

A decorative graphic consisting of several overlapping, wavy lines in shades of blue and white. The lines have a soft, glowing effect, with some points appearing as bright light spots. The graphic is positioned horizontally across the middle of the page, below the TES logo and above the main title.

ANNUAL REPORT
TES 2020

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1 FOREWORD

Dear business partners, dear colleagues, ladies and gentleman.

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, an enhancement of the safety and reliability of nuclear plants.

The year 2020 proved to be a challenging one due to the COVID-19 pandemic and the necessary health measures and restrictions, which partly affected our work. Where the operation conditions allowed, we recommended to our employees to work from home. We strictly adhered to all hygienic safety measures and performed regular testing of our employees. In this way, we successfully prevented the spread of the epidemic within the workplace and thus we were able to meet our obligations to our customers. I would very much like to express my gratitude to all staff for their responsible approach.

TES continued to provide their regular services and operations to ensure the nuclear safety and reliability of the nuclear power plant. Furthermore, the diagnostic systems installed at the nuclear power plants were revised and the systems were continually upgraded. A special effort was made to address any Cyber Security issues.

The cooperation with the ÚJD (Nuclear Regulatory Authority of the Slovak Republic) on the commissioning of Unit 3 and Unit 4 of the Nuclear Power Plant Mochovce proved to be successful and we hope that the works on both of the units will continue. In this regard, I would also like to mention cooperation with our Czech trade partners I&C Energo a. s., ČEZ Energoservis, spol. s r.o. the Brno University of Technology (VUT Brno) and EGU HV Laboratory a.s.

Let me thank all of you once more for your cooperation and wish you good health above all. I hope we can deter pandemic successfully.

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.

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



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Czech Republic

Phone.: +420 561 10 5450
E-mail: tes@tes.eu



NPP Temelín Site

TES s. r. o.
JE Temelín – ATB2 (šatna 2)
373 05 Temelín – elektrárna
Czech Republic

Phone.: +420 381 102 064
E-mail: tes@tes.eu



NPP Mochovce Site

TES s.r.o.
Mochovce 1
935 39 Kalná nad Hronom
Slovak Republic

Phone.: +421 381 102 064
E-mail: tes@tes.eu

3 CORPORATE MANAGEMENT

Statutory Body

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

| | |
|-----------------------------------|--------|
| Martin Štajgl, Managing Director: | 22,5 % |
| Jiří Pulec, Managing Director: | 22,5 % |
| Pavel Novotný, Managing Director: | 22,5 % |
| Miloš Kaška, Managing Director: | 22,5 % |
| Oto Mareček, Managing Director: | 10 % |

Management

| | |
|---|----------------------|
| General Director | Martin Štajgl |
| Executive Director | Oto Mareček |
| Technical Director | Pavel Novotný |
| Sales Director, Cyber Security Manager | 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 (Western Europe and Overseas) | Jan Frélich |
| Head of International Business Department (Eastern Europe) | Oleksandr Bredykhin |
| Head of Research and Development Department | Miloš Kaška |
| Support of NPP Commissioning and Operation, Head of the Department | Jiří Pulec |
| Head of Electrical Engineering Services Dept. – NPP Dukovany | Ivan Málek |
| Head of Electrical Engineering Services Dept. –NPP Temelín | Daniel Říha |
| Head of Nuclear Safety Department | 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.

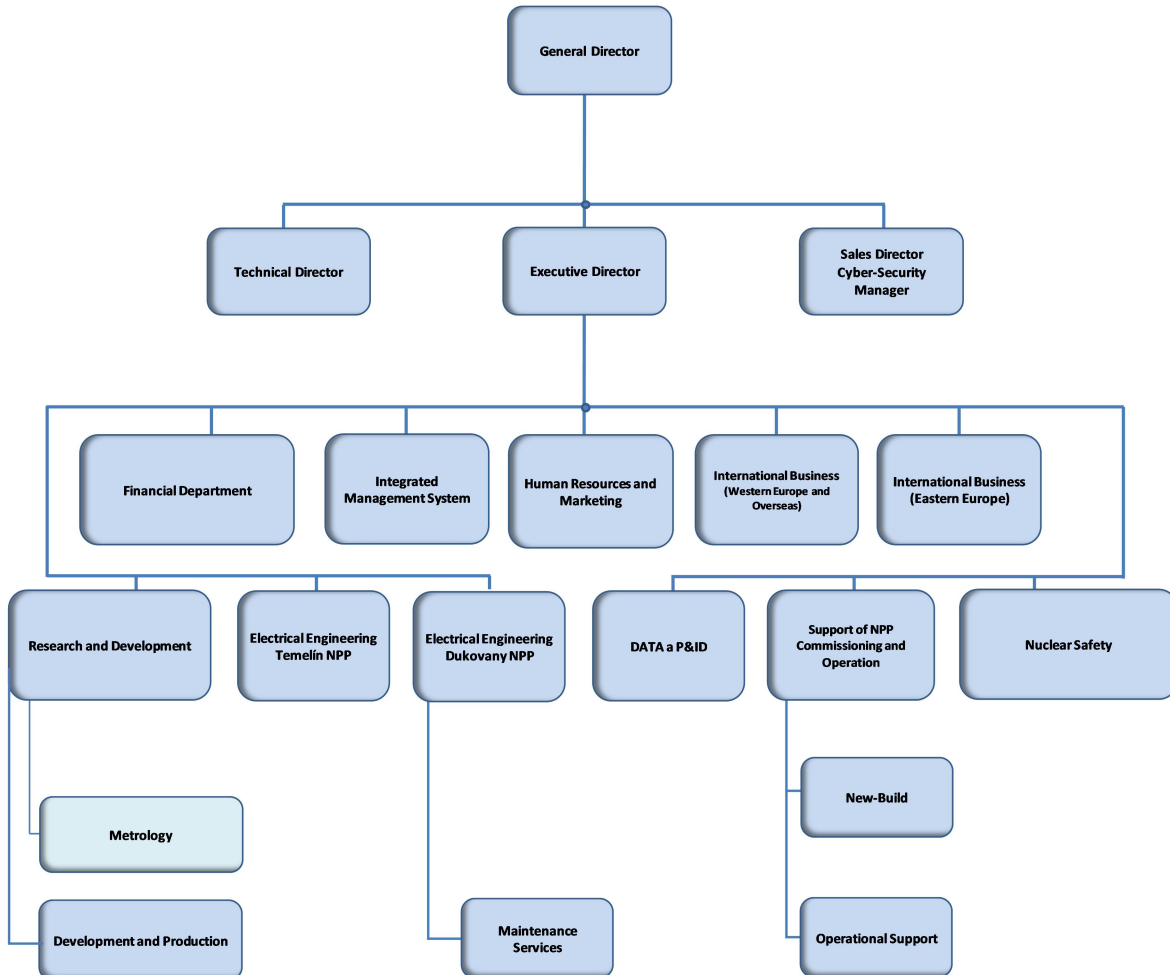
5 STRATEGIC OBJECTIVES 2020

The following strategic objectives have been determined for the year 2020:

- To reach the sales budget of CZK 80 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 qualifications 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 keep 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 field at work. TES works constantly to improve the integrated management system aiming at further developing and promoting 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, the employees must be regularly assessed for professional competences, medical fitness, integrity and security clearance requirements in accordance with applicable legislation, in particular Act No. 263/2016 Coll, Atomic Act.

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.

