



ŠKODA JS a.s.



Activity Report 2019

The Power of Nuclear Engineering

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Foreword by the General Director

Dear shareholders, dear business partners, dear colleagues,

2019 was another in a series of successful years of ŠKODA JS a.s. This is proven not only by its financial results, but especially by the fact that ŠKODA JS a.s. maintained and strengthened its leading position in the nuclear engineering sector in the Czech Republic and in Europe, once again proving its competence and credibility. It continued with ongoing projects and with new ones it proved that it was constantly developing its skills and top expertise.

In line with International Financial Reporting Standards (IFRS), ŠKODA JS a.s. achieved revenues from sales of products and services of almost 4.7 billion crowns and a pre-tax profit of over 244 million crowns. In both indicators, the results are better than in 2018, in sales by almost 15% and in profit by almost 4%.

The good results of 2019 were conditioned by active acquisition work in previous years. Also in 2019, ŠKODA JS actively sought new opportunities and projects. Contracts worth 3.2 billion crowns were signed for the next period. The company's strong position in the international field is also confirmed by

exports constituting a major share of the results achieved. Exports of equipment and services reached a value of over 3.2 billion crowns and accounted for almost 68% of total output. In addition to the Czech Republic, the company supplied its goods and services to 12 countries, with Slovakia and Ukraine traditionally having the highest shares, followed by Hungary.

A significant event was the merger with ŠKODA SLOVAKIA, a.s., which until then had been our 100% subsidiary. ŠKODA JS a.s. also had an organizational unit in Slovakia, where it conducted some of its business activities. From an economic and business point of view, it was therefore appropriate to merge all business in Slovakia into one entity. A separate "Slovakia" division was established, which now deals with all current activities and prospects, and could also contribute to the fulfilling possible new commitments in neighboring countries, such as Hungary.

The company's undisputed advantage is that it has for a long time straddled three sectors: engineering, production and service. This means that to a large extent, it can allocate its capacities according to market and client requirements and current needs. The company can provide its

customers with comprehensive supplies of equipment, works and services according to the development stage of their project. By working on projects related to the decommissioning of the Jaslovské Bohunice NPP, ŠKODA JS a.s., it also proved its capabilities at the decommissioning stage of power plants.

In 2019, Engineering again had the strongest share in the company's results, more than 49%. The project "Completion of Units 3 and 4 of the Mochovce Nuclear Power Plant" in Slovakia remained key in this segment and the entire company, where the preparation for the commissioning of Unit 3 is almost completed and work continues to complete Unit 4. Successfully completed or ongoing projects to replace the control system of the Hungarian Paks NPP and the modernization of Ukrainian nuclear power plants also contributed to the results.

The share of the Service segment increased to almost a quarter. ŠKODA JS is constantly expanding its scope in the maintenance of six Czech nuclear units in Dukovany and Temelín, which are provided on the basis of a framework agreement with ČEZ, a. s., for primary circuit equipment maintenance and service. The year 2019 also brought challenges in the form of new



tasks, such as modification of feed water distribution in steam generators at the Dukovany and Temelín NPPs.

In accordance with the company's strategy and current projects, the share of the Production segment in the company's sales increased significantly, reaching almost 26%. This is also because it has embarked on the cask program; ŠKODA JS will supply casks of its own design for both Czech nuclear power plants; deliveries of casks abroad also continue. The production of control and regulation elements for VVER reactors is also significant. Work has begun on the production of two sets of internal parts for the 1600 MW EPR reactor pressure vessel for Framatome, where the final user is Hinkley Point C in the United Kingdom.

In 2019, steps were taken to optimize bidding processes

and the actual implementation. ŠKODA JS a.s. is moving towards a new definition of powers and responsibilities. It is not enough to come up with new technical solutions and products, but it is also necessary to successfully sell the potential of our designers, engineers, workers and other professions. In 2019, ŠKODA JS a.s. also made an organizational change in the Commercial department, and efforts were intensified in three key regions - Western, Central and Eastern Europe. At the same time, Business Development, the task of which is to seek and create business opportunities outside our long-term partners and segments, was transferred to the Commercial department.

In 2019, the ŠKODA JS a.s. team once again proved that, through continuity in the field, it manages the latest technologies and industry challenges. There is a lot to draw on in future

periods. I would like to thank the representatives of our shareholder, OMZ B.V., for their effective support, and appreciate the helpful approach of banking institutions that provided important financial services connected to the development of our business activities, especially abroad, and would like to thank all of our business partners and subcontractors. I would like to thank all the employees of our company for their exemplary work, their responsible approach to work tasks and the success we have achieved in strengthening our brand.

František Krčák
General Director

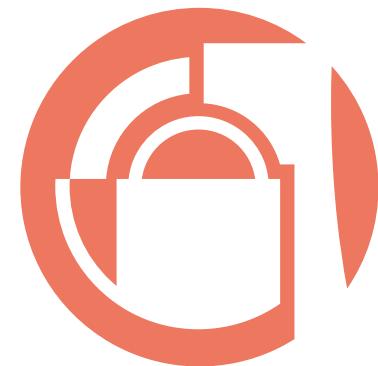


We are
one of the leaders of the nuclear
power industry in Europe.
We pass on our knowledge
and experience from one generation
to the next.

Company Introduction

The Power of Nuclear Engineering

We are one of the leaders of the nuclear power industry in Europe. We are part of its history and we pass on our knowledge and experience from one generation to the next. We are a team of experts working with advanced technologies and our three pillars – engineering, production and service – provide a wide range of activities within the life cycle of a nuclear power plant. We constantly innovate and push ourselves and nuclear engineering forward.



Engineering

- Construction of VVER nuclear units
- Supply and modernization of nuclear unit I&C systems
- EPC projects
- Computational analyses for nuclear power plants
- Design activities
- Piping systems in the power industry
- Owner's Engineer activities
- Spent fuel interim storage facilities
- Construction of research and school reactors
- Conventional power industry



Production

- Equipment for VVER and RBMK nuclear power plants
- Equipment for PWR and BWR nuclear power plants
- Equipment for research reactors
- Equipment for spent nuclear fuel storage

Our strategic fields of activity



Service

- Reactor building equipment outage management
- Reactor building equipment maintenance and repairs
- Reactor building equipment modernization
- Reactor building equipment lifetime management / extension
- Accredited material laboratory
- Reactor building key equipment in-service inspections
- Designer's supervision during reactor inspections and repairs
- Testing shops



We introduce
modern 3D printing and virtual
reality technologies into practice.
The virtual reality was used directly
at the Dukovany NPP for the purpose
of training for the repairs of steam
generator pipe welds.

Key Financial and Operating Results

ŠKODA JS a.s. – Key Financial and Operating Indicators (according to IFRS)

in CZK thousands	2017	2018	2019
Assets = Liabilities (net)	3 479 156	3 672 482	3 970 314
Fixed assets (net)	659 274	712 071	1 156 434
Current assets (net)	2 819 882	2 960 411	2 813 880
Inventory (net)	162 509	470 431	350 385
Receivables (net)	1 763 711	1 818 342	1 883 779
Financial assets (net)	639 408	330 981	305 815
Other assets (net)	254 254	340 657	273 901
Shareholder's equity	1 976 607	1 990 127	2 145 880
Liabilities	1 502 549	1 682 355	1 824 434
Reserves	258 267	196 404	137 460
Payables	694 733	1 143 233	1 375 933
Credits	0	13 192	0
Other liabilities	549 549	329 526	311 041
Revenue from sale of goods, own products and services	4 655 851	4 137 904	4 668 782
Exports	3 195 418	2 826 527	3 173 538
Added value	890 856	938 004	938 005
Operating profit/loss	374 222	241 017	257 150
Profit/loss for the accounting period	290 350	150 950	199 498
Pre-tax profit/loss	373 722	235 205	243 990
Average number of employees*	1 133	1 125	1 101
Value added labour productivity = EBIT + personnel expenses/average number of employees (CZK/employee)	1 116 574	1 048 019	1 085 518

*average adjusted number

The selected indicators above are based on the company's financial statements. The full financial statements, including the Notes, are available for inspection at the company's headquarters and have been properly published in the Commercial Register.

Revenues from sale of goods, own products and services according to IFRS
(in CZK thousands)

2017	4 655 851
2018	4 137 904
2019	4 668 782

Profit before tax according to IFRS
(in CZK thousands)

2017	373 722
2018	235 205
2019	243 990

Export according to IFRS
(in CZK thousands)

2017	3 195 418
2018	2 826 527
2019	3 173 538

ŠKODA JS a.s. – Key Financial and Operating Indicators (according to CAS)

in CZK thousands	2017	2018	2019
Assets=Liabilities (net)	3 814 088	4 191 672	4 241 592
Fixed assets (net)	611 163	608 989	673 792
Current assets (net)	3 178 406	3 566 865	3 551 778
Inventory (net)	1 423 181	1 958 496	1 884 481
Receivables (net)	1 137 307	1 277 388	1 361 482
Financial assets (net)	617 918	330 981	305 815
Other assets (net)	24 519	15 818	16 022
Shareholder's equity	1 794 706	1 802 146	1 979 559
Liabilities	1 765 487	2 147 456	1 911 873
Reserves	429 695	331 260	297 098
Payables	1 335 792	1 816 196	1 614 775
Credits	0	0	0
Other liabilities	253 895	242 070	350 160
Revenue from sale of goods, own products and services	4 500 935	3 865 338	4 491 410
Exports	2 788 310	2 714 904	3 411 799
Operating profit/loss	450 653	256 587	231 178
Profit/loss for the accounting period	314 793	124 282	163 148
Pre-tax profit/loss	402 561	201 468	204 004
Average number of employees*	1 014	1 025	1 101

*average adjusted number

The selected indicators above are based on the company's financial statements. The full financial statements, including the Notes, are available for inspection at the company's headquarters and have been properly published in the Commercial Register. Due to the merger of ŠKODA JS a.s. with its subsidiary, ŠKODA SLOVAKIA a.s., the data in the Balance Sheet for 2018 have changed.

Revenue per employee according to IFRS
(in CZK thousands)

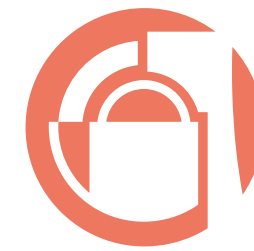
2017	4 109
2018	3 678
2019	4 240

Value added labour productivity according to IFRS
(in CZK per employee)

2017	1 116 574
2018	1 048 019
2019	1 085 518

Return on revenue (ROR) After-tax profit/ Revenues from sale according to IFRS (in %)

2017	6,2
2018	3,6
2019	4,3



Engineering

Engineering is one of the supporting pillars of our business. At the same time, ensuring comprehensive supplies in the power industry is a very difficult field. The long-term success of our company in this area is thanks to the versatile readiness of our team from a professional and managerial point of view, its ability to combine already-acquired knowledge with a willingness to look for new solutions and its will to overcome obstacles.

Completion of Units 3 and 4 at the Mochovce NPP

The core business in this segment is “Completion of Units 3 and 4 of the Mochovce Nuclear Power Plant” in Slovakia, where the company is a supplier of essential operating systems - primary circuit, fuel handling part, connecting pipes, intermediate cooling circuits, parts of the instrumentation and control (I&C) system and maintenance workshops. At present, this is the largest contract in the field of engineering, it has been of great benefit to the company in maintaining and developing valuable experience in managing large investment projects.

In 2019, the phases of design, deliveries, assembly and inactive commissioning were completed at Unit 3. Successful completion of the cold (3P201) and hot (3P203) hydro-test stage programs confirmed the high quality of the assembly provided by the company. The hot hydro-test was conducted in early 2019 at temperatures and pressures equal to regular operating conditions, and it was

successfully completed in March 2019. Immediately afterwards, the stage program of the so-called extended inspection (3P204) was launched, which is formally still ongoing, as it actually ends with fuel loading, entirely directed by the investor. The investor expects to load the fuel into the Unit 3 reactor in the 2nd quarter of 2020, which will also begin the phase of physical and power commissioning. After a successful 144-hour test operation, work on Unit 3 will be completed and the unit will be handed over to the customer by a Preliminary Acceptance (PAC) milestone.

