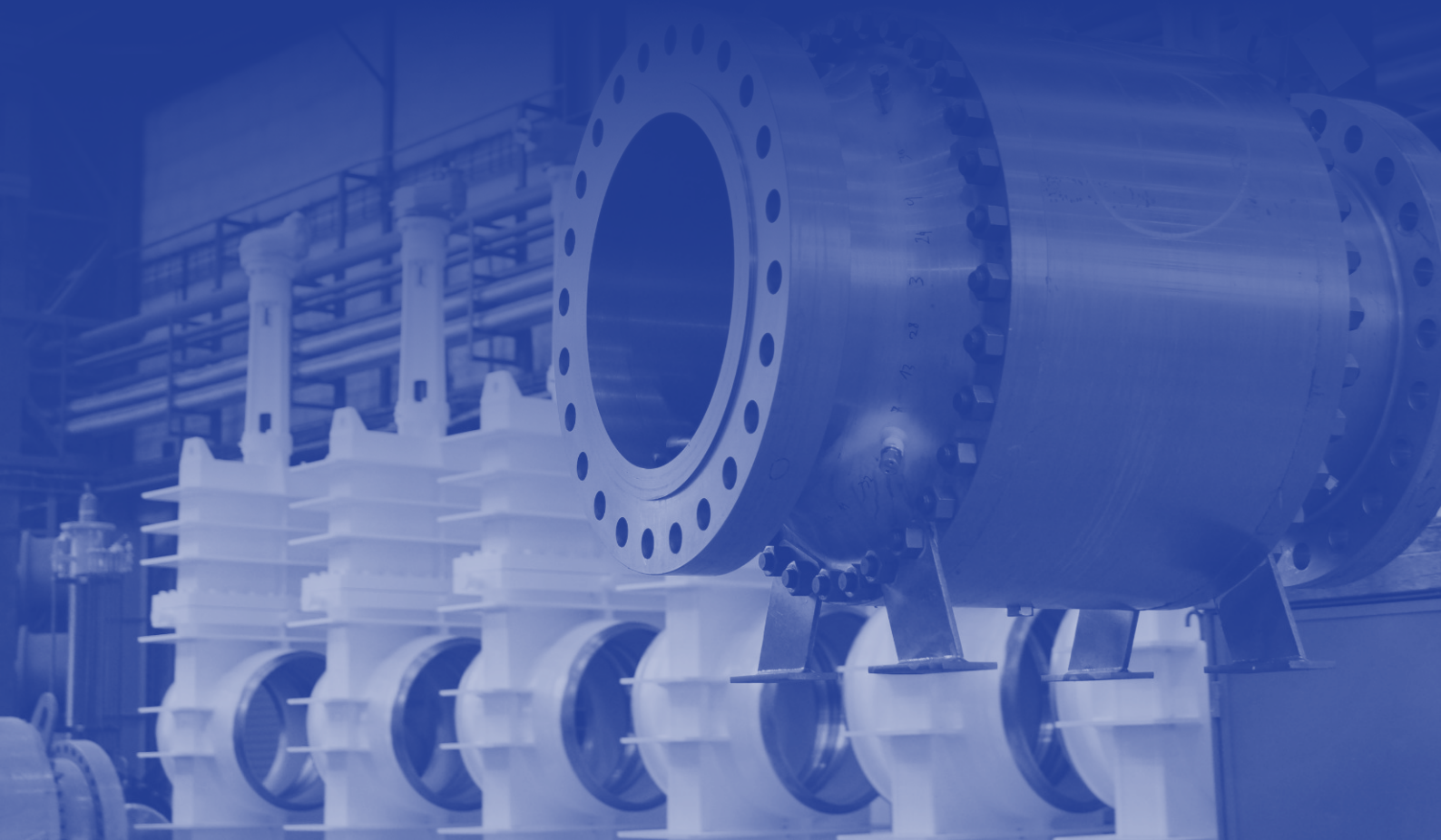




# ANNUAL REPORT FOR 2024



## ABOUT THE COMPANY

MSA, a.s. is a long-established manufacturer of industrial valves. With a presence in the market for over 130 years, it is one of the most significant valve manufacturers in the former Czechoslovakia. Since 1975, the company has also specialized in valves for nuclear power applications.

The headquarters of MSA, a.s. (hereinafter referred to as the "Company") is located in the town of Dolní Benešov, situated in the Hlučinsko region, Opava district, in the Moravian-Silesian Region, near the Polish border. The first historical mention of Dolní Benešov dates back to 1312, and it was granted town status in 1493. The town's dominant landmark is a neoclassical château, originally a fortress built in 1411. Dolní Benešov is also known as the town of ponds, boasting the highest number of ponds in the Opava district. Today, it has a population of over 4,000 residents.

The Company's core production program primarily includes ball valves, gate valves, check valves, globe valves, and special valves for nuclear power applications. These products are used in the transportation, processing, and distribution of oil and gas, as well as in district heating, water supply, the chemical industry, and both conventional and nuclear power generation.

Currently, the Company exports its products to nearly every part of the world, with an active customer base ranging from Australia to North America. In recent years, the Company has increasingly focused on servicing and cooperative manufacturing activities.

Thanks to highly skilled employees and state-of-the-art manufacturing technologies, the Company designs and produces valves that perform reliably even in the most demanding climatic and operational conditions. The key to its success lies in the combination of a long-standing tradition of industrial valve manufacturing in the Moravian-Silesian Region and the transfer of know-how from generation to generation.

It is also important to highlight the Company's high-quality service offerings, which include both warranty and post-warranty service. These services are a crucial component of the Company's commitment to providing comprehensive customer support, ensuring long-term customer satisfaction.

In recent years, the Company has focused on manufacturing valves for extreme conditions, responding to evolving market demands and the transition from conventional oil and gas pipeline valves to technologically advanced solutions. MSA, a.s. plays a key role in supporting its partners in the implementation of these specialized projects.

Since 2024, the Company has been part of RKL Holding, a.s.\*, which supports its further development and innovation.

During the reporting period, the Company did not acquire any of its own shares.

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*\*RKL Holding, a.s. is a holding company with Czech capital, focused on the development of Czech industry with worldwide deliveries. The holding's operations are centered around comprehensive logistics services, the production of ductile and gray iron castings, the supply of industrial hoses and expansion joints, and, more recently, the manufacturing of valves.*

*Its comprehensive logistics services cater primarily to demanding industries such as pharmaceuticals, chemicals, and food processing. The products of the holding's manufacturing companies are an integral part of aluminum plants, pumps, gearboxes, nuclear power units, and oil and gas pipeline systems.*

*The production facilities of the group's companies are located in the Opava and Hlučín regions.*

*The companies within RKL Holding, a.s. generated a revenue of 1.4 billion CZK in 2023. Following the acquisition of MSA, a.s., the 2024 revenue is expected to reach 1.8 billion CZK, with a total workforce of 700 employees.*

## MSA, a.s. ANNUAL REPORT FOR 2024

### Chairman of the Board's Opening Statement

Dear shareholders, business partners, colleagues, ladies and gentlemen,

It is my honor to present the Annual Report of MSA, a.s. for the calendar year 2024.

I consider it a highly positive signal that the past year has been a period of stabilization and a return to our original strategic direction. Despite challenging market conditions, primarily stemming from ongoing global conflicts, the Company has maintained a stable position among its traditional customers, and in the upcoming year, we will do everything possible to further strengthen this position.

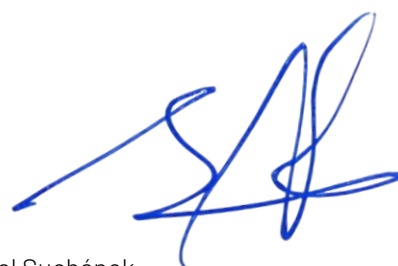
2024 was also a year of successfully executing several demanding and complex projects, including Petrojet, Krohne, and Akkuyu. These projects are a testament to our ability to deliver top-tier products and services even under challenging conditions.

Throughout 2024, the Company consistently demonstrated its commitment to maintaining high-quality, well-established processes. During the year, we successfully completed recertification audits for ISO 9001:2015 and ISO 14001:2015. Additionally, we secured the renewal of our ISO 45001:2018 certification and reaffirmed the compliance of our Integrated Management System with the requirements of API Spec. Q1 and PED 2014/68/EU. A major achievement was obtaining a key certification from the Turkish Nuclear Regulatory Authority (NDK), which is essential for supplying valves for nuclear energy projects in Turkey—a crucial market for our production in 2025.

