

Buzuluk

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

BUZULUK a.s.

as at 31/12 2023

HAYDOX a.s. holding
Jir. číslo: 5/901
110 00 Praha 1
DIČ: CZ43875092

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1. Introduction

1.1. Letter of the Director

Dear Shareholders, Business Partners and Friends,

We are living in a time that is very complicated, given the global political and economic situation which negatively affects, more or less, almost every business and person. When we compare it with previous decades, it is much more important to monitor and predict the macroeconomic development in different areas, as it is essential not only for the efficiency of our company, but for its very existence. It is a very complex task, since political decisions and interventions in the economy fundamentally affect macroeconomic trends and distort basic economic principles, making predictions and subsequent reactions very difficult.

Despite stabilisation of energy prices in 2023, the annual inflation rate in the Czech Republic reached 10.7%, making operational inputs even more expensive. In that situation, BUZULUK achieved sales of EUR 344 million in 2023, which is comparable to 2022 (CZK 342 million). Nevertheless, the Company had profit after tax of CZK 7.8 million, which is a year-on-year increase of 12.5%. Such an increase was achieved despite the inflation, which was one of the highest in the EU. The increase was significantly influenced by the fact that the Company has reduced its workforce by 25% over the last two years in anticipation of input costs growth. In terms of new orders, they have been secured for the future period at the level of 60% of 2023 revenues, which is a good basis given that component delivery times are shortening, which results in shorter project implementation times.

A negative factor affecting the Company's cash flow is an uneven distribution of orders and changes in deadlines, with customers delaying or suspending the final implementation of projects due to low demand for their products. This, together with the general unsatisfactory situation, places great demands on risk and cash flow management. This is further enhanced by the attitude of the banking sector which keeps tightening conditions for the use of financial products in view of the economic downturn and increasing risks.

High inflation and rising input costs in the Czech Republic weaken competitiveness of companies operating on international (global) markets, including BUZULUK. The situation is further aggravated by legislative changes that have come into force at the beginning of 2024, some others will come into force in 2024. In spite of the fact that the Company's management tries to respond actively and timely to potential threats by reducing costs, finding new markets and adjusting internal procedures, the macroeconomic development is beyond any control and the situation cannot be resolved locally.

These factors, together with the increasing administrative burden, are very difficult obstacles for businesses, and the solution needs to be sought in strategic business navigation. Therefore, it can be expected that BUZULUK will take steps in order to ensure its competitiveness and minimize negative effects of the "EU, or rather its parliament".

In addition to strategic solutions, the Company also searches for other short-term measures. For this end, a 720 kWp photovoltaic power plant will be put into operation in 2024; it is expected to cover around 18% of energy consumption and reduce electricity costs in the long-term. Otherwise, BUZULUK does not currently plan further investments, primarily because of cost-saving reasons.

Given the disturbing situation in Europe, no significant increase in investments in production in the EU can be expected in the short term. This, together with the fact that the European market accounts for almost 50% of the Company's total sales, makes it necessary for the Company to focus more on non-European markets and other market segments.

Despite the aforementioned risks and negatives I firmly believe that we will cope with the situation. Last but not least, I would like to thank all our employees and business partners and wish them good health and plenty of energy 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

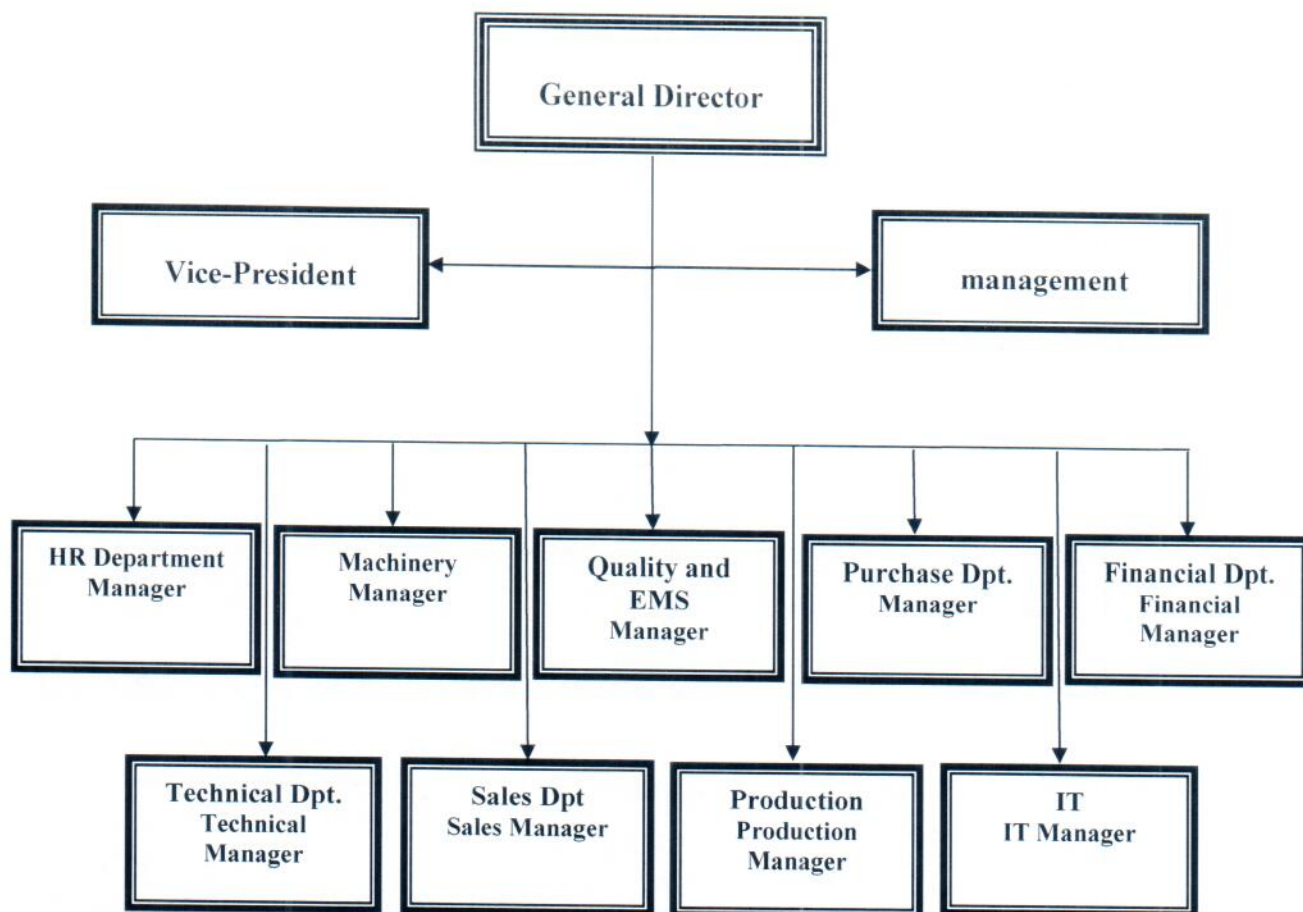
Management

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

Ma Ting Chairman	Zheng Dongxu Member of the Board	Milan Ernest Member of the Board
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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 2023, 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 2023: CZK 120,491,814

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 2023 were significantly impacted by rising input prices and reduced customer demand for end products. As a result, project timelines were often pushed back, investments in new production capacity were postponed and, in rare cases, projects were cancelled.

