paid to shareholders. In the 2022 accounting period, CZK 2,453,250.34 was paid to shareholders. As at 31/12 2022, the Company registers liability against shareholders amounting to CZK 4,096,749.66 as retained dividends from 2018.

g) BUZULUK a.s. incurred no harm resulting from agreements, contracts or any other legal matters contained in the Report on Relationships with Affiliated Entities.

Art. 82(4) Relationships between affiliated entities had neutral impact on the controlling entities as well as on the controlled entity and did not result in any unilateral benefits or disadvantages.

Komárov, 21 February 2023

Ing. Josef Hlad, MBA
Member of the Board of Directors

Mgr. Hailong Hao
Member of the Board of Directors

INDEPENDENT AUDITOR'S REPORT

on audit of the financial statements
of the BUZULUK a. s.
as at 31 December 2022

To the Shareholders of BUZULUK a.s.

Opinion

We have audited the accompanying financial statements of BUZULUK a.s. (hereinafter also the "Company"), at the address Buzulucká 108, 267 62 Komárov, identification No. 250 56 301, prepared in accordance with accounting principles generally accepted in the Czech Republic, which comprise the balance sheet as at 31 December 2022, and the income statement, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information. For details of the Company, see Note 1 to the financial statements.

In our opinion, the financial statements give a true and fair view of the financial position of BUZULUK a.s. as at 31 December 2022, and of its financial performance and its cash flows for the year then ended in accordance with accounting principles generally accepted in the Czech Republic.

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 clauses. Our responsibilities under this law and regulation are further described in the Auditor's Responsibilities for the Audit of the 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.

Other Information in the Annual Report

In compliance with Section 2(b) of the Act on Auditors, the other information comprises the information included in the Annual Report other than the financial statements and auditor's report thereon. The Board of Directors is responsible for the other information.

Our opinion on the financial statements does not cover the other information. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. In addition, we assess whether the other information has been prepared, in all material respects, in accordance with applicable law or regulation, in particular, whether the other information complies with law or regulation in terms of formal requirements and procedure for preparing the other information in the context of materiality, i.e. whether any non-compliance with these requirements could influence judgments made on the basis of the other information.

Based on the procedures performed, to the extent we are able to assess it, we report that:

- The other information describing the facts that are also presented in the financial statements is, in all material respects, consistent with the financial statements; and
- The other information is prepared in compliance with applicable law or regulation.

In addition, our responsibility is to report, based on the knowledge and understanding of the Company obtained in the audit, on whether the other information contains any material misstatement of fact. Based on the procedures we have performed on the other information obtained, we have not identified any material misstatement of fact.

Responsibilities of the Company's Board of Directors and Supervisory Board

The Board of Directors is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the Czech Republic and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company'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 Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Supervisory Board is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 the above mentioned laws and regulations 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 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 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' 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 Company'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 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors and the Supervisory Board 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.

Audit of the accompanying financial statements conducted audit firm HAYEK, spol. s r.o., holding, Jindřišská 5/901, Prague 1, audit firm license numbers 029.

Statutory auditor responsible for the audit resulting in this independent auditor's report is Ing. Konstantin Tafincev, auditor license numbers 1972.

In Prague, February 10, 2023

HAYEK, spol. s r.o., holding
Jindřišská 5/901
110 00 Praha 1
DIČ: CZ43875092

HAYEK, spol. s r.o., holding
audit firm license No. 029



Ing. Konstantin Tafincev
auditor license No. 1972

BALANCE SHEET

Full scope

As at

31.12.2022

(in thousands of CZK)

Registration number

25056301

Reporting unit

BUZULUK a. s.

Registered seat of reporting
unit

Buzulucká 108

267 62 Komárov

Czech Republic

Code a	ASSETS b	Line no. c	Current period			Previous period
			Gross 1	Adjustment 2	Net 3	Net 4
	TOTAL ASSETS (A. to D.)	001	1 090 797	-581 900	508 897	450 728
A.	Receivables from subscribed capital	002				
B.	Fixed assets (B.I. to B. III)	003	668 104	-579 780	88 324	95 664
B.I.	Intangible fixed assets (I.1. to I.5.)	004	8 688	-8 517	171	165
B.I.1.	Intangible results of research and development	005	0	0	0	
B.I.2.	Valuable rights	006	8 528	-8 517	11	88
B.I.2.1.	Software	007	8 528	-8 517	11	88
B.I.2.2.	Other valuable rights	008				
B.I.3.	Goodwill	009				
B.I.4.	Other intangible fixed assets	010				
B.I.5.	Advance payments for intang. fixed assets and intang. fixed assets in progress	011	160	0	160	77
B.I.5.1.	Advance payments for intangible fixed assets	012	0		0	
B.I.5.2.	Intangible fixed assets in progress	013	160		160	77
B.II.	Tangible fixed assets (II.1. to II.5.)	014	659 416	-571 263	88 153	95 499
B.II.1.	Land and buildings	015	306 781	-272 232	34 549	39 767
B.II.1.1.	Land	016	7 452		7 452	7 452
B.II.1.2.	Buildings	017	299 329	-272 232	27 097	32 315
B.II.2.	Machinery and equipment	018	346 181	-296 944	49 237	54 814
B.II.3.	Valuation adjustment to acquired assets	019				
B.II.4.	Other tangible fixed assets	020	2 087	-2 087	0	0
B.II.4.1.	Perennial crops	021				
B.II.4.2.	Full-grown animals and groups thereof	022				
B.II.4.3.	Other tangible fixed assets	023	2 087	-2 087	0	0
B.II.5.	Advance payments for tang. fixed assets and tang. fixed assets in progress	024	4 367	0	4 367	918
B.II.5.1.	Advance payments for tangible fixed assets	025	3 047	0	3 047	0
B.II.5.2.	Tangible fixed assets in progress	026	1 320	0	1 320	918
B.III.	Long-term financial assets (III.1. to III.7.)	027	0	0	0	0
B.III.1.	Shares - controlled or controlling entity	028				
B.III.2.	Loans and credits - controlled or controlling person	029				
B.III.3.	Shares - significant influence	030				
B.III.4.	Loans and credits - significant influence	031				
B.III.5.	Other long-term securities and shares	032				
B.III.6.	Loans and credits - others	033				
B.III.7.	Other long-term financial assets	034	0	0	0	0
B.III.7.1.	Another long-term financial assets	035				
B.III.7.2.	Advance payments for long-term financial assets	036				

