



winninggroup
Annual Report 2022



content

3	Opening remarks Sebastian Wagner
4	The recipe for success? The right people in the right place Sebastian Wagner
10	Winning Group – Profile, business model, acquisition targets, group growth strategy, development
18	M&A 2022: Europe full of acquisition opportunities Peter Smataník
20	Team ideas drive improvement Francisco Joaquin Ribera
26	Segments: Automotive & Construction
30	We do not innovate through adaptation
32	Winning Plastics – Winning Plastics Diepersdorf: From an insolvent company to a hotbed of opportunities. Dietmar Berti, Frank Fahsl
40	Winning CoFo – A European car without parts from Winning CoFo? You can hardly find them. Roland Heller
46	Winning PS – Calm seas don't make good sailors Ondřej Blaho
60	Winning Steel – We have consolidated our prestigious position as a major German player
62	Winning Estate – A solid partner & matters of the heart Kateřina Jelínková, Pavel Sameš, Kateřina Štenclová, Lucie Štrejtová, Kamil Vokurek
66	Work that makes sense – Winning Spirit
70	Consolidated financial statements

Dear Readers,

first of all, I would like to stop briefly and, on behalf of our group, express my deepest sympathies to the people affected by the war in Ukraine.

This conflict has changed the world order over the past year and it is my sincere wish that it comes to a just end and that peace prevails as soon as possible.

For us at Winning Group, 2022 was a year of transformation.

Through four acquisitions of weakened companies, we have managed to create two new divisions and successfully integrate them into our group. As a result, sales and EBITDA have almost doubled. This was only possible thanks to the hard work, support and trust of customers, suppliers and employees of the acquired companies. I would like to thank you all and, at the same time, promise that in Winning Group you have a reliable and stable future partner and employer.

I would also like to warmly thank the employees of the existing companies within the group. You did a great job steering Winning Group through the rough seas of 2022, even as many crises took the wind out of your sails – war, lack of cable harnesses, energy prices and rising inflation, to name but a few. It was your hard work that made us perform exceptionally well even in such difficult times!

I am particularly proud of the fact that, despite our rapid growth, we still have a very low net debt to EBITDA (1.73) ratio. Compared to many of our competitors, we maintain this ratio at a very conservative level.

For 2023, we plan to continue to work intensively to integrate and improve new acquisitions and to use the synergies that result from our new size as efficiently as possible.

Another goal is to bring “Winning Spirit” to all new plants, continuing to transform previously “sick” companies into best-in-class players. I would like to thank all stakeholders in advance, and especially our employees, for being willing to trust and follow us on this journey.

With regards to our planned M&A activities, in 2023 we will focus primarily on companies that show significant synergies with the existing Winning Group portfolio.

I am truly convinced that our group will continue to perform extremely well in the still challenging market environment of 2023 because we are used to putting in the hard work.

I look forward to the many successes in the coming years and thank you all for your cooperation in the last one.



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

interview

Sebastian Wagner: The recipe for success? The right people in the right place

In 2022, Winning Group restructured four acquisitions that together employ 2,000 people. The main mission was clear: Work has to make sense to our people. The absence of internal motivation stands in the way of creative thinking, which affects the growth of the company and the whole group.



W

What headline would be appropriate for Winning Group in 2022?

The journey continues. Not only because we doubled turnover, as before, but also because we completed four acquisitions in the Automotive segment, creating two new divisions – Winning Plastics and Winning CoFo. Last year was also successful for Construction, even though the entire construction sector is about to enter a downturn. However, we are not afraid and are well prepared.

Actual fear of the crisis looks very different. Are four acquisitions your provisional record?

Their combined turnover was €350 million at the time of the sale, which was a really big thing for us. I won't lie, we went all the way and with positive energy every time, but fatigue set in after the last acquisition was completed. That makes me even more proud of us. In addition, success has put energy back into our veins. I feel we are getting more professional every year, we are better able to spot interesting opportunities, and most importantly, through restructurings, we are pushing companies back into the black.

In turning around several companies at once, you need know-how. What is the most important factor to you?

People. The right ones in the right positions. I take the perfect product for granted because we don't buy companies that don't have them. The most important thing is having a really great team, preferably one with a mix of new managers who have our Winning Spirit under their skin and can build our business case, as well as original management, who possess valuable know-how and experience of a particular plant and product. In this way, thanks to three months of intensive preparations, we managed to turn around one of our last acquisitions, Bolta-Werke (currently Winning Plastics Diepersdorf), and bring it back into the black from the first day after the takeover, even though it had been losing two million euros every month up to that point.

And that all in a year when the most serious war in Europe in recent times broke out...

Although it does not feel right to discuss the success of our business within the context of Russia's aggression in Ukraine and the suffering of the people there, it is necessary. Yes, high energy prices and inflation have had a major impact on us, with the year dominated by intense price negotiations, but complaining is not appropriate. At the same time, it is important to remember that there are things that we simply cannot control from our position, and because of them, our everyday life, which we can and must influence, is suddenly no less important. And I think that this sober point of view is also one of the strengths of Winning Group. We didn't panic. We worked like everyone else last year, saving 2,000 jobs through our activities. We have become a player who no longer has to seek acquisition opportunities, but is actively offered them. All this gives me great satisfaction. After all, we are currently the largest automotive supplier based in the Czech Republic, transforming factories into the best on the market, and doing so with the full confidence of our customers.

The Construction segment has not yet made any acquisitions?

That's right, and I'm happy about the decision. It is not so much that we are not actively looking, but rather that the valuations of interesting companies have

not seemed grounded in reality. In other words, they have not made economic sense to us. Instead, we have focused on developing and strengthening the existing companies in the portfolio so that they can cope with the crisis that is brewing in real estate. And who knows, maybe years of interesting acquisitions in the construction sector are about to begin.

You mentioned that people in the right positions are the key to the success of the group. How hard is it to find the right people when you need them?

I think good people are always in the market. Either that, or we've been very lucky for years. One excellent example is the new CEO of Winning Plastics Diepersdorf, Dietmar Berti, who was available just when we were looking for a colleague of his calibre. Do you know why he left his former position? To rejuvenate management as part of the overall restructuring. He's 62 years old. They just didn't seem to notice that he had the energy, experience and drive that any man in their 30s would envy. Thanks to him and the team now operating in Diepersdorf, the factory is moving forward by leaps and bounds.

In 2022, the Automotive segment saw the addition of two new divisions. Do you intend to set up even more or prefer to focus on further developing the existing ones?

We want to focus on finding synergies and bringing the companies under the wing of the group. The first joint project will cover, for example, the buying and selling for the entire Automotive segment, which will generate significant economies of scale or synergies for customers.

So, you're not going to keep focusing on Germany?

We will not turn a blind eye to attractive opportunities in Germany, but will be selective. We would like to transfer our acquisition activities to Eastern Europe or Spain. In other words, to countries with lower labour costs, and in order to diversify our portfolio. Our sights are also set across the Atlantic, mainly because of our customers who operate globally and would appreciate us supplying them not only in Europe but also in America.

Isn't that a big challenge?

It is. But we will enjoy it because we will learn a lot of new things again.

Is there something you don't want to try?

Greenfield projects. During my career, I have seen many seemingly promising projects that have required large investments, falter and bring down healthy businesses, which is something I am keen to avoid. At Winning Group, we will therefore continue to adhere to our strategic model of buying and developing companies that have a good quality product, functional production and proven know-how.

What other synergies in the group of companies are you targeting besides those resulting from the joint negotiations of sales departments?

We see great potential in the gradual improvement of production processes that we can share between companies across the group. I don't mean managerial interference in the running of factories, but the accumulation of ideas that can come from any employee. I don't want people working in our group who come to work for eight hours to a job that they don't enjoy, that they don't think about, that they don't see the point of, and therefore lack motivation to contribute personally. I would like Winning Group to create a fertile ground for creative thinking.

How exactly do you plan to achieve this?

We have already introduced two initiatives along these lines that have caught on well. One of them is the *Kaizen Challenge*, which brings together improvement projects from all plants. It is actually a competition for the best

improver, which we evaluate quarterly and annually. Thanks to it, employees across companies get to know each other and inspire each other when the winners are announced. Cultivating a healthy competitive spirit is ultimately one of the cornerstones of Winning Spirit. I'm happy that people aren't afraid to come up with seemingly small improvements because these are ultimately the most effective ones when a lot of them come together. If I spend all day on the work floor, I am much more qualified to solve a machine problem, for example, than a manager who sits in their office.

And the second initiative is about what?

Energy consumption or its significant reduction. Thanks to the *Energy Challenge*, we managed to reduce consumption by 18% last year. We gathered a fair number of ideas – from the smallest modifications on the work floor to larger projects – which were evaluated once a fortnight by a specially created team. We then implemented the feasible ones across the group.

Speaking of energy, how did the war affect your thinking about it?

It was certainly an impetus to rethink the current approach. Until recently, energy was a commodity that was simply available to us. Its price could fluctuate, but it was available. The war has forced us to think intensely about where we draw our energy needs from, both countries and sources. Fossil fuels simply cannot be relied upon any longer. Although this is a new topic for us to a certain extent, we are trying, as usual, to dive into it as deeply as possible. We are currently working on a detailed timetable that should lead us to 100% independence from fossil fuels by 2030 at the latest, but we hope much sooner. Our ambition is to come up with a plan that ensures 100% green energy for the whole group in the long run.

Let's focus on the most significant events of the past year in each of the segments. Besides new acquisitions, what pleased you about Automotive?

It was a rather challenging year for the sector as a whole, with rising inflationary pressures, rising energy prices, and supplies anything but stable. We negotiated with customers about price increases, or I should say their contribution to our cost increases, perhaps five times in one year. With regards to these conditions, our companies performed above standard. Winning BLW even won what was essentially a record number of new orders for electric vehicle and electric truck applications. You can tell the customers trust the company. Winning Plastics Linden and SMK also successfully stabilised, fulfilled their plan, won new orders and, at the same time, very quickly connected with Winning Plastics Diepersdorf. They now pull together really well.

How about Construction? Residential housing is entering a downturn, do you have enough orders for 2023?

Our "don't panic and prepare thoroughly for everything" approach also applies to the construction industry, so we have a really decent buffer of orders contracted for this year. We have been able to negotiate a fair deal with a large proportion of our investors with regards to sharing the rising costs. We also have the advantage that we only take on projects that make sense to us. We will never undertake loss-making contracts, giving preference to slowly reducing our activities. In any case, 2022 ended well above expectations. PMK Drill, in tandem the driving force that is Pamstav, have an amazing pull on goal and are doing bigger and bigger projects. Winning PS – stavební firma managed to complete the largest order in its history, the headquarters of Sonnentor in Čejkovice, flawlessly and in record time. And Winning Estate, which is behind the Slovákova XII residence, won the Architecture Award for it! These results make me extremely happy.



Do you know how to reward yourself and relax after a hectic working period or do you immediately jump into new projects?

Sometimes I do. That said, I am just as happy to see a company that was in trouble start to flourish under our hands. At the same time, I don't really need that much time for relaxation. I just need to be at home with my family in the evenings and meet friends. Actually, I have to add sport to the mix. Which reminds me, I almost forgot that my wife signed me up for the marathon again, so I should start training slowly. Whether it qualifies as rest, I don't know.

We move our companies
and the entire industry
forward

KPIs 2022

Turnover	€ 345 million
EBITDA	€ 31.8 million
Team	3,300 employees
Standardised leverage	1.73 ×

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 trust our people completely

- 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

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 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



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, with the aim to make every acquisition prosper in the long run. We avoid unnecessary indebtedness and consider cash flow to be 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 the 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 efficiently.

acquisition targets



Size

Minimum turnover €25m, maximum turnover €250m



Profitability

Potential to reach 10% EBITDA after restructuring or group integration



Financing

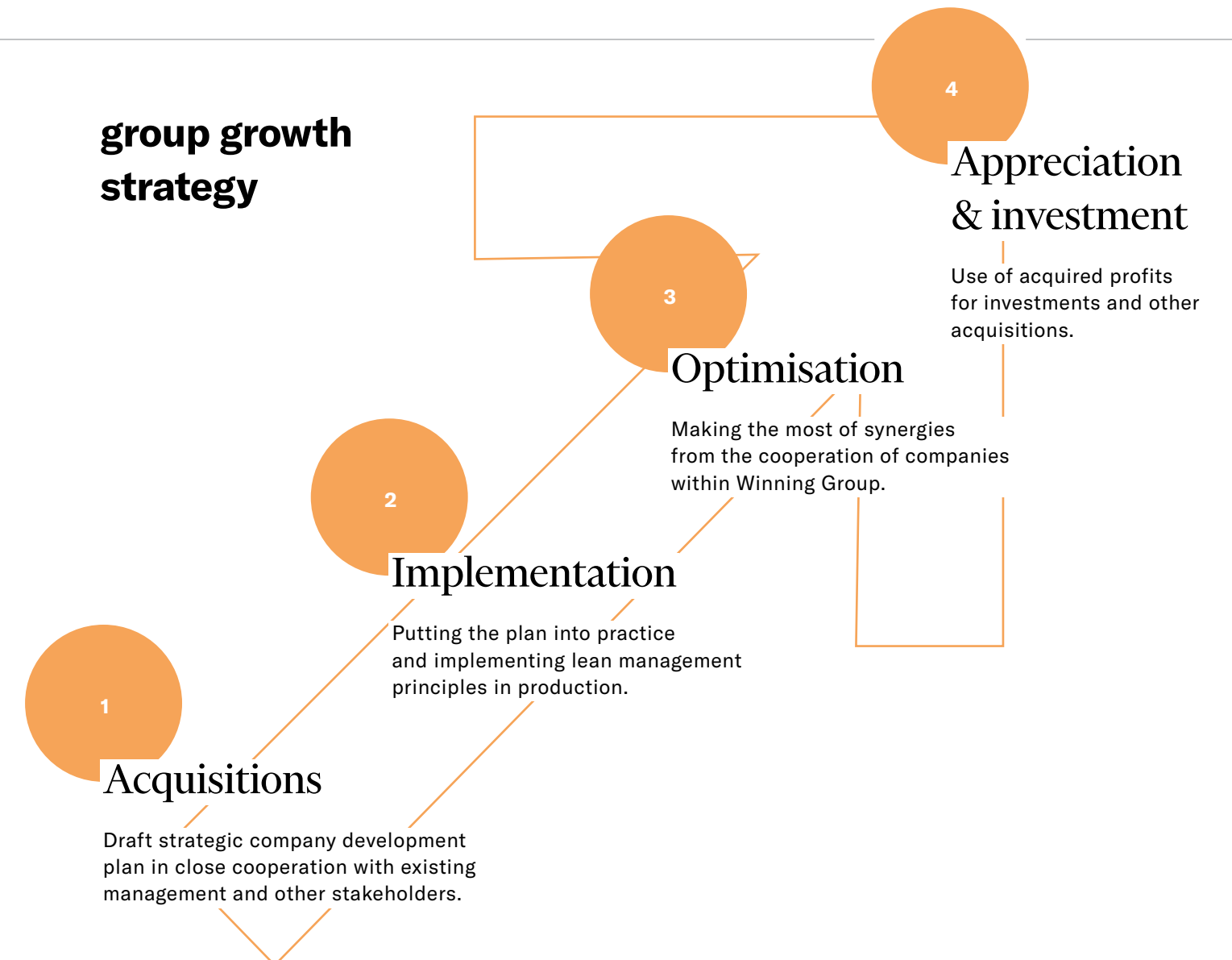
Combination of equity and bank capital



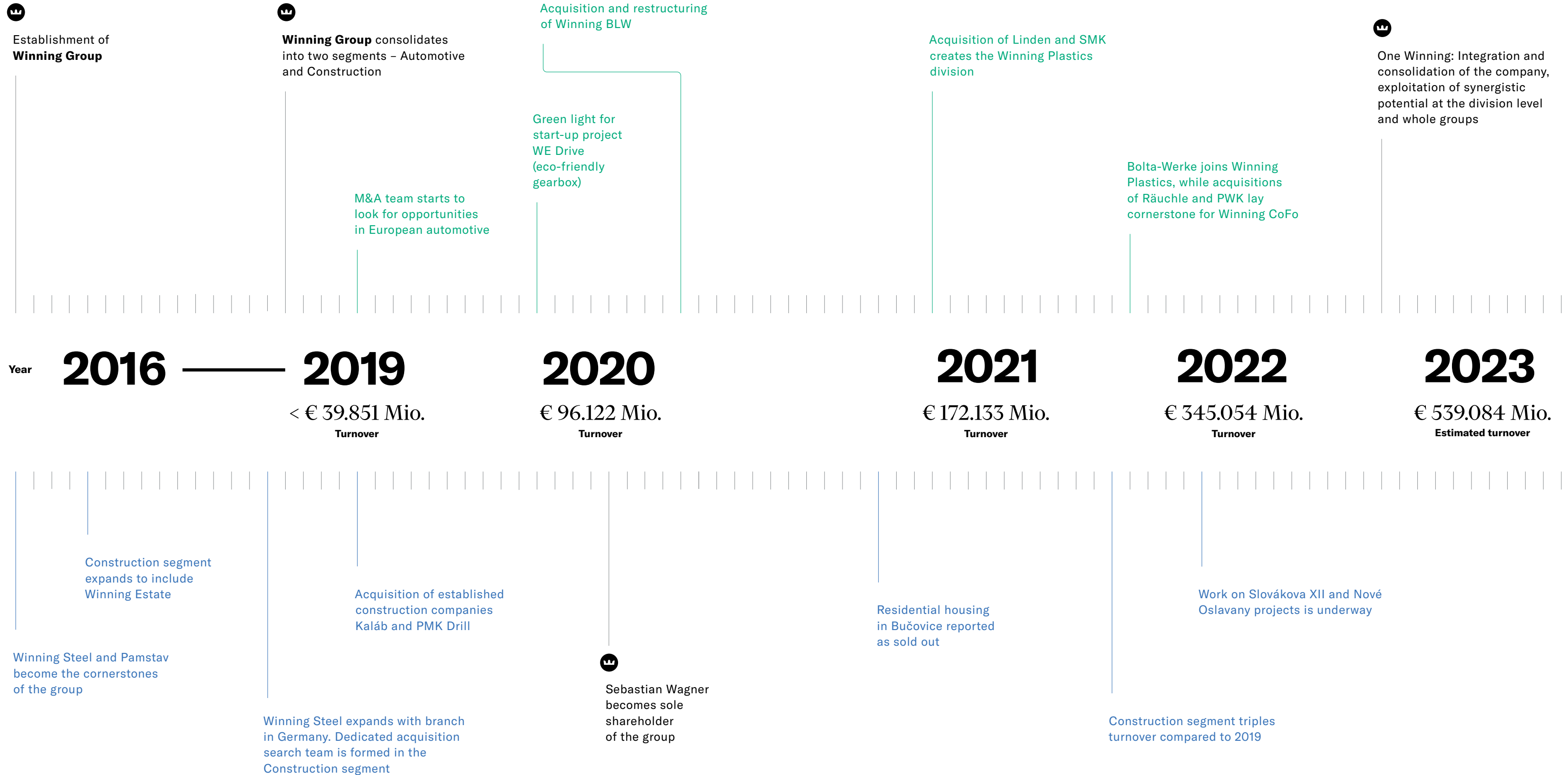
Value

Total company value up to €100 million

group growth strategy



development of Winning Group



M&A 2022: Europe full of acquisition opportunities

Peter Smatanik Director of Corporate Development

Winning Group has turned four of its acquisition targets, all insolvent companies, into profitable members of the group. The results for 2022, which was marked by successful turnarounds, has also seen the company inundated on a daily basis with offers of companies for sale.



