

Buzuluk

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

BUZULUK a.s.

as at 31/12 2024

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1. Introduction

1.1. Letter of the Company Management

Dear shareholders, business partners and friends,

We live in times when political direction and political decisions significantly determine and unprecedentedly influence the macroeconomic environment, which is becoming unstable, strongly affecting the performance of the economy, markets and therefore businesses. Political influence distorts and devalues basic economic principles and markets through subsidies, regulations and restrictions and makes it very difficult to run companies, especially in the EU and the Czech Republic.

Legislative changes in the Czech Republic in recent years led to an increase in bureaucratic burden and a significant deterioration of the business environment. Government officials seem to be doing everything they can to make it as difficult and expensive as possible to run a business, which is a very short-sighted approach.

In the given situation, BUZULUK achieved sales of CZK 348 million in 2024, which corresponds with 2023 (CZK 344 million). In 2024, the Company achieved a profit before tax of CZK 11.6 million, which is a year-over-year increase of 15 %. Profit generation was greatly affected by the purchasing strategy, with partial purchases executed outside the EU, i.e. at a lower cost, by the reduction in energy costs and by the product portfolio mix. On the other hand, an increase in labour costs, financing costs and administrative costs had a negative impact on profit generation. In terms of new orders, future orders were secured at 60 % of 2024 sales with a view of securing up to 90 % of 2024 sales in the first quarter of 2025.

The Company's projects, uneven distribution of contracts, implementation time and value of contracts had a significant impact on cash flow. In 2024, the Company faced cash shortages as financially demanding contracts were executed in Q4 2024, but funded throughout 2024. The deterioration in cash flow was often deepened by changes in deadlines, with customers delaying or suspending project completion due to underutilization of their capacity. This resulted in a stricter attitude of the banks, which tighten conditions for the use of finances and increase interest rates and financing costs with respect to higher risks.

Rising prices of inputs and deterioration of the business environment in the EU and the Czech Republic decrease the competitiveness of businesses operating on international (global) markets, including BUZULUK. In view of the above, the EU and the Czech Republic are also experiencing a reduction in the level of investment in the industry, as evidenced by a decline in BUZULUK's sales in the EU and the Czech Republic, which had long been around 60 %, but dropped to 45 % in 2024. BUZULUK's sales on the EU market is expected to fall again in 2025, to levels below 40 % of total sales. For this reason, it is very important to be active in markets outside the EU, which is one of the Company's main objectives.

The markets outside the EU are much more competitive environments, so it is necessary to adjust costs in such a way that the Company remains competitive. These factors, together with the ever-increasing administrative burden, present very difficult obstacles for companies, the solution to which must be sought at the level of the strategic direction of the company. It can therefore be expected that BUZULUK will take steps to ensure the competitiveness of the company and minimise local negative influences.

In December 2024, the Company launched a 720 kWp photovoltaic power plant, which should result in further savings and reduce electricity costs in the long term. In 2025, BUZULUK plans to continue investing primarily in the renewal of its machinery in order to stabilise its production capacity.

We believe that the planned steps will ensure successful operation of BUZULUK for further periods. In conclusion, we would like to thank our employees and business partners for their cooperation and wish them good health and, above all, a lot of strength for the years to come.

Management of BUZULUK a.s.

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

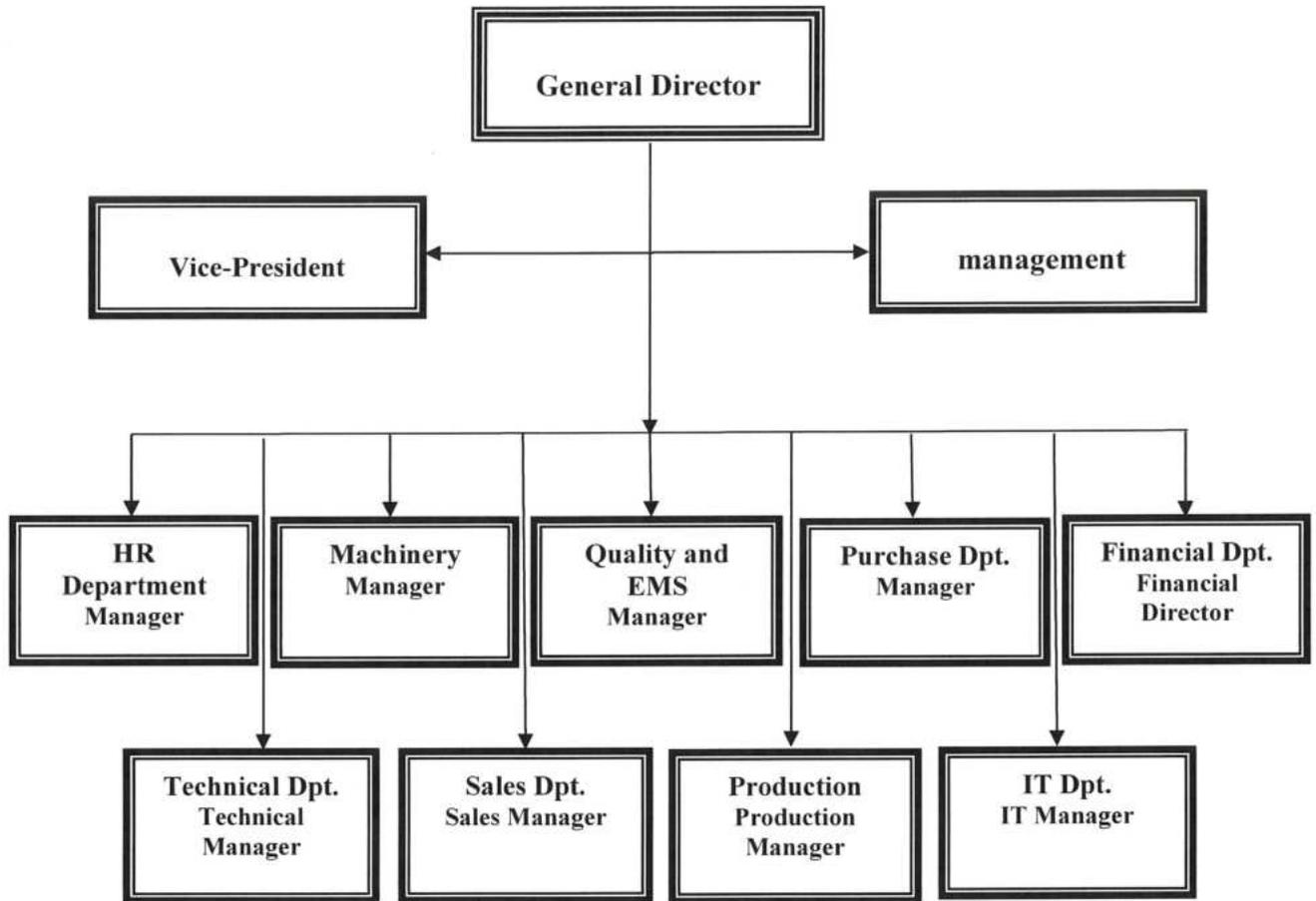
Supervisory Board

Ma Ting
Chairman

Zheng Dongxu
Member of the Board

Milan Ernest
Member of the Board

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 2024, 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 2024: CZK 127,447,965

