

**Annual Report**  
**Hönigsberg & Düvel**  
**Datentechnik Czech s.r.o.**  
**2019**

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## 2 Independent Auditor's Report on the Annual Report

KODAP | audit

### INDEPENDENT AUDITOR'S REPORT

for the partners of the company Hönigsberg & Düvel Datentechnik Czech s.r.o.

#### Report on the Audit of the Financial Statements

##### *Opinion*

We have audited the accompanying financial statements of Hönigsberg & Düvel Datentechnik Czech s.r.o. (hereinafter also the "Company") prepared in accordance with accounting principles generally accepted in the Czech Republic, which comprise the balance sheet as at 31 December 2019, and the income statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information. For details of the Company, see Note 1. to the financial statements.

In our opinion, the financial statements give a true and fair view of the financial position of Hönigsberg & Düvel Datentechnik Czech s.r.o. as at 31 December 2019, and of its financial performance for the year then ended in accordance with accounting principles generally accepted in the Czech Republic.

##### *Basis for Opinion*

We conducted our audit in accordance with the Act on Auditors and Auditing Standards of the Chamber of Auditors of the Czech Republic, which are International Standards on Auditing (ISAs), as amended by the related application clauses. Our responsibilities under this law and regulation are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Act on Auditors and the Code of Ethics adopted by the Chamber of Auditors of the Czech Republic and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### *Other Information*

In compliance with Section 2(b) of the Act on Auditors, the other information comprises the information included in the Annual Report other than the financial statements and auditor's report thereon. The Board of Directors is responsible for the other information.

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 obtained in the audit or otherwise appears to be materially misstated. In addition, we assess whether the other information has been prepared, in all material respects, in accordance with applicable law or regulation, in particular, whether the other information complies with law or regulation in terms of formal requirements and procedure for preparing the other information in the context of materiality, i.e. whether any non-compliance with these requirements could influence judgments made on the basis of the other information.

Based on the procedures performed, to the extent we are able to assess it, we report that:

- 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 is prepared in compliance with applicable law or regulation.

In addition, our responsibility is to report, based on the knowledge and understanding of the Company obtained in the audit, on whether the other information contains any material misstatement of fact. Based on the procedures we have performed on the other information obtained, we have not identified any material misstatement of fact.

#### *Responsibilities of the Statutory Body Company's for the Financial Statements*

The Company's Board of Directors / Statutory Body is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the Czech Republic and for such internal control as the Board of Directors / Statutory Body 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 Company's Board of Directors / Statutory Body 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.

#### *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 ISAs 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 above law or regulation, we exercise professional judgment and maintain professional skepticism 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 Statutory Body 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.

In Liberec on 30. 1. 2020

KODAP audit, s.r.o.  
Auditing Company, Certificate No. 234

  
Ing. Dagmar Melicharová  
Auditor, Certificate No. 1654



### 3 Introduction by the Company's Statutory Executive

Ladies and Gentlemen,

As in prior years, in 2019 we continued providing professional and innovative IT services to a wide range of customers. We concentrated not only on the enhancement of our services but also on the expansion of our portfolio to maintain its continuous attractiveness and good prospects on the market. An increasing number of customers require solutions that will help them improve effectiveness of their internal processes or increase quality of their production on condition that they get return on their investments as soon as possible. That is why we started preparing a modern technical platform, allowing optimisation of innovative solution development in terms of expenses as well as time and quality.

For H&D, 2019 was a year in which changes resulting from the transformation of our ownership structure were initiated. The Company started cooperating within the group in order to achieve a closer integration and expand its business opportunities outside of the Czech Republic. At the same time, it opened communication on using the wide range of services offered by the parent company, HCL Technologies, in business in the Czech Republic.

Other priorities in 2019 included creating personnel and professional conditions that would facilitate professional growth, continuous increase of qualifications and personal development of all employees. By the above-mentioned steps we strengthened the Company and prepared it for the forthcoming period.

The Company will continue the trends in future to defend its position among the leading IT companies in the Czech Republic and further develop in all areas that the current social and economic environment requires from a modern IT company.

