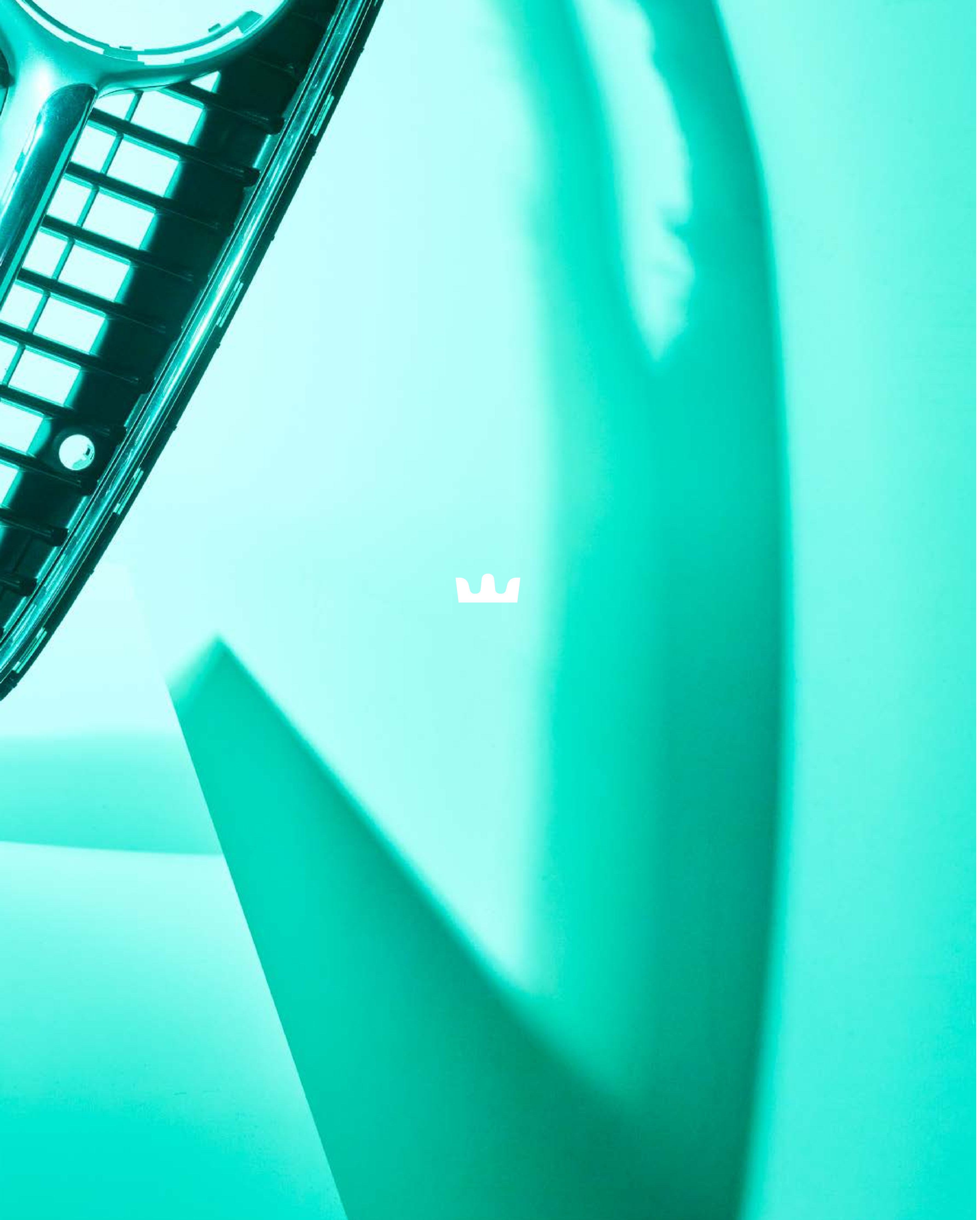
WINNING GROUP

ANNUAL REPORT

2023

winninggroup



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Dear readers,

I'm pleased to present Winning Group's results for 2023. I feel doubly delighted because it was an exceptionally tough year, one beset by a series of crises: inflation, the war in Ukraine, high interest rates, and changing customer needs. Despite all these circumstances, we succeeded in growing our businesses, staying committed to our strategy, and proving the Group's collective strength.

The Automotive team was fully dedicated to restructuring the companies we acquired out of insolvency. The work was not easy, but I'm genuinely happy about their tangible results. I also have to thank the Construction team for their perfect performance – it's what we've come to expect. Sales in the Estate division were lower due to the generally high cost of mortgages, but the important thing is that we built anyway. I believe that these efforts will pay off moving forward.

Overall, we achieved record sales of € 491.8 million, with an excellent EBITDA margin of 4.58% and, as is our custom, low net debt. After years of growth and acquisitions, we decided to divest the CoFo division at the end of the year. The subsequent sale in January 2024 significantly helped us improve our balance sheet, reduce debt, and secure sufficient cash, thus optimising key indicators for success in such a tight market environment. In addition, CoFo has found a new, strategic owner who will further develop the company. What is happening in the market has made us adapt our strategy: We're now open to selling subsidiaries if such divestitures better prepare us for further growth and acquisitions.*

I'd like to thank all our employees for their hard work and our partners for their excellent and constructive cooperation. I'm confident that we'll see successes stemming from our efforts also in the years to come!

Sebastian Wagner
CEO and Chairman of the Board
Winning Group, a. s.

* Editor's note: The impact of the sale of Winning CoFo is not included in the balance sheet and income statement at the end of 2023.

Sebastian Wagner: A crisis is a positive force, it favours those who can work on themselves

One of Winning Group's competitive advantages, as highlighted by Sebastian Wagner, is its ability to work flexibly and responsively with whatever reality it finds. This is why he sees the omnipresent crisis not as a threat but as an opportunity for a positive transformation of both the market and society. How is the Group evolving with him at the helm? Splitting into two separate entities is an example of such transformation: enabling the Group to fully dedicate itself to the development of each company without compromise, while opening up opportunities for growth funding.

High inflation rates characterised 2023 and the automotive industry saw reduced production in the electromobility segment. What was the impact on Winning Group?

It's been a challenging, highly inflationary year for all of us, coupled in both pillars with relentless price negotiations. Particularly in the automotive segment, customers could not take the volumes they had indicated, so we negotiated compensation and suppliers tended to increase prices. And because 2022 was more a year of acquisitions, 2023 was marked by the restructuring of these new companies, some of them very sick. Internally, increasing productivity was logically our number one priority. We had to work hard and we still have plenty to do, but we did well. Just like every year! In Automotive, we ended it with the successful sale of Winning CoFo, and in Construction with contracts for the next year at a good price level.

How do you see the future of the automotive industry in Europe?

Have you got a crystal ball I could borrow? I feel that Europe has rushed headlong into electromobility, but is unprepared – as it is in other areas of the Green Deal, which is stalling a bit or running up against the reality of European business. That's why there is cautious talk of postponing the ban on internal combustion engines. China is far ahead of us in electromobility technology, and it will be a difficult task for us to compete with it in the mass market; European car companies would have to change radically. But on the other hand, Europe is unbeatable in premium segments, where I think it will retain its strength.

How does this affect your vision for Winning Group?

Fortunately, companies in the Automotive pillar of Winning Group are ready to supply for both electric and internal combustion engines – our machines are versatile. And we're fighting downsizing the way we always do: we're winning projects in fresh segments, increasing productivity, and we're also getting a lot of help from synergies within the Group. We're not used to whining, we work with whatever reality throws our way. Moreover, it's possible to participate in the Green Deal in other ways than supplying for electromobility. For example, for BLW we've entered into a contract with our steel supplier to source only green steel, which is produced using only renewable energy. I think we were the first customer to take such a comprehensive approach.

So in your view, the automotive crisis is not a problem for you, but rather an impulse for change?

You always have to play with the cards you're dealt; there's no point in complaining. If I recall correctly, the original meaning of the word 'crisis' in Greek is a decision one must make at a certain tipping point. And at Winning Group we're used to taking responsibility for our future and making decisions. In this sense, I see the crisis more as a transformation, either of the market or of the mindset in society, and this, on the contrary, is a positive force. It's irrational to think that if the market has been growing at 5–10% for the last twenty years, it will continue to do so indefinitely.

I'm harping on this theme because at the end of last year you decided to sell an entire business unit, namely the Cold-Forming division. That's new to Winning Group. You're known more as a long-term owner, so what convinced you to sell?

It was a clear win-win for both sides. In fact, not only for us and the buyer, but also for the market itself. And, as is often the case, the whole thing happened by accident. Winning Group develops its companies over the long term; this will remain unchanged in the future, so we weren't looking for a buyer. The American investor approached us directly on their own initiative and, after considering their offer and the potential benefits, we concluded following negotiations that there would be no logical justification for resisting such a deal. Winning CoFo, which we managed to get on its feet very quickly and efficiently last year, has become part of a global company that will allow it to grow and strengthen more intensively than under our wings. The American investor has acquired a well-run company that opens up access to the European market. While we have gained the liquidity to grow, invest, and buy. And as the icing on the cake, we retained ownership of the industrial property, which we now lease back to them.

Such a sale might be seen as a precedent for further companies exiting your portfolio.

We're not looking for any buyers, that isn't going to change. We're still concerned, just as we've always been, about our companies being best-in-class, and we've constantly achieved this through long-term, honest hard work. At the same time, it's extremely important to know where my limits as an owner lie. To know when I can no longer offer a company what others might. And that was exactly the case with the sale of CoFo, which can now grow into a much bigger and stronger player. After all, only a best-in-class owner can make a company best-in-class, and that can be different people at different stages of its development. So, nothing has changed in the role of Winning Group, we'll still be doing our best work with each company. But, given rapid developments in the markets, we need to be a little more open and flexible. Which is never a bad thing.

What's the plan now with that fresh wad of cash?

We're reducing debt, strengthening our equity, we have an improved balance sheet, and we're preparing for the next deal.

Has your investment strategy changed, will you continue to buy companies in trouble?

We want to keep growing, but more selectively. Society is changing, the market is changing, and we naturally respond to that. So, although our primary goal is to continue to develop companies – we, too, have progressed a lot in this area over the last four years, and I daresay we already have a solid base of know-how – we will be more selective when buying new companies. Which means, if it's a company in trouble again, the decisive factor will be whether it has a unique product, whether we understand its problems in depth, and whether we have a clear vision of how to pull it out of difficulty. At the same time, we'll also be looking for companies in good shape that we think have good potential or that complement our portfolio in some meaningful way.

Some of your previous acquisitions were in very poor condition. How did you fare restructuring them last year?

We've been giving it our all, and a team of our best people has been working around the clock to improve the situation at Winning Plastics Diepersdorf. Last year we managed to set the right standards there, create the right mindset, slowly reduce costs, and also take full advantage of the synergies in the Plastics business unit. Diepersdorf certainly surprised us with the extent of their problems at all levels of management; we got Winning CoFo back into good numbers much sooner than we had anticipated. Such is life in business, anything but boring.

Last year, however, was marked by too much operational activity in the field, and I resolved to step back and focus again on long-term strategy. Get some perspective. This need, among other things, led to a decision to split Winning Group into two separate companies – Automotive and Construction – with independent top management.

What makes a 'split' Winning Group better?

It's more mature, it can divide tasks more efficiently, and it does not allow its immediate responsibilities to overshadow its long-term strategic vision. The management of each pillar has greater powers and more time to focus on the priorities of its segment, while I can afford to set aside a few hours a week for a walk in the woods, during which I free myself from day-to-day operations and focus on the development of the Group as a whole. This 'split' Winning Group is far from a one-man show: it has the most talented people who I fully trust and who are where they're meant to be. Last but not least, it's also more coherent for the banks: they find it very difficult to finance an entity that combines two seemingly incompatible industries such as construction and automotive. It is, in short, an absolutely crucial step in the right direction that will allow us to devote ourselves fully to the development of all companies without compromise, and open us up to growth capital.

How have the key people who've been given even greater powers than before reacted to this?

Fortunately, there are still a few ambitious and dedicated people in the world who are not afraid to take the plunge! I think they're thrilled to be able to focus fully on what they're objectively good at.

> "You have to play with the cards you're dealt. At Winning Group, we're used to taking responsibility for our future and making critical decisions promptly."

How about you, won't you miss the operational side?

I'm not shying away from it completely, straight after we've finished talking I'm off to see a customer (laughs). Last year, however, I became almost a kind of operations manager and I felt the need to stop and take a breath, to think about how to strategically set up our organisation so that it's functional and profitable in the long run. This is my most important task right now, and because I can rely on a new group of top management, I'll have enough time for it.

How far is Sebastian Wagner able to go when thinking about a long-term strategy? Would he ever abandon the old economy?

I definitely expect interesting ideas, new impulses to come, just as has been the case regularly throughout the history of Winning Group. I love learning new things: understanding new connections is a real joy for me. As for the 'old economy': on the contrary, I believe that thanks to our newly expanded management teams we'll be much faster and more efficient in acquiring and integrating companies. At the same time, initiatives which up until now haven't had the time can finally be fully launched in our companies.

Like what?

The most important thing for me is the holy trinity of employee development – which is talent management, the Kaizen Challenge, and the Energy Challenge. We know 100% that every company harbours great talent at all levels, and we want to support it and help staff plan their way up. I count on our top management and myself becoming mentors and personally coaching talent across Winning Group. The challenges of continuous improvement need no introduction, they have quickly become part of our competitive DNA and bring amazingly creative ideas. When being presented with our employees' improvement proposals, I always tell myself that creativity is even more important than capital.

And initiatives in the business itself?

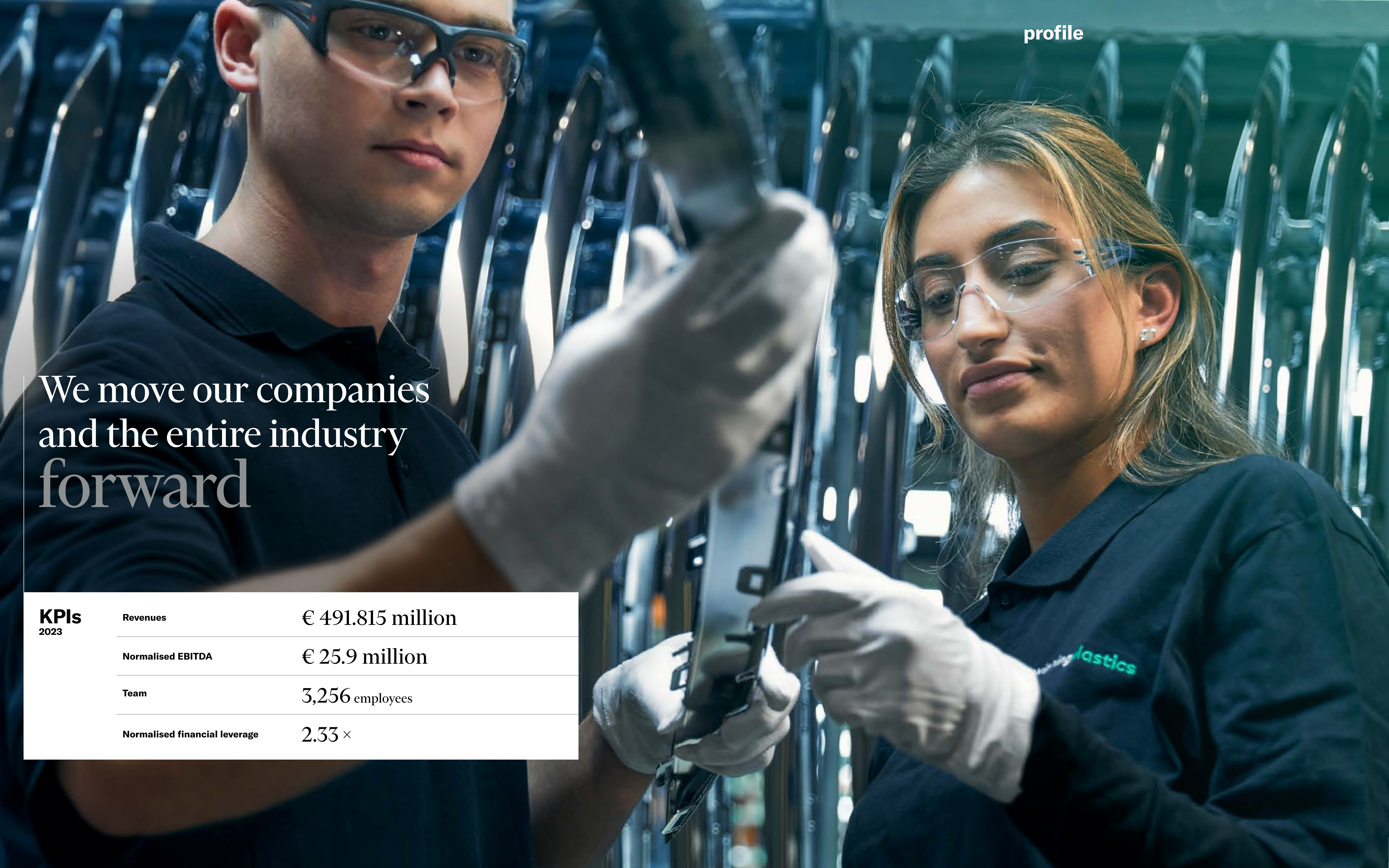
I want every company in our portfolio to have a clear product strategy; especially, to know what its top product is, i.e. the one that stands out in the market and with which the company surpasses all competitors. We will also push even further into customer portfolio diversification, digitalisation and automation in operations, or the consolidation of purchases through the Scale project, which is already delivering significant savings. The newly dedicated CFOs, who will be in charge of cash flow and all financial flows, are also a great help, while the new CEOs will give it their utmost to ensure we become market leaders.

You entered 2024 with low levels of debt and cash. Regarding potential acquisitions, is there any deal looming in the construction part of the Group, or acquisitions in regions with lower labour costs – as you indicated earlier?

There is still interest in both, plus we now have more space for proper due diligence and a super team specifically in the construction industry, which frankly needs a new challenge to avoid getting bored (laughs). I believe that the construction industry will finally enter a more rewarding period for us, when the offered price of acquisitions will become more realistic and intersect with our expectations. We're ready: in Construction we want to grow and be a market leader; at least in terms of the quality of delivered services, we already are. And the need to diversify our portfolio regionally comes from having a high proportion of manual assembly in our plants, especially in the Plastics segment. We are keenly interested in countries such as Mexico, Romania, or Tunisia.

Finally, I have to ask – we covered all the work-related highlights, but what was your best non-work experience of last year?

I spent Christmas with my family in a caravan in Australia, we slept in a different wild campsite every day, we built a fire in the evening, and found a deserted beach during the day. I was so glad that – after a long time – we had some uninterrupted time together. To be honest, we should do it more often.



We move our companies and the entire industry forward

KPIs 2023		
	Revenues	€ 491.815 million
	Normalised EBITDA	€ 25.9 million
	Team	3,256 employees
	Normalised financial leverage	2.33 ×

We do business solely in the fields that we understand, and only invest in firms that we are able to strategically develop. There is only one goal for us – to make each of our companies the best in their field.

We enter acquisitions with a long-term vision

● independence from fossil fuels and their countries of origin is crucial to us ● we see climate change as a major threat to the planet, humankind and therefore business ● we set bold green targets and want to meet them faster than we set out to

We have absolute faith in our people

● our decentralised structure makes strong and responsible personalities stand out ● our company managements have sufficient freedom to enable quick and active decision-making ● our employees are more like entrepreneurs – they lead projects that make sense to them

Business sustainability is sine qua non for us

● we are a strategic investor and long-term owner ● we acquire companies with a clear vision for their successful integration into the Group ● individual business units benefit significantly from Group-wide synergies

We develop companies strategically

● in acquisitions, we implement numbers-driven management with an emphasis on cash flow ● we apply the best production process standards through operational excellence ● we model an action plan to become a market leader in a given segment

business model

Traditional industry

We are in the old economic sectors because we have grown professionally and understand them in depth. At the same time, we believe that one way to sustainability is through the successful transformation of traditional production into modern operations.

