

# ANNUAL REPORT 2019



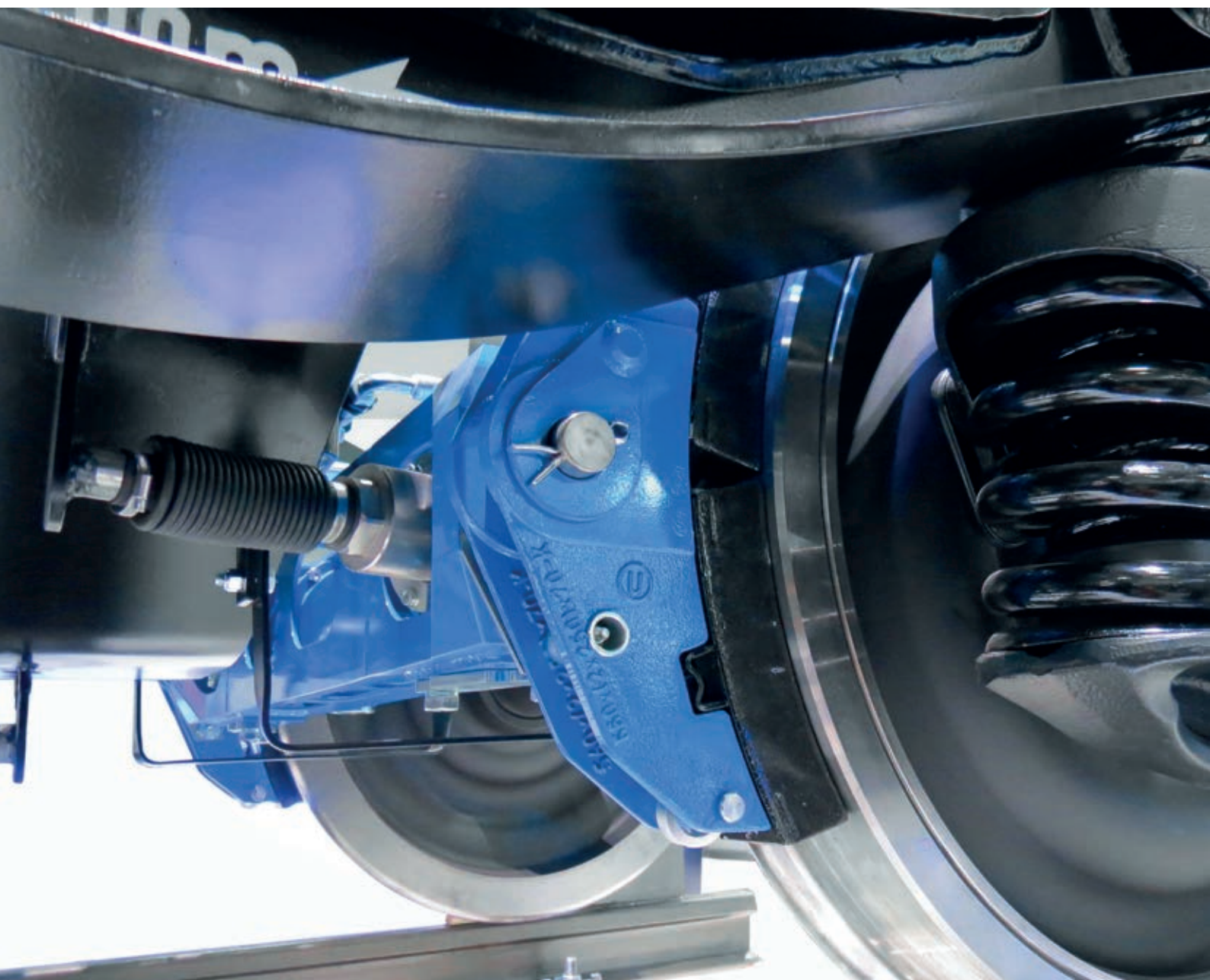
člen  
member of **CSG**  
CZECHOSLOVAK GROUP

 **TATRAVAGÓNKA  
POPRAĐ**

  
**DAKO-CZ**

**BRAKE  
SYSTEMS**

# CONTENTS



*We largely contribute  
to safety on railways*

|   |    |
|---|----|
| GENERAL INFORMATION OF THE COMPANY                            | 4  |
| INTRODUCTION  | 6  |
| REPORT OF THE BOARD OF DIRECTORS OF DAKO-CZ, A.S.             | 8  |
| 1 FINANCIAL RESULTS AND MAJOR PROJECTS                        | 9  |
| 2 INFORMATION ON IMPORTANT POST BALANCE SHEET DATE EVENTS     | 10 |
| 3 RESEARCH AND DEVELOPMENT ACTIVITIES                         | 10 |
| 4 INVESTMENT ACTIVITIES                                       | 11 |
| 5 ENVIRONMENTAL AREA  | 13 |
| 6 LABOUR RELATIONS AND SOCIAL POLICY                          | 14 |
| 7 BUSINESS PLAN   | 15 |
| 8 SHARES  | 16 |
| 9 BRANCHES ABROAD   | 16 |
| 10 PROPOSAL FOR THE DISTRIBUTION OF PROFIT OF DAKO-CZ, A.S.   | 17 |
| REPORT ON RELATED PARTY TRANSACTIONS FOR 2019   DAKO-CZ, A.S. | 18 |
| INDEPENDENT AUDITOR'S REPORT                                  | 28 |
| FINANCIAL STATEMENTS  | 30 |

# GENERAL INFORMATION OF THE COMPANY



*We largely contribute  
to safety on railways*

Company name: **DAKO-CZ, a.s.**  
Registered Office: **Josefa Daňka 1956, 538 43 Třemošnice**  
Corporate ID: **465 05 091**  
VAT ID: **CZ46505091**

The Company was established by a Memorandum of Association in the form of a notarial deed in accordance with Section 172 of Act no. 513/1991 Coll., the Commercial Code, as amended, and on 5 May 1992, it was recorded in the Register of Companies held by the Regional Court in Hradec Králové, File B, Insert 668.

DAKO-CZ has had an established system of quality management in place certified in accordance with the requirements of ISO 9001 since 1996 and it currently meets the requirements of the ČSN EN ISO 9001:2016 standard.

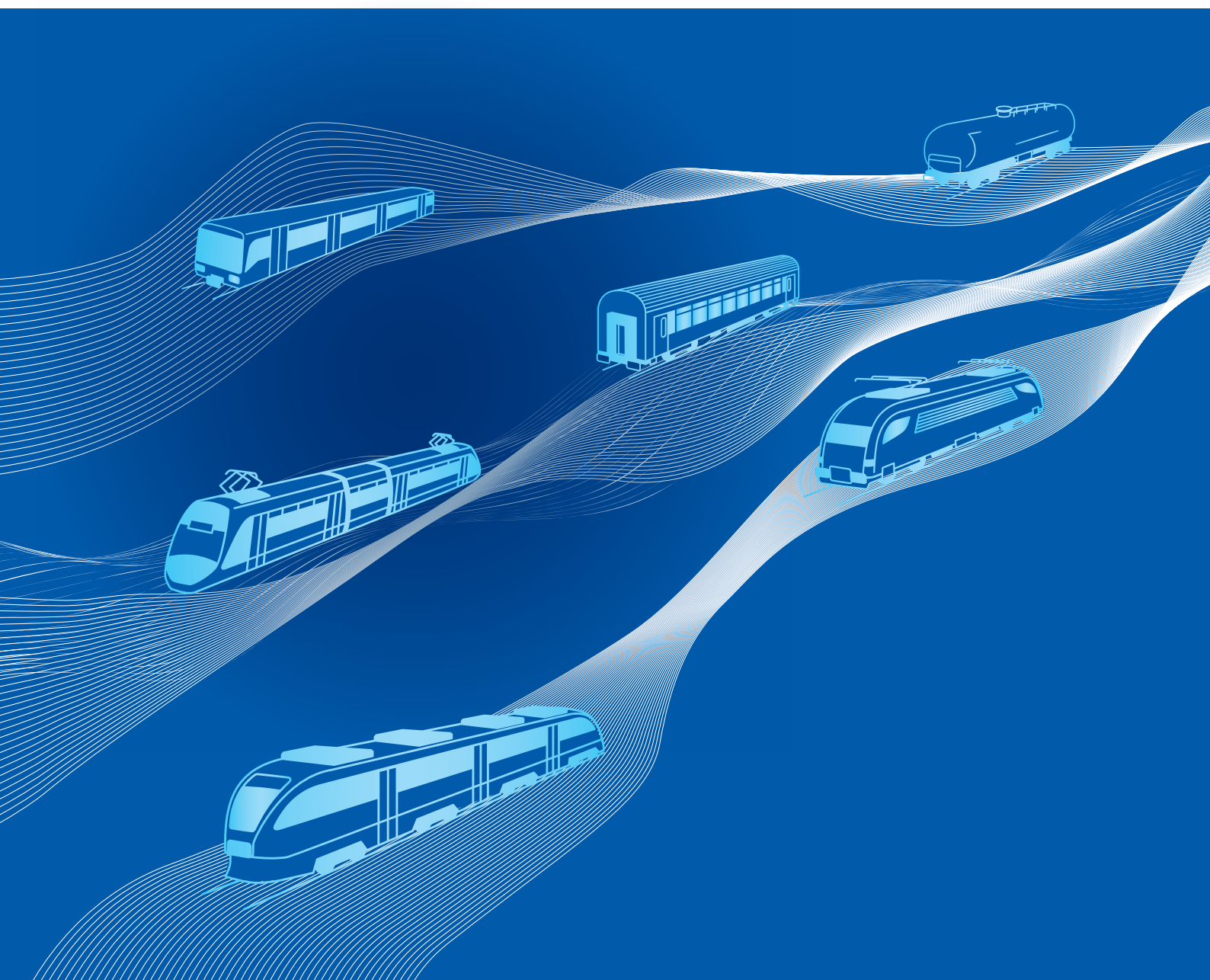
DAKO-CZ fully complies with the philosophy of International Railway Industry Standards (IRIS) managed by UNIFE. In 2018, it was certified as compliant with ISO/TS 22163:2017 (IRIS Certification™ rev.03) by TÜV NORD CERT.

DAKO-CZ is also certified in the welding process within the scope of the ČSN EN ISO 3834-2 standard and the ČD V95/5 regulation and owns a certificate confirming compliance with DIN EN15085 2.

The production of brake systems and components for railway vehicles in the railway sector places very high demands that DAKO-CZ can satisfy.

Legal status: **joint-stock company**

# INTRODUCTION



*We largely contribute  
to safety on railways*

DAKO-CZ, a.s. is a leading manufacturer of brake systems for railway vehicles with more than 200 years long tradition. The Company's primary activities include its own development, production and maintenance. Pneumatic, electromechanical and hydraulic brake systems are supplied for freight vehicles, locomotives, passenger cars, suburban units, subway trains and trams. DAKO railway vehicles and components can be seen in Europe, Asia and in Africa.

DAKO-CZ owns many patents and utility models that are created on the premises of our own department of construction and development. These components are tested in our modern testing laboratory on the same premises.

We use modern NC and CNC machines on the production premises.

No court, administrative or arbitration proceedings significantly affecting the financial situation of the Company are held. The Company invests in the development and advancement of brake systems.

Information on the Company's results is included in the report of the Board of Directors and in the notes to the financial statements for the year ended 31 December 2019.

The financial statements for the year ended 31 December 2019 were audited by Deloitte Audit s.r.o.

# REPORT OF THE BOARD OF DIRECTORS OF DAKO-CZ, A.S.

ON THE BUSINESS ACTIVITIES  
AND STATE OF THE ASSETS  
OF THE COMPANY FOR THE YEAR ENDED  
31 DECEMBER 2019.

DEAR SHAREHOLDERS, LADIES AND GENTLEMEN,

Allow me to inform you about the most important economic results of DAKO-CZ, a.s.  
in the past year and to outline the intentions for the future.



*We largely contribute  
to safety on railways*

## 1 FINANCIAL RESULTS AND MAJOR PROJECTS

The profit of 2019 is a direct result of the measures adopted to support the stability and development of the Company. Key segments in the area of development, research, sale and production continue to be cultivated.

2019 has been the most successful year for us so far. For the first time in our history our turnover exceeded one billion – we achieved total sales of CZK 1.144 billion. We invest in the extension of production premises, machinery and logistics. We also focus on our employees and improve their working environment. We reconstructed training rooms and continue to renovate our offices. In 2019, we also started renovating the canteen and revitalising accommodation for our employees.

| MAIN FIGURES      | 2019 (CZK '000) | 2018 (CZK '000) | 2017 (CZK '000) | 2019/2018 (%) |
|-------------------|-----------------|-----------------|-----------------|---------------|
| Profit before tax | 167 253         | 122 538         | 65 845          | 136,49        |
| Profit after tax  | 135 086         | 95 407          | 53 066          | 141,59        |
| Operating profit  | 159 355         | 127 421         | 62 128          | 125,06        |
| Value added       | 503 729         | 441 235         | 316 625         | 114,16        |
| Total assets      | 1 044 955       | 901 458         | 819 112         | 115,92        |
| Fixed assets      | 459 967         | 385 140         | 348 607         | 119,43        |
| EBITDA            | 201 615         | 149 625         | 89 910          | 134,75        |
| ROE               | 24,68 %         | 19,38 %         | 12,73 %         | 127,36 %      |

We continued to supply our traditional global partners in the area of railway vehicles, which include TATRAVAGÓNKA a.s., Siemens AG, Stadler Bussnang AG, Modertrans Poznań SP, Z.O.O., and provided supplies to the Indian market.

At the same time, our development and business activities focus on the so-called green solution, when we pay attention to environmentally friendly behaviour. The brake systems and components we promote as the GREEN SOLUTION (WE BRAKE GREEN) will be installed to trams in Poznań, Poland. We will continue in this trend in both the freight and passenger transport. We will deliver new projects in the underground and land passenger transport in the upcoming year.

We would also like to highlight another important event of 2019 – the renaming of the street and renumbering of the Company's registered office to Josefa Daňka 1956. By this act, we wanted to pay tribute to the inventor Josef Daněk whose brake systems contributed to railway safety; 1956 is the year when the system was approved globally.

## 2 INFORMATION ON IMPORTANT POST BALANCE SHEET DATE EVENTS

The post balance sheet events that occurred before the auditor's report and the annual report were issued are described in the financial statements.

As of 31 December 2019, the management of the Company is not aware of any other significant post balance sheet events that would have a material impact on the financial statements and the annual report for the year ended 31 December 2019.

## 3 RESEARCH AND DEVELOPMENT ACTIVITIES

Our research and development activities are divided into three basic parts.

All of the defined parts have their key customers and clearly defined goals and include very important steps for real life implementation.

Already in 2018 we mentioned the electromechanical brake DAKO Green Solution for trams. Subsequently, in 2019 we made some adjustments to the design in accordance with the customer's specifications. Individual functional solutions were tested in our DAKO



**Josef Daněš**

\*8. 4. 1920

*We largely contribute  
to safety on railways*



laboratory and verified in external certified testing facilities with excellent results.

The second pillar of our development is the area of pneumatic brake systems. We finished the project Centre of Competence of Rolling Stock, which includes brake systems for subway trains and suburban units. We developed the MEMU pneumatic brake in several modifications to control one or two pipe brakes, service brakes and emergency brakes with the possibility of connecting with an automatic switchboard and controlling only at the mechanical level. We launched the serial production of the lightweight version of the DAKO disc brake and the first units have already been installed on freight cars.

The third pillar for us are mechatronic systems, which connect electromechanical brake components with smart regulators, creating highly sophisticated safety equipment for railway cars. In 2019 we launched the project of freight car telemetry, under which we started to cooperate with research organisations and universities. We cooperated in the design and solution of a voltage and current generator of sufficient capacity for the telemetric system of a freight car not equipped with electrical installation.

## 4 INVESTMENT ACTIVITIES

In 2019, DAKO-CZ, a.s. continued to invest in the key areas of development and production.

The key investment was the start of construction of a new assembly hall, including social and sanitary facilities for warehouse and logistics employees. We expect that the new assembly hall will be completed in the first quarter of 2020. This investment is part of the project of a new solution for production logistics that will continue in the following years.

Machinery was partially replaced, namely in specialised workplaces focusing on, for example, product paraffining, component laser marking or welding. We also started a series of investments in machining centres with CNS machines. We completed new work premises for production control and quality.

In 2019 we continued to invest in new automated test stands both for the production and development plants of our Company. We also made a considerable investment in the renewal of our vehicle fleet.

In 2019, several events related to the reconstruction of buildings and offices took place. Some of the most important reconstructions included roof renovation in production plants or renovation of training rooms to increase the quality of our employee training. We also continued in the modernisation of corporate IT systems and infrastructure in 2019.



**WE LARGELY CONTRIBUTE TO  
SAFETY ON RAILWAYS**  
**[www.dako-cz.cz](http://www.dako-cz.cz) | [www.dako-cz.eu](http://www.dako-cz.eu)**

*We largely contribute  
to safety on railways*

## 5 ENVIRONMENTAL AREA

Environmental protection is one of DAKO-CZ, a.s.'s priorities and represents a significant part of our corporate culture. As part of this approach, the Company implements its own measures in complete compliance with the rulings and recommendations of the relevant state administration authorities.