During Covid-19 period trainings were held in a form of online courses and workers were allowed to be physically present only for examinations and tests under strict health and safety conditions. Some of the trainings were unfortunately postponed to more favourable period. The company education programmes actually benefited from Coronavirus restrictions due to faster implementation of digital learning and communication platforms without significant reduction in quality and content of the trainings.

Employee Benefits

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

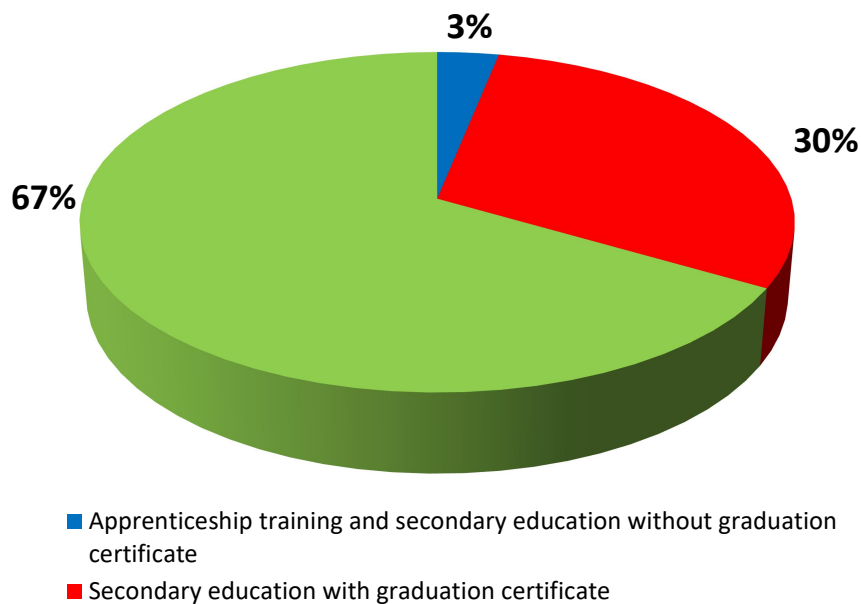
Recruitment

The average number of employees and their qualification structure has not seen any significant changes compared to the numbers registered in the past years. Despite adverse labour market conditions influenced by the pandemic situation, we successfully managed to keep and recruit well qualified staff. We recruited four new team members for engineering positions, three workers left the company.

Educational Structure of TES Employees

More than 60 % of TES employees have the university degree, particularly in the fields of nuclear, electrical and mechanical engineering. In 2020, there were 66 employees on average in the company.

Educational Structure of Employees



Corporate Social Responsibility

An extremely challenging Coronavirus epidemic affected especially medical staff and social workers. As an expression of our appreciation to their hard work we supported the Hospital in Třebíč and the Hospice of St. Zdislava in Třebíč. Given that there were many restrictions imposed to cultural and sporting events, the interest clubs and organizations could not realize scheduled events. Despite this, even more efforts were allocated to the preparation of the future activities and facilities. Among others, in 2020, we appreciated the efforts of local sporting club in Vícenice, pond hockey club in Náměšť nad Oslavou and sporting organization Spartak in Třebíč.

We were pleased to sponsor the elementary school Světlo and the volunteer firefighters from Rokytnice nad Rokytnou. In summer 2020, the restrictions were a bit eased and all we were excited to join the music festival Castle Open Air, also supported by TES.

In 2020, TES supported the following social and interest institutions and organizations.

- Hospital Třebíč
- Corporate Health Service
- Hospice Care of St. Zdislava in Třebíč
- Elementary School SVĚTLO s.r.o.in Třebíč
- Voluntary Firefighters from, Rokytnice nad Rokytnou
- Football Clubs in Náměšť nad Oslavou and in Vícenice
- Sporting Organization Spartak Třebíč
- Yashica Events, a.s., music festival Castle Open Air
- Pond hockey team in Náměšť nad Oslavou

8 KEY BUSINESS AREAS

Service and Maintenance of Nuclear Power Plant Equipment

- Maintenance of electrical circuits and protections.
- Service of monitoring and diagnostic systems.
- Maintenance of diesel generator stations.
- Electrical circuit diagnostics and measurements.
- 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 regulator

- 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. In 2020 a change in the organization structure was implemented to improve the management effectiveness and flexibility. The department of electrical engineering was divided into two independent departments, one responsible for electrical engineering in the NPP Dukovany and the other for the NPP Temelín. To summarize, the operations are realized and managed by 8 operational departments. In the case of complex projects, specialists from different departments are invited to cooperate, if necessary.

Operational departments:

- Electrical Engineering - Dukovany
- Electrical Engineering - Temelín
- Support of NPP commissioning and operation
- Nuclear Safety
- Research and Development
- Data and P&ID
- International Business - Western Europe, Overseas
- International Business - Eastern Europe

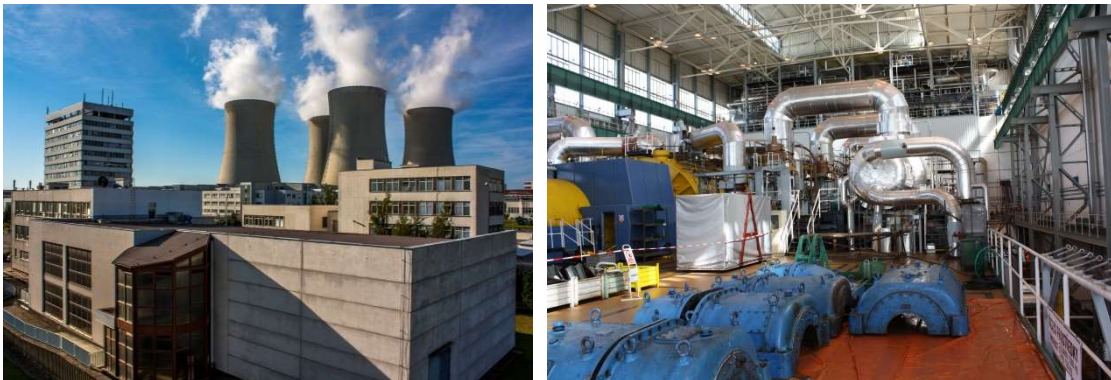
Electrical Engineering Departments: NPP Dukovany and NPP Temelín



The experts of the Electrical Engineering Department in the Dukovany NPP and the Temelín NPP provide technical support of the operation of the nuclear power plant 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

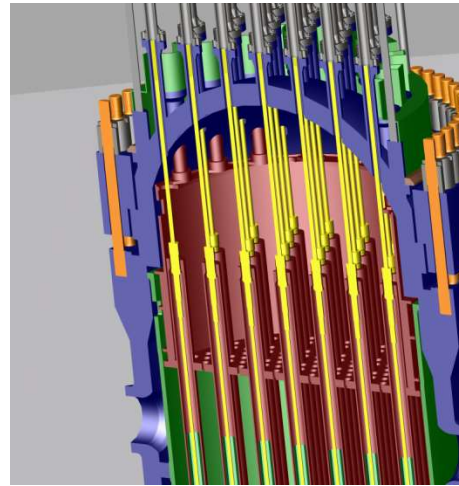
specific technological equipment systems of the nuclear power plants and checking whether they function correctly. This is carried out by means of measuring and evaluating the checks and tests using mobile and stationary monitoring systems. The maintenance and services of some plant systems are ensured directly by our specialist.

