ANNUAL REPORT
TES 2019

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1 FOREWORD

Dear business partners, dear colleagues, ladies and gentlemen.

I would like to thank all our customers, business partners and colleagues for their trust and cooperation in achieving our common goals, which include, first and foremost, the enhancing of the safety and reliability of nuclear plants.

The year 2019 was yet another prosperous year marked with stable business activity in the area of nuclear industry. Keeping with our goal to achieve stable and sustainable business growth we recruited 6 new well-qualified employees. Many of our projects were finished and some new ones were started, aiming to improve the quality of our services and products. We pursued the cooperation on projects with South Korea, Egypt and Finnish company Fortum Power and Heat Oy. In cooperation with the Brno University of Technology, we also continued to progress well with our ongoing project *„The Application of codes and correlations for Critical Heat Flux Calculation in Nuclear Reactors*". In the area of monitoring and diagnostics of electrical equipment we significantly extended the web interface and developed new active screens providing the nuclear plant operator of the Dukovany and Temelín NPPs with user-friendly control of the electrical equipment and advanced monitoring of its condition. At the same time we continued the upgrade of the monitoring system MSE (*Measuring System of Electrical equipment*) which is used at the Nuclear Power Plant Dukovany and NEMES (*Non-operational Measuring system of the Electrical equipment*) used at the Nuclear Power Plant Temelín. We also saw a big progress in the development of the MCSA (*Motor Current Signature Analysis*) method applied in the asynchronous motors. Our experts for commissioning the nuclear power units worked with ÚJD (*Nuclear regulatory authority of the Slovak Republic*) in the commissioning of Unit 3 and Unit 4 of the Nuclear Power Plant Mochovce. We continued to pay a particular attention to the hardware and software security measures. We also kept improving our measuring and diagnostic systems in order to meet the high requirements of our customers.

Let me thank all of you once more for your cooperation and wish nothing but success in your future endeavours.

Ing. Martin Štajgl

General Manager of TES s.r.o.

2 BASIC INFORMATION

TES s. r. o. (further referred to as TES) was founded on February 27, 1992 as a limited liability company and as such was incorporated in the Business Register at the Regional Court in Brno, Section C and the File no. 4884.

We are an expert engineering company based in the Czech Republic. Since our foundation we have been engaged in the field of nuclear power industry and have provided engineering services and technical support to nuclear power plant operators and nuclear regulatory authorities. We are a reliable supplier of the Czech NPP operator (ČEZ, a. s.) and we cooperate with other Czech and foreign companies, universities and institutions involved in nuclear power activities.

Business name:	TES s. r. o.
Legal form:	Limited Liability Company
Registered office:	Pražská 597, 674 01 Třebíč, Czech Republic
Date of establishment:	February 27, 1992
Registration:	The Company is registered in the Commercial Register kept by the Regional Court in Brno, Section C, File no. 4884
Company identification No.:	45477973
Tax identification No.:	CZ45477973
Bank connection:	Komerční banka Třebíč
Account No. :	377548711/0100
Share capital:	CZK 10 500 000
Phone:	+420 568 838 411
E-mail:	tes@tes.eu
Electronic identification:	4ze6zf3
Website:	www.tes.eu

TES Headquarters and Branch Offices

Headquarters:	TES s. r. o. Pražská 597, 674 01 Třebíč, Czech Republic Phone.: +420 568 838 411, e-mail: tes@tes.eu
Dukovany NPP site:	TES s. r. o. JE Dukovany 269, Czech Republic 675 50 Dukovany – elektrárna Phone: +420 561 10 5450, e-mail: tes@tes.eu
Temelín NPP site:	TES s. r. o. JE Temelín 373 05 Temelín – elektrárna, Czech Republic Phone.:+420 381 10 2064, e-mail: tes@tes.eu
Mochovce NPP site:	TES s. r. o. Mochovce 1, 935 39 Kalná nad Hronom, Slovak Republic Phone.:+420 568 838 411, fax: +420 568 838 427 E-mail: tes@tes.eu

3 CORPORATE MANAGEMENT

Statutory Body

Legal representatives of the company and their shares in the registered capital:

Ing. Martin Štajgl:	25%	Managing Director
Ing. Jiří Pulec:	25%	Managing Director
Ing. Pavel Novotný:	25%	Managing Director
Ing. Miloš Kaška:	25%	Managing Director

TES Management

General Director	Martin Štajgl
Executive Director	Oto Mareček
Technical Director	Pavel Novotný
Sales Director	Tomáš Palko
Head of Financial Department	Vladimír Šula
Manager of Integrated Management System	Věra Prodělalová
Manager of Human Resources and Marketing	Věra Urbancová
Head of International Business Department for Western Europe and Overseas	Jan Frélich
Head of International Business Department for Eastern Europe	Oleksandr Bredykhin
Head of Research and Development Dept.	Miloš Kaška
Head of Engineering Services Dept.	Jiří Pulec
Head of Electrical Engineering Dept.	Oto Mareček
Head of Computational Analyses and Nuclear Safety Dept.	Martin Blaha
Head of Data and P&ID Department	Zdeněk Ondráček

4 PHILOSOPHY, VALUES AND VISION

We are an expert engineering company based in the Czech Republic and since our foundation in 1992 we have specialized in the field of engineering services and technical support of nuclear power plant operation. We have been a reliable supplier of the Czech NPP operator (ČEZ, a. s.) as well as of the other Czech and foreign companies involved in nuclear power industry.

By providing highly specialized services we support nuclear safety at the Nuclear Power Plant Dukovany and Temelín and in cooperation with international partners or individually, we provide expert engineering services for nuclear power plant operators and nuclear regulatory bodies.

Philosophy

We take an advantage of our nuclear-related expertise and focus on the objectives enhancing nuclear safety of the nuclear power plant performance. We develop solutions, designed to optimize the nuclear power plant operation and maintenance and extend the designated lifetime of the plant components and systems.

Values

The first target is to be reliable partner to our customers and meet their needs bringing the high quality services, effective solutions and long-term cooperation.

We are successful thanks to our dynamic team made of experienced senior engineers providing leadership and support to young talented specialists. We support further professional growth of our experts and develop cooperation with universities and research institutions.

Vision

Our vision is to stay trusted supplier in the nuclear power industry.

In addition to existing activities, we will be more involved in the projects addressing the aging management and lifetime extension of the power plant components and decommissioning of the existing nuclear power units.