At Unit 4, activities aimed at completing assembly works and the launch of construction tests continued. In 2020, flushes of the piping systems, long postponed by the investor, will be implemented and followed by the dismantling of temporary installations for flushes, assembly to the design condition and completion of construction tests. Then, the sequence of inactive tests and stage programs will begin, as was the case with Unit 3.

In late 2019, the investor announced a change in the

expected deadline for the completion of Units 3 and 4 and set new dates for the preliminary handover, November 5, 2020 for Unit 3 and April 28, 2022 for Unit 4, which means another two-year postponement of the current contractual deadlines. The contractual amendment associated with the postponement of deadlines is in the negotiation phase and we expect to sign it sometime this year.

In 2019, ŠKODA JS continued to provide specialists for the investor in key disciplines (engineering, planning, licensing support, construction and assembly work and commissioning). The validity of the expert support contracts was extended by contractual amendments in accordance with the completion dates.

Emergency Containment Depressurization

The aim of the emergency containment depressurization project is to increase the safety of four Ukrainian nuclear power plants (Zaporozhye, Rovno, Khmelnytsky and South

Ukraine). The project is part of a series of post-Fukushima measures and it aims to prevent the risk of overpressure and subsequent damage to the reactor containment.

ŠKODA JS, in cooperation with the main subcontractor FRAMATOME, successfully supplied all equipment for the system installation at 11 Ukrainian units. Assembly is currently in progress and is expected to be completed in mid-2021. ŠKODA JS supervises the assembly of the systems and directly manages the assembly and welding works on each system's main pressure vessel.

Paks NPP Instrumentation and Control System Replacement

This extensive "turnkey" modernization event is a continuation of a series of investment projects in the field of instrumentation and control systems for VVER nuclear power plants. ŠKODA JS is the general supplier, author of the conceptual solution and developer of Basic and Detail Design.

The purpose of this project is to replace the original reactor control system (RCS), the reactor rod control system (RRCS), including the reactor

trip breakers (RTB), with a new digital device. In 2019, the modernization of the last, fourth unit of the power plant was successfully completed: the newly-installed equipment was successfully put into operation in March. In test operation, the safety and reliability of the delivered equipment is verified on the commissioned units. The project will be completed in 2021 after the equipment gradually delivered to individual units has been unified.

In this project, ŠKODA JS uses a wide range of knowledge and mastered processes so that the key parameters of the project are successfully and promptly achieved. This includes the creation of a conceptual technical solution, activities related to securing the approval of Hungarian nuclear supervision, extensive integration activities unifying individual technical elements and deliveries into a functional unit, determining and monitoring test strategies and supervision activities during installation and commissioning. All this in an international environment with the involvement of supplies from the Czech company ZAT a.s., and activities performed by the Hungarian companies MVM OVIT Zrt, Konkoly es Kis, Innomatrix, Scadanet and MTA EK.

Reconstruction of the Ancillary Switchboards at the Dukovany NPP

In 2019, an extensive modernization project continued at the Dukovany nuclear power plant, seeking to increase reliability and safety of operation while reducing operating costs. At the beginning of the year, the installation and commissioning of the last of the four initial large sub-units was successfully completed. During the year, another six sub-units were designed, manufactured and commissioned, two of them during unit outages and four during the operation of units in campaign. After commissioning, the documentation of the actual state of the equipment is processed in the AxsysEngine design system and the accompanying technical documentation is completed to be placed in the customer's archive. The renewed equipment is another modernization step through which ŠKODA JS contributed to the safe and smooth operation of the Dukovany NPP.

Refurbishment of the Instrumentation and Control Systems at the Armenian NPP

In June 2019, equipment installation began on the project to replace reactor rod control systems (RRCS) and part of the emergency protection system, including the reactor trip breakers (RTB), at the Armenian nuclear power plant (Metsamor NPP). This project perfectly tested ŠKODA JS' ability to manage investment projects outside the EU territory and legislation.

This test turned out excellent. A team of ŠKODA JS experts in control systems successfully completed systems tests, and after commissioning in September 2019, the new equipment was handed over to the final customer Metsamor NPP. During the current warranty period, we can see that the goal of the project, which is to increase the reliability and safety of operation of the Armenian nuclear power plant, has been achieved.

Modernization of Fuel Handling Machines at the Zaporozhye NPP

The project includes supplying and installing a new control



system, including the working and television rod of the fuel handling machines at Units 3, 4 and 5 of the Zaporozhye nuclear power plant in Ukraine. ŠKODA JS is implementing this contract in cooperation with the Russian company Komtech and the Ukrainian company Norma. All equipment is assembled at a specially-adapted workplace in the Reactor Shop of ŠKODA JS, where joint factory acceptance tests take place with the customer's participation. So far, the equipment has been delivered and installed at Units 3 and 4 of the power plant. Tests of equipment for Unit 5 are planned for the first half of 2020.

PAMS2 and PAMS3 Extension

At the Dukovany nuclear power plant, a project to modernize the PAMS post-accident monitoring system is in progress, where radiation control measurements are being added to further increase plant safety. The project is successfully underway in cooperation with VF, a.s.,

FRAMATOME and ZAT a.s. After the completion of individual parts of the project, which concerned the creation of documentation, works on the installation and commissioning of the modernized equipment of Unit 1 were successfully conducted in 2019.

Replacement of Separators at the Temelín NPP

In 2019, ŠKODA JS implemented a project to replace TG12 separators at the Temelín nuclear power plant. As a sub-supplier of Balcke-Dürr, ŠKODA JS participates in major engineering activities towards the project, such as securing the input 3D model, elaboration and handover of partial project inputs, ensuring assembly and its design and technological preparation, and other supporting activities. The project phase planned for 2019 has been successfully completed; the new equipment will actually be installed in 2020 on the second unit and in 2021 on the first unit.

Long-term cooperation between the Calculations department and ČEZ, a. s.

In 2019, the Engineering and I&C Division's Calculations department played a significant role in the implementation of ŠKODA JS' orders. All units within the Calculations department - Physics, Thermohydraulics, Radiation Safety and Strength

- participated in these engineering activities.

In 2019, the Calculations department successfully continued its multi-year contractual projects with ČEZ, a. s., which are exclusively of a computational and development nature, both in terms of implementing new methods into computational processes and developing its own software (SW) products. SW products have been operated and developed according to the current needs of the Czech

nuclear unit operator. Within the projects, services significantly contributing to efficient fuel cycle management for the Dukovany NPP are provided. During the development activities, we have successfully completed another part of a multi-year project focused on the development of methods and software applications aimed at introducing new procedures into industrial practice, both for VVER 1000 reactors and VVER 440 reactors.



In 2019, the developed procedures and methods were actually applied within activities associated with the creation of safety documentation for the final licensing of a fuel with an average enrichment of 4.76% ²³⁵U for the Dukovany NPP (for operation of main production units at 1444 MWt). Subsequently, the procedures and methods developed have been applied in a multi-year project focusing on using Dukovany NPP power reserves. The aim of the project is to verify the operation of the Dukovany main production units at an increased output of 1475 MWt. Last but not least, in said year, these procedures and methods were also used in preparation of safety operational documentation for the newly introduced type of fuel referred to as "PK3+" at the Dukovany NPP. The common goal for these activities is to achieve optimal operation in the Dukovany main production units during 15-month fuel cycles.

Furthermore, comprehensive sets of annual activities associated with the operational support of the Temelín and Dukovany NPPs were successfully implemented. Within these projects, support activities were performed in connection with the assessment of existing fuel campaigns, optimization and design of future fuel charges.

In conjunction with the Service Division, Diagnostics department, an annual assessment of reactor measurements was performed, as well as an assessment of reactor flow in real operation of the main production unit primary circuits at the Dukovany and Temelín NPPs. In cooperation with the Service Division, the Calculation departments participate in the task of determining the hydraulic resistance coefficients on a new type of fuel assembly PK3+. In 2019, activities associated with the preparation of experimental stands took place in full: they will be followed by actual experimental measurements simulating the thermohydraulic conditions of the primary circuit on the full parameters of VVER 440 technology.

The Calculations department also played a significant role in the implementation of ŠKODA JS projects within the cooperation between the company's other divisions.

In particular, the Calculations department, in conjunction with the Slovakia Division, provided the computational support of strength calculations within the transfer of actual states of steel structural units to the end customer Slovenské elektrárne, a.s. (Mochovce NPP Completion project).

For the Production Division, the Calculations department provided support to individual design departments and successfully participated in the development of the fuel inspection stand for the Temelín NPP. Another significant computational support was provided in the strength calculations and subcriticality calculations performed within the cooperation of the Strength and Radiation Safety departments on the supply of reserve storage racks for the Rovno NPP. During this period, intensive cooperation took place in the field of strength calculations with design development within the deliveries for the ongoing international ITER project.

The Calculations department was involved also in the polar crane reconstruction at the South Ukrainian NPP. Computational support took place in the assessment of normal operating loads and assessment of seismic resistance of this structural unit.

As part of the ŠKODA JS cask program, the Calculations department was intensively involved in the process of compiling documentation for the licensing of the ŠKODA transport and storage casks for the Dukovany and Temelín NPPs.

Mechanical design and spatial coordination

Modernization of the Polar Bridge Crane in Units 1 and 2 at the South Ukrainian NPP

In 2019, the design work associated with the delivery of polar crane modernization continued, where the main part of the delivery is a new crane trolley with lifting capacities of 160 t and 2 × 80 t. The modernization also includes a delivery of new lifting and travel trolley mechanisms with a main lifting capacity of 400 t. The main lift will be equipped with a new rope drum with an emergency brake, new ropes and a rotating block. Furthermore, the polar crane bridge rotation mechanisms and the cable folding system guide-rails will be replaced, and special loading and handling devices will be designed and supplied for disassembly and assembly.

Deep disposal - end of fuel cycle

For a long time, ŠKODA JS has been involved in the very end of the fuel cycle. These are mainly design and construction activities associated with the deep disposal of radioactive waste.

In 2019, ŠKODA JS continued the project "Research and

Development of a Storage Cask for Deep Disposal of Spent Nuclear Fuel". The aim is to completely design a storage cask for deep disposal of spent nuclear fuel from VVER 440 reactors and supply a sample of this cask to the Radioactive Waste Repository Authority (SÚRAO). The current development of a storage cask for fuel from VVER 1000 reactors has also been included in the project, so that the outer diameter of both storage casks could be identical, and thus the entire deep disposal process could be cheaper. The project includes extensive and long-term corrosion research and computational verification of the storage cask concept in terms of shielding, strength, temperatures achieved and seismicity. Another goal of the project is to define and verify the storage cask production technology, especially the welding technology of the body and lid, which draws on ŠKODA JS' extensive experience with similar welds commonly performed at nuclear power plants, especially Temelín and Dukovany.