I extend my sincere gratitude to our business partners for their trust and to our suppliers for their support in helping us achieve our objectives. A special acknowledgment goes to all our employees for their dedication, flexibility, and commitment, which have enabled us to face challenges head-on and fulfill our obligations.

In 2024, the Company achieved a positive financial result, reporting a 21.5% year-on-year increase in revenue from the sale of products and services, primarily driven by new projects in the nuclear energy sector.

As we move into 2025, our primary goals are to further strengthen our position in the nuclear energy sector and develop business strategies that will create new opportunities for growth and innovation. Our 2025 budget is ambitious, setting clear objectives that will require the collective effort of our entire team to achieve.



Karel Suchánek  
Chairman of the Board

## 1. Research, Development, and Innovation

### Conventional Valves

The primary objective in the field of conventional valves was to align the production program with the requirements of the 25th edition of the API SPEC 6D standard. The Company conducted a detailed analysis of the changes compared to the previous 24th edition and assessed their impact on the design, manufacturing, and testing of valves.

The key challenges introduced by the 25th edition of API SPEC 6D included:

- Ensuring full compliance with API SPEC 6DX,
- Meeting new requirements for bolted joints,
- Implementing the new Annex F – Design Validation,
- Addressing Annexes K and L – Deviations and Additional Requirements.

All changes were thoroughly documented and successfully integrated into the Company's production program.

As part of its product portfolio, the Company manufactures the following API SPEC 6D-compliant products:

- Ball valves,
- Check valves (C09.4),
- Gate valves (S85).

The Company is actively preparing for the future implementation of hydrogen technologies and is currently engaged in the development of valves, specifically ball valves suitable for hydrogen operation.

Based on a detailed analysis of the existing standard design, it was recommended that these valves be used for gas mixtures containing up to 20% hydrogen. At the same time, the necessary modifications to conventional valves were defined in the following key areas:

- Design adjustments
- Use of specific materials
- Optimization of sealing systems
- Enhanced testing requirements.

The result of this effort should be the approval of selected valves for H<sub>2</sub> operation. With this step, the Company confirms its readiness to respond to the growing market demands and to support the transition to environmentally friendly and sustainable energy sources.

### Valves for Nuclear Power Applications

The development and production of specialized valves for nuclear power applications are the result of extensive research and engineering activities. These processes include:

- Designing valves in compliance with standards and regulations of various countries
- Performing specialized calculations of static and dynamic properties
- Validating technological and manufacturing processes
- Conducting lifetime testing, seismic resistance tests, flow characteristics analysis, pressure tests, and hydraulic loop tests.

In 2024, the development and design of the following products took place:

**Wedge components for gate valves DN400 Pp 11.0 MPa and DN800 Pp 9.0 MPa**

- The design included both the wedges themselves and the valves intended for high-pressure applications.
- Control calculations were performed, construction documentation was prepared, and testing was conducted at the Company's testing facility.

**Venturi-effect check valves without a bonnet, flanged for nuclear power applications (Type A15, DN250, DN450, and DN500)**

- These valves feature improved hydraulic characteristics, such as low hydraulic resistance and reduced pressure surges.
- Manufacturing took place within the Company, followed by internal testing, including control calculations and the preparation of construction documentation. The valves are ready for delivery to a nuclear power plant in 2025.

**L32 butterfly valve, DN300 for the Kozloduy Nuclear Power Plant, Bulgaria**

- The development and production of this valve began in 2024. It is designed to operate under a pressure of 2.5 MPa and temperatures up to 100°C.

## 2. Integrated Management System

The Company holds a broad portfolio of system and product certifications, confirming its ability to meet customer requirements and regulatory standards. These certifications support the manufacturing and distribution of products in both domestic and international markets.

The established integrated management system (IMS) connects three key areas:

- Quality management system (QMS) according to ISO 9001
- Environmental management system (EMS) according to ISO 14001
- Occupational health and safety management system (OHSMS) according to ISO 45001.

IMS provides the Company with a comprehensive overview of essential business processes and their interconnections. This system contributes to increasing process efficiency with a focus on sustainability, environmental protection, and customer and employee satisfaction.

In 2024, the Company successfully:

- renewed its ISO 9001 and ISO 14001 certifications
- completed the second surveillance audit for ISO 45001, confirming the validity of all existing certifications.

In March 2024, the Company successfully completed an API audit, during which it confirmed compliance with the API Spec Q1 requirements, thereby maintaining its API 6D product certification.

In May 2024, the Company also successfully demonstrated compliance with PED 2014/68/EU. As a result, the certified product portfolio was expanded to include four types of valves intended for nuclear power applications.

As product quality is a fundamental priority, product certifications are an integral part of the integrated management system. These certifications confirm that products meet the requirements of specific technical

regulations. The process includes risk analysis, testing in accredited laboratories, quality stability control of certified products, and other validation procedures.

In 2024, the Company successfully:

- confirmed product compliance with ČSN ISO 14141:2013 and API 6D
- maintained its license under German regulations, including AD-2000 Merkblatt HP0 and DIN EN ISO 3834-2
- ensured the validity of the ISO 17025 certificate for the non-destructive testing laboratory, based on a surveillance audit from 2021 (the certification remains valid until 2025).

The Company successfully completed several significant customer audits, further confirming its expertise and strong market position:

- Audit by the Korean state company KOGAS: The Company was approved as a qualified supplier for state projects in the gas industry in South Korea.
- Audit by ČEZ: The Company was confirmed as a qualified supplier for projects of the Nuclear Energy Division (DJE) of ČEZ, once again demonstrating its expertise in the design, manufacturing, servicing, and maintenance of valves for nuclear power applications..

In the nuclear energy sector, the Company successfully completed the supplier approval process for nuclear power plant projects in India, Hungary, and Turkey.

These achievements serve as proof of the high level of quality, expertise, and reliability that the Company has consistently delivered to its customers in the global market.

### 3. Environmental Protection

The Company recognizes the importance of environmental protection in all its activities and successfully operates in compliance with applicable legislative standards and regulations in the field of environmental management.

#### Waste Management

The Company generates both non-hazardous and hazardous waste and collaborates with authorized companies to ensure waste collection and disposal from both manufacturing and administrative activities.

- Non-hazardous waste: The majority, approximately 90%, consists of iron shavings, metal chips, iron, and steel. These secondary raw materials are recycled through resale, contributing to their further utilization.
- Hazardous waste: The most significant component is waste cutting emulsions, which result from machining processes in industrial production.

#### Air Protection

- Key activities affecting air quality include:
- Operation of paint shops, including pre-treatment by blasting
- Metal grinding
- Operation of pickling and passivation lines
- Operation of gas boiler plants.

All listed sources of air pollution comply with the established emission limits and are operated under valid permits.

The Company is committed to continuing its responsible approach to environmental protection and ensuring full compliance with all legislative requirements.

## 4. Human Resources

The Company is a major employer in the Opava region. In 2024, it employed 225 people, including 110 employees in technical and administrative positions and 115 in production roles.

Developing employees' knowledge and skills remains a top priority for the Company. Regular training programs are organized not only to fulfill legal obligations but also to maintain and enhance employee qualifications. These training sessions are essential for business operations and contribute to improving the expertise and efficiency of the team.

The Company recognizes that skilled and well-educated employees are the foundation of success and is committed to supporting both their professional development and personal growth.

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# INDEPENDENT AUDITOR'S REPORT

to the shareholders of  
**MSA, a.s.**

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## Opinion

We have audited the accompanying special purpose financial statements of entity

**MSA, a.s.**

having its registered office at Hlučínská 641, 747 22 Dolní Benešov; company ID: 451 92 278

Company Registration: in the Commercial Register of the District Court of Ostrava, file B 388

(hereinafter also the "Company")

prepared on the basis of accounting regulations applicable in the Czech Republic, which comprise the balance sheet as at 31<sup>st</sup> December 2024, and the profit and loss account, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying special purpose financial statements give a true and fair view of the financial position of entity name as at 31<sup>st</sup> December 2024, and of its financial performance and its cash flows for the year then ended in accordance with accounting regulations applicable 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.