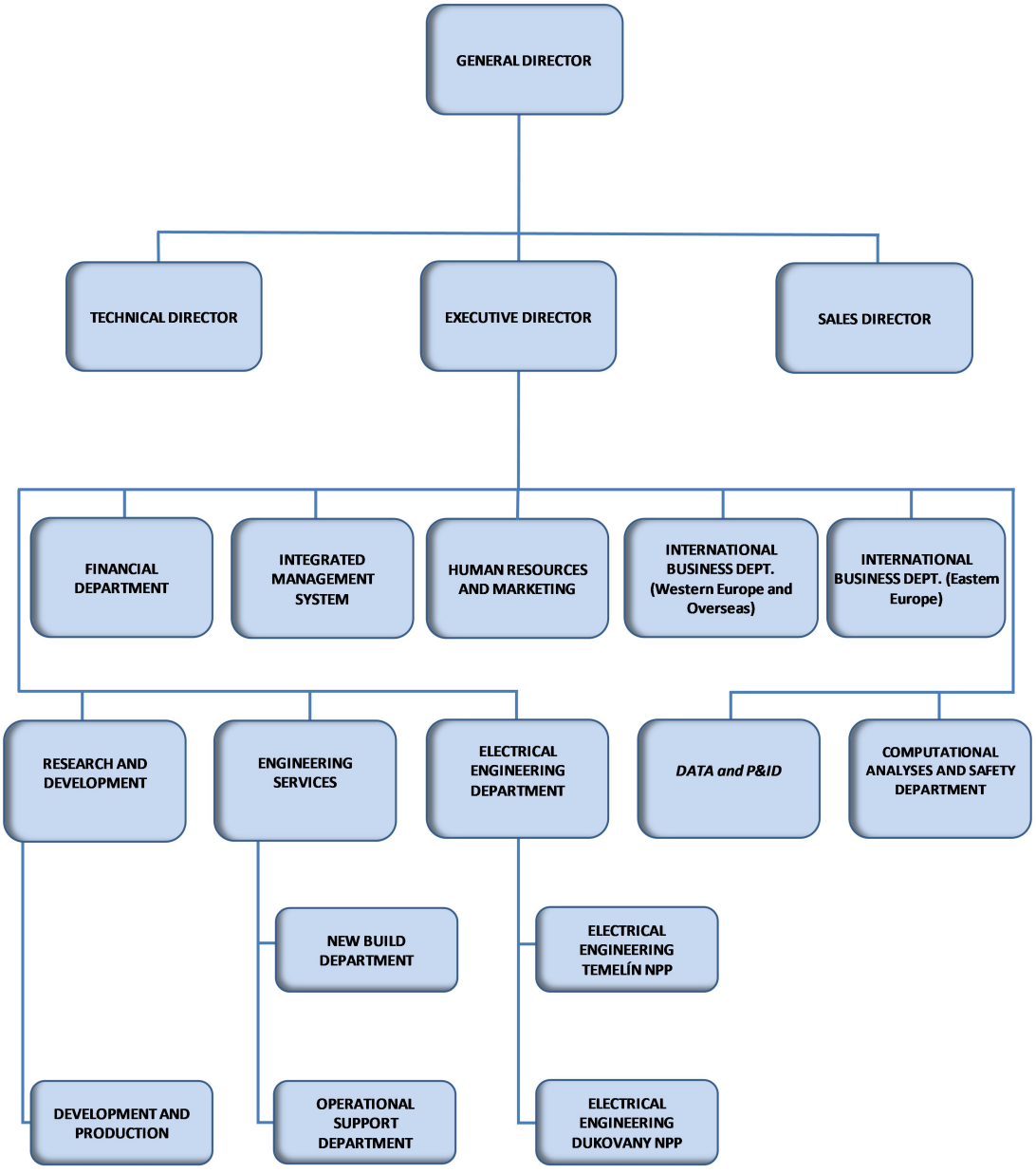
5 STRATEGIC OBJECTIVES 2019

The following strategic objectives have been determined for the year 2019 by TES management:

- To reach the sales budget of CZK 72 million.
- To meet contracted deadlines (non-compliance with deadlines max. 2 % from the total amount of projects).
- To maintain the number of complaints from our customers under 5 % from the total number of projects.
- To maintain the costs of non-compliance under CZK 150 000.
- To continue in optimization of all processes.
- To take measures for the implementation of ISO 45001 Standard.
- To enhance skills and qualification of workers in the area of new-build commissioning.
- To maintain 30 % share of all company employees actively improving their language skills.
- To maintain professional qualification of employees.
- To meet the requirements for the recognition of the personnel security authorisation.
- To have zero number of accidents at work with incapacity to work.
- To decrease number of traffic accidents with an employee proved to be culpable for the accident.
- To decrease negative environmental affects by optimized car operation and facility management.

The goals as set above have been successfully accomplished.

6 ORGANIZATIONAL STRUCTURE



7 TES PEOPLE

TES strives to foster professional growth of its employees. Education takes on the form of external or corporate trainings and workshops. Priority is given to the regular trainings in occupational safety and health protection at work. TES works on maintenance and continuous improvement of integrated management system, which in turn improves the quality of all processes, products and services supplied to our customers.

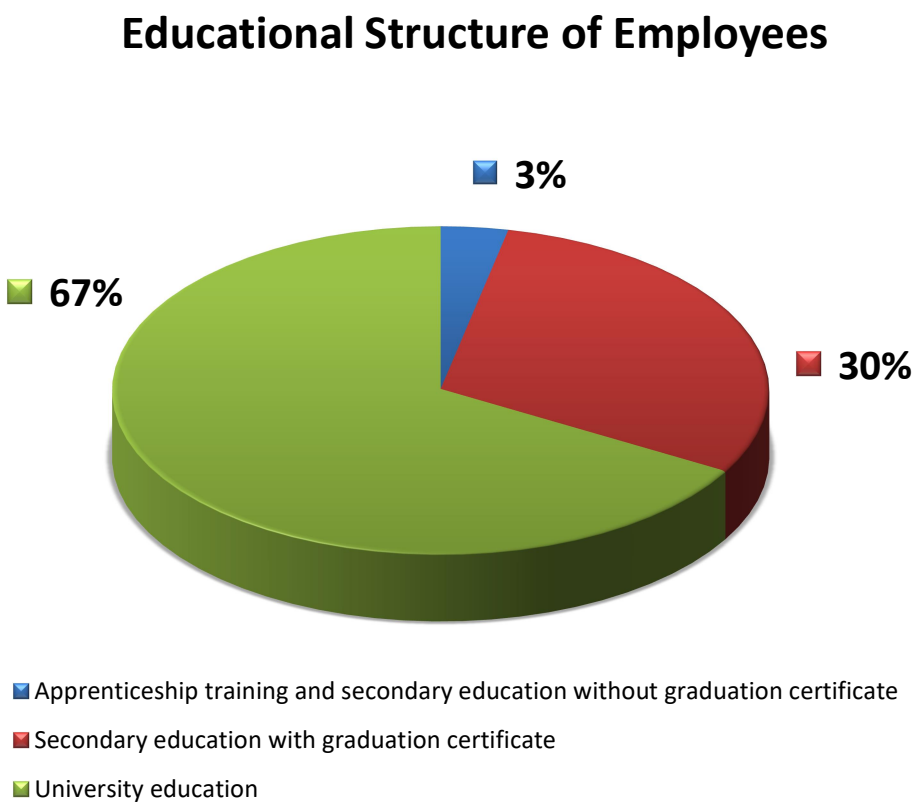
Considering the fact that the company´s activities are closely related to nuclear energetics, a particular emphasis is placed on the continuous perfecting and broadening of professional qualification in accordance with the legislative requirements of the Czech Republic including nuclear law. Some of our employees are regularly trained locally or abroad in very specific fields including for example the trainings on the use of computational codes for analyses of transient and emergency conditions of nuclear power units. Training programmes also cover perfecting the knowledge on computer programmes and using specialized software. Last but not least, the company management promotes language education, with emphasis on the knowledge of English.

Employee Benefits

- Extra week of leave for recovery
- A 7,5 hour working day
- Flexible working hours
- Meat allowance
- Pension insurance allowance
- Culture and Social Need Fund
- Company mobile phone, computer
- Language trainings
- Coverage of selected vaccination

Educational Structure of TES Employees

More than 60% of the TES employees have an academic degree, particularly in the fields of nuclear engineering, electrical engineering and mechanical engineering. In 2019, there were 61 employees on average in the company.



Recruitment

The average number of employees and their qualification structure has not shown any significant changes from the numbers registered in the past years. The reason stems from providing specialized services for the nuclear power industry, high requirements for professional qualification and an actual absence of a standard production cycle. This means, that the company staff structure is less susceptible to external economic pressure. In 2019, we have recruited six new employees to support the Electrical Engineering Department, Computational Analyses and Nuclear Safety Department and Engineering Department. Three colleagues left the company following a mutual agreement.

Corporate Social Responsibility

The TES company feels socially responsible for the environment of the company and its employees and therefore supports various local initiatives. Every year we sponsor cultural, sporting and educational events. In 2019, the focus was placed especially on medical and social services and we were also happy to help a few local non-professional sport and cultural clubs in which some of our employees had long been active.

- Zdravotní Klaun o.p.s. (*Hospital Clawn Program*)
- Hospital Třebíč
- Diecézní charita Brno, oblastní charita Třebíč (*Diocesan Charity Centre Třebíč*)
- Kids for Kids Třebíč (*NPO – a music festival*)
- PolankaFest Třebíč (a s*ummer music festival*)
- ZŠ Světlo Třebíč, s. r. o. (*Primary School*)
- TJ Spartak Třebíč – *Dukovanské stezky* (a sporting *event*)
- FC Vícenice (a *local football club*)
- Hasiči Ocmanice (a *non professional fire brigade club*)

8 KEY BUSINESS AREAS

Service and Maintenance of Nuclear Power Plant Equipment

- Service of monitoring and diagnostic systems.
- Maintenance of electrical circuits and protections.
- Electrical circuit diagnostics and measurements.
- Maintenance of diesel generator stations.
- Diagnostics of rotating machinery (MCSA).

