

ANNUAL REPORT 2020

Ahrend a.s.
U Továren 770/1b
102 00 Praha 10 – Hostivař



THROUGH
WE HAVE THE
TO CHANG

ahrend

Contents

ANNUAL REPORT 2020 -----	5
1. Report of the Board of Directors on the Activities of the Company in 2020 -----	7
2. Management -----	8
3. Sales -----	8
4. Investment -----	9
5. Ownership structure -----	9
6. Subsidiaries -----	9
7. Financial results -----	10
8. Employees and work productivity -----	11
9. Protection of the environment -----	11
10. Proposal for approval of the financial statements and the distribution of profit -----	11
11. Information on acquisition of own shares -----	11
12. New product development -----	11
13. Information on important events that occurred since 1 January 2020 – Covid-19 -----	12
14. Expected future development -----	12
REPORT ON RELATIONS AHREND a.s. -----	15
1. Structure of relations -----	18
2. Role of the Company in the Group-----	18
3. Methods and means of control -----	18
4. Mutual contracts within the Group -----	19
5. Legal acts made at the instigation of, or in the interest of the Controlling Party or other parties controlled by the Controlling Party -----	20
6. Assessment of a detriment and its compensation -----	20
7. Evaluation of relations and risks within the Group -----	20
INDEPENDENT AUDITOR'S REPORT -----	23
FINANCIAL STATEMENT 31ST DECEMBER 2020 -----	27
1. General information -----	29
2. Accounting policies -----	31
3. Intangible fixed assets -----	35
4. Tangible fixed assets -----	36
5. Long-term investments -----	37
6. Inventories -----	38
7. Receivables -----	38
8. Provisions -----	39
9. Equity-----	39
10. Reserves -----	39
11. Liabilities, future liabilities and contingent liabilities -----	40
12. Accruals and income collected in advance -----	40
13. Revenues-----	40
14. Related party transactions -----	41
15. Audit company fees -----	42
16. Staff costs -----	42
17. Income tax -----	43
18. Off balance sheet assets and liabilities -----	43
19. Subsequent events-----	44
20. Balance Sheet -----	46
21. Income Statement -----	48
22. Cash-Flow Statement -----	49
23. Statement of changes in shareholder equity -----	50



ANNUAL REPORT 2020

Ahrend a.s.
U Továren 770/1b
102 00 Praha 10 - Hostivař



Report of the Board of Directors on the Activities of the Company in 2020

With effect from 1 January 2021 TECHO, a.s. changed its name and began trading as Ahrend a.s. (the "Company"). Taking on the Ahrend name underlines the integration of TECHO within the Ahrend group, a European leader in the area of office furniture.

In 2020, Ahrend a.s. pursued its activities fully in accordance with its subject of business declared in the Commercial Register.

The outbreak of the covid-19 pandemic in 2020 has a major impact on peoples' health and safety, the economic performance of companies and with it the economic development internationally. The management of the Company adopted measures to ensure the health and safety of its employees working at the Company, its customers and other persons associated with the Company's commercial operations.

Covid-19 has also influenced our business. Offices and administrative space of our existing and potential customers were only open to a limited extent due to the persisting limitations on movement enforced in the Czech Republic and elsewhere in the world. In 2020, employers to a much greater extent allowed their employees to work from home in an effort to slow the spread of the pandemic. Investment in the construction of new offices or renewal of office furnishings were delayed due to uncertain prospects. Based on available surveys concerning the long-term impact of the pandemic on the office furniture business, we expect the work environment to continue to change in the future and to be a combination of working in and out of the office. Nevertheless, office space will continue to be an important place for meeting, working together and the propagation of company culture. Our strategy too is adjusting to match these new trends.

The net sales of the Company reduced by 11.5% from the CZK 1 456 million achieved in 2019 to CZK 1 296 million in 2020. We have been able to respond quickly to the new situation brought about in 2020 by the pandemic. We achieved improvements in sales margins and significant savings in operating costs (savings of 15.3% year on year). Savings were primarily achieved by reducing labour costs and unnecessary expenses. Support from the state was only received by the Company in a very limited amount.

The Company plans to continue with implementation of measures to improve productivity with the aim of responding to the market environment and trends.

Ahrend a.s. achieved a profit (excluding received dividends) of CZK 10 million, which is CZK 9 million lower than the previous year – 2019.

The largest portion of revenue was generated from projects for Key Accounts, both in the local market and abroad. The largest customers were ERSTE (Česká spořitelna), ŠKODA AUTO, and Grand Vision.

The financial result of the company after tax for 2020 was CZK 28 million, of which CZK 18 million represents dividends received from subsidiaries. This amount is then deemed a dividend payment to the sole shareholder.

In 2020, investment into tangible and intangible fixed assets stood at CZK 9 million.

The company has an environmental management system certified in accordance with ČSN EN ISO 14001:2016, a quality management system compliant with ČSN EN ISO 9001:2016 and also a health and safety at work system in accordance with the requirements of ČSN EN ISO 45001:2018. The supervisory audits in 2020 confirmed their correct application.

Management

The supreme management body of Ahrend a.s. is the Board of Directors, which in 2020 had the following composition:

Chairman of the Board

Ing. Jiří Kejval

Vice-chairman of the Board

W.H.L.M.G. Sterken

Member of the Board

Ing. Petr Hampl

Sales

Revenue from sales of goods, own products and services in 2020 reached CZK 1 253 million, which represents a 12.7% decline compared to 2019. Sales of own products and services represent almost 61% of total sales and this share has declined by 3.3 percentage points compared to 2019.

In 2020 the unaudited consolidated sales of the Ahrend Central and Eastern Europe group (the "Ahrend CEE", former TECHO Group, Ahrend a.s. and its 100% owned subsidiaries) reached CZK 2 339 million in 2020, which although 22.5% down on 2019, is still a very good result in the context of the market situation. This drop was primarily caused by the impact of the covid-19 pandemic, which was felt by Ahrend CEE in practically every market in which it is active.

The largest project from the perspective of sales was the ERSTE project (revitalisation of branches in the Czech Republic) with a total volume of CZK 288 million, which is almost a quarter of total turnover. The delivery of showroom interiors for ŠKODA AUTO dealers continued, but with a reduced volume, and orders were also delivered for Grand Vision stores.

Looking at sales from a regional perspective, 57% of sales were realised in the Czech Republic (62% in 2019) and 43% from exports (38% in 2019), whether from the European markets or markets in Africa, Asia or America. Export sales were to a large extent accounted for by sales through the company's subsidiaries in Great Britain, Slovakia and Romania.

Investment

In 2020, total investments into tangible and intangible fixed assets stood at CZK 9 million.

In the area of tangible assets, the largest investments were CZK 1.4 million into a technical appreciation of the Homag CNC centre and technical appreciation of the Showroom situated at the Company's headquarters. A total of CZK 3.6 million was invested into intangible fixed assets, and in particular into a new kernel and new application layer of the IT system.

Ownership structure

The sole and 100% shareholder in Ahrend a.s. is the Dutch company Koninklijke Ahrend B.V. with its registered address at Laarderhoogtweg 25, 1101 EB Amsterdam.

Subsidiaries

As with Ahrend a.s., from 1 January 2021 a renaming of some of the Company's subsidiaries took place:

Name from 1 January 2021	Name up to 31 December 2020
Ahrend s.r.o.	Techo, s.r.o. (Slovakia)
Ahrend s.r.l.	TECHO Romania s.r.l. (Romania)
Ahrend Kft.	TECHO Hungaria Kft. (Hungary)
Ahrend d.o.o.	TECHO Adria d.o.o. (Croatia)
Ahrend Austria GmbH	TECHO GmbH (Austria)
Ahrend sp. z o.o.	TECHO PL Sp. z o.o. (Poland)
ROYAL AHREND RUS LLC	O.O.O TECHO (Russia)
Ahrend Ltd.	T.O.V. TECHO Ukraine (Ukraine)
Ahrend Services s.r.o.	Ahrend, s.r.o. (Czech Republic)

The Company has 100% ownership interests in the companies: Ahrend s.r.l. (Romania), Ahrend s.r.o. (Slovakia), Ahrend Kft. (Hungary), Ahrend d.o.o. (Croatia), Ahrend Austria GmbH (Austria), TECHO Georgia Ltd. (Georgia), Ahrend Ltd. (Ukraine), Interier Říčany a.s. (Czech Republic), Ahrend Services s.r.o., (Czech Republic), Ahrend sp. z o.o. (Poland), TECHO UK Ltd. (Great Britain), TECHO Bulgaria e.o.o.d (Bulgaria) and a 99% ownership interest in ROYAL AHREND RUS LLC (Russia).

All these companies are active in the office furniture market. Most of them are significant customers for products from the parent company, Ahrend a.s.

Financial results

The operating profit for 2020 is CZK 9 million, which is CZK 19 million worse than in 2019. The primary reason for the drop in operating profit is the year-on-year decline in sales and business activity of the Company due to the covid-19 pandemic, and the pressure on margin when selling own products and goods.

The working capital as at 31 December 2020 was lower than the figure for the end of 2019. This decrease was largely due to reduced stock levels (timely completion of projects at the end of 2020) and a decline in receivables from 3rd party customers. In 2020 the Company focused on reducing outstanding receivables so as to improve its ability to effectively finance ongoing projects.

Ahrend a.s. is connected to the cash pool of its parent group, Ahrend, which ensures the primary financing of the Company's operational requirements. In the Czech Republic the Company also works with Československá obchodní banka, a.s., based in Prague.

The detailed financial results of the company for 2020 can be seen in the financial statement, which is an integral part of this Annual Report.

Results of the individual legal entities within the Ahrend CEE group are as follows (CZK 000):

Company	Country	Sales	EBIT ^{*)}
Ahrend a.s.	Czech Republic	1 253 286	19 393
Ahrend Services s.r.o.	Czech Republic	0	20
Interier Říčany a.s.	Czech Republic	159 748	8 583
Ahrend s.r.o.	Slovakia	125 663	-6 380
Ahrend Kft.	Hungary	34 386	-3 391
Ahrend Austria GmbH	Austria	47 736	-3 828
Ahrend s.r.l.	Romania	616 668	19 568
Ahrend d.o.o.	Croatia	45 530	171
Ahrend sp. z o.o.	Poland	45 916	-3
Ahrend Ltd.	Ukraine	19 899	904
ROYAL AHREND RUS LLC	Russia	105 946	5 492
TECHO Georgia, Ltd.	Georgia	4 658	595
TECHO UK Ltd.	Great Britain	197 539	16 834
TECHO Bulgaria e.o.o.d.	Bulgaria	22 772	1 605
Consolidation adjustments		-341 111	-568
Ahrend CEE group consolidated		2 338 636	58 995

*) EBIT represents earnings before interest, taxation and management fees

Financial information on subsidiaries and the consolidation adjustments have not been audited.

