



COMPANY REPORT

2020

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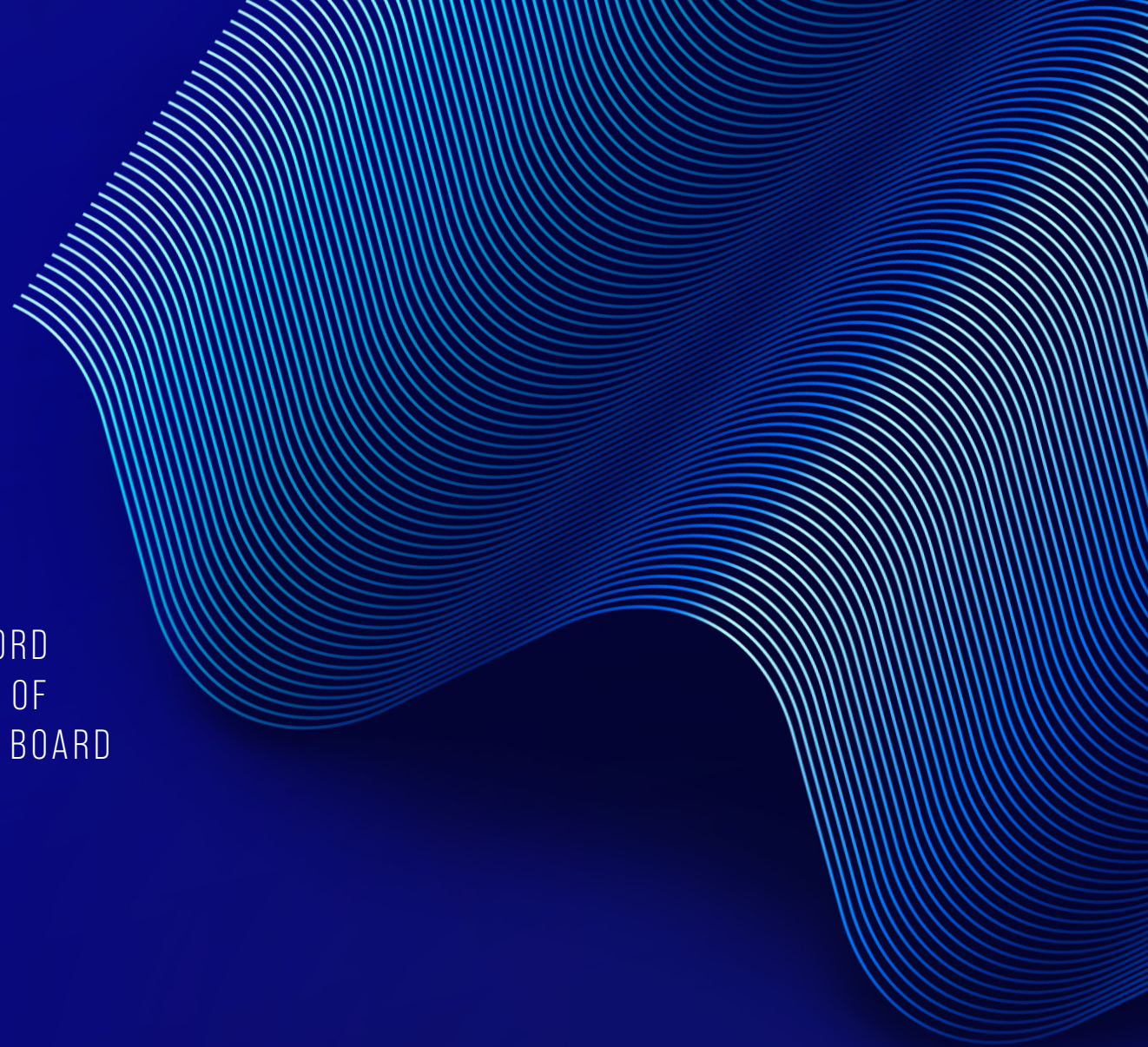


# 1,000,000

WE DELIVER TO OUR CUSTOMERS  
1,000,000 TONS OF STEEL PRODUCTS

# 1

INTRODUCTORY WORD  
BY THE CHAIRMAN OF  
THE SUPERVISORY BOARD



**DEAR LADIES AND GENTLEMEN, BUSINESS PARTNERS AND FRIENDS,**

Yet again we have reached a turbulent period of the 21st century. However, we need to recognize that while we struggled with various market conditions. It would be impossible to imagine modern life without steel which as we all know is very essential ingredient of our society's growth and prosperity. All the buildings, bridges, cars, planes as well as all the everyday items that we take for granted, steel is not only all around us but it is one of the world's endlessly recyclable materials.

While 2019 experienced upper trend's relative stability, 2020 was the year of major decline with an upswing in the last quarter. Steel capacity restart have been lagging behind demand recovery, along with inventories, which then led to a shortage in supply chain. Flat steel prices continue to strength on supply shortages while distributors and their customers, be it reluctantly, have agreed to pay higher prices to secure material. EU prices are at their highest levels since the crisis in 2008 and it should not come as a surprise if a further record levels are broken. Be it coils, longs, plate or even scrap can be adversely affected. Section 232 remains in place which also has its effect on price levels.

This trend has continued into 2021 where we do expect the world demand to reach 1.90bil MT. The overall impact of the Coronavirus has had a negative impact but not to the extent feared by all industry sectors. It is also anticipated that a further rise in demand could even reach 1.95bil MT.

While the recovery is being led by increased demand in China, the remainder of the world demand has dipped considerably in 2020 while the pandemic is expected to cause further uncertainty for the rest of 2021.

As already mentioned, in the foreseeable future, we expect a reasonably firm recovery supported by increase in demand as well as it being influenced by governments recovery initiatives. With all this said it is reasonable to assume that Covid-19 infections should stabilise and that a steady return to normality of pre-epidemic levels of steel demand may take a few years.

In the EU markets, 2021/22 is anticipated to be steady and mainly driven by a recovery of automotive and public construction projects. The automotive sector saw the most profound demand decline among steel- users sector in 2020 with a real nosedive in the second quarter, but it is expected to recover strongly in 2021. Despite this faster -than- expected recovery in demand, the

sector is experiencing supply chain bottleneck with a shortage of semiconductors and other parts which of course impedes the car manufacturing and delivery process to their end users.

Lead times have become longer than ever in the long market and as there is a strong demand it encourages mills to continue increasing their prices. End users are buying less than what they actually need, but these local shortages are causing even further price rises.

Global construction output in 2020 fell by more than in 2009 when it was hit by the financial crisis. However, infrastructure projects have become important and will continue to be strong driver alongside the green recovery which combinedly will drive construction demand but it is not expected to reach 2019 levels before 2022.

Even though there may be some fluctuation between various market segments, they all remain stable and the second quarter of 2021 should be even better than the first quarter.

While we consider all those aspects of variations , current outlook of the market is very good and we at Ferona are well positioned , thanks to our inner financial strength, and we are ready to deal with any future fluctuations in order to be able to satisfy our customers needs and demands as well as to provide a long term security for our employees. You are the future of the company and we as Ferona are here to help you to achieve your personal and family goals, and I wish you every success in your quest.

I would like to use this opportunity and express my most sincere thanks to all our customers, business partners as well as financial institutions for their loyal, continued and unwayward support.

May I wish you all happy, healthy and successful remainder of 2021 and time beyond.



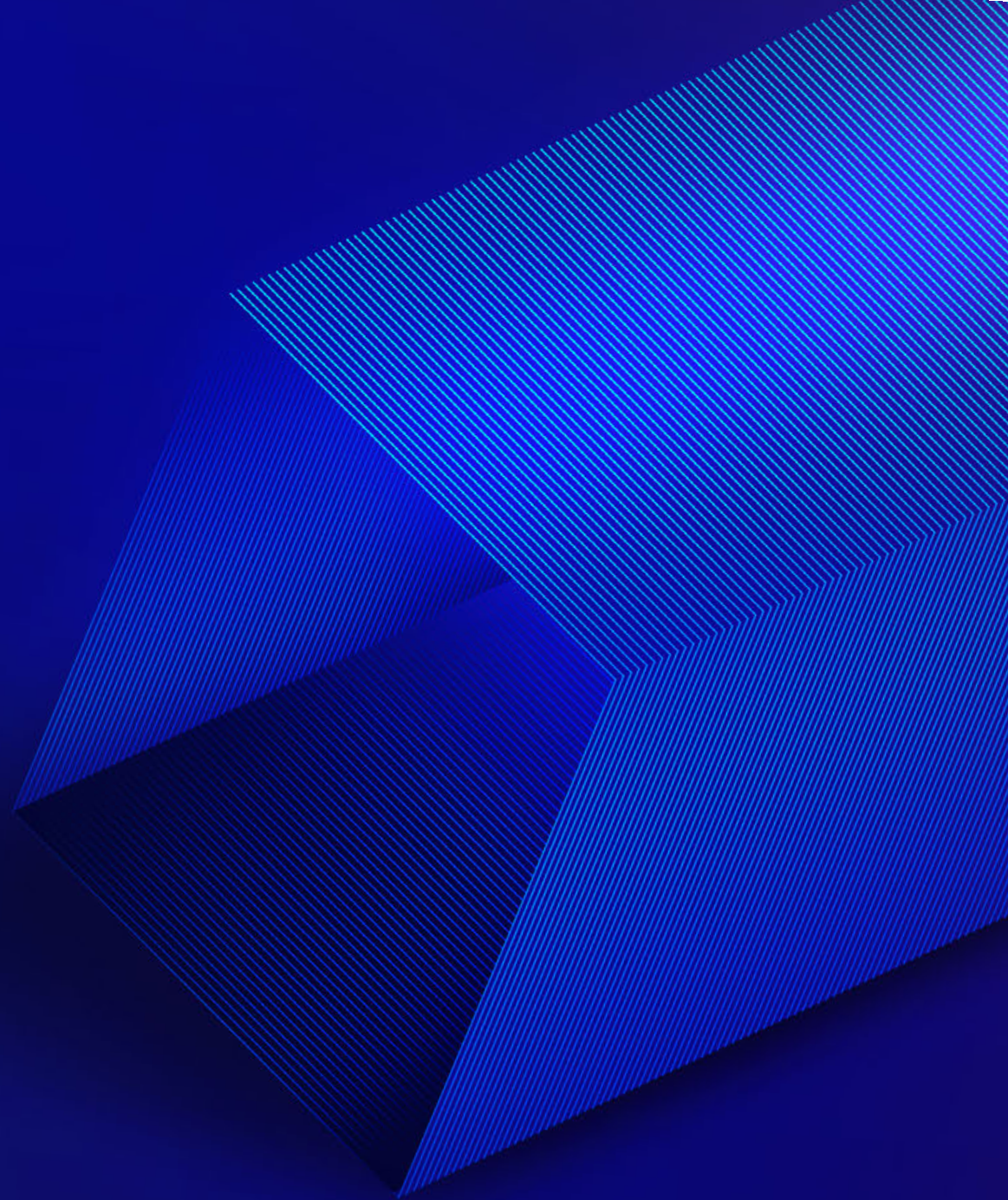
**ROBERT KAY**

CHAIRMAN  
SUPERVISORY BOARD



# 2

INTRODUCTORY WORD OF  
THE CHAIRMAN OF THE  
BOARD OF DIRECTORS





**DEAR LADIES AND GENTLEMEN, DEAR BUSINESS PARTNERS,**

To begin, let me say a few words about the past year, as 2020 has made a lasting mark on the life of each one of us. The COVID-19 pandemic has fundamentally affected the entire world, forced far-reaching changes in our lives, and spurred a global economic crisis. No other similar event has taken place in the past 100 years. In view of the circumstances, Feron a was forced to mount a rapid and convincing response. As early as at the turn of March and April, we activated crisis management and began to implement a variety of emergency-response measures.

Wherever possible, we organized shift work, worker rotation, remote access, and home office arrangements. Nearly all consultations, meetings, and conferences were transferred to digital platforms, including those with our customers.

We completely changed our business strategy as regards procurement, logistics, and, most importantly, sales. The objective was clear: protecting the health of all of us, preventing or, as a minimum, mitigating the spread of the virus in the workplace, and responding to the changes in customers' needs and requirements. All of the actions taken in the face of the pandemic have been highly demanding, but our joint effort has paid off in the end. Thanks to the hard work, we recorded profit in 2020, albeit in a relatively small amount.

**A LOOK TO THE FUTURE**

As last year, 2021 will be exceptionally arduous. In addition, it is very likely that this projection will apply to the subsequent two years as well. According to Czech

National Bank's forecasts, the economy as a whole will return to pre-pandemic levels no earlier than in 2023. Apart from endangering our health, the COVID-19 pandemic has disrupted all global supply chains and logistical operations. Thankfully, there is good news too. New medicines and vaccines are being developed, which have the potential to help humankind fight the pandemic.

It has been said that every crisis is an opportunity.

For Feron a, it is an opportunity to not only strengthen our position, but also to expand our business. Feron a is entering 2021 well prepared. The foundation of our business is solid, we have teams of excellent professionals, and we have implemented numerous measures that have proved effective and will remain in place. The key factor will be our ability to respond to the changing situation expeditiously, professionally, and systematically. Apart from pricing, the success of sales will depend on response time, flexibility, quality, and reliability, all of which translate into value added for the customer.

In view of that, we have decided to begin already this year a complete upgrade of the Ostrava Cutting Center, which will see the installation of a new tensile straightening technology. Possessed by only a handful of companies in Europe, the state-of-the-art stretcher system will considerably improve the quality of our flat products in the future.

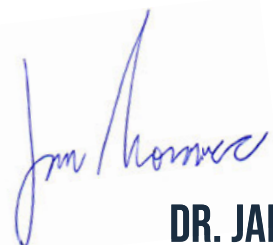
Another area to which we pay close attention is digitization. Last year, we launched Feron a Online, an Internet portal that proved greatly beneficial during the difficult lockdown times. In addition, we will gradually switch to a new

ERP system in preparation for Industry 4.0. That will include the comprehensive digitization of nearly all internal processes, logistics, stock management, and Feroná's communication with customers and suppliers. The effort will further improve quality, promptness, and reliability of product delivery.

A center responsible for managing all Feroná Group services is being built in Olomouc. Apart from steel, we will add plastic and composite materials to our portfolio, as these materials often suitably complement one another. Our goal is to be the material engineering center for the entire Central European region. On a one-stop basis, we will provide customers with not only an all-inclusive assortment of goods and services, but also consulting for the development and implementation of novel materials and technologies.

Our motto, „Feroná – The Strength of Iron“, symbolizes our lasting commitment to always be a stable and dependable partner to our customers, a partner they can always rely on and trust.

To conclude, I want to wish you not only much success, but also iron health and nerves of steel.