In Mladá Boleslav, dated 31.1.2020



PhDr. Irena Šípalová, MBA

## 4 Report on Business Activities

In 2019, Hönigsberg & Düvel Datentechnik Czech s.r.o. continued expanding its portfolio of services and solutions and increased its portfolio of customers across individual market segments. As obvious from the nature of the Company's present operation in the Czech Republic, most customers from the manufacturing sector focus primarily on engineering and automotive; last year, the Company entered other market segments, such as food and textile industry.

### 4.1 Portfolio

#### 4.1.1 IT Services and Consulting, IT Project Support



IT services and consultations,  
management and IT project  
support

As part of **IT services** and professional consulting, the Company offers studies, analyses or other activities and consultations relating to IT environment. The Company also provides adaptation of recent technologies to the customer environment, including an effective system design, in which the Company uses its wealth of experience in the development, customisation or support of the existing IT systems.

In 2019, the Company increased its focus on modern technologies of virtual or augmented reality and related consulting and support activities, such as VR/AR use case analysis, preparation of CAD data for the use cases, preparation of presentations and selection of a suitable technology and HW for the presentations. At the same time, consulting activities in the area of specific business advisory were expanded.

#### 4.1.2 Mobile and Web Application Development



Mobile and web applications  
development

Since its establishment, the Company has focused on the **development of and support to web and mobile applications** created by the Company for iOS and Android. The Company conducts a native app development and offers a multiplatform development on Xamarin. For web applications, it primarily uses .NET and the related technologies, such as HTML 5. The Company delivered or participated in a

number of web application projects in manufacturing, education, HR, information portals or data warehouses based on technologies such as MS ASP.NET, MS SQL, MS Azure, ORACLE and JAVA.

The Company's portfolio also includes standard graphic services that are namely focused on digital graphics but include printed materials as well. The company has know-how in UI/UX design, animation and creation of concepts, prototypes and graphic specifications. Graphics is intended for web and mobile applications, e-learning modules, HMI or AR-VR applications.

In 2019, graphic work increased and the team of graphic designers increased accordingly. Subsequently, a 3D modelling unit was formed based on the team. H&D follows long-term trends and recognises that 3D data are a very important component of media work. As such, it expanded its know-how in data administration to include 3D modelling, expanding its knowledge of Catia, Connect, KVS, and Ti-Cocpit to include additional software tools. The company's current know-how namely builds on its expert knowledge of VRED, 3D visualisation software and creation of virtual prototypes in the automotive industry. 3D data processed by H&D are used predominantly in Car Configurator, printed materials, board and sales publications, visualisations and in social networks. The Company is willing to expand its 3D modelling activities in the following years in the automotive as well as other industries.

#### 4.1.3 Car Connectivity



Connected car

The portfolio includes a **car connectivity** solution (ConnectedCar). The firm is represented in various sectors, ranging from IT to the customer support. Its experts work on mobile equipment integration in order to achieve a seamless communication and connection with a car. It offers its know-how to provide analyses, testing, integration activities, and GDPR or customer support relating to connectivity. Its expertise also includes graphic design for car infotainment, creation and administration of graphic resources, CI consultations, UI/UX solution design, complete application design and new concept visions.

In the last year, the Company expanded its team for mobile online services within Connected Car in respect of project management, analyses and test management. In Resource Management, the team moved forward in graphic resource administration, project management and project support.

Projects in car authentication and management for online service activation were an interesting new service offering. In respect of these services, the car connectivity team uses its long-term know-how of services and functions intended to prepare new generations of infotainment units and the related online services.

Thanks to our connection with HCL Technologies, we are able to provide our customers with services and solutions that have been implemented in the automotive industry on a wider global level.

#### 4.1.4 Car Infotainment Testing Simulators



Automotive infotainment mobile application testbench

The Company developed unique **simulators for car infotainment testing** (HUD CASE), combining car hardware and original parts of a car unit completed with an internally-developed HUD CAN. HUD CAN is a flexible communication module for CAN car message simulation providing individual simulator components with information on the car and the driving mode. The data collected may be used for simulator testing as well as for other technological solutions.

In 2019, H&D cooperated in the testing of new ŠKODA infotainment units so that new ŠKODA models, Scala and Kamiq, could be launched in the market within the planned deadlines and with functioning infotainment. The infotainment testing team also significantly contributed to the review of technical documentation of the solutions used.