In the air protection division, the Company verified compliance with emission limits of the air-polluting stationary sources. The installed technology meets the requirements set by legislation.

External monitoring of drinking water, wastewater and groundwater is performed on a regular basis.

In addition, the Company takes care to review the elimination of old environmental contamination. We meet the limits set by valid legislation. We are bound by effective legislation, which we follow, and fulfil the ISPOP reporting obligations within the legal deadlines.

During 2019, regular training courses took place in the area of environmental protection with respect to the handling of chemical and highly toxic substances, sorting of waste and secondary raw material in order to increase awareness of the high importance of this matter.



## 6 LABOUR RELATIONS AND SOCIAL POLICY

DAKO-CZ, a.s. fully complies with the provisions of the Labour Code and related legislation as well as the valid collective agreement of the Company, including the expansion of the system of employee benefits.

The Company continues in its intensive development of human resources, we improve the working environment and corporate culture. Several social events for employees were organised in order to support the creation of a “DAKO team”. In 2019 we conducted an employee satisfaction survey, which confirmed that these activities are positively perceived.

New processes in recruitment and employee adaptation set up in the previous year were confirmed to be appropriate. Primarily, we concentrate on career growth within the Company and we focus on professional development of our core employees, whom we prefer over external applicants when staffing senior positions.

The intensive cooperation with high schools and universities proved to be successful – thesis writers cooperating with us receive awards in their universities and interesting jobs in our Company.

Thanks to our established HR marketing strategy, the Company keeps up with the times also in social media, in the area of sponsorship of



*We largely contribute  
to safety on railways*



leisure activities and development of employer branding focused on mutual understanding and communication.

By continuously improving its working conditions, DAKO-CZ, a.s. seeks to have satisfied employees and as a result, satisfied customers.

## 7 BUSINESS PLAN

Our recent achievements indicate that we are heading in the right direction. The strategy we have chosen brings positive understanding and stability of our basic principles. In 2020 we intend to continue in this direction and again we will focus on research and development with mutual synergy with the business sector. We want to transfer our experience into the area of freight and passenger transportation in cooperation with our technical sources, which we adjust through staff and investments. This is facilitated by the streamlining of development, production, logistic and control processes, leading to an increase in productivity and maintaining operating expenses. DAKO-CZ, a.s. continues in its long term trend to be a globally growing and successful producer of brake system for railway vehicles.

## 8 SHARES

As of the balance sheet date, DAKO-CZ, a.s. has issued 187,740 ordinary registered shares in book-entry form in the nominal value of CZK 1,000. In 2019, no changes in the shareholder structure were made. The shares are not publicly tradable.

The Company is not aware of any contracts between shareholders that could complicate the transferability of shares and voting rights.

## 9 BRANCHES ABROAD

DAKO-CZ, a.s. develops its activities abroad as well. It carries out its business activities via a subsidiary in China and it is involved in the management of a company in India.





*We largely contribute  
to safety on railways*



## 10 PROPOSAL FOR THE DISTRIBUTION OF PROFIT OF DAKO-CZ

The Board of Directors proposes distributing the profit for 2019 as follows:

|                                      |                           |
|--------------------------------------|---------------------------|
| Profit for the 2019 reporting period | <b>CZK 135,085,545.60</b> |
| Total for distribution               | <b>CZK 135,085,545.60</b> |

**The Board of Directors proposes distributing the profit for 2019 as follows:**

- a) Payment of dividends of CZK 135,085,500 as follows:
  - CZK 68,893,605 will be paid to CZECHOSLOVAK GROUP a.s.;
  - CZK 66,191,895 will be paid to TATRAVAGÓNKA a.s.
- b) Transfer to retained earnings in the amount of CZK 45.60.

If we can say that in 2019 DAKO-CZ, a.s fulfilled its set goals and resolution as successfully and with honour as indicated by the assessment in this annual report, I dare say that it has all the prerequisites to continue on this journey.

Dear shareholders, ladies and gentlemen, thank you for your attention and allow me to conclude by thanking all the employees of DAKO-CZ, a.s. for their work and the achieved economic results of the Company.

# REPORT ON RELATED PARTY TRANSACTION FOR THE YEAR ENDED 31 DECEMBER 2019 DAKO-CZ, A.S.

REGISTERED OFFICE:  
JOSEFA DAŇKA 1956,  
538 43 TŘEMOŠNICE  
CORPORATE ID: 465 05 091

This report on related party transactions between the below entities was prepared pursuant to Section 82 of Act No. 90/2012 Coll., on Business Corporations and Cooperatives.

## I CONTROLLING ENTITIES

The Board of Directors of DAKO-CZ, a.s. is aware that in the period from 1 January 2019 to 31 December 2019, the Company was controlled by the following entities:

CZECHOSLOVAK GROUP a.s., with its seat: Sokolovská 675/9, Karlín, 186 00 Prague 8, corporate ID 034 72 302, recorded on 13 October 2014 in the Register of Companies held by the Municipal Court in Prague, file no. B 20071.

The shareholder and controlling entity of the company is Czechoslovak Group B.V., 1043GR Amsterdam, Kingsfordweg 151, Netherlands.

The ultimate controlling entity is Michal Strnad, Tyršova 816, Slatiňany 538 21.

TATRAVAGÓNKA a.s., with its seat: Štefánikova 887/53, Poprad 058 01, corporate ID 316 99 847, recorded on 29 November 1994 in the Register of Companies held by the District Court in Prešov, file no. 191/P.

The shareholders and controlling entities are:

Optifin Invest s.r.o., Rusovská cesta 1, Bratislava 851 01, corporate ID 35 735 457, with an equity investment and share in voting rights of 50.00 %.

BUDAMAR LOGISTIC, a.s., Horárska 12, Bratislava 821 09, corporate ID 35 736 046, with an equity investment and share in voting rights of 50.00 %.

The ultimate controlling entity of Optifin Invest s.r.o. is Michal Lazar, Strmý vršok 8173/173, Bratislava-Záhorská Bystrica 841 06, and Alexej Beljajev, Lubovnianska 3195/4, Bratislava Petržalka 851 07.

The ultimate controlling entity of BUDAMAR LOGISTIC, a.s. is Mikkel Volmer Lind, Rotenbodenstrasse 65, 9497 Triesenberg, Liechtenstein.

## II ENTITIES CONTROLLED BY THE CONTROLLED ENTITY

Shenyang Czech Desigh Rail Brake System Co., Ltd with its seat: Economic and development zone, street no. 13, 12Jia 3-2, ShenYang, China. Equity investment of 100 %.

The Company is involved in the management of a joint venture, JWL DAKO-CZ (INDIA) LIMITED with its registered office at 11, SATYEN DUTTA ROAD KOLKATA West Bengal 700029 IN, equity investment of 33 %.

DAKO-CZ RE, a.s., Corporate ID: 087 41 000, with its seat: Josefa Daňka 1956, 538 43 Třemošnice, recorded in the Register of Companies held by the Regional Court in Hradec Králové, File C, Insert 44950. Equity investment 100 %.

TRANSELCO CZ s.r.o., Corporate ID: 257 33 117, with its seat: Chrudimská 41, Dolní Bučice, 285 71 Vrdu, recorded in the Register of Companies held by the Municipal Court in Prague, File C, Insert 65291. Equity investment 100 %.

Vagonka Louny a.s., Corporate ID: 086 48 697, with its seat: Husova 402, 440 01 Louny, recorded in the Register of Companies held by the Regional Court in Ústí nad Labem, File B, Insert 2764. Equity investment 100 %.

## III ROLE OF THE CONTROLLED ENTITY, METHOD AND MEANS OF CONTROL

DAKO-CZ, a.s. is a leading manufacturer of pneumatic, electromechanical and hydraulic brake systems for railway vehicles. The Company manufactures and supplies brake systems and components for freight and passenger vehicles, suburban units, locomotives, trams and underground carriages.

The Company is controlled via the general meeting, meetings of the Board of Directors and Supervisory Board of the Company, with the members of the Board of Directors and Supervisory Board including representatives of the controlling entity as well as the controlled entity.

## IV RELATED PARTIES

The Board of Directors of DAKO-CZ, a.s. is aware that as of 31 December 2019, CZECHOSLOVAK GROUP a.s., with its registered office at Sokolovská 675/9, Karlín, 186 00 Prague 8, controls the following companies, with the exception of entities controlled by Mr Michal Strnad:

### ENTITIES CONTROLLED BY CZECHOSLOVAK GROUP A.S.

**14. OKTOBAR d.o.o Kruševac**, Corporate ID: 211 78 772, with its seat: Jasički put br. 2, Kruševac, Serbia

**ARMY SYSTEMS a.s.**, Corporate ID: 061 35 013, with its seat: Na Poříčí 1071/17, Nové Město, 110 00 Prague 1, recorded in the Register of Companies held by the Municipal Court in Prague, File B, Insert 22517

**ARMY TRADE a.s.**, Corporate ID: 061 23 724, with its seat: Na Poříčí 1071/17, Nové Město, 110 00 Prague 1, recorded in the Register of Companies held by the Municipal Court in Prague, File B, Insert 22516

**ARS Europe a.s.**, Corporate ID: 027 51 402, with its seat: Václavské náměstí 808/66, Nové Město, 110 00 Prague 1, recorded in the Register of Companies held by the Municipal Court in Prague, File B, Insert 19664

**ATLAN GROUP, spol. s r.o.**, Corporate ID: 35 754 2 22, with its seat: Štúrova 925/27, 018 41 Dubnica nad Váhom, Slovakia, recorded in the Register of Companies held by the District Court in Trenčín, File No.: Sro 13718/R

**ATRAK a.s.**, Corporate ID: 082 08 638, with its seat: Na Poříčí 1071/17, Nové Město, 110 00 Prague 1, recorded in the Register of Companies held by the Municipal Court in Prague, File B, Insert 24436

**AVIA Motors s.r.o.**, Corporate ID: 274 22 356, with its seat: Na Poříčí 1071/17, Nové Město, 110 00 Prague 1, recorded in the Register of Companies held by the Municipal Court in Prague, File C, Insert 112025

**AVIEN, spol.s.r.o.**, Corporate ID: 475 39 682, with its seat: Pernerova 691/42, Karlín, 186 00 Prague 8, recorded in the Register of Companies held by the Municipal Court in Prague, File C, Insert 19027

**BlackBird Services a.s.**, Corporate ID: 275 28 065, with its seat: No. 101, 533 32 Čepí, recorded in the Register of Companies held by the Regional Court in Hradec Králové, File B, Insert 2671<sup>1</sup>

**Car Star Fleet s.r.o.**, Corporate ID: 051 93 214, with its seat: Českobrodská 42, Dolní Počernice 190 12, Prague 9, recorded in the Register of Companies held by the Municipal Court in Prague, File C, Insert 259624<sup>2</sup>

**Car Star Immo s.r.o.**, Corporate ID: 043 33 543, with its seat: Českobrodská 42, Dolní Počernice, 190 12 Prague 9, recorded in the Register of Companies held by the Municipal Court in Prague, File C, Insert 246051<sup>3</sup>

**Car Star Praha s.r.o.**, Corporate ID: 051 98 305, with its seat: Českobrodská 42, Dolní Počernice, 190 12 Prague 9, recorded in the Register of Companies held by the Municipal Court in Prague, File C, Insert 259625<sup>4</sup>

**Ceska letecka servisni d.o.o.**, OIB: 08991167713, with its seat: Jakova Gotovca 25, HR 10360 Sesvete, Croatia

**CLS Polska SP z.o.o.**, KRS: 0000433767, with its seat: Królowej Marysieńki 50A, 02-954 Warsaw

**CS SOFT a.s.**, Corporate ID: 257 81 723, with its seat: K Letišti 6/1019, 160 08 Prague 6, recorded in the Register of Companies held by the Municipal Court in Prague, File B, Insert 15253

**CSG a.s.**, Corporate ID: 078 80 383, with its seat: Na Poříčí 1071/17, Nové Město, 110 00 Prague 1, recorded in the Register of Companies held by the Municipal Court in Prague, File B, Insert 24188<sup>5</sup>

**CSG AEROSPACE a.s.**, Corporate ID: 033 12 208, with its seat: Pernerova 691/42, Karlín, 186 00 Prague 8, recorded in the Register of Companies held by the Municipal Court in Prague, File B, Insert 19923

<sup>1</sup> Part of the group until 31 December 2019

<sup>2</sup> Part of the group since 22 February 2019

<sup>3</sup> Part of the group since 22 February 2019

<sup>4</sup> Part of the group since 22 February 2019

<sup>5</sup> Part of the group since 8 February 2019

<sup>6</sup> Part of the group until 31 August 2019

**CSG CENTRAL ASIA a.s.**, Corporate ID: 050 81 335, with its seat: Na Poříčí 1071/17, Nové Město, 110 00 Prague 1, recorded in the Register of Companies held by the Municipal Court in Prague, File B, Insert 21532 <sup>6</sup>

**CSG DEFENCE a.s.**, Corporate ID: 073 33 528, with its seat: Na Poříčí 1071/17, Nové Město, 110 00 Prague 1, recorded in the Register of Companies held by the Municipal Court in Prague, File B, Insert 23675

**CSG INDUSTRY a.s.**, Corporate ID: 060 15 689, with its seat: Na Poříčí 1071/17, Nové Město, 110 00 Prague 1, recorded in the Register of Companies held by the Municipal Court in Prague, File B, Insert 22298

**CSG Land System CZ a.s.**, Corporate ID: 085 84 923, with its seat: Na Poříčí 1071/17, Nové Město, 110 00 Prague 1, recorded in the Register of Companies held by the Municipal Court in Prague, File B, Insert 24764 <sup>7</sup>

**CSG RAIL a.s.**, Corporate ID: 073 33 552, with its seat: Na Poříčí 1071/17, Nové Město, 110 00 Prague 1, recorded in the Register of Companies held by the Municipal Court in Prague, File B, Insert 23677

**CSG RDR a.s.**, Corporate ID: 062 88 898 with its seat: Na Poříčí 1071/17, Nové Město, 110 00 Prague 1, recorded in the Register of Companies held by the Municipal Court in Prague, File B, Insert 22708

**CSG USA, INC.**, FN: 699 94 86 with its seat: 251 Little Falls Drive, 198 08 Wilmington, New Castle, Delaware, United States of America

**CSGM a.s.**, Corporate ID: 013 84 694, with its seat: Sokolovská 675/9, Karlín, 186 00 Prague 8, recorded in the Register of Companies held by the Municipal Court in Prague, File B, Insert 19596

**CZECH DEFENCE SYSTEMS a.s.**, Corporate ID: 241 47 133, with its seat: náměstí 14. října 1307/2, Smíchov, 150 00 Prague 5, recorded in the Register of Companies held by the Municipal Court in Prague, File B, Insert 17410

**CZECHOSLOVAK EXPORT a.s.**, Corporate ID: 049 86 512, with its seat: Na Poříčí 1071/17, Nové Město, 110 00 Prague 1, recorded in the Register of Companies held by the Municipal Court in Prague, File B, Insert B 21489

**CZECHOSLOVAK GROUP a.s.**, Corporate ID: 034 72 302, with its seat: Sokolovská 675/9, Karlín, 186 00 Prague 8, recorded in the Register of Companies held by the Municipal Court in Prague, File B, Insert 20071

**CZECHOSLOVAKIA TRADE s.r.o.**, Corporate ID: 50 018 175, with its seat: Štúrova 925/27, 018 41 Dubnica nad Váhom, Slovakia, recorded in the Register of Companies held by the District Court in Trenčín, File No.: Sa 10724/R

**Česká letecká servisní a.s.**, Corporate ID: 251 01 137, with its seat: Mladoboleslavská 1081, Kbely, 197 00 Prague 9 Letiště Kbely, recorded in the Register of Companies held by the Municipal Court in Prague, File B, Insert 4510

**DAKO-CZ RE, a.s.**, Corporate ID: 087 41 000, with its seat: Josefa Daňka 1956, 538 43 Třemošnice, recorded in the Register of Companies held by the Regional Court in Hradec Králové, File C, Insert 44950 <sup>8</sup>

**DEFENCE EXPORT a.s.**, Corporate ID: 051 72 187, with its seat: Na Poříčí 1071/17, Nové Město, 110 00 Prague 1, recorded in the Register of Companies held by the Municipal Court in Prague, File B, Insert 21668

**DEFENCE SYSTEMS a.s.**, Corporate ID: 073 33 544, with its seat: Na Poříčí 1071/17, Nové Město, 110 00 Prague 1, recorded in the Register of Companies held by the Municipal Court in Prague, File B, Insert 23691

**DEFENCE TRADE a.s.**, Corporate ID: 053 32 923, with its seat: Na Poříčí 1071/17, Nové Město, 110 00 Prague 1, recorded in the Register of Companies held by the Municipal Court in Prague, File B, Insert 21782