“It goes without saying that we are actively looking for acquisitions, not waiting for offers to land in our laps,” says Peter Smatanik, Director of Corporate Development for Winning Group. The year 2022 was an abnormally challenging year for his team. The European pool of acquisition opportunities in the automotive industry grew to a record high. Within this context, it has been a challenging long haul to make qualified assessments of one hundred bids in one year and bring four acquisition processes to successful conclusions. “Any acquisition, no matter the opportunities and how attractive it looks, inevitably brings a lot of risk to the group. Even if you do your best to detect potential threats, you always step into an unexplored field with a certain feeling of trepidation. However, I have a hunch that Sebastian enjoys it,” says Smatanik about the founder of Winning Group.

The combination of Smatanik’s professional vigilance and Wagner’s drive to achieve goals has paid dividends – the Group doubled in size last year through acquisitions and became a medium-sized player in the European automotive sector. The group’s construction arm is still looking to expand, which has not been helped by the lack of acquisitions in 2022. “The sellers’ expectations do not meet ours. Simply put, the offers so far have seemed severely overvalued,” explains Smatanik. However, the crisis that is coming to the construction industry will deliver some interesting prospects soon, with the Winning Group M&A team ready to handle them in the Czech Republic and Slovakia.

How does Winning Group choose its acquisition targets?

“Trained instinct plays an important role,” says Smatanik, who has participated in more than 100 purchases or sales of companies during his career. In addition to instinct supported by experience, however, it is of course guided by the group’s investment strategy, which carries clear criteria for evaluating available businesses. “It is essential to answer yes to the question of whether we understand the company’s business and whether it will bring extra value to the group,” says Smatanik, describing the most important benchmark on which the group stands in the automotive, engineering, metalworking and construction sectors.

For a group the size of Winning Group, it also depends substantially on how the new acquisition complements the existing portfolio. “I want to know what synergies we can achieve with the new addition. Will it generate new customers? Will it create a better negotiating position? Does the company have a product that will put us in a position of strength for the future?” As a result of the answers to these questions, there is now an unprecedented consensus among the three business units in the Automotive segment – companies from all divisions benefit from significant synergistic potential, with the investment in their acquisition therefore appreciating much faster. The CoFo division, which specialises in cold forming, was in competition before the acquisition

and probably would not have survived on its own in the market, whereas it now forms part of a very strong industry platform and complements Winning BLW and Winning Plastics perfectly. The same is true in the Plastics division, whose individual companies have found their ideal partner – what complicates the flow of production in one plant, is taken up by another plant as a welcome addition to capacity, and vice versa.

Of equal importance is the counter party’s price expectations. Although Winning Group is constantly growing, it allocates capital prudently. One of the conditions is that investments must generate solid cash flow in the shortest possible time. “Investing in a wonderful product or a fantastic factory that never generates returns is not good,” suggests Smatanik, adding: “We prefer to have goals that reflect an opportunity for improvement, and in which we see the so-called business case.” This is clearly visible through the group’s history of acquisitions, its strategy of buying companies, and the active involvement of management in their development, which has paid off. “We have built a division that is not dependent on supply for internal combustion engines and our companies have a bright future,” he adds.

What role does company size or geography play in decision-making? Peter Smatanik is clear about this. The ideal acquisition for Winning Group is around €100 million in sales, with a minimum of €40 million.

“In terms of location, it is true that we have, so far, mainly focused on Germany. In the future, we want to diversify and grow in the automotive industry and elsewhere,” he says, adding that countries with lower labour costs, preferably the Czech Republic, Slovakia and Spain, and in the medium term also Mexico, are in his sights. “Our Spanish subsidiary has several acquisition opportunities in its sights,” comments Francisco “Paco” Ribera, Director of Operational Excellence at Wining Group, explaining: “Spain is the second largest automotive market in Europe. Moreover, it is labour-friendly. We actually can’t afford not to be in it anymore.” All the opportunities are bolt-ons. In other words, they appropriately complement the existing portfolio. The vision of expanding across the ocean is still alive in his mind, too. Why Mexico? “Low cost, highly skilled workforce, large concentration of OEMs. Mexico is becoming the automotive hub of the continent,” says Ribera, adding that this is where much of the global investment is going and that Mexico is a strategic gateway to enter the US market.

“But just as important as growth is building and strengthening the group from within. In the last two quarters of 2022, we have focused on creating a functional framework for all divisions, integrating departments and services across the entire automotive sector, which now has new vice presidents and joint business directors,” he concludes, whereby the emphasis is on the strategic direction of the group.

Team ideas drive improvement

Francisco Joaquin Ribera Director, M&A and Operational Excellence

The vast majority of people have an innate desire to make a difference, improve and move forward, says operational efficiency expert Francisco J. Ribera. In 2022, he and his team set up an operational and evaluation framework for all Winning Automotive companies according to the principle “together we are stronger”. Part of the overriding Winning Operating System (WiOS), based on the principles of lean manufacturing, includes the challenge of motivating employees to engage in continuous improvement processes. The winning ideas that came together in the last quarter of the year should generate savings of almost €2 million a year.



“We are a group straddling thirteen manufacturing plants and several regions, with the management philosophy, but also the experience of people varying from plant to plant. It’s in all our best interests, that’s what I’m trying to do, to get us all pulling in the same direction,” Ribera says, describing his main task, which started in the last quarter of 2022 with the launch of two internal group-wide challenges known among employees as the Kaizen Challenge and Energy Challenge. Kaizen is a methodology through which the company constantly moves towards operational excellence, i.e. delivering products and services of the highest quality, at the lowest cost and with the shortest delivery time. “Of course, reducing energy consumption is part of it, but due to the unprecedented situation on the energy market, we have decided to put a special emphasis on energy conservation,” explains Francisco, dividing the competition into two categories.

But because achieving perfection is a never-ending struggle, the core philosophy of process improvement lies in the constant questioning of the status quo and its subsequent optimisation. “More than at any other time, the journey is the destination. Operational Excellence is a long-term, never-ending process. Changes don’t happen overnight. It requires a shift in mentality, the loosening of fertile soil so to speak, to generate ideas and release creativity. It’s about people. The more

actively involved they are, the more ambitious we can be. The change is up to all of us,” says Francisco, describing his mission, adding: “I know from experience that there are almost no limits to positive change for an enthusiastic group of people.”

During the fourth quarter, when anyone from workers to senior managers could participate in the challenges, improvements sprouted across the group, which combined should generate annual savings of around €2 million. “I’m not satisfied with the total number of participants yet. We’re just getting started. I believe though, that submitting ideas will become a trend,” Francisco comments, adding that he would like to motivate people from production who know best what and how to make improvements. And the results of the Kaizen Challenge for the first quarter of 2023 confirm his optimism. According to initial estimates, all the ideas combined are expected to generate savings of more than €4 million.

Each plant and then each business unit determines its quarterly winner. At group level, one absolute winner is announced at the annual top management meeting. In 2022, projects to reduce waste and increase productivity, improve overall plant efficiency or consolidate or completely reconfigure instrumentation and assembly lines were shortlisted. The impact of these proposals and the potential for savings will be multiplied when applied across the group. “Winning Spirit is not just about competitions,” Francisco emphasises, adding: “I want our people to enjoy their work, to make sense of it, to trust their superiors, and to know that they can turn to them at any time.”

According to Francisco, the importance of improving operational efficiency will only grow in the coming years: “We have to be faster, smarter, we can’t lose our focus. I accept it’s not easy. After all, every factory is busy dealing with everyday worries. Not losing sight of Operational Excellence requires extra effort. Without it, however, we will lose our competitiveness, which is suicide in today’s global markets.” In 2023, Ribera plans to focus on the live launch of WiOS, supported by Lean/CI Coordinators from individual factories, and on lean management training in all Winning Group businesses, already allocating the necessary resources to training. In the future, the same setting of efficient processes awaits the Construction segment.

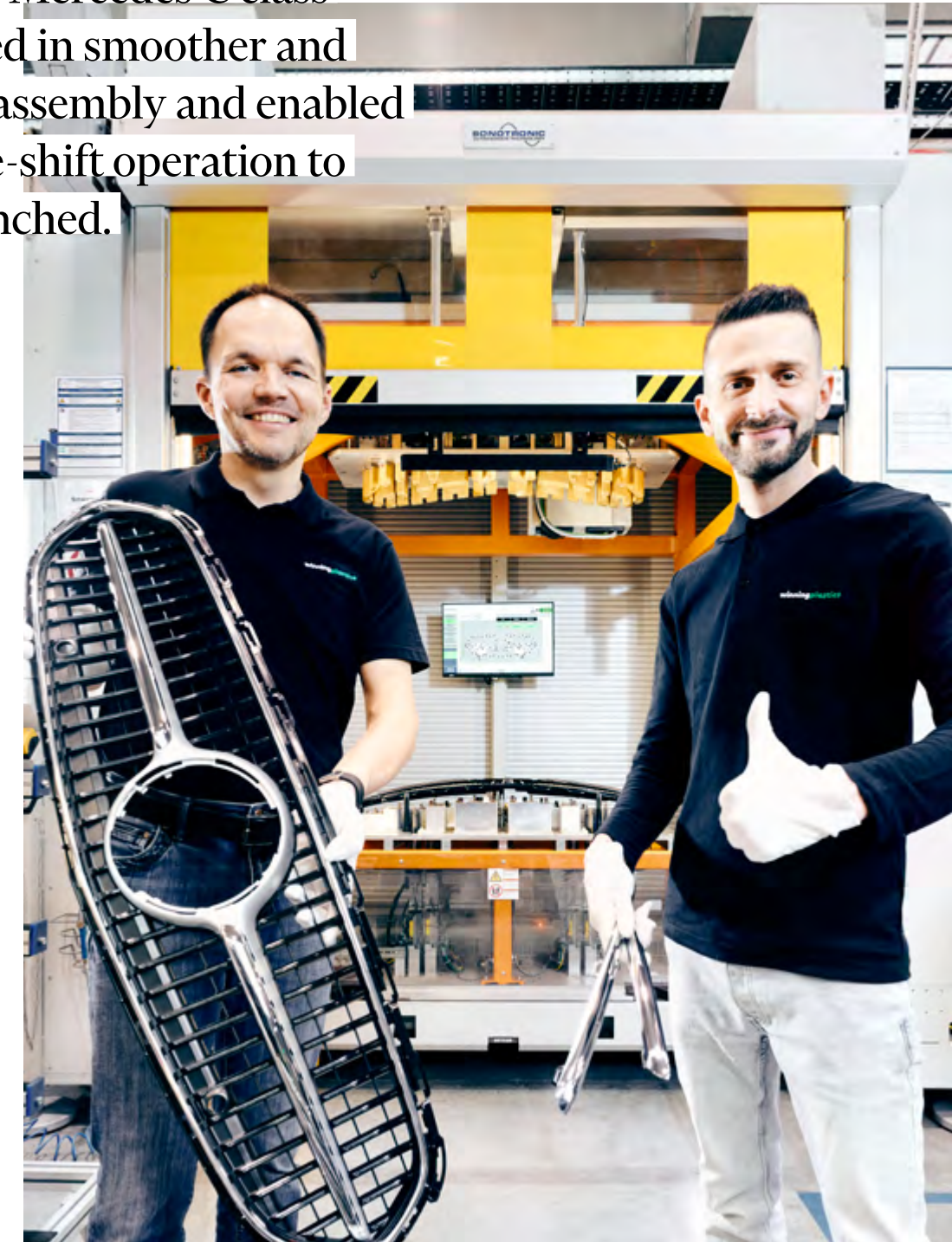
A significant reorganisation of the washing machines optimised the flow of products undergoing the washing process. Now, due to the improvements, all products are washed using only one machine, which is working at full capacity.



Winner from Winning CoFo
Günther König, Manuel Müller,
Siegfried Angele, Lothar Westermann

Project:
Optimisation of washing machines
Annual savings: €102,000

The new arrangement of the parts assembly line for the Mercedes C class resulted in smoother and faster assembly and enabled a three-shift operation to be launched.



Winner from Winning Plastics
Holger Igel, Ugur Erkus

Project:
Relocation and optimisation of assembly line for W206 grilles
Annual savings: €260,000

The redesign of the die on one of the presses resulted in a drastic reduction in forging waste.



Winner from Winning BLW

André Engelmann, Sven Gorschinski, Michael Kaiser, Can Karabag, Björn Kuschewitz, Pascal Meller

Project:

scrap reduction on high runner part 4-265
Annual savings: €180,000

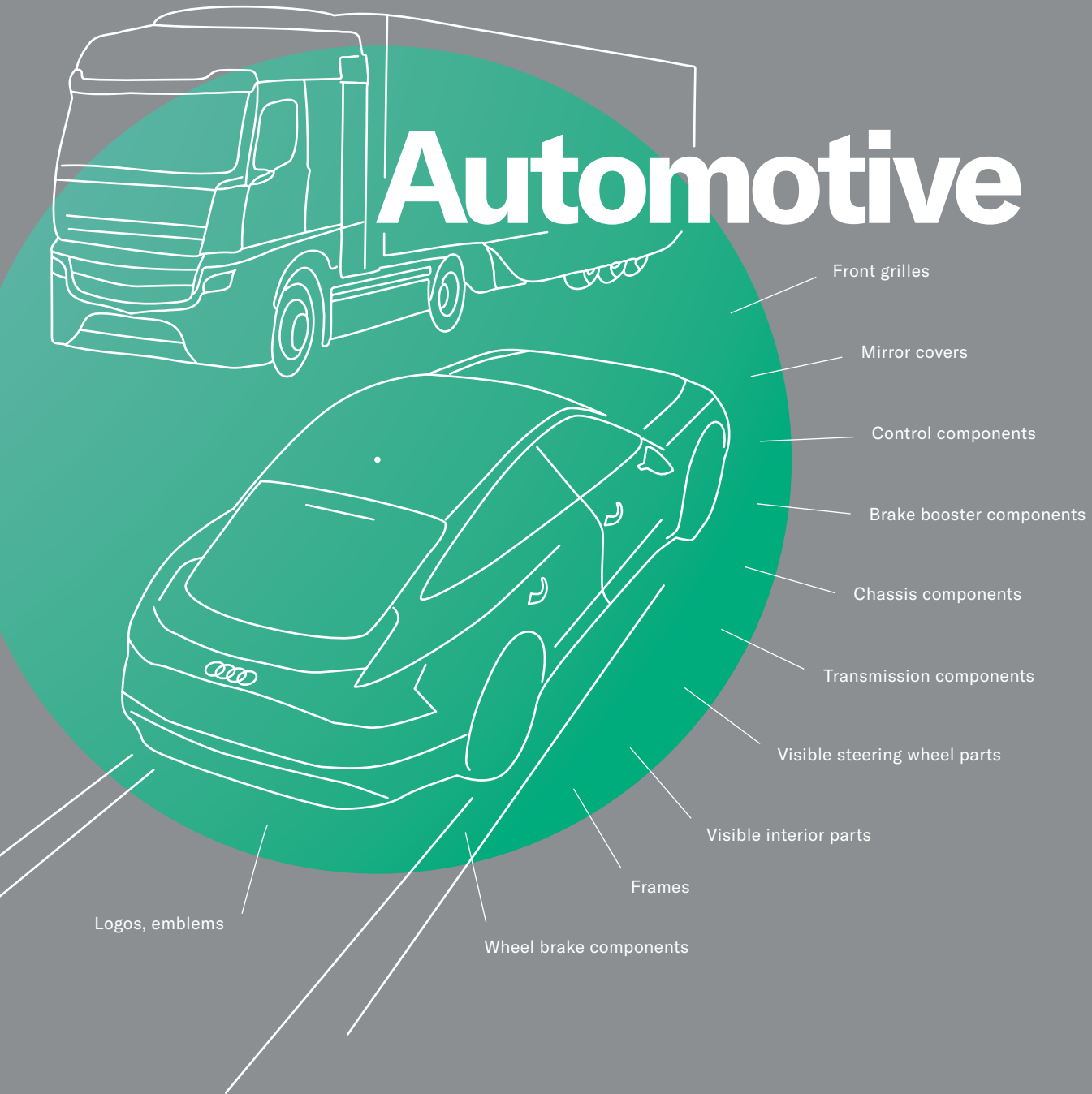
“I would like to congratulate all the winners and finalists of the Kaizen Challenge. Thanks to you and everyone who participates in the challenge, from leadership to Lean/CI Coordinators, we move every day towards operational excellence. I am grateful for your continuous improvement and faith in teamwork!”

