

VZÚ
PLZEŇ

2022 Annual Report

Výzkumný a zkušební ústav Plzeň s.r.o.

Accredited Testing | Research | Development

Member of UJV Group

 **UJV Group**
PEOPLE | INNOVATION | TECHNOLOGY



Stanislav Martínek
managing director

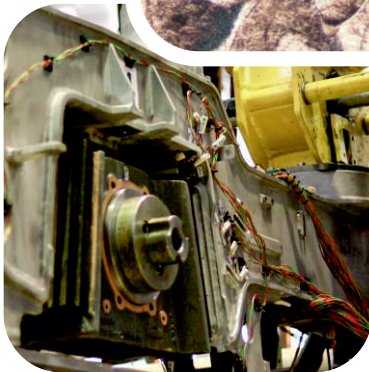
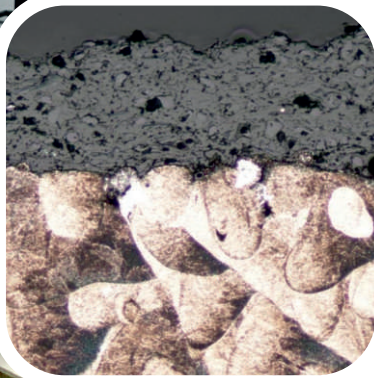
Foreword

In 2022, we managed to maintain double-digit revenue growth, nearly doubling the company's performance over four years. After five years of systematic investment in developing state-of-the-art research infrastructure, we have successfully finished the critical construction phase and put the new infrastructure into full operation. This period also saw a gradual generational transition of the senior research team and a substantial expansion of the employee base. Our long-term approach to improving the quality and reliability of our services has positively translated into acquiring more than thirty new research and business partners from Europe, Asia, and North America, bringing the total number of customers we cooperated with to more than 350 in 2022. To ensure further dynamic development and our research relevance and competitiveness, we substantially expanded our portfolio of services, in particular by:

- Advanced data science in the field of comprehensive condition and life assessment
- Visual inspections using drones for both internal and external environment
- A wide range of applications utilizing Cold Spray technology
- Mobile microscopy
- Collaborative implementations in the field of semi-destructive testing

In 2022, we successfully completed the AS9100 certification, unifying the requirements for entry and engagement of organizations in the aerospace and defense supply chain, and achieved ISO 14922-2 certification for thermal spray applications in nuclear power plant environments.

2022



We are entering 2023, the 116th year in our company's history, with a strong, professional team, state of the art infrastructure, and our targets and ambitions reflect this. For 2023, we have set 7 main priorities. Their common feature is a significant overlap into automation and systematic use of data science:

- Development of autonomous diagnostics using drone technology in both indoor and outdoor environments, with a primary focus on the area of life cycle assessment in the energy sector
- Completion of the second phase of the automation of the thermal spraying workplace - implementation of autonomous spraying without the need for direct supervision by a technical staff member
- Preparation of a project for the implementation of autonomous operation of the dynamic loading workplace - without the need for direct supervision of a technical staff member
- Progress in the application of advanced neural network-based mathematical modeling in the field of complex condition assessment of large-scale operational systems
- Expanding the portfolio of international research and commercial partners in the area of thermal spray technology and composite materials testing in the rail vehicle development sector
- Strengthen the portfolio of collaborative and contract research partners in materials semi-destructive testing and life-cycle assessment of the hydrogen-affected materials and infrastructure.



2022

Main activities of the company are research and development. In the 2022, the company did not carry out any extraordinary activities in the field of environmental protection. In labor law relations the company followed legal regulations. The company does not have any organizational department abroad. The requirement to provide information according to special legal regulations does not apply to Research and Testing Institute Plzen Ltd.

Výroční zpráva v plném rozsahu v českém znění je zveřejněna v elektronické podobě.

This document is an English translation of parts of the Czech annual report. Only the Czech version of the annual report is legally binding.

**Výzkumný a zkušební ústav Plzeň
s.r.o.**

**Independent Auditor's Report
on Examination
of the Financial Statements
compiled as of 31. 12. 2022**

This document is an English translation of the Czech auditor's report. Only the Czech version of the auditor's report is legally binding.

Independent Auditor's Report

To the only partner of Výzkumný a zkušební ústav Plzeň s.r.o.