Deterministic Safety Analyses

- Analyses for design and modification of NPP.
- Analyses for SAR (Safety Analysis Report).
- Computational analyses of operational events.
- Support of *Accident Management.*
- Independent validation of computational codes.
- Computational tools and models for deterministic safety analyses.

Monitoring and Diagnostic Systems

- Monitoring systems of electric equipment.
- On-line diagnostics of power oil transformers.
- Generator brush gear monitoring system.
- Partial discharge detection in oil power transformers.

Support of Commissioning and Operation of Nuclear Power Plants

- Preparation of commissioning documentation.
- Program development and test implementation.
- Measurement and testing of electrical and technological parameters.
- Evaluation of operational tests.
- Computational support of the commissioning.
- Consolidation and validation of data on plant equipment, P&ID processing.
- Design, operational and licence documentation.
- Independent analyses of operational events and failures.
- Support of personnel training.

Support of Nuclear Regulators

- Independent supervision of the commissioning.
- Computational support.
- Independent expert reviews and analyses.
- Preparation of nuclear safety documentation.

9 PROFILES OF KEY OPERATIONAL DEPARTMENTS

Since its foundation in 1992, TES has been active in the field of engineering services and technical support for nuclear power plants. Based on the field of services provided, TES is organized into departments. Some complex projects may involve cooperation of specialists from two or more departments.

Operational sections:

- Electrical Engineering Department
- Engineering Services Department
- Computational Analyses and Nuclear Safety Department
- Research and Development Department
- Data and P&ID Department
- International Business Department

Electrical Engineering Department

The experts of the Electrical Engineering Department provide technical support of the operation of the nuclear power plant Dukovany and Temelín and implement investment projects in the field of electrical engineering (low and high voltage). Technical support of the operations consists in providing the diagnostics of specific technological equipment systems of the nuclear power plants and checking whether they function correctly. This is carried out by means of measuring and evaluating the checks and tests using mobile and stationary monitoring systems. The maintenance and services of some plant systems are ensured directly by our specialist.

Engineering Services Department

The department focuses mainly on ensuring the commissioning of nuclear power units, for example the putting of the nuclear power plant equipment in operation after refurbishment. Independently of the NPP operator, we also provide services for the nuclear regulatory authorities (e.g. SÚJB) in the areas of technical support and independent supervision of the commissioning. We aim to ensure the maximum

possible level of safety and security when granting a licence for the operation of the nuclear power plant. In the area of operation support TES experts provide continuous technical support at the Dukovany and Temelín NPPs.

Between the years 2016 and 2019, the independent technical support for the completion of Unit 3 of the nuclear power plant Mochovce (Slovak Republic) became one of the largest projects of the department.

Computational Analyses and Nuclear Safety Department

The main activity of the Computational Analyses and Nuclear Safety Department is to ensure and report on the safety and reliability of the nuclear power plant operations. For the purposes of the computational analyses we use a growing portfolio of advanced computational codes such as RELAP5, TRACE, PARCS, SCALE-Triton, MELCOR, OpenFoam or AnsysFluent. The core activity of the department in 2019 consisted especially of computational analyses for the nuclear units of the Dukovany NPP and Temelín NPP. In 2019, the cooperation between TES and South Korean companies continued with promising prospects. The representatives from KHNP and KEPCO E&C visited TES aiming to find a partner for their activities regarding a tender for the contract, design, construction and commissioning of a new power unit in the Dukovany NPP, Czech Republic. Following the negotiations, TES successfully realised a project for KEPCO E&C with the objective to assess the nuclear safety of APR1000 reactor offered by KEPCO E&C for the construction of the new power units in Dukovany.

Research and Development Department

The Research and Development Department ensures the development and production of the hardware and software systems designed to measure, test and diagnose selected technological equipment of the nuclear power plant operations. The experts of the department work with various research centres and universities, among others with The Brno University of Technology and the Czech Technical University in Prague.

International Business Department

In 2019, we continued working on projects with both existing and new partners from abroad. At the end of 2019 we launched an introductory study for the South Korean KEPCO E&C company which focused on the application of accident management system of the APR1000 reactor in the Czech environment.

Recently, we also started to work on the technical support of NPPA (which is the future operator of Egyptian nuclear power plant el-Dabaa) while discussing technical details of EPC contract implementation with Russian Atomstroyexport. In 2019, we further negotiated the matter of preparation of a new Czech and Korean research and development project, together with the Brno University of Technology and the Korean KINGS institute.

We also negotiated the supply of MOSAD®-IRIS brush gear monitoring system of synchronous generators with the Finnish Fortum Power and Heat Oy company. Last but not least, the representative of the International Business Department took part in MAAE meeting "*Management of Direct Current Power Systems and Application of New Devices in Safety Electrical Power Systems for Nuclear Power Plants*" and presented activities of TES in the area of measurement and assessment of the I. category power supply reliability.

Data and P&ID Department

The Data and P&ID Department ensures the consolidation and collection of technological equipment data including change control management and the development of new operative schemes (P&ID) of the nuclear power plant systems. We participate in database design development, elaboration of the documentation for building permits and in resolving various issues. Together with our partners from the University of West Bohemia in Pilsen and the Czech Technical University in Prague CIIRC (*The Czech Institute of Informatics, Robotics and Cybernetics)* we commenced a project *„Optimization of Dry Storage for Spent Nuclear Fuel*“. The project runs within the THÉTA program designed to support applied research, experimental development and innovation provided by the Technology Agency of the Czech Republic (TAČR).

10 MAJOR PROJECTS AND ACTIVITIES

Service and Maintenance of Electrical Equipment at the Temelín NPP

Inspection and maintenance of the monitoring and diagnostic systems for turbo-generators, transformers and, in particular, the NEMES measuring system provided by Electrical Engineering Department at Temelín were among the most important tasks of the planned outages. The diagnostic systems, developed to a large extent by TES, are also serviced by TES exclusively. All service and maintenance works must be↓5scheduled well in advance to allow for a fluent performance of important outage processes, which are carefully managed according to the needs of ČEZ, a. s. so the other suppliers could provide their services and we would not influence the length of the outage plan.

Electrical engineers and technics of the department ran diagnostics of the cables by ECAD® (*Non- destructive diagnostic system for measuring of electrical circuits*) and the diagnostic of various types of motors including diesel-generators while using the MCSA method (*Motor Current Signature Analysis).* The range of equipment which had been diagnosed and checked by these methods was successfully extended and, therefore, the customer can now obtain the most comprehensive overview of the actual condition of each nuclear power plant component including the data necessary for an estimation of assumed life-span of the equipment. The outputs, at the same time, include a steadily increasing amount of acquired data, technical reports and protocols, which allow for further assessment of the equipment condition and its demonstration to the regulatory authorities.

In 2019, many investment projects have been introduced at the Temelín NPP, in which TES took on the role of an important supplier, especially in the area of commissioning the recently installed protection terminals and ensuring their permanent communication with the NEMES measuring system. Within this project TES also developed and supplied a large number of new interactive screens implemented in WEB interface of the NEMES system. The screens are designed to suit the demands of each equipment controller. The focus was on user-friendly and intuitive access to the data and measured parameters.

We also developed the tenths of work guidelines which our customers considered to be of especially high quality with regards to the expert performance. A great range of technical and expert assistance has been provided to particular departments of the Temelín NPP including evaluation of long term trends of significant parameters

with consideration of the impact on the operation and life-span of the most important equipment of the nuclear power plant.

Service and Maintenance of electrical equipment at the Dukovany NPP

The Electrical Engineering Department of TES located at the Dukovany NPP implemented as part of their regular activities service and maintenance works on diagnostic systems of transformers (MST – *monitoring system of the Transformers*) and electrical equipment MSE (*measuring system of electrical equipment*). These monitoring systems had been to a large extent developed by TES. The strict adherence to the schedule of outage processes is also applicable here in order to allow the implementation of follow up activities according to ČEZ, a.s requirements.