Code a	ASSETS b	Line no. c	Current period			Previous period
			Gross 1	Adjustment 2	Net 3	Net 4
C.	Current assets (C.I. to C.IV.)	037	422 086	-2 120	419 966	354 473
C. I.	Inventory (I.1. to I.5.)	038	296 847	-1 901	294 946	228 684
C.I.1.	Material	039	12 176	-226	11 950	14 302
C.I.2.	Work in progress and semi-finished goods	040	281 750	-1 384	280 366	208 980
C.I.3.	Finished products and merchandise	041	639	-291	348	399
C.I.3.1.	Finished products	042	639	-291	348	356
C.I.3.2.	Merchandise	043	0	0	0	43
C.I.4.	Young and other animals and groups thereof	044				
C.I.5.	Advanced payments for inventory	045	2 282	0	2 282	5 003
C.II.	Receivables (II.1. to II.2.)	046	123 957	-219	123 738	78 375
C.II.1.	Long-term receivables	047	0	0	0	915
C.II.1.1.	Trade receivables	048				
C.II.1.2.	Receivables - controlled or controlling entity	049				
C.II.1.3.	Receivables - significant influence	050				
C.II.1.4.	Deferred tax receivable	051	0		0	915
C.II.1.5.	Receivables - others	052	0	0	0	0
C.II.1.5.1.	Receivables from equity holders	053				
C.II.1.5.2.	Long-term advanced payments	054				
C.II.1.5.3.	Estimated receivables	055				
C.II.1.5.4.	Other receivables	056				
C.II.2.	Short-term receivables	057	123 957	-219	123 738	77 460
C.II.2.1.	Trade receivables	058	105 571	-219	105 352	55 055
C.II.2.2.	Receivables - controlled or controlling entity	059				
C.II.2.3.	Receivables - significant influence	060				
C.II.2.4.	Receivables - others	061	18 386	0	18 386	22 405
C.II.2.4.1.	Receivables from equity holders	062				
C.II.2.4.2.	Social security and health insurance	063				
C.II.2.4.3.	State - tax receivables	064	425	0	425	2 236
C.II.2.4.4.	Short-term advanced payments	065	15	0	15	11
C.II.2.4.5.	Estimated receivables	066	9 009		9 009	5 292
C.II.2.4.6.	Other receivables	067	8 937	0	8 937	14 866
C.III.	Short-term financial assets (III.1. to III.2.)	068	0	0	0	0
C.III.1.	Shares - controlled or controlling entity	069				
C.III.2.	Other short-term financial assets	070				
C.IV.	Cash (IV.1. to IV.2.)	071	1 282	0	1 282	47 414
C.IV.1.	Cash in hand	072	212	0	212	396
C.IV.2.	Bank accounts	073	1 070	0	1 070	47 018
D.	Accrued assets (D.1. to D.3.)	074	607	0	607	591
D.1.	Deferred expenses, prepayments	075	599	0	599	591
D.2.	Complex prepaid expenses	076				
D.3.	Accrued income	077	8	0	8	0

Code a	LIABILITIES AND EQUITY b	Line no. c	Current period 5	Previous period 6
	TOTAL LIABILITIES AND EQUITY (A. to D.)	078	508 897	450 728
A.	Equity (A.I. to A.VI.)	079	240 842	233 908
A. I.	Registered capital (I.1. to I.3.)	080	96 855	96 855
A.I.1.	Registered capital	081	96 855	96 855
A.I.2.	Treasury Stock (-)	082		
A.I.3.	Changes of registered capital (+/-)	083		
A.II.	Share premium and capital funds (II.1. to II.2.)	084	7	7
A.II.1.	Share premium	085		
A.II.2.	Capital funds	086	7	7
A.II.2.1.	Other capital funds	087	7	7
A.II.2.2.	Gains and losses from revaluation of assets and liabilities (+/-)	088		
A.II.2.3.	Gains and losses from revaluation in the course of transformations of business corporations (+/-)	089		
A.II.2.4.	Differences resulting from transformations of business corporations (+/-)	090		
A.II.2.5.	Differences from the valuation in the course of transformations of business corporations (+/-)	091		
A.III.	Funds from profit (III.1. to III.2.)	092	0	0
A.III.1.	Other reserve funds	093		
A.III.2.	Statutory and other funds	094		
A.IV.	Net profit or loss from previous years (+/-) (IV.1. to IV.3.)	095	137 046	134 828
A.IV.1.	Retained earnings from previous years	096	137 046	134 828
A.IV.2.	Accumulated losses from previous years (-)	097	0	0
A.V.	Net profit or loss for the current period (+/-)	099	6 934	2 218
A.VI.	Approved advance payments of profit share (-)	100		
B. + C.	Liabilities (B. + C.)	101	258 554	212 091
B.	Provisions (B.1. to B.4.)	102	5 396	4 462
B.1.	Provision for pension and similar payables	103		
B.2.	Income tax provision	104		
B.3.	Provisions under special legislation	105		
B.4.	Other provisions	106	5 396	4 462
C.	Payables (C.I. to C.II.)	107	253 158	207 629
C.I.	Long-term payables (I.1. to I.9.)	108	8 196	43 223
C.I.1.	Bonds issued	109		
C.I.1.1.	Exchangeable bonds	110		
C.I.1.2.	Other bonds	111		
C.I.2.	Payables to credit institutions	112	0	36 673
C.I.3.	Long-term advance payments received	113	125	
C.I.4.	Trade payables	114		
C.I.5.	Long-term bills of exchange to be paid	115		
C.I.6.	Payables - controlled or controlling entity	116		
C.I.7.	Payables - significant influence	117		
C.I.8.	Deferred tax liability	118	2 472	0
C.I.9.	Payables - others	119	5 599	6 550
C.I.9.1.	Payables to equity holders	120	5 599	6 550
C.I.9.2.	Estimated payables	121		
C.I.9.3.	Other liabilities	122		

Code a	LIABILITIES b	Line no. c	Current period 5	Previous period 6
C.II.	Short-term payables (II.1. to II.8.)	123	244 962	164 406
C.II.1.	Bonds issued	124	0	0
C.II.1.1.	Exchangeable bonds	125		
C.II.1.2.	Other bonds	126		
C.II.2.	Payables to credit institutions	127	74 632	75 170
C.II.3.	Short-term advances received	128	51 059	18 076
C.II.4.	Trade payables	129	94 991	47 100
C.II.5.	Short-term bills of exchange to be paid	130		
C.II.6.	Payables - controlled or controlling entity	131		
C.II.7.	Payables - significant influence	132		
C.II.8.	Other payables	133	24 280	24 060
C.II.8.1.	Payables to equity holders	134	0	0
C.II.8.2.	Short-term financial assistance	135		
C.II.8.3.	Payroll payables	136	5 141	5 489
C.II.8.4.	Payables - social security and health insurance	137	2 585	2 887
C.II.8.5.	State - tax liabilities and grants	138	8 140	14 649
C.II.8.6.	Estimated payables	139	8 414	1 035
C.II.8.7.	Other payables	140	0	0
D.	Accrued liabilities (D.1. to D.2.)	141	9 501	4 729
D.1.	Accrued expenses	142	9 501	4 729
D.2.	Deferred income	143		0

Date: 31.1.2023	Person responsible for preparation of financial statements <i>Michael</i>	Signature of statutory representative(s) of the reporting unit <i>Bohuz J. Kuf</i>
Legal form of the reporting unit: joint - stock company	Scope of business: Rubber machineries	

HAYEK, spol. s r.o., holding
Jindřišská 5/901
110 00 Praha 1
DIČ: CZ43875092



[Handwritten signature]

compulsory
information under

INCOME STATEMENT

Full scope

For period

1.1.2022 - 31.12.2022

(in thousands of CZK)

Registration number

25056301

Reporting entity

BUZULUK a. s.

