ZKL GROUP

ANNUAL REPORT ZKL GROUP

2024

ZKL GROUP

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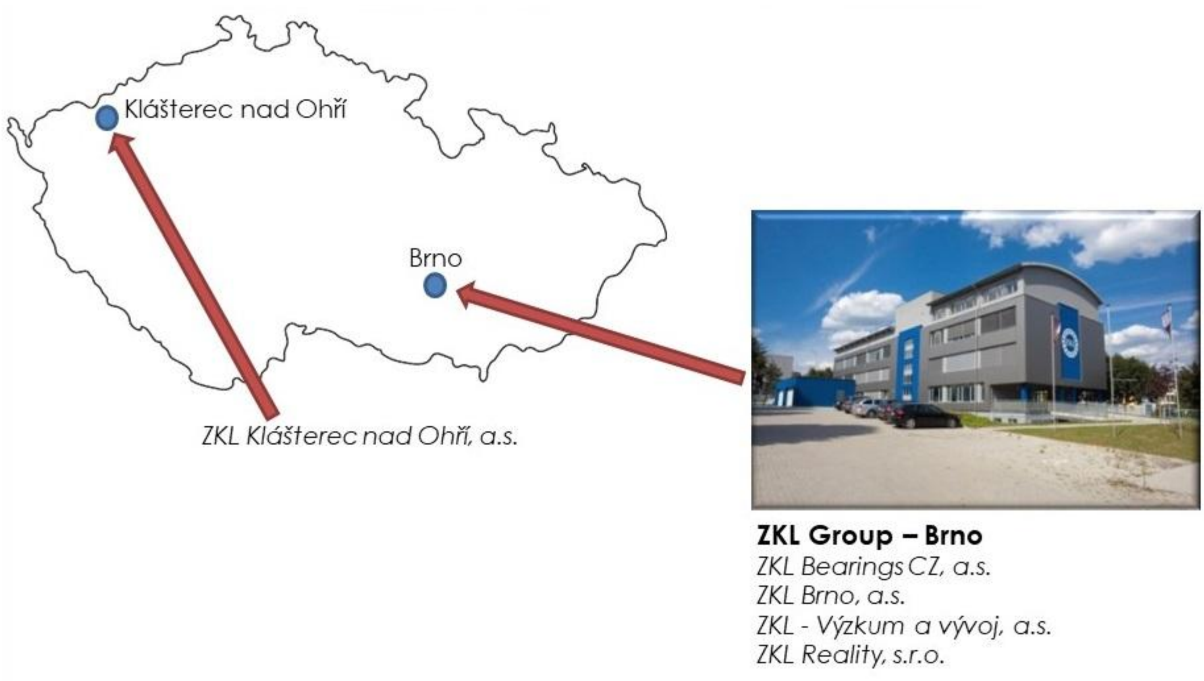
About the Company

ZKL Group is a result of the integration of the Czech bearing industry with over hundred-year-old tradition providing research, development, manufacturing and sales of ZKL bearings. The establishment of the Group dates back to 1 July 1999. Today, ZKL Group is the biggest manufacturer of large-scale spherical-roller, special and split bearings in Central Europe.

ZKL Group integrates two manufacturing plants in Brno and Klášterec nad Ohří, and also specialized joint stock companies ZKL - Výzkum a vývoj, a.s. (ZKL - Research and Development), and business company ZKL Bearings CZ, a.s. Thanks to our own research and development, ZKL is able to analyse the internal geometry of roller bearings, perform calculations of contact stress and improve the parameters of roller bearings of all types. Research and development also address the innovation process technical development projects and the extension of the product range.

ZKL has been a well-proven and reliable supplier holding certifications for a number of industrial enterprises. The manufactured range of both standard and special bearings of the ZKL brand fulfils the most demanding customer requirements in a wide field of individual industries, such as metallurgy, power engineering, heavy engineering, mining and processing of raw materials, automotive, transport, agriculture and many others.



Introductory Word of Chairman of the Board

Dear Business Partners,

As every year, allow me to present to you the financial results of the ZKL Group for the year 2024 and to inform you about our plans for the 2025–2027 period.

The evaluation of 2024 is based on a comparison of the following key indicators:

Parameters	year 2023	year 2024	Index
Sales (in thousand CZK)	1 294 215	1 296 851	100,20 %
EBITDA (in thousand CZK)	233 051	251 071	107,73 %
No. of employees	511	495	96,87 %

The year 2024 brought a number of challenges, yet we succeeded in maintaining the economic stability of the ZKL Group at the level of the previous year. This achievement was reached despite significant political and economic factors that impacted both global markets and the situation in the Czech Republic.

In 2025, we expect a return to stable growth—approximately 10% compared to 2024—while maintaining appropriate profitability and operational efficiency.

What will be our focus for 2025–2027?

Our goal is to further develop two key areas: the bearing division and the real estate division.

In **the bearing division**, we continue to invest in research, development, and sales of bearings for railway applications, where we offer a complete portfolio—from axle box bearings to drive bearings. In 2025, and especially in 2026, we plan to expand our product range to include bearings for heavy-duty trucks and construction machinery. At the same time, we are preparing investments in the expansion of production capacities at the ZKL Klášterec nad Ohří plant, with a focus on automation and modernization of inspection equipment, reducing the need for subjective quality evaluation.

In **the real estate division**, we plan to invest in the construction of residential facilities to provide our employees with affordable housing, helping to ensure workforce stability in bearing production. Key projects include the completion of an apartment building on Jedovnická Street in Brno and the construction of family houses in Podolí. Our involvement in the development of a new shopping centre in Klášterec nad Ohří is also of strategic importance.

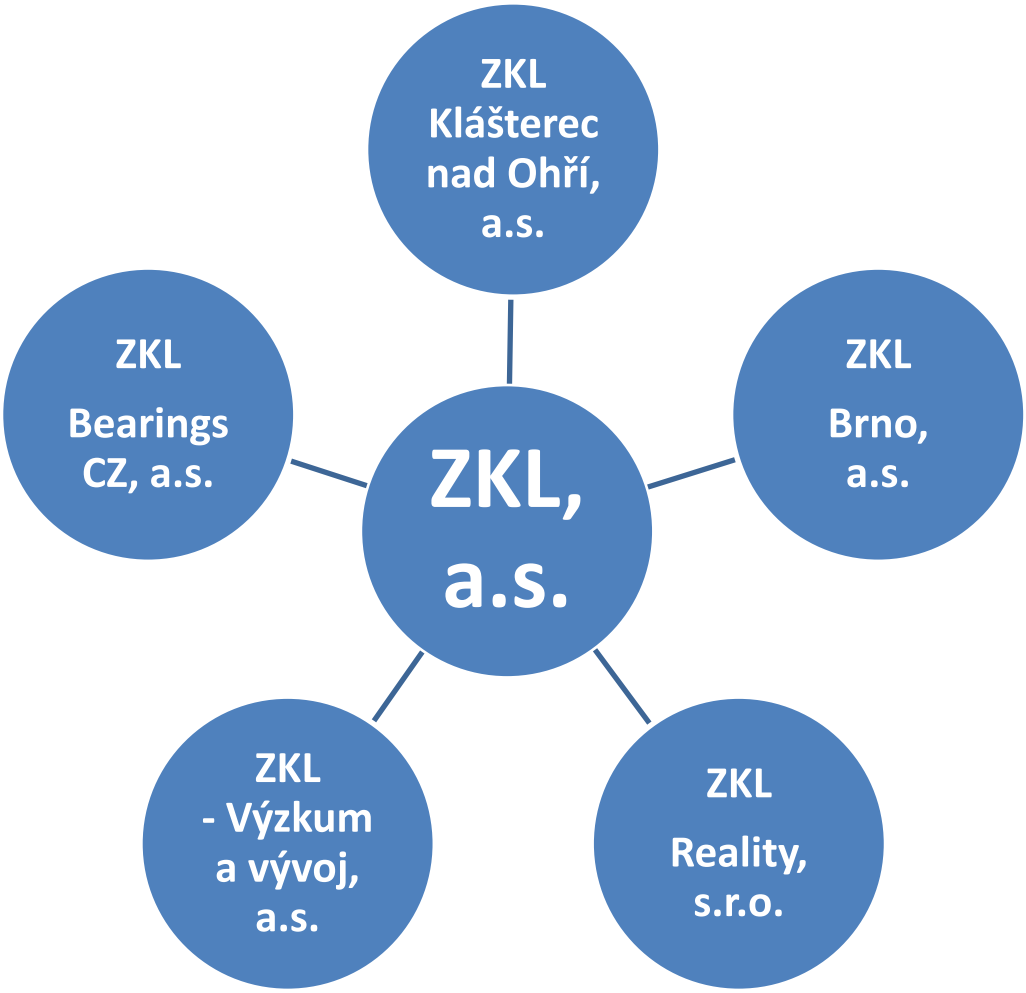
In conclusion, allow me to thank you for your continued cooperation with the companies of the ZKL Group. I believe we will continue to build on our shared successes and secure a long-term future for bearing production in the Czech Republic.