Other regular activities also included active participation in the evaluation of regular tests of emergency sequential loading automatic, function tests of terminal protections of the unit and function tests of power outlet protections as well as the diagnostics of various types of motors including diesel-generators using the MCSA method (Motor Current Signature Analysis).

The specialists from the Electrical Engineering Department participated in building and maintaining a database designed to integrate fire protection partitions installed at the premises of the Dukovany NPP. Based on regular inspections they assigned evidence numbers to new protection partitions and performed maintenance and repairs of the damaged ones.

During the outage period regular activities were extended to performing inspection and maintenance works on diesel-generator stations, measuring of cables using ECAD (*non-destructive diagnostic system for measuring of electrical circuits*), calibration of transducers and measuring cards in the MST and MSE monitoring systems as well as the maintenance of 6kv switchgear under-voltage release automatics.

In addition, a number of technical and expert assistance for the individual departments of the Dukovany NPP was provided including an assessment of long-term trends of the basic parameters as well as a careful consideration of their impact on the operation and life-span of important power plant equipment.

Nuclear Safety Assessment of the APR 1000 Reactors for the South Korean Partner KEPCO E&C

In 2019, TES implemented a contract with South Korean company KEPCO E&C, the aim of which was to assess the nuclear safety of nuclear power unit with APR1000 reactors, taking into consideration the new nuclear legislation of the Czech Republic and EU safety requirements. The APR1000 is a power unit with advanced GENIII reactors, which are to be offered by KHNP and their design organization KEPCO E&C in the tender for the construction on the new nuclear power unit in the Czech Republic located in Dukovany.

In accordance with the contract with KEPCO E&C the TES experts focused, in particular, on the assessment of the Accident Management system applied to APR1000 and on the issue of source element determination for expected deterministic safety analyses of APR1000 in the Czech Republic. The contract works peaked in February 2020 in the joint workshop, where the TES and KEPCO E&C experts discussed the topics mentioned above. The contract between TES and KEPCO E&C shows promising prospect of the future mutual cooperation.

Validation of Accident Management Guidelines for Dukovany NPP and Temelín NPP

In 2019, the experts of the Computational Analyses and Nuclear Safety Department implemented a regular cycle of validation of Accident Management Guidelines, which had been performed on full-scale simulator at both nuclear power units every year since 2013. TES experts in cooperation with ČEZ, a. s. operators perform an evaluation of the requirements of AccM, select emergency scenarios for the validation of a particular guideline, coordinate the application of emergency scenarios on full scale simulators at both power plants, develop an operational evaluation of the performed tests and carry out a subsequent and final evaluation of the whole validation cycle.

Innovation Project PZT: Application of Codes and Correlations for Critical Heat Flux Calculation in Nuclear Reactors

In 2019, the three year innovation project No CZ.01.1.02/0.0/0.0/17_102/0011478 *The application of codes and correlations for critical heat flux calculation in nuclear reactors* continued with the E2 stage. The project is co-funded by the European Union under the *Operational Program Enterprise and Innovations for Competitiveness.*

The aim of the project is to facilitate the innovation process and broaden the range of services of TES in the area of safety analyses related to critical heat flux. In the second stage of the project, the TES experts in cooperation with the specialists from the Brno Technical University developed and validated the methodology for the safety analyses implemented in the evaluation of the heat flux in PWR nuclear reactors with square fuel lattice geometry. Within the project the computational program ALTHAM C12 developed by ALVEL was tested for the heat flux computation. Experimental data used for the validation of the computational program and methodology for the computations of the heat flux were adopted from the Nuclear Agency Data Base (NEA DB and Electric Power Research Institute (EPRI).

Application of the MCSA Method on the Diagnostics of Asynchronous Motors

TES has successfully applied the MCSA method (*Motor Current Signature Analysis*), which allows a timely identification of a possible failure arising on the stator and rotor of asynchronous motors. The main advantage of the method is that the measurement is performed without interrupting the operation processes. Owing to our cooperation with the Brno University of Technology and with financial support of the EU by way of innovation voucher from the Ministry of Industry and Trade of the Czech Republic, TES has developed an advanced software which improves the accuracy and reliability of the data evaluation and is regularly updated. In 2019, the implementation of the method was successfully extended to other important motors. In the Temelín NPP the method was used to diagnose 78 important motors (main circulation pumps, cooling water pumps and feed water pumps). In the Dukovany NPP 27 motors were diagnosed. Further extension of the method implementation in future, in particular on systems ensuring nuclear safety at both nuclear power plants, has been assumed.

Modernisation of the Control and Service Part of the MSE Monitoring System in the Dukovany NPP

TES has successfully implemented a replacement of the database and WEB interface parts of the MSE monitoring system designed to monitor important electrical equipment in the area of house load and offsite power transmission at both units of the Dukovany NPP. The new database environment provides enough capacity for loading, sorting and archiving measured analogue and digital data, including sufficient speed and access to data.

The new WEB interface allows users to access the evaluated data in a very convenient and intuitive way, by means of active screens displaying the actual conditions of the electric equipment of both units at the Dukovany NPP. There are basic in-built tools included in the WEB interface allowing the monitoring of reliability and service time consumption of the monitored equipment in the Dukovany NPP. In 2019, the implementation of active screens was significantly extended to other electrical systems of power plant units.

Supply of the Upgraded MOSAD®-6 Measuring Units for the Dukovany NPP and Temelín NPP

Between the years 2012 and 2015, TES has developed un upgraded system MOSAD®-6 designed to measure analogue and digital signals and was intended as a replacement of the original MOSAD®-5 system. In 2019 three measuring units were replaced with MOSAD®-6 in the Dukovany NPP and six measuring units were replaced in the Temelín NPP. In the upcoming period all existing MOSAD®-5 measuring units are scheduled to be gradually replaced with the upgraded MOSAD®-6.

Technical Support of the ÚJD Regulatory Authority in the Scientific and Technical Commissioning of the Nuclear Power Plant Mochovce

The project of providing technical support during the supervision over the completion of Unit 3 and Unit 4 of the Nuclear Power Plant Mochovce, granted to TES by ÚJD SR (the Nuclear Regulatory Authority of the Slovak Republic) in 2015, is considered to be one of the largest TES projects.

In 2019, TES engaged in an on-going process of a functional test revision of the equipment supervised by the ÚJD during the hot hydraulic test, extended revision, specifically the repeated heating-up as a part of the extended revision.

Additionally, some other works were carried out by TES, for example an update of the condition assessment of the equipment, a technical dossier revision, a completeness and correctness check of test protocols and the ÚJD own test validation.

11 INTEGRATED MANAGEMENT SYSTEM

Our priority is to remain a reliable partner to our customers and provide the high quality products and services on a long-term basis. To achieve this goal, we effectively use the integrated system to manage all processes within the company, which incorporates the requirements according to the following standards.

- ČSN EN ISO 9001 Quality Management System
- ČSN EN ISO 14001 Environmental Management System
- ČSN EN ISO 18001 Occupational Health and Safety Management System

TES has been audited on regular basis to ensure compliance with these standards and will always strive to improve the company processes. This is the task of the Department of Integrated Management System.

In June 2018, the re-certification audit was carried out by EZÚ Praha (CQS Association). We successfully passed and were awarded a certificate with effect until June 2021. The integrated management system and all processes comply with the requirements of the Atomic Act No 236/2016 Coll. and the requirements of the SÚJB Regulation No 408/2016 Coll. All certificates and information on the Integrated Management System are available on the TES website www.tes.eu.

Verified Partner of the ČEZ, a. s.

With effect till August 2021 we have a valid certificate of the verified supplier awarded to TES based on the customer audit, conducted by ČEZ, a. s., I&C Energo, a. s. and Škoda JS, a. s. TES undergoes this audit regularly and always strives to prove our qualification and competence for providing products and services to ČEZ, a. s. as the end customer in the following areas: design, production, assembly, maintenance and testing of electrical measuring systems, modelling of technological processes, performance of analyses of failure events and analyses of operating schemes including safety calculations.

