

**DITHERM a.s.**  
**Prague**  
**Czech Republic**

Translation of the Independent Auditor's Report  
on the Annual Financial Statements  
for the period from 1 May 2019 to 30 April 2020

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## **Independent Auditor's Report**

to the shareholder of  
DITHERM a.s.  
Mečislavova 164/7, 140 00 Praha 4 - Nusle,  
Reg.No.: 649 48 331

### *Opinion*

We have audited the accompanying financial statements of DITHERM a.s., (hereinafter also the "Company") prepared in accordance with accounting principles generally accepted in the Czech Republic, which comprise the balance sheet as at 30 April 2020, and the income statement, statement of changes in equity and statement of cash flows for the 30 April 2020 and notes to the financial statements, including a summary of significant accounting policies and other explanatory information. For details of the Company, please see Section 1 of Notes to the financial statements.

In our opinion, the financial statements give a true and fair view of the financial position of DITHERM a.s. as at 30 April 2020, and of its financial performance and its cash flows for the year then ended 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 Presented 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 Board of Directors is 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 Board of Directors and Supervisory Board for the Financial Statements*

The Board of Directors is 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 Board of Directors determines 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 Board of Directors is 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 Board of Directors either intends 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 ISAs 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 Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 Board of 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.

Prague, 15 June 2020

Rödl & Partner Audit, s.r.o.  
Platněřská 2, 110 00 Praha 1  
Licence Number 354  
represented by the managing director

sgd. Ing./Dipl.-Kffr. Rene Vazac

sgd. Ing. Radka Hařplová,  
statutory auditor, license number 2205

This translation does not include a translation of the Annual Report (incl. the Report on Related-Party Transactions) for the reporting period from 1 May 2019 to 30 April 2020, on which we comment in our Auditor's Report. The Annual Report is only available in Czech.

**BALANCE SHEET**

as at 30.04.2020

(TCZK)

DITHERM a.s.

Mečislavova 164/7, CZ-140 00 Prague 4

Company number: 64 94 83 31

Ident.	ASSETS	30.04.2020			Prior period
		Gross 1	Adjust. 2	Net 3	Net 4
a	b				
	<b>TOTAL ASSETS</b>	<b>205 826</b>	<b>63 634</b>	<b>142 192</b>	<b>129 493</b>
<b>B.</b>	<b>Fixed assets</b>	<b>65 451</b>	<b>38 956</b>	<b>26 495</b>	<b>24 908</b>
<b>B.I.</b>	<b>Intangible fixed assets</b>	<b>12 296</b>	<b>12 152</b>	<b>144</b>	<b>104</b>
B.I.2.	Valuable rights	12 296	12 152	144	104
B.I.2.1.	Software	1 796	1 652	144	104
B.I.2.2.	Other valuable rights	10 500	10 500		
<b>B.II.</b>	<b>Tangible fixed assets</b>	<b>36 718</b>	<b>26 804</b>	<b>9 914</b>	<b>9 238</b>
B.II.1.	Land and buildings	4 655	1 611	3 044	3 130
B.II.1.1.	Land	382		382	382
B.II.1.2.	Buildings	4 273	1 611	2 662	2 748
B.II.2.	Property, plant and equipment	32 063	25 193	6 870	6 108
<b>B.III.</b>	<b>Financial investments</b>	<b>16 437</b>		<b>16 437</b>	<b>15 566</b>
B.III.1.	Investments - controlled or controlling entities	16 437		16 437	15 566
<b>C.</b>	<b>Current assets</b>	<b>139 890</b>	<b>24 678</b>	<b>115 212</b>	<b>104 079</b>
<b>C.I.</b>	<b>Inventory</b>	<b>16 123</b>	<b>1 474</b>	<b>14 649</b>	<b>28 816</b>
C.I.1.	Materials	12 779	1 474	11 305	7 621
C.I.2.	Work-in-progress and semi-finished products	3 253		3 253	20 962
C.I.3.	Finished products and goods	91		91	233
C.I.3.2.	Goods	91		91	233
<b>C.II.</b>	<b>Receivables</b>	<b>70 511</b>	<b>23 204</b>	<b>47 307</b>	<b>51 181</b>
<b>C.II.1.</b>	<b>Long-term receivables</b>	<b>959</b>		<b>959</b>	<b>2 143</b>
C.II.1.1.	Trade receivables	205		205	1 350
C.II.1.4.	Deferred tax assets	754		754	793
<b>C.II.2.</b>	<b>Short-term receivables</b>	<b>69 552</b>	<b>23 204</b>	<b>46 348</b>	<b>49 038</b>
C.II.2.1.	Trade receivables	45 844	23 204	22 640	38 715
C.II.2.2.	Receivables - controlled or controlling entities	19 532		19 532	3 558
C.II.2.4.	Receivables - other	4 176		4 176	6 765
C.II.2.4.3.	Tax receivables	3 386		3 386	6 592
C.II.2.4.4.	Short-term prepayments	181		181	99
C.II.2.4.5.	Estimated receivables	551		551	
C.II.2.4.6.	Sundry receivables	58		58	74
<b>C.IV.</b>	<b>Cash</b>	<b>53 256</b>		<b>53 256</b>	<b>24 082</b>
C.IV.1.	Cash on hand	316		316	360
C.IV.2.	Bank accounts	52 940		52 940	23 722
<b>D.</b>	<b>Other assets</b>	<b>485</b>		<b>485</b>	<b>506</b>
D.1.	Deferred expenses	480		480	501
D.3.	Accrued income	5		5	5