Disciplined cost management

We follow the rule that a company has to make money to invest. We are industrialists with our feet firmly on the ground and our goal is to make every acquisition prosper in the long run. We avoid unnecessary indebtedness and consider cash flow as the main indicator of prosperity.

Hands-on management and high management flexibility

Profits are generated through production, not by financial speculation around the table. Our executives are aware of this and manage companies accordingly. This allows them to respond quickly and proactively to challenges as soon as they appear.

At the forefront of process optimisation

Operational Excellence is the number one priority across the Group. In addition to a dedicated team of professionals, each employee participates in improving operational efficiency through the Group-wide Kaizen Challenge.

Decentralised structure

Our people enjoy 100% leadership trust – they take full responsibility for their decisions, make them freely, and above all, promptly. Compared to a conventional corporation, we are therefore able to react and negotiate very swiftly and effectively.

acquisition targets

Size

Minimum turnover € 25 million, maximum turnover € 250 million

Profitability

Potential to reach 10% EBITDA after restructuring or Group integration

Financing

Combination of equity and bank capital

Value

Total company value up to € 100 million

growth strategy of the Group

1 Acquisition

Draft strategic development plan for the company in close cooperation with existing management and other stakeholders.

2 Implementation

Putting the plan into practice and implementing the principles of lean management in production.

3 Optimisation

Making the most of synergies from cooperation between companies within Winning Group.

4 Evaluation & Investment

Using profit earned for investments and other acquisitions.

development of Winning Group 2016 — 2024

Establishment of **Winning Group**

Winning Steel and Pamstav become cornerstones of the Group

The Construction division expands to include Winning Estate

Winning Steel expands to include a branch in Germany. A dedicated acquisition search team is established in the Construction segment

M&A team starts to look for opportunities in European automotive

Winning Group consolidates into two segments – Automotive and Construction

Established construction companies Kaláb and PMK Drill are acquired

Acquisition and restructuring of Winning BLW

Green light for the start-up project WE Drive (eco-friendly gearbox)

Sebastian Wagner becomes sole shareholder of the Group

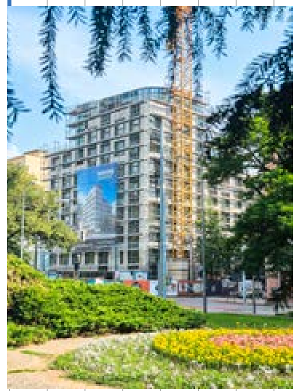
Acquisition of Linden and SMK creates the Winning Plastics division

Residential housing in Bučovice reported as sold out

Construction segment triples its turnover compared to 2019

Bolta-Werke joins Winning Plastics, while the acquisitions of Räuchle and PWK lay the foundation for the Winning CoFo division

Work on the Slovákova XII and Nové Oslavany projects is in full swing



One Winning: Integration and consolidation of the company, exploitation of synergistic potential at divisional and Group levels

The Group professionalises its structure. The newly separate pillars Winning Automotive and Winning Construction gain dedicated top management while Winning Group focuses on vision and setting the new investment strategy

Divestment of the Winning CoFo division

Year	2016	2019	2020	2021	2022	2023	2024
		Revenues **< € 39.851 million**	Revenues of **€ 96.122 million**	Revenues of **€ 172.133 million**	Revenues of **€ 345.054 million**	Revenues of **€ 491.815 million**	

Peter Smataník Chief Financial Officer

Cash Is King

At a time of expensive interest rates, high inflation, and a pervasive upward pressure on prices, it is increasingly important for healthy businesses to have funds readily available. Ever greater flexibility and creativity are becoming a prerequisite for success, comments Winning Group CFO Peter Smataník on the tense market atmosphere, which is directly affecting the strategic direction of the Group.

“The pressure to optimally allocate capital to achieve the highest return with the least amount of money spent is always enormous. Nowadays, however, it is just as important to have the cash immediately available,” explains Smataník, who looks after all financial management at Group level and, together with Sebastian Wagner, determines the company’s strategic direction. In addition to the acronym CFO, Smatanik could also be called a ‘Captain Sensible’, because his role is to guard cash flow and be able to critically evaluate all the pros and cons of any investment plan – from a new machine on the shop floor to a new company acquisition.

“In the current market situation, this logically includes a serious assessment of buyout offers for some of our companies,” Smataník said, referring to Winning Group’s first divestment so far, which became Winning CoFo at the end of 2023. Last year was marked by the successful restructuring of this leading manufacturer of car steering and suspension components, so its sudden sale came as a surprise to all parties. “Even to us,” Smataník responds, adding: “We weren’t actively looking for a buyer, we keep our companies with a long-term view, the new investor found us themselves and approached us with an offer that we had to check out.” There were several strong arguments for the fact that the transaction was ultimately signed off: the buyer is continuing to develop CoFo and bringing it greater opportunities, Winning Group has repaid the loans, reduced the leverage, and has even retained ownership of a high-value property that it leases back to the buyer. “A classic win-win scenario – the way we like it,” smiles Smataník.

Does this mean that Winning Group is changing its business model in response to the economic situation? “We have to be even more flexible and creative than ever before, this is an absolute prerequisite for success,” comments Smataník. The slight shift in the Group’s direction is perhaps most noticeable in that it has moved from being a narrowly defined manager of companies it understands in detail to also becoming an investor, and is willing to enter other opportunity-rich segments. “Only on the conditions, of course, that we find a strong partner who understands the field – this is set in stone,” Smataník clarifies, stressing that such change will not be reflected in the intensity of care and development in the two existing segments. “Put simply, we’re even more open to ideas, to new directions, but we will continue to stand firmly straddling Automotive and Construction.”

The structure of the Group itself is also undergoing significant change, with the segments becoming independent of one another. Automotive and Construction will no longer share top management. They are becoming smaller entities with their own strong management teams who will focus exclusively on moving forward their respective pillars. “We felt that we had to speak more clearly to stakeholders, typically banks, for whom the combination of two such disparate segments was not always easy to read,” Smataník explains, before adding that the independence of individual segments offers further advantages vis-à-vis extracting maximum synergies within a single pillar. “Finally, one team will be able to fully focus on potential and concrete initiatives in one segment, without having to deal with the whole Group.”

interview

Jaroslav Pažitka Director, Funding and Investor Relations

Business is a team sport – you won't win without teammates

In its five years on the market, Winning Group has grown from one billion Czech crowns in sales to twelve, made several major acquisitions of insolvent German automotive companies and brought them back into the black, and most recently orchestrated a successful exit. None of this would have been possible, however, without the support it found in qualified investors and selected banks – key allies who, like Winning Group, are able to seize unexpected investment opportunities.

In today's world, companies or entrepreneurs who are resilient to market turbulence are not coming up trumps. As Nassim Taleb, economist, essayist and author of the world-famous black swan theory, notes, resilience is not enough. Any successful system must be 'antifragile', i.e. able not only to weather shocks and crises, but also to benefit from them and emerge stronger. "I dare say that anti-fragility is in our DNA: we always work with reality and are able to react immediately not only to opportunities, but also to threats, which we never see as fatal, but as an impulse for productive change," reflects Jaroslav Pažitka, responsible for investor relations in the Group, on the reasons that have led Winning Group to grow so far. "A good example is our experience with the bonds we issued in the unfortunate year – with hindsight – of 2020. However, we perceived the subsequent market turbulence positively, it taught us that the most important thing is to react flexibly. The issuance process taught us a lot and we were able to find an appropriate solution for our investors," recalls Pažitka.

Although his job description includes building trust with key partners, he does not hide the fact that building castles in the air has never been his cup of tea: "With investors, I argue that our track record and reputation are facts I have no problem relying on. Five years ago, when we started out, however, I could not put forward this argument," recalls Pažitka, adding that the first qualified investors, banks, and partners who supported Winning Group had exceptional instincts for identifying investment potential. Four acquisitions and eleven billion in revenues later, five leading Czech banks and a number of experienced investors cooperate with Winning Group on a professional basis, including cross-border acquisitions. "Our investors know that settling liabilities is an absolute priority for us. The greatest show of trust is when you're supported directly by colleagues, people who know all the risks in detail and who still decide to invest," adds Pažitka.

Thanks to pressure from investors, Winning Group today faces the challenge of creating for them a longer-term investment vehicle. "We're looking for a solid instrument format to offer to our investors over the next five years, complementing our established exchange programme," says Pažitka. Most likely, it will be a fund of qualified investors, which will include, among other things, newly acquired properties worth EUR 60 million, retained by the Group after divestitures and leased back to new owners. In addition, the Group is undergoing internal professionalisation, dedicating to each segment its own independent management, and the top management level, headed by Sebastian Wagner and Peter Smataník, is moving towards becoming more of a 'family office'. "Key indicators clearly show that our style of consolidation and the way we set up processes in companies is working. Despite the Covid, chip, and energy crisis, and the war in Ukraine, we have managed to build a strong position in the automotive and construction segments. We're holding a very good hand of cards, and we want to share them with our investors," concludes Pažitka.

We care about the non-financial impacts of our business

Both from an environmental and especially from a human perspective. We employ over 3,000 people in Winning Group, acquiring both large and family businesses, and doing our utmost to ensure that capable employees not only remain after acquisition, but become an integral part of the Group – learning and moving themselves and the company forward. The same goes for newcomers. We do not just support strong individuals and teams, we are building a whole community.

On human capital

David Czech HR Group Lead, Winning BLW

In connection with our dynamic growth and high ambitions, we constantly need new talent. People to come and gladly stay for a long time – and to keep growing with Winning. You cannot fool people in today's job market, the HR approach has to be honest and not just smoke and mirrors. We identify future leaders among rank-and-file employees, those in whom we see potential, and as part of the mentoring programme we focus on translating their potential into real performance. Even people in our factory will often need more than the '9–5 job mentality', i.e. just doing the same task over and over without thinking; everyone is motivated to improve something, come up with new ideas, and they are rewarded for it. Our ultimate goal is to have loyal, long-term employees who are constantly progressing and developing in an environment that disbars any thoughts about changing employer.

> "People often think in terms of positions. What is your function, your income. We teach them not to think in terms of positions, but in terms of responsibilities. What you can do, where you're headed job-wise, and how you impact the company as a whole."

Looking forward to ESG

Milan Jirgl EHS Corporate Director

Sustainability and fairness make sense to us. We already have a team of 5 people who are comprehensively dedicated to the individual pillars of ESG, from a personnel, financial, legal, and environmental perspective. Especially in Construction, we have managed to significantly reduce our carbon footprint, and in the future we have even greater ambitions in this area. In 2023, we established a Code of Conduct that is both a pillar of our corporate culture and a commitment to its future. We meet a number of stringent ISO certifications for environmental management, energy efficiency management, and several others. Legislation and methodologies from the European Union have not yet been finalised, but we are one step ahead.

> "Innovation and systemic solutions are in our DNA. We understand how critical environmental protection is. We see the power of enabling individuals, companies, and the country to move forward. We believe in sustainability and its positive impact on society as a whole."

Segments

2023

Automotive

In the Automotive segment, we specialise in precision forging, cold pressing, plastic parts production and the development of our own innovative drives.

Construction

In the Construction pillar we carry out general and special construction supplies, we design the loadbearing structures of large building units, and we offer our clients the opportunity to live in high-standard residential developments.

segments in 2023

Automotive

Through strategic investments, we combine our existing technological heritage and strong know-how with our modern Winning Spirit management. We are expanding the Automotive pillar with companies that we have identified as having great optimisation potential.

The **senior management** of our automotive acquisitions have advanced their professional expertise within the engineering field.

Today, we now supply the majority of our products for **electromobility**.

To develop the companies, we rely on our own erudition and irreplaceable **experience**.

We benefit from **excellent relationships** with all our stakeholders.

Automotive KPIs 2023

418 million	15.6 million	2,899
REVENUES IN EUR	EBITDA IN EUR	EMPLOYEES

best products in the portfolio

winningblw	Precision forged bevel gears	Forged parts for trucks and commercial vehicles
	Forged parts for gearboxes and axles	Axle heads
	Shafts, hollow shafts	
winningcofo	Ball studs	Steering rods
	Aluminium axle arms	Ball pins
	Brake booster components	
winningplastics	Front grilles	Mirror covers
	Logos, emblems	Visible steering wheel parts
	Frames	Visible interior parts

We can't change the market, but we can change ourselves. We need to be even more flexible and faster

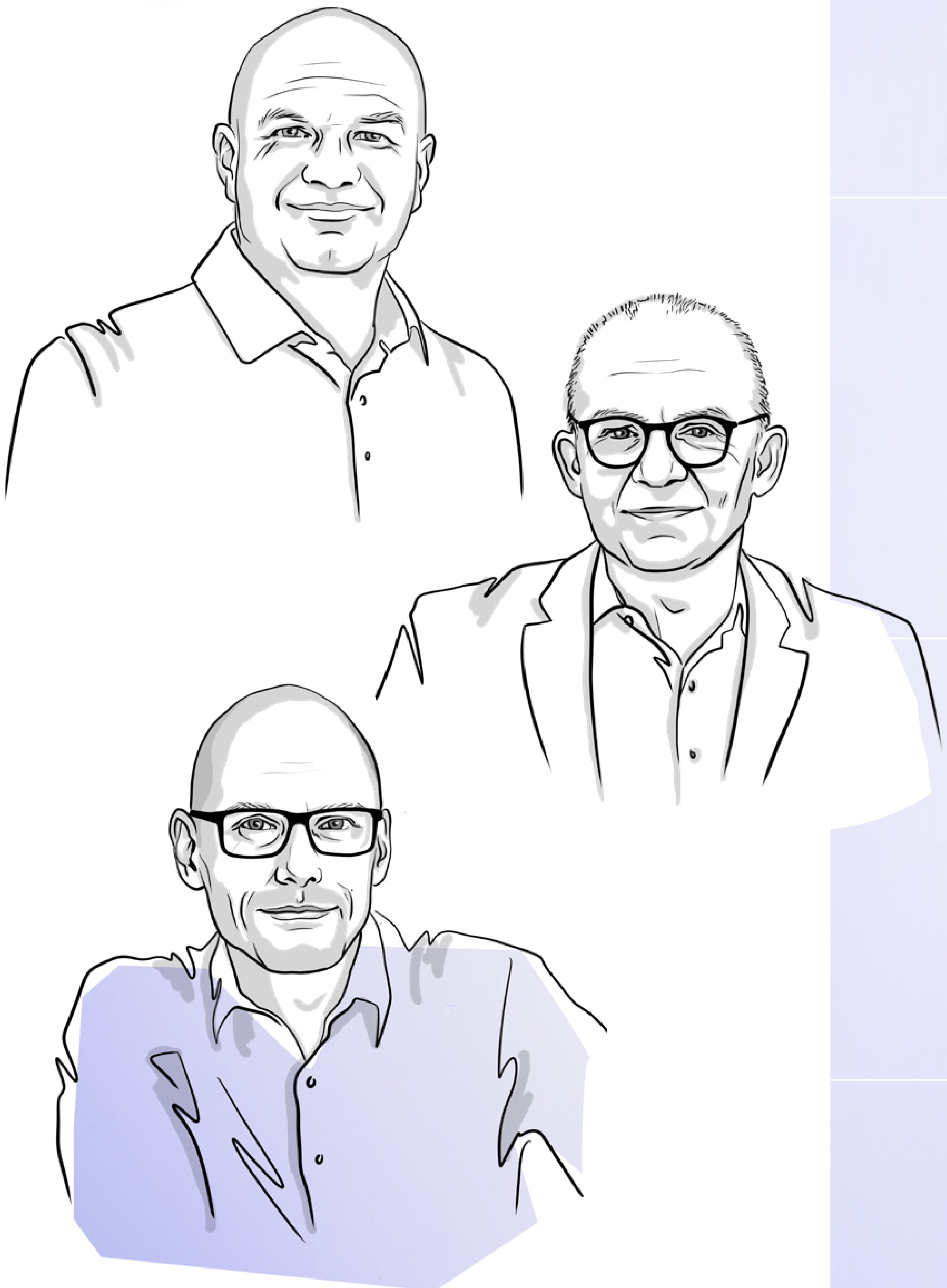
Over twenty years in leading positions in the automotive industry, successful restructuring, the implementation of lean manufacturing, the harmonisation and globalisation of production processes – this experience is shared in common by the trio of new top managers at the Winning Automotive segment. We discussed the challenges of a transitioning market with new Chief Commercial Officer Christoph Guhe, Chief Financial Officer Ulrich Hannemann, and Chief Operating Officer Torsten Habermann.

The automotive industry in Europe is experiencing quite turbulent times. What trends are influencing it the most?

Torsten: I would even call them megatrends – that's how big an impact they're having. Digitalisation, artificial intelligence, and the push for sustainability are currently spurring one of the biggest transformations in the history of the automotive industry, opening up new and intense competition. In addition, there are global shifts in supply chains, particularly in response to the pandemic and war-induced bottlenecks. Increasing numbers of manufacturers and new technologies have led to a reduction in the number of units produced for most car models, while customer demands for sustainability and control over automated processes continue to grow.

Ulrich: At the same time, the transformation process is not progressing as originally expected, the transition to electromobility is not as fast – making the market uncertain. It's not easy, but a crisis always brings opportunities in addition to risks. While we cannot change the market, we can become even more flexible and respond even faster to often unexpected reductions or increases in volumes. Last but not least, we sense an opportunity to acquire companies that have failed to adapt.

Christoph: The fact that Winning Automotive has a newly dedicated board means, among other things, that we can pursue M&A in a much more focused and professional way. Not only in terms of buying new companies, but also in terms of selling profitable ones that we've put back on their feet, but which we feel a new owner could take them to the next level. A great example is Winning CoFo, which we led out of insolvency and, after careful consideration, exited under the wing of a global player that will open for it new horizons.



Torsten Habermann
Chief Operating Officer

Ulrich Hannemann
Chief Financial Officer

Christoph Guhe
Chief Commercial Officer

“We combine an ambitious vision with building a strong team that has the right mindset and pragmatic oversight to never lose touch with reality.”

How specifically are you preparing your companies for the future?

Christoph: We keep up with trends at a brisk step. At BLW, for example, we invested in high-quality control equipment using artificial intelligence. AI never rests long in any enterprise, which is why we watch its rapid evolution very closely. For example, we use it to check differential gears. The AI algorithm automatically teaches itself using images of defective parts, calculates the lessons to be learned, and applies them to other components. Such a self-learning device allows us to inspect components very quickly and efficiently, while preventing new errors. And we also want to be ahead of the curve when it comes to sustainability. We were the first in the industry to team up with one of Germany’s largest steel mills to supply us with so-called green steel, i.e. produced using only energy from renewable sources. We’ve achieved a nearly 40% reduction in our carbon footprint.

Ulrich: As CFO, I’m responsible for less ‘sexy’ topics, but I think they are equally important for the future of our companies. I keep a close eye on the books to ensure we don’t spend cash on unnecessary things and have it available at crucial moments. Innovation is important, but innovation is also an easy way to lose money. I have to be able to imagine all possible scenarios and risks before investing in new products. The same applies to regular forecast updates, so that financial planning always promptly adapts to evolving business prospects.

Torsten: If we want to remain competitive long-term, we as suppliers must always strive to offer the best products and process solutions on the market. As Chief Operating Officer, I see tremendous potential in continuous process improvement, which is fortunately in the Winning Group’s blood and which is being strengthened at all levels – from challenges for shop-floor employees to management. We’re all on the same wavelength. And I think my colleagues’ answers to this question show how well we complement each other: we combine an ambitious vision with building a strong team that has the right mindset and pragmatic oversight to never lose touch with reality.

Winning Plastics flagship products are front car grilles and car branding. Winning CoFo’s core product range specialises in aluminium axle guide arms and ball joints. Precision forgings for transmissions and differentials go to cars and trucks from the lines at Winning BLW.

