



ahrend

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ANNUAL REPORT 2022

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 2022

1

In 2022, Ahrend a.s. pursued its activities fully in accordance with its subject of business declared in the Commercial Register.

In comparison with previous years, the European and global economies were, in 2022, subject to a reduced negative impact from the Covid-19 pandemic. The increasing pressure from employers for employees to return to the office, or finding an optimal balance between working from home and from the office, has somewhat revived the branch of business that the Company is active in. For the Company, this trend is reflected in increased business activity and a growth in orders from customers.

A major external influence that impacted the Company in 2022, and the global economy in general, was Russia's military invasion of Ukraine. In response to the Russian breach of international law and aggression against Ukraine, the international community imposed wide-ranging sanctions and restrictions on business relations. Among other negative impacts for the global economy, this resulted in increased volatility on financial and commodity markets. Specific impacts for the Company included negative currency exchange fluctuations in relation to the Czech crown and a significant increase in energy costs.

In this year too, there was significant inflationary pressure on the price of input materials, services as well as energy. The global supply chain was influenced by the fading echoes of the Covid-19 pandemic, and then by the invasion that Russia launched into Ukraine. These factors had an impact on slowing commercial exchanges between Asia and Europe, instability in the price of input materials, and extreme energy price inflation. Finally, these inflationary pressures in the economy resulted, at the end of 2021, in an increase in the base rate interest in the Czech Republic. This had a knock-on effect of strengthening the Czech crown significantly against major currencies at the end of 2021, start of 2022. This was a major factor in the Company's financial result for 2022.

The net sales of the Company rose by 10.2% from CZK 1 409 million in 2021 to CZK 1 553 million in 2022. Although the Company managed year-on-year to reduce or maintain at the same level the main categories of operating costs (in particular, services and personnel costs), and the margin on the sale of goods in 2022 was maintained at a good level, the operating profit was impacted by accounting operations, and in particular the creation of provisions and a write-off of receivables due from the subsidiary in Russia caused by the decision to pull-out of Russia following its invasion of Ukraine. Despite this, the Company managed to reduce its operating loss from CZK -25 million in 2021 to CZK -17 million in 2022.

Ahrend a.s. achieved a loss in 2022 (excl. Received dividends) of CZK -39 million, which represents a year-on-year decline of CZK 1 million. An exchange-rate loss of CZK -18.6 million (in 2021 this was CZK 13.1 million) contributed significantly to the overall loss of the company.

Management

The supreme management body of Ahrend a.s. is the Board of Directors, which in 2022 had the following composition:

Chairman of the Board

W.H.L.M.G. Sterken

Vice-chairman of the Board

Rolf Matthias Verspuij

Members of the Board

Alžběta Procházková Šimonková
Petr Hampl

Sales

Revenue from sales of goods, own products and services in 2022 reached CZK 1 524 million, which represents a 10.7% growth compared to 2021. Sales of own products and services represent 55% of total sales and this share has dropped 4.2 percentage points compared to 2021.

In 2022, 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 2 606 million, which is a growth of 24.5% compared to 2021. This growth was primarily caused by a revival in most of the markets in which Ahrend CEE is active, and in particular Romania, after the slowdown in 2021 caused by the international Covid-19 pandemic.

The largest portion of revenue in 2022 was generated from projects for Key Accounts, both in the local market and abroad. The largest customers were the ERSTE group (Česká spořitelna), Volkswagen Group, Grand Vision and ŠKODA AUTO.

The financial result of the company after tax for 2022 was CZK -32 million, of which CZK 7 million represents dividends received from subsidiaries.

In 2022, investment into tangible and intangible fixed assets stood at almost CZK 85 million, whilst investment in 2021 stood at CZK 35 million. A significant portion (CZK 60 million) comprises advance payments for machinery as part of the WoodHub project, which commenced its construction phase in 2021. The completed and fully operational WoodHub is planned for the second half of 2023. This project represents the largest investment in the Company's history. The aims of the project include increasing product quality, flexibility and production productivity, and creating sufficient capacity for the entire Royal Ahrend group. The project represents an important milestone in the full integration of production operations in the Czech Republic into the Royal Ahrend group supply chain. The company also expects to achieve synergies that will lead to significant savings across the group. The Company will continue to work on achieving synergies in the coming years.

The company has an environmental management system certified in accordance with ČSN EN ISO 14001:2016, a quality management system compliant with ČSN EN ISO 9001:2016 and also a health and safety at work system in accordance with the requirements of ČSN ISO 45001:2018. The supervisory audits in 2022 confirmed their correct application.

Investment

In 2022, total investments into tangible and intangible fixed assets stood at CZK 85 million.

In the area of tangible assets, a significant amount (CZK 60 million) represented the provision of down payments for machinery for the new production facility, an investment that began in 2021 and continued during 2022. Almost CZK 13 million was invested into intangible fixed assets, primarily into a new kernel and new application layer of the IT system related to the WoodHub project.

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

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), 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 99% in the company 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.

In July 2022, the 100% subsidiary TECHO Georgia Ltd. (Georgia) was wound up and closed; in recent years it had only reported a minimal amount of sales activity.

Financial results

The operating profit/loss for 2022 is a loss in the amount of CZK -17 million (in 2021 a loss of CZK -25 million was achieved), which represents a year-on-year improvement in the operating profit. Among the main reasons for the operating loss are the higher costs for energy, and also accounting operations, such as the creation of provisions and a write-off of receivables relating to the branch in Russia, caused by the termination of its activity due to the Russian invasion of Ukraine.

The working capital as at 31 December 2022 was lower than the figure for the end of 2021. This drop was

primarily the result of an increase in payables within the group. This was largely connected to the continuing WoodHub investment project.