Spatial Coordination at the Dukovany NPP

In 2019, the Laserscan project was implemented for ČEZ, a. s. and its Dukovany NPP, to scan the internals of Dukovany's main production unit. During outages of individual units,

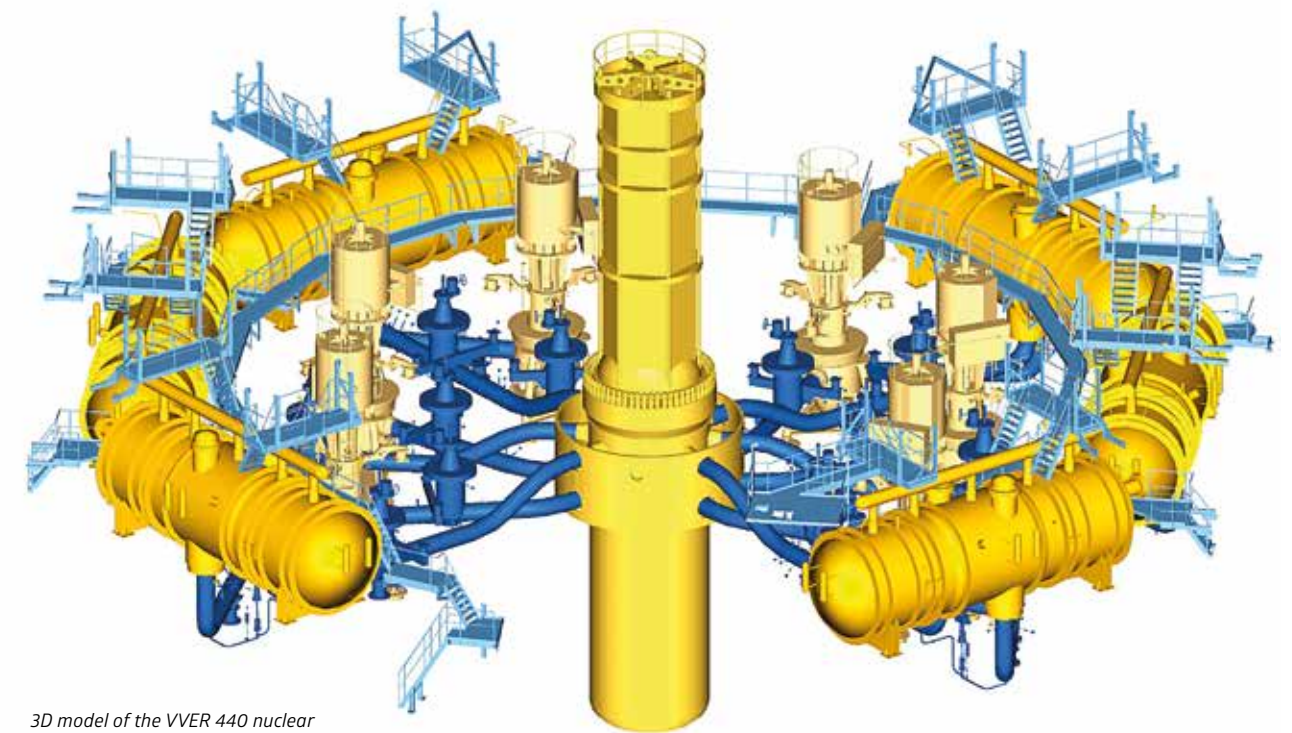
ŠKODA JS employees performed scans directly in the hermetic parts of the unit, often in confined spaces and under radiation exposure.

According to the customer's requirements, a data export was created from the scanned data for all affected rooms; it included the export of all room scans to the Leica TrueView environment, which enables virtual and realistic viewing, as well as room point cloud export to E57 format as a source of input data to later creation of a 3D model.

Hněvkovice Hydroelectric Plant

Based on the request of ČEZ, a. s., the Laserscan project of the Hněvkovice hydroelectric power plant was implemented in 2019. This power plant is located inside the Hněvkovice dam on the Vltava river. There are two sets of Kaplan turbines (2 × 4.8 MW) installed in the power plant. The Laserscan was implemented at a time when one unit was undergoing overhaul. The entire machinery was dismantled, so there was a unique opportunity to scan the building part, which is completely inaccessible during operation.

Laserscan was implemented by means of the new Leica RTC360 scanner. The total time of one scan (taking a point cloud + HDR



3D model of the VVER 440 nuclear power plant primary circuit equipment

photos) takes less than 5 minutes with this new device, speeding up, streamlining and improving the work.

During scanning, almost the entire technology and construction part of the Hněvkovice power plant was captured. A total of 173 scans was performed at this power plant.

Instrumentation and Control System (I&C) Design

Replacement of the Reactor Rod Control System (RRCS) at the Paks NPP

In 2019, ŠKODA JS, in cooperation with ZAT a.s.,

prepared a complete Detail Design of a retrofit for Unit 4 of the Paks Nuclear Power Plant, including a pencil copy and as-built documentation. Work also continued on Detail Design for the unification of systems of Units 1 - 4. In cooperation with Hungarian companies, project documentation was issued for an operator training simulator.

Modernization of Instrumentation and Control Systems at the Dukovany NPP

For the categories 2 and 3 Post-Accident Monitoring System (PAMS), work was carried out on the design and implementation documentation of individual sub-assemblies for Units 1 and 4 of the Dukovany NPP. The implementation stage of this contract began, for which

the as-built documentation and the accompanying technical documentation were handed over.

For the Instrumentation and Control System Refurbishment project, finishing work continued at all four units. As part of the above activities, design and implementation documentation was issued individually for each unit, including documentation of the actual state (as-built).

Control Rod Drive Position Indicators for a Brazilian research reactor

In 2019, work continued on the so-called Control Rod Drive Position Indicators project for a research reactor (IPMAB system) for a Brazilian

customer, where test procedures were defined and added to application software and HMI interfaces. At the same time, the subject of the contract was extended to include connecting cables for control rod drives and qualification for 30 years of operation.

Furthermore, work was carried out on the control system of the research reactor control rod drive engines (EXMAB system). QA documentation was discussed and subsequently approved with the customer. Work has also begun on the Detail Design documentation.

UKTS project for the Ukrainian Zaporozhye NPP

Within the UKTS project, documentation was issued for the two delivered regulation parts of the primary and secondary circuit of the Zaporozhye NPP, Unit 5.

Preliminary tests of the polar crane control system for the South Ukrainian NPP were also successful, and the documents required for the FAT tests were issued.

Refurbishment of the Instrumentation and Control System at the Armenian Nuclear Power Plant

In Armenia, the reactor control and protection system was replaced at Unit 2 of the

Metsamor NPP, where ŠKODA JS provided staff training, FAT tests and supervision during assembly and commissioning.

Piping Systems

In 2019, the Piping Systems team provided comprehensive activities in the design of piping systems, including strength, dynamic, seismic and service life calculations, as well as calculations of steel structures.

The largest executed contract was the "Completion of Units 3 and 4 of the Mochovce NPP". For Unit 3, the as-built documentation was completed (drawings and strength and seismic calculations were approved by the customer Slovenské elektrárne, a.s.) and all functional and pressure tests were completed with the

support of ŠKODA JS. Unit 4 is ready for auxiliary cleaning operations and the actual state documentation is being processed.

The team of piping system designers is working on the implementation of other projects for Slovenské elektrárne, a.s., ČEZ, a. s., I&C Energo a.s., Institute of Applied Mechanics in Brno, s.r.o. and NAEK Energoatom:

- Seismic re-assessment of large components for the first stage of Mochovce NPP, Units 1 and 2 - including the project completion and cooperation in the on-site implementation.
- The steam stool parts project for the Temelín NPP was completed and delivered.

- A substantial part of the as-built documentation and strength calculations of steam and power pipelines in the machine room has been completed for all four units of the Dukovany NPP - the contract will continue in 2020.

- Strength calculations for further reconstructions of the so-called "essential service water" circuit at the Temelín NPP.

- At Units 3 and 4 of the Bohunice NPP, a sensitivity analysis, calculation report and technical report were performed for the "Elimination of Vibrations of the Main Circulation Pump" project. According to this documentation, the main circulation pump was levelled by adjusting the steam generator.

- For Units 3 and 4 of the Mochovce NPP, extensive proposals for changes in the pipeline embedding were made to the Piezometric Tower Piping project in order to reduce vibrations, and extensive strength and dynamic calculations were made.

Special Designs

Leaky Spent Fuel Cask for the Temelín NPP

The development of a new cask for leaky spent fuel from VVER 1000 reactors is based on a modification of the existing design of ŠKODA 1000/19 cask. In collaboration with the University of Chemistry and Technology in Prague, additional absorption of water and hydrogen was solved in the design phase by the special inner structure of the cask. In connection with cask drying system optimization, leaky fuel tightness tests have been prepared and partially conducted using mock fuel pellets. The issue of hardware and transferring the test results to the product is dealt with in the Calculations department at ŠKODA JS and the Těsnost s.r.o. Company.

Science and Research

ŠKODA JS deals very much with technologies related to the development of 4th generation reactors based on molten salts and helium. ŠKODA JS has also developed a Hydrogen Steam Autoclave for the Centrum výzkumu Řež s. r. o. (Research Centre Řež). The new system allows for testing of changes to material properties in an environment of overheated water steam with an addition of hydrogen, a hydrogen steam

mixture. One of the effects examined is, for example, hydrogen embrittlement.

The "Salt" project

As part of the "Research and Development of Fluoride-Salt-Cooled Nuclear Reactor Technology", ŠKODA JS, together with its co-researchers, aims to contribute to the development of FHR (Fluoride-salt-cooled High-temperature Reactor) and MSR (Molten Salt Reactor) reactor systems in reactor physics, nuclear chemical technology and materials research. An important goal of this project will be to determine the main neutronic characteristics of reactors (FHR, MSR) with a coolant based on a LiF - BeF₂ fluoride melt containing the pure isotope Li-7. Other goals of the project will be the study of chemistry and chemical technology of FHR and MSR reactors, including determination of physical and chemical properties of salt, and material research focused mainly on the development of MoNiCr alloy designed for fluoride-salt-cooled reactor technologies, including verification of experimental production of components and equipment made of this alloy. The verification of experimental production of important components is the main task in this project.



Laserscan Leica RTC360.



Production

Production of Equipment for Spent Nuclear Fuel Storage

In 2019, tests and loading of the first ŠKODA 1000/19 cask, delivered at the end of 2018, took place at the Temelín NPP. In addition, in 2019, ŠKODA JS obtained type approval from the State Office for Nuclear Safety (SÚJB) for ŠKODA 440/84 casks for the Dukovany NPP, to which the first cask will be delivered in 2021.

The delivery of CONSTOR® RBMK1500/M2 casks for GNS to the Ignalina NPP in Lithuania continued - 23 of the total 34 ordered casks were delivered last year. Based on the license from the GNS Company, CASTOR® 440/84M casks also continued to be supplied for the Dukovany NPP, to which two pieces were delivered in 2019.

Production of Equipment for VVER-type Nuclear Power Plants

In 2019, the production of PRO-M drives for Slovenské elektrárne, a.s., and ČEZ, a. s., took place. For the Temelín NPP, the production of a new inspection and NSIO fuel assemblies repair stand continued. Neutron flux measurement channels were continuously supplied to both

Czech nuclear power plants, Temelín and Dukovany.

33 inserted rods of PRO-M control rod drives and removable upper reserve racks for the storage of spent nuclear fuel were delivered to the Rovno NPP in Ukraine. To Units 3 and 4 of this power plant, we also delivered a modernized fuel handling machine. A special cask transporter was delivered to the Zaporozhye NPP. At the end of 2019, a contract was concluded to supply 78 PRO-M drives for Rovno NPP with a total value of over CZK 900 million. Another regular customer is the Finnish nuclear power plant Loviisa, to which 49 pieces of inserted PRO-M drive rods were delivered in 2019.

Production of Equipment for PWR-type Nuclear Power Plants

Under a contract with FRAMATOME, ŠKODA JS began the machining of the EPR reactor internals for the construction of two units of the Hinkley Point C Nuclear Power Plant in Great Britain. Under a contract with ATECH, we continued the IPMAB project implementation by manufacturing and testing a drive position indicator sensor prototype for a research reactor in Brazil.

Research and Development

Research and Development (R&D) is a key part of the company structure of ŠKODA JS. The Company's own innovation potential represents a competitive advantage over purely manufacturing companies, and the development of new products and improving existing products helps the Company enter new markets. The key areas of research and development are:

- nuclear power plant services
- development of calculation methods and software for nuclear power industry
- storage and transport of spent nuclear fuel
- verification of key components of prototype equipment
- research into materials of nuclear power plant components or the Company's own products
- production of nuclear power plant equipment
- implementation and verification of new technologies in production

- the CANUT project (Center for Advanced Nuclear Technologies)

In the field of nuclear power plant services, the Service division developed the GCN-317 main circulation pump impeller wheel tightener for VVER 440 reactors, which was put into operation at Dukovany NPP at the beginning of 2020. The impeller wheel nut must be tightened with a torque of 3500 Nm and the tightener is able to loosen the nut even after the campaign, so it is designed for a loosening torque of up to 5700 Nm.

In the field of R&D calculations, in 2019, the Technology Agency

of the Czech Republic (TACR) embarked on a grant project for research into the critical heat flow of nuclear fuels. Within this project, measuring loops on the stand in the Bolevec experimental shop will be put into operation so that the hydraulic characteristics of the fuel assemblies can be measured.

In the area of spent nuclear fuel storage and transport, work continued on the development of the Company's own type of cask for modern VVER 440 and 1000 fuels. R&D focused on verifying the production and function of certain components and machining technology. The development of a spent fuel

basket based on welded tubes made of boron-alloy austenitic material was completed and the first baskets made of these welded tubes were successfully assembled. Research continued on a new shielding material based on geopolymers and cement mixtures with fillers, as well as development of a cask for leaking fuel.