Support of NPP Commissioning and Operation Department



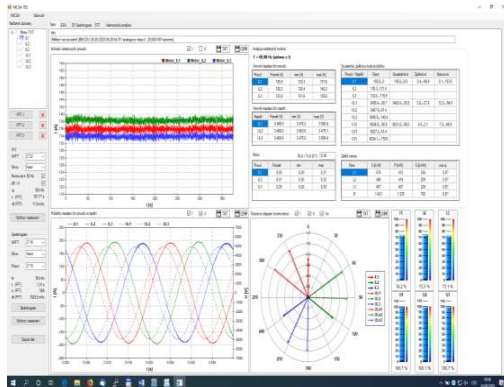
The department focuses mainly on ensuring the commissioning of nuclear power units, for example the putting of the nuclear power plant equipment in operation after a refurbishment. Independently of the NPP operator, we also provide services for the nuclear regulatory authorities (e.g. SÚJB) in the areas 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. To mention one of the key project of this department, within 2016 and 2020 we provided independent technical support for the completion of the Unit 3 of the Nuclear Power Plant Mochovce (Slovak Republic) performed under the contract with Slovak National Nuclear Authority of the Slovak Republic. The works included in the work schedule till 2020 were finished well in time and we focused on preparation to take part in the following selection procedure.

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 2020 traditionally consisted of computational analyses for the nuclear units of the Dukovany NPP and Temelín NPP. Furthermore in 2020, the cooperation between TES and South Korean companies continued with promising prospects. In September 2020, the Memorandum of Understanding was signed between TES and South Korean company Korea Hydro & Nuclear Power (KHNP). In view of these activities, TES in cooperation with Brno University of Technology and Korean partners (FNC Technology Co., Ltd; Korea Hydro & Nuclear Power Co., Ltd. (KHNP) a KEPCO International Nuclear Graduate School (KINGS) succeeded in the public tender in the DELTA2 program with the project „*Examination and improvement of mitigation capabilities and strategies of operating PWRs and an APR series PWR against Design Extension Conditions (DEC)*”. The project is co-financed by the Technology Agency of the Czech Republic (TAČR) and the Korea Institute of Energy Technology Evaluation and Planning (KETEP). The project was launched in January 2021 aiming to analyse mitigation strategies and capabilities in (Design Extension Conditions) DEC for nuclear units being operated in both countries as well as for new Korean nuclear unit APR1400 generation GenIII +.

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 cooperate with various research centres and universities, among others, with The Brno University of Technology and the Czech Technical University in Prague.

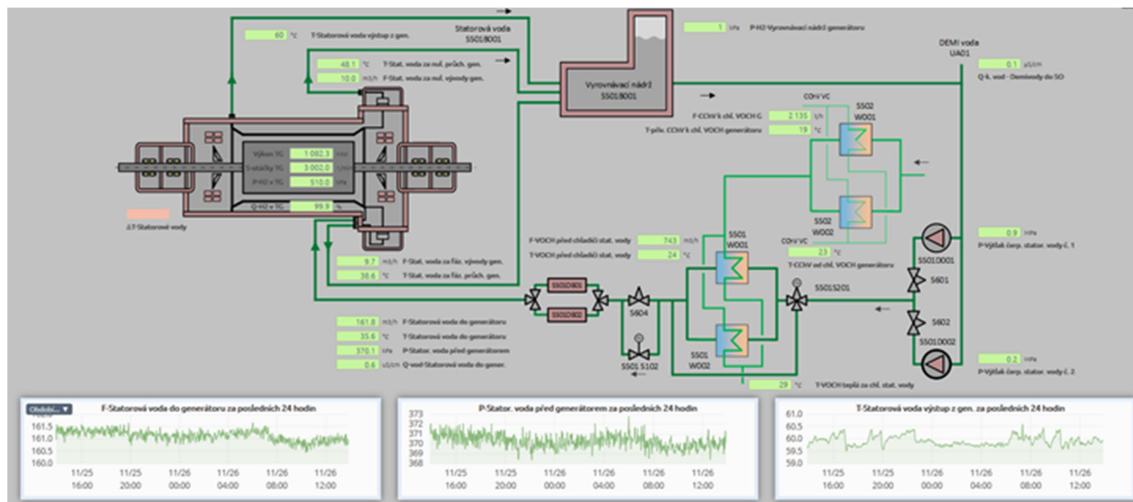
International Business Department



The workers of the International Business Department seek and, in cooperation with other operational departments, implement projects contracted with foreign partners. Among all partners, the South Korean company Korea Hydro & Nuclear Power (KHNP) belongs among the most important ones. During the working visit of general manager KHNP Mr. Jae Hoon Chunga in the Czech Republic, a Memorandum of Understanding

was signed between TES and KHNP, in the beginning of September 2020. The purpose of the Memorandum is to support future common projects in the area of operation, maintenance, research, development, design and engineering of power plants. The Memorandum anticipates common participation in the construction and commissioning of nuclear power units in the Czech Republic and abroad.

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 non-compliance issues within our projects. 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 EVENTS AND PROJECTS IN 2020

Service and Maintenance of Electrical Equipment – Temelín NPP

The electrical engineering department in the Temelín NPP took an active part in the planned outages of both nuclear units through the maintenance works, test implementation, diagnostic measurements and analysis development. Among the most important outage tasks were the upgrading works on the diagnostic systems of turbo-generator, transformers and in particular, the NEMES (non-standard measuring system). These diagnostic systems have been developed to a large extent by TES, who is also responsible for their maintenance. All maintenance works must be carefully scheduled well in advance to allow for a fluent performance of significant outage processes, which are carefully coordinated according to ČEZ, a. s. requirements, so the other suppliers could provide their services and the duration of their outage plan is not affected in any way.

Electrical engineers performed cable diagnostics with the help of the ECAD system (*Non-destructive Diagnostic System for Measuring of Electrical Circuits*) as well as the diagnostics of various types of asynchronous motors while using the MCSA method (*Motor Current Signature Analysis*). The diagnostic work also included a frequency analysis-based method measuring generator currents at DGS motors. The amount of the equipment diagnosed and checked using these methods has been growing consistently 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 2020, 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. For the purpose of this project, TES also developed and supplied a large number of new interactive screens implemented in the 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 participated in the development of operational guidelines, in particular for the maintenance services of the NPP diagnostic systems where the customer recognizes and appreciates high professional quality and usability in practice. A great range of technical and expert assistance has been provided to the individual departments of the Temelín NPP including an evaluation of long term trends of significant parameters with consideration of the impact on the operation and the life-span of the most important equipment of the nuclear power plant.

In 2020, the NEMES diagnostic system was upgraded with reference to Cyber Security requirements.

Replacement of HW ASRU and protection terminals

In cooperation with the companies ORGREZ a. s. and I&C Energo a. s. we successfully accomplished the replacement of HW ASRU (*Automatic Secondary Regulation of Voltages and Reactive Output Systems*) and of 400kV + 110kV protection control terminals. Our task was to provide commissioning of data communication, web interface and to perform function tests of the newly installed equipment, including the development of the relevant documentation and protocols regarding the measurements and testing. Our customer ČEZ, a. s. was provided with a user friendly access to the complex data referring to the actual conditions of the measured equipment as well as events occurring in the area of the offsite power transmissions and the operation of the generators in power grid. The system of the web interface screens was significantly extended to include new technological parameters. Thus, the users are newly provided with the data on generating sets speed, temperature, pressure and detail information and values of the oil, water or gas management of the power plant.