Ident. a	LIABILITIES AND EQUITY b	30.04.2020	Prior period
		5	6
	<b>TOTAL LIABILITIES AND EQUITY</b>	<b>142 192</b>	<b>129 493</b>
<b>A.</b>	<b>Equity</b>	<b>98 831</b>	<b>65 839</b>
<b>A.I.</b>	<b>Registered capital</b>	<b>25 500</b>	<b>25 500</b>
A.I.1.	Registered capital	25 500	25 500
<b>A.II.</b>	<b>Share premium and capital reserves</b>	<b>1 648</b>	<b>777</b>
A.II.1.	Share premium	26	26
A.II.2.	Capital reserves	<b>1 622</b>	<b>751</b>
A.II.2.2.	Differences from revaluation of assets and liabilities (+/-)	1 622	751
<b>A.III.</b>	<b>Reserves from profit</b>	<b>24 647</b>	<b>3 647</b>
A.III.1.	Other reserves from profit	3 262	3 262
A.III.2.	Statutory and other reserve funds	21 385	385
<b>A.IV.</b>	<b>Retained earnings (+/-)</b>	<b>14 915</b>	<b>16 699</b>
A.IV.1.	Accumulated profits / losses (-) brought forward	14 915	16 699
<b>A.V.</b>	<b>Profit/loss of the current year (+/-)</b>	<b>32 121</b>	<b>19 216</b>
<b>B. + C.</b>	<b>Liabilities</b>	<b>42 417</b>	<b>60 545</b>
<b>B.</b>	<b>Provisions</b>	<b>8 551</b>	<b>5 135</b>
B.2.	Income tax provision	4 315	955
B.4.	Other provisions	4 236	4 180
<b>C.</b>	<b>Payables</b>	<b>33 866</b>	<b>55 410</b>
<b>C.I.</b>	<b>Long-term payables</b>	<b>1 419</b>	<b>1 454</b>
C.I.2.	Payables to credit institutions	1 419	1 454
<b>C.II.</b>	<b>Short-term payables</b>	<b>32 447</b>	<b>53 956</b>
C.II.2.	Payables to credit institutions	1 678	1 477
C.II.4.	Trade payables	24 595	47 829
C.II.8.	Sundry payables	6 174	4 650
C.II.8.3.	Payables to employees	3 058	2 331
C.II.8.4.	Payables to social security and health insurance	2 099	1 498
C.II.8.5.	Tax payables and subsidies	898	624
C.II.8.6.	Estimated payables	4	105
C.II.8.7.	Other payables	115	92
<b>D.</b>	<b>Other accruals</b>	<b>944</b>	<b>3 109</b>
D.1.	Accrued expenses	17	294
D.2.	Deferred revenues	927	2 815

Prepared on: 15.06.20	Signature of the authorised officer Signature of an individual that is the reporting entity
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**PROFIT AND LOSS ACCOUNT**