With sincere appreciation and best wishes for a successful 2025,

Ing. Jiří Prášil, CSc.

Chairman of the Board of ZKL, a.s.

Current Organisational Scheme





BOARD OF DIRECTORS

Chairman:	Ing. Jiří Prášil, CSc.
Board of members:	Ing. Jiří Prášil
	Ing. Alena Antonova

ZKL, a.s. Jedovnická 8, Brno ID No.: 25568353	Book value: CZK 1 467 024 thousand Annual turnover: CZK 143 881 thousand
ZKL Brno, a.s. Trnkova 2969/123, Brno ID No.: 25507851	**Principal activity:** Manufacture of spherical roller, cylindrical roller, tapered and special bearings. Book value: CZK 1 007 073 thousand Annual turnover: CZK 761 840 thousand
ZKL Klášterec nad Ohří, a.s. Nádražní 214, Klášterec nad Ohří ID No.: 00152552	**Principal activity:** Manufacture of ball, tapered and cylindrical roller bearings up to 400 mm diameter. Book value: CZK 576 884 thousand Annual turnover: CZK 628 577 thousand
ZKL-Výzkum a vývoj, a.s. Jedovnická 8, Brno ID No.: 25558480	**Principal activity:** Development of rolling bearings and special rotary mountings of machines Book value: CZK 47 449 thousand Annual turnover: CZK 35 267 thousand
ZKL Bearings CZ, a.s. Líšeňská 2828/45, Brno ID No.: 25088637	**Principal activity:** Purchase and sale of rolling bearings. Book value: CZK 708 066 thousand Annual turnover: 1 202 758 thousand
ZKL Reality, s.r.o. Jedovnická 8, Brno ID No.: 25507729	**Principal activity:** Rentals and administrative of own or rented estate. Book value: CZK 722 573 thousand Annual turnover: CZK 184 863 thousand

Sales and Marketing

In 2024, we succeeded in increasing the revenue of ZKL Bearings CZ, a.s. to a record level of CZK 1.12 billion. A year-on-year comparison of sales for the first quarter of 2025 versus the first quarter of 2024 shows a 5% increase. Moreover, during the second and third quarters of 2025, we expect to close additional projects worth CZK 100–200 million, which should contribute to reaching a total order volume exceeding CZK 1 billion.

From a product portfolio perspective, we continue to face weak demand for large-size bearings (LSBs) used in the wind energy sector. Our current production capacity in this segment is utilized at only 15%, and we have been unable to identify a suitable product program within Europe. Therefore, our strategic goal for 2025 is to secure a key customer for LSBs outside the European Union, as a response to the significant decline in demand across the European market.

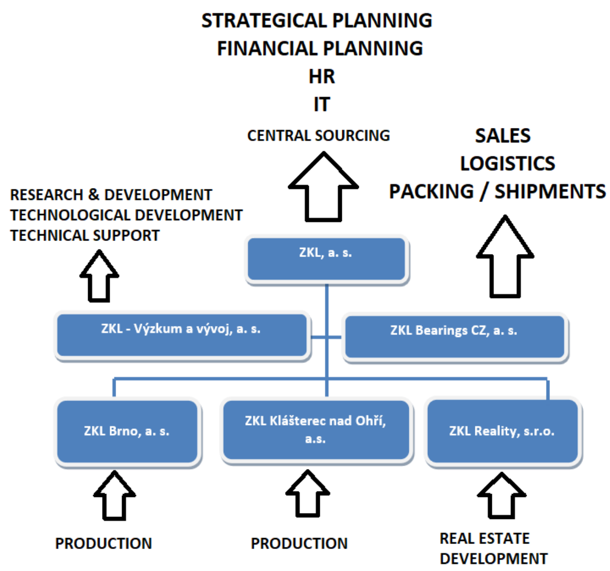
Exports account for 90% of ZKL's total revenues. At present, we see the greatest growth potential in the markets of the Middle East, Central Asia, China, and the United States. In contrast, the industrial situation in the European Union is either stagnating or deteriorating. Production is shifting to lower-cost regions, and limited availability of input materials continues to reduce the competitiveness of European manufacturers. We hope that this trend will reverse in the future and that manufacturing will return to Europe rather than continue to move away.

Processes

In 2024, we completed the centralization of sales and focused on personnel processes across the Group companies. We implemented a new HR system for all entities and fully digitalized all related processes. For 2025, we plan to centralize technical production planning under the company ZKL – Výzkum a vývoj, a.s.

The activities are managed by these group companies:

- **ZKL, a.s.** (HR, finance, IT, central procurement, strategic management)
- **ZKL Brno, a.s.** (bearing production in Brno, management of production orders and technological procedures)
- **ZKL Klášterec nad Ohří, a.s.** (bearing production in Klášterec nad Ohří, management of production orders and technological procedures)
- **ZKL Bearings CZ, a.s.** (trade organisation, owner of finished product inventories, owner of sales branches)
- **ZKL – Výzkum a vývoj, a.s.** (Group technology centre, CAD and CAE data management)
- **ZKL Reality, s.r.o.** (real estate development)



Marketing activities in 2024

As part of improving our services for distribution customers, we focused on optimizing the "Customer Section" of our website to make online ordering easier and more user-friendly. We also expanded the displayed information related to shipment planning.

We continued to engage with the professional community through online channels, regularly publishing content on our website and social media. In 2024, one issue of our corporate magazine ZKL News was published and distributed among our employees and business partners. Articles about our company were also featured in several print publications, and through advertising, we supported several key business partners.

We continued updating our printed materials to reflect market needs, target regions, and industry sectors. A new specialized bearing brochure for palm oil processing—targeted primarily at Indonesia—was published, along with a new set of product sheets for bearings used in recycling technologies.

Following a successful tradition, we organized a conference for authorized distributors in Valtice in May. In June, we presented our own booth at the Rail Business Days exhibition in Ostrava, and in September, we participated in Europe’s largest railway trade fair, InnoTrans in Berlin. Our bearings for recycling technology were showcased at the Recycling-Technik trade fair in Dortmund.

