

## Instructions:

- This document and disclosures provided in it contain general information only and the application of this template in specific cases will depend on specific circumstances. Deloitte does not provide accounting, investment, legal, tax or other professional advice or services through this document. Deloitte accepts no responsibility for any losses sustained by any person as a result of placing reliance on the information presented in this document;
- This version is minimal and may need to be expanded by other relevant disclosures as and when required;
- This notes template includes only the most frequent types of information relevant for ordinary business entities that are medium-sized or large reporting entities governed by Act No. 563/1991 Coll., on Accounting, as amended, and Regulation No. 500/2002 Coll. which provides implementation guidance on certain provisions of Act No. 563/1991 Coll., on Accounting, as amended, for reporting entities that are businesses maintaining double-entry accounting records. However, this template does not contain some of the less frequent types of information which is explicitly required by the Regulation. Please use the relevant checklist to review note disclosures for completeness;
- If the relevant disclosure section is not relevant for the Company, no comments need to be provided on this matter (eg, the Company has no pledged assets) and the relevant section can be deleted;
- Text in bold + italics represents instructions;
- Slashes represent multiple options;
- Dots in the text or XXX represent space for filling in information;
- Most of the tables are linked to financial statements, ie it is necessary to check whether data from the table agrees with the financial statements;
- It is necessary to modify the standard wording for a limited liability company, because the notes have been prepared primarily in respect of joint stock companies;
- If a table can be replaced with a note disclosure of the same informative value and the note disclosure is shorter, please delete the table and use the note disclosure;
- Comment on all material and non-recurring financial statement items;
- Remember to indicate the Company's name and the reporting period in the footer and eventually to update the table of contents;
- If the Company used the profit and loss account structured by the function of expense/income method ('ucelove cleneni'), then the notes always need to include the profit and loss account structured by the nature of expense/income method ('druhove cleneni'); and
- If changes have been made to the prior period's information or if incomparable information has been retained in respect of the balance sheet, profit and loss account and statement of changes in equity, these facts must be clarified in the notes in each individual case.



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## 1. GENERAL INFORMATION

### 1.1. Incorporation and Description of the Business

*(Name of the company as indicated in the details held at the Register of Companies)*  
(hereinafter the “Company”) was formed by a *Deed of Association/Memorandum of Association/Founder’s Deed as a joint stock company/limited liability company* on ..... and was incorporated following. The principal activities of the Company include *(Provide a list of principal activities.)*.

The following table shows individuals and legal entities with an equity interest greater than 20 percent and the amount of their equity interest:

Shareholder/owner	Ownership percentage
Other	100
<b>Total</b>	<b>100%</b>

*(Also give details, if any, about agreements put in place between the shareholders/owners that establish voting rights regardless of the share of the Company’s share capital - this relates to a shareholding in companies equal to or in excess of 20 percent.)*

### 1.2. Year-on-Year Changes and Amendments to the Register of Companies

*(Describe changes and amendments to the Register of Companies.)*

### 1.3. Board of Directors and Supervisory Board at the Balance Sheet Date

	Position	Name
Board of Directors	Chairman	Mr. Heyo

### 1.4. Group Identification

*(If the Company is included in a group, please provide detailed information including the name and the registered office of the reporting entity preparing the consolidated financial statements of the widest as well as the narrowest group of reporting entities and also provide information as to the place where the consolidated financial statements can be obtained).*

*(If the Company applies the exemption from the obligation to present consolidated financial statements, it shall disclose the business name and registered office of the consolidating entity or consolidating foreign entity that has presented the consolidated financial statements and information about the application of the exemption).*

## 2. ACCOUNTING PRINCIPLES AND POLICIES

The Company's accounting books and records are maintained and the financial statements were prepared in accordance with Accounting Act 563/1991 Coll., as amended; Regulation 500/2002 Coll., which provides implementation guidance on certain provisions of the Accounting Act for reporting entities that are businesses maintaining double-entry accounting records, as amended; and the Czech Accounting Standards for Businesses, as amended.

*(If the Company departs from Czech Accounting Standards, it is obliged to disclose the fact in this note including the reasons for the departures.)*

The accounting records are maintained in compliance with general accounting principles, specifically the historical cost valuation basis (unless stated otherwise), the accruals principle, the prudence concept, and the going concern assumption.