Francisco Joaquín Ribera

segments

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

Automotive



Construction



In the Construction segment, we carry out general and special construction deliveries, determine the structural statics of large buildings and offer our clients housing in superior residential projects.

segments in 2022

Automotive

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



The senior management of our automotive acquisitions has grown professionally within the engineering field.



Most of our products are already being used for electromobility.



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



We benefit from excellent personal relationships with all our stakeholders.

Automotive KPIs 2022

265 million

TURNOVER IN EUR

25.4 million

EBITDA IN EUR

2,880

EMPLOYEES

Top 5 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



innovation

We do not innovate through adaptation

All the companies in the Automotive segment agree that setting trends within the sector is important. Although none have been too negatively affected by the shifts in the mobility paradigm, they know full well that being lulled into relative stability is suicide. That is why, in the R&D departments of Winning Automotive, ideas for new products and markets take hold and mature.



100%

RECYCLED MATERIAL

At Winning Diepersdorf, we are developing special grilles made of 100% recycled material. They are indistinguishable from the original ones, but are far more environmentally friendly, requiring less energy consumption and materials to make them. And according to the feedback of our customers, products from organically processed recycled materials are a step in the right direction.



1 tonne

WEIGHT SAVING

Winning BLW is focused on developing components for the all-new Volvo e-axle electric truck axle. A total of seven Winning BLW products – 4 planet gears, 2 sun gears and 1 dog clutch – will be incorporated into this completely electrified drivetrain, which will have ten times fewer parts and be one tonne lighter.



optional

COLOUR VARIATIONS

The European fleet is lighting up. The development of illuminated elements is running at full speed at Winning Plastics. Irrespective of whether lighting applications become a prominent or subtle aesthetic feature, Winning Group will be there.

Winning Plastics Diepersdorf: From an insolvent company to a hotbed of opportunities

Dietmar Berti CEO, Winning Plastics Diepersdorf
Frank Fahsl Director of Sales, Winning Plastics Diepersdorf

The three founding plants of Winning Plastics acquired by the group at the beginning of 2022 were joined in September by the former Bolta-Werke, a specialist in large painted or chrome-plated plastic parts, especially front grilles for Audi, Mercedes and BMW. Today, under the name Winning Plastics Diepersdorf, the company is out of insolvency, employs 850 staff, and is one of the drivers of the Automotive segment with an annual turnover of EUR 130 million. However, it was not in good shape at the time of the takeover, and as its new CEO Dietmar Berti says: “It’s still hard going.” Together with the Director of Sales, Frank Fahsl, who built his entire career at the company, he looks back on his first six months after joining Winning Group.

Dietmar became director in September 2022, whereas Frank joined Bolta immediately after school in 2000 and has been responsible for customer relations for over twenty years. Your perspectives must differ fundamentally, how do you perceive the company?

Frank: When I started all those years ago, Bolta was known as a very innovative player in the automotive industry in the field of visible parts. It already had a good reputation and a lot of experience with various surface finishes. In 2009, after the global crisis, the market grew incredibly quickly, generating record turnovers and resulting in the opening of offices in Mexico and the US. Today, we are a company with an excellent reputation on the market that can produce basically any type of car grille surface. Thirty years ago, our company started producing badges for Audi and was one of the first to make grilles for them. We can be proud of such a long cooperation. And not only with Audi, but with other long-term customers like Mercedes and Volkswagen, too. Thanks to this, we managed to survive insolvency – our customers recognised that we have the know-how and perform top-notch work, so they were willing to support us through the crisis.

“Kidney”, part of the BMW 1 Series front grille
produced at Winning Plastics Diepersdorf



Dietmar Berti and Frank Fahsl at the Winning Plastics Diepersdorf plant at the line with the new packaging process applied

Dietmar: That's right, Bolta has always had a good reputation, great products and plenty of know-how. Immediately after the insolvency, all our customers came back to us, which we feel is a great responsibility, and which we seek to uphold by working six days a week, although we have a backlog.

Does that mean you don't have much competition?

Dietmar: We do, but we're better. Frank and his team, who have built excellent relationships with customers around the world over the years, certainly deserve a lot of credit. They supported us in the crisis, with some even paying money to help us make it through. Now we have to answer to them and demonstrate that it wasn't money poured down the drain. That said, Winning Group is not in the habit of buying a company, milking it, and then disposing of it, so they have nothing to worry about. Through gradual development, our path will lead us in a new direction. And as the new CEO tasked with reorganising the company and getting it back on its feet, I feel very strongly about the opportunities for development, or if you will, the shortcomings.

Were there many shortcomings?

Dietmar: Many. And I keep finding more. Take it from me, it's hard going at Diepersdorf. That said, I knew that it would be after my first visit to the operation to decide whether to take on the job. It was the huge potential for improvement that I saw literally every step of the way that finally convinced me to go for it.

Although you have led automotive companies at the highest levels over the past twenty years, you are an industrial engineer by training, so you understand production, right?

Dietmar: My place has always been and will continue to be operational. My predecessors at Winning Diepersdorf were probably more business-oriented, otherwise I can't imagine why they let the situation on the work floor get as far as it did. I have actually spent the last six months physically in operations with the aim of implementing a lean production system. The principles of lean management are one of the things I did not find here after joining. I would even venture to say that I witnessed the opposite. For example, I introduced an APU-based organisation as soon as possible. In other words, autonomous production units whose managers can act essentially as managers of a small factory, thereby having responsibility for everything from production through maintenance to logistics in their limited microcosm. I have given people the power and responsibility, which also comes with pressure. Some couldn't stand it and left, some grew professionally and blossomed.

Frank: Although our former CEO was a great man who would have done anything for Bolta, he had too much responsibility and had trouble delegating tasks. I also only ever saw the former business owner twice in 20 years. Dietmar and Sebastian brought a whole new dynamic. Dietmar is not primarily a businessman, but a production man who spends a lot of time on the work floor with our people. Sebastian is an owner, but is just as committed and available to anyone at any time. That was unthinkable before. I feel that the management of Winning Group is fully on board and that I have their complete confidence. I can therefore do my job to the best of my ability and do not have to constantly ask someone above me. That's a huge positive change. Even during the insolvency proceedings, Winning Group was one of my preferred candidates. Why? Because after meeting Sebastian Wagner (CEO), Francisco Ribera (Director, M&A and Operational Excellence) and Petr Šerák (Vice President of Winning Plastics), I knew that there were active people with drive who wanted to invest in Diepersdorf and our community. They did not want to sell us in a few years. They would actually give us a future.



Continuous production inspection on the injection moulding machine at Winning Plastics Diepersdorf. Production of front grille for Audi Q3

In your opinion, was poor production efficiency the main reason for the insolvency?

Frank: It was a confluence of several negative factors, but it certainly contributed. As I said before, our biggest problem was not a lack of orders, we never lost the trust of our customers, but mainly the poor workflow on the work floor, poor planning, and the excessive complexity of the operations. In the past, we also invested heavily in starting a business in the US. These investments have weighed heavily on us through the corona crisis and the war in Ukraine, as did the resulting shortages of semiconductors and other materials.

Dietmar: In times of prosperity and growth, you can make a fantastic living with chaotic, inefficient operations, but as soon as a crisis hits, so does the reckoning. War and economic decline take hostage those companies that are not resilient enough. That was the case with Bolta, as was the case with countless other automotive component manufacturers.

How did you manage to stabilise the company in the midst of such a crisis?

Frank: It's a process that's still ongoing, but we've managed to tackle the main issue. In the deepest crisis, a lot of specialists left us, which was a blow, and the morale among employees was obviously not great. The most important task was to restore hope to the people, which we managed to do with the entry of Winning Group – we managed to convince people that the new management and the investor were serious, that what they were saying were not just empty words, that they had a clear plan, that they had no problem going down to the work floor and convincing them personally. About 50 experts who left us even want to come back! I'm very happy about that. It's clear that people feel we have a future and good prospects to offer them.

Dietmar: I always focus on opportunities. And Diepersdorf is a gold mine in that sense! All the mistakes I've noticed are little nuggets of gold, each worth mining. They are all around us. All you have to do is follow the principles of lean management to discover them. And since we are still not up to competition standards, we have lots of mining to do.

What was the biggest nugget?

Dietmar: There were more of them. This is reflected in the 101 very diverse continuous improvement projects we created. Perhaps the most important thing was to introduce the principle of small batching, whereby only a small batch of each product is produced on one machine, which is crucial for efficient and faster quality control. When I arrived, it took about two and a half hours for one machine to be reconfigured from product A to product B. The argument at that time was that once the machine and tools were set up, you make as many products as possible with this setup. The result was overproduction, a fundamental violation of lean principles. Overproduction is evil. You then have products in stock, on the work floor and outside, getting dirty or wet, and which take an awfully long time for someone to check and pack. You know what we did, by the way? We managed to reduce the time to change tools from two and a half to one hour, without any extra expenses. We don't want to stop at an hour either, with some injection moulding machines we trust ourselves with just half an hour. To this end, we train employees in the Single-Minute Exchange of Die (SMED) system, which dramatically reduces the time required to change tools. In the same lean spirit, I also reduced the number of management levels from 7 to 5.

How do employees view your intensive engagement in operations compared to your predecessor?

Dietmar: They were probably scared in the beginning, but I'm convinced they are happy about it now. I told them from the off. You don't have to worry, I'm not a monster, but a man like you, you can tell me anything. And after six months, I can say that I have talked to each of them personally, and they now come to me

because they know I will listen. It wouldn't be very smart not to listen to those who busy themselves on the work floor every day and know the most about manufacturing. I'm the one who asks "What needs to be changed?" Likewise, I enjoy talking to the employee council representatives. We're in the same boat, we need to work together, so why not on a positive note? I don't want to play the bad cop. After insolvency, people needed someone to turn to who would give them a sense of security, a father figure so to speak, not someone who would create a greater sense of insecurity and fear.

Another big change is definitely the incorporation of the company into the Winning Plastics division. Have you been able to leverage any synergies since the acquisition?

Frank: I am now newly responsible for the sales department of the entire Plastics division, so I often go to Linden and SMK. We work intensively together to make the most efficient use of our facilities and to produce the right products, so that each company is as profitable as possible and, at the same time, has optimised capacity. A controlled coincidence meant that products that were marginal for us in Diepersdorf, and which the company would have been better off not producing, can be produced with much better expertise in the other companies within Winning Plastics, which will therefore optimise the use of their capacity. A real win-win scenario.

In addition to the successful reorganisation, can you mention any other important moments from the last year?

Frank: Honestly, I was most pleased with the huge order for Audi in August, just as the new owner was buying us. It gave me a sense of hope and was confirmation for everyone that we were moving on. As of the last quarter of last year and the beginning of the current one, we have a full order book and have been operating at full capacity. A great year therefore lies ahead of us.

Dietmar: The plastic visible parts market is constantly evolving. We are starting to replace the chrome plating on car grilles, which was our daily bread and butter for many years, with dyeing. As a result, we are investing a record amount in this technology. At Winning Plastics, electroplating lines are currently being replaced with similar ones that will cover parts with three layers of paint instead of chrome. Unfortunately, we had to lay off employees because of this. However, this change means that Winning Diepersdorf has a future for those who remain. On the other hand, as Frank said, many specialists have found their way back. Although the grass on the other side always looks greener, in the automotive sector, everyone has a problem at the moment. That said, many now clearly see that things are moving in the right direction at Winning Diepersdorf.

What is the outlook for 2023 and beyond?

Frank: We want to continue to be one of the largest suppliers of visible parts in the automotive industry, as well as look into other industries. At the same time, we will focus on building the entire Winning Plastics division in order to achieve the most efficient production method. Last but not least, we want to focus on research and innovation to stay one step ahead of the competition.

Dietmar: We will deepen the system of autonomous units so that their impact will also affect operators in production. The entire production will be reorganised into teams of seven people, whereby each unit will have an operator leader who will be responsible for shift changes and compliance with KPIs. I want everyone to have their share of responsibility and feel that their actions really have an impact on the whole company. Of course, people have different priorities, for some, there is no place in their work to feel fulfilled. They say that they work only for money and find fulfilment elsewhere. This may be true. However, others find meaning in their work. It's these things that I want to find out and make sense of.



AMG C-Class Mercedes front grille
produced at Winning Plastics Diepersdorf

acquisition

A European car without parts from Winning CoFo? You can hardly find them

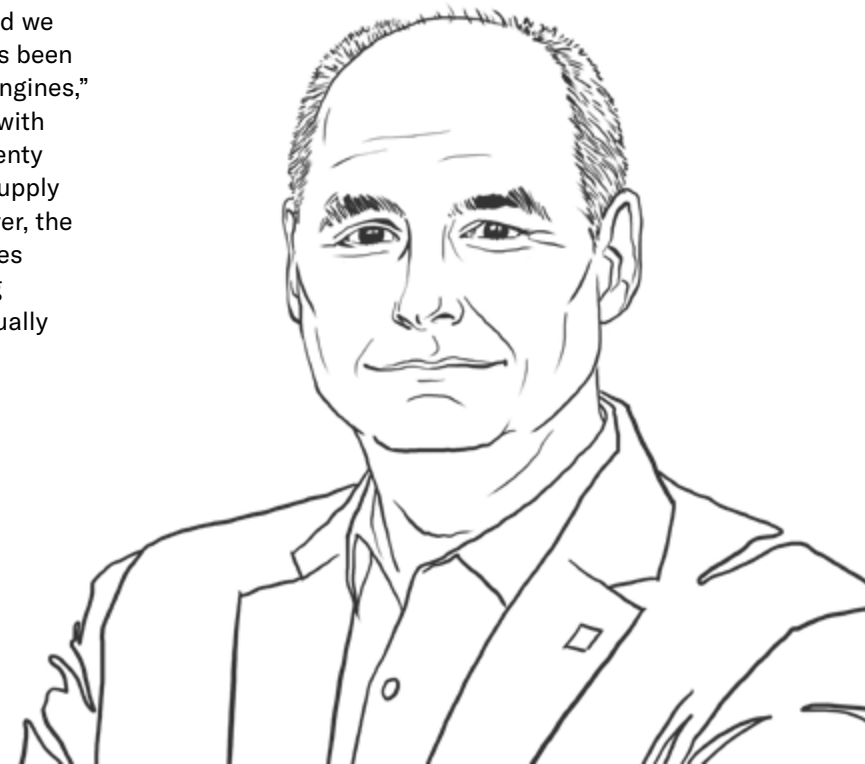
Roland Heller Vice President & General Manager, Cold Forming

In 2022, a new player was created in the cold forming market. Winning CoFo was created through the merger of the former companies Räuchle, PWK and IBEX, which initially fell into insolvency due to the crisis and later found their feet again thanks to a reorganisation led by Winning Group. As Roland Heller, Vice President of the division, notes, after a difficult period, former competitors are beginning to work on a shared future.

“Although we have produced components in our plants for more than a century, and we are therefore truly representative of the so-called old economy, our production has been hardly affected by the transition from the internal combustion engine to electric engines,” says Heller, a mechanical engineer by training and who has held senior positions with German automotive suppliers focused on cold forming technology for the past twenty years. The CoFo plants in Krefeld, Gelenau and Dietenheim develop, design and supply critical components for steering, brake, chassis and transmission systems. However, the proportion of products intended only for cars featuring internal combustion engines is completely negligible. “Every car needs our parts regardless of its drive. Finding a car made in Europe that doesn’t have at least one of our components in it is actually impossible,” says Heller.

