



ahrend

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ANNUAL REPORT 2021

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



Report of the Board of Directors on the Activities of the Company in 2021

1

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

In 2021, Ahrend a.s. pursued its activities fully in accordance with its subject of business declared in the Commercial Register.

As was the case the previous year, the European-wide and indeed world-wide economies were severely impacted in 2021 by the Covid-19 pandemic. The start of the intensive vaccination of the population in the Czech Republic started to be reflected in a positive mitigation of the impact of the pandemic and a growing requirement from employers for a return to office work, or the setting of an optimum balance between home working and office working. This for the Company means a gradual unfreezing of client orders and increased business opportunities.

For the Company, 2021 was demanding not just from a sales volume perspective. In contrast to previous years, 2021 also saw pressure with respect to increased costs for raw materials and services. The entire global supply chain was impacted by the continuing restrictions linked to the Covid-19 pandemic, the slowing of trade between Asia and Europe, and complications in logistics along with the significant increase in the price of materials and energy. Finally, these inflationary pressures in the economy resulted in late 2021 in an increase in interest rates in the Czech Republic, which in the final days of the year resulted in a significant strengthening of the Czech Crown against important foreign currencies. For the Company, this had a significant impact on the 2021 results.

The net sales of the company rose by 8.7% from CZK 1 296 million in 2020 to CZK 1 409 million in 2021. The company also managed to increase sales margin from the sale of goods from 17% in 2020 to 19% in 2021. The year-on-year growth in operating costs of 16% was not sufficiently reflected in the selling prices to end users due to a more rapid increase in cost prices than growth in sales prices of the Company. The company worked to adjust its business conditions so that it would be ready to respond more flexibly to significant changes in input prices in the future.

Ahrend a.s. achieved a loss in 2021 (excl. Received dividends) of CZK -37 million, which represents a year-on-year decline of CZK 47 million. In addition to the above-mentioned factors, an exchange-rate loss of CZK 8 million also contributed to the loss in 2021.

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

The financial result of the company after tax for 2021 was CZK -26 million, of which CZK 11 million represents dividends received from subsidiaries.

Management

The supreme management body of Ahrend a.s. is the Board of Directors, which in 2021 had the following composition:

Chairman of the Board

Ing. Jiří Kejval

Vice-chairman of the Board

W.H.L.M.G. Sterken

Member of the Board

Ing. Petr Hampl

On 31 December 2021, Ing. Jiří Kejval resigned from the position of Chairman of the Board of Directors of the Company. As of 1 January 2022, W.H.L.M.G. Sterken was appointed to the position of Chairman of the Board of Directors and his original position as Vice-chairman of the Board of Directors was filled by Rolf Mattias Verspuij. Alžběta Procházková Šimonková was newly appointed a member of the Company's Board of Directors from 1 January 2022.

Sales

Revenue from sales of goods, own products and services in 2021 reached CZK 1 376 million, which represents a 9.8% growth compared to 2020. Sales of own products and services represent 59% of total sales and this share has declined by 1.6 percentage points compared to 2020.

In 2021 the unaudited consolidated sales of the Ahrend Central and Eastern Europe group ("**Ahrend CEE**", i.e. Ahrend a.s. and its 100% owned subsidiaries) reached CZK 2 236 million, which is a 4.4% decline compared to 2020. This drop in sales can largely be attributed to the continuing impact of the Covid-19 pandemic.

For Ahrend CEE, the largest project from a sales perspective was for ERSTE group (renovation of the branch network) with a total volume of CZK 326 million, i.e. almost 15% of total sales by the group. The delivery of showroom interiors for ŠKODA AUTO dealers continued, but with a reduced volume, and deliveries for GrandVision group stores also continued.

Looking at sales from a regional perspective, the Company achieved 47% of sales in the Czech Republic (57% in 2020) and 53% came from exports (43% in 2020), whether from the European markets or markets in Africa, Asia and America. Export sales were to a large extent accounted for by sales through the company's subsidiaries, particularly in Great Britain, Slovakia and Romania.

Investment

In 2021, total investments into tangible and intangible fixed assets stood at CZK 35 million.

In the area of tangible assets, the largest investment was CZK 25 million provided as a down payments for machinery for the new production facility, the construction of which commenced in 2021. A total of CZK 5.6 million was invested into intangible fixed assets, and in particular into a new kernel and new application layer of the IT system.

Ownership structure

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

Subsidiaries

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

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

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

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

Financial results

The operating profit/loss for 2021 is a loss in the amount of CZK -25 million (in 2020 a profit of CZK 9 million was achieved). The main reasons for the operating profit falling into loss are the significant price increases for raw materials, transport costs and energy, as well as continued pressure on margins when selling own products and goods.

The working capital as at 31.12.2021 was lower than the figure for the end of 2020. This drop was primarily the result of a decline in receivables within the group.

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

The detailed financial results of the company for 2021 can be seen in the financial statement, which is an integral part of this Annual Report.

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

Company	Country	Sales	EBIT ^{*)}
Ahrend a.s.	Czech Republic	1 376 290	-22 272
Ahrend Services s.r.o.	Czech Republic	0	-169
Interier Říčany a.s.	Czech Republic	198 321	7 492
Ahrend s.r.o.	Slovakia	162 903	5 279
Ahrend Kft.	Hungary	52 000	511
Ahrend Austria GmbH	Austria	62 865	-4 729
Ahrend s.r.l.	Romania	412 564	9 173
Ahrend d.o.o.	Croatia	26 667	701
Ahrend sp. z o.o.	Poland	46 244	-2 221
Ahrend Ltd	Ukraine	1 751	-626
ROYAL AHREND RUS LLC	Russia	110 034	6 278
TECHO Georgia, Ltd.	Georgia	0	-11
TECHO UK Ltd.	Great Britain	236 835	22 318
TECHO Bulgaria e.o.o.d.	Bulgaria	7 745	-599
Consolidation adjustments		-457 992	1 631
Ahrend CEE consolidated		2 236 227	22 756

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

Financial results of subsidiaries and the consolidation adjustments have not been audited.

Employees and work productivity

The average number of employees of Ahrend a.s. was 196 in 2021, which is a drop of 1 FTE in comparison with 2020.