Employees and work productivity

The average number of employees of Ahrend a.s. was 197 in 2020, which is a drop of 9 FTE in comparison with 2019.

The aim of the Company is to continually improve productivity, which is then reflected in the improved economic indicators of the Company. The pressure to increase productivity can also be seen in the investment projects (elements of automation) together with the redesign of production and other processes.

The Company also pays great attention to health and safety at work, and working conditions, as can be seen from certification in accordance with ČSN ISO 45001:2018.

Protection of the environment

Protection of the environment is at the forefront of Ahrend's activities. The company operates an environmental management system in accordance with ČSN EN ISO 14001:2016, regularly monitors the environmental impact of its activities, tests its products according to European and international environmental standards, and requires the same approach from its suppliers.

Ahrend holds a C-o-C certificate (chain of custody of wood), which guarantees that the Company does not acquire wood-based raw materials from controversial sources, and that it uses only wood from sustainably managed forests in its products.

Proposal for approval of the financial statement and the distribution of profit

The Board of Directors of Ahrend a.s. proposes that the general meeting / decision of the sole shareholder:

- approves the annual financial statement and financial results of the company for 2020
- approves distribution of the profit in the amount of CZK 28 million as follows:
 - a dividend payment of CZK 28 million

Information on acquisition of own shares

The company does not own any of its own shares.

New product development

In 2020, product development work was focussed on the modification of existing products designed in past years.

Information on important events that occurred since 1 January 2021

In the period from 1 January 2021 until the drafting of this Annual Report, Ahrend a.s. has continued to pursue its business activities. On 11 April 2021, the state of emergency, which had been extended several times since its original enactment, came to an end. However, following the end of the state of emergency the Czech Government approved a series of emergency measures of the Ministry of Health to suppress spread of the covid-19 pandemic on the basis of the Pandemic Act.

Expected future development

The covid-19 pandemic had a significant impact on the profit recorded by the Company in 2020. Despite the slight recovery of the market following the end of the state of emergency in April 2021, the Company expects that its business and production results will continue to be affected by the pandemic measures in the Czech Republic.

In this context, the company continues to take steps, with respect to sales, costs and working capital, to mitigate the negative impact on economic results.

The Company also expects to feel the effects of the pandemic in 2021, but has ambitions to work to increase labour productivity and increase the share of sales of its own products, manufactured directly in the Czech Republic or at sister factories abroad. The Company will continue its pro-export strategy and expects markets to grow in the second half of 2021.

Prague dated 29th June 2021

Ing. Jiří Kejval
Chairman of the Board
Ahrend a.s.

Ing. Petr Hampl
Member of the Board
Ahrend a.s.





REPORT ON RELATIONS AHREND a.s.

(TECHO, a.s. until 31st December 2020)
Pursuant to Section 82
of the Corporations Act
for the accounting period
of the calendar year 2020



With effect from 1 January 2021, TECHO, a.s. changed its name to Ahrend a.s., and several of its subsidiaries also now bear the Ahrend name:

Name from 1 January 2021	Name up to 31 December 2020
Ahrend s.r.o.	Techo, s.r.o. (Slovakia)
Ahrend s.r.l.	TECHO Romania s.r.l. (Romania)
Ahrend Kft.	TECHO Hungaria Kft. (Hungary)
Ahrend d.o.o.	TECHO Adria d.o.o. (Croatia)
Ahrend Austria GmbH	TECHO GmbH (Austria)
Ahrend sp. z o.o.	TECHO PL Sp. z o.o. (Poland)
ROYAL AHREND RUS LLC	O.O.O TECHO (Russia)
Ahrend Ltd.	T.O.V. TECHO Ukraine (Ukraine)
Ahrend Services s.r.o.	Ahrend, s.r.o. (Czech Republic)

In the text of this report on relations, these subsidiaries are further mentioned only under their new names.

The Board of Directors of Ahrend a.s., with its registered office at U Továren 770/1b, Prague 10, identification number: 49240056, registered in the Commercial Register maintained by the Regional Court in Prague, Section B, File 1952 (in this Report also the "**Company**"), has prepared the following Report on Relations pursuant to Section 82 of Act No. 90/2012 Coll., on Corporations (the "**Corporations Act**"), for the accounting period of the calendar year 2019 (the "**Relevant Period**").

Structure of relations

1.1 According to the information available to the Board of Directors of the Company acting with due managerial care, for the whole of the Relevant Period, the Company formed a part of a group in which the controlling party is HAL Holding N.V. (the “**Group**”). Information on the entities forming part of the Group is stated as at 31 December 2019, according to the information available to the statutory body of the Company acting with due managerial care. The structure of relations within the Group is illustrated in Annex No. 1.

1.1.1 Controlling Party

HAL Holding N.V, with its registered office at Johan van Walbeekplein 11A, Willemstad, Curaçao (in this Report also the “**Controlling Party**”), indirectly controls the Company through the company Koninklijke Ahrend B.V. with its registered office at Laarderhoogtweg 25, 1101 EB Amsterdam, which was the sole shareholder of the Company in the Relevant Period.

Role of the Company in the Group

The company is a major manufacturer and supplier of office furniture and commercial interiors. The company also distributes furniture and supplies commercial interior solutions through its subsidiaries.

Method and means of control

The Controlling Party indirectly controls the Company through the company Koninklijke Ahrend B.V., which was the sole shareholder in the Relevant Period. The control of the Company occurs, in particular, through the decisions at the General Meeting.

Overview of mutual contracts within the Group

4.1 Contracts entered into between the Company and the Controlling Party that were effective and valid in the Relevant Period:

No contracts entered into with the Controlling Party were effective and valid in the Relevant Period.

4.2 Contracts entered into between the Company and the other parties controlled by the Controlling Party that were effective and valid in the Relevant Period:

Company	Agreement type	Subject
Ahrend s.r.o. (Slovakia)	Management Fees Agreement 2020 Orders for the sale of goods/products Cash pool agreement	Delivery of R&D, PR, IT/IS, top management services The sale of goods/products Drawing money from a cash pool account
Ahrend s.r.l. (Romania)	Management Fees Agreement 2020 Orders for the sale of goods/products	Delivery of R&D, PR, IT/IS, top management services The sale of goods/products
Ahrend Kft. (Hungary)	Management Fees Agreement 2020 Orders for the sale of goods/products	Delivery of R&D, PR, IT/IS, top management services The sale of goods/products
Ahrend d.o.o. (Croatia)	Management Fees Agreement 2020 Loan agreement Orders for the sale of goods/products	Delivery of R&D, PR, IT/IS, top management services Loan The sale of goods/products
Ahrend Austria GmbH (Austria)	Management Fees Agreement 2020 Orders for the sale of goods/products	Delivery of R&D, PR, IT/IS, top management services The sale of goods/products
Ahrend Ltd. (Ukraine)	Management Fees Agreement 2020 Orders for the sale of goods/products	Delivery of R&D, PR, IT/IS, top management services The sale of goods/products
TECHO Georgia Ltd. (Georgia)	Management Fees Agreement 2020 Orders for the sale of goods/products	Delivery of R&D, PR, IT/IS, top management services The sale of goods/products
Interier Řičany a.s. (Czech Republic)	Orders for services Management Fees Agreement 2020 Agreement on the lease of property, movables Association agreement, Framework and distribution agreement Orders for the sale of goods/products Cash pool agreement	Accounting services Delivery of R&D, PR, IT/IS, top management services Lease of premises, lease of a band saw and vehicles Association Ahrend a.s. – IRŘ a.s. The sale of goods/products Drawing money from a cash pool account
Ahrend Services, s.r.o. (Czech Republic)	Orders for services Cash pool agreement Orders for the sale of goods/products	Accounting services Drawing money from a cash pool account The sale of goods/products
Ahrend Europe B.V. (Netherlands)	Cash pool agreement	Drawing money from a cash pool account
ROYAL AHREND RUS LLC (Russia)	Management Fees Agreement 2020 Orders for services Orders for the sale of goods/products	Delivery of R&D, PR, IT/IS, top management services Delivery of consulting services in the area of company management, sales, production management The sale of goods/products
Ahrend sp. z o.o. (Poland)	Management Fees Agreement 2020 Orders for the sale of goods/products	Delivery of R&D, PR, IT/IS, top management services The sale of goods/products
TECHO UK Ltd. (Great Britain)	Management Fees Agreement 2020 Orders for services Orders for the sale of goods/products	Delivery of R&D, PR, IT/IS, top management services Accounting services The sale of goods/products
TECHO Bulgaria e.o.o.d. (Bulgaria)	Loan agreement Management Fees Agreement 2020	Loan Delivery of R&D, PR, IT/IS, top management services
Ahrend International B.V. (Netherlands)	Orders for the sale of goods/products	The sale of goods/products
Ahrend GmbH & Co.KG (Germany)	Orders for the sale of goods/products	The sale of goods/products
Ahrend Prod. bedr.St. Oedenrode B.V. (Netherlands)	Orders for the sale of goods/products	The sale of goods/products
Ahrend NV/SA (France)	Orders for the sale of goods/products	The sale of goods/products
Ahrend France (France)	Orders for the sale of goods/products	The sale of goods/products
Gispén Nederland B.V. (Netherlands)	Orders for the sale of goods/products	The sale of goods/products
Koninklijke Ahrend B.V. (Netherlands)	Management Service Agreement	The provision of management services

Legal acts made at the instigation of, or in the interest of the Controlling Party or other parties controlled by the Controlling Party

During the Relevant Period, the Company made the below-mentioned legal acts in the interest, or at the instigation of, the Controlling Party or other parties controlled by the Controlling Party, which would involve assets exceeding in value CZK 43 135 thousand, which represents 10% of the Company's equity reported in the latest Financial Statements as at 31 December 2020.