**Emphasis of matter**

We draw attention to point 2.1 of the notes to the special purpose financial statements, which describes the fact that these special purpose financial statements were prepared based on the regular and extraordinary financial statements that the company prepared during 2024. Its purpose is to present the financial position and performance of the company for the usual calendar year of 2024.

Furthermore, we highlight that for the financial statements as of 31<sup>st</sup> December 2023, whose figures are presented as the comparative period, we issued an audit report on 10<sup>th</sup> May 2024, in which we disclaimed an opinion. As a result, the figures for the prior financial period presented in these special purpose financial statements are not comparable.

Our opinion is not modified in relation to this matter.

**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 Statutory Body 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 Statutory Representatives for the Financial Statements**

The Statutory Body 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 Statutory Body 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 Statutory Body 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 Statutory Body either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Supervisory Body 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 Statutory Body.
- Conclude on the appropriateness of the Statutory Body's 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 Statutory Body and Supervisory Body regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

In Ostrava on 29<sup>th</sup> January 2025

**V4 Audit, s.r.o.**

Jurečkova 643/20

Moravská Ostrava

702 00 Ostrava

Certificate KA ČR no. 064

**Ing. Michal Groborz**

Authorized Person & Responsible Auditor

Certificate KA ČR no. 2101



## FINANCIAL STATEMENT AS OF DECEMBER 31, 2024

Prepared for special purposes  
For the period from January 1, 2024, to December 31, 2024

**Company Name:** MSA, a.s.  
**Registered Office:** Hlučinská 641, 747 22 Dolní Benešov, Czech Republic  
**Legal Form:** Joint-stock company  
**Company ID:** 451 92 278

### Components of the Financial Statement:

- Balance Sheet
- Income Statement
- Statement of Changes in Equity
- Cash Flow Statement
- Notes to the Financial Statement

The Financial Statement was prepared on January 29, 2025

Statutory Body of the Accounting Entity	Signature
Karel Suchánek, Chairman of the Board of Directors  Michal Matuš, Member of the Board of Directors	

**BALANCE SHEET**  
**full version**
**MSA, a.s.**  
**IČO 451 92 278**

As of  
12/31/2024  
(in CZK thousand)

Hlučinská 641  
747 22 Dolní Benešov

		12/31/2024			12/31/2023
		Gross	Adjustments	Net	Net
	<b>TOTAL ASSETS</b>	<b>1 618 951</b>	<b>1 180 612</b>	<b>438 339</b>	<b>697 147</b>
<b>B.</b>	<b>Fixed assets</b>	<b>1 125 978</b>	<b>905 275</b>	<b>220 703</b>	<b>310 569</b>
<i>B.I.</i>	<i>Intangible fixed assets</i>	<b>28 273</b>	<b>24 813</b>	<b>3 459</b>	
B.I.2.	<i>Valuable rights</i>	<b>24 597</b>	<b>24 597</b>		
B.I.2.1.	Software	24 460	24 460		
B.I.2.2.	Other valuable rights	137	137		
B.I.4.	Other intangible fixed assets	216	216		
B.I.5.	<i>Prepayments for intangible fixed assets and intangible fixed assets under construction</i>	<b>3 459</b>		<b>3 459</b>	
B.I.5.2.	Intangible fixed assets under construction	3 459		3 459	
<i>B.II.</i>	<i>Tangible fixed assets</i>	<b>1 090 167</b>	<b>880 461</b>	<b>209 706</b>	<b>300 201</b>
B.II.1.	<i>Land and structures</i>	<b>527 630</b>	<b>337 775</b>	<b>189 855</b>	<b>242 639</b>
B.II.1.1.	Land	10 767		10 767	10 767
B.II.1.2.	Structures	516 862	337 775	179 087	231 871
B.II.2.	Tangible movable assets and sets of tangible movable assets	561 997	542 282	19 715	53 658
B.II.4.	<i>Other tangible fixed assets</i>	<b>18</b>		<b>18</b>	<b>18</b>
B.II.4.3.	Other tangible fixed assets	18		18	18
B.II.5.	<i>Prepayments for tangible fixed assets and tangible fixed assets under construction</i>	<b>522</b>	<b>404</b>	<b>118</b>	<b>3 887</b>
B.II.5.2.	Tangible fixed assets under construction	522	404	118	3 887
<i>B.III.</i>	<i>Non-current financial assets</i>	<b>7 539</b>		<b>7 539</b>	<b>10 368</b>
B.III.1.	Equity investments - controlled or controlling entity	6 596		6 596	9 426
B.III.5.	Other non-current securities and investments	942		942	942
<b>C.</b>	<b>Current assets</b>	<b>490 829</b>	<b>275 337</b>	<b>215 492</b>	<b>383 020</b>
<i>C.I.</i>	<i>Inventories</i>	<b>294 251</b>	<b>216 026</b>	<b>78 226</b>	<b>210 993</b>
C.I.1.	Material	120 003	82 340	37 664	72 676
C.I.2.	Work in progress and semifinished goods	62 593	31 762	30 831	103 265
C.I.3.	<i>Products and goods</i>	<b>102 729</b>	<b>95 504</b>	<b>7 225</b>	<b>16 109</b>
C.I.3.1.	Products	102 729	95 504	7 225	16 109
C.I.5.	Prepayments for inventories	8 927	6 421	2 506	18 943
<i>C.II.</i>	<i>Receivables</i>	<b>144 017</b>	<b>59 311</b>	<b>84 706</b>	<b>160 597</b>
<i>C.II.2.</i>	<i>Short-term receivables</i>	<b>144 017</b>	<b>59 311</b>	<b>84 706</b>	<b>160 597</b>
C.II.2.1.	Trade receivables	130 333	49 277	81 056	147 806
C.II.2.4.	<i>Receivables - other</i>	<b>13 684</b>	<b>10 034</b>	<b>3 649</b>	<b>12 790</b>
C.II.2.4.4.	Short-term prepayments made	6 851	4 861	1 991	6 146
C.II.2.4.6.	Sundry receivables	6 832	5 174	1 658	6 644
<i>C.III.</i>	<i>Current financial assets</i>	<b>43 355</b>		<b>43 355</b>	
C.III.2.	Other current financial assets	43 355		43 355	
<i>C.IV.</i>	<i>Cash</i>	<b>9 206</b>		<b>9 206</b>	<b>11 430</b>
C.IV.1.	Cash on hand	18		18	22
C.IV.2.	Cash at bank	9 188		9 188	11 408
<b>D.</b>	<b>Other assets</b>	<b>2 144</b>		<b>2 144</b>	<b>3 558</b>
D.1.	Deferred expenses	2 177		2 177	3 557
D.3.	Accrued income	-34		-34	1

		12/31/2024	12/31/2023
	<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>438 339</b>	<b>697 147</b>
<b>A.</b>	<b>Equity</b>	<b>216 272</b>	<b>-186 342</b>
<i>A.I.</i>	<i>Share capital</i>	<b>2 000</b>	<b>351 172</b>
A.I.1.	Share capital	2 000	351 172
<i>A.II.</i>	<i>Share premium and capital funds</i>	<b>75 076</b>	<b>-456 985</b>
<i>A.II.2.</i>	<i>Capital funds</i>	<b>75 076</b>	<b>-456 985</b>
A.II.2.1.	Other capital funds	76 700	5 199
A.II.2.2.	Gains or losses from the revaluation of assets and liabilities (+/-)	-1 624	1 205
A.II.2.3.	Gains or losses from the revaluation upon transformations of business corporations (+/-)		-463 388
<i>A.III.</i>	<i>Funds from profit</i>		<b>326 372</b>
A.III.1.	Other reserve funds		100 986
A.III.2.	Statutory and other funds		225 386
<i>A.IV.</i>	<i>Retained earnings (+/-)</i>	<b>-544 542</b>	<b>-259 434</b>
A.IV.1.	Accumulated profits or losses brought forward (+/-)	-187 547	-211 872
A.IV.2.	Other profit or loss from prior years (+/-)	-356 995	-47 562
<i>A.V.</i>	<i>Profit or loss for the current period (+/-)</i>	<b>683 738</b>	<b>-147 468</b>
<b>B.+C.</b>	<b>Liabilities</b>	<b>222 067</b>	<b>883 489</b>
<b>B.</b>	<b>Reserves</b>	<b>11 432</b>	<b>9 965</b>
B.IV.	Other reserves	11 432	9 965
<b>C.</b>	<b>Payables</b>	<b>210 635</b>	<b>873 524</b>
<i>C.I.</i>	<i>Long-term payables</i>	<b>126 000</b>	<b>475</b>
C.I.2.	Payables to credit institutions		475
C.I.6.	Payables - controlled or controlling entity	126 000	
<i>C.II.</i>	<i>Short-term payables</i>	<b>84 635</b>	<b>873 049</b>
C.II.2.	Payables to credit institutions		366
C.II.3.	Short-term prepayments received	9 017	206 703
C.II.4.	Trade payables	16 346	404 697
C.II.6.	Payables - controlled or controlling entity		1 500
<i>C.II.8.</i>	<i>Other payables</i>	<b>59 272</b>	<b>259 784</b>
C.II.8.3.	Payables to employees	7 765	9 188
C.II.8.4.	Social security and health insurance payables	3 801	38 365
C.II.8.5.	State - tax payables and subsidies	2 578	6 453
C.II.8.6.	Estimated payables	1 708	2 381
C.II.8.7.	Sundry payables	43 419	203 398