The uniqueness of CoFo production lies in the unprecedented range of technologies and processes, often completely different from plant to plant, which create value-added products. In addition to cold forming, machining, heat treatment and surface treatment of parts, CoFo employees can also handle aluminium forming, rolling or friction welding.

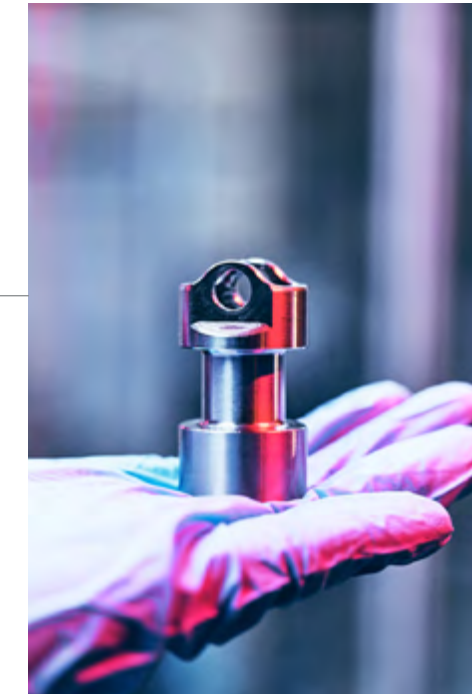
“As a result, we have emerged as specialists for several very narrow target groups, so we have no more than five competitors on the market for different products,” explains Heller. Proof of CoFo’s irreplaceability is the fact that customers remained loyal to the insolvent companies and were extremely interested in maintaining production, even during the search for a new investor.



→ Quality control of pump mounting at Winning CoFo Dietenheim plant

→ Cold forming section at Winning CoFo Krefeld plant

↓ Machining at the Winning CoFo Dietenheim plant



The lapse into insolvency of CoFo companies was a reflection of the situation in many other automotive component manufacturers, which could not withstand the combination of the oil crisis, the coronavirus pandemic, the shortage of semiconductors, and the war in Ukraine. More specifically, finished products, which customers could no longer buy, remained in stock in CoFo companies. Unfortunately, that was not the only reason that led to insolvency. “Our installed capacity was too large. The market simply wasn’t big enough to support all of our plants,” says Heller, describing another problem that was solved during the reorganisation, which saw the closure of one large plant and the transfer of production and machinery to other factories within the division. What was the essential factor for stabilising the rattled companies? According to Heller, clearly combining them into one platform. “Before the acquisition by Winning Group, the companies competed with one another, now they draw on synergies. The insolvency gave us the opportunity to heal and face the threats with a strategic investor at the forefront. We are finally working on our future.”

And although the order book is full again and the companies are in the black, the job remains a difficult one. The market is still 15% below its historical average, companies are under attack from energy and monetary inflation, and demand for high-volume cars is at a low point. “We are focused on successfully completing the reorganisation, synergising service management, optimising production within the division and, of course, streamlining it,” says Heller. When it comes to Operational Excellence, Winning CoFo is no newcomer to the principles of lean manufacturing; it has been a supporter of the philosophy of continuous process improvement for many years. “I’m delighted that other Winning Automotive plants are following the same path and that we have even had a chance to exchange valuable experiences,” says Roland Heller, Vice President of the division, which has always been pushed by the market to optimise processes.

The **rods** transmit the rotational movement of the steering wheel to the shaft cuffs at the end of the steering rod. High strength is achieved by using special steel. The resulting strength is then around 1,000 MPa, which is usually achieved through additional heat treatment. However, Winning CoFo achieves the same result based on the cold forming of micro-alloy steel. Winning CoFo’s market share is more than 40%.



The **sockets** form the core of the joint in the control system of passenger vehicles. They are an important component that Winning CoFo produces by forming plastic, as are the plastic inserts for metal parts it supplies. Winning CoFo produces more than 35 million annually.



Stability rings are part of the passenger car control system. Winning CoFo owns a patent for a manufacturing process without additional machine processing that consumes less raw material, reducing the weight of products when transported to customers. Winning CoFo produces more than 13 million of these components annually.



The **outer bushings of the ball joint** are located at the end of the steering rod of conventional passenger vehicles and transfer steering motion to the rack. The advantage of this design is a very clean shape after forming, which no longer requires further machine processing, thus reducing raw material consumption and weight during transport. Winning CoFo produces approximately 5 million of these components annually.



Ball studs are part of the steering knuckle of the vehicle. They are among the main products of Winning CoFo, which produces them with absolute accuracy in millions of pieces per year.



Aluminium guide arms for high-end vehicles and sports cars are included in the suspension, improving ride quality and comfort while contributing to safe driving through significant weight reduction of up to 50% compared to a classic hot-rolled steel component. Winning CoFo produces about 3 million of these components annually.



segments in 2022

Construction

Construction companies have been the healthy, stable and highly profitable backbone of Winning Group since the very birth of the group and are ambitiously heading to the top 5 construction companies on the Czech market. As one, it offers top engineering service, 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 a strong drive on goal. We build and reconstruct buildings so that they benefit today and retain value in the future. We actively seek new opportunities – whether they are attractive locations for development projects or prospective acquisitions.



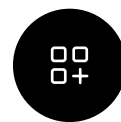
We are unique in our timeliness of delivery and highly client-oriented approach.



We are heading for the Top 5.



Superior relationships with clients and investors.



Residential, industrial, engineering, civil and other constructions.

Construction KPIs 2022

77 million

TURNOVER IN EUR

5.9 million

EBITDA IN EUR

206

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 drawing plans for large construction projects

Engineering

delivery of automation and robotics projects

winningestate

Real Estate Development

Complete implementation

of exceptional residential projects





interview

Calm seas don't make good sailors

Ondřej Blaho Group President & General Manager, Construction

You are responsible for two divisions, Winning Construction and Winning Estate, with a combined turnover of CZK 2 billion, as well as consistent year-on-year growth and ambitious EBITDA fulfilment. However, doing business in the real estate sector in 2023 is proving significantly more difficult. Interest rates are up, the real estate market is struggling. How do you see the whole situation?

We were all looking forward to putting the Covid-related period behind us and enjoying a prosperous 2022. Instead, war broke out in Ukraine, with the associated increase in energy prices and supply chain problems. At both the professional and human levels, it has been extremely tough. Naturally, the difficult moments have tested the character of our team. However, they revealed that loyalty and professional pride are firmly rooted within us. Through those troubled times, many individuals and society as a whole have matured and progressed professionally. We believe there is no point in burying our heads in the sand. After all, the situation is equally unfavourable for everyone. Idle despair is not the best approach if you want to get through the current times in the best possible way. There are always many paths to the same goal, so we simply look for the best one without giving in to the demands of quality and our values.

What is happening in the real estate market and how do you think it will develop next?

This is a topic that is being discussed everywhere, perhaps at every meeting. Simply put, the market will change. At first, it looked like projects would be put on hold until interest rates and energy prices fell. But that's too passive an approach. Large developers responded by freezing their activities for, say, six months, while employees were sent home on furlough schemes. We also thought about cutting back, but thankfully we didn't. The situation after those six months was exactly the same. Or even worse. In the meantime, the market has taken a new turn, with the product changing to some extent. What was planned to be sold, will probably now be rented out. There has also been a renaissance of cooperative housing, which is a trend throughout Western Europe and the United States. It all goes to show that crises are synonymous with transformation, and that such situations must be approached proactively. As for external factors, such as the war or the energy crisis, this will not improve dramatically overnight. When I think back to the 2008 economic crisis, which lasted about seven years in the construction industry, I am pragmatic that the worst is still ahead of us, but optimistic that the market is not expecting such a severe fall.

In 2022, your businesses ultimately performed at record levels, booking their best results ever. The fact that you are always looking for growth opportunities, both organic and non-organic, is typical of you. What are your plans for this year? What will you focus on?

Yes, in the end it was thanks to the flexibility and quality of the team that we managed to grow despite the circumstances in 2022. Turnover rose to CZK 1.9 billion, with EBITDA also increasing. We also entered 2023 with enough wonderful and unique commissions. However, the distorted market and prices are casting a long shadow. We are therefore pulling out all the stops to maintain and develop the efficiency of our internal processes and to triumph commercially in 2024. As part of these efforts, we are also inherently looking for suitable opportunities for new acquisitions. That said, our main task remains to keep finding new ways to do what we can do better, smarter, and more efficiently. For us, for our business partners, for our clients, and for existing orders. Although it will be more difficult in the real estate sector, my very bold and ambitious plan is to close the next year with growth and profit and to also build a third division in Prague. We have five or six years behind us now, during which the real estate market boomed and almost everyone was doing well. And as they say, when things are good, winning is easier, but when things get tough, success is for the select few. I'm convinced we belong to the last category. If Winning does well in this and the next two years, it will strengthen our position among the market leaders. That's a challenge I'm really looking forward to.

Winning Construction has recently acquired new and impressive references. For example, you are implementing the general delivery of Chittussi's Villa Na Marně for Penta, which introduced a new prestigious Platinum category for this reason. You have also acquired a new customer, the very reputable company ALLRISK. Which of the current orders do you personally enjoy the most and why?

Among general deliveries, we have a large number of projects. ALLRISK is a big name and the ALLRISK MERIDIEM residential project is currently the largest residential project in South Moravia and one of the TOP 5 largest Czech projects ever. The selection process was ferocious, and that's really something for me. In two and a half years, we will build property worth over CZK 900 million there. The main added value is that the new residence will help develop the city district of Brno Komárov, which will also be revitalised in the future, plans for which include the construction of a new, faster rail link to Prague. I see the ALLRISK MERIDIEM as the start of a new era for Komárov, and also as the most important commercial success of our second division. The apartments feature a fascinating, atypical organic facade. The general delivery of Nové Oslavany represents a similarly high bar, whereby we are practically building a new district with apartment blocks, roads, kindergartens, and much more. The range of projects we can be justly proud of is wide. Kuřim, Říčany, Rohan City, the production hall for Sonnentor, Na Marně in Prague 6, Záhoví for IMOS Development, the building of Czech Radio, Moulin Rouge in Brno, to name but a few. I would also like to point out that we are increasingly engaged in projects of a non-residential nature.

Chittussi's Villa Na Marně in Prague 6 is a prestigious project that Winning PS is implementing as a general delivery 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 order.





Kuřim-Zahoří is a new residential area located 10 minutes from the city of Brno. General delivery for IMOS development was provided by Winning PS. We have cooperated with the largest developer in South Moravia several times.



The large Brno ring road has a new 350 m long section leading from Královo Pole towards the exhibition centre. Reinforced concrete structures were supplied for it by Winning PS Pamstav. The two-lane gallery with one column, which is 7 metres in height, consists of 20 expansion units. Construction took a year and a half.



The new tram line connects the Brno campus with the rest of the city, making public transport much more efficient. Winning PS Pamstav concreted parts of tunnels and retaining walls for the transport construction, and is also behind new stops in a modern industrial style.

Which non-residential contracts come to mind?

An example is the Příbram Hospital. This is a significant three-year contract involving a good customer and meaningful implementation. I will admit that this is a contract from which we will not make a significant profit, but it is extremely important for the region in terms of healthcare. There will also be a new children's inpatient ward, which was really needed. From a humanistic point of view, it is very important for us to do non-residential contracts in which we see greater benefits for society. Another example is the construction of a laboratory for the Academy of Sciences, which is technically very specific, with high demands on insulation and resistance to vibration and interference, because it will house extremely sensitive microscopes, of which there are only a few throughout Europe. We are also significantly involved in the construction of the flood protection measures for the city of Brno, which will help move the city forward in terms of urban planning. It will make it possible to practically build whole new neighbourhoods. The concept was developed over many years, with the cooperation of the City Hall, the Ministry of the Environment, the Ministry of Regional Development, and many others. In terms of reinforced concrete structures, we are behind the new Brno Campus tram line, which has a significant number of industrial stops. In the long run, I plan for non-residential contracts to make up a larger percentage of our deliveries.



The Sonnentor storage and production hall is characterised not only by the increased environmental demands placed on its construction, but also by the record speed of its implementation. This is the third successful Winning PS collaboration with this exceptional company.

Josef Dvořáček
CEO Sonnentor

“When I met the contractors at the construction site, I was glad to be able to thank them in person and in public. They helped us build Stage I of the most beautiful herb factory. Most of them came with their families. As I watched them excitedly tell their families about our unique building during the day, I thanked their wives and children for having such great husbands and dads. Everyone left a piece of their heart and lives at the construction site. It’s well worth stepping back to fully appreciate the work of our great Czech architects and builders – they do wonderful things. I look forward to meeting you in our beautiful building from time to time. But the biggest reward for them and us were the thousands of enthusiastic visitors. Thanks in particular goes to Ondřej Fadrný, Adam Polách, Jan Pluskal, Ondřej Blaho and Sebastian Wagner from Winning Group for making everything happen, as well as to everyone else who was involved.”





The Slivenec project, which features very uncommon concrete trusses, is a general delivery for Winning PS.



↑ The construction of a new children's ward at Příbram Hospital substantially contributed to improving the quality of care, as well as supported the city's infrastructure. Winning PS secured the general delivery. The picture shows a building in the middle.

↗ The residential building in Říčany u Prahy is a perfect example of a sensitive and tasteful reconstruction that preserves the value of the original building while bringing it into the modern age. These values are crucial for Winning PS for general deliveries.



Finally, is there something you would like to say to all your business partners, clients and employees who are going through this year under the cloud of pessimistic forecasts for the economy and the overall state of the real estate market?

My message would be that negative thoughts never produce positive results, and where there is a problem, there is always an opportunity to solve it better than others – and we at WG like healthy competition. A crisis is a hidden challenge and an opportunity for growth. As they say, and it fits today's situation perfectly: calm seas do not make good sailors.

“Crises reveal character, with our team showing tremendous loyalty. There are many paths to achieving the same ends, and to do so, we are looking for the best without sacrificing quality.”



Ondřej Blaho



Storage Hall D87 in Kozomin was built on 239 piles. The boreholes for the piles were provided by Winning PS PMK Drill for CTP, the largest building development company in the Czech Republic. This image illustrates the piling system during construction in autumn 2022.

Winning Steel

Winning Steel consolidated its prestigious position as a major German player. However, the impressive number of premium projects has not satiated the appetite that colleagues with Winning Spirit have in their blood. Along with the professional growth of management, the entire business grew in 2022 and now has ambitions to win over the Czech market.

SAP Garden 2 – Red Bull Arena Munich

Thanks to the great success of our first contract, a complicated drawing of the reinforcement of underground structures, we received an offer to continue our cooperation on the project. This involved creating design documentation for the above-ground floors of the arena itself. This gave us priority over strong German competition. We created a large number of plans in record time. Despite the high pressure regarding deadlines and the capacities of all team members, the order went perfectly. As a result, we acquired valuable experience and received excellent feedback from the construction site.



Berlin Docks Project

This ongoing project in the heart of Berlin is helping us to consolidate our position as a high-quality and very flexible supplier of project documentation. In addition to drawings of reinforcements and shapes, we are now also involved in the creation of concepts for the waterproof structures, drawings for the construction pits and the production documentation for all prefabricated structures. In partnership with the Engineering Office, we are developing ever closer ties, resulting in work on other joint projects.



CDW Sporthallen Lipsko

Thanks to our reputation and previous experience with us, we participated in developing the project documentation of this very attractive architectural project. Although it "only" concerns a sports complex, the architectural solution was very unusual. The roof is used as an outdoor playground to which a separate staircase structure leads. This placed greater demands on the supporting structure, which, among other things, consists of prestressed beams.



U-Bahn U4 in Hamburg

The project to expand the Hamburg metro with two new stations is currently underway. The newly created section is about 1.5 km long and is technically extremely demanding, therefore it ranks among our largest orders. For reference – we have drawn up approximately 600 reinforcement drawings alone.



interview

A solid partner & matters of the heart

Team Winning Estate: Kateřina Jelínková, Pavel Sameš, Kateřina Štenclová, Lucie Štrejťová, Kamil Vokurek

Last year, representatives of Winning Estate handed over development projects Bučovice II and Villa u Lesa in Popůvky u Brna to their new owners. It also established a team of talented inspirational people and launched its biggest ever projects. These projects, which rank among the TOP 5 domestic ones, include a premium apartment building in the centre of Brno and an entire neighbourhood, Nové Oslavany, on a greenfield site.

Since its founding in 2018, and as is evident from what has been said, Winning Estate has prepared and also successfully completed a number of development projects of differing natures.

Do some of them appeal to you more than others?

Lucie: No matter what types of projects we implement, the key for us is and will always be to maintain a high standard, as a result of which customers return to us. We are increasingly profiling ourselves as developers of complex and interesting projects. Not one that comes in, builds, makes a profit, and then walks away. We invest a lot of time and effort into research and preparation, so that our projects are connected to their surroundings and complement the local infrastructure, not overload it. We live and breathe them. We love going back to the places. Sometimes our work becomes more than personal – a matter of heart so to speak.

Do your customers appreciate this?