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

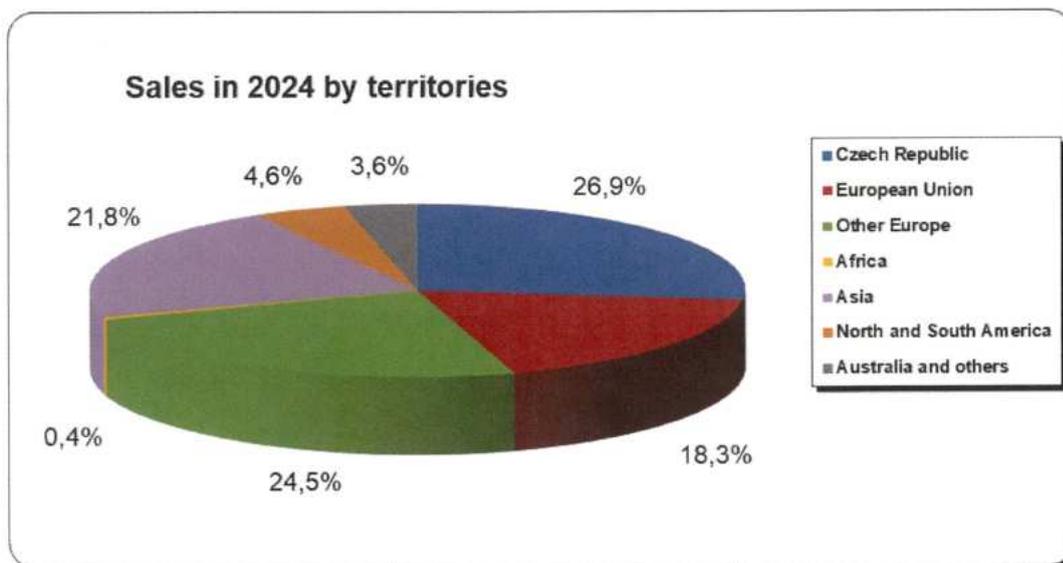
4. Report of the Board of Directors on the Company's Business and Assets

4.1. Sales

Product sales and revenues in 2024 were significantly impacted by the EU's political direction and the associated problems of the European economy, which fundamentally affects European industry, increases costs, administration and reduces the competitiveness of European businesses globally. For this reason, project deadlines were postponed or completely cancelled in 2024.

Investment in the EU, originally considered BUZULUK's traditional market, have decreased gradually, resulting into BUZULUK's sales in the EU dropping from 60 % to 45 % in 2024. Given the direction of the EU, such a trend can be expected to continue. This is also evidenced by the 2025 revenue forecast, with the EU estimate ranging between 35 % and 40 %.

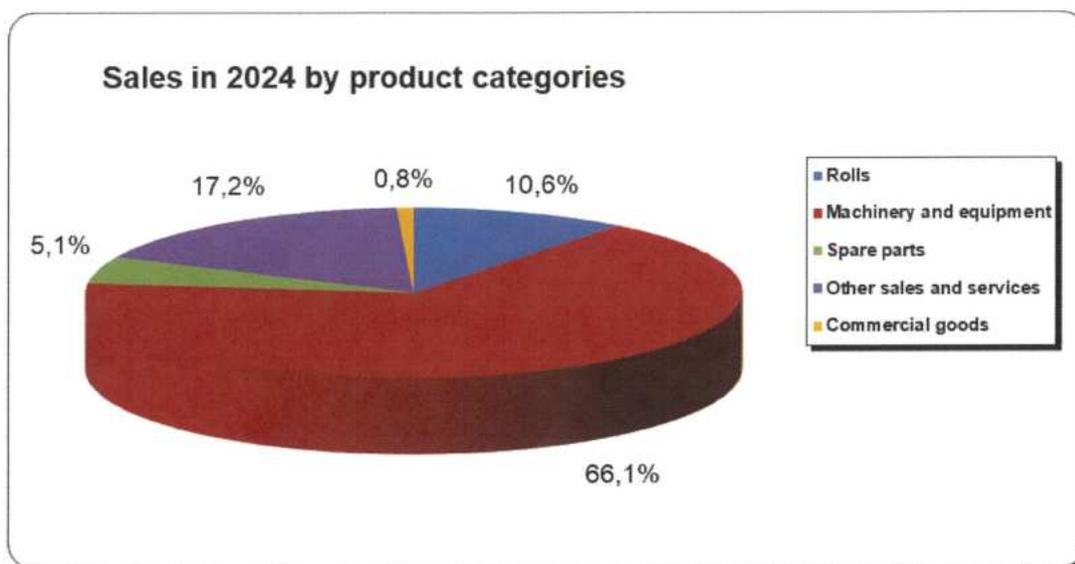
Sales in 2024 by territories in %



In 2024, the Company's sales amounted to CZK 348 million, which is a year-over-year increase of 1 %. BUZULUK's sales by products in 2024 were as follows:

- machinery and assembly: 66.1 %
- deliveries of replacement cylinders: 10.6 %
- deliveries of spare parts: 5.1 %
- cooperation, merchandise and services: 18.2 %

Sales in 2024 by products in %



Given the EU's political objectives, unclear and complex environment in the EU and problems in the automotive industry, we expect continued reduced demand for end products, which will be subsequently reflected in investment decisions. Therefore, customers in the rubber industry are likely to remain hesitant to invest, especially in the EU. We cannot expect a significant improvement in the short to medium term. The objective for the following period is therefore to maintain at least the current level of sales, while securing lower input costs of project implementation.

In terms of business, it is necessary for the Company to focus on other market segments outside the rubber industry that have been marginal for BUZULUK, and carry on with increased business activities outside the EU, where, given more favourable business environments, it can expect a higher level of investment and greater sales potential. Targeting such markets is linked with a more competitive environment and pressure on price.

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 2024, the Company was recertified to all of the aforementioned standards.