The Company's financial statements have been prepared as of the balance sheet date, ie **31 December 2018, for the year ended 31 December 2018 / for the fiscal year from DD Month 2017 to DD Month 2018.**

These financial statements are presented in thousands of Czech crowns (CZK '000), unless stated otherwise.

### 2.1. Tangible and Intangible Fixed Assets

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

Purchased tangible and intangible fixed assets are stated at cost less accumulated depreciation and provisions, if any.

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

Depreciation is charged so as to write off the cost of tangible and intangible fixed assets, other than land and assets under construction, over their estimated useful lives, using the **straight line / accelerated / machine-hour-rate** method, on the following basis:

Diff. Type of assets	Depreciation method (straight line, accelerated, machine-hour-rate)	Number of years/%
Aca	Ccac	090
cd		s
cd	dc	c

Assets held under finance leases are depreciated by the lessor.

### Provisioning

Provisions were made against *impaired/obsolete* tangible fixed assets based on the results of the inventory taking, to the extent that the carrying value temporarily does not match the actual balance. (*Indicate how this was determined.*)

## **2.2. Financial Assets**

Financial assets with maturity or intent to hold exceeding one year are reported as non-current; financial assets with maturity or intent to hold up to one year are considered current.

### *Valuation of Financial Assets upon Acquisition*

Upon acquisition, investments, securities and derivatives are stated at cost including the share premium and indirect acquisition costs.

### *Valuation of Financial Assets at the Balance Sheet Date*

Securities held for trading and other securities available for sale are stated at fair value. If it is not possible to objectively determine the fair value, securities are stated at cost less provisions.

Fixed yield securities held to maturity are stated at cost increased or decreased by interest income or expense.

(*If applicable*) Equity investments in subsidiaries or associates are stated using the equity method of accounting (share of equity of the owned company). Other equity investments are stated at cost less provisions.

## **2.3. Inventory**

Purchased inventory is valued at acquisition cost. Acquisition costs include the purchase cost and indirect acquisition costs such as *customs fees, freight costs and storage fees, commissions, insurance charges and discounts*.

Internally developed inventory is stated at cost, including the direct costs of production or any other activity, and/or the portion of indirect costs relating to production or any other activity.

(*Detail the method of valuation in respect of internally developed inventory, eg the extent to which indirect costs are allocated: whether the valuation is established as equal to direct costs (direct material, direct labour costs, other direct expenses) OR as equal to internal production costs (direct costs and overhead production) OR as equal to the internal costs of output (internal production costs and administrative overheads, or supply overheads.) Furthermore, disclose whether and how the method of valuing internally developed inventory changed in relation to the amendment to Section 25 (5) (d) of the Act and Section 49 (5) of the Regulation.*)

The Company recognised provisions against inventory whose impairment is not deemed permanent by reference to, for instance, an aging analysis of inventory, (if applicable) an analysis of selling prices, (if applicable) etc. *(Disclose the policy of provisioning inventory if the provision is material.)*

## **2.4. Receivables**

Upon origination, receivables are stated at their nominal value as subsequently reduced by appropriate provisions. *(Disclose the policy of provisioning against receivables if the provision is material.)*

## **2.5. Payables**

Payables are stated at their nominal value.

## **2.6. Loans**

Loans are stated at their nominal value. The portion of long-term loans maturing within one year from the balance sheet date is included in short-term loans.

## **2.7. Reserves**

Reserves are intended to cover liabilities and expenditure the nature of which is clearly defined and which are either likely to be incurred or certain to be incurred as of the balance sheet date but uncertain as to their amount or as to the date on which they will arise.

*(Indicate particular types of reserves and methods used in determining the level of reserves, eg a reserve for outstanding vacation days, anniversaries, warranty repairs, legal disputes, restructuring costs etc.)*

## **2.8. Foreign Currency Translation**

Transactions denominated in foreign currencies during the year are translated using the exchange rate of the *Czech National Bank / the fixed exchange rate* prevailing on the date of the transaction.