The increase in input prices in the EU and the Czech Republic, coupled with a high level of administrative burden, significantly affects competitiveness of manufacturing companies, especially when facing Asian and American manufacturers, which is further affected by legislation that reduces flexibility towards customers.

The European market has been able to accept partially price increases given by rising costs of inputs, as all European companies face similar problems and the situation is about the same in the European markets. On the other hand, customers perceive high costs in Europe as a problem and turn to suppliers outside Europe who are able to offer similar products at a lower price.

In 2023, the Company reached a similar level to 2022, with a comparable geographical distribution of sales, with 45% of deliveries to Europe, which continues to be the largest market.

BUZULUK's sales by products in 2023 were as follows:

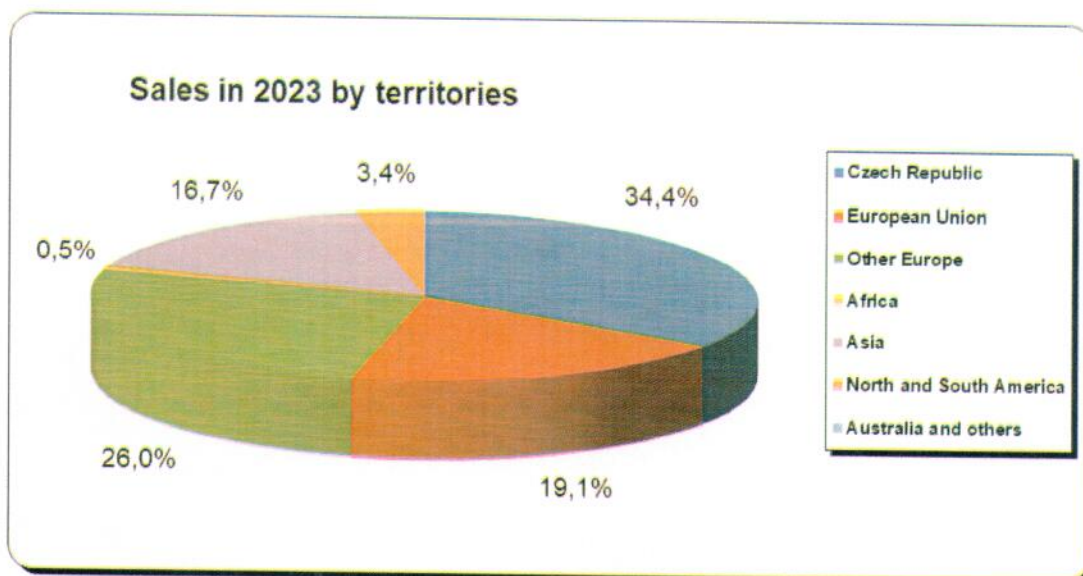
- orders concerning machines and assembly: 61%
- deliveries of replacement cylinders: 12%
- deliveries of spare parts: 8%
- cooperation, merchandise and services: 19%

In any case, the European market is not big enough for European companies to be able to "survive" on income from European stores alone. Given the current situation and political plans of the EU, the situation is not optimistic and it is necessary to search for cheaper inputs and sales outside Europe. This is supported by the fact that legislation and demands placed on companies in the Czech Republic further reduce competitiveness of local companies compared to other manufacturers, including European manufacturing companies.

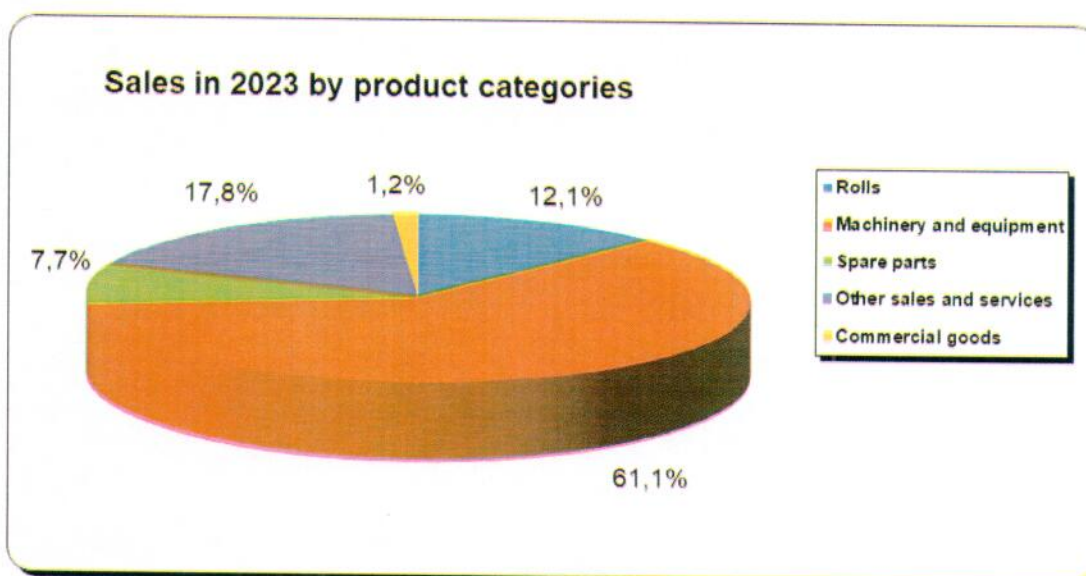
With respect to the limited demand for end products, it can be expected that customers in the rubber industry will continue to cancel and/or postpone investments, meaning no significant improvement can be expected in the short or medium term. Therefore, the objective for the next period is to at least maintain the current level of sales and secure lower inputs for project implementation.