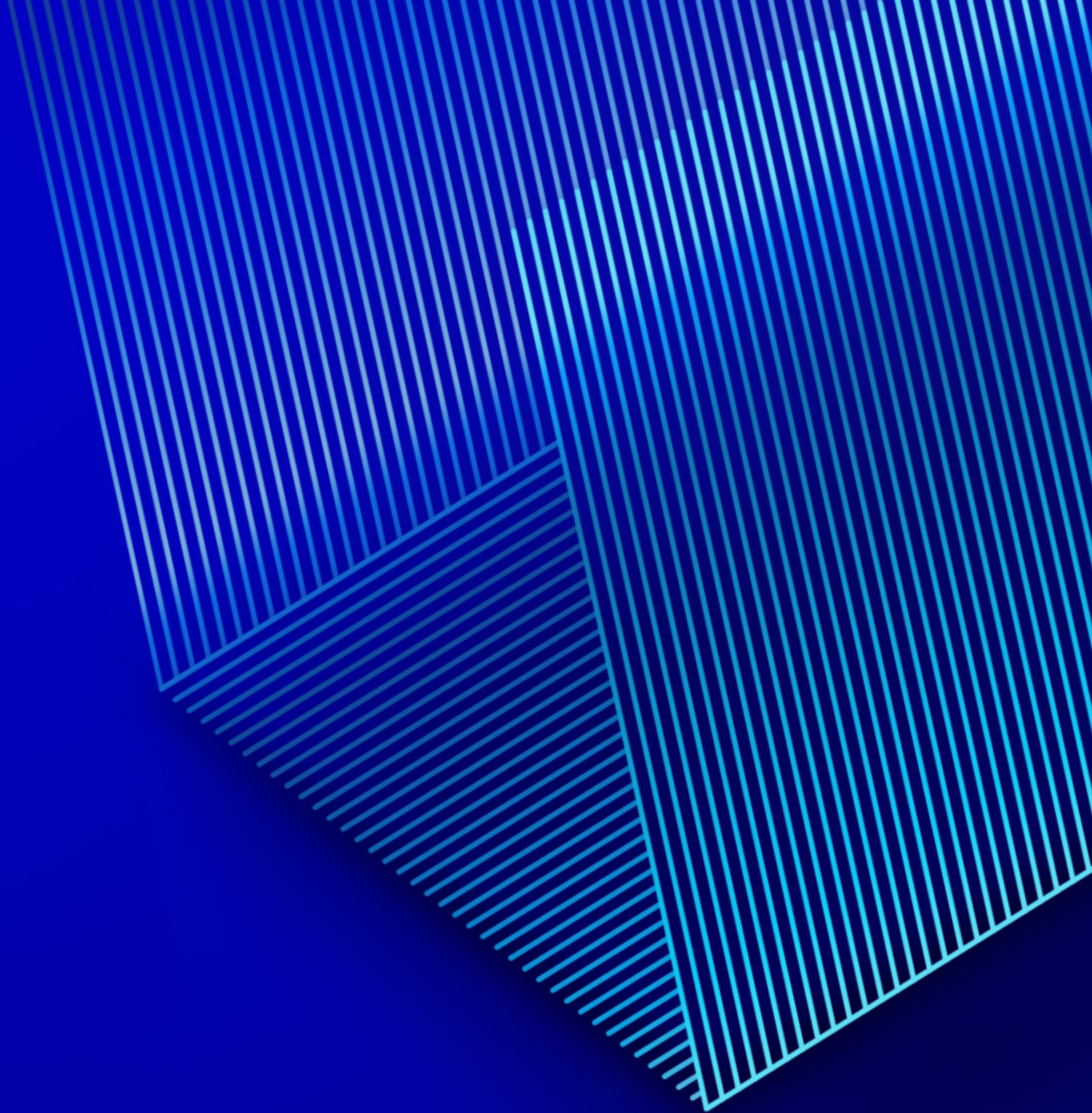
**DR. JAN MORAVEC**

CEO AND CHAIRMAN OF THE BOARD OF DIRECTORS



# 3

COMPANY  
IDENTIFICATION



### Company Identification

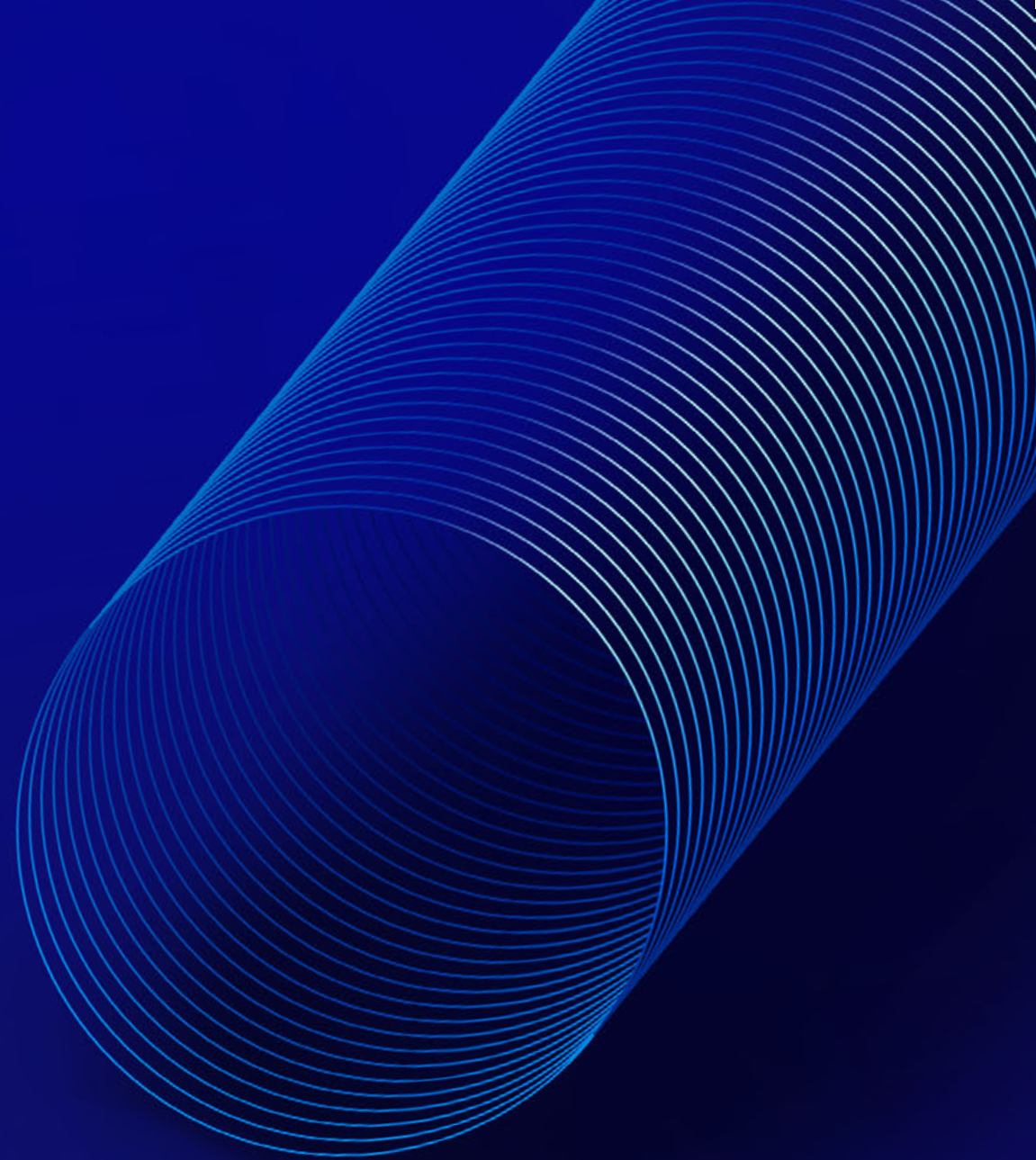
Business name	Ferona, a.s.
Identification number	26 44 01 81
Registered office	Havlíčková čp. 1043/11, 111 82 Praha 1
Date of establishment	21 March 2001
Website	<a href="http://www.ferona.cz">www.ferona.cz</a>
Registered capital	CZK 3,000,000,000

The Company is registered in the Commercial Register maintained by the Municipal Court in Prague, Part B, Entry 7143. Originally, the Company was established as Reklus, a.s., by a group of majority shareholders of then Ferona, a.s. (Company ID 25 79 20 75), acting in concert.

As of the relevant date, 1 April 2001, the Company, acting in the capacity of the main shareholder pursuant to Section 220p of the Commercial Code, took over Ferona, a.s. (Company ID 25 79 20 75), under a take-over agreement approved by the General Meetings of both companies on 27 June 2001. The registration of the take-over into the Commercial Register entered into legal force and effect on 29 August 2001. Under the Merger Agreement, the Company, being the successor company, assumed the capital of STEEL INVESTMENTS GROUP, a.s., the ceasing parent company, as of the relevant date, 1 January 2005.

# 4

## BASIC CHARACTERISTICS OF THE COMPANY



**CURRENTLY, FERONA BUILDS UPON THE ACTIVITIES OF ITS LEGAL PREDECESSORS INVOLVED IN DISTRIBUTION OF METALLURGICAL PRODUCTS, WITHIN THE TEMPORAL CONTEXT OF THE HISTORY OF THEN CZECHOSLOVAKIA AFTER 1945 UNDER VARIOUS NAMES AND IN VARIOUS ORGANISATIONAL FORMS. IT IS, THEREFORE, BUILDING UPON ENTREPRENEURSHIP TRADITION STRETCHING BACK TO 1829 ON THE TERRITORY OF THE CZECH REPUBLIC.**

As a joint-stock company, Feron a.s. was formed in 1992 upon transformation of the state-owned enterprise of the same name. Within the privatisation process, from 1992 to 1994, its ownership passed from the hands of the state fully into private hands. In 2001, the majority shareholder took over the capital of Feron a.s. and continued in

its business activities. In 2004, STEEL INVESTMENTS GROUP, a.s., became the owner of the Company; it ceased to exist on the relevant date, 1 January 2005, upon merger with Feron a.s. and IRG Steel Limited, London, owner of STEEL INVESTMENTS GROUP, a.s., the ceasing company, became the entity controlling Feron a.s. Since 2017, the company IRG Steel Limited is owned by IRG Asset Management, Ltd., Nicosia.

The core object of **the Company's business** is warehouse wholesale, specialised in purchasing, storing, modification and sale of metallurgical products, metallurgical secondary products, non-ferrous metals and associated iron and steel product portfolio. Feron a.s.'s business activities focus mainly on the domestic market. The group of customers includes, predominantly, thousands of

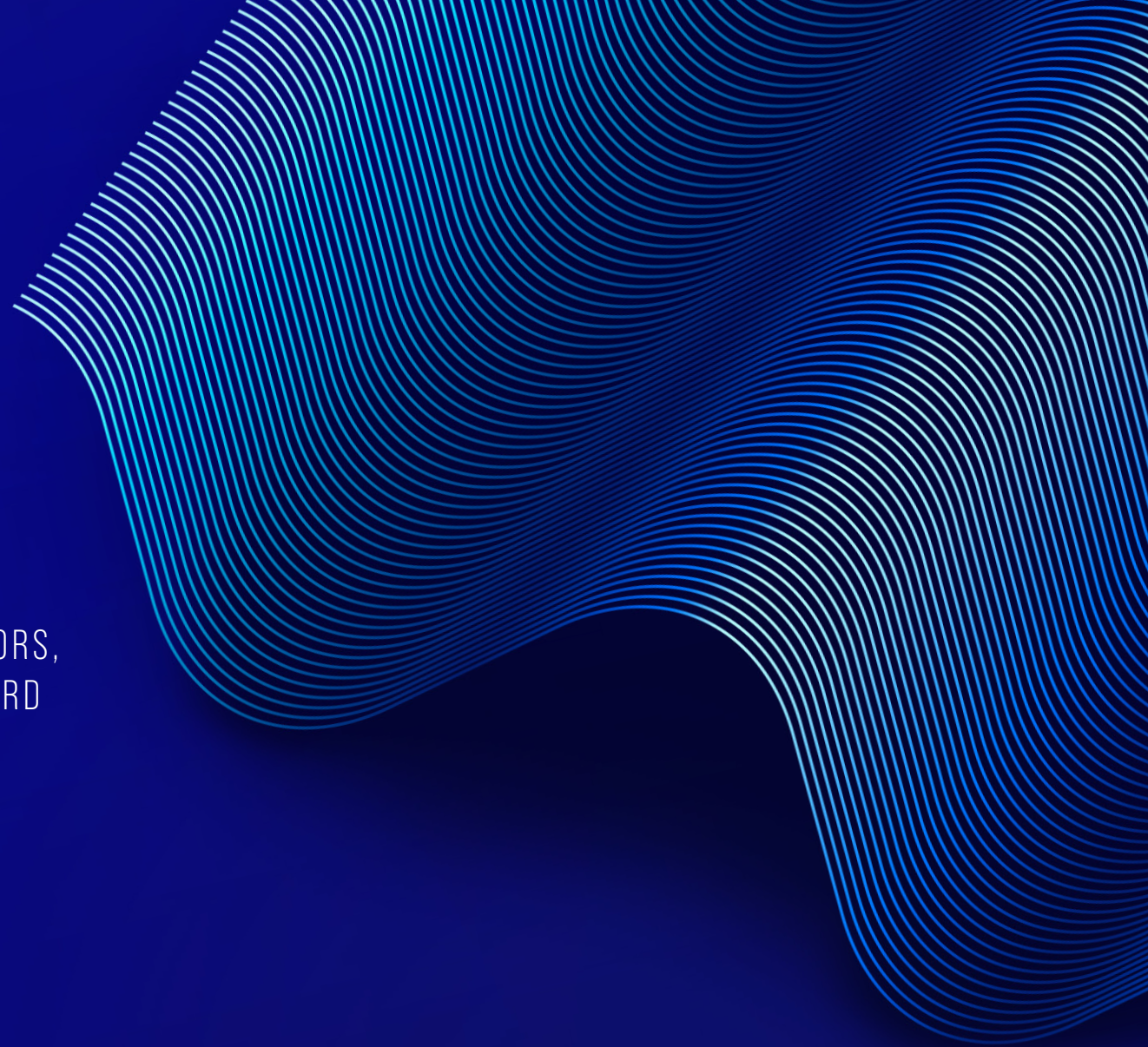
chiefly medium and small industrial, construction, agricultural and commercial companies and traders, for which it is not efficient to purchase directly from the producers. In its sales units – wholesale warehouses as well as retail outlets – Feron a.s. is able to attend to the widest spectrum of customers, ranging from large industrial companies to small clients.

The joint-stock company Feron a.s. is **organizationally divided** into nine territorially defined branches, Steel service centres for transverse and longitudinal division of cold and hot rolled steel coils and production of welded pipes and profiles and the company's headquarters.

Customers are invited to contact any of the above locations with their queries or purchase orders.

# 5

BOARD OF DIRECTORS,  
SUPERVISORY BOARD  
AND DIRECTORS



## SUPERVISORY BOARD

### **ROBERT BOHUSLAV KAY**

Chairman of the Supervisory Board, born in 1949, membership in the Supervisory Board since 2005

### **ING. JIŘÍ HYPŠ**

Vice-Chairman of the Supervisory Board, born in 1943, graduated from the University of Agriculture – Operations and Management Faculty, Member of the Supervisory Board since 2005

### **ING. ZDENĚK BAUMRUK**

Member of the Supervisory Board, born in 1967, Company employee since 1990, Member of the Supervisory Board since 2019

The Company's Board of Directors, Supervisory Board and directors are indicated as applicable as of 31 December 2020.

## BOARD OF DIRECTORS

### **ING. JAN MORAVEC, PH.D.**

Chairman of the Board, born in 1974, graduated from the Czech Technical University, member of the statutory body since 2012

### **MGR. TOMÁŠ BALKO**

member of the statutory body since 2013, born in 1976, graduated from the UKF in Nitra

### **ING. MIROSLAV VANÍČEK**

Vice-Chairman of the Board, born in 1961, graduated from the University of Economics, member of the statutory body since 2005

### **ING. MILAN RADA**

born in 1963, graduated from the University of Economics, member of the statutory body since 1 January 2005



## **DIRECTORS OF THE COMPANY**

### **ING. JAN MORAVEC, PH.D.**

CEO, born in 1974, graduated from the Czech Technical University, employed with the Company since 2011

### **MGR. TOMÁŠ BALKO**

Commercial Director, born in 1976, graduated from the UKF in Nitra, employed with the Company since 2013, with Ferona Slovakia since 2005

### **ING. MIROSLAV VANÍČEK**

Financial Director, born in 1961, graduated from the University of Economics, employed with the Company since 1985

### **ING. MILAN RADA**

IT and HR Director, born in 1963, graduated from the University of Economics, employed with the Company since 1992

### **ING. PAVEL HORÁK**

Logistics Director, born in 1962, graduated from the Czech Technical University, employed with the Company since 1986