Service and Maintenance of Electrical Equipment – Dukovany NPP

The Electrical Engineering Department of TES located at the Dukovany NPP implemented, as part of their regular activities, service and maintenance work on the diagnostic systems of the transformers (*MST – Monitoring System of Transformers*) and the electrical equipment MSE (*Measuring System of Electrical Equipment*). These monitoring systems have been to a large extent developed and are run by TES. A strict adherence to the schedule of outage processes is also ensured here in order to allow for the implementation of follow up activities according to ČEZ, a.s requirements.

Other regular activities include an active participation in the evaluation of regular tests of emergency sequential loading automatics (ELS) for the supply of house consumption management, function checks of terminal protections of the unit house consumption and function tests of power outlet protections. Furthermore, we also perform the diagnostics of various types of asynchronous motors using the MCSA method (*Motor Current Signature Analysis*). We also provide the diagnostics of DGS motors using the frequency analysis of currents at the generator.

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

During the outage period regular activities were extended to include the 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 measuring systems as well as the maintenance of 6kV and 0,4 kV 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 the life-span of the important power plant equipment.

In 2020, additional changes of the MSE diagnostic system were applied with reference to the Cyber Security requirements.

Furthermore, the design documentation of the light switchgear network within outdoor premises of the Dukovany NPP was updated, reflecting the actual situation as well as with the requirements of the methodology of the customer's drawings.

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

In December, 2020, 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*" was successfully finished. The project is co-funded by the European Union under the Operational Program Enterprise and Innovations for Competitiveness. The project realization provided a significant impetus to innovation processes to both TES and its partner organization the Brno University of Technology. In final stages of the project, in 2020, the methodologies for setting the correlation limits and calculation of safety reserve to the heat flux were developed in the ALTHAM C12 computation programme and successfully validated using the data from experimental equipment and real units. In addition, the documentation assessing the ALTHAM C12 computation program both for safety analyses of VVER nuclear units with the triangle fuel lattice geometry and PWR nuclear unit with the square geometry was developed.

Memorandum of Understanding between TES and KHNP

TES has been in cooperation with Korea-Hydro & Nuclear Power (KHNP, South Korea) since 2019. While belonging among the most reputable candidates for the construction of the new NPP Dukovany units, KHNP has been working with various Czech engineering companies on a number of different projects. In 2020 the Memorandum of Understanding was concluded between TES and KHNP. The act was signed at the beginning of September during the visit of Mr Jae Hoon Chung, the KHNP President & CEO, in the Czech Republic. This act declares the intention of the parties to support common projects in the area of operation, service and maintenance, research and development and design and engineering of nuclear power plants. The Memorandum expects joint participation in the construction of new nuclear power units in the Czech Republic as well as abroad.

Accident Management Assessment for KEPCO E&C

In 2020, TES implemented a project according to the contract with the South Korean company KEPCO E&C, titled as “*Accident Management Assessment*”, the aim of which was to assess the Accident Management System and the issue of the source element determination. These issues come as a part of a more complex project of TES, involved in the safety analyses assessment procedure of APR1000 reactors, which are being considered for the future construction of the new nuclear units in the Czech Republic. The project is another one showing promising prospects of the developing cooperation between TES and Korean partners.

Cooperation with NPPA

In 2020, the cooperation continued with the Egyptian company Nuclear Power Plants Authority (NPPA), the investor of forthcoming design for the first nuclear power plant in Egypt. Within the following project we performed an assessment of the designed modification of the standard VVER-1200 design for a specific location in El Dabaa and examined suitability of designed unit with regards to our modifications. Our analysis took forward further negotiations on the EPC contract between Egyptian NPP and Russian Rosatom.

Preparatory activities toward the project DELTA2 (TAČR) and diagnostics for FORTUM POWER

The International Business Department contributed significantly to the preparation of the project „*Examination and improvement of mitigation capabilities and strategies of operating PWRs and an APR series PWR against Design Extension Conditions (DEC)*”. The preparation included negotiations with TAČR regarding the opening of the call for tender for nuclear issues and negotiations with Korean partners aiming at setting up and coordination of the project consortia.

Further, the department participated in the arrangements of the project with the Finnish company Fortum Power for the production and implementation of the MOSAD®-IRIS diagnostic system intended to monitor turbo-generator in the power

plant Tamera Invest. The system was produced and delivered in 2020, with the intention that the final installation will be performed in summer 2021.

Application of MCSA Method on the Diagnostics of Asynchronous Motors

TES has successfully applied the MCSA method (Motor Current Signature Analysis), which allows for 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.

Web interface and active screens

The web interface of the diagnostic and measuring systems MSE in the NPP Dukovany and NEMES in the NPP Temelín provides users with a friendly and intuitive access to the measured data. The screens show actual conditions of electric equipment at each nuclear unit. 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 NPP. In 2020, the implementation was significantly extended to provide for monitoring of other electric system of NPP units.

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

Between the years 2012 and 2015, TES developed an upgraded system MOSAD[®]-6 designed to measure both analogue and digital signals, which was intended as a replacement of the original MOSAD[®]-5 systems. In 2020, the more advanced technology was implemented at four stable measuring units for the monitoring of electrical equipment at transformers. Overall, 22 measuring units will be replaced in the Dukovany NPP by 2025.

The modern measuring and monitoring system MOSAD[®]-6 is also being installed also at the NPP Temelín where three measuring units were replaced in 2020. In 2018 and 2019 five measuring units were replaced and thirteen new ones will be installed by 2025.

Technical Support to ÚJD Regulatory Authority in the project of 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 the ÚJD SR (*Nuclear Regulatory Authority of the Slovak Republic*) in 2015, is considered to be one of the largest TES projects. At the end of the last year, the deadline of the original agreement run out and therefore the ÚJD opened a new call for which we are applying as well. At the same time, there are new projects prepared for realization in 2021 for the ORGRES. We aim to provide them with an authorized measurement of the turbo-generator of the units 1 and 2, namely measuring and assessment of moisture measuring at the steam turbines.

Dukovany Measuring of technological parameters at the NPP Temelín and the NPP Dukovany

The following measurements were realized at the NPP Temelín:

- Repeated flow measurements (Valve flow coefficient) in turbo-generator condensers in order to optimise maintenance at the Temelín NPP.
- A long-term project providing identification and evidence of the small diameter pipeline facilitating maintenance optimization at the NPP Temelín.

The following measurements were realized, with regards to the reconstruction of an important feeding water system:

- The measurements of important feeding water pressures at the relevant Steam Generator cross points at the NPP Dukovany.
- The measurements of flow and pressure of important feeding water in heat-exchangers of SAOZ (Emergency Core Cooling System).

11 INTEGRATED MANAGEMENT SYSTEM, CERTIFICATION

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 45001 Occupational Health and Safety Management System

TES has been audited on a regular basis to ensure the 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 the 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.

We are a Verified Partner of ČEZ, a. s.

With the 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.

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 (CESEN)

In 2020, the results of the research and development work on the project No. TE01020068 (CESEN) were successfully presented and defended in the final opposition procedure. The project was 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 was 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 seven 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 international 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.