The sale of products and goods to TECHO UK Ltd.

The sale of products and goods to Interier Říčany a.s.

The sale of products and goods to Ahrend s.r.l.

The drawing of funds from the cash pool account of Ahrend Europe B.V.

Receipt of funds within the cash pool account from Interier Říčany a.s. and Ahrend s.r.o.

Assessment of a detriment and its compensation

No detriment occurred to the Company on the basis of the agreements entered into in the Relevant Period between the Company and other Group entities, or other acts which were implemented in the interest, or at the instigation, of such entities by the Company in the Relevant Period.

Evaluation of relations and risks within the Group

7.1 Evaluation of advantages and disadvantages of relations within the Group

In particular, the following advantages arise to the Company from its participation within the Group. The Group is a leading international producer and distributor of office furniture with a strong commercial brand and a strong financial position that aids the Company when concluding deals with its customers. The Company does not experience any disadvantages from being part of the Group.

7.2 No risks have arisen to the Company from the relations within the Group.

Prague dated 29th June 2021

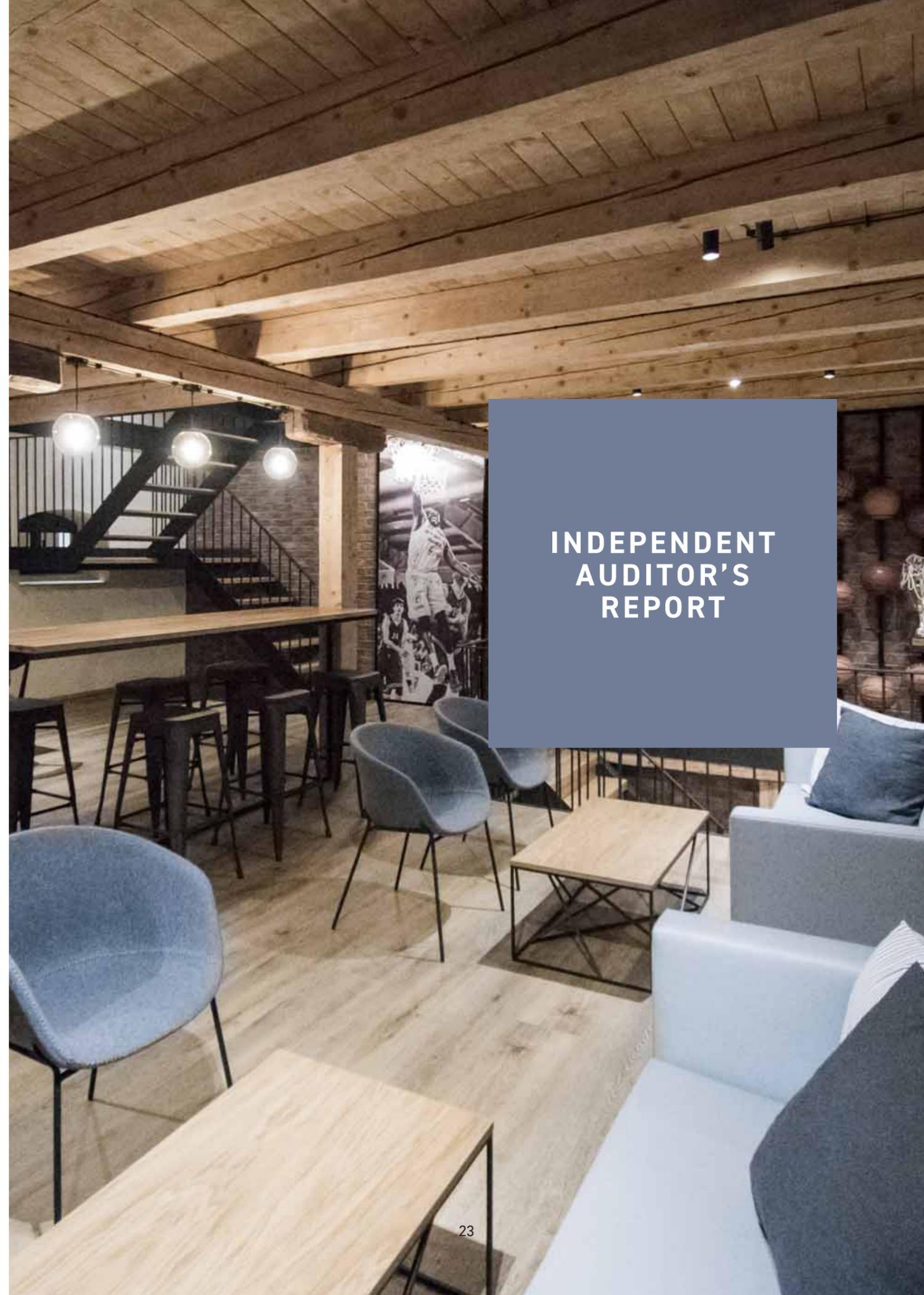
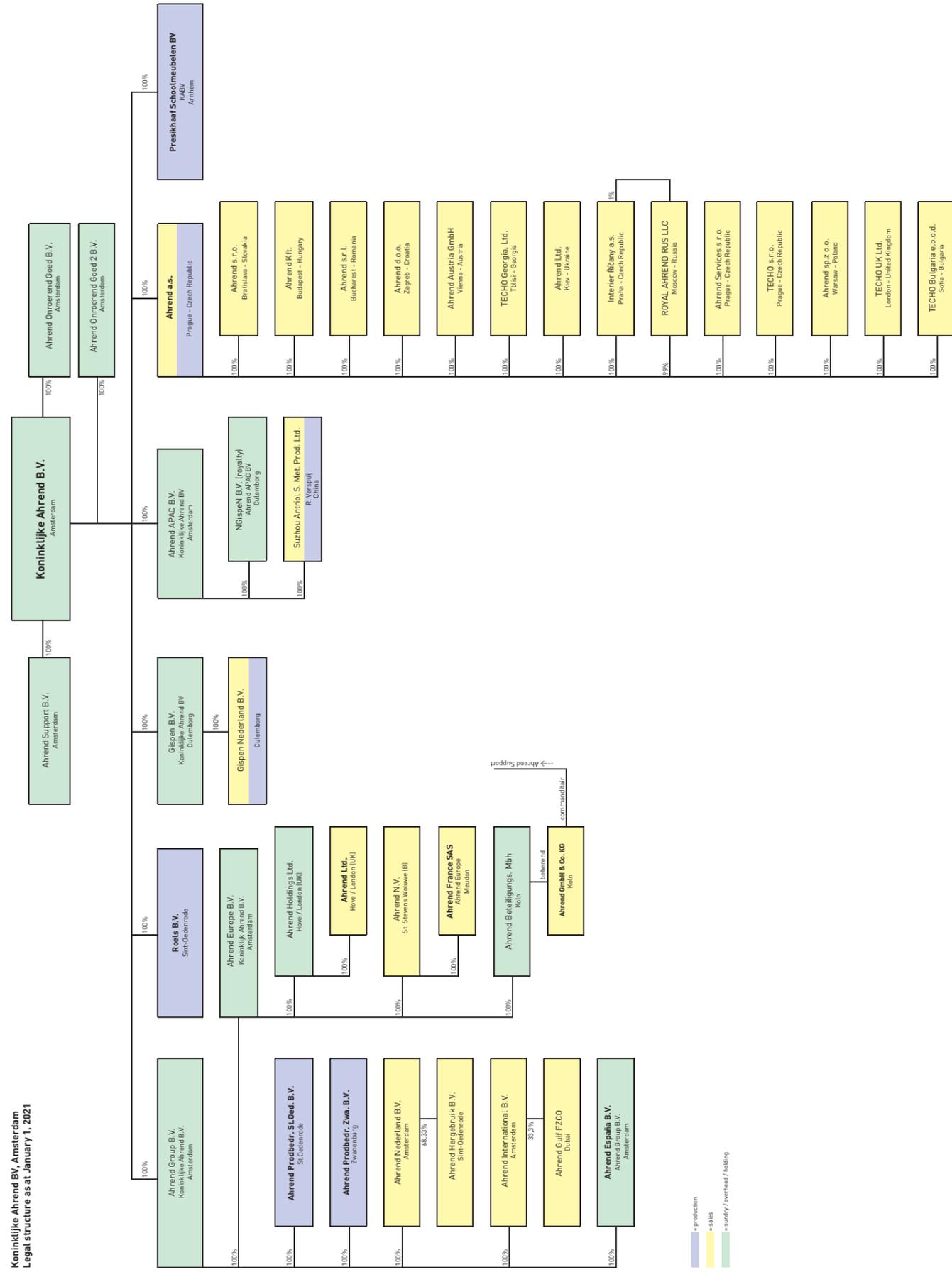
On behalf of the Board of Directors of the Company:

Ing. Jiří Kejval
Chairman of the Board
Ahrend a.s.

Ing. Petr Hampl
Member of the Board
Ahrend a.s.

Annex No. 1: Structure of relations in the group





INDEPENDENT
AUDITOR'S
REPORT



English translation

Independent auditor's report

to the shareholder of Ahrend a.s.

Our opinion

In our opinion, the financial statements give a true and fair view of the financial position of Ahrend a.s., with its registered office at U továren 770/1b, Praha 10 (the "Company") as at 31 December 2020, of the Company's financial performance and cash flows for the year ended 31 December 2020 in accordance with Czech accounting legislation.

What we have audited

The Company's financial statements comprise:

- the balance sheet as at 31 December 2020,
- the income statement for the year ended 31 December 2020,
- the statement of changes in equity for the year ended 31 December 2020,
- the statement of cash flows for the year ended 31 December 2020, and
- the notes to the financial statements including significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with the Act on Auditors and Standards on Auditing of the Chamber of Auditors of the Czech Republic (together the "Audit regulations"). These standards consist of International Standards on Auditing as supplemented and modified by related application guidance. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) as adopted by the Chamber of Auditors of the Czech Republic and with the Act on Auditors. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and Act on Auditors.

Other information

The board of directors is responsible for the other information. As defined in Section 2(b) of the Act on Auditors, the other information comprises the annual report but does not include the financial statements and auditor's report thereon.