### **ING. TOMÁŠ KREJČÍ**

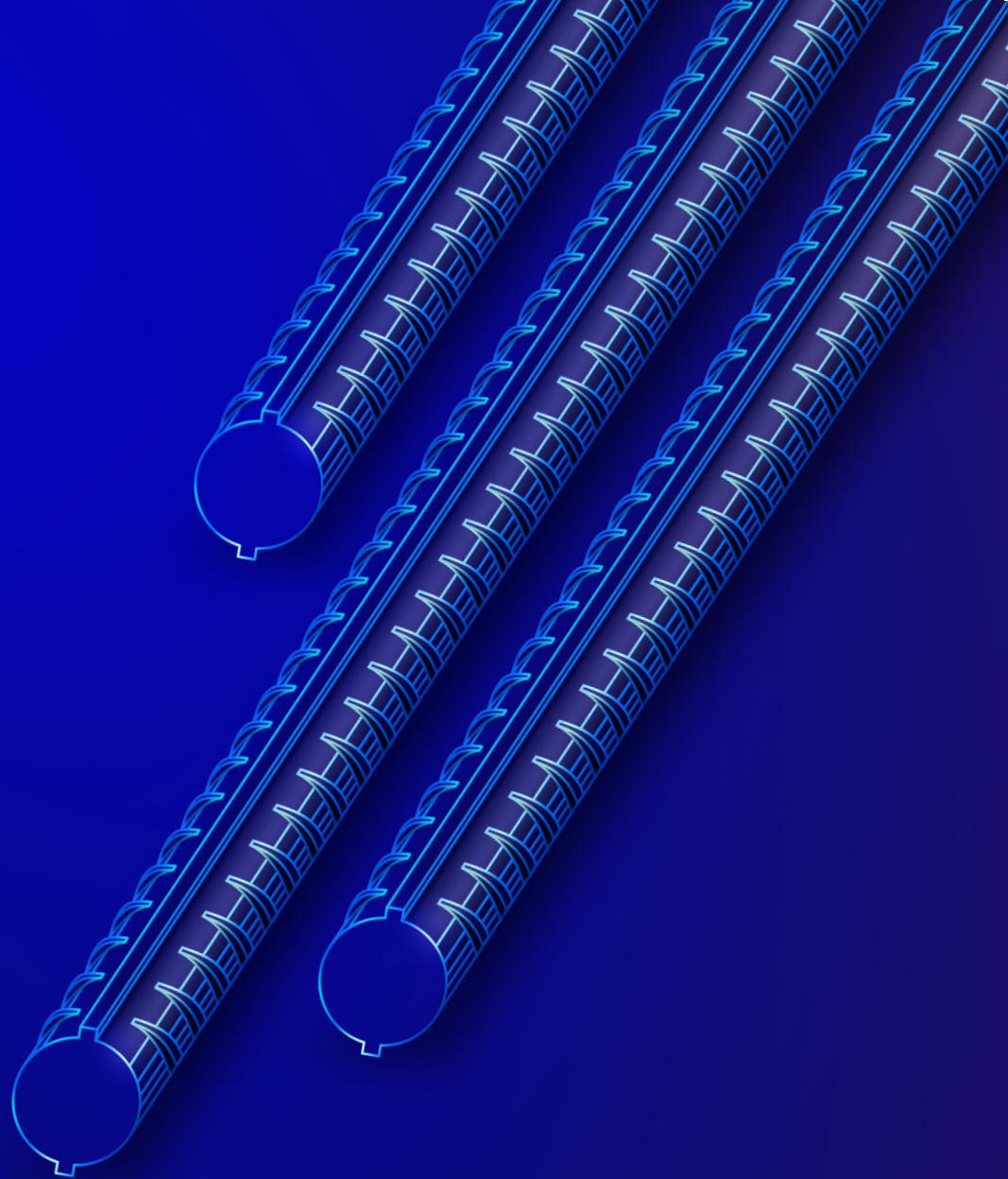
Purchasing Director, born in 1968, graduated from the University of Economics, employed with the Company since 2007

### **DOC. ING. IVO JUŘIČKA CSC.**

SSC Director, born in 1963, graduated from the Faculty of Metallurgy and Material Engineering of the VSB TU, employed with the Company since 2003

# 6

KEY INDICATORS FOR  
PAST TWO YEARS



The Company follows fully upon the activities of its legal predecessor that was established as a joint-stock company in 1992.

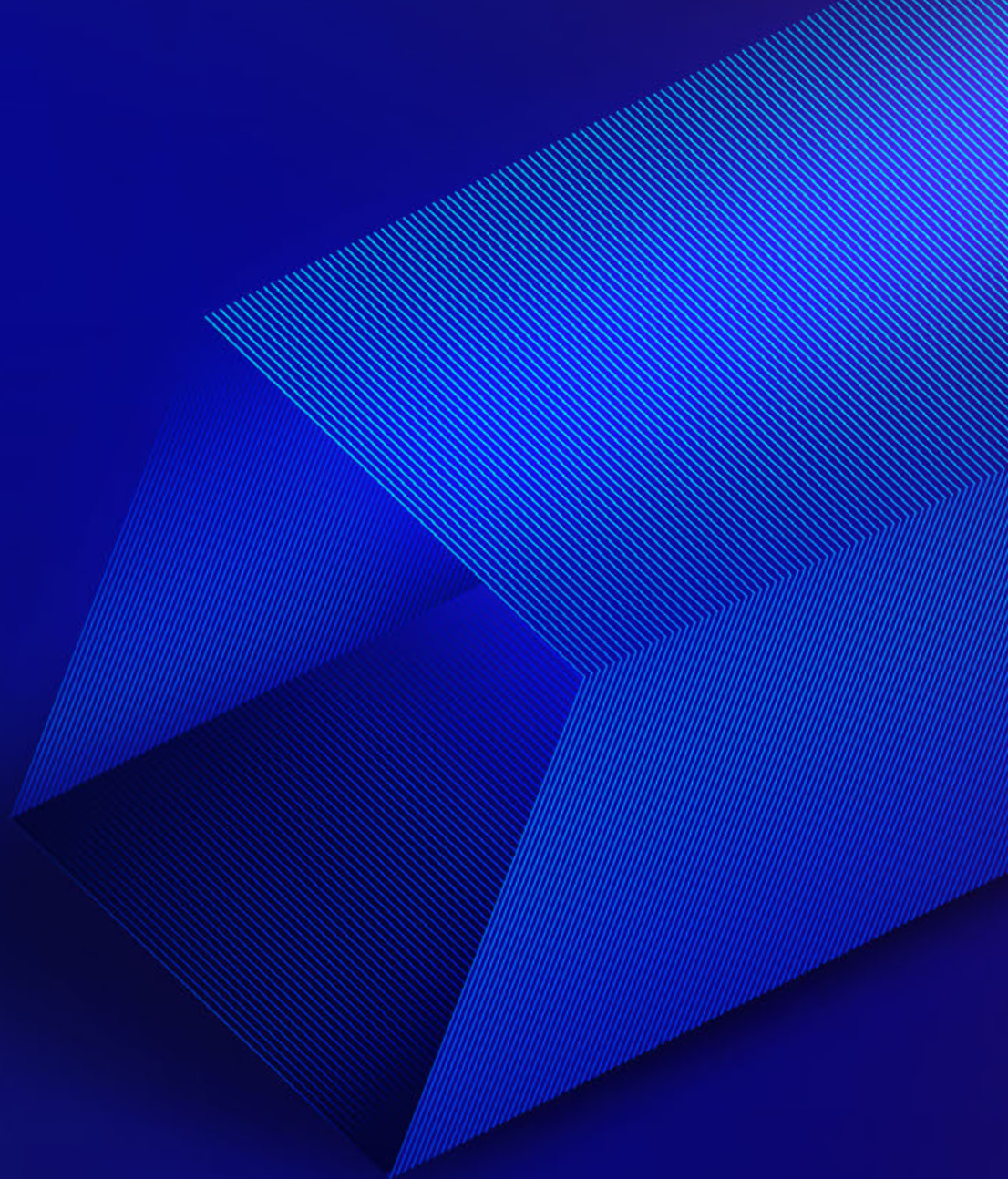
Indicator		2019	2020
Tangible products sold	(thousand tons)	674	592
Revenues from products sold	(CZK million)	11,987	9,795
Profit and/or loss	(CZK million)	112	81
Inventories	(CZK million)	2,285	2,241
Short-term receivables	(CZK million)	1,412	1,398
Short-term payables	(CZK million)	997	1,452
Bank loans	(CZK million)	1,500	700
Number of employees	(individuals)	887	834

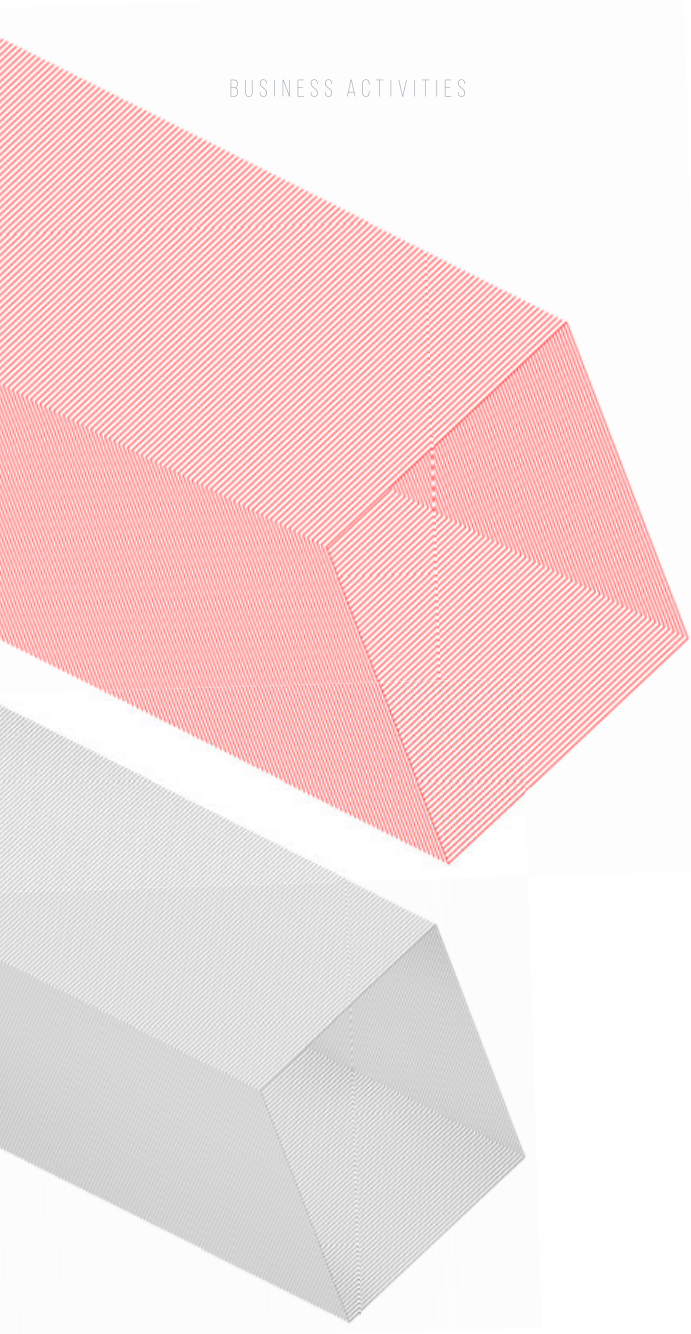
# NATURE FRIENDLY

FERONA STRIVES TO REDUCE THE ENVIRONMENTAL IMPACTS AND CARES TO TAKE FROM SUPPLIERS WHO SUCCESSFULLY REDUCE NEGATIVE EFFECTS ON THE ENVIRONMENT TOO.

7

BUSINESS  
ACTIVITIES





**FERONA RANKS AMONG THE LEADING COMPANIES IN INVENTORY SALE OF METALLURGICAL PRODUCTS, MANUFACTURED PRODUCTS, NON-FERROUS METALS AND ASSOCIATED IRONMONGERS' PRODUCT PORTFOLIO IN THE CZECH REPUBLIC. ITS MARKET SHARES VARY BY INDIVIDUAL PRODUCTS BUT, ON AVERAGE, THEY RANGE, IN THE LONG RUN, AROUND 25 TO 30% OF DELIVERIES FOR DOMESTIC CONSUMPTION.**

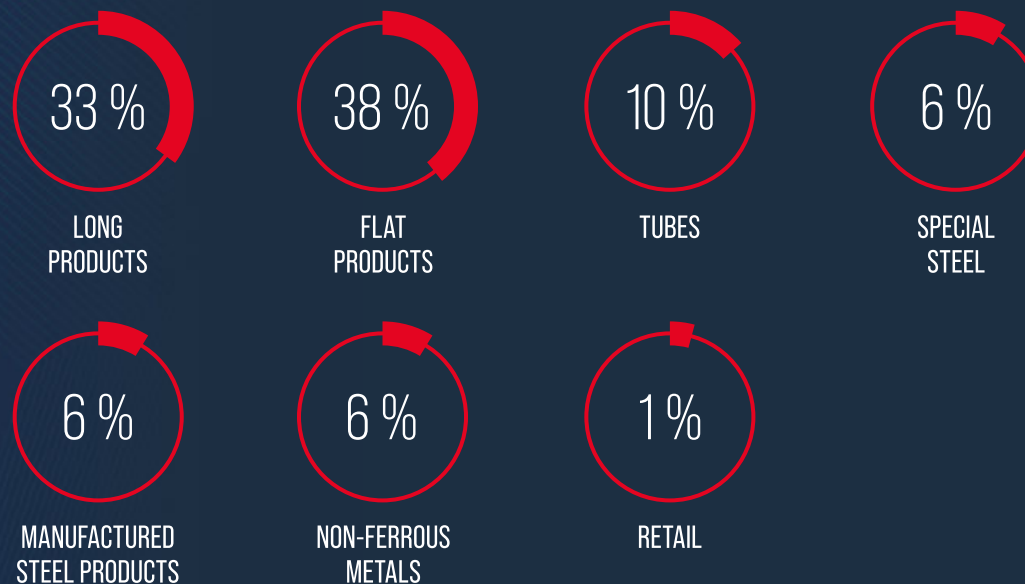
The company sold 591,697 tons of goods to its customers, which is a decrease of 82,171 tons compared to 2019. The COVID-19 pandemic had the greatest impact, reducing overall market consumption.

Revenues from the sale of goods reached CZK 9,795,199 thousand, which represents a decrease of CZK 2,192,265 thousand, compared to 2019. Changes in values are caused by a decrease in tangible sales due to the market situation, persistent volatility of prices of goods sold from 2019.

The year 2020 was marked by a pandemic situation, which complicated distribution flows in the global economy and caused a decline in economic activity and volatility in the price levels of metallurgical products. The existing long-term excess of the

supply of metallurgical products over demand has only underlined the market situation. The above facts affected not only the material sales, but also the possibility of achieving a satisfactory business margin for the company. However, the company managed to use its size in the volume of stored goods and mitigate the effects during periods of movements in the CZK/EUR exchange rate. At the end of the year, the situation began to change. Reduced imports into Europe, reductions in the production capacity of European steel companies as a result of the pandemic, began to push the price of metallurgical products upwards. As a result, we achieved a larger business margin than in 2019. Managed business policy, balanced stocks, use of cutting service centres, service support, and a strict credit policy thus contributed to maintaining the company's positive performance.

Following structure of sales by product groups in 2020:



The Company buys products it sells on a stable basis both from domestic producers, the leading suppliers being ArcelorMittal (Liberty) Ostrava, Moravia Steel, Valsabbia, ESAB, and from foreign companies, predominantly in Slovakia (U.S. Steel Košice, Železářny Podbrezová), Poland (Mittal Poland, Celsa), Germany (Ekostahl, Stahlwerk Thuringen, etc.) as well as in other countries (Duferco, Buntmetall, Marcegaglia, Beltrame, Pittini etc). There is a constant adjustment of the portfolio of suppliers to the specific market conditions. Adjustment of commercial policy to Ferona group's interests plays a major role in changing these conditions.