Through our distributors, the ZKL brand was also visible at trade fairs in India (*National Expo*) and Peru (*Expomina*, *Agriexpo*, *Expo-Mant*). Our specialists also took part in smaller industry-specific conferences, such as *DIAGO*.

Ing. Jiří Prášil
CEO – ZKL Group and
CEO – ZKL Bearings CZ, a.s.

Technological Development, Innovation, Research & Development

The year 2024 represented a period of intensive technical development for the ZKL Group, serving as a key driver for expansion and strengthening our competitiveness. In the context of an ever-changing global landscape, we faced a wide range of challenges, which we successfully overcame thanks to our operational flexibility and the high expertise of our technical team.

Key investments in research and development were focused on improving manufacturing technologies for newly developed bearings. Our aim was to optimize heat treatment, grinding processes, and the integration of mechatronic components – all with the goal of increasing the quality, performance, and reliability of our products. As a result of these efforts, we managed to strengthen our technological lead and open new business opportunities across global markets.

Our activities in this area also targeted improvements in material efficiency, achieved by reducing raw material input and optimizing both manufacturing and supply chains. This approach contributes to reducing the volume of waste generated, aligning with our environmental goals, while also supporting the overall sustainability of our production processes.

Innovation management is guided by the Technical and Production Development Plan, which is fully integrated into the Group's financial planning. The following table shows the year-on-year comparison of ZKL Group's investments in technical development (values in CZK thousands):

	2016	2017	2018	2019	2020	2021	2022	2023	2024
ZKL Brno	4 549	28 612	54 555	44 486	37 361	30 066	40 048	22 816	25 101
ZKL Klášterec nad Ohří	12 270	12 576	11 517	11 159	6 816	7 616	8 344	13 403	11 965
ZKL – Výzkum a vývoj	17 638	20 583	21 481	21 601	22 410	23 472	32 863	35 896	34 137
TOTAL	**38 628**	**69 101**	**95 378**	**82 751**	**69 961**	**66 889**	**81 255**	**72 115**	**71 203**

In research and development, we focus primarily on expanding our expertise in bearings for demanding applications. This includes electrically insulated bearings, hybrid bearings, bearings with functional coatings, and bearings for railway vehicles. We also continuously innovate our industrial bearing portfolio to meet customer needs—for example, in the segment of large-size thrust ball bearings, where ZKL is a technological leader on the market.

In parallel, we are centralizing know-how within the Group's Technology Centre. Our goal is to build a strong expert structure by 2026, one that covers the entire process—from research and design development to the technological and manufacturing phases. This approach will ensure our full readiness for potential expansion of production capacities outside the European Union, while at the same time keeping critical product know-how anchored in the Czech Republic.

Sustainability policy is also an integral part of our technical and production development. In 2024, solar power plants were commissioned on the rooftops of both our production sites. This has led to a reduction in electricity consumption by up to 30% and significantly brought us closer to carbon neutrality.

A major success in 2024 was the completion of the homologation process for our multi-year project to develop and certify axle roller bearings for Ukrainian Railways and rolling stock manufacturers. The bearings are designed to meet both Ukrainian and European legislative and technical standards. Thanks to full compatibility, ZKL bearings can be smoothly implemented into current operations, and in the long term, they support the integration of Ukrainian partners within the European community.

In the design of new bearing types, we combine decades of know-how, state-of-the-art IT tools, and collaboration with research institutions such as Brno University of Technology, CEITEC, COMTES FHT, and SVÚM. The software tools used include HEXAGON systems (PATRAN/MENTAT/MARC, APEX, Adams), MathCAD, MESYS, and others. Development and design processes are managed through the PTC Windchill system, and documentation is created in the PTC Creo environment.

The results of the 2024 development activities include several innovations implemented across ZKL Group production plants. The most significant product innovations are as follows:

Innovations in ZKL Brno, a.s.

- Expansion of the production range of tapered axle bearings for trams.

32022AX TPF 11614-22	PLC 81-08-01
PLC 81-10-08	PLC 82-09-01

Innovations in ZKL Klášterec nad Ohří, a.s.

- Expansion of the production of customized ball and spherical roller bearings.

3207 C3 TPF 11635-24	3204 C3 TPF 11635-24
3206 C3 TPF 11635-24	B2-2207-2RSN TPF 11630-23

In 2024, research and development activities within the ZKL Group focused not only on innovations in customer-specific bearing applications but also on long-term projects related to the development of new bearing types and manufacturing technologies. These projects are often carried out with the support of various R&D grant programs, which build on initiatives from previous years.

Collaboration continued within the National Competence Centre for Mechatronics and Smart Technologies for Engineering NCC MESTEC 2.

In the field of development of new types of bearings, e.g., research and development projects were implemented:

- Mechatronics and bearings for rail vehicle drives
- Bearings for electromobility and traction drives

In the field of technology and digitalization of manufacturing, the following projects were implemented, for example:

- Research and development of the production of rolling elements with modified rolling surface geometry
- Research and development of the design and manufacturing technology of forming tools for precision-pressed rolling elements

Ing. Libor Nohál, Ph.D.
CTO and CEO of ZKL – Výzkum a vývoj, a.s.

Quality Management System & Environmental Protection

ZKL Group, positioning itself as a reliable supplier for the most demanding customers, including those in the energy and railway industries, continuously improves and develops its quality management system certified according to EN ISO 9001.

The Group management pays great attention to the quality management system and the related learning processes. The implementation of new projects, which aim to increase the level of the working environment and health and safety, increase the quality of workplaces and their high degree of cleanliness, as well as the installation of state-of-the-art production and measuring equipment, also increasing EMS, significantly shifts ZKL's capabilities and product quality. The system has been constantly improved on the basis of the principles formulated in the quality policy and verified by internal, certification and customer audits.

Policy of quality, product safety, environment and work safety of the ZKL Group

In accordance with the ZKL Group's strategy and the requirements of ISO 9001, ISO 14001, ISO 45001, and ISO 22163 standards, the top management has adopted a policy for quality, product safety, environmental protection, and occupational health and safety.

To fulfil this policy, the ZKL Group companies have committed to implementing the following rules and principles:

1. Focus on the customer and other interested parties

- To plan, provide for and use resources to meet the requirements, needs and expectations of customers and other interested parties in the areas of quality, product safety, environment and occupational safety.
- To achieve stable quality, functional safety, operational reliability and environmental friendliness of products.
- To monitor and evaluate the level of customer satisfaction with products and services provided.
- To fulfil legislative obligations and customer requirements.
- To inform customers and relevant interested parties about the system of environmental management and health and safety management in the ZKL Group.
- In cooperation with suppliers, to develop and constantly improve the delivered products and services.
- To involve key suppliers in the process of continuous improvement.
- To initiate the application of environmental management principles by suppliers.

2. Leadership and employee involvement

- To develop the professional competence of employees and motivate them to use their knowledge, abilities and skills to ensure the quality, safety and reliability of produced products and services and to continuously improve the established processes.
- To improve the work and social environment, to reduce environmental impacts and health and safety risks, and to prevent injuries and damage to health.
- To fulfil the policy, to set SMART goals and to meet target values at all levels of the company.
- Through managers and their personal examples, to lead all employees to common goals, teamwork, to increase their awareness, ability and knowledge, and to support their ideas for improvement.
- To work responsibly and flawlessly with consistent self-control of the results of one's own work.