In the area of materials research, the task "Development and production of stainless steel sheet with boron content" continued, its goal is to develop a sheet metal with specific properties. Another grant project in this area dealt with the stabilization annealing of austenitic steels.

Other tasks of 2019 were verifying the sealing glasses and materials of the bodies and pins of connectors and penetrations, and verifying the method of attachment of the new stud elongation measuring sensors to the EZ 250 tightening unit.

In the area of nuclear power industry software development, the task "Construction of a test device with programmable logic controller (PLC) for simulation of technology responses" was solved.

In 2019, the development of the fourth series of the LKP-M/4 linear stepper drive, designed for modern units with VVER

reactors, was successfully completed, where the life tests of the prototype were completed with an excellent result.

In the field of implementation of new technologies into the company, the task of using 3D printing and virtual and augmented reality tools to support production, service and sales also took place. The virtual reality was tested directly at Dukovany power plant for the purpose of training for the repairs of steam generator pipe welds, due to the very confined space.

For the needs of construction and service, precise 3D scanning with a hand-held portable scanner is now used.

Within CANUT, supported by the Technology Agency of the Czech Republic, ŠKODA JS is in charge of two "work packages":

- storage and transport of radioactive waste, especially spent nuclear fuel,
- device for inspecting primary circuit components of pressurized water reactors.

Within the second CANUT project, the Manipulator for Inspecting Reactor Head Nozzles was developed. Works on the CANUT project were successfully completed at the end of 2019 and the projects were defended before the TACR commission.

Investments

In 2019, ŠKODA JS spent a total of more than CZK 156 million on acquisition and repairs of capital assets, including CZK 72 million on repairs of machinery, equipment and buildings and CZK 84 million on the modernization and purchase of new technologies, including IT projects.

One of the most important investment projects implemented in 2019 is the acquisition of a milling machine with a mobile stand for precise machining of the internal installations of the casks manufactured by ŠKODA JS.

New roller positioners, for positioning large and heavy weldments during welding, were purchased to the Reactor Shop. These positioners will be used in the ŠKODA JS cask program and are equipped with a progressive anti-drift system with special sensors, which enables the compensation of undesired axial movement of the weldment. At the same time, this reduces the adverse effects of the human factor and reduces the occurrence of nonconformities in production.

Both aforementioned projects were co-funded by the Operational Program Enterprise and Innovation for Competitiveness - Innovations Program.





Service

Maintenance of Primary Circuit Equipment at Czech Nuclear Power Plants

2019 represented another year in the more than 10-year history of ŠKODA JS in the role of contractual general supplier of primary circuit equipment maintenance at all units of both Czech nuclear power plants, i.e., the Dukovany and Temelín NPPs. This significant long-term contract is effective until 2021, with ŠKODA JS representing a strong and stable partner for the operator of these two Czech nuclear power plants.

Similar to previous years, the quality of the personnel as well as the readiness of the group of subcontractors was put to the test in scheduled as well as unscheduled equipment repairs during the overhaul of the units and during their operation.

Besides the standard scope of work, the following operations were realized at the **Temelín NPP** during the scheduled outages of Units 1 and 2:

- **Dismantling and reassembly of the nuclear reactor** for refuelling, including resealing of selected housings of the reactor upper block linear stepper drives and replacement of ionization chambers of the source zone;

- **Removal and disposal of 12 pieces of neutron flux measurement channels** by means of a device manufactured by ŠKODA JS;

- **Inspection of steam generators including inspection of heat transfer pipes by the new IRIS manipulator**, which led to blinding of one heat transfer pipe; repairs of level meter nozzles; blinding of periodic sludge blow-off lines;

- **Repairs of feed water distribution in all four steam generators of Unit 1, inspections of compensatory measures in all four steam generators of Unit 2;** repairs were carried out as a comprehensive service, i.e. including design, calculations, production, review of as-built documentation, repair training (using modern 3D scanning technologies and virtual reality) and implementation;

- **Repairs of weld joints** that, following repeat X-ray tests, were identified as unfit for further operation;

- **Implementation of a new inspection method for the main safety valves on both units**, consisting in their disassembly from the design position, inspection and leak test in the workshop and

reassembly in the design position;

- **Creation of a steam stool for setting and checking the opening overpressure** of steam generator safety valves at a pressure close to the nominal pressure in the secondary circuit using the SESITEST device in the intermediate engine room by connection to the pressure measurement route in the main steam collector;

- **Inspection of removable parts and drives of main circulation pumps** in an interchangeable manner, including inspections of engine air gaps and review of pump support devices;

- **Inspection of the hydraulic accumulators**, including inspections of internal installations and surfaces;

- **Inspection of the emergency cooling exchanger;**

- **Successful cutting of material ampoules** on selected reactor core clusters by POMA equipment manufactured and supplied by ŠKODA JS;

- **Operative solution for review of the ARGUS ball valve** in cooperation with the valve manufacturer Armatury Group a.s.;

- **Inactive and active tests of the ŠKODA 1000/19 cask**, including storage of the cask loaded with spent nuclear fuel in the intermediate storage of the Temelín NPP.

In 2019, both units were operated without forced outages caused by poor quality work on the primary circuit. Both planned outages for refuelling implemented in 2019 were completed in shorter times compared to the approved schedules.

At **Dukovany NPP**, maintenance works were carried out during four planned refuelling outages, but also during an unplanned outage extension due to inspections and repairs of steam generators, as well as a long series of service operations performed while the units were in operation.

The following activities were performed beyond the standard scope:

- **Repair of defects in the guide wheel** and pressure lid of the main circulation pumps;
- **Assembly of a secondary thermal barrier** on the main circulation pumps;
- **Advanced inspections and repairs on steam generators**;
- **Reconstruction of feed water distribution in steam generators**;

- **Repairs of heterogeneous weld joints on steam generators**;
- **Inspection of the outside of the reactor pressure vessel**;
- **Exchange of surveillance samples in the reactor support shell**;
- **Modification of sealing surfaces in the heat exchangers** of the emergency cooling system;
- **Replacement of a part of the pipe collectors** in the TVD system;
- **Repair of heterogeneous weld joints on the steam generator super-emergency supply pipe**.

ŠKODA JS is a reliable partner for power plant operators for unit outages, during the preparation and execution of maintenance as well as for preventive and corrective maintenance. The Company takes advantage not only of its service departments' experience, but, as an original equipment manufacturer of nuclear systems with many years of extensive experience, also of the support from specialized departments and the facilities of the mother company in Pilsen. Owing to its responsible approach to the execution of maintenance tasks and its expertise, ŠKODA JS is an

integral part of the outage team at the Temelín and Dukovany NPPs.

Maintenance Activities at Other Nuclear Power Plants

- **Bohunice V1** - removal of steam generators from the steam generator box, preparation for the reactor vessel disassembly - decommissioning;
- **Paks** - maintenance of PRO-M control rod drives during refuelling outages, Category I and II inspections and measurements;
- **Mochovce 1,2** - technical support for the general outage at Units 1 and 2;
- **Mochovce 3,4** - participation in the assembly of the reactor, maintenance of stud tensioners of the main flange joint and thermocouples and neutron flux sensors. Conducting pre-operation checks. Tests and installation of drives;
- **Metsamor NPP (Armenia)** - technical support within the general outage, inspection of the reactor pressure vessel inner surface by the SKIN manipulator.

In-service Inspections and NDT

During the assessed period, ŠKODA JS performed the following inspections and measurements at Czech nuclear power plants:

- **Inspection of the reactor pressure vessel material** from inside by the SKIN manipulator at Unit 2 of Armenian Nuclear Power Plant;
- **Inspection of the reactor pressure vessel body material** from outside by the USK-213 manipulator at Unit 1 of Dukovany NPP;
- **Inspection of reactor internals**, M170×6 threaded beds, circumferential welds of the main circulation piping loops, manual inspections of components of the reactor pressure vessel and the primary circuit at Temelín NPP, Units 1 and 2;
- **Inspection of the reactor head circumferential weld**, M140×6 threaded pole mounts, M140×6 nuts and bolts, circumferential welds of the main circulation piping loops, manual inspections of primary circuit austenitic welds at the Dukovany NPP;
- **Eddy current inspection of stainless-steel housings**



The device for removal, transport and disposal of VVER 1000 reactor thermocouples and neutron flux sensors, developed and manufactured by ŠKODA JS.

- **Inspection of emergency control rod nozzles** in all four units of the Dukovany NPP;
- **Eddy current inspection of heat transfer pipes in the steam generators** in all units of the Dukovany NPP as well as all units of the Temelín NPP;
- **Inspection of heat transfer pipes in the exchangers and coolers** for the logical unit of the primary and secondary circuit in all units of the Dukovany and Temelín NPPs;
- **Capping damaged heat transfer pipes of steam**

- **generators** at the Dukovany and Temelín NPPs;
- **Measurement of efficiency of aerosol and iodine air-conditioning filters** at the Temelín NPP - in both units and in the auxiliary service building;
- **Inspection of M64×5 bolts** by the KOSUP and ROMAX systems at the Dukovany NPP;
- **Ensuring pre-operation checks of the primary circuit equipment at Unit 3 of the Mochovce NPP** as part of program 3P204.

A total of 216 pieces of LPG storage tanks were inspected in the Czech and Slovak Republics using the acoustic emission method.

Component Diagnostics and Lifetime

In 2019, apart from the standard activities in the field of reactor measurement assessment and the inspection of reactor

coolant flow, employees of the Component Diagnostics and Lifetime department prepared for measuring and comparing hydraulic resistance coefficients of the existing and new TVEL fuel for the Dukovany power plant. The stand reconstruction has been prepared, as well as the method of the boiling crisis measurement on fuel bundle dummies. The department also participated in the commissioning of Unit 3 of the Mochovce Nuclear Power Plant

- a program for measuring the hydraulic characteristics of the primary circuit and the reactor during a hydro-test.

In the area of reactor pressure vessel (RPV) lifetime assessment, the department installed fluency monitors in the RPV outer wall at Dukovany and Temelín NPPs, as well as the spectrometric sets in the area of nozzles for monitoring the fluency of fast neutrons impinging on the materials



Handover tests of new PRO-M drives for the Bohunice and Mochovce NPPs, performed on the "Large Water Loop" stand (LWL).

of the Dukovany RPV support system. At the end of the year, the assembly of the surveillance program boxes began at the Temelín NPP.

Material Laboratories

As a standard, material laboratories provide material tests and expert reports mainly for ŠKODA JS' own use within production, service and development.

Since 2006, this department has been a testing laboratory No. 14113 accredited in accordance with ČSN EN ISO/IEC 17025:2005. In 2019, re-accreditation in accordance with the newly reviewed standard ČSN EN ISO/IEC 17025:2018 was successfully completed. The validity of the Accreditation Certificate has been extended until 2024. The testing laboratory applies a flexible approach to the scope of accreditation, which allows involving updated or technically equivalent test procedures in the list of accredited procedures, and thus responding more flexibly to customer requirements and harmonization of standards. The testing laboratory provides expert opinions and interpretations of test results and statements of conformity according to the given specification or customer requirement.

Testing Shops

In the Testing Shops department, handover tests of 35 new PRO-M drives were performed on the "Large Water Loop" stand (LWL). These are drives for Slovenské elektrárne, a.s., and will be operated at the Bohunice and Mochovce 1,2 NPPs. Verification tests of individual components and position indicators from the delivery for Brazil were operatively provided.

Work on the "experimental part" of the critical heat transfer testing stand for VVER power plant fuel also began at the LWL. With the support of a program of the Technology Agency of the Czech Republic, the main power source (3.5 MW transformer) was refurbished on the stand and work has begun on selected parts of the technology.

Independent tests of the new generation linear stepper drive were carried out on the LKP 1000 pressurized water stand. The prototype of the LKP-M/4 drive passed the handover tests, service life tests and tests in various emergency modes. The prototype was exposed to a total of about 60 days of operating parameters (320°C), during which it performed more than 4 million steps without a single drop. Two pieces of UP-2 position indicator for the South Ukrainian nuclear power plant were also verified on the stand.

In 2019, approximately 5,000 pieces of various types of graphite seals were produced for European VVER reactor upper block flange joints and tests of PRO-M drives.

Throughout the year, the maintenance of pressurized water stands and the production of test specimens for Material Laboratories also took place.