as at 30.04.2020

TCZK

**DITHERM a.s.**

Mečislavova 164/7, CZ-140 00 Prague 4

Company number: 64 94 83 31

Ident. a	TEXT b	Reported period	
		2019/20	Prior
		1	2
I.	Sales of products and services	254 854	257 421
II.	Sales of goods	1 878	1 395
<b>A.</b>	<b>Purchased consumables and services</b>	<b>165 129</b>	<b>204 757</b>
A.1.	Costs of goods sold	1 540	1 121
A.2.	Consumed material and energy	72 003	113 093
A.3.	Services	91 586	90 543
<b>B.</b>	<b>Change in inventory of own production (+/-)</b>	<b>17 709</b>	<b>-11 296</b>
<b>D.</b>	<b>Personnel expenses</b>	<b>40 412</b>	<b>35 410</b>
D.1.	Wages and salaries	29 532	25 648
<b>2.</b>	<b>Social security and health insurance costs and other charges</b>	<b>10 880</b>	<b>9 762</b>
D.2.1.	Social security and health insurance expenses	9 907	8 918
D.2.2.	Other charges	973	844
<b>E.</b>	<b>Adjustments to values in operating activities</b>	<b>1 698</b>	<b>3 369</b>
E.1.	Adjustments to values of intangible and tangible fixed assets	2 859	2 512
E.1.1.	Adjustments to values of intangible and tangible fixed assets - permanent	2 859	2 512
E.2.	Adjustments to values of inventories	-647	137
E.3.	Adjustments to values of receivables	-514	720
<b>III.</b>	<b>Other operating income</b>	<b>846</b>	<b>3 611</b>
III.1.	Sales of fixed assets	156	84
III.2.	Sales of material	47	47
III.3.	Sundry operating income	643	3 480
<b>F.</b>	<b>Other operating expenses</b>	<b>3 016</b>	<b>6 495</b>
F.1.	Net book value of fixed assets sold	52	6
F.2.	Net book value of sold material	10	24
F.3.	Taxes and charges	205	227
F.4.	Provisions relating to operating activities and complex deferred expenses	56	-640
F.5.	Sundry operating expenses	2 693	6 878
*	<b>Operating profit/loss</b>	<b>29 614</b>	<b>23 692</b>
<b>IV.</b>	<b>Income from non-current financial assets - equity investments</b>	<b>7 736</b>	
IV.1.	Income from interests in controlled entities	7 736	
<b>VI.</b>	<b>Interest income and similar income</b>	<b>596</b>	<b>58</b>
VI.1.	Interest income and similar income - controlled or controlling entity	493	58
VI.2.	Other interest income and similar income	103	
<b>J.</b>	<b>Interest expenses and similar expenses</b>	<b>155</b>	<b>116</b>
J.2.	Other interest expenses and similar expenses	155	116
VII.	Other financial income	1 678	512
K.	Other financial expenses	1 510	951
*	<b>Profit/loss from financial operations (+/-)</b>	<b>8 345</b>	<b>-497</b>
**	<b>Profit/loss before tax (+/-)</b>	<b>37 959</b>	<b>23 195</b>
<b>L.</b>	<b>Income tax</b>	<b>5 838</b>	<b>3 979</b>
L.1.	Income tax - due	5 799	3 078
L.2.	Income tax deferred	39	901
**	<b>Profit/loss after tax (+/-)</b>	<b>32 121</b>	<b>19 216</b>
***	<b>Profit/loss of the current period (+/-)</b>	<b>32 121</b>	<b>19 216</b>
*	Net turnover from the current period = I. + II. + III. + IV. + V. + VI. + VII.	<b>267 588</b>	<b>262 997</b>

Prepared on: 15.06.20	Signature of the authorised officer: Signature of an individual that is the reporting entity
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**CASH FLOW STATEMENT**

as at 30.04.2020

TCZK

**DITHERM a.s.**

Mečislavova 164/7, CZ-140 00 Prague 4

Company number: 64 94 83 31

		30.04.2020	30.04.2019
P.	Opening balance of cash and cash equivalents	24 082	18 569
Z.	Profit/loss from ordinary activities before tax	37 959	23 195
A.1.	Non-cash transactions	1 209	2 709
A.1.1.	Depreciation of fixed assets	2 859	2 512
A.1.2.1	Change in adjustments	-1 161	857
A.1.2.2	Change in provisions	56	-640
A.1.3.	Profit(+) loss(-) on sale of fixed assets (-641+541)	-104	-78
A.1.5.	Interest expense and interest revenue, apart from interest not included in the value of fixed assets	-441	58
<b>A.*</b>	<b>Net operating cash flow before tax and before changes in working capital</b>	<b>39 168</b>	<b>25 904</b>
A.2.	Changes in working capital	-4 691	-11 196
A.2.1.	Change in receivables (+/-), accruals (assets) and estimated receivables	4 370	-11 676
A.2.2.	Change in short-term payables (+/-), accruals (liabilities) and estimated payables	-23 875	13 226
A.2.3.	Change in inventory	14 814	-12 746
<b>A.**</b>	<b>Net operating cash flow before tax</b>	<b>34 477</b>	<b>14 708</b>
A.3.	Interest paid	-155	-116
A.4.	Interest received	596	58
A.5.	Income tax paid on ordinary activities	-2 439	
<b>A.***</b>	<b>Net operating cash flow</b>	<b>32 479</b>	<b>14 650</b>
B.1.	Acquisition of fixed assets	-3 627	-3 049
B.2.	Proceeds from sales of fixed assets (+641)	156	84
<b>B.***</b>	<b>Net cash flow from investment activities</b>	<b>-3 471</b>	<b>-2 965</b>
C.1.	Changes in long-term and short-term payables included in finance activities and their impact on cash and cash equivalents	166	828
C.2.	Impact of changes in equity		-7 000
C.2.6.	Profit shares paid (inc. taxes)		-7 000
<b>C.***</b>	<b>Net cash flow from financial activities</b>	<b>166</b>	<b>-6 172</b>
<b>F.</b>	<b>Net increase or decrease in cash and cash equivalents</b>	<b>29 174</b>	<b>5 513</b>
<b>R.</b>	<b>Closing balance of cash and cash equivalents</b>	<b>53 256</b>	<b>24 082</b>

\* Při výpočtu uplatněna v případě úroků rozdílová metoda, úroky zahrnují uhrazenou i neuhrazenou výši.