3. Process approach to management

- To implement and apply an effective and efficient system of quality, environment and occupational safety through process management with consideration and risk minimization.
- To determine the policy and goals of all systems in accordance with the strategic intentions of the ZKL Group
- To apply the policy at all levels of the ZKL Group, to specify and evaluate it annually on the basis of setting SMART goals.
- To support the introduction of the best possible technologies that will lead to improved process performance, increased customer satisfaction and reduced risks of environmental and occupational safety impacts.

4. Decision-making based on facts and continuous improvement

- To monitor, measure and analyse qualitative parameters and features of products and performance parameters of the ZKL Group processes. To use the results to set specific goals and measures to ensure continuous improvement of the established quality, environmental and occupational safety systems.
- The quality of the products is based on the awareness of the importance of quality work performed by each employee in the sense of the principle of - “Zero defects”.
- To prevent the possibility of emergencies or accidents, the consequences of which could have a negative impact on the environment and the health of employees, by preventing and using relevant opportunities.
- To prioritize the use of materials and processes that contribute to minimizing, eliminating or mitigating the negative impacts on the environment and the work environment.

The state of the ZKL Group's quality management system in 2024

Company	Certificate
ZKL, a.s.	EN ISO 9001:2015
	ISO 14001:2015
	ISO 45001:2018
ZKL – Výzkum a vývoj, a.s.	EN ISO 9001:2015
	ISO 14001:2015
	ISO 45001:2018
	CTLA
	ISO/TS 22163:2017
ZKL Bearings CZ, a.s.	EN ISO 9001:2015
	ISO 14001:2015
	ISO 45001:2018
	ISO/TS 22163:2017
ZKL Brno, a.s.	EN ISO 9001:2015
ZKL Klášterec nad Ohří, a.s.	EN ISO 9001:2015
	EN ISO 14001:2015
	ISO/TS 22163:2017

Environmental protection

Environmental protection is given considerable attention within the ZKL Group, with the criteria based on the requirements of the international standard ISO 14001 and legislative demands. The following companies, ZKL, a.s., ZKL Klášterec nad Ohří, a.s., ZKL Bearings CZ, a.s., and ZKL – Výzkum a vývoj, a.s., are certified according to the international standard ISO 14001:2015. Environmental management principles have become an integral part of all activities aimed at improving the environmental profile of the companies.

Strict compliance with legislative requirements to ensure environmental protection is a matter of course for us. The environmental profile encompasses all the impacts stemming from the business activities of the companies that affect the environment. These impacts involve not only pollution but also resource consumption – materials, energy, and water. All energy consumption, waste production, and packaging materials are carefully monitored and evaluated. The goal of improving the Environmental Management Systems (EMS) in ZKL companies is to conserve environmental resources and save overall financial costs, depending on the economic performance of the companies.

Regarding product innovations and the acquisition of new technologies, emphasis is placed on the efficient use of energy, environmental protection, and the conservation of natural resources.

Safety at work

The ZKL Group provides a safe and healthy workplace for its employees and contractual partners by implementing and enforcing a risk prevention system in all our activities. By respecting company regulations, procedures, and all relevant laws, ZKL creates a secure environment. In the development of the ZKL Group in the field of occupational health and safety, ZKL, a.s., ZKL Bearings CZ, a.s., and ZKL – Výzkum a vývoj, a.s. were certified according to the ČSN ISO 45001:2018 standard in 2022. In 2024, an independent audit according to the ISO 45001:2018 standard confirmed the effective setup of the occupational safety system in the companies of the ZKL Group.

The ZKL Group allocates necessary resources for education, training, and monitoring with the aim of preserving the health and safety of its employees at work.

We plan, monitor, and evaluate the results of health and safety protection through internal occupational health and safety audits. Discrepancies identified during these audits are actively addressed, root causes analysed, and corrective measures are implemented to eliminate potential risks of hazardous situations.

Everyone working for ZKL is responsible for their own and others' safety and is encouraged to report possible risks and near-miss incidents. The managers hold the responsibility for fulfilling the requirements of occupational health and safety by clearly defining responsibilities and duties, providing adequate resources, and continuously improving occupational health and safety performance within the ZKL Group.

Tomáš Popek
Quality and EMS Manager of the ZKL Group


ESG
REPORT

ESG Reporting ZKL Group

ZKL is aware of its commitment to sustainability and social responsibility, which is why the company decided to prepare its first ESG report already in 2024.

In line with the Paris Agreement, the European Union has committed to achieving "climate neutrality" by 2050, meaning it will produce only as many greenhouse gases as ecosystems are able to absorb. To support this goal, ESG reporting (Environmental, Social, and Governance) has become a key tool. ESG reports play an important role in increasing corporate transparency and accountability and help investors, consumers, and other stakeholders understand how a company considers environmental and social factors in its business and how it is governed. At the same time, ESG contributes to the long-term sustainable development of companies and the market as a whole.

ZKL has been embracing a sustainable approach in its operations for several years. From an environmental perspective, the company focuses on implementing new technologies that reduce the energy and environmental intensity of its production. It has begun installing solar panels on the roofs of its buildings and is actively working to minimize harmful impacts on the surrounding environment.

On the social side, the company is committed to supporting diversity within its workforce by hiring employees regardless of gender, age, or religious beliefs. To strengthen relationships and encourage connection among employees, ZKL organizes regular corporate events. The company has also recently introduced a "trust box" – a tool for anonymous sharing of concerns, ideas, and complaints – to promote open communication and trust within the organization.

For ZKL, ESG is not just a buzzword, it is a true commitment that brings meaningful positive change for the company, its employees, and the environment around it.

ZKL Group vision

ZKL Group strategy

Finance

- **EBITDA growth and company prosperity:** Our primary goal is to achieve steady EBITDA growth, directly contributing to the company's increasing financial strength and long-term prosperity.
- **Waste reduction:** We continuously identify and eliminate inefficiencies and waste, whether in production processes or material management.
- **Savings on direct materials:** We are increasing procurement efficiency, exploring new suppliers, and optimizing inventory to ensure better price competitiveness.
- **More efficient production processes:** We implement modern technological innovations and methods to improve productivity and reduce costs, helping us stay competitive in the global market.

Processes

- **Efficient and agile processes:** We implement flexible and agile processes that respond to market changes and technological innovations. Every company process is designed to be efficient and adaptable to current needs.

- **Compliance with legislative requirements:** We ensure all our activities comply with local and international laws, regulations, and standards, allowing us to operate responsibly with minimal legal risk.

- **Eliminating negative environmental impacts:** We invest in eco-friendly technologies and processes that minimize our environmental impact. We implement energy-saving measures and recycling systems to support sustainability.

- **Investments in modern technologies:** We are dedicated to the continuous development of new production technologies, enabling us to keep up with innovation and offer products that meet the latest market requirements.

People

- **Safe working environment:** Ensuring the safety and health of our employees is a top priority. We invest in training and prevention to create an environment where every employee feels safe.

- **Competent and motivated employees:** We recognize the importance of professional development and motivation. Our goal is to continuously improve employee qualifications and support their career growth within the company.

- **Responsible leadership:** At all management levels, we promote responsibility and leadership development, which are key to achieving strategic goals. We foster an open and transparent culture where leaders inspire their teams and ensure effective process management.

Customers

- **Acquiring new customers:** We aim to actively expand into new markets and attract new customers, driving our growth and strengthening our global position. We are prepared to enter new industrial segments and geographical regions.