Pavel: Come to our offices when a project has come to an end. On the tables of our sales representatives you will find a rich display of bouquets, gifts and other gratuities. Customers even ask us if we will return to continue construction. This, let's face it, is not entirely common in our industry.

Lucie: The average Czech buys about one and a half properties in a lifetime. And for many, unfortunately, instead of being a positive experience, it is more of a stress test. They feel like no one communicates with them, with exception to a few emails, documents and spreadsheets. They come across an obnoxious banker, a developer, they have a lot of unanswered questions and it's very stressful for them. They are rightly worried about such a large transaction. In this respect, we always go above and beyond what is normal within the trade. We often attend meetings with third parties, communicate, for example, on behalf of the client with the banker, explain all the formalities, organise open days, in short, help the client during the whole process and always go the extra mile. We build strong relationships with customers. We pride ourselves on personal contacts. It's challenging, but it pays off.

Lucie Štrejťová, Sales Manager, and her colleague Pavel Sameš, Project Manager, standing on the third floor of the Slovákova XII building. In these places, in the heart of Brno, three-bedroom apartments with a floor area of around 100 square metres will be built to the highest standard.

For more information about the project visit www.slovakova12.cz





winningestate

Does this have to do with the amount of projects you manage?

Pavel: We have large projects with tens or hundreds of units and a stable team of three sales representatives. So, I would say it's all about the attitude and the standards you uphold. We have a team of well-chosen people who do their work from the heart, which goes hand in hand with the fact that client relations are above standard and we deliver quality constructions.

I assume you're not just talking about the sales representatives when it comes to the team.

How big is your team, what makes it unique?

Pavel: Even though Winning Group is behind us, Estate has a close-knit team of six people.

Lucie: We have talented young people coming to us. Last year, for example, Katka, the Project Preparation Manager, joined Winning Group in a junior position. We liked her imaginative and proactive approach, so we offered her a position. Within a short space of time she started working on the budgeting of the Nové Oslavany project and will continue to work with us.

Pavel: Or Kamil, who started straight out of college, and whom we had little to teach. He stands out due to his tremendous outlook in the construction field, where he competes effectively with those who have many more years of experience. He is quick off the mark, systematic, and has an eye for detail. I'm glad that we are successful in this way, that we have a functional team of talented and capable people who are raising their personal and professional bar ever higher, and with it the whole of Winning.

The Nové Oslavany project will see a whole new neighbourhood rise from the ground up, which will include 345 apartments, 25 studios, 28 terraced houses and 101 building plots, complemented by commercial spaces and sophisticated infrastructure. The symbol for the development project is an old pear tree. In the picture in front of it, the people are, from left to right, Kateřina Čermáková (Project Preparation Manager), Kateřina Jelínková (Sales Manager) and Kamil Vokurek (Project Manager).

For more information about the project visit www.noveoslavany.cz

You are currently working on the Nové Oslavany and Slovákova XII projects. Can you briefly tell us something about them?

Lucie: The Nové Oslavany project is still in its early stages, where we are preparing the critical infrastructure and selling the first plots of land. In the coming years, we will practically build a whole new district near the former mining town south of Brno, which will also strengthen life in the historical centre. In total, the project consists of more than 100 plots of land for family and terraced houses, over 300 apartments, a kindergarten, a small amphitheatre, commercial premises for cafes and shops, and playgrounds. From the urban planning point of view, we unified everything and took great care that the development was surrounded by greenery and connected to the existing urban area. The project also reflects technological trends and the highest standards in sustainable living, building rainwater management and irrigated green roofs.

Pavel: Slovákova XII is a completely different type of project, located in the very centre of Brno, at a lucrative address from where you can walk everywhere. We call it Slovákova XII, but most people call it Moulin Rouge.

Lucie: The original building, which dates back to the First Republic, was initially a boarding house, then served as a college dormitory, and from the 1990s as a venue for cabaret. Moulin Rouge, as it became known, was an icon in Brno, with some perceiving it as a living legend, and others in more derogatory terms. As a result of these strong emotions, our project attracted considerable public and media interest.

Pavel: The Moulin Rouge project ran into difficulties with the outbreak of the COVID-19 pandemic. The technical condition of the building deteriorated to such an extent that reconstruction made no sense. A building permit was therefore granted in 2021. However, the legacy of Moulin Rouge lives on. For example, the beams from the renowned building were taken away by a guitar company. In addition, during the demolition, people came to say that they were happy to see the place finally get a facelift, while others took bricks from the site as a memento.

Lucie: By the end of 2024 there will be beautiful modern housing, offering 36 residential and 2 commercial units. The combination of top design, high technical standards and perfect location make Slovákova XII a unique and ideal place to live.

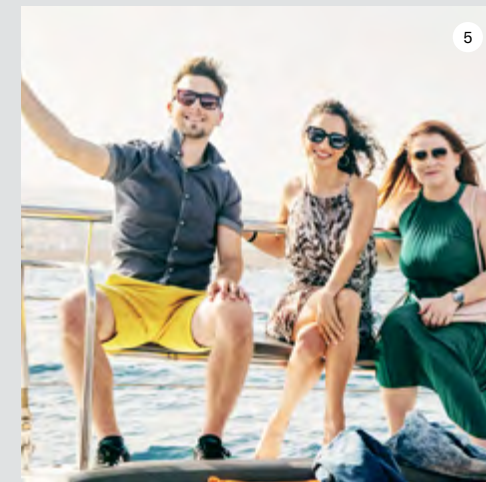
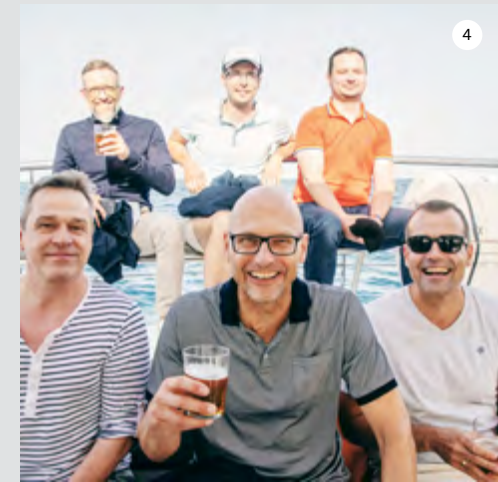
winning spirit

A job that makes sense

While work may not be the meaning of life for everyone, much of our time is spent there. When your work is fulfilling and you meet people who inspire you, the quality of the time you are away from it also improves. And we're not in the habit of wasting time at Winning Group. We prefer to enjoy it to the fullest, such as when the boundaries between work and leisure naturally blur.



winninggroup



1, 3-5 Senior management meeting, Mallorca

2 Benefit concert by David Koller for the Wheelchair League

6 Tour of the new factory in Penzberg, built for Winning BLW

7 Bowling tournament Winning PS – stavební firma



8, 10-13 Family day "Grilled pigling" in the Pavillon Steak House restaurant in Brno

9 Colleagues from Winning Plastics Diepersdorf at the Nuremberg Christmas Market

14 Cycling Paths 2022

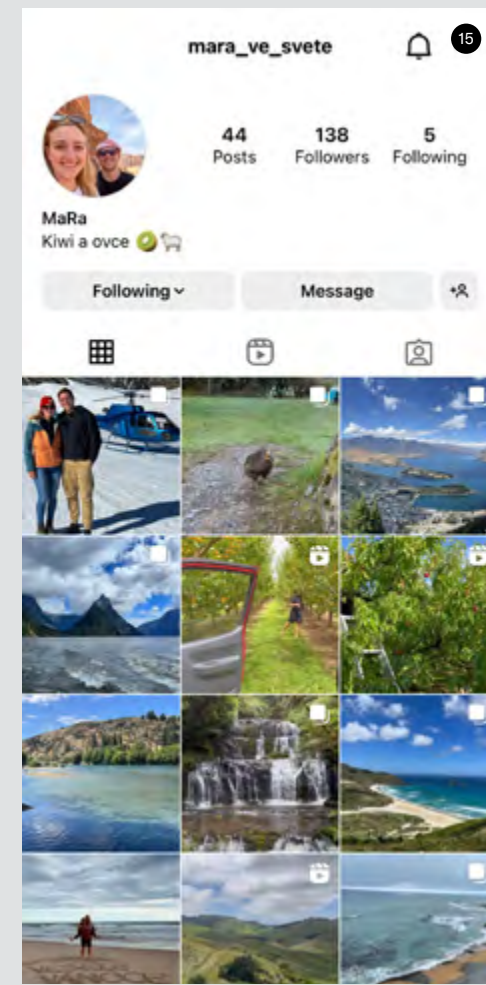
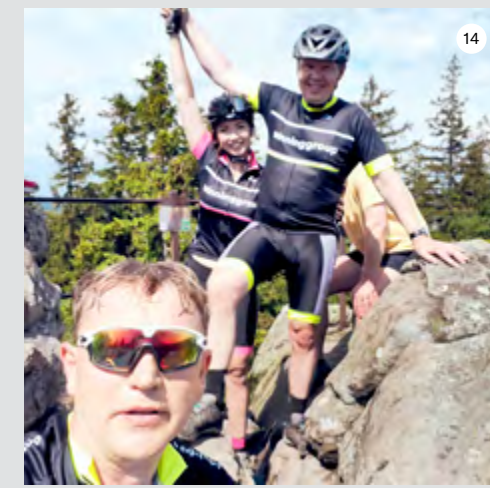
15 Instagram feed from colleague Radek Podsednik, who has taken a break from work and is travelling the world

16 Winning PS Football Team

17 Colleagues at the Winning Group Christmas Party 2022

18 Winning Group team at Gastro Hockey CUP

19 Winning BLW charity run



Consolidated financial statements

Winning Group, a.s.
For the year 2022



Sebastian Peter Wagner
Winning Group, a.s.

These financial statements have been approved on July 27th, 2023.

Table of contents

78	Consolidated balance sheet
80	Consolidated income statement
82	Consolidated statement of cash flows
84	Consolidated statement of changes in equity
86	Notes to the consolidated financial statements

Key financial indicators for the years 2022 and 2021

(in whole thousands of CZK)

	2022	2021
INCOME STATEMENT		
Revenues	8,320,585	4,168,151
Value added**	2,972,077	1,333,738
EBITDA*	767,523	333,029
EBIT	608,342	216,947
Net financial result	-141,735	-54,171
Profit / loss before taxes without minority interests	465,556	163,230
Profit / loss after taxes without minority interests	330,435	119,427
BALANCE SHEET		
Balance sheet total*	4,728,843	1,804,544
Equity total*	594,848	330,070
Net working capital	1,068,638	493,014
Amounts owed to credit institutions	1,984,961	548,256
External loans	275,624	154,026
Total debt	2,260,585	702,282
Cash	319,894	156,395
RATIOS		
EBITDA margin	9.22%	7.99%
Normalised financial leverage***	1.73	1.85

* In 2022 a change is made for classification of investment land into inventory and related income from sale of fixed assets into revenue from sale of products and services. Unsold bonds are newly reported together with issued bonds as liability. Expense and income related to the sale of receivables to a factor is newly reported in the income statement. Negative consolidation difference is now part of assets instead of equity. Each of these changes has been reflected in the comparative period of the year 2021.

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

*** Due to an important acquisition of German companies during the year 2022, EBITDA extrapolated for the entire accounting period of 2022 was used to calculate the normalised financial leverage.



Auditor's report



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 Křižkova 2960/72, Královo Pole, Brno (the "Company") and its subsidiaries (together the "Group") as at 31 December 2022, and of the Group's consolidated financial performance and consolidated cash flows for the year ended 31 December 2022 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 2022,
- the consolidated income statement for the year ended 31 December 2022,
- the consolidated statement of changes in equity for the year ended 31 December 2022,
- the consolidated statement of cash flows for the year ended 31 December 2022, and
- the notes to the consolidated financial statements including significant accounting policies 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., náměstí Svobody 20, 602 00 Brno, Czech Republic
T: +420 542 520 111, 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.

27 June 2023

PricewaterhouseCoopers Audit, s.r.o.
represented by

Jan Musil

Eva Bajerová
Statutory Auditor, Licence No. 2549



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)

	31.12.2022	31.12.2021
TOTAL ASSETS	4,728,843	1,804,544
B. FIXED ASSETS	1,562,706	577,780
B.I. Intangible fixed assets	38,670	36,904
B.II. Tangible fixed assets	1,426,845	428,504
B.III. Long-term investments	15,020	0
B.IV. Active consolidation difference (Goodwill)	114,195	112,637
B.V. Passive consolidation difference	-32,024	-265
C. CURRENT ASSETS	3,146,698	1,214,315
C.I. Inventories	1,766,540	554,877
C.II. Receivables	1,060,264	503,043
C.II.1. Long-term trade receivables	73,720	50,802
C.II.3. Short-term trade receivables	754,500	362,514
C.II.4. Other short-term receivables	232,044	89,727
C.IV. Cash	319,894	156,395
D. PREPAID EXPENSES AND ACCRUED INCOME	19,439	12,449

Consolidated balance sheet

(in whole thousands of CZK) continuation

	31.12.2022	31.12.2021
TOTAL EQUITY & LIABILITIES	4,728,843	1,804,544
A. EQUITY	594,848	330,070
A.I. Basic capital	80,151	80,151
A.II. Share premium and capital funds	24,428	34,682
A.IV. Earnings brought forward	177,748	126,320
A.V. Earnings for the accounting period excl. minority shares	330,435	119,427
A.VI. Approved decision on advances for profit distribution	-17,914	-30,510
B. + C. PROVISIONS AND LIABILITIES	4,135,628	1,475,327
B. PROVISIONS	469,764	238,399
C. LIABILITIES	3,665,864	1,236,928
C.I. Amounts owed to credit institutions	1,984,961	548,256
C.I.1. Long-term owed to credit institutions	1,188,277	404,446
C.I.2. Short-term owed to credit institutions	796,684	143,810
C.II. Trade and other liabilities	1,680,903	688,672
C.II.1. Long-term trade liabilities	28,493	23,434
C.II.2. Other long-term liabilities	100,211	27,643
C.II.3. Short-term trade liabilities	1,011,445	406,579
C.II.4. Other short-term liabilities	540,754	231,016
D. ACCRUALS AND DEFERRED INCOME	895	2,726
E. MINORITY CAPITAL	-2,528	-3,579
E.I. Minority basic capital	3	3
E.III. Minority funds created from profit, including retained earnings	-3,582	-3,128
E.IV. Minority earnings from current accounting period	1,051	-454

Consolidated income statement

(in whole thousands of CZK)

		31.12.2022	31.12.2021
I.+II.+INT	TOTAL REVENUES	8,320,585	4,168,151
I.	REVENUES FROM SALES OF PRODUCTS AND SERVICES	8,320,585	4,168,151
A.	PRODUCTION-RELATED CONSUMPTION	5,750,157	2,851,193
A.2.	Material and energy consumption	3,423,519	2,056,802
A.3.	Services	2,326,638	794,391
B.	CHANGE IN INVENTORY PRODUCED INTERNALLY (+/-)	-394,755	-12,533
C.	OWN WORK CAPITALIZED (-)	-6,894	-4,247
D.	PERSONNEL EXPENSES	2,233,660	1,017,037
E.	VALUE ADJUSTMENTS IN RESPECT OF OPERATING ACTIVITIES	143,466	53,592
E.1.	Value adjustments in respect of intangible and tangible fixed assets	150,598	90,661
E.2.	Value adjustments in respect of inventory, receivables and provisions	-7,132	-37,069
III.	OTHER OPERATING INCOME	2,390,073	302,307
III.1.	Income from sale of fixed assets	609	21,048
III.2.	Miscellaneous operating income	2,389,464	281,259
	Settling of passive consolidation difference (Negative goodwill)	3,823	108
F.	OTHER OPERATING EXPENSES	2,372,677	341,254
F.1.	Net book value of fixed assets sold	5,187	18,511
F.2.	Taxes and charges relating to operations	8,201	5,812
F.3.	Miscellaneous operating expenses	2,359,289	316,931
	Settling of active consolidation difference (Goodwill)	7,828	7,323
*	PROFIT OR LOSS ON OPERATING ACTIVITIES	608,342	216,947
IV.	INCOME FROM LONG-TERM INVESTMENTS – SHARES	0	11
G.	COST OF SHARES SOLD	0	10
V.	INCOME FROM OTHER LONG-TERM INVESTMENTS	3,589	147
H.	EXPENSES RELATED TO OTHER LONG-TERM INVESTMENTS	96	0

Consolidated income statement

(in whole thousands of CZK) continuation

		31.12.2022	31.12.2021
VI.	INTEREST AND SIMILAR INCOME	827	744
I.	Value adjustments and provisions relating to financial activities	420	0
J.	Interest and similar expense	106,415	46,755
VII.	OTHER FINANCIAL INCOME	25,491	7,424
K.	Other financial expenses	64,711	15,732
*	PROFIT OR LOSS ON FINANCIAL ACTIVITIES	-141,735	-54,171
**	PROFIT OR LOSS BEFORE TAXATION	466,607	162,776
L.	Income tax	135,121	43,803
**	PROFIT OR LOSS AFTER TAXATION	331,486	118,973
***	out of that: profit or loss without minority shares	330,435	119,427
***	out of that: Minority shares in profit or loss	1,051	-454
****	PROFIT OR LOSS FOR THE YEAR	331,486	118,973
*	Net turnover for accounting period	10,740,565	4,478,784

Other financial indicators

(in whole thousands of CZK)

	31.12.2022	31.12.2021
EBITDA*	767,523	333,029

* EBITDA is calculated as Profit or loss on operating activities, adjusted by Depreciation/ Amortization (E.1), Net book value of fixed assets sold (F.1), Income from sale of fixed assets (III.1.) and Settling of passive and active consolidation difference.