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

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

Protection of the environment

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

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

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

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

- approves the annual financial statement and financial results of the company for 2021,
- accounts for the loss in the amount of CZK 25.8 million against the unpaid loss of previous years.

Information on acquisition of own shares

The company does not own any of its own shares.

New product development

In 2021, product development work was focussed on the modification of existing products designed in past years.

Information on important events that occurred after 1 January 2022

At the end of February 2022, the continuing political tension between Russia and Ukraine erupted into armed conflict with the Russian invasion of Ukraine. The international reaction to the Russian breach of international law and aggression against Ukraine was to apply a broad range of sanctions and restrict business activity. These factors are deemed non-adjusting subsequent events. The overall impact of the latest developments is reflected in increased volatility in financial and commodity markets, and other consequences for the economy.

After this invasion, the Company decided to suspend its business activities in Russia and Ukraine. Subsequently, the Company decided to wind up its activities on the Russian market and continue doing business in Ukraine. The specific implementation of this plan has not yet been approved as at the date of this annual report. The company expects that it will be able to minimize potential negative impacts during the implementation of this plan in 2022.

Expected future development

The Company on one hand expects to see a continued revival of business opportunities in connection with the lifting of Covid-19 measures. However, on the other hand the Company is exposed to the negative effects of the rise in prices for raw materials, energy and services, associated inflationary pressures and exchange rate fluctuations (CZK to other currencies).

The Company continues to apply measures to mitigate these negative influences on the financial results, both in the area of sales, and in the area of costs and working capital.

The company will continue its efforts to increase labour productivity and the proportion of sales of its own products, manufactured directly in the Czech Republic or in sister factories abroad. The company will continue with the pro-export strategy and expects its markets to grow in 2022.

Prague, 30 June 2021



Alžběta Procházková Šimonková
Member of the Board
Ahrend a.s.



Petr Hampl
Member of the Board
Ahrend a.s.





Attachment No 1

**REPORT
ON RELATIONS
AHREND a.s.**

Pursuant to Section 82
of the Corporations Act
for the 2021
accounting period.



The Board of Directors of Ahrend a.s., with its registered office at U Továren 770/1b, Prague 10, identification number: 49240056, registered in the Commercial Register maintained by the Regional Court in Prague, Section B, File 1952 (in this Report also the “**Company**”), has prepared the following Report on Relations pursuant to Section 82 of Act No. 90/2012 Coll., on Corporations (the “**Corporations Act**”), for the accounting period of the calendar year 2021 (the “**Relevant Period**”).

Structure of relations

1.1 According to the information available to the Board of Directors of the Company acting with due managerial care, for the whole of the Relevant Period, the Company formed a part of a group in which the controlling party is HAL Holding N.V. (the “**Group**”). Information on the entities forming part of the Group is stated as at 31 December 2021, according to the information available to the statutory body of the Company acting with due managerial care. The structure of relations within the Group is illustrated in Annex No. 1.

1.1.1 Controlling Party

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

Role of the Company in the Group

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

Method and means of control

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

Overview of mutual contracts within the Group

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

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

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

Company	Agreement type	Subject
Ahrend s.r.o. (Slovakia)	Management Fees Agreement 2021 Orders for the sale of goods/products Cash pool agreement Order for services	Delivery of R&D, PR, IT/IS, top management services The sale of goods/products Drawing money from a cash pool account Accounting services
Ahrend s.r.l. (Romania)	Management Fees Agreement 2021 Orders for the sale of goods/products	Delivery of R&D, PR, IT/IS, top management services The sale of goods/products
Ahrend Kft. (Hungary)	Management Fees Agreement 2021 Orders for the sale of goods/products Loan agreement	Delivery of R&D, PR, IT/IS, top management services The sale of goods/products Loan
Ahrend d.o.o. (Croatia)	Management Fees Agreement 2021 Orders for the sale of goods/products	Delivery of R&D, PR, IT/IS, top management services The sale of goods/products
Ahrend Austria GmbH (Austria)	Management Fees Agreement 2021 Orders for the sale of goods/products	Delivery of R&D, PR, IT/IS, top management services The sale of goods/products
Ahrend Ltd (Ukraine)	Management Fees Agreement 2021 Orders for the sale of goods/products	Delivery of R&D, PR, IT/IS, top management services The sale of goods/products
TECHO Georgia Ltd. (Georgia)	Orders for the sale of goods/products	The sale of goods/products
Interier Říčany a.s. (Czech Republic)	Orders for services Management Fees Agreement 2021 Agreement on the lease of property, movables Association agreement, Framework and distribution agreement Orders for the sale of goods/products Cash pool agreement	Delivery/mediation of services, Accounting services Delivery of R&D, PR, IT/IS, top management services Lease of premises, lease of a band saw and vehicles Association Ahrend a.s. – IRŘ a.s. The sale of goods/products Drawing money from a cash pool account
Ahrend Services, s.r.o. (Czech Republic)	Order for services Cash pool agreement Orders for the sale of goods/products	Accounting services Drawing money from a cash pool account The sale of goods/products
Ahrend Europe B.V. (Netherlands)	Cash pool agreement	Drawing money from a cash pool account
ROYAL AHREND RUS LLC (Russia)	Management Fees Agreement 2021 Orders for services Orders for the sale of goods/products	Delivery of R&D, PR, IT/IS, top management services Delivery of advisory services in company management, sales, production management The sale of goods/products
Ahrend sp. z o.o. (Poland)	Management Fees Agreement 2021 Orders for the sale of goods/products	Delivery of R&D, PR, IT/IS, top management services The sale of goods/products
TECHO UK Ltd. (Great Britain)	Management Fees Agreement 2021 Orders for services Orders for the sale of goods/products	Delivery of R&D, PR, IT/IS, top management services Accounting services The sale of goods/products
Ahrend International B.V. (Netherlands)	Orders for the sale of goods/products	The sale of goods/products
Ahrend GmbH & Co.KG (Germany)	Orders for the sale of goods/products	The sale of goods/products
Ahrend Prod. bedr.St. Oedenrode B.V. (Netherlands)	Orders for the sale of goods/products	The sale of goods/products
Ahrend NV/SA (France)	Orders for the sale of goods/products	The sale of goods/products
Ahrend France (France)	Orders for the sale of goods/products	The sale of goods/products
Gispen Nederland B.V. (Netherlands)	Orders for the sale of goods/products	The sale of goods/products
Koninklijke Ahrend B.V. (Netherlands)	Management Service Agreement	The provision of management services

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

During the Relevant Period, the Company made the below-mentioned legal acts in the interest, or at the instigation of, the Controlling Party or other parties controlled by the Controlling Party, which would involve assets exceeding in value CZK 43 135 thousand, which represents 10% of the Company's equity reported in the latest Financial Statements as at 31 December 2021.