Prepared on: 15.06.20	Signature of the authorised officer Signature of an individual that is the reporting entity
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**EQUITY OVERVIEW - TCZK**  
as at 30.04.2020

**DITHERM a.s.**  
Mečislavova 164/7, CZ-140 00 Prague 4  
Company number: 64 94 83 31

	Registered capital and changes in registered capital	Treasury shares and holdings	Share premium and other reserves	Differences from revaluations and transformations	Reserves from profit	Profit/loss of previous years	Profit/loss of the current year	Total
<b>Opening balance as at 01.05.2018</b>	25 500		26	678	3 647	15 742	7 957	53 550
Distribution of profits - payment							-7 000	-7 000
Allocation of profit – carried forward as retained profits of previous years						957	-957	
Revaluation of securities				73				73
Profit for year 2018/19								
<b>Closing balance as at 30.04.2019</b>	25 500		26	751	3 647	16 699	19 216	19 216
Distribution of profits								
- Allocation to fund					21 000	-1 784	-19 216	
Revaluation of securities				871				871
Profit for year 2019/20								
<b>Closing balance as at 30.04.2020</b>	25 500		26	1 622	24 647	14 915	32 121	98 831

Prepared on:  
15.06.20

Signature of the authorized officer  
Signature of an individual that is the reporting entity

## Notes to the financial statements for the FY 2019/20

The present notes only show the material data needed to assess the assets, liabilities and financial position of the company by third parties. The fiscal year 2019/20 means the period running from 01.05.2019 to 30.04.2020.

### 1. GENERAL INFORMATION ABOUT THE ENTITY

**Company name:**

DITHERM a.s.

**Legal form:**

a joint-stock company

**Company number:**

64 94 83 31

**Registered office:**

Mečislavova 164/7, CZ-140 00 Prague 4

**Registration and record in the commercial register**

The company was incorporated by its registration in the commercial register on 13.12.1995.

The company is registered in the commercial register of the Metropolitan Court in Prague, Section B, File 3621.

**Principal activities**

Project management in the constructions industry

Realising constructions, their changes or intensions and removals

Manufacturing, sales and services not listed in Annexes 1 to 3 of the Trade Licensing Act

**Entities and individuals having more than a 20 % capital interest:**

		Interest (in %)	
		2019/20	2018/19
LTT Management s.r.o.	Olivova 2096/4, Nové Město, 110 00 Prague 1	70,00	70,00
Ing. Jan Ečer	Mečislavova 164/7, Prague 4	30,00	30,00

**Governing and supervisory body as at 30.04.2020**

At the year end, the power to manage and represent the company was vested with Directors:

Chairman of the Board of Directors: Ing. Jan Ečer

Vice Chairman of the Board of Directors: Ing. Pavel Humeš

Vice Chairman of the Board of Directors: Mag. Phil. Gabriela Deus

The Supervisory Board has the following members:

Jorge Delgado Alves

Georg Rudolf Rentsch

No procurators are appointed.

**Changes and amendments made / proposed to the record in the commercial register in 2019/20**

In 2019/20, no changes were made or requested to the company's record in the Commercial Register.

## 2. ACCOUNTING POLICIES, MEASUREMENT AND DEPRECIATION METHODS

The company keeps its books and accounts and prepares its financial statements in accordance with Act 563/1991 Sb. on Accounting, as amended, Regulation 500/2002 Sb., as amended, under which some provisions of Act No. 563/1991 Sb. on Accounting are to be implemented as applicable to businesses that use double-entry bookkeeping, and in accordance with the Czech Accounting Standards for Businesses, as amended.

The company's books and accounts are kept in accordance with all generally accepted accounting principles, particularly the historical-cost principle (unless noted otherwise), the matching principle, the principle of prudence and the going-concern principle.

The entity has been classified as: a medium-sized undertaking.

### 2.1. Intangible assets

Purchased intangible assets are measured at the purchase price plus the incidental costs of acquisition (such as installation costs, etc.): the incidental costs of acquisition are the costs of installation.

#### Amortisation of intangible assets

Intangible assets with the costs of acquisition between CZK 15,001 and 60,000 are amortised in the books over the period of 2 years; other assets are amortised as per their anticipated economic useful life set in the internal guideline.

### 2.2. Tangible assets

Purchased tangible assets are measured at the purchase price plus the incidental costs of acquisition: the incidental costs of acquisitions are, for example, the costs of transport and assembly.

#### Depreciation of tangible assets

Tangible assets are depreciated in the books as follows: tangible assets with IT features, electronics and low-valued tools with the costs of acquisition between CZK 15,000 and 40,000 are depreciated in the books over the period of 2 years; other assets are depreciated as per their anticipated useful economic life set in the internal guideline.

### 2.3. Financial investments

Financial investments are measured as follows:

As at the date of acquisition, the shares and interests are valued at cost that includes the costs of acquisitions and any incidental costs.