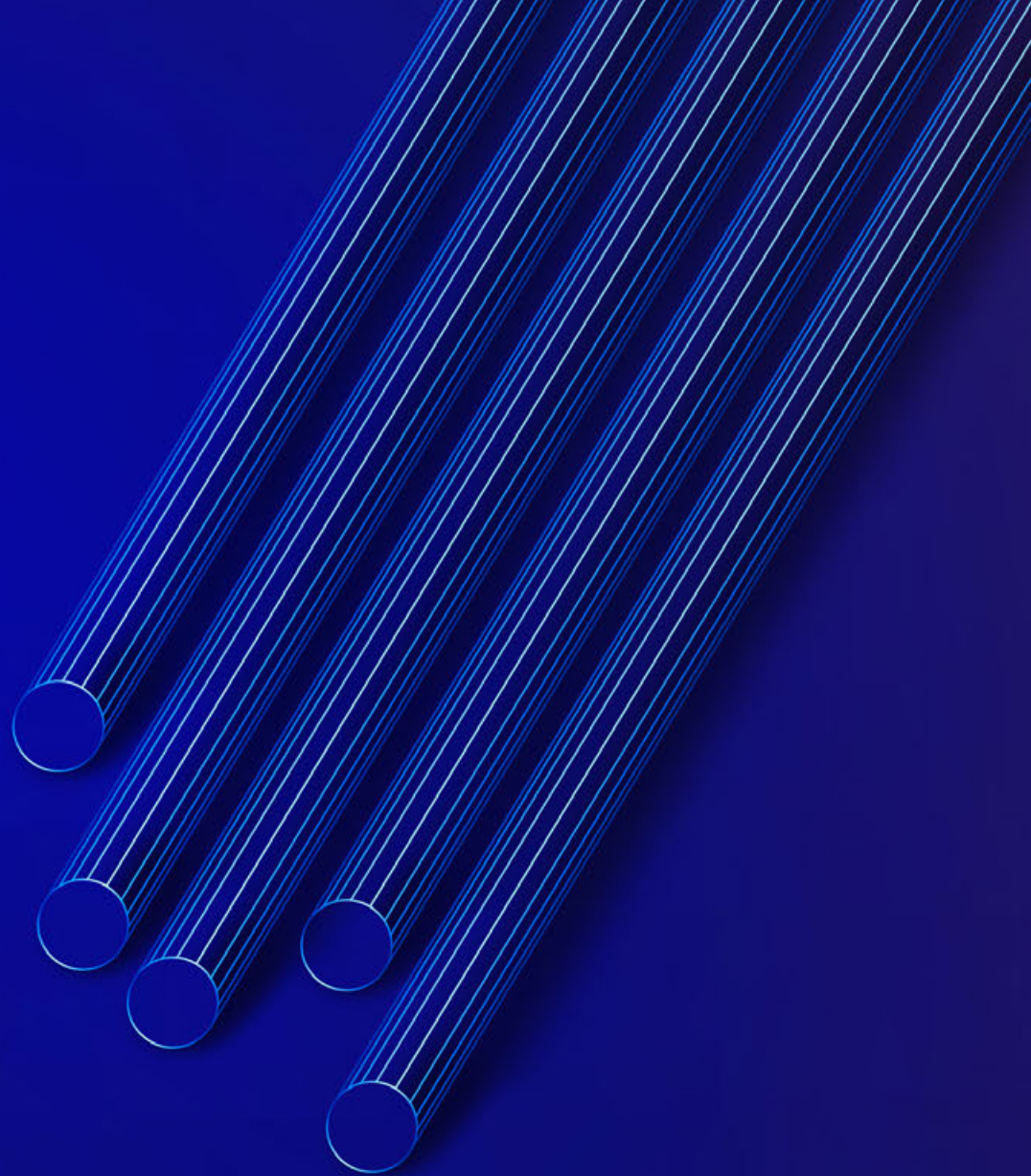
# CZK 9,795,199,000

REVENUES FOR GOODS  
SOLD IN 2020



8

INVESTMENT  
ACTIVITIES

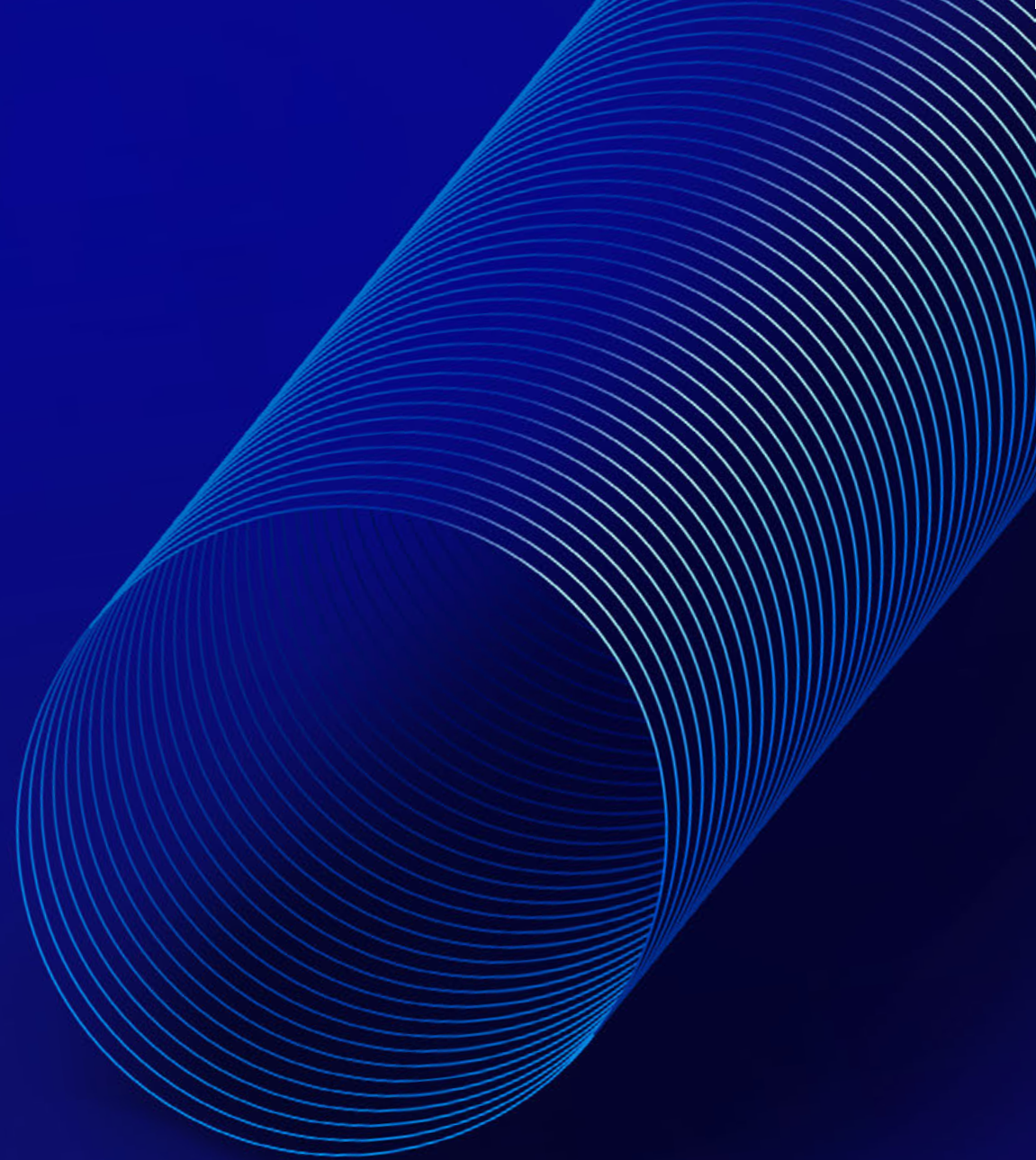


**INVESTMENT ACTIVITIES IN THE AREA OF TANGIBLE AND INTANGIBLE ASSETS HAS BEEN FOCUSED TO RENEWAL AND DEVELOPMENT INVESTMENT PROJECTS IN 2020.**

Tangible and intangible fixed assets in the amount of CZK 71,946 thousand were acquired. Of which CZK 3,499 thousand amounted to investments in cutting equipment, CZK 15,300 thousand to machinery and equipment (especially crane and handling equipment). The renewal of means of transport accounted for CZK 10,982 thousand. Investments in constructions amounted to CZK 4,282 thousand and to the purchase of land CZK 3,886 thousand. The total of CZK 2,603 thousand were issued for the purchase of intangible assets. Advances provided for the acquisition of assets amounted to CZK 29,699 thousand (cutting line).

# 9

SIGNIFICANT  
PROJECTS





01

**DELIVERIES OF SHEETS AND CUTS FOR  
THE GABČÍKOVO PROJECT**

PRAGUE



02

**KORADO:  
PRODUCER OF RADIATORS**

HRADEC KRÁLOVÉ



03

**SUPPLIES OF PROFILE STEEL  
TO EGE STEEL CONSTRUCTION**

ČESKÉ BUDĚJOVICE



04

**AMMANN: MANUFACTURER OF CONSTRUCTION COMPACTING EQUIPMENT**

HRADEC KRÁLOVÉ



05

**IVECO: PRODUCER OF EVADYS BUSES**

HRADEC KRÁLOVÉ



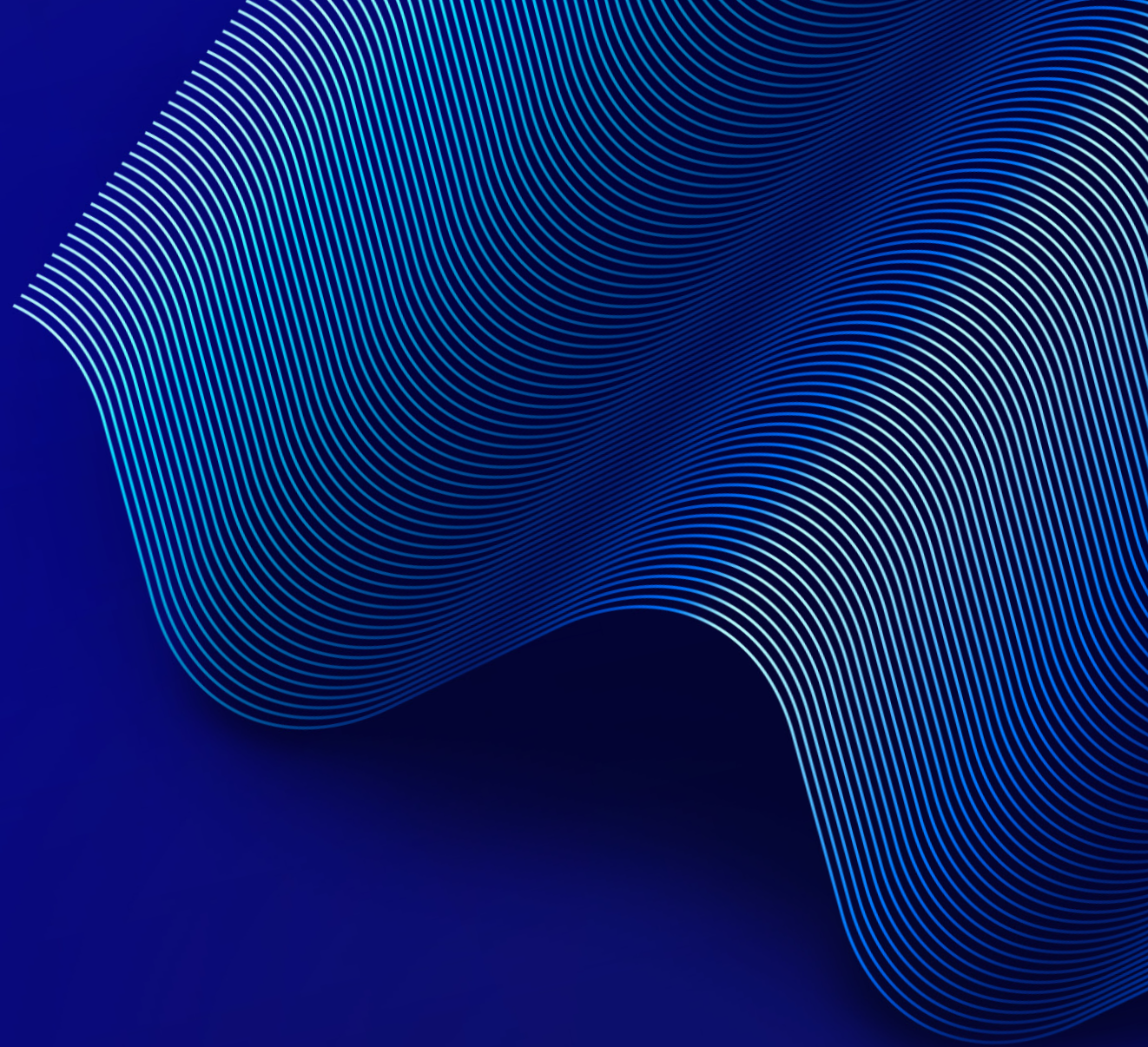
06

**SECO GROUP: MANUFACTURER OF GARDEN EQUIPMENT**

HRADEC KRÁLOVÉ

10

STAFF



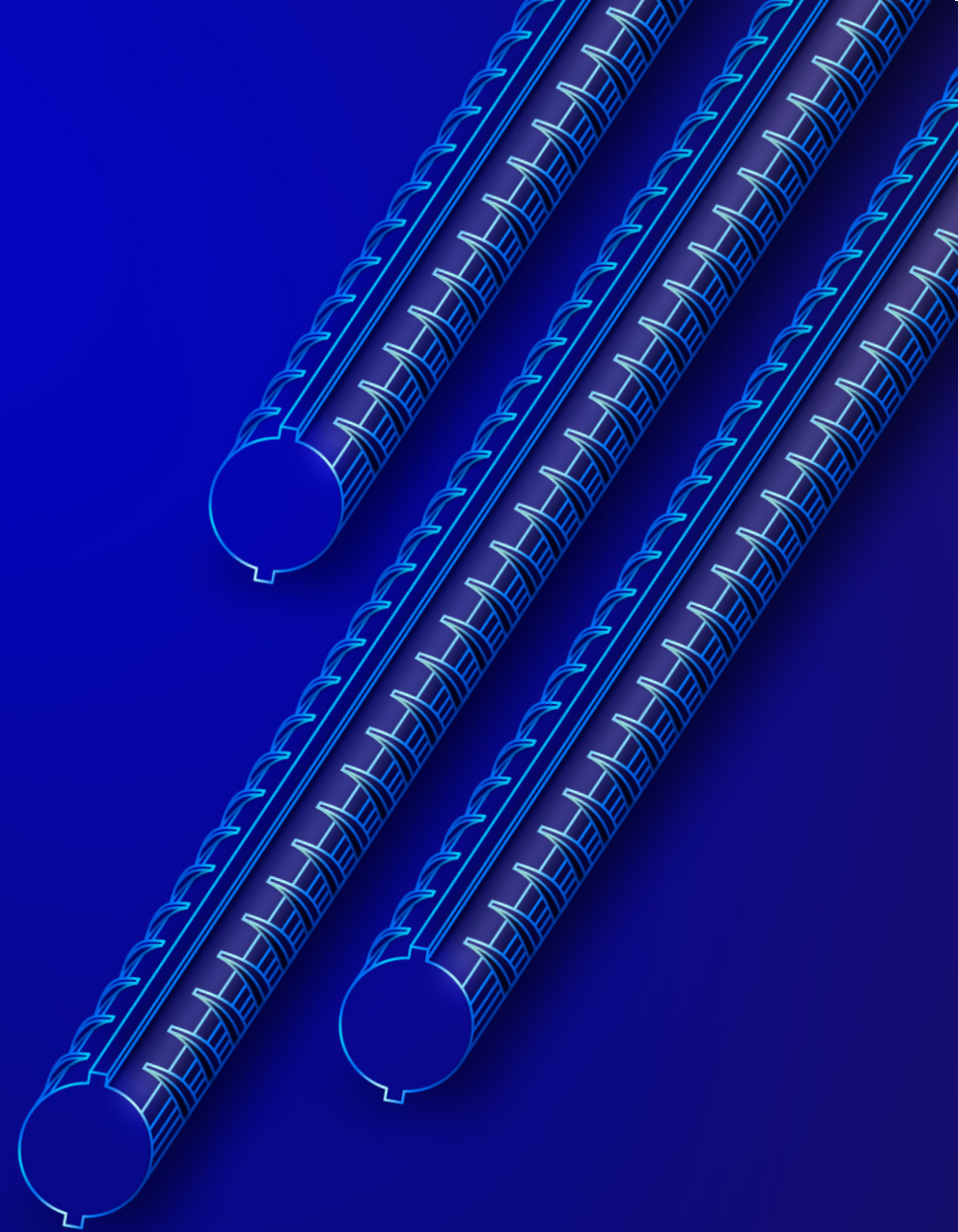
**BY THE END OF 2020, THE AVERAGE ADJUSTED TOTAL OF THE COMPANY WAS 834 EMPLOYEES, WHICH IS 53 PERSONS LESS THAN IN 2019. IN 2020, THE COMPANY CONTINUED IN STREAMLINING OF ALL ITS ACTIVITIES.**

The average gross monthly wage in 2020 reached CZK 33,816 (excluding managers), which is CZK 361 more than in 2019.

Wage costs amounted to CZK 445,578 thousand in 2020, which means an increase of CZK 11,824 thousand compared to 2019. The costs of statutory social security and health insurance totalled CZK 134,753 thousand and social costs within the budget of social expenditures amounted to CZK 9,212 thousand; compared to 2019 they dropped by CZK 628 thousand.

# 11

## COMMENTS ON THE PROFIT AND LOSS STATEMENT





**TRADE MARGIN IN 2020 AMOUNTED TO CZK 918,475 THOUSAND, WHICH IS CZK 43,121 MORE THAN IN 2019. SALES OF SERVICES, REPRESENTED BY TRANSPORT, CUTTING AND FINISHING OF MATERIALS SUCH AS THE BURNING OF THICK PLATES AND SERVICES PROVIDED TO SUBSIDIARIES, AMOUNTED TO CZK 180,387 THOUSAND.**

The cost of consumed materials and energy amounted to CZK 2,543,546 thousand, of which the consumption of materials for production in Steel Service Centres amounted to CZK 2,219,605 thousand. This represents 87%. The largest contributors to the purchased services are contractual freight costs (39%), repairs and maintenance (16%), security (7.3%), professional services (6.6%), waste disposal (4.5%), advertising and promotion (2.4%) and consultancy (3.8%). The Company adjusted the use of the cost of operating consumption excluding the consumption of production materials to the revenues achieved, which resulted in a reduction of EUR 30 426 thousand compared to the previous year. The largest contributors to the reduction were freight charges, fuel consumption and advertising and promotion costs.



The value added in 2020 amounted to CZK 863,847 thousand and increased by CZK 60,680 thousand compared to 2019. Total personnel costs amounted to CZK 589,543 thousand, which is 2% more than in 2019. Depreciation of intangible and tangible fixed assets amounting to CZK 160,472 thousand decreased by CZK 21,221 thousand year-on-year.