The long-term goal of BUZULUK is not only to maintain its position of a top supplier of machinery and equipment for rubber technology, but also to expand its activities into other product segments. In order to achieve this goal, strategic planning of research and development activities based on the analysis of data and knowledge obtained from various internal and external sources is essential.

One of the main inputs for R&D is information obtained directly from customers. This may be in a form of specific requirements for machine specifications and/or broader trends in demand across different

industries. Another important factor is marketing research, which monitors market developments, identifies new opportunities and helps formulate a strategy for expanding the product portfolio. Monitoring legislative requirements, which can affect not only the design of new equipment but also the manufacturing process itself, also plays a significant role.

In addition to new product development, such information is also used for optimisation of the Company's internal processes. The aim is to ensure that individual steps in the development, production and delivery of machines are as efficient as possible, while meeting customer expectations. This includes not only technological improvements in production processes, but also improvements in customer support, service and other related services.

Such systematic work on innovation and improvement of its processes allows BUZULUK to respond flexibly to changes in demand, maintain high competitiveness and establish itself in the long term not only in the rubber industry, but also in other sectors.

With respect to the rising production costs in the Czech Republic and Europe and increasingly demanding legislative requirements, BUZULUK aims to intensify cooperation with its parent company in the field of production and purchasing. The objective of such a strategy is to optimise costs of project implementation, strengthen the Company's competitiveness and maintain a high level of quality and compliance with European standards.

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, weak CZK in late 2024 negatively impacted the financial result and unrealized foreign exchange loss when liabilities were recalculated. In December 2024, the Company entered into a currency par forward for 2025 in the amount of EUR 800 thousand. A further currency forward is to be entered into in early 2025.

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. The Company had bank guarantees amounting to CZK 40.239 million as at 31 December 2024. Most of them were advance payment bank guarantees with realization in 2025.

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. The production centre fire resulted in an 8-month interruption of part of the operations in 2024, resulting in postponement of projects to the end of 2024 and in the Company's cash flow shortage in early 2025. However, thanks to factoring and active communication

with suppliers, the Company was able to overcome this difficult situation and reduce the Company's payables at the end of the year. The Company received a portion of the collections in December 2024. At the same time, it was necessary to complete the subsidy project "Construction of a PV plant at BUZULUK a.s." The subsidy project was completed in December 2024. Unfortunately, these circumstances caused a reduction in funds available at year-end.

In 2024, BUZULUK was also affected by the pan-European risk of increased energy prices. The Company had experienced a similar situation in 2022 and 2023. For this reason, the Company's management decided to build a 724.88 kWp PV plant. In December 2024, the project was completed and an application for payment of a subsidy of CZK 5.28 million was submitted. As at the date of the Annual Report, the Company has not received the subsidy.

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. The Company is engaged in anti-fraud management, management of accounting error and fraud risks and regular training concerning the AML Act.

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 film drawing 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 successfully completed by 30/06 2023 and the Company received the grant. In 2024, an audit of this grant was initiated by the Ministry of Finance and an Audit Department OP EIC/OP TAC (Audit of the Operational programme enterprise and innovation for competitiveness / Operational programme technologies and applications for competitiveness). The company defended the subsidy.

The company used a long-term loan in 2023 to cover the EGAP+ export financing, which was duly repaid in 2024. The investment loan for the acquisition of the PV plant was also repaid in December 2024.

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

4.4. Investments and Environmental Protection

The value of assets placed in service in 2024 was CZK 14,513 thousand.

The sum consisted of completion of the photovoltaic power plant construction project, with CZK 7,877 thousand spent on the technological part, and CZK 3,999 thousand on the construction itself.

It also encompassed investments into coquille manufacture and a purchase of a battering ram for the foundry.

In October 2024, 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 2024.

No accidents that could endanger or harm the environment occurred in 2024. 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 2024 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 2024, the Company had an average recalculated number of 161 employees. As at 31/12 2024, the total registered number of employees was 160, of which 70 manufacture workers, 22 operational workers and 68 technical workers.

In 2024, BUZULUK had an average recalculated number of 18 employees (11.18 %) with tertiary education, 2 employees (1.24 %) with higher vocational education, 63 employees (39.13 %) with secondary education and graduation exam, 71 employees (44.1 %) with vocational education and 7 employees (4.35 %) with basic education. 129 men and 32 women worked for the Company

HR in 2024 was affected by consumer price increases averaging over 2.54 %, high energy costs and the resulting increase of utility prices, which subsequently reflected in increased personnel costs throughout the year. In 2024, wages were increased upon an agreement with the trade union. Part of the reason for the increase in staff costs was the pressure to retain existing staff and attract new qualified staff.

The Company actively focuses on the training and further education of its employees. Employees are thus given the opportunity to expand their knowledge and acquire modern skills, which is an important competitive advantage of the Company.

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 2024 and 31/12 2024, 3 work accidents occurred in BUZULUK. One occupational disease was reported for the given period.

4.6. Goals and Strategy for 2025

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, which was completed in 2024. 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.

In 2024, one of the Company's production centres caught fire, which resulted in the production centre being out of order for 8 months. For this reason, the Company defined increased safety measures and enhanced risk inspections.

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

		2022	2023	2024
Total revenues	in thous. CZK	342 485	344 028	347 953
of which export	in thous. CZK	121 548	225 828	254 231
of which Czech Republic	in thous. CZK	220 937	118 200	93 722
EBITDA	in thous. CZK	24 950	31 947	32 687
Personnel costs	in thous. CZK	114 046	103 633	116 519
Depreciation	in thous. CZK	12 485	11 031	10 071
Operational profit	in thous. CZK	12 465	20 916	22 616
Profit/loss	in thous. CZK	6 934	7 801	9 965
Assets	in thous. CZK	508 897	477 529	496 944
Other sources	in thous. CZK	258 554	227 702	231 809
Equity	in thous. CZK	240 842	248 643	258 608
Employees	∅ recalculated	187	167	161
Revenues/recalculated employees	in thous. CZK	1 831	2 060	2 161
Profit (loss)/equity (ROE)	%	2,9	3,1	3,9
Other sources/assets	%	50,8	47,7	46,6
Revenues/equity	%	142,2	138,4	134,5

		2022	2023	2024
average exchange rate		24,565	24,007	25,119
spot exchange rate		24,115	24,725	25,185
Total revenues	in thous. EUR	13 942	14 330	13 852
of which export	in thous. EUR	4 948	9 407	10 121
EBITDA	in thous. EUR	1 016	1 331	1 301
Operating profit (loss)	in thous. EUR	507	871	900
Profit/loss	in thous. EUR	282	325	397
Assets	in thous. EUR	21 103	19 314	19 732
Other sources and accruals	in thous. EUR	10 722	9 209	9 204
Equity	in thous. EUR	9 987	10 056	10 268

4.8. Proposal on Profit Distribution

The Board of Directors of the Company shall propose to the General Meeting relocation of the profit from 2024 amounting to CZK 9,965 thousand to undistributed profit from previous years.