13 FINANCIAL REPORTS

13.1 ASSETS

| Code | ASSETS | | Current accounting period | | | Past period | |
|------------|--|------------------------------------|---------------------------|---------|------------|-------------|-----------------|
| | | | Line No. | Gross | Adjustment | Net | Net (Year 2019) |
| | TOTAL ASSETS | A. + B. + C. + D. | 001 | 168 026 | -55 717 | +112 3094 | +95 024 |
| A. | Receivables for subscribed capital | A.1. + A.x. | 002 | | | | |
| B. | Fixed assets | B.I. + ... + B.III. | 003 | +93 909 | -55 522 | +38 387 | +29 647 |
| B.I. | Intangible fixed assets | B.I.1. + B.I.x. | 004 | +6 421 | -5 546 | +875 | +1 014 |
| B.I.1. | Research and development | accounts 012, (-)072, (-)091AU | 005 | | | | |
| B.I.2. | Valuable rights | B.I.2.1. + B.I.2.2. | 006 | +6 421 | -5 546 | +875 | +1 014 |
| B.I.2.1. | Software | accounts 013, (-)073, (-)091AU | 007 | +6 421 | -5 546 | +875 | +1 014 |
| B.I.2.2. | Other valuable rights | accounts 014, (-)074, (-)091AU | 008 | | | | |
| B.I.3. | Goodwill | accounts 015, (-)075, (-)091AU | 009 | | | | |
| B.I.4. | Other intangible fixed assets | accounts 019, (-)079, (-)091AU | 010 | | | | |
| B.I.5. | Advanced payments 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, (-)095AU | 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 | +62 788 | -49 976 | +12 812 | +14 333 |
| B.II.1. | Land and buildings | B.II.1.1. + B.II.1.2. | 015 | +18 651 | -13 852 | +4 799 | +5 234 |
| B.II.1.1. | Land | accounts 031, (-)092AU | 016 | +574 | | +574 | +574 |
| B.II.1.2. | Buildings | accounts 021, (-)081, (-)092AU | 017 | +18 077 | -13 852 | +4 225 | +4 660 |
| B.II.2. | Tangible movable things and their groups | accounts 022, (-)082, (-)092AU | 018 | +41 465 | -33 452 | +8 013 | +8 817 |
| B.II.3. | Valuation 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 | -2 672 | 0 | +282 |
| B.II.4.1. | Perennial crops | accounts 025, (-)085, (-)092AU | 021 | | | | |
| B.II.4.2. | Adult animals and their groups | accounts 026, (-)086, (-)092AU | 022 | | | | |
| B.II.4.3. | Remaining fixed tangible assets | accounts 029,032, (-)089, (-)092AU | 023 | +2 672 | -2 672 | 0 | +282 |
| 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 of tangible fixed assets | accounts 052, (-)095AU | 025 | | | | |
| B.II.5.2. | Tangible fixed assets in progress | accounts 042, (-)094 | 026 | | | | |
| B.III. | Financial fixed assets | B.III.1. + ... + B.III.x. | 027 | +24 700 | | +24 700 | +14 300 |
| B.III.1. | Equity interests - controlled or controlling entities | accounts 043,061, (-)096AU | 028 | | | | |
| B.III.2. | Lending and loans - controlled and controlling entities | accounts 066, (-)096AU | 029 | | | | |
| B.III.3. | Equity interests - significant influence | accounts 043,062, (-)096AU | 030 | | | | |
| B.III.4. | Lending and loans - significant influence | accounts 067, (-)096AU | 031 | | | | |
| B.III.5. | Other financial fixed assets | accounts 043,063,065, (-)096AU | 032 | | | | |
| B.III.6. | Lending and loans - other | accounts 068, (-)096AU | 033 | +9 700 | | +9 700 | +1 800 |
| B.III.7. | Other financial fixed assets | B.III.7.1. + B.III.7.2. | 034 | +15 000 | | +15 000 | +12 500 |
| B.III.7.1. | Miscellaneous non-current financial assets | accounts 043,069, (-)096AU | 035 | +15 000 | | +15 000 | +12 500 |
| B.III.7.2. | Advanced payments provided for financial fixed assets | accounts 053, (-)095AU | 036 | | | | |
| C. | Current assets | C.I. + C.II. + C.III. + C.IV. | 037 | +73 662 | -195 | +73 467 | +64 795 |
| C.I. | Inventory | C.I.1. + ... + C.I.x. | 038 | +18 654 | | +18 654 | +7 742 |
| C.I.1. | Materials | accounts 111,112,119, (-)191 | 039 | +7 920 | | +7 920 | +2 514 |
| C.I.2. | Work in progress and semi-finished products | accounts 121,122, (-)192, (-)193 | 040 | +10 734 | | +10 734 | +5 228 |
| C.I.3. | Products and goods | C.I.3.1. + C.I.3.2. | 041 | | | | |

| Code | ASSETS | | Line No. | Current accounting period | | Past period | |
|-------------|--|---|----------|---------------------------|------------|-------------|-----------------|
| | | | | Gross | Adjustment | Net | Net (Year 2019) |
| 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 | 151,152,153,(-)197,(-)198,(-)199 | 045 | | | | |
| C.II. | Receivables | C.II.1.+C.II.2.+C.II.3 | 046 | +44 600 | -195 | +44 405 | +33 205 |
| 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 | úcty 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 | 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 receivables | 335, 371, 373, 374, 375, 376, 378, (-)391AÚ | 056 | | | | |
| C.II.2. | Short-term receivables | C.II.2.1.+...+C.II.2.x. | 057 | +44 405 | | +44 405 | +33 205 |
| C.II.2.1. | Trade receivables | 311AÚ, 313AÚ, 315AÚ, (-)391AÚ | 058 | +43 500 | | +43 500 | +32 577 |
| 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 | +905 | | +905 | +628 |
| 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 receivables | accounts 341, 342, 343, 345, (-)391AÚ | 064 | | | | |
| C.II.2.4.4. | Short-term advanced payments | accounts 314AÚ, (-)391AÚ | 065 | +217 | | +217 | +235 |
| C.II.2.4.5. | Estimated receivables | accounts 388 | 066 | +688 | | +688 | +393 |
| C.II.2.4.6. | Other receivables | 335, 371, 373, 374, 375, 376, 378, (-)391AÚ | 067 | | | | |
| 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 | +10 408 | | +10 408 | +23 848 |
| C.IV.1. | Financial resources in treasury | accounts 211, 213, 261 | 076 | +63 | | +63 | +84 |
| C.IV.2. | Financial resources on account | accounts 221, 261 | 077 | +10 345 | | +10 345 | +23 764 |
| D. | Accruals | D.1.+...+D.x. | 078 | +455 | | +455 | +582 |
| D.1. | Deferred expenses | accounts 381 | 079 | +455 | | +455 | +582 |
| D.2. | Complex deferred expenses | accounts 382 | 080 | | | | |
| D.3. | Accrued revenues | accounts 385 | 081 | | | | |