Registered seat of
reporting entity

Buzulucká 108

267 62 Komárov


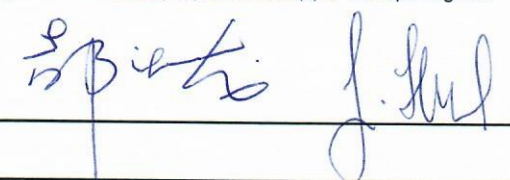
Czech Republic

Code a	DESCRIPTION b	Line no. c	Actuals	
			Current period	Last period
I.	Revenues from own products and services	1	339 278	299 961
II.	Revenues from merchandise	2	3 207	1 785
A.	Consumption for products (A.1. to A.3.)	3	275 937	179 012
A.1.	Costs of merchandise	4	1 933	941
A.2.	Material and utilities	5	236 584	143 379
	Material	5a	145 775	99 812
	Utilities	5b	90 809	43 567
A.3.	Services	6	37 420	34 692
	Repairs and maintenance	6a	4 818	7 952
	Travel expense	6b	3 873	2 133
	Other services	6c	28 729	24 607
B.	Changes in inventory of own products	7	-72 331	21 156
	Changes in inventory of work in progress	7a	-72 319	20 936
	Changes in inventory of own finished products	7b	-12	220
C.	Capitalization	8	-2 716	-3 034
D.	Personnel expenses (D.1. to D.2.)	9	114 046	102 781
D.1.	Wages and salaries	10	82 903	73 991
D.2.	Social security, health insurance and other pers. exp.	11	31 143	28 790
D.2.1.	Social security and health insurance	12	27 742	25 231
D.2.2.	Other personnel expenses	13	3 401	3 559
E.	Adjustments to operating profit (E.1. to E.3.)	14	13 368	15 121
E.1.	Intangible and tangible fixed assets adjustments	15	12 485	15 021
E.1.1.	Depreciation / Intangible and tangible fixed assets adjustments - permanent	16	12 485	15 021
E.1.2.	Intangible and tangible fixed assets adjustments - temporary	17	0	0
E.2.	Provisions and inventories adjustments	18	883	100
E.3.	Provisions and receivables adjustments	19	0	0
III.	Other operating revenues (III.1. to III.3.)	20	103 595	65 350
III.1.	Revenues from sales of fixed assets	21	12	0
III.2.	Revenues from sales of material	22	1 660	1 912
III.3.	Other operating revenues	23	101 923	63 438
F.	Other operating expenses (F.1. to F.5.)	24	105 311	47 362
F.1.	Net book value of fixed assets sold	25	0	0
F.2.	Net book value of material sold	26	376	635
F.3.	Taxes and fees in operating part	27	1 126	1 171
F.4.	Provisions in operating part and complex prepaid expenses	28	934	170
F.5.	Other operating expenses	29	102 875	45 386
*	Operating profit / (loss) I. + II. - A. - B. - C. - D. - E + III. - F.	30	12 465	4 698

HAYEK, spol. s r.o., holding
Jindřická 5/901
110 00 Praha 1
DIČ: CZ43875092

Code a	DESCRIPTION b	Line no. c	Actuals	
			Current period	Last period
IV.	Revenues from long-term financial assets - shares (IV.1. to IV.2.)	31	0	0
IV.1.	Revenues from shares - controlled or controlling entity	32	0	
IV.2.	Other revenues from shares	33	0	
G.	Costs of shares sold	34	0	
V.	Revenues from other long-term financial assets (V.1. to V.2.)	35	0	0
V.1.	Revenues from other long-term financial assets - controlled or controlling entity	36	0	
V.2.	Other revenues from other long-term financial assets	37	0	
H.	Costs related to other long-term financial assets	38	0	
VI.	Interest revenues and similar revenues (VI.1. to VI.2.)	39	0	29
VI.1.	Interest revenues and similar revenues - controlled or controlling entity	40	0	0
VI.2.	Other interest expenses and similar expenses	41	0	29
I.	Adjustments and provisions in financial part	42	0	0
J.	Interest expenses and similar expenses (J.1. to J.2.)	43	1 694	1 709
J.1.	Interest expenses and similar expenses - controlled or controlling entity	44	0	0
J.2.	Other interest expenses and similar expenses	45	1 694	1 709
VII.	Other financial revenues	46	8 944	6 169
K.	Other financial costs	47	6 492	6 392
*	Profit / (loss) from financial operations IV. - G. + V. - H. + VI. - I. - J. + VII. - K.	48	758	-1 903
**	Profit / (loss) before tax *(I. 30) + * (I. 48)	49	13 223	2 795
L.	Income tax (L. 1 to L. 2)	50	6 289	577
L.1.	Income tax - due	51	2 903	-4 103
L.2.	Income tax - deferred (+/-)	52	3 386	4 680
**	Profit / (loss) after tax **(I. 49) - L.	53	6 934	2 218
M.	Transfer of share in profit to equity holders (+/-)	54	0	0
***	Profit / (loss) of accounting period **(I. 53) - M.	55	6 934	2 218
*	Net turnover of accounting period I. + II. + III. + IV. + V. + VI. + VII.	56	455 024	373 294

Notes:

Date: 31.1.2023	Person responsible for preparation of financial statements 	Signature of statutory representative(s) of the reporting unit 
Legal form of the reporting unit: joint - stock company	Scope of business: Rubber machineries	

HAYEK, spol. s r.o., holding
Jindřišská 5/901
110 00 Praha 1
DIČ: CZ43875092



Buzuluk

BUZULUK a. s.

Buzulucká 108, 26762 Komárov

ID No.: 25056301

**Registered in the Commercial Register kept by the Municipal
Court in Prague, File No. B 4059**

Financial Statements compiled as at 31 December 2022

Balance sheet, profit and loss statement and cashflow statement form an inseparable part hereof.

BUZULUK a.s.

Financial Statements compiled as at 31/12 2022

1. DESCRIPTION OF THE COMPANY

BUZULUK a.s. (hereinafter also referred to as the "Company") is a joint-stock company registered in the Commercial Register kept by the Municipal Court in Prague, File No. B 4059. Date of incorporation and registration of the Company is 31/05 1996. The registered address of the Company is at: Komárov, Buzulucká 108, 267 62, Czech Republic, ID No. 25056301. Its main scope of business is production of plastic making and rubber making machines. As of 1 January 2021, a new member of the Board of Directors was registered – Mr. NI JUN, born on 30 July 1976, domiciled at 7-4-103 Tianjin, Nankai District, Xinyuancun, People's Republic of China.

Entities with more than a 10% share in the registered capital:

DXS HONGKONG INVESTMENT ENTERPRISE LIMITED	90%
XIN SHENG INVESTMENTS LIMITED	10%

The parent company of the Company is DXS HONGKONG INVESTMENT ENTERPRISE LIMITED and the parent company of the Group is DALIAN STATE-OWNED CAPITAL MANAGEMENT AND OPERATION CO., LTD.

The Company is not part of the consolidated group of the parent company.