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PricewaterhouseCoopers Audit, s.r.o., registered seat Hvězdova 1734/2c, 140 00 Prague 4, Czech Republic, Identification Number: 40765521, registered with the Commercial Register kept by the Municipal Court in Prague, Section C, Insert 3637, and in the Register of Audit Companies with the Chamber of Auditors of the Czech Republic under Licence No. 021.



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 about the Company obtained in the audit or otherwise appears to be materially misstated. In addition, we assessed whether the other information has been prepared, in all material respects, in accordance with applicable legal requirements, i.e. whether the other information complies with the legal requirements both in terms of formal requisites and the procedure for preparing the other information in the context of materiality.

Based on the procedures performed in the course of our audit, to the extent we are able to assess it, in our opinion:

- 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 has been prepared in accordance with the applicable legal requirements.

In addition, in the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the other information. We have nothing to report in this regard.

Responsibilities of the board of directors and supervisory board of the Company for the financial statements

The board of directors is responsible for the preparation of the financial statements that give true and fair view in accordance with Czech accounting legislation 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 of the Company is responsible for overseeing the financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Audit regulations will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the Audit regulations, 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 controls.
- obtain an understanding of internal controls 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 controls.

- 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 notes, 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 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.

29 June 2021

PricewaterhouseCoopers Audit, s.r.o.
represented by Director

Jiří Koval
Statutory Auditor, Licence No. 1491

This report is addressed to the shareholder of Ahrend a.s.

Translation note

This version of our report is a translation from the original, which was prepared in the Czech language. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the Czech version of our report takes precedence over this translation.



**FINANCIAL
STATEMENT
31st DECEMBER
2020**



General information

1.1. Introductory information about the company

TECHO, a.s. (the “**Company**”) is a joint stock company incorporated on 31 March 1993 with its registered office at Prague 10, U Továren 770/1b, Czech Republic. The Company’s identification number is 49240056. The main business activity is the production and sale of office furniture including services associated with the comprehensive delivery of commercial interiors.

The sole shareholder in the Company is Koninklijke Ahrend B.V., 1101 EB Amsterdam, Laarderhoo-gtweg 25, the Netherlands.

The parent company Koninklijke Ahrend B.V. is fully owned by the company Stonehaven Holding B.V. and is part of the consolidation unit HAL Trust.

The Company is the parent company of the group of companies referred to internally as Ahrend Central and Eastern Europe (hereinafter “**Ahrend CEE**”, or the original TECHO group, i.e. Ahrend a.s. and its 100% owned subsidiaries) and its financial statement is prepared on an independent basis. The Company does not perform a consolidation pursuant to §62 of Decree 500/2002 Coll., because it is part of the Koninklijke Ahrend B.V. consolidation unit, which has audited consolidated financial statements prepared in a member state of the European Union. The consolidated financial statements for the smallest group are available at the registered office of Koninklijke Ahrend B.V.

The Company is not a partner with unlimited liability in any company.

Members of the statutory bodies as at 31 December 2020 and 2019:

Statutory body (the Board of Directors)	
Chairman:	Ing. Jiří Kejval
Vice-chairman:	W.H.L.M.G. Sterken
Member:	Ing. Petr Hampl

Supervisory Board	
Member:	Rolf Matthias Verspuij

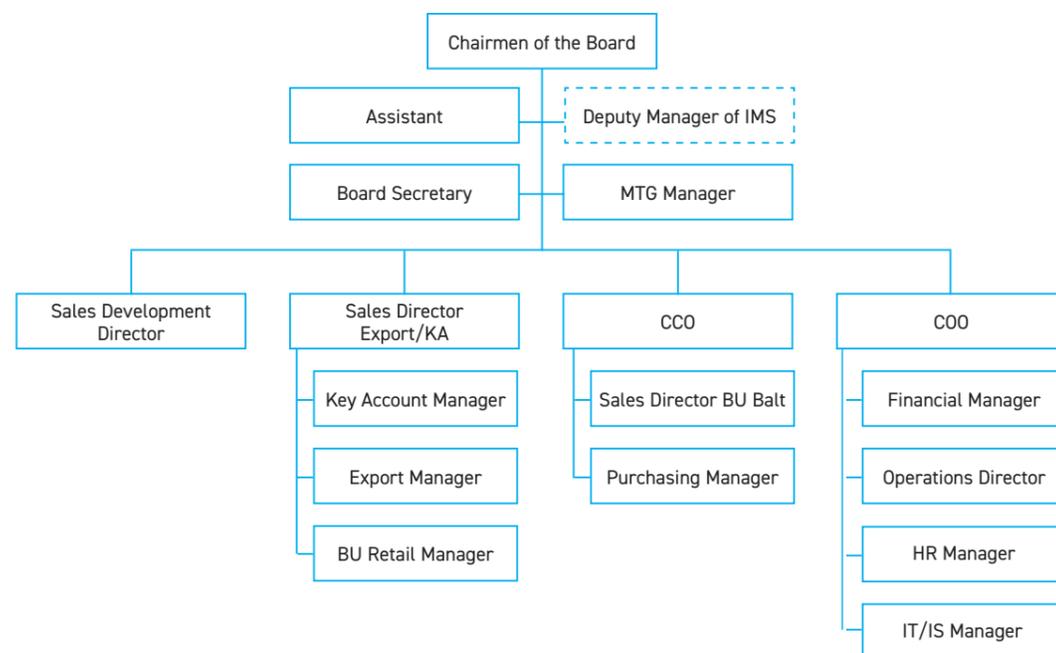
Two members of the Board of Directors must always act together on behalf of the Company.

As with Ahrend a.s., from 1 January 2021 a renaming of some of the Company's subsidiaries took place:

Name from 1 January 2021	Name up to 31 December 2020
Ahrend s.r.o.	Techo, s.r.o. (Slovakia)
Ahrend s.r.l.	TECHO Romania s.r.l. (Romania)
Ahrend Kft.	TECHO Hungaria Kft. (Hungary)
Ahrend d.o.o.	TECHO Adria d.o.o. (Croatia)
Ahrend Austria GmbH	TECHO GmbH (Austria)
Ahrend sp. z o.o.	TECHO PL Sp. z o.o. (Poland)
ROYAL AHREND RUS LLC	O.O.O TECHO (Russia)
Ahrend Ltd.	T.O.V. TECHO Ukraine (Ukraine)
Ahrend Services s.r.o.	Ahrend, s.r.o. (Czech Republic)

Information on transactions and balances with related parties is hereinafter provided only under the new subsidiary names effective from 1 January 2021.

The Company has the following organisational structure:



At the start of 2020, the existence of the new covid-19 coronavirus was confirmed, which then spread around the world. The pandemic, and in particular the restrictive measures taken to restrict its spread, have disrupted business and economic activity and, in the year ended 31 December 2020, also affected the Company's business.

Among the main impacts of the measures taken in the Czech Republic, in Europe and elsewhere in the world was the closure or restriction of the operation of offices and administrative premises of the Company's existing and potential customers. Hand in hand with these restrictions, there was

a decline in business activity in 2020 and thus a decline in the Company's revenues. In response, the Company took a number of steps to mitigate the negative effects on its operations. These steps included seeking efficiencies to achieve higher business margins, but also significant cost-saving measures. The Company used support from the state budget only to a very limited extent.

Accounting policies

2.1. Principles applied during preparation of the financial statement

The financial statement has been prepared in accordance with Generally Accepted Accounting Principles in the Czech Republic relevant for large companies and have been prepared under the historical cost convention.

In valuing the Company's assets and liabilities, and meeting the Company's going concern assumption, the management took into account the impact of the covid-19 pandemic.

2.2. Comparability of data

Based on the requirements of amendment to Decree No. 500/2002 sb., valid from 1 January 2018, there has been a change in the reporting of certain balance sheet items. In order to ensure comparability of these items with past accounting periods they were adjusted with associated comparable data.

2.3. Intangible and tangible fixed assets

Intangible (and tangible) assets that can be expected to be used for over one year and with a unit acquisition price exceeding CZK 60 thousand (CZK 40 thousand) are deemed fixed intangible (and tangible) assets.

Purchased intangible and tangible fixed assets are initially recorded at cost, which includes all costs related to their acquisition.

An intangible fixed asset is amortised on the basis of expected useful life of the asset. Tangible fixed assets are amortised over the economic useful live of the asset.

Amortisation is calculated on the basis of the initial cost value and economic useful live of the asset.

The estimated useful life is as follows:

	Number of years (from-to)
Software	3 - 5
Other intangible fixed assets	5 - 8

Tangible fixed assets produced by the Company are valued at their own costs, which include direct material, wage costs and overhead costs.

Tangible fixed assets (land) acquired free of charge were valued at replacement cost and accounted through other capital funds. The replacement cost of these assets was determined on the basis of an expert opinion.

The cost of technical improvements to tangible fixed assets increases their cost value. Repairs and maintenance expenditures for tangible fixed assets are expensed as incurred.

Depreciation is calculated based on the acquisition cost and the expected useful life of the asset. The estimated useful life is as follows:

	Number of years (from-to)
Machinery, instruments and equipment	5 - 6
Vehicles	3 - 4
Fixtures	3 - 6
Other fixed tangible assets	3 - 15
Property for rent	For the contract duration
Technical improvement of rented property	For the contract duration

2.4. Investments in subsidiaries and investments in associates

Investments in subsidiaries represent ownership interests in enterprises that are controlled or managed (hereinafter “**Subsidiaries**”).

Investments in subsidiaries are accounted for by the equity method. Under this method, the investment is initially recorded at cost and this value is increased or decreased to recognise the investor’s share of the equity of the subsidiary or the associate as at the balance sheet date and converted using the exchange rate published by the Czech National Bank at the balance sheet date. Revaluation of the investment using the equity method of accounting is recorded through the Company’s equity.

2.5. Cash and cash equivalents

Cash includes cash in hand, stamps and vouchers and cash in banks, including bank overdrafts.

Cash equivalents are short-term liquid investments which can be exchanged for a predictable amount of cash and no significant changes of value over time are expected. Cash equivalents are, for example, deposits with a maturity of less than 3 months from the date of acquisition and liquid debt securities traded on public markets.