The sale of products and goods to TECHO UK Ltd.

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

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

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

The drawing of funds (loan) from the cash pool account of Interier Říčany a.s. and Ahrend s.r.o.

Assessment of a detriment and its compensation

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

Evaluation of relations and risks within the Group

7.1 Evaluation of advantages and disadvantages of relations within the Group

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

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

Prague 30 June 2022

On behalf of the Board of Directors of the Company:

Alžběta Procházková Šimonková
Member of the Board
Ahrend a.s.

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

ANNUAL REPORT AHREND a.s. 2021



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INDEPENDENT AUDITOR'S REPORT

English translation

Independent auditor's report

to the shareholder of Ahrend a.s.

Our opinion

In our opinion, the financial statements give a true and fair view of the financial position of Ahrend a.s., with its registered office at U továren 770/1b, Praha 10 (the "Company") as at 31 December 2021, of the Company's financial performance and cash flows for the year ended 31 December 2021 in accordance with Czech accounting legislation.

What we have audited

The Company's financial statements comprise:

- the balance sheet as at 31 December 2021,
- the income statement for the year ended 31 December 2021,
- the statement of changes in equity for the year ended 31 December 2021,
- the statement of cash flows for the year ended 31 December 2021, and
- the notes to the financial statements including significant accounting policies and other explanatory information.

Basis for opinion

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

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

Independence

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

Other information

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

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

Our opinion on the financial statements does not cover the other information. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge about the Company obtained in the audit or otherwise appears to be materially misstated. In addition, we assessed whether the other information has been prepared, in all material respects, in accordance with applicable legal requirements, i.e. whether the other information complies with the legal requirements both in terms of formal requisites and the procedure for preparing the other information in the context of materiality.

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

- the other information describing the facts that are also presented in the financial statements is, in all material respects, consistent with the financial statements; and
- the other information has been prepared in accordance with the applicable legal requirements.

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

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

The board of directors is responsible for the preparation of the financial statements that give true and fair view in accordance with Czech accounting legislation and for such internal control as the board of directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

The supervisory board of the Company is responsible for overseeing the financial reporting process.

Auditor's responsibilities for the audit of the financial statements

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

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

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal controls.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors.
- conclude on the appropriateness of the board of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the notes, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors and supervisory board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

30 June 2022

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

Jiří Koval
Statutory Auditor, Licence No. 1491

Translation note

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





General information

1.1. Introductory information about the company

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

Ahrend a.s. was incorporated on 31 March 1993 at the Municipal Court in Prague, section B, file 1952. Its registered office is at Prague 10, U Továren 770/1b, Czech Republic. The Company’s identification number is 49240056. The main business activity is the production and sale of office furniture including services associated with the comprehensive delivery of commercial interiors.

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

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

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

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

Members of the statutory bodies as at 31 December 2021 and 2020:

Board of Directors	
Chairman:	Ing. Jiří Kejval
Vice-Chairman:	W.H.L.M.G. Sterken
Member:	Petr Hampl

Supervisory Board	
Member:	Rolf Matthias Verspuij

On 31 December 2021, Ing. Jiří Kejval resigned from the position of Chairman of the Board of Directors of the Company. As of 1 January 2022, W.H.L.M.G. Sterken was appointed to the position of Chairman of the Board of Directors and his original position as Vice-chairman of the Board of Directors was filled by Rolf Mattias Verspuij. Alžběta Procházková Šimonková was newly appointed a member of the Company’s Board of Directors with effect from 1 January 2022.

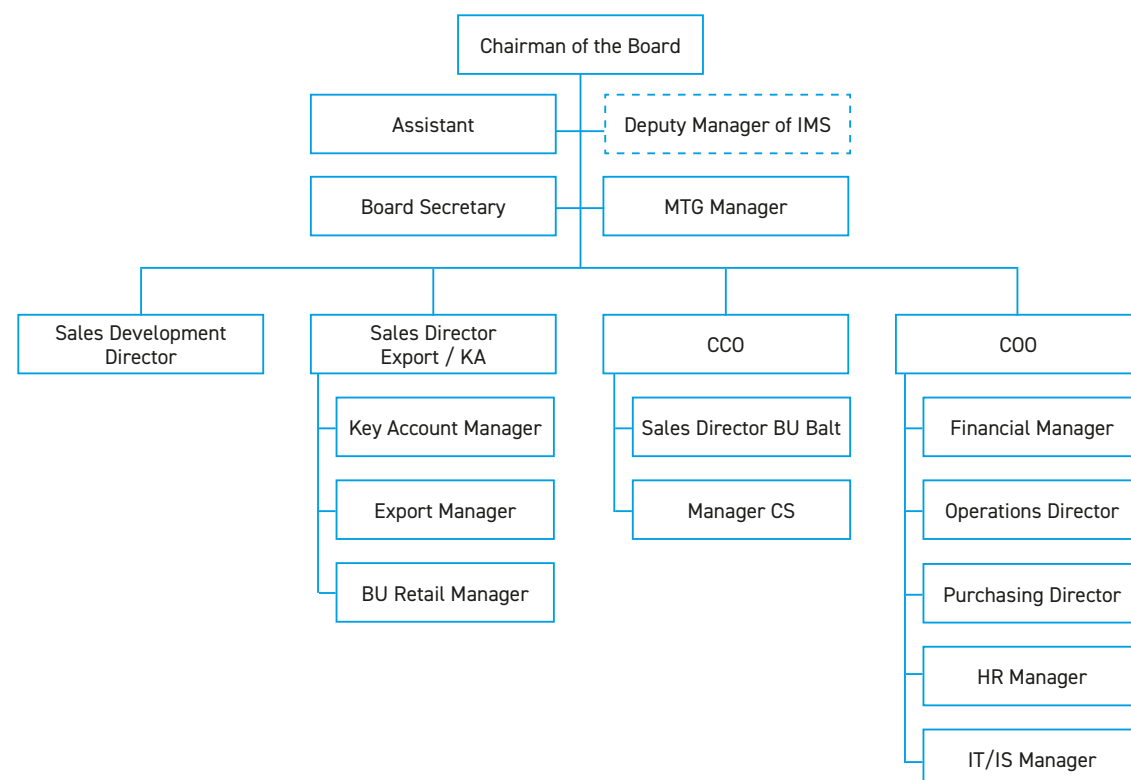
Two members of the Board of Directors must always act together on behalf of the Company.