Members of statutory, supervisory and managing bodies as at 31 December 2022:

Board of Directors	
Chairman:	CHI ANXIN
Member:	JOSEF HLAD
Member:	HAILONG HAO
Member:	KVĚTUŠE KŘIVÁNKOVÁ
Member:	NI JUN
Supervisory Board	
Member:	SUN LING
Member:	MILAN ERNEST
Member:	CHI MING

Two members of the Board always act jointly on behalf of the Board, of which one must always be the Chairman of the Board of Directors or a Category B Member of the Board, while the other must be a Member of the Board of Directors.

2. BASIS FOR FINANCIAL STATEMENTS

The Financial Statements attached hereto were compiled in accordance with the Accounting Act and the relevant Implementing Decree amended for 2021 and 2022.

The Company's management considered possible impacts of the energy crisis, price growth and late delivery of inputs on its business activities and came to a conclusion that the pandemic did not affect significantly the continuous operation of the Company. With respect of that, the Final Statements were prepared at 31 December 2022 presuming that the Company should be able to continue ceaselessly its operations in the future.

BUZULUK a.s.

Financial Statements compiled as at 31/12 2022

3. GENERAL ACCOUNTING PRINCIPLES, ACCOUNTING METHODS AND DEVIATIONS FROM THE METHODS

The Company did not change limits and valuation methods of intangible and tangible fixed assets in 2021 and 2022. The accounting entity thus maintains the principle of permanence of the methods applied pursuant to Art. 7(4) of the Act on Accounting.

a) Intangible fixed assets

Intangible fixed assets of the Company are considered to be the following:

- software;
- valuable rights;
- intangible results of research and development;
- incorporation costs

Intangible fixed assets are valued in CZK in terms of their acquisition prices that include the purchase price and acquisition costs. Interests and other financial expenses linked with the acquisition are not included in the valuation: they are part of financial expenses in the period when actually expended. In 2021 and 2022, intangible fixed assets exceeding the value of CZK 60,000 thousand were depreciated (i.e. charged as expenses) on the basis of their expected lifetime.

Revenue from sale of goods manufactured for the purpose of testing such goods before putting them into operation is credited as operational income.

Depreciation and adjusting entries

Depreciation is calculated on the basis of the acquisition price and expected lifetime of the given assets. The expected lifetime is determined as follows:

	No. of years
Intangible results of development	3
Software	3
Other valuable rights	3
Goodwill	6
Other intangible fixed assets	6

Costs of technological appreciation of intangible fixed assets increase its acquisition price. Technologic appreciation below CZK 40,000 and maintenance of intangible fixed assets is charged as expenses of the Company.

a) Tangible fixed assets

The value of tangible fixed assets is expressed as their acquisition price that includes the purchase price, transport costs, customs duty and other costs linked with the acquisition. Exchange rate differences, repairs and maintenance of purchased tangible fixed assets, contractual fines and default interests are not considered secondary acquisition costs.

The value of tangible fixed assets purchased through internal production is expressed as overall productions costs on the day when entered into accounts. Production costs are all direct and indirect costs linked with the creation of tangible fixed assets through internal operation (i.e. manufacturing and administrative overheads), or, alternatively, as indirect costs of administrative nature.

Tangible fixed assets with value exceeding CZK 40,000 in 2021 and 2022 were charged as expenses (depreciation) with respect to their lifetime.

BUZULUK a.s.

Financial Statements compiled as at 31/12 2022

Tangible fixed asset valuation is decreased by the amount subsidies from the state budget.

Costs of technical appreciation of tangible fixed assets increase their acquisition price. Repairs and maintenance of tangible fixed assets are charged expenses.

Depreciation and adjusting entries

Depreciation is calculated on the basis of the acquisition price and their expected lifetime. The expected lifetime is determined as follows:

	No. of years
Buildings – office buildings, industrial buildings	30
Light construction buildings, towers, masts	20
Tangible assets and their sets	
- Machines and equipment	6
- Vehicles	2
- Casting machines	8
- Air conditioning systems	8
- Computing technology, copy machines	3
Other tangible fixed assets: computing technology, office appliances/devices, machines, tools, measure devices	4

b) Money and cash equivalents

Cash and cash equivalents include stamps, money in cash and in bank accounts.

c) Inventory

Purchased inventory is valued at its acquisition price applying the weighted-average method. The acquisition price includes its purchase price and costs linked with the purchase (transport costs, insurance, commissions, etc.).

Unfinished production is valued through production costs. Production costs include wages and overheads as well as costs of material and other direct costs (cooperation).

Due to longer delivery dates of some components, the production cycle is prolonged. This has led to an increase in work in progress and a subsequent increase in trade payables.

d) Receivables

Receivables are valued at their nominal value.

The value of doubtful receivables is reduced to their exercise price using adjusting entries. In accordance with Internal Rule OS 4/97, the Company reduces the exercise price of receivables using adjusting entries.

e) Derivatives

Derivatives are primarily valued at their acquisition prices. Derivatives in the Balance Sheet attached hereto are reported as part of other short-term and/or long-term receivables and/or liabilities.

The Company distinguishes between derivatives intended for trading and hedging derivatives. Hedging derivatives are contracted with the purpose of safeguarding the exercise price or ensuring cash flows. In order to classify a derivative as a hedging derivative, the changes in exercise prices or cash flows resulting from hedging derivatives need to compensate, at least partially, for the changes in the exercise price of the hedged asset or cash flows resulting from the hedged asset, while the Company has to register and document the existence of a hedging relation with a high degree efficiency of hedging. Other derivatives are automatically considered "trading derivatives".

At the balance sheet date, derivatives are revaluated according to their exercise price. Changes in exercise prices of derivatives intended for trading are entered into accounts as financial expenses/revenues. Changes in exercise prices of derivatives that are classified as hedging of exercise prices are also charged as financial expenses/revenues together with the relevant change in the exercise price of the hedged asset/liability linked with the hedged risk. Changes in exercise prices of derivatives classified as cash flow hedging are charged as equity and they are reported in the balance sheet as valuation difference resulting from recalculating assets and liabilities. Non-efficient parts of hedging are entered into accounts directly as financial expenses/revenues.

f) Equity

Equity of the Company is reported at the amount registered in the Commercial Register kept by the Municipal Court. Any increase or decrease to equity on the basis of a decision taken by the general meeting that had not been registered by the date of the financial statements is reported as a change to equity. Deposits exceeding equity are posted as agio.

Other capital funds consist of monetary and non-monetary deposits exceeding the value of the registered capital.

g) Third party sources

The Company creates legal reserves pursuant to the Act on Reserves for Loss and Risk in cases when the entitlement, amount and date of fulfilment can be determined with a high degree of probability while adhering to the factual and time context.

h) Foreign currency exchange operations

The value of assets and liabilities acquired in a foreign currency is expressed in CZK using the exchange rate on the day when acquired; at the balance sheet date, monetary items were valued using the exchange rate declared on 31/12 by the Czech National Bank.