The Company uses cash pooling within the group. A liability (or payable) arising from cash pooling is presented in the balance sheet as “Short-term liabilities - subsidiaries and controlling party” (or “Short-term payables - subsidiaries and controlling party”) and the change of the balances is presented in the Cash-flow statement as part of the item “Change in long and short-term liabilities” (or “Loans to related parties”).

Liabilities (or payables) relating to cash pooling represent a form of financing of the Company, and thus are not considered Cash and cash equivalents for the purposes of the cash-flow statement.

2.6. Inventories

Purchased inventories are stated at acquisition cost reduced by a provision. The acquisition cost includes all costs related with the acquisition (mainly transport costs, customs duty, etc.). The fixed price method and valuation of differences is applied for all disposals.

Inventories generated from own production, i.e. work-in-progress and finished goods, are stated at the actual production cost reduced by a provision. Production cost includes direct and indirect materials, direct and indirect wages and production overheads.

A provision is created for slow-moving and obsolete inventory based on an analysis of turnover and individual evaluation of inventories.

2.7. Receivables

Receivables are stated at nominal value less a provision for doubtful amounts. An allowance for doubtful amounts is created on the basis of an ageing analysis and an individual evaluation of the credit worthiness of the customers. The Company also creates an allowance for receivables from related parties.

2.8. Foreign currency translation

Transactions denominated in a foreign currency are translated and recorded at the fixed exchange rate determined by the Company at the first day of the month on the basis of the rate announced by the Czech National Bank.

Cash, receivables and liabilities balances denominated in foreign currencies have been translated at the exchange rate published by the Czech National Bank as at the balance sheet date. All exchange gains and losses on cash, receivables and liabilities balances are recorded in the income statement and are, from 2020, stated as a total (see note 2.14).

2.9. Provisions

Provisions are recognised when the Company has a present obligation, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

2.10. Related parties

The Company's related parties are considered to be the following:

- parties which directly or indirectly control the Company, and companies in which these parties have a controlling or significant influence,
- parties which, directly or indirectly, have a significant influence on the Company,
- members of the Company's or parent company's statutory and supervisory boards and management, and parties close to such members, including entities in which they have a controlling or significant influence,
- subsidiaries and associates.

Material transactions and outstanding balances with related parties are disclosed in Notes 14 “Related party transactions” and 16 “Staff costs”.

2.11. Leases

The costs of assets held under both finance and operating leases are not capitalised as fixed assets. Lease payments are expensed evenly over the life of the lease. Future lease payments not yet due are disclosed in the notes, but not recognised in the balance sheet.

2.12. Revenue and cost recognition

Revenues and costs are accrued with respect to the period to which they pertain in substance and in time.

Revenues are recorded at the date of delivery of the products or goods and their acceptance by the customer, or the date of performance of the service. Revenues on the basis of an agreement on work are recorded at the moment of acceptance of the work by the customer.

2.13. Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. A deferred tax asset is recognised if it is probable that it can be utilised in the future.

2.14. Associations

The Company concluded 2 association (the association does not have legal personality) agreements with its subsidiary Interier Říčany a.s. On the basis of these agreements, the Company forms an association with Interier Říčany a.s. for the purpose of the joint completion of a project.

The partners in the association undertake to complete each individual project together:

- The Company as part of the completion of the work shall arrange the production and associated deliveries from suppliers and invoicing of the end customer;
- Interier Říčany a.s. arranges:
 - the negotiation, administrative processing and commercial aspects of each individual ordered project,
 - warehousing and despatch using own employees,
 - the processing of the order through the IS/IT system using own employees;
- Neither of the partners in the association places any assets, any items or the right to use items into the association;
- The association is established for a definite period, which is the period needed to deliver the work;
- All individual orders are recorded in the accounting books of the Company. The Company prepares accounting records on a monthly basis;
- On the basis of the accounting records, the partners in the association allocate the revenue from the sale of goods, sale of own products, services and material, and the associated costs in a pre-agreed ratio (the Company removes the above transactions from its accounting records and corresponding amounts are subsequently accounted by Interier Říčany a.s.).

2.15. Subsequent events

The effects of events which occurred between the balance sheet date and the date of preparation of the financial statements, are recognised in the financial statements in the event that they provide further evidence of conditions that existed as at the balance sheet date.

Where significant events occur subsequent to the balance sheet date, but prior to the preparation of the financial statements, which are indicative of conditions that arose subsequent to the balance sheet date, the effects of these events are quantified and disclosed, but are not themselves recognised in the financial statements.

Intangible fixed assets (CZK 000)

	1 January 2020	Additions / reclassification	Disposals	31 December 2020
Acquisition price				
Software	37 039	2 527	-728	38 838
Royalties	100	0	0	100
Other intangible fixed assets	1 450	1 036	0	2 486
Intangible fixed assets in the course of construction	3 124	127	0	3 251
Total	41 713	3 690	-728	44 675
Accumulated depreciation and provisions				
Software	-28 653	-4 038	728	-31 963
Other royalties	-100	0	0	-100
Other intangible fixed assets	-948	-157	0	-1 105
Provisions	-128	0	0	-128
Total	-29 829	- 4 195	728	-33 296
Residual value	11 884			11 379

	1 January 2019	Additions / reclassification	Disposals	31 December 2019
Acquisition price				
Software	29 508	7 814	-283	37 039
Other royalties	100	0	0	100
Other intangible fixed assets	1 700	80	-330	1 450
Intangible fixed assets in the course of construction	2 435	689	0	3 124
Total	33 743	8 583	-613	41 713
Accumulated depreciation and provisions				
Software	-25 493	-3 443	283	-28 653
Other royalties	-100	0	0	-100
Other intangible fixed assets	-1 173	-105	330	-948
Provisions	-128	0	0	-128
Total	-26 894	-3 548	613	-29 829
Residual value	6 849			11 884

Tangible fixed assets (CZK 000)

	1 January 2020	Additions / reclassification	Disposals	31 December 2020
Acquisition price				
Land	855	0	0	855
Constructions	12 981	0	0	12 981
Equipment	143 154	4 934	-2 639	145 449
Works of art	147	0	0	147
Acquisition of tangible fixed assets	0	0	0	0
Advances paid for tangible fixed assets	0	0	0	0
Total	157 137	4 934	-2 639	159 432
Accumulated depreciation and provisions				
Constructions	-12 194	-787	0	-12 981
Equipment	-117 542	-7 590	2 413	-122 719
Provisions	-287	143	0	-144
Total	-130 023	-8 234	2 413	-135 844
Residual value	27 114			23 588

	1 January 2019	Additions / reclassification	Disposals	31 December 2019
Acquisition price				
Land	855	0	0	855
Constructions	12 981	0	0	12 981
Equipment	139 919	11 427	-8 192	143 154
Works of art	147	0	0	147
Acquisition of tangible fixed assets	4 843	-4 843	0	0
Advances paid for tangible fixed assets	759	-759	0	0
Total	159 504	5 825	-8 192	157 137
Accumulated depreciation and provisions				
Constructions	-11 394	-800	0	-12 194
Equipment	-116 984	-8 750	8 192	-117 542
Provisions	-431	144	0	-287
Total	-128 809	-9 406	8 192	-130 023
Residual value	30 695			27 114

Long-term investments (CZK 000)

Subsidiaries as at 31 December 2020:

	Equity	Valuation by equity method	Share of capital	2020 net Profit / (loss)	Acquisition cost	Difference from revaluation	Dividend income 2020
Ahrend s.r.l. (Romania)	38 158	38 158	100%	12 605	15 114	23 044	18 083
Ahrend s.r.o. (Slovakia)	69 212	69 212	100%	-9 185	5 004	64 208	-
Ahrend Kft. (Hungary)	7 500	7 500	100%	-3 469	45 275	-37 775	-
Ahrend d.o.o. (Croatia)	-7 153	0	100%	-1 103	78	-78	-
Ahrend Austria GmbH (Austria)	-14 764	0	100%	-4 571	923	-923	-
TECHO Georgia Ltd. (Georgia)	11	11	100%	332	296	-285	-
Ahrend Ltd. (Ukraine)	-626	0	100%	589	243	-243	-
Interier Říčany a.s. (Czech Republic)	78 728	78 728	100%	4 340	60 870	17 858	-
Ahrend Services s.r.o. (Czech Republic)	10 698	10 698	100%	20	6 421	4 277	-
ROYAL AHREND RUS LLC (Russia)	13 613	13 613	99%	5 407	10 374	3 239	-
TECHO UK Ltd. (Great Britain)	55 212	55 212	100%	12 463	19 275	35 937	-
TECHO Bulgaria e.o.o.d. (Bulgaria)	1 010	1 010	100%	993	5	1 005	-
Ahrend sp. z o.o. (Poland)	881	881	100%	-338	169	712	-
Total		275 023			164 047	110 976	18 083

Subsidiaries as at 31 December 2019:

	Equity	Valuation by equity method	Share of capital	2019 net Profit / (loss)	Acquisition cost	Difference from revaluation	Dividend income 2019
Ahrend s.r.l. (Romania)	42 361	42 361	100%	17 406	15 114	27 247	6 624
Ahrend s.r.o. (Slovakia)	75 902	75 902	100%	-1 380	5 004	70 898	-
Ahrend Kft. (Hungary)	11 695	11 695	100%	-995	45 275	-33 580	-
Ahrend d.o.o. (Croatia)	-5 941	0	100%	-2 334	78	-78	-
Ahrend Austria GmbH (Austria)	-9 869	0	100%	-1 067	923	-923	-
TECHO Georgia Ltd. (Georgia)	-10 286	0	100%	114	296	-296	-
Ahrend Ltd. (Ukraine)	-1 615	0	100%	3 521	243	-243	-
Interier Říčany a.s. (Czech Republic)	74 389	74 389	100%	15 772	60 870	13 519	-
Ahrend Services s.r.o. (Czech Republic)	10 677	10 677	100%	-46	6 421	4 256	-
ROYAL AHREND RUS LLC (Russia)	10 347	10 347	99%	-42	10 374	-27	-
TECHO UK Ltd. (Great Britain)	43 739	43 739	100%	23 980	19 275	24 464	-
TECHO Bulgaria e.o.o.d. (Bulgaria)	17	17	100%	50	5	12	-
Ahrend sp. z o.o. (Poland)	1 265	1 265	100%	-2 659	169	1 096	-
Total		270 392			164 047	106 345	6 624

On the basis of the decision of the Company's Board of Directors of 17 September 2019, the equity of ROYAL AHREND RUS LLC (Russia) was increased by CZK 10 268 thousand.