Ahrend a.s. is connected to the cash pool of its parent group, Royal 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 2022 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 ^[2]
Ahrend a.s.	Czech Republic	1 523 677	-7 317
Ahrend Services s.r.o.	Czech Republic	0	-117
Interier Říčany a.s.	Czech Republic	248 449	11 536
Ahrend s.r.o.	Slovakia	145 226	5 981
Ahrend Kft.	Hungary	96 179	5 140
Ahrend Austria GmbH	Austria	37 130	-10 043
Ahrend s.r.l.	Romania	760 821	37 460
Ahrend d.o.o.	Croatia	40 812	-9 829
Ahrend sp. z o.o.	Poland	62 245	107
Ahrend Ltd	Ukraine	1 783	-1 552
ROYAL AHREND RUS LLC	Russia	48 619	-2 685
TECHO Bulgaria e.o.o.d.	Bulgaria	3 976	-332
Consolidation adjustments		-363 083	-280
Ahrend CEE consolidated		2 605 834	28 069

[1] the internal management concept does not include the 100% subsidiary, TECHNO UK, based in Great Britain

[2] 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 191 in 2022, which is a drop of 5 FTE in comparison with 2021.

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 FSC and PEFC certification on C-o-C (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
- the loss in the amount of CZK 31.6 million should be accounted 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 2022, product development work was focussed on the modification of existing products designed in past years, and also on development of desks in the new TECHNO Fount range, which are characterised by time-less design, flexibility, and fulfilment of the strict requirements for quality and environmental protection.

Information on important events that occurred after 1 January 2023

After the balance sheet date, no events took place that could have a significant impact on the Financial Statement of 31 December 2022.

Expected future development

Due to the significant proportion of exports, the Company anticipates continued negative effects from fluctuations in the crown exchange rate against key foreign currencies, which have a major impact on the Company's economic result. Inflationary pressures in the economy can also negatively affect the economy.

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. Great expectations are attached to the completion of the WoodHub investment project, which should be completed and launched in the second half of 2023 and which should contribute significantly to increasing the efficiency and flexibility of production. The company will continue with the pro-export strategy and expects its markets to grow in 2023.

Prague, 30 June 2023

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

Ing. 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 accounting period
of the calendar year 2022

LOCKERS 127-156



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 2022 (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 2022, 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 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 2022 Orders for the sale of goods/products Cash pool agreement Order for services	Delivery of R&D, PR, IT/IS, senior management services The sale of goods/products Drawing money from a cash pool account Accounting services
Ahrend s.r.l. (Romania)	Management Fees Agreement 2022 Orders for the sale of goods/product	Delivery of R&D, PR, IT/IS, senior management services The sale of goods/products
Ahrend Kft. (Hungary)	Management Fees Agreement 2022 Orders for the sale of goods/product	Delivery of R&D, PR, IT/IS, senior management services The sale of goods/products
Ahrend d.o.o. (Croatia)	Management Fees Agreement 2022 Orders for the sale of goods/product	Delivery of R&D, PR, IT/IS, senior management services The sale of goods/products
Ahrend Austria GmbH (Austria)	Management Fees Agreement 2022 Orders for the sale of goods/product	Delivery of R&D, PR, IT/IS, senior management services The sale of goods/products
Ahrend Ltd (Ukraine)	Management Fees Agreement 2022 Orders for the sale of goods/product	Delivery of R&D, PR, IT/IS, senior management services The sale of goods/products
Interier Říčany a.s. (Czech Republic)	Orders for services Management Fees Agreement 2022 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, senior 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 2022 Orders for services Orders for the sale of goods/products	Delivery of R&D, PR, IT/IS, senior 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 2022 Orders for the sale of goods/products	Delivery of R&D, PR, IT/IS, senior management services The sale of goods/products
TECHO UK Ltd. (Great Britain)	Management Fees Agreement 2022 Orders for services Orders for the sale of goods/products	Delivery of R&D, PR, IT/IS, senior 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
Presikhaaf Schoolmeubelen 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 39 404 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 Interier Říčany a.s.

The sale of products and goods to TECHO UK Ltd.

The sale of products and goods to Ahrend Productiebedrijf St. Oedenrode B.V.

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

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 arise to the Company from the relations within the Group.

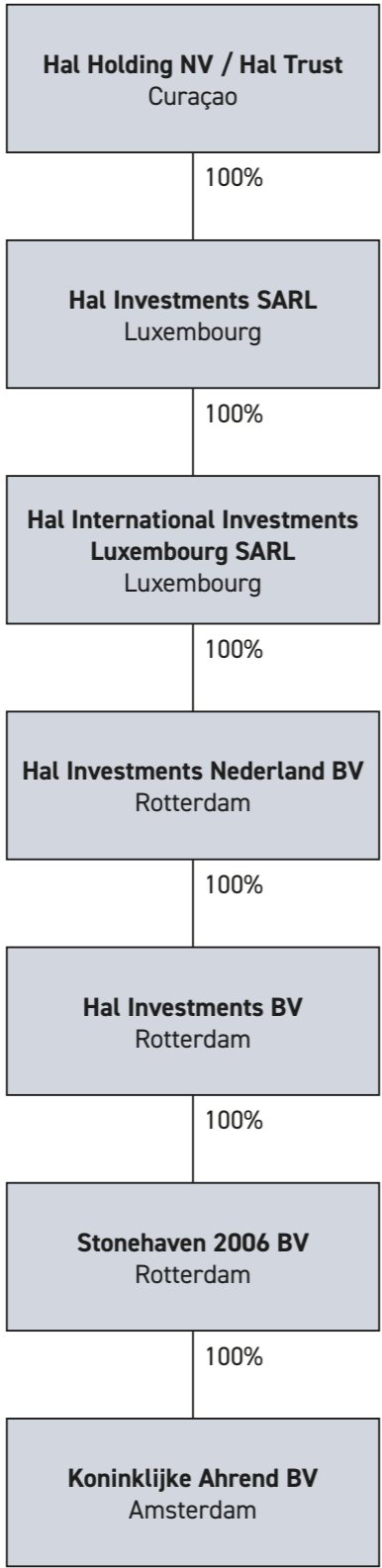
Prague 31 March 2023

On behalf of the Board of Directors of the Company:

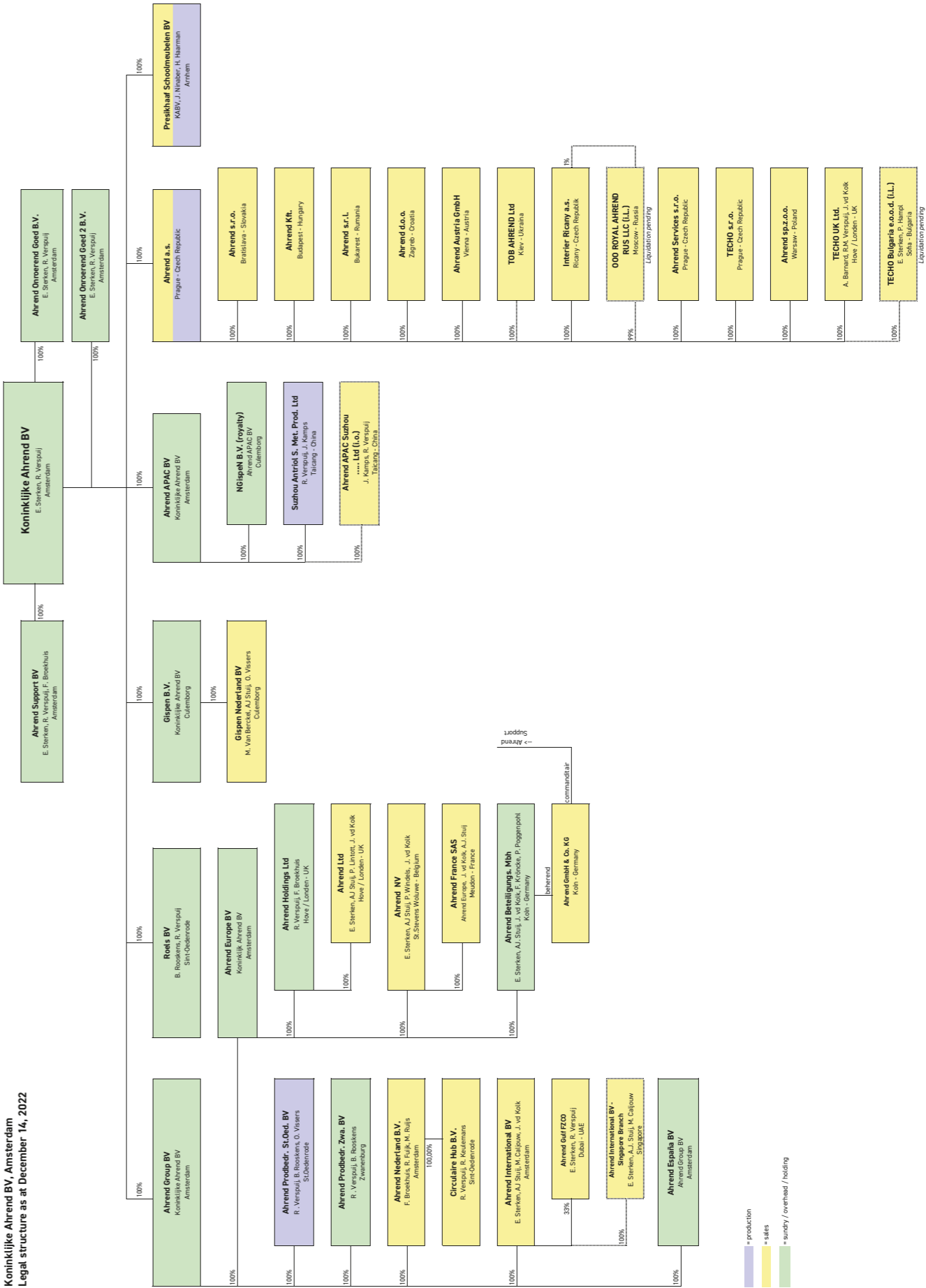
Alžběta Procházková Šimonková
Member of the Board
Ahrend a.s.

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

Attachment No 1: Structure of relations within the Group



Attachment No 2 Legal structure Royal Ahrend (as at January 1, 2022)



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 2022, and of the Company's financial performance and cash flows for the year ended 31 December 2022 in accordance with Czech accounting legislation.

What we have audited

The Company's financial statements comprise:

- the balance sheet as at 31 December 2022,
- the income statement for the year ended 31 December 2022,
- the statement of changes in equity for the year ended 31 December 2022,
- the statement of cash flows for the year ended 31 December 2022, 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 the 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 our auditor's report thereon.

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

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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.

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 a 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 control.
- Obtain an understanding of internal control 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 control.
- 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 disclosures, 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.

7 July 2023

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.



FINANCIAL STATEMENT AS AT 31 DECEMBER 2022



Centrum pohybové medicíny | Czech Republic

General information

1.1. Introductory information about the company

Ahrend a.s. (the “Company”) 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, Laarderhoo-gtweg 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”, 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.