A survival guide for the European automotive industry? Unique offer and quality unmatched by the Asian competition

Oliver Maurer Vice President & General Manager of Winning BLW

Moving and starting up a brand new plant, or the fact that 95% of products in the Winning BLW portfolio are independent of engine type, are the reasons why new Vice President Oliver Maurer decided to leave the competition and join Winning Group in January 2024. He comes with twenty-eight years of industry experience, an infectious enthusiasm, and blueprints for how to maintain a unique position among global competitors.

"I've been in the automotive industry all my professional life, for the last 16 years I've been managing production plants to prepare them for transformation. But I've never encountered a product mix as promising as BLW's," says Maurer, commenting on a portfolio that is equally crucial for both internal combustion and electric cars. He is continuing his specialisation – harmonising production between factories, but also on the shop floor – with three Winning BLW production plants in Penzberg, Remscheid, and Duisburg. "These are great operations that generate tremendous added value with not a lot of people. In addition, the factory in Penzberg is brand new, so we have the great privilege of planning it exactly to our liking," comments Maurer on his biggest task so far in his new position, i.e. moving the Munich plant into the new hall. Passionate about jigsaw puzzles since childhood, Maurer has long taken an unusual but proactive approach to solving tasks. Those puzzle pieces that did not want to fit, he would cut with scissors to insert them into place.

This new centre of excellence in forging truck differentials, which is simultaneously a fully ergonomic workplace with perfect material flow, got off to a strong start in Penzberg in May 2024. "To move in full operation all the lasers, milling cutters, dies, and forging presses – without interrupting production – is what I call a challenge," says the enthusiastic Maurer, who was responsible not only for the move, the new location, and the subsequent stabilisation of the operation, but also for the closure of the Munich plant. In addition to perfect material flow, the new 275 m long and 75 m wide hall will also bring other benefits, such as a much smaller proportion of forklift drivers, or the ability of one worker to operate two machines side by side. "Personally, I also welcome the shortening of distances between offices; nothing simplifies communication like the ability to talk to anyone face-to-face in seconds," says Maurer.

As new vice-president, openness and the ability to get along are priorities for Maurer. "I'm not an office guy. I can do Excel, but my place is on the shop floor, with people. If I'm dissatisfied with someone, I speak transparently with that person, if someone is successful, I'm happy about their progress – that's my approach in a nutshell," says Maurer, who brings his colleagues pretzels to work for breakfast.

The new Penzberg plant. One of the fully automated turning machines produces several thousand bevel gears every day.

New application for the agricultural sector – a drive unit for rotary rake.

↑ Quality control after turning. The operator confirms the perfection of the gear's spherical geometry.

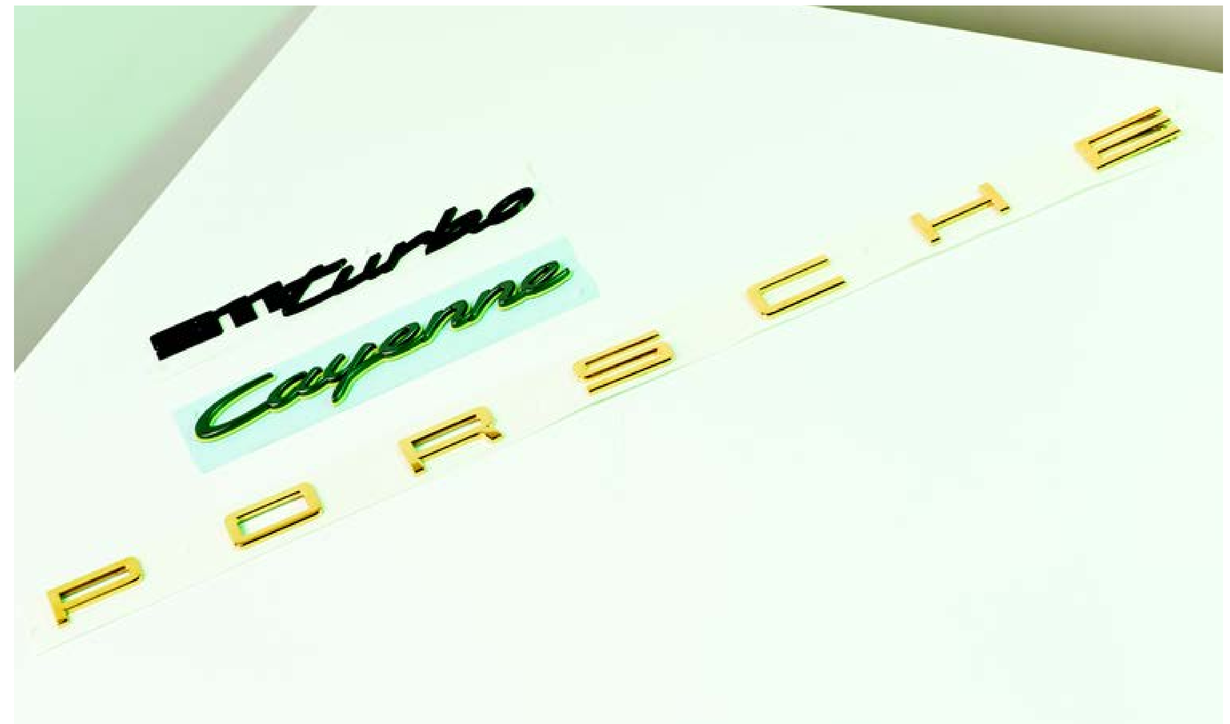
→ Broaching machine. With this technology, the Penzberg team shapes the internal grooves of the side gears.

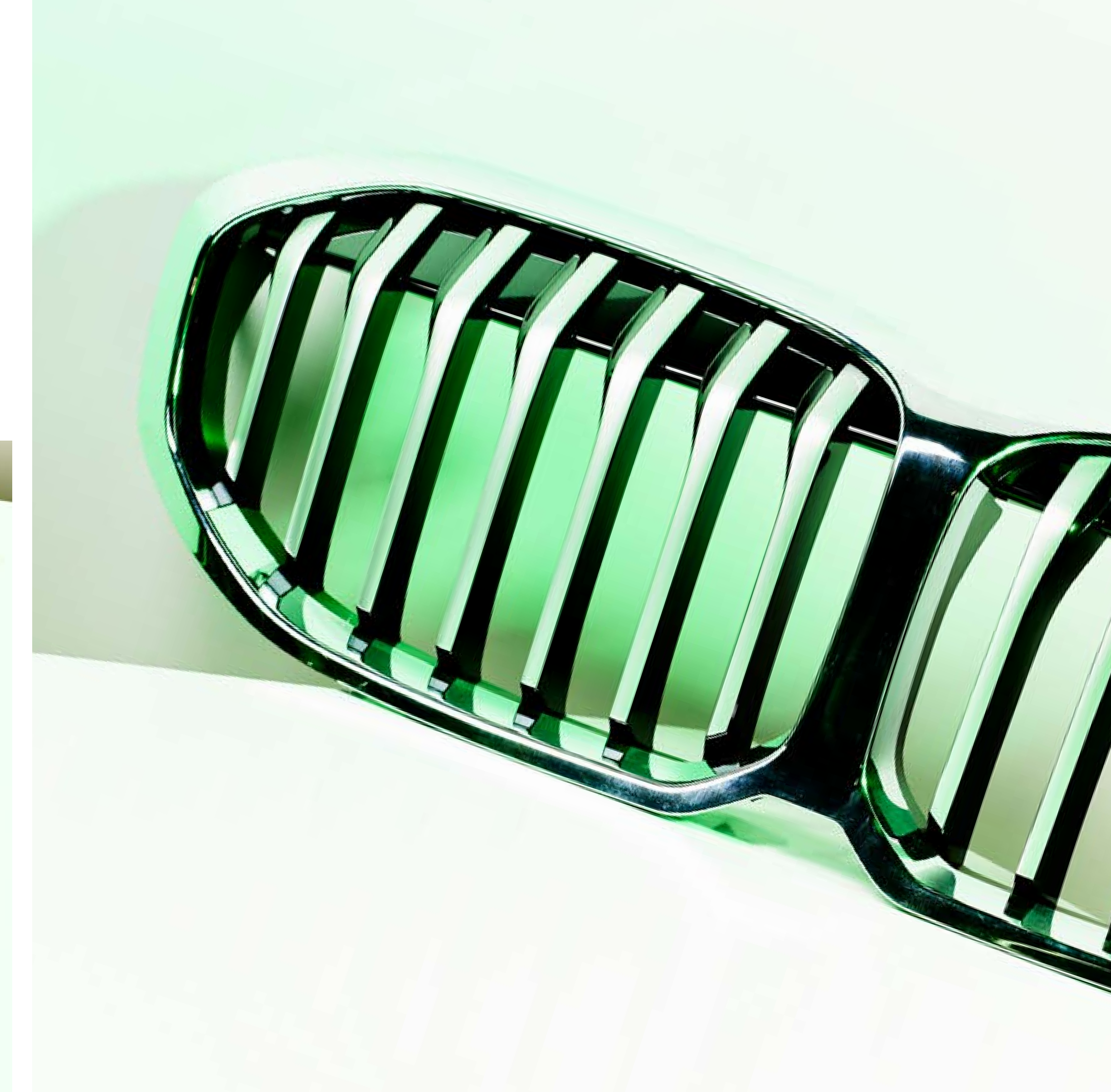
Creating an atmosphere that nurtures creativity and teamwork is vital, i.e. to improve every day, whether through product innovation or streamlining production processes – it is the only chance to compete in a market that is slowly being conquered by cheap Asian competition. That is why the engineers at Winning BLW never sleep, wondering how to lower the forging temperature, or how to replace milling with forging to save time, material, and energy.

"2023 was marked by price negotiations, not only for us but for every player in the market, and we ended up in the black with EUR 250 million in sales," Maurer says, adding: "Although the situation in the automotive market is still quite tight, I'm pleased that we're already focusing our efforts more and more on innovation and new projects." In addition to constantly improving our current portfolio or penetrating new segments such as railway components, road construction or snow groomers, Winning BLW is also focusing on sustainability. Last year it concluded a contract for the supply of so-called green steel, which uses only energy from renewable sources in its production. "A fifth of our steel is now sustainable, which I consider an important step in the right direction. With the same goal in mind, we are also testing ways to use waste heat from our production more efficiently – there's no point in allowing it to escape when it could certainly be used," Maurer concludes.

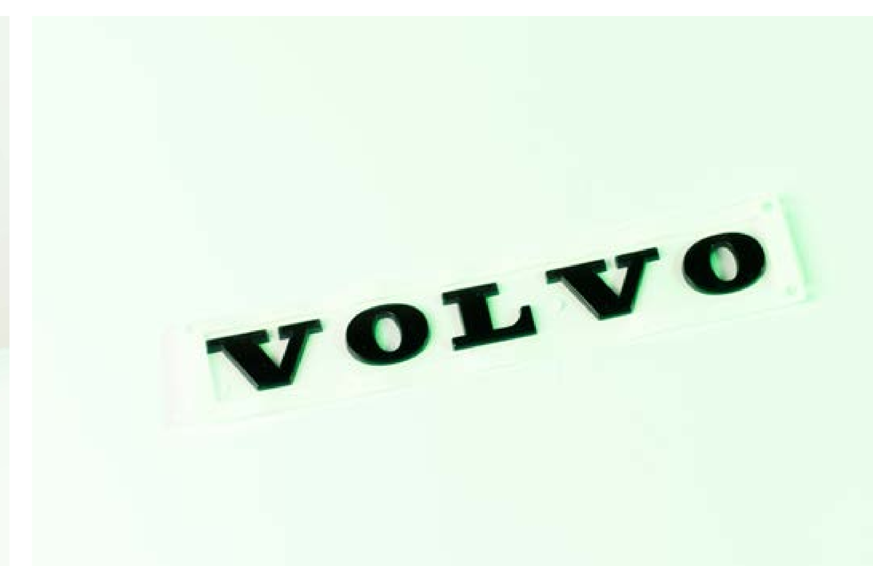
We want to be the first choice for customers with whom we establish long-term partnerships

Francisco Ribera Vice President & General Manager, Winning Plastics





Winning Plastics, a manufacturer of complex and sophisticated plastic parts and modules for the automotive industry, has had an intense year, marked not only by development and changes in the market, but also by efforts to stabilise its plastics unit following a restructuring. Together, we have managed to build a solid foundation on which we can effectively build, says Vice President Francisco Ribera, adding that the most important goal – to rebuild a stable team and not lose the trust of customers – was achieved by his unit.



The detailed branding of cars and trucks is at the heart of Winning Plastics' production programme, alongside the production of its signature grilles.

In the production process:
Volkswagen logo for application to
the ID Buzz and Audi front grilles.

“I’m really proud of our people, who work in four entities at a total of six locations in Germany and the Czech Republic. They have shown exemplary teamwork under really difficult conditions,” says Ribera, referencing the synergistic cooperation that has helped reverse a difficult backlog of orders. These were piled up in Diepersdorf, the Group’s largest plant with just under 1,000 employees, which was bought by Winning Group out of insolvency and generated sales of EUR 130 million in 2023. It turned out that the company was in even greater trouble than anticipated during the purchase, which necessitated drastic personnel, structural, and systemic changes, including so many important shifts in mindset. Fortunately, the other plants in the Group were able to help with the growing avalanche of backlogs, radically reducing them in record time and producing orders in identical quality. Specifically, a total of 420 components were moved between plants last year to solve the capacity problem.

“The business of plastic parts is enormously complex in itself. Even though we have top-of-the-line facilities and equipment, from a planning, supply, and logistics perspective, we still manage thousands of different parts in one plant. And then add in the fact that standards in the automotive industry are traditionally among the highest and customers expect nothing less than premium class products,” comments Ribera on Winning Plastics’ demanding position in the automotive chain. He is all the happier because customers never stopped trusting them, despite all the challenges mentioned. The aim of the unit is to continue to be the preferred supplier of plastic parts, i.e. a partner that can be relied on and with which new innovative solutions can be developed. Promising directions being worked on by the R&D department at Winning Plastics include new moulding options such as 3K or POU, as well as more sophisticated dyeing and hi-tech lighting applications. “We want to be the flagship for plastic parts for the next generation of cars,” explains Ribera, whose business unit won new contracts last year from top OEM and Tier 1 customers in Europe such as Mercedes, BMW, Audi, and SMP.

But innovation is not the only way to grow: the Winning Plastics team is currently focusing on several other areas where they see potential for growth. Productivity in production, on-time delivery, and first-class quality are topics that drive Ribera, who is, among other things, a specialist in operational efficiency. “In the current market climate, with some of our competitors struggling or even going bankrupt, it is more important than ever to monitor the situation, to snap up every business opportunity, and thereby make the most of our capacity,” adds Ribera, noting two other areas in which he sees an opportunity for Plastics, i.e. increasing aftermarket share and seizing opportunities beyond automotive, for example in the segment of heavy-duty and agricultural equipment, perhaps even in the household appliance or pharmaceuticals segments. “But growth cannot be defined only in terms of performance, it has many other components, one of the most important of which is the safety and professional development of our employees,” emphasises Ribera, who is behind the initiative to involve HR more directly on the shop floor. Meanwhile, his team can celebrate an important milestone in this regard, which they managed to pass at the Hustopeče plant – 1,000 injury-free days. “I’m also very happy that the team from Winning Plastics won the Group-wide Kaizen Challenge – I could not ask for a better testament to the creativity of our people,” concludes Ribera.

A SUCCESSFUL EXIT

The Plastics division, with a turnover of EUR 180 million and 1,360 employees, was sold by Winning Group to a strategic investor in May 2024. Winning Group acquired the leading manufacturer of surface treated plastic parts for the automotive industry, with six plants in Germany and the Czech Republic, from insolvency in 2021 and 2022. It did so in two transactions, buying up the original companies Linden, SMK, and Bolta-Werke. The stabilised Winning Plastics, which under Winning Group’s wing has undergone successful restructuring, is now part of a new group, enjoying a global presence and ambitious expansion goals.

The events of 2024, including the aforementioned divestment, will be covered in more detail in next year’s annual report.

segments in 2023

Construction

Construction companies have been a healthy, stable and highly profitable backbone of Winning Group since the Group was born. As a whole, this pillar offers a superior engineering service, a high visual quality of construction, and investment efficiency. Our apartment buildings and concrete skeletons are the calling cards of the skills of our people in the Czech Republic and Germany. Thanks to the Winning Spirit philosophy of open communication, fair dealing, and on-time delivery, we have become a sought-after partner with strong goal-directed energy. We build and reconstruct buildings so they are an asset today and retain their value in the future. We actively seek new opportunities – whether that involves finding attractive locations for development projects or auspicious acquisitions.

Our **timeliness of delivery** and highly client-oriented approach make us unique.

We are heading for **Top 5** in the market.

Superior relationships with **clients and investors**.

Residential, industrial, engineering, civil, and other **constructions**.

Construction KPIs 2023

71 million	6.5 million	201
REVENUES IN EUR	EBITDA IN EUR	EMPLOYEES

winningps

Building construction
- general supplies for building constructions
- reconstruction and repair of buildings, complete engineering service

Construction foundations
- pilings for structures
- large diameter boreholes 600–1,500 mm

Monolithic structures
- reinforced concrete monolithic structures
- from retaining walls to challenging concrete skeletons

winningsteel

Construction
supply of formwork and drawings for large construction projects

Engineering
delivery of automation and robotics projects

winningestate

Real Estate Development

Complete implementation
of exceptional residential projects

interview

We are where we wanted to be. Among the market leaders

Ondřej Blaho Group President & General Manager, Construction

The year 2023 was the umpteenth year in a row in which your industry faced uphill struggles. What is the market situation?

I guess we all thought with the advent of Covid that it couldn't get any worse, and we were looking forward to the end of that period. But then the war in Ukraine broke out, leaving a continuing impact on the availability and prices of building materials. And now an economic recession has set in. Especially in residential housing, where the market has cooled down a lot. Many development projects are being suspended or cancelled, and companies are downsizing. Let's not try and hide what has been going on. But you know us – we treat a crisis as an opportunity. We usually differentiate ourselves from the competition with our tactics, and we have a track record of success.

So how did you do last year?

We met all our growth plans, on top of which we were extremely prolific in preparing business opportunities. Basically, we have enough work secured for another year. And that's even with meeting turnover and leaving some extra margin. Existing contracts were delivered on time and on schedule despite very adverse circumstances. I'm very proud of all my people for managing it this way. Not only for me personally, but also for many of my colleagues, construction managers, project managers, and the majority of everyone else, it was without exaggeration the most professionally difficult year ever. And not only did we make it – we raised the bar again. We have strengthened our cooperation with the biggest players in the market, such as Geosan, PSG, and Syner. We belong where we wanted to be. Among the market leaders.

What's your recipe for business success?

For a good business deal, I think you need to have a perfect command of two things – numbers and intuition. One without the other is not enough to be able to sense an exceptional opportunity. I would also like to add that, once again, the strategy we've adopted means we're swimming a bit against the current. Even though the real estate market is in crisis and the vast majority of developers are cancelling or suspending projects, we're continuing every single one of them. As an example, I'd like to mention the launch of sales in the large project Nové Oslavany, basically a whole new district, and the ongoing construction of a beautiful residence in the centre of Brno – Slovákova XII. We believe this is the right solution. We have honest faith in our projects. What's more, once the market recovers, we'll be ready to sell while others are yet to build.

**You also celebrated a significant anniversary last year.
Can you tell us more about it?**

Winning Construction includes the construction holding company Winning PS. And its division, PS stavební firma, celebrated its 30th anniversary. I hereby once again publicly congratulate them and wish them many more successes. Some employees have been there since the very beginning. They came under the wing of Winning Group five years ago. It's an amazing experience for me to watch them evolve and be able to talk to them about how they perceive the changes. From the fear of turning a family business into a corporation, to breaking the first billion Czech crowns barrier in turnover. From the initial negative stress of major projects to a retroactive positive evaluation. Nowadays, nobody breaks a sweat signing a fifty-million Czech crowns contract: it's a piece of cake for them. I hear that they're proud to be part of Winning, that they've retained the advantages of a small company while benefitting from the perks of a big company. We're all growing.