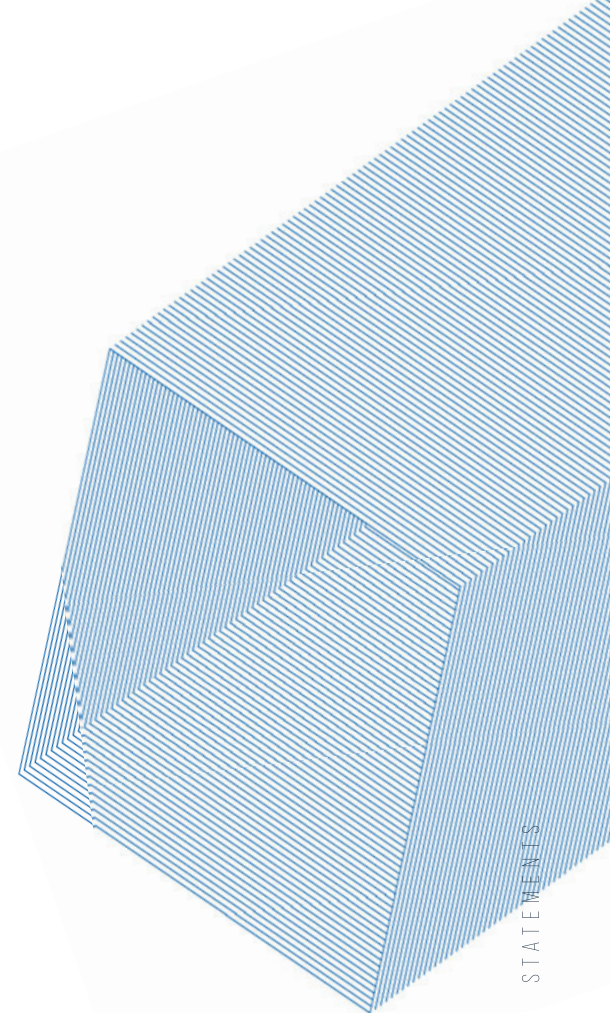
**The operating result** ended with a profit of CZK 153,196 thousand, an increase of CZK 29,185 thousand compared to the previous year. The total impact of provisions on the operating result was a write-down of CZK 36,897 thousand, almost 100% of which was the write-down of provisions for depreciated receivables.

Interest expense on operating loans and factoring, which amounted to CZK 27,449 thousand, decreased by CZK 33,359 thousand year-on-year due to a decrease in the interbank interest rate and a dramatic reduction in loan drawdowns. Interest income is mainly generated from interest income in the Group. Finance costs, such

as bank charges and foreign exchange losses, amounted to CZK 154,404 thousand, the largest item being foreign exchange losses of CZK 133,682 thousand, while other financial income is mostly made up of foreign exchange gains of CZK 111,374 thousand. The balance of exchange rate differences is an expense and, including spot hedging on purchases of foreign currencies, amounts to CZK 10,656 thousand.

In the financial year, the company did not recognise any transactions affecting **the extraordinary result** a **the profit before tax** amounted to CZK 98,272 thousand, thanks to the gain on the sale of assets and savings on executive consumption.

**The result for the accounting period** is a profit of CZK 80,945 thousand, which is significantly positively affected by the gain on the sale of fixed assets.



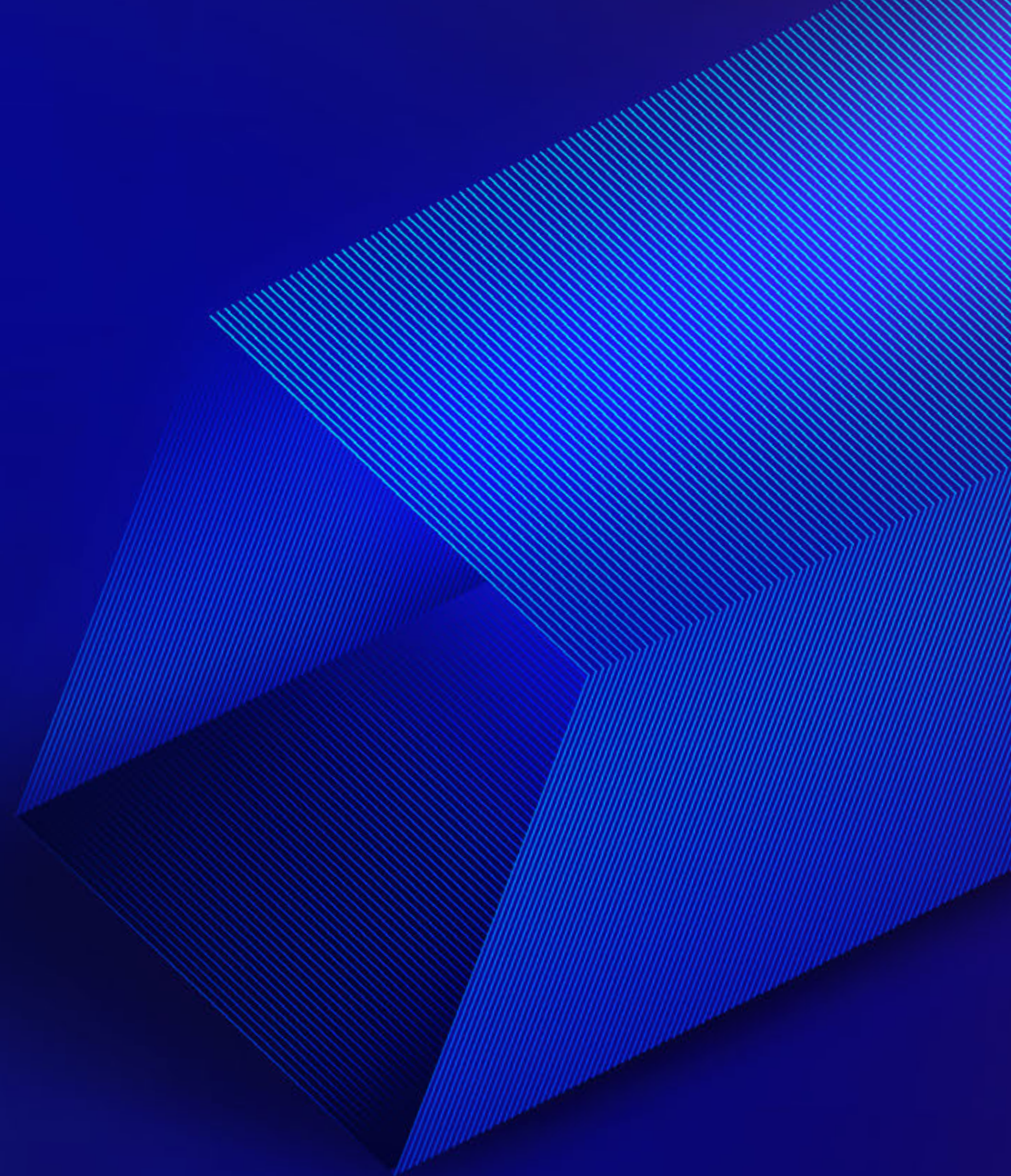
# EKO-KOM

FERONA HAS AN AGREEMENT ON JOINT PERFORMANCE WITH THE AUTHORISED PACKAGING COMPANY **EKO-KOM** REGARDING THE OBLIGATION TO TAKE BACK AND RECOVER PACKAGING WASTE



12

COMMENT ON THE  
BALANCE SHEET



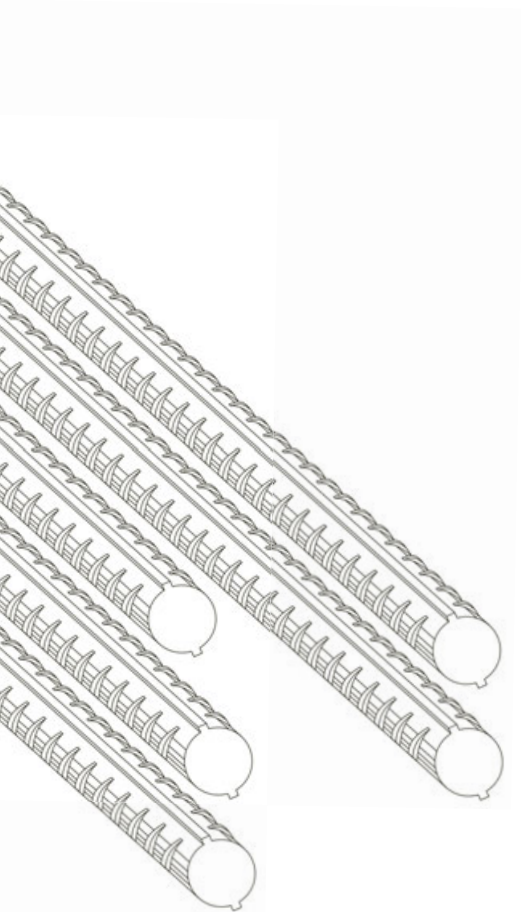
**The total assets** of the company as of 31 December 2020 decreased slightly compared to the previous period and reached the book value of CZK 6,781,208 thousand. This was mainly due to a decrease in the value of tangible fixed assets and financial assets.

**Fixed assets**, representing 39.5% of the value of assets, amounted to CZK 2 680 506 thousand. Their structure was as follows (value in CZK thousand and % share of fixed assets):

Indicator	CZK thousand	%
Long-term intangible assets	7,503	0.3
Long-term tangible assets	1,756,776	65.5
Long-term financial assets	916,227	34.2

**The largest part of tangible fixed assets** is made up of buildings worth CZK 755,391 thousand (43% of the total value of tangible fixed assets), movable assets worth CZK 475,206 thousand (27% of the total) and land worth CZK 490,422 thousand (27.9% of the total).

**The value of non-current financial assets** of CZK 916,227 thousand reflects the shares owned by Feronia, a.s. in the equity of its subsidiaries. In the case of foreign financial investments, the equity as at the date of the financial statements was converted at the current exchange rate of the Czech koruna to individual currencies as of 31 December 2020.



The increase in the value of non-current financial assets compared to the previous period is due to the depreciation of the CZK against the EUR and the gains achieved in Pragmet, Feronia Polska and FTP Plastics.

**Current assets** account for 60.3% of total assets and decreased by CZK 141,744 thousand to CZK 4,090,899 thousand since the beginning of the year, mainly due to a decrease in financial assets and advances on inventories.

Of the total inventories, the most important item is **the inventory of trade goods**, which decreased by CZK 21,073 thousand compared to the initial balance of the year and reached the value of CZK 1,750,739 thousand. The instantaneous turnover time of goods inventories, calculated on the value of goods sold at cost price, reached 72 days at the end of the year, an increase of 14 days compared to the previous year. The increase in inventories of materials by CZK 44,131 thousand compared to the beginning

of the period is due to purchases to ensure the production of goods for project business.

The Company has **long-term receivables** in respect of advances mainly for principal payments on leases and for mobile phone activations.

Of the short-term receivables, **trade receivables account** for the largest portion and compared to the previous year remained at a comparable net value of CZK 1,091,568 thousand. All receivables more than 60 days past due are treated by the creation of an allowance. Allowances are made for other receivables according to the assessment of their risk at the date of the financial statements. The immediate turnaround time for short-term trade receivables at the end of the year was 40 days, an increase of 7 days year-on-year. The item „Accounts receivable“ mainly represents bonuses granted for the purchase of goods that had not been invoiced at the balance sheet date.



**Short-term financial assets** at the end of the year amounted to CZK 448,202 thousand, a decrease of CZK 84,290 thousand compared to the beginning of the year, also in view of the significant reduction in the drawdown of loans.

**The accrual** amounted to CZK 9,803 thousand, which is 0.20% of total assets.

**The share capital** has a value of CZK 3,000,000 thousand and is divided into 300 registered shares in book-entry form, each with a nominal value of CZK 10,000 thousand. The Company did not acquire any treasury shares in 2020.

**The Company's equity** as of 31 December 2020 amounted to CZK 4,521,470 thousand and covers 66.7% of the total book value of liabilities. A summary of the changes is described in the notes to the financial statements.

**Liabilities** amounted to CZK 2,250,262 thousand at the end of 2020 and had the following structure:

Indicator	CZK thousand	%
Long-term payables	98,404	4.4
Short-term payables	1,449,796	64.4
Bank loans and assistance	702,062	31.2

Of **the non-current liabilities** the largest value is represented by the deferred tax liability of CZK 58,404 thousand, whose year-on-year change is due to a different structure of the items included in the calculation. The rest of the value consists of the liability for the purchase of Pragmet shares in 2019.



Among current liabilities, the most important are **trade payables**, which amounted to CZK 1,143,664 thousand at the end of the year and, except for invoices withheld due to claims and liabilities ready for set-off, were up to maturity. They increased year-on-year by CZK 334,714 thousand as a result of purchases, primarily of production materials, at the end of the year to ensure the production of goods for project business. Due to the company-wide holiday, it was not possible to record all the invoices received in the balance sheet and therefore, as in the past, these transactions were posted to the passive accounts. The company did not delay the payment of its liabilities in 2020.

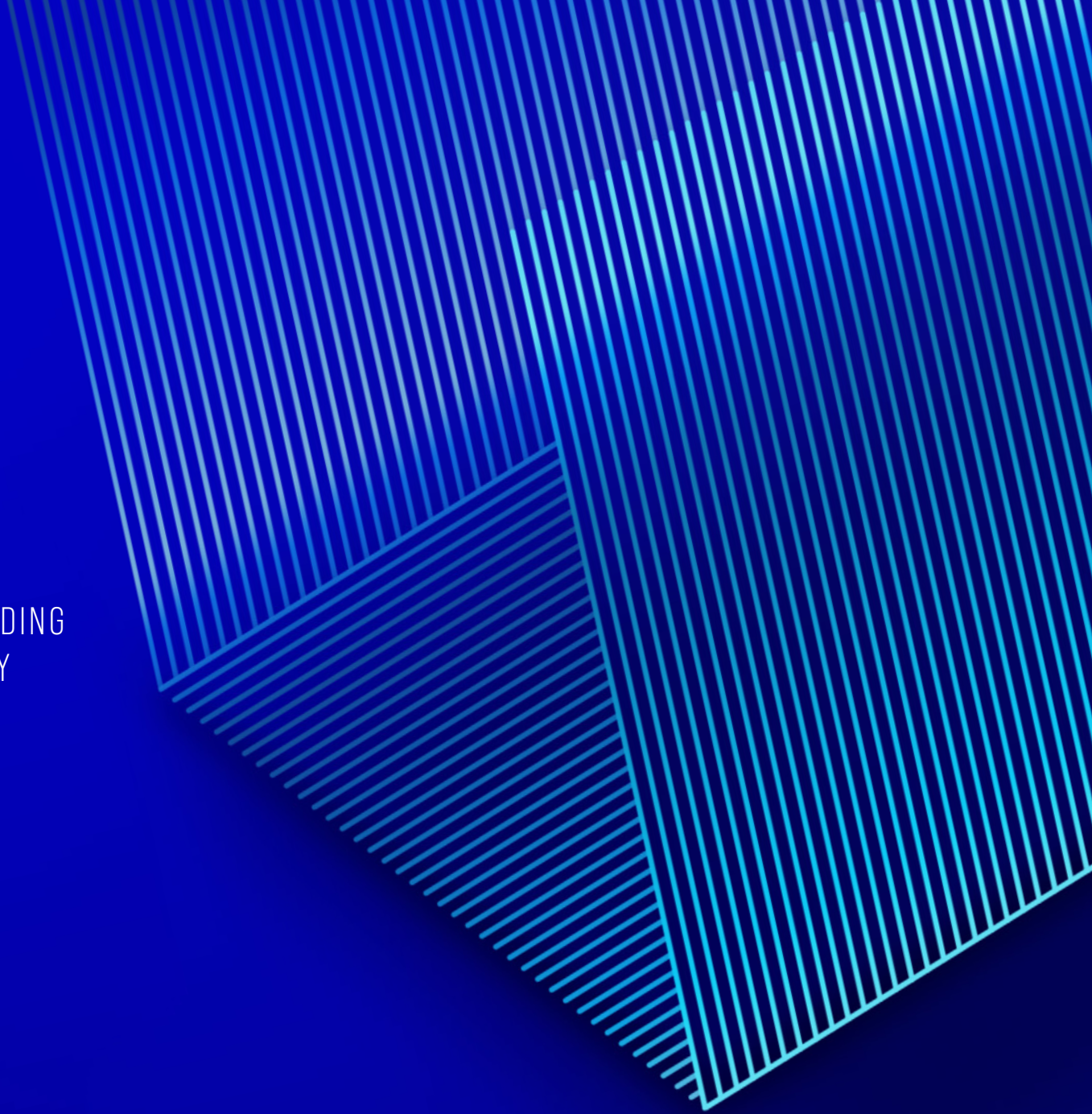
**Bank loans** excluding factoring amounted to CZK 700,000 thousand at the end of the year. As at the date of the financial statements, the Company drew an operating loan for financing current assets. The year-on-year decrease is due to the decrease in the need for current assets as a result of the pandemic, a strict credit policy towards customers and the increase in trade payables at the end of the year. Recourse factoring payables amounted to only CZK 2,062 thousand.