**PROFIT AND LOSS ACCOUNT**  
**structured by the nature of expense method**

Year ended  
12/31/2024  
(in CZK thousand)

**MSA, a.s.**  
**IČO 451 92 278**

Hlučinská 641  
747 22 Dolní Benešov

		Period ended 12/31/2024	Period ended 12/31/2023
I.	Sales of products and services	277 391	228 359
A.	Purchased consumables and services	<b>130 290</b>	<b>206 202</b>
A.2.	Consumed material and energy	91 116	157 872
A.3.	Services	39 174	48 330
B.	Change in internally produced inventory (+/-)	29 054	-43 018
C.	Own work capitalised (-)	-1 152	-1 512
D.	Staff costs	<b>137 345</b>	<b>177 321</b>
D.1.	Payroll costs	99 630	129 074
D.2.	Social security and health insurance costs and other charges	<b>37 715</b>	<b>48 247</b>
D.2.1.	Social security and health insurance costs	32 888	41 909
D.2.2.	Other charges	4 827	6 338
E.	Adjustments to values in operating activities	<b>-41 833</b>	<b>17 113</b>
E.1.	<i>Adjustments to values of intangible and tangible fixed assets</i>	<b>14 938</b>	<b>19 522</b>
E.1.1.	Adjustments to values of intangible and tangible fixed assets - permanent	16 731	19 562
E.1.2.	Adjustments to values of intangible and tangible fixed assets - temporary	-1 793	-39
E.2.	Adjustments to values of inventories	818	-1 156
E.3.	Adjustments to values of receivables	-57 588	-1 253
III.	Other operating income	<b>724 688</b>	<b>12 166</b>
III.1.	Sales of fixed assets	1 740	70
III.2.	Sales of material	7 908	3 655
III.3.	Sundry operating income	715 039	8 441
F.	Other operating expenses	<b>61 759</b>	<b>21 283</b>
F.2.	Material sold	56	459
F.3.	Taxes and charges	4 002	799
F.4.	Reserves relating to operating activities and complex deferred expenses	-5 693	-944
F.5.	Sundry operating expenses	63 393	20 969
*	<b>Operating profit or loss (+/-)</b>	<b>686 615</b>	<b>-136 863</b>
IV.	Income from non-current financial assets - equity investments		700
IV.1.	Income from equity investments - controlled or controlling entity		700
VI.	Interest income and similar income	<b>555</b>	
VI.2.	Other interest income and similar income	555	
J.	Interest expenses and similar expenses	<b>-1</b>	<b>3 057</b>
J.1.	Interest expenses and similar expenses - controlled or controlling entity	-8	45
J.2.	Other interest expenses and similar expenses	7	3 012
VII.	Other financial income		17 139
K.	Other financial expenses	3 433	25 386
*	<b>Financial profit or loss (+/-)</b>	<b>-2 877</b>	<b>-10 605</b>
**	<b>Profit or loss before tax (+/-)</b>	<b>683 738</b>	<b>-147 468</b>
**	<b>Profit or loss net of tax (+/-)</b>	<b>683 738</b>	<b>-147 468</b>
***	<b>Profit or loss for the current period (+/-)</b>	<b>683 738</b>	<b>-147 468</b>
*	Net turnover for the current period	<b>1 002 634</b>	<b>258 363</b>



STATEMENT OF CHANGES IN EQUITY		MSA, a.s. IČO 451 92 278  Hlučínská 641 747 22 Dolní Benešov						
Year ended 12/31/2024 (in CZK thousand)		Share Capital	Capital Funds	Profit Funds, Reserve Fund	Statutory and Other Funds	Retained Earnings or Accumulated Loss from Previous Years	Profit or Loss for the Current Accounting Period	TOTAL EQUITY
	Balance at 31 December 2022	351 172	-457 140	100 986	225 386	-131 622	-128 033	-39 251
	Distribution of profit or loss					-128 033	128 033	
			155			221		
	Profit or loss for the current period						-147 468	-30 119
	Balance at 31 December 2023	351 172	-456 985	100 986	225 386	-259 434	-147 468	-186 343
	Distribution of profit or loss					-147 468	147 468	
		-349 172	458 190	-100 986	-225 386	-137 640		
			-2 829					
			76 700					
	Profit or loss for the current period						683 738	
	Balance at 31 December 2024	2 000	75 076			-544 542	683 738	216 272

# CASH FLOW STATEMENT

Year ended  
12/31/2024  
(in CZK thousand)

MSA, a.s.  
IČO 451 92 278

Hlučinská 641  
747 22 Dolní Benešov

		Period ended 12/31/2024	Period ended 12/31/2023
<b>P.</b>	<b>Opening balance of cash and cash equivalents</b>	<b>11 430</b>	<b>4 681</b>
	<i>Cash flows from ordinary activities (operating activities)</i>		
Z.	Profit or loss before tax	683 738	-147 468
A.1.	Adjustments for non-cash transactions	244 849	19 777
A.1.1.	Depreciation of fixed assets	16 731	19 562
A.1.2.	Change in provisions and reserves	231 471	-3 393
A.1.3.	Profit/(loss) on the sale of fixed assets	-1 740	-70
A.1.4.	Revenues from profit shares		-700
A.1.5.	Interest expense and interest income	-556	3 057
A.1.6.	Adjustments for other non-cash transactions	-1 056	1 320
<b>A.*</b>	<b>Net operating cash flow before changes in working capital</b>	<b>928 587</b>	<b>-127 691</b>
A.2.	Change in working capital	-898 256	321 257
A.2.1.	Change in operating receivables and other assets	24 288	61 072
A.2.2.	Change in operating payables and other liabilities	-912 333	255 857
A.2.3.	Change in inventories	33 145	4 328
A.2.4.	Change in current financial assets	-43 355	
<b>A.**</b>	<b>Net cash flow from operations before tax</b>	<b>30 332</b>	<b>193 566</b>
A.3.	Interest paid	1	-3 057
A.4.	Interest received	555	
A.5.	Income tax paid from ordinary operations		
A.6.	Received profit shares		700
<b>A.***</b>	<b>Net operating cash flows</b>	<b>30 887</b>	<b>191 209</b>
	<i>Cash flows from investing activities</i>		
B.1.	Fixed assets expenditures	-3 388	-470
B.2.	Proceeds from fixed assets sold	1 740	70
B.3.	Loans and borrowings to related parties		
<b>B.***</b>	<b>Net investment cash flows</b>	<b>-1 648</b>	<b>-400</b>
	<i>Cash flow from financial activities</i>		
C.1.	Change in payables from financing	-108 164	-184 059
C.2.	Impact of changes in equity	76 700	
C.2.1.	Cash increase in share capital		
C.2.2.	Capital payments to partners		
C.2.3.	Other cash contributions made by partners	76 700	
C.2.4.	Settlement of loss by partners		
C.2.5.	Payments from capital funds		
C.2.6.	Profit shares paid		
<b>C.***</b>	<b>Net financial cash flows</b>	<b>-31 464</b>	<b>-184 059</b>
<b>F.</b>	<b>Net increase or decrease in cash and cash equivalents</b>	<b>-2 224</b>	<b>6 749</b>
<b>R.</b>	<b>Closing balance of cash and cash equivalents</b>	<b>9 206</b>	<b>11 430</b>