**DPTU SUMBRO TRADE Doael**, Corporate ID: 664 97 26, with its seat: Samokov bb, 6535 Samokov Makedonski Brod, Macedonia <sup>9</sup>

**EHC service, s.r.o.**, Corporate ID: 36 507 245, with its seat: Sibírská 2, Prešov 080 01, Slovakia, recorded in the Register of Companies held by the District Court in Prešov, File No.: Sro 16386/P

**ELDIS Pardubice, s.r.o.**, Corporate ID: 150 50 742, with its seat: Dělnická 469, Pardubičky, 533 01 Pardubice, recorded in the Register of Companies held by the Regional Court in Hradec Králové, File C, Insert 524

**ELTON hodinářská a.s.**, Corporate ID: 259 31 474, with its seat: Náchodská 2105, 549 01 Nové Město nad Metují, recorded in the Register of Companies held by the Regional Court in Hradec Králové, File B, Insert 2007

**ENGINEERING SPV a.s.**, Corporate ID: 069 26 827, with its seat: Na Poříčí 1071/17, Nové Město, 110 00 Prague

<sup>7</sup> Part of the group since 8 October 2019

<sup>8</sup> Part of the group since 4 December 2019

<sup>9</sup> Part of the group since 24 October 2019

1, recorded in the Register of Companies held by the Municipal Court in Prague, File B, Insert 23253

**ESPA REAL s.r.o. in liquidation**, Corporate ID: 259 60 806, with its seat: Průmyslová 393, Pardubice - Černá za Bory, 530 45 Pardubice, recorded in the Register of Companies held by the Municipal Court in Hradec Králové, file C, Insert 17594

**EUROPEAN AIR SERVICES s.r.o.**, Corporate ID: 291 31 987, with its seat: Pernerova 671/42, Karlín, 186 00, Prague 8, recorded in the Register of Companies held by the Municipal Court in Prague, File C, Insert 202310

**EUROPEAN AIR SERVICES SLOVAKIA s. r. o.**, Corporate ID: 52 014 673, with its seat: Cimborkova 13, Košice - mestská časť Sever 040 01, Slovakia, recorded in the Register of Companies held by the District Court in Košice, File No.: Sro 44919/V

**EXCALIBUR ARMY spol. s r.o.**, Corporate ID: 645 73 877, with its seat: Prague 10 - Vršovice, Kodaňská 521/57, postal code 10100, recorded in the Register of Companies held by the Municipal Court in Prague, File C, Insert 41695

**EXCALIBUR INTERNATIONAL a.s.**, Corporate ID: 292 89 688, with its seat: Sokolovská 675/9, Karlín, 186 00 Prague 8, recorded in the Register of Companies held by the Municipal Court in Prague, File B, Insert 20148

**EXCALIBUR INTERNATIONAL HU Kft.**, Reg. No.: 01-09-327774, with its seat: 1011 Budapest, Fő utca 14-18. PALA-HÁZ. lház. 3. em, Hungary

**EXCALIBUR USA a.s.**, Corporate ID: 044 07 571, with its seat: Na Poříčí 1071/17, Nové Město, 110 00 Prague 1, recorded in the Register of Companies held by the Municipal Court in Prague, File B, Insert 20938

**FALCON CSG a.s.**, Corporate ID: 069 26 894, with its seat: Na Poříčí 1071/17, Nové Město, 110 00, Prague 1, recorded in the Register of Companies held by the Municipal Court in Prague, File B, Insert 2325411 <sup>10</sup>

**FUTURE CS a.s.**, Corporate ID: 054 88 966, with its seat: Na Poříčí 1071/17, Nové Město, 110 00 Prague 1, recorded in the Register of Companies held by the Municipal Court in Prague, File B, Insert 21933

**Havlíčková 648 a.s.**, Corporate ID: 086 55 553, with its seat: Na Poříčí 1071/17, Nové Město, 110 00 Prague 1, recorded in the Register of Companies held by the Municipal Court in Prague, File B, Insert 24807 <sup>11</sup>

**HELI COMPANY s.r.o.**, Corporate ID: 36 492 124, with its seat: Vranovská 72, Prešov 080 01, Slovakia, recorded in the Register of Companies held by the District Court in Prešov, File No.: Sro 14788/P

**HTH land a.s.**, Corporate ID: 061 43 946, with its seat: Na Poříčí 1071/17, Nové Město, 110 00 Prague 1, recorded in the Register of Companies held by the Municipal Court in Prague, File B, Insert 22493

**Hyundai Centrum CB s.r.o.**, Corporate ID: 044 13 687, with its seat: U Staré trati 1733/5, 370 11 České Budějovice 2, recorded in the Register of Companies held by the Regional Court in České Budějovice, File C, Insert 261 08 <sup>12</sup>

**Hyundai Centrum Praha s.r.o.**, Corporate ID: 291 27 289, with its seat: Českobrodská 42, Dolní Počernice, 190 12, Prague 9, recorded in the Register of Companies held by the Regional Court in Prague, File C, Insert 202215 <sup>13</sup>

**Industry Defence, s.r.o.**, Corporate ID: 50 926 748, with its seat: Štúrova 925/27, Dubnica nad Váhom 018 41, Slovakia, recorded in the Register of Companies held by the District Court in Trenčín, File No.: Sro 34828/R

**INTEGRA CAPITAL a.s.**, Corporate ID: 275 28 103, with its seat: Sokolovská 675/9, Karlín, recorded in the Register of Companies held by the Municipal Court in Prague, File B, Insert 21504

**JOB AIR Technic, a.s.**, Corporate ID: 277 68 872, with its seat: Gen. Fajtla 370, 742 51 Mošnov, recorded in the Register of Companies held by the Regional Court in Ostrava, File B, Insert 3029

**KARBOX Holding s.r.o.**, Corporate ID: 276 01 374, with its seat: Havlíčkova 648, 508 01 Hořice, recorded in the Register of Companies held by the Regional Court in Hradec Králové, File C, Insert 23915

**KARBOX s.r.o.**, Corporate ID: 260 02 370, with its seat: Tovární 1553, 535 01 Přelouč, recorded in the Register of Companies held by the Regional Court in Hradec Králové, File C, Insert 19384

**LIAZ TRUCKS a.s.**, Corporate ID: 067 10 697, with its seat: Na Poříčí 1071/17, Nové Město, 110 00 Prague 1,

<sup>10</sup> Part of the group until 31 August 2019

<sup>11</sup> Part of the group since 31 October 2019

<sup>12</sup> Part of the group since 22 February 2019

<sup>13</sup> Part of the group since 22 February 2019

<sup>14</sup> Part of the group until 1 October 2019

<sup>15</sup> Part of the group until 21 February 2019

recorded in the Register of Companies held by the Municipal Court in Prague, File B, Insert 23100

**LIKVIDACE ODPADU CZ a.s.**, Corporate ID: 248 23 473, with its seat: Sokolovská 675/9, Karlín, 186 00 Prague 8, recorded in the Register of Companies held by the Municipal Court in Prague, File B, Insert B 17019 <sup>14</sup>

**LOGRIS a.s.**, Corporate ID: 018 34 002, with its seat: Na Poříčí 1071/17, Nové Město, 110 00 Prague 1, recorded in the Register of Companies held by the Municipal Court in Prague, File B, Insert 22077 <sup>15</sup>

**LOSTR a.s.**, Corporate ID: 051 97 104, with its seat: Na Poříčí 1071/17, Nové Město, 110 00 Prague 1, recorded in the Register of Companies held by the Municipal Court in Prague, File B, Insert 21657

**MADE CS a.s.**, Corporate ID: 050 57 779, with its seat: Na Poříčí 1071/17, Nové Město, 110 00 Prague 1, recorded in the Register of Companies held by the Municipal Court in Prague, File B, Insert 21533

**MERIT SPV a.s.**, Corporate ID: 069 77 545, with its seat: Na Poříčí 1071/17, Nové Město, 110 00 Prague 1, recorded in the Register of Companies held by the Municipal Court in Prague, File B, Insert 23278

**MSM Banská Bystrica, a.s.**, Corporate ID: 44 739 630, with its seat: Štúrova 925/27, 018 41 Dubnica nad Váhom, Slovakia, recorded in the Register of Companies held by the District Court in Trenčín, File No.: Sa10742/R

**MSM BUSINESS DEVELOPMENT s.r.o.**, Corporate ID: 52 283 241, with its seat: Štúrova 925/27, 018 41 Dubnica nad Váhom, Slovakia, recorded in the Register of Companies held by the District Court in Trenčín, File No.: Sro 37975/R <sup>16</sup>

**MSM e-mobility division j. s. a.**, Corporate ID: 514 14 945, with its seat: Štúrova 925/27, 018 41 Dubnica nad Váhom, Slovakia, recorded in the Register of Companies held by the District Court in Trenčín, File No.: Sja 3/R

**MSM GROUP s.r.o.**, Corporate ID: 46 553 509, with its seat: Štúrova 925/27, 018 41 Dubnica nad Váhom, Slovakia, recorded in the Register of Companies held by the District Court in Trenčín, File No.: Sro 31504/R

**MSM holding, s.r.o.**, Corporate ID: 48 006 122, with its seat: Štúrova 925/27, 018 41 Dubnica nad Váhom, Slovakia, recorded in the Register of Companies held by the District Court in Trenčín, File No.: Sro 31197/R

**MSM LAND SYSTEMS s.r.o.**, Corporate ID: 36 396 711, with its seat: Kasárenská 8, 911 05, Trenčín, Slovakia, recorded in the Register of Companies held by the District Court in Trenčín, File No.: Sro 34630/R

**MSM Martin, s.r.o.**, Corporate ID: 36 422 991, with its seat: Štúrova 925/27, 018 41 Dubnica nad Váhom, Slovakia, recorded in the Register of Companies held by the District Court in Trenčín, File No.: Sro 30764/R

**MSM Nováky, a.s.**, Corporate ID: 35 820 322, with its seat: Štúrova 925/27, 018 41 Dubnica nad Váhom, Slovakia, recorded in the Register of Companies held by the District Court in Trenčín, File No.: Sa 10564/R

**MSM TATRA Special Vehicles, s.r.o.**, Corporate ID: 50 755 749, with its seat: Štúrova 925/27, 018 41 Dubnica nad Váhom, Slovakia, recorded in the Register of Companies held by the District Court in Trenčín, File No.: Sro 34330/R

**MSM – OPTICAL, s.r.o.**, Corporate ID: 52 070 972, with its seat: Štúrova 925/27, 018 41 Dubnica nad Váhom, Slovakia, recorded in the Register of Companies held by the District Court in Trenčín, File No.: Sro 37466/R

**New Space Technologies s.r.o.**, Corporate ID: 019 54 717, with its seat: Zerzavice 2146, 686 01, Staré Město, recorded in the Register of Companies held by the Regional Court in Brno, File C, Insert 96819 <sup>17</sup>

**NIKA Development a.s.**, Corporate ID: 275 28 910, with its seat: Na Poříčí 1071/17, Nové Město, 110 00 Prague 1, recorded in the Register of Companies held by the Municipal Court in Prague, File B, Insert B 23310

**P F Support s.r.o.**, Corporate ID: 043 90 121, with its seat: Pernerova 691/42, Karlín 186 00 Prague 8, , recorded in the Register of Companies held by the Municipal Court in Prague, File C, Insert 242270

**PPS VEHICLES, s.r.o.**, Corporate ID: 36 032 646, with its seat: Tajovského 7, 962 12 Detva, Slovakia, recorded in the Register of Companies held by the District Court in Banská Bystrica, File No.: Sro 5603/S <sup>18</sup>

**PROGRESS SPV a.s.**, Corporate ID: 067 10 875, with its seat: Na Poříčí 1071/17, Nové Město, 110 00 Prague 1, recorded in the Register of Companies held by the Municipal Court in Prague, File B, Insert 23102

**REAL TRADE PRAHA a.s.**, Corporate ID: 256 42 740, with its seat: náměstí 14. října 1307/2, Smíchov, 150 00

<sup>16</sup> Part of the group since 16 March 2019

<sup>17</sup> Part of the group (fully consolidated) since 1 September 2019

<sup>18</sup> Part of the group since 18 December 2019

Prague 5, recorded in the Register of Companies held by the Municipal Court in Prague, File B, Insert 5185

**Rosco Bohemia a.s.**, Corporate ID: 041 82 626, with its seat: Na Poříčí 1071/17, Nové Město, 110 00 Prague 1, recorded in the Register of Companies held by the Municipal Court in Prague, File B, Insert 20739

**SBS ZVS, s.r.o.**, Corporate ID: 36 306 070, with its seat: Štúrova 1, 018 41 Dubnica nad Váhom, Slovakia, recorded in the Register of Companies held by the District Court in Trenčín, File No.: Sro 11273/R

**Shenyang Czech Design Rail Brake System Co., Ltd**, with its seat: Economic and development zone, street no. 13, 12Jia 3-2, ShenYang, People's Republic of China

**SHER Technologies a.s.**, Corporate ID: 275 28 171, with its seat: No. 101, 533 32 Čepí, recorded in the Register of Companies held by the Regional Court in Hradec Králové, File B, Insert 2669

**Skyport a.s.**, Corporate ID: 278 80 176, with its seat: Laglerové 1075/4, 161 00 Prague 6, recorded in the Register of Companies held by the Municipal Court in Prague, File B, Insert 11728 <sup>19</sup>

**Skyport Catering s.r.o.**, Corporate ID: 036 80 835, with its seat: : Laglerové 1075/4, 161 00 Prague 6, recorded in the Register of Companies held by the Municipal Court in Prague, File C, Insert 236200 <sup>20</sup>

**Slovak Aviation Factory s.r.o.**, Corporate ID: 50 885 201, with its seat: Štúrova 925/27, 018 41 Dubnica nad Váhom, Slovakia, recorded in the Register of Companies held by the District Court in Trenčín, File No.: Sro 34705/R <sup>21</sup>

**Slovak Training Academy, s.r.o.**, Corporate ID: 47 055 952, with its seat: Štúrova 925/27, 018 41 Dubnica nad Váhom, Slovakia, recorded in the Register of Companies held by the District Court in Trenčín, File No.: Sro 30298/R

**Space T a.s.**, Corporate ID: 086 55 600, with its seat: Na Poříčí 1071/17, Nové Město, 110 00 Prague 1, recorded in the Register of Companies held by the Municipal Court in Prague, File B, Insert 24808 <sup>22</sup>

**SPV REAL ESTATE a.s.**, Corporate ID: 068 12 716, with its seat: Opletalova 1015/55, Nové Město, 110 00 Prague 1, recorded in the Register of Companies held by the Municipal Court in Prague, File B, Insert 23230 <sup>23</sup>

**STA TECHNOLOGY, s.r.o.**, Corporate ID: 50 479 717, with its seat: Štúrova 925/27, 018 41 Dubnica nad Váhom, Slovakia, recorded in the Register of Companies held by the District Court in Trenčín, File No.: Sro 33646/R

**TATRA a.s.**, Corporate ID: 051 27 548, with its seat: Na Poříčí 1071/17, Nové Město, 110 00 Prague 1, recorded in the Register of Companies held by the Municipal Court in Prague, File B, Insert 21585

**TATRA AVIATION a.s.**, Corporate ID: 039 99 203, with its seat: Kodaňská 521/57, Vršovice, 101 00 Prague 10, recorded in the Register of Companies held by the Municipal Court in Prague, File B, Insert 20535

**TATRA DEFENCE VEHICLE a.s.**, Corporate ID: 241 52 269, with its seat: Kodaňská 521/57, Vršovice, 101 00 Prague 10, recorded in the Register of Companies held by the Municipal Court in Prague, File B, Insert 17463

**TATRA MANUFACTURE a.s.**, Corporate ID: 051 27 394, with its seat: Na Poříčí 1071/17, Nové Město, 110 00 Prague 1, recorded in the Register of Companies held by the Municipal Court in Prague, File B, Insert 21580

**TECHPARK Hradubická a.s.**, Corporate ID: 275 19 546, with its seat: No. 101, 533 32 Čepí, recorded in the Register of Companies held by the Regional Court in Hradec Králové, File B, Insert 2620

**Tovární 1112 a.s.**, Corporate ID: 077 54 345, with its seat: Tovární 1112, Chrudim IV, 537 01 Chrudim, recorded in the Register of Court held by the Municipal Court in Hradec Králové, File B, Insert 3646 <sup>24</sup>

**TRADITION CS a.s.**, Corporate ID: 060 79 598, with its seat: Na Poříčí 1071/17, 110 00 Prague 1, recorded in the Register of Companies held by the Municipal Court in Prague, File B, Insert 22466

**TRANSELCO CZ s.r.o.**, Corporate ID: 257 33 117, with its seat: Chrudimská 41, Dolní Bučice, 285 71 Vrdu, recorded in the Register of Companies held by the Municipal Court in Prague, File C, Insert 65291 <sup>25</sup>