SÚJB Certification

As early as 2007, the State Office for Nuclear Safety (*SÚJB*) in compliance with the Atomic Act granted TES a permit for the implementation of services important in terms of radiation protection pursuant to the Section 59 article 1. (d) of the Decree No 307/2002 Coll., on radiation protection as amended by the Decree No 499/2005 Coll. as follows: to provide the services which do not require operating with sources of radiation, but which must be performed in controlled radiation area of the IV category workplaces by a person other than the control area operator, e.g. testing and inspecting the machine equipment, I&C systems, supervision during commissioning of such equipment, non-destructive diagnostics of the technological equipment in the controlled radiation area of ČEZ, a. s and ÚRAO Dukovany (*Radioactive Waste Repository Authority of Dukovany NPP*) and other activities as specified in the Quality Assurance Programme in more detail.

Authorisation to Perform Safety Computational Analyses for Nuclear Power Plant

For the purposes of the computational analyses in the area of nuclear safety, TES uses advanced computational codes acquired from the U.S. Nuclear Regulatory Commission as a result of the participation of TES in the CAMP (*Code Application and Maintenance Program*) and CSARP (*Cooperative Severe Accident Research Program*). To carry out safety analyses for nuclear power equipment, a legal entity in the Czech Republic must perform an evaluation of the computational programme in compliance with the Regulation VDS030 of the State Office for Nuclear Safety (*SUJB*). The demanding procedure of the evaluation according to the Regulation VDS030 is performed every three years. Currently,

TES has three computational codes listed among the programmes being evaluated according to the Regulation VDS030: RELAP5/MOD3.3, TRACEV5.0 and MELCOR 2.1. This means that we are one of the very few Czech companies allowed to perform computational safety analyses for nuclear power plants in the Czech Republic.

12 Research and Development

Project No TE01020068: Centre for Research and Experimental Development of Reliable Energy Facilities

In 2019, research and development activities were successfully accomplished on the project No TE01020068: Centre for Research and Experimental Development of Reliable Energy Facilities, which is implemented as a part of the Competence Centre Programme of the Technology Agency of the Czech Republic (*TAČR*) to support the development of long-term cooperation in research, development and innovation between the public and private sector. Its key objective is to ensure safe, reliable and affordable sources of electricity, both conventional and nuclear. The idea is to extend the lifetime of old turbine generator units and build some new ones. TES s. r. o. participated in the project as a member of a consortium, together with 7 other partners, including ČEZ, a. s. The total project timeline was from March 2012 to December 2019. As a part of the project, TES is especially involved in the research and development of a complex system for processing diagnostic information and evaluation of the condition of the components in power producing facilities. The Centre's activities were supported by the special purpose resources reserved in the state budget for research and development via TAČR.

Development and Validation of Programmes and Models within the Framework of the CAMP and CSARP Programmes

TES s. r. o. has long been active in the CAMP (*Code Application and Maintenance Program*) and CSARP (*Cooperative Severe Accident Research Program*) international programmes. Both programmes are coordinated by the U.S. Nuclear Regulatory Commission. These programmes allow TES experts from the Department of Calculation Analyses and Nuclear Safety to participate in the development and validation of computational codes to perform safety analyses in nuclear facilities. In March 2019, a document developed by TES experts, NUREG/IA-0502: Post-Test Analysis of Cold Leg Small Break 4,1 % at PSB-VVER Facility using TRACE V5.0 was released. It is now the fourth TES document published by NRC in the series NUREG/IA. The document is available on

NRC: https://www.nrc.gov/readingrm/doccollections/ nuregs/agreement/ia0502/.

13 FINANCIAL RESULTS

13.1 BALANCE SHEET

Code	ASSETS		Current accounting period			Past period
			Line no.	Gross	Adjustment	Net	Net (Year 2018)
	TOTAL ASSETS	A. + B. + C. + D.	001	+ 149 193	- 54 169	+ 95 024	+ 100 949
A.	Receivables for subscribed capital	A.1. + A.x.	002				
B.	Fixed assets	B.I + ...+ B.III.	003	+ 83 621	- 53 974	+ 29 647	+28 032
B.I.	Intangible fixed assets	B.I.1. + B.I.x.	004	+ 6 421	- 5 407	+ 1 014	+1 963
B.I.1.	Research and development	accounts 012, (-)072. (-)091 AÚ	005				
B.I.2	Royalities	B.I.2.1. + B.I.2.2.	006	+ 6 421	- 5 407	+1 014	+1 963
B.I.2.1.	Software	accounts 013, (-)073, (-)091AÚ	007	+ 6 421	- 5 407	+1 014	+1 963
B.I.2.2.	Other valuable rights	accounts 014, (-)074, (-) 091AÚ	008				
B.I.3.	Goodwill	accounts 015, (-)075, (-)091AÚ	009				
B.I.4.	Other intangible fixed assets	accounts 019, (-)079, (-)091AÚ	010				
B.I.5.	Advanced payments provided for intangible fixed assets and intangible fixed assets under construction	B.I.5.1. + B.I.5.2.	011				
B.I.5.1.	Advanced payments for intangible fixed assets	accounts 051, (-)095AÚ	012				
B.I.5.2.	Intangible fixed assets under construction	accounts 041, (-)093	013				
B.II.	Tangible fixed assets	B.II.1. + B.II.x.	014	+62 900	-48 567	+14 333	+14 069
B.II.1.	Land and buildings	B.II.1.1 + B.II.1.2.	015	+18 569	-13 335	+5 234	+5 778
B.II.1.1.	Land	accounts 031, (-)092AÚ	016	+574		+574	+574
B.II.1.2.	Buildings	accounts 021, (-)081, (-)092AÚ	017	+17 995	-13 335	+4 660	+5 204
B.II.2.	Tangible movable things and their groups	accounts 022, (-)082, (-)092AÚ	018	+41 659	-32 842	+8 817	+8 191
B.II.3.	Evaluation difference on acquired assets	accounts 097, (-)098	019				
B.II.4.	Other tangible fixed assets	B.II.4.1. + ...+B.II.1.3.	020	+2 672	-2 390	+282	0
B.II.4.1.	Perennial crops	accounts 025, (-)085, (-)092AÚ	021				
B.II.4.2.	Adult animals and their groups	accounts 026, (-)086, (-)092AÚ	022				
B.II.4.3.	Remaining fixed tangible assets	accounts 029,032, (-)089,(-)092AÚ	023	+2 672	-2 390	+282	0
B.II.5.	Advanced payments on tangible fixed assets and fixed assets in progress	B.II.5.1. + B.II.5.2.	024	0		0	+100
B.II.5.1.	Advanced payments on tangible fixed assets	accounts 052, (-)095AÚ	025				
B.II.5.2.	Tangible fixed assets in progress	accounts 042, (-)094	026	0		0	+100
B.III.	Financial fixed assets	B.III.1. + ...+B.III.x.	027	+14 300		+14 300	+12 000
B.III.1.	Equity interest - controlled or controlling entities	account 043, 061, (-)096AÚ	028				
B.III.2.	Lending and loans-controlled and controlling entities	account 066, (-)096AÚ	029				
B.III.3.	Equity interest - significant influence	account 043, 062, (-)096AÚ	030				
B.III.4.	Lending and loans-significant influence	accounts 067, (-)096AÚ	031				
B.III.5.	Other financial fixed assets	accounts 043, 063, 065, (-)096AÚ	032				
B.III.6	Lending and loans-other	account 068, (-)096 AÚ	033	+1 800		+1800	0
B.III.7.	Other financial fixed assets	B.III.7.1.+B.III.7.2.	034	+12 500		+12 500	+12 000
B.III.7.1.	Miscellaneous non-current financial assets	accounts 043, 069, (-)096AÚ	035	+12 500		+12 500	+12 000
B.III.7.2.	Advanced payments provided for financial fixed assets	accounts 053, (-)095AÚ	036				
C.	Current assets	C.I.+CII.+CIII.+CIV.	037	+64 990	-195	+64 795	+72 422
C.I.	Inventory	C.I.1. + ...+C.I.x.	038	+7 742		+7 742	+5 694
C.I.1.	Materials	accounts 111, 112, 119, (-)191	039	+2 514		+2 514	+1 552
C.I.2.	Work in progress and semi-finished products	accounts 121, 122, (-)192, (-)193	040	+5 228		+5 228	+4 142
C.I.3.	Products and goods	C.I.3.1. + C.I.3.2.	041				