From a business point of view, it is thus necessary to focus on other market segments outside the rubber industry, where BUZULUK currently operates marginally, while the potential is improving and looks promising.

Sales in 2023 by territories in %



Sales in 2023 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 2023, the Company was recertified to all of the aforementioned standards.

BUZULUK focuses on developing products in the field of rubber compounding and rubber mixture calendering, where it expands its existing product portfolio. Being greatly dependent on the rubber industry, which is experiencing a kind of a crisis, BUZULUK develops a portfolio of machines for relevant industries that it tries to enter, with the view of larger product diversification.

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

A long-term objective of BUZULUK is to remain a top manufacturer of machines and devices for rubber technologies and expand its activities in other product segments.

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 and Risk Management and Grant 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, its main financial risk consists in exposure to effects of EUR/CZK and USD/CZK exchange rate fluctuations. Currency hedging is arranged on an ongoing basis for existing and anticipated contracts in foreign currencies. The primary hedging instrument is currency forward contracts that cover exchange rate fluctuations. However, in 2023, the Company mostly opted for natural hedging and executed its purchases in forward contracted currencies. Unfortunately, the appreciation of CZK in the first half of 2023 greatly affected the amount of sales and receivables as many sales are in EUR. In the second half of 2023, CZK depreciated, and as the Company repaid a loan in EUR provided under the COVID III guarantee in the second half of 2023, the repayment of the loan had a negative impact on the financial results and the unrealised foreign exchange loss.

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 2023, the situation from 2022 persisted, when 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 some sub-supplies, mainly of electrical components, the handover of large orders was postponed to 2023 already at the end of 2022. This reflected in an increase of liabilities in 2022 and also in receivables that were not due until 2023, causing a shortfall in the Company's cash flow at the turn of 2022 and 2023. However, thanks to a pre-export loan secured by EGAP, the Company was able to reduce its liabilities. At the same time, there was a reduction in cash.

In 2022 and 2023, BUZULUK was also affected by the global risk of elevated 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. Another measure is to time purchases correctly. As a result, the Company managed to respond in a timely manner to economy fluctuations and costs were reduced significantly.

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 seeks to take advantage of subsidy programmes. In 2020, the Company received a grant amounting to CZK 8 million from the Operational Programme Enterprise and Innovation for Competitiveness ("OP EIC") – Application – Call VII for a project "Development of foil winding technology". 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 again approved, postponing the deadline for project completion to 31/12 2022. The project started to be implemented in 2021. Annex No. 2 to the Decision of Grant Allocation split the project into 2 stages in 2022. The first stage was completed in 2022 by presenting a statement of eligible costs by 31/12 2022. The second stage was completed by 30/06 2023 and the Company received the grant.

Furthermore, the Company participated in the government programme "COVID III Guarantee" from which the Company received funds for covering its operations. The Company started repaying the loan in 2021 and continued to repay it in 2022 in regular instalments. The loan was fully repaid in 2023. The Company took another EGAP+ loan in 2023 for covering export costs.

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. The Company received a positive decision on the payment of the subsidy in 2023 and received the funds.

In 2022, the Company filed an application for a subsidy to build a photovoltaic power plant at BUZULUK with an output of 724.88 kWp. The deadline for completion is 30/06 2024. Upon filing an application for a change, the deadline for using the grant was prolonged to 31/12 2024. The project will be co-funded from EU programmes in the amount of CZK 5.280 million. The project started to be implemented in 2023. The expected date of completion is June 2024.

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

4.4. Investments and Environmental Protection

The value of the assets placed in service in 2023 was CZK 7,649 thousand. The sum consisted of investments into coquille manufacture and purchase of a suction machine for the foundry. In 2023, the Company started implementing the PV power plant project, expected to be completed in 2024.

In December 2023, 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.

All legislative and legal requirements pertaining to environmental management were met under the environmental management system in 2023.

No accidents that could endanger or harm the environment occurred in 2023. 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 2023 were fulfilled on an ongoing basis throughout 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 2023, the Company had an average recalculated number of 167 employees. As at 31/12 2023, the total registered number of employees was 165, of which 73 manufacture workers, 20 operational workers and 72 technical workers.

As at 31/12 2023, BUZULUK had 18 employees (10.91%) with tertiary education, 2 employees (1.21%) with higher vocational education, 69 employees (41.82%) with secondary education and graduation exam, 72 employees (43.64%) with vocational education and 4 employees (2.42%) with basic education.

Staffing in 2023 was greatly affected by high inflation exceeding, on average, 10%, as well as by high energy costs causing a hike in the prices of services and raw materials for production, which reflected in a drop in orders. This had a major impact on the number of employees and increased personnel costs during the year.

For that reason, the main task was to reduce costs, including personnel costs. In the first half of 2023, BUZULUK had to shut down some operations and reduce personnel costs, e.g. by holding only trainings required by the law and by curbing hiring new staff. These measures stabilised the number of employees at a sustainable level. The savings in personnel costs partly compensated the elevated energy costs.

Despite the requirement for reducing personnel costs, 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 2023 and 31/12 2023, 5 work accidents occurred in BUZULUK. No occupational disease was reported for the given period.

4.6. Goals and Strategy for 2024

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 exports 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. The first step consists in constructing a photovoltaic power plant. 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 terms 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 initiations.

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

		2021	2022	2023
Total revenues	in thous CZK	301 746	342 485	344 028
of which export	in thous CZK	192 332	121 548	225 828
of which Czech Republic	in thous CZK	109 414	220 937	118 200
EBITDA	in thous CZK	19 719	24 950	31 947
Personnel costs	in thous. CZK	102 781	114 046	103 633
Depreciation	in thous. CZK	15 021	12 485	11 031
Operational profit	in thous. CZK	4 698	12 465	20 916
Profit/loss	in thous. CZK	2 218	6 934	7 801
Assets	in thous. CZK	450 728	508 897	477 529
Other sources	in thous. CZK	212 091	258 554	227 702
Equity	in thous. CZK	233 908	240 842	248 643
Employees	Ø recalculated	198	187	167
Revenues/recalculated employees	in thous. CZK	1 524	1 831	2 060
Profit (loss)/equity (ROE)	%	0,9	2,9	3,1
Other sources/assets	%	47,1	50,8	47,7
Revenues/equity	%	129,0	142,2	138,4

		2021	2022	2023
average exchange rate		25,645	24,565	24,007
spot exchange rate		24,860	24,115	24,725
Total revenues	in thous. EUR	11 766	13 942	14 330
of which export	in thous. EUR	7 500	4 948	9 407
EBITDA	in thous. EUR	769	1 016	1 331
Operating profit (loss)	in thous. EUR	183	507	871
Profit/loss	in thous. EUR	86	282	325
Assets	in thous. EUR	18 131	21 103	19 314
Other sources and accruals	in thous. EUR	8 531	10 722	9 209
Equity	in thous. EUR	9 409	9 987	10 056

4.8. Proposal on Profit Distribution

The Board of Directors of the Company shall propose to the General Meeting relocation of the profit from 2023 amounting to 7,801 thousand CZK to undistributed profit from previous years.