*(If the Company uses a fixed exchange rate, indicate how and when it is determined and adjusted.)*

At the balance sheet date, the relevant assets and liabilities denominated in foreign currencies are translated at the Czech National Bank's exchange rate prevailing as of that date.

## **2.9. Finance Leases**

Finance lease payments are recorded to expenses. The initial lump-sum payment related to assets acquired under finance leases is amortised and expensed over the lease period.

## **2.10. Revenue Recognition**

Revenues from *(include the principal types of revenues)* are recognised on *(specify the date of their recognition)*.

Revenue is measured at the value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, value added tax and other sales related taxes.

Sales of goods are recognised when goods are delivered and underlying title has passed.

## 2.11. Use of Estimates

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

## 2.12. Year-on-Year Changes in Accounting Policies

As of *1 January 2018*, the Company changed its accounting policy in respect of (*describe the change*).

This change had the following impact on the assets, liabilities, and profit or loss:

	(CZK '000)
<i>Asset A</i>	
<i>Asset B</i>	
<i>Liability C</i>	
<i>Liability D</i>	
<b>Other profit or loss from prior years</b>	

Comparative information has been adjusted to reflect the change.

## 2.13. Cash Flow Statement

The cash flow statement is prepared using the indirect method. Cash equivalents include current liquid assets which are easily convertible into cash in an amount agreed in advance and not expected to be subject to material fluctuations in value over time.

Cash and cash equivalents can be analysed as follows:

	31 Dec 2018	31 Dec 2017
		(CZK '000)
Cash on hand and cash in transit		
Cash at bank		
Overdraft balances of current accounts included in current bank loans		
Cash equivalents included in current financial assets		
<b>Total cash and cash equivalents</b>		

Cash flows from operating, investment and financial activities presented in the cash flow statement are not offset. (*If this is not the case, please change accordingly.*)



**3. ADDITIONAL INFORMATION**

*(If the Company used the profit and loss account structured by the function of expense/income method (“ucelove cleneni”), then the additional information needs to include the profit and loss account structured by the nature of expense/income method (“druhave cleneni”).)*

*(If the Company merged individual lines in the financial statements, it needs to present the merged lines in the notes separately.)*

*(The Company is to disclose the amounts and nature of individual income and expense items the volume or origin of which is extraordinary.)*

**3.1. Intangible Fixed Assets (Intangible FA)**Cost

					(CZK '000)
	Opening balance	Additions	Disposals	Transfers	Closing balance
Development					
Valuable rights					
Goodwill					
Other intangible FA					
Prepayments for intangible FA					
Intangible FA under construction					
<b>Total in 2018</b>					
<b>Total in 2017</b>					

Provisions and Accumulated Amortisation

						(CZK '000)
	Opening balance	Additions	Disposals	Transfers	Closing Provisions balance	Net book value
Development						
Valuable rights						
Goodwill						
Other intangible FA						
Prepayments for intangible FA						
Intangible FA under construction						
<b>Total in 2018</b>						
<b>Total in 2017</b>						

**3.2. Tangible Fixed Assets (Tangible FA)**Cost

					(CZK '000)
	Opening balance	Additions	Disposals	Transfers	Closing balance
Land					
Buildings					
Individual tangible movable assets					
Valuation difference on acquired assets					
Other tangible FA					
Prepayments for tangible FA					
Tangible FA under construction					
<b>Total in 2018</b>					
<b>Total in 2017</b>					

Provisions and Accumulated Depreciation

						(CZK '000)
	Opening balance	Additions	Disposals	Transfers	Closing Provisions balance	Net book value
Land						
Buildings						
Individual tangible movable assets						
Valuation difference on acquired assets						
Other tangible FA						
Prepayments for tangible FA						
Tangible FA under construction						
<b>Total in 2018</b>						
<b>Total in 2017</b>						

*(Comment on extraordinary write-offs, modification of depreciation plans, etc.)*

*(Include a description and accounting value of the pledged assets or real estate with a lien.)*

*(If deemed material, present own assets that are not reflected on the face of the balance sheet, such as low value assets and intangible assets.)*

*(If deemed material, present third party assets that are reflected on the face of the balance sheet, such as assets held under a contract to lease a business or a part thereof.)*