The wide portfolio of services provided to our customers was further expanded. H&D participates in the development and administration of portals that are closely related to car infotainment operation and other services.

High professionalism and stability of the team resulted in a significant reduction of response times relating to solutions of new incidents in MOD or non-MOD areas.

#### 4.1.5 Machine Vision



Machine vision

The Company's portfolio includes **machine vision technologies** in which technical means replace human capabilities relating to image understanding and interpretation. These services are intended to help in an easy and flawless product recognition, counting, quality control or size measurement. In combination with systems conducting other activities, some manufacturing operations may be fully automated using the machine vision systems. Increased quality of production resulting from the reduction of wastage rate, elimination of errors caused by human work and production cost reduction are indisputable advantages of the solution. In certain machine vision areas, the Company uses artificial intelligence elements that imitate human brain activities and are capable of learning to some

extent. The Company has experience with the implementation of the systems in various sectors, from food to automotive.

Last year, the machine vision and augmented reality team continued its ongoing projects for its current customers. At most of them, the projects were expanded in the recent period by adding new functionalities or general upgrading the existing ones. Simultaneously, the machine vision team expanded its range of customers. The major customers in 2019 were leading international companies operating in the automotive sector or in the food or textile segments. Solutions implemented locally in the Czech Republic were so attractive for the global parent company that at present, H&D negotiates expansion of its services to foreign branches of the group. The key projects were defined under which the combination of machine vision and augmented reality may provide customers with innovative procedures for manufacturing and subsequent control.

This year, the Company advanced its innovative solutions. Our team in Liberec developed a widely-applicable solution combining a camera and a small computer (H&D camera), into which individual control algorithms may be implemented. The solution is thus capable of autonomous conducting of defined control operations.

Another area focused on by the Company in 2019 was the combination of machine vision methods and augmented reality - a dynamic projection of various pieces of information to defined objects. This method is applicable, for example, to dynamic projection of defects directly to products, navigating operators during production operations or other control operations during the production process.

For customers, we introduced an application extension (EVA), with central displaying of the status of individual control points and processes; customers may display and sort the information, including history, and use it for other operations to control and enhance production. As a common feature today, the information may be displayed on computers, tablets or mobile phones.

#### 4.1.6 Augmented Reality



Augmented reality

Augmented reality is a topic relating to machine vision, combining virtual objects with the real world. The technologies provide synergies of positive human and machine characteristics and are effective in processes such as employee onboarding or management. They also provide 3D measuring and imaging options.

Machine vision and augmented reality have been at the forefront of discussions of production and non-production companies. The companies see a great potential in the technologies in terms of savings and production improvement.

Typical solutions implemented in 2019 were digital guides, allowing a very effective implementation of instructions in suitable display devices for various staff members conducting service or inspection activities. In these solutions, the real image is completed with additional advice or instructions.

#### 4.1.7 PLM/PDM Systems



PLM/PDM system support

The Company is also involved in the management of product life cycle (**PLM/PDM systems**). As part of these activities, we focus on administration of data and processes related to product development and other following phases, using PLM and PDM systems. The Company provides these activities at the group level for the VW Group and ŠKODA AUTO. We provide administration of and care for construction data and data structures or calculations of collisions on operating data. At the same time, we provide on-site support to designers and users in the area of digital factory, production planning, logistics and tool room or off-site support to staff in foreign locations.

As part of continuous training, users are informed about new system functionalities, and methodologies and use cases are developed for more effective work with the system.

Our KPDM team enhances cooperation and supports users in other specialised areas and provides support to communication between individual VW brands. It will continue these efforts in the following period.

#### 4.1.8 Project Management and Project Support



Project management

The Company provides comprehensive services in the project management and project support. Thanks to its professional experience, our colleagues are capable of fast adaptation to specific customer projects, including the practical use of related methodologies (PRINCE2®, ITIL, TOGAF, SCRUM®, CANBAN). Our professionals are also able to work in various project management support systems (Confluence, Microsoft Office Project, HPSM or SLACK), thus achieving maximum efficiency of project team work.