Heřmanice Production Shop

This manufacturing shop primarily provides service and support for production of devices and assembly components for Dukovany and Temelín NPPs.

Depending on available capacity, the production shop in Heřmanice also produces parts for other customers. In 2019, after five years, the production of ionization chamber plugs for the Ukrainian Zaporozhye, Khmelnytsky and Rovno nuclear power plants was completed.

The production program at Heřmanice also included the production and implementation of inspected welding joints, production of a spent fuel storage pool cover for Temelín NPP, seismic reinforcement for volume compensator at Mochovce 1,2 NPP and production of steel housings for extinction sumps or the PETA 6/SB 160T cask.



New contracts

worth CZK 3.2 billion give us a real chance to maintain a good and stable financial results in the upcoming years.

Integrated Management System (IMS) and Quality Assurance

Through its policies, ŠKODA JS expresses its attitude to its employees, customers, suppliers and other stakeholders in the areas of quality management, occupational health and safety, and environmental protection. The Company continually develops its Integrated Management System (IMS) in compliance with the requirements of standards ČSN EN ISO 9001:2016, ČN EN ISO 14001:2016, ČSN EN ISO 45001:2018 and CEFRI. The company also monitors and analyzes the quality parameters of its products. The results are further used to set specific goals, which focus on reliability,

quality of delivered products and continuous improvement of the company's activities and processes.

IMS audits and Customer Audits

The correct functionality of the integrated system was verified by a recertification audit performed by DNV-GL, as well as internal and, above all, customer audits.

In March, a supervisory audit by CEFRI was performed, focusing on monitoring the dosimetry of our employees working at nuclear power plants in France.

The company has proven its readiness and successfully met all CEFRI requirements.

Assessment of the compliance with product quality standards is conducted by the independent certification authorities TÜV SÜD Czech and TÜV SÜD Industrie Service GmbH by checking compliance with welding standards ISO 3834-2 and 1090-1, 2. In this area, our company has once again proven that all the requirements of the relevant international standards are consistently met.

A number of customer audits were conducted last year, based on which the qualification of ŠKODA JS for the implementation of nuclear contracts was extended by another term. These included audits by foreign companies, e.g. Slovenské elektrárne, Paks NPP, ITER-CRYOGENMASH and others.

Development of Safety Culture Principles

The company strives for continuous development of nuclear safety culture principles and the application of the requirements of relevant national and international standards (e.g. IAEA Regulation No. GS-R Part 2) and their permanent integration into the corporate culture.

Supplier Quality Management and Contract Quality Assurance

In 2019, long-term contracts were in progress and new significant contracts were signed.

For all of them, it was necessary to continuously ensure quality in the preparatory, production and handover phases so that a number of rules and legislative regulations were observed.

These were mainly contracts at Ukrainian nuclear power plants

- emergency depressurization, reconstruction of polar cranes, supply of reserve storage racks and a newly signed contract for modernized PRO-M drives. Starting the production of the EPR reactor internals for the British power plant Hinkley Point C was demanding work. The quality of the company's work in general is also evidenced by a number of other successful ongoing or completed events for customers in Armenia, Brazil, Finland, Hungary and Lithuania.

Traditionally, orders were realized for the domestic market, especially the ČEZ Group. Quality and checks were

ensured during outages at the Temelín and Dukovany power plants. In terms of quality, the first deliveries of ŠKODA 1000/19 spent fuel casks for the Temelín NPP were demanding.

Last year, the quality assurance activities also included the qualification of our suppliers through quality audits. Some suppliers were inspected by our auditors, others by joint audit teams - mostly in cooperation with auditors from ČEZ.

In 2019, we audited and qualified 35 of our suppliers from the Czech and Slovak Republics, Germany, Russia, Austria, Slovenia, Switzerland and Ukraine.



Handover tests of new PRO-M drives



Ultrasonic testing of a ŠKODA 1000/19 cask weld by a newly acquired and introduced TOFD method

For nuclear contracts, ensuring the quality of materials and services supplied is a key prerequisite for the successful implementation of orders and satisfaction of our customers. Equally important is compliance with legislative frameworks and a safety culture. These areas were given special consideration in the audit work.

Increasing Qualifications

The qualifications of Technical Inspection personnel are ensured by regular internal training and are a condition for the qualified performance of activities related to the assurance and quality control of realized orders. Great attention is constantly being paid to this issue. Maintaining the Technical Inspection personnel qualification for Visual Testing (VT), Penetrant Testing (PT) and Leakage Testing (LT), as well as expanding the number of staff qualified for visual inspection is in accordance with the legislative requirements for non-destructive testing according to ČSN EN ISO 9712, Czech legislation (Decree of the State Office for Nuclear Safety No. 358/2016 Coll.) and in accordance with the internal IMS documentation.

In 2019, four Technical Inspection specialists obtained the VT Level 2 qualification according to ČSN EN ISO 9712.

Due to the generational change, two Technical Inspection specialists were selected to obtain the LT Level 2 qualification according to ČSN EN ISO 9712 as a planned replacement of retiring workers seeking to obtain the qualification during 2020.

Non-destructive testing is an integral part of the production process; it is one of the fundamental conditions for compliance with the strict criteria for product quality control in the nuclear power industry, where emphasis is placed on nuclear safety.

This activity is ensured by ŠKODA JS' accredited Non-destructive Testing Laboratory, which was regularly audited by the Czech Accreditation Institute in accordance with ČSN EN ISO/IEC 17025 in 2019. No discrepancies were identified during this audit.

The required quality level cannot be achieved without highly qualified personnel. Therefore in 2019, there was a further increase in the qualification of specialists in the Non-destructive Testing Laboratory - extension and recertification of workers after five (ten) years in accordance with the requirements of ČSN EN ISO 9712. In the Non-destructive Testing Laboratory, workers are also qualified pursuant to

SNT-TC-1A in accordance with the requirements of the ASME Code. Under both systems, the personnel are qualified at Levels II and III for the Radiographic Testing (RT), Ultrasonic Testing (UT), Penetrant Testing (PT) and Magnetic Particle Testing (MT) methods.

Environmental Protection

ŠKODA JS fully observes all applicable environmental protection principles. Environmental safety and protection form an integral part of the Company's management system and the way of thinking, behavior and work habits of all its employees as well as suppliers.

The Company's environmental behavior is the subject of interest of legislation as well as a number of stakeholders, and it can significantly influence business prosperity. The approach to the environment plays an important role in the selection of business partners not only in foreign tenders, but also with larger domestic companies. Environmental aspects form part of the business strategy and everyday management of optional tools recommended by international organizations and the policies of the European Union and individual member states.

In 2019, three inspections of the company were conducted by government departments (Czech Environment Inspection - Water Protection department, Department of the Environment of the City of Plzeň, Czech Environment Inspection - integrated agenda), which showed that environmental protection is an integral part of our company's policy.

ICT Development

At the end of last year, the HelpDesk service was introduced in the company - an effective tool for solving problems or entering new requirements in the field of IT services.

HelpDesk is used to manage requests in all areas where there are two or more parties, in which there are client - solver relations.

The main benefits of this service are the documentation of the request process, targeted access, centralization of all requests in one place and their hierarchical arrangement according to individual categories.

The Helpdesk service helps in communication between the end user and IT. We now have three basic modules - incident management, request management and a knowledge base.



Ultrasonic testing

Thanks to

our comprehensive scope of activities and rich experience, we are a stable strategic partner for all Czech and Slovak nuclear power plants and we have also built a good position with foreign partners.



People at ŠKODA JS a.s.

On August 1, 2019, a cross-border merger between ŠKODA JS a.s. and its subsidiary ŠKODA SLOVAKIA a.s. took place. That day, the rights and obligations resulting from employment relations passed from ŠKODA SLOVAKIA to ŠKODA JS, which conducts its business in the Slovak Republic through an organizational unit.

Following the merger, 1,117 employees worked in the company at the end of 2019, whilst the average adjusted number of employees in 2019 was 1,101.

Age Structure of Employees

In 2019, the average age of ŠKODA JS employees was 45.9. The average age has increased by one year in the last six

years. The reason is raising the retirement age. Despite this, the age structure in recent years remains at approximately the same level as shown in the graph.

Development of Staff and Their Education

In 2019, ŠKODA JS invested CZK 5,962,601 in training for its employees.

In September 2019, ŠKODA JS joined the project Education of Members of the Regional Chamber of Commerce in the Plzeň Region, financed by the European Fund under the Operational Program "Employment". CZK 70,848 was used from this project to further professionally educate our employees in the field of

professional, language and computer skills.

Including the subsidy from the European Fund from the Operational Program "Employment", the total amount spent on employee training was CZK 6,033,449. On average, each employee completed 1.93 days of training worth CZK 5,390.

The education also focused on professional seminars on economic and tax issues, expert knowledge resulting from binding regulations and standards, depending on qualifications in areas such as welding, non-destructive testing and specialized training for maintenance of the primary parts of VVER 440 and VVER 1000 nuclear power plants.

Promising young employees participated in training focused on the identification and development of managerial potential.

Occupational Health and Safety

The company's OHS management system is certified under ISO 45001:2018.

ŠKODA JS focusses on continuously improving its employees' awareness of occupational health and safety, as well as systematically searching for and reducing risks of potential harm to the health of employees.

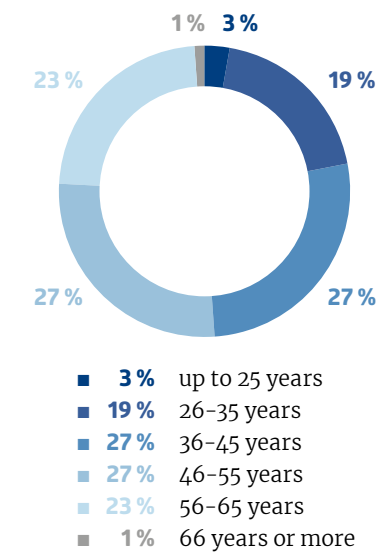
The number of industrial accidents has been low for a long time. In 2019, there were nine fewer serious industrial accidents leading to industrial incapacity.

Through the health prevention program, we managed to keep the sickness rate low: in 2019 it was 3.01%.

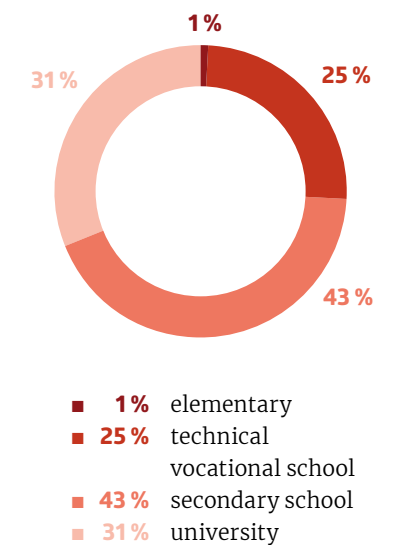
Social fund utilization in 2019 (CZK thousands)

Catering contribution	193
Recreation for children and families	233
Contribution towards preventive healthcare programs	531
Sports, cultural and other activities	480
Used in total	1,437

Age structure of employees as of December 31, 2019



Educational structure of employees as of December 31, 2019



Social Program and Fringe Benefits

- In the Company, working hours of 37.5 hours per week have been set.
- The employer contributes CZK 900 a month to employees' supplementary pension insurance.
- Reconditioning rehabilitation care and leave are provided to employees working in challenging work environments.
- The employer has set up a special fund to assist employees in meeting their social needs.
- The company also provides its employees with:
 - an extra week of annual leave beyond the framework of statutory leave pursuant to the Labor Code,
 - supplementary pay for work beyond the legislative framework,
 - time off with wage compensation beyond the legislative framework,
 - anniversary rewards,
 - sickness benefits for the first three days of sick leave (until 30 June 2019),
 - three sick days per year.

Number of employees in 2015-2019



Staff training costs in 2015-2019



Corporate Social Responsibility

Socially responsible behavior is part of the corporate philosophy of ŠKODA JS. The company is aware of the obligations arising from its position as one of the most important companies in the Pilsen Region. Every year, it supports a number of cultural, educational, sports and charitable projects.

The company has provided long-term support for technical education. ŠKODA JS supports, both financially as well as through its experts' teaching activities, the University of West Bohemia in Pilsen and the Czech Technical University in Prague. Students at the technical faculties of these universities also have the opportunity to write their bachelor's and

master's theses according to the instructions and under the expert supervision of the company's employees.