Opinion

We have audited the financial statements of Výzkumný a zkušební ústav Plzeň s.r.o. (hereinafter also the "Company"), based in Tylova 1581/46, Jižní Předměstí, Plzeň, identification number 477 18 684, prepared in accordance with accounting principles generally accepted in the Czech Republic, which comprise the balance sheet as of 31. 12. 2022, and the income statement and statement of changes in equity and cash flow statement, for the period from 1. 1. 2022 to 31. 12. 2022, and a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31. 12. 2022, and of its financial performance and its cash flows for the period from 1. 1. 2022 to 31. 12. 2022 in accordance with accounting principles generally accepted in the Czech Republic.

Basis for Opinion

We conducted our audit in accordance with the Act on Auditors and Auditing Standards of the Chamber of Auditors of the Czech Republic, which are International Standards on Auditing (ISAs), as amended by the related application clauses. Our responsibilities under this law and regulation are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Act on Auditors and the Code of Ethics adopted by the Chamber of Auditors of the Czech Republic and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information in the Annual Report

In compliance with Section 2(b) of the Act on Auditors, the other information comprises the information included in the Annual Report other than the financial statements and auditor's report thereon. The Managing Directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be

materially misstated. In addition, we assess whether the other information has been prepared, in all material respects, in accordance with applicable law or regulation, in particular, whether the other information complies with law or regulation in terms of formal requirements and procedure for preparing the other information in the context of materiality, i.e. whether any non-compliance with these requirements could influence judgments made on the basis of the other information.

Based on the procedures performed, to the extent we are able to assess it, we report that:

- The other information describing the facts that are also presented in the financial statements is, in all material respects, consistent with the financial statements; and
- The other information is prepared in compliance with applicable law or regulation.

In addition, our responsibility is to report, based on the knowledge and understanding of the Company obtained in the audit, on whether the other information contains any material misstatement of fact. Based on the procedures we have performed on the other information obtained, we have not identified any material misstatement of fact.

Responsibilities of the Company's Managing Directors and Supervisory Board for the Financial Statements

The Managing Directors are responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the Czech Republic and for such internal control as the Managing Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Managing Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Managing Directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Supervisory Board is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the above mentioned laws and regulations will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in

the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the above law or regulation, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Managing Directors.
- Conclude on the appropriateness of the Managing Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Managing Directors and the Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

In Pilsen, on 14. 4. 2023

Auditing firm:

BDO Audit s. r. o.

BDO Audit s. r. o.

Licence No. 018

Auditor:

Blanka Lukešová

Ing. Blanka Lukešová

Licence No. 1875

PROFIT AND LOSS ACCOUNT

Name of the accounting unit

full version
as at 31.12.2022

Výzkumný a zkušební ústav
Plzeň s.r.o.

(in thousand CZK)

Official seat of the accounting unit

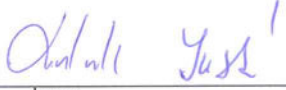
Tylova 1581/46

Year	Month	ID No.
2022	12	47718684

301 00 Plzeň

Ref. a	TEXT b	Period	
		Current 1	Prior 2
I.	Sales of own products and services	115 311	103 992
A.	Production consumption	68 179	57 487
A.2.	Raw materials and consumables	31 285	24 047
A.3.	Services	36 894	33 440
B.	Change in own production inventory (+/-)	- 675	- 971
C.	Capitalisation (-)	- 688	- 450
D.	Personnel expenses	88 078	75 958
D.1.	Wages and salaries	64 602	55 746
D.2.	Social security expenses, health insurance and other expenses	23 476	20 212
D.2.1.	Social security expenses and health insurance	21 286	18 168
D.2.2.	Other expenses	2 190	2 044
E.	Valuation adjustments relating to operating activities	8 218	8 310
E.1.	Valuation adjustments of fixed assets	8 290	7 890
E.1.1.	Valuation adjustments of fixed assets - permanent	8 290	7 890
E.2.	Valuation adjustments of inventory	- 334	420
E.3.	Valuation adjustments of receivables	262	
III.	Other operating income	48 076	44 775
III.1.	Income from fixed assets sold	7	11
III.2.	Income from materials sold	251	131
III.3.	Other operating income	47 818	44 633
F.	Other operating expenses	- 1 730	6 607
F.1.	Net book value of fixed assets sold		1
F.2.	Net book value of material sold	91	20
F.3.	Taxes and fees	164	188
F.4.	Provisions relating to operating activities and complex deferred expenses	- 4 165	5 757
F.5.	Other operating expenses	2 180	641
*	Operating profit/loss (+/-)	2 005	1 826