**Vagonka Louny a.s.**, Corporate ID: 086 48 697, with its seat: Husova 402, 440 01 Louny, recorded in the

<sup>19</sup> Part of the group since 20 September 2019

<sup>20</sup> Part of the group since 20 September 2019

<sup>21</sup> Part of the group since 10 January 2019

<sup>22</sup> Part of the group since 31 October 2019

<sup>23</sup> Part of the group since 7 August 2019

<sup>24</sup> Part of the group until 23 May 2019

<sup>25</sup> Part of the group since 6 August 2019

<sup>26</sup> Part of the group since 30 October 2019

<sup>27</sup> Part of the group since 31 October 2019



Register of Companies held by the Regional Court in Ústí nad Labem, File B, Insert 2764 <sup>26</sup>

**VALUE SPV a.s.**, Corporate ID: 086 55 642, with its seat: Na Poříčí 1071/17, Nové Město, 110 00 Prague 1, recorded in the Register of Companies held by the Municipal Court in Prague, File B, Insert 24809 <sup>27</sup>

**Virte, a. s.**, Corporate ID: 359 17 491, with its seat: Štúrova 925/27, 018 41 Dubnica nad Váhom, Slovakia, recorded in the Register of Companies held by the District Court in Trenčín, File No.: Sa 10739/R

**VÍTKOVICKÁ DOPRAVA a.s.**, Corporate ID: 259 09 339, with its seat: 1. máje 3302/102a, Moravská Ostrava, 703 00 Ostrava, recorded in the Register of Companies held by the Regional Court in Ostrava, File B, Insert 2595

**VMT Trade s.r.o.**, Corporate ID: 50 927 477, with its seat: Komenského 19, Martin, 036 01, Slovakia, recorded in the Register of Companies held by the District Court in Žilina, File No.: Sro 67978/L

**VÝVOJ Martin, a.s.**, Corporate ID: 36 381 829, with its seat: Komenského 19, 036 01 Martin, Slovakia, recorded in the Register of Companies held by the District Court in Žilina, File No.: Sa 10119/L

**Whare factory s.r.o.**, Corporate ID: 027 00 042, with its seat: Českobrodská 42, Dolní Počernice, 190 12 Prague 9, recorded in the Register of Companies held by the Municipal Court in Prague, File C, Insert 222555 <sup>28</sup>

**ZTS METALURG špeciál, s.r.o.**, Corporate ID: 51 087 723, with its seat: Továrenská 56, 018 41 Dubnica nad Váhom, Slovakia, recorded in the Register of Companies held by the District Court in Trenčín, File No.: Sro 35274/R <sup>29</sup>

**ZTS METALURG, a. s.**, Corporate ID: 46 933 913, with its seat: Továrenská 56, 018 41 Dubnica nad Váhom, Slovakia, recorded in the Register of Companies held by the District Court in Trenčín, File No.: Sa 10696/R <sup>30</sup>

**ZVS Ammunition, a.s.**, Corporate ID: 50 704 575, with its seat: Štúrova 925/27, 018 41 Dubnica nad Váhom, Slovakia, recorded in the Register of Companies held by the District Court in Trenčín, File No.: Sa 10719/R

**ZVS holding, a.s.**, Corporate ID: 36 305 600, with its seat: Štúrova 925/27, 018 41 Dubnica nad Váhom, Slovakia, recorded in the Register of Companies held by the District Court in Trenčín, File No.: Sa 10152/R

**ZVS IMPEX, akciová spoločnosť**, Corporate ID: 36 302 848, with its seat: Štúrova 925/27, 018 41 Dubnica nad Váhom, Slovakia, recorded in the Register of Companies held by the District Court in Trenčín, File No.: Sa 10104/R

**ZVS-Armory, s.r.o.**, Corporate ID: 46 100 466, with its seat Priemyselná 7, 971 01 Prievidza, Slovakia, recorded in the Register of Companies held by the District Court in Trenčín, File No.: Sro 32061/R

## ENTITIES THE ULTIMATE CONTROLLING PERSON OF WHICH IS MICHAL STRNAD

**ARMY SPV a.s.**, Corporate ID: 068 61 202, with its seat: Na Poříčí 1071/17, Nové Město, 110 00 Prague 1, recorded in the Register of Companies held by the Municipal Court in Prague, File B, Insert 23219

**ASSET SPV a.s.**, Corporate ID: 069 79 505, with its seat: Na Poříčí 1071/17, Nové Město, 110 00 Prague 1, recorded in the Register of Companies held by the Municipal Court in Prague, File B, Insert 23337

**CASERMANIX s.r.o.**, Corporate ID: 016 18 377, with its seat: Na Poříčí 1071/17, Nové Město, 110 00 Prague 1, recorded in the Register of Companies held by the Municipal Court in Prague, File B, Insert 209337

**Cognus Solutions, s.r.o.**, Corporate ID: 028 45 474, with its seat: Na Poříčí 1071/17, Nové Město, 110 00 Prague 1, recorded in the Register of Companies held by the Municipal Court in Prague, File C, Insert 224442

**CGS AUTOMOTIVE a.s.**, Corporate ID: 078 80 316, with its seat: Na Poříčí 1071/17, Nové Město, 110 00 Prague 1, recorded in the Register of Companies held by the Municipal Court in Prague, File B, Insert 24189

**DEFENCE SPV a.s.**, Corporate ID: 068 61 318, with its seat: Na Poříčí 1071/17, Nové Město, 110 00 Prague 1, recorded in the Register of Companies held by the Municipal Court in Prague, File B, Insert 23220

**DEVELOP SPV a.s.**, Corporate ID: 065 94 786, with its seat: Na Poříčí 1071/17, Nové Město, 110 00 Prague 1, recorded in the Register of Companies held by the Municipal Court in Prague, File B, Insert 22989

<sup>28</sup> Part of the group since 22 February 2019

<sup>29</sup> Part of the group until 30 November 2019

<sup>30</sup> Part of the group until 30 November 2019

**HELA GROUP s.r.o.**, Corporate ID: 242 56 382, with its seat: Na Poříčí 1071/17, Nové Město, 110 00 Prague 1, recorded in the Register of Companies held by the Municipal Court in Prague, File C, Insert 197399

**INDUSTRY INNOVATION a.s.**, Corporate ID: 017 71 892, with its seat: Na Poříčí 1071/17, Nové Město, 110 00 Prague 1, recorded in the Register of Companies held by the Municipal Court in Prague, File B, Insert 19432

**INDUSTRY SPV a.s.**, Corporate ID: 061 85 878, with its seat: Na Poříčí 1071/17, Nové Město, 110 00 Prague 1, recorded in the Register of Companies held by the Municipal Court in Prague, File B, Insert 22602

**INDUSTRYIN a.s.**, Corporate ID: 055 95 240, with its seat: Na Poříčí 1071/17, Nové Město, 110 00 Prague 1, recorded in the Register of Companies held by the Municipal Court in Prague, File B, Insert 21960

**INNOVATION CS a.s.**, Corporate ID: 018 52 515, with its seat: Na Poříčí 1071/17, Nové Město, 110 00 Prague 1, recorded in the Register of Companies held by the Municipal Court in Prague, File B, Insert 22092

**KOVOSVIT MAS Foundry, a.s.**, Corporate ID: 069 78 347, with its seat: náměstí Tomáše Bati 419, 391 02 Sezimovo Ústí, recorded in the Register of Companies held by the Regional Court in České Budějovice, File B, Insert 2407

**KOVOSVIT MAS Machine Tools, a.s.**, Corporate ID: 073 33 536, with its seat: náměstí Tomáše Bati 419, 391 02 Sezimovo Ústí, recorded in the Register of Companies held by the Regional Court in České Budějovice, File B, Insert 2406

**KOVOSVIT MAS Management, a.s.**, Corporate ID: 073 98 778, with its seat: náměstí Tomáše Bati 419, 391 02 Sezimovo Ústí, recorded in the Register of Companies held by the Regional Court in České Budějovice, File B, Insert 2408

**CSG EXPORT a.s.**, Corporate ID: 062 24 971, with its seat: Na Poříčí 1071/17, Nové Město, 110 00 Prague 1, recorded in the Register of Companies held by the Municipal Court in Prague, File B, Insert 22599

**PROJECT SPV a.s.**, Corporate ID: 061 85 771, with its seat: Na Poříčí 1071/17, Nové Město, 110 00 Prague 1, recorded in the Register of Companies held by the Municipal Court in Prague, File B, Insert 22601

**ReDat Recording, a.s.**, Corporate ID: 056 48 114, with its seat: Pražská 341, Zelené Předměstí, 530 02 Pardubice, recorded in the Register of Companies held by the Regional Court in Hradec Králové, File B, Insert 3523

**RETIA, a.s.**, Corporate ID: 252 51 929, with its seat: Pražská 341, Zelené Předměstí, 530 02 Pardubice, recorded in the Register of Companies held by the Regional Court in Hradec Králové, File B, Insert 1440

**Skyport s.r.o.**, Corporate ID: 31 373 844, with its seat: Letisko M. R. Štefánika, 820 01 Bratislava, Slovakia, recorded in the Register of Companies held by the District Court in Bratislava I., File No.: Sro 7125/B

**SYNERGY CS a.s.**, Corporate ID: 060 72 585, with its seat: Na Poříčí 1071/17, Nové Město, 110 00 Prague 1, recorded in the Register of Companies held by the Municipal Court in Prague, File B, Insert 22465

**TECHNOLOGY CS a.s.**, Corporate ID: 057 74 888, with its seat: Na Poříčí 1071/17, Nové Město, 110 00 Prague 1, recorded in the Register of Companies held by the Municipal Court in Prague, File B, Insert 22200

**TESLA CS a.s.**, Corporate ID: 068 61 041, with its seat: Na Poříčí 1071/17, Nové Město, 110 00 Prague 1, recorded in the Register of Companies held by the Municipal Court in Prague, File B, Insert 23216

**TESLA RADARS a.s.**, Corporate ID: 068 61 083, with its seat: Na Poříčí 1071/17, Nové Město, 110 00 Prague 1, recorded in the Register of Companies held by the Municipal Court in Prague, File B, Insert 23217

**VEHICLE SPV a.s.**, Corporate ID: 065 94 794, with its seat: Na Poříčí 1071/17, Nové Město, 110 00 Prague 1, recorded in the Register of Companies held by the Municipal Court in Prague, File B, Insert 22988 <sup>31</sup>

## 1 RELATION BETWEEN DAKO-CZ, A.S. AND TATRAVAGÓNKA A.S.

The following contracts were concluded between the companies:

- Master contract on the sale of products and goods.

Business relations were carried out under arm's length conditions of the time and place that would otherwise exist between independent entities, and DAKO-CZ, a.s. incurred no detriment by concluding the contracts.

## 2 RELATION BETWEEN DAKO-CZ, A.S. AND CZECHOSLOVAK GROUP A.S.

The following contract was concluded between the companies:

- Contract on the assignment of receivables.

The contract was concluded under arm's length conditions of the time and place, and DAKO-CZ, a.s. incurred no detriment by concluding the contract.

Business relations were carried out under arm's length conditions of the time and place that would otherwise exist between independent entities, and DAKO-CZ, a.s. incurred no detriment by concluding the contracts.

## V LIST OF ACTS MADE IN 2019 AT THE INCENTIVE OR IN THE INTEREST OF THE CONTROLLING ENTITY OR ENTITIES CONTROLLED BY IT, IN CASE SUCH ACTS RELATED TO ASSETS EXCEEDING 10 % OF THE CONTROLLED ENTITY'S EQUITY ACCORDING TO THE MOST RECENT SET OF FINANCIAL STATEMENTS

A list of acts made between related parties as part of regular business activities is included in the Notes to the Financial Statements for the Year Ended 31 December 2019.

## VI OTHER MEASURES ADOPTED IN THE INTEREST OR AT THE INITIATIVE OF RELATED PARTIES

No measures in favour of related parties were adopted in the reporting period in the interest or at the initiative of related parties.

## VII ASSESSMENT OF ADVANTAGES AND DISADVANTAGES ARISING FROM RELATIONS BETWEEN RELATED PARTIES

Generally, it can be stated that the relations between related parties principally lead to advantages. They primarily include:

- The use of synergies within the group, especially in the area of purchasing, marketing – promotion, use of solutions prepared in several group companies; and
- Provision of services in the area of management, data processing/IT, HR, training, investment, controlling and finance.

The Board of Directors is not aware of any significant disadvantages or risks arising from the above relations.

In Třemošnice on 31 March 2020

  
.....  
Chairwoman of the Board of Directors

  
.....  
Member of the Board of Directors



Deloitte Audit s.r.o.  
Churchill I  
Italská 2581/67  
120 00 Praha 2 – Vinohrady  
Czech Republic

Tel: +420 246 042 500  
Fax: +420 246 042 555  
DeloitteCZ@deloitteCE.com  
www.deloitte.cz

Registered by the Municipal Court  
in Prague, Section C, File 24349  
ID. No.: 49620592  
Tax ID. No.: CZ49620592

## **INDEPENDENT AUDITOR'S REPORT** To the Shareholders of DAKO-CZ, a.s.

Having its registered office at: Josefa Daňka 1956, 538 43 Třemošnice

### Opinion

We have audited the accompanying financial statements of DAKO-CZ, a.s. (hereinafter also the "Company") prepared on the basis of accounting regulations applicable in the Czech Republic, which comprise the balance sheet as of 31 December 2019, and the profit and loss account, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of DAKO-CZ, a.s. as of 31 December 2019, and of its financial performance and its cash flows for the year then ended in accordance with accounting regulations applicable 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 guidelines. Our responsibilities under this law and regulation are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Act on Auditors and the Code of Ethics adopted by the Chamber of Auditors of the Czech Republic and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Other Information in the Annual Report

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

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited ("DTTL"), its global network of member firms, and their related entities. DTTL (also referred to as "Deloitte Global") and each of its member firms are legally separate and independent entities. DTTL does not provide services to clients. Please see [www.deloitte.com/about](http://www.deloitte.com/about) to learn more.

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 regulations applicable 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 scepticism 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.

In Ostrava on 30 April 2020

Audit firm:

Deloitte Audit s.r.o.  
registration no. 079

Statutory auditor:

Vratislav Moša  
registration no. 2330

# FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 DAKO-CZ, A.S



PhDr. Dagmar Matúšová  
Chairwoman of the Board of Director



Ing. Lukáš Andryšek  
Member of the Board of Directors

**BALANCE SHEET**  
full versionAs of  
31.12.2019  
(in CZK thousand)DAKO-CZ, a.s.  
Corporate ID 46505091Josefa Daňka 1956  
538 43 Třemošnice  
Česká republika

|               | ASSETS  | 31.12.2019       |                |                  | 31.12.2018     |
|---------------|---|------------------|----------------|------------------|----------------|
|               |   | Gross            | Adjustment     | Net              | Net            |
|               | <b>TOTAL ASSETS</b>   | <b>1 558 558</b> | <b>513 603</b> | <b>1 044 955</b> | <b>901 458</b> |
| <b>B.</b>     | <b>Fixed assets</b>   | <b>919 519</b>   | <b>459 552</b> | <b>459 967</b>   | <b>385 140</b> |
| <i>B.I.</i>   | <i>Intangible fixed assets</i>  | <b>50 736</b>    | <b>36 771</b>  | <b>13 965</b>    | <b>14 171</b>  |
| B.I.2.        | <i>Valuable rights</i>  | <b>45 376</b>    | <b>36 771</b>  | <b>8 605</b>     | <b>8 687</b>   |
| B.I.2.1.      | Software  | 35 453           | 30 302         | 5 151            | 4 291          |
| B.I.2.2.      | Other valuable rights   | 9 923            | 6 469          | 3 454            | 4 396          |
| B.I.5.        | <i>Prepayments for intangible fixed assets and intangible fixed assets under construction</i> | <b>5 360</b>     |                | <b>5 360</b>     | <b>5 484</b>   |
| B.I.5.1.      | Prepayments for intangible fixed assets   |                  |                |                  | 547            |
| B.I.5.2.      | Intangible fixed assets under construction  | 5 360            |                | 5 360            | 4 937          |
| <i>B.II.</i>  | <i>Tangible fixed assets</i>  | <b>814 073</b>   | <b>421 954</b> | <b>392 119</b>   | <b>367 154</b> |
| B.II.1.       | <i>Land and structures</i>  | <b>277 815</b>   | <b>110 718</b> | <b>167 097</b>   | <b>161 994</b> |
| B.II.1.1.     | Land  | 2 310            |                | 2 310            | 2 277          |
| B.II.1.2.     | Structures  | 275 505          | 110 718        | 164 787          | 159 717        |
| B.II.2.       | Tangible movable assets and sets of tangible movable assets                                   | 394 893          | 240 302        | 154 591          | 162 899        |
| B.II.4.       | <i>Other tangible fixed assets</i>  | <b>112 368</b>   | <b>70 934</b>  | <b>41 434</b>    | <b>41 866</b>  |
| B.II.4.3.     | Other tangible fixed assets   | 112 368          | 70 934         | 41 434           | 41 866         |
| B.II.5.       | <i>Prepayments for tangible fixed assets and tangible fixed assets under construction</i>     | <b>28 997</b>    |                | <b>28 997</b>    | <b>395</b>     |
| B.II.5.1.     | Prepayments for tangible fixed assets   | 925              |                | 925              |                |
| B.II.5.2.     | Tangible fixed assets under construction  | 28 072           |                | 28 072           | 395            |
| <i>B.III.</i> | <i>Non-current financial assets</i>   | <b>54 710</b>    | <b>827</b>     | <b>53 883</b>    | <b>3 815</b>   |
| B.III.1.      | Equity investments - controlled or controlling entity   | 54 690           | 827            | 53 863           | 3 795          |
| B.III.5.      | Other non-current securities and investments  | 20               |                | 20               | 20             |