Komárov, 27/02 2024

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 2023

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ID No.: 25056301

being the controlled entity

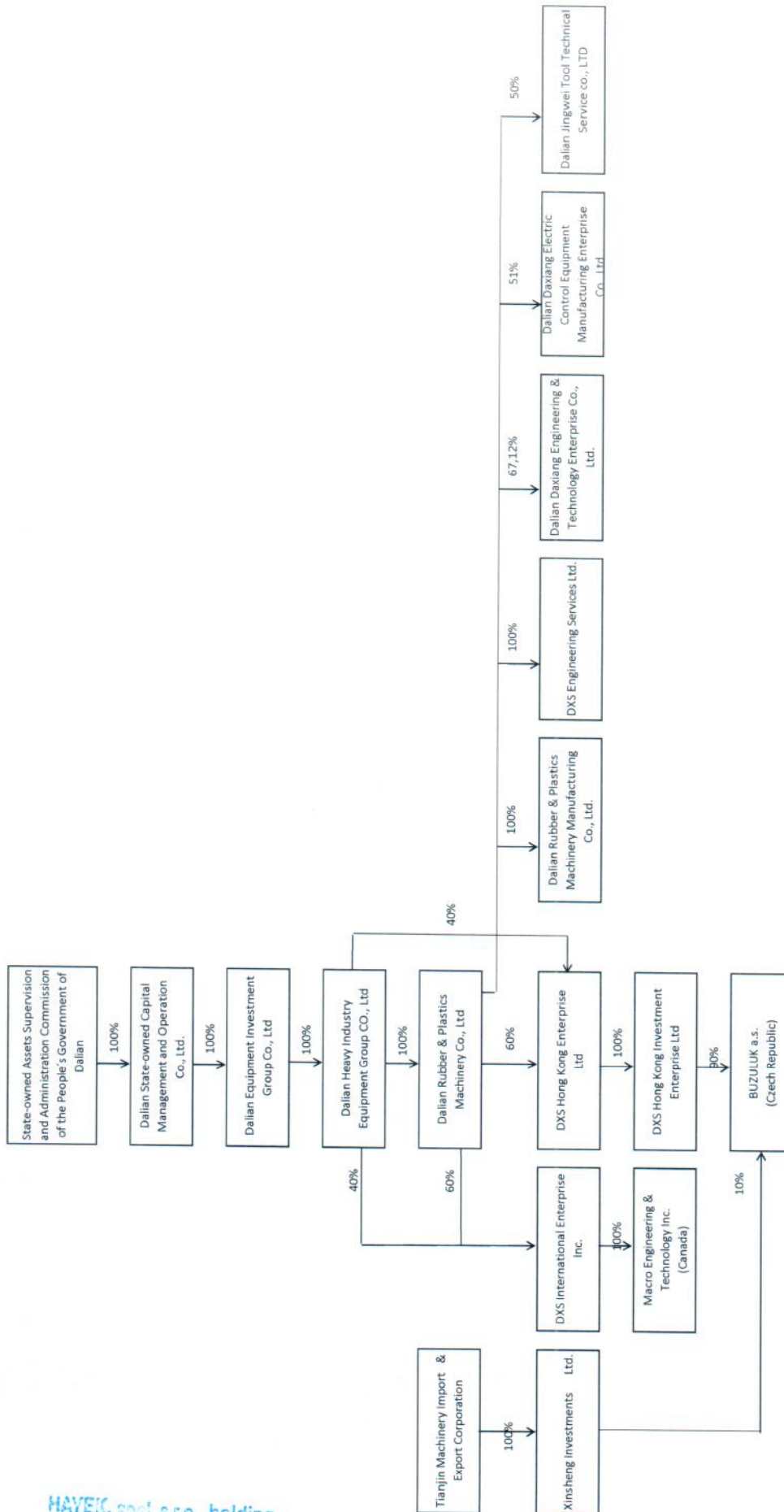
Controlling entities: **Dalian Rubber & Plastics Machinery Co., Ltd**
No. 18 Yinghui Road, Ganjingzi District, 116036 Dalian, Liaoning Province,
People's Republic of China

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 2023



Source: Dalian Rubber & Plastics Machinery Co., Ltd

HAVEIC spol. s r.o., holding
Jir. dřišská 5/901
10 00 Praha 1
DIČ: CZ46876092

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 the 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 State-owned Assets Investment & Management (Group) Co., Ltd, whose representatives are members of the Board of Directors of BUZULUK a.s. and whose representatives vote at the General Assembly of BUZULUK a.s. through shareholders DXS Hong Kong Investment

d) In the 2023 accounting period, no negotiations about assets exceeding 10% of equity to the benefit of a controlling entity

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-2210-DH	2350040	17.04.2023	1 903 825
	DXS-270L-22dt	2350041	17.04.2023	5 216 975
	DXS-BK-2304CHC	2350064	30.05.2023	1 018 200
	DXS-BK-2304SHX	2350065	30.05.2023	966 278
	DXS-BK-2210-SJ	2350071	31.05.2023	1 129 933
	DXS-BK-2210-SJ	2350077	12.06.2023	2 628 268
	DXS-BK-2210-SJ	2350088	26.06.2023	3 758 200
	DXS-270L-22	2350091	29.06.2023	4 945 000
	DXS-BK-2305CEAT	2350093	29.06.2023	719 498
	DXS-BK-2305-TW	2350094	29.06.2023	1 052 815
	DXS-BK-2305-TW	2350101	09.08.2023	116 208
	DXS-270L-22	2350102	10.08.2023	220 374
	DXS-BK-2304-TX	2350107	22.08.2023	249 055
	DXS-BK-2304CHC	2350109	28.08.2023	1 018 200
	DXS-BK-2304SHX	2350110	28.08.2023	966 278
	DXS-BK-2308YT	2350111	30.08.2023	986 528
	DXS-BK-2307-LT	2350132	27.09.2023	986 528
	DXS-BK-2305CEAT	2350176	06.11.2023	719 498
	DXS-BK-2305-TW	2350177	06.11.2023	936 608
	DXS-BK-2307-WX	2350179	06.11.2023	121 153
	DXZZ-BK-20310	2350182	20.11.2023	1 083 437
	DXS-270L-22	2350184	20.11.2023	151 540
	DXS-BK-2307-LT	2350186	28.11.2023	986 528
	DXS-BK-2310-TX	2350199	01.12.2023	717 977
	DXZZ-BK-20312	2350201	12.12.2023	1 007 742
	DXZZ-BK-20310	2350213	18.12.2023	1 083 437
	DXS-BK-270L-22	2388501	31.01.2023	10 533 888
				45 223 966