- **On-time and high-quality deliveries:** Customers expect timely and high-quality deliveries. We focus on optimizing our supply chain and effective production management to consistently meet their expectations.

- **Development of new bearings:** We continually invest in research and development of new products that meet the growing and specific needs of the market. Our innovations in bearing technology ensure we are ready for the challenges of modern industry.

Double materiality analysis in ESG: Impacts, risks, and opportunities

Introduction to Double materiality analysis

Double materiality analysis is a key tool for understanding how Environmental (E), Social (S), and Governance (G) factors affect not only the organization itself but also the broader society. This approach allows us to assess not only how ESG factors impact the financial performance and reputation of the organization, but also how our business influences the planet and society.

In the following text, we will explore various ESG aspects that represent significant impacts, risks, or opportunities for our organization. This analysis will help us identify the areas that require our focus and a responsible approach.

Environment (E)

1. **Carbon footprint**

    - **Impact:** The carbon footprint is a key factor in assessing an organization's environmental sustainability. It has a direct impact on climate change, posing risks both to business operations and global ecological stability.
    - **Risk:** Increasing regulations and pressure to reduce emissions may affect the organization's costs and operations.
    - **Opportunity:** Innovations in energy efficiency and a transition to renewable energy sources can lead to savings as well as a competitive advantage.
    - **Material topic:** This is considered a critical topic from both regulatory and societal expectation standpoints.

2. **Energy consumption**

    - **Impact**: High consumption of energy from non-renewable sources contributes to negative environmental effects.
    - **Risk:** High energy intensity can result in significant costs and dependence on external energy markets.
    - **Opportunity:** Optimizing energy consumption and transitioning to renewable sources can substantially reduce costs and improve the organization's environmental footprint.
    - **Material topic:** This aspect is essential for the long-term sustainability of the business.

3. **Waste generation**

    - **Impact**: Excessive waste production can have a negative impact on the environment.
    - **Risk**: Regulations related to waste management may lead to additional costs and complex administrative procedures.
    - **Opportunity**: Improving recycling processes and reducing waste can enhance profitability and improve the organization’s public image.
    - **Material topic**: This aspect is increasingly regarded as essential for the long-term sustainability of the organization.

Social (S)

1. **Work environment**

    - **Impact:** A high-quality work environment is essential for employee productivity and satisfaction.
    - **Risk:** Poor working conditions can lead to high employee turnover, reduced productivity, and legal issues.
    - **Opportunity:** Improving the work environment fosters employee loyalty, higher motivation, and better performance.
    - **Material topic:** It is crucial for the long-term growth and success of the organization.

2. **Discrimination**

    - **Impact:** Discrimination in the workplace can severely harm employee morale and the organization's reputation.
    - **Risk:** Legal consequences, public criticism, and damage to corporate culture.
    - **Opportunity:** Promoting diversity and inclusion enhances the work environment and the team’s innovative capacity.
    - **Material topic:** Discrimination must be addressed as a priority to create a positive work environment.

3. **Local communities**

    - **Impact:** Company operations can affect the local community (e.g., pollution, noise, traffic).
    - **Risk:** Negative impacts on the surroundings may lead to legal challenges and public opposition.

- **Opportunity:** Cooperation with the local community and support for regional development enhance the company's public image.
- **Material topic:** This issue is important for community relations and the company's overall reputation.

Governance (G)

1. **Company leadership**
    - **Impact:** Strong and responsible leadership is the foundation of long-term organizational success.
    - **Risk:** Poor management can lead to legal issues, loss of shareholder and employee trust.
    - **Opportunity:** Transparent and effective leadership ensures stability and attractiveness to investors.
    - **Material topic:** A fundamental element for trust in the company and its market success.
2. **Corruption and bribery**
    - **Impact:** Corruption can damage a company's reputation and result in legal penalties.
    - **Risk:** Growing reputational risk and legal issues can seriously threaten the organization's operations.
    - **Opportunity:** Preventing corruption strengthens trust in the company and its partnerships.
    - **Material topic:** Ethical behaviour and integrity are key to long-term success.
3. **Supplier relations**
    - **Impact:** Ethical and responsible supplier relationships are essential for the sustainability of the supply chain.
    - **Risk:** Issues in the supply chain may lead to operational disruptions and reputational damage.
    - **Opportunity:** Building strong and transparent relationships with suppliers contributes to delivery stability and quality.
    - **Material topic:** Important for ensuring supply continuity and long-term sustainability.

Cybersecurity of ZKL Group – brief overview

Perimeter and endpoint security

- The central element of perimeter security is the firewall – the platform is intentionally not disclosed – and its software is regularly updated.
- Endpoints run supported operating systems and are protected by centrally managed antivirus software.
- The presence of a functional and updated antivirus program on each PC is regularly checked via Active Directory (AD) policies.
- Users are not able to disable the antivirus manually.

User and access management

- User authentication is managed through accounts in Active Directory (AD).
- AD controls access to company data and, where technologically possible, enables single sign-on access to supported software.
- Users are restricted from administrating their own computers via AD policies.
- No company information systems or data can be accessed without logging in.
- AD policies require users to regularly change their login passwords for access to corporate resources.
- Passwords must meet complexity requirements.
- Privileged accounts are not used by administrators as a standard practice, and passwords are securely stored.

Data and server security

- User data and information system (IS) data are stored on secure on-premises servers.
- Company servers are located in a server room protected by an alarm system, equipped with air conditioning, and backed up by UPS systems.
- Access to the SAP IS is protected by passwords that meet complexity requirements.
- Each ERP SAP user is assigned a role or roles that allow access only to the functionalities needed for their work duties.
- SAP ERP users are automatically logged out after a period of inactivity, and accounts are locked based on HR input when an employment relationship ends or if the user does not log in for two months.

Network security

- A RADIUS server ensures that VPN-connected users are routed only to specific servers.
- Communication with the internet user zone is carried out using web services protected by strong passwords.
- The mail server is hosted by Microsoft, as are some data stored on secure servers.
- All emails are accessible only online or in endpoint offline stores (e.g., laptops).
- PST folders for email storage on PCs and servers are systematically disabled.

- Selected employees are required to secure outgoing emails using electronic signatures and encryption of attachments.

Monitoring and education

- Connection to the corporation's Wi-Fi networks is controlled and secured via AD policies.
- Internal network traffic is segmented.
- Guest Wi-Fi access is only possible through a separate, password-protected Wi-Fi network.
- Internet traffic is routed through a central firewall, which performs traffic inspection.
- No branch office has its own internet connection.
- Branches are interconnected using point-to-point VPNs.
- Each internet connection has a backup – primary and secondary lines.
- Specialized software is used to monitor key information system components, providing real-time information on system outages.

Cybersecurity training

In 2022, we implemented the KASAP training platform from Kaspersky. About 75% of users have completed the training, and it is expected that all users will have completed it soon. The platform supports organized training in user groups, including the ability to set the difficulty and duration of the training. It offers scenario-based testing, training progress evaluation, phishing simulation campaigns, and performance analysis.

Tomáš Popek
Quality and EMS Manager of the ZKL Group

Employee Support: An Environment for Growth and Satisfaction

At ZKL Group, we are committed to creating a stable, supportive, and motivating work environment over the long term. Our goal is to ensure that employees feel good at work, have opportunities for professional growth, and achieve excellent results. We believe that satisfied employees are the key to the success of the entire company.

The experience of long-term colleagues becomes a valuable resource for new generations of employees—we actively support intergenerational cooperation and the transfer of know-how. We place great emphasis on personal development, teamwork, and building friendly workplace relationships.