Komárov, 28/02 2025

Statutory body of BUZULUK a.s.

Ing. Josef Hlad, MBA
Member of the Board

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

Mgr. Hailong Hao
Member of the Board



Handwritten signature in blue ink.

BUZULUK a.s.

Report on Relationships with Affiliated Entities in 2024

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

being the controlled entity

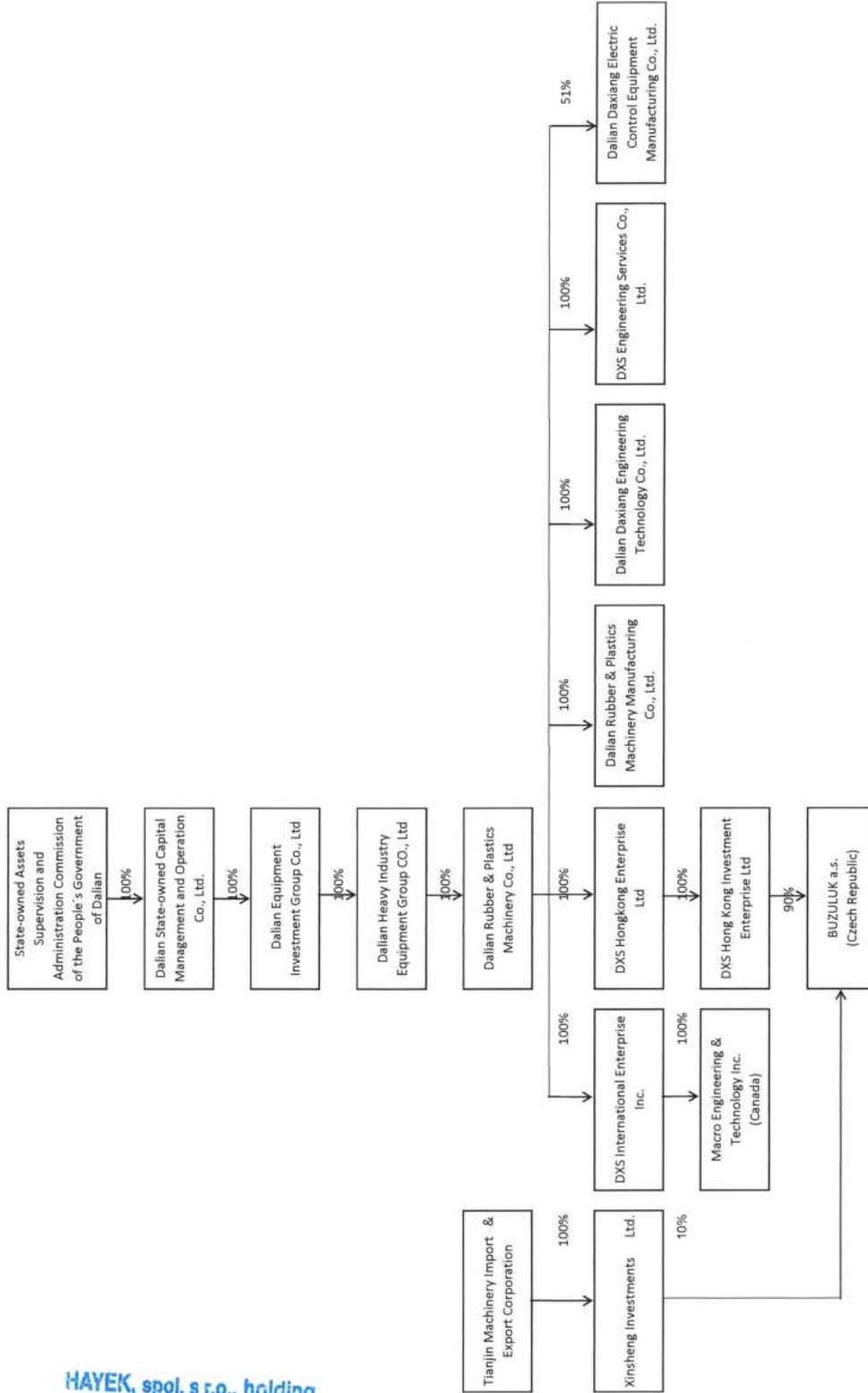
Controlling entities: **Dalian Rubber & Plastics Machinery Co., Ltd**
No. 18 Yinghui Road, Ganjingzi District, 116036 Dalian, Liaoning Province,
People's Republic of China

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 2024



Zdroj: Dalian Rubber & Plastics Machinery Co., Ltd

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

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

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

d) In the 2024 accounting period, no negotiations about assets exceeding 10% of equity to the benefit of a controlling

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:*

Business agreements terminated upon delivery

Buzuluk's customer	contract/agreement/ order	invoice	date	invoiced amount in CZK
Dalian Rubber & Plastics Machinery Manufacturing Co., Ltd	DXS-BK-202313	2450013	02.02.2024	35 360
	DXZZ-BK-202312	2450023	01.03.2024	1 026 490
	DXS-BK-202401	2450071	31.05.2024	788 794
	DXZZ-BK-202402	2450084	28.06.2024	1 066 635
	DXZZ-BK-202401	2450113	26.08.2024	788 794
	DXZZ-BK-202402	2450114	26.08.2024	1 066 635
	DXZZ-BK-202403	2450137	15.10.2024	1 004 882
	DXZZ-BK-202404	2450139	16.10.2024	28 635
	DXZZ-BK-2024A13	2450140	22.10.2024	1 004 882
				6 811 107

- *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	DXZZ-BK-202311	2450012	02.02.2024	298 795
	DXS-BK-2310-TX	2450020	26.02.2024	731 335
	DXS-BK-2308YT	2450029	13.03.2024	1 141 888
	DXS-BK-2024A07	2450040	28.03.2024	1 078 044
	DXS-BK-2024A08	2450041	28.03.2024	2 055 096
	DXS-BK-2024A09	2450042	28.03.2024	2 009 763
	DXZZ-BK-2024A12	2450086	28.06.2024	1 085 889
	DXZZ-BK-2024A11	2450087	28.06.2024	1 042 659
	DXS-BK-2024A10	2450088	28.06.2024	10 074 000
	DXS-BK-2024A08	2450115	26.08.2024	6 498
	DXZZ-BK-2024A12	2450117	26.08.2024	1 085 889
	DXZZ-BK-2024A11	2450118	26.08.2024	1 042 659
	DXS-BK-2024A16	2450177	17.12.2024	3 545 041
	DXS-BK-2024A17	2450178	17.12.2024	1 835 987
	DXS-BK-2024A16	2487074	17.12.2024	393 893
	DXS-BK-2024A17	2487075	17.12.2024	203 999
				27 631 433