**BALANCE SHEET**  
full version

As of  
31.12.2019  
(in CZK thousand)

**DAKO-CZ, a.s.**  
Corporate ID 46505091

Josefa Daňka 1956  
538 43 Třemošnice  
Česká republika

|                | ASSETS   | 31.12.2019     |               |                | 31.12.2018     |
|----------------|--|----------------|---------------|----------------|----------------|
|                |  | Gross          | Adjustment    | Net            | Net            |
| <b>C.</b>      | <b>Current assets</b>                          | <b>626 541</b> | <b>54 051</b> | <b>572 490</b> | <b>502 160</b> |
| <i>C.I.</i>    | <b>Inventories</b>                             | <b>287 325</b> | <b>25 566</b> | <b>261 759</b> | <b>226 616</b> |
| C.I.1.         | Material                                       | 81 892         | 11 419        | 70 473         | 48 550         |
| C.I.2.         | Work in progress and semifinished goods        | 136 046        | 7 441         | 128 605        | 116 622        |
| C.I.3.         | <i>Products and goods</i>                      | <b>68 787</b>  | <b>6 706</b>  | <b>62 081</b>  | <b>60 695</b>  |
| C.I.3.1.       | Products                                       | 54 340         | 4 945         | 49 395         | 54 566         |
| C.I.3.2.       | Goods  | 14 447         | 1 761         | 12 686         | 6 129          |
| C.I.5.         | Prepayments for inventories                    | 600            |               | 600            | 749            |
| <i>C.II.</i>   | <b>Receivables</b>                             | <b>280 382</b> | <b>28 485</b> | <b>251 897</b> | <b>246 789</b> |
| C.II.1.        | <b>Long-term receivables</b>                   | <b>1 408</b>   |               | <b>1 408</b>   | <b>4 245</b>   |
| C.II.1.1.      | Trade receivables                              | 945            |               | 945            | 4 245          |
| C.II.1.5.      | <i>Receivables - other</i>                     | <b>463</b>     |               | <b>463</b>     |                |
| C.II.1.5.4.    | Sundry receivables                             | 463            |               | 463            |                |
| <i>C.II.2.</i> | <b>Short-term receivables</b>                  | <b>278 974</b> | <b>28 485</b> | <b>250 489</b> | <b>242 544</b> |
| C.II.2.1.      | Trade receivables                              | 225 961        | 27 238        | 198 723        | 202 886        |
| C.II.2.2.      | Receivables - controlled or controlling entity | 34 018         | 1 247         | 32 771         | 26 391         |
| C.II.2.4.      | <i>Receivables - other</i>                     | <b>18 995</b>  |               | <b>18 995</b>  | <b>13 267</b>  |
| C.II.2.4.3.    | State - tax receivables                        | 12 281         |               | 12 281         | 8 795          |
| C.II.2.4.4.    | Short-term prepayments made                    | 443            |               | 443            | 2 063          |
| C.II.2.4.6.    | Sundry receivables                             | 6 271          |               | 6 271          | 2 409          |
| <i>C.IV.</i>   | <b>Cash</b>                                    | <b>58 834</b>  |               | <b>58 834</b>  | <b>28 755</b>  |
| C.IV.1.        | Cash on hand                                   | 98             |               | 98             | 98             |
| C.IV.2.        | Cash at bank                                   | 58 736         |               | 58 736         | 28 657         |
| <b>D.</b>      | <b>Other assets</b>                            | <b>12 498</b>  |               | <b>12 498</b>  | <b>14 158</b>  |
| D.1.           | Deferred expenses                              | 12 498         |               | 12 498         | 14 157         |
| D.3.           | Accrued income                                 |                |               |                | 1              |



**BALANCE SHEET**  
full versionAs of  
31.12.2019  
(in CZK thousand)**DAKO-CZ, a.s.**  
**Corporate ID 46505091**Josefa Daňka 1956  
538 43 Třemošnice  
Česká republika

|              | LIABILITIES & EQUITY                                | 31.12.2019                            | 31.12.2018       |
|--------------|---|---------------------------------------|------------------|
|              |   | <b>TOTAL LIABILITIES &amp; EQUITY</b> | <b>1 044 955</b> |
| <b>A.</b>    | <b>Equity</b>                                       | <b>547 429</b>                        | <b>492 343</b>   |
| A.I.         | <i>Share capital</i>                                | <b>187 740</b>                        | <b>187 740</b>   |
| A.I.1.       | Share capital                                       | 187 740                               | 187 740          |
| A.III.       | <i>Funds from profit</i>                            | <b>35 661</b>                         | <b>35 661</b>    |
| A.III.1.     | Other reserve funds                                 | 35 661                                | 35 661           |
| A.IV.        | <i>Retained earnings (+/-)</i>                      | <b>188 942</b>                        | <b>173 535</b>   |
| A.IV.1.      | Accumulated profits or losses brought forward (+/-) | 188 942                               | 175 079          |
| A.IV.2.      | Other profit or loss from prior years (+/-)         |                                       | -1 544           |
| A.V.         | <i>Profit or loss for the current period (+/-)</i>  | <b>135 086</b>                        | <b>95 407</b>    |
| <b>B.+C.</b> | <b>Liabilities</b>                                  | <b>495 981</b>                        | <b>407 734</b>   |
| <b>B.</b>    | <b>Reserves</b>                                     | <b>59 185</b>                         | <b>32 603</b>    |
| B.II.        | Income tax reserve                                  | 16 029                                | 17 041           |
| B.IV.        | Other reserves                                      | 43 156                                | 15 562           |
| <b>C.</b>    | <b>Payables</b>                                     | <b>436 796</b>                        | <b>375 131</b>   |
| C.I.         | <i>Long-term payables</i>                           | <b>51 220</b>                         | <b>67 294</b>    |
| C.I.2.       | Payables to credit institutions                     | 36 226                                | 48 655           |
| C.I.8.       | Deferred tax liability                              | 14 994                                | 18 199           |
| C.I.9.       | <i>Payables - other</i>                             |                                       | <b>440</b>       |
| C.I.9.3.     | Sundry payables                                     |                                       | 440              |
| C.II.        | <i>Short-term payables</i>                          | <b>385 576</b>                        | <b>307 837</b>   |
| C.II.2.      | Payables to credit institutions                     | 209 025                               | 162 136          |
| C.II.3.      | Short-term prepayments received                     | 11 282                                | 1 726            |
| C.II.4.      | Trade payables                                      | 132 595                               | 105 529          |
| C.II.8.      | <i>Other payables</i>                               | <b>32 674</b>                         | <b>38 446</b>    |
| C.II.8.1.    | Payables to partners                                |                                       | 325              |
| C.II.8.3.    | Payables to employees                               | 12 732                                | 15 968           |
| C.II.8.4.    | Social security and health insurance payables       | 7 907                                 | 8 345            |
| C.II.8.5.    | State - tax payables and subsidies                  | 3 537                                 | 4 516            |
| C.II.8.6.    | Estimated payables                                  | 8 155                                 | 6 984            |
| C.II.8.7.    | Sundry payables                                     | 343                                   | 2 308            |
| <b>D.</b>    | <b>Other liabilities</b>                            | <b>1 545</b>                          | <b>1 381</b>     |
| D.1.         | Accrued expenses                                    | 1 518                                 | 1 285            |
| D.2.         | Deferred income                                     | 27                                    | 96               |

**PROFIT AND LOSS ACCOUNT**  
structured by the nature of expense method

Year ended  
31.12.2019  
(in CZK thousand)

**DAKO-CZ, a.s.**  
Corporate ID 46505091

Josefa Daňka 1956  
538 43 Třemošnice  
Česká republika

|        | <b>PROFIT AND LOSS ACCOUNT</b>  | <b>Year ended<br/>31.12.2019</b> | <b>Year ended<br/>31.12.2018</b> |
|--------|---|----------------------------------|----------------------------------|
| I.     | Sales of products and services  | 985 795                          | 789 838                          |
| II.    | Sales of goods  | 158 256                          | 137 215                          |
| A.     | Purchased consumables and services  | <b>675 470</b>                   | <b>523 940</b>                   |
| A.1.   | Costs of goods sold   | 120 428                          | 105 054                          |
| A.2.   | Consumed material and energy  | 361 786                          | 270 682                          |
| A.3.   | Services  | 193 256                          | 148 204                          |
| B.     | Change in internally produced inventory (+/-)                             | -20 292                          | -24 647                          |
| C.     | Own work capitalised (-)  | -14 856                          | -13 475                          |
| D.     | Staff costs   | <b>290 629</b>                   | <b>254 082</b>                   |
| D.1.   | Payroll costs   | 215 487                          | 187 595                          |
| D.2.   | Social security and health insurance costs and other charges              | <b>75 142</b>                    | <b>66 487</b>                    |
| D.2.1. | Social security and health insurance costs                                | 70 119                           | 61 924                           |
| D.2.2. | Other charges   | 5 023                            | 4 563                            |
| E.     | Adjustments to values in operating activities                             | <b>26 338</b>                    | <b>47 675</b>                    |
| E.1.   | <i>Adjustments to values of intangible and tangible fixed assets</i>      | <b>31 969</b>                    | <b>24 903</b>                    |
| E.1.1. | Adjustments to values of intangible and tangible fixed assets - permanent | 29 990                           | 24 903                           |
| E.1.2. | Adjustments to values of intangible and tangible fixed assets - temporary | 1 979                            |                                  |
| E.2.   | Adjustments to values of inventories                                      | -6 831                           | 4 523                            |
| E.3.   | Adjustments to values of receivables                                      | 1 200                            | 18 249                           |
| III.   | Other operating income  | <b>39 336</b>                    | <b>12 744</b>                    |
| III.1. | Sales of fixed assets   | 1 542                            | 235                              |
| III.2. | Sales of material   | 5 363                            | 4 698                            |
| III.3. | Sundry operating income   | 32 431                           | 7 811                            |
| F.     | Other operating expenses  | <b>66 743</b>                    | <b>24 801</b>                    |
| F.1.   | Net book value of sold fixed assets                                       | 674                              | 198                              |
| F.2.   | Material sold   | 2 582                            | 2 923                            |
| F.3.   | Taxes and charges   | 1 170                            | 590                              |
| F.4.   | Reserves relating to operating activities and complex deferred expenses   | 27 594                           | 7 762                            |
| F.5.   | Sundry operating expenses   | 34 723                           | 13 328                           |
| *      | <b>Operating profit or loss (+/-)</b>                                     | <b>159 355</b>                   | <b>127 421</b>                   |

**PROFIT AND LOSS ACCOUNT**  
structured by the nature of expense method

Year ended  
31.12.2019  
(in CZK thousand)

**DAKO-CZ, a.s.**  
Corporate ID 46505091

Josefa Daňka 1956  
538 43 Třemošnice  
Česká republika

| Ozn.<br>a. | PROFIT AND LOSS ACCOUNT  | Období do<br>31.12.2019 | Období do<br>31.12.2018 |
|------------|--|-------------------------|-------------------------|
| VI.        | Interest income and similar income                                       | 2 893                   | 357                     |
| VI.1.      | Interest income and similar income - controlled or controlling entity    | 2 853                   | 348                     |
| VI.2.      | Other interest income and similar income                                 | 40                      | 9                       |
| I.         | Adjustments to values and reserves relating to financial activities      | 827                     |                         |
| J.         | Interest expenses and similar expenses                                   | 4 372                   | 2 184                   |
| J.1.       | Interest expenses and similar expenses -controlled or controlling entity | 4                       |                         |
| J.2.       | Other interest expenses and similar expenses                             | 4 368                   | 2 184                   |
| VII.       | Other financial income   | 20 255                  | 12 746                  |
| K.         | Other financial expenses   | 10 051                  | 15 802                  |
| *          | <b>Financial profit or loss (+/-)</b>                                    | <b>7 898</b>            | <b>-4 883</b>           |
| **         | <b>Profit or loss before tax (+/-)</b>                                   | <b>167 253</b>          | <b>122 538</b>          |
| L.         | Income tax   | 32 167                  | 27 131                  |
| L.1.       | Due income tax   | 35 372                  | 28 418                  |
| L.2.       | Deferred income tax (+/-)  | -3 205                  | -1 287                  |
| **         | <b>Profit or loss net of tax (+/-)</b>                                   | <b>135 086</b>          | <b>95 407</b>           |
| ***        | <b>Profit or loss for the current period (+/-)</b>                       | <b>135 086</b>          | <b>95 407</b>           |
| *          | Net turnover for the current period                                      | 1 206 535               | 952 900                 |

**STATEMENT OF  
CHANGES IN EQUITY**

**DAKO-CZ, a.s.**  
**IČO 46505091**

Year ended  
31.12.2019  
(in CZK thousand)

Josefa Daňka 1956  
538 43 Tremošnice  
Česká republika

|                                       | Share capital  | Capital funds | Funds from profit, reserve fund | Accumulated profits or losses brought forward | Other profit or loss from prior years | Profit share prepayments declared | Profit or loss for the current period | TOTAL EQUITY   |
|---------------------------------------|----------------|---------------|---------------------------------|---|---------------------------------------|-----------------------------------|---------------------------------------|----------------|
| <b>Balance at 31 December 2017</b>    | <b>187 740</b> |               | <b>35 661</b>                   | <b>162 013</b>                                |                                       | <b>-21 690</b>                    | <b>53 066</b>                         | <b>416 790</b> |
| Distribution of profit or loss        |                |               |                                 | 13 066  |                                       |                                   | -13 066                               |                |
| Profit shares paid                    |                |               |                                 |   |                                       | 21 690                            | -40 000                               | -18 310        |
| Profit or loss for the current period |                |               |                                 |   | -1 544                                |                                   | 95 407                                | 93 863         |
| <b>Balance at 31 December 2018</b>    | <b>187 740</b> |               | <b>35 661</b>                   | <b>175 079</b>                                | <b>-1 544</b>                         |                                   | <b>95 407</b>                         | <b>492 343</b> |
| Distribution of profit or loss        |                |               |                                 | 13 863  | 1 544                                 |                                   | -15 407                               |                |
| Profit shares paid                    |                |               |                                 |   |                                       |                                   | -80 000                               | -80 000        |
| Profit or loss for the current period |                |               |                                 |   |                                       |                                   | 135 086                               | 135 086        |
| <b>Balance at 31 December 2019</b>    | <b>187 740</b> |               | <b>35 661</b>                   | <b>188 942</b>                                |                                       |                                   | <b>135 086</b>                        | <b>547 429</b> |

## CASH FLOW STATEMENT

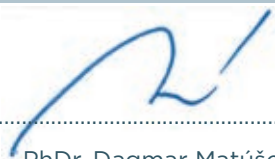
Year ended  
31.12.2019  
(in CZK thousand)

DAKO-CZ, a.s.  
Corporate ID 46505091

Josefa Daňka 1956  
538 43 Třemošnice  
Česká republika

|              |   | Year ended<br>31.12.2019 | Year ended<br>31.12.2018 |
|--------------|---|--------------------------|--------------------------|
| <b>P.</b>    | <b>Opening balance of cash and cash equivalents</b>               | <b>28 755</b>            | <b>16 588</b>            |
|              | <i>Cash flows from ordinary activities (operating activities)</i> |                          |                          |
| Z.           | Profit or loss before tax   | 167 253                  | 122 538                  |
| A.1.         | Adjustments for non-cash transactions                             | 29 035                   | 65 628                   |
| A.1.1.       | Depreciation of fixed assets                                      | 29 990                   | 24 903                   |
| A.1.2.       | Change in provisions and reserves                                 | 6 901                    | 30 534                   |
| A.1.3.       | Profit/(loss) on the sale of fixed assets                         | -868                     | -37                      |
| A.1.5.       | Interest expense and interest income                              | 1 479                    | 1 827                    |
| A.1.6.       | Adjustments for other non-cash transactions                       | -8 467                   | 8 401                    |
| <b>A.*</b>   | <b>Net operating cash flow before changes in working capital</b>  | <b>196 288</b>           | <b>188 166</b>           |
| A.2.         | Change in working capital   | 31 175                   | -50 010                  |
| A.2.1.       | Change in operating receivables and other assets                  | 12 769                   | -30 438                  |
| A.2.2.       | Change in operating payables and other liabilities                | 45 925                   | -4 642                   |
| A.2.3.       | Change in inventories   | -27 519                  | -14 930                  |
| <b>A.**</b>  | <b>Net cash flow from operations before tax</b>                   | <b>227 463</b>           | <b>138 156</b>           |
| A.3.         | Interest paid   | -4 371                   | -2 183                   |
| A.4.         | Interest received   | 2 893                    | 111                      |
| A.5.         | Income tax paid from ordinary operations                          | -32 844                  | -7 752                   |
| <b>A.***</b> | <b>Net operating cash flows</b>                                   | <b>193 141</b>           | <b>128 332</b>           |
|              | <i>Cash flows from investing activities</i>                       |                          |                          |
| B.1.         | Fixed assets expenditures   | -102 895                 | -50 488                  |
| B.2.         | Proceeds from fixed assets sold                                   | 1 542                    | 235                      |
| B.3.         | Loans and borrowings to related parties                           | -12 189                  | -20 000                  |
| <b>B.***</b> | <b>Net investment cash flows</b>                                  | <b>-113 542</b>          | <b>-70 253</b>           |
|              | <i>Cash flow from financial activities</i>                        |                          |                          |
| C.1.         | Change in payables from financing                                 | 30 480                   | -27 602                  |
| C.2.         | Impact of changes in equity                                       | -80 000                  | -18 310                  |
| C.2.6.       | Profit shares paid  | -80 000                  | -18 310                  |
| <b>C.***</b> | <b>Net financial cash flows</b>                                   | <b>-49 520</b>           | <b>-45 912</b>           |
| <b>F.</b>    | <b>Net increase or decrease in cash and cash equivalents</b>      | <b>30 079</b>            | <b>12 167</b>            |
| <b>R.</b>    | <b>Closing balance of cash and cash equivalents</b>               | <b>58 834</b>            | <b>28 755</b>            |

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 DAKO-CZ, A.S.