Code	ASSETS		Current accounting period			Past period
			Line no.	Gross	Adjustment	Net	Net (Year 2018)
C.I.3.1.	Products	accounts 123, (-)194	042				
C.I.3.2.	Goods	accounts 131, 132, 139 (-)196	043				
C.I.4.	Young and other animals and their groups	accounts 124, (-)195	044				
C.I.5.	Advanced payments on inventory	accounts 151,152,153,(-)197,(-)198,(-)199	045				
C.II.	Receivables	C.II.1.+C.II.2.	046	+33 400	-195	+33 205	+39 710
C.II.1.	Long-term receivables	C.II.1.1.+ ...+C.II.1.x.	047	+195	-195	0	0
C.II.1.1.	Trade receivables	311AÚ, 313AÚ, 315AÚ, (-)391AÚ	048	+195	-195	0	0
C.II.1.2.	Receivables - controlled or controlling entity	accounts 351AÚ, (-)391AÚ	049				
C.II.1.3.	Receivables - significant influence	accounts 352AÚ, (-)391AÚ	050				
C.II.1.4.	Deferred tax assets	accounts 481	051				
C.II.1.5.	Other receivables	C.II.1.5.1. + ...+C.II.1.5.4.	052				
C.II.1.5.1.	Receivables from shareholders	accounts 354AÚ, 355AÚ, 358AÚ, (-)391AÚ	053				
C.II.1.5.2.	Long term advanced payments provided	accounts 314AÚ, (-)391AÚ	054				
C.II.1.5.3.	Estimated receivables	accounts 388	055				
C.II.1.5.4.	Other recivables	accounts 335, 371, 373, 374, 375, 376, 378, (-)391AÚ	056				
C.II.2.	Short-term receivables	C.II.2.1.+...+C.II.2.x.	057	+33 205		+33 205	+39 710
C.II.2.1	Trade receivables	counts 311AÚ, 313AÚ, 315AÚ, (-)391AÚ	058	+32 577		+32 577	+35 379
C.II.2.2.	Receivables - controlled or controlling entity	accounts 351AÚ, (-)391AÚ	059				
C.II.2.3.	Receivables - significant influence	accounts 352AÚ, (-)391AÚ	060				
C.II.2.4.	Receivables - other	C.II.2.4.1.+...+C.II.2.4.6	061	+628		+628	+4 331
C.II.2.4.1	Receivables from shareholders	354AÚ, 355AÚ, 358AÚ, (-)391AÚ	062				
C.II.2.4.2.	Social security and health insurance	accounts 336, (-) 391AÚ	063				
C.II.2.4.3.	State - tax recivables	accounts 341, 342, 343, 345, (-)391AÚ	064	0		0	+706
C.II.2.4.4.	Short-term advanced payments	accounts 314AÚ, (-)391AÚ	065	+235		+235	+3 087
C.II.2.4.5.	Estimated receivables	accounts 388	066	+393		+393	+365
C.II.2.4.6.	Other receivables	335, 371, 373, 374, 375, 376,378,(-)391AÚ	067	0		0	+173
C.II.3	Accruals	C.II.3.1.+...C.II.3.x.	068				
C.II.3.1.	Deferred expenses	accounts 381	069				
C.II.3.2.	Complex deferred expenses	accounts 382	070				
C.II.3.3.	Accrued revenues	accounts 385	071				
C.III.	Short-term financial assets	C.III.1.+...+C.III.x.	072				
C.III.1.	Ownership interests-controlled or controlling entity	accounts 254, 259, (-)291AÚ	073				
C.III.2.	Other short-term financial assets	251, 253, 256, 257, 259, (-)291 AÚ	074				
C.IV.	Financial resources	C.IV.1.+...+C.IV.x.	075	+23 848		+23 848	+27 018
C.IV.1.	Financial resources in treasury	accounts 211, 213, 261	076	+84		+84	+108
C.IV.2.	Financial resources on account	accounts 221, 261	077	+23 764		+23 764	+26 910
D.	Accruals	D.1.+...+D.x.	078	+582		+582	+495
D.1.	Deferred expenses	accounts 381	079	+582		+582	+495
D.2.	Complex deferred expenses	accounts 382	080				
D.3.	Accrued revenues	accounts 385	081				

Code	LIABILITIES AND EQUITY		Line no.	Current accounting period Net	Past period Net (Year 2018)
	LIABILITIES AND EQUITY	A.+B.+C.+D.	001	+95 024	+100 949
A.	Equity	A.I.+A.II.+A.III.+A.IV.+A.V.+A.VI.	002	+80 374	+78 068
A.I.	Share capital	A.I.1.+...A.I.x.	003	+10 500	+10 500
A.I.1.	Share capital	accounts 411 or 491	004	+10 500	+10 500
A.I.2.	Own shares and own ownership interests (-)	accounts (-)252	005		
A.I.3.	Changes in share capital	accounts (+/-)419	006		
A.II.	Share premium and capital funds	A.II.1.+...A.II.x.	007		
A.II.1.	Share premium	accounts 412	008		
A.II.2.	Capital funds	A.II.2.1.+...+A.II.2.5.	009		
A.II.2.1.	Other capital funds	accounts 413	010		
A.II.2.2.	Reevaluation of assets and liabiliteis +/-	(+/-)414	011		
A.II.2.3.	Valuation differences from revaluation in corporate transformations (+/-)	accounts (+/-)418	012		
A.II.2.4.	Differences from company transformations (+/-)	accounts 417	013		
A.II.2.5.	Valuation differences in corporate transformations (+/-)	accounts 416	014		
A.III.	Funds from profit	A.III.1.+...A.III.x.	015	+933	+799
A.III.1.	Other reserve funds	accounts 421, 422	016		
A.III.2.	Statutory and other funds	accounts 423, 427	017	+933	+799
A.IV.	Profit and loss of previous years (+/-)	A.IV.1.+...A.IV.x.	018	+53 918	+46 191
A.IV.1.	Retained earnings or accumultaed loss from previous years (+/-)	accounts 428,429	019	+53 918	+46 191
A.IV.2.	Other profit or loss from previous yearst (+/-)	accounts (-)426	020		
A.V.	Profit or loss of the current period (+/-)	ssets -A.1.-A.II.-A.III.-A.IV.-B.-C.-D. -A.VI.	021	+15 023	+20 578
A.VI.	Decided on advanced payment of profit or loss share (+/-)	accounts 432	022		
B.+C.	Liabilities	B.+C.	023	+13 060	+22 476
B.	Reserves	B.1.+...+B.x.	024		
B.1.	Provision for pension and other similar payables	accounts 452	025		
B.2.	Income tax provision	accounts 453	026		
B.3.	Reserves under special legislation	accounts 451	027		
B.4.	Other reserves	accounts 459	028		
C.	Liabilities	C.I.+C.II.+C.II.	029	+13 060	+22 476
C.I.	Long-term liabilities	C.I.1.+...C.I.x.	030	0	+49
C.I.1.	Debentures and bonds issued	C.I.1.1.+C.I.1.2.	031		
C.I.1.1.	Debentures	accounts 473	032		
C.I.1.2.	Other bonds	accounts 473	033		
C.I.2.	Liabilities to lending institutions	accounts 461	034	0	+49
C.I.3.	Long-term advanced payments	accounts 475	035		
C.I.4.	Trade payables	accounts 479	036		
C.I.5.	Long-term bills of exchange payable	accounts 478	037		
C.I.6.	Payables - controlled or controlling entity	account 471	038		
C.I.7.	Payables -significant influence	account 472	039		
C.I.8.	Deferred tax liability	account 481	040		
C.I.9.	Other liabilities	C.I.9.1.+...C.I.9.3.	041		
C.I.9.1.	Liabilities to shareholders	accounts 364, 365, 366, 367, 368	042		
C.I.9.2.	Estimated payables	accounts 389	043		
C.I.9.3.	Other payables	accounts 372, 373,377, 379, 474, 479	044		
C.II.	Short-term payables	C.II.1.+...C.II.x.	045	+13 060	+22 427