Realized as well as possible exchange rate profits/losses are entered into accounts as financial revenues/expenses of the given calendar year.

i) Estimates

Compiling the financial statements requires that the Company uses estimates and presumptions that affect the reported value of the assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses in the given period. The management of the Company defined such estimates and presumptions on the basis of all available relevant information. Nevertheless, as the nature of estimates implies, exercise prices may differ from such estimates in the future.

j) Accounting principles for revenues and expenses

The Company has in place an internal rule titled "Accounting principles for expenses and revenues and their accruals, estimates, creation and use of reserves, creation and use of adjusting entries, exchange rate differences".

BUZULUK a.s.

Financial Statements compiled as at 31/12 2022

Revenues and expenses are charted/credited as accrued/deferred, i.e. for the period they are linked with in terms of facts and time.

k) Income tax

Income tax is an expense calculated from the accounting profit increased or decreased by permanently or temporarily non-eligible tax costs and non-taxable profit (e.g., creation and settlement of other reserves and adjusting entries, representation costs, differences between accounted depreciation and tax depreciation, etc.) applying the tax rate valid in the given accounting period. Additionally, entries decreasing the income tax base are taken into account such as gifts, deductible items (tax loss, costs of implementing research and development projects) and income tax deduction.

Deferred tax duty reflects the impact of interim differences between residual values of assets and liabilities on tax from the perspective of accounting and determining the tax base with respect to the given period.

l) Subsidies/Incentives

The Company received a grant under the Operational Programme Enterprise and Innovation for Competitiveness – Application – Call VII for the project "Development of Film Drawing Technology" amounting to CZK 8,001 thousand in 2020. With respect to the deteriorated financial situation and partial shutdowns of some departments due to the Government Resolution and spread of COVID-19, Amending Decision No. 1 to the Decision of Grant Allocation was approved, postponing the deadline for project completion to 31/10 2022. Given the longer delivery dates of certain components, the grant was divided into two phases by Amending Decision No. 2, with a new project completion date of 31/12 2022 for the first phase and 30/06 2023 for the second phase.

In 2020, the Company drew funds from the governmental programme referred to as "COVID III Guarantee" when the Company received access to further funding for its operations. The Company repays the loan regularly.

In November 2022, the Company filed an application under the Support Program for increased natural gas and electricity costs due to extraordinary increases in their prices. According to a calculation, the Company only qualified for funds covering increased gas costs in the amount of CZK 935 thousand. By the end of 2022, the Company did not receive the subsidy. The status of the subsidy is "Submitted".

The Company actively collaborates with universities.

m) Subsequent events

The impact of events that occurred between the balance sheet date and the date of the financial statements is reported in accounting documents as long as such events provided additional information about facts that existed on the balance sheet date.

In case that significant events occurred between the balance sheet date and the date of the financial statements, impacts of such events are described in the Notes to the Financial Statements, but they are not entered in any accounting documents given the fact they occurred after the balance sheet date.

n) Correction of prior period errors

In case of a change in the accounting methods or corrections of prior period errors (as long as the effects of such errors are significant), the Company applies a new accounting method and corrects such an error retroactively, meaning the Company adjusts the data presented for a prior period.

BUZULUK a.s.

Financial Statements compiled as at 31/12 2022

4. **FIXED ASSETS**

a) **Intangible fixed assets (in thousands CZK)**

PURCHASE PRICE

	Opening balance	Increase	Decrease	Closing balance
Software	8 528	-	-	8 528
Unfinished intangible fixed assets	77	83	-	160
Total 2022	8 605	83	-	8 688
Total 2021	8 666	77	138	8 605

ADJUSTING ENTRIES AND CORRECTIONS

	Opening balance	Depreciation	Elimination	Closing balance	Account value
Software	-8 440	-77	-	-8 517	171
Total 2022	-8 440	-77	-	-8 517	171
Total 2021	-8 432	-146	138	-8 440	165

b) **Tangible fixed assets (in thousands CZK)**

PURCHASE PRICE

	Opening balance	Increase	Decrease	Closing balance
Land	7 452	-	-	7 452
Buildings	299 329	-	-	299 329
Tangible assets and their sets	345 846	1 612	1 277	346 181
Other tangible fixed assets	2 087	-	-	2 087
Advance payments for tangible fixed assets	0	3 687	640	3 047
Tangible fixed assets under construction	918	2 015	1 613	1 320
Total 2022	655 632	7 314	3 530	659 416
Total 2021	656 687	1 828	2 883	655 632

ADJUSTING ENTRIES AND CORRECTIONS

	Opening balance	Depreciation	Sales, liquidation	Elimination	Closing balance	Account value
Land	-	-	-	-	-	7 452
Buildings	-267 014	-5 218	-	-	-272 232	27 097
Tangible assets and their sets	-291 032	-7 189	-	1 277	-296 944	49 237
Other tangible fixed assets	-2 087	-	-	-	-2 087	-
Advances for tang. fixed assets	-	-	-	-	-	3 047
Tangible fixed assets under constr.	-	-	-	-	-	1 320
Total 2022	-560 133	-12 407	-	1 277	-571 263	88 153
Total 2021	-547 242	-14 876	-	1 985	-560 133	95 499

BUZULUK a.s.

Financial Statements compiled as at 31/12 2022

According to the Company's internal rule, records of small tangible assets are kept separately (not in accounts) and they are regularly inventoried. The Company defined the threshold value for keeping records of such assets between CZK 1 thousand and CZK 40 thousand. An exception concerns small tangible assets subject to electrical installation inspections. Such assets are kept starting from CZK 1.

The minimum threshold value for tangible fixed assets was CZK 40 thousand and CZK 60 thousand for intangible fixed assets in 2022.

The Company purchased a horizontal machining centre for CZK 44,381 thousand in 2017, its residual value being CZK 28,103 thousand at 31/12 2021; the centre was partially paid by subsidies amounting to CZK 10,891 thousand and used as collateral for securing a loan from Komerční banka, a.s.

In 2020, the Company secured an operational loan from Komerční banka, a.s. using receivables amounting to CZK 25,000 thousand as collateral. As the total amount of receivables was lower in 2020, the Company reduced the amount of the operational loan to CZK 9,164 thousand, the loan being secured by a lien on real estate plots No. 778/4 and 778/6.

In 2020, the Company used funds from the "COVID III Guarantee" Government Programme through which the Company gained access to further operational funding through a long-term loan. The Company started to repay the loan regularly in 2021.

In 2021, the Company used an operational loan from Komerční banka to fund the costs related to the contract for Trelleborg Wheel Systems Czech Republic a.s. The loan was secured by a lien on the receivables from the work contract (the contract financed from the loan) and a lien on real estate plots No. 778/4 and 778/6. The loan was fully repaid in 2022.

5. INVENTORY

Valuation of useless, obsolete and slow-selling inventory is reduced to the selling price using the adjusting entry account shown in the "correction" column in the attached Balance Sheet.

The Company has in place an internal rule called "Accounting principles for expenses and revenues and their accruals, estimates, creation and use of reserves, creation and use of adjusting entries, exchange rate differences".

Adjusting entries are created for material in stock, products and semi-finished production – inventory items under construction (see Section 7).