At the balance sheet date, financial investments are measured as follows:

	<u>At the balance sheet date</u>	<u>Valuation difference</u>
Controlling (061) and substantial (062) shares and interests	Interests held in foreign currency are translated at the Czech National Bank's exchange rate ruling at the balance sheet date	Funds from revaluation in equity

If the book value drops of the financial investment that is not revaluated at the balance sheet date, the value is deemed to be impaired and the difference is recorded as an adjustment.

### 2.4. Purchased material

Material is valued at the actual acquisition cost, including both the purchase price and the incidental costs of acquisition (freight and forwarding, customs charges, commissions, etc.)

The value of the inventory is reduced using the weighted average cost method.

### 2.5. Goods

Goods are valued at the actual acquisition cost, including both the purchase price and the incidental costs of acquisition (freight and forwarding, customs charges, commissions, etc.)

The value of the inventory is reduced using the weighted average cost method.

### 2.6. Self-produced inventory - finished goods, work in progress, semi-finished goods

Self-produced inventory - products, work-in-process and semi-finished products, if any - are measured at the actual costs of production. Cost of production include direct costs and allocable indirect costs.

Direct costs include the costs of material, wages, supplies by sub-contractors, other direct costs.

**2.7. Inventory adjustments**

Adjustments to inventories are recognised as per the information on dead inventories (without any movements) and as per the utilisation of inventories. Recognition of adjustments is governed by the internal guideline.

**2.8. Receivables**

Receivables are measured at their nominal values or at the acquisition cost, if assigned.

**Bad debt allowances**

Bad debt allowances are recognised as per their aging whereas their aging is defined as per the due date of outstanding invoices. Recognition of bad debt allowances is governed by an internal guideline.

**2.9. Accruals**

The company reports any accruals separately under Section D in the balance sheet.

**2.10. Provisions**

Provisions are recognised and valued as follows:

Provisions for untaken holidays are recognised as per the records kept about untaken holidays and valued as per the employees' average wages in the prior quarter, incl. social security contributions and health insurance.

Provisions for the audit and tax returns are recognised and valued as per the fee agreed under the agreement.

Provisions for repairs under warranty are recognised as per the anticipated costs to be spent on the complaints made under warranty and in relation to the revenues reported in the current period.

**2.11. Assets and liabilities in foreign currencies translated into CZK in the accounting period**

In 2019/20, assets and liabilities disclosed in the foreign currencies were translated as follows:  
at the daily exchange rates issued by the Czech National Bank.

At the year-end, assets and liabilities in foreign currencies were translated into CZK at the exchange rates issued by the Czech National Bank and the resulting exchange rate difference was booked as gain or loss.

**2.12. Revenues**

Revenue generated by construction works are recognised on a perpetual basis as per the works that are completed and officially accepted and as per the billed amounts. Revenue generated by services are recognised when the supply is completed and officially accepted.

**2.13. Income tax**

**P/L account**

Current tax disclosed in the P/L account is recognised in the provisions and estimated based on the profit minus permanent or temporary non tax-deductible expenses and revenues. The current tax disclosed in the P/L account does not include any additionally assessed tax or tax refunds of previous years.

**Balance Sheet**

In the balance sheet, the provisions for the income tax are reduced by receivables arising from advance payments for the income tax already settled.

**2.14. Deferred tax**

The deferred tax reflects tax consequences of temporary differences between the carrying net amount of an asset or a liability and the taxable profit, taking into consideration the recognition period.

Changes in the deferred tax is disclosed in the P/L account.

**2.15. Substantial changes to the measurement and depreciation methods, or to accounting standards and policies compared to previous years or the requirements of the Accounting Act**

No substantial changes were adopted in the accounting period.

**2.16. Estimates**

The preparation of financial statements requires management to make estimates and assumptions that affect the presented amounts of assets and liabilities as at the balance sheet date and the presented amounts of revenues and expenses in the reporting period. The company management determined these estimates and assumptions as per the relevant information available. However, given to the nature of the estimates and assumptions, the actual results and outcomes in the following reporting periods may differ from these estimates and assumptions.

**3. ADDITIONAL BALANCE-SHEET INFORMATION**

**3.1. Intangible assets**

Intangible assets include the following:

**Purchase price - TCZK**

	Opening balance as at 01.05.2019	Additions	Disposals	Transfers	Closing balance as at 30.04.2020
Software	1 721	75	0	0	1 796
Intellectual property rights	10 500	0	0	0	10 500
<b>Total</b>	<b>12 221</b>	<b>75</b>	<b>0</b>	<b>0</b>	<b>12 296</b>

**Accumulated amortization - TCZK**

	Opening balance as at 01.05.2019	Amortization, Write-downs	Sale	Disposals	Transfers	Adjustments	Closing balance as at 30.04.2020
Software	1 617	35	0	0	0	0	1 652
Intellectual property rights	10 500	0	0	0	0	0	10 500
<b>Total</b>	<b>12 117</b>	<b>35</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>12 152</b>