ŠKODA JS has traditionally developed the most extensive cooperation in the area of education in the Pilsen Region. The company's experts are involved in teaching students majoring in the "Design of Nuclear Power Systems" in the Department of Power System Engineering at the Faculty of Mechanical Engineering. Cooperation also continues in working with engineering apprentices, particularly in the area of practical teaching, which takes place in the production facilities of ŠKODA JS.

ŠKODA JS is the main organizer of the annually held "Nuclear Days" event, which is an exhibition complemented with lectures that aims to present the area of nuclear power and its use mainly to students at secondary schools and universities and increase their interest in science and technology. ŠKODA JS organizes this exhibition in cooperation with the organization CENEN (Czech Nuclear Education Network) and the University of West Bohemia in Plzeň.

Over the long term, ŠKODA JS helps those in need, in particular through social welfare homes, children's homes and charities operating in the Pilsen Region.

ŠKODA JS a.s. is a Member of the Following Organizations

The Czech Power Industry Alliance is an association of companies whose purpose is to increase its members' chances of winning foreign tenders, particularly in the nuclear power industry. The initiative emerged from the National Action Plan for the Development of the Nuclear Energy Sector.

The Czech Nuclear Society is an organization comprised of individuals interested in the nuclear power industry as well as organizations, schools, research institutes, production companies as collective members in the form of membership of legal entities or their organizational units.

The Czech Nuclear Education Network (CENEN) is a voluntary academic association of educational institutions engaged in education in the area of Nuclear

Engineering and production companies striving to develop and maintain the quality of Czech nuclear education and its position within the European context.

The Technology Platform "Sustainable Energy for the Czech Republic" is an institutional tool for the support of activities in connection with research, development and implementation of technologies usable for the sustainable expansion of the generation, transmission and consumption of modern forms of energy in the Czech Republic.

The Regional Chamber of Commerce of the Pilsen Region

Confederation of Industry of the Czech Republic



ŠKODA JS a.s. – Structure of relationships and ownership interests

Company	ŠKODA JS a.s.
Registered office	Orlík 266/15 Bolevec, Plzeň, post code 316 00
Date of establishment	05.03.1993
Sole shareholder	OMZ B.V.
Contribution	100%
Company reg. No	252 35 753

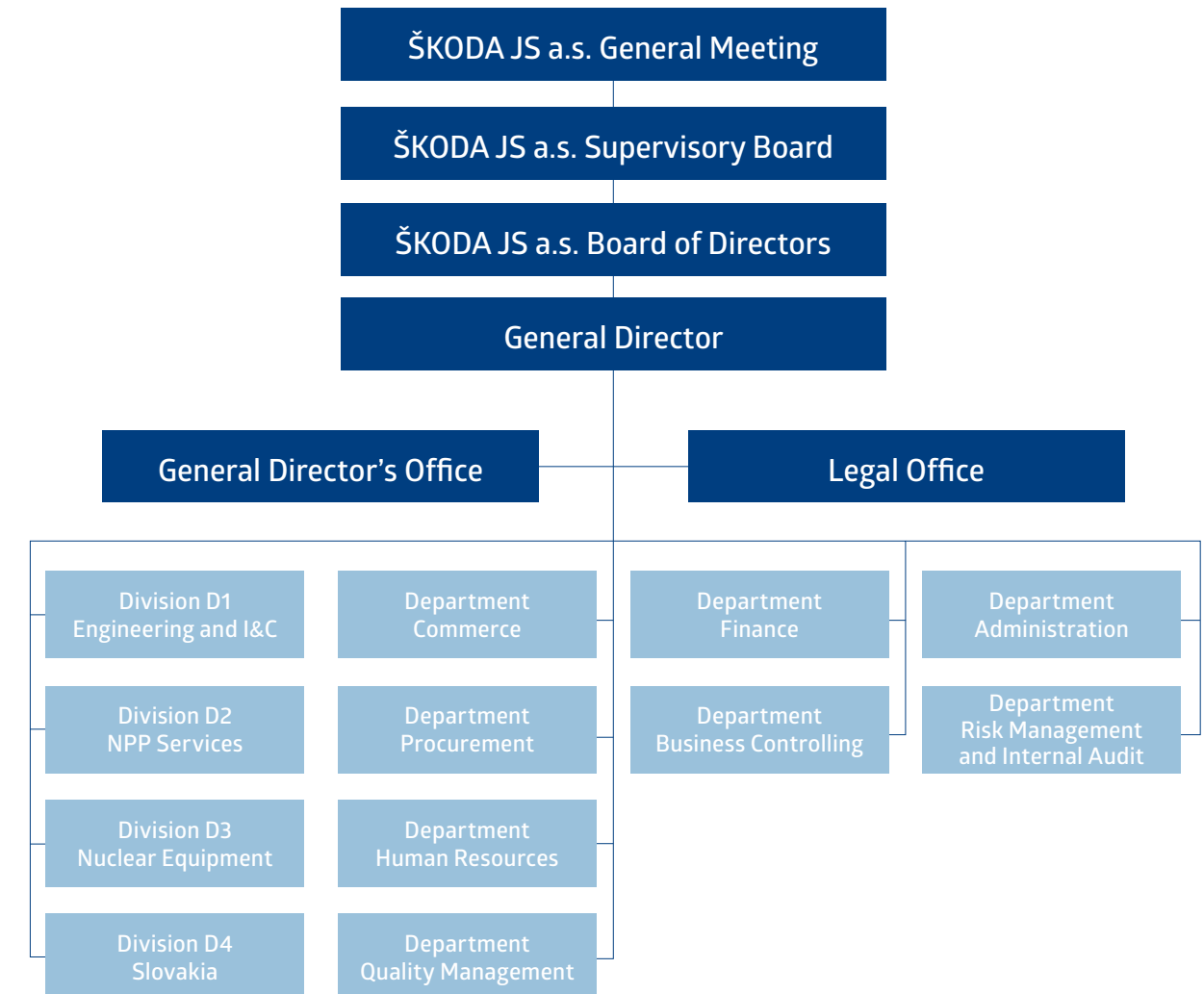
Parent company	OMZ B.V.
Registered office	1101CT Amsterdam, Herikerbergweg 282, The Netherlands
Contribution	100%
Company reg. No	342 04 885

Other securities and holdings

Company	ÚJV Řež, a. s.
Registered office	Hlavní 130, Řež, Husinec, post code 250 68
ŠKODA JS a.s. share in the registered capital	17.4%
Company reg. No	463 56 088

Company	Interatomenergo M.CH.O. – International Economic Association
Registered office	Kitaygorodskiyi proyezd, d. 7, 109074, Moscow, Russian Federation
ŠKODA JS a.s. share in the registered capital	10.53%

Organization Chart of ŠKODA JS a.s. at 1 June 2020



Statutory Bodies and Top Management at 1 June 2020

Supervisory Board

Alexander Stepanov
Chairman

Kirill Neginskiy
Vice-Chairman

Vladimir Dyukov
Member

Artur Askhatov
Member

Jiří Šebek
Member

Jaroslav Eliášek
Member

The Board of Directors

Anton Razdorskii
Chairman of the Board of Directors

František Krček
Vice-Chairman of the Board of Directors

Maksim Shcherbakov
Vice-Chairman of the Board of Directors

Miloš Mostecký
Member of the Board of Directors

Andrey Epifanov
Member of the Board of Directors

Josef Šára
Member of the Board of Directors

Jiří Horáček
Member of the Board of Directors

Top Management



František Krček
General Director



Zdeněk Kratochvíl
NPP Service Division Director



Petr Kryl
Engineering and I&C Division Director



Karel Hegner
Nuclear Equipment Division Director



Jan Vybulka
Slovakia Division Director



Miloš Mostecký
Commercial Department Director



Petr Altschul
Procurement Department Director



Josef Šára
Finance Director



Kateřina Říhová
Human Resources Director



Libor Holík
Business Controlling Director



Lukáš Řežáb
*Director of Quality Management
Department*



Maksim Shcherbakov
Administration Director

We are a team

We develop and supply top and often unique solutions, we can establish and manage large supply chains.



Comments on Financial Results

Company's Economy

ŠKODA JS a.s. (hereinafter referred to as „the Company“) can evaluate 2019 as a successful year in its modern history. According to the International Accounting Standards (IFRS), the Company's revenues reached CZK 4.669 billion. The pretax profit for the given period amounts to CZK 244 million. These indicators were achieved thanks to the successful implementation of contracts for our customers Slovenské elektrárne, a.s., ČEZ, a. s., NAEK Energoatom. A total of CZK 3.174 billion in revenues posted in accordance with the International Accounting Standards, accounting for 68 %, was realized in export. The highest

share of export was realized in Slovakia and Ukraine. In terms of individual segments, 49 % came from engineering, 25 % from services and 26 % from the production of equipment for nuclear power plants.

The largest engineering projects were the “Completion of Units 3 and 4 at the Mochovce NPP” for Slovenské elektrárne, a.s., and emergency depressurization at Ukrainian power plants for NAEK Energoatom.

In the area of service, it was the maintenance of logical units at the Temelín and Dukovany NPPs.

Control rod drives for the Bohunice and Mochovce NPPs in Slovakia and for the Dukovany NPP in the Czech Republic

were the largest project in the production segment. The production of spent nuclear fuel casks was also significant.

In 2019, the Company concluded new contracts worth CZK 3.2 billion.

The company merged with its subsidiary ŠKODA SLOVAKIA, a.s., with a record date of 1 January 2019.

The Company's Financial Situation, Project Funding and Insurance

In 2019, the Company again showed a stable liquidity position. In some months,

it used short-term overdrafts in the amount of a few million or tens of millions of CZK to compensate for the lack of financial resources. The reason for the short-term cash flow fluctuations was mainly the continued implementation of some Ukrainian engineering contracts and the need to maintain their schedules.

The good liquidity position of the company is supported by the effective management of receivables and payables and the long-term strategy of dealing with received and provided advance payments in order to achieve a balanced cash flow for individual projects.

The continuous reduction of cash collateral to the value

of CZK 132 million contributed to the solid financial situation of ŠKODA JS a.s. The largest share of collateral sources is still the form of additional provision of bank guarantees for the long-term project “Completion of Units 3 and 4 at the Mochovce NPP”.

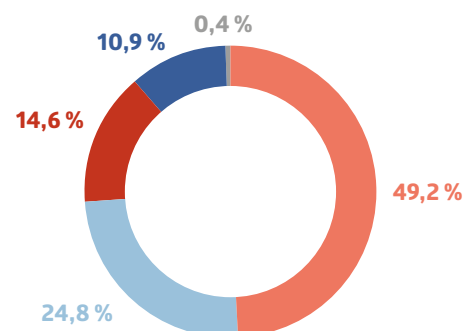
Investment expenditures of CZK 84 million were realized in 2019 (including small assets and the effect of the merger). Machinery and equipment to support ongoing production and activities were acquired. CZK 72 million was spent on property repairs.

The average monthly available balance of financial resources on the company's bank accounts was around CZK 125 million. At the end of 2019, no loan

balance was reported and all recorded liabilities were before maturity. The company's financial situation enabled it to make a deferred dividend payment for 2017 in the amount of EUR 4.7 million.

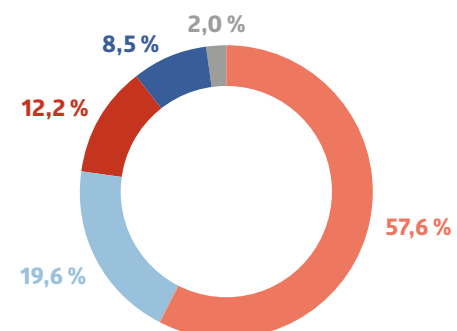
For issuing, extending and adjusting bank guarantees in 2019, the Company used lines of collateral established with Komerční banka, a.s., Československá obchodní banka, a.s., and Česká exportní banka, a.s. Within the “Completion of Unit 3 and 4 of Mochovce NPP” project, all bank guarantees were further extended in accordance with the contractual documentation and current contractual deadlines.