PhDr. Dagmar Matúšová  
Chairwoman of the Board of Director



Ing. Lukáš Andryšek  
Member of the Board of Directors

## CONTENTS OF THE NOTES TO THE FINANCIAL STATEMENTS

### GENERAL INFORMATION

|   |  |    |
|---|--|----|
| 1 | Description of the Reporting Entity (hereinafter the “Company”)          | 40 |
| 2 | Primary Business Activities  | 40 |
| 3 | Entities Holding More than 20% of Share Capital                          | 40 |
| 4 | Change in the Register of Companies                                      | 41 |
| 5 | Members of Statutory and Supervisory Bodies as of the Balance Sheet Date | 41 |
| 6 | Organisational Structure of the Company                                  | 41 |
| 7 | Equity Investments in Subsidiaries                                       | 42 |
| 8 | Employees, Staff Costs   | 42 |
| 9 | Provided Cash or Other Performance                                       | 42 |

### APPLIED ACCOUNTING POLICIES, GENERAL ACCOUNTING PRINCIPLES AND VALUATION METHODS

|     |  |    |
|-----|--|----|
| 1   | Valuation of and Accounting for Assets and Inventory | 43 |
| 1.1 | Valuation of and Accounting for Inventory            | 43 |
| 1.2 | Tangible and Intangible Fixed Assets                 | 43 |
| 1.3 | Valuation of Securities and Equity Investments       | 44 |
| 2   | Provisions   | 44 |
| 3   | Foreign Currency Translation                         | 44 |
| 4   | Financial Derivatives                                | 44 |
| 5   | Reserves   | 44 |
| 6   | Development Costs                                    | 45 |
| 7   | Leased Assets  | 45 |
| 8   | Income and Expenses                                  | 45 |
| 9   | Income Taxation                                      | 45 |
| 10  | Payables   | 45 |
| 11  | Use of Estimates                                     | 45 |

### ADDITIONAL INFORMATION ON THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

|     |   |    |
|-----|---|----|
| 1   | Items Relevant for Assessing the Asset and Financial Situation                                  | 46 |
| 1.1 | Payables to Credit Institutions   | 46 |
| 1.2 | Received Grants   | 46 |
| 2   | Additional Information on Tangible and Intangible Fixed Assets                                  | 47 |
| 2.1 | Tangible Fixed Assets   | 47 |
| 2.2 | Intangible Fixed Assets   | 48 |
| 2.3 | Tangible Fixed Assets Held under Finance Leases   | 49 |
| 2.4 | Aggregate Assets Not Included in the Balance Sheet  | 49 |
| 2.5 | Pledged Tangible Assets   | 49 |
| 2.6 | Non-Current Financial Assets  | 50 |
| 2.7 | Provisions  | 50 |
| 2.8 | Derivatives   | 50 |
| 3   | Equity  | 51 |
| 3.1 | Distribution of Profit of the Prior Period  | 51 |
| 3.2 | Share Capital   | 51 |
| 4   | Receivables and Payables  | 51 |
| 4.1 | Past Due Receivables  | 51 |
| 4.2 | Receivables – Controlled or Controlling Entity  | 51 |
| 4.3 | Past Due Payables   | 52 |
| 4.4 | Payables Not Reported in the Balance Sheet Arising from Guarantees Received for Other Companies | 52 |
| 4.5 | Major Transactions with Related Parties   | 52 |
| 4.6 | Tax Receivables   | 52 |
| 4.7 | Deferred Expenses   | 53 |
| 4.8 | Social Security and Health Insurance Payables   | 53 |
| 5   | Recognition and Use of Reserves   | 54 |
| 6   | Income by Primary Activity  | 54 |
| 7   | Research and Development Costs for the Reporting Period   | 54 |
| 8   | Audit Fees  | 55 |
| 9   | Other Operating Expenses  | 55 |
| 10  | Accrued Expenses  | 55 |
| 11  | Cash Flow Statement   | 55 |
| 12  | Material Post Balance Sheet Date Events   | 55 |

## GENERAL INFORMATION

Financial amounts are stated in thousands of Czech crowns, unless specified otherwise.

**Balance sheet date:** 31 December 2019

**Date of preparation of the financial statements:** 30 April 2019

### 1 DESCRIPTION OF THE REPORTING ENTITY (HEREINAFTER THE “COMPANY”)

Name: DAKO-CZ, a.s.  
Corporate ID: 465 05 091  
Registered office: Josefa Daňka 1956, 538 43 Třemošnice  
Legal status: joint-stock company  
Date of incorporation: 5 May 1992 by registration in the Register of Companies maintained by the Regional Court in Hradec Králové under file no. 668, section B

### 2 PRIMARY BUSINESS ACTIVITIES:

- Machining;
- Production, trade and services not listed in Appendices 1 to 3 to the Trade Licencing Act;
- Operation of railway transportation on the railway siding “Vlečka DAKO, a.s.”;
- Installation, repair, review and tests of electric equipment;
- Locksmithing, tool-making;
- Tinsmithing, bodywork repair;
- Repairs of other vehicles and machines;
- Blacksmithing, farriering;
- Joinery, floor layering;
- Development, production, repair, modification, transportation, sale, lending, safekeeping and destruction of weapons;
- Installation, repair, review and tests of gas equipment; filling canisters with gas;
- Installation, repair, review and tests of pressure equipment and gas canisters;
- Activities of accounting consultants, bookkeeping, keeping of tax records.

### 3 ENTITIES HOLDING MORE THAN 20 % OF SHARE CAPITAL

**CZECHOSLOVAK GROUP a.s.**, Sokolovská 675/9, Karlín, 186 00 Prague 8. The sole shareholder of this company is Czechoslovak Group B.V., 1043GR Amsterdam, Kingsfordweg 151, Netherlands. Equity investment of 51 %.

**TATRAVAGÓNKA a.s.**, Štefánikova 887/53, 058 01 Poprad. The shareholders of this company are Optifin Invest s.r.o., Rusovská cesta 1, Bratislava 851 01, and BUDAMAR LOGISTIC, a.s., Horárska 12, Bratislava 821 09. Equity investment of 49 %.

The consolidated financial statements of the widest group of companies that the Company is part of as a consolidated entity are prepared by CZECHOSLOVAK GROUP a.s. with its registered office at Sokolovská 675/9, Karlín, 186 00 Prague 8. The consolidated financial statements are available in the registered office of the consolidating company.



## 4 CHANGE IN THE REGISTER OF COMPANIES

### BOARD OF DIRECTORS:

- on 16 December 2019    Removed:    - Member of the Board of Directors: Thomas Feser  
- Membership ended: 12 December 2019
- Recorded:    - Member of the Board of Directors: Jaromír Štverák  
- Membership originated: 12 December 2019

### PRIMARY BUSINESS ACTIVITIES:

- on 4 September 2019    Recorded:    - Tinsmithing, bodywork repair  
- Repairs of other vehicles and machines  
- Blacksmithing, farriering  
- Joinery, floor layering  
- Installation, repair, review and tests of gas equipment;  
filling canisters with gas  
- Installation, repair, review and tests of pressure equipment  
and gas canisters
- on 17 December 2019    Recorded:    - Activities of accounting consultants, bookkeeping, keeping  
of tax records

### BUSINESS NAME:

- on 22 May 2019    Address change:    - Josefa Daňka 1956

## 5 MEMBERS OF STATUTORY AND SUPERVISORY BODIES AS OF THE BALANCE SHEET DATE

### STATUTORY BODY - BOARD OF DIRECTORS:

- Chairwoman of the Board of Directors:    Dagmar Matúšová
- Member of the Board of Directors:    Ing. Juraj Hudáč  
Ing. Lukáš Andryšek  
Ing. Alexej Beljajev  
Bc. Jaromír Štverák

### SUPERVISORY BOARD:

- Chairman of the Supervisory Board:    Michal Strnad
- Member of the Supervisory Board:    Mgr. Miloš Čičmanec

## 6 ORGANISATIONAL STRUCTURE OF THE COMPANY

The joint-stock company has one organisational unit. It is headed by the general manager who leads specialised directors – heads of divisions (business, economic, technical, purchasing, production, HR and quality). The individual divisions are further divided into sections and plants, which are further divided into departments.

## 7 EQUITY INVESTMENTS IN SUBSIDIARIES

| Business Name                                    | Seat   | Share |
|--|--|-------|
| Shenyang Czech Design Rail Brake System Co., Ltd | Economic and development zone, street number 13, 12Jia 3-2, ShenYang, People's Republic of China | 100%  |
| JWL DAKO-CZ (INDIA) LIMITED                      | 11, SATYEN DUTTA ROAD KOLKATA West Bengal 700029 IN  | 33%   |
| DAKO-CZ RE, s.r.o.                               | Josefa Daňka 1956, 538 43 Třemošnice   | 100%  |
| TRANSELCO CZ s.r.o.                              | Chrudimská 41, Dolní Bučice, 285 71 Vrdy   | 100%  |
| Vagonka Louny a.s.                               | Husova 402, 440 01 Louny   | 100%  |

## 8 EMPLOYEES, STAFF COSTS

|                                      | 2019    | 2018    |
|--------------------------------------|---------|---------|
| Average recalculated headcount       | 483     | 466     |
| ■ of which managers                  | 5       | 5       |
| Total staff costs                    | 290 629 | 254 082 |
| ■ of which: salary costs             | 215 487 | 187 595 |
| social security and health insurance | 70 119  | 61 924  |
| social costs                         | 5 023   | 4 563   |
| Use of staff costs for managers      | 13 536  | 13 947  |
| ■ of which: salary costs             | 10 584  | 10 653  |
| social security and health insurance | 2 952   | 3 294   |
| Remuneration to members of bodies:   | 12 228  | 12 756  |
| ■ of which: statutory                | 12 228  | 12 747  |
| supervisory                          | -       | 9       |

## 9 PROVIDED CASH OR OTHER PERFORMANCE

The Company provided no loans, borrowings or other supplies in cash or in kind to members of statutory, management or supervisory bodies.

In 2019 and 2018, the members of managing, controlling and administrative bodies received no advances, prepayments, borrowings, loans, guarantees or other advantages and they hold no shares/equity investments of the Company.

As of 31 December 2019, the Company recorded no pension payables to former members of managing, controlling and administrative bodies.

## APPLIED ACCOUNTING POLICIES, GENERAL ACCOUNTING PRINCIPLES AND VALUATION METHODS

These financial statements were prepared in accordance with Accounting Act No. 563/1991 Coll., as amended (hereinafter the "Accounting Act") and Regulation of the Ministry of Finance of the Czech Republic No. 500/2002 Coll., which provides implementation guidance on certain provisions of the Accounting Act for reporting entities that are businesses maintaining double-entry accounting records, as amended (hereinafter the "Regulation"). Comparative data for 2018 is stated in line with the organisation and designation of balance sheet and profit and loss account items pursuant to the Regulation as valid for 2019.

The financial statements are prepared in compliance with the going concern assumption.

## 1 VALUATION OF AND ACCOUNTING FOR ASSETS AND INVENTORY

### 1.1 VALUATION OF AND ACCOUNTING FOR INVENTORY

Material is valued at acquisition cost. Acquisition costs include the purchase cost, customs fees, storage fees, transportation fees and transport costs for delivery to the production compound. Disposals of material are valued using the weighted arithmetic average method.

Work in progress and finished products are valued at own costs which include the cost of material, labour and proportionate part of production overhead cost based on the level of progress. Disposals of work in progress and finished products are valued using the weighted arithmetic average method.

Goods are valued at acquisition cost. Acquisition costs include the purchase cost, customs fees, storage fees, transportation fees and transport costs for delivery to the warehouse. Disposals of goods are valued using the weighted arithmetic average method.

### 1.2 TANGIBLE AND INTANGIBLE FIXED ASSETS

Fixed assets include assets with an estimated useful life greater than one year and an acquisition cost greater than CZK 40 thousand in respect of tangible assets and CZK 60 thousand in respect intangible assets, on an individual basis.

Tangible and intangible fixed assets are stated at cost less accumulated depreciation and provisions, if any. Tangible fixed assets with acquisition cost under CZK 40 thousand and intangible fixed assets with acquisition cost under CZK 60 thousand are reported as inventory on acquisition and they are charged to inventory when they are issued to consumption.

Internally produced tangible fixed assets are valued at own costs that include: unit material, cooperation, unit salaries and production overheads.

The Company records no internally produced intangible fixed assets.

The cost of fixed asset improvements exceeding CZK 40 thousand for individual tangible assets for the taxation period, and CZK 40 thousand for individual intangible assets for the taxation period, increases the acquisition cost of the related fixed asset.

Replacement cost is used to value surpluses of tangible assets (or donations) and this cost is set at the level of the market price as of the date of addition.

The depreciation plan of tangible and intangible fixed assets for accounting purposes are set by the Company in an internal policy in line with Section 28 of the Accounting Act and Section 56 of the Regulation and it is based on the anticipated useful life. Depreciation charges for accounting and tax purposes are not equal. The depreciation periods are regularly reviewed as part of inventory-taking and adjusted accordingly.

Depreciation charges are reported in the profit and loss account under 'Adjustments to values of tangible and intangible fixed assets - permanent'. The following table shows the methods and periods of depreciation by asset group:

| Asset                                   | Depreciation method | Depreciation period |
|---|---------------------|---------------------|
| Buildings and structures                | Straight-line       | 12-45 years         |
| Machinery and technical equipment       | Straight-line       | 4-22 years          |
| Cars                                    | Straight-line       | 5-8 years           |
| Software                                | Straight-line       | 4 years             |
| Valuable rights                         | Straight-line       | 6 years             |
| Sets of movable assets                  | Straight-line       | 12 years            |
| Other equipment including special tools | Straight-line       | 5-10 years          |

### 1.3 VALUATION OF SECURITIES AND EQUITY INVESTMENTS

Securities and equity investments reported as non-current financial assets are stated at cost in the accounting records.

## 2 PROVISIONS

A provision against assets – charged based on the comparison of the net book value of assets with their recoverable value.

The charge for and release of provisions is reported in the profit and loss account under 'Adjustments to values of intangible and tangible fixed assets - temporary.

A provision against inventory – based on the assessment of the turnover rate of inventory and the possibility of further processing or sale as part of inventory-taking for 2019.

The charge for and release of provisions is reported in the profit and loss account under 'Adjustments to values of inventories'.

A provision against receivables from debtors in bankruptcy and settlement proceedings were created at 100% of their nominal value.

The charge for and release of provisions is reported in the profit and loss account under 'Adjustments to values of receivables'.

Since 1 January 2013, provisions against inventory have been set individually based on the inventory-taking of assets and liabilities and they have been applied based on valid regulations.

## 3 FOREIGN CURRENCY TRANSLATION

The Company translated foreign currencies during the reporting period with respect to accounting documents using the current daily rate promulgated by the Czech National Bank.

The translation of payables and receivables denominated in foreign currencies as of 31 December 2019 was performed using the valid exchange rate of the foreign exchange market as of 31 December 2019 promulgated by the Czech National Bank.

## 4 FINANCIAL DERIVATIVES

Derivatives are stated at fair value in the balance sheet. Positive fair values of derivatives are reported in assets under 'Other receivables'. Negative fair values of derivatives are reported in liabilities under 'Other payables'. The fair value of financial derivatives is determined as the current value of expected cash flows arising from these transactions.

The Company does not have any hedge accounting documentation. Gains and losses from changes in fair values are reported in the profit and loss account under 'Other financial income' and 'Other financial expenses', respectively. Open derivatives are classified based on maturity as short-term and long-term and they are reported in the balance sheet as part of other receivables and other payables.

As of the balance sheet date, the valuation is performed at fair value based on the valuation model of the contractual bank.