| Code | LIABILITIES AND EQUITY | | Current accounting period | | Past period | |
|-----------|---|--|---|-----|--------------------|---------|
| | | | Line No. | Net | Net (Year 2019) | |
| | LIABILITIES AND EQUITY | | A.+B.+C.+D. | 001 | +112 309 | +95 024 |
| A. | Equity | | A.I.+A.II.+A.III.+A.IV.+A.V.+A.VI. | 002 | +92 371 | +80 374 |
| A.I. | Share capital | | A.I.1.+...A.I.x. | 003 | +10 500 | +10 500 |
| A.I.1. | Share capital | | accounts 411 nebo 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. | Revaluation of assets and liabilities | | (+/-)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 | +1 016 | +933 |
| A.III.1. | Other reserve fund | | accounts 421, 422 | 016 | | |
| A.III.2. | Statutory and other funds | | accounts 423, 427 | 017 | +1 016 | +933 |
| A.IV. | Profit and loss of previous years (+/-) | | A.IV.1.+...A.IV.x. | 018 | +57 631 | +53 631 |
| A.IV.1. | Retained earnings or accumulated loss from previous years (+/-) | | accounts 428, 429 | 019 | +57 631 | +53 918 |
| A.IV.2. | Other profit or loss from previous years (+/-) | | accounts (-)426 | 020 | | |
| A.V. | Profit or loss of the current period (+/-) | | aktivní -A.1.-A.II.-A.III.-A.IV.-B.-C.-D.-A.VI. | 021 | +23 224 | +15 023 |
| A.VI. | Decided on advanced payment of profit or loss share | | accounts 432 | 022 | | |
| B.+C. | Liabilities | | B.+C. | 023 | +19 331 | +13 060 |
| 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.III. | 029 | +19 331 | +13 060 |
| C.I. | Long-term liabilities | | C.I.1.+...C.I.x. | 030 | | |
| 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 | | |
| 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 | | accounts 471 | 038 | | |
| C.I.7. | Payables - significant influence | | accounts 472 | 039 | | |
| C.I.8. | Deferred tax liability | | accounts 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 | +19 331 | +13 060 |

| Code | LIABILITIES AND EQUITY | | Current accounting period | | Past period |
|-----------|---|---------------------------------------|---------------------------|---------|-----------------|
| | | | Line No. | Net | Net (Year 2019) |
| C.II.1. | Debentures and bonds issued | C.II.1.1.+C.II.1.2. | 046 | | |
| C.II.1.1. | Debentures | accounts 241 | 047 | | |
| C.II.1.2. | Other bonds | accounts 241 | 048 | | |
| C.II.2. | Liabilities to lending institutions | accounts 221, 231, 232 | 049 | | |
| C.II.3. | Short-term advanced payments received | accounts 324 | 050 | +398 | 0 |
| C.II.4. | Trade payables | accounts 321, 325 | 051 | +129 | +146 |
| C.II.5. | Short-term note payables | accounts 322 | 052 | | |
| C.II.6. | Payables - controlled or controlling entity | accounts 361 | 053 | | |
| C.II.7. | Payables - significant influence | accounts 362 | 054 | | |
| C.II.8. | Other payables | C.II.8.1+...+C.II.8.7. | 055 | +18 804 | +12 914 |
| C.II.8.1. | Payables to shareholders | accounts 364, 365, 366, 367, 368 | 056 | +6 396 | 0 |
| C.II.8.2. | Short - term receivables | accounts 249 | 057 | | |
| C.II.8.3. | Payables to employees | accounts 331, 333 | 058 | +2 365 | +5 413 |
| C.II.8.4. | Social security and health insurance payables | accounts 336 | 059 | +1 462 | +2 693 |
| C.II.8.5. | State - tax payables and subsidies | accounts 341, 342, 343, 345, 346, 347 | 060 | +8 581 | +4 790 |
| C.II.8.6. | Estimated liability accounts | accounts 389 | 061 | | |
| C.II.8.7. | Other liabilities | accounts 372, 373, 377, 379 | 062 | 0 | +18 |
| C.III. | Accruals | C.III.1.+...C.III.x. | 063 | | |
| C.III.1. | Accrued expenditure | accounts 383 | 064 | | |
| C.III.2. | Deferred income | accounts 384 | 065 | | |
| D. | Accruals and deferrals | D.1+...D.x. | 066 | +607 | +1 590 |
| D.1. | Accrued expenses | accounts 383 | 067 | +607 | +1 590 |
| D.2. | Deferred revenues | accounts 384 | 068 | | |

13.2 PROFIT AND LOSS STATEMENT

| Code | PROFIT AND LOSS STATEMENT | | | Value in accounting period | |
|--------|--|---|-----|----------------------------|-------------|
| | | | | Current | (Year 2019) |
| | | Line No | | | |
| I. | Revenues from sale of products and services | accounts 601, 602 | 001 | +102 364 | +105 710 |
| II. | Revenues from sale of goods | account 604 | 002 | | |
| A. | Cost of sale | A.1.+...+A.x. | 003 | +25 035 | +35 401 |
| A.1. | Costs of goods sold | account 504 | 004 | | |
| A.2. | Materials and consumables | accounts 501, 502, 503 | 005 | +7 612 | +12 568 |
| A.3. | Services | accounts 511, 512, 513, 518 | 006 | +17 423 | +22 833 |
| B. | Change in inventory of own production (+/-) | accounts 581, 582, 583, 584 | 007 | -5 507 | -6 714 |
| C. | Own work capitalized (-) | accounts 585, 586, 587, 588 | 008 | | 0 |
| D. | Staff expenses | D.1.+...+D.x. | 009 | +50 220 | +55 408 |
| D.1. | Wages and salaries | accounts 521, 522, 523 | 010 | +36 657 | +40 957 |
| D.2. | Costs of social security and health insurance and other costs | D.2.1.+D.2.2. | 011 | +13 563 | +14 451 |
| D.2.1. | Costs of social security and health insurance | accounts 524, 525, 526 | 012 | +12 305 | +13 323 |
| D.2.2. | Other costs | accounts 527, 528 | 013 | +1 258 | +1 128 |
| E. | Adjustments to value of operating activities | E.1.+...+E.x. | 014 | +6 893 | +6 178 |
| E.1. | Adjustments to values of intangible and tangible fixed assets | E.1.1.+E.1.2. | 015 | +6 893 | +6 178 |
| E.1.1. | Adjustments to values of intangible and tangible fixed assets - permanent | accounts 551, 557 | 016 | +6 893 | +6 178 |
| E.1.2. | Adjustments to values of intangible and tangible fixed assets - temporary | account 559 | 017 | | |
| E.2. | Adjustment to values of inventories | account 559 | 018 | | |
| E.3. | Adjustment to values of receivables | accounts 558, 559 | 019 | | |
| III. | Other operating revenue | III.1.+...+III.x. | 020 | +5 151 | +4 664 |
| III.1. | Revenue from sales of fixed assets | account 641 | 021 | +444 | +241 |
| III.2. | Revenue from sales of materials | account 642 | 022 | | |
| III.3. | Other operating income | account 644, 646, 647, 648, 697 | 023 | +4 707 | +4 423 |
| F. | Other operating expenses | F.1.+...+F.x. | 024 | +2 364 | +796 |
| F.1. | Net book value of fixed assets sold | account 541 | 025 | +970 | 0 |
| F.2. | Net book value of materials sold | account 542 | 026 | | |
| F.3. | Taxes and fees in operating area | accounts 531, 532, 538 | 027 | +121 | +121 |
| 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 | +1 273 | +675 |
| * | *Profit or loss from operations (+/-) | I.+II.+III.+...+IV.x.-A.-B.-C.-D.-E.-F. | 030 | +28 510 | +19 305 |
| IV. | Revenues from fixed financial assets - ownership interes | IV.1.+...+IV.x. | 031 | | |
| IV.1. | Revenues from ownership interests - controlled or controlling entity | accounts 661, 665 | 032 | | |
| IV.2. | Revenues from other ownership interests | accounts 661, 665 | 033 | | |
| G. | Cost of interests sold | account 561 | 034 | | |
| V. | Revenues from other ownership interests | 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 | Value in accounting period | | |
|-------|---|--|---------|-------------------|
| | | Line No. | Current | (Year 2019) |
| H. | Costs related to fixed assets | accounts 561,566 | 038 | |
| VI. | Revenues from interests and similar revenues | VI.1.+...+VI.x. | 039 | +717 +13 |
| 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 | +717 +13 |
| I. | Values adjustments and reserves in financial assets | accounts 574,579 | 042 | |
| J. | Interest expenses and similar expenses | J.1.+...+J.x. | 043 | 0 +1 |
| 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 | 0 +1 |
| VII. | Other financial revenues | accounts 661,663,664,666,667, 668,669,698 | 046 | +588 +725 |
| K. | Other financial costs | accounts 561,563,564,565,566, 567,568,569,598 | 047 | +1 225 +1 247 |
| * | Financial profit or loss (+/-) | IV.+V.+VI.+VII.-G.-H.-I.-J.-K | 048 | +80 -510 |
| ** | Profit or loss before tax (+/-) | | 049 | +28 590 +18 795 |
| L. | Income tax | L.1.+...+L.x. | 050 | +5 366 +3 772 |
| L.1. | Income tax - current | accounts 591,593,595,599 | 051 | +5 366 +3 772 |
| L.2. | Income tax - deferred(+/-) | accounts 592 | 052 | |
| ** | Profit or loss after tax (+/-) | **L. | 053 | +23 224 +15 023 |
| M. | Transfer of share of profit or loss to partners(+/-) | accounts 596 | 054 | |
| *** | Profit or loss for the current period (+/-) | **M. | 055 | +23 224 +15 023 |
| * | Net turnover for the current period | I.-II.-III.-IV.+V.+VI.+VII. | 056 | +108 820 +111 112 |