**Ondřej, your position in Winning Group has been strengthened.
What changes will this bring?**

I've become a minority owner of Winning PS. I very much appreciate and am grateful for the trust shown. However, the restructuring does not change anything in terms of the functioning and direction of the division. It's more a matter of personnel changes – Winning Construction has its own CFO and my responsibilities have expanded to include HR and IT. We are planning to surpass another billion Czech crowns in turnover within two years, so we're going to strengthen these areas in order to maintain a brisk internal pace alongside external growth.

What's your priority in this regard?

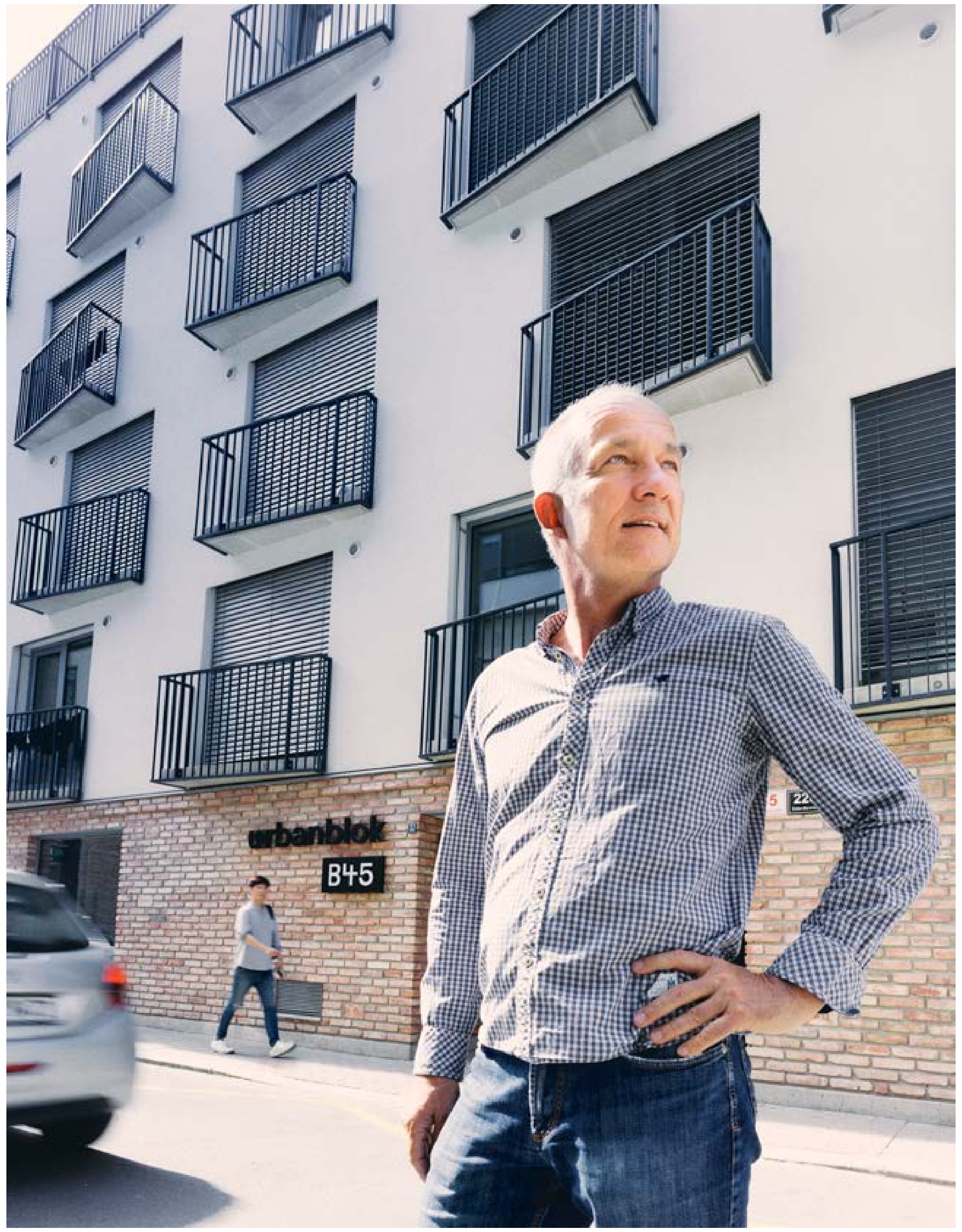
We have high-quality people and we're going to need more. First and foremost, I want experienced senior staff who've been with us for a long time to face new challenges, to be given new opportunities to learn and grow. And so that they enjoy their work. Imagine your personal and professional development as an RPG game. Once you reach a new level, you're immediately motivated to tackle the next one. If you're good and reliable, you won't get stuck anywhere. In addition to skills management, we focus on talent management. We definitely want to attract more students to the field and we're considering a scholarship programme, but this is still under discussion. Every gifted person who graduates in construction but doesn't get the opportunity to work in it is a wasted opportunity.

I'll end with a slightly unconventional question directed to you personally. In your spare time, you write science fiction books and organise street photography exhibitions. Are these pursuits purely about relaxation, or are your artistic world and your professional world somehow intertwined?

Relaxation? No, when I need to compensate for the adrenaline of work and clear my head, I tend to wear a wetsuit. I dive in caves. But I do see a bit of a parallel between art and our work. For example, a good photograph is the one that best captures the moment. Just like we need to capture the type of assignment in which we'll be successful: the right choice of location, a focal point, an opportunity. And the right timing. Sometimes, that's an art too.

The quality of the Allrisk Meridiem complex in Brno, with its filigree facade inspired by the structure of crystal, elevates the entire region. Construction is being carried out by Winning PS as a general contractor.

winningps



“The five-year journey under the wing of Winning Group might seem like a short period compared to the 30 years I’ve spent with the company. But it isn’t. Becoming part of Winning was a change so intense and significant that it cannot be limited only by time. The growth momentum, the business approach and appetite, the culture of the entire holding company, all this has been an indescribable experience for which I feel extremely grateful.”

Tomáš Maruška, project manager, Winning PS – stavební firma s.r.o.
at the building site in Bratislavská Street, Brno

Construction of the Pekárenský dvůr residential complex in Brno, respected for the size and quality of the project, the monolithic structure is the work of Winning PS – Pamstav.

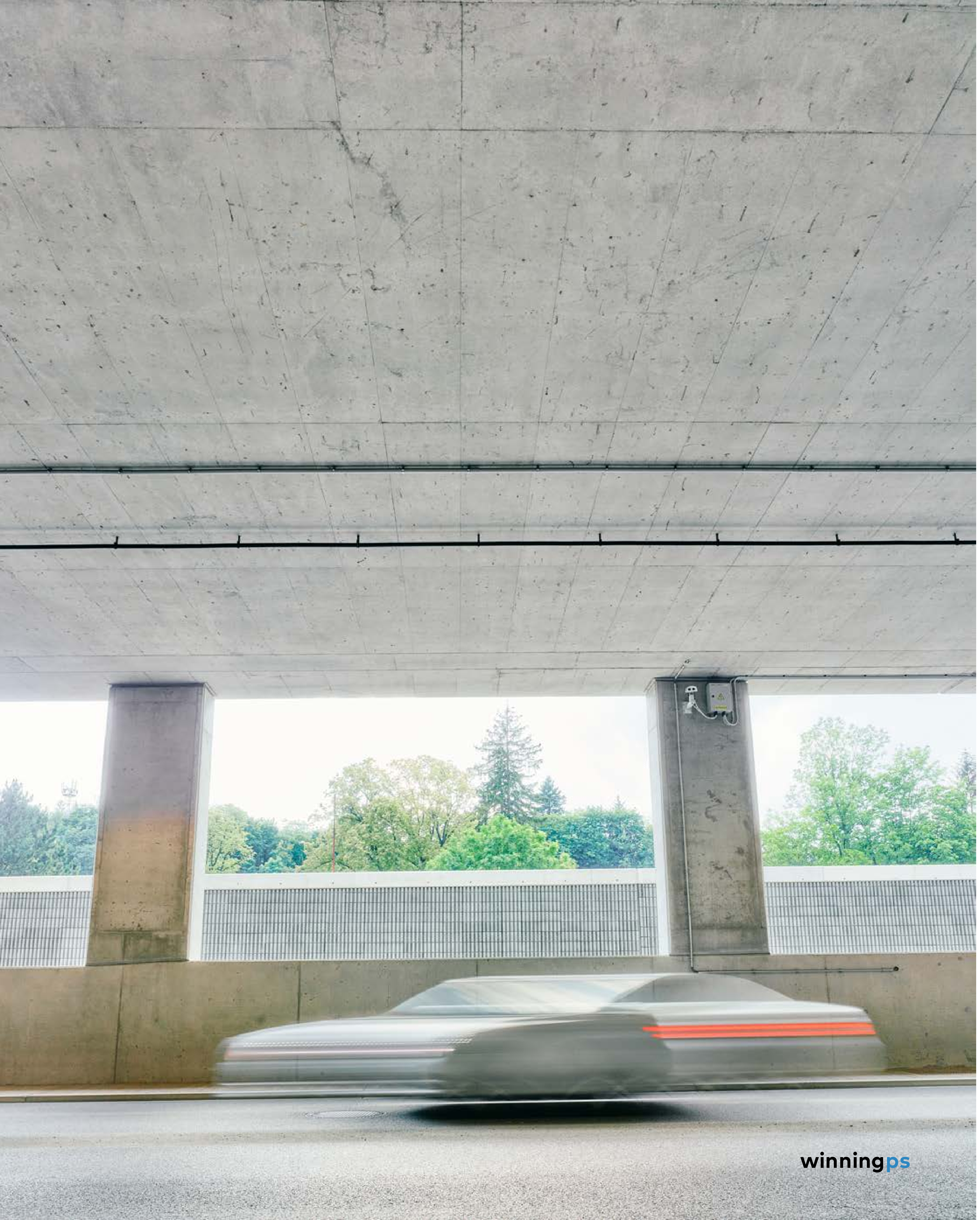
Detail of the monolithic structure
of a single-family house in Brno.

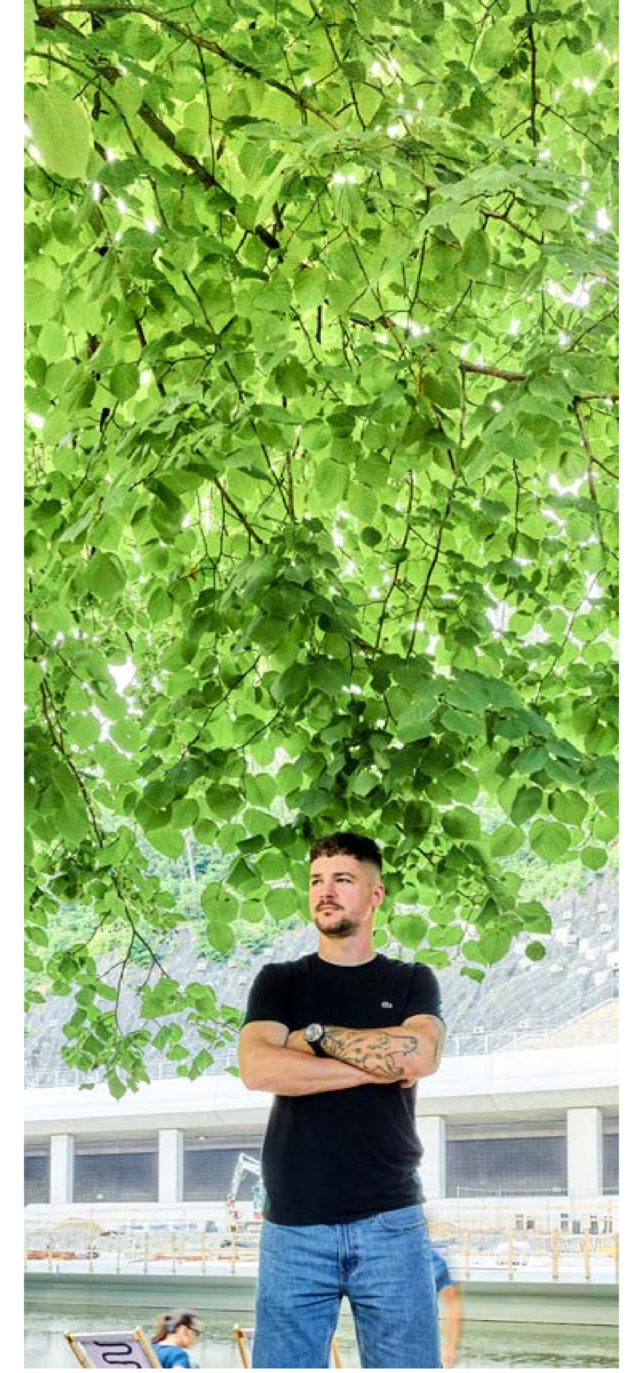
Chittussi's Villa Na Marně in Prague 6 is being developed by Winning PS for Penta. The developer, which focuses on luxury 'Silver and Gold' residences, has launched a new, even higher 'Platinum' category on the basis of this contract.

The apartment building in Praha-Slivenec confirms the municipality's thoughtful investment in a comprehensive construction. After the first phase, we are working on expanding the project to include a municipal kindergarten and cultural centre.

We supplied exposed monolithic structures to the new depository of the Moravian Gallery; the most striking architectural element is the grand spiral staircase. The project had more stringent standards for monitoring humidity and temperature stability. Part of the depository will be open to the public, offering period exhibits, like an original living room from the 1970s.

winningps





"We're sincerely glad that we could participate in something as important and useful as the construction of the town ring road, which will contribute to the overall improvement of transport in Brno. We supplied monolithic structures for a 330 m gallery, and in order to complete the whole work as soon as possible, we worked continuously even through winter, which involved more demanding technological procedures. The result is something we are all proud of."

Lukáš Pfeffer, one of the construction managers for the Brno ring road by Pamstav

“I established the pile foundations company PMK Drill in 2005 together with my partners Zdeněk Novotný and Josef Kopecký. At the end of 2019, we came under the wing of Winning Group along with all employees: construction managers and two dozen workers. Almost all of us still work here, that probably speaks volumes. You can depend on how things work at Winning. The supportive capacities of a large holding company has made it much easier for us: we have more business and financial possibilities, a growing team, and construction preparation itself works better.”

Josef Pipek, founder of PMK Drill and current sales director

PMK Drill, in cooperation with CE PARK, has realised a contract for the expansion of the Linde site in Velké Bílovice using Peikko column fastening technology.

↑ The Sonnentor storage and production hall was awarded the prestigious Building of the Year Award of the South Moravian Region for 2023. We are overjoyed that the building is attracting attention – even in retrospect. It is proof that investing in environmentally friendly solutions pays off, despite increased demands.

→ We reconstructed the inpatient areas and common areas of Pavilion S for the Specialized Health Care Institution Jevíčko in the Pardubice Region. We were happy to contribute to improving the quality of patient care in the region.

Construction of a monumental monolithic structure with eleven aboveground and two belowground floors. We will use up to 19,000 sqm of concrete in the build.

“After eight years operating in the Western market, we feel comfortable bringing Western standards to the Czech Republic and raising the bar for the entire market.”

David Zehnálek Managing Director, Winning Steel

Winning Steel has held a prestigious position in the German market since 2016 and last year it decided to expand. Its acquisition into the Czech Republic exceeded expectations many times over – during the first month the contracts fulfilled plans for the whole year. Significant clients were also found in Switzerland. The ambition for next year will be to develop new markets, strengthen long-term cooperation, and win new clients.

Winning Steel processes 120 to 150 contracts per year, from small to large. It supplies structural engineering and the accompanying complete project documentation. Also planned in the coming years is to focus more on infrastructure projects such as bridges, tunnels, and locks on waterways. Customers praise not only the quality of the resulting work and superior graphic design, but also the smooth and professional communication. Employees, in turn, highlight the motivation and opportunities for professional growth they receive. They can increase their expertise, advance their careers, and achieve personal growth. Whether or not they want to lead an entire team in the future, there is a way forward for everyone. This setup helps create a stable team of ambitious and motivated employees.

Apartment building Rezidence Rostislav
Design work on the seven-story apartment building was started by Winning Steel in cooperation with Winning PS in early 2023. The new building is being built in Brno on Rostislav Square. It will offer 14 smaller housing units with garage parking and a courtyard mostly with greenery. From the design point of view, conditions are complicated due to the demolition of the original building and the foundation and securing of existing neighbouring buildings.

The **Berlin Docks Project** is a large-scale project growing in the heart of Berlin, which for several years in a row we have been involved in preparing during each phase. For example, we supply drawings for construction pits and reinforcements, production documentation for all prefabricated structures, and we cooperate on creating the concept of waterproof structures.

Šárka Valley is a large Prague apartment complex with shops and a kindergarten. We have supplied basic structural engineering and complete documentation, including drawings, for the prestigious developer Crestyl and its Brno partner Atelier99. In addition to being a large project, extra demands also included a technically non-standard and more challenging solution even for conventional buildings.

Golf Residence is a Swiss project that is especially interesting from the static point of view. All buildings are designed for seismic ground, i.e. they are designed to withstand earthquakes. Nuclear shelters are also an integral part (a specific feature of the Swiss market) as well as high demands on the graphic design of drawings.

We build homes, not houses. They're our very own calling card

Winning Estate: **Kateřina Jelínková, Anna Vávrová, Kamil Vokurek**

The cooling of the real estate market has not held the company back; it is successfully continuing its projects according to the original plans. The premium apartment building Slovákova XII in the centre of Brno unveils its façade. Meanwhile, an entire district built literally on a green field, Nové Oslavany, has sprung to life with construction activity; in terms of size, this is the most ambitious Winning Estate project to date.

How would you sum up the previous year?

Kamil: Many developers have halted construction to wait for a livelier sales period, for the prices of building materials to fall again, and for better bank interest rates. We decided to buck the trend. We have continued to build. Firstly, we trust our projects and stand behind their viability. Secondly, this gives us a head start when the market picks up.

Kateřina: In fact, we already have plenty to offer. In April we sold the last two terraced houses of the Padochov project. Elsewhere, we've started the first sales phase in the immense Nové Oslavany project; currently, 23 out of 45 plots for single-family houses have new owners. Roads have been built, streetlamps installed, and connections are ready. These steps are also very helpful: you can already see what the neighbourhood will actually look like, not just a patch of mud churned up by a digger. In addition, the project has been taken over by a new project manager, my colleague Kamil Vokurek, who's managed to significantly reduce costs and therefore the selling price without compromising on quality.

Will you introduce us a little more to the Nové Oslavany project?

Anna: It's something unique. A specific location where we're building a whole new city quarter. Oslavany itself has 4,600 inhabitants and we're building an area for another 1,200 people. There will be services for the elderly, a kindergarten, shops – everything. It's a space conceived for families, accessible for the middle class, and most importantly a project that's very well thought out and complementary to existing developments.

In the Slovákova XII residence, in the heart of Brno, we are finishing up single-room to four-room apartments, with floorspace ranging from 45 sqm up to 240 sqm, in the highest standard. More about the project at **www.slovakova12.cz**

The Nové Oslavany project will see a whole new quarter rise from the ground up, which will include 345 apartments, 25 studios, 28 terraced houses, and 101 building plots, complemented by commercial premises and sophisticated infrastructure. The symbol of the development project is an old pear tree. For more information about the project visit **www.noveoslavany.cz**

Kamil: In addition to single-family houses, seven apartment buildings will be built here, a total of 345 housing units. We're not the type of company that puts profits first and then does nothing for a long time. We're a developer who takes matters personally – we create homes with plenty of privacy and everything you need within easy reach. That's why the apartment buildings here are only four-stories high, set sufficiently far apart, and surrounded by greenery. Future residents are already getting to know each other, they have social media groups, they meet each other at personal events – it's already a vibrant place.

Kateřina: It's by the water, it's on a hill: the place just begs to be settled.

Kamil: This was confirmed by the archaeological surveys we had conducted here. We found artifacts from 2,000 BC, various vessels and tools. The site was already popular during the Bell Beaker period, just before the Bronze Age, when people learned to fire ceramic vessels.