**Book (net) value - TCZK**

	30.04.2020	30.04.2019
Software	144	104
Intellectual property rights	0	0
<b>Total</b>	<b>144</b>	<b>104</b>

**3.2. Tangible assets**

Tangible assets include the following:

**Purchase price - TCZK**

	Opening balance as at 01.05.2019	Additions	Disposals	Transfers	Closing balance as at 30.04.2020
Land	382	0	0	0	382
Buildings	4 273	0	0	0	4 273
Property, plant and equipment	29 813	3 564	1 314	0	32 063
<b>Total</b>	<b>34 468</b>	<b>3 564</b>	<b>1 314</b>	<b>0</b>	<b>36 718</b>

### Accumulated depreciations - TCZK

	Opening balance as at 01.05.2019	Amortization, Write-downs	Sale	Disposals	Transfers	Adjustments	Closing balance as at 30.04.2020
Buildings	1 525	86	0	0	0	0	1 611
Property, plant and equipment	23 704	2 751	52	1 314	0	0	25 193
<b>Total</b>	<b>25 229</b>	<b>2 837</b>	<b>52</b>	<b>1 314</b>	<b>0</b>	<b>0</b>	<b>26 804</b>

### Book (net) value - TCZK

	30.04.2020	30.04.2019
Land	382	382
Buildings	2 662	2 748
Property, plant and equipment	6 870	6 108
<b>Total</b>	<b>9 914</b>	<b>9 238</b>

### 3.3. Financial investments

Financial investments in TCZK include the following:

	Opening balance as at 01.05.2019	Additions	Disposals	Revaluation	Closing balance as at 30.04.2020	Adjustments	Closing balance as at 30.04.2020
Investments - controlled or controlling entities	15 566	0	0	871	16 437	0	16 437
<b>Total</b>	<b>15 566</b>	<b>0</b>	<b>0</b>	<b>871</b>	<b>16 437</b>	<b>0</b>	<b>16 437</b>

### 3.4. Receivables

Receivables overview in TCZK

	Trade receivables		Other receivables *		Receivables - total	
	30.04.2020	30.04.2019	30.04.2020	30.04.2019	30.04.2020	30.04.2019
<b>Long-term receivables</b>	<b>205</b>	<b>1 350</b>	<b>754</b>	<b>793</b>	<b>959</b>	<b>2 143</b>
Short-term receivables before the due date	21 472	30 992	23 708	10 324	45 180	41 316
- that are I/C receivables	41	128	19 532	3 558	19 573	3 686
Short-term receivables past due	24 372	31 440	0	0	24 372	31 440
<b>Short-term receivables - gross</b>	<b>45 844</b>	<b>62 432</b>	<b>23 708</b>	<b>10 324</b>	<b>69 552</b>	<b>72 756</b>
- 1 - 180 days past due	1 249	7 788	0	0	1 249	7 788
- 365 days past due	23 123	23 652	0	0	23 123	23 652
<b>Bad debt allowances</b>	<b>23 204</b>	<b>23 718</b>	<b>0</b>	<b>0</b>	<b>23 204</b>	<b>23 718</b>
<b>Total - short-term receivables - net</b>	<b>22 640</b>	<b>38 714</b>	<b>23 708</b>	<b>10 324</b>	<b>46 348</b>	<b>49 038</b>

\*Other receivables include the loan to the related parties.

Receivables payable by related parties are further described in the "Related Parties" section.

### 3.5. Receivables with a due date over 5 years

As at 30.04.2020, the company carries no receivables with a due date more than 5 years.

### 3.6. Estimated receivables and accruals (assets)

Material amounts recognised in estimated receivables or accruals (assets) in TCZK include the following:

	Estimated duration	Amount TCZK
<b>Estimated receivables (included in other receivables)</b>		
Estimated interest on the loan	2020/2021	551



### 3.7. Adjustments and allowances to assets

List of adjustments and allowances to assets in TCZK:

Type of assets that are adjusted:

	01.05.2019	Recognised	Reversed	30.04.2020
Inventory	2 121	0	647	1 474
Trade receivables	23 718	0	514	23 204
<b>Total</b>	<b>25 839</b>	<b>0</b>	<b>1 161</b>	<b>24 678</b>

Method of calculating adjustments is described in Section II - Accounting methods used.

Receivables owed by the debtors whose insolvency proceedings were completed were written off. Any related bad debt allowances were reversed. The other bad debt allowances of CZK 22,306 thousand recognised for the receivables owed by KRÁLOVOPOLSKÁ RIA, a.s. (the insolvency proceedings are pending at the Regional Court in Brno, under Section KSBR 30 INS 14437 / 2017) and bad debt allowances of CZK 898 thousand recognised for the receivables owed by PILSEN STEEL s.r.o. (the insolvency proceedings are pending at the Regional Court in Plzeň under Section KSPL 54 INS 793 / 2019).