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

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

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

The Company has the following organisational structure:



In 2021, the Company had to solve problems with deliveries of material from local and foreign suppliers, which were linked to the Covid-19 pandemic. Lead times of suppliers increased dramatically, and during the course of the year there was a significant increase in input prices for goods, raw material and services. For this reason, the Company realised a lower margin on some orders than was achieved in previous years. In 2021 the Company made no use of any government programme or other state support.

Accounting policies

2.1. Principles applied during preparation of the financial statement

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

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

2.2. Intangible and tangible fixed assets

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

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

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

Amortisation is calculated on the basis of the initial cost value and economic useful live of the asset. The estimated useful life is as follows:

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

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

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

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

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

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

2.3. Investments in subsidiaries and investments in associates

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

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

2.4. Cash and cash equivalents

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

Cash equivalents are short-term liquid investments which can be exchanged for a predictable amount of cash and no significant changes of value over time are expected. Cash equivalents are, for example, deposits that can be withdrawn at less than 3 months' notice and liquid debt securities traded on public markets.

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

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

2.5. Inventories

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

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

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

2.6. Receivables

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

2.7. Foreign currency translation

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

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

2.8. Provisions

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

2.9. Related parties

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

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

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

2.10. Leasing

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

2.11. Revenue and cost recognition

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

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

2.12. Deferred tax

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

2.13. Association

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

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

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

2.14. Subsequent events

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

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

Intangible fixed assets (CZK 000)

In connection with the amendment to Act No. 586/1992 Coll. categories of intangible assets were cancelled according to §32a for the purposes of determining tax depreciation of intangible assets. These are now identical to the accounting depreciation of intangible assets. The Company decided not to change the estimated useful life of intangible assets for accounting depreciation and kept the accounting policy for Long-Term Intangible Assets in its original form.

	1. 1. 2021	Additions / reclassification	Disposals	31. 12. 2021
Acquisition price				
Software	38 838	4 877	-216	43 499
Royalties	100	0	0	100
Other intangible fixed assets	2 486	0	0	2 486
Intangible fixed assets in the course of construction	3 251	787	-128	3 910
Total	44 675	5 664	-344	49 995
Accumulated depreciation and provisions				
Software	-31 963	-4 131	216	-35 878
Royalties	-100	0	0	-100
Other intangible fixed assets	-1 105	-369	0	-1 474
Provisions	-128	0	128	0
Total	-33 296	-4 500	344	-37 452
Residual value	11 379			12 543

	1. 1. 2020	Additions / reclassification	Disposals	31. 12. 2020
Acquisition price				
Software	37 039	2 527	-728	38 838
Royalties	100	0	0	100
Other intangible fixed assets	1 450	1 036	0	2 486
Intangible fixed assets in the course of construction	3 124	127	0	3 251
Total	41 713	3 690	-728	44 675
Accumulated depreciation and provisions				
Software	-28 653	-4 038	728	-31 963
Royalties	-100	0	0	-100
Other intangible fixed assets	-948	-157	0	-1 105
Provisions	-128	0	0	-128
Total	-29 829	- 4 195	728	-33 296
Residual value	11 884			11 379

Tangible fixed assets (CZK 000)

In connection with the amendment to Act No. 586/1992 Coll. there was an increase in the threshold amount for the capitalization of tangible assets for tax purposes. The company has decided not to change the accounting limits for capitalization and the accounting policy regarding Tangible Fixed Assets remains unchanged.

	1. 1. 2021	Additions / reclassification	Disposals	31. 12. 2021
Acquisition price				
Land	855	0	0	855
Constructions	12 981	0	0	12 981
Equipment	145 449	2 611	-5 342	142 718
Works of art	147	0	0	147
Acquisition of tangible fixed assets	0	1 496	0	1 496
Advances paid for tangible fixed assets	0	25 011	0	25 011
Total	159 432	29 118	-5 342	183 208
Accumulated depreciation and provisions				
Constructions	-12 981	0	0	-12 981
Equipment	-122 719	-6 426	5 342	-123 803
Provisions	-144	144	0	0
Total	-135 844	-6 282	5 342	-136 784
Residual value	23 588			46 424

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

Long-term investments (CZK 000)

Subsidiaries as at 31 December 2021:

	Equity	Valuation by equity method	Share of capital	2021 net Profit / (loss)	Acquisition cost	Revaluation difference	Dividend income 2021
Ahrend s.r.l. (Romania)	28 184	28 184	100%	4 072	15 114	13 070	11 442
Ahrend s.r.o. (Slovakia)	68 727	68 727	100%	3 168	5 004	63 723	-
Ahrend Kft. (Hungary)	7 193	7 193	100%	189	45 275	-38 082	-
Ahrend d.o.o. (Croatia)	-6 513	-	100%	290	78	-78	-
Ahrend Austria GmbH (Austria)	-19 096	-	100%	-5 111	923	-923	-
TECHO Georgia Ltd. (Georgia)	[A]	-	100%	-12	296	-296	-
Ahrend Ltd (Ukraine)	-1 088	-	100%	-457	243	-243	-
Interier Říčany a.s. (Czech Republic)	83 976	83 976	100%	5 248	60 870	23 106	-
Ahrend Services s.r.o. (Czech Republic)	10 528	10 528	100%	-169	6 421	4 107	-
ROYAL AHREND RUS LLC (Russia)	18 034	18 034	99%	4 205	10 374	7 660	-
Techo s.r.o. (Czech Republic)	[B]	-	100%	0	0	0	-
TECHO UK Ltd. (Great Britain)	74 673	74 673	100%	18 713	19 275	55 398	-
TECHO Bulgaria e.o.o.d. (Bulgaria)	292	292	100%	-665	5	287	-
Ahrend sp. z o.o. (Poland)	-1 322	-	100%	-2 150	169	-169	-
Total		291 607			164 047	127 560	11 442