Structure of the revenues by segment in 2019 (IFRS)



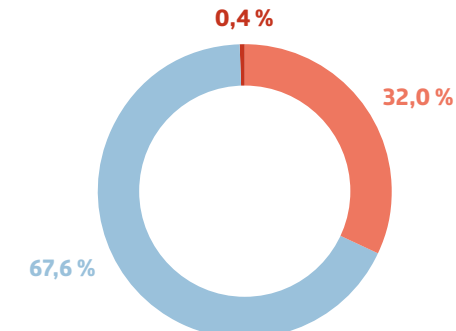
- 49,2 % Engineering
- 24,8 % Service
- 14,6 % NPP Equipment
- 10,9 % Spent Nuclear Fuel Storage
- 0,4 % Other

Structure of the revenues by segment in 2015–2019 (IFRS)



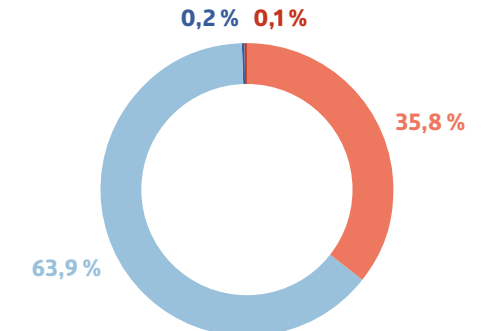
- 57,6 % Engineering
- 19,6 % Service
- 12,2 % NPP Equipment
- 8,5 % Spent Nuclear Fuel Storage
- 2,0 % Other

Structure of the revenues by destination in 2019 (IFRS)



- 32,0 % Czech Republic
- 67,6 % Europe
- 0,0 % Asia
- 0,4 % America

Structure of the revenues by destination in 2015–2019 (IFRS)



- 35,8 % Czech Republic
- 63,9 % Europe
- 0,2 % Asia
- 0,1 % America

ŠKODA JS a.s. also mediated funding of the “Supply of Reserve Storage Racks Including Accessories to the Rovno NPP” project for NAEK Energoatom, worth EUR 5.712 million, by arranging a direct buyer’s credit from Česká exportní banka, a.s., with insurance provided by Exportní garanční a pojišťovací společnosti, a.s. (Export Guarantee and Insurance Corporation).

In 2019, ŠKODA JS a.s. continued its cooperation with the Czech insurance broking company RENOMIA, a.s. to cover the maximum possible risks associated with the company’s normal activities or with the implementation of large projects. At the end of the year, 13 insurance contracts were concluded or extended for another insurance period, and insurance coverage was also extended for some liability contracts.

Management of Liquidity and Exchange Rate Risks

A large part of the Company’s revenues comes from export and most of it is collected in EUR. In the long term, the income collected in EUR exceeds the expenditures in this currency and therefore a part of it has to be sold for CZK. The Company’s financial results are influenced by exchange



rate differences resulting from financial transactions carried out in foreign currencies that partly include the sale of foreign currencies on the financial market, so-called FX transactions. Last year, most of such transactions were currency spots and swaps consisting in the sale of EUR for CZK.

The result of all FX transactions carried out in 2019 was an increase in the company’s revenues by approximately CZK 19.9 million, of which the increase in revenues for specific contracts (when applying the principles of hedge accounting) was approximately CZK 14.6 million.

The liquidity risk is managed in the Company so as to ensure a sufficient amount of financial resources necessary for fulfilling the Company’s liabilities. The process of liquidity management is carried out in the Company at several levels.

With important contracts exceeding the set limit of financial performance, the costs of funding of each such contract and its impact on the Company’s liquidity are analyzed in accordance with the Company’s regulations. Where there is a significant need of additional funding, the resources and conditions of funding are prepared yet within the bidding phase of a tender.

Short-term liquidity management in the Company is represented by cash-flow management based on data obtained from the information system that monitors the volume and due dates of all liabilities and receivables.

Long-term liquidity management consists in analyzing the development of the Company’s liquidity for the period of a rolling year and on a monthly basis. It includes all known as well as planned cash flows in individual currencies. If needed, the Company responds to the current development by implementing both external and internal measures that are to prevent any worsening of the Company’s liquidity position, particularly by negotiating sufficient credit lines with the financing institutions.

In terms of market risks that include the exchange rate risk, interest risk and commodity risk, the most significant for the Company is the exchange rate risk connected with export performance. The goal of exchange rate risk management is to keep the scheduled exchange rates and thus to help ensure the planned profitability of all running contracts. Thereby the Company’s exchange rate risk is maintained so as not to allow the Company’s financial results to be affected significantly by

the development of exchange rates on the financial markets. To that end, the Company uses all available non-transactional methods of eliminating exchange rate risks as well as standard hedging derivative instruments that include currency forwards, currency swaps and combinations of currency options, all the above in accordance with approved internal procedures. The allowed hedging instruments, hedging strategies, accounting procedures and set risk limits are specified in the document “The Strategy of Exchange Rate Risk Management in ŠKODA JS a.s.”

Conclusion

In 2019, ŠKODA JS a.s. exceeded the plan set by the shareholders, achieved excellent financial results and therefore this year can be considered a successful one. At the same time, it can be stated that the Company has a stable financial position, also due to the fact that it managed to conclude a number of new as well as long-term contracts.

Josef Šára, MBA
Finance Director

Financial Statements of ŠKODA JS a.s.

(According to CAS)

Income Statement for the year ended 31 December 2019

(in thousands of Czech crowns)

Ident.		2 019	2 018
I.	Revenue from products and services	4 491 410	3 865 338
A.	Cost of sales	3 252 782	3 079 227
A.2.	Materials and consumables	1 275 595	775 607
A.3.	Services	1 977 187	2 303 620
B.	Change in inventory of own production (+/-)	20 509	- 352 067
C.	Own work capitalised (-)	- 606	- 630
D.	Personnel expenses	938 005	856 323
D.1.	Wages and salaries	693 734	639 571
D.2.	Social security, health insurance and other expenses	244 271	216 752
D.2.1.	Social security and health insurance expenses	220 837	198 250
D.2.2.	Other expenses	23 434	18 502
E.	Adjustments relating to operating activities	50 952	76 701
E.1.	Adjustments to intangible and tangible fixed assets	67 569	64 818
E.1.1.	Depreciation and amortisation of intangible and tangible fixed assets	67 569	64 818
E.2.	Adjustments to inventories	- 16 764	25 664
E.3.	Adjustments to receivables	147	- 13 781
III.	Other operating revenues	33 187	20 680
III.1.	Proceeds from disposals of fixed assets	172	490
III.2.	Proceeds from disposals of raw materials	160	1 481
III.3.	Miscellaneous operating revenues	32 855	18 709
F.	Other operating expenses	31 777	- 30 123
F.2.	Net book value of raw materials sold	101	578
F.3.	Taxes and charges	11 087	3 864
F.4.	Provisions relating to operating activity and complex prepaid expenses	- 34 162	- 81 857
F.5.	Miscellaneous operating expenses	54 751	47 292
*	Operating profit (loss) (+/-)	231 178	256 587
VI.	Interest revenue and similar revenue	55	6
VI.2.	Other interest revenue and similar revenue	55	6
J.	Interest expense and similar expense	448	663
J.2.	Other interest expense and similar expense	448	663
VII.	Other financial revenues	42 098	32 071
K.	Other financial expenses	68 879	86 533
*	Profit (loss) from financial operations	- 27 174	- 55 119
**	Profit (loss) before tax (+/-)	204 004	201 468
L.	Income tax	40 856	77 186
L.1.	Current tax	18 884	73 075
L.2.	Deferred tax (+/-)	21 972	4 111
**	Profit (loss) after tax (+/-)	163 148	124 282
***	Profit (loss) for the accounting period (+/-)	163 148	124 282
*	Net turnover for the accounting period = I. + II. + III. + IV. + V. + VI. + VII.	4 566 750	3 918 095

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Balance Sheet as at 31 December 2019

(in thousands of Czech crowns)

Ident.	ASSETS	2 019			2018
		Gross	Adjust.	Net	Net
	TOTAL ASSETS	5 939 072	-1 697 480	4 241 592	4 191 672
B.	Fixed assets	2 272 623	-1 598 831	673 792	608 989
B.I.	Intangible fixed assets	139 242	- 110 281	28 961	29 562
B.I.2.	Intellectual property rights	138 302	- 110 281	28 021	24 545
B.I.2.1.	Software	124 776	- 97 206	27 570	23 902
B.I.2.2.	Other intellectual property rights	13 526	- 13 075	451	643
B.I.5.	Advance payments for intangible fixed assets and intangible fixed assets under construction	940		940	5 017
B.I.5.2.	Intangible fixed assets under construction	940		940	5 017
B.II.	Tangible fixed assets	2 028 238	-1 488 550	539 688	533 648
B.II.1.	Land and buildings	182 131	- 76 587	105 544	107 042
B.II.1.1.	Land	327		327	327
B.II.1.2.	Buildings	181 804	- 76 587	105 217	106 715
B.II.2.	Plant and equipment	1 806 797	-1 410 547	396 250	419 988
B.II.4.	Other tangible fixed assets	1 844	- 1 416	428	475
B.II.4.3.	Other tangible fixed assets	1 844	- 1 416	428	475
B.II.5.	Advance payments for tangible fixed assets and tangible fixed assets under construction	37 466		37 466	6 143
B.II.5.1.	Advance payments for tangible fixed assets	2 354		2 354	1 800
B.II.5.2.	Tangible fixed assets under construction	35 112		35 112	4 343
B.III.	Long-term investments	105 143		105 143	45 779
B.III.5.	Other long-term securities and equity investments	105 143		105 143	45 779
C.	Current assets	3 650 427	- 98 649	3 551 778	3 566 865
C.I.	Inventories	1 980 323	- 95 842	1 884 481	1 958 496
C.I.1.	Raw materials	331 305	- 41 995	289 310	263 181
C.I.2.	Work-in-progress and semi-finished products	1 496 968	- 50 105	1 446 863	1 443 613
C.I.3.	Finished goods and goods for resale				11 319
C.I.3.2.	Goods for resale				11 319
C.I.5.	Advance payments for inventories	152 050	- 3 742	148 308	240 383
C.II.	Receivables	1 364 289	- 2 807	1 361 482	1 277 388
C.II.1.	Long-term receivables	49 954		49 954	55 215
C.II.1.1.	Trade receivables	28 670		28 670	5 167
C.II.1.4.	Deferred tax asset	21 200		21 200	47 453
C.II.1.5.	Receivables – other	84		84	2 595
C.II.1.5.4.	Other receivables	84		84	2 595
C.II.2.	Short-term receivables	1 314 335	- 2 807	1 311 528	1 222 173
C.II.2.1.	Trade receivables	1 178 117	- 2 807	1 175 310	1 128 833
C.II.2.4.	Receivables – other	136 218		136 218	93 340
C.II.2.4.3.	Tax receivables	64 840		64 840	48 684
C.II.2.4.4.	Short-term advances paid	4 621		4 621	2 781
C.II.2.4.5.	Estimated receivables	30 763		30 763	10 450
C.II.2.4.6.	Other receivables	35 994		35 994	31 425
C.IV.	Cash	305 815		305 815	330 981
C.IV.1.	Cash in hand	1 741		1 741	1 383
C.IV.2.	Bank accounts	304 074		304 074	329 598
D.	Deferrals	16 022		16 022	15 818
D.1.	Prepaid expenses	16 016		16 016	15 731
D.3.	Accrued revenues	6		6	87

(in thousands of Czech crowns)