- 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's customer	contract / agreement / order	invoice	date	invoiced amount in CZK
Dalian Rubber & Plastics Machinery Co., Ltd	DXS-BK-23-04-17	GN301378	30.08.2023	469 896

HAVEK, spol. s r.o., holding
Jiřdířská 5/901
110 00 Praha 1
DIČ: CZ43375092

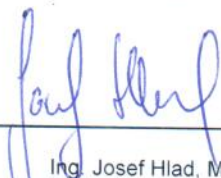
f) The General Meeting of BUZULUK a.s., held on 9 April 2019 decided about dividend payment for 2018 amounting to CZK 10,000,000 to the owners of the Company in three instalments. In the 2019 accounting period, CZK 3,450,000 was paid to shareholders. In the 2022 accounting period, CZK 2,453,250.34 was paid to shareholders. As at 31/12 2023, 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.

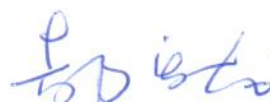
§ 82 (4)

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, 27 February 2024



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 2023**

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 2023, 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 2023, 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 12, 2024

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

31.12.2023

(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	1 069 154	-591 625	477 529	508 897
A.	Receivables from subscribed capital	002				
B.	Fixed assets (B.I. to B. III)	003	676 587	-589 514	87 073	88 324
B.I.	Intangible fixed assets (I.1. to I.5.)	004	8 688	-8 577	111	171
B.I.1.	Intangible results of research and development	005	0	0	0	
B.I.2.	Valuable rights	006	8 688	-8 577	111	11
B.I.2.1.	Software	007	8 688	-8 577	111	11
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	0	0	0	160
B.I.5.1.	Advance payments for intangible fixed assets	012	0		0	
B.I.5.2.	Intangible fixed assets in progress	013	0		0	160
B.II.	Tangible fixed assets (II.1. to II.5.)	014	667 899	-580 937	86 962	88 153
B.II.1.	Land and buildings	015	306 781	-276 976	29 805	34 549
B.II.1.1.	Land	016	7 452		7 452	7 452
B.II.1.2.	Buildings	017	299 329	-276 976	22 353	27 097
B.II.2.	Machinery and equipment	018	351 659	-301 874	49 785	49 237
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	7 372	0	7 372	4 367
B.II.5.1.	Advance payments for tangible fixed assets	025	79	0	79	3 047
B.II.5.2.	Tangible fixed assets in progress	026	7 293	0	7 293	1 320
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	392 180	-2 111	390 069	419 966
C. I.	Inventory (I.1. to I.5.)	038	295 500	-1 862	293 638	294 946
C.I.1.	Material	039	15 035	-166	14 869	11 950
C.I.2.	Work in progress and semi-finished goods	040	279 072	-1 355	277 717	280 366
C.I.3.	Finished products and merchandise	041	1 068	-341	727	348
C.I.3.1.	Finished products	042	984	-341	643	348
C.I.3.2.	Merchandise	043	84	0	84	0
C.I.4.	Young and other animals and groups thereof	044				
C.I.5.	Advanced payments for inventory	045	325	0	325	2 282
C.II.	Receivables (II.1. to II.2.)	046	92 849	-249	92 600	123 738
C.II.1.	Long-term receivables	047	0	0	0	0
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	0
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	92 849	-249	92 600	123 738
C.II.2.1.	Trade receivables	058	83 663	-249	83 414	105 352
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	9 186	0	9 186	18 386
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	3 231	0	3 231	425
C.II.2.4.4.	Short-term advanced payments	065	16	0	16	15
C.II.2.4.5.	Estimated receivables	066	5 850		5 850	9 009
C.II.2.4.6.	Other receivables	067	89	0	89	8 937
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	3 831	0	3 831	1 282
C.IV.1.	Cash in hand	072	423	0	423	212
C.IV.2.	Bank accounts	073	3 408	0	3 408	1 070
D.	Accrued assets (D.1. to D.3.)	074	387	0	387	607
D.1.	Deferred expenses, prepayments	075	387	0	387	599
D.2.	Complex prepaid expenses	076				
D.3.	Accrued income	077	0	0	0	8

Code a	LIABILITIES AND EQUITY b	Line no. c	Current period 5	Previous period 6
	TOTAL LIABILITIES AND EQUITY (A. to D.)	078	477 529	508 897
A.	Equity (A.I. to A.VI.)	079	248 643	240 842
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	143 980	137 046
A.IV.1.	Retained earnings from previous years	096	143 980	137 046
A.IV.2.	Accumulated losses from previous years (-)	097	0	0
A.V.	Net profit or loss for the current period (+/-)	099	7 801	6 934
A.VI.	Approved advance payments of profit share (-)	100		
B. + C.	Liabilities (B. + C.)	101	227 702	258 554
B.	Provisions (B.1. to B.4.)	102	5 283	5 396
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	5 283	5 396
C.	Payables (C.I. to C.II.)	107	222 419	253 158
C.I.	Long-term payables (I.1. to I.9.)	108	49 741	8 196
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	39 362	0
C.I.3.	Long-term advance payments received	113	102	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	4 790	2 472
C.I.9.	Payables - others	119	5 487	5 599
C.I.9.1.	Payables to equity holders	120	5 487	5 599
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	172 678	244 962
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	81 130	74 632
C.II.3.	Short-term advances received	128	30 522	51 059
C.II.4.	Trade payables	129	42 070	94 991
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	18 956	24 280
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	5 167	5 141
C.II.8.4.	Payables - social security and health insurance	137	2 704	2 585
C.II.8.5.	State - tax liabilities and grants	138	419	8 140
C.II.8.6.	Estimated payables	139	10 666	8 414
C.II.8.7.	Other payables	140	0	0
D.	Accrued liabilities (D.1. to D.2.)	141	1 184	9 501
D.1.	Accrued expenses	142	1 184	9 501
D.2.	Deferred income	143		0