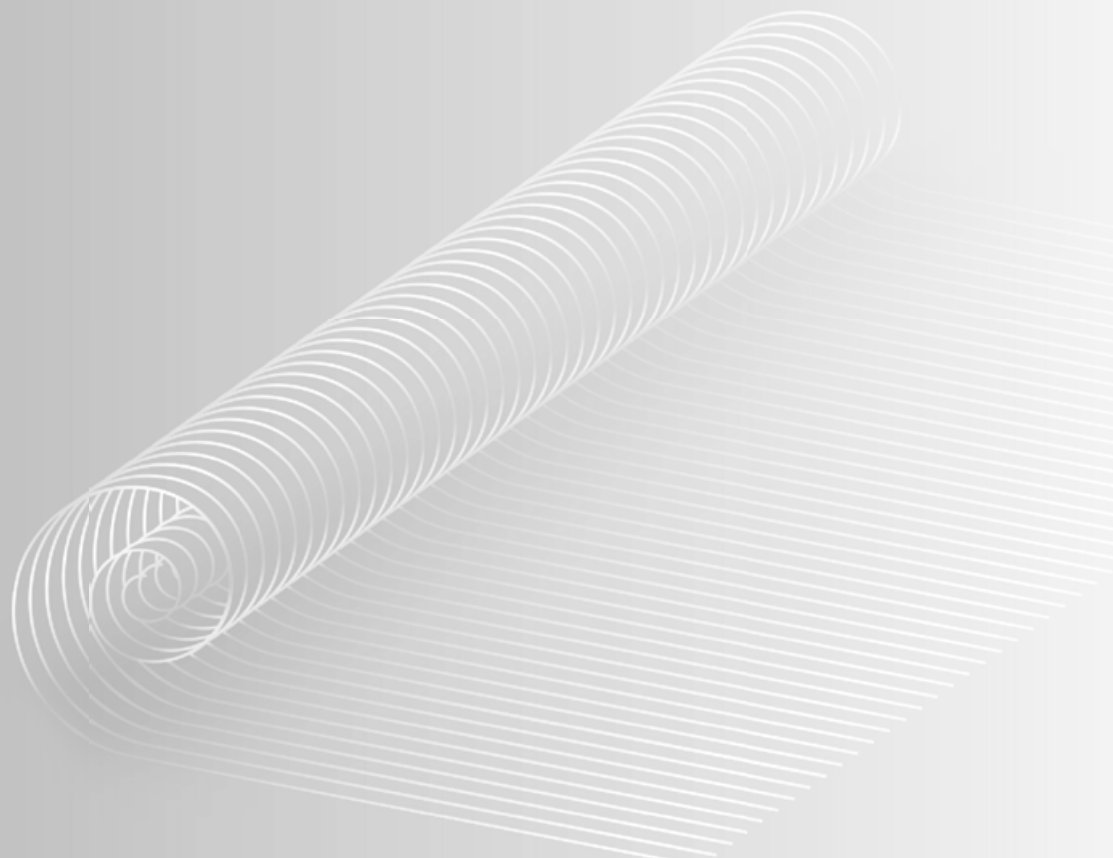
**Accruals** at the end of the year amounted to CZK 9,476 thousand, with the largest value being accruals for interest and fees on bank loans and freight charges.



13

FINANCIAL STANDING  
OF THE COMPANY





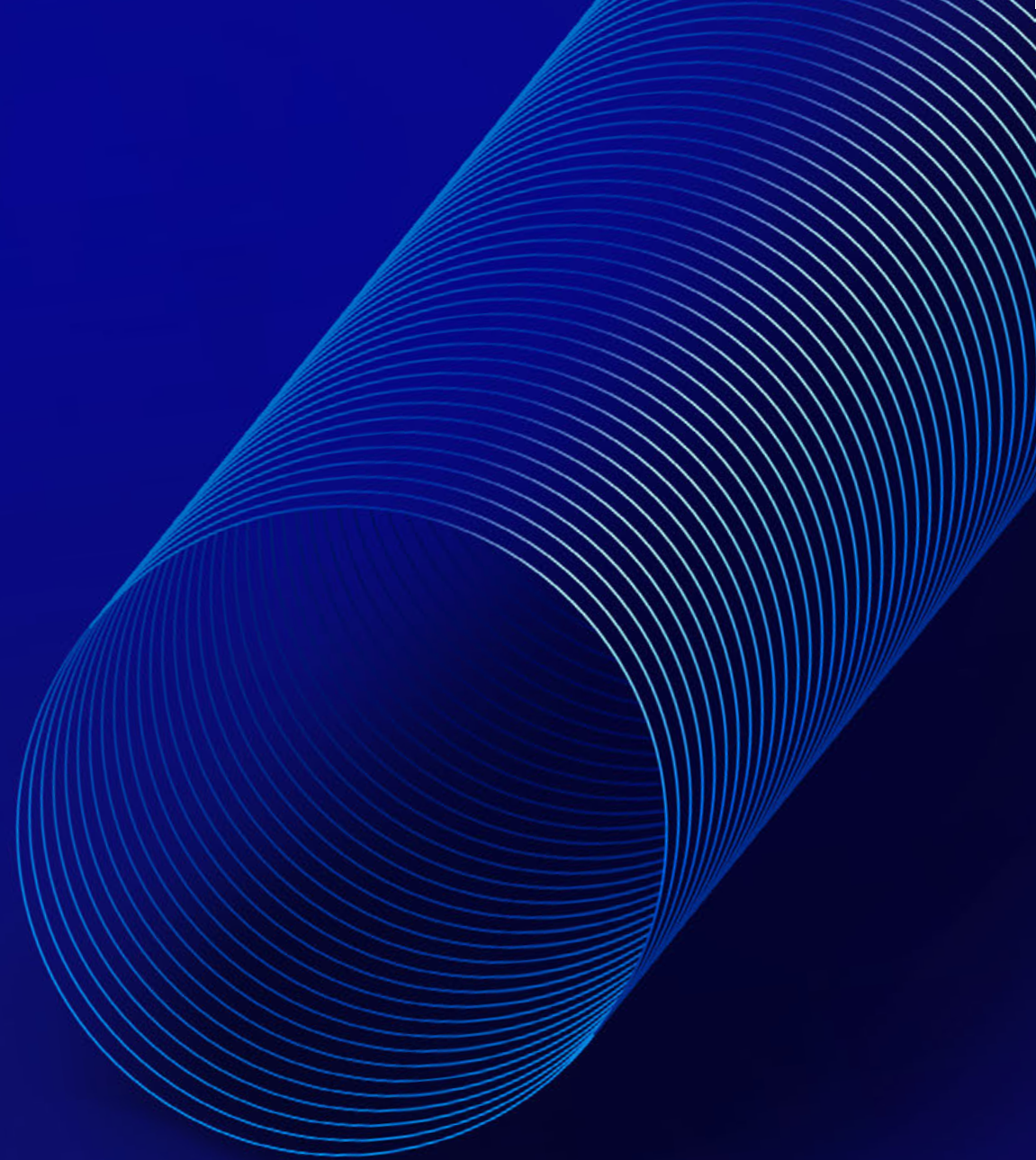
**THE RESULTS OF THE ANNUAL FINANCIAL STATEMENTS SHOW THAT THE COMPANY'S FINANCIAL SITUATION IS STABLE. THE AMOUNT OF CURRENT RECEIVABLES AT THE END OF 2020 EXCEEDS THE AMOUNT OF CURRENT LIABILITIES (EXCLUDING FINANCIAL LIABILITIES) AND THE COMPANY WAS NOT INSOLVENT.**

The company's overall debt is maintained at an acceptable level and the company has not experienced any problems in repaying any of its obligations. The Company has maintained the confidence of the banking and insurance houses in 2020. The share of foreign funds and other liabilities in the Company's total assets as of 31 December 2020 was only 33.2%.

The ratio of bank loans and advances to sales of goods and services fell to 7% at the end of 2020.

14

INCORPORATION OF  
THE COMPANY TO  
THE CONSOLIDATION GROUP



Ferona, a.s. is the controlling company in the Group, which held following controlled entities and accounting units with significant influence including the entities controlled by them as of 31 December 2020:

#### **FERONA SLOVAKIA, A. S.**

Registered office	Bytčická 12, Žilina, Slovensko
Company ID	36401137
Other establishments	Nitra, Košice, Bratislava
Activity	Metallurgical products wholesale, cutting flat products
Equity	EUR 18,081 thousand
2020 profit and/or loss - profit	EUR 96 thousand
Ferona, a.s. share in registered capital	100 %
Book value of Ferona, a.s. share (net)	CZK 474,529 thousand

#### **FERONA POLSKA, S.A.**

Registered office	Mikolowska 31, Myslowice, Polsko
Company ID	240569429
Other establishments	Wroclaw, Kielce, Poznań
Activity	Metallurgical goods wholesale
Equity	PLN 18,629 thousand
2020 profit and/or loss - profit	PLN 2,818 thousand
Ferona, a.s. share in registered capital	100 %
Book value of Ferona, a.s. share (net)	CZK 107,213 thousand

**FTP PLASTICS, S.R.O.**

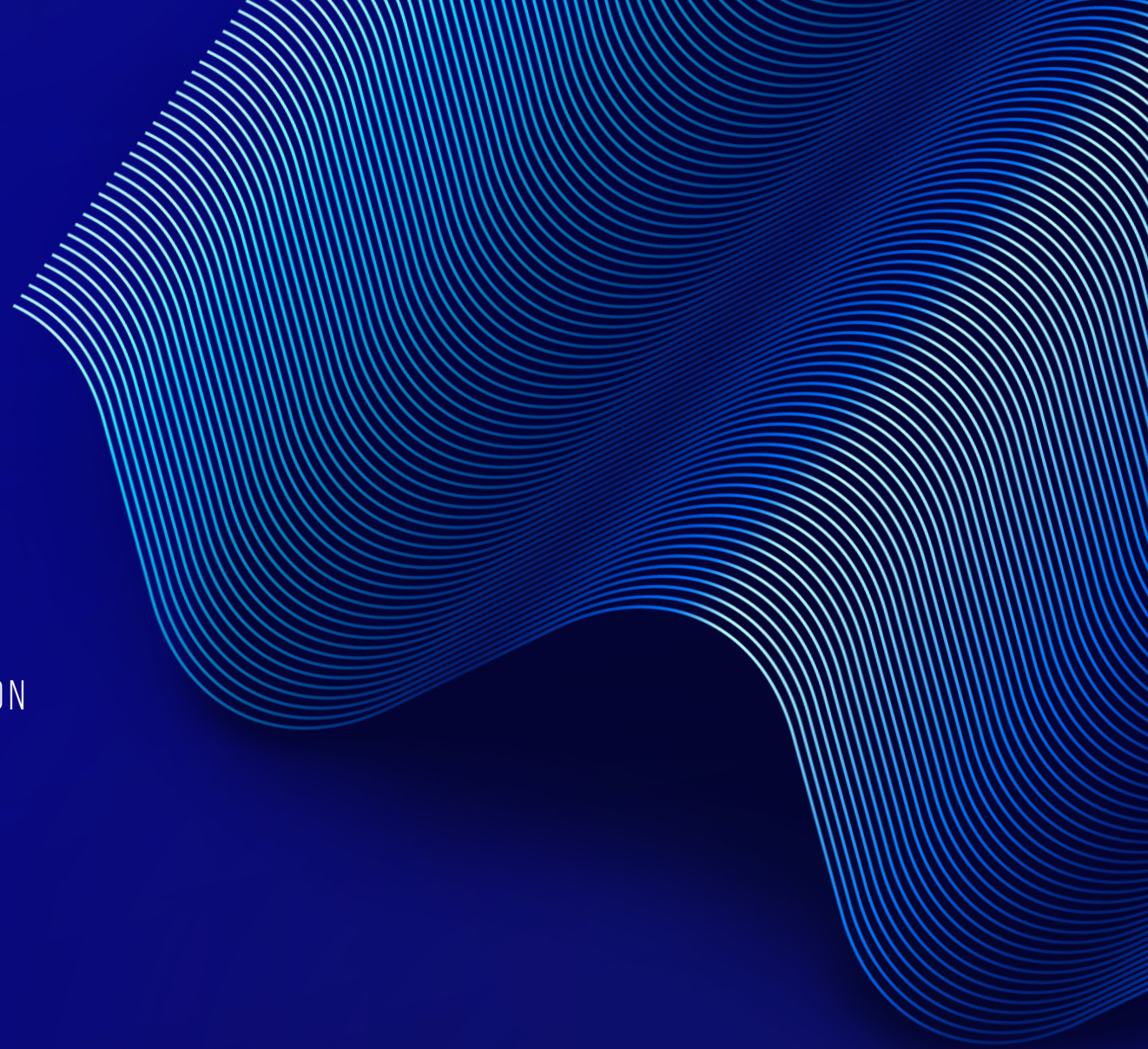
Registered office	ul. ČSA 730, Velká Bystřice
Company ID	25354418
Other establishments	Králův Dvůr
Activity	Technical plastics wholesale including assembly and installation
Equity	CZK 120,141 thousand
2020 profit and/or loss – profit	CZK 8,172 thousand
Ferona, a.s. share in registered capital	100 %
Book value of Ferona, a.s. share [net]	CZK 120,141 thousand

**PRAGMET, A.S.**

Registered office	Havlíčkova 1043/11, Praha 1
Company ID	25789449
Other establishments	Benátky nad Jizerou
Activity	Cutting flat products for automotive
Equity	CZK 214,344 thousand
2020 profit and/or loss – profit	CZK 18,140 thousand
Ferona, a.s. share in registered capital	100 %
Book value of Ferona, a.s. share [net]	CZK 214,344 thousand

15

RESULTS OF  
THE CONSOLIDATION  
GROUP



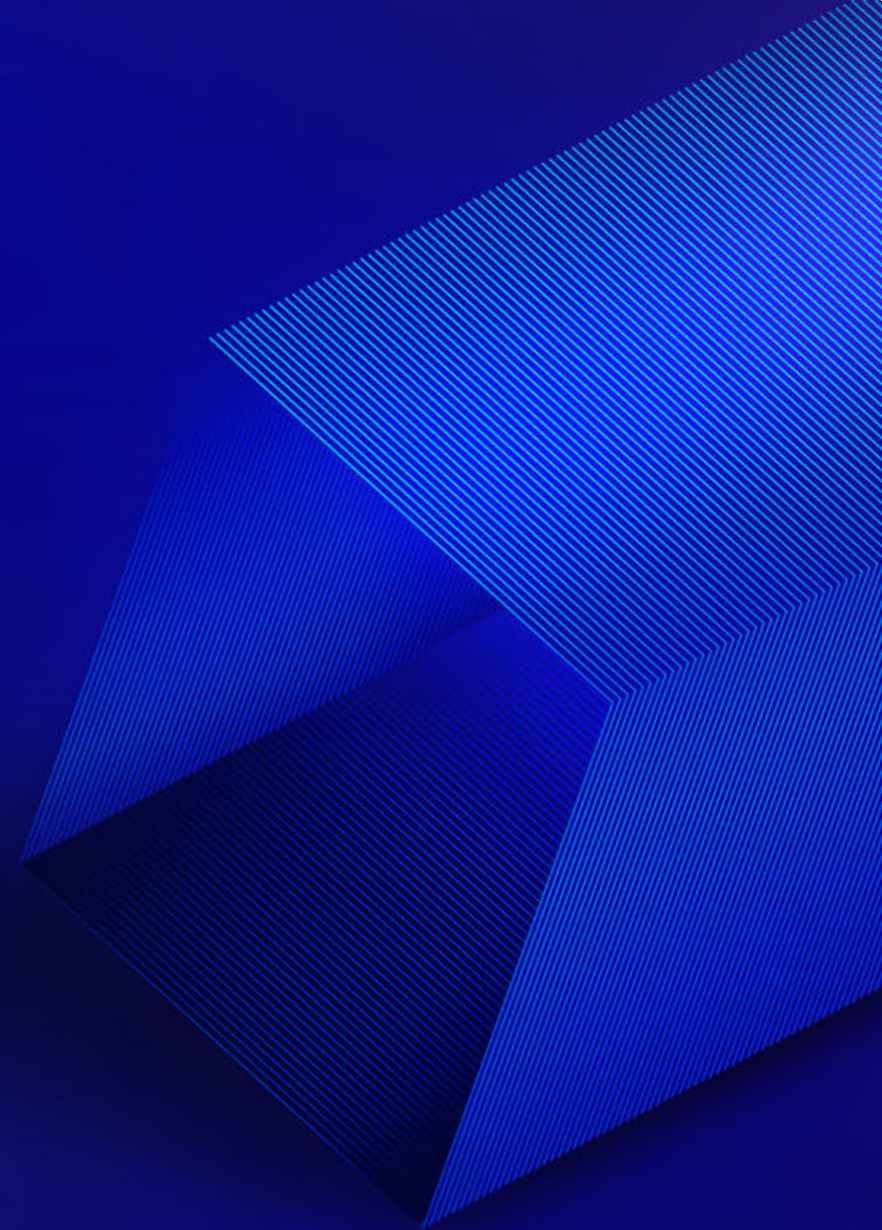
THE COMPANIES IN THE GROUP ACHIEVED REVENUES FOR THE SALE OF GOODS IN AMOUNT OF CZK 13,131,712 THOUSAND FOR 2020, WHICH IS 16% LESS THAN IN PREVIOUS YEAR. NEVERTHELESS, ADDED VALUE REACHED TO CZK 1,227,218 THOUSAND AND INCREASED BY 12.3% COMPARED TO THE PREVIOUS YEAR. CONSOLIDATED OPERATING RESULT REPRESENTS A PROFIT OF CZK 222,408 THOUSAND AS OF 31 DECEMBER 2020.