*(If deemed material, present the aggregate lease value and the aggregate anticipated value of lease payments.)*

*(If the entity entered into transactions which gave rise to a transfer of ownership title to real estate that is subject to registration in the Real Estate Register, and was recognised as of the date that a petition for registration with the Cadastral Office had*

*been delivered, but no change in the Register had been made at the period-end, please describe the conditions underlying legal effectiveness of the registration with the Real Estate Register.)*



**3.6. Short-Term Receivables**

*(Comment on the nature and balances of major receivables, unless such information is apparent from the balance sheet.)*

Receivables past their due dates amount to CZK XXX thousand and CZK XXX thousand as of 31 December 2018 and 31 December 2017, respectively.

*(Disclose if any of the categories of receivables are collateralised or if they are used as a guarantee for the Company's liabilities (loans). If so, specify these receivables and disclose the amount and form of collateral/guarantee.)*

**3.7. Deferred Expenses and Accrued Income (Other Assets)**

*(Comment on significant items or changes in the balances reported in line item C.II.3., eg the quantification of complex deferred expenses and their nature, accrued income.)*

**3.8. Current Financial Assets**

*(Disclose relevant information only if it provides other significant information that is not apparent from the balance sheet.)*

*(Disclose current financial assets whose title is restricted, such as pledges, blocking for the benefit of a bank, etc.)*

**3.9. Deferred Expenses and Accrued Income (Other Assets)**

*(Comment on material assets or changes in balances reported in line item D., such as the quantification and nature of complex deferred expenses and accrued income.)*

**3.10. Equity**

*(Comment on the proposed distribution of profit or settlement of loss.)*

*(If the Company reports a balance in item "A.IV.2. Other profit or loss from prior years", the use of the item needs to be described in this note.)*

*(Comment on significant increases or decreases in individual equity components, unless such information is disclosed in the statement of changes in equity.)*

**3.11. Reserves**Other Reserves

	(CZK '000)	
	Balance at 31 December 2018	Balance at 31 December 2017
Type 1		
Type 2		
Type 3		
<b>Total other reserves</b>		

*(Comment on material items or changes in the amount of individual items. Provide a specific disclosure for reserves under special legislation.)*



---

**Total**


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**3.15. Accrued Expenses and Deferred Income (Other Liabilities)**

*(Comment on material items of estimated payables or changes in the amount thereof.)*

**3.16. Deferred Income Tax**

The aggregate existing deferred tax asset/(liability) can be analysed as follows:

	(CZK '000)	
	Balance at 31 Dec 2018	Balance at 31 Dec 2017
Accumulated depreciation and amortisation of fixed assets		
Inventory		
Receivables		
Reserves		
Payables		
Tax losses carried forward		
<b>Total asset/(liability)</b>		

*(If applicable)* The asset referred to above was accounted for only to the extent to which it can be anticipated to be recovered on the grounds of prudence:

	(CZK '000)	
	Balance at 31 Dec 2018	Balance at 31 Dec 2017
Recognised asset		
Unrecognised asset		
<b>Total assets</b>		

**3.17. Income from Ordinary Activities**

*(Applicable only to LARGE REPORTING ENTITIES: Indicate the classification of the sales of goods, products and services by the type of activity and geographical market, provided the types and markets substantially differ in the organisation of the sales of products, goods and services. Such information may be omitted if it could cause substantial damage to the Company. Any such omission must be indicated in the financial statements.)*

	(CZK '000)		
	Year ended 31 Dec 2018		
	In- country	Cross- border	Total
	Year ended 31 Dec 2017		
	In- country	Cross- border	Total
Goods O			
Goods P			
Etc			
<b>Total sales of goods</b>			
Sales of product A			
Sales of product B			
Etc			
Services X			
Services Y			
Etc			
<b>Total sales of own products and services</b>			

**3.18. Employees, Management and Statutory Bodies**

The following table summarises the average headcount of the Company's employees and managers for the years ended 31 December 2018 and 31 December 2017:

**2018**

		(CZK '000)
	Number of staff	Total staff costs
Category 1		
Category 2		
Category 3		
<b>Total</b>		

**2017**

		(CZK '000)
	Number of staff	Total staff costs
Category 1		
Category 2		
Category 3		
<b>Total</b>		

The number of employees is based on the average headcount during the reporting period.