Date: 06.02.2024	Person responsible for preparation of financial statements <i>mešák</i>	Signature of statutory representative(s) of the reporting unit <i>5314g 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
IČO: CZ46875092



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compulsory
information under

INCOME STATEMENT

Full scope

For period
1.1.2023 - 31.12.2023
(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	339 728	339 278
II.	Revenues from merchandise	2	4 300	3 207
A.	Consumption for products (A.1. to A.3.)	3	208 810	275 937
A.1.	Costs of merchandise	4	2 716	1 933
A.2.	Material and utilities	5	175 255	236 584
	Material	5a	107 074	145 775
	Utilities	5b	68 181	90 809
A.3.	Services	6	30 839	37 420
	Repairs and maintenance	6a	4 198	4 818
	Travel expense	6b	1 744	3 873
	Other services	6c	24 897	28 729
B.	Changes in inventory of own products	7	2 334	-72 331
	Changes in inventory of work in progress	7a	2 678	-72 319
	Changes in inventory of own finished products	7b	-344	-12
C.	Capitalization	8	-4 058	-2 716
D.	Personnel expenses (D.1. to D.2.)	9	103 633	114 046
D.1.	Wages and salaries	10	75 235	82 903
D.2.	Social security, health insurance and other pers. exp.	11	28 398	31 143
D.2.1.	Social security and health insurance	12	25 403	27 742
D.2.2.	Other personnel expenses	13	2 995	3 401
E.	Adjustments to operating profit (E.1. to E.3.)	14	11 022	13 368
E.1.	Intangible and tangible fixed assets adjustments	15	11 031	12 485
E.1.1.	Depreciation / Intangible and tangible fixed assets adjustments - permanent	16	11 031	12 485
E.1.2.	Intangible and tangible fixed assets adjustments - temporary	17	0	0
E.2.	Provisions and inventories adjustments	18	-39	883
E.3.	Provisions and receivables adjustments	19	30	0
III.	Other operating revenues (III.1. to III.3.)	20	11 324	103 595
III.1.	Revenues from sales of fixed assets	21	0	12
III.2.	Revenues from sales of material	22	3 042	1 660
III.3.	Other operating revenues	23	8 282	101 923
F.	Other operating expenses (F.1. to F.5.)	24	12 695	105 311
F.1.	Net book value of fixed assets sold	25	0	0
F.2.	Net book value of material sold	26	1 396	376
F.3.	Taxes and fees in operating part	27	1 088	1 126
F.4.	Provisions in operating part and complex prepaid expenses	28	-114	934
F.5.	Other operating expenses	29	10 325	102 875
*	Operating profit / (loss) I. + II. - A. - B. - C. - D. - E + III. - F.	30	20 916	12 465

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	0
VI.1.	Interest revenues and similar revenues - controlled or controlling entity	40	0	0
VI.2.	Other interest expenses and similar expenses	41	0	0
I.	Adjustments and provisions in financial part	42	0	0
J.	Interest expenses and similar expenses (J.1. to J.2.)	43	4 182	1 694
J.1.	Interest expenses and similar expenses - controlled or controlling entity	44	0	0
J.2.	Other interest expenses and similar expenses	45	4 182	1 694
VII.	Other financial revenues	46	5 316	8 944
K.	Other financial costs	47	11 930	6 492
*	Profit / (loss) from financial operations IV. - G. + V. - H. + VI. - I. - J. + VII. - K.	48	-10 796	758
**	Profit / (loss) before tax *(I. 30) + * (I. 48)	49	10 120	13 223
L.	Income tax (L. 1 to L. 2)	50	2 319	6 289
L.1.	Income tax - due	51	0	2 903
L.2.	Income tax - deferred (+/-)	52	2 319	3 386
**	Profit / (loss) after tax **(I. 49) - L.	53	7 801	6 934
M.	Transfer of share in profit to equity holders (+/-)	54	0	0
***	Profit / (loss) of accounting period **(I. 53) - M.	55	7 801	6 934
*	Net turnover of accounting period I. + II. + III. + IV. + V. + VI. + VII.	56	360 668	455 024

Notes:

Date: 06.02.2024	Person responsible for preparation of financial statements <i>inicep</i>	Signature of statutory representative(s) of the reporting unit <i>[Signature]</i>
Legal form of the reporting unit: joint - stock company	Scope of business: Rubber machineries	

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



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Cash Flow Statement

BUZULUK a.s.		2022	2023
P.	Cash and cash equivalents at beginning of period	47 415	1 282
Z.	Book profit or loss from current activities before tax	13 223	10 120
Cash flow from primary earning activities (from operations)			
A. 1.	Adjustments for non-cash operations	15 984	15 090
A. 1. 1	Depreciation of long-term assets (+)	12 485	11 031
A. 1. 2.	Change in correction entries, reserves, and balances on intermediary accounts	1 817	-123
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	4 182
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	25 210
A. 2.	Change in need for working capital	-26 610	-48 038
A. 2. 1.	Change in accounts receivable from operations (-/+), in asset accounts for time differentiation, and in estimate accounts	-46 295	31 328
A. 2. 1. 1.	Change in accounts receivable from operations (-/+)	-42 562	27 950
A. 2. 1. 2.	Change in asset accounts for time differentiation and in estimated asset accounts	-3 733	3 378
A. 2. 2.	Change in short-term liabilities from operations (+/-), in liability accounts for time differentiation, and in estimated liability accounts	86 831	-80 713
A. 2. 2.1.	Change in short-term liabilities from operational activities (+/-)	74 680	-74 648
A. 2. 2.2.	Change in liability accounts for time differentiation and in estimated liability accounts (+/-)	12 151	-6 065
A. 2. 3.	Change in inventory (+/-)	-67 146	1 347
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	-22 828
A. 3.	Interest paid other than capitalized interest (-)	-1 694	-4 182
A. 4.	Interest received (+)	0	0
A. 5.	Tax paid on income from current activities and for past periods (-)	-2 903	0
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	-27 010

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

B. 1.	Expenditures for acquisition of long-term assets	-5 144	-9 780
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	-9 780
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	39 339
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	39 339
F.	Net increase or reduction in cash and cash equivalents	-46 133	2 549
R.	Cash and cash equivalents at end of period	1 282	3 831

Date:

Signature of statutory authority:

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HAVEK, spol. s r.o., holding
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DIČ: CZ43875092

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	137 046 139	134 827 662	2 218 477
2. increase	6 933 890	2 217 556	
3. decrease	0	-920	
4. final balance	143 980 028	137 046 139	6 933 890
J. Loss of accounting periods (account 429)			
1. initial balance	0	0	0
2. increase	0	0	
3. decrease	0	0	
4. final balance	0	0	0
K. Profit/loss for accounting period after tax			
	7 801 171	6 933 890	867 282

Date:

Signature of statutory body:

Handwritten signatures and a blue circular stamp of the auditor.