The consolidated profit (excluding minority interests in the profit and including the share in the profit of companies in equivalence) amounted to CZK 118,889 thousand.

The value of the assets of the consolidation group at the end of 2020 was CZK 8,523,534 thousand and the value of equity reached CZK 4,527,334 thousand.

16

EVENTS AFTER THE BALANCE  
SHEET DATE, KEY OBJECTIVES,  
OTHER DATA AND OUTLOOK  
FOR 2021





**EVENTS AFTER THE BALANCE SHEET DATE: AFTER THE BALANCE SHEET DATE, NO SIGNIFICANT EVENTS HAVE AFFECTED THE CONTENTS OF THE FINANCIAL STATEMENTS.**

At the end of 2019, news from China regarding COVID-19 first appeared. During 2020, the virus spread worldwide and negatively affected most countries. World trade is marked by disruption of distribution channels, bringing a degree of uncertainty to all trade relations. The company's management constantly monitors the potential impacts of the phenomena described above and takes measures (in the area of stocks of goods and customers' credit policy) to mitigate any negative effects on the company and its employees. Thanks to these measures, the company not only fulfils all its obligations and agreements with business partners, but it has also strengthened its financial position.

Based on the evaluation of all currently available information, negotiated business agreements and analysis of its balance sheet, the company's management considered the potential impacts of COVID-19 on its activities and business and concluded that there was no significant (material) uncertainty regarding the company's continuity. Due to this, the financial statements as of 31 December 2020 were prepared on the assumption that the company will be able to continue its activities.

**Basic objectives of the company** are defined in the quality policy that the company has set for a long time and verifies its compliance every year through an authorized company.

The Quality Policy which meets the **ČSN EN ISO 9001 : 2016** Standard defines the following objectives:

- Increase the share of the Company in target markets with metallurgical material
- Focus on optimizing the product portfolio and improvement of services
- Increase efficiency of business activities
- Adapt the portfolio of suppliers to the conditions of particular markets
- Develop the Company's internal potential
- Meet the specific requirements of customers in the automotive industry

The above objectives have been shaped into specific groups of measures:

- Maximum employment of the cutting capacities within own service centres
- Efficient control of inventories in order to minimize price risks
- Streamlining and improving the transport of goods to customers
- Stress to efficiency and improvement of all business processes
- Application of gained experience in all companies within the Feronia Group
- Further increase the share of physical volume of sales particularly in Poland

**Further Information:** In 2020, the Company did not spend any funds on research and development, does not report significant activities in the field of environmental protection and has no organizational unit abroad.

**The financial plan for 2021** in Feronia, a.s., assumes sales of goods in the amount of CZK 11,272 million and profit before tax is planned in the amount of CZK 51 million.

**The investment plan for 2021** is set at CZK 165 million. The investments will be mainly of a development nature in the form of the modernization of the dividing line for hot-rolled coils in Ostrava, which will provide customers with greater added value in the processing of these materials. The rest will be allocated to the necessary renovation, mainly of crane and transport equipment.

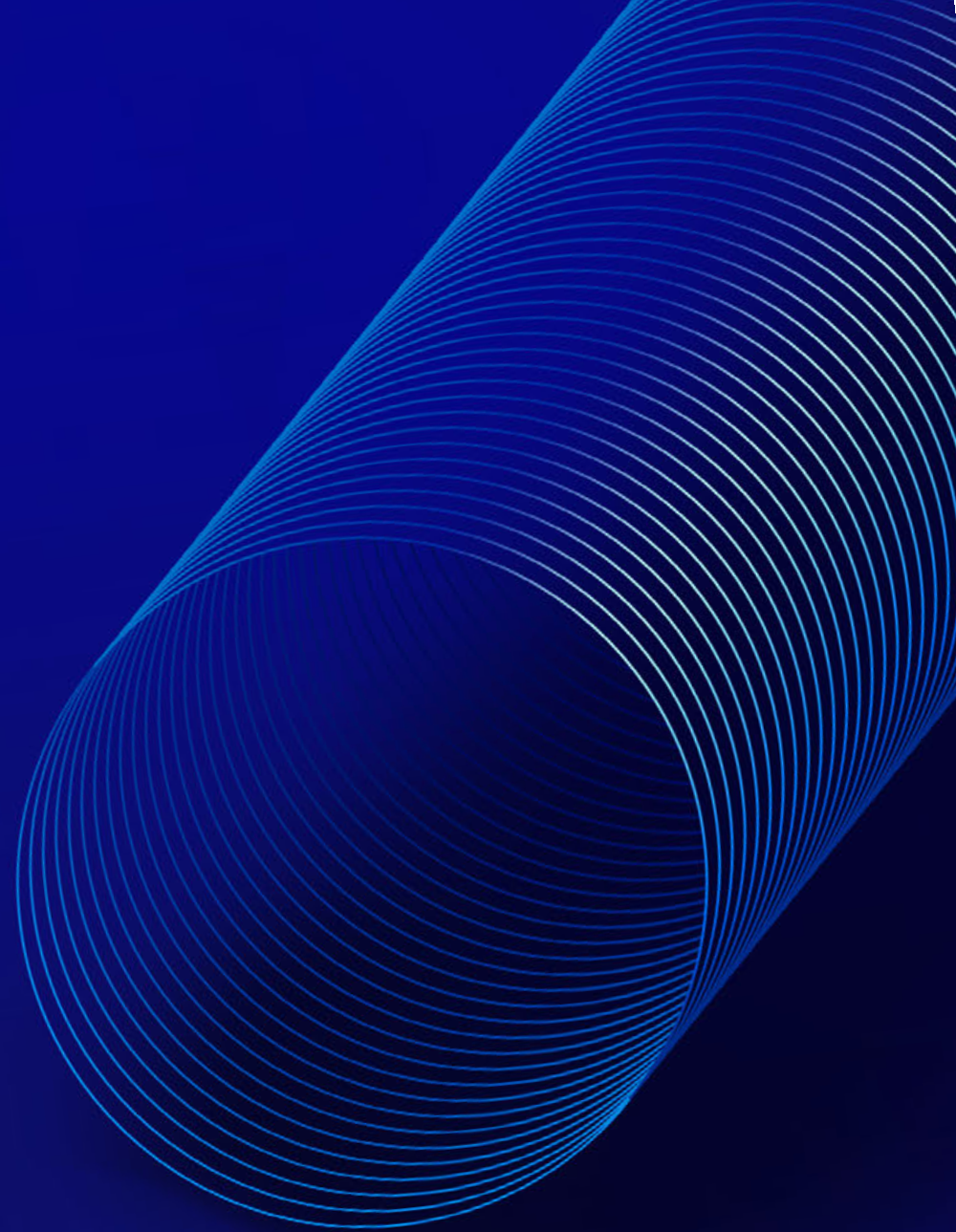
# +45%

REDESIGNED AND OPTIMIZED WEB  
PRESENTATION HAS 45% MORE VISITORS



17

INDEPENDENT AUDITOR'S REPORT  
ON THE AUDIT OF THE  
COMPANY'S NON-CONSOLIDATED  
FINANCIAL STATEMENTS





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V Parku 2316/12  
Praha 4 - Chodov  
148 00

*This document is an English translation of the Czech auditor's report issued on April 23, 2021. Only the Czech version of the report is legally binding.*

## Independent Auditor's Report

To the Shareholder of Ferona, a.s.

### Opinion

We have audited the accompanying consolidated financial statements of Ferona, a.s., with its headquarters at Havlíčkova 1043/11, Praha 1, Czech Republic, IC (Registration Number) 264 40 181 (hereafter the "Company") and its subsidiaries (hereafter also the "Group") prepared in accordance with Czech accounting regulations, which comprise the balance sheet as at 31. 12. 2020, the income statement, statement of changes in equity and statement of cash flows for the period of 1. 1. 2020 to 31. 12. 2020 and notes to these consolidated financial statements, including a summary of significant accounting policies and other explanatory information. Information about the Group are included in Section 2 of Notes to the consolidated financial statements.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31. 12. 2020, of its expenses and revenues, its financial performance and its cash flows for the period of 1. 1. 2020 to 31. 12. 2020 in accordance with Czech accounting regulations.

### Basis for Opinion

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

### Other Information in the Consolidated Annual Report

In compliance with Section 2 (b) of the Act on Auditors, the other information comprises the information included in the Consolidated Annual Report other than the consolidated financial statements and auditor's report thereon. The Board of Directors of Ferona, a.s. is responsible for this other information.

Our opinion on the consolidated financial statements does not cover the other information. In connection with our audit of the consolidated financial statements, our responsibility is

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to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge of the Group obtained from 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 the applicable laws and regulations, in particular, whether the other information complies with the laws and regulations in terms of formal requirements and procedures 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 consolidated financial statements is, in all material respects, consistent with the consolidated financial statements; and

- The other information is prepared in compliance with the applicable laws and regulations.

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

### Responsibilities of the Board of Directors and Supervisory Board of Ferona, a.s. for the Consolidated Financial Statements

The Board of Directors of Ferona, a.s. is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Czech accounting regulations and for such internal control as the Board of Directors determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors of Ferona, a.s. is responsible for assessing the Group's ability to continue as a going concern, disclosing in the notes to the consolidated financial statements, as applicable, matters related to the going concern and using the going concern basis of accounting in preparing the consolidated financial statements unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Supervisory Board of Ferona, a.s. is responsible for overseeing the Group's financial reporting process.

BDO Audit s. r. o., česká společnost s ručním omezením (IČ 45 31 43 81, registrovaná u Rejstříkového soudu Praha, oddíl a vložka C. 7279, evidenční číslo Komory auditorů ČR 018) je členem BDO International Limited (společnost s ručním omezením ve Velké Británii) a je součástí mezinárodní sítě nezávislých členských firem BDO.



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#### Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with the above regulations, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated 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 of the Group 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 Group'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 of Feronia, a.s. in the notes to the consolidated financial statements.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting in the preparation of the consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group'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 consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions concerning the Group's ability to continue as a going concern are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the notes, and whether the consolidated financial statements

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represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors and the Supervisory Board of Feronia, a.s. 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 Prague, on 23<sup>rd</sup> April 2021

Auditing company:

*BDO Audit s. r. o.*

BDO Audit s. r. o.  
Certificate No. 018

Statutory auditor:

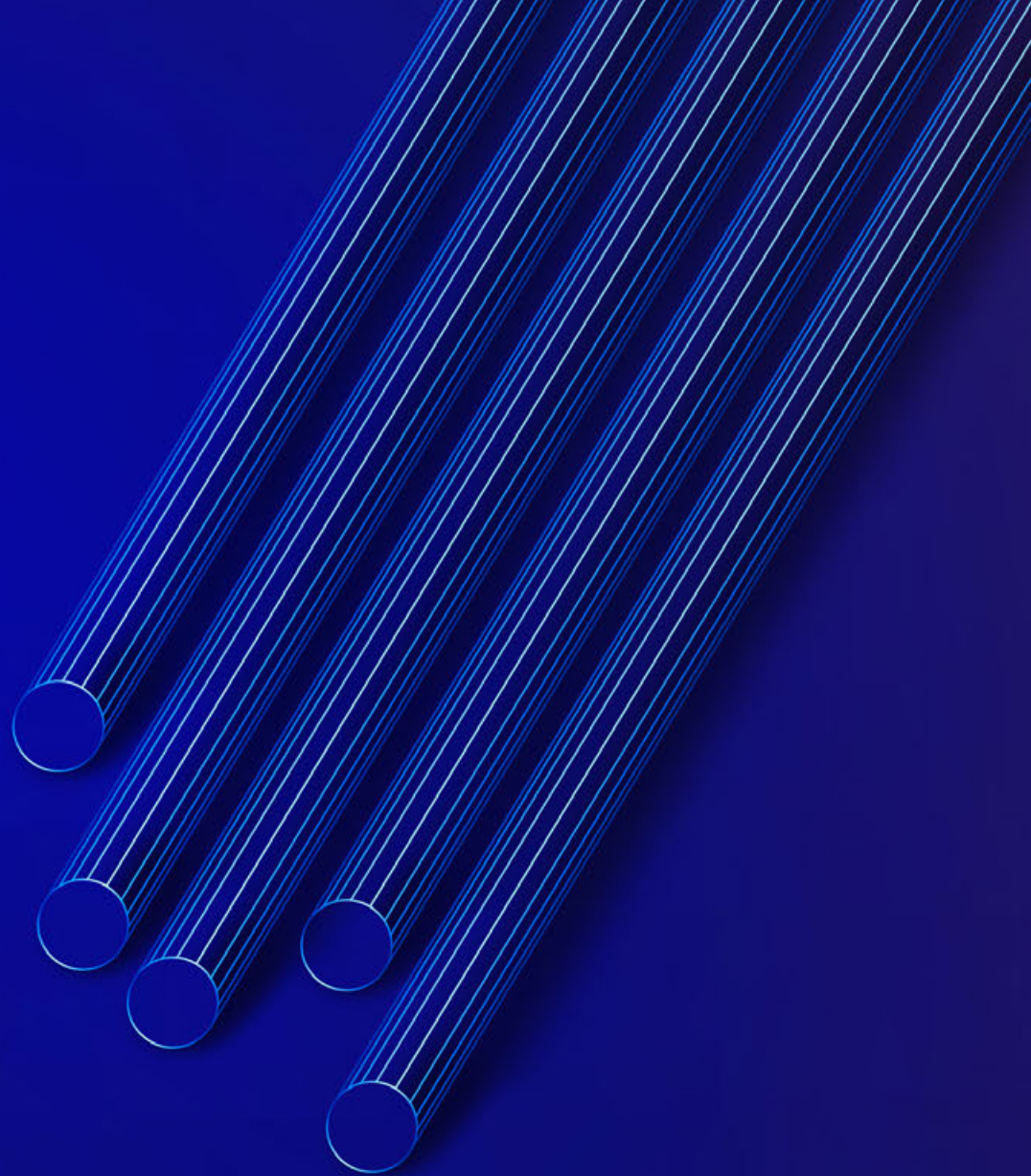
Miloš Krejčí  
Certificate No. 2266

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18

FINANCIAL  
STATEMENTS



## CONSOLIDATED BALANCE SHEET – ASSETS

(IN CZK THOUSAND)

No.	TEXT	Current as of 31.12.2020	Past as of 31.12.2019	Previous as of 31.12.2018
	<b>TOTAL ASSETS</b>	<b>8 523 534</b>	<b>8 821 459</b>	<b>10 187 196</b>
<b>B.</b>	<b>Fixed assets</b>	<b>2 662 099</b>	<b>2 790 448</b>	<b>2 863 511</b>
B.I.	Intangible assets	9 655	11 688	10 272
B.II.	Tangible assets	2 645 273	2 764 418	2 853 239
B.III.	Financial investments	0	0	0
B.IV.	Consolidation balance - "active"+,"negative "-"	7 171	14 342	0
B.V.	Equity securities	0	0	0
<b>C.</b>	<b>Current assets</b>	<b>5 842 722</b>	<b>6 005 874</b>	<b>7 302 018</b>
C.I.	Inventory	3 249 237	3 224 205	4 381 848
C.II.	Receivables	1 943 157	2 070 847	2 453 728
C.IV.	Financial assets	650 328	710 822	466 442
<b>D.</b>	<b>Prepaid expenses and accrued revenue</b>	<b>18 713</b>	<b>25 137</b>	<b>21 667</b>