*(Disclose the amount of bonuses awarded to the members of statutory, supervisory or management bodies arising from their positions and the amount of contracted or incurred pension liabilities for former members of the bodies – including those that are not reported in the balance sheet – in aggregate, split separately by category. This information need not be disclosed should it reveal information on the specific financial situation of a specific member.)*

*(Indicate the aggregate amount (for each category of persons) of prepayments, deposits, borrowings and loans provided to members of statutory, supervisory or management bodies as well as the interest rates, principal terms, amounts paid, written off or waived, collateral and other considerations to the persons.)*

**3.19. Other Operating Income and Expenses**

*(Comment on significant items.)*

**3.20. Financial Income and Expenses**

*(Comment on significant items.)*

**3.21. Related Party Transactions**

In the year ended 31 December 2018, income from related party transactions amounted to CZK XXX thousand (31 December 2017: CZK XXX thousand). As of 31 December 2018, receivables from the transactions amounted to CZK XXX thousand (31 December 2017: CZK XXX thousand).



In the year ended 31 December 2018, total purchases from related parties amounted to CZK XXX thousand (31 December 2017: CZK XXX thousand).

Payables to Related Parties as of 31 December 2018:

							(CZK '000)
Enti ty	Relatio n to the Compa ny	Short- term trade receivab les	Oth er shor t- ter m	Lon g- ter m	Loa ns	Oth er	Balan ce at 31 Dec 2018
	Parent compan y						
	Fellow subsidi ary						
<b>Total</b>							

Payables to Related Parties as of 31 December 2017:

							(CZK '000)
Enti ty	Relatio n to the Compa ny	Short- term trade payabl es	Oth er shor t- ter m	Lon g- ter m	Loa ns	Oth er	Balan ce at 31 Dec 2017
	Parent compan y						
	Fellow subsidi ary						
<b>Total</b>							

**3.22. Total Fee to the Statutory Auditor/Audit Company**

*(Applicable only to LARGE REPORTING ENTITIES)*

*(If applicable)* The fee to the statutory auditor for the obligatory audit of the financial statements for the year ended 31 December 2018 amounted to CZK XXX thousand (CZK XXX thousand as of 31 December 2017). The statutory auditor did not provide the Company with any other services. *(Otherwise provide specific details on the services including the fee.)*

*(If the statutory auditor provided other services to the Company, please complete the following table.)*

		(CZK '000)
	Year ended 31 Dec 2018	Year ended 31 Dec 2017
Obligatory audit of the financial statements		
Other assurance services		
Tax advisory		
Other non-audit services		
<b>Total</b>		

*(The Company is not obliged to disclose this information if the Company has been included in the consolidated financial statements pursuant to Part 5 of Regulation No. 500/2002 Coll., provided this information is disclosed in the notes to the consolidated financial statements.)*

### **3.23. Off Balance Sheet Commitments**

*Disclose the nature and business purposes of the off-balance sheet transactions including their financial impact if the risks or benefits from these transactions are significant and their disclosure is necessary for the evaluation of an entity's financial situation. Potential pension liabilities and payables to related parties are to be disclosed separately.*

*Examples of such transactions include the following:*

- Significant potential losses;
- Guarantees made;
- Legal disputes;
- Third party guarantees;
- Liabilities arising from asset construction and acquisition;
- Environmental liabilities;
- Factoring of receivables;
- Combined agreements on sales and repurchases;
- Consignment stock agreements ;
- Take or pay agreements;
- Agreed securitisation negotiated through individual companies and non-registered entities;
- Pledged assets;
- Operating lease agreements;
- Sub-supplier transactions; and
- Low-value intangible and tangible assets.

### **3.24. Post Balance Sheet Events**

*(State significant post balance sheet events, such as an increase/decrease in share capital, material investments, new loans, acquisition of business, and natural disasters. Describe the nature of each material event and the financial impact of the event on the Company, or explain why an estimate of the financial consequences cannot be made.)*

*(Or) No events occurred subsequent to the balance sheet date that would have a material impact on the financial statements.*