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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 2023

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

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Jindřišská 5/901
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BUZULUK a.s.

Financial Statements compiled as at 31/12 2023

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 31 May 2022, a new chairman of the Board of Directors was registered – Mr. Chi Anxin, born on 4 August 1973, domiciled at 26#2-5-2 Dalian, Ganjingzi District, Quanshui B3, People's Republic of China. As of 20 June 2023, a new chairman of the Supervisory Board was registered – Ms. Ma Ting, born on 25 June 1981, domiciled at 2-2-2 Ganjingzi District, Hongqi West Road 94, People's Republic of China; and a new member of the Supervisory Board – Mr. Zheng Dongxu, born on 10 December 1984, domiciled at 116036 Ganjingzi District, Dalian, Liaoning, Boxiangnanyuan 10, 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 2023:

Board of Directors	
Chairman:	CHI ANXIN
Member:	JOSEF HLAD
Member:	HAILONG HAO
Member:	KVĚTUŠE KŘIVÁNKOVÁ
Member:	NI JUN

Supervisory Board	
Chairman:	MA TING
Member:	MILAN ERNEST
Member:	ZHENG DONGXU

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 2022 and 2023.

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 2023 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 2023

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 2022 and 2023. 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 2022 and 2023, 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 operating 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

BUZULUK a.s.

Financial Statements compiled as at 31/12 2023

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 2022 and 2023 were charged as expenses (depreciation) with respect to their lifetime.

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.

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Financial Statements compiled as at 31/12 2023

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.

BUZULUK a.s.

Financial Statements compiled as at 31/12 2023

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".

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. As at 30/06 2023, the project was completed and a final implementation report was subsequently submitted. The Company's application for funds in the amount of CZK 7.703 thousand was approved. A peer review was approved on 04/10 2023, the final peer examination took place on 14/12 2023 and the project was officially completed.

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. The Company repaid and terminated the loan in 2023.

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. The Company received the subsidy in 2023.

In 2023, the Company drew funds from an operating loan under the EGAP+ government programme.

In 2023, the Company applied for a subsidy for construction of a PV plant. The implementation started in 2023. The project is scheduled to be completed in 2024.

The Company actively collaborates with universities.

BUZULUK a.s.

Financial Statements compiled as at 31/12 2023

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 2023

4. FIXED ASSETS

a) Intangible fixed assets (in thousands CZK)

PURCHASE PRICE

	Opening balance	Increase	Decrease	Closing balance
Software	8 528	160	-	8 688
Unfinished intangible fixed assets	160	-	160	-
Total 2023	8 688	160	160	8 688
Total 2022	8 605	83	-	8 688

ADJUSTING ENTRIES AND CORRECTIONS

	Opening balance	Depreciation	Elimination	Closing balance	Account value
Software	-8 517	-60	-	-8 577	111
Total 2023	-8 517	-60	-	-8 577	111
Total 2022	-8 440	-77	-	-8 517	171

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	346 181	6 774	1 296	351 659
Other tangible fixed assets	2 087	-	-	2 087
Advances for tang. fixed assets	3 047	1 522	4 490	79
Tangible fixed assets under construction	1 320	13 462	7 489	7 293
Total 2023	659 416	21 758	13 275	667 899
Total 2022	655 632	7 314	3 530	659 416

ADJUSTING ENTRIES AND CORRECTIONS

	Opening balance	Depreciation	Sales, liquidation	Elimination	Closing balance	Account value
Land	-	-	-	-	-	7 452
Buildings	-272 232	-4 744	-	-	-276 976	22 353
Tangible assets and their sets	-296 944	-6 226	-	1 296	-301 874	49 785
Other tangible fixed assets	-2 087	-	-	-	-2 087	-
Advances for tang. fixed assets	-	-	-	-	-	79
Tangible fixed assets under construction	-	-	-	-	-	7 293
Total 2023	-571 263	-10 970	-	1 296	-580 937	86 962
Total 2022	-560 133	-12 407	-	1 277	-571 263	88 153

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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 2023.

The Company purchased a horizontal machining centre for CZK 44,381 thousand in 2017, its residual value being CZK 26,988 thousand at 31/12 2023; 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. The loan was repaid in 2023.

In 2020, the Company secured an operating 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 operating loan to CZK 9,396 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 operating funding through a long-term loan. The loan was repaid in 2023.

In 2021, the Company used an operating 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 repaid in 2022.

In 2023, the Company established a lien on real estate plot No. 771/9 and a lien on tangible asset Horizontal Machining Centre to secure debts arising from the Loan and Commitment Limit Agreement with Československá obchodní banka, a.s.

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 2022 and 31/12 2023, receivables after maturity amounted to CZK 14,257 thousand and CZK 9,628 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.

BUZULUK a.s.

Financial Statements compiled as at 31/12 2023

At 31/12 2023, the Company had no long-term receivables. The Company has no receivables with maturity exceeding 5 years. Receivables from affiliate entities (see Section 19).

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 2021	Adjusting entry creation	Adjusting entry accounted	Balance at 31/12 2022	Adjusting entry creation	Adjusting entry accounted	Balance at 31/12 2023
Inventory	1 018	1 027	144	1 901	380	419	1 862
Receivables – required by law	219	0	0	219	5	0	224
Receivables – others	0	0	0	0	25	0	25

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. In 2023, the Company created an adjusting entry amounting to CZK 5 thousand for the receivable claimed in court and another one amounting to CZK 25 thousand for other receivables. 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 2023 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 2021	Increase	Decrease	Balance at 31/12 2022	Increase	Decrease	Balance at 31/12 2023
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	134 828	2 218	-	137 046	6 934	-	143 980
Other business result of prior periods	0	-	-	0	-	-	0
Result of the current accounting period	2 218	4 716	-	6 934	867	-	7 801
Total	233 908	6 934	-	240 842	7 801	-	248 643

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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 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 aforementioned profit distribution for 2021 and 2022 was approved by general meetings of the Company held on 31/05 2022 and 20/06 2023. The Board of Directors of the Company shall propose transfer of the profit from 01/01 2023 to 31/12 2023 amounting to CZK 7,801 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. CZK 3,450 thousand was paid in the 2019 accounting period and 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 2024.