13.3 OVERVIEW IN CHANGES IN EQUITY

| Code | OVERVIEW IN CHANGES IN EQUITY | | Line No. | Value in accounting period | |
|--|--|--------------------------------|----------|----------------------------|-------------|
| | | | | Current | (Year 2019) |
| 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 | account 412 | 015 | | |
| D.2. | Increase | | 016 | | |
| D.3. | Decrease | | 017 | | |
| D.4. | Final balance | | 018 | | |
| E. Capital funds (account 413) | | | | | |
| E.1. | Baseline | account 413 | 019 | | |
| E. 2. | Increase | | 020 | | |
| E.3. | Decrease | | 021 | | |
| E.4. | Final balance | | 022 | | |
| F. Differences from revaluation not included in profit or loss (accounts 414, 416, 417 and 418) | | | | | |
| F.1. | Baseline | accounts 414, 416, 417 and 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 (account 423, 427) | | | | | |
| H.1. | Baseline | accounts 423, 427 | 031 | +934 | +799 |
| H.2. | Increase | | 032 | +1 286 | +1 250 |
| H.3. | Decrease | | 033 | +1 204 | +1 115 |
| H.4. | Final balance | | 034 | +1 016 | +934 |

| Code | OVERVIEW IN CHANGES OF EQUITY | | Line No. | Value in accounting period | |
|--|-------------------------------|---|----------|----------------------------|-------------|
| | | | | Current | (Year 2019) |
| I. Profit for the accounting period (account 428 + balance on the credit side of the account 431) | | | | | |
| I.1. | Baseline | accounts 428, 431 | 035 | +53 918 | +46 190 |
| I.2. | Increase | | 036 | +4 013 | +20 578 |
| I.3. | Decrease | | 037 | +300 | +12 850 |
| I.4. | Final balance | | 038 | +57 631 | +53 918 |
| 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/loss for the accounting period after tax | | | | | |
| L.1. | Počáteční zůstaek | | 047 | +23 224 | +15 023 |
| L.2. | Increase | | 048 | | |
| L.3. | Decrease | | 049 | | |
| L.4. | Final balance | | 050 | +23 224 | +15 023 |
| M. Advances in profit share (account 432) | | | | | |
| M.1. | Baseline | account 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.+L.1.+M.1. | 055 | +88 576 | +72 512 |
| 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.+L.2.+M.2. | 056 | +5 299 | +21 828 |
| 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.+L.3.+M.3. | 057 | +1 504 | +13 965 |
| X.4. | Final balance | X.1.+X.2.+X.3. | 058 | +92 371 | +80 375 |

14 NOTES TO THE FINANCIAL STATEMENTS TO 31. 12. 2020

1. Description of the company

TES s.r.o.(hereinafter the “Company“) is a Czech legal entity, limited liability company, established on 27 February 1992 and seated at Pražská 597, Třebíč, Czech Republic. As listed in the Commercial Register, its key business activities include:

- Activities associated with the commissioning of nuclear facilities and technical support for their operation, except for the activities listed in Section 3 and in Annexes 1 to 3 to the Trade Licensing Act,
- Engineering services in machinery and energy, except for activities listed in Annex 1 to 2 to the Trade Licensing Act,
- Installations, repairs, inspections and tests of listed electric equipment,
- Manufacture, installations, repairs, inspections and tests of electronic equipment,
- Research and development in natural sciences and engineering and in social sciences,
- Provision of software,
- Business activities.

Persons holding at least 10 % of the share capital

| | |
|--------------------|--------|
| Ing. Jiří Pulec | 22,5 % |
| Ing. Martin Štajgl | 22,5 % |
| Ing. Pavel Novotný | 22,5 % |
| Ing. Miloš Kaška | 22,5 % |
| Ing. Oto Mareček | 10 % |

Members of statutory and supervisory bodies to December 31, 2020:

| | |
|--------------------|-------------------|
| Ing. Jiří Pulec | managing director |
| Ing. Martin Štajgl | managing director |
| Ing. Pavel Novotný | managing director |
| Ing. Miloš Kaška | managing director |
| Ing. Oto Mareček | managing director |

2. Fundamentals for the elaboration of the financial statements

The attached financial statements have been prepared in accordance with the Accounting Act and accounting guidelines for business entities applicable in 2020.

3. Methods of valuation and depreciation

The methods of valuation used by the Company to compile the 2020 and 2019 financial statements are as follows:

a) Intangible fixed assets

Intangible fixed assets are valued at acquisition costs, which include the acquisition price and costs related to acquisition.

Small intangible fixed assets (worth up to CZK 60,000) are depreciated as a lump sum in costs.

Intangible fixed assets are depreciated in costs based on the expected lifetime of the assets, but no longer than four years.

b) Tangible fixed assets

Tangible fixed assets are valued in acquisition costs, which include the acquisition price, costs of transport, custom duties and costs related to acquisition.

The costs of technical appreciation of capital assets increase its acquisition cost. Ordinary repairs and maintenance are recorded in costs.

Small tangible fixed assets (worth up to CZK 40,000 in 2019, respectively 2020) are depreciated as a lump sum in costs.

Depreciation

Depreciation is calculated on the basis of acquisition cost and expected lifetime of the respective assets. Expected lifetime is determined as follows:

| | Number of years (from-to) |
|--------------------------------------|------------------------------|
| Means of transport | 5 |
| Machinery, instruments and equipment | 3 - 5 |
| Inventory | 3 - 5 |
| Other tangible fixed assets | 3 - 5 |
| Buildings | 30 |

c) Financial investments

Not applicable.

d) Inventory

The purchased inventory is valued at actual acquisition cost, using the method of "first – in, first - out"(FIFO – the first price for the valuation of inventory increments will be used as the first price for the valuation of inventory loss).The acquisition cost of inventory includes the costs of acquisition, including costs relating to acquisition (costs of transport, customs duties, commissions, etc.).