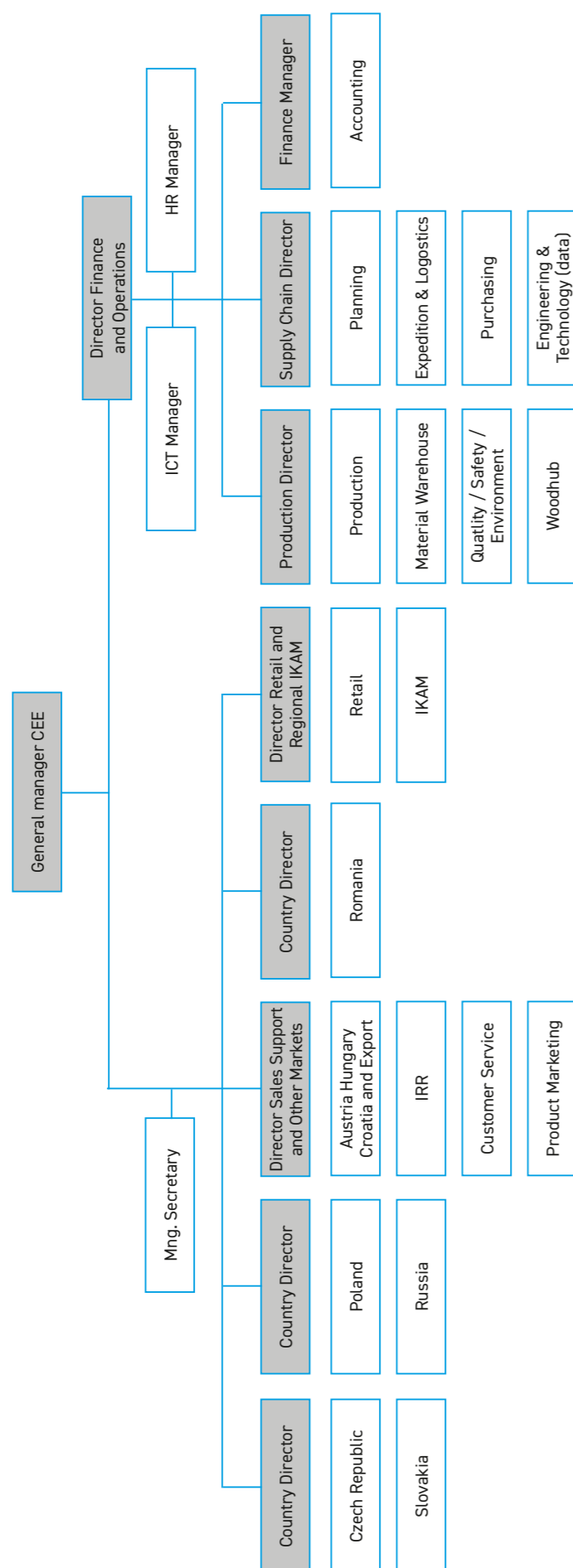
Members of the statutory bodies as at 31 December 2022 and 2021:

Statutární orgán (Představenstvo)	2021	2022
Chairman:	Ing. Jiří Kejval	W.H.L.M.G. Sterken
Vice-Chairman:	W.H.L.M.G. Sterken	Rolf Matthias Verspuij
Members:	Petr Hampl	Petr Hampl Alžběta Procházková Šimonková

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.

The Company has the following organisation structure:



1.2. Current economic situation

The current economic situation is affected primarily by the war in Ukraine, which started on 24 January 2022, including the associated sanctions against Russia, supply chain disruption, energy crisis, uncertainty in the commodity and financial markets, and last but not least, a negative trend in the development of macroeconomic indicators having an impact on business, such as the inflation rate, interest rates, exchange rate fluctuations etc.

The Company's management evaluated the impact of the current economic situation on its business with the following conclusion: even in 2022, the Company had to deal with problems with material supplies from domestic and foreign suppliers in connection with the current economic situation. The lead times from suppliers were extended significantly, and during the year there was a significant increase in the input prices of goods, materials and services. For these reasons, the Company achieved lower margins on some orders compared to previous years. The company did not receive support from any government program or other support from the state during 2022.

At the end of February 2022, the continuing political tension between Russia and Ukraine escalated into conflict with Russia launching a military invasion of Ukraine. The response of the international community to the Russian breach of international law and aggression against Ukraine was the imposition of extensive sanctions and limitation of business activity.

After this invasion the Company decided to cease its business activity in Russia and Ukraine. Subsequently the Company decided to wind down its business activity in the Russian market, and continue business in Ukraine. The actual implementation of this plan has not yet been approved as of the date of this annual report. The company expects that it will be able to minimise potential negative impacts during the implementation of this plan in 2023.

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.

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 life of the asset.

Amortisation is calculated on the basis of the initial cost value and economic useful life 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. A provision 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 a provision 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

In 2022, 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;
 - 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. 2022	Additions / reclassification	Disposals	31. 12. 2022
Acquisition price				
Software	43 499	4 428	-800	47 127
Royalties	100	0	0	100
Other intangible fixed assets	2 486	0	-70	2 416
Intangible fixed assets in the course of construction	3 910	8 146	-4 428	7 628
Total	49 995	12 574	-5 298	57 271
Accumulated depreciation and provisions				
Software	-35 878	-5136	800	-40 214
Royalties	-100	0	0	-100
Other intangible fixed assets	-1 474	-316	70	-1 720
Provisions	0	0	0	0
Total	-37 452	-5 452	870	-42 034
Residual value	12 543			15 237

	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

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. 2022	Additions / reclassification	Disposals	31. 12. 2022
Acquisition price				
Land	855	0	0	855
Constructions	12 981	0	0	12 981
Equipment	142 718	5 579	-44	148 253
Works of art	147	0	0	147
Acquisition of tangible fixed assets	1 496	6 699	-5 579	2 616
Advances paid for tangible fixed assets	25 011	60 307	-2 918	82 400
Total	183 208	72 585	-8 541	247 252
Accumulated depreciation and provisions				
Constructions	-12 981	0	0	-12 981
Equipment	-123 803	-6 480	44	-130 239
Total	-136 784	-6 480	44	-143 220
Residual value	46 424			104 032