## CONTENTS

Contents	18
1. General Information	20
1.1. Basic Information about the Company	20
1.2. Changes and Amendments in the Commercial Register During the Reporting Period	20
1.3. Group Identification	20
2. Accounting Policies	21
2.1. Basic Principles of Financial Statement Preparation	21
2.2. Tangible and Intangible Fixed Assets	21
2.3. Investments in Subsidiaries and associates	22
2.4. Inventories	22
2.5. Receivables	22
2.6. Cash and Cash Equivalents	22
2.7. Foreign Currency Translation	22
2.9. Leases	23
2.10. Use of Estimates	23
2.11. Grants	23
2.12. Reserves	24
2.13. Interest Expenses	24
2.14. Deferred Tax	24
2.15. Related Parties	24
2.16. Cash Flow Statement	25
2.17. Differences from Changes in Accounting Policies and Correction of Errors from Prior Years	25
2.18. Subsequent Events	25
3. Intangible and Tangible Fixed Assets	26
3.1. Intangible Fixed Assets (IFA)	26
3.2. Tangible Fixed Assets (TFA)	26
4. Equity Investments – Controlled Entities and Associates	27
5. Inventories	28

6.	Receivables	28
7.	Equity	28
8.	Reserves	28
9.	Payables	29
10.	Loans and Other Borrowings	29
11.	Income Tax	29
12.	Sales	30
13.	Services	30
14.	Other Operating Income and Expenses	30
15.	Employees	31
16.	Related Parties Transactions	31
17.	Contingent Liabilities	31
18.	Business Continuity	32
19.	Off-Balance Sheet Commitments	32
20.	Subsequent Events	32

## 1. General Information

### 1.1. Basic Information about the Company

MSA, a.s. (hereinafter the "Company") was registered in the Commercial Register on April 30, 1992, with its registered office at Hlučínská 641, 747 22 Dolní Benešov, Czech Republic. The Company's main business activity is the manufacturing of valves. The Company's identification number is 451 92 278.

As of December 31, 2024, the sole shareholder of the Company is RKL HOLDING a.s., with its registered office in Opava-Suché Lazce, Postal Code 747 95, Přerovecká 304/2a, Czech Republic, Company ID 087 82 407.

The members of the Board of Directors as of December 31, 2024, were as follows:

Name	Position	Date of Appointment
Karel Suchánek	Chairman	May 14, 2024
Michal Suchánek	Vice-Chairman	May 14, 2024
Želmíra Stankeová	Vice-Chairman	May 14, 2024
Michal Matuš	Member	May 14, 2024
Vladimír Stoyka	Member	May 14, 2024

The members of the Supervisory Board as of December 31, 2024, were as follows:

Name	Position	Date of Appointment
Mgr. Martin Hofman	Chairman	May 14, 2024
Ing. Ivo Pastor	Member	May 14, 2024
Ing. et Ing. Michal Kršík	Member	May 14, 2024

The Company is organised into the following departments: Sales Department, Purchasing Department, Economic Department, Production Department, Technical, and Quality Department.

In accordance with Section 22a(3) of Act No. 563/1991 Coll., on Accounting, the Company is not required to prepare consolidated financial statements.

The Company adopted the Business Corporations Act (Act No. 90/2012 Coll.) in its entirety by amending its articles of association. This change became effective upon registration in the Commercial Register on June 9, 2014.

Due to past financial difficulties, the Company filed for insolvency on July 24, 2023. The Regional Court in Ostrava approved reorganization, which became legally effective on December 13, 2023. The reorganization plan was approved on April 17, 2024, and gained legal force on May 3, 2024. Based on a resolution of the Regional Court in Ostrava dated July 1, 2024, the fulfillment of key parts of the reorganization plan was acknowledged. The resolution became legally effective on July 1, 2024.

### 1.2 Changes and Amendments in the Commercial Register During the Reporting Period

In 2024, the following changes occurred in the Commercial Register. The previous Board of Directors and Supervisory Board were dismissed, and on May 14, 2024, a new Board of Directors and Supervisory Board were appointed in the personnel composition stated above.

### 1.3 Group Identification

MSA, a.s., is a subsidiary of RKL HOLDING, a.s., registered at Opava-Suché Lazce, Postal Code 747 95, Přerovecká 304/2a, Czech Republic, Company ID 087 82 407. RKL HOLDING, a.s., is the consolidating entity of the group, and its consolidated financial statements are available at its registered office.

## 2. Accounting Policies

### 2.1 Basic Principles of Financial Statement Preparation

The Company's accounting records are maintained, and the financial statement has been prepared in accordance with Act No. 563/1991 Coll., on Accounting, as amended, Decree No. 500/2002 Coll., which implements certain provisions of Act No. 563/1991 Coll., on Accounting, for accounting entities that are entrepreneurs using the double-entry bookkeeping system, as amended, and the Czech Accounting Standards for Entrepreneurs, as amended.

The accounting records comply with general accounting principles, particularly the historical cost principle for asset valuation, unless otherwise stated, the accrual principle, ensuring that transactions are recorded in the period to which they relate, the prudence principle, ensuring that potential losses are recognized as soon as they are foreseeable, and the going concern assumption, meaning the Company is expected to continue its activities in the foreseeable future.

The basis for the current period of these special purpose financial statements consists of partial financial statements for the following periods:

- January 1, 2024 – May 2, 2024
- May 3, 2024 – July 1, 2024
- July 2, 2024 – December 31, 2024.

The comparable period is from January 1, 2023, to December 31, 2023.

The data in these financial statements are not comparable with other financial statements due to extraordinary transactions recorded in connection with the reorganization process. The cost of obtaining comparable information outweighs the benefits of such information.

### 2.2 Tangible and Intangible Fixed Assets

Intangible and tangible assets with a useful life exceeding one year and an acquisition cost exceeding 60,000 CZK for intangible assets and 80,000 CZK for tangible assets are classified as long-term intangible and tangible assets. An exception applies to models, which are recorded as other long-term tangible assets. Assets purchased at the end of a lease term are recorded as long-term assets at their purchase price.

Purchased long-term intangible and tangible assets are initially recognized at acquisition cost, which includes the purchase price and related acquisition costs.

Intangible and tangible fixed assets acquired before the end of 2007 are depreciated based on a depreciation plan using accumulated depreciation according to the expected useful life. These depreciation rates differ from tax depreciation rates. Long-term tangible and intangible assets acquired between January 1, 2008, and December 31, 2010, are depreciated based on tax depreciation rates converted to a monthly basis. As of January 1, 2011, the Company returned to accounting depreciation based on the expected useful life for newly acquired assets.

If the net book value of an asset exceeds its estimated recoverable amount, the carrying value is reduced to this amount through an impairment allowance. The recoverable amount is determined based on the expected future cash flows generated by the asset.

Repair and maintenance costs of long-term tangible assets are recognized directly as expenses. Capital improvements exceeding the threshold set by the Income Tax Act (until the end of 2013) and, from 2014 onwards, the amount set by internal accounting regulations are capitalized into the asset value.

Depreciation of long-term tangible and intangible assets begins in the month following the month in which the asset is put into use, except for capital improvements, which are depreciated from the month in which they are capitalized. When an asset is disposed of before being fully depreciated, the final depreciation charge is recorded in the month preceding the disposal date.

Long-term intangible and tangible assets are depreciated using the straight-line depreciation method based on their expected useful life as follows:

## **2.3 Investments in Subsidiaries and associates**

Investments in subsidiaries represent equity interests in business corporations that are controlled or managed by the Company (hereinafter referred to as "subsidiary").

Investments in subsidiaries and associates are measured using the equity method. Under this method, the initial acquisition cost of the investment is subsequently adjusted to reflect the Company's proportionate share of the subsidiary's or associate's equity as of the balance sheet date. Revaluation using the equity method is recognized against the Company's equity.

## **2.4 Inventories**

Purchased inventories are valued at acquisition cost, reduced by an allowance for impairment. The acquisition cost includes all costs related to procurement, such as transportation, customs duties, and other related expenses. The Company applies the actual cost method for the consumption of purchased inventories.