Consolidated statement of cash flows

as of December 31st, 2022

(in whole thousands of CZK)

	Current period	Prior period
P.	145,439	47,684
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		
CASH FLOW FROM OPERATING ACTIVITIES		
Z:	466,607	162,776
	Profit or loss on ordinary activities before taxation	
A.1.	318,407	88,829
	Adjustments to reconcile profit or loss to net cash provided by or used in operating activities	
A.1.1.	154,603	90,661
	Depreciation and amortisation of fixed assets	
A.1.2.	-7,132	-46,823
	Change in:	
A.1.2.2.	-7,132	-46,823
	Provisions and other adjustments	
A.1.3.	-5,796	-2,537
	Profit (-) / loss (+) on sale of fixed assets	
A.1.6.	105,588	46,011
	Interest receivable and interest payable accounted for	
A.1.7.	71,144	1,517
	Other non-cash adjustments	
A.*	785,014	251,605
	NET CASH FROM OPERATING ACTIVITIES BEFORE TAXATION, CHANGES IN WORKING CAPITAL AND EXTRAORDINARY ITEMS	
A.2.	-731,271	79,303
	Changes in working capital	
A.2.1.	-353,762	33,171
	Change in receivables from operating activities, estimated receivables and deferrals	
A.2.2.	767,118	67,715
	Change in short-term liabilities from operating activities, estimated payables and accruals	
A.2.3.	-1,144,627	-21,583
	Changes in inventories	
A.**	53,743	330,908
	NET CASH FROM OPERATING ACTIVITIES BEFORE TAXATION, INTEREST PAID AND EXTRAORDINARY ITEMS	
A.3.	-106,415	-46,755
	Interest paid excluding amounts capitalised	
A.4.	827	744
	Interest received	
A.5.	-54,275	-33,818
	Income tax paid on ordinary income and income tax relating to prior periods	
A.***	-106,120	251,079
	NET OPERATING CASH FLOW	

Consolidated statement of cash flows

as of December 31st, 2022

(in whole thousands of CZK) continuation

	Current period	Prior period
CASH FLOW FROM INVESTING ACTIVITIES		
B.1.	-1,134,390	-86,482
	Acquisition of fixed assets	
B.1.1.	-1,098,591	-72,189
	Acquisition of tangible fixed assets	
B.1.2.	-20,779	-14,293
	Acquisition of intangible fixed assets	
B.1.3.	-15,020	0
	Acquisition of long-term investments	
B.2.	609	21,048
	Proceeds from sale of fixed assets	
B.2.1.	609	21,048
	Proceeds from sales of tangible and intangible fixed assets	
B.***	-1,133,781	-65,434
	NET CASH FLOW FROM INVESTING ACTIVITIES	
CASH FLOW FROM FINANCING ACTIVITIES		
C.1.	1,422,863	-57,380
	Change in long-term resp. short-term liabilities from financing	
C.2.	-59,914	-30,510
	Effect of other changes in equity on cash	
C.2.6.	-59,914	-30,510
	Dividends paid, or profit shares paid including withholding tax	
C.***	1,362,949	-87,890
	NET CASH FLOW FROM FINANCING ACTIVITIES	
F.	123,048	97,755
	NET INCREASE OR DECREASE IN CASH BALANCE	
R.	268,487	145,439
	CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	

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 1.1.2021	80,151	37,568	41,010	85,930	0	244,659
Fund allocations	0	-2,886	85,310	-85,930	0	-3,506
Advances paid	0	0	0	0	-30,510	-30,510
Profit 2021	0	0	0	119,427	0	119,427
Balance as at 31.12.2021	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 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



Notes to the consolidated financial statements for year ended 31st December 2022

1. Basic information about the group and determination of the consolidation unit

The group of the companies is composed by Winning Group a.s. which is the controlling company and by the controlled companies ("Consolidated group" or "Group"). Definition of these companies is given below.

The scope of business of the controlling company is the management of subsidiaries. The scope of business of the Group comprises civil engineering and manufacturing of components for automotive industry.

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

Description of the 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 assets
Date of incorporation:	24 January 2018
Balance sheet date:	31 December 2022
Accounting period:	Calendar year 2022
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, File 7911

Controlled companies, consolidated accounting entities

The consolidated accounting entities of the company are the controlled companies. For the purposes of the consolidation, the controlled company is defined as a company in which the controlling company exerts the decisive influence directly or indirectly. The controlled company is such a company included within the consolidation unit of which the Winning Group a.s. company possesses a sufficient amount of voting rights to apply the decisive influence directly or indirectly. This means that the Winning Group a.s. company is predominantly able to appoint or remove the majority of persons who are members of the statutory body of the business corporation that is the partner of the company, or to enforce such appointment or removal. A sufficient amount of voting rights is ensured mainly by a majority ownership share in the company or a similar share of voting rights. Nevertheless, if the contrary has not been proven, a person possessing a share of voting rights representing at least 40% of all votes in a business corporation is considered a controlling person on the basis of a rebuttable legal presumption, unless the same or a higher share possesses another person or persons acting in concert. For the purposes of including a subsidiary to the consolidation unit, the decisive influence is defined as such degree of dependence that arises predominantly from the direct or indirect exercising of sufficient voting rights in controlled company and disposing of these voting rights in accordance with one's own discretion, regardless of whether and on which legal basis are they exercised (possibly also from the possibility of influencing the exercising of the voting rights of other person in a decisive manner).

These companies are consolidated via full consolidation method.

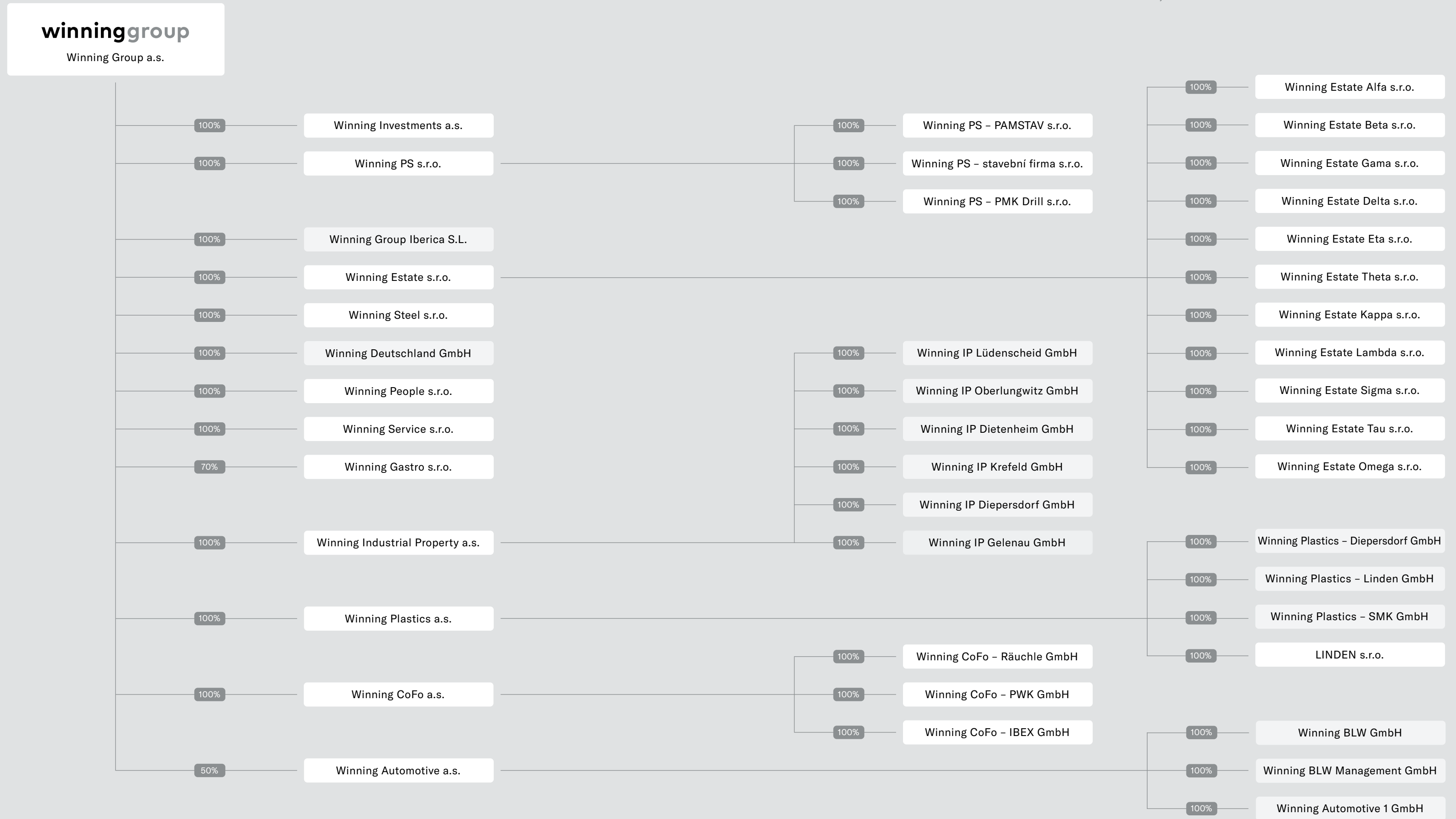
Companies under joint influence, jointly controlled companies

Jointly controlled company is a company in which a consolidation unit enforces direct or indirect common influence. The common influence is such influence that is enforced by a person from the consolidation unit together with one or more persons not included in the consolidation unit who are controlling other person, while the person enforcing the common influence does not enforce the decisive influence in this other person individually.

These companies are consolidated via proportional consolidation method and the individual components of the balance sheet, and income statement are included into the consolidated financial statements in proportion corresponding with the recalculated equity share of the consolidating accounting entity (direct consolidation).

Organisational chart

As of December 31st, 2022



Consolidated group

Consolidating accounting entity is the company 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 Prague 4, CZE	full direct	limited liability company	26980487	100%	CZK 1,000,000
Winning Group Iberica, S.L. ^{1,3} 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 2022, the company joined Winning Group.

2 Company operates in Germany.

3 Company operates in Spain.

4 In 2022, the company Winning Germany 1 GmbH was renamed to Winning Plastics – Linden GmbH.

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

5 In 2022, the company Winning Germany 3 GmbH was renamed to Winning Plastics – SMK GmbH.

6 In 2022, the company Winning Germany 4 GmbH was renamed to Winning IP Oberlungwitz GmbH.

7 In 2022, the company Winning Germany 2 GmbH was renamed to Winning IP Lüdenscheid GmbH.

8 In 2022, the company Winning Equity Invest a.s. was renamed to Winning Industrial Property a.s.

**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. ⁸ Křižkova 2960/72, 612 00 Brno, CZE	full direct	joint stock company	14010089	100%	CZK 2,000,000
Winning IP Lüdenscheid GmbH ^{2,7} Kalver Strasse 26, 58515 Lüdenscheid, DE	full direct	limited liability company	HRB 10258	100%	EUR 25,000
Winning IP Oberlungwitz GmbH ^{2,6} Hofer Strasse 96-98, 09353 Oberlungwitz, DE	full direct	limited liability company	HRB 34798	100%	EUR 25,000
Winning IP Dietenheim GmbH ^{1,2} Räuchlestraße 7, 89165 Dietenheim, DE	full direct	limited liability company	HRB 744482	100%	EUR 25,000
Winning IP Krefeld GmbH ^{1,2} Idastraße 60, 47809 Krefeld, DE	full direct	limited liability company	HRB 19296	100%	EUR 25,000
Winning IP Diepersdorf GmbH ^{1,2} Industriestraße 22, 91227 Leinburg, DE	full direct	limited liability company	HRB 40763	100%	EUR 25,000
Winning IP Gelenau GmbH ^{1,2} Idastraße 60, 47809 Krefeld, DE	full direct	limited liability company	HRB 19169	100%	EUR 25,000
Winning Plastics a.s. ¹ Křižkova 2960/72, 612 00 Brno, CZE	full direct	joint stock company	14293480	100%	CZK 2,000,000
Winning Plastics – Diepersdorf GmbH ^{1,2} Industriestraße 22, 91227 Leinburg, DE	full direct	limited liability company	HRB 40825	100%	EUR 25,000
Winning Plastics – Linden GmbH ^{2,4} Kalver Strasse 26, 58515 Lüdenscheid, DE	full direct	limited liability company	HRB 270420	100%	EUR 25,000
Winning Plastics – SMK GmbH ^{2,5} Hofer Strasse 96-98, 09353 Oberlungwitz, DE	full direct	limited liability company	HRB 34810	100%	EUR 25,000
LINDEN s.r.o. ¹ Žižkova 750/40, 693 01 Hustopeče, CZE	full direct	limited liability company	26292904	100%	CZK 200,000
Winning CoFo a.s. ¹ Křižkova 2960/72, 612 00 Brno, CZE	full direct	joint stock company	14293692	100%	CZK 2,000,000

1 In 2022, the company joined Winning Group.

2 Company operates in Germany.

3 Company operates in Spain.

4 In 2022, the company Winning Germany 1 GmbH was renamed to Winning Plastics – Linden GmbH.

Company name Registered office	Consolidation method Consolidation type	Legal form	Company ID no.	Business share	Basic capital
Winning CoFo – Räuchle GmbH ^{1,2} Räuchlestraße 7, 89165 Dietenheim, DE	full direct	limited liability company	HRB 744297	100%	EUR 25,000
Winning CoFo – PWK GmbH ^{1,2} Idastraße 60, 47809 Krefeld, DE	full direct	limited liability company	HRB 19168	100%	EUR 25,000
Winning CoFo – IBEX GmbH ^{1,2} Gewerbepark Am Gründel 11, 09423 Gelenau, DE	full direct	limited liability company	HRB 19155	100%	EUR 25,000
Winning Automotive a.s. Křižkova 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

5 In 2022, the company Winning Germany 3 GmbH was renamed to Winning Plastics – SMK GmbH.

6 In 2022, the company Winning Germany 4 GmbH was renamed to Winning IP Oberlungwitz GmbH.

7 In 2022, the company Winning Germany 2 GmbH was renamed to Winning IP Lüdenscheid GmbH.

8 In 2022, the company Winning Equity Invest a.s. was renamed to Winning Industrial Property a.s.

2. Group's going concern assumption

The Group is financed by long-term and short-term loans. The maturity of the loan drawn by the company Winning BLW GmbH is in September 2023 (the value as of December 31st, 2022, is CZK 318,819 thousand) and no final agreement on the loan refinancing has been signed at the day of compiling these financial statements. Currently, the negotiations are underway with the bank and the management of the company Winning BLW considers the course of negotiations very positive and the conclusion of a new contract highly probable.

The management of the group concluded that the above-mentioned information does not have a significant influence on the Group's going concern assumption. Regarding to this fact, the consolidated financial statements have been prepared under assumption that the Group will continue to operate as a going concern.

3. Current economic situation

The current economic situation is marked predominantly by the war in Ukraine that started on February 24th, 2022, including related sanctions against Russia, disrupted supplier chains, energy crisis, uncertainty on the 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, interest rate growth, exchange rate volatility and others.

Increased growth of the energy prices and the overall inflation do of course influence our Group as well. The management of the group concluded that the impacts of the war in Ukraine do not have a significant influence on the operation of the Group.

4. Accounting procedures, valuation methods and depreciation

a) Basic principles for preparing consolidated financial statements

The consolidated financial statements is compiled in accordance with accounting regulations for a large group of accounting entities valid in Czech Republic.

The accounting procedures applied respect the general accounting principles, especially the ones associated with assets valuation at historic prices, accrual principle of accounting, principle of prudence and the assumption that the accounting entity is able to continue in its activities.

b) Consolidation system

The consolidated financial statements are prepared in accordance with the procedures intended for direct consolidation. The goal of this document is to present a true and fair view of the assets, liabilities, financial position and profit or loss of the group of companies included in the consolidation as a whole and to serve as a source of information for creditors and shareholders.

The method of full consolidation for including the controlled or managed companies (with more than 50 % participation, i.e., concerning the subsidiaries) has been applied for preparing the consolidated financial statements, and also the method of proportional consolidation for including the whole company that is wholly controlled in concert with another person or persons, if these persons have the same share in the share capital of the controlled or managed company. Moreover, the equivalence consolidation method has been applied when including a company under significant influence (more than 20% participation, i.e. at affiliated companies).

Mutual receivables, payables, revenues and costs are completely excluded, as well as the profit from the sales of assets between the companies of the Group. Shares of profits from companies consolidated via full, proportional or equivalence consolidation method have been excluded from the consolidated income statement and the amount has been included into the consolidated income statement of previous years.