Adjusting entries are created for inventory with no turnover between 12 and 48 months ranging between 20% and 100% of the value, while each item is considered individually in terms of its usefulness for the Company.

6. RECEIVABLES

At 31/12 2021 and 31/12 2022, receivables after maturity amounted to CZK 6,764 thousand and CZK 14,257 respectively.

In 2020, the Company wrote off (as expenses) receivables amounting to CZK 423 thousand due to their uncollectibility, bankruptcy and/or settlement refusal or failure to satisfy a claim in bankruptcy proceedings, etc. Records of such receivables are kept in off-balance accounts.

At 31/12 2022, the Company had no long-term receivables. The Company has no receivables with maturity exceeding 5 years

Receivables from affiliate entities (see Section 19).

HAYEK, spol. s r.o., holding
Jindřišská 5/901
110 00 Praha 1
DIČ: CZ43875092

BUZULUK a.s.

Financial Statements compiled as at 31/12 2022

7. ADJUSTING ENTRIES

Adjusting entries express temporary decrease in asset value (assets from Section 4, 5 and 6).

Changes in adjusting entry accounts (in thousands of CZK):

Adjusting entries for:	Balance at 31/12 2020 (recalculated)	Adjusting entry creation	Adjusting entry accounted for	Balance at 31/12 2021	Adjusting entry creation	Adjusting entry accounted for	Balance at 31/12 2022
Inventory	918	245	145	1 018	1 027	144	1 901
Receivables – required by law	109	110	0	219	0	0	219
Receivables - other	109	0	109	0	0	0	0

The Company has a receivable linked with income tax from 2017. As the receivable became uncollectible in 2018, the Company decided to create an adjusting entry for the receivable amounting to 50% for 2018 and 50% for 2019. The adjusting entry was cancelled in 2020. In 2020, an adjusting entry of CZK 109 thousand was created for a receivable claimed in court. In 2021, the Company created an adjusting entry amounting to CZK 219 thousand.

Legal adjusting entries are created in accordance with the Act on Reserves and they are tax deductible.

8. ACCRUED ASSETS

Accrued costs include primarily invoices received by 31/12 2022 and they are charged as future expenses for periods to which they relate in terms of facts and time (rent).

Deferred revenues include primarily work and services that have not been settled (paid) and invoiced.

9. EQUITY

Changes in equity (in thousands CZK):

	Balance at 31/12 2020	Increase	Decrease	Balance at 31/12 2021	Increase	Decrease	Balance at 31/12 2022
No. of shares	3	-	-	3	-	-	3
Registered capital	96 855	-	-	96 855	-	-	96 855
Other capital funds	7	-	-	7	-	-	7
Undistributed profit / unsettled loss from prior periods	163 986	-	-29 158	134 828	2 218	-	137 046
Other business result of prior periods	-6 543	6 543	-	0	-	-	0
Result of the current accounting period	-22 615	24 833	-	2 218	4 716	-	6 934
Total	231 690	31 376	-29 158	233 908	6 934	-	240 842

BUZULUK a.s.

Financial Statements compiled as at 31/12 2022

The Company's equity consists of 3 fully subscribed shares with a nominal value of CZK 96,855 thousand. The shares are registered in physical form and they are not publicly traded. Other capital funds consist of cash and cashless deposits exceeding the value of the registered capital.

Type and volume of issued securities:

- 1 pc of registered shares with the nominal value of CZK 6,975,000
- 1 pc of registered shares with the nominal value of CZK 80,194,500
- 1 pc of registered shares with the nominal value of CZK 9,685,500

The aforementioned profit distribution for 2020 and 2021 was approved by general meetings of the Company held on 29/06 2021 and 31/05 2022.

The Board of Directors of the Company shall propose transfer of the profit from 01/01 2022 to 31/12 2022 amounting to CZK 6,934 thousand to the account of undistributed profit from previous years.

As at 31 December 2020, the Company had "other economic result" amounting to CZK -6,543 thousand that was entered into accounts in 2019. This other economic result arose from the difference caused by changing accounting methods in 2017 and 2018 that concerned creation of accounting reserves for any warranty costs and accrued annual leave. The general meeting held on 29/06 2021 decided to transfer the other economic result amounting to CZK -6,543 thousand to the account of unsettled losses from previous years.

The general meeting of BUZULUK held on 9 April 2019 decided that the Company pays dividends for the 2018 accounting period amounting to CZK 10,000 thousand to the owners of the Company in three tranches. A total of CZK 2,453 thousand was paid in the 2022 accounting period.

The Company had an account payable to shareholders amounting to CZK 4,097 thousand (unpaid dividends for 2018) at the balance sheet date. The payable was transferred from short-term payables to shareholders to long-term payables to shareholders in 2020. The payable shall be paid with respect to the Company's economic situation in 2023.

10. RESERVES

Changes in reserves (in thousands CZK):

Reserves	Balance at 31/12 2020	Reserve creation	Reserve settlement	Balance at 31/12 2021	Reserve creation	Reserve settlement	Balance at 31/12 2022
For income tax	-	-	-	-	-	-	-
Others	4 292	4 462	-4 292	4 462	5 396	4 462	5 396

The Company first created reserves for anticipated warranty costs and reserves for accrued annual leave in 2019; the reserves were also created retroactively for 2017 and 2018.

11. SHORT-TERM PAYABLES

As at 31/12 2021 and 31/12 2022, the Company had short-term payables after maturity date amounting to CZK 6,554 thousand and CZK 67,309 thousand, respectively.

As at the balance sheet date, the Company had a short-term payable with Komerční banka amounting to CZK 9,164 thousand, for which a lien was established on real estate plots No. 778/4 and 778/6.

The Company had no outstanding payables to social security administration or health insurance companies as at 31/12 2022.

BUZULUK a.s.

Financial Statements compiled as at 31/12 2022

Estimated liabilities as at 31/12 2022 include transactions through which the Company incurred a debt relating to the given accounting period in terms of facts and time, while its exact amount is unknown. This concerns primarily uninvoiced supplies of material, energy and services.

Payables to affiliated entities (see Section 19).

12. PAYABLES TO CREDIT INSTITUTIONS

Bank	Terms/ Conditions	Interest rate	Total limit	2021		2022	
				Amount in foreign currency	Amount in thousands CZK	Amount in foreign currency	Amount in thousands CZK
Bank loans	20/03 2023	1.69% p. a.	33 161	-	8 908	-	1 673
	24/02 2023	1M EURIBOR + 0.75%	10 000	380	9 447	380	9 164
	31/08 2022	0.95% p. a.	82 000	290	7 209	-	-
	20/11 2023	2.10% p. a.	50 000	-	47 000	-	35 000
	02/09 2022	1M EURIBOR + 1.54%	39 279	1 580	39 279	-	-
	overdraft acc.	€STR + 1.10% p. a.	24 115	-	-	999	23 972
	overdraft acc.	1M EURIBOR + 1.79%	5 000	-	-	200	4 823
Total				2 250	111 843	1 579	74 632
Instalment in the following year				2 250	75 710	380	45 837
Instalments in the following years				-	36 673	1 199	28 795

Interest costs linked with payables to credit institutions amounted to CZK 1,709 thousand in 2021 and CZK 1,694 in 2022.