In order to achieve a high quality of provided services, we provide continuous practical and methodological training. The Company applies a very effective method of internal training under which junior and senior employees work together on projects in combined teams. With this approach, junior employees develop their practical knowledge and experience and fully use the advantages of such cooperation.

Employee development and growth within project management and project support is provided by the Company through training organised both internally and externally. In 2019, internal training included Project Management, Agile Project Management or JIRA Application. External training was used to provide specific knowledge/certificates to employees working on specific projects.

In 2019, the Company expanded its services across other projects of customers from various sectors.

## 5 Human Resources

In HR management, 2019 saw activities focused on employee development and support. The Company's goal was to retain high-quality, loyal and experienced professionals and expand the team to include new colleagues for new projects. As in 2018, the headcount increased. This was driven by the fact that H&D offers its employees flexible working hours to balance their work and private life. This opportunity is used namely by mothers with little children and university students. Part-time employment contracts account for more than 7% of the total employment relationships.

The Company pays much attention to the professional development of its employees, preferring training provided by its internal instructors and coaches. External courses namely support the development of specific professional knowledge of individual employees. Employee training includes English and German language courses to facilitate communication with foreign colleagues, customers and other partners.

The Company strives to be an attractive employer for quality employees. For this reason, it offers its employees a number of benefits supporting health and education and helping them maintain their work-life balance. Popular benefits include extra vacation days provided in addition to the statutory framework to ill employees, parents with children and employees celebrating anniversaries or other significant days.

The Company supported internal communication by launching an entirely new employee portal intended to publish news, inform on processes and procedures or search internal documents. It also has an impact on personal life of employees, such as sharing information on individual achievements and activities of employees or international days supported by the Company.

As in the past, in 2019 the Company aimed at strengthening informal relations among employees and continued the trend of corporate events, such as the traditional Sommerfest, Christmas party and very popular employee breakfasts. The Company was involved in the support of employees' off-the-job activities, which mostly include sports, social and cultural activities that are, thanks to their diversity, attractive for all employees.

## 6 Business Plans for the Following Reporting Period

In 2020, the Company wants to continue expanding its business activities in terms of provided solutions and the range of its customers. Following the development of demand for specific solutions experienced towards the end of 2019, the Company expects that the market of IT services and solutions will be fully open to innovative solutions that will save customer costs and increase the quality of their production. Further development will thus be directed primarily at IT solutions based on machine vision, augmented reality and other extensions of production and control operations. The Company believes that it will be successful in this area in the Czech Republic as well as abroad as intensive discussions are held on the implementation of certain solutions outside of the Czech Republic. The Company also makes all necessary steps to be fully prepared for the planned and expected changes in the automotive segment, ie the increasing share of electronic equipment in cars, the continuous pressure on emission reduction, production quality and car electrification.

For future years, the Company plans a much closer cooperation with its parent company, HCL Technologies. We assume that in 2020, services and products suitable for local market will be gradually identified or adapted as required. These activities will be supported by business and marketing activities and technical training of specialists.

In 2020, we also expect a closer integration of the Company within the group, including the preparation and related implementation of the key information systems.

## 7 Significant Post-Balance Sheet Events

This Annual Report was prepared by the Company's statutory executive, Irena Šípalová, who will terminate her office of the Company's statutory executive upon mutual agreement with the Company's sole owner as of 15 February 2020. The data and conclusions disclosed in the Annual Report reflect reality and provide evidence of the Company's sound health in terms of finance and organisation as of the date on which the statutory executive leaves the Company. The sole owner of the Company authorised the Company's selected employees to assume the statutory executive's tasks and continue performing the statutory executive's obligations in future. No other organisational steps were taken by the owner as of the date of completion of the Annual Report.

## 8 Acquisitions of Equity Investments and Shares, Interim Certificates and Equity Investments of the Controlling Entity

The Company holds no equity investments, shares or interim certificates.

## 9 Branch Abroad

The Company has no branch abroad.

## 10 Research & Development Activities

In research and development in 2019, H&D was involved in technical projects focused on manufacturing and other market segments. Selection of these projects was determined by specific features of individual areas with a focus on the development of functionalities that were not available on the market due to their complexity. To solve them, a detailed knowledge was required including related theoretical sciences.