10. RESERVES

Changes in reserves (in thousands CZK):

Reserves	Balance at 31/12 2021	Reserve creation	Reserve settlement	Balance at 31/12 2022	Reserve creation	Reserve settlement	Balance at 31/12 2023
For income tax	-	-	-	-	-	-	-
Others	4 462	5 396	4 462	5 396	5 283	5 396	5 283

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

11. SHORT-TERM PAYABLES

As at 31/12 2022 and 31/12 2023, the Company had short-term payables after maturity date amounting to CZK 67,309 thousand and CZK 15,803 thousand, respectively. The Company had no outstanding payables to social security administration or health insurance companies as at 31/12 2023.

Estimated liabilities as at 31/12 2023 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.

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Financial Statements compiled as at 31/12 2023

Payables to affiliated entities (see Section 19).

12. PAYABLES TO CREDIT INSTITUTIONS

Bank	Terms/ Conditions	Interest rate	Total limit	2022		2023	
				Amount in foreign currency	Amount in thousand s CZK	Amount in foreign currency	Amount in thousand s CZK
Komerční banka	20/03 2023	1.69% p. a.	33 161	-	1 673	-	-
Komerční banka	24/02 2023	1M EURIBOR + 0.75%	10 000	380	9 164	380	9 396
Komerční banka	20/11 2023	2.10% p. a.	50 000	-	35 000	-	-
Komerční banka	22/08 2023	1M EURIBOR + 1.62%	52 219	-	-	1 982	49 005
ČSOB	10/02 2023	1M EURIBOR + 1.35%	16 793	-	-	615	15 202
ČSOB	overdraft acc.	€STR + 1.10% p. a.	44 505	999	23 972	1 696	41 944
Česká spořitelna	overdraft acc.	1M EURIBOR + 1.79%	5 000	200	4 823	200	4 945
Total				1 579	74 632	4 873	120 492
Instalment in the following year				380	45 837	1 432	35 406
Instalments in the following years				1 199	28 795	3 441	85 086

Interest costs linked with payables to credit institutions amounted to CZK 1,694 thousand in 2022 and CZK 4,182 in 2023.

Overview of bank loan and credit instalments in thousands CZK:

	Bank loans
2023	45 837
2024	35 406
2025	19 039

13. ACCRUED LIABILITIES

Accrued expenses include primarily invoices received after 31/12 2023 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 2023 that would be linked with a future period in terms of facts and time.

14. DERIVATIVES

As at 31/12 2022 and 31/12 2023 the Company had no contracts concerning derivatives.

In 2023, the Company entered into one forward contract with the settlement date in October 2022 in order to secure a receivable.

BUZULUK a.s.

Financial Statements compiled as at 31/12 2023

15. INCOME TAX

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

	2022	2023
Profit before tax	13 223	10 120
Non-tax revenue	-4 855	-5 816
Difference between accounting depreciation and tax depreciation	-6 032	1 390
Non-deductible expenses		
Creation of adjusting entries	1 028	405
Creation of reserves	5 396	5 283
Others (e.g. representation costs, deficit and damage)	1 011	770
Taxable income	9 771	12 152
Tax loss deduction	-	-10 845
Deduction for research and development	-9 341	-1 004
Tax base	429	303
Donation deduction	-12	-30
Rounded tax base	417	273
Income tax rate	19%	19%
Tax	79	52
Tax discounts	-79	-52
Total tax	0	0

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):

	2022		2023	
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	-	7 066	-	7 377
Other interim differences:				
Adjusting entries to inventory	361	-	391	-
Reserves	1 025	-	1 109	-
Unclaimed deduction for research and development	312	-	163	-
Unclaimed tax loss	2 896	-	924	-
Total	4 594	7 066	2 587	7 377
Net	-	2 472	-	4 790

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The Company entered into accounts a deferred tax liability amounting to CZK 4,790 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 2022 and 31/12 2023, the Company had off-balance assets and liabilities amounting to CZK 58,750 and to CZK 130,320 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):

	2022		2023	
	Czech Republic	Abroad	Czech Republic	Abroad
Revenues from sale of goods	1 653	1 554	849	3 451
Revenues from sale of own products	145 294	119 994	60 043	222 377
Revenue from sale of services	73 990	-	57 308	-
Total revenues	220 937	121 548	118 200	225 828

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):

	2022		2023	
	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	187	4	167	4
Wages	82 903	6 653	75 235	7 735
Social security and health insurance	27 742	2 245	25 403	2 503
Social expenses	3 401	30	2 995	38
Total personnel expenses	114 046	8 928	103 633	10 276

In 2022 and 2023, members of statutory, supervisory and management bodies did not receive any rewards/bonuses due to their function.

19. INFORMATION ON AFFILIATE ENTITIES

In 2022 and 2023, 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.

BUZULUK a.s.

Financial Statements compiled as at 31/12 2023

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 2022 and 2023, the sales amounted to CZK 5,233 thousand and CZK 43,730 thousand, respectively.

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

Affiliate entity	Terms/Maturity	2022	2023
Dalian Rubber & Plastics Machinery Co., Ltd	60 days	0	1

The Company purchases products and uses services of affiliated entities for its common business operations. No purchases occurred in 2022, the volume of purchases amounted to CZK 470 thousand in 2023.

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

Affiliate entity	Terms/Maturity	2022	2023
Dalian Rubber & Plastics Machinery Co., Ltd	30 days	8 706	470

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 2022 and 2023, CZK 22,098 thousand and CZK 300 thousand 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 terminated in June 2023. The project was sold and handed over to the end customer for which the development project was 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 ITEMS 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.

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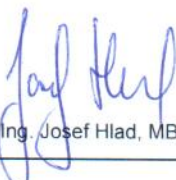

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Financial Statements compiled as at 31/12 2023

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):
6 February 2024	 Ing. Josef Hlad, MBA	 Ing. Květuše Krivánková, MBA



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