### 3.8. Provisions

The following provisions in TCZK are disclosed:

	Balance as at 01.05.2019	Recognised	Cleared, utilised	Balance as at 30.04.2020
<b>Income tax provisions</b>	<b>955</b>	<b>4 315</b>	<b>955</b>	<b>4 315</b>
Provisions before clearing the advances (+)	3 078	5 835	3 078	5 835
Advances as at 30.04.2020 (-)	-2 123	-1 520	-2 123	-1 520
<b>Other provisions - total</b>	<b>4 180</b>	<b>736</b>	<b>680</b>	<b>4 236</b>
<b>that are:</b>				
Provisions for unused holidays	370	426	370	426
Provisions for repairs under warranty	3 500	0	0	3 500
Provisions for an audit and a tax return	310	310	310	310

### 3.9. Payables

Payables overview in TCZK:

	Trade payables		Other payables *		Payables - total	
	30.04.2020	30.04.2019	30.04.2020	30.04.2019	30.04.2020	30.04.2019
<b>Long-term payables</b>	<b>0</b>	<b>0</b>	<b>1 419</b>	<b>1 454</b>	<b>1 419</b>	<b>1 454</b>
Short-term payables before the due date	24 599	47 407	7 852	6 127	32 451	53 534
Short-term payables past due	-4	422	0	0	-4	422
<b>Short-term payables - total</b>	<b>24 595</b>	<b>47 829</b>	<b>7 852</b>	<b>6 127</b>	<b>32 447</b>	<b>53 956</b>
<i>- that are:</i>						
- 1 - 365 days past due	-4	422	0	0	-4	422

\*Other payables include advance payments, estimated payables and payables due to employee, taxes and due to the credit institutions (banks).

**Payables to social security, health insurance, tax and customs authorities in TCZK (included in Other payables, see above)**

	30.04.2020	30.04.2019
Social security (current)	1 466	1 034
Health insurance (current)	632	464
Payable to tax and customs authorities	898	624
- past due:	0	0

### 3.10. Estimated payables and accruals (liabilities)

Material amounts recognised in estimated payables or accruals (liabilities) in TCZK include the following:

	<u>Estimated duration</u>	<u>Amount</u>
<b>Estimated payables (included in other payables)</b>		
The invoice for material transferred to the consignment warehouse	2020/2021	4
<b>Accrued expenses</b>		
The invoice for accommodation and other minor services to be provided over the next fiscal year	2020/2021	17
<b>Deferred revenues</b>		
The issued invoices for the contracts to be realised over the next fiscal year.	2020/2021	927

### 3.11. Short- and long-term bank loans and credits

List of bank credits as of 30.04.2020:

<u>Credit institution</u>	<u>Type of credit / Purpose</u>	<u>Credit limit</u>	<u>Interest %</u>	<u>Balance as at 30.04.2020</u>	<u>Maturity date</u>
UniCredit Bank Czech Republic and Slovakia, a.s.	Revolving	60 000	1M PRIBOR +2,25%p.a.	0	30.4.2021
ČSOB Leasing, a.s.	Investment	0	different	3 097	26.9.2022
<b>Total:</b>		<u>60 000</u>		<u>3 097</u>	
Short-term bank loans and credits:				1 678	
Long-term bank loans and credits with a maturity date in 2-5 years:				1 419	

The bank credits are secured by a blank bill of exchange issued by Mr. Ečer and by the assignment of trade receivables of DITHERM a.s. The subject-matter of the last amendment to the credit contract dated 29 April 2020 was to extend the credit's maturity date for 30 April 2021 and increase the interest rate to 1M PRIBOR + 2.25% p.a..

In addition, the following bank guarantees were issued:

CZK 649.5 thousand - the maturity date on 26.06.2020  
CZK 625 thousand - the maturity date on 14.12.2020  
CZK 1,121.4 thousand - the maturity date on 30.04.2021  
EUR 19.3 thousand - the maturity date on 21.06.2021  
CZK 538.6 thousand - the maturity date on 26.07.2021  
CZK 947 thousand - the maturity date on 18.02.2022  
CZK 4,363.4 thousand - the maturity date on 10.01.2023

### 3.12. Income tax

#### Current tax

Current tax disclosed in the P/L account in TCZK includes the following:

	<u>30.04.2020</u>	<u>30.04.2019</u>
Provisions / payables on the income tax in 2019/20	5 835	3 078
Difference between the provisions / payables on the income tax in 2018/19 and the final tax declared in the tax return for 2018/19	-36	0
<b>Current tax disclosed in the P/L account - total</b>	<u>5 799</u>	<u>3 078</u>

There is no additionally assessed tax of previous years and disclosed, or if there is, the amount of the additionally assessed tax is immaterial.