[A]: value of equity is lower than CZK 1,000 and is CZK 43

[B]: Techo s.r.o. was established and recorded in the Commercial Register on 2 January 2021, and its registered capital is CZK 1

Subsidiaries as at 31 December 2020:

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

Financial information on Ahrend s.r.o. (Slovakia), Ahrend s.r.l. (Romania) and Interier Říčany a.s. was obtained from the audited financial statements as at 31 December 2021 and 31 December 2020. Financial information on TECHO UK Ltd. (Great Britain) was obtained from the audited financial statement as at 31 December 2021. For the previous year this company was not obliged to produce an audited financial statement.

Financial information on other subsidiaries as at 31 December 2021 and 31 December 2020 was obtained from unaudited financial statements prepared as at 31 December 2021 and 31 December 2020.

6

Inventories

The Company created a provision for inventories as at 31 December in the amount of CZK 8 427 thousand (31 December 2020: CZK 11 105 thousand).

7

Receivables

For unpaid receivables deemed doubtful, a provision was created as at 31 December 2021 and 2020 on the basis of an analysis of the collectability of the individual receivables (see point 8).

As at 31 December 2021, overdue trade receivables amounted to CZK 256 516 thousand (31 December 2020: CZK 196 122 thousand).

As at 31 December 2021 the Company's long-term trade receivables relating to retention amounted to CZK 2 630 thousand (31 December 2020: CZK 6 634 thousand) relating to unpaid commercial retentions.

These receivables have a maturity of 2 to 5 years. As at 31 December 2021 and 31 December 2020, the Company had no long-term receivables on its books with a maturity of over 5 years.

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

Receivables are not covered by surety.

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

Advance payments for income tax in the amount of CZK 6 110 thousand paid by the Company as at 31 December 2021 (31 December 2020, CZK 3 533 thousand) were offset against the reserves for income tax in the amount of CZK 0 thousand (31 December 2020, CZK 5 492 thousand) and is recorded in the balance sheet against State – tax receivables or reserves for income tax.

Provisions (CZK 000)

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

Changes in provisions:

Provision to:	Closing balance 1.1.2020	Creation of provision	Release/ usage of provision	Closing balance 31.12.2020	Creation of provision	Release/ usage of provision	Closing Balance 31.12.2021
dlouhodobému majetku	415	0	-143	272	0	-144	128
zásobám	3 356	11 947	-4 198	11 105	0	-2 678	8 427
pohledávkám	33 141	0	-11 900	21 241	11 905	-2 394	30 752

Equity

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

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

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

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

On 30 June 2021, the General Meeting approved the Company's financial statement for 2020 and decided on the distribution of profit for 2020 in the amount of CZK 28 051 thousand.

The Company proposed covering the loss for 2021 in the form of a transfer to Retained profit/loss of previous years.

9

Reserves (CZK 000)

Changes in reserves:

Reserves	Closing balance 1.1.2020	Creation of reserves	Release/ usage of reserves	Closing balance 31.12.2020	Creation of reserves	Release/ usage of reserves	Closing balance 31.12.2021
Warranty repairs and claims	19 382	815	-1 935	18 262	1 409	-7 447	12 224
Bonuses	19 708	10 118	-15 502	14 324	9 858	-12 425	11 757
Untaken holiday	4 066	228	0	4 294	0	-221	4 073
Income tax reserves	0	1 959	0	1 959	0	-1 959	0
Total	43 156	13 120	-17 437	38 839	11 267	-22 052	28 054

Reserves for warranty repairs in 2021 represent, in particular, estimated potential costs for claims and warranty repairs in connection with the projects for ŠKODA AUTO, CRDB bank, and costs for warranty repairs to construction projects PPF, Trianon, Intel and ERSTE branches.

Information on reserves for income tax is given in notes 7 and 17.

10

Liabilities, future liabilities and contingent liabilities

As at 31 December 2021, the Company had trade liabilities overdue by more than 90 days in the amount of CZK 2 444 thousand (31 December 2020: CZK 2 066 thousand).

As at 31 December 2021, long-term liabilities represent unpaid retention in relation to suppliers with a maturity of between 1 and 6 years in the amount of CZK 656 thousand (31 December 2020: CZK 597 thousand). As at 31 December 2021 and 31 December 2020, the Company had no payables with a maturity of over 5 years.

Short-term advances as at 31 December 2021 in the amount of CZK 9 705 thousand (31 December 2020: CZK 7 446 thousand) were received from customers in connection with concluded contracts for work which were not, by the balance sheet date, invoiced or accounted for.

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

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

The Company management is not aware of any contingent guarantees of the Company as at 31 December 2021.

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

Accruals and income collected in advance

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

Revenues (CZK 000)

Revenues from operating activities:

	2021		2020	
	Domestic	Foreign	Domestic	Foreign
Sale of furniture incl. installation – own products	105 823	402 039	147 866	306 456
Sale of construction and other services	307 352	0	298 954	9 424
Sale of goods – other purchased office furniture	217 365	343 711	267 002	223 584
Other operating revenues	21 311	117	16 262	285
Total revenues	651 851	745 867	730 084	539 749

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

Related party transactions (CZK 000)

As at 31 December 2021 and 2020, no member of a statutory or supervisory body nor any senior manager received a loan, a financial guarantee, advances or other benefits, or own any shares in the Company.

Company managers have the use of company cars.