Financial information on Ahrend s.r.o. (Slovakia), Ahrend s.r.l. (Romania) and Interier Říčany a.s. was obtained from the audited financial statements as at 31 December 2020 and 31 December 2019. Financial information on other subsidiaries as at 31 December 2020 and 31 December 2019 was obtained from unaudited financial statements with the exception of Ahrend Kft. (Hungary), which were last audited as at 31 December 2019.

6

Inventories

The Company created a provision for inventories as at 31 December 2020 in the amount of CZK 11 105 thousand (at 31 December 2019: CZK 3 356 thousand).

7

Receivables

For unpaid receivables deemed doubtful, a provision was created as at 31 December 2020 and 2019 on the basis of an analysis of the collectability of the individual receivables (see point 8).

As at 31 December 2020, overdue trade receivables amounted to CZK 196 122 thousand (at 31 December 2019: CZK 218 858 thousand).

As at 31 December 2020, the Company's long-term trade receivables relating to retention amounted to CZK 6 634 thousand (at 31 December 2019: CZK 10 080 thousand) relating to unpaid commercial retentions.

These receivables have a maturity of 2 to 5 years. As at 31 December 2020, and at 31 December 2019, the Company had no long-term receivables on its books with a maturity of over 5 years.

Short-term advances paid are primarily advances connected with the rental of office, production and warehouse space.

Receivables are not covered by surety.

The Company has no receivables or contingent receivables that are not recorded on the balance sheet.

Advance payments for income tax in the amount of CZK 3 533 thousand, paid by the Company as at 31 December 2020 (at 31 December 2019: CZK 8 280 thousand) were offset against the estimate for income tax in the amount of CZK 5 492 thousand created as at 31 December 2020 (at 31 December 2019: CZK 6 384 thousand).

Provisions (CZK 000)

Provisions represent a temporary reduction in asset value (disclosed in Notes 5, 6 and 7).

Changes in provisions:

Provision to:	Closing balance 1.1.2019	Creation of provision	Release/ usage of provision	Closing balance 31.12.2019	Creation of provision	Release/ usage of provision	Closing balance 31.12.2020
fixed assets	559	0	-144	415	0	-143	272
inventories	3 962	111	-717	3 356	11 947	-4 198	11 105
receivables	36 203	-3 062	0	33 141	0	-11 900	21 241

Equity

The share capital of the Company comprises 84,541 shares fully subscribed and paid up with a nominal value of CZK 1 000.

Other capital funds comprise the acquisition free-of-charge of a plot of land discovered when checking the Land Registry.

The Assets and liabilities revaluation reserve is attributed to the revaluation of investments using the equity method.

HAL Holding N.V. with its registered office at Johan van Walbeekplein 11A, Willemstad, Curaçao, The Netherlands prepares the consolidated financial statements of the largest group of entities to which the Company belongs. The consolidated financial statements for the largest group is available from HAL Holding N.V.

On 30 June 2020, the General Meeting approved the Company's financial statement for 2019 and decided on the distribution of profit for 2019 in the amount of CZK 25 495 thousand.

The Company has proposed a profit distribution for 2020 in the form of a dividend payment.

9

Reserves (CZK 000)

Changes in reserves:

Reserves	Closing Balance 1.1.2019	Creation of reserves	Release/ usage of reserves	Closing Balance 31.12.2019	Creation of reserves	Release/ usage of reserves	Closing Balance 31.12.2020
Warranty repairs and claims	19 802	5 487	-5 907	19 382	815	-1 935	18 262
Bonuses	20 171	18 484	-18 947	19 708	10 118	-15 502	14 324
Untaken holiday	4 434	0	-368	4 066	228	0	4 294
Legal disputes	0	0	0	0	0	0	0
Total	44 407	23 971	-25 222	43 156	11 161	-17 437	36 880

Reserves for warranty repairs in 2020 represent, in particular, costs for claims and warranty repairs in connection with the projects for ŠKODA AUTO, CRDB bank, PPF, Trianon, Intel and the ERSTE branch network.

Information on reserves for income tax is given in notes 7 and 12.

10

Liabilities, future liabilities and contingent liabilities

As at 31 December 2020, the Company had trade liabilities overdue by more than 90 days in the amount of CZK 2 066 thousand (at 31 December 2019: CZK 1 635 thousand).

As at 31 December 2020, long-term liabilities represent unpaid retention in relation to suppliers with a maturity of between 1 and 6 years in the amount of CZK 597 thousand (at 31 December 2019: CZK 1 923 thousand). As at 31 December 2020, and at 31 December 2019, the Company had no payables with a maturity of over 5 years.

Short-term advances as at 31 December 2020 in the amount of CZK 7 446 thousand (at 31 December 2019: CZK 1 737 thousand) were received from customers in connection with concluded contracts for work which were not, by the balance sheet date, invoiced or accounted for.

Future liabilities are stated in Note 18 Off balance sheet assets and liabilities.

The Company does not provide any surety not included on the balance sheet.

The Company management is not aware of any contingent guarantees of the Company as at 31 December 2020.

Estimated accounts payable primarily includes estimates for non-invoiced services and energy connected with the lease of production, administrative and storage space.

Accruals and income collected in advance

Deferred income comprises invoices issued for unfinished projects and their booking into revenue of the period to which they belong.

Revenues (CZK 000)

Revenues from operating activities:

	2020		2019	
	Domestic	Foreign	Domestic	Foreign
Sale of furniture incl. installation – own products	147 866	306 456	173 179	325 398
Sale of construction services	298 954	9 424	415 308	6 957
Sale of goods – other purchased office furniture	267 002	223 584	287 370	227 582
Other operating revenues	16 262	285	22 346	185
Total revenues	730 084	539 749	898 203	560 122

The Company provides administrative services to related parties. Revenues from these services are reported on the line „Revenues from sales of products and services“. Services received from related parties are reported on the line „Services“.

Related party transactions (CZK 000)

As at 31 December 2020 and 2019, no member of a statutory or supervisory body nor any senior manager received a loan, a financial guarantee, advances or other benefits, or own any shares in the Company.

Company managers have the use of company cars.

The Company undertook the following transactions with related parties in 2020 and 2019:

	2020	2019
Revenues/sales		
Sale of services and products	336 062	388 484
Sale of goods	163 270	170 715
Interest income	37	57
Dividends received	18 083	6 624
Total	517 452	565 880
Costs/purchases		
Purchase of goods for resale	34 381	26 702
Interest costs	517	1 300
Purchase of services	22 083	31 561
Dividend payment	25 495	33 848
Total	82 476	93 411

As at 31 December 2020 and 31 December 2019, the Company had the following receivables and liabilities with related parties:

	31 December 2020	31 December 2019
Receivables to companies in the consolidation unit		
Of which:		
Trade receivables	231 172	228 836
Receivables – dividends	24 064	6 538
Loans provided	0	2 414
Cash pool	156 669	17 934
Other receivables	330	279
Total	412 235	256 001
Liabilities to companies in the consolidation unit		
Of which:		
Trade liabilities	7 453	6 695
Cash pool	139 991	60 600
Other liabilities	0	0
Total	147 444	67 295

Loans provided to group companies as at 31 December 2020 (CZK 000):

Company	Maturity date	2020	2019
TECHO Bulgaria e.o.o.d. (Bulgaria)	31. 12. 2020	0	2 033
Ahrend d.o.o. (Croatia)	31. 12. 2020	0	381
Total		0	2 414

In addition to the above, the Company records as at 31 December 2020 a receivable from subsidiary Ahrend s.r.l. (Romania) due to unpaid dividends in the amount of CZK 24 064 thousand (at 31 December 2019: CZK 6 538 thousand).

Liabilities in the group due to cash pool financing as at 31 December (CZK 000):

Company	Maturity date	2020	2019
Interier Říčany a.s. (Czech Republic)	Indefinite period	-72 073	-16 513
Ahrend Services s.r.o. (Czech Republic)	Indefinite period	-10 263	-10 250
Ahrend s.r.o. (Slovakia)	Indefinite period	-57 655	-33 837
Ahrend Europe B.V. (Netherlands)	Indefinite period	156 669	17 934

15

Audit company fees

Information on fees of the audit company, PricewaterhouseCoopers Audit, s.r.o., is included as an annex to the consolidated financial statements of the parent company Koninklijke Ahrend B.V.

16

Staff costs (CZK 000)

Staff costs:

	2020		2019	
	people	costs	people	costs
Remuneration of board members	2	14 745	2	14 208
Remuneration of other employees	195	110 025	204	115 654
Health and social security costs	0	37 745	0	40 758
Other social costs	0	2 874	0	2 951
Total staff costs	197	165 389	206	173 571

In 2020 the members of the statutory and supervisory bodies received remuneration in the total amount of CZK 240 thousand (at 31 December 2019: CZK 240 thousand).

Income tax (CZK 000)

The tax expense includes:

	2020	2019
Tax payable (19%)	5 492	6 384
Deferred tax	709	-747
Adjustment of the tax expense of the previous period according to the tax return	201	440
Total tax expense	6 402	6 077

The Company's analysis of deferred tax is as follows:

Items of deferred tax	2020		2019	
	Deferred tax asset	Deferred tax Liability	Deferred tax asset	Deferred tax Liability
Differences between accounting and tax net book value of fixed assets	0	-351	0	-212
Other temporary differences:				
Provision for receivables	220	0	1 042	0
Provision for inventories	2 110	0	638	0
Provision for fixed assets	52	0	79	0
Reserves	7 007	0	8 200	0
Total	9 389	-351	9 959	-212
The deferred tax asset	9 038	0	9 747	0

The deferred tax was calculated at 19% (tax rate for 2020 and subsequent).

Off balance sheet assets and liabilities

In 2020, the Company entered into a new lease agreement for non-residential premises (production, administrative and storage), where the lease term is set for a definite period, until 31 December 2024. The previous agreement for these premises was terminated as at 31 December 2020. In 2020, the total amount of rent for all leased premises for a definite period was CZK 22,846 thousand (as at 31 December 2019: CZK 24,698 thousand). The total amount of future liabilities not included in the balance sheet, which is based on these contracts as at 31 December 2020, amounts to CZK 116,959 thousand (as at 31 December 2019: CZK 28,375 thousand).