	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

Long-term investments (CZK 000)

Subsidiaries as at 31 December 2022:

	Equity	Valuation by equity method	Share of capital	2022 net Profit /(loss)	Acquisition cost	Revaluation difference	Dividend income 2022
Ahrend s.r.l. (Romania)	50 868	50 868	100%	27 477	15 114	35 754	3 996
Ahrend s.r.o. (Slovakia)	66 600	66 600	100%	3 006	5 004	61 596	3 104
Ahrend Kft. (Hungary)	10 015	10 015	100%	3 590	45 275	-35 260	-
Ahrend d.o.o. (Croatia)	-15 712	-	100%	-9 409	78	-78	-
Ahrend Austria GmbH (Austria)	-28 305	-	100%	-9 781	923	-923	-
TECHO Georgia Ltd. (Georgia)	[A]	-	100%	-	296	-296	-
Ahrend Ltd (Ukraine)	-2 038	-	100%	-1 204	243	-243	-
Interier Říčany a.s. (Czech Republic)	92 869	92 869	100%	8 893	60 870	31 999	-
Ahrend Services s.r.o. (Czech Republic)	10 424	10 424	100%	-104	6 421	4 003	-
ROYAL AHREND RUS LLC (Russia)	[B]	-	99%	-15 598	10 374	-10 374	-
Techo s.r.o. (Czech Republic)	-20	-	100%	-13	0	0	-
TECHO UK Ltd. (Great Britain)	87 497	87 497	100%	18 844	19 275	68 222	-
TECHO Bulgaria e.o.o.d. (Bulgaria)	-31	-	100%	-314	5	-5	-
Ahrend sp. z o.o. (Poland)	-1 295	-	100%	-36	169	-169	-
Total		318 273			164 047	154 226	7 100

[A]: TECHO Georgia Ltd. has been terminated and was removed from the Commercial Register on 4 July 2022

[B]: ROYAL AHREND RUS LLC – equity value is 0, due to the planned termination of this business in 2023

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 UK Ltd. (Velká Británie)	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

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 2022 and 31 December 2021. Financial information on TECHO UK Ltd. (Great Britain) was obtained from the audited financial statement as at 31 December 2022. For the previous year this company was not obliged to produce an audited financial statement.

Financial information on other subsidiaries as at 31 December 2022 and 31 December 2021 was obtained from unaudited financial statements prepared as at 31 December 2022 and 31 December 2021.

6

Inventories

The Company created a provision for inventories as at 31 December 2022 in the amount of CZK 6 197 thousand (31 December 2021: CZK 8 427 thousand).

7

Receivables

For unpaid receivables deemed doubtful, a provision was created as at 31 December 2022 and 31 December 2021 on the basis of an analysis of the collectability of the individual receivables (see point 8).

As at 31 December 2022, overdue trade receivables amounted to CZK 289 754 thousand (31 December 2021: CZK 256 516 thousand).

As at 31 December 2022 the Company's long-term trade receivables relating to retention amounted to CZK 1 189 thousand (31 December 2021: CZK 2 630 thousand).

These receivables have a maturity of 2 to 5 years. As at 31 December 2022 and 31 December 2021 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 7 857 thousand paid by the Company as at 31 December 2022 (31 December 2021 CZK 6 110 thousand) were offset against the reserves for income tax in the amount of CZK 0 thousand (31 December 2021 CZK 0) and is recorded in the balance sheet against State – tax receivables or reserves for income tax.

8

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 1.1.2021	Creation of provision	Release/ usage of provision	Closing balance 31.12.2021	Creation of provision	Release/ usage of provision	Closing balance 31.12.2022
fixed assets	272	0	-144	128	0	0	128
inventories	11 105	0	-2 678	8 427	0	-2 230	6 197
receivables	21 241	11 905	-2 394	30 752	30 907	-3 504	58 155

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 2022, the General Meeting approved the Company's financial statement for 2021.

The Company proposed covering the loss for 2022 in the form of a transfer to Retained profit/loss of previous years.

9

Reserves (CZK 000)

Changes in reserves:

Reserves	Closing balance 1.1.2021	Creation of reserves	Release/ usage of reserves	Closing balance 31.12.2021	Creation of reserves	Release/ usage of reserves	Closing balance 31.12.2022
Warranty repairs and claims	18 262	1 409	-7 447	12 224	2 054	-2 121	12 157
Bonuses	14 324	9 858	-12 425	11 757	12 792	-9 192	15 357
Untaken holiday	4 294	0	-221	4 073	522	0	4 595
Income tax reserves	1 959	0	-1 959	0	0	0	0
Total	38 839	11 267	-22 052	28 054	15 368	-11 313	32 109

Reserves for warranty repairs in 2022 represent, in particular, estimated potential costs for claims and warranty repairs in connection with the projects for CRDB bank, and costs for warranty repairs to construction projects ČNB 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 2022 the Company had trade liabilities overdue by more than 90 days in the amount of CZK 10 483 thousand (31 December 2021: CZK 2 444 thousand).

As at 31 December 2022 long-term liabilities represent unpaid retention in relation to suppliers with a maturity of between 1 and 5 years in the amount of CZK 733 thousand (31 December 2021: CZK 656 thousand). As at 31 December 2022 and 31 December 2021, the Company had no payables with a maturity of over 5 years.

Short-term advances as at 31 December 2022 in the amount of CZK 9 005 thousand (31 December 2021: CZK 9 705 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 2022.