The Company undertook the following transactions with related parties in 2021 and 2020:

	2021	2020
Revenues/sales		
Sale of services and products	413 051	336 062
Sale of goods	193 107	163 270
Interest income	3	37
Dividends received	11 442	18 083
Total	617 603	517 452
Costs/purchases		
Purchase of goods for resale	35 150	34 381
Interest costs	1 179	517
Purchase of services	25 961	22 083
Dividend payment	28 051	25 495
Total	90 341	82 476

In 2021 and 2020 the Company had the following receivables and liabilities with related parties:

	31 December 2021	31 December 2020
Receivables from companies in the consolidation unit		
Of which:		
Trade receivables	258 589	231 172
Receivables – dividends	33 370	24 064
Loans provided	1 243	0
Cash pool	0	156 669
Other receivables	268	330
Total	293 470	412 235
Liabilities		
Liabilities to companies in the consolidation unit		
Of which:		
Trade liabilities	5 377	7 453
Cash pool	192 602	139 991
Total	197 979	147 444

Loans provided to group companies as at 31 December 2021 (CZK 000):

Company	Maturity date	2021	2020
Ahrend Kft. (Hungary)	31. 03. 2022	1 243	0
Total		1 243	0

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

Company	Maturity date	2021	2020
Interier Říčany a.s. (Czech Republic)	Indefinite period	-94 202	-72 073
Ahrend Services s.r.o. (Czech Republic)	Indefinite period	-10 092	-10 263
Ahrend s.r.o. (Slovakia)	Indefinite period	-61 210	-57 655
Ahrend Europe B.V. (Netherlands)	Indefinite period	-27 103	156 669
Techo s.r.o. (Czech Republic)	Indefinite period	5	0

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Audit company fees

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

16

Staff costs (CZK 000)

Staff costs:

	2021		2020	
	Employees	Costs	Employees	Costs
Remuneration of board members	2	16 250	2	14 745
Remuneration of other employees	194	107 684	195	110 025
Health and social security costs	0	38 246	0	37 745
Other social costs	0	3 144	0	2 874
Total staff costs	196	165 324	197	165 389

In 2021 the members of the statutory and supervisory bodies received remuneration in the total amount of CZK 240 thousand (at 31 December 2020: CZK 240 thousand).

17

Income tax (CZK 000)

The tax expense includes:

	2021	2020
Tax payable (19%)	0	5 492
Deferred tax	-231	709
Adjustment of the tax expense of the previous period according to the tax return	-1 999	201
Total tax expense	-2 230	6 402

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

Items of deferred tax	2021		2020	
	Deferred tax asset	Deferred tax Liability	Deferred tax asset	Deferred tax Liability
Differences between accounting and tax net book value of fixed assets		-65		-351
Other temporary differences:				
Provision for receivables	395		220	
Provision for inventories	1 601		2 110	
Provision for fixed assets	24		52	
Reserves	5 330		7 007	
Unclaimed tax loss	1 984		0	
Total	9 334	-65	9 389	-351
The deferred tax asset	9 269		9 038	

The deferred tax was calculated at 19% (tax rate for 2021 and subsequent).

Off balance sheet assets and liabilities

The Company entered into a new lease agreement for commercial premises (production, administrative and storage), where the lease term is set for a definite period, until 31 December 2024. The previous agreement for these premises was terminated as at 31 December 2020. In 2021, the total amount of rent for all leased premises for a definite period was CZK 28 126 thousand (31 December 2020: CZK 22 846 thousand). The total amount of future liabilities not included in the balance sheet, which is based on these contracts as at 31 December 2021 amounts to CZK 90 496 thousand (31 December 2020: CZK 116 959 thousand). Other non-residential premises are leased for an indefinite period. The total amount of rent paid for space leased for an indefinite period amounted in 2021 to CZK 7 026 thousand (31 December 2020: CZK 2 772 thousand).

In 2021, the Company's shareholders approved a major investment into the Company's production capacity. As a result, this investment will represent a move to new premises within the existing site at the company's headquarters and the installation of new automated production lines. In 2021, the company concluded a contract with a leading European manufacturer of machinery, from which most of the machines for the new production premises will be purchased. As of 31 December 2021, the Company paid an advance in the amount of CZK 25 011 thousand in accordance with this contract. The amount of future obligations from this contract not included on the balance sheet is CZK 194 654 thousand.

The Company has concluded agreements on the operative leasing for cars for periods of 3 or 4 years and the lease of warehouse vehicles for a 5-year period. Total lease instalments for the lease of cars and warehouse vehicles in 2021 amounts to CZK 7 189 thousand (2020: CZK 6 142 thousand). The total amount of future liabilities not included on the balance sheet, which arise from these agreements, as at 31 December 2021 CZK 8 614 thousand (31 December 2020: CZK 11 070 thousand).

The Company has also concluded an agreement on the operational lease of computer equipment for periods of 3 or 4 years. The total rental payments for lease of the computer equipment in 2021 amounts to CZK 2 425 thousand (31 December 2020: CZK 2 344 thousand). The total amount of future liabilities not included on the balance sheet, which arise from these agreements, as at 31 December 2021 amounts to CZK 2 702 thousand (31 December 2020: CZK 2 843 thousand).

The Company has no guarantees issued in its favour as at 31 December 2021. Recorded as at 31 December 2020 were guarantees issued in favour of the Company by Československá obchodní banka with a total value of CZK 634 thousand.

18

Subsequent events

At the end of February 2022, the continuing political tension between Russia and Ukraine erupted into armed conflict with the Russian invasion of Ukraine. The international reaction to the Russian breach of international law and aggression against Ukraine was to apply a broad range of sanctions and restrict business activity. These factors are deemed non-adjusting subsequent events. The overall impact of the latest developments is reflected in increased volatility in financial and commodity markets, and other consequences for the economy.

After this invasion, the Company decided to suspend its business activities in Russia and Ukraine. Subsequently, the Company decided to wind up its activities on the Russian market and continue doing business in Ukraine. The specific implementation of this plan has not yet been approved as at the date of this annual report. The company expects that it will be able to minimize potential negative impacts during the implementation of this plan in 2022.

There were no events after the balance sheet date that would have a material impact on the financial statements as at 31 December 2021.

Prague, 30 June 2022

Alžběta Procházková Šimonková
Member of the Board
Ahrend a.s.