Other non-residential premises are leased for an indefinite period. The total amount of rent paid for space leased for an indefinite period amounted in 2020 to CZK 2 772 thousand (2019: CZK 2 751 thousand).

The Company has concluded agreements on the operative leasing for cars for periods of 3 or 4 years and the lease of warehouse vehicles for a 5-year period. Total lease instalments for the lease of cars and warehouse vehicles in 2020 amounts to CZK 6 142 thousand (2019: CZK 6 129 thousand). The total amount of future liabilities not included on the balance sheet, which arise from these agreements, as at 31 December 2020 amounts to CZK 11 070 thousand (at 31 December 2019: CZK 13 382 thousand).

The Company has also concluded an agreement on the operational lease of computer equipment for periods of 3 or 4 years. The total rental payments for lease of the computer equipment in 2020 amounts to CZK 2 344 thousand (2019: CZK 2 044 thousand).

18

The total amount of future liabilities not included on the balance sheet, which arise from these agreements, as at 31 December 2020 amounts to CZK 2 843 thousand (at 31 December 2019: CZK 3 418 thousand).

The Company also records guarantees issued in its favour by the Československá obchodní banka which amount, as at 31 December 2020 to CZK 634 thousand (at 31 December 2019: CZK 3 017 thousand).

Subsequent events

In the period from 1 January 2021 until the date of preparation of this Annual Report, Ahrend a.s. has continued trading. On 11 April 2021, the declared state of emergency came to an end in the Czech Republic. However, the Government of the Czech Republic subsequently approved a series of emergency measures by which the Ministry of Health introduced pandemic measures to prevent the spread of covid-19 on the basis of a Pandemic Act.

Despite the slight recovery of the market after the end of the emergency in April 2021, the Company expects that the pandemic measures in the Czech Republic will continue to have a negative impact on its business and production results.

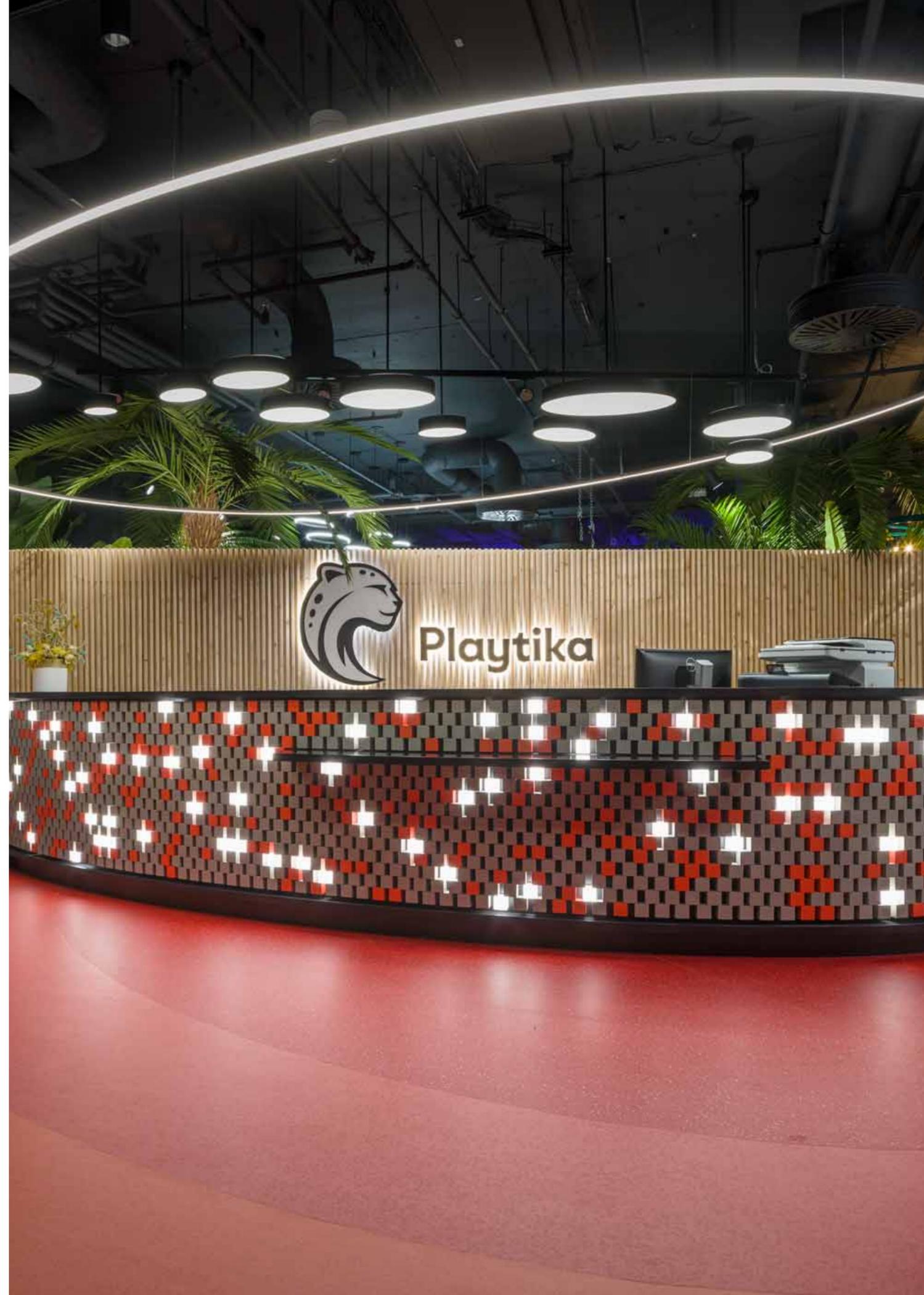
In this context, the Company continues to take measures to mitigate the negative effects on economic results, both in the area of sales and in the areas of costs and working capital. The company will continue its pro-export strategy and expects markets to grow in the second half of 2021.

There were no events after the balance sheet date that would have a material impact on the financial statements as at 31 December 2020.

Prague dated 29th June 2021

Jiří Kejval
Chairman of the Board
Ahrend a.s.

Petr Hampl
Member of the Board
Ahrend a.s.



BALANCE SHEET (CZK 000)

Ref.	ASSETS	Row	31. 12. 2020			31. 12. 2019
			Gross	Provision	Net	Net
a	b	c	1	2	3	4
	TOTAL ASSETS	001	1 171 529	-201 486	970 043	882 771
B.	Fixed assets	003	479 130	-169 140	309 990	309 390
B. I.	Intangible fixed assets	004	44 675	-33 296	11 379	11 884
B. I. 2.	Royalties		38 938	-32 191	6 747	8 258
B. I. 2. 1.	Software		38 838	-32 091	6 747	8 258
B. I. 2. 2.	Other royalties		100	-100	0	0
B. I. 4.	Other intangible fixed assets		2 486	-1 105	1 381	502
B. I. 5.	Advances paid and intangible fixed assets in the course of construction		3 251	0	3 251	3 124
B. I. 5. 2.	Intangible fixed assets in the course of construction		3 251	0	3 251	3 124
B. II.	Tangible fixed assets		159 432	-135 844	23 588	27 114
B. II. 1.	Land and constructions		13 836	-12 981	855	1 355
B. II. 1. 1.	Land		855	0	855	855
B. II. 1. 2.	Constructions		12 981	-12 981	0	500
B. II. 2.	Equipment		145 449	-122 863	22 586	25 612
B. II. 4.	Other tangible fixed assets		147	0	147	147
B. II. 4. 3.	Tangible fixed assets - other		147	0	147	147
B. III.	Long-term investments		275 023	0	275 023	270 392
B. III. 1.	Investments - subsidiaries and controlling party		275 023	0	275 023	270 392
C.	Current assets		692 399	-32 346	660 053	573 381
C. I.	Inventories		126 953	-11 105	115 848	136 374
C. I. 1.	Raw materials		59 761	-8 299	51 462	66 017
C. I. 2.	Work in progress and semi-finished products		7 161	0	7 161	7 142
C. I. 3.	Finished goods and goods for resale		55 722	-2 601	53 121	57 760
C. I. 3. 1.	Finished goods		17 120	-34	17 086	12 059
C. I. 3. 2.	Goods for resale		38 602	-2 567	36 035	45 701
C. I. 5.	Advances paid for inventory		4 309	-205	4 104	5 455
C. II.	Receivables		562 199	-21 241	540 958	436 666
C. II. 1.	Long-term receivables		15 672	0	15 672	19 827
C. II. 1. 1.	Trade receivables		6 634	0	6 634	10 080
C. II. 1. 4.	Deferred tax asset		9 038	0	9 038	9 747
C. II. 2.	Short-term receivables		544 403	-21 241	523 162	413 808
C. II. 2. 1.	Trade receivables		333 108	-21 241	311 867	359 663
C. II. 2. 2.	Receivables - subsidiaries and controlling party		180 733	0	180 733	26 886
C. II. 2. 4.	Receivables - other		30 562	0	30 562	27 259
C. II. 2. 4. 3.	Taxes - receivables from the state		10 387	0	10 387	4 107
C. II. 2. 4. 4.	Short-term advances paid		14 913	0	14 913	18 015
C. II. 2. 4. 5.	Estimated receivables		5 127	0	5 127	5 013
C. II. 2. 4. 6.	Other receivables		135	0	135	124
C. II. 3.	Prepayments and accrued income		2 124	0	2 124	3 031
C. II. 3. 1.	Prepaid expenses		2 124	0	2 124	3 031
C. IV.	Cash		3 247	0	3 247	341
C. IV. 1.	Cash in hand		361	0	361	215
C. IV. 2.	Cash at bank		2 886	0	2 886	126