## 5 RESERVES

As of the balance sheet date, a reserve for outstanding vacation days is recognised on the basis of an analysis of outstanding vacation days for the respective period and average payroll costs including costs of social security and health insurance by employee.

A reserve for extraordinary bonuses is created in line with the collective agreement, using average salary costs including costs of social security and health insurance.

A reserve for warranty repairs is created based on an analysis of the historical costs of warranty repairs, anticipated repair expenses and with respect to the composition of the provided and applied warranties.

The Company creates an income tax reserve since the date of the preparation of the financial statements precedes the day of the settlement of the amount of the tax liability. In the upcoming reporting period, the Company will release the reserve and account for the established tax liability. In the balance sheet, the income tax reserve is decreased by income tax prepayments made, the resulting receivable, if any, is reported in 'State - tax receivables'.

## 6 DEVELOPMENT COSTS

Development costs are charged in the period in which they were incurred.

## 7 LEASED ASSETS

The Company recognises leased assets by including lease payments evenly over the lease period. Upon the termination of lease and use of the possibility to purchase the leased assets, the leased asset is included in the Company's assets at the purchase price.

## 8 INCOME AND EXPENSES

Income and expenses are recognised on an accrual basis in the period to which they relate.

Customer bonuses for products and goods sold are reported in the period in which the income from the sale was recognised. In the profit and loss account, bonuses are reported as a decrease in sales of products and goods.

## 9 INCOME TAXATION

Income tax for the respective period comprises tax currently payable and changes in the deferred tax.

The tax payable includes an estimated tax calculated from the tax base using the tax rate prevailing as of the first day of the reporting period, as well as all additional taxes and refunds from previous periods.

Deferred tax is based on all temporary differences between the book and tax values of assets and liabilities, or other temporary differences (tax loss), using the anticipated tax rate valid for the period, in which the tax asset will be recovered or tax liability settled. A deferred tax asset is recognised only if it is likely to be recovered in the coming reporting periods.

## 10 PAYABLES

Payables are stated at their nominal value. The Company classifies the portion of long-term payables, bank loans and financial borrowings with maturities shorter than one year as of the balance sheet date as short-term.

## 11 USE OF ESTIMATES

The presentation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the reporting period. Management of the Company has made these estimates and assumptions on the basis of all the relevant information available to it. Nevertheless, pursuant to the nature of estimates, the actual results and outcomes in the future may differ from these estimates.

## ADDITIONAL INFORMATION ON THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

### 1 ITEMS RELEVANT FOR ASSESSING THE ASSET AND FINANCIAL SITUATION

#### 1.1 PAYABLES TO CREDIT INSTITUTIONS

| 2019                            |                  |                         |                             |                     |                          |
|---------------------------------|------------------|-------------------------|-----------------------------|---------------------|--------------------------|
|                                 | Maturity         | Interest rate           | Balance at 31 December 2019 | Due within one year | Due in one to five years |
| Long-term loan in CZK – Bank 1  | 31 December 2020 | 1M PRIBOR + 1,05% p.a.  | 9 000                       | 9 000               | –                        |
| Long-term loan in EUR – Bank 1  | 31 December 2020 | 1M EURIBOR + 1,40% p.a. | 17 533                      | 17 533              | –                        |
| Long-term loan in EUR – Bank 1  | 29 December 2023 | 1M EURIBOR + 1,30% p.a. | 32 909                      | 8 227               | 24 682                   |
| Long-term loan in EUR – Bank 1  | 30 May 2019      | 1M EURIBOR + 1,30% p.a. | 13 068                      | 1 524               | 11 544                   |
| Short-term loan in CZK – Bank 2 | 28 June 2020     | 1M PRIBOR + 0,5 % p.a.  | 121 921                     | 121 921             | –                        |
| Short-term loan in EUR – Bank 1 | 9 July 2020      | 1M EURIBOR + 0,85% p.a. | 50 820                      | 50 820              | –                        |
| Total                           |                  |                         | 245 251                     | 209 025             | 36 226                   |

| 2018                            |                  |                         |                             |                     |                          |
|---------------------------------|------------------|-------------------------|-----------------------------|---------------------|--------------------------|
|                                 | Maturity         | Interest rate           | Balance at 31 December 2018 | Due within one year | Due in one to five years |
| Long-term loan in CZK – Bank 1  | 31 December 2020 | 1M PRIBOR + 1,05% p.a.  | 18 000                      | 9 000               | 9 000                    |
| Long-term loan in EUR – Bank 1  | 31 December 2020 | 1M EURIBOR + 1,40% p.a. | 35 500                      | 17 750              | 17 750                   |
| Long-term loan in EUR – Bank 1  | 29 December 2023 | 1M EURIBOR + 1,30% p.a. | 26 468                      | 4 563               | 21 905                   |
| Short-term loan in EUR – Bank 2 | 28 June 2019     | 1M EURIBOR + 0,50% p.a. | 130 823                     | 130 823             | –                        |
| Total                           |                  |                         | 210 791                     | 162 136             | 48 655                   |

In 2015, Bank 1 provided the Company with a single-purpose long-term loan up to the amount of the loan limit of CZK 150,000 thousand for financing and refinancing payables to owners. The loan can be drawn in CZK and EUR. This loan is secured with a pledge based on a contract on the establishment of a pledge of real estate no. 0688/15/20539 and a pledge based on a contract on the establishment of a pledge of receivables no. 0689/15/20539 with the participation of Bank 1 Factoring. In 2018, Bank 1 provided the Company with a single-purpose long-term loan up to the amount of the loan limit of CZK 40,000 thousand for financing and refinancing investments. The loan can be drawn in CZK and EUR. In 2019, Bank 1 provided the Company with a single-purpose long-term loan up to the amount of the loan limit of CZK 1,600,000 EUR for financing and refinancing investments. Additionally, Bank 1 provided the Company with a short-term loan up to the amount of the loan limit of CZK 2,000,000 EUR for financing trade and inventory receivables. The loans are secured with a pledge of real estate and selected receivables.

In 2015, Bank 2, Prague branch, provided the Company with an overdraft loan up to the amount of the loan limit of CZK 190,000 thousand, which can be drawn in CZK and EUR. This loan is secured based on a pledge contract with notarial deed no. 225/2015 – the pledge concerns receivables, selected inventory and movable assets (selected machinery) and a blank promissory note. In 2019, the maturity of the overdraft loan was extended by an amendment until 30 June 2020.

#### 1.2 RECEIVED GRANTS

During the reporting period, the Company, as a co-recipient, received special-purpose grant from the Technology Agency of the Czech Republic in the amount of CZK 1,070 thousand (the recipient of this special-purpose support is the University of West Bohemia). In 2018 and 2019, the Company's request for a contribution

as part of the Support of Specialised Employee Education II programme was approved. The total amount of the contribution for 2019 is CZK 101 thousand.

## 2 ADDITIONAL INFORMATION ON TANGIBLE AND INTANGIBLE FIXED ASSETS

### 2.1 TANGIBLE FIXED ASSETS

| Asset group                   | Cost                      |                                 |           |                             |
|-------------------------------|---------------------------|---------------------------------|-----------|-----------------------------|
|                               | Balance at 1 January 2019 | Additions/<br>reclassifications | Disposals | Balance at 31 December 2019 |
| Land                          | 2 277                     | 33                              | -         | 2 310                       |
| Buildings                     | 265 690                   | 9 815                           | -         | 275 505                     |
| Machinery, devices, equipment | 376 432                   | 7 942                           | 28 693    | 355 681                     |
| Vehicles                      | 26 042                    | 3 894                           | 2 385     | 27 551                      |
| Furniture and fixtures        | 11 976                    | -                               | 315       | 11 661                      |
| Other TFA                     | 107 840                   | 5 207                           | 679       | 112 368                     |
| TFA under construction        | 395                       | 27 677                          | -         | 28 072                      |
| Prepayments made for TFA      | -                         | 925                             | -         | 925                         |
| Total                         | 790 652                   | 55 493                          | 32 072    | 814 073                     |

| Asset group                   | Accumulated depreciation  |                            |           | Net book value              |                   |                     |
|-------------------------------|---------------------------|----------------------------|-----------|-----------------------------|-------------------|---------------------|
|                               | Balance at 1 January 2019 | Depreciation/<br>surpluses | Disposals | Balance at 31 December 2019 | at 1 January 2019 | at 31 December 2019 |
| Land                          | -                         | -                          | -         | -                           | 2 277             | 2 310               |
| Buildings                     | 105 973                   | 4 745                      | -         | 110 718                     | 159 717           | 164 787             |
| Machinery, devices, equipment | 224 956                   | 16 817                     | 27 594    | 214 179                     | 151 476           | 141 502             |
| Vehicles                      | 14 619                    | 1 540                      | 1 697     | 14 462                      | 11 423            | 13 089              |
| Furniture and fixtures        | 11 976                    | -                          | 315       | 11 661                      | -                 | -                   |
| Other TFA                     | 65 974                    | 5 407                      | 447       | 70 934                      | 41 866            | 41 434              |
| TFA under construction        | -                         | -                          | -         | -                           | 395               | 28 072              |
| Prepayments made for TFA      | -                         | -                          | -         | -                           | -                 | 925                 |
| Total                         | 423 498                   | 28 509                     | 30 053    | 421 954                     | 367 154           | 392 119             |

| Asset group                   | Cost                      |                                 |           |                             |
|-------------------------------|---------------------------|---------------------------------|-----------|-----------------------------|
|                               | Balance at 1 January 2018 | Additions/<br>reclassifications | Disposals | Balance at 31 December 2018 |
| Land                          | 2 277                     | -                               | -         | 2 277                       |
| Buildings                     | 258 002                   | 7 822                           | 134       | 265 690                     |
| Machinery, devices, equipment | 330 452                   | 46 033                          | 53        | 376 432                     |
| Vehicles                      | 24 222                    | 3 160                           | 1 340     | 26 042                      |
| Furniture and fixtures        | 12 061                    | -                               | 85        | 11 976                      |
| Other TFA                     | 102 012                   | 6 130                           | 302       | 107 840                     |
| TFA under construction        | 2 372                     | -                               | 1 977     | 395                         |
| Prepayments made for TFA      | 326                       | -                               | 326       | -                           |
| Total                         | 731 724                   | 63 145                          | 4 217     | 790 652                     |

| Asset group                   | Accumulated depreciation  |                        |           | Net book value              |                   |                     |
|-------------------------------|---------------------------|------------------------|-----------|-----------------------------|-------------------|---------------------|
|                               | Balance at 1 January 2018 | Depreciation/surpluses | Disposals | Balance at 31 December 2018 | at 1 January 2017 | at 31 December 2018 |
| Land                          | -                         | -                      | -         | -                           | 2 277             | 2 277               |
| Buildings                     | 100 925                   | 5 143                  | 95        | 105 973                     | 157 077           | 159 717             |
| Machinery, devices, equipment | 211 195                   | 13 814                 | 53        | 224 956                     | 119 257           | 151 476             |
| Vehicles                      | 14 466                    | 1 295                  | 1 142     | 14 619                      | 9 756             | 11 423              |
| Furniture and fixtures        | 12 061                    | -                      | 85        | 11 976                      | -                 | -                   |
| Other TFA                     | 63 694                    | 2 543                  | 263       | 65 974                      | 38 318            | 41 866              |
| TFA under construction        | -                         | -                      | -         | -                           | 2 372             | 395                 |
| Prepayments made for TFA      | -                         | -                      | -         | -                           | 326               | -                   |
| Total                         | 402 341                   | 22 795                 | 1 638     | 423 498                     | 329 383           | 367 154             |

In 2019, the most significant additions to tangible assets included the technical improvements of buildings and equipment in the amount of CZK 10,850 thousand (2018: CZK 7,527 thousand).

## 2.2 INTANGIBLE FIXED ASSETS

| Asset group              | Cost                      |                             |           |                             |
|--------------------------|---------------------------|-----------------------------|-----------|-----------------------------|
|                          | Balance at 1 January 2019 | Additions/reclassifications | Disposals | Balance at 31 December 2019 |
| Software                 | 33 011                    | 2 442                       | -         | 35 453                      |
| Valuable rights          | 9 923                     | -                           | -         | 9 923                       |
| IFA under construction   | 4 937                     | 423                         | -         | 5 360                       |
| Prepayments made for IFA | 547                       | - 547                       | -         | -                           |
| Total                    | 48 418                    | 2 318                       | -         | 50 736                      |

| Asset group              | Accumulated depreciation  |                        |           | Net book value              |                   |                     |
|--------------------------|---------------------------|------------------------|-----------|-----------------------------|-------------------|---------------------|
|                          | Balance at 1 January 2019 | Depreciation/surpluses | Disposals | Balance at 31 December 2019 | at 1 January 2019 | at 31 December 2019 |
| Software                 | 28 720                    | 1 582                  | -         | 30 302                      | 4 291             | 5 151               |
| Valuable rights          | 5 527                     | 942                    | -         | 6 469                       | 4 396             | 3 454               |
| IFA under construction   | -                         | -                      | -         | -                           | 4 937             | 5 360               |
| Prepayments made for IFA | -                         | -                      | -         | -                           | 547               | -                   |
| Total                    | 34 247                    | 2 524                  | -         | 36 771                      | 14 171            | 13 965              |

| Asset group              | Cost                      |                             |           |                             |
|--------------------------|---------------------------|-----------------------------|-----------|-----------------------------|
|                          | Balance at 1 January 2018 | Additions/reclassifications | Disposals | Balance at 31 December 2018 |
| Software                 | 29 422                    | 3 589                       | -         | 33 011                      |
| Valuable rights          | 9 181                     | 742                         | -         | 9 923                       |
| IFA under construction   | 4 686                     | 251                         | -         | 4 937                       |
| Prepayments made for IFA | 547                       | -                           | -         | 547                         |
| Total                    | 43 836                    | 4 582                       | -         | 48 418                      |



| Asset group              | Accumulated depreciation  |                         |           | Net book value              |                   |                     |
|--------------------------|---------------------------|-------------------------|-----------|-----------------------------|-------------------|---------------------|
|                          | Balance at 1 January 2018 | Depreciation/ surpluses | Disposals | Balance at 31 December 2018 | at 1 January 2018 | at 31 December 2018 |
| Software                 | 27 630                    | 1 090                   | -         | 28 720                      | 1 792             | 4 291               |
| Valuable rights          | 4 588                     | 939                     | -         | 5 527                       | 4 593             | 4 396               |
| IFA under construction   | -                         | -                       | -         | -                           | 4 686             | 4 937               |
| Prepayments made for IFA | -                         | -                       | -         | -                           | 547               | 547                 |
| Total                    | 32 218                    | 2 029                   | -         | 34 247                      | 11 618            | 14 171              |

## 2.3 TANGIBLE FIXED ASSETS HELD UNDER FINANCE LEASES

The Company is contractually bound to pay finance lease payments for a passenger car as follows:

| 2019          | Total lease payments | Paid as of 31 December 2019 | Due within one year | Due in one to five years | Due in subsequent years |
|---------------|----------------------|-----------------------------|---------------------|--------------------------|-------------------------|
| Passenger car | 1 807                | 636                         | 402                 | 769                      | -                       |

| 2018          | Total lease payments | Paid as of 31 December 2018 | Due within one year | Due in one to five years | Due in subsequent years |
|---------------|----------------------|-----------------------------|---------------------|--------------------------|-------------------------|
| Passenger car | 1 807                | 234                         | 402                 | 1171                     | -                       |

## 2.4 AGGREGATE ASSETS NOT INCLUDED IN THE BALANCE SHEET

| Asset name                                 | Cost           |                 |
|--|----------------|-----------------|
|  | Current period | Previous period |
| Low-value assets - furnishing and fixtures | 19 670         | 18 803          |
| Low-value intangible assets                | 890            | 767             |
| Low-value assets - tools                   | 105 080        | 101 241         |
| Total                                      | 125 640        | 120 811         |

## 2.5 PLEDGED TANGIBLE ASSETS

Pledged assets include land including buildings if they are part of the land, recorded on title deed no. 985, cadastral district of Třemošnice nad Doubravou, Třemošnice. The pledge is established to secure receivables from the loan contract provided by Československá obchodní banka, a. s.

Other pledged assets include movable assets - selected machinery with the net book value of CZK 55,650 thousand as of 31 December 2019 (as of 31 December 2018: CZK 62,789 thousand). The pledge is established to secure receivables from the overdraft loan contract provided by COMMERZBANK Aktiengesellschaft, Prague branch.