Code	LIABILITIES AND EQUITY		Current accounting period		Past period
			Line no.	Net	Net (Year 2018)
C.II.1.	Debentures and bonds issued	C.II.1.1.+C.II.1.2.	046		
C.II.1.1.	Debentures	account 241	047		
C.II.1.2.	Other bonds	account 241	048		
C.II.2.	Liabilities to lending institutions	accounts 221, 231, 232	049		
C.II.3.	Short-term advanced payments received	account 324	050		
C.II.4.	Trade payables	accounts 321, 325	051	+146	+1 507
C.II.5.	Short-term note payables	account 322	052		
C.II.6.	Payables - controlled or controlling entity	account 361	053		
C.II.7.	Payables -significant influence	account 362	054		
C.II.8.	Other payables	C.II.8.1+..+C.II.8.7.	055	+12 914	+20 920
C.II.8.1.	Payables to shareholders	accounts 364, 365, 366, 367, 368	056		
C.II.8.2.	Short-term receivables	accounts 249	057		
C.II.8.3.	Payables to employees	accounts 331, 333	058	+5 413	+6 794
C.II.8.4.	Social security and health insurance payables	accounts 336	059	+2 693	+2 740
C.II.8.5.	State - tax payables and subsidies	accounts 341, 342, 343,345, 346, 347	060	+4 790	+11 249
C.II.8.6.	Estimated liability accounts	account 389	061		+119
C.II.8.7.	Other liabilities	accounts 372, 373, 377, 379	062	+18	+18
CIII.	Accruals	C.III.1.+...C.III.x.	063		
CIII.1.	Accrued expenditure	account 383	064		
CIII.2.	Deferred income	account 384	065		
D.	Accruals and deferrals	D.1.+...D.x.	066	+1 590	+405
D.1.	Accrued expenses	account 383	067	+1 590	+405
D.2.	Deferred revenues	accounts 384	068		

13.2 PROFIT AND LOSS STATEMENT

Code	PROFIT AND LOSS STATEMENT		Value in accounting period		
			Line no.	Current	(Year 2018)
I.	Revenues from sale of products and services	accounts 601, 602	001	+105 710	+108 022
II.	Revenues from sale of goods	účty 604	002		
A.	Cost of sale	A.1.+...+A.x.	003	+35 401	+28 984
A.1.	Costs of goods sold	accounts 504	004		
A.2.	Materials and consumables	accounts501, 502, 503	005	+12 568	+8 708
A.3.	Services	accounts 511, 512, 513, 518	006	+22 833	+20 276
B.	Change in inventory of own production (+/-)	accounts 581, 582, 583, 584	007	-6 714	-1 471
471	Own work capitalized (-)	accounts 585, 586, 587, 588	008	0	-266
D.	Staff expenses	D.1,+...-D.x.	009	+55 408	+52 587
D.1.	Wages and salaries	accounts 521, 522, 523	010	+40 957	+39 294
D.2.	Costs of social security and health insureance and other costs	D.2.1.+D.2.2.	011	+14 451	+13 293
D.2.1.	Costs of social security and health insurance	accounts 524, 525, 526	012	+13 323	+12 225
D.2.2.	Other costs	accounts 527, 528	013	+1 128	+1 068
E.	Adjustments to value of operating activities	E.1.+...+E.x.	014	+6 178	+6 112
E.1.	Adjustments to values of intangible and tangible fixed assets	E.1.1.+E.1.2.	015	+6 178	+6 112
E.1.1.	Adjustments to values of intangible and tangible fixed assets - permanent	accounts 551, 557	016	+6 178	+6 112
E.1.2.	Adjustments to values of intangible and tangible fixed assets- temporary	accounts 559	017		
E.2.	Adjustment to values of inventories	accounts 559	018		
E.3.	Adjustments to values of receivables	accounts 558, 559	019		
III.	Other operating revenue	III.1.+...III.x.	020	+4 664	+5 138
III.1.	Revenue from sales of fixed assets	accounts 641	021	+241	+962
III.2.	Revenue from sales of materials	accounts 642	022	0	+4
III.3.	Other operating income	accounts 644, 646, 647, 648, 697	023	+4 423	+4 172
F.	Other operating expenses	F.1.+...F.x.	024	+796	+1 282
F.1.	Net book value of fixed assets sold	accounts 541	025		+1 068
F.2.	Net book value of materials sold	accounts542	026	0	+4
F.3.	Taxes and fees in operating area	accounts 531, 532, 538	027	+121	+113
F.4.	Reserves to operating activities and complex deferred charges	accounts 552, 554, 555	028		
F.5.	Other operating income	accounts 543, 544, 545, 546, 547, 548, 549, 597	029	+675	+97
*	*Profit or loss from operations (+/-)	I.+I.x.+II.x.+III.-A.-B.-C.-D.-E.-F.	030	+19 305	+25 932
IV.	Revenues from fixed financial assets - ownership interests	IV.1.+...+IV.x.	031		
IV.1.	Revenues from ownership interests - controlled or controling entity	accounts 661, 665	032		
IV.2	Revenues from other ownership interests	accounts 661, 665	033		
G.	Cost of interests sold	accounts 561	034		
V.	Revenues from other fixed financial assets	V.1.+...V.x.	035		
V.1.	Revenues from other fixed financial assets-controlled or controlling entity	accounts 661, 665	036		
V.2.	Other revenues from other fixed assets	accounts 661, 665	037		

Code	PROFIT AND LOSS STATEMENT		Line no.	Value in accounting period	
				Current	(Year 2018)
H.	Costs related to fixed assets	accounts 561, 566	038		
VI.	Revenues from interests and similar revenues	VI.1.+...+VI.x.	039	+13	+14
VI.1.	Revenues from interests and similar revenues-controlled or controlling entity	accounts 662, 665	040		
VI.2.	Other revenues from interests and similar revenues	accounts 662, 665	041	+13	+14
I.	Value adjustments and reserves in financial assets	accounts 574, 579	042		
J.	Interest expenses and similar expenses	J.1.+...+J.x.	043	+1	+11
J.1.	Interest expenses and similar expenses - controlled and controlling entity	accounts 562	044		
J.2.	Other interest expenses and similar expenses	accounts 562	045	+1	+11
VII.	Other financial revenues	accounts 661, 663, 664, 666, 667, 668, 669, 698	046	+725	+438
K.	Other financial costs	accounts 561, 563, 564, 565, 566, 567, 568, 569, 598	047	+1 247	+886
*	Financial profit or loss (+/-)	IV. +V. +VI.+VII.-G.-H.-I.-J.-K	048	-510	-445
**	Profit or loss before tax (+/-)		049	+18 795	+25 487
L.	Income tax	L.1. + ...+ L.x.	050	+3 772	+4 909
L.1.	Income tax - current	accounts 591, 593, 595, 599	051	+3 772	+4 909
L.2.	Income tax deferred (+/-)	accounts592	052		
**	Profit or loss after tax (+/-)	**-L.	053	+15 023	+20 578
M.	Transfer of share of profit or loss to partners (+/-)	accounts 596	054		
***	Profit or loss for the current period (+/-)	**-M.	055	+15 023	+20 578
*	Net turnover for the current period	I.+II.+III.+IV.+V.+VI.+VII.	056	+111 112	+113 612