Alongside that you have a large residential project under construction called Slovákova XII…

Anna: Yes, it's a luxury, tall residential building in Brno, a great contrast to Nové Oslavany.

Kateřina: We've already organised the first day of open doors here: my colleague Pavel Sameš led a guided tour describing the history of the construction as part of the Open House Brno volunteer event. Now we're starting sales, we've listed the first 14 of 38 units, including two generous units featuring three rooms with a kitchenette. It is a very exclusive affair, you're right in the centre, and besides that you get a stunning view of Špilberk Castle.

Kamil: Sales are great here, too. We're far from announcing that it's 'sold out'. But at a time like this, and at a stage where it's still under construction, still unfinished, it represents impeccable feedback on our work.

What's next in the pipeline?

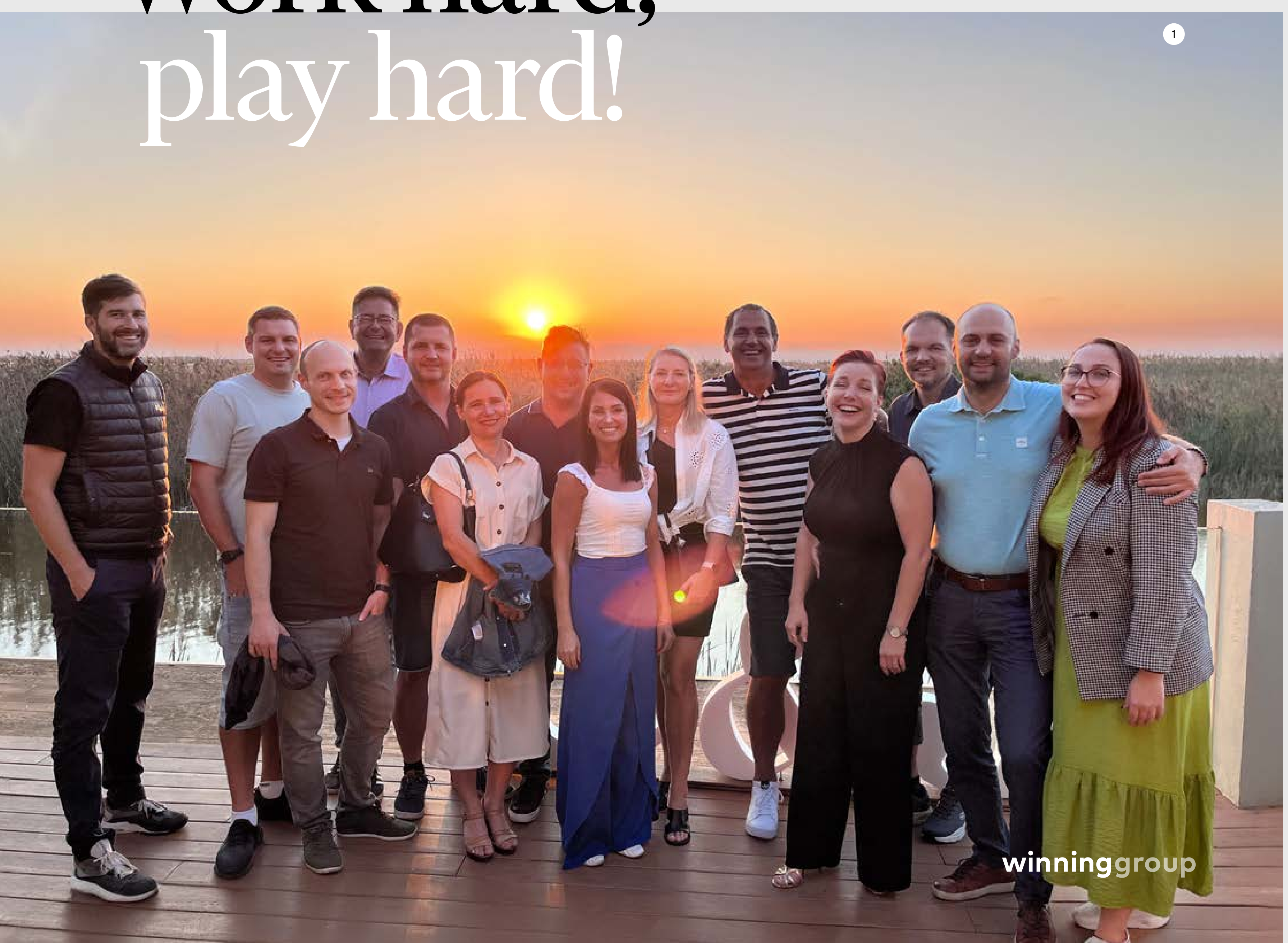
Kateřina: We want to finish the first stage in Oslavany and start the next. The same with Slovákova and other smaller projects we've started. That's a priority. Now, we are talking to you about sales, but in the next phase we'll have to focus on building approvals and everything connected.

Kamil: At the same time, we're already looking for new projects to embark on. There are plenty of them. The biggest challenge is to distinguish the attractive and healthy ones, those with no hidden problems.

Kateřina: We would like something else that's exclusive and in the centre of Brno. We want something difficult. An even bigger challenge! Let the battle commence…

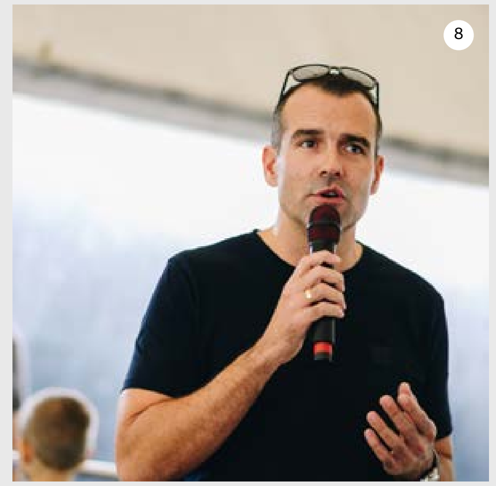
Team spirit cannot just be switched on when you enter work. With colleagues you really trust, you also get on together outside the workplace. And it would not be Winning Group if we did not show the same passionate approach to having fun and adventures as we do for work.

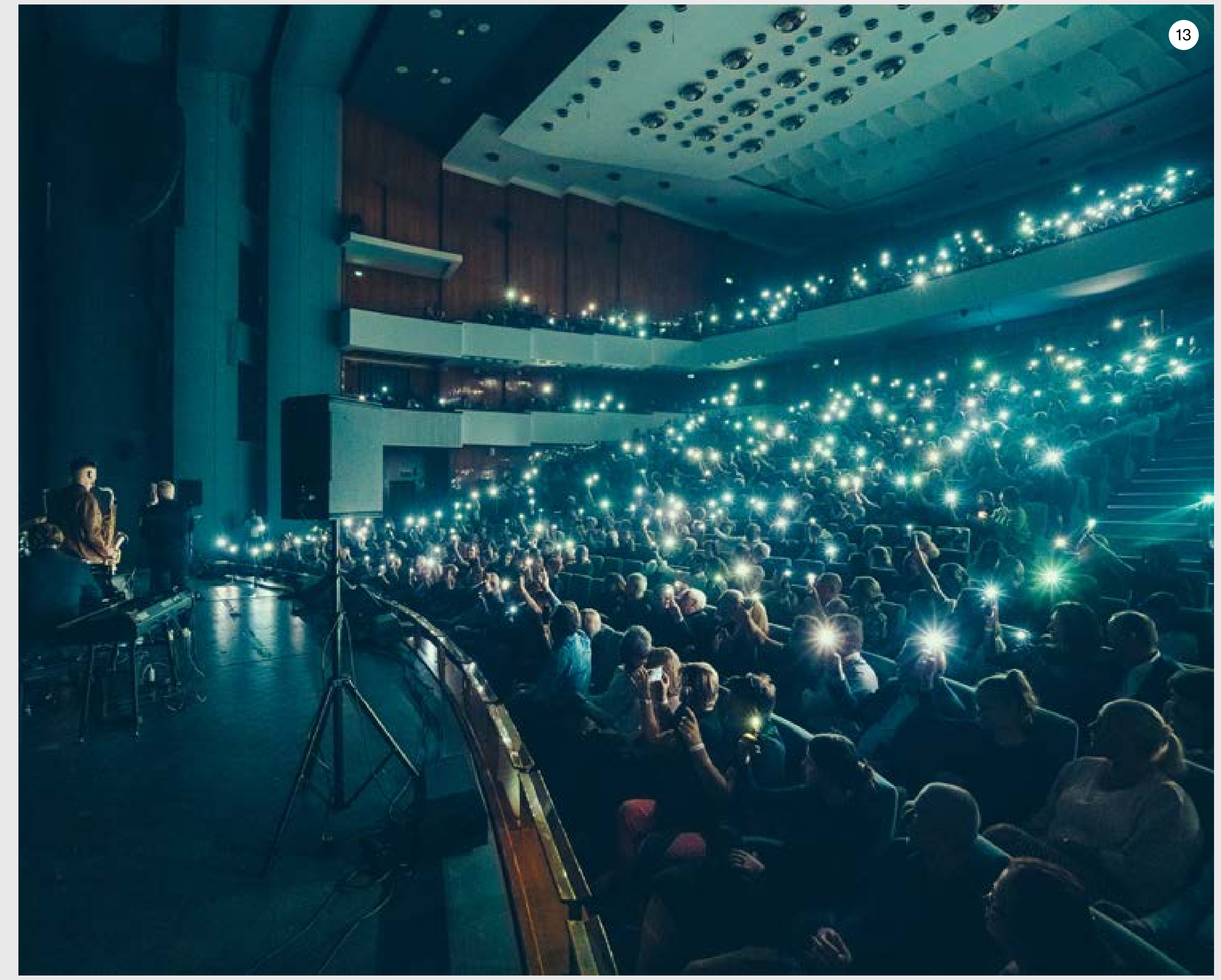
Work hard, play hard!

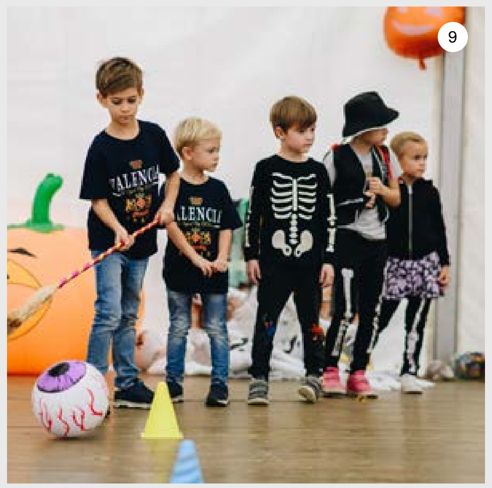


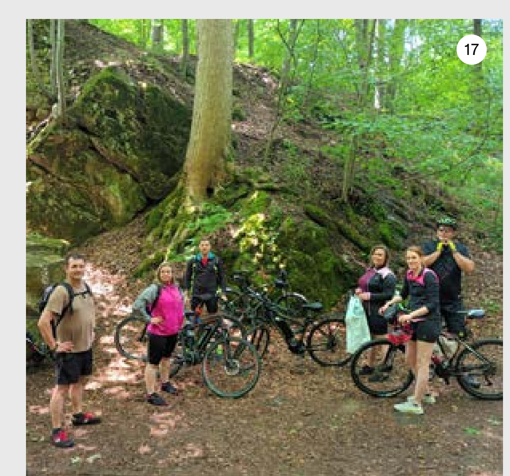
1–5 Senior management meeting, Valencia

6 Ibrahim Maalouf concert to celebrate the 30th anniversary of Winning PS – stavební firma s.r.o.









7–12 Halloween Family Day at the Pavillon restaurant

13–14 JazzFest concert by Chris Botti followed by an afterparty at Pavillon Steak House

15 Easter on the Slovákova XII site: Tadeáš Chlup, Lucie Trtoňová, René Zdráhal, and Oldřich Kovařík

16 Ibrahim Maalouf's concert to celebrate the 30th anniversary of Winning PS – stavební firma s.r.o.; from left: Ondřej Fadrný, Ondřej Blaho, Sebastian Wagner, and Tomáš Kaláb

17–18 Bike trails in the heart of the Moravian Karst

Consolidated financial statements

of Winning Group, a.s.
for 2023

This statement was approved on June 15th, 2024

Sebastian Peter Wagner
Winning Group, a. s.

table of contents

Key financial indicators for the years 2023 and 2022

(in whole thousands of CZK)

	2023	2022
INCOME STATEMENT		
Revenues	11,806,621	8,320,585
Value added*	4,012,787	2,972,077
EBITDA	540,244	767,523
Adjusted EBITDA**	622,281	1,095,075
EBIT	350,185	608,342
Net financial result	-241,679	-141,735
Profit or loss before taxation without minority interests	107,020	465,556
Profit or loss after taxation without minority interests	60,674	330,435
BALANCE SHEET		
Balance sheet in total	5,278,549	4,728,843
Equity in total	663,996	594,848
Net working capital	615,009	1,068,638
Amounts owed to credit institutions	2,242,028	1,984,961
External loans	309,446	275,624
Total debt	2,551,474	2,260,585
Total debt, excl. development projects ***	1,934,483	1,848,685
Cash	495,298	319,894
RATIOS		
EBITDA margin	4.58%	9.22%
Normalised financial leverage***	2.33	1.40

* Value added is calculated as the difference between revenues (I.+II.+INT), production related consumption (A.), change in inventory (B.) and own work capitalised (C.)

** Due to the significant acquisition of German companies during 2022, the 2022 EBITDA has been recalculated for the full 2022 financial year. The restructuring of these new companies in the Group resulted in exceptional revenues and costs that had a one-off impact on the profits of these companies. In order to report the Group's net operating result, Adjusted EBITDA has been adjusted for these exceptional items.

*** The Group has development projects that are financed by loans. Since the expected positive economic result of these projects will not be reported until the year the construction and sale of the newly constructed properties is completed, these loans have been eliminated for the calculation of normalised financial leverage. Leverage is calculated from Adjusted EBITDA.

English translation

Independent Auditor's Report

To the shareholders of Winning Group a.s.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of Winning Group a.s., with its registered office at Křižíkova 2960/72, Brno (the "Company") and its subsidiaries (together the "Group") as at 31 December 2023, and of the Group's consolidated financial performance and consolidated cash flows for the year ended 31 December 2023 in accordance with Czech accounting legislation.

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated balance sheet as at 31 December 2023,
- the consolidated income statement for the year ended 31 December 2023,
- the consolidated statement of changes in equity for the year ended 31 December 2023,
- the consolidated statement of cash flows for the year ended 31 December 2023, and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with the Act on Auditors and Standards on Auditing of the Chamber of Auditors of the Czech Republic (together the "Audit regulations"). These standards consist of International Standards on Auditing as supplemented and modified by related application guidance. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) as adopted by the Chamber of Auditors of the Czech Republic and with the Act on Auditors. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the Act on Auditors.

Other information

The board of directors is responsible for the other information. As defined in Section 2(b) of the Act on Auditors, the other information comprises the consolidated annual report but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information. In connection with our audit of the consolidated financial statements, our responsibility is to read

PricewaterhouseCoopers Audit, s.r.o., Hvězdova 1734/2c, 140 00 Prague 4, Czech Republic
T: +420 251 151 111, www.pwc.com/cz

PricewaterhouseCoopers Audit, s.r.o., registered seat Hvězdova 1734/2c, 140 00 Prague 4, Czech Republic, Identification Number: 40765521, registered with the Commercial Register kept by the Municipal Court in Prague, Section C, Insert 3637, and in the Register of Audit Companies with the Chamber of Auditors of the Czech Republic under Licence No. 021.

the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge about the Group obtained in the audit or otherwise appears to be materially misstated. In addition, we assessed whether the other information has been prepared, in all material respects, in accordance with applicable legal requirements, i.e. whether the other information complies with the legal requirements both in terms of formal requisites and the procedure for preparing the other information in the context of materiality.

Based on the procedures performed in the course of our audit, to the extent we are able to assess it, in our opinion:

- the other information describing the facts that are also presented in the consolidated financial statements is, in all material respects, consistent with the consolidated financial statements; and
- the other information has been prepared in accordance with the applicable legal requirements.

In addition, in the light of the knowledge and understanding of the Group and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the other information. We have nothing to report in this regard.

Responsibilities of the board of directors and supervisory board of the Company for the consolidated financial statements

The board of directors is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with Czech accounting legislation and for such internal control as the board of directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

The supervisory board of the Company is responsible for overseeing the financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Audit 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 consolidated financial statements.

As part of an audit in accordance with the Audit regulations, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the 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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the board of directors and 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.

15 August 2024

PricewaterhouseCoopers Audit, s.r.o.
represented by

Jan Musil

Petr Mališ
Statutory Auditor, Licence No. 2519

Translation note

This version of our report is a translation from the original, which was prepared in the Czech language. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the Czech version of our report takes precedence over this translation.

Consolidated balance sheet

(in whole thousands of CZK)

		31.12.2023	31.12.2022
	TOTAL ASSETS	**5,278,549**	**4,728,843**
B.	FIXED ASSETS	1,654,508	1,562,706
B.I.	Intangible fixed assets	29,954	38,670
B.II.	Tangible fixed assets	1,526,944	1,426,845
B.III.	Long-term investments	19,197	15,020
B.IV.	Active consolidation difference	106,879	114,195
B.V.	Passive consolidation difference	-28,466	-32,024
C.	CURRENT ASSETS	3,601,908	3,146,698
C.I.	Inventories	2,142,226	1,766,540
C.II.	Receivables	964,384	1,060,264
C.II.1.	Long-term trade receivables	47,509	73,720
C.II.2.	Other long-term receivables	12,192	4,970
C.II.3.	Short-term trade receivables	689,730	754,500
C.II.4.	Other short-term receivables	214,953	227,074
C.IV.	Cash	495,298	319,894
D.	PREPAID EXPENSES AND ACCRUED INCOME	22,133	19,439

Consolidated balance sheet

(in whole thousands of CZK) continuation

		31.12.2023	31.12.2022
	TOTAL EQUITY & LIABILITIES	**5,278,549**	**4,728,843**
A.	EQUITY	663,996	594,848
A.I.	Basic capital	80,151	80,151
A.II.	Share premium and capital funds	28,784	24,428
A.IV.	Earnings brought forward	494,387	177,748
A.V.	Earnings for the accounting period excl. minority shares	60,674	330,435
A.VI.	Approved decision on advances for profit distribution (-)	0	-17,914
B. + C.	PROVISIONS AND LIABILITIES	4,610,888	4,135,628
B.	PROVISIONS	510,320	469,764
C.	LIABILITIES	4,100,568	3,665,864
C.I.	Amounts owed to credit institutions	2,242,028	1,984,961
C.I.1.	Long-term owed to credit institutions	1,098,013	1,188,277
C.I.2.	Short-term owed to credit institutions	1,144,015	796,684
C.II.	Trade and other liabilities	1,858,540	1,680,903
C.II.1.	Long-term trade liabilities	40,683	28,493
C.II.2.	Other long-term liabilities	66,139	100,211
C.II.3.	Short-term trade liabilities	1,140,934	1,011,445
C.II.4.	Other short-term liabilities	610,784	540,754
D.	ACCRUALS AND DEFERRED INCOME	4,800	895
E.	MINORITY CAPITAL	-1,135	-2,528
E.I.	Minority basic capital	3	3
E.III.	Minority funds created from profit, incl. retained earnings	-2,624	-3,582
E.IV.	Minority earnings from current accounting period	1,486	1,051

Consolidated income statement

(in whole thousands of CZK)