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

BALANCE SHEET (in thousand Czech crowns)

Ref.	ASSETS			Row	31. 12. 2021		31. 12. 2020
					Gross	Provision	Net
a	b	c			1	2	3
							4
	TOTAL ASSETS	001			1 236 516	(213 415)	1 023 101
B.	Fixed assets	003			524 810	(174 236)	350 574
B. I.	Intangible fixed assets	004			49 995	(37 452)	12 543
B. I. 2.	Royalties	006			43 599	(35 978)	7 621
B. I. 2. 1.	Software	007			43 499	(35 878)	7 621
B. I. 2. 2.	Other royalties	008			100	(100)	-
B. I. 4.	Other intangible fixed assets	010			2 486	(1 474)	1 012
B. I. 5.	Advances paid and intangible fixed assets in the course of construction	011			3 910	-	3 910
B. I. 5. 2.	Intangible fixed assets in the course of construction	013			3 910	-	3 910
B. II.	Tangible fixed assets	014			183 208	(136 784)	46 424
B. II. 1.	Land and constructions	015			13 836	(12 981)	855
B. II. 1. 1.	Land	016			855	-	855
B. II. 1. 2.	Constructions	017			12 981	(12 981)	-
B. II. 2.	Equipment	018			142 718	(123 803)	18 915
B. II. 4.	Other tangible fixed assets	020			147	-	147
B. II. 4. 3.	Tangible fixed assets - other	023			147	-	147
B. II. 5.	Advances paid and tangible fixed assets in the course of construction	024			26 507	-	26 507
B. II. 5. 1.	Advances paid for tangible fixed assets	025			25 011	-	25 011
B. II. 5. 2.	Tangible fixed assets in the course of construction	026			1 496	-	1 496
B. III.	Long-term investments	027			291 607	-	291 607
B. III. 1.	Investments - subsidiaries and controlling party	028			291 607	-	291 607
C.	Current assets	037			711 706	(39 179)	672 527
C. I.	Inventories	038			213 987	(8 427)	205 560
C. I. 1.	Raw materials	039			81 070	(6 877)	74 193
C. I. 2.	Work in progress and semi-finished products	040			20 199	-	20 199
C. I. 3.	Finished goods and goods for resale	041			107 492	(1 550)	105 942
C. I. 3. 1.	Finished goods	042			42 345	(379)	41 966
C. I. 3. 2.	Goods for resale	043			65 147	(1 171)	63 976
C. I. 5.	Advances paid for inventory	045			5 226	-	5 226
C. II.	Receivables	046			493 656	(30 752)	462 904
C. II. 1.	Long-term receivables	047			11 899	-	11 899
C. II. 1. 1.	Trade receivables	048			2 630	-	2 630
C. II. 1. 4.	Deferred tax asset	051			9 269	-	9 269
C. II. 2.	Short-term receivables	057			480 440	(30 752)	449 688
C. II. 2. 1.	Trade receivables	058			350 587	(30 752)	319 835
C. II. 2. 2.	Receivables - subsidiaries and controlling party	059			34 614	-	34 614
C. II. 2. 4.	Receivables - other	061			95 239	-	95 239
C. II. 2. 4. 3.	Taxes - receivables from the state	064			32 704	-	32 704
C. II. 2. 4. 4.	Short-term advances paid	065			22 394	-	22 394
C. II. 2. 4. 5.	Estimated receivables	066			40 099	-	40 099
C. II. 2. 4. 6.	Other receivables	067			42	-	42
C. II. 3.	Prepayments and accrued income	068			1 317	-	1 317
C. II. 3. 1.	Prepaid expenses	069			1 317	-	1 317
C. IV.	Cash	075			4 063	-	4 063
C. IV. 1.	Cash in hand	076			312	-	312
C. IV. 2.	Cash at bank	077			3 751	-	3 751

Ref.	LIABILITIES AND EQUITY			Row	31. 12. 2021	31. 12. 2020
a	b	c			5	6
	TOTAL LIABILITIES AND EQUITY	082			1 023 101	970 043
A.	Equity	083			394 044	431 347
A. I.	Share capital	084			84 541	84 541
A. I. 1.	Share capital	085			84 541	84 541
A. II.	Share premium and capital contributions	088			128 806	112 222
A. II. 2.	Capital contributions	090			128 806	112 222
A. II. 2. 1.	Other capital contributions	091			1 245	1 245
A. II. 2. 2.	Assets and liabilities revaluation	092			127 561	110 977
A. III.	Reserves from profit	096			20 845	20 845
A. III. 1.	Other reserve funds	097			20 845	20 845
A. IV.	Retained earnings / Accumulated losses	099			185 688	185 688
A. IV. 1.	Retained earnings or (accumulated losses)	100			185 688	185 688
A. V.	Profit / (loss) for the current period	102			(25 836)	28 051
B. + C.	Liabilities	104			629 057	538 696
B.	Provisions	105			28 054	38 839
B. 2.	Income tax provision	107			-	1 959
B. 4.	Other provisions	109			28 054	36 880
C.	Payables	110			601 003	499 857
C. I.	Long-term payables	111			656	597
C. I. 9.	Liabilities - other	122			656	597
C. I. 9. 3.	Other liabilities	125			656	597
C. II.	Short-term payables	126			597 475	478 727
C. II. 3.	Short-term advances received	131			9 705	7 446
C. II. 4.	Trade payables	132			329 973	274 492
C. II. 6.	Liabilities - subsidiaries and controlling party	134			192 602	139 991
C. II. 8.	Liabilities - other	136			65 195	56 798
C. II. 8. 1.	Liabilities to shareholders	137			585	141
C. II. 8. 3.	Liabilities to employees	139			9 699	7 072
C. II. 8. 4.	Liabilities for social security and health insurance	140			3 838	3 610
C. II. 8. 5.	Taxes and state subsidies payable	141			1 664	1 429
C. II. 8. 6.	Estimated payables	142			47 600	44 169
C. II. 8. 7.	Other liabilities	143			1 809	377
C. III.	Accruals and deferred income	144			2 872	20 533
C. III. 1.	Accrued expenses	145			35	156
C. III. 2.	Deferred income	146			2 837	20 377

INCOME STATEMENT (in thousand Czech crowns)