### 3.13. Deferred tax

Deferred tax was calculated as follows (in TCZK):

Tax rate used for computing the deferred tax: 19%

	<u>30.04.2020</u>	<u>30.04.2019</u>
<b>Deferred tax liability</b>		
Fixed assets - difference between the net book and net tax value	331	404
	<u>331</u>	<u>404</u>
<b>deferred tax assets</b>		
adjustments to inventory	280	403
provisions for unused holidays	81	70
provisions for repairs under warranty	665	665
provisions for an audit and a tax return	59	59
	<u>1 085</u>	<u>1 197</u>
<b>deferred tax assets - total</b>	<u>754</u>	<u>793</u>

### 3.14. The proposed allocation of profit or settlement of loss

The management anticipates that the generated profit will be brought forward to the account Accumulated profits brought forward.

## 4. ADDITIONAL P/L ACCOUNT INFORMATION

### 4.1. Revenues from ordinary activities

At the balance sheet date, revenues from ordinary activities include the following:

	2019/20		2018/19	
	Czech Republic	Abroad	Czech Republic	Abroad
Sales of goods	1 878	0	1 395	0
Sales of services	252 718	2 136	253 212	4 209
Sales of tangible/intangible assets	156	0	84	0
Sales of financial investments and dividends	7 736	0	0	0
Sales of material	47	0	47	0
<b>Total</b>	<u>262 535</u>	<u>2 136</u>	<u>254 738</u>	<u>4 209</u>

### 4.2. Personnel expenses (payroll)

At the balance sheet date, personnel expenses include the following:

	2019/20	2018/19
	Total	Total
Average number of employees	37	35
Personnel expenses - TCZK	<u>40 412</u>	<u>35 409</u>
that are:		
wages, salaries	23 486	19 461
remuneration of board members	6 046	6 186
social security contributions and health insurance	9 907	8 918
other personnel expenses	973	844

The personal data about the management are treated as private and confidential.

### 4.3. Other operating revenues and expenses

At the balance sheet date, sundry operating revenues and expenses include the following:

#### Sundry operating revenues - TCZK:

	<u>2019/20</u>	<u>2018/19</u>
Revenue generated by the rent of mechanics, re-billing of transport, deducted milages spent by the employees for the private purposes, etc.	447	260
Revenues from contractual lines, damages	188	0
Cleared estimated receivables	0	3 208
Other	8	12
<b>Total</b>	<u>643</u>	<u>3 480</u>

**Sundry operating expenses - TCZK:**

	2019/20	2018/19
Contractual penalties and fines, damages and other fines and penalties	708	3 027
Write - offs of receivables, settlement during the conciliatory meeting, court fees, commissions, etc.	513	2 200
Liability insurance, compulsory insurance of vehicles, employees	1 085	964
Other	387	687
<b>Total</b>	<b>2 693</b>	<b>6 878</b>

**4.4. Other financial revenues and expenses**

At the balance sheet date, the company mainly discloses gains and losses on exchange differences.

**5. AFFILIATED AND RELATED PARTIES****5.1. Receivables payable by related parties**

At the balance sheet date, they amount to:

<b>TCZK</b>		30.04.2020	30.04.2019
LTT Management s.r.o.	Czech Republic	18 051	3 558
TERMOSTAV Bratislava, s.r.o.	Slovakia	2 073	128
<b>Total</b>		<b>20 124</b>	<b>3 686</b>
that are:			
- loans provided, incl. interest disclosed from receivables		17 500	3 558
- trade receivables		41	128
- other receivables		2 032	0
- estimated receivables and accruals (assets)		551	0

**5.2. Payables owed to related parties**

Payables owed to related parties not disclosed at the balance sheet date.

**5.3. Transactions with related parties**

All related-party transactions pursued in the accounting period complied with the arm's length principle. The overview of the related-party transactions is disclosed in the separate report on related-party transactions.

**5.4. Consolidated financial statements**

The company forms part of the group. The consolidated financial statements of the largest body of undertakings (consolidated group) of which the company forms part as a subsidiary is to be prepared by:  
L.T.T. LIZMONTAGENS THERMAL TECHNOLOGIES, S.A.  
1749-041 Lisabon, Av. Alm. Gago Coutinho 56 10º Dto/Frt, Portugal.

**6. MISCELLANEOUS****6.1. Events after the balance sheet date**

No significant events occurred after the balance sheet date.

**6.2. Other notes**

During the reporting period and at the closing of the present financial statements, the Czech Republic and many other countries across the world have introduced various regulatory and social measures to combat the spread of COVID 19 infection by the SARS-CoV-2 virus. The measures may have both a direct and an indirect impact on the future financial position and performance of the reporting entity. Since it is currently impossible to predict the scope and the duration of such measures, we are unable to quantify with any reasonable level of assurance how and whether the situation at hand may adversely affect the future business operations of then reporting entity. Nevertheless, the company's management believes that the going-concern assumption is not under threat in the foreseeable future.

**7. GOING-CONCERN PRINCIPLE**

The company applied accounting methods on a going-concern basis. At the balance sheet date, there is no uncertainty about the company's ability to continue as a going concern.

Date: 15.06.2020

Director's signature and company seal  
Ing. Pavel Humeš

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