Overview of bank loan and credit instalments in thousands CZK:

	Bank loans
2022	75 170
2023	45 837
2024	28 795

13. ACCRUED LIABILITIES

Accrued expenses include primarily invoices received after 31/12 2022 and they are posted as expenses of the period they are linked with in terms of facts and time.

The Company had no deferred revenues as it received no payments in 2022 that would be linked with a future period in terms of facts and time.

14. DERIVATIVES

As at 31/12 2021 and 31/12 2022 the Company had no contracts concerning derivatives.

In 2022, the Company entered into one forward contract with the settlement date in October 2022 in order to secure a receivable.

HAYEK, spol. s r.o., holding
Jindřišská 5/901
110 00 Praha 1
DIČ: CZ43875092

BUZULUK a.s.

Financial Statements compiled as at 31/12 2022

15. INCOME TAX

The Company calculated preliminarily the income tax as follows (in thousands CZK):

	2021	2022
Profit before tax	2 796	13 223
Non-tax revenue	-4 616	-4 667
Difference between accounting depreciation and tax depreciation	-6 313	-6 032
Non-deductible expenses		
Creation of adjusting entries	245	1 028
Creation of reserves	4 462	5 396
Others (e.g. representation costs, deficit and damage)	637	1 011
Taxable income	-	9 959
Deduction for research and development	-	-9 529
Tax base	-2 789	430
Donation deduction	-	-12
Rounded tax base	-	-417
Income tax rate	19%	19%
Tax	-	-
Tax discounts	-	-
Total tax	-	-

The Company was under audit by the revenue office for income tax and value added tax for 2016 since November 2019. On 1 December 2021, the Company received a tax audit report with the result "The Tax Authority observes that the tax audit of the value added tax for the October to December 2016 tax periods did not reveal any discrepancies with the information provided in the tax reports filed for the tax periods under audit". The income tax audit was completed in January 2022 with an additional tax assessed in the amount of CZK 2.9 million. This was due to formal errors in R&D projects. The Company has applied for waiver of penalty and part of interest. The Company's request was granted.

The Company calculated deferred tax as follows (in thousands CZK):

	2021		2022	
Deferred tax items	Deferred tax receivable	Deferred tax payable	Deferred tax receivable	Deferred tax payable
Difference between accounting value and residual value of long-term assets	-	5 920	-	7 066
Other interim differences:				
Adjusting entries to inventory	193	-	361	-
Reserves	848	-	1 025	-
Unclaimed deduction for research and development	2 899	-	312	-
Unclaimed tax loss	2 895	-	2 896	-
Total	6 835	5 920	4 594	7 066
Net	915	-	-	2 472

BUZULUK a.s.

Financial Statements compiled as at 31/12 2022

The Company entered into accounts a deferred tax liability amounting to CZK 2,472 thousand resulting from a higher book value of depreciated tangible and intangible fixed assets as compared to the tax amortised value.

16. OFF-BALANCE ASSETS AND LIABILITIES

At 31/12 2021 and 31/12 2022, the Company had off-balance assets and liabilities amounting to CZK 39,269 and to CZK 58,750 thousand, respectively. This encompasses mainly bank collaterals, receivables and liabilities written off, payment cards and collateral. Furthermore, the Company keeps off-balance accounts recording other parties' assets received for processing or storing.

17. REVENUES

Breakdown of the Company's operating revenues (in thousands CZK):

	2021		2022	
	Czech Republic	Abroad	Czech Republic	Abroad
Revenues from sale of goods	626	1 159	1 653	1 554
Revenues from sale of own land	72 521	191 173	145 294	119 994
Revenue from sale of services	36 267	-	73 990	-
Total revenues	109 414	192 332	220 937	121 548

Detailed breakdown of revenues by territory and assortment can be seen in the Company's Annual Report.

18. PERSONNEL EXPENSES

Breakdown of personnel expenses (in thousands CZK):

	2021		2022	
	Total number of employees	Members of statutory, supervisory and management bodies	Total number of employees	Members of statutory, supervisory and management bodies
Average number of employees	198	4	187	4
Wages	73 991	5 782	82 903	6 653
Social security and health insurance	25 231	1 945	27 742	2 245
Social expenses	3 559	27	3 401	30
Total personnel expenses	102 781	7 754	114 046	8 928

In 2021 and 2022, members of statutory, supervisory and management bodies did not receive any rewards/bonuses due to their function.

19. INFORMATION ON AFFILIATE ENTITIES

In 2021 and 2022, members of statutory, supervisory and management bodies did not receive any advance payments, deposits, loans, guarantees or any other benefits and they do not share any shares of the Company.

HAYEK, spol. s r.o., holding
Jindřišská 5/901
110 00 Praha 1
DIČ: CZ43875092

BUZULUK a.s.

Financial Statements compiled as at 31/12 2022

At the balance sheet date, the Company had a liability to its shareholders amounting to CZK 4,097 thousand: unpaid dividends for 2018.

The Company regularly sells products to affiliate entities. In 2021 and 2022 the sales amounted to CZK 14,659 thousand and CZK 5,233 thousand, respectively.

Short-term receivables from affiliate entities at 31/12 (in thousands CZK):

Affiliate entity	Terms/Maturity	2021	2022
Dalian Rubber & Plastics Machinery Co., Ltd	60 days	1 851	0

The Company purchases products and uses services of affiliated entities for its common business operations. No purchases occurred in 2021 and 2022.

Short-term payables to affiliate entities at 31/12 (in thousands CZK):

Affiliate entity	Terms/Maturity	2021	2022
Dalian Rubber & Plastics Machinery Co., Ltd	30 days	0	8 706

Short-term payable at 31/12 2022 – a proforma invoice for the DXS-BK-2210-SJ and DXS-BK-2210-DH contracts.

20. RESEARCH AND DEVELOPMENT EXPENSES

In 2021 and 2022, CZK 1,104 thousand and CZK 22,098 was expended, respectively, and posted as expenses.

The Company received a grant from the OP EIC for the Research and Development Project "Film Drawing Technology". The project was implemented in 2022 and shall be terminated in 2023. The project shall be sold and handed over to the end customer for which the development project is implemented in 2023.

The relevant Tax Office was duly notified of the Company's intent to apply deduction for such research and development expenses. At the same time, the Company has in place design documentation for such Research and Development Projects.

21. SIGNIFICANT EVENTS FROM THE PROFIT AND LOSS STATEMENT

Services consist mainly of third parties' expenses incurred in connection with transport, installation, putting into operation and maintenance of the machines/devices supplied.

Other operating expenses include particularly factoring and employee insurance.

Other operating revenues include particularly factoring and subsidies for increased energy costs.

Other financial revenues and expenses include particularly realized and non-realized exchange rate profits and losses.

Reward paid to the statutory auditor is reported in the Consolidated Annual Report of the Parent Company.

HAYEK, spol. s r.o., holding
Jindřišská 5/901
110 00 Praha 1
DIČ: CZ43875092

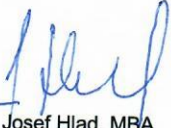

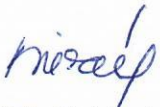
BUZULUK a.s.