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

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

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

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

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

- 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 2024, the Company registers liability against shareholders amounting to CZK 4,096,749,66 as retained dividends from
- 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, 28 February 2025



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



Mgr. Hailong Hao
Member of the Board of Directors



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

INDEPENDENT AUDITOR'S REPORT

**on audit of the financial statements
of the BUZULUK a. s.
as at 31 December 2024**

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 2024, 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 material accounting policy 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 2024, 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 14, 2025

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

31.12.2024

(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	1 095 875	-598 931	496 944	477 529
A.	Receivables from subscribed capital	002				
B.	Fixed assets (B.I. to B. III)	003	680 560	-596 777	83 783	87 073
B.I.	Intangible fixed assets (I.1. to I.5.)	004	8 688	-8 630	58	111
B.I.1.	Intangible results of research and development	005	0	0	0	
B.I.2.	Valuable rights	006	8 688	-8 630	58	111
B.I.2.1.	Software	007	8 688	-8 630	58	111
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	0
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	0
B.II.	Tangible fixed assets (II.1. to II.5.)	014	671 872	-588 147	83 725	86 962
B.II.1.	Land and buildings	015	307 820	-281 029	26 791	29 805
B.II.1.1.	Land	016	7 452		7 452	7 452
B.II.1.2.	Buildings	017	300 368	-281 029	19 339	22 353
B.II.2.	Machinery end equipment	018	361 785	-305 031	56 754	49 785
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 corps	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	180	0	180	7 372
B.II.5.1.	Advance payments for tangible fixed assets	025	0	0	0	79
B.II.5.2.	Tangible fixed assets in progress	026	180	0	180	7 293
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	415 087	-2 154	412 933	390 069
C. I.	Inventory (I.1. to I.5.)	038	322 211	-2 124	320 087	293 638
C.I.1.	Material	039	15 385	-178	15 207	14 869
C.I.2.	Work in progress and semi-finished goods	040	302 757	-1 654	301 103	277 717
C.I.3.	Finished products and merchandise	041	3 381	-292	3 089	727
C.I.3.1.	Finished products	042	3 204	-292	2 912	643
C.I.3.2.	Merchandise	043	177	0	177	84
C.I.4.	Young and other animals and groups thereof	044				
C.I.5.	Advanced payments for inventory	045	688	0	688	325
C.II.	Receivables (II.1. to II.2.)	046	91 420	-30	91 390	92 600
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	91 420	-30	91 390	92 600
C.II.2.1.	Trade receivables	058	74 321	-30	74 291	83 414
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	17 099	0	17 099	9 186
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	1 911	0	1 911	3 231
C.II.2.4.4.	Short-term advanced payments	065	31	0	31	16
C.II.2.4.5.	Estimated receivables	066	9 847		9 847	5 850
C.II.2.4.6.	Other receivables	067	5 310	0	5 310	89
C.III.	Short-term financial assets (III.1. to III.2.)	068	0	0	0	0
C.III.1.	Shares - controlled or controlling entity	069				
C.III.2.	Other short-term financial assets	070				
C.IV.	Cash (IV.1. to IV.2.)	071	1 456	0	1 456	3 831
C.IV.1.	Cash in hand	072	206	0	206	423
C.IV.2.	Bank accounts	073	1 250	0	1 250	3 408
D.	Accrued assets (D.1. to D.3.)	074	228	0	228	387
D.1.	Deferred expenses, prepayments	075	228	0	228	387
D.2.	Complex prepaid expenses	076				
D.3.	Accrued income	077	0	0	0	0

HAYEK, spol. s r.o., holding
 Jindřišská 5/901
 110 00 Praha 1
 DIČ: CZ43875082

Code a	LIABILITIES AND EQUITY b	Line no. c	Current period 5	Previous period 6
	TOTAL LIABILITIES AND EQUITY (A. to D.)	078	496 944	477 529
A.	Equity (A.I. to A.VI.)	079	258 608	248 643
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	151 781	143 980
A.IV.1.	Retained earnings from previous years	096	151 781	143 980
A.IV.2.	Accumulated losses from previous years (-)	097	0	0
A.V.	Net profit or loss for the current period (+/-)	099	9 965	7 801
A.VI.	Approved advance payments of profit share (-)	100		
B. + C.	Liabilities (B. + C.)	101	231 809	227 702
B.	Provisions (B.1. to B.4.)	102	5 595	5 283
B.1.	Provision for pension and similar payables	103		
B.2.	Income tax provision	104	425	
B.3.	Provisions under special legislation	105		
B.4.	Other provisions	106	5 170	5 283
C.	Payables (C.I. to C.II.)	107	226 214	222 419
C.I.	Long-term payables (I.1. to I.9.)	108	40 931	49 741
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	30 272	39 362
C.I.3.	Long-term advance payments received	113	70	102
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	6 042	4 790
C.I.9.	Payables - others	119	4 547	5 487
C.I.9.1.	Payables to equity holders	120	4 547	5 487
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	185 283	172 678
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	97 176	81 130
C.II.3.	Short-term advances received	128	7 669	30 522
C.II.4.	Trade payables	129	63 721	42 070
C.II.5.	Short-term bills of exchange to be paid	130	0	
C.II.6.	Payables - controlled or controlling entity	131		
C.II.7.	Payables - significant influence	132		
C.II.8.	Other payables	133	16 717	18 956
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	6 159	5 167
C.II.8.4.	Payables - social security and health insurance	137	3 254	2 704
C.II.8.5.	State - tax liabilities and grants	138	727	419
C.II.8.6.	Estimated payables	139	6 082	10 666
C.II.8.7.	Other payables	140	495	0
D.	Accrued liabilities (D.1. to D.2.)	141	6 527	1 184
D.1.	Accrued expenses	142	6 527	1 184
D.2.	Deferred income	143		0