Modernization of work processes and efficiency in personnel development

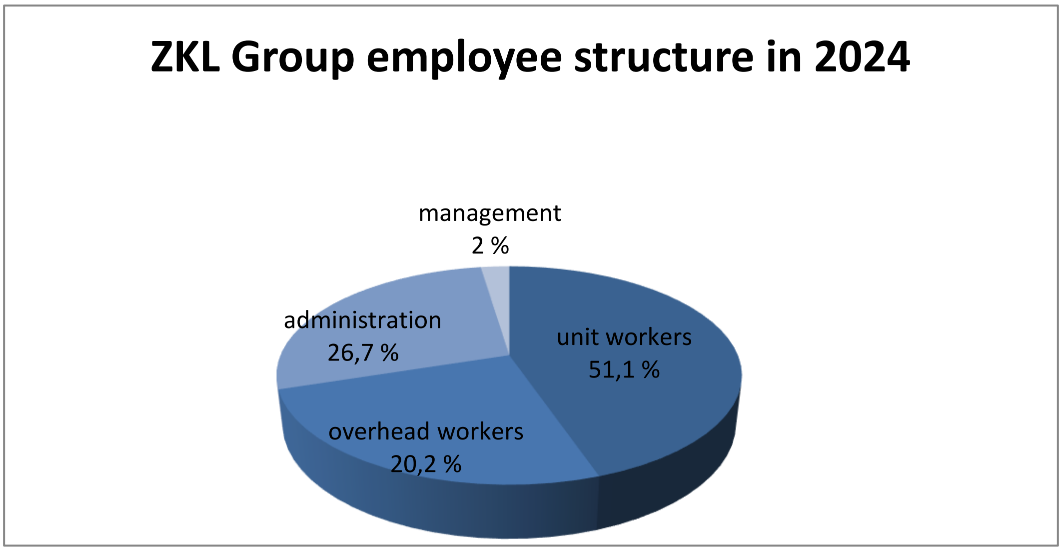
In 2024, we continued to optimize work processes and implement modern technologies. These steps contributed to increased productivity and operational efficiency. As a result, we have gradually reduced the overall number of employees while maintaining smooth production flow and high output quality.

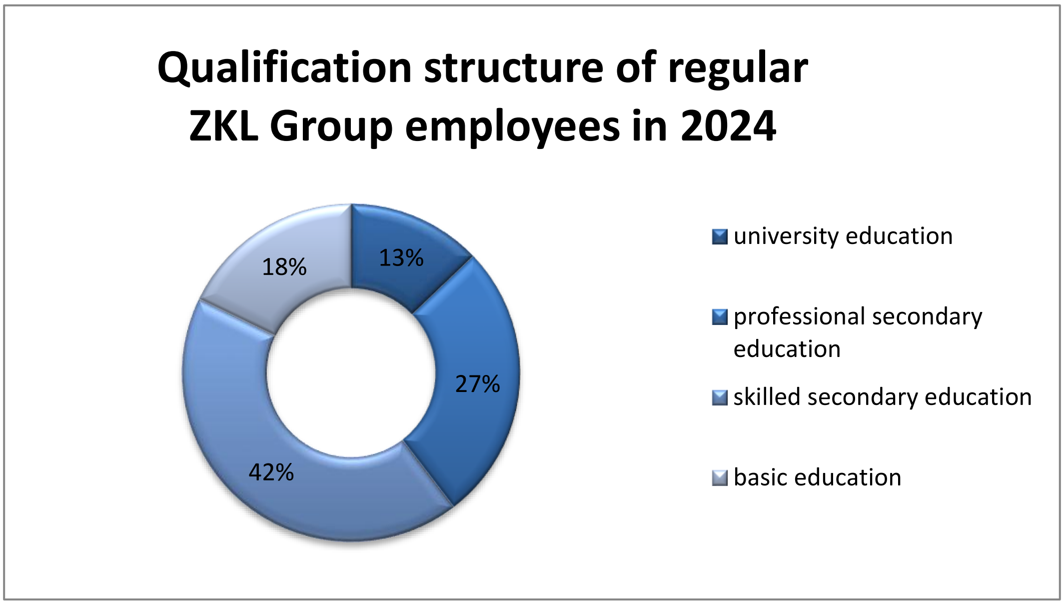
Development of the adjusted number of employees in the ZKL Group

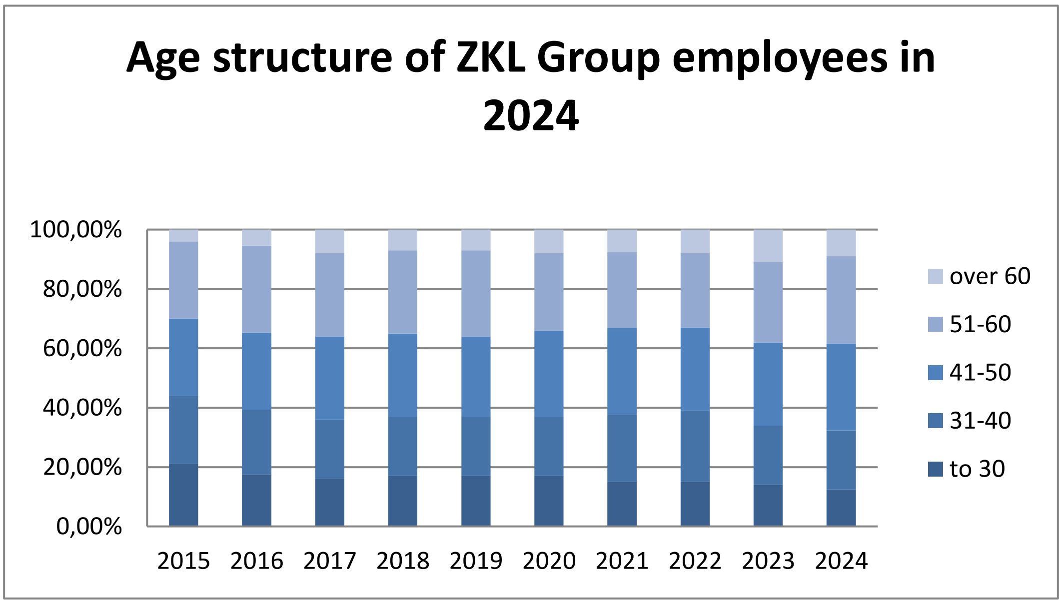
Recalculated number of employees in the given year						
Year	2019	2020	2021	2022	2023	2024
Total ZKL Group	579	553	535	528	521	495

The workforce structure remains stable – approximately three quarters of employees work directly in production.

The educational and age structure of our employees has remained consistent over the long term, and our goal is to continue maintaining a healthy generational balance. We support young talent and invest in their growth through modern HR tools and an individual approach.


ZKL Group employee structure in 2024
management
2 %
administration
26,7 %
unit workers
51,1 %
overhead workers
20,2 %


Qualification structure of regular
ZKL Group employees in 2024
13%
27%
42%
18%
university education
professional secondary education
skilled secondary education
basic education


Age structure of ZKL Group employees in 2024
100,00%
80,00%
60,00%
40,00%
20,00%
0,00%
2015
2016
2017
2018
2019
2020
2021
2022
2023
2024
over 60
51-60
41-50
31-40
to 30

Employee benefits

We offer our employees a wide range of benefits that enhance both their work comfort and overall satisfaction. The most appreciated benefit is the meal allowance – our employees can take advantage of company cafeterias with substantial subsidies.