For the purposes of the consolidation, the significant accounting procedures for the consolidation unit have been unified. These accounting procedures that are used by individual companies included in the consolidation unit are described below.

The individual financial statements of all companies included in the consolidation were compiled on December 31st, 2022. The income statement contains the results of controlled companies, the proportional part of the results of jointly controlled companies and shares in the results of the companies in 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 the significant influence is exercised over them.

For the purposes of consolidation, the balance sheet of the companies accounting in foreign currency is recalculated into CZK via exchange rate issued by CNB as of December 31st of the current period. The income statement of companies accounting in foreign currency is for the purposes of consolidation recalculated by the monthly exchange rate according to the CNB. The difference between the balance sheet and the income statement arising from above-mention recalculation is reported in the equity section A.II. Premium and capital funds.

c) Consolidation difference

The consolidation differences are calculated 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 depreciated via straight-line depreciation for the period not exceeding 20 years. Selected depreciation period must be reliably demonstrable and must not violate the principle of a true and fair view of accounting and the financial situation of the accounting entity.

Amortization of the consolidated difference is presented as a separate item in of the consolidated income statement.

d) Method of inclusion of newly acquired companies

In 2022, companies newly included into the Group (except for Linden s.r.o.) were acquired by acquisition of their assets and taking over the operation from the defunct company to the newly established company. Firstly, the acquisition of an empty company was performed for the value of its capital stock increased with the fees for selling company. Afterwards, the newly acquired company bought the assets and took over the operation from other defunct company. Due to this, the consolidation difference of these companies can be considered not significant.

e) Minority capital

The minority capital is the minority share of the controlled persons on their own equity in the in the division of shares in the capital stock, capital funds, funds from profit, undivided or unpaid profit of previous years and profit of the current accounting period. The minority capital of the controlled companies with negative equity value is reported only up to an amount corresponding with the value of losses that can be with high probability paid by the minority owners.

f) Tangible and intangible fixed assets

Tangible and intangible fixed assets are registered in the acquisition cost, including the acquisition price and costs related to its acquisition. Tangible and intangible fixed assets acquired for a price lower than CZK 80 thousand is reported in the balance sheet and depreciated via straight-line depreciation in a depreciation period of one to three years. The assets of a value lower than CZK 10 thousand is accounted for directly as consumable and is not reported in the balance sheet.

The repair and maintenance costs of the fixed assets are accounted for as consumables.

The valuation of internally produced fixed assets includes direct production costs and indirect costs directly related to the production of the asset. The reproduction acquisition price is applied for tangible fixed assets acquired free of charge, when the price cannot be ascertained in any other way, and assets newly identified in accounting. An expert estimate is used to determine the replacement purchase price.

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	5–25 years
Vehicles	Straight-line	3–8 years
Software	Straight-line	3–4 years
Valuable rights	Straight-line	5 years
Other equipment	Straight-line	3–10 years

If the asset's residual value exceeds its estimated recoverable amount, its residual value is reduced to this amount through adjustments. 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 cost method. The cost of inventories includes the costs of their acquisition, including any costs related to acquisition (costs of transport, customs duties, commissions etc.).

Work in progress and finished goods are measured at production cost, which includes the cost of material, work and a proportion of the manufacturing overhead costs according to the state of completion. In the case of property development projects, the inventories (work in progress) include all costs related to the project. The only exceptions are non-tax costs and costs to be invoiced. 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.

h) Receivables

Receivable are reported in the nominal value reduced by the adjustments to doubtful receivables. The adjustments to doubtful receivables is created on the basis of the age structure of receivables and individual assessment of debtors' creditworthiness.

The Group determines the adjustments to the doubtful receivables basing on its own analysis of the solvency of the customers. Valuation of the doubtful receivables can be decreased by applying the adjustments to their realizable value that are included in the costs.

i) Derivates

The group possesses financial derivatives that are used in accordance with the Group's risk management strategy as a hedging instrument. The hedge accounting according to Czech accounting regulations cannot be applied on these derivatives, as they do not meet the criteria for the hedge accounting. These derivatives are therefore reported as derivatives intended for trading.

The changes of the actual value of the financial derivatives intended for trading are reported summarized in the profit or loss of the financial activities.

j) Foreign exchange translation and foreign exchange transactions

The companies within the Group that are accounting in the Czech currency use a fixed annual exchange rate for the conversion of foreign currencies that is determined on the basis of the daily rate of the foreign exchange market announced by the CNB for December 31st of the previous year.

The exceptions comprise acquisitions of financial assets, additional payments outside the capital stock, cash exchange and intra-group loans, which are accounted for at the current CNB exchange rate on the day of the transaction. Assets and liabilities of a monetary nature in foreign currency are recalculated at the balance date according to the foreign exchange market rate announced by the CNB.

For the consolidation purposes, the balance sheet of the companies within the Group accounting in foreign currency is converted into CZK at the CNB exchange rate as of December 31st of the current period. For the purposes of consolidation, the balance sheet of the companies accounting in foreign currency is recalculated into CZK via exchange rate issued by CNB as of December 31st of the current period. The income statement of companies accounting in foreign currency is for the purposes of consolidation recalculated by the monthly exchange rate according to the CNB. The difference between the balance sheet and the income statement arising from above-mentioned recalculation is reported in the equity section A.II. Premium and capital funds.

Unrealized exchange rate gains and losses are recorded in the profit or loss. The existence of unrealized exchange rate differences is based on the accounting entity's obligation to recalculate assets and liabilities expressed in foreign currency into CZK at the date of the financial statements at the CNB exchange rate valid at the date of the financial statements in accordance with the provisions of § 24 paragraph 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 of the parent company and other companies subject to full 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 income tax provision is reduced by the income tax advances paid and any resulting receivable is presented in "State – tax receivables" and any tax liability is presented in "Income tax provision".

l) Deferred tax

Deferred tax is reported for all temporary differences between asset's residual value or payable in the consolidated balance sheet and their tax value. A deferred tax receivable is accounted for if it is probable that it will be possible to apply it for tax purposes in the future.

m) Reserves

The Group creates reserves to cover its payables or costs, the nature of which is clearly defined and for which it is either probable or certain that they will occur as of the balance day, but their amount or the moment of their occurrence is not precisely known. The reserves at the balance day represent the best estimate of costs that are likely to be incurred or, in the case of payables, the amount required to settle them.

n) Equity

If the Company decides on the payment of advance payments for shares on profit, it shall report this fact as a reduction in equity on the balance sheet in the section Decided on advance payment of the shares on profit. If on the balance day the Company incurs a loss or achieves a profit lower than the paid shares on profit, it shall report in the balance sheet at the end of the accounting period the payment of advances for shares on profit or part thereof as a receivable from partners/shareholders.

o) Revenues

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

In the property development segment of the Group, all costs incurred during construction are reflected in the value of inventories, and revenues are recognized at the moment of transfer of the built properties to the final customers.

p) Cost and revenue accounting

Costs on interests resulting from loans for property development projects are capitalized during the completion period. Other costs associated with loans are accounted for as expenses. Revenues and costs are accounted for on an accrual basis, i.e. to the period to which they are materially and temporally related.

q) Costs on interests

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

r) Lease purchase

The acquisition price of assets acquired through financial or operational lease purchase is not capitalized as a fixed asset. Lease instalments are accounted for as costs evenly over the entire duration of the lease. Future lease payments that are not due at the balance day are disclosed in the annex 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 represent short-term liquid assets that can be easily and readily converted into a known amount of cash in advance.

t) Cash and cash equivalents

Cash is money in cash, including valuables, and finances in the account, including current account overdrafts. Overdrafts which are a form of financing, are not part of cash and cash equivalents.

Cash equivalents mean short-term liquid financial assets that are easily and readily exchangeable for a known amount of cash in advance, and this asset is not expected to experience significant changes in value over time. Cash deposits with a maximum notice period of three months and liquid debt securities for trading on the public market are considered cash equivalents as well.

u) Subsidies

One of the companies included in the consolidation unit received a European Union subsidy for the payment of expenses associated with the operation of the shared services centre of the company Winning Steel.

The subsidy was accounted for at the moment of its receiving or the emergence of an undisputable claim for its receiving.

The subsidy is accounted for in favour of revenues (on the basis of accrual principle), if it is determined to be used for the payment of costs and as the means for reduction of the purchase price, or if it is to be used for purchasing a tangible fixed asset.

v) Related parties

Related parties of the Group are:

- parties that can enforce the decisive influence of the Group directly or indirectly and companies in which these parties have decisive or significant influence,
- parties that can enforce the significant influence in the Group directly or indirectly,
- members of statutory, supervisory and management bodies of the Group or its parental company and their close persons, including companies in which these members and persons have a significant or decisive influence;

balances and transactions with companies that are parts of the consolidation unit, are eliminated and therefore not reported or published in the financial statements.

w) Subsequent events

The impact of events occurring between the balance day and the day the financial statement was compiled, is reported in the financial statements in case that these events provided additional information about the facts that existed on the balance day.

If a significant event occurs between the balance day and the date of preparation of the consolidated financial statements all related facts that would occur after the balance day, the consequences of such event are described, and its impacts are quantified in the annex to the consolidated financial statements but are not accounted for in the financial statements.

5. Fixed assets

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

Differences arising from changes in accounting methods (including the impact of deferred tax) and corrections due to incorrect accounting or non-accounting for costs and revenues in previous accounting periods are reported in the section Other profit or loss brought forward in case they are significant.

In 2022, these changes of method or corrections of previous years were carried out:

- Investment lands for development projects for which a zoning decision has already been issued, are reclassified as inventory and the related income from sale of fixed assets into revenue from the sale of products and services, this adjustment more faithfully reflects the nature of the asset and related sales for development projects.
- Unsold bonds are newly reported in aggregate with the total of issued bonds in liabilities, this report better reflects the actual debt to external creditors in a situation where the bond subscription period has already ended.
- The cost and revenue related to the sale of receivables to a factor is newly reported in the income statement, this adjustment reflects the form of factoring according to the concluded contracts.
- The negative consolidation difference is now part of assets instead of equity, this adjustment better reflects the nature of the negative consolidation difference.

Each of these changes was also reflected in the comparison period. The changes did not affect the financial result of previous years therefore, the changes were not projected through the Other profit or loss brought forward.

a) Intangible fixed assets

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 INCREASE OF THE COST	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 INCREASE OF ACC. AMORT.	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

State as of December 31st, 2021 (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 1.1.2021	51,615	0	2,659	172	0	54,446
EXCHANGE RATE DIFFERENCE	-2,224	0	-140	0	0	-2,364
Additions	1,012	0	0	930	10,716	12,658
Disposals	-1,727	0	0	0	0	-1,727
Transfers	150	0	0	0	0	150
Balance as at 31.12.2021	48,826	0	2,519	1,102	10,716	63,163
ACCUMULATED AMORTISATION						
Balance as at 1.1.2021	10,710	0	0	0	0	10,710
EXCHANGE RATE DIFFERENCE	-3,319	0	0	0	-648	-3,967
Amortisation	17,852	0	0	0	3,273	21,125
Accumulated amortisation of disposals	-1,609	0	0	0	0	-1,609
Transfers	0	0	0	0	0	0
Balance as at 31.12.2021	23,634	0	0	0	2,625	26,259
Net book value as at 1.1.2021	40,905	0	2,659	172	0	43,736
Net book value as at 31.12.2021	25,192	0	2,519	1,102	8,091	36,904

The Group obtained an intangible asset in the form of an option for a purchase of a building in Gelsenau (contract for the future purchase of property) when purchasing new companies through Asset Deal. The purchase price of the option is CZK 6,236 thousand – the amount will be deducted from the purchase price of the property at the purchase.

b) Tangible fixed assets

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

	Land	Buildings and structures	Machinery and equipment	Tang. 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
ACCUMULATED DEPRECIATION	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 DEPRECIATION						
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 INCREASE OF ACC. DEPRECIATION	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

State as of December 31st, 2021 (in whole thousands of CZK)

	Land	Buildings and structures	Machinery and equipment	Tang. Fixed assets in progress	Advances granted	Total
ACQUISITION COST						
Balance as at 1.1.2021	79,864	72,827	386,318	3,336	1,177	543,522
EXCHANGE RATE DIFFERENCE	-350	-944	-13,939	-137	0	-15,370
Additions	0	0	17,536	100,489	205	118,230
Disposals	-16,458	-27,044	-12,480	-911	0	-56,893
Transfers	39,704	3,052	37,419	-94,703	0	-14,528
Balance as at 31.12.2021	102,760	47,891	414,854	8,074	1,382	574,961
ACCUMULATED DEPRECIATION						
Balance as at 1.1.2021	0	4,451	81,221	0	0	85,672
EXCHANGE RATE DIFFERENCE	0	-209	1,165	0	0	956
Depreciation	0	2,426	67,110	0	0	69,536
Accumulated depreciation of disposals	0	-375	-9,332	0	0	-9,707
Transfers	0	0	0	0	0	0
Balance as at 31.12.2021	0	6,293	140,164	0	0	146,457
ALLOWANCES						
Balance as at 1.1.2021	0	0	0	0	0	0
Creation / reversal	0	0	0	0	0	0
Balance as at 31.12.2021	0	0	0	0	0	0
Net book value as at 1.1.2021	79,864	68,376	305,097	3,336	1,177	457,850
Net book value as at 31.12.2021	102,760	41,598	274,690	8,074	1,382	428,504

In 2022, significant gains of assets are related to the purchase of assets via Asset Deal acquisition in Germany – see the description in section “Method of inclusion of newly acquired companies” above.

Significant disposals concerning land and buildings in 2022 relate to the start of two property development projects and associated reclassification of these assets to inventories.

c) Long-term investments

The Group pays advanced payments (as of December 31st, 2022: CZK 15,020 thousand, as of December 31st, 2021: CZK 0) for purchase of long-term investment that owns the building used by the Group for its operational activity. After the advanced payments are paid, the investment including the building will be transferred to the ownership of the Group.

6. Positive and negative consolidation differences

(in whole thousands of CZK)

Movements in active consolidation difference	31 December 2022	31 December 2021
Opening balance as at 1 January	112,637	117,768
Impact of acquisitions in the financial year	9,386	2,192
Write-off of active consolidation difference	-7,828	-7,323
Closing balance as at 31 December	114,195	112,637

Movements in passive consolidation difference	31 December 2022	31 December 2021
Opening balance as at 1 January	-265	-373
Impact of acquisitions in the financial year	-35,582	0
Write-off of passive consolidation difference	3,823	108
Closing balance as at 31 December	-32,024	-265

7. Inventories

(in whole thousands of CZK)

	31.12.2022			31.12.2021		
	Brutto	Allowance (-)	Net	Brutto	Allowance (-)	Net
Material	581,581	-85,622	495,959	190,776	-59,091	131,685
Work-in-progress	914,643	-24,839	889,804	342,811	0	342,811
Semi-finished products	103,723	-35,112	68,611	67,639	-38,219	29,420
Finished products	331,938	-19,772	312,166	59,708	-8,747	50,961
Total	1,931,885	-165,345	1,766,540	660,933	-106,057	554,877

The Group created allowance to inventory as of December 31st, 2022, in the amount of CZK 165,345 thousand (CZK 106,057 thousand as of December 31st, 2021).

A part of the allowance to inventory as of December 31st, 2022, in the amount of CZK 10,335 thousand has been taken over from the acquisition activity of the Group and therefore, its movement is not reflected in the Consolidated income statement.

In 2022, an interest from development projects was capitalized to inventory value in the total amount of CZK 15,255 thousand (2021: CZK 13,328 thousand).

8. Receivables

As of December 31st, 2022, the overdue receivables comprised CZK 339,870 thousand (as of December 31st, 2021: CZK 100,080 thousand).

Allowance to receivables as of December 31st, 2022, comprised CZK 12,848 thousand (as of December 31st, 2021: CZK 17,741 thousand). The group took over the allowance of CZK 46,052 thousand with the acquisition of company Linden s.r.o. The allowance has been released during the year due to receivable's write off.

Receivables are not covered by material guarantees and none of them has a maturity of more than 5 years.

As of December 31st, 2022, the Group possesses granted bank guarantees in the amount of CZK 13,064 thousand (2021: CZK 5,570 thousand).

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

Company assigns receivables from some customers on the basis of the Receivable Assignment Agreement (Factoring). In 2022, the company has assigned the receivables in the total amount of CZK 2,021,001 thousand (2021: CZK 183,515 thousand). This revenue is reported in the section Other operating income. Related costs are reported in the section Other operating expenses. Open receivables from the factoring are reported in the section Other short-term receivables.

9. Equity

(in whole thousands of CZK)

The company issued following shares:

- 8 013 pcs of registered common shares in paper form with nominal value of CZK 10 thousand
- 1 piece of registered common shares in paper form with nominal value of CZK 4,4 thousand
- 1 piece of registered common shares in paper form with nominal value of CZK 1,6 thousand
- 15 pcs of dividend shares in paper form with nominal value of CZK 1 thousand

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

The company Winning SW Holding s.r.o. with headquarters located at Křižikova 2960/72, Královo Pole, 612 00 Brno, prepares the consolidated financial statements for the widest group of accounting entities the Group belongs to.