		31.12.2023	31.12.2022
I.+II.+INT	**TOTAL REVENUES**	**11,806,621**	**8,320,585**
I.	**REVENUES FROM SALES OF PRODUCTS AND SERVICES**	11,806,621	8,320,585
A.	PRODUCTION-RELATED CONSUMPTION	8,080,795	5,750,157
A.2.	Material and energy consumption	4,897,769	3,423,519
A.3.	Services	3,183,026	2,326,638
B.	CHANGE IN INVENTORY PRODUCED INTERNALLY (+/-)	-282,634	-394,755
C.	OWN WORK CAPITALISED (-)	-4,327	-6,894
D.	PERSONNEL EXPENSES	3,395,243	2,233,660
E.	VALUE ADJUSTMENTS IN RESPECT OF OPERATING ACTIVITIES	210,277	143,466
E.1.	Value adjustments in respect of intangible and tangible fixed assets	186,132	150,598
E.2.	Value adjustments in respect of inventory, receivables, and provisions	24,145	-7,132
III.	**OTHER OPERATING INCOME**	**7,747,530**	**2,390,073**
III.1.	Income from sale of fixed assets	17,962	609
III.2.	Miscellaneous operating income	7,729,568	2,389,464
	Settling of passive consolidation difference (Negative goodwill)	3,558	3,823
F.	OTHER OPERATING EXPENSES	7,800,685	2,372,677
F.1.	Net book value of fixed assets sold	3,622	5,187
F.2	Taxes and charges relating to operations	25,843	8,201
F.3.	Miscellaneous operating expenses	7,771,220	2,359,289
	Settling of active consolidation difference (Goodwill)	7,485	7,828
*	PROFIT OR LOSS ON OPERATING ACTIVITIES	350,185	608,342
V.	**INCOME FROM OTHER LONG-TERM INVESTMENTS**	**1,284**	**3,589**
H.	EXPENSES RELATED TO OTHER LONG-TERM INVESTMENTS	2,234	96

Consolidated income statement

(in whole thousands of CZK) continuation

		31.12.2023	31.12.2022
VI.	**INTEREST AND SIMILAR INCOME**	**252**	**827**
I.	Value adjustments and provisions relating to financial activities	-503	420
J.	Interest and similar expenses	221,749	106,415
VII.	**OTHER FINANCIAL INCOME**	**70,157**	**25,491**
K.	Other financial expenses	89,892	64,711
*	PROFIT OR LOSS ON FINANCIAL ACTIVITIES	-241,679	-141,735
**	PROFIT OR LOSS BEFORE TAXATION	108,506	466,607
L.	Income tax	46,346	135,121
**	PROFIT OR LOSS AFTER TAXATION	62,160	331,486
***	out of that: profit or loss without minority shares	60,674	330,435
***	out of that: Minority shares in profit or loss	1,486	1,051
****	**PROFIT OR LOSS FOR THE YEAR**	**62,160**	**331,486**
*	Net turnover for accounting period	19,625,844	10,740,565

Consolidated statement of cash flows

as of December 31st, 2023

(in whole thousands of CZK)

		Current period	Prior period
P.	**CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD**	**268,487**	**145,439**
	CASH FLOW FROM OPERATING ACTIVITIES		
Z:	Profit or loss on ordinary activities before taxation, incl. minority interests	108,071	466,607
A.1.	Adjustments to reconcile profit or loss to net cash provided by or used in operating activities	412,472	318,407
A.1.1.	Depreciation and amortisation of fixed assets	190,059	154,603
A.1.2.	Change in:	27,854	-7,132
A.1.2.2.	Provisions and other adjustments	27,854	-7,132
A.1.3.	Profit (-) / loss (+) on sale of fixed assets	-21,584	-5,796
A.1.6.	Interest receivable and interest payable accounted for	221,497	105,588
A.1.7.	Other non-cash adjustments	-5,354	71,144
A.*	NET CASH FROM OPERATING ACTIVITIES BEFORE TAXATION, CHANGES IN WORKING CAPITAL AND EXTRAORDINARY ITEMS	520,543	785,014
A.2.	Changes in working capital	-151,713	-731,271
A.2.1.	Change in receivables from operating activities, estimated receivables, and deferrals	102,998	-353,762
A.2.2.	Change in short-term liabilities from operating activities,	119 496	767 118
A.2.3.	Change in inventories	-374,207	-1,144,627
A.**	NET CASH FROM OPERATING ACTIVITIES BEFORE FINANCIAL ITEMS, TAXATION, AND EXTRAORDINARY ITEMS	368,830	53,743
A.3.	Interest paid, excluding amounts capitalised	-221,749	-106,415
A.4.	Interest received	252	827
A.5.	Income tax paid on ordinary activities and income tax	-44 935	-54 275
A.***	NET OPERATING CASH FLOW	102,398	-106,120

Consolidated statement of cash flows

as of December 31st, 2023

(in whole thousands of CZK) continuation

		Current period	Prior period
	CASH FLOW FROM INVESTING ACTIVITIES		
B.1.	Acquisition of fixed assets	-278,069	-1,134,390
B.1.1.	Acquisition of tangible fixed assets	-264,043	-1,098,591
B.1.2.	Acquisition of intangible fixed assets	-9,850	-20,779
B.1.3.	Acquisition of long-term investments	-4,176	-15,020
B.2.	Proceeds from sale of fixed assets	17,962	609
B.2.1.	Proceeds from sales of tangible and intangible fixed assets	17,962	609
B.***	NET CASH FLOW FROM INVESTING ACTIVITIES	-260,107	-1,133,781
	CASH FLOW FROM FINANCING ACTIVITIES		
C.1.	Change in long-term resp. short-term liabilities from financing	381,798	1,422,863
C.2.	Effect of other changes in equity on cash	0	-59,914
C.2.6.	Dividends paid, or profit shares paid including withholding tax	0	-59,914
C.***	NET CASH FLOW FROM FINANCING ACTIVITIES	381,798	1,362,949
F.	NET INCREASE OR DECREASE IN CASH BALANCE	224,089	123,048
R.	**CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD**	**492,576**	**268,487**

Consolidated statement of changes in equity

(in whole thousands of CZK)

	Basic capital	Capital funds	Retained earnings	Profit for the year	Advances	Total
Balance as at 1.1.2022	**80,151**	**34,682**	**126,320**	**119,427**	**-30,510**	**330,070**
Fund allocations	0	-3,736	93,428	-119,427	30,510	775
Dividends paid	0	0	-42,000	0	0	-42,000
Advances paid	0	0	0	0	-17,914	-17,914
Impact from FX differences conversion of foreign companies	0	-6,518	0	0	0	-6,518
Profit for 2022	0	0	0	330,435	0	330,435
Balance as at 31.12.2022	**80,151**	**24,428**	**177,748**	**330,435**	**-17,914**	**594,848**
Fund allocations	0	3,266	316,639	-330,435	17,914	7,384
Impact from FX differences conversion of foreign companies	0	1,090	0	0	0	1,090
Profit for 2023	0	0	0	60,674	0	60,674
Balance as at 31.12.2023	**80,151**	**28,784**	**494,387**	**60,674**	**0**	**663,996**

Notes to the consolidated financial statements for the year 2023

1. Basic information about the Group and definition of the consolidation unit

The group of companies consists of Winning Group a.s. as the controlling company and controlled companies (hereinafter the 'Consolidation Unit' or 'Group'). The definition of these companies is given below.

The main business of the controlling company is the management of subsidiaries. The Group's main business is construction and the manufacture of components for the automotive industry.

The owner of Winning Group a.s. is Winning SW Holding s.r.o. with a 90% share and the company WGMH a.s. with a 10% share. The parent company of WGMH a.s. with 100% share is Winning SW Holding s.r.o.

Controlling company

Business name:	Winning Group a.s.
Registered office:	Křižíkova 2960/72, Královo Pole, 612 00 Brno
Legal form:	Joint stock company
Scope of business:	Management of own property
Date of incorporation:	24th January 2018
Balance sheet date:	31st December 2023
Accounting period:	Calendar year 2023
Basic capital:	CZK 80,151,000
Currency of the financial statements:	Czech crown
Company identification number:	06794050
Business register:	Regional Court in Brno, section B, reference number 7911

Controlled companies, consolidated accounting entities

Consolidated accounting entities are controlled companies. For the purposes of consolidation, a controlled company is a company in which the controlling company directly or indirectly exercises a decisive influence. A controlled company is a company in the Consolidation Unit where the controlling company, Winning Group a.s., directly or indirectly has a sufficient number of voting rights to exercise directly or indirectly a decisive influence in the company, i.e. in particular it can appoint or remove a majority of the persons who are members of the statutory body of the corporation of which it is a partner, or it can enforce such appointment or removal. A sufficient number of voting rights usually ensures an majority ownership share in the company or a similar share of voting rights. However, unless the contrary is proved, a person who disposes of a share of voting rights representing at least 40% of all votes in a business corporation shall also be considered a controlling person, on the basis of a rebuttable legal presumption, unless another person or other persons acting in agreement dispose of an equal or greater share. The decisive influence for the purpose of including a subsidiary in the Consolidation Unit means a degree of dependence that stems primarily from the direct or indirect exercise of a sufficient number of voting rights in the controlled company and the discretionary disposal of those voting rights, irrespective of whether and on what legal basis they are exercised (including, where appropriate, the possibility of decisively influencing the exercise of voting rights by another person).

These companies are consolidated using the full consolidation method.

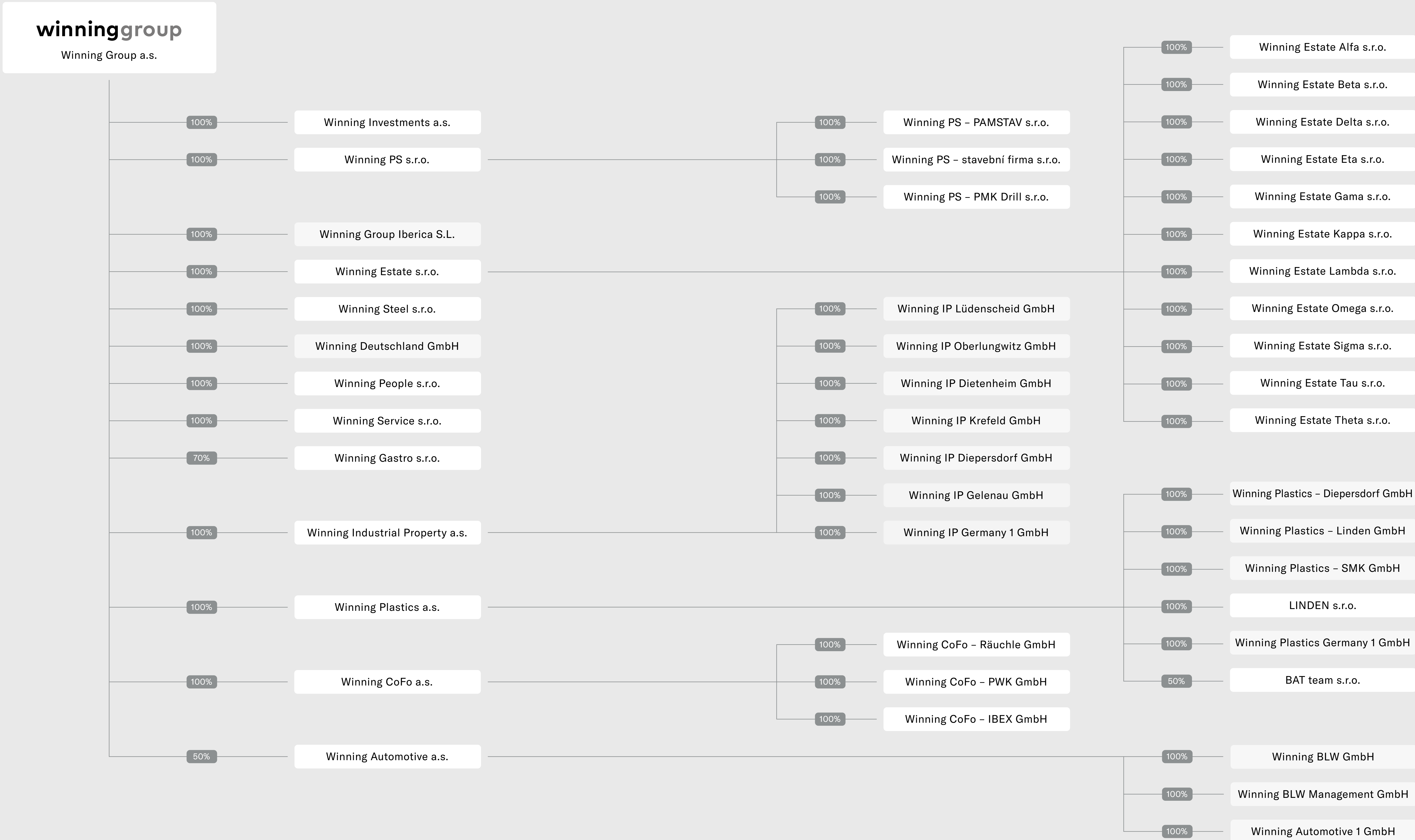
Companies under joint influence, jointly controlled companies

A jointly controlled company is a company in which the consolidating entity exercises, directly or indirectly, joint influence. Joint influence means influence where a person in a Consolidation Unit, together with one or more persons not included in the Consolidation Unit, controls another person, whereas the person exercising joint influence independently does not exercise a controlling influence in that other person.

These companies are consolidated using the proportional consolidation method, with the individual components of the balance sheet and income statement included in the consolidated financial statements on a proportion basis corresponding to the share of equity that belongs to the consolidating entity (direct method of consolidation).

Organisational chart

as of December 31st, 2023



Consolidated group

The consolidating entity is Winning Group a.s.

Company name Registered office	Consolidation method Consolidation type	Legal form	Company ID no.	Business share	Basic capital
Winning Group a.s. Křižíkova 2960/72, 612 00 Brno, CZE	full direct	joint stock company	06794050	100%	CZK 80,151,000
Winning Investments a.s. Křižíkova 2960/72, 612 00 Brno, CZE	full direct	joint stock company	09105263	100%	CZK 2,000,000
Winning PS s.r.o. Křižíkova 2960/72, 612 00 Brno, CZE	full direct	limited liability company	07700245	100%	CZK 2,000,000
Winning PS – stavební firma s.r.o. Křižíkova 2960/72, 612 00 Brno, CZE	full direct	limited liability company	49436589	100%	CZK 1,000,000
Winning PS – Pamstav s.r.o. Křižíkova 2960/72, 612 00 Brno, CZE	full direct	limited liability company	60748087	100%	CZK 3,100,000
Winning PS – PMK Drill s.r.o. Dobronická 1256, 148 00 Praha 4, CZE	full direct	limited liability company	26980487	100%	CZK 1,000,000
Winning Group Iberica, S.L.[3] Roger de Lauria 28 5, 46002 Valencia, ES	full direct	limited liability company	B10764983	100%	EUR 3,000
Winning Steel s.r.o. Křižíkova 2960/72, 612 00 Brno, CZE	full direct	limited liability company	04654960	100%	CZK 3,000,000
Winning Deutschland GmbH[2] Worringstr. 250, Essen, DE	full direct	limited liability company	HRB 28964	100%	EUR 25,000
Winning People s.r.o. Křižíkova 2960/72, 612 00 Brno, CZE	full direct	limited liability company	06116337	100%	CZK 10,000
Winning Service s.r.o. Křižíkova 2960/72, 612 00 Brno, CZE	full direct	limited liability company	01594036	100%	CZK 200,000
Winning Gastro s.r.o. Křižíkova 2960/72, 612 00 Brno, CZE	full direct	limited liability company	08005427	70%	CZK 10,000

1 In 2023, the company joined the WG Group.
2 Company operating in Germany.
3 Company operating in Spain.

Company name Registered office	Consolidation method Consolidation type	Legal form	Company ID no.	Business share	Basic capital
Winning Estate s.r.o. Křižíkova 2960/72, 612 00 Brno, CZE	full direct	limited liability company	06818706	100%	CZK 200,000
Winning Estate Alfa s.r.o. Křižíkova 3009/72a, 612 00 Brno, CZE	full direct	limited liability company	06186611	100%	CZK 150,000
Winning Estate Omega s.r.o. Křižíkova 2960/72, 612 00 Brno, CZE	full direct	limited liability company	08088888	100%	CZK 10,000
Winning Estate Beta s.r.o. Křižíkova 2960/72, 612 00 Brno, CZE	full direct	limited liability company	06399851	100%	CZK 10,000
Winning Estate Tau s.r.o. Křižíkova 3009/72a, 612 00 Brno, CZE	full direct	limited liability company	06820093	100%	CZK 1,000
Winning Estate Gama s.r.o. Křižíkova 2960/72, 612 00 Brno, CZE	full direct	limited liability company	06820166	100%	CZK 1,000
Winning Estate Delta s.r.o. Křižíkova 2960/72, 612 00 Brno, CZE	full direct	limited liability company	06820239	100%	CZK 1,000
Winning Estate Eta s.r.o. Křižíkova 2960/72, 612 00 Brno, CZE	full direct	limited liability company	08198012	100%	CZK 10,000
Winning Estate Theta s.r.o. Křižíkova 2960/72, 612 00 Brno, CZE	full direct	limited liability company	08197971	100%	CZK 10,000
Winning Estate Kappa s.r.o. Křižíkova 2960/72, 612 00 Brno, CZE	full direct	limited liability company	08197938	100%	CZK 10,000
Winning Estate Sigma s.r.o. Křižíkova 2960/72, 612 00 Brno, CZE	full direct	limited liability company	09398392	100%	CZK 10,000
Winning Estate Lambda s.r.o. Křižíkova 2960/72, 612 00 Brno, CZE	full direct	limited liability company	10752404	100%	CZK 10,000

1 In 2023, the company joined the WG Group.
2 Company operating in Germany.
3 Company operating in Spain.

Consolidated group
continuation

Company name Registered office	Consolidation method Consolidation type	Legal form	Company ID no.	Business share	Basic capital
Winning Industrial Property a.s. Křižíkova 2960/72, 612 00 Brno, CZE	full direct	joint stock company	14010089	100%	CZK 2,000,000
Winning IP Lüdenscheid GmbH [2] Kalver Strasse 26, 58515 Lüdenscheid, DE	full direct	limited liability company	HRB 10258	100%	EUR 25,000
Winning IP Oberlungwitz GmbH [2] Hofer Strasse 96-98, 09353 Oberlungwitz, DE	full direct	limited liability company	HRB 34798	100%	EUR 25,000
Winning IP Dietenheim GmbH [2] Räuchlestraße 7, 89165 Dietenheim, DE	full direct	limited liability company	HRB 744482	100%	EUR 25,000
Winning IP Krefeld GmbH [2] Idastraße 60, 47809 Krefeld, DE	full direct	limited liability company	HRB 19296	100%	EUR 25,000
Winning IP Diepersdorf GmbH [2] Industriestraße 22, 91227 Leinburg, DE	full direct	limited liability company	HRB 40763	100%	EUR 25,000
Winning IP Gelenau GmbH [2] Idastraße 60, 47809 Krefeld, DE	full direct	limited liability company	HRB 19169	100%	EUR 25,000
Winning IP Germany 1 GmbH [1, 2] Industriestraße 22, 91227 Leinburg, DE	full direct	joint stock company	HRB 284251	100%	EUR 25,000
Winning Plastics a.s. Křižíkova 2960/72, 612 00 Brno, CZE	full direct	joint stock company	14293480	100%	CZK 2,000,000
Winning Plastics – Diepersdorf GmbH [2] Industriestraße 22, 91227 Leinburg, DE	full direct	limited liability company	HRB 40825	100%	EUR 25,000
Winning Plastics – Linden GmbH [2] Kalver Strasse 26, 58515 Lüdenscheid, DE	full direct	limited liability company	HRB 270420	100%	EUR 25,000
Winning Plastics – SMK GmbH [2] Hofer Strasse 96-98, 09353 Oberlungwitz, DE	full direct	limited liability company	HRB 34810	100%	EUR 25,000
LINDEN s.r.o. Žižkova 750/40, 693 01 Hustopeče, CZE	full direct	limited liability company	26292904	100%	CZK 200,000
Winning Plastics – Germany 1 GmbH [1, 2] Industriestraße 22, 91227 Leinburg, DE	full direct	limited liability company	HRB 284249	100%	EUR 25,000

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Company name Registered office	Consolidation method Consolidation type	Legal form	Company ID no.	Business share	Basic capital
BAT Team s.r.o. [1] U Nového dvora 1076/4, 142 00 Praha, CZE	full direct	limited liability company	01795198	50%	CZK 200,000
Winning CoFo a.s. Křižíkova 2960/72, 612 00 Brno, CZE	full direct	joint stock company	14293692	100%	CZK 2,000,000
Winning CoFo – Räuchle GmbH [2] Räuchlestraße 7, 89165 Dietenheim, DE	full direct	limited liability company	HRB 744297	100%	EUR 25,000
Winning CoFo – PWK GmbH [2] Idastraße 60, 47809 Krefeld, DE	full direct	limited liability company	HRB 19168	100%	EUR 25,000
Winning CoFo – IBEX GmbH [2] Gewerbepark Am Gründel 11, 09423 Gelenau	full direct	limited liability company	HRB 19155	100%	EUR 25,000
Winning Automotive a.s. Křižíkova 2960/72, 612 00 Brno, CZE	proportional direct	joint stock company	09494545	50%	CZK 2,000,000
Winning BLW GmbH [2] Papenbergerstrasse 37, 42859 Remscheid, DE	proportional direct	limited liability company	HRB 31439	50%	EUR 25,000
Winning BLW Management GmbH [2] Papenbergerstrasse 37, 42859 Remscheid, DE	proportional direct	limited liability company	HRB 31440	50%	EUR 25,000
Winning Automotive 1 GmbH [2] Papenbergerstrasse 37, 42859 Remscheid, DE	proportional direct	limited liability company	HRB 263805	50%	EUR 25,000

1 In 2023, the company joined the WG Group.
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2. Group's going concern assumption

The Group's management has concluded that there is no known information that has any material effect on the Group's going concern assumption. In view of this, the consolidated financial statements as at December 31st, 2023 have been prepared based on the assumption that the Group will continue to operate as a going concern.