Additional advantages include the MULTISPORT card, contributions to life and pension insurance, bonuses for work and life anniversaries, five weeks of vacation per year, and flexible working hours. Parents can receive contributions for children's recreation, and selected positions allow occasional remote work.

Our benefits are designed to reflect employees' needs and support both their professional and personal lives.

Education and activities for employees

Education is an essential part of our approach to employee development. We offer courses focused on professional skills, personal growth, and increased motivation.

Throughout 2024, ZKL Group implemented a wide range of regular language courses, in English, German, and Spanish, which were made available to employees across all levels and positions.

Family Day 2024: Shared experiences at the ZKL Brno premises

On Saturday, June 22, 2024, the ZKL Brno premises transformed into a place full of joy, laughter, and friendly gatherings. The traditional company event, Family Day, offered employees and their loved ones a diverse program packed with fun and fascinating insights into the production environment.

Children enjoyed a morning full of games – a bouncy castle with a slide, airbrush tattoos, clown performances, and other attractions that brought smiles to their faces. For adults, guided tours of the production plant were organized, giving them a behind-the-scenes look at bearing manufacturing and an opportunity to learn about the work of their colleagues from different departments.

The program also included competitions for all age groups and small gifts that delighted not only the youngest visitors.

Family Day 2024 at ZKL Klášterec: An afternoon full of fun and reunions, including former employees

On Saturday, June 15, 2024, the popular company event Family Day took place at the ZKL Klášterec nad Ohří premises. It was open to employees, their families, as well as former employees. The afternoon was filled with a friendly atmosphere, family comfort, and a rich program for visitors of all ages.

Children enjoyed attractions such as a bouncy castle, an electric bull, and especially the popular foam show by the firefighters, which brought excitement and laughter to everyone present. There were also various competitions and activities that tested the skills and courage of the youngest participants.

Adults appreciated the opportunity to get a behind-the-scenes look at the production facilities during guided tours, as well as the friendly gatherings with colleagues in an informal setting. The entire afternoon was complemented by free refreshments and ended with a raffle that delighted many winners.

Cycling Trip Slovácko 2024: Team spirit amid the beauty of South Moravia

In June 2024, the traditional Slovácko Cycling Trip took place, with employees from across the ZKL Group participating. The participants spent three days in the picturesque South Moravian village of Modrá, staying at the Skanzen Hotel near Uherské Hradiště.

The trip's program focused on sports, active relaxation, and shared experiences. Participants arrived individually on Thursday afternoon—choosing to come by car or by a combination of train and bus according to their preferences. Over the following days, they set out on cycling and hiking routes around the Slovácko region, enjoyed the local hospitality, and spent their evenings together in a friendly atmosphere.

All the events confirmed that ZKL is not just a workplace but also a community that sticks together beyond work. Shared activities outside the work environment significantly contribute to strengthening team relationships and boosting morale across the entire group. That's why we will continue organizing them in the coming years.

JUDr. Lenka Povolná
Head of HR Department of ZKL, a.s.

Consolidated Financial Data

CONSOLIDATED BALANCE SHEET

(Figures in CZK thousand)

as of: 31.12.2024

Year	Month	ID No.	Company name and seat
2024	12	25568353	**ZKL, a. s.**, Jedovnická 2346/8 62800 Brno (CZ)

Item a	ASSETS b		Line No. c	Current period Brutto 3	Current period Adjustment	Current period Netto	Previous period Netto 4
	TOTAL ASSETS	(02+03+40+77)	01	4 541 329	1 878 032	2 663 297	2 741 623
B.	Fixed assets	(04+14+27+37+38+39)	03	3 372 205	1 837 819	1 534 386	1 620 247
B. I.	Intangible fixed assets	(05+06+09+10+11)	04	109 331	108 209	1 122	244
2.	Valuable rights	(07+08)	06	111 833	109 189	2 644	2 963
2.1.	Software		07	87 888	85 244	2 644	2 963
2.2.	Other valuable rights		08	23 945	23 945	0	0
3.	Goodwill		09	-6 217	-3 730	-2 487	-3 730
4.	Other intangible fixed assets		10	2 750	2 750	0	0
5.	Advances for intangible fixed assets and unfinished intangible assets under construction	(12+13)	11	965	0	965	1 011
5.2.	Intangible assets under construction		13	965	0	965	1 011
B. II.	Tangible fixed assets	(15+18+19+20+24)	14	3 123 054	1 605 185	1 517 869	1 605 913
B. II.	Lands and Constructions	(16+17)	15	1 484 258	558 181	926 077	939 909
1.1.	Lands		16	110 850	0	110 850	110 837
1.2.	Constructions		17	1 373 408	558 181	815 227	829 072
2.	Individual movables and groups of movables		18	1 547 476	1 011 001	536 475	590 780
4.	Other tangible fixed assets	(21+22+23)	20	49 125	36 003	13 122	1 387
4.3.	Other tangible fixed assets		23	49 125	36 003	13 122	1 387
5.	Advances for tangible fixed asset and tangible fixed assets under construction	(25+26)	24	42 195	0	42 195	73 837
5.1.	Advances for tangible fixed assets		25	18 989	0	18 989	41 224
5.2.	Tangible fixed assets under construction		26	23 206	0	23 206	32 613
B. III.	Long-term financial assets	(28+29+30+31+32+33+34)	27	139 820	124 425	15 395	14 090
B. III.	Shares in controlled entities		28	138 990	124 425	14 565	14 089
2.	Loans and credits – controlled or controlling entity, signif. influence		29	0		0	0
3.	Shares - significant influence		30	0		0	0
4.	Loans and credits – significant influence		31	0		0	0
5.	Other long-term securities and shares		32	830		830	1
C.	Current assets	(41+49+71+74)	40	1 161 297	40 213	1 121 084	1 111 028
C. I.	Inventories	(42+43+44+47+48)	41	703 163	22 508	680 655	636 026
C. I.	Raw material		42	177 308	8 694	168 614	104 476
2.	Work-in-progress and semi-finished products		43	165 818	10 204	155 614	150 800
3.	Finished products and goods	(45+46)	44	359 782	3 610	356 172	380 304
3.1.	Finished products		45	355 115	2 762	352 353	372 433
3.2.	Goods		46	4 667	848	3 819	7 871
5.	Prepayment on inventories		48	255	0	255	446
C. II.	Receivables	(50+60)	49	426 091	17 705	408 386	446 861
C. II.	Long-term receivables	(51+52+53+54+55)	50	14 128	0	14 128	40 009
1.1.	Trade receivables		51	0	0	0	0
1.4.	Deferred tax receivables		54	0	0	0	0
1.5.	Other receivables	(56+57+58+59)	55	14 128	0	14 128	40 009
1.5.2.	Long-term advances		57	7 105	0	7 105	6 797
1.5.4.	Other receivables		59	7 023	0	7 023	33 212
2.	Short-term receivables	(61+62+63+64)	60	411 963	17 705	394 258	406 852
2.1.	Trade receivables		61	287 579	5 947	281 632	284 456
2.2.	Receivables - controlled or controlling party		62	7 053	7 053	0	8 000
2.4.	Other receivables	(65+66+67+68+69+70)	64	117 331	4 705	112 626	114 396
2.4.3.	Government - tax receivables		67	27 478	0	27 478	29 127
2.4.4.	Short-term advances		68	34 309	4 705	29 604	27 891
2.4.5.	Estimated accrued revenues		69	11 512	0	11 512	9 911
2.4.6.	Other receivables		70	44 032	0	44 032	47 467
C. IV.	Cash and bank accounts	(75+76)	74	32 043	0	32 043	28 141
C. IV.	Cash		75	246	0	246	659
2.	Bank accounts		76	31 797	0	31 797	27 482
D.	Prepayments and accured income	(78+79+80)	77	7 827	0	7 827	10 348
D.	Prepaid expenses		78	6 404	0	6 404	7 589
2.	Comprehensive accrued expenses		79	309	0	309	451
3.	Accrued income		80	1 114	0	1 114	2 308