Financial Statements compiled as at 31/12 2022

22. SIGNIFICANT EVENTS THAT OCCURRED AFTER THE DATE OF THE BALANCE SHEET

No significant changes occurred after the balance sheet date.

23. OVERVIEW OF CHANGES TO THE EQUITY (SEE SECTION 9)

Compiled on:	Signature of the statutory body of the accounting unit:	Person responsible for the financial statements (name, signature):
10 February 2023	 Ing. Josef Hlad, MBA	 Mgr. Hailong Hao
		 Ing. Květuše Křiváňková, MBA

HAYEK, spol. s r.o., holding
Jindřišská 5/901
110 00 Praha 1
DIČ: CZ43875092



Cash Flow Statement

BUZULUK a.s.		2022	2021
P.	Cash and cash equivalents at beginning of period	47 415	35 933
Z.	Book profit or loss from current activities before tax	13 223	2 795
	Cash flow from primary earning activities (from operations)		
A. 1.	Adjustments for non-cash operations	15 984	16 971
A. 1. 1	Depreciation of long-term assets (+)	12 485	15 021
A. 1. 2.	Change in correction entries, reserves, and balances on intermediary accounts	1 817	270
A. 1. 3.	Profit or loss from sale of long-term assets (-/+)	-12	0
A. 1. 4.	Revenues from dividends and profit shares	0	0
A. 1. 5.	Posted interest expenses (+) except capitalized interest, and posted interest revenues (-)	1 694	1 680
A.1.6.	Adjustments for other non-cash operations	0	0
A. *	Net cash flow from operations before tax, without changes in working capital and without extraordinary items	29 207	19 766
A. 2.	Change in need for working capital	-26 610	9 536
A. 2. 1.	Change in accounts receivable from operations (-/+), in asset accounts for time differentiation, and in estimate accounts	-46 295	-21 202
A. 2. 1. 1.	Change in accounts receivable from operations (-/+)	-42 562	-15 679
A. 2. 1. 2.	Change in asset accounts for time differentiation and in estimated asset accounts	-3 733	-5 523
A. 2. 2.	Change in short-term liabilities from operations (+/-), in liability accounts for time differentiation, and in estimated liability accounts	86 831	19 265
A. 2. 2.1.	Change in short-term liabilities from operational activities (+/-)	74 680	15 897
A. 2. 2.2.	Change in liability accounts for time differentiation and in estimated liability accounts (+/-)	12 151	3 368
A. 2. 3.	Change in inventory (+/-)	-67 146	11 473
A. 2. 4.	Change in short-term financial assets not falling under cash and cash equivalents (+/-)	0	0
A. **	Net cash flow from operations before tax	2 597	29 302
A. 3.	Interest paid other than capitalized interest (-)	-1 694	-1 709
A. 4.	Interest received (+)	0	29
A. 5.	Tax paid on income from current activities and for past periods (-)	-2 903	4 103
A. 6.	Revenues and expenditures associated with extraordinary accounting cases including tax paid for extraordinary activities	0	0
A. 7.	Přijaté dividendy a podíly na zisku (+)	0	0
A. ***	Net cash flow from operations before tax and without extraordinary items	-2 000	31 725

Cash flow for investments		
----------------------------------	--	--

B. 1.	Expenditures for acquisition of long-term assets	-5 144	-1 008
B. 2.	Revenue from sale of long-term assets	12	0
B. 3.	Loans to affiliates	0	0
B. ***	Net cash flow for investments	-5 132	-1 008
Cash flow from financing			
C. 1.	Impact of changes in long-term obligations and such short-term obligations as fall under the category of financing	-36 548	-19 235
C. 2.	Impact on cash of changes in owners' equity	-2 453	0
C. 2. 1.	Increase in cash based on increase in basic capital (+)	0	0
C. 2. 2.	Payment of share in owners' equity to shareholders (-)	0	0
C. 2. 3.	Additional monetary investments in the company by shareholders and stockholders	0	0
C. 2. 4.	Compensation by shareholders for loss (+)	0	0
C. 2. 5.	Direct payments from funds (-)	0	0
C. 2. 6.	Dividends or profit shares paid out including tax withheld	-2 453	0
C. 3.	Dividends and profit shares received except from businesses whose field of enterprise is investment (+)	0	0
C. ***	Net cash flow from financing activities	-39 001	-19 235
F.	Net increase or reduction in cash and cash equivalents	-46 133	11 482
R.	Cash and cash equivalents at end of period	1 282	47 415

Date: 31. 1. 2023

Signature of statutory authority:

Handwritten signature

HAYEK, spol. s r.o., holding
Jindřišská 5/901
110 00 Praha 1
DIČ: CZ43875092



Handwritten signature of the auditor

Overview of changes in equity
BUZULUK a.s.

Text	Current period	Previous period	Difference
A. Registered capital entered in the companies register (account 411)			
1. initial balance	96 855 000	96 855 000	0
2. increase	0	0	
3. decrease	0	0	
4. final balance	96 855 000	96 855 000	0
B. Registered capital not entered (account 419)			
1. initial balance	0	0	0
2. increase	0	0	
3. decrease	0	0	
4. final balance	0	0	0
C. A.+-B. with regard to account 252			
1. initial balance	96 855 000	96 855 000	0
2. change in state of registered capital	0	0	
3. initial balance of own shares and ownership interests	0	0	
4. change in the state of own shares and ownership interests	0	0	
5. final balance	96 855 000	96 855 000	0
D. Share premium			
1. initial balance	0	0	0
2. increase	0	0	
3. decrease	0	0	
4. final balance	0	0	0
E. Reserve funds			
1. initial balance	0	0	0
2. increase	0	0	
3. decrease	0	0	
4. final balance	0	0	0
F. Other profit funds			
1. initial balance	0	0	0
2. increase	0	0	
3. decrease	0	0	
4. final balance	0	0	0

Text	Current period	Previous period	Difference
G. Other capital funds			
1. initial balance	7 250	7 166	84
2. increase	0	84	
3. decrease	0	0	
4. final balance	7 250	7 250	0
H. Revaluation differences not included in profit/loss			
1. initial balance	0	0	0
2. increase	0	0	
3. decrease	0	0	
4. final balance	0	0	0
I. Profit of accounting periods (account 428)			
1. initial balance	134 827 662	163 986 401	-29 158 739
2. increase	2 218 477	0	
3. decrease		29 158 739	
4. final balance	137 046 139	134 827 662	2 218 477
J. Loss of accounting periods (account 429)			
1. initial balance	0	-6 543 288	6 543 288
2. increase	0	6 543 288	
3. decrease	0	0	
4. final balance	0	0	0
K. Profit/loss for accounting period after tax			
	6 933 890	2 217 556	4 716 333

Date:

Signature of statutory body:

mael *f. huf* *邵海芳*

HAYEK, spol. s r.o., holding
 Jindřišská 5/901
 110 00 Praha 1
 DIČ: CZ43875092



[Handwritten signature]