Ref.	LIABILITIES AND EQUITY	Row	31. 12. 2020	31. 12. 2019
			5	6
a	b	c	5	6
	TOTAL LIABILITIES AND EQUITY			882 771
A.	Equity			424 159
A. I.	Share capital			84 541
A. I. 1.	Share capital			84 541
A. II.	Share premium and capital contributions			107 590
A. II. 2.	Capital contributions			107 590
A. II. 2. 1.	Other capital contributions			1 245
A. II. 2. 2.	Assets and liabilities revaluation			106 345
A. III.	Other reserves			20 845
A. III. 1.	Other reserve funds			20 845
A. IV.	Retained earnings / Accumulated losses			185 688
A. IV. 1.	Retained earnings or accumulated losses (+/-)			185 688
A. V.	Profit / (loss) for the current period			25 495
B. + C.	Liabilities			458 612
B.	Provisions			43 156
B. 2.	Provision for tax on profit			0
B. 4.	Other provisions			43 156
C.	Liabilities			415 456
C. I.	Long-term liabilities			1 923
C. I. 9.	Liabilities - other			1 923
C. I. 9. 3.	Other liabilities			1 923
C. II.	Short-term liabilities			367 047
C. II. 3.	Short-term advances received			1 737
C. II. 4.	Trade payables			244 793
C. II. 6.	Liabilities - subsidiaries and controlling party			60 600
C. II. 8.	Liabilities - other			59 917
C. II. 8. 1.	Liabilities to shareholders			1 758
C. II. 8. 3.	Liabilities to employees			7 309
C. II. 8. 4.	Liabilities for social security and health insurance			3 809
C. II. 8. 5.	Taxes and state subsidies payable			6 207
C. II. 8. 6.	Estimated payables			40 419
C. II. 8. 7.	Other liabilities			415
C. III.	Accruals and deferred income			46 486
C. III. 1.	Accrued expenses			13
C. III. 2.	Deferred income			46 473

INCOME STATEMENT (CZK 000)

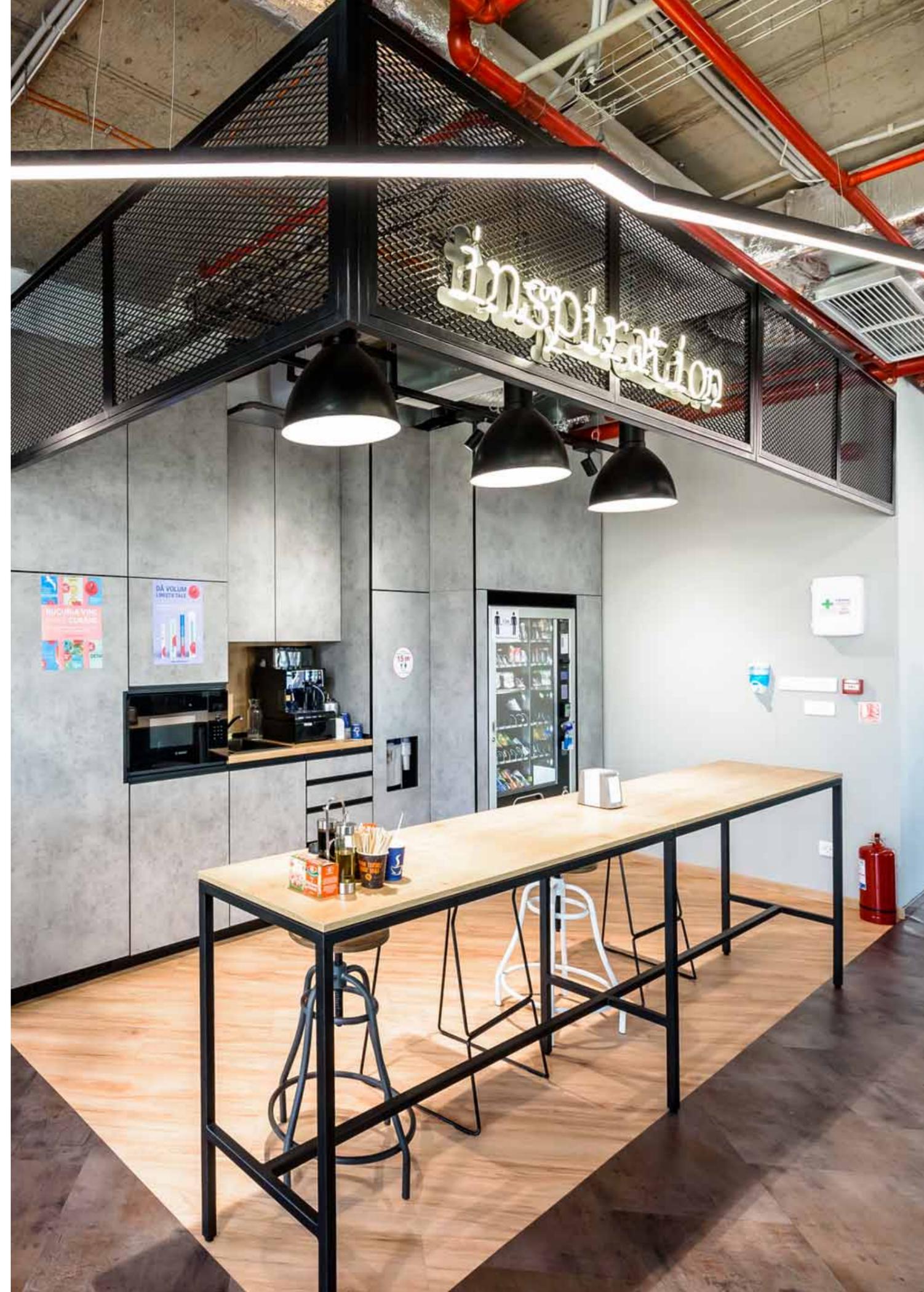
Ref.	TEXT	Row	Accounting period	
			2020	2019
a	b	c		
I.	Sales of products and services			920 842
II.	Sales of goods			514 952
A.	Cost of sales			1 241 521
A. 1.	Cost of goods sold			409 824
A. 2.	Raw materials and consumables used			237 818
A. 3.	Services			593 879
B.	Changes in inventories of finished goods and work in progress			-5 194
C.	Own work capitalised			-478
D.	Staff costs			173 571
D. 1.	Wages and salaries			129 862
D. 2.	Social security, health insurance and other social costs			43 709
D. 2. 1.	Social security and health insurance costs			40 758
D. 2. 2.	Other social costs			2 951
E.	Value adjustments in operating activities			9 286
E. 1.	Value adjustments of fixed assets			12 954
E. 1. 1.	Depreciation, amortisation and write off of fixed assets			13 098
E. 1. 2.	Provision for impairment of fixed assets			-144
E. 2.	Provision for impairment of inventories			-606
E. 3.	Provision for impairment of receivables			-3 062
III.	Operating income - other			22 531
III. 1.	Sales of fixed assets			55
III. 2.	Sales of raw materials			6 590
III. 3.	Other operating income			15 886
F.	Operating expenses - other			11 474
F. 1.	Net book value of fixed assets sold			0
F. 2.	Cost of raw materials sold			5 927
F. 3.	Taxes and charges from operating activities			457
F. 4.	Operating provisions and complex prepaid expenses			-1 251
F. 5.	Other operating expenses			6 341
*	Operating result			28 145
V.	Income from other long-term investments			6 624
V. 1.	Income from other long-term investments - subsidiaries or controlling party			6 624
VI.	Interest and similar income			57
VI. 1.	Interest and similar income - subsidiaries or controlling party			57
J.	Interest and similar expenses			1 300
J. 1.	Interest and similar expenses - subsidiaries or controlling party			1 300
VII.	Other financial income			0
K.	Other financial expenses			1 954
*	Financial result			3 427
**	Net profit / (loss) before taxation			31 572
L.	Tax on profit or loss			6 077
L. 1.	Tax on profit or loss - current			6 824
L. 2.	Tax on profit or loss - deferred			-747
**	Net profit / (loss) after taxation			25 495
***	Net profit / (loss) for the financial period			25 495
	Net turnover for the financial period			1 465 006

STATEMENT OF CASH FLOWS (CZK 000)

označ.	TEXT	Accounting period	
		2020	2019
a	b	1	2
	Cash flows from operating activities		
	Net profit / (loss) before tax		31 572
A. 1.	Adjustments for non-cash movements:		2 599
A. 1. 1.	Depreciation and amortisation of fixed assets		13 098
A. 1. 2.	Change in provisions		-5 063
A. 1. 3.	(Profit)/loss from disposal of fixed assets		-55
A. 1. 4.	Dividend income		-6 624
A. 1. 5.	Net interest expense/(income)		1 243
A *	Net cash flow from operating activities before tax and changes in working capital		34 171
A. 2.	Working capital changes:		-53 051
A. 2. 1.	Change in receivables and prepayments		-41 004
A. 2. 2.	Change in short-term payables and accruals		-32 639
A. 2. 3.	Change in inventories		20 592
A **	Net cash flow from operating activities before tax		-18 880
A. 3.	Interest paid		-1 300
A. 4.	Interest received		57
A. 5.	Income tax paid		-8 277
A. 6.	Dividends received		2 459
A ***	Net cash flow from operating activities		-25 941
B. 1.	Acquisition of fixed assets		-24 777
B. 2.	Proceeds from sale of fixed assets		55
B. 3.	Loans to related parties		112 694
B ***	Net cash flow from investing activities		87 972
C. 1.	Change in long- and short-term liabilities		-28 343
C. 2.	Changes in equity:		-33 848
C. 2. 6.	Dividends paid		-33 848
C. ***	Net cash flow from financing activities		-62 191
	Net increase/(decrease) in cash and cash equivalents		-160
	Cash and cash equivalents at the beginning of the year		501
	Cash and cash equivalents at the end of the year		341

STATEMENT OF CHANGES IN EQUITY (CZK 000)

	Share capital	Other capital funds	Property revaluation reserve (+/)	Other reserve funds	Retained earnings	Total
As at 1 January 2019	84 541	1 245	62 786	20 845	219 536	388 953
Fair value gains/(losses)						
-investments in subsidiaries and associates	0	0	43 559	0	0	43 559
Dividends/profit distribution paid	0	0	0	0	-33 848	-33 848
Net profit/(loss) f or the current period	0	0	0	0	25 495	25 495
As at 31 December 2020	84 541	1 245	106 345	20 845	211 183	424 159
Fair value gains/(losses)						
-investments in subsidiaries and associates	0	0	4 632	0	0	4 632
Dividends/profit distribution paid	0	0	0	0	-25 495	-25 495
Net profit/(loss) for the current period	0	0	0	0	28 051	28 051
As at 31 December 2020	84 541	1 245	110 977	20 845	213 739	431 347





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