## CONSOLIDATED BALANCE SHEET – LIABILITIES AND EQUITY

(IN CZK THOUSAND)

No.	TEXT	Current as of 31.12.2020	Past as of 31.12.2019	Previous as of 31.12.2018
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>8 523 534</b>	<b>8 821 459</b>	<b>10 187 196</b>
<b>A.</b>	<b>Equity</b>	<b>4 527 334</b>	<b>4 401 508</b>	<b>4 388 124</b>
A.I.	Registered capital	3 000 000	3 000 000	3 000 000
A.II.	Share premium and capital funds	149 776	122 370	258 294
A.III.	Funds from profit	317 063	311 988	298 893
A.IV.	Retained earnings	941 606	847 350	573 053
<b>A.V.</b>	<b>Current profit minus minority shares</b>	<b>118 889</b>	<b>119 800</b>	<b>257 884</b>
1.	Current profit/(loss)	118 889	119 800	257 884
2.	Profit share in equity (+/-)	0	0	0
A.VI.	Consolidation reserve fund	0	0	0
<b>B.+C.</b>	<b>Liabilities</b>	<b>3 986 132</b>	<b>4 410 496</b>	<b>5 728 929</b>
<b>B.</b>	<b>Reserves</b>	<b>20 106</b>	<b>15 290</b>	<b>27 206</b>
C.I.	Long-term liabilities	999 202	1 012 030	1 015 059
C.II.	Short-term liabilities	2 966 824	3 383 176	4 686 664
<b>D.</b>	<b>Deferred expenses and accrued revenue</b>	<b>10 068</b>	<b>9 455</b>	<b>13 152</b>
<b>E.</b>	<b>Minority equity</b>	<b>0</b>	<b>0</b>	<b>56 991</b>
E.I.	Minority capital	0	0	900
E.II.	Minority capital funds	0	0	0
E.III.	Minority funds from profit including retained earnings	0	0	48 024
E.IV.	Minority profit for the period	0	0	8 067

## CONSOLIDATED PROFIT AND LOSS ACCOUNT

(IN CZK THOUSAND)

No.	TEXT	Actual in the accounting period		
		Current as of 31.12.2020	Past as of 31.12.2019	Previous as of 31.12.2018
I.	Revenue from sale of products and services	1 795 917	1 608 331	2 755 464
II.	Revenue from sale of goods	13 131 712	15 701 975	16 526 857
<b>A.</b>	<b>Production consumption</b>	<b>16 769 769</b>	<b>19 614 893</b>	<b>20 719 526</b>
B.	Change in internally developed inventory balance	-10 216	42 273	-1 526
C.	Capitalisation	-3 059 142	-3 439 795	-2 926 862
D.	Personnel expenses	774 746	752 784	790 660
E.	Adjustments of operation	202 815	102 916	207 295
	of which - Adjustments to tangible and intangible assets-permanent	213 528	228 746	232 516
	Deduction of the consolidation balance	7 171	7 172	0
<b>III.</b>	<b>Other operating income</b>	<b>1 697 462</b>	<b>2 088 912</b>	<b>2 561 505</b>
<b>F.</b>	<b>Other operating expenses</b>	<b>1 717 540</b>	<b>2 138 179</b>	<b>2 631 640</b>
*	<b>Consolidated operating profit</b>	<b>222 408</b>	<b>180 796</b>	<b>423 093</b>
IV.	Income from financial investments - shares	0	0	0
VI.	Interest received and similar income	180	357	341
J.	Interest expense and similar expenses	44 070	79 019	60 577
VII.	Other financial gains	148 714	46 606	57 470
K.	Other financial losses	180 822	75 197	91 016
*	<b>Consolidated financial profit/(loss)</b>	<b>-75 998</b>	<b>-107 253</b>	<b>-93 782</b>
**	<b>Consolidated profit before taxes</b>	<b>146 410</b>	<b>73 543</b>	<b>329 311</b>
L.	Income tax	27 521	-46 257	63 360
**	<b>Consolidated profit after taxes</b>	<b>118 889</b>	<b>119 800</b>	<b>265 951</b>
***	<b>Consolidated profit for the period minus equity shares</b>	<b>118 889</b>	<b>119 800</b>	<b>265 951</b>
	of which - Profit for the period minus equity shares	118 889	119 800	257 884
	- Minority profit for the period	0	0	8 067
	Profit share in equity	0	0	0
****	<b>Consolidated profit for the period</b>	<b>118 889</b>	<b>119 800</b>	<b>257 884</b>

## BALANCE SHEET UNABRIDGED AS OF 31. 12. 2020 – ASSETS

(IN CZK THOUSAND)

No. a	ASSETS b	Line c	Current period			Balance as of 01. 01. 2020
			Gross 1	Correction 2	Net 3	Net 4
	<b>TOTAL ASSETS</b>	1	<b>10 757 131</b>	<b>-3 975 923</b>	<b>6 781 208</b>	<b>6 988 863</b>
<b>B.</b>	<b>Fixed assets</b>	3	<b>5 916 582</b>	<b>-3 236 076</b>	<b>2 680 506</b>	<b>2 741 923</b>
<b>B.I.</b>	<b>Intangible assets</b>	4	<b>100 732</b>	<b>-93 229</b>	<b>7 503</b>	<b>9 315</b>
B.I.2.	Valuable rights	6	95 863	-93 229	2 634	4 761
B.I.2.1.	Software	7	95 863	-93 229	2 634	4 761
B.I.5.	Advances to intangible assets + intangible assets in progress	11	4 869	0	4 869	4 554
B.I.5.2.	Intangible assets in progress	13	4 869	0	4 869	4 554
<b>B.II.</b>	<b>Tangible assets</b>	14	<b>4 899 623</b>	<b>-3 142 847</b>	<b>1 756 776</b>	<b>1 867 884</b>
B.II.1.	Lands and buildings	15	2 998 196	-1 752 383	1 245 813	1 340 678
B.II.1.1.	Lands	16	490 422		490 422	489 254
B.II.1.2.	Buildings	17	2 507 774	-1 752 383	755 391	851 424
B.II.2.	Tangible movable things and sets of movable things	18	1 865 670	-1 390 464	475 206	513 423
B.II.4.	Other tangible assets	20	314	0	314	314
B.II.4.3.	Other tangible assets	23	314	0	314	314
B.II.5.	Advances to tangible assets + tangible assets in progress	24	35 443	0	35 443	13 469
B.II.5.1.	Advances to tangible assets	25	29 699	0	29 699	7 568
B.II.5.2.	Tangible assets in progress	26	5 744		5 744	5 901
<b>B.III.</b>	<b>Financial investments</b>	27	<b>916 227</b>	<b>0</b>	<b>916 227</b>	<b>864 724</b>
B.III.1.	Shares – controlled or controlling person	28	916 227	0	916 227	864 724

Table continues on the following page

<b>C.</b>	<b>Current assets</b>	37	<b>4 830 746</b>	<b>-739 847</b>	<b>4 090 899</b>	<b>4 232 643</b>
<b>C.I.</b>	<b>Inventory</b>	38	<b>2 506 975</b>	<b>-265 634</b>	<b>2 241 341</b>	<b>2 285 016</b>
C.I.1.	Material	39	487 524	0	487 524	443 393
C.I.2.	Work in progress and semi-finished products	40	3 078	0	3 078	4 548
C.I.3.	Finished products and goods	41	2 015 767	-265 028	1 750 739	1 771 812
C.I.3.2.	Goods	43	2 015 767	-265 028	1 750 739	1 771 812
C.I.5.	Advances for inventory	45	606	-606	0	65 263
<b>C.II.</b>	<b>Receivables</b>	46	<b>1 875 569</b>	<b>-474 213</b>	<b>1 401 356</b>	<b>1 415 135</b>
C.II.1.	Long-term receivables	47	3 296	0	3 296	3 317
C.II.1.5.	Other receivables	52	3 296	0	3 296	3 317
C.II.1.5.2.	Long-term advances – paid	54	3 296	0	3 296	3 317
C.II.2.	Short-term receivables	57	1 872 273	-474 213	1 398 060	1 411 818
C.II.2.1.	Accounts receivable	58	1 565 781	-474 213	1 091 568	1 101 188
C.II.2.2.	Receivables – controlled and controlling person	59	161 140	0	161 140	167 160
C.II.2.4.	Other receivables	61	145 352	0	145 352	143 470
C.II.2.4.3.	State – tax assets	64	148	0	148	16 594
C.II.2.4.4.	Short-term advances – paid	65	4 777	0	4 777	4 559
C.II.2.4.5.	Estimated assets	66	139 640	0	139 640	121 209
C.II.2.4.6.	Other receivables	67	787		787	1 108
<b>C.IV.</b>	<b>Cash</b>	71	<b>448 202</b>	<b>0</b>	<b>448 202</b>	<b>532 492</b>
C.IV.1.	Petty cash	72	1 917	0	1 917	1 887
C.IV.2.	Bank accounts	73	446 285	0	446 285	530 605
<b>D.</b>	<b>Accruals and deferrals</b>	74	<b>9 803</b>	<b>0</b>	<b>9 803</b>	<b>14 297</b>
D.1.	Prepaid expenses	75	8 592	0	8 592	13 593
D.3.	Accrued income	77	1 211	0	1 211	704

## BALANCE SHEET UNABRIDGED AS OF 31. 12. 2020 – LIABILITIES AND EQUITY

(IN CZK THOUSAND)

No. a	LIABILITIES AND EQUITY b	Line c	Current accounting period 5	Balance as of 01/01/2020 6
	<b>TOTAL LIABILITIES AND EQUITY</b>	78	<b>6 781 208</b>	<b>6 988 863</b>
<b>A.</b>	<b>Equity</b>	79	<b>4 521 470</b>	<b>4 389 022</b>
<b>A.I.</b>	<b>Registered capital</b>	80	<b>3 000 000</b>	<b>3 000 000</b>
A.I.1.	Registered capital	81	3 000 000	3 000 000
<b>A.II.</b>	<b>Share premium and capital funds</b>	84	<b>220 839</b>	<b>169 336</b>
A.II.2.	Capital funds	86	220 839	169 336
A.II.2.1.	Other capital funds	87	230 542	230 542
A.II.2.2.	Adjustments to assets and liabilities	88	-9 703	-61 206
<b>A.III.</b>	<b>Funds from profit</b>	92	<b>288 074</b>	<b>282 489</b>
A.III.1.	Other reserve funds	93	288 074	282 489
<b>A.IV.</b>	<b>Retained earnings/(accumulated loss)</b>	95	<b>931 612</b>	<b>825 516</b>
A.IV.1.	Retained earnings/ loss	96	931 612	825 516
<b>A.V.</b>	<b>Net profit for the period</b>	98	<b>80 945</b>	<b>111 681</b>
<b>B. + C.</b>	<b>Liabilities</b>	100	<b>2 250 262</b>	<b>2 590 630</b>
<b>C.</b>	<b>Payables</b>	106	<b>2 250 262</b>	<b>2 590 630</b>
<b>C.I.</b>	<b>Long-term payables</b>	107	<b>98 404</b>	<b>93 968</b>
C.I.3.	Long-term advances received	112	0	0
C.I.8.	Deferred tax liability	117	58 404	53 968
C.I.9.	Other payables	118	40 000	40 000
C.I.9.3.	Other payables	121	40 000	40 000

✓ Table continues on the following page

<b>C.II.</b>	<b>Short-term payables</b>	122	<b>2 151 858</b>	<b>2 496 662</b>
C.II.2.	Payables to credit institutions	126	700 000	1 500 000
C.II.3.	Short-term advances receives	127	3 568	856
C.II.4.	Accounts payable	128	1 143 664	808 950
C.II.8.	Other payables	132	<b>304 626</b>	<b>186 856</b>
C.II.8.2.	Short-term borrowings	134	2 062	1 072
C.II.8.3.	Payables to employees	135	24 699	24 169
C.II.8.4.	Social security and health insurance payable	136	12 589	12 437
C.II.8.5.	State - tax liabilities and subsidies	137	41 338	38 842
C.II.8.6.	Estimate liabilities	138	222 701	87 828
C.II.8.7.	Other payables	139	1 237	22 508
<b>D.</b>	<b>Accruals and deferrals</b>	140	<b>9 476</b>	<b>9 211</b>
D.1.	Accrued expenses	141	9 387	9 112
D.2.	Deferred income	142	89	99



## PROFIT AND LOSS ACCOUNT UNABRIDGED AS OF 31. 12. 2020

(IN CZK THOUSAND)

No. a	Narrative b	Line c	Actual in accounting period	
			Current	Past
<b>I.</b>	<b>Income from sale of goods and services</b>	1	<b>180 387</b>	<b>200 067</b>
<b>II.</b>	<b>Income from sale of goods</b>	2	<b>9 795 199</b>	<b>11 987 464</b>
<b>A.</b>	<b>Production consumption</b>	3	<b>11 420 270</b>	<b>13 970 072</b>
A.1.	Cost of goods sold	4	8 876 724	11 112 110
A.2.	Material and energy consumption	5	2 322 122	2 609 355
A.3.	Services	6	221 424	248 607
<b>B.</b>	<b>Change of balance of internally developed inventory</b>	7	<b>264</b>	<b>-2 211</b>
<b>C.</b>	<b>Capitalisation</b>	8	<b>-2 308 795</b>	<b>-2 583 497</b>
<b>D.</b>	<b>Personnel expenses</b>	9	<b>589 543</b>	<b>578 335</b>
D.1.	Payroll	10	445 578	433 754
D.2.	Social security, health insurance and other expenses	11	143 965	144 581
D.2.1.	Social security and health insurance expenses	12	134 753	134 741
D.2.2.	Other expenses	13	9 212	9 840
<b>E.</b>	<b>Adjustments to operations</b>	14	<b>123 575</b>	<b>53 275</b>
E.1.	Adjustments to tangible and intangible assets	15	160 472	181 693
E.1.1.	Adjustments to tangible and intangible assets-permanent	16	160 472	181 693
E.2.	Adjustments to inventory	18	-407	-69 907
E.3.	Adjustments to receivables	19	-36 490	-58 511
<b>III.</b>	<b>Other operating income</b>	20	<b>1 308 118</b>	<b>1 680 554</b>
III.1.	Income from sold fixed assets	21	72 384	8 406
III.2.	Income from sold materials	22	17 328	19 983
III.3.	Other operating income	23	1 218 406	1 652 165

Table continues on the following page

<b>F.</b>	<b>Other operating expenses</b>	24	<b>1 305 651</b>	<b>1 728 100</b>
F.1.	Residual price of sold assets	25	21 602	3 104
F.2.	Residual price of sold material	26	12 964	13 883
F.3.	Taxes and charges	27	15 783	15 816
F.5.	Other expenses	29	1 255 302	1 695 297
*	<b>Profit/(loss) from operations</b>	<b>30</b>	<b>153 196</b>	<b>124 011</b>
<b>IV.</b>	<b>Gains on financial investments - shares</b>	31	<b>0</b>	<b>14 000</b>
IV.1.	Gains on shares – controlling or controlled person	32	0	14 000
<b>VI.</b>	<b>Interest and other similar income</b>	39	<b>3 902</b>	<b>5 698</b>
VI.1.	Interest income-controlled or controlling person	40	3 868	5 698
VI.2.	Other interest and other similar income	41	34	0
<b>J.</b>	<b>Interest and other similar expense</b>	43	<b>27 449</b>	<b>60 808</b>
J.2.	Other interest and other similar expense	45	27 449	60 808
<b>VII.</b>	<b>Other financial gains</b>	46	<b>123 027</b>	<b>41 069</b>
<b>K.</b>	<b>Other financial losses</b>	47	<b>154 404</b>	<b>63 509</b>
*	<b>Financial profit (loss)</b>	<b>48</b>	<b>-54 924</b>	<b>-63 550</b>
**	<b>Profit before taxes</b>	<b>49</b>	<b>98 272</b>	<b>60 461</b>
<b>L.</b>	<b>Income tax</b>	50	<b>17 327</b>	<b>-51 220</b>
L.1.	– Due	51	12 891	-219
L.2.	– Deferred	52	4 436	-51 001
**	<b>Profit/(loss) after taxes</b>	<b>53</b>	<b>80 945</b>	<b>111 681</b>
***	<b>Profit for the period</b>	<b>55</b>	<b>80 945</b>	<b>111 681</b>
*	<b>Net turnover for the period (group 6)</b>	<b>56</b>	<b>11 410 633</b>	<b>13 928 852</b>