Ident.	LIABILITIES	2 019	2 018
	TOTAL LIABILITIES AND EQUITY	4 241 592	4 191 672
A.	Equity	1 979 559	1 802 146
A.I.	Registered capital	550 000	550 000
A.I.1.	Registered capital	550 000	550 000
A.II.	Premium and capital contributions	192 693	114 461
A.II.1.	Premium	111 696	111 696
A.II.2.	Capital contributions	80 997	2 765
A.II.2.1.	Other capital contributions	50	50
A.II.2.2.	Revaluation of assets and liabilities (+/-)	80 947	2 715
A.III.	Funds from profit	120 406	119 843
A.III.1.	Other reserve funds	111 472	111 472
A.III.2.	Statutory and other funds	8 934	8 371
A.IV.	Retained earnings (+/-)	953 312	1 017 842
A.IV.1.	Retained profits or accumulated losses (+/-)	953 312	1 017 842
A.V.	Profit (loss) for the current period (+/-)	163 148	
B. + C.	Liabilities	1 911 873	2 147 456
B.	Provisions	297 098	331 260
B.4.	Other provisions	297 098	331 260
C.	Liabilities	1 614 775	1 816 196
C.I.	Long-term liabilities	291 449	320 114
C.I.3.	Long-term advances received	284 228	312 682
C.I.4.	Trade payables	396	179
C.I.9.	Liabilities – other	6 825	7 253
C.I.9.3.	Other payables	6 825	7 253
C.II.	Short-term liabilities	1 323 326	1 496 082
C.II.2.	Liabilities to credit institutions		13 192
C.II.3.	Short-term advances received	477 746	424 655
C.II.4.	Trade payables	534 643	729 934
C.II.8.	Liabilities – other	310 937	328 301
C.II.8.1.	Liabilities to shareholders/members	62 000	120 908
C.II.8.3.	Payables to employees	63 804	57 532
C.II.8.4.	Social security and health insurance liabilities	37 841	33 739
C.II.8.5.	Tax liabilities and subsidies	37 202	28 463
C.II.8.6.	Estimated payables	108 880	79 776
C.II.8.7.	Other payables	1 210	7 883
D.	Accruals	350 160	242 070
D.1.	Accrued expenses		28
D.2.	Deferred revenues	350 160	242 042

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Cash Flow Statement

for the year ended 31 December 2019

(in thousands of Czech crowns)

	2 019	2 018
P. Cash and cash equivalents, beginning of period	330 981	617 918
Net operating cash flow		
Z: Accounting profit (loss) from ordinary activities	204 004	201 468
A.1. Non-cash transactions	19 382	- 6 919
A.1.1. Depreciation and amortisation of fixed assets	67 569	64 818
A.1.2. Change in:	- 50 779	- 69 975
A.1.2.2. provisions and other adjustments	- 50 779	- 69 975
A.1.3. Profit(-) Loss(+) on sale of fixed assets	- 172	- 490
A.1.5. Expense and revenue interests accounted for	393	657
A.1.6. Other non-cash transactions	2 371	- 1 929
A*. Net operating cash flow before taxation and changes in working capital	223 386	194 549
A.2. Changes in working capital	12 235	- 331 797
A.2.1. Change in receivables from operating activities, estimated receivables and deferrals	- 55 344	- 96 309
A.2.2. Change in short-term liabilities from operating activities, estimated payables and accruals	- 23 200	313 174
A.2.3. Change in inventories	90 779	- 548 662
A.** Net operating cash flow before taxation	235 621	- 137 248
A.3. Interest paid excluding amounts capitalised	- 448	- 663
A.4. Interest received	55	6
A.5. Income tax paid on ordinary income and income tax relating to prior periods	- 58 647	- 123 021
A.*** Net operating cash flow	176 581	- 260 926
Investing activities		
B.1. Acquisition of fixed assets	- 66 382	- 55 730
B.1.1. Acquisition of tangible fixed assets	- 60 850	- 53 857
B.1.2. Acquisition of intangible fixed assets	- 5 532	- 1 873
B.2. Proceeds from sales of fixed assets	172	490
B.2.1. Proceeds from sales of tangible and intangible fixed assets	172	490
B.*** Net cash flow from investing activities	- 66 210	- 55 240
Financing activities		
C.1. Change in long-term resp. short-term liabilities from financing	- 13 192	13 192
C.2. Increase and decrease in equity from cash transactions	- 122 345	- 11 032
C.2.5. Payments from funds created from net profit	- 1 437	- 1 940
C.2.6. Dividends paid, including withholding tax paid and bonuses paid to board members	- 120 908	- 9 092
C.*** Net cash flow from financing activities	- 135 537	2 160
F. Net increase or decrease in cash balance	- 25 166	- 314 006
R. Cash and cash equivalents, end of period	305 815	303 912

Financial Statements of ŠKODA JS a.s. (According to IFRS)

The above financial figures represent only data selected from the company's financial statements. The complete financial statements are stored at the company headquarters and published in the Collection of Documents of the Registration Court. On 16th March 2020 an auditor's report without reservations was issued to these financial statements, by auditing company KPMG Česká Republika Audit, s.r.o., registration number 71.

Statement of Financial Position as at 31 December 2019

(in thousands of Czech crowns)

ASSETS	2019	2018	1 January, 2018
CURRENT ASSETS			
Cash and cash equivalents – available cash	173 929	169 368	485 249
Cash and cash equivalents – restricted cash	131 886	161 613	154 159
Accounts receivable – financial	1 168 945	1 118 350	1 008 956
Contract assets	714 834	699 992	662 758
Inventories	350 385	470 431	226 344
Receivables from derivative operations	25 415	1 348	20 312
Other non-financial accounts receivable	172 856	303 725	203 526
Tax receivables – current income tax	59 615	19 853	0
Other current assets – financial	0	0	543
Other current assets – non-financial	16 015	15 731	24 781
Total current assets	2 813 880	2 960 411	2 786 628
NON-CURRENT ASSETS			
Intangible assets	28 961	29 562	30 704
Property, plant and equipment	560 852	559 689	548 255
Right-of-use assets	433 195	0	0
Equity securities	105 143	98 859	98 859
Other non-current receivables – financial	28 199	5 162	14 145
Receivables from derivative operations	84	2 594	7 515
Deferred tax asset	0	16 205	20 881
Total non-current assets	1 156 434	712 071	720 359
TOTAL ASSETS	3 970 314	3 672 482	3 506 987
EQUITY AND LIABILITIES			
CURRENT LIABILITIES			
Payables – financial	534 643	729 905	647 978
Contract liabilities	382 319	406 987	330 365
Payables from derivative operations	32	4 206	1 086
Tax liabilities – current income tax	0	0	27 256
Short-term bank loans and borrowings	0	13 192	0
Other payables – financial	110 947	141 608	21 617
Current lease liabilities	95 142	0	0
Other payables – non-financial	200 062	183 712	200 088
Provisions	137 460	196 404	265 326
Total current liabilities	1 460 605	1 676 014	1 493 716
NON-CURRENT LIABILITIES			
Other non-current payables – financial	396	179	16 788
Payables from derivative operations	5 579	6 061	367
Non-current lease liabilities	344 068	0	0
Other non-current liabilities – non-financial	101	101	2 344
Deferred tax liability	13 685	0	0
Total non-current liabilities	363 829	6 341	19 499
EQUITY			
Registered capital	550 000	550 000	550 000
Capital and other funds and provisions	246 240	229 595	254 190
Retained profits	1 349 640	1 210 532	1 189 582
Total equity	2 145 880	1 990 127	1 993 772
TOTAL EQUITY AND LIABILITIES	3 970 314	3 672 482	3 506 987

Statement of Comprehensive Income for the year ended 31 December 2019

(in thousands of Czech crowns)

	2019	2018
Sales of goods, products and services	4 668 782	4 137 904
Sales	4 668 782	4 137 904
Cost of material and services	-3 143 198	-3 012 359
Change in finished goods and work-in-progress inventories	-140 474	126 387
Capitalisation of property, plant and equipment	606	630
Payroll expenses	-938 005	-938 004
Depreciation and amortisation	-169 476	-70 474
Other operating income	53 521	53 461
Other operating expense	-76 278	-58 492
Impairment of financial and contract assets	1 672	1 964
Operating profit	257 150	241 017
Financial income	6 339	6
Financial expense	-19 499	-5 818
Profit before tax	243 990	235 205
Corporate income tax	-44 492	-84 255
Profit after tax	199 498	150 950
Other comprehensive income:		
Items that may be under certain conditions reclassified to profit and loss		
Foreign exchange gains/(losses) from translation of foreign operations	0	2 503
Gains/(losses) from hedging of cash flows	22 537	-33 454
Corporate income tax relating to other cumulative income items	-4 282	6 356
Other comprehensive cumulative income after tax	18 255	-24 595
TOTAL CUMULATIVE INCOME FOR THE PERIOD	217 753	126 355

The above financial figures represent only data selected from the company's financial statements. The complete financial statements are stored at the company headquarters. On 20th April 2020 an auditor's report without reservations was issued to these financial statements, by auditing company KPMG Česká Republika Audit, s.r.o., registration number 71.

Statement of Changes in Equity for the year ended 31 December 2019

(in thousands of Czech crowns)

	Registered capital	Reserve fund	Capital and other contributions	Cumulative FX translation differences	Cash flow hedges	Revaluation	Retained earnings	Total
Balance at 1 January 2018	550 000	115 456	109 201	-893	31 797	-1 371	1 189 582	1 993 772
Profit for 2018	-	-	-	-	-	-	150 950	150 950
Other comprehensive income								
Foreign exchange differences from recalculation	-	-	-	2 503	-	-	-	2 503
Effective portion of changes in fair value of cash flow hedges	-	-	-	-	-33 454	-	-	-33 454
Income tax on changes in fair value of cash flow hedges	-	-	-	-	6 356	-	-	6 356
Total other comprehensive income	-	-	-	2 503	-27 098	-	-	-24 595
Transactions with owners booked in equity								
Shares in profit	-	-	-	-	-	-	-130 000	-130 000
Total transactions with owners	-	-	-	-	-	-	-130 000	-130 000
Balance at 31 December 2018	550 000	115 456	109 201	1 610	4 699	-1 371	1 210 532	1 990 127

	Registered capital	Reserve fund	Capital and other contributions	Cumulative FX translation differences	Cash flow hedges	Revaluation	Retained earnings	Total
Balance at 1 January 2019	550 000	115 456	109 201	1 610	4 699	-1 371	1 210 532	1 990 127
Impact of merger as at 1 January 2019	-	-4 076	4 076	-1 610	-	-	1 610	-
Profit for 2019	-	-	-	-	-	-	199 498	199 498
Other comprehensive income								
Foreign exchange differences from recalculation	-	-	-	-	-	-	-	-
Effective portion of changes in fair value of cash flow hedges	-	-	-	-	22 537	-	-	22 537
Income tax on changes in fair value of cash flow hedges	-	-	-	-	-4 282	-	-	-4 282
Total other comprehensive income	-	-	-	-	18 255	-	-	18 255
Transactions with owners booked in equity								
Shares in profit	-	-	-	-	-	-	-62 000	-62 000
Total transactions with owners	-	-	-	-	-	-	-62 000	-62 000
Balance at 31 December 2019	550 000	111 380	113 277	0	22 954	-1 371	1 349 640	2 145 880

Cash Flow Statement for the year ended 31 December 2019

(in thousands of Czech crowns)

	2019	2018
Profit before tax	243 990	235 205
Depreciation and amortisation	169 476	70 474
Profit from sale of fixed assets and financial investments	-172	-531
Interest expense / (Interest income)	19 444	5 812
Net change in provisions	-58 944	-68 922
Revaluation of financial investments	-6 284	0
Interest received	55	6
Interest paid	-15 749	-737
Other non-monetary transactions	3 219	1 748
Income tax paid	-58 646	-120 768
Operating cash flow before working capital changes	296 389	122 287
Changes in working capital:		
Change in receivables	42 395	-257 697
Change in inventories	120 046	-244 087
Change in payables	-229 755	153 468
Change in other current assets and liabilities	47 750	-6 698
Change in restricted cash	29 727	-7 454
Total cash flow from operations	306 552	-240 181
Investing activities:		
Acquisition of tangible assets	-60 850	-77 087
Acquisition of intangible assets	-5 532	-3 679
Proceeds from sale of fixed assets	172	531
Total cash flow from investing activities	-66 210	-80 235
Financing activities:		
Proceeds from borrowings	1 070 640	545 470
Repayment of borrowings	-1 083 832	-533 312
Dividends paid	-120 908	-9 092
Payment of lease liabilities	-91 430	0
Total cash flow from financing activities	-225 530	3 066
Net change in cash and cash equivalents	14 812	-317 350
Cash and cash equivalents at the beginning of the year	169 368	485 249
Effect of foreign exchange rate movements on cash and cash equivalents	-10 251	1 469
Cash and cash equivalents at the end of the year	173 929	169 368

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IBAN CZ12 0100 0000 0000 7430 3311

Account No. (USD): 4848440247/0100
IBAN CZ09 0100 0000 0048 4844 0247
Swift: KOMB CZ PP

Account No. (EUR): 4848610277/0100
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Swift: KOMB CZ PP