In the previous period, the innovative R&D projects generally covered the following areas: machine vision, augmented reality, internal process automation and new methods of mobile information processing.

In machine vision projects, the key topic of the last year was addressing the issue of checking items that are moving during the check (eg on a conveyor belt) and as such it is not possible to precisely define their positions with respect to the inspection optical system.

In augmented reality projects, the key issue was projection of additional information to various objects. The main areas of use of the functionality include production quality reviews and a non-invasive method of defect imaging, precise imaging of defined points for assembly operations or

preparation of instruction and training material using a fully interactive method, ie connecting a real image with instructions.

Due to the low capacity, internal process automation projects were limited to function support last year so that implemented systems could be used internally. Development of other systems was restricted for capacity reasons.

In mobile information processing, we accomplished a project that supported activities of sales agents. In other projects, adjustments were made that expanded application in practice (such as expanding connectivity options) or allowed mobile work with various systems and enabled a higher effectiveness and speed of professional work.

The common denominator of the above-mentioned projects is their complexity and a specific connection of various practical and theoretical fields (optics, mathematics, programming processes). These are unique solutions that are not available on the IT market at the moment.

## 11 Environmental Protection and Labour Relation Activities, Corporate Social Responsibility and Donations

In 2019, H&D continued activities supporting environmental protection, donations and social responsibility. The long-term goal of the Company is to be an active member of the local community in Mladá Boleslav and Liberec as well in other regions.

As part of its social responsibility, the Company participated in the following projects:

### 11.1 Responsible Firm

H&D is part of the Responsible Firm project supporting education in waste sorting. Its main goal is to engage employers in providing employees of Czech firms with information on proper waste management in office buildings as well as in their day-to-day life.

### 11.2 Green Firm

For a long time, H&D has been involved in the Green Firm project relating to the improvement of waste sorting conditions in companies and to the increase of awareness of proper waste and battery management.

### 11.3 The Firm's Involvement in the Mladoboleslavsko Endowment Fund Commission

In addition to environmental campaigns, the Company concentrated on the improvement of the environment in the region. Last year, several round-table discussions were held as part of the Mladoboleslavsko Endowment Fund in which participants of the state and business sectors discussed the situation in the Mladá Boleslav region and searched instruments to improve the existing situation.

H&D was one of the four business sector representatives in the region. It participated at a conference where objectives of the project were introduced and subsequently, it took an active part in the discussion on traffic safety and civil society development.

H&D's goal is to improve the environment and situation in the regions where it operates. That is why the involvement in the discussion was a natural step to take and the firm has actively participated in searching solutions to improve the current situation.

## 11.4 Food Collection

Another CSR activity was H&D's involvement in the food collection. The concept of the food collection complied with the Company's strategy as we want to help and inspire other companies in the region. This activity was fully supported by the Company's management and in fact, by all employees.

## 11.5 Fairy Tale Forest

In 2019, H&D organised a public event called "Fairy Tale Forest" which offered an opportunity to the general public to spend their leisure time actively. Moreover, the Company prepared an informal introduction to the latest technology for all generations.

The key goal of the project was supporting social events in the city and in the region and providing information to a wide range of participants about modern technology capabilities in a manner they would enjoy. Through various competitions, tasks and creative workshops, children could develop their imagination and manual skills. As part of the project, they were able to connect their products to modern technical devices and play with them together with their parents. Games and presentations were selected to be attractive for parents as well. Some parents were leaving with many ideas of using the things they saw in the games in practice, eg in certain industries.

The event was open to a wide public and hosted more than 6,000 visitors from Mladá Boleslav and its surroundings. In the region, this event ranked among the largest and attracted most of the media thanks to its concept and focus. Since the feedback was positive, a similar event is planned for the following period.

## 11.6 Trade Fairs

H&D would like to provide maximum benefits to its region and other locations. Supporting education is one of H&D's key roles. This is not limited to internal employee training but it also includes support to the development of hard and soft skills through external and internal training. In addition, the firm supports educational institutions. In this area, the Company builds cooperation with secondary schools and universities in the Mladá Boleslav region and beyond, enhancing the link between educational programmes and practice.