Work in progress is valued in actual own costs. Own costs include direct material and wage costs and production overheads. Production overheads include depreciations of production equipment, overhead production wages and other overhead costs concerning production facilities.

e) Receivables

Receivables are recorded at nominal value. Bad debts are reduced using provisions, recorded against costs, to their realization value.

f) Equity

The company's share capital is recorded at the amount entered in the Commercial Register of the Regional Court or increased or decreased on the basis of a General Meeting, which was not registered on the date of the financial statements. As stipulated in the Commercial Code, the Company creates a reserve fund from the profit or from additional payments from its members in addition to their contributions.

g) Received loans

Short-term and long-term loans are recorded at the nominal value. Short-term loan also refers to parts of long-term loans payable within one year of the date of financial statements.

h) Financial lease

The Company records leased property so that it includes leasing payments in costs and activates applicable value of the leased property when the lease contract expires and the possibility of purchase is exercised. Lease payments paid in advance are accrued.

i) Foreign Exchange operations

Financial assets, receivables and payables in foreign currencies are translated into Czech crowns at a fixed exchange rate applicable on the date of their origin and were translated at the end of the year using the Exchange rate valid to 31 December, declared by the Czech National Bank.

The achieved Exchange rate profits and losses and reserves for unrealized exchange losses are recorded in the revenues or costs of current year.

j) Recording of costs and revenues

Revenues and costs are recorded as accrued, i.e. in the period to which they apply in terms of substance and time.

In compliance with the principle of prudence, the Company records reserves and provisions to cover all risks, losses and devaluation known on the date of the financial statements against costs.

Profit arising from long-term contracts is recorded in the manner specified in the executed contract, e.g. phase invoicing.

k) Income tax

The payable income tax is calculated using the applicable tax rate from the accounting profit increased or decreased by permanently or temporarily non-eligible costs and non-tax revenues (e.g. formation and recording of other reserves and provisions, costs of representation, difference between accounting and tax depreciation, etc.).

4. Fixed assets

a) Intangible fixed assets (in thousands CZK)

| | Balance to 31. 12. 2019 | Additions | Disposals | Balance to 31. 12. 2020 |
|------------------------------------|----------------------------|-----------|-----------|----------------------------|
| Software | 6 421 | - | | 6 421 |
| Accumulated depreciation | -5 407 | -139 | | |
| Other intangible fixed assets | - | | | |
| Accumulated depreciation | - | | | |
| Intangible investments in progress | 0 | - | - | 0 |
| Total | 1 014 | | | 875 |

Depreciation of intangible fixed assets recorded in costs achieved CZK 139,000 in 2020.

b) Tangible fixed assets (in thousands CZK)

| | Balance to 31. 12. 2019 | Additions | Disposals | Balance to 31. 12. 2020 |
|---------------------------------------|-------------------------|-----------|-----------|-------------------------|
| Machinery, instruments and equipment | 41 659 | 6122 | 6 317 | 41 465 |
| Accumulated depreciation | -32 842 | -6 926 | -6 317 | 33 452 |
| Buildings | 17 995 | 81 | | 18 077 |
| Accumulated depreciation | -13 335 | -517 | | -13 852 |
| Land | 574 | | | 574 |
| Accumulated depreciation | | | | |
| Other and small tangible fixed assets | 2 672 | | | 2 672 |
| Accumulated depreciation | -2 390 | -281 | | -2 672 |
| Tangible investments in progress | | | | |
| Total | 14 333 | 363 | 0 | 12 812 |

Depreciation of tangible assets was recorded in costs in the amount of CZK 6 893, resp. 6 178 in 2020, resp. 2019.

c) Financial investments (in thousands CZK)

Overview of financial investments:

| | Balance to 31. 12. 2019 | Additions | Disposals | Balance to 31. 12. 2020 |
|--|-------------------------|-----------|-----------|-------------------------|
| Mutual securities and ownership interests in companies under significant influence | - | | | |
| Total | - | | | |

5. Receivables

Provisions to bad debts in 2020 were not created.

6. Inventory

To 31 December, 2020 and 2019 the Company had no damaged or unused inventory for which provisions would have to be created.

7 Provisions

Provisions expressing temporary reduction in the value of receivables were created.

8. Other assets

Deferred expenses include in particular accruals for leasing payments and are recorded in the costs of the period to which they apply in substance.

9. Equity

The company's share capital to 31 December, 2020 amounts to CZK 10,500,000. The Company's equity reached CZK 92 371,000 to December 2020. Other funds created from profit amounting to CZK 1 016,000, are intended to cover the staff's social needs (incentive funds).

Based on a decision of the Company's General Meeting held on 3 of August, 2020, the following division of the trading balance in 2019 was approved. The amount of CZK 650,000 was allocated in the incentive fund and the profit balance of the year 2019 amounting in 4,012,000 CZK translated in to the retained profit from the past period. The payment of shares in profit to members was approved in amount CZK 10 360,000.

10. Reserves

No operations were carried out at reserve accounts.

11. Short term payables

At 31 December 2020, the Company had no short-term payables past maturity.

12. Bank loans

Loans for the car were reimbursed in full.

13. Other liabilities

Accrued expenses and estimated items include especially non-invoiced costs and are recorded in the costs of 2020.

14 Income tax

| | 2020/ thousands.CZK |
|--|---------------------|
| Pre-tax profit | 28 590 |
| Tax free revenues | 0 |
| Differences between accounting and tax depreciation | 0 |
| Non-deductible costs | 383 |
| Provisions | - |
| Reserves | - |
| Other(e.g. costs of representation, deficits and losses) | |
| Gift up to 2% | 143 |
| Taxable income | 28 973 |
| Income tax rate | 19 |
| Tax | 5 478 |
| Tax discounts | - |
| Payable tax | 5 478 |

15. Leasing

The Company had no leased fixed assets not recorded at balance accounts (see the paragraph 3h).

16. Assets and liabilities not stated in the Balance Sheet

Not applicable.

17 Revenues of the current year

Breakdown of the Company's revenues from operations (in thousands CZK) is as follows.

| | 2019 | | 2020 | |
|-------------------|----------|---------|----------|---------|
| | Domestic | Foreign | Domestic | Foreign |
| Sales of services | 105 710 | | 86 683 | 15 681 |
| Other | 5 402 | | 6 456 | 0 |
| Revenues total | 111 112 | | 93 139 | 15 681 |

18. Personal costs

In 2020 and 2019 respectively, the Company's average workforce and the related personnel costs in CZK 000 amounted to:

| | Total number of employees | 2019 | Total number of employees | 2020 |
|-----------------------------|---------------------------|---|---------------------------|---|
| | | Directors, deputies and heads of organizational units | | Directors, deputies and heads of organizational units |
| Average number of employees | 61 | 4 | 66 | 5 |
| Wages and salaries | 40 957 | | 36 657 | |
| Social security | 13 323 | | 12 305 | |
| Social security expenses | 1 128 | | 1 258 | |
| Personal costs total | 55 408 | | 50 220 | |

19. Information after the date of financial statements

Not applicable.

20 Overview of changes in equity - attached.

15 AUDITOR'S REPORT

AUDITOR'S REPORT

On the verification of the 2020 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

Phone/fax: +420 283 911 136, 608 709 187, e-mail: kavero@kavero.cz

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 31. května 2021


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


Ing. Karel Veselý
auditor
č. osvědčení 1797



Přílohy: Rozvaha k 31.12.2020
Výsledovka od 1.1.2020-31.12.2020
Příloha