Ref.	TEXT	Row	Accounting period	
a	b	c	2021	2020
I.	Sales of products and services	01	815 214	762 691
II.	Sales of goods	02	561 076	490 587
A.	Cost of sales	03	1 266 371	1 081 939
A. 1.	Cost of goods sold	04	454 475	405 252
A. 2.	Raw materials and consumables used	05	277 438	205 013
A. 3.	Services	06	534 458	471 674
B.	Changes in inventories of finished goods and work in progress	07	(38 263)	(12 815)
C.	Own work capitalised	08	(132)	(436)
D.	Staff costs	09	165 324	165 389
D. 1.	Wages and salaries	10	123 934	124 770
D. 2.	Social security, health insurance and other costs	11	41 390	40 619
D. 2. 1.	Social security and health insurance costs	12	38 246	37 745
D. 2. 2.	Other costs	13	3 144	2 874
E.	Value adjustments in operating activities	14	17 615	8 276
E. 1.	Value adjustments of fixed assets	15	10 782	12 427
E. 1. 1.	Depreciation, amortisation and write off of fixed assets	16	10 926	12 570
E. 1. 2.	Provision for impairment of fixed assets	17	(144)	(143)
E. 2.	Provision for impairment of inventories	18	(2 678)	7 749
E. 3.	Provision for impairment of receivables	19	9 511	(11 900)
III.	Operating income - other	20	21 428	16 555
III. 1.	Sales of fixed assets	21	25	159
III. 2.	Sales of raw materials	22	11 206	4 776
III. 3.	Other operating income	23	10 197	11 620
F.	Operating expenses - other	24	11 606	18 597
F. 1.	Net book value of fixed assets sold	25	-	209
F. 2.	Cost of raw materials sold	26	11 929	5 147
F. 3.	Taxes and charges	27	1 043	981
F. 4.	Operating provisions and complex prepaid expenses	28	(8 826)	(6 276)
F. 5.	Other operating expenses	29	7 460	18 536
*	Operating result	30	(24 803)	8 883
V.	Income from other long-term investments	35	11 442	18 083
V. 1.	Income from other long-term investments - subsidiaries or controlling party	36	11 442	18 083
VI.	Interest and similar income	39	3	37
VI. 1.	Interest and similar income - subsidiaries or controlling party	40	3	37
J.	Interest and similar expenses	43	1 179	517
J. 1.	Interest and similar expenses - subsidiaries or controlling party	44	1 179	517
VII.	Other financial income	46	-	8 374
K.	Other financial expenses	47	13 529	407
*	Financial result	48	(3 263)	25 570
**	Net profit / (loss) before tax	49	(28 066)	34 453
L.	Tax on profit or loss	50	(2 230)	6 402
L. 1.	Tax on profit or loss - current	51	(1 999)	5 693
L. 2.	Tax on profit or loss - deferred	52	(231)	709
**	Net profit / (loss) after tax	53	(25 836)	28 051
***	Net profit / (loss) for the financial period	55	(25 836)	28 051
	Net turnover for the financial period	56	1 409 163	1 296 327

STATEMENT OF CASH FLOWS (in thousand Czech crowns)

Ref.	TEXT	Accounting period	
a	b	2021	2020
	Cash flows from operating activities		
	Net profit /(loss) before tax	(28 066)	34 453
A. 1.	Adjustments for non-cash movements:	(1 502)	(15 553)
A. 1. 1.	Depreciation and amortisation of fixed assets	10 926	12 570
A. 1. 2.	Change in provisions and provisions for impairment	(2 137)	(10 570)
A. 1. 3.	(Profit)/loss from sales of fixed assets	(25)	50
A. 1. 4.	Dividend income	(11 442)	(18 083)
A. 1. 5.	Net interest expense/(income)	1 176	480
A *	Net cash flow from operating activities before tax and changes in working capital	(29 568)	18 900
A. 2.	Non-cash working capital changes:	(108 337)	74 510
A. 2. 1.	Change in receivables and prepayments	(71 235)	56 723
A. 2. 2.	Change in payables and accruals	49 932	5 010
A. 2. 3.	Change in inventories	(87 034)	12 777
A **	Net cash flow from operating activities before tax	(137 905)	93 410
A. 3.	Interest paid	(1 179)	(517)
A. 4.	Interest received	3	37
A. 5.	Income tax paid	(6 070)	309
A. 6.	Dividends received	2 136	557
A ***	Net cash flow from operating activities	(143 015)	93 796
B. 1.	Acquisition of fixed assets	(34 782)	(8 624)
B. 2.	Proceeds from sale of fixed assets	25	159
B. 3.	Loans and borrowings to related parties	155 425	(136 321)
B ***	Net cash flow from investing activities	120 668	(144 786)
C. 1.	Change in long- and short-term liabilities from financing activities	51 214	79 391
C. 2.	Changes in equity:	(28 051)	(25 495)
C. 2. 6.	Dividends paid	(28 051)	(25 495)
C. ***	Net cash flow from financing activities	23 163	53 896
	Net increase/(decrease) in cash and cash equivalents	816	2 906
	Cash and cash equivalents at the beginning of the year	3 247	341
	Cash and cash equivalents at the end of the year	4 063	3 247

STATEMENT OF CHANGES IN EQUITY (in thousand Czech crowns)

	Share capital	Other capital contributions	Assets and liabilities revaluation	Other reserve funds	Retained earnings or (accumulated losses)	Total
As at 1 January 2020	84 541	1 245	106 345	20 845	211 183	424 159
Fair value gains/(losses)						
-investments in subsidiaries and associates	-	-	4 632	-	-	4 632
Dividends paid	-	-	-	-	(25 495)	(25 495)
Net profit/(loss) for the current period	-	-	-	-	28 051	28 051
As at 31 December 2020	84 541	1 245	110 977	20 845	213 739	431 347
Fair value gains/(losses)						
Share premium						
-investments in subsidiaries and associates	-	-	16 584	-	-	16 584
Dividends paid	-	-	-	-	(28 051)	(28 051)
Net profit/(loss) for the current period	-	-	-	-	(25 836)	(25 836)
As at 31 December 2021	84 541	1 245	127 561	20 845	159 852	394 044