Inventories from own production, including work in progress and finished goods, are valued at own production costs, reduced by an allowance for impairment. Own production costs include direct material, direct labor, subcontracting costs, transportation costs, and other variable expenses.

## **2.5 Receivables**

Receivables are recognized at their nominal value, reduced by an allowance for doubtful accounts. The allowance for doubtful accounts is established based on an individual assessment of debtor creditworthiness. The Company does not create an allowance for receivables from related parties.

## **2.6 Cash and Cash Equivalents**

Cash includes cash on hand, cash equivalents, and bank account balances.

Cash equivalents refer to short-term liquid financial assets that are easily and readily convertible into a known amount of cash, with no significant expected changes in value over time. Cash equivalents include deposits with a maturity of up to three months and liquid debt securities traded on public markets.

## **2.7 Foreign Currency Translation**

Transactions conducted in foreign currencies are converted and recorded using the exchange rate of the Czech National Bank (ČNB) applicable to the Company on the day following its official announcement by the ČNB. For domestic supplier invoices issued in foreign currencies, the exchange rate stated by the supplier is used for conversion.



Balances of monetary assets, receivables, and liabilities denominated in foreign currencies are translated using the exchange rate published by the Czech National Bank as of the balance sheet date. All foreign exchange gains and losses from the translation of monetary assets, receivables, and liabilities are recorded in the income statement and presented in aggregate form.

## 2.8 Sales

Sales are recognized on the date the delivery terms under INCOTERMS are met, along with any additional conditions specified in the sales contract, or on the date the service is provided. Revenue is reported net of discounts and value-added tax (VAT).

For Bill and Hold sales (invoicing without physical dispatch), revenue is recognized when the customer requests this delivery method and accepts invoicing, transfer of ownership, and associated risks. To recognize revenue under a Bill and Hold arrangement, the following conditions must also be met:

- The physical delivery is highly probable.
- At the time of revenue recognition, the goods are physically available, specifically designated for the customer, and ready for dispatch.
- The customer confirms the terms of the Bill and Hold transaction.
- The transaction follows the Company's standard payment terms.

## 2.9 Leases

The acquisition cost of assets obtained through finance or operating leases is not capitalized as long-term assets. Lease payments are recorded as expenses on a straight-line basis over the lease term. Future lease payments not yet due as of the balance sheet date are disclosed in the notes to the financial statements but are not recognized on the balance sheet.

## 2.10 Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the balance sheet date, as well as the reported revenues and expenses for the given period. Management determines these estimates and assumptions based on all relevant information available at the time. However, due to the nature of estimates, actual values may differ from these estimates in the future.

## 2.11 Grants

A grant is recognized at the moment of receipt or when there is an indisputable entitlement to receive it.

Grants received to cover expenses are recorded in operating or financial income, in line with the related expenses incurred for the specified purpose. Grants received for the acquisition of long-term assets, including capital improvements and interest costs included in the acquisition cost, reduce the acquisition cost or own production costs.

If a grant is required to be repaid in a subsequent period after it was received, the Company recognizes a liability to the relevant government institution and adjusts the value of the long-term asset to which the grant was

originally applied. This adjustment is made upon receiving the payment order from the tax authority or other authorized institution. The increased acquisition cost is then depreciated over the useful life of the asset.

## 2.12 Reserves

The Company recognizes provisions when it has a present obligation, it is probable that settling this obligation will require outflows of resources, and the amount of the obligation can be reliably estimated.

The Company also creates a provision for future income tax liabilities, reduced by income tax prepayments. If the prepaid income tax exceeds the estimated tax liability, the difference is recorded as a short-term receivable.

## 2.13 Interest Expenses

Interest expenses are recorded as costs, except for interest on investment loans incurred before the asset is put into use, which is capitalized as part of the asset's acquisition cost.

## 2.14 Deferred Tax

Deferred tax is recognized for all temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax value. A deferred tax asset is recorded only if it is probable that it can be utilized for tax purposes in the future.

## 2.15 Related Parties

Related parties of the Company include:

- Entities that, directly or indirectly, have control or significant influence over the Company and companies where these entities exercise control or significant influence.
- Entities that, directly or indirectly, have significant influence over the Company.
- Members of statutory, supervisory, and management bodies of the Company or its parent company, as well as close persons of these individuals, including businesses where these members and individuals have significant or controlling influence.
- Subsidiaries and associates.

Significant transactions and balances with related parties are disclosed in Note 16.

## 2.16 Cash Flow Statement

The Company has prepared the statement of cash flows using the indirect method. Cash equivalents represent short-term liquid assets that can be easily and promptly converted into a known amount of cash.

Cash and cash equivalents can be analyzed as follows:

(in CZK thousand)	as of December 31, 2024	as of December 31, 2023
Cash on hand and cash in transit	18	22
Stamps and vouchers	0	0
Bank accounts	9,188 <sup>1</sup>	11,408
- of which term deposits	0	0
<b>Total cash and cash equivalents</b>	<b>9,206</b>	<b>11,430</b>

Cash flows from operating, investing, and financing activities are presented on a gross basis in the statement of cash flows.

## 2.17 Differences from Changes in Accounting Policies and Correction of Errors from Prior Years

Differences arising from changes in accounting methods (including the impact of deferred tax) and corrections due to incorrect or omitted recognition of expenses and revenues in prior periods are recorded in the Other Retained Earnings from Previous Years account, provided they are material.

No other changes in accounting methods or significant corrections of prior period errors occurred.

## 2.18 Subsequent Events

The impact of events occurring between the balance sheet date and the date of financial statement preparation is reflected in the financial statements only if these events provide additional information about conditions that existed as of the balance sheet date.

If significant events occur after the balance sheet date that represent new facts, they are disclosed in the notes to the financial statements but are not recorded in the financial statements.

<sup>1</sup>The balance of bank accounts does not include the value of the restricted account, which amounts to

### 3. Intangible and Tangible Fixed Assets

#### 3.1 Intangible Fixed Assets (IFA)

##### Cost

					(figures in CZK thousand)
	Opening Balance	Additions	Disposals	Transfers	Closing Balance
Software	24,460	0	0	0	24,460
Other valuable rights	137	0	0	0	137
Other IFA	216	0	0	0	216
Prepayments made for IFA	0	0	0	0	0
IFA under construction	0	0	0	0	3,459
<b>Total as of 31.12.2024</b>	<b>24,813</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>28,272</b>
<b>Total as of 31.12.2023</b>	<b>24,813</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>24,813</b>

##### Provisions and accumulated amortisation

	Opening Balance	Additions	Disposals	Closing Balance	Depreciation	Net Book Value
Software	24,460	0	0	24,460	0	0
Other valuable rights	137	0	0	137	0	0
Other IFA	216	0	0	216	0	0
Prepayments made for IFA	0	0	0	0	0	0
IFA under construction	0	0	0	0	0	0
<b>Total as of 31.12.2024</b>	<b>24,813</b>	<b>0</b>	<b>0</b>	<b>24,813</b>	<b>0</b>	<b>0</b>
<b>Total as of 31.12.2023</b>	<b>24,541</b>	<b>0</b>	<b>0</b>	<b>24,813</b>	<b>0</b>	<b>0</b>

#### 3.2 Tangible Fixed Assets (TFA)

##### Cost

					(in CZK thousand)
	Opening Balance	Additions	Disposals	Grants	Closing Balance
Land	10,767	0	0	0	10,767
Buildings	515,909	953	0	0	516,862
Tangible movable assets and sets thereof	588,907	498	27,409	0	561,996
Other TFA	18	0	0	0	18
Prepayments made for TFA	0	0	0	0	0
TFA under construction	3,877	1,531	4,895	0	523
<b>Total as of 31.12.2024</b>	<b>1,119,488</b>	<b>2,820</b>	<b>32,304</b>	<b>0</b>	<b>1,090,166</b>
<b>Total as of 31.12.2023</b>	<b>1,121,216</b>	<b>0</b>	<b>1,728</b>	<b>0</b>	<b>1,119,488</b>

##### Provisions and accumulated amortisation

				(in CZK thousand)		
	Opening Balance	Additions	Disposals	Closing Balance	Depreciation	Net Book Value
Land	0	0	0	0	0	10,767
Buildings	283,247	11,451	0	294,698	43,942	178,222
Tangible movable assets and sets thereof	535,249	5,280	27,409	513,120	29,160	19,716
Other TFA	0	0	0	0	0	18
Prepayments made for TFA	0	0	0	0	0	0
TFA under construction	0	0	0	0	404	119
<b>Total as of 31.12.2024</b>	<b>818,496</b>	<b>16,731</b>	<b>27,409</b>	<b>807,818</b>	<b>73,506</b>	<b>208,842</b>
<b>Total as of 31.12.2023</b>	<b>800,935</b>	<b>19,289</b>	<b>1,728</b>	<b>818,496</b>	<b>790</b>	<b>302,72</b>

The Company currently does not utilize assets acquired through finance leases that would be recorded as long-term tangible assets, with ownership being transferred only after the lease term ends.