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:

	2022		2021	
	Domestic	Foreign	Domestic	Foreign
Sale of furniture incl. installation – own products	193 590	393 254	105 823	402 039
Sale of construction and other services	251 188	0	307 352	0
Sale of goods – other purchased office furniture	282 751	402 894	217 365	343 711
Other operating revenues	22 349	65	21 311	117
Total revenues	749 878	796 213	651 851	745 867

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 2022 and 2021 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 2022 and 2021:

	2022	2021
Revenues/sales		
Sale of services and products	416 183	413 051
Sale of goods	258 924	193 107
Interest income	4	3
Dividends received	7 100	11 442
Total	682 211	617 603
Costs/purchases		
Purchase of goods for resale	55 373	35 150
Interest costs	3 414	1 179
Purchase of services	14 242	25 961
Dividend payment	0	28 051
Total	73 029	90 341

In 2022 and 2021 the Company had the following receivables and liabilities with related parties:

	31 December 2022	31 December 2021
Receivables from companies in the consolidation unit		
Of which:		
Trade receivables	275 197	258 589
Receivables – dividends	15 051	33 370
Loans provided	0	1 243
Other receivables	291	268
Total	290 539	293 470
Liabilities		
Liabilities to companies in the consolidation unit		
Of which:		
Trade liabilities	15 241	5 377
Cash pool	331 231	192 602
Total	346 472	197 979

Loans provided to group companies as at 31 December 2022 (CZK 000):

Company	Maturity date	2022	2021
Ahrend Kft. (Hungary)	31.03.2022	0	1 243
Total			1 243

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

Company	Maturity date	2022	2021
Interier Říčany a.s. (Czech Republic)	Indefinite period	-101 116	-94 202
Ahrend Services s.r.o. (Czech Republic)	Indefinite period	-10 288	-10 092
Ahrend s.r.o. (Slovakia)	Indefinite period	-47 044	-61 210
Ahrend Europe B.V. (Netherlands)	Indefinite period	-172 801	-27 103
Techo s.r.o. (Czech Republic)	Indefinite period	18	5

Liabilities from the "Cash pool" financing bear interest quarterly at the 3M EURIBOR rate, and the maturity and framework are not set.

15

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:

	2022		2021	
	Employees	Costs	Employees	Costs
Remuneration of board members	2	8 548	2	16 250
Remuneration of other employees	189	112 819	194	107 684
Health and social security costs	0	39 396	0	38 246
Other social costs	0	2 483	0	3 144
Total staff costs	191	163 246	196	165 324

In 2022 the members of the statutory and supervisory bodies received remuneration in the total amount of CZK 0 thousand (31 December 2021: CZK 240 thousand).

17

Income tax (CZK 000)

The tax expense includes:

	2022	2021
Tax payable (19 %)	0	0
Deferred tax	-1 068	-231
Adjustment of the tax expense of the previous period according to the tax return	0	-1 999
Total tax expense	-1 068	-2 230

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

Items of deferred tax	2022		2021	
	Deferred tax asset	Deferred tax Liability	Deferred tax asset	Deferred tax Liability
Differences between accounting and tax net book value of fixed assets		-213		-65
Other temporary differences:				
Provision for receivables	682		395	
Provision for inventories	1 177		1 601	
Provision for fixed assets	24		24	
Reserves	6 101		5 330	
Unclaimed tax loss	2 566		1 984	
Total	10 550	-213	9 334	-65
The deferred tax asset	10 337		9 269	

The Company records a tax loss of CZK 35 512 thousand, that can be deferred until 2026.

The deferred tax was calculated at the rate of 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.

In 2022, the Company concluded two new lease agreements as part of the project "Modernisation of the HOSTIVAŘ, a.s. site" connected with new production equipment. Both agreements have been signed for a definite period – the first runs from 1 January 2023 to 31 December 2032, the second runs from 1 January 2023 to 31 August 2038.

In 2022, the total rent paid for all space leased for a definite period stood at CZK 28 992 thousand (31 December 2021: CZK 28 126 thousand). The total amount of future obligations not included in the balance sheet, which is based on these contracts as at 31 December 2022, amounts to CZK 378,900 thousand (31 December 2021: CZK 90,496 thousand). Other commercial premises are leased for an indefinite period, the total amount of rent in 2022 was CZK 7,528 thousand (31 December 2021: CZK 7,026 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 at 31 December 2022, the Company had made advance payments in the amount of CZK 82 400 thousand (31 December 2022: CZK 57 389 thousand, 31 December 2021: CZK 25 011 thousand). The amount of future obligations from this contract not included on the balance sheet is CZK 130 158 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 2022 amounts to CZK 6 844 thousand (2021: CZK 7 189 thousand). The total amount of future liabilities not included on the balance sheet, which arise from these agreements at 31 December 2022 stands at CZK 8 190 thousand (31 December 2021: CZK 8 614 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 2022 amounts to CZK 2 519 thousand (31 December 2021: CZK 2 425 thousand). The total amount of future liabilities not

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included on the balance sheet, which arise from these agreements, as at 31 December 2022 amounts to CZK 3 065 thousand (31 December 2021: CZK 2 702 thousand).

The Company has no guarantees issued in its favour as at 31 December 2022.

Subsequent events

There were no events after the balance sheet date that would have a material impact on the financial statements as at 31 December 2022.