3. Current economic situation

The current economic situation is primarily marked by the consequences of the war in Ukraine, which began on February 24th, 2022, including the related sanctions against Russia, disrupted supply chains, the energy crisis, uncertainty in commodity and financial markets, and, last but not least, the negative trend of key macroeconomic indicators with an impact on business, such as the inflation rate, rising interest rates, currency volatility, and others.

The increased growth in energy prices and headline inflation naturally affect our Group as well. The Group's management is trying to pass on the increased costs to our customers in order to eliminate the impact of the crisis on the Group. The Group's management has concluded that the impact of the war in Ukraine does not have any material impact on the Group's operations.

4. Accounting practices, valuation and depreciation methods

a) Basis for preparation of the consolidated financial statements

The consolidated financial statements are prepared in accordance with accounting regulations applicable in the Czech Republic to a large group of entities.

Accounting respects general accounting principles, in particular the principle of the valuation of assets at historical prices, the accrual principle, the principle of prudence, and the going concern assumption.

b) Consolidation system

The consolidated financial statements have been prepared in accordance with the procedures for conducting consolidation in a direct manner. They aim to give a true and fair view of the assets, liabilities, financial position, and the profit or loss of the group of companies included in the consolidation as a whole, and serve to inform creditors and shareholders.

For the preparation of the consolidated financial statements, the method of full consolidation was used when including a controlled or managed company (more than 50% participation, i.e. for subsidiaries); also used was the method of proportional consolidation when including a company that is wholly controlled in agreement with other or additional persons, provided those persons have an equal share of the basic capital of the controlled or managed company; additionally applied was the method of consolidation by equivalence when including a company under significant influence (more than 20% participation, i.e. for affiliated companies).

Mutual receivables, liabilities, revenues, and expenses are fully excluded, as are profits from the sale of assets between Group companies. Profit shares received from companies consolidated using the full, proportional or equivalence method were excluded from the consolidated income statement and the consolidated earnings brought forward were increased by their amount.

For the purpose of consolidation, significant accounting practices were unified within the Consolidation Unit. These accounting practices, which are used by each company in the Consolidation Unit, are described below.

The individual financial statements of all companies included in the consolidation have been prepared as at December 31st, 2023. In the income statement, the results of the controlled companies, the proportion of the results of jointly controlled companies, and the shares in the profit or loss of those companies based on equivalence are reported only for the period during which the companies are controlled or jointly controlled by the parent company, or for the period during which significant influence is exercised over them.

For the purposes of consolidation, the balance sheet of Group companies accounting in a foreign currency is converted into Czech crowns at the rate of the Czech National Bank (CNB) on December 31st of the current period. For the purposes of consolidation, the income statement of Group companies accounting in a foreign currency is converted at the monthly exchange rate according to the CNB. The difference between the balance sheet and the income statement resulting from the above conversion is reported in equity in line A.II. Share premium and capital funds.

c) Consolidation difference

Consolidation differences are determined as a difference between the acquisition price of the shares of the accounting entity within the consolidation unit, jointly controlled company or company under significant influence and their valuation according to the shareholding on the consolidating accounting unit at the amount of equity expressed in fair value on the date of acquisition or on the date of further increase in participation (further acquisition of shares). The day of acquisition is considered the day from which the controlling person starts effectively enforcing respective influence on the consolidated accounting entity.

The consolidation difference is amortised over 20 years on a straight-line basis, unless there are reasons for a shorter amortization period. The amortization period chosen must be reliably demonstrable and must not violate the principle of a true and fair view of the subject of accounting and the financial position of the entity.

Amortization of the consolidation difference is recorded under a separate item in the consolidated Income statement.

d) Method of inclusion of newly acquired companies

Companies newly included in the Group in 2022 were (except for Linden s.r.o.) purchased in the form of asset acquisition and the takeover of operations from the company being acquired into the newly formed company. Firstly, an empty company worth its basic capital plus the fees of the selling company was purchased. Secondly, the newly acquired company purchased the assets and took over the operations of the company being acquired. For this reason, the consolidation difference for these companies is insignificant.

e) Minority capital

Minority capital represents minority shares in the equity of controlled persons broken down by shares in basic capital, capital funds, funds from profit, retained or outstanding profit or loss of previous years, and profit or loss of the current accounting period. Minority capital in controlled companies whose equity value is negative is reported only up to an amount at which it is considered highly likely that losses will be recovered by minority owners.

f) Tangible and intangible fixed assets

Tangible and intangible fixed assets are recorded at acquisition costs, which include the cost of acquisition and costs related to its acquisition. Tangible and intangible fixed assets at cost up to CZK 80 thousand are recorded on the balance sheet and depreciated on a straight-line basis over a period of one to three years. Assets worth up to CZK 10 thousand are charged directly to consumption and are not recorded on the balance sheet.

Repair and maintenance costs of fixed assets are charged directly to consumption.

The valuation of fixed assets generated by own activities includes direct production costs and indirect costs strictly related to the creation of the asset. The replacement cost is used for the valuation of tangible fixed assets acquired gratuitously, where the price cannot be determined otherwise, as well as assets newly established in accounting. An expert estimate is used to determine the replacement cost.

During the use of intangible and tangible fixed assets, their amortization/depreciation plan is updated based on changes in the expected useful lifetime. Fixed assets are amortized/depreciated using the straight-line amortization/depreciation method. Assets start being amortized/depreciated in the month of their putting into use.

The following table shows the methods and periods of amortization/depreciation divided by asset group:

Type of asset	Method	Years of amortization/ depreciation
Buildings and structures	Straight-line	10–50 years
Machinery and equipment	Straight-line	3–33 years
Vehicles	Straight-line	3–8 years
Software	Straight-line	1–25 years
Valuable rights	Straight-line	3–25 years
Other equipment	Straight-line	1–27 years

If the residual value of an asset exceeds its estimated recoverable amount, its residual value is reduced to this amount through an adjustment item. The recoverable amount is determined based on the expected future cash flows generated by the asset.

g) Inventories

Purchased inventories are measured at cost using the weighted- average method. The cost of the inventory includes the cost of acquiring it, including costs associated with the acquisition (shipping costs, customs duties, commission, etc.).

Work-in-progress and finished goods are measured at production cost, which includes the cost of materials, work and a proportion of the manufacturing overhead costs according to the state of completion.

For development projects, inventory (work-in-progress) includes all costs related to the project. Capitalization is carried out on a percentage basis according to the value of housing units/commercial premises sold, at the time of sale/transfer of housing units/commercial premises.

Allowances are created on the basis of an analysis of inventory turnover and in cases where the valuation used in accounting is temporarily higher than the current market price of inventories.

h) Receivables

Receivables are reported at nominal value, less an adjustment item for doubtful receivables. The adjustment item for doubtful receivables is based on the age structure of the receivables and an individual assessment of the creditworthiness of the debtors. The Group establishes adjustment items for doubtful receivables on the basis of its own analysis of the solvency of its customers.

The valuation of doubtful receivables is reduced by applying adjustment items to the realisable value included in costs.

i) Derivatives

The Group has financial derivatives that serve as hedging instruments in accordance with the Group's risk management strategy but which are not eligible for hedge accounting under Czech accounting regulations because they do not meet the criteria for hedge accounting. These derivatives are therefore reported as derivatives intended for trading.

Changes in the fair value of financial derivatives for trading are reported on aggregate in financial profit or loss.

j) Foreign currency conversions and foreign exchange operations

Group companies accounting in Czech crowns use a fixed annual rate for converting foreign currencies, which is determined on the basis of the daily foreign exchange market rate announced by the CNB on December 31st of the previous year. The exceptions to this rule are acquisitions of financial assets, surcharges outside basic capital, money exchanges, and intragroup loans, which are accounted for at the current CNB exchange rate on the date of the transaction. Assets and liabilities of a monetary nature denominated in a foreign currency are converted on the balance sheet date at the foreign exchange market rate announced by the CNB.

For the purposes of consolidation, the balance sheet of Group companies accounting in a foreign currency is converted into Czech crowns at the CNB rate on December 31st of the current period. For the purposes of consolidation, the income statement of Group companies accounting in a foreign currency is converted at the monthly exchange rate according to the CNB. The difference between the balance sheet and the income statement resulting from the above conversion is reported in equity in line A.II. Share premium and capital funds.

Unrealised foreign exchange gains and losses are reported in profit or loss. The existence of unrealised foreign exchange differences stems from the entity's obligation to convert assets and liabilities denominated in foreign currency into Czech crowns at the CNB exchange rate valid at the date of the financial statements within the meaning of Section 24(6) of Act No. 563/1991 Coll.

k) Income tax

Income tax is calculated separately for individual companies from the group by applying the applicable tax rate on the accounting profit increased or reduced by permanently or temporarily non-deductible expenses and non-taxable income. The Income tax expense in the consolidated income statement is the sum of income tax expenses for the parent company and other companies subject to full and proportional consolidation.

The company creates an income tax provision because financial statements are prepared at a stage earlier than the point at which the amount of the tax obligation is determined. In the subsequent accounting period, the company will reverse the provision and recognize the tax obligation determined.

In the balance sheet, the provision for income tax is reduced by the advances paid for income tax and any resulting receivable is shown in the line 'Other short-term receivables'; any tax liability is shown in the line 'Provisions'.

l) Deferred tax

Deferred tax is reported for all temporary differences between the carrying amount of an asset or liability in the consolidated balance sheet and its tax value. A deferred tax asset is reported when it is probable that it will be available for tax purposes in the future.

m) Provisions

The Group makes provisions to cover its liabilities or expenses, the nature of which is clearly defined and which are either likely or certain to arise as of the balance sheet date, but the amount or time at which they arise is not precisely known. The provision as of the balance sheet date represents the best estimate of the costs likely to occur or, in the case of liabilities, the amount required to settle them.

n) Equity

In the event that the Company decides to pay advances on profit shares, it shall report this as a reduction in equity on the balance sheet line 'Approved decision on advances for profit distribution'. If, on the balance sheet date, the Company incurs a loss or makes a profit lower than the profit shares paid, it shall report the payment of advances on profit shares or its part thereof as a receivable from the partners/shareholders at the end of the financial year.

o) Revenues

Revenues are accounted for on the date of delivery of the products and their acceptance by the customer, or on the date of the provision of services, and are reported after deduction of discounts and value added tax.

In the development segment of the Group, all costs incurred during construction are reflected in the inventory value and revenues are recognised when the built properties are handed over to the final customers.

p) Cost and revenue accounting

Interest costs arising from loans for development projects are capitalised during the completion period. Other costs associated with loans are accounted as expenses. Revenues and costs are reported on an accrual basis, i.e. to the period to which they are materially and temporally related.

q) Interest costs

Interest costs arising from loans for the acquisition of fixed intangible and tangible assets are capitalised during the period of the completion of the asset and its preparation for use. Other costs associated with loans are accounted as expenses.

r) Leasing

The acquisition cost of assets acquired in the form of financial or operating leases is not capitalised as a fixed asset. Lease payments are accounted as costs evenly throughout the lease term. Future lease payments that are not due on the balance sheet date are disclosed in the notes but are not reported in the balance sheet.

s) Statement of cash flows

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

t) Cash and cash equivalents

Cash means money in cash, including securities and funds in an account, also including the overdrafts of a current account. Overdrafts which are a form of financing are not part of cash and cash equivalents.

Cash equivalents are short-term liquid financial assets that are readily available and convertible into a known amount of cash and are not expected to change significantly in value over time. Cash deposits with a maximum period of three months' notice and liquid debt securities for trading on the public market are considered cash equivalents.

u) Subsidies

One of the companies of the consolidated group received subsidies from the European Union to cover the expenses associated with the operation of the shared services center of the company Winning Steel.

The subsidy is accounted when it is received or when there is an undisputed entitlement to receive it.

The subsidy is recognized in profit (on an accrual basis) if it is a subsidy to cover expenses, and as a reduction of the cost if it is a subsidy for acquisition of tangible fixed assets.

v) Related parties

Related parties of the Group mean:

- parties who, directly or indirectly, may exercise a decisive influence over the Group and companies where such parties exercise a decisive or significant influence,
- parties who, directly or indirectly, may exercise significant influence in the Group,
- members of the statutory, supervisory, and management bodies of the Group, or its parent company, and persons close to such persons, including those undertakings where such members and persons have significant or decisive influence.

Balances and transactions with companies that are part of a Consolidation Unit are eliminated and are therefore not reported or disclosed in the financial statements.

w) Subsequent events

The impact of events occurring between the balance sheet date and the date of preparation of the financial statements is reported in the financial statements when those events have provided additional information about the facts that existed on the balance sheet date.

If significant events have occurred between the balance sheet date and the date of preparation of the consolidated financial statements representing events occurring after the balance sheet date, the consequences of those events are described and their effects are quantified in the notes to the consolidated financial statements, but are not accounted in the financial statements.

x) Differences due to changes in accounting methods and correction of errors from previous years

Differences from changes in accounting methods (including the impact of deferred tax) and corrections due to incorrect reporting or non-accounting for expenses and income in previous reporting periods, if material, are reported under 'Other earnings brought forward'.

5. Fixed assets

a) Intangible fixed assets

State as of December 31st, 2023 (in whole thousands of CZK)

	Software	Research and development	Valuable rights	Intangible fixed assets in progress	Other intangible fixed assets	Total
ACQUISITION COST						
Balance as at 1.1.2023	56,702	169	3,770	3,543	21,542	85,726
EXCHANGE RATE DIFFERENCE	1,080	4	95	0	544	1,723
ACQUISITION INCREMENT OF AC	0	0	0	0	0	0
Additions	4,755	6,391	940	4,493	0	16,579
Disposals	-38,836	0	-155	0	-779	-39,770
Transfers	1,659	3,803	-1,162	-4,003	-6,394	-6,097
Balance as at 31.12.2023	25,360	10,367	3,488	4,033	14,913	58,161
ACCUMULATED AMORTISATION						
Balance as at 1.1.2023	41,002	0	417	0	5,637	47,056
EXCHANGE RATE DIFFERENCE	1,170	17	54	0	192	1,433
ACQUISITION INCREMENT OF ACCUMULATED DEPRECATIONS	0	0	0	0	0	0
Amortisation	14,609	607	1,557	0	1,793	18,566
Accumulated amortisation of disposals	-38,848	0	0	0	0	-38,848
Transfers	0	0	0	0	0	0
Balance as at 31.12.2023	17,933	624	2,028	0	7,622	28,207
Net book value as at 1.1.2023	**15,700**	**169**	**3,353**	**3,543**	**15,905**	**38,670**
Net book value as at 31.12.2023	**7,427**	**9,743**	**1,460**	**4,033**	**7,291**	**29,954**

State as of December 31st, 2022 (in whole thousands of CZK)

	Software	Research and development	Valuable rights	Intangible fixed assets in progress	Other intangible fixed assets	Total
ACQUISITION COST						
Balance as at 1.1.2022	48,826	0	2,519	1,102	10,716	63,163
EXCHANGE RATE DIFFERENCE	-1,232	0	-75	0	-321	-1,628
ACQUISITION INCREMENT OF AC	9,786	0	0	0	9,270	19,056
Additions	6,155	169	1,326	2,441	11,985	22,076
Disposals	-7,211	0	0	0	-10,108	-17,319
Transfers	378	0	0	0	0	378
Balance as at 31.12.2022	56,702	169	3,770	3,543	21,542	85,726
ACCUMULATED AMORTISATION						
Balance as at 1.1.2022	23,634	0	0	0	2,625	26,259
EXCHANGE RATE DIFFERENCE	-722	0	-6	0	-123	-851
ACQUISITION INCREMENT OF ACCUMULATED DEPRECATIONS	9,741	0	0	0	9,270	19,011
Amortisation	15,455	0	423	0	3,135	19,013
Accumulated amortisation of disposals	-7,211	0	0	0	-9,270	-16,481
Transfers	105	0	0	0	0	105
Balance as at 31.12.2022	41,002	0	417	0	5,637	47,056
Net book value as at 1.1.2022	**25,192**	**0**	**2,519**	**1,102**	**8,091**	**36,904**
Net book value as at 31.12.2022	**15,700**	**169**	**3,353**	**3,543**	**15,905**	**38,670**

b) Tangible fixed assets

State as of December 31st, 2023 (in whole thousands of CZK)

	Land	Buildings and structures	Machinery and equipment	Tangible fixed assets in progress	Advances granted	Total
ACQUISITION COST						
Balance as at 1.1.2023	193,782	489,418	950,905	79,441	18,979	1,732,525
EXCHANGE RATE DIFFERENCE	4,902	11,888	18,433	1,907	475	37,605
ACQUISITION INCREMENT OF AC	0	0	0	0	0	0
Additions	0	27,643	106,018	131,305	4,636	269,602
Disposals	0	0	-49,744	-5,080	0	-54,824
Transfers	2,136	4,258	24,775	-10,459	-14,612	6,098
Balance as at 31.12.2023	200,820	533,207	1,050,387	197,114	9,478	1,991,006
ACCUMULATED DEPRECIATIONS						
Balance as at 1.1.2023	0	14,599	291,081	0	0	305,680
EXCHANGE RATE DIFFERENCE	0	935	8,123	-1	0	9,057
ACQUISITION INCREMENT OF ACCUMULATED DEPRECATIONS	0	0	0	0	0	0
Depreciation	3	21,536	146,051	-24	0	167,566
Accumulated depreciation of disposals	0	0	-18,241	0	0	-18,241
Transfers	0	0	0	0	0	0
Balance as at 31.12.2023	3	37,070	427,014	-25	0	464,062
ALLOWANCES						
Balance as at 1.1.2023	0	0	0	0	0	0
Creation/reversal	0	0	0	0	0	0
Balance as at 31.12.2023	0	0	0	0	0	0
Net book value as at 1.1.2023	**193,782**	**474,819**	**659,824**	**79,441**	**18,979**	**1,426,845**
Net book value as at 31.12.2023	**200,817**	**496,137**	**623,373**	**197,139**	**9,478**	**1,526,944**

State as of December 31st, 2022 (in whole thousands of CZK)

	Land	Buildings and structures	Machinery and equipment	Tangible fixed assets in progress	Advances granted	Total
ACQUISITION COST						
Balance as at 1.1.2022	102,760	47,891	414,854	8,074	1,382	574,961
EXCHANGE RATE DIFFERENCE	-188	-179	-10,558	-128	0	-11,053
ACQUISITION INCREMENT OF AC	0	1,620	37,179	0	0	38,799
Additions	187,687	463,458	401,634	116,517	25,435	1,194,731
Disposals	-96,477	-34,514	-16,174	-3,079	0	-150,244
Transfers	0	11,142	123,970	-41,943	-7,838	85,331
Balance as at 31.12.2022	193,782	489,418	950,905	79,441	18,979	1,732,525
ACCUMULATED DEPRECIATIONS						
Balance as at 1.1.2022	0	6,293	140,164	0	0	146,457
EXCHANGE RATE DIFFERENCE	0	-212	-3,808	0	0	-4,020
ACQUISITION INCREMENT OF ACCUMULATED DEPRECATIONS	0	89	33,532	0	0	33,621
Depreciation	0	13,096	118,489	0	0	131,585
Accumulated depreciation of disposals	0	-4,667	-7,869	0	0	-12,536
Transfers	0	0	10,573	0	0	10,573
Balance as at 31.12.2022	0	14,599	291,081	0	0	305,680
ALLOWANCES						
Balance as at 1.1.2022	0	0	0	0	0	0
Creation/reversal	0	0	0	0	0	0
Balance as at 31.12.2022	0	0	0	0	0	0
Net book value as at 1.1.2022	**102,760**	**41,598**	**274,690**	**8,074**	**1,382**	**428,504**
Net book value as at 31.12.2022	**193,782**	**474,819**	**659,824**	**79,441**	**18,979**	**1,426,845**

The significant additions to assets in 2023 are mainly related to the purchase of new machines at Winning Plastics – Dipersdorf GmbH and the technical improvement of new production facilities in the assets in progress of Winning BLW GmbH.