Date: 14.02.2025	Person responsible for preparation of financial statements <i>me aef</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
Jindřišské 5/901
110 00 Praha 1
DIČ: CZ43875092



compulsory
information under

INCOME STATEMENT

Full scope

For period

1.1.2024 - 31.12.2024

(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	345 008	339 728
II.	Revenues from merchandise	2	2 945	4 300
A.	Consumption for products (A.1. to A.3.)	3	235 527	208 810
A.1.	Costs of merchandise	4	2 131	2 716
A.2.	Material and utilities	5	203 641	175 255
	Material	5a	134 118	107 074
	Utilities	5b	69 523	68 181
A.3.	Services	6	29 755	30 839
	Repairs and maintenance	6a	4 239	4 198
	Travel expense	6b	3 430	1 744
	Other services	6c	22 086	24 897
B.	Changes in inventory of own products	7	-25 906	2 334
	Changes in inventory of work in progress	7a	-23 685	2 678
	Changes in inventory of own finished products	7b	-2 221	-344
C.	Capitalization	8	-2 276	-4 058
D.	Personnel expenses (D.1. to D.2.)	9	116 519	103 633
D.1.	Wages and salaries	10	84 983	75 235
D.2.	Social security, health insurance and other pers. exp.	11	31 536	28 398
D.2.1.	Social security and health insurance	12	28 585	25 403
D.2.2.	Other personnel expenses	13	2 951	2 995
E.	Adjustments to operating profit (E.1. to E.3.)	14	10 113	11 022
E.1.	Intangible and tangible fixed assets adjustments	15	10 071	11 031
E.1.1.	Depreciation / Intangible and tangible fixed assets adjustments - permanent	16	10 071	11 031
E.1.2.	Intangible and tangible fixed assets adjustments - temporary	17	0	0
E.2.	Provisions and inventories adjustments	18	261	-39
E.3.	Provisions and receivables adjustments	19	-219	30
III.	Other operating revenues (III.1. to III.3.)	20	14 420	11 324
III.1.	Revenues from sales of fixed assets	21	25	0
III.2.	Revenues from sales of material	22	1 720	3 042
III.3.	Other operating revenues	23	12 675	8 282
F.	Other operating expenses (F.1. to F.5.)	24	5 780	12 695
F.1.	Net book value of fixed assets sold	25	44	0
F.2.	Net book value of material sold	26	572	1 396
F.3.	Taxes and fees in operating part	27	1 300	1 088
F.4.	Provisions in operating part and complex prepaid expenses	28	-113	-114
F.5.	Other operating expenses	29	3 977	10 325
*	Operating profit / (loss) I. + II. - A. - B. - C. - D. - E + III. - F.	30	22 616	20 916

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

Code a	DESCRIPTION b	Line no. c	Actuals	
			Current period	Last period
IV.	Revenues from long-term financial assets - shares (IV.1. to IV.2.)	31	0	0
IV.1.	Revenues from shares - controlled or controlling entity	32	0	
IV.2.	Other revenues from shares	33	0	
G.	Costs of shares sold	34	0	
V.	Revenues from other long-term financial assets (V.1. to V.2.)	35	0	0
V.1.	Revenues from other long-term financial assets - controlled or controlling entity	36	0	
V.2.	Other revenues from other long-term financial assets	37	0	
H.	Costs related to other long-term financial assets	38	0	
VI.	Interest revenues and similar revenues (VI.1. to VI.2.)	39	0	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	6 034	4 182
J.1.	Interest expenses and similar expenses - controlled or controlling entity	44	0	0
J.2.	Other interest expenses and similar expenses	45	6 034	4 182
VII.	Other financial revenues	46	3 384	5 316
K.	Other financial costs	47	8 324	11 930
*	Profit / (loss) from financial operations IV. - G. + V. - H. + VI. - I. - J. + VII. - K.	48	-10 974	-10 796
**	Profit / (loss) before tax *(I. 30) + * (I. 48)	49	11 642	10 120
L.	Income tax (L. 1 to L. 2)	50	1 677	2 319
L.1.	Income tax - due	51	425	0
L.2.	Income tax - deferred (+/-)	52	1 252	2 319
**	Profit / (loss) after tax **(I. 49) - L.	53	9 965	7 801
M.	Transfer of share in profit to equity holders (+/-)	54	0	0
***	Profit / (loss) of accounting period **(I. 53) - M.	55	9 965	7 801
*	Net turnover of accounting period I. + II. + III. + IV. + V. + VI. + VII.	56	347 953	0

Notes:

Date: 14.02.2025	Person responsible for preparation of financial statements <i>mešák</i>	Signature of statutory representative(s) of the reporting unit <i>Spisovatel J. Štef</i>
Legal form of the reporting unit: joint - stock company	Scope of business: Rubber machineries	

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



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Cash Flow Statement

BUZULUK a.s.		2023	2024
P.	Cash and cash equivalents at beginning of period	1 282	3 831
Z.	Book profit or loss from current activities before tax	10 120	11 641
	Cash flow from primary earning activities (from operations)		
A. 1.	Adjustments for non-cash operations	15 090	16 053
A. 1. 1	Depreciation of long-term assets (+)	11 031	10 070
A. 1. 2.	Change in correction entries, reserves, and balances on intermediary accounts	-123	-70
A. 1. 3.	Profit or loss from sale of long-term assets (-/+)	0	19
A. 1. 4.	Revenues from dividends and profit shares	0	0
A. 1. 5.	Posted interest expenses (+) except capitalized interest, and posted interest revenues (-)	4 182	6 034
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	25 210	27 694
A. 2.	Change in need for working capital	-48 038	-8 115
A. 2. 1.	Change in accounts receivable from operations (-/+), in asset accounts for time differentiation, and in estimate accounts	31 328	1 589
A. 2. 1. 1.	Change in accounts receivable from operations (-/+)	27 950	5 427
A. 2. 1. 2.	Change in asset accounts for time differentiation and in estimated asset accounts	3 378	-3 838
A. 2. 2.	Change in short-term liabilities from operations (+/-), in liability accounts for time differentiation, and in estimated liability accounts	-80 713	17 007
A. 2. 2.1.	Change in short-term liabilities from operational activities (+/-)	-74 648	16 248
A. 2. 2.2.	Change in liability accounts for time differentiation and in estimated liability accounts (+/-)	-6 065	759
A. 2. 3.	Change in inventory (+/-)	1 347	-26 711
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	-22 828	19 579
A. 3.	Interest paid other than capitalized interest (-)	-4 182	-6 034
A. 4.	Interest received (+)	0	0
A. 5.	Tax paid on income from current activities and for past periods (-)	0	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	-27 010	13 545

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

B. 1.	Expenditures for acquisition of long-term assets	-9 780	-6 824
B. 2.	Revenue from sale of long-term assets	0	25
B. 3.	Loans to affiliates	0	0
B.***	Net cash flow for investments	-9 780	-6 799
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	39 339	-9 121
C. 2.	Impact on cash of changes in owners' equity	0	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	0	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	39 339	-9 121
F.	Net increase or reduction in cash and cash equivalents	2 549	-2 375
R.	Cash and cash equivalents at end of period	3 831	1 456

Date:14.2.2025

Signature of statutory authority:

Spinta *miral* *Johel*

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**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	143 980 028	137 046 139	6 933 890
2. increase	7 801 171	6 933 890	
3. decrease	0	0	
4. final balance	151 781 200	143 980 028	7 801 171
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			
	9 964 700	7 801 171	2 163 529

Date: 14.2.2025

Signature of statutory body:

Epislo *Misaef* *J. J. J.*



[Handwritten signature]

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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 2024

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

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BUZULUK a.s.