Prague, 30 June 2023

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. 2022		31. 12. 2021	
			Gross	Provision	Net	Net
a	b	c	1	2	3	4
	TOTAL ASSETS	001	1 336 254	(249 606)	1 086 648	1 023 101
B.	Fixed assets	003	622 797	(185 254)	437 543	350 574
B. I.	Intangible fixed assets	004	57 271	(42 034)	15 237	12 543
B. I. 2.	Royalties	006	47 227	(40 314)	6 913	7 621
B. I. 2. 1.	Software	007	47 127	(40 214)	6 913	7 621
B. I. 2. 2.	Other royalties	008	100	(100)	0	0
B. I. 4.	Other intangible fixed assets	010	2 416	(1 720)	696	1 012
B. I. 5.	Advances paid and intangible fixed assets in the course of construction	011	7 628	0	7 628	3 910
B. I. 5. 2.	Intangible fixed assets in the course of construction	013	7 628	0	7 628	3 910
B. II.	Tangible fixed assets	014	247 252	(143 220)	104 032	46 424
B. II. 1.	Land and constructions	015	13 836	(12 981)	855	855
B. II. 1. 1.	Land	016	855	0	855	855
B. II. 1. 2.	Constructions	017	12 981	(12 981)	0	0
B. II. 2.	Equipment	018	148 253	(130 239)	18 014	18 915
B. II. 4.	Other tangible fixed assets	020	147	0	147	147
B. II. 4. 3.	Tangible fixed assets - other	023	147	0	147	147
B. II. 5.	Advances paid and tangible fixed assets in the course of construction	024	85 016	0	85 016	26 507
B. II. 5. 1.	Advances paid for tangible fixed assets	025	82 400	0	82 400	25 011
B. II. 5. 2.	Tangible fixed assets in the course of construction	026	2 616	0	2 616	1 496
B. III.	Long-term investments	027	318 274	0	318 274	291 607
B. III. 1.	Investments - subsidiaries and controlling party	028	318 274	0	318 274	291 607
C.	Current assets	037	713 457	(64 352)	649 105	672 527
C. I.	Inventories	038	196 852	(6 197)	190 655	205 560
C. I. 1.	Raw materials	039	74 000	(3 789)	70 211	74 193
C. I. 2.	Work in progress and semi-finished products	040	16 536	0	16 536	20 199
C. I. 3.	Finished goods and goods for resale	041	101 563	(2 408)	99 155	105 942
C. I. 3. 1.	Finished goods	042	37 176	(225)	36 951	41 966
C. I. 3. 2.	Goods for resale	043	64 387	(2 183)	62 204	63 976
C. I. 5.	Advances paid for inventory	045	4 753	0	4 753	5 226
C. II.	Receivables	046	516 098	(58 155)	457 943	462 904
C. II. 1.	Long-term receivables	047	11 526	0	11 526	11 899
C. II. 1. 1.	Trade receivables	048	1 189	0	1 189	2 630
C. II. 1. 4.	Deferred tax asset	051	10 337	0	10 337	9 269
C. II. 2.	Short-term receivables	057	502 427	(58 155)	444 272	449 688
C. II. 2. 1.	Trade receivables	058	426 329	(58 155)	368 174	319 835
C. II. 2. 2.	Receivables - subsidiaries and controlling party	059	15 053	0	15 053	34 614
C. II. 2. 4.	Receivables - other	061	61 045	0	61 045	95 239
C. II. 2. 4. 3.	Taxes - receivables from the state	064	18 003	0	18 003	32 704
C. II. 2. 4. 4.	Short-term advances paid	065	35 811	0	35 811	22 394
C. II. 2. 4. 5.	Estimated receivables	066	7 209	0	7 209	40 099
C. II. 2. 4. 6.	Other receivables	067	22	0	22	42
C. II. 3.	Prepayments and accrued income	068	2 145	0	2 145	1 317
C. II. 3. 1.	Prepaid expenses	069	2 145	0	2 145	1 317
C. IV.	Cash	075	507	0	507	4 063
C. IV. 1.	Cash in hand	076	453	0	453	312
C. IV. 2.	Cash at bank	077	54	0	54	3 751

Ref.	LIABILITIES AND EQUITY	Row	31. 12. 2022	31. 12. 2021
a	b	c	5	6
	TOTAL LIABILITIES AND EQUITY	082	1 086 648	1 023 101
A.	Equity	083	389 118	394 044
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	155 473	128 806
A. II. 2.	Capital contributions	090	155 473	128 806
A. II. 2. 1.	Other capital contributions	091	1 245	1 245
A. II. 2. 2.	Assets and liabilities revaluation	092	154 228	127 561
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	159 852	185 688
A. IV. 1.	Retained earnings or (accumulated losses)	100	159 852	185 688
A. V.	Profit / (loss) for the current period	102	(31 593)	(25 836)
B. + C.	Liabilities	104	697 530	629 057
B.	Provisions	105	32 109	28 054
B. 4.	Other provisions	109	32 109	28 054
C.	Payables	110	665 421	601 003
C. I.	Long-term payables	111	733	656
C. I. 9.	Liabilities - other	122	733	656
C. I. 9. 3.	Other liabilities	125	733	656
C. II.	Short-term payables	126	661 492	597 475
C. II. 3.	Short-term advances received	131	9 005	9 705
C. II. 4.	Trade payables	132	259 977	329 973
C. II. 6.	Liabilities - subsidiaries and controlling party	134	331 231	192 602
C. II. 8.	Liabilities - other	136	61 279	65 195
C. II. 8. 1.	Liabilities to shareholders	137	4	585
C. II. 8. 3.	Liabilities to employees	139	7 640	9 699
C. II. 8. 4.	Liabilities for social security and health insurance	140	3 946	3 838
C. II. 8. 5.	Taxes and state subsidies payable	141	941	1 664
C. II. 8. 6.	Estimated payables	142	48 531	47 600
C. II. 8. 7.	Other liabilities	143	217	1 809
C. III.	Accruals and deferred income	144	3 196	2 872
C. III. 1.	Accrued expenses	145	40	35
C. III. 2.	Deferred income	146	3 156	2 837

INCOME STATEMENT (in thousand Czech crowns)