Ref. a	TEXT b	Period	
		Current 1	Prior 2
VI.	Interest income and similar income	81	30
VI.2.	Other interest and similar income	81	30
J.	Interest expenses and similar expenses	389	280
J.1.	Interest and similar expenses - controlled entities / subsidiaries	170	54
J.2.	Other interest and similar expenses	219	226
VII.	Other financial income	168	148
K.	Other financial expense	411	348
*	Profit/loss from financial operations (transactions) (+/-)	- 551	- 450
**	Profit/loss before tax (+/-)	1 454	1 376
L.	Income tax	411	345
L.1.	Income tax - due	17	786
L.2.	Income tax - deferred (+/-)	394	- 441
**	Profit/loss after tax (+/-)	1 043	1 031
***	Profit/loss of current accounting period (+/-)	1 043	1 031
*	Net turnover for the accounting period = I. + II. + III. + IV. + V. + VI. + VII.	163 636	148 945

Date, hour, minute: 14.4.2023		Signature of authorized representative or natural person who is accounting unit Ing. Stanislav Audy Martínek, Ph.D., MBA Ing. Jitka Justová 	
Legal form of accounting unit: Limited Liability Company	Business activities: výzkum, vývoj, zkušebnictví	Note:	

BALANCE SHEET

full version
as at 31.12.2022

(in thousand CZK)

Name of the accounting unit

Výzkumný a zkušební ústav

Plzeň s.r.o.

Official seat of the accounting unit


Tylova 1581/46

301 00 Plzeň

Year	Month	ID No.
2022	12	47718684

Ref. a	ASSETS b	Current period			Prior period
		Gross 1	Adjust. 2	Netto 3	Netto 4
	TOTAL ASSETS	341 980	- 171 057	170 923	162 156
B.	Fixed assets	289 762	- 170 488	119 274	98 026
B. I.	Intangible fixed assets	16 312	- 14 830	1 482	2 286
B.I.2.	Valuable rights	16 312	- 14 830	1 482	1 551
B.I.2.1.	Software	15 618	- 14 309	1 309	1 308
B.I.2.2.	Other valuable rights	694	- 521	173	243
B.I.5.	Advance payments for intangible fixed assets and intangible fixed assets under construction				735
B.I.5.1.	Advance payments for intangible fixed assets				735
B.II.	Tangible fixed assets	273 450	- 155 658	117 792	95 740
B.II.1.	Land, Buildings and structure	74 748	- 15 687	59 061	37 585
B.II.1.1.	Land	2 082		2 082	2 082
B.II.1.2.	Buildings and structures	72 666	- 15 687	56 979	35 503
B.II.2.	Machines, tools and equipment, transportation means, furniture and office equipment	197 091	- 139 290	57 801	47 728
B.II.4.	Other tangible fixed assets	814	- 681	133	138
B.II.4.3.	Other tangible fixed assets	814	- 681	133	138
B.II.5.	Advance payments for tangible fixed assets and tangible fixed assets under construction	797		797	10 289
B.II.5.1.	Advance payments for tangible fixed assets	186		186	2 208
B.II.5.2.	Tangible fixed assets under construction	611		611	8 081
C.	Current assets	47 930	- 569	47 361	62 606
C.I.	Inventory	8 816	- 133	8 683	6 934
C.I.1.	Raw materials	5 664	- 133	5 531	4 457
C.I.2.	Work-in-progress and semi-finished products	3 152		3 152	2 477
C.II.	Receivables	29 084	- 436	28 648	21 475
C.II.2.	Short-term receivables	29 084	- 436	28 648	21 475
C.II.2.1.	Trade receivables	23 071	- 436	22 635	14 275
C.II.2.4.	Receivables - other	6 013		6 013	7 200
C.II.2.4.1.	Receivables from owners	963		963	605
C.II.2.4.3.	Due from state - tax receivables	374		374	3
C.II.2.4.4.	Short-term advance payments	1 086		1 086	67
C.II.2.4.5.	Estimated receivables				1 604
C.II.2.4.6.	Other receivables	3 590		3 590	4 921
C.IV.	Cash in hand and bank accounts	10 030		10 030	34 197
C.IV.1.	Cash in hand	40		40	56
C.IV.2.	Bank accounts	9 990		9 990	34 141
D.	Accruals of assets	4 288		4 288	1 524
D.1.	Deferred expenses	1 460		1 460	1 524
D.3.	Deferred cash receipts	2 828		2 828	