Significant asset additions in 2022 are related to the purchase of investments in Germany in the form of asset acquisitions – see the description in the paragraph 'Method of inclusion of newly acquired companies' above.

Significant land and construction losses in 2022 are related to the launch of two development projects and the related classification of these assets into inventory values.

c) Long-term investments

The Group pays advances (on December 31st, 2023: CZK 19,197 thousand, on December 31st, 2022: CZK 15,020 thousand) to acquire a financial investment that owns a building used for the Group's operational activities. Upon repayment of the advances, this financial investment (including the building) will be transferred into the ownership of the Group.

6. Active and passive consolidation difference

(in whole thousands of CZK)

Movements in active consolidation difference	31.12.2023	31.12.2022
Opening balance as at 1 January	114,195	112,637
Impact of acquisitions in the financial year	169	9,386
Write-off of active consolidation difference	-7,485	-7,828
Closing balance as at 31 December	106,879	114,195

Movements in passive consolidation difference	31.12.2023	31.12.2022
Opening balance as at 1 January	-32,024	-265
Impact of acquisitions in the financial year	0	-35,582
Write-off of passive consolidation difference	3,558	3,823
Closing balance as at 31 December	-28,466	-32,024

7. Inventories

(in whole thousands of CZK)

	31.12.2023			31.12.2022		
	Gross	Adjustment item (-)	Net	Gross	Adjustment item (-)	Net
Material	555,826	-81,393	474,433	581,581	-85,622	495,959
Work-in-progress	901,911	-11,153	890,758	914,643	-24,839	889,804
Semi-finished products	518,635	-55,719	462,916	103,723	-35,112	68,611
Finished products	329,719	-15,601	314,118	331,938	-19,772	312,166
Total	**2,306,091**	**-163,866**	**2,142,225**	**1,931,885**	**-165,345**	**1,766,540**

The Group created an adjustment item to inventories of CZK 163,866 thousand as at December 31st, 2023 (CZK 165,345 thousand as at December 31st, 2022).

Interest in the total amount of CZK 17,359 thousand was capitalised to the value of inventories in 2023 (2022: CZK 15,255 thousand) for development projects.

8. Receivables

Overdue receivables amounted to CZK 218,572 thousand as at December 31st, 2023 (as at December 31st, 2022: CZK 339,870 thousand).

The adjustment item for receivables as at December 31st, 2023 was CZK 8,159 thousand (as at December 31st, 2022: CZK 12,848 thousand).

Receivables are not covered by guarantees in kind and none of them have a maturity of more than 5 years.

The Group has accepted bank guarantees in the amount of CZK 11,063 thousand as at December 31st, 2023 (in 2022: CZK 13,064 thousand).

The Group does not record any other receivables or contingent receivables that are not reported in the balance sheet.

The Company assigns receivables against certain customers under an Agreement on Assignment of Accounts Receivable (Factoring). In 2023, it assigned receivables worth CZK 7,414,500 thousand (2022: CZK 2,021,001 thousand), this income is recorded under ‘Other operating income’. Related expenses are reported under ‘Other operating expenses’. Open factoring receivables are reported under ‘Other short-term receivables’.

9. Equity

The Company has issued the following shares:

- 8013 registered ordinary shares with a nominal value of CZK 10 thousand
- 1 ordinary registered share in paper form with a nominal value of CZK 4.4 thousand
- 1 ordinary registered share in paper form with a nominal value of CZK 1.6 thousand
- 15 registered dividend shares in paper form with a nominal value of thousand CZK 1 thousand

Winning Group a.s. is 90% owned by Winning SW Holding s.r.o., incorporated in the Czech Republic and 10% owned by WGMH a.s., also incorporated in the Czech Republic.

Winning SW Holding s.r.o., with its registered office at Křižíkova 2960/72, Královo Pole, 612 00 Brno, prepares consolidated financial statements for the broadest group of entities to which the Group belongs.

The consolidated financial statements of the Group can be obtained at the address of the company.

On January 30th 2023, the General Meeting approved the financial statements of the Company for 2022 and decided to distribute the profit for 2022 in the amount of CZK 71,262 thousand, whereby part of the profit in the amount of CZK 53,348 thousand would be transferred to the retained earnings account of previous years, and at the same time, advances for profit sharing paid for 2022 in the amount of CZK 17,914 thousand would be settled.

The method of profit distribution is presented in the Consolidated Statement of Changes in Equity.

As of the date of issue of these consolidated financial statements, the Company has not proposed any distribution of profits for 2023.

10. Provisions

(in whole thousands of CZK)

Type of provision	Balance as at 31.12.2023	Change 2023	Balance as at 31.12.2022	Change 2022	Balance as at 1.1.2022
Provision for income tax	131,397	3,339	128,058	80,846	47,212
Provisions for personnel	143,292	36,203	107,089	69,327	37,762
Provision for restructuring	27,709	-37,543	65,252	2,179	63,074
Provision for warranties	38,286	21,043	17,243	6,960	10,282
Other provisions	169,635	17,513	152,122	72,053	80,069
Total provisions	**510,319**	**40,555**	**469,764**	**231,365**	**238,399**

Income tax advances of CZK 22,196 thousand paid by the Group as at December 31st, 2023 (as at December 31st, 2022: CZK 30,995 thousand) were offset with an income tax provision of CZK 151,641 thousand created as at December 31st, 2023 (as at December 31st, 2022: CZK 148,670 thousand). The resulting receivable, if any, is shown under 'Other short-term receivables', and any tax liability is shown under 'Provisions'. The netting of advances with a provision is accounted for at subsidiary level.

Other provisions primarily consisted of a provision for unbilled deliveries as of December 31st, 2023 and 2022.

11. Liabilities

Liabilities are not covered by guarantees in kind and have a maturity of more than 5 years.

The total amount of liabilities not included in the balance sheet, which is based on a concluded operating lease agreements was CZK 780,554 thousand as at December 31st, 2023 (as at December 31st, 2022: CZK 805,368 thousand). These liabilities are primarily related to the lease of the BLW buildings, for which we quote the lease until the end of the contract, i.e. until 2030, out of caution.

Note 20 describes another liability not included in the balance sheet.

The Company has issued bonds with a total value of CZK 150,000 thousand, of which CZK 138,776 thousand remain unsold as at December 31st, 2022. The maturity of these bonds was July 2nd, 2023. As of December 31st, 2023, the Company no longer has any bonds issued.

The Company uses loans from external investors, which amounted to CZK 309,446 thousand as at December 31st, 2023 (as at December 31st, 2022: CZK 264,400 thousand). Most of these loans are secured by a promissory note.

As of December 31st, 2023, the company accounts a liability related to asset acquisition as part of the 2022 Asset Deal in total amount of CZK 91,145 thousand (as of December 31st, 2022: CZK 107,915 thousand); this liability is reported under 'Other long-term and short-term liabilities'.

The Group has issued bank guarantees to its customers amounting to CZK 180,328 thousand as at December 31st, 2023 (2022: CZK 106,325 thousand).

12. Amounts owed to credit institutions

Bank	Type of loan	Currency of loan	Balance as at 31.12.2023	Balance as at 31.12.2022
J&T Bank	Term loan	EUR	932,554	966,498
J&T Bank	Overdraft	EUR/CZK	264,255	168,759
Raiffeisen bank	Term loan	EUR	76,401	88,545
Raiffeisen bank	Overdraft	EUR	67,845	55,670
Komerční banka	Overdraft	CZK	50,000	37,790
UniCredit Bank Czech and Slovakia	Overdraft	CZK	2,722	13,618
Komerční banka	Overdraft	CZK	50,000	0
Trinity Bank	Term loan	CZK	306,713	136,020
Other loans to finance property	Consumer credit	EUR/CZK	491,538	518,061
Total balance			**2,242,028**	**1,984,961**

As at December 31st, 2023, the Group draws on small consumer loans to provide financing for the purchase of individual assets (cars and machinery) totaling CZK 491,537 thousand (as at December 31st, 2022: CZK 518,061 thousand).

As at December 31st, 2023, none of the long-term loans have a maturity of more than 5 years (CZK 24,115 thousand as at December 31st, 2022).

The loans are subject to certain contractual terms.

Violation of these contractual terms may result in the immediate maturity of the loans. As at December 31st, 2023 (December 31st, 2022), the Company was in compliance with these terms.

Certain assets (tangible assets, working capital) were used as bank collateral for loans and other liabilities. The total residual value of this assets was CZK 2,651,904 thousand as at December 31st, 2023 (as at December 31st, 2022: CZK 2,170,885 thousand).

13. Derivatives

(in whole thousands of CZK)

The company uses financial derivatives in the form of currency derivatives. The fair value of these financial derivatives is mainly influenced by exchange rate movements. The derivatives liability is reported in the 'Other short-term liabilities' line.

	31.12.2023			31.12.2022		
	Fair value			Fair value		
	Positive	Negative	Nominal value	Positive	Negative	Nominal value
Currency forwards	166	2,110	92,719	1,584	0	97,666
TOTAL DERIVATIVES	**166**	**2,110**	**92,719**	**1,584**	**0**	**97,666**

14. Information about revenues

(in whole thousands of CZK)

	Revenues 2023	Revenues 2022
AUTOMOTIVE		
Czech Republic	769,343	458,811
Germany	5,872,475	3,771,467
Other EU countries	2,228,711	1,558,046
Non-EU countries	1,181,043	653,281
Total	**10,051,572**	**6,441,605**
CONSTRUCTION		
Czech Republic	1,657,021	1,818,506
Germany	33,566	0
Total	**1,690,587**	**1,818,506**
OTHER		
Czech Republic	64,462	60,474
Total	**64,462**	**60,474**
TOTAL SEGMENTS	**11,806,621**	**8,320,585**

15. Related party transactions

The Group participated in the following related party transactions that were not consolidated:

a) Short-term trade receivables and liabilities, and Group loans:

	Receivables as at		Liabilities as at	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
Winning s.r.o.	0	0	522	511
Winning SW Holding s.r.o.	228	0	88	108
WGMH a.s.	3,240	2,773	0	0
Total	**3,468**	**2,733**	**640**	**619**

b) Sales and purchases:

	Sales for the period		Purchases for the period	
	2023	2022	2023	2022
Winning s.r.o.	0	0	40	39
Winning SW Holding s.r.o.	189	0	0	236
WGMH a.s.	467	222	0	0
Total	**656**	**222**	**40**	**275**

Other receivables include receivables from jointly controlled companies consolidated on a proportional basis, reported as at December 31st, 2023 in the amount of CZK 4,044 thousand (2022: CZK 4,044 thousand). The revenue for these companies is reported in the income statement in 2023 in the amount of CZK 3,433 thousand (2022: CZK 3,433 thousand).

Granted and received loans bear interest at market rates.

As of December 31st, 2023 and 2022, no loans, collateral, or other benefits have been provided to members of the governing, control, and administrative bodies of the Company.

Company vehicles are available to members of the governing, control, and administrative bodies of the Company.

16. Personnel expenses and number of employees

The average number of employees in the Group was 3,256 in 2023 (in 2022: 3,193) of which:

	2023	2022
Number of members of the Company's statutory body	3	3
Number of members of the Company's Supervisory Board	1	1
Average number of other employees in the Consolidation Unit	2,263	2,193
Average number of employees of jointly controlled companies consolidated on a proportional basis	989	996
Average total number of employees	**3,256**	**3,193**

(in whole thousands of CZK)

	2023	2022
Wages and salaries	2,790,165	1,814,581
Social security and health insurance costs	495,858	388,997
Other costs	109,220	30,082
Total personnel expenses	**3,395,243**	**2,233,660**

Other transactions with the management of the Group are described in Note 15 'Related party transactions'.

17. Income tax

(in whole thousands of CZK)

The tax expense includes:

	2023	2022
Tax payable	52,166	126,873
Deferred tax	-7,223	-2,290
Additional income tax payments	1,403	10,538
Total tax expense	**46,346**	**135,121**

Deferred tax was calculated using a 21% tax rate for Czech companies (2022: 19%) and 33% for German companies (2022: 33%) (tax rate for 2024 and beyond).

Deferred tax asset (+) / liability (-) can be analysed as follows:

	31.12.2023	31.12.2022
Deferred tax liability (-)/asset (+) for:		
the difference between the accounting and tax net book value of fixed assets	3,352	-1,672
provisions and adjustment items	8,833	22,091
other temporary differences	0	-1,103
tax losses of previous years	10,632	6,466
Net deferred tax asset (+)/liability (-)	**22,817**	**25,782**

The Group has evaluated the recoverability of this deferred tax receivable and, in the context of the precautionary principle, has decided to report an asset as at December 31st, 2023 in the amount of CZK 12,192 thousand (as at December 31st, 2022: CZK 4,970 thousand), which is likely to be used in the coming years. Deferred tax assets are shown on the line ‘Other long-term receivables’.

18. Expenses and revenues that are extraordinary in terms of volume or origin

Other operating income in 2023 also includes one-off contributions from the customers of companies acquired in 2022 in the total amount of CZK 75,500 thousand (in 2022: CZK 227,942 thousand CZK) and which served to cover restructuring costs of CZK 208,391 thousand (in 2022: CZK 227,942 thousand).

19. Statement of cash flows

(in whole thousands of CZK)

Cash and cash equivalents included in the cash flow statement include:

	31.12.2023	31.12.2022
Cash on hand	701	882
Cash at bank	494,597	319,012
Current account debit balance included in amounts owed to credit institutions	-2,722	-51,407
Cash equivalents included in current financial assets	0	0
Cash-pooling receivable (+)/payable (-)	0	0
Total cash and cash equivalents	**492,576**	**268,487**

Out of the total cash in bank as at December 31st, 2023, CZK 16,004 thousand (2022: CZK 29,553 thousand) was blocked or deposited in term accounts.

20. Commitments and Contingencies

On December 31st, 2023, the Company had a contingent liability. This concerns an obligation under an Call and Put Option Agreement between Winning Automotive a.s. (the ‘Seller’) and J&T Mezzanine, a.s. (the ‘Buyer’). The option agreement is bound to a credit agreement between J&T Banka, a.s. (the ‘Bank’), the Buyer, Winning BLW GmbH, and Winning BLW Management GmbH, dated September 21st, 2020, as amended, and entitles the Buyer to exercise the option vis-à-vis the Seller in the form of a transfer of funds to a bank account. The value of this liability is CZK 49,450 thousand as at December 31st, 2023.

21. Subsequent events

In 2024, there were changes in the statutory body of the Company. Ing. Peter Smataník became a new member of the Board of Directors. Ing. Milan Obdržálek was removed from the position of a member of the Board of Directors. Jaroslav Pažitka was appointed Chairman of the Supervisory Board. Ing. Milan Obdržálek was appointed a member of the Supervisory Board.

In February 2024, all loans of Winning Group a.s. with J&T Bank were repaid.

On January 5th, 2024, a 100% stake in Winning CoFo a.s. was sold. The total sale price was higher than the net value of the consolidated assets, including the consolidation difference as of December 31st, 2023.

On May 10th, 2024, a 100% stake in Winning Plastics a.s. was sold. The total sale price was higher than the net value of the consolidated assets, including the consolidation difference as of December 31st, 2023.

On July 1st, 2024, shares were re-sold in connection with the change in ownership structure across the entire Winning Group while retaining the ultimate parent company Winning SW Holding s.r.o. These following companies were involved: Winning PS s.r.o., Winning Estate s.r.o., Winning Steel s.r.o., Winning Gastro s.r.o., Winning Service s.r.o., and Winning Industrial Property a.s.

As of the date of preparation of the financial statements, management is not aware of any other significant subsequent events affecting the financial statements as of December 31st, 2023.

August 15th, 2024

Sebastian Peter Wagner
Chairman of the Board

Other annual report information

1. Report on the Company's business activities and the state of its assets for the financial year 2023

This annual report for 2023 relates to the Consolidation Unit of Winning Group a.s.

Construction production and specialized construction production of monolithic constructions and the production of machine parts for the automotive industry, which was added to the production portfolio at the end of 2020 and grew significantly in 2022 due to new acquisitions of production companies in Germany, remain the strategic fields in the consolidated unit in terms of turnover. Thanks to these acquisitions, a new branch of the production of plastic parts in the automotive industry was added to the group.

Other fields stemming from the structure of assets and the production programme of subsidiaries primarily include:

- purchase, sale, management, and maintenance of properties;
- rental and management of our own or leased properties;
- engineering activities and related technical consultancy;
- activities of employment agencies;
- security and search activities;
- catering in restaurants, street stalls, and mobile facilities;
- accounting and auditing activities; and tax consultancy.

The Group's assets grew in 2023 mainly due to new acquisitions in Germany, where production buildings and machinery were acquired. The total value of assets acquired in 2023 is CZK 1,237 million.

2. Information on the expected development of the Group

For the next period, the controlled companies included in the Consolidation Unit are assuming that the results of operations will be positive and the financial situation stable. This annual report, in the context of other data, points to a promising trend of the Consolidation Unit's companies expanding their business activities into other areas not directly related to the Group's core business in construction production and the automotive industry.

3. Information on the acquisition of own shares or interests

The Group did not acquire any of its own shares in the financial year 2023.

4. Information on environmental protection activities and labour relations

The Group acts responsibly towards the environment and employees of the company. The Group contributes to environmental protection by regularly monitoring energy and fuel consumption. This monitoring is carried out annually. Related activities also include ongoing employee health support.

The products, processes, and services implemented by our Group are not a significant source of pollution. With regards to innovation, our departments are involved in development activities aimed at meeting strategic objectives in this area. The company regularly assesses environmental aspects and risks, and takes the necessary precautions to avoid environmental harm.

5. Information on the existence of any branch or other part of a business establishment abroad

The Group does not have any branch or other part of a business establishment abroad.

6. Information on subsequent events

In 2024, there were changes in the statutory body of the Company. Ing. Peter Smataník became a new member of the Board of Directors. Ing. Milan Obdržálek was removed from the position of a member of the Board of Directors. Jaroslav Pažitka was appointed Chairman of the Supervisory Board. Ing. Milan Obdržálek was appointed a member of the Supervisory Board.

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As of the date of preparation of the financial statements, management is not aware of any other significant subsequent events affecting the financial statements as of December 31st, 2023.

August 15th, 2024

Sebastian Peter Wagner
Chairman of the Board

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23

"Hard work pays off."

Sebastian Wagner

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