Ref.	TEXT	Row	Accounting period	
a	b	c	2022	2021
I.	Sales of products and services	01	838 032	815 214
II.	Sales of goods	02	685 645	561 076
A.	Cost of sales	03	1 324 385	1 266 371
A. 1.	Cost of goods sold	04	562 248	454 475
A. 2.	Raw materials and consumables used	05	255 964	277 438
A. 3.	Services	06	506 173	534 458
B.	Changes in inventories of finished goods and work in progress	07	8 832	(38 263)
C.	Own work capitalised	08	(615)	(132)
D.	Staff costs	09	163 246	165 324
D. 1.	Wages and salaries	10	121 367	123 934
D. 2.	Social security, health insurance and other costs	11	41 879	41 390
D. 2. 1.	Social security and health insurance costs	12	39 396	38 246
D. 2. 2.	Other costs	13	2 483	3 144
E.	Value adjustments in operating activities	14	37 105	17 615
E. 1.	Value adjustments of fixed assets	15	11 932	10 782
E. 1. 1.	Depreciation, amortisation and write off of fixed assets	16	11 932	10 926
E. 1. 2.	Provision for impairment of fixed assets	17	0	(144)
E. 2.	Provision for impairment of inventories	18	(2 230)	(2 678)
E. 3.	Provision for impairment of receivables	19	27 403	9 511
III.	Operating income - other	20	22 414	21 428
III. 1.	Sales of fixed assets	21	0	25
III. 2.	Sales of raw materials	22	10 202	11 206
III. 3.	Other operating income	23	12 212	10 197
F.	Operating expenses - other	24	30 344	11 606
F. 2.	Cost of raw materials sold	26	9 265	11 929
F. 3.	Taxes and charges	27	839	1 043
F. 4.	Operating provisions and complex prepaid expenses	28	4 055	(8 826)
F. 5.	Other operating expenses	29	16 185	7 460
*	Operating result	30	(17 206)	(24 803)
V.	Income from other long-term investments	35	7 100	11 442
V. 1.	Income from other long-term investments - subsidiaries or controlling party	36	7 100	11 442
VI.	Interest and similar income	39	4	3
VI. 1.	Interest and similar income - subsidiaries or controlling party	40	4	3
J.	Interest and similar expenses	43	3 414	1 179
J. 1.	Interest and similar expenses - subsidiaries or controlling party	44	3 414	1 179
K.	Other financial expenses	47	19 145	13 529
*	Financial result	48	(15 455)	(3 263)
**	Net profit / (loss) before tax	49	(32 661)	(28 066)
L.	Tax on profit or loss	50	(1 068)	(2 230)
L. 1.	Tax on profit or loss - current	51	0	(1 999)
L. 2.	Tax on profit or loss - deferred	52	(1 068)	(231)
**	Net profit / (loss) after tax	53	(31 593)	(25 836)
***	Net profit / (loss) for the financial period	55	(31 593)	(25 836)
	Net turnover for the financial period	56	1 553 195	1 409 163

STATEMENT OF CASH FLOWS (in thousand Czech crowns)

Ref.	TEXT	Accounting period	
a	b	2022	2021
	Cash flows from operating activities		
	Net profit / (loss) before tax	(32 661)	(28 066)
A. 1.	Adjustments for non-cash movements:	37 470	(1 502)
A. 1. 1.	Depreciation and amortisation of fixed assets	11 932	10 926
A. 1. 2.	Change in provisions and provisions for impairment	29 228	(2 137)
A. 1. 3.	(Profit)/loss from sales of fixed assets	-	(25)
A. 1. 4.	Dividend income	(7 100)	(11 442)
A. 1. 5.	Net interest expense/(income)	3 410	1 176
A *	Net cash flow from operating activities before tax and changes in working capital	4 809	(29 568)
A. 2.	Non-cash working capital changes:	(98 656)	(108 337)
A. 2. 1.	Change in receivables and prepayments	(39 188)	(71 235)
A. 2. 2.	Change in payables and accruals	(76 603)	49 932
A. 2. 3.	Change in inventories	17 135	(87 034)
A **	Net cash flow from operating activities before tax	(93 847)	(137 905)
A. 3.	Interest paid	(3 414)	(1 179)
A. 4.	Interest received	4	3
A. 5.	Income tax paid	(1 747)	(6 070)
A. 6.	Dividends received	27 811	2 136
A ***	Net cash flow from operating activities	(71 193)	(143 015)
	Cash flows from investing activities		
B. 1.	Acquisition of fixed assets	(72 234)	(34 782)
B. 2.	Proceeds from sale of fixed assets	-	25
B. 3.	Loans and borrowings to related parties	1 242	155 425
B ***	Net cash flow from investing activities	(70 992)	120 668
	Cash flows from financing activities		
C. 1.	Change in long- and short-term liabilities from financing activities	138 629	51 214
C. 2.	Changes in equity:	-	(28 051)
C. 2. 6.	Dividends paid	-	(28 051)
C. ***	Net cash flow from financing activities	138 629	23 163
	Net increase/(decrease) in cash and cash equivalents	(3 556)	816
	Cash and cash equivalents at the beginning of the year	4 063	3 247
	Cash and cash equivalents at the end of the year	507	4 063

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 2021	84 541	1 245	110 977	20 845	213 739	431 347
Fair value gains/(losses)						
-investments in subsidiaries and associates	0	0	16 584	0	0	16 584
Dividends paid	0	0	0	0	(28 051)	(28 051)
Net profit/(loss) for the current period	0	0	0	0	(25 836)	(25 836)
As at 31 December 2021	84 541	1 245	127 561	20 845	159 852	394 044
Fair value gains/(losses)						
-investments in subsidiaries and associates	0	0	26 667	0	0	26 667
Net profit/(loss) for the current period	0	0	0	0	(31 593)	(31 593)
As at 31 December 2022	84 541	1 245	154 228	20 845	128 259	389 118



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