Ref. a	EQUITY + LIABILITIES b	Current period 5	Prior period 6
	TOTAL LIABILITIES AND EQUITY	170 923	162 156
A.	Equity	118 572	117 529
A.I.	Registered capital	35 771	35 771
A.I.1.	Registered capital	35 771	35 771
A.II.	Share premium and capital contributions	35 000	35 000
A.II.2.	Capital contributions	35 000	35 000
A.II.2.1.	Other capital contributions	35 000	35 000
A.III.	Legal, statutory and other reserve funds	3 577	3 577
A.III.1.	Other reserve funds	3 577	3 577
A.IV.	Profit/Loss - previous years (+/-)	43 181	42 150
A.IV.1.	Retained profits/losses from previous years (+/-)	43 181	42 150
A.V.	Profit (loss) for current period (+/-)	1 043	1 031
B. + C.	Liabilities	51 236	44 627
B.	Provisions	10 469	15 419
B.2.	Income tax provision		786
B.4.	Other provisions	10 469	14 633
C.	Liabilities	40 767	29 208
C.I.	Long-term liabilities	12 762	7 802
C.I.2.	Liabilities to credit institutions	11 754	5 404
C.I.6.	Liabilities to controlled entities, controlling entities and from entities under common control		1 786
C.I.8.	Deferred tax liability	1 008	612
C.II.	Short-term liabilities	28 005	21 406
C.II.2.	Liabilities to credit institutions	1 608	1 298
C.II.3.	Advances received	1 626	1 359
C.II.4.	Trade payables	11 325	4 333
C.II.6.	Liabilities to controlled entities, controlling entities and from entities under common control	1 786	3 000
C.II.8.	Liabilities - other	11 660	11 416
C.II.8.1.	Liabilities to owners	35	7
C.II.8.3.	Liabilities to employees	4 694	4 654
C.II.8.4.	Social security and health insurance liabilities	2 601	2 629
C.II.8.5.	Due to state - taxes and subsidies	1 701	1 110
C.II.8.6.	Estimated liabilities	2 160	2 770
C.II.8.7.	Other payables	469	246
D.	Accruals of liabilities	1 115	
D.1.	Accrued expenses	1 115	

Date, hour, minute: 14.4.2023		Signature of authorized representative or natural person who is accounting unit Ing. Stanislav Audy Martinek, Ph.D., MBA Ing. Jitka Justová 	
Legal form of accounting unit: Limited Liability Company	Business activities: výzkum, vývoj, zkušebnictví	Note:	

Stanislav Martínek

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Jitka Justová

finance director
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Výzkumný a zkušební ústav Plzeň s.r.o.

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References

ČEZ, ŠKODA GROUP, AERO Vodochody AEROSPACE, DOOSAN ŠKODA POWER, SANBORN, SIEMENS MOBILITY, ZF ENGINEERING, Czech Airlines Technics, GE Transportation, VÚKV Praha, Babcock BORSIG POWER, GE Aviation Czech, United Goninan, RAUSCHERT, Doosan Power System Ltd., Czech Precision Forge, TRIBO ENGINEERING, Plzeňský Prazdroj, LUMAS Plzeň, Magna Cartech, PESA Bydgoszcz, P-D Refractories CZ, Faiveley Transport LEKOV, BRUSH SEM, General Electric Company, Daikin Industries, Gühring, Molins, Wikow Gear, TÜV SÜD Czech, SEW - Eurodrive, ÚJV Řež, SIGMA PUMPY HRANICE, PROFESS, Seele Pilsen, ZAT, ETD Transformátory, G-Team, Hofmeister, Slovenské elektrárne atd.