Item a	LIABILITIES b	Line No. c	Current period 5	Previous period 6
	TOTAL LIABILITIES (82+107+147+150)	81	2 663 297	2 741 623
A.	Equity (83+87+95+98+102+105+106)	82	1 331 506	1 321 521
A. I.	Subscribed capital (84+85+86)	83	734 530	734 530
A. I.	Subscribed capital	84	734 530	734 530
A. II.	Share premium and capital reserves (88+89)	87	-15 483	2 147
A. II. 1.	Share premium	88	1 237	1 237
2.	Capital reserves (90+91+92+93+94)	89	-16 720	909
2.1.	Other capital reserves	90	491	491
2.2.	Valuation differences from revaluation of assets and liabilities (+/-)	91	-17 211	418
A. III.	Revenue reserves (96+97)	95	5 455	5 455
A. III.	Other reserve fund	96	5 455	5 455
A. IV.	Retained earnings (+/-) (99+100+101)	98	576 511	530 731
A. IV.	Retained earnings from previous years	99	579 827	630 758
2.	Unreimbursed loss of previous years	100	0	-93 883
3.	Other retained earnings (+/-)	101	-3 316	-6 144
A. V.	Profit/loss of current accounting period without minority shares (+/-)	102	30 492	48 658
	Profit/loss of current accounting period	103	30 492	48 658
B. + C.	Liabilities (108+113)	107	1 327 276	1 417 977
B.	Provisions (109+110+111+112)	108	17 247	22 214
2.	Provision for income tax	110	1 156	7 369
3.	Provision according to special legal regulations	111	0	0
4.	Other provisions	112	16 091	14 845
C.	Payables (114+129)	113	1 310 029	1 395 763
C. I.	Long-term payables (115+118+119+120+121+122+123+124+125)	114	329 596	483 034
2.	Payables to banks	118	304 669	427 167
4.	Trade payables	120	0	0
6.	Payables - controlling or controlled entity	122	0	0
8.	Deferred tax liabilities	124	23 968	35 326
9.	Other payables (126+127+128)	125	959	20 541
9.3.	Other payables	128	959	20 541
C. II.	Short-term payables (130+133+134+135+136+137+138+139)	129	980 433	912 729
2.	Payables to banks	133	534 973	458 007
3.	Short-term advances received	134	27 729	26 842
¨4.	Trade payables	135	318 362	312 224
6.	Payables - controlling or controlled entity	137	7 000	7 000
8.	Other payables (140+141+142+143+144+145+146)	139	92 369	108 656
8.1.	Payables to partners	140	1 176	12 286
8.3.	Payables to employees	142	16 428	16 356
8.4.	Payables to social security and health insurance	143	8 919	8 810
8.5.	Government - tax payables and subsidies	144	19 760	10 593
8.6.	Estimated accrued expenses	145	9 135	9 295
8.7.	Other payables	146	36 951	51 316
D.	Accruals and deferred incom (148+149)	147	4 515	2 125
D. 1.	Accrued expenses	148	4 477	1 967
2.	Deferred income	149	38	158

PROFIT AND LOSS STATEMENT

(Figures in CZK thousand)

as of: 31.12.2024

Year	Month	ID No.	Company name and seat
2024	12	25568353	**ZKL, a. s.**, Jedovnická 2346/8 62800 Brno (CZ)

Item a		TEXT b		Line No. c	Current period 1	Previous period 2
I.		Sales of goods and services		01	1 285 909	1 264 707
II.		Sales of goods		02	10 942	29 508
A.		Consumption from production	(04+05+06)	03	842 091	908 102
A.	1.	Costs of goods sold		04	6 753	14 791
	2.	Consumption of material and energy		05	697 221	765 209
	3.	Services		06	138 117	128 102
B.		Increase/decrease in finished goods and in work-in-progress (+/-)		07	-31 251	-130 556
C.		Own work capitalized (-)		08	-170	-1 391
D.		Staff costs	(10+11)	09	345 522	362 478
D.	1.	Wages and salaries		10	249 892	263 879
	2.	Social security and health insurance costs and other costs	(12+13)	11	95 630	98 599
	2.1.	Social security and health insurance costs		12	83 329	87 277
	2.2.	Other social costs		13	12 301	11 322
E.		Adjustment of values in operating activities	(15+18+19)	14	131 944	115 603
E.	1.	Adjustment of values of intangible and tangible assets	(16+17)	15	134 194	110 231
	1.1.	Adjustment of values of intangible and tangible assets - permanent		16	134 194	110 231
	2.	Adjustment of values of inventories		18	-2 892	5 259
	3.	Adjustment of values of receivables		19	642	113
III.		Other operating income	(21+22+23)	20	208 938	75 793
III.	1.	Proceeds on sale of fixed assets		21	999	6 701
	2.	Proceeds on sale of material		22	5 486	8 947
	3.	Other operating income		23	202 453	60 145
F.		Other operating expenses	(25+26+27+28+29)	24	118 939	30 236
F.	1.	Net book value of fixed assets sold		25	0	754
	2.	Net book value of material sold		26	4 896	9 967
	3.	Taxes and fees relating to operating activities		27	7 104	4 094
	4.	Provisions and adjustments relating to operating activities and complex deferred expenses		28	1 381	-3 186
	5.	Other operating expenses		29	105 558	18 607
*		Profit/loss from operating activities (+/-) (01+02+20-03-07-08-09-14-24+30-31)		32	98 714	85 536
IV.		Income from long-term financial assets - shares	(34+35)	33	0	0
IV.		Income from shares - controlled or controlling entity		34	0	0
G.		Costs incurred on shares sold		36	0	0
VI.		Interest income and similar income	(42+43)	41	1 830	1 376
VI.		Interest income and similar income - controlled / controlling person		42	0	607
	2.	Other interest income and similar income		43	1 830	769
I.		Adjustment relating to finantial activities		44	28	-4
J.		Interest expense and similar expenses	(46+47)	45	54 131	43 437
J.		Interest expense and similar expenses - controlled / controlling person		46	0	241
	2.	Other interest expense and similar expenses		47	54 131	43 196
VII.		Other financial revenues		48	82 205	104 796
K.		Other financial expenses		49	85 290	84 272
*		Profit/loss from financial activities (+/-)	(33+37+41+48-36-40--44-45-49)	50	-55 414	-21 533
**		Profit/loss from financial activities (+/-)	(32+50)	51	43 300	64 003
L.		Income tax	(53+54)	52	12 808	15 345
L.	1.	Income tax due		53	19 448	20 043
	2.	Income tax deferred (+/-)		54	-6 640	-4 698
**		Profit/loss after tax	(51-52)	55	30 492	48 658
		Profit/loss for the period without Equivalence		57	30 492	48 658
		of it: .- Economic result of current accounting period without minority shares		58	30 492	48 658
****		Profit/loss for the period (+/-)	(57-56)	61	30 492	48 658
*		Net turnover for the periodí = I. + II. + III. + IV. + V. + VI. + VII.		62	1 296 851	1 294 215