Financial Statements compiled as at 31/12 2024

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 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 was registered – 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 2024:

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

<u>Supervisory Board</u>	
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 2023 a 2024.

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 2024 presuming that the Company should be able to continue ceaselessly its operations in the future.

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 2023 and 2024. 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 2023 and 2024, intangible fixed assets exceeding the acquisition 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 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.

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Tangible fixed assets with value exceeding CZK 40,000 in 2023 and 2024 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.

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.

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

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

f) Equity

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

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

g) Third party sources

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

h) Foreign currency exchange operations

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

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

i) Estimates

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

j) Accounting principles for revenues and expenses

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

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

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Financial Statements compiled as at 31/12 2024

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

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 the "PV plant construction in BUZULUK" project. The project was duly completed in December 2024 and a final report on implementation and application for payment was filed. The Company is to receive an investment subsidy amounting to CZK 5,280 thousand at the beginning of 2025.

In 2024 the Ministry of Finance of the Czech Republic, an auditing authority, conducted an inspection of the "Film Drawing Technology" project. The project was implemented in accordance with the grant terms and no errors were found. The subsidy received was defended.

The Company actively collaborates with universities.

m) Subsequent events

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

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

n) Correction of prior period errors

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

BUZULUK a.s.

Financial Statements compiled as at 31/12 2024

4. FIXED ASSETS

a) Intangible fixed assets (in thousands CZK)

PURCHASE PRICE

	Opening balance	Increase	Decrease	Closing balance
Software	8 688	-	-	8 688
Unfinished intangible fixed assets	-	-	-	-
Total 2024	8 688	-	-	8 688
Total 2023	8 688	160	160	8 688

ADJUSTING ENTRIES AND CORRECTIONS

	Opening balance	Depreciation	Elimination	Closing balance	Account value
Software	-8 577	-53	-	-8 630	58
Total 2024	-8 577	-53	-	-8 630	58
Total 2023	-8 517	-60	-	-8 577	111

b) Tangible fixed assets (in thousands CZK)

PURCHASE PRICE

	Opening balance	Increase	Decrease	Closing balance
Land	7 452	-	-	7 452
Buildings	299 329	1 039	-	300 368
Tangible assets and their sets	351 659	13 474	3 348	361 785
Other tangible fixed assets	2 087	-	-	2 087
Advances for tang. fixed assets	79	40	119	0
Unfinished intangible fixed assets	7 293	12 679	19 792	180
Total 2024	667 899	27 232	23 259	671 872
Total 2023	659 416	21 758	13 275	667 899

ADJUSTING ENTRIES AND CORRECTIONS

	Opening balance	Depreciation	Sales, liquidation	Elimination	Closing balance	Account value
Land	0	-	-	-	0	7 452
Buildings	-276 976	-4 053	-	-	-281 029	19 339
Tangible assets and their sets	-301 874	-6 505	-	3 348	-305 031	56 754
Other tangible fixed assets	-2 087	-	-	-	-2 087	0
Advances for tang. fixed assets	0	-	-	-	0	0
Unfinished intangible fixed assets	0	-	-	-	0	180
Total 2024	-580 937	-10 558	-	3 348	-588 147	83 725
Total 2023	-571 263	-10 970	-	1 296	-580 937	86 962

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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 2024.

The Company purchased a horizontal machining centre for CZK 44,381 thousand in 2017, its residual value being CZK 25,873 thousand at 31/12 2024; 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 2024, the Company increased the loan value to CZK 22,163 thousand.

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 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 2023 and 31/12 2024, receivables after maturity amounted to CZK 9,628 thousand and CZK 4,333 thousand respectively.

As at 31/12 2024, the Company had no long-term receivables. The Company has no receivables with maturity exceeding 5 years

Receivables from affiliate entities (see Section 19).

BUZULUK a.s.

Financial Statements compiled as at 31/12 2024

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 CZK):

Adjusting entries for:	Balance at 31/12 2022	Adjusting entry creation	Adjusting entry accounted	Balance at 31/12 2023	Adjusting entry creation	Adjusting entry accounted	Balance at 31/12 2024
Inventory	1 901	3807	419	1 862	410	148	2 124
Receivables – required by law	219	5	0	224	25	219	30
Receivables – others	0	25	0	25	0	25	0

In 2023, the Company created an adjusting entry amounting to CZK 5 thousand for a receivable claimed in court and another one amounting to CZK 25 thousand for other receivables. In 2024, the Company created an adjusting entry amounting to CZK 25 thousand for the receivable claimed in court and cancelled an adjusting entry amounting to CZK 219 thousand for a receivable claimed in court (a lost court case) and cancelled an adjusting entry 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 2024 and they are charged as future expenses for periods to which they relate in terms of facts and time (rent).

The Company did not have any deferred revenues, as it had no unpaid and uninvoiced (in its accounts) work or services that would relate in terms of facts and time to a future period.

9. EQUITY

Changes in equity (in thousands CZK):

	Balance at 31/12 2022	Increase	Decrease	Balance at 31/12 2023	Increase	Decrease	Balance at 31/12 2024
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	137 046	6 934	-	143 980	7 801	-	151 781
Other business result of prior periods	0	-	-	0	-	-	0
Result of the current accounting period	6 934	867	-	7 801	2 164	-	9 965
Total	240 842	7 801	-	248 643	9 965	-	258 608

BUZULUK a.s.

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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 2022 and 2023 was approved by general meetings of the Company held on 20/06 2023 and 20/03 2024. The Board of Directors of the Company shall propose transfer of the profit from 01/01 2024 to 31/12 2024 amounting to CZK 9,965 thousand to the account of undistributed profit from previous years.

The general meeting of BUZULUK held on 9 April 2019 decided that the Company would pay 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 2025.