#### 4. Equity Investments – Controlled Entities and Associates

in CZK thousand as of December 31, 2024	Equity Investment	Acquisition Cost	Revaluation	Company's Share
<b>Abroad</b>				
MSA Slovakia s.r.o.	100%	744	-697	47
<b>Local</b>				
Oprávérenský závod MSA, s.r.o.	70%	7,477	-927	6,550
<b>Total</b>		<b>8,221</b>	<b>-1,624</b>	<b>6,597</b>
Provision		0	0	0
<b>Net Book Value</b>		<b>8,221</b>	<b>-1,624</b>	<b>6,597</b>

\*unaudited

in CZK thousand as of December 31, 2023	Equity Investment	Acquisition Cost	Revaluation	Company's Share
<b>Abroad</b>				
MSA Slovakia s.r.o.	100%	744	-699	45
<b>Local</b>				
Oprávérenský závod MSA, s.r.o.	70%	7,477	1,904	9,381
<b>Total</b>		<b>8,221</b>	<b>1,205</b>	<b>9,426</b>
Provision		0	0	0
<b>Net Book Value</b>		<b>8,221</b>	<b>1,205</b>	<b>9,426</b>

\*unaudited

There is no difference between the percentage of ownership interest and the right to share in profits for any of the listed subsidiaries and associates. None of these companies distributed profit shares for the year 2023. During 2019, the Company's ownership stake in LOZNICA GAS A.D. decreased, and it now holds less than a 5% share in the company's share capital.

As a result of reducing the shareholding in the subsidiary LOZNICA-GAS A.D. below 20%, this investment was reclassified as of December 31, 2019, from the line item "Investments in Controlled or Controlling Entities" (as reported on December 31, 2018) to the line item "Other Long-Term Securities and Investments." Although the value of the investment increased from CZK 52 thousand to CZK 942 thousand, due to the disproportionate allocation of capital contributions, the share in the company's share capital dropped below 2%.

Registered Offices of Subsidiaries and Associates:

- Oprávérenský závod MSA, s.r.o. – Hlučínská 41, Dolní Benešov, Postal Code 747 22, Czech Republic
- LOZNICA-GAS A.D. – ul. Vojvode Mišića 4, Loznica, Serbia
- MSA Slovakia s.r.o. – Bajkalská 2/C, Bratislava, Postal Code 831 04, Slovak Republic.

## 5. Inventories

As of December 31, 2024, the Company reports an inventory allowance of CZK 216,026 thousand (as of December 31, 2023: CZK 109,982 thousand).

## 6. Receivables

Outstanding trade receivables are unsecured, and none have a maturity exceeding five years.

As of December 31, 2024, past-due receivables<sup>2</sup> amounted to CZK 10,024 thousand (as of December 31, 2023: CZK 59,444 thousand).

The allowance for receivables as of December 31, 2024, was CZK 49,277 thousand (as of December 31, 2023: CZK 10,419 thousand).

As of December 31, 2024, the Company recorded other receivables with a net value of CZK 1,658 thousand (as of December 31, 2023: CZK 6,644 thousand), primarily including paid quality guarantees for delivered products.

Receivables from group companies are disclosed in Note 16.

## 7. Equity

As part of the adoption of the reorganization plan, RKL HOLDING a.s. became the sole shareholder of the Company, with its registered office at Opava–Suché Lazce, Postal Code 747 95, Přerovecká 304/2a, Czech Republic, Company ID 087 82 407.

The reserve fund was dissolved based on changes to the Company's Articles of Association and used to partially cover retained losses from previous years.

The Company's share capital has been adjusted to CZK 2,000 thousand, represented by 20 registered ordinary shares in book-entry form, each with a nominal value of CZK 100 thousand.

During the reporting period, the sole shareholder approved the creation of a capital fund totaling CZK 76.7 million, which was fully settled by offsetting against a loan liability to the shareholder.

The Company expects to transfer the profit for the financial period from January 1, 2024, to December 31, 2024, in full to retained earnings from previous years.

## 8. Reserves

(in CZK thousand)	December 31, 2024	December 31, 2023
Reserve for Warranty Repairs	890	1,136
Reserve for Contractual Penalties	0	2,689
Reserve for Unused Vacation	3,312	3,829
Reserve for Commissions	405	394
Reserve for Severance Pay	500	1,250
Reserve for Bonuses	0	666
Reserve for Unexpected Costs	6,325	0
<b>Total Reserves</b>	<b>11,432</b>	<b>9,964</b>

<sup>2</sup> Includes only receivables outside the group.

Due to previous tax losses from past years, the Company does not anticipate a tax liability, and therefore, no provision for income tax has been created. As of December 31, 2024, the income tax prepayments made by the Company amounted to 0 thousand CZK (as of December 31, 2023: 0 thousand CZK).

## 9. Payables

Trade payables are not secured by any Company assets, and none have a maturity exceeding five years.

As of December 31, 2024, past-due trade payables<sup>3</sup> amounted to 0 thousand CZK (as of December 31, 2023: CZK 381,352 thousand), of which payables overdue by more than 90 days totaled 0 thousand CZK (as of December 31, 2023: CZK 376,744<sup>4</sup> thousand).

The Company recorded short-term advance payments received of CZK 9,017 thousand as of December 31, 2024 (compared to CZK 206,703 thousand as of December 31, 2023), primarily representing advances provided by customers for ongoing or future projects.

Liabilities to group companies are disclosed in Note 16.

## 10. Loans and Other Borrowings

(figures in CZK thousand)	December 31, 2024	December 31, 2023
Bank loans due within one year (including the portion of long-term loans maturing within one year)	0	0
Long-term bank loans with a maturity of 1 - 5 years	0	0
<b>Total bank loans and overdrafts</b>	<b>0</b>	<b>0</b>
Other borrowings due within one year	0	6,402
Other borrowings with a maturity of more than one year	126,000	0
<b>Total other borrowings</b>	<b>126,000</b>	<b>6,402</b>

Other borrowings include loans from RKL HOLDING a.s.

The Company does not currently utilize any loans or borrowings other than those stated here.

## 11. Income Tax

As of December 31, 2024, and December 31, 2023, the Company did not recognize an expense for current income tax. Deferred tax was calculated using a tax rate of 21% (the tax rate applicable for 2024 and subsequent years).

The deferred tax asset (+) / liability (-) can be analyzed as follows:

(in CZK thousand)	December 31, 2024	December 31, 2023
<b>Deferred tax asset arising from:</b>		
Difference between the value of assets for accounting and tax purposes	21,177	16,288
Reserves and provisions	75,476	24,920
Other temporary differences	0	0
Tax losses from previous years	64,225	51,734
<b>Total deferred tax asset</b>		
Adjustment (uncertainty of future utilization)	-160,878	-92,942
<b>Net deferred tax asset</b>	<b>0</b>	<b>0</b>

A potential deferred tax asset of CZK 160,878 thousand as of December 31, 2024 (as of December 31, 2023: CZK 92,942 thousand) was not recognized due to uncertainty regarding its future utilization.

<sup>3</sup> Includes only liabilities outside the group

<sup>4</sup> Of which assigned liabilities amount to CZK 218,587 thousand (as of December 31, 2023).