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

The general meeting approved the financial statements of the Company for the year 2021 on January 31st, 2022, and decided on the distribution of profit for the year 2021 in the amount of CZK 116,664 thousand as follows: part of the profit in the amount of CZK 42,000 thousand is divided among the shareholders of the Company, simultaneously, the advances for profit distribution on the profit share paid out for the year 2021 in amount of CZK 30,510 thousand are settled. The remaining part of the profit is transferred to the retained earnings.

On August 15th, 2022, the board of directors decided on the payment of advances for profit distribution in the amount of CZK 17,914 thousand to the shareholder of WGMH a.s.

The way of profit distribution is given in the Consolidated statement of changes in equity.

As of the date of issue of these consolidated financial statements, the Company has not proposed a distribution of profit for the year 2022.

10. Provisions

(in whole thousands of CZK)

Type of provision	Balance 31.12.2022	Change 2022	Balance 31.12.2021	Change 2021	Balance as at 1.1.2021
Provision for income tax	128,058	80,846	47,212	14,969	32,243
Provisions related to employees	107,089	69,327	37,762	-11,541	49,303
Provision for restructuring	65,252	2,179	63,074	607	62,466
Provision for warranties	17,243	6,960	10,282	-1,408	11,691
Other provisions	152,122	72,053	80,069	-43,056	123,125
Total provisions	469,764	231,365	238,399	-40,429	278,828

Income tax advances in the amount of CZK 30,995 thousand paid by the Group as of December 31st, 2022 (as of December 31st, 2021: CZK 15,365 thousand) were settled with the income tax provision in the amount of CZK 148,670 thousand created as of December 31st, 2022 (as of December 31st, 2021: CZK 49,815 thousand). Any resulting receivable is reported in the section "Other short-term receivables", any resulting tax payables are reported in the section "Provisions". The netting of advances with a provision is accounted for at the level of the subsidiaries.

Significant increases in provisions in 2022 are related to the purchase of investments in Germany in the form of Asset Deal (see the description in the paragraph "Method of inclusion of newly acquired purchased companies" above), when the deal also included the transfer of provisions related to employees, acquired customers and restructuring. These provisions were part of the purchase price and are therefore not reflected in the income statement. For this reason, the value adjustments in respect of provisions in expenses does not match the year to year change of provisions in balance sheet. As of December 31st, 2022, these reserves amount to CZK 132,017 thousand.

11. Liabilities

The liabilities are not covered by material guarantees and do not have a maturity higher than 5 years.

The total amount of liabilities not presented in the balance sheet which is based on concluded operating lease contracts as of December 31st, 2022, is CZK 805,368 thousand (as of December 31st, 2021: CZK 837,560 thousand). These liabilities are primarily based on the lease of BLW buildings, for which we are cautiously stating the lease until the end of the contract, i.e. until 2030.

Another liability not presented in the balance sheet is described in note 19.

The company issued bonds with a total value of CZK 150,000 thousand, of which CZK 138,776 thousand is unsold as of December 31st, 2022 (as of December 31, 2021: CZK 139,007 thousand). The maturity of these bonds is July 2nd, 2023. The company has changed the method of reporting the bond and, as part of a more accurate representation of the actual liabilities to external creditors, reports the liabilities at a net value, i.e. CZK 11,224 thousand as Other liabilities. The comparative data has been corrected.

The company uses loans from external investors, their balance as of December 31st, 2022 is CZK 264,400 thousand (as of December 31st, 2021: CZK 143,033 thousand). Most of these loans are secured by a promissory note.

The company accounts a liability related to asset acquisition as part of the Asset Deal in total amount of CZK 107,915 thousand (2021: CZK 0,000), this payable is reported under Other long-term and short-term liabilities.

The group possesses issued bank guarantees towards its customers, as of December 31st, 2022 in total amount of CZK 106,325 thousand (2021: CZK 77,544 thousand).

12. Liabilities to credit institutions

Bank	Type of loan	Currency of credit	Balance 31.12.2022	Balance 31.12.2021
J&T Banka	Term of loan	EUR	966,498	385,291
J&T Banka	Overdraft	EUR/CZK	168,759	0
Raiffeisenbank	Term of loan	EUR	88,545	0
Raiffeisenbank	Overdraft	EUR	55,670	0
Komerční banka	Overdraft	CZK	37,790	4,690
UniCredit Bank Czech and Slovakia	Overdraft	CZK	13,618	6,265
Trinity Bank	Term of loan	CZK	136,020	55,410
Equa bank	Term of loan	CZK	0	12,909
Sparkasse	Term of loan	CZK	0	32,375
Other loans to finance property	Consumer credit	EUR/CZK	518,061	51,316
Balance as at 31 December			1,984,961	548,256

As at 31 December 2022, the group draws on small consumer loans to provide financing for tAs of December 31, 2022, the group draws small consumer credits to finance the purchase of individual assets (cars and machines), in the total amount of CZK 518,061 thousand).

From the total loan amount of CZK 88,545 thousand drawn from Raiffeisenbank the amount of CZK 24,115 thousand has maturity higher than 5 years.

In April 2023, an amendment was signed to extend the maturity of one of the short-term loans at J&T Bank. This loan had a value of CZK 94,404 thousand as of December 31st, 2022, and its maturity was extended to 2024. However, as of December 31st, 2022 it is reported under short-term payables to credit institutions.

Certain contractual conditions apply to loans in the balance sheet.

Violation of these conditions may lead to immediate repayment of loans. As of December 31, 2022 (as of December 31, 2021), the Company met these conditions.

Certain assets (tangible assets, working capital) were used as bank collateral for loans and other liabilities. The total residual value of this property as of December 31st, 2022, was CZK 2,170,885 thousand (as of December 31st, 2021: CZK 1,038,339 thousand).

13. Revenues

(in whole thousands of CZK)

	Sales 2022	Sales 2021
AUTOMOTIVE		
Czech Republic	458,811	33,979
Germany	3,771,467	1,636,686
other countries in the EU	1,558,046	963,930
non-EU countries	653,281	147,980
Total	6,441,605	2,782,575
CONSTRUCTION		
Czech Republic	1,818,506	1,343,154
Total	1,818,506	1,343,154
OTHER		
Czech Republic	60,474	42,422
Total	60,474	42,422
TOTAL SEGMENTS	8,320,585	4,168,151

14. Related party transactions

(in CZK)

The Group took part on these related party transactions that were not consolidated:

a) Short-term trade receivables and payables and loans within the group:

	Receivables		Liabilities	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
Winning s.r.o.	0	0	511	0
Winning SW Holding s.r.o.	0	0	108	1,181
WGMH a.s.	2,773	8,086	0	18,510
Total	2,733	8,086	619	19,691

b) Sales and purchases:

	Sales for the period		Purchases per period	
	2022	2021	2022	2021
Winning s.r.o.	0	0	39	0
Winning SW Holding s.r.o.	0	0	236	24
WGMH a.s.	222	266	0	0
Total	222	266	275	24

The receivables from companies under the joint control consolidated by the proportional method are reported in the section of Other receivables in the amount of CZK 4,044 thousand as of December 31st, 2022 (2021: CZK 5,132 thousand). The revenues from these companies are reported in the income statement for the year 2022 in the amount of CZK 3,433 (2021: CZK 7,349 thousand).

Provided and received loans are subject to interest at market interest rates.

No loans, hedges nor other payouts were provided to the members of governing, control, or administrative bodies as of December 31st, 2022 and 2021.

Company cars are available for private use by the members of governing, control and administrative bodies of the Company.

15. Personnel expenses and employees

The average number of employees of the Group for the year 2022 was 3,193 employees (for the year 2021: 1,300) from which:

	2022	2021
Number of board members of the Company	3	3
Number of members of the Supervisory Board of the company	1	1
Average number of other employees of the consolidated group	2,193	261
Average number of employees of jointly controlled companies consolidated by the proportional method	996	1,035
Average total number of employees	3,193	1,300

(in whole thousands of CZK)

	2022	2021
Payroll costs	1,814,581	827,237
Social security and health insurance costs	388,997	181,835
Other expenses	30,082	7,965
Total personnel expenses	2,233,660	1,017,037

Other transactions with the Group board members are described in the note 14 Related party transactions.

16. Income tax

(in whole thousands of CZK)

Tax expense includes:

	2022	2021
Tax payable (19%)	126,873	22,602
Deferred tax	-2,290	1,349
Additional income tax payments	10,538	19,852
Total tax expense	135,121	43,803

The deferred tax has been calculated by using the 19% tax rate for Czech companies and 33% tax rate for German companies (the tax rate for the year 2022 and following).

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

	31.12.2022	31.12.2021
Deferred tax liability (-) / asset (+) for:		
difference between the accounting and tax net book value of fixed assets	-1,672	-749
provisions and allowances	22,091	10,005
other temporary differences	-1,103	-2,088
tax losses of previous years	6,466	4,504
Net deferred tax asset (+) / liability (-)	25,782	11,672

The Group evaluated the possibilities of utilizing this deferred tax asset and in accordance with the principle of prudence decided to account for this asset in amount of CZK 4,970 thousand to December 31st, 2022 (December 31st, 2021: CZK 2,681 thousand), as there is a possible usage of this asset in following years.

17. Revenue and expense items that are extraordinary in terms of volume or origin

One-time contributions from the customers of the newly acquired companies in the total amount of CZK 227,942 thousand that served for the purposes of the payment for restructuring costs in a similar amount are a part of other operating income.

18. Statement of cash flows

(in whole thousands of CZK)

Cash and cash equivalents included in the statement of cash flows include:

	31.12.2022	31.12.2021
Cash in hand	882	402
Cash at bank	319,012	155,993
Current account debit balance included in amounts owed to credit institutions	-51,407	-10,956
Cash equivalents included in current financial assets	0	0
Cash-pooling receivable (+) / payable (-)	0	0
Total cash and cash equivalents	268,487	145,439

From the total amount of cash at bank, there is an amount of CZK 29,553 thousand either blocked or deposited into the term account as of December 31st, 2022 (2021: CZK 36,666 thousand)

19. Commitments and Contingencies

The Company had contingent liability as at 31/12/2022. It's liability from Call and Put Option Agreement between Winning Automotive a.s. ("Seller") and J&T Mezzanine, a.s. ("Buyer"). Call and Put Option Agreement is linked to the credit agreement between J&T BANKA, a.s. ("Bank"), Buyer and Winning BLW GmbH and Winning BLW Management GmbH from 21st September 2020, as amended by supplements, and entitles Buyer to exercise the option towards Seller in the form of transfer of the financial amount to the bank account. The value of this liability as of 31st December 2022 is CZK 168,051 thousand.

20. Subsequent events

In April 2023, the amendment to extend the maturity of one of the short-term loans at J&T banka was signed. The amount of this loan was CZK 94,404 thousand as of December 31st, 2022, and its maturity was extended to the year 2024. It is, however, reported in the section of short-term liabilities to credit institutions of the balance sheet.

No other events that would have influenced the financial statements as of December 31st, 2022 occurred after the reporting day.

July 27th, 2023



Sebastian Peter Wagner
Chairman of the Board

Other information from the annual report

1. Report on the company's business activities and the state of its assets for the accounting period of the calendar year 2022

This annual report for the year 2022 relates to the consolidation group 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 based on the structure of assets and the production program of the subsidiaries are mainly:

- purchase, sale, management and maintenance of real estate,
- rental and management of own or leased real estate,
- engineering activities and related technical consultancy,
- activities of employment agencies,
- security and investigation activities,
- catering in restaurants, at stands and in mobile devices,
- accounting and auditing activities; tax advisory.

The group's assets grew in 2022 mainly due to new acquisitions in Germany, where production buildings and machinery were acquired. The total value of the property acquired in 2022 is CZK 1,237 million.

2. Information on the expected development of the Group

For the next period, the controlled companies included in the consolidated group are expected to generate positive economic results and a stabilized financial situation. This annual report, in the context of other data, points to the promising trend of expanding the business of the companies of the consolidated unit in other areas, not directly related to the main activity, construction production and the automotive industry.

3. Information on the acquisition of own shares

The Group did not purchase any own shares in the accounting period of the calendar year 2022.

4. Information on activities in the field of environmental protection and labor relations

The group behaves responsibly towards the environment and the company's employees. The group contributes to environmental protection by regularly monitoring energy and fuel consumption. This monitoring is done on an annual basis. Related activities also include ongoing employee health support.

The products, processes and services provided by our Group are not a significant source of pollution. In the area of innovation, our departments are involved in development activities targeted at fulfilment of strategic goals in this area. The company regularly evaluates aspects and risks in the area of the environment and takes the necessary preventive measures aimed at preventing environmental damage.



5. Information about the existence of a branch or other part of a business plant abroad

The group does not have any branches or other part of a business plant abroad.

6. Information about subsequent events

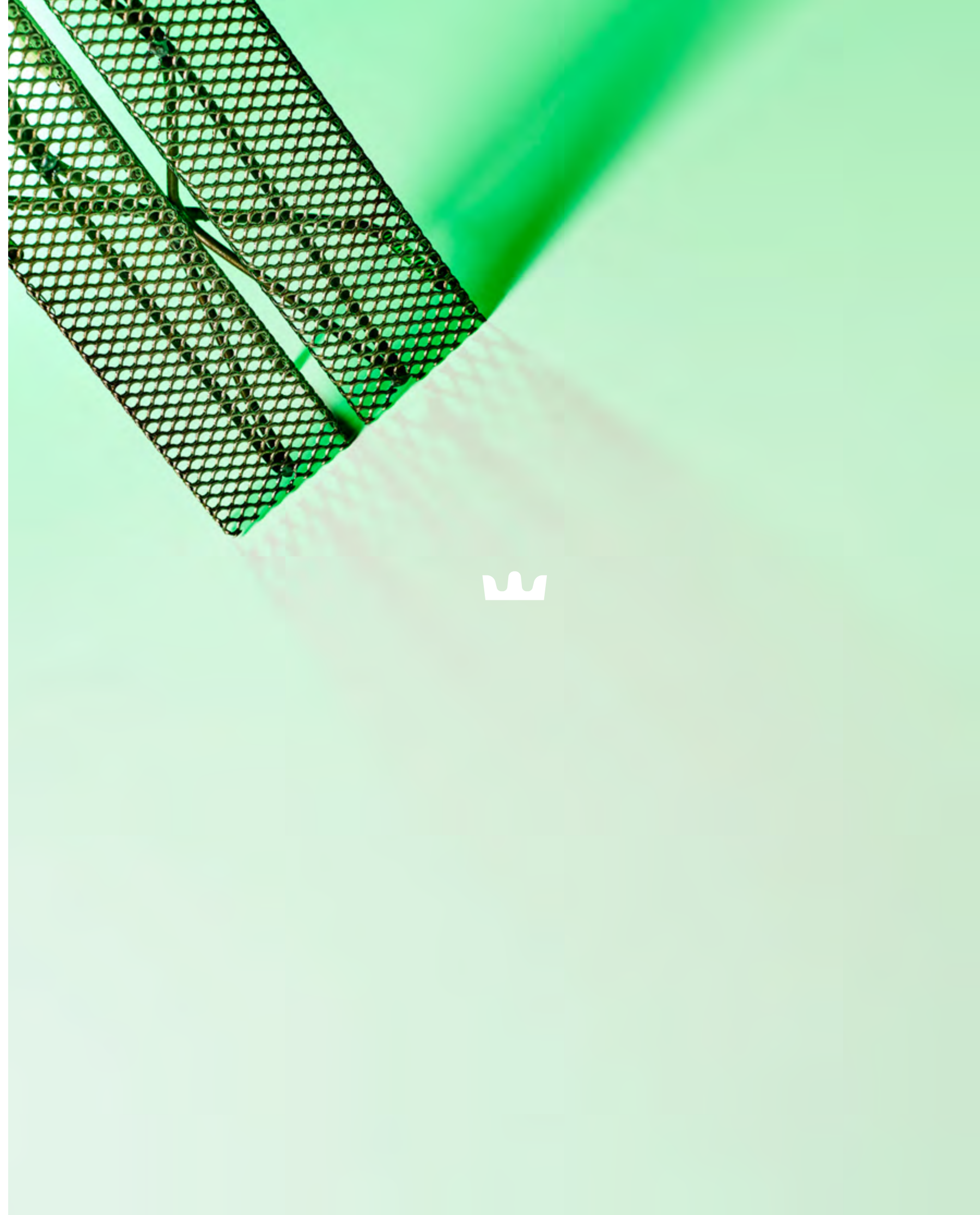
After the reporting day, there were no events that would have a significant impact on the financial statements as of December 31st, 2022.

July 27th, 2023

A handwritten signature in blue ink, appearing to read 'S. Wagner'.

Sebastian Peter Wagner
Chairman of the Board

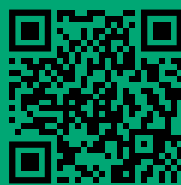
Created by: Winning Group & Atelier Zidlicky
Photography by: Winning Group's archive, Lukáš Hrdlička,
Lukáš Pfeffer, Štěpán Slováček, Luděk Šmerda, David Židlický
Published by: Winning Group, June 2023
© Winning Group 2023



22

“There is only one base for us –
to strive for each of our companies to
become the best in their field.”

Sebastian Wagner



winninggroup.cz