## 2.6 NON-CURRENT FINANCIAL ASSETS

### Equity investments - controlled or controlling entity

| Company  | Purchase price |                 |
|--|----------------|-----------------|
|  | Current period | Previous period |
| Shenyang Czech Design Rail Brake System Co., Ltd | 3 557          | 3 602           |
| JWL DAKO-CZ (INDIA) LIMITED                      | 191            | 193             |
| DAKO-CZ RE, s.r.o.                               | 254            | -               |
| TRANSELCO CZ s.r.o.                              | 48 661         | -               |
| Vagonka Louny a.s.                               | 2 027          | -               |

## 2.7 PROVISIONS

| Provisions against           | Balance at 1 January |                 | Recognition    |                 | Charge         |                 | Balance at 31 December |                 |
|------------------------------|----------------------|-----------------|----------------|-----------------|----------------|-----------------|------------------------|-----------------|
|                              | Current period       | Previous period | Current period | Previous period | Current period | Previous period | Current period         | Previous period |
| Other tangible fixed assets  | -                    | -               | 1 979          | -               | -              | -               | 1 979                  | -               |
| Non-current financial assets | -                    | -               | 827            | -               | -              | -               | 827                    | -               |
| Inventory                    | 32 397               | 27 874          | 3 927          | 15 852          | 10 758         | 11 329          | 25 566                 | 32 397          |
| Receivables - tax deductible | 6 248                | 6 246           | -              | 2               | 5              | -               | 6 243                  | 6 248           |
| Receivables - other          | 21 037               | 2 790           | 2 245          | 19 628          | 1 040          | 1 381           | 22 242                 | 21 037          |

## 2.8 DERIVATIVES

In order to limit the exchange rate risk, the Company concluded derivative instruments in 2018 and 2019 with respect to future cash flows. As of the balance sheet date, the Company had the following open derivatives:

| At 31 December 2019 |          |               |                   |                   |
|---------------------|----------|---------------|-------------------|-------------------|
| Term transaction    | Currency | Nominal value | Fair value in CZK | Fair value in EUR |
| Interest rate swap  |          | 282 644,00    | -24 932,29        | -981,20           |
| Forwards            | EUR      | 22 310 000,00 | 6 642 181,00      | 261 400,28        |
| Total               | EUR      | 22 592 644,00 | 6 617 248,71      | 260 419,08        |

| At 31 December 2018 |          |               |                   |                   |
|---------------------|----------|---------------|-------------------|-------------------|
| Term transaction    | Currency | Nominal value | Fair value in CZK | Fair value in EUR |
| Interest rate swap  |          | 1 130 780,00  | -323 553,81       | -12 577,41        |
| Forwards            | EUR      | 28 130 000,00 | -908 468,00       | -35 314,60        |
| Total               | EUR      | 29 260 780,00 | -1 232 021,81     | -47 892,01        |

Gains from the revaluation of the interest rate swap in the amount of CZK 299 thousand (in 2018: CZK 594 thousand) are reported in the profit and loss account. With respect to the interest rate swap, the reasons for applying hedge accounting have ceased to exist due to the repayment of a long term loan. The date of termination of the interest rate swap is 20 April 2020.

Gains from the revaluation of forwards in the amount of CZK 8,725 thousand (2018: CZK 1,507 thousand) and revaluation loss in the amount of CZK (1,174) thousand (2018: CZK 8,242 thousand) are reported in the profit and loss account.

## 3 EQUITY

### 3.1 DISTRIBUTION OF PROFIT OF THE PRIOR PERIOD

Based on the minutes from the general meeting of 28 May 2019, profit of 2018, including other profit, in the amount of CZK 93,863 thousand was allocated as follows:

- CZK 80,000 thousand – payment of dividends
- CZK 13,863 thousand – transfer to retained earnings

No decision about 2019 has been made yet.

### 3.2 SHARE CAPITAL

| Current period    |                  |                               |               |          |
|-------------------|------------------|-------------------------------|---------------|----------|
| Type of share     | Number of shares | Nominal value in CZK thousand | Unpaid shares | Maturity |
| Registered shares | 187 740          | 187 740                       | -             | -        |

| Previous period   |                  |                               |               |          |
|-------------------|------------------|-------------------------------|---------------|----------|
| Type of share     | Number of shares | Nominal value in CZK thousand | Unpaid shares | Maturity |
| Registered shares | 187 740          | 187 740                       | -             | -        |

## 4 RECEIVABLES AND PAYABLES

### 4.1 PAST DUE RECEIVABLES

Short-term trade receivables amount to CZK 225,961 thousand (2018: CZK 228,924 thousand), of which CZK 30,920 thousand (2018: CZK 8,897 thousand) represents receivables past their due dates by more than 90 days. Provision against doubtful receivables as of 31 December 2019 amounted to CZK 27,238 thousand (2018: CZK 26,038 thousand).

### 4.2 RECEIVABLES – CONTROLLED OR CONTROLLING ENTITY

|                               | Company                                     | Current period | Previous period |
|-------------------------------|---|----------------|-----------------|
| Provided loans and borrowings | INTEGRA CAPITAL a.s.                        | 32 435         | 20 000          |
| Receivables form assignment   | TATRAVAGÓNKA a.s.                           | -              | 3 651           |
| Loan guarantee                | ZTS METALURG, a. s.                         | 336            | 2 494           |
| Start-up costs                | Shenyang Czech Design Rail Brake System Co. | 1 247          | 1 247           |
| Total                         |   | 34 018         | 27 392          |

The above amounts of loans and borrowings represent the value of principals of loans and borrowings. The loans bear interest at a fixed interest rate.

### 4.3 PAST DUE PAYABLES

Short-term trade payables amount to CZK 132,595 thousand (2018: CZK 105,529 thousand), of which CZK 54,746 thousand (2018: CZK 39,466 thousand) represent payables past due less than 30 days. In addition to that, payables past due for more than 30 days amount to CZK 5,003 thousand (2018: CZK 2,165 thousand).

#### 4.4 PAYABLES NOT REPORTED IN THE BALANCE SHEET ARISING FROM GUARANTEES RECEIVED FOR OTHER COMPANIES

The Company concluded a guarantee contract with UniCredit Bank Czech Republik and Slovakia, a.s. for payables arising from loans provided to ZTS METALURG, a. s. up to EUR 7,500 thousand. As of 30 November, the loan was repaid by ZTS METALURG, a.s. and the guarantee contract was terminated (as of 31 December 2018, EUR 3,243 thousand were drawn).

#### 4.5 MAJOR TRANSACTIONS WITH RELATED PARTIES

|   | Company                                       | Volume of mutual transactions |         | Receivables/Payables at 31 December |        |
|---|---|-------------------------------|---------|-------------------------------------|--------|
|   |   | 2019                          | 2018    | 2019                                | 2018   |
| Sale of goods and services                  | TATRAVAGÓNKA a.s.                             | 177 107                       | 198 202 | 31 225                              | 10 294 |
|   | ELH Eisenbahnlaufwerke Halle GmbH & Co. KG    | 11 104                        | 5 677   | 4 852                               | 1 461  |
|   | Železničné opravovne a strojárne Zvolen, a.s. | 6 900                         | 7 908   | 2 053                               | 2 983  |
|   | TATRAVAGONKA BRATSTVO DOO                     | 644                           | 1 811   | -                                   | 83     |
|   | TATRA METALURGIE a.s.                         | 198                           | 269     | 62                                  | 102    |
|   | EXCALIBUR ARMY, spol. s r.o.                  | -                             | 249     | -                                   | 180    |
|   | TRANSELCO CZ s.r.o.                           | 1 169                         | -       | 1 216                               | -      |
|   | Vagonka Louny a.s.                            | 7 537                         | -       | -                                   | -      |
|   | JWL DAKO-CZ LIMITED                           | 7 850                         | 17 200  | 24 732                              | 17 208 |
|   | JUPITER WAGONS LIMITED                        | -                             | 12 603  | 12 393                              | 12 547 |
| Purchase of goods, services and assets      | TATRAVAGÓNKA a.s.                             | 2 498                         | 175     | -                                   | 34     |
|   | TATRAVAGONKA BRATSTVO DOO                     | 1 873                         | -       | -                                   | -      |
|   | CSGM a.s.                                     | 10 994                        | 2 691   | 1 839                               | 567    |
|   | CSG Facility a.s.                             | 1 845                         | 2 932   | 129                                 | 876    |
|   | INTEGRA CAPITAL a.s.                          | 582                           | 12 748  | 27                                  | 12     |
|   | EXCALIBUR ARMY, spol. s r. o.                 | -                             | 414     | -                                   | 355    |
|   | TATRA METALURGIE a.s.                         | 19 514                        | 11 640  | 2 035                               | 794    |
|   | KOVOSVIT MAS, a.s.                            | -                             | 15 165  | -                                   | 76     |
|   | New Space Technologies                        | 260                           | 804     | 315                                 | 140    |
|   | LIKVIDACE ODPADU a.s.                         | 471                           | 488     | -                                   | 58     |
|   | TRANSELCO CZ s.r.o.                           | 351                           | -       | 8                                   | -      |
| Vagonka Louny a.s.                          | 1 263   | -                             | 3 463   | -                                   |        |
| TATRA TRUCKS a.s.                           | 39  | 326                           | -       | 61                                  |        |
| Financial income - interest                 | INTEGRA CAPITAL a.s.                          | 2 173                         | 348     | 2 418                               | 246    |
|   | Vagonka Louny a.s.                            | 680                           | -       | -                                   | -      |
| Plant sale - sale of assets and liabilities | Vagonka Louny a.s.                            | -                             | -       | -                                   | -      |
|   | mimořádné náklady                             | 25 267                        | -       | -                                   | -      |
|   | mimořádné výnosy                              | 25 267                        | -       | -                                   | -      |

#### 4.6 TAX RECEIVABLES

Tax receivables amount to CZK 12,281 thousand (2018: CZK 8,795 thousand) and predominantly include value added tax receivables of CZK 12,281 thousand (2018: CZK 8,795 thousand).

#### 4.7 DEFERRED EXPENSES

Deferred expenses in the amount of CZK 12,498 thousand (2018: CZK 14,157 thousand) predominantly include deferred expenses for the tools used in the amount of CZK 7,450 thousand (2018: CZK 7,999 thousand).

#### 4.8 SOCIAL SECURITY AND HEALTH INSURANCE PAYABLES

| Insurance type                 | Balance at 31 December 2019 |               | Balance at 31 December 2018 |               |
|--------------------------------|-----------------------------|---------------|-----------------------------|---------------|
|                                | Before due date             | Past due date | Before due date             | Past due date |
| Social security administration | 4 743                       | -             | 5 404                       | -             |
| VZP insurance company          | 2 543                       | -             | 2 368                       | -             |
| Other insurance companies      | 621                         | -             | 573                         | -             |
| Total                          | 7 907                       | -             | 8 345                       | -             |

#### 4.9 INCOME TAXATION

##### a) Income Tax Payable

###### 2019

Income tax payable includes an estimate of tax for the 2019 taxation period in the amount of CZK 35,440 thousand and adjustment of the tax estimate for 2018 in the amount of CZK (68) thousand.

In 2019, the income tax reserve was decreased by the income tax prepayments made in the amount of CZK 19,411 thousand and the balance of the reserve was reported in the item 'Income tax reserve'.

###### 2018

Income tax payable includes an estimate of tax for the 2018 taxation period in the amount of CZK 28,635 thousand and adjustment of the tax estimate for 2017 in the amount of CZK (217) thousand.

In 2018, the income tax reserve was decreased by the income tax prepayments made in the amount of CZK 11,594 thousand and the balance of the reserve was reported in the item 'Income tax reserve'.

##### b) Deferred tax

|  | Deferred tax liability |        | Deferred tax receivable |       | Difference |         |
|--|------------------------|--------|-------------------------|-------|------------|---------|
|  | 2019                   | 2018   | 2019                    | 2018  | 2019       | 2018    |
| Difference between tax and accounting carrying amounts | 28 426                 | 27 311 | -                       | -     | -28 426    | -27 311 |
| Reserve for warranty repairs                           | -                      | -      | 4 223                   | 1 768 | 4 223      | 1 768   |
| Reserve for unused vacation days                       | -                      | -      | 490                     | 604   | 490        | 604     |
| Accounting provisions                                  | -                      | -      | 5 233                   | 6 155 | 5 233      | 6 155   |
| Reserve for annual bonuses                             | -                      | -      | 3 486                   | 585   | 3 486      | 585     |
| Total  | 28 426                 | 27 311 | 13 432                  | 9 112 | -14 994    | -18 199 |

In accordance with accounting policies, deferred tax in 2019 and 2018 was calculated using a tax rate of 19 %.

## 5 RECOGNITION AND USE OF RESERVES

| Type of reserve                   | Current period       |             |        |                        | Previous period      |             |        |                        |
|-----------------------------------|----------------------|-------------|--------|------------------------|----------------------|-------------|--------|------------------------|
|                                   | Balance at 1 January | Recognition | Use    | Balance at 31 December | Balance at 1 January | Recognition | Use    | Balance at 31 December |
| Reserve for extraordinary bonuses | 3 077                | 18 351      | 3 077  | 18 351                 | 1 206                | 3 077       | 1 206  | 3 077                  |
| Reserve for unused vacation days  | 3 177                | 2 579       | 3 177  | 2 579                  | 3 504                | 3 177       | 3 504  | 3 177                  |
| Reserve for warranty repairs      | 9 308                | 13 560      | 642    | 22 226                 | 3 090                | 9 308       | 3 090  | 9 308                  |
| Income tax reserve                | 28 635               | 16 029      | 28 635 | 16 029                 | 10 474               | 28 635      | 10 474 | 28 635                 |
| Total                             | 44 197               | 50 519      | 35 531 | 59 185                 | 18 274               | 44 197      | 18 274 | 44 197                 |

The income tax reserve in the amount of CZK 35,440 thousand was offset in the balance sheet against income tax prepayments (Section 11 and 16 of Regulation No. 500/2002 Coll.), refer to Note 4.12.

## 6 INCOME BY PRIMARY ACTIVITY

|                         | 2019    | of which |         |                 |
|-------------------------|---------|----------|---------|-----------------|
|                         |         | Domestic | EU      | Other countries |
| Hydraulic brake         | 49 120  | 18 770   | 30 350  | -               |
| Pneumatic brake         | 724 568 | 183 477  | 354 916 | 186 175         |
| Cooperation             | 1 703   | 638      | 1 037   | 28              |
| Other products          | 144 289 | 87 585   | 44 157  | 12 547          |
| Total sales of products | 919 680 | 290 470  | 430 460 | 198 750         |
| Sales of goods          | 158 256 | 28 632   | 65 144  | 64 480          |
| Sales of services       | 66 115  | 47 122   | 17 090  | 1 903           |

|                         | 2018    | of which |         |                 |
|-------------------------|---------|----------|---------|-----------------|
|                         |         | Domestic | EU      | Other countries |
| Hydraulic brake         | 48 211  | 31 236   | 16 915  | 60              |
| Special                 | 3 571   | 3 571    | -       | -               |
| Pneumatic brake         | 610 267 | 96 577   | 368 972 | 144 718         |
| Cooperation             | 4 052   | 2 505    | 1 518   | 29              |
| Other products          | 92 515  | 61 884   | 19 231  | 11 400          |
| Total sales of products | 758 616 | 195 773  | 406 636 | 156 207         |
| Sales of goods          | 137 215 | 28 722   | 50 433  | 58 060          |
| Sales of services       | 31 222  | 22 404   | 1 175   | 7 643           |

## 7 RESEARCH AND DEVELOPMENT COSTS FOR THE REPORTING PERIOD

|                   | Current period | Previous period |
|-------------------|----------------|-----------------|
| Development costs | 31 889         | 26 159          |

## 8 AUDIT FEES

This information is disclosed in the notes to the consolidated financial statements prepared for the consolidation group in which the Company is included.

## 9 OTHER OPERATING EXPENSES

Other operating expenses in the amount of CZK 34,723 thousand predominantly include extraordinary expenses in the amount of CZK 25,267 thousand and the costs of advertising, insurance and deficits in the amount of CZK 9,456 thousand (2018: CZK 13,328 thousand).

## 10 ACCRUED EXPENSES

Accrued expenses in the amount of CZK 1,518 thousand (2018: CZK 1,285 thousand) predominantly include fees for intercompany services.

## 11 CASH FLOW STATEMENT

For cash flow reporting purposes, cash and cash equivalents are defined as cash on hand, cash in transit, cash at bank and other financial assets whose valuation may be reliably determined and which are readily convertible in cash. The balance of cash and cash equivalents at the end of the reporting period is as follows:

|                                | Balance at 31 December 2019 | Balance at 31 December 2018 |
|--------------------------------|-----------------------------|-----------------------------|
| Total current financial assets | 58 834                      | 28 755                      |
| Cash and cash equivalents      | 58 834                      | 28 755                      |

Cash flows from operating, investment and financial activities presented in the cash flow statement are not offset.

## 12 MATERIAL POST BALANCE SHEET DATE EVENTS

After the balance sheet date but before the publication of the financial statements, in connection with the appearance of the SARS CoV-2 coronavirus (which is causing COVID-19), the Company took and is still taking necessary measures to minimise the risk of infection for its workers. A crisis team was established in the Company, which adopted several security and methodological measures in connection with the special measures of the Czech Government and other public authorities aimed at preventing the spread of the coronavirus and at ensuring maximum employee protection. The Company's management is currently in the process of evaluating and assessing quantitative and qualitative impacts on the financial position and future results of the Company. The Company will continue to closely monitor current developments and will respond flexibly to protect the health of its employees and to minimise the impact on its business activities.