## 12. Sales

Income from operating activities:

(in CZK thousand)	2024	2023
Production of valves and manufacturing activities		
- Foreign markets	86,085	138,102
- Domestic market	148,274	44,290
Production of thermal energy, compressed air, electricity distribution, waste disposal, water distribution, R&D, asset rental, transport, repairs		
- Foreign markets	3,793	3,731
- Domestic market	39,269	42,236
<b>Total sales of own products and services</b>	<b>277,421</b>	<b>228,359</b>
Sale of goods – sale of commercial goods		
- Foreign markets	0	0
- Domestic market	0	0
<b>Total merchandise sales</b>	<b>0</b>	<b>0</b>
Sale of fixed assets and materials	9,649	3,724
Other income	714,995 <sup>5</sup>	8,441
<b>Total other operating income</b>	<b>724,644</b>	<b>12,165</b>
<b>Total income from operating activities</b>	<b>1,002,065</b>	<b>240,524</b>

## 13. Services

Services can be analyzed as follows:

(in CZK thousand)	2024	2023
Repairs and maintenance	7,829	7,682
Travel and representation costs	2,170	2,173
Subcontracting (Cooperation)	4,788	6,711
Transport costs	1,154	3,539
Commissions	786	1,870
Leases and rent	1,140	1,573
Legal services	4,287	1,611
Other	17,019	23,171
<b>Total</b>	<b>39,173</b>	<b>48,330</b>

## 14. Other Operating Income and Expenses

Other operating income and expenses primarily include the residual value of sold assets and inventories, costs and income from the assignment of receivables and liabilities, costs related to fines and penalties, and other operating income and expenses.

<sup>5</sup> Of this amount, CZK 714,581 thousand represents the write-off of liabilities as part of the implementation of the reorganization plan.

## 15. Employees

	Personnel Costs (in CZK thousand)		Average Full-Time Equivalent (FTE) Employees During the Year	
	2024	2023	2024	2023
Company Management	4,526	17,492	3	7
Other Employees	132,818	159,829	221	282
<b>Total</b>	<b>137,344</b>	<b>177,321</b>	<b>224</b>	<b>289</b>

Company Management includes executive members of the Board of Directors and other directors.

## 16. Related Parties Transactions<sup>6</sup>

This note discloses all significant transactions with related parties.

(in CZK thousand)	2024	2023
<b>Income</b>		
Sale of services	6,470	982
Sale of finished products, materials, and goods	4,557	14,799
Other income	716	311
<b>Total</b>	<b>11,743</b>	<b>16,092</b>
<b>Expenses / Purchases</b>		
Purchase of materials	7,253	795
Purchase of services	7,880	6,536
Interest expenses	0	45
Other expenses	235	80
<b>Total</b>	<b>15,368</b>	<b>7,456</b>

The Company Reported the Following Balances with Related Parties:

(in CZK thousand)	2024	2023
<b>Receivables</b>		
Trade receivables	3,918	178
<b>Total receivables</b>	<b>3,918</b>	<b>178</b>
<b>Payables</b>		
Trade payables	3,139	258,172
Short-term advances received	0	1,082
Borrowings received	126,000	55,249
<b>Total payables</b>	<b>129,139</b>	<b>314,503</b>

## 17. Contingent Liabilities

The Company's management is not aware of any contingent liabilities as of December 31, 2024, for which no provision has been created and that could result in costs or have a financial impact on the Company's operations.

<sup>6</sup> Transactions as of December 31, 2023, include transactions with the then TMK Group.

## 18. Business Continuity

The Company is currently in the final stage of an optimization process, which involved reducing the number of employees and lowering both fixed and variable production costs. The Company has improved its capacity utilization through a portfolio of new orders and ongoing deliveries to existing customers.

The management's objective is to achieve sustainable profitability by continuing business development and investing in new technologies, ensuring that the Company remains a reliable partner for both existing and new customers in the future.

After evaluating the Company's financial outlook for the coming years, as well as potential risks and their impact on business operations, management has concluded that these do not significantly affect the assumption of business continuity. As a result, the financial statements as of December 31, 2024, have been prepared on the assumption of continuous operations. The attached financial statements do not include any adjustments related to uncertainty in this regard.

## 19. Off-Balance Sheet Commitments

The Company's management is not aware of any such liabilities as of December 31, 2024.

## 20. Subsequent Events

Since the preparation of the financial statements as of December 31, 2024, no significant events have occurred that would require a separate commentary.

## REPORT ON RELATIONSHIPS BETWEEN RELATED PARTIES FOR THE YEAR 2024

Prepared for special purposes  
For the period from January 1, 2024, to December 31, 2024

Business Name: MSA, a.s.  
Registered Office: Hlučinská 641, 747 22, Dolní Benešov, Czech Republic  
Company ID: 45192278  
Registered in the Commercial Register: Section B, Insert 388  
Maintained by: Regional Court in Ostrava

### A. List of Related Parties

#### 1. List of Controlling Entities in Relation to the Company

Entity (Name, Company Name) and Registered Office	Reason for Controlling Status *	Voting Rights
Karel Suchánek	Direct participation	42,70 %

#### 2. List of Other Entities Controlled by the Controlling Person

Controlling Person (Name, Company Name) and Registered Office	Name and Registered Office of Other Controlled Companies
Karel Suchánek	RKL Slévárna, s.r.o.
Karel Suchánek	RKL Opava, spol. s r.o.
Karel Suchánek	RKL HOLDING, a.s.
Karel Suchánek	MSA Innovation, s.r.o.

#### 3. List of Controlled Entities in Relation to the Company

Entity (Name, Company Name) and Registered Office	Reason for Controlling Status *	Voting Rights
Oprávérenský závod MSA, s.r.o., Company ID: 62301926	Ownership Interest	70%
MSA Slovakia, s.r.o., Company ID: 35879904 (Slovakia)	Ownership Interest	100%

## B. Overview of Transactions, Receivables, and Liabilities Between Related Parties (in CZK thousand)

1. Purchase Transactions (Expenses from the Company's Perspective) for the Entire Accounting Period. These transactions are carried out based on individual purchase agreements, annual supply contracts, or work contracts.

Company	Transaction Description, Agreements, Consideration, Measures – Advantages and Disadvantages	Financial Volume (CZK thousand, excl. VAT)
RKL Slévárna, s.r.o.	Purchase of products and goods	4,679
	Purchase of services and other	65
RKL Opava, spol. s r.o.	Purchase of products and goods	2,618 <sup>7</sup>
	Purchase of services and other	2,177
MSA Innovation, s.r.o.	Purchase of products and goods	47
Oprávérenský závod MSA, s.r.o.	Purchase of products and goods	58
	Purchase of services and other	5,724

2. Sales Transactions (Sales from the Company's Perspective) for the Entire Accounting Period. These transactions are carried out based on individual purchase agreements, annual supply contracts, or work contracts.

Company	Transaction Description, Agreements, Consideration, Measures – Advantages and Disadvantages	Financial Volume (CZK thousand, excl. VAT)
RKL Slévárna, s.r.o.	Purchase of products and goods	3,718
	Purchase of services and other	4,939
RKL Opava, spol. s r.o.	Purchase of services and other	796
MSA Innovation, s.r.o.	Purchase of services and other	31
Oprávérenský závod MSA, s.r.o.	Purchase of products and goods	898
	Purchase of services and other	1,361

### 3. List of Receivables from Related Parties

Company	Type of Receivables, Description	Outstanding Balance
RKL Slévárna, s.r.o.	Trade receivables	2,895
RKL Opava, spol. s r.o.	Trade receivables	150
Oprávérenský závod MSA, s.r.o.	Trade receivables	873

<sup>7</sup> Including transportation costs classified as part of material acquisition costs.

## 4. List of Liabilities to Related Parties

Company	Type of Liabilities, Description	Outstanding Balance
RKL Slévárna, s.r.o.	Trade payables	470
RKL HOLDING, a.s.	Trade payables	126,000
RKL Opava, spol. s r.o.	Trade payables	2,215
Oprávérenský závod MSA, s.r.o.	Trade payables	397
MSA Innovation, s.r.o.	Trade payables	57

The Board of Directors of MSA, a.s. declares that all relationships between related parties are conducted on an arm's length basis, in accordance with Czech legal regulations, and that no harm has arisen to either controlling or controlled entities as a result of these relationships.

In Dolní Benešov, on January 28, 2025

Karel Suchánek  
Chairman of the Board

Michal Matuš  
Member of the Board