10. RESERVES

Changes in reserves (in thousands CZK):

Reserves	Balance at 31/12 2022	Reserve creation	Reserve settlement	Balance at 31/12 2023	Reserve creation	Reserve settlement	Balance at 31/12 2024
For income tax	-	-	-	-	425	-	425
Others	5 396	5 283	5 396	5 283	5 170	5 283	5 170

The Company began creating 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 2023 and 31/12 2024, the Company had short-term payables after maturity date amounting to CZK 15,803 thousand and CZK 37,763 thousand, respectively.

The Company had no outstanding payables to social security administration or health insurance companies as at 31/12 2024.

Estimated liabilities as at 31/12 2024 include transactions through which the Company incurred a debt relating to the given accounting period in terms of facts and time, while its exact amount is unknown. This concerns primarily uninvoiced supplies of material, energy and services.

Payables to affiliated entities (see Section 19).

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12. PAYABLES TO CREDIT INSTITUTIONS

Bank	Terms/ Conditions	Interest rate	Total limit	2023		2024	
				Amount in foreign currency	Amount in thousands CZK	Amount in foreign currency	Amount in thousands CZK
Komerční banka	11/10 2024	1M EURIBOR + 0.75%	22 163	380	9 396	880	22 163
Komerční banka	22/08 2023	1M EURIBOR + 1.62%	52 219	1 982	49 005	1 592	40 094
ČSOB	10/02 2023	1M EURIBOR + 1.35%	16 793	615	15 202	-	-
ČSOB	overdraft acc.	€STR + 1.10% p. a.	15 111	1 696	41 944	588	14 821
ČSOB	revolving	1M EURIBOR + 1.10%	15 111	-	-	600	15 111
Česká spořitelna	overdraft acc.	1M EURIBOR + 1.79%	5 000	200	4 945	200	5 037
Česká spořitelna	12/09 2024	1M EURIBOR + 1.40%	30 222	-	-	1 200	30 222
Total				4 873	120 492	5 060	127 448
Instalment in the following years				1 432	35 406	3 070	77 318
Instalments in the following years				3 441	85 086	1 990	50 130

Interest costs linked with payables to credit institutions amounted to CZK 4,182 thousand in 2023 and 6,034 thousand in 2024.

Overview of bank loan and credit instalments in thousands CZK:

	Bank loans
2024	35 406
2025	77 318
2026	64 725

13. ACCRUED LIABILITIES

Accrued expenses include primarily invoices received after 31/12 2024 and they are charged 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 2024 that would be linked with a future period in terms of facts and time.

14. DERIVATIVES

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

In 2024, the Company entered into four forward contracts with the settlement date in March, June, September and December 2025 in order to secure receivables.

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15. INCOME TAX

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

	2023	2024
Profit before tax	10 120	11 641
Non-tax revenue	-5 893	-5 536
Difference between accounting depreciation and tax depreciation	1 390	-396
Non-deductible expenses		
Creation of adjusting entries	405	409
Creation of reserves	5 283	5 170
Others (e.g. representation costs, deficit and damage)	770	999
Taxable income	12 075	12 287
Tax loss deduction	-10 766	-4 477
Deduction for research and development	-1 003	-5 509
Tax base	305	2 301
Donation deduction	-32	-30
Rounded tax base	273	2 270
Income tax rate	19 %	21 %
Tax	52	477
Tax discounts	-52	-52
Total tax	0	425

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

Deferred tax items	2023		2024	
	Deferred tax receivable	Deferred tax payable	Deferred tax receivable	Deferred tax payable
Difference between accounting value and residual value of long-term assets	-	7 377	-	7 555
Other interim differences:				
Adjusting entries to inventory	391	-	427	-
Reserves	1 109	-	1 086	-
Unclaimed deduction for research and development	163	-	-	-
Unclaimed tax loss	924	-	-	-
Total	2 587	7 377	1 513	7 555
Net	-	4 790	-	6 042

The Company entered into accounts a deferred tax liability amounting to CZK 6,042 thousand resulting from a higher book value of depreciated tangible and intangible fixed assets as compared to the tax amortised value.

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16. OFF-BALANCE ASSETS AND LIABILITIES

At 31/12 2023 and 31/12 2024, the Company had off-balance assets and liabilities amounting to CZK 130,320 thousand and to CZK 86,891 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):

	2023		2024	
	Czech Republic	Abroad	Czech Republic	Abroad
Revenues from sale of goods	849	3 451	620	2 325
Revenues from sale of own products	60 043	222 377	35 314	251 906
Revenue from sale of services	57 308	-	57 788	-
Total revenues	118 200	225 828	93 722	254 231

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):

	2023		2024	
	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	167	4	161	4
Wages	75 235	7 735	84 983	9 708
Social security and health insurance	25 403	2 503	28 585	2 957
Social expenses	2 995	38	2 951	35
Total personnel expenses	103 633	10 276	116 519	12 700

In 2023 and 2024, members of statutory, supervisory and management bodies did not receive any rewards/bonuses due to their function.

19. INFORMATION ON AFFILIATE ENTITIES

In 2023 and 2024, 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.

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

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The Company regularly sells products to affiliate entities. In 2023 and 2024, the sales amounted to CZK 43,730 thousand and CZK 33,721 thousand, respectively.

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

Affiliate entity	Terms/Maturity	2023	2024
Dalian Rubber & Plastics Machinery Manufacturing Co., Ltd	30 days	1	29

The Company purchases products and uses services of affiliated entities for its common business operations. The volume of purchases amounted to CZK 470 thousand in 2023, no purchases occurred in 2024.

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

Affiliate entity	Terms/Maturity	2023	2024
Dalian Rubber & Plastics Machinery Co., Ltd	30 days	470	598

Short-term payable at 31/12 2024 – a proforma invoice for the DXS-BK-2024A16 and DXS-BK-2024A17 contracts.

20. RESEARCH AND DEVELOPMENT EXPENSES

In 2023 and 2024, CZK 300 thousand and CZK 6,233 thousand was expended, respectively, and charged 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.

In 2024, one manufacturing site was affected by a fire. The damage was settled with the insurance company in 2024. The amount of the damage incurred in 2024 was estimated to be approx. CZK 8,000

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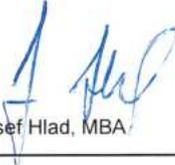
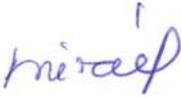
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thousand, which is the amount the Company entered into accounts as an accrued item. The insurance company paid part of the claim in 2024 in the form of advance payments.

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):
14 February 2025	 Ing. Josef Hlad, MBA	 Mgr. Hailong Hao
		 Ing. Květuše Křivánková, MBA



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