13.3 OVERVIEW OF CHANGES IN EQUITY

Code	OVERVIEW OF CHANGES IN EQUITY		Line no.	Value in accounting period	
				Current	(Year 2018)
	A. Share capital registered in the Commercial Register (accounts 411, 491)				
A.1.	Baseline	accounts 411, 491	001	+10 500	+10 500
A.2.	Increase		002		
A.3.	Decrease		003		
A.4.	Final balance		004	+10 500	+10 500
	B. Unregistered share capital (account 419)				
B.1.	Baseline	accounts 419	005		
B.2.	Increase		006		
B.3.	Decrease		007		
B.4.	Final balance		008		
	C. Share capital A.+/-B. with account (-)252				
C.1.	Baseline A.+/- B.	A.1.+B.1.	009	+10 500	+10 500
C.2.	Baseline balance of own shares and ownership interests	(-252)	010		
C.3.	Account increase	(-252)	011		
C.4.	Account decrease	(-252)	012		
C.5.	Final balance	(-252)	013		
C.6.	Final balance A. +/- B. with account (-)252	C.1. + C.5.	014	+10 500	+10 500
	D. Share premium (account 412)				
D.1.	Baseline	accounts 412	015		
D.2.	Increase		016		
D.3.	Decrease		017		
D.4.	Final balance		018		
	E. Capital funds (account 413)				
E.1.	Baseline	accounts 413	019		
E.2.	Increase		020		
E.3.	Decrease		021		
E.4.	Final balance		022		
	F. Differences from revaluation not incuded in profit or loss (accounts 414, 416, 417 a 418)				
F.1.	Baseline	accounts 414, 416, 417 a 418	023		
F.2.	Increase		024		
F.3.	Decrease		025		
F.4.	Final balance		026		
	G. Reserve funds (accounts 421, 422)				
G.1.	Baseline	accounts 421, 422	027		
G.2.	Increase		028		
G.3.	Decrease		029		
G.4.	Final balance		030		
	H. Other funds from profit (accounts 423, 427)				
H.1.	Baseline	accounts 423, 427	031	+799	+839
H.2.	Increase		032	+1 250	+1 160
H.3.	Decrease		033	+1 115	+1 200
H.4.	Final balance		034	+934	+799

Code		OVERVIEW OF CHANGES IN EQUITY	Line no.	Value in accounting period	
				Current	(Year 2018)
		I. Profit for the accounting period (account 428 +balance on the credit side of the account 431)			
I.1.	Baseline	accounts 428, 431	035	+46 190	+50 740
I.2.	Increase		036	+20 578	0
I.3.	Decrease		037	+12 850	+4 550
I.4.	Final balance		038	+53 918	+46 190
		J. Loss for the accounting period (account 429 +balance on the debit side of the account 431)			
J.1.	Baseline	accounts 429, 431	039		
J.2.	Increase		040		
J.3.	Decrease		041		
J.4.	Final balance		042		
		K. Another result of past period (account 426)			
K.1.	Baseline	account 426	043		
K.2.	Increase		044		
K.3.	Decrease		045		
K.4.	Final balance		046		
		L. Profit or loss for the accounting period after tax			
L.1.	Baseline		047	+15 023	+20 578
L.2.	Increase		048		
L.3.	Decrease		049		
L.4.	Final balance		050	+15 023	+20 578
		M. Advances in profit shares (account 432)			
M.1.	Baseline	accounts 432	051		
M.2.	Increase		052		
M.3.	Decrease		053		
M.4.	Final balance		054		
		Equity total			
X.1.	Baseline	C.1.+C.2.+D.1+E.1.+F.1.+G.1.+H.1.+I.1.+J.1.+K.1.+L1.+M.1.	055	+72 512	+82 657
X.2.	Increase	A.2. + B.2.+C.3.+D.2.+ E.2.+F.2.+G.2.+H.2.+I.2.+ J.2.+ K.2.+L2.+M.2.	056	+21 828	+1 160
X.3.	Decrease	A.3.+B.3.+C.4.+D.3.+E.3.+F.3.+G.3.+H.3.+I.3.+J.3.+K.3.+L3.+M.3.	057	+13 965	+5 750
X.4.	Final balance	X.1.+X.2.+X.3.	058	+80 375	+78 067

14 AUDITOR´S REPORT

AUDITOR´S REPORT

Report on the verification of the 2019 Annual Financial Statements

1. Audited organization

TES s. r. o. with registered office at Pražská 597, 674 01 Třebíč, Company registration number: 45477973, represented by Martin Štajgl, Managing Director.

2. Auditor

KAVERO Audit CZ, s.r.o., with registered office at U Prefy 18/794, 182 00 Prague 8, Company registration number: 25577701, The Chamber of Auditors of the Czech Republic License No. 336, represented by: Ing. Karel Veselý, managing director and appointed auditor

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3. Business activities of the audited company

- Manufacture, trade and services not listed in Annexes 1 to 3 of the Trade Licensing Act.
- Installation, repairs, inspections and tests of electric equipment.
- Manufacture, installation, repairs of electrical machines and appliances, electronic and telecommunication equipment.
- Providing services which are essential with regard to radiation protection.

4. Subject and purpose of audit

The subject of audit covers the Company´s annual financial statements compiled at 31 December 2018 pursuant to applicable provisions of the Accounting Act and the Act on Auditors and the Chamber of Auditors of the Czech Republic.

Its purpose is to assess:

- Faithful and true representation of the state of the company´s assets and liabilities, difference in assets and liabilities, equity, financial standing and results of operations.
- Whether the accounts are kept completely, comprehensively, transparently and in a way guaranteeing the permanence of accounting records.

Auditor´s Report

to the members of TES s. r. o.

We have verified the attached financial statement, i.e. the Balance Sheet at 31 December 2019, Profit and Loss Statements from 1 January to 31 December 2019 and Notes to the Financial Statements, including a description of major accounting methods applied by:

TES s. r. o., with its registered office at Pražská 597, 674 01 Třebíč.

The Company´s statutory body shall be responsible for the compilation and faithful representation of the financial statements in accordance with the Czech Republic´s accounting guidelines. This responsibility also includes the drafting, implementation and assurance of internal controls over the compilation and true representation of the financial statements to ensure that it does not contain any material misstatements due to fraud or errors, as well as the selection and application of suitable accounting methods and implementation of accounting assessments adequate to the situation.

Our responsibility is to express an opinion based on the audit of the financial statements. We have conducted the audit in accordance with the Act on Auditors and the International Auditing Standards and related application clauses of the Chamber of Auditors of the Czech Republic. In accordance with these guidelines, we are obliged to comply with ethical requirements and plan and perform the audit to obtain reasonable assurance that the financial statements are free from material misstatements. The audit includes auditing procedures aimed at obtaining evidence on the amounts and facts stipulated in the financial statement. The selection of auditing procedures depends on the auditor´s judgement, including an assessment of the risks, that the financial statements contain significant inaccuracies caused by fraud or error. When assessing these risks, the auditor takes account of internal controls relevant to the compilation and true representation of the financial statements.

The goal of the assessment of internal controls is to propose suitable auditing procedures, rather than comment on the effectiveness of such internal controls. The audit also includes an evaluation of the appropriateness of accounting methods and the adequacy of accounting estimates made by the management, as well as an evaluation of the overall presentation of the financial statements.

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

In the verification of the financial statements we have identified no facts indicating that the accounting records on the basis of which the financial statements have been compiled are not complete, conclusive and correct in all relevant respects.

In our opinion, the financial statements give a faithful and true picture of the assets, liabilities and financial standing of TES s. r. o. at 31 December 2019 and the costs, revenues and results of its operations in 2019 in accordance with the Czech Republic´s accounting guidelines.

The management of TES has considered potential effects of the COVID 19 situation on the business activities and come to a conclusion that the situation will not have a significant negative impact on the going concern assumption.

We have also audited the Annual Report for consistency with the financial statements referred to above. The Company´s management is responsible for the accuracy of the Annual Report.

Our responsibility is to issue an opinion on consistency of the Annual Report with the financial statements based on the audit. We have conducted the audit in accordance with the international Auditing Standards and related application clauses of the Chamber of Auditors of the Czech Republic. These standards require the auditor to plan and perform the audit to obtain reasonable assurance that the information contained in the Annual Report, describing matters that are also presented in the financial statements, is, in all material respects, in accordance with the relevant financial statements. We believe that the audit provides a reasonable basis for our audit opinion. In our opinion, the information referred to in the Annual Report is, in all material respects, in accordance with the above-mentioned financial statements.

V Praze dne 29. května 2020

KAVERO Audit CZ, s.r.o.
č. osvědčení KAČR 336
Ing. Lenka Veselá
jednatel

Ing. Karel Veselý
auditor
č. osvědčení 1797