During the year, the firm presented itself at secondary schools and universities. Cooperation with secondary schools often included presentations delivered during lessons.

For a long period, the Company has offered opportunities in compulsory practical training to students. In 2019, students could gain hands-on experience in the Company's portfolio from marketing and HR to SW and application development. The firm also pays attention to foreign students and provided a six-month practical programme for foreign students who participated in activities on the Czech market.

## 11.7 Supporting the Interest of Future Generations in Science

H&D diversifies its business activities outside of the Central Bohemian region. Liberec is another region where the Company has been active. In both regions, it cooperates with various business entities, such as the LipoINK business incubator in Liberec, which is aimed at supporting the environment for business activities, creativity and establishment of new businesses that focus on a higher value added and build on the local know-how and work with talents. H&D shares this vision and for this reason it took an active part in LipoINK activities.

In the regions of its operation, H&D cooperates with secondary schools and universities. Thanks to practical presentations at various educational events we were able to provide an attractive combination of theory and practice and actively engage students in practical activities as part of their personal development. In Liberec, the Company closely cooperates with Technical University of Liberec, in Mladá Boleslav with ŠKODA AUTO University.

The Company continues similar activities not only at secondary schools and universities but also as part of events focused on combining science and technology and on cooperation of experts of various generations. Another practical demonstration of H&D's technical activities took place in iQlandia in the premises of IQ Park in Liberec.

With these activities, H&D supports the young generation and its enthusiasm for modern technologies and encourages its interest in science. The Company considers its involvement in the above mentioned efforts to be its contribution to education of future generations of industry specialists.

## 12 Report on Related Party Transactions

### 12.1 General Provisions

Pursuant to Section 82 of Act no. 90/2012 Coll., on business companies and cooperatives (the "Act on Business Corporations"), the statutory executives of Hönigsberg & Düvel Datentechnik Czech s.r.o. issued a Report on Related Party Transactions of Hönigsberg & Düvel Datentechnik Czech s.r.o., with its registered office at Českobratrské náměstí, 293 01 Mladá Boleslav, as the controlled entity, and Hönigsberg & Düvel Datentechnik GmbH, with its registered office at John-F. Kennedy-Allee 62, 38444 Wolfsburg, Germany, as the controlling entity, and other entities controlled by the same controlling entity (the "related parties") for the reporting period from 1 January 2019 to 31 December 2019.

### 12.2 Structure of the Related Parties

#### 12.2.1 Controlling Entity

Hönigsberg & Düvel Datentechnik GmbH, with its registered office at John-F. Kennedy-Allee 62, 38444 Wolfsburg, Germany, equity investment of 100%.

#### 12.2.2 Controlled Entity

Hönigsberg & Düvel Datentechnik Czech s.r.o. with its registered office at Českobratrské náměstí, 293 01 Mladá Boleslav, corporate ID: 27931579, registered on 27 July 2007 at the Municipal Court in Prague, Section C, Insert 127335.

Hönigsberg & Düvel Datentechnik Czech s.r.o. (the "reporting entity") provides IT solutions in the Czech Republic.

#### 12.2.3 Other Entities Controlled by the Controlling Entity

Pursuant to Section 82 of Act no. 90/2012 Coll., on business companies and cooperatives (the "Act on Business Corporations"), the following entities are also considered to be the related parties; the list includes the related parties with which any transactions were made in the reporting period:

H&D International GmbH, with its registered office at August-Horch-Str. 1, Gifhorn 38518, Germany

### 12.3 Method and Means of Control

Control is made through the controlling entity's decision-making. If required by law, control is performed by voting of owners at the General Meeting in compliance with law or the Memorandum of Association.

The Group has internal rules in place regulating relations within the companies.

#### 12.4 Overview of actions performed at the initiative or in the interest of the controlling entity or entities controlled by the controlling entity in the reporting period if such actions related to assets exceeding 10% of the controlled entity's equity identified according to the latest financial statements

By the owner's decision of 9 April 2019, Hönigsberg & Düvel Datentechnik Czech s. r. o. approved the Annual Report of the Company for 2018. The Company's profit after tax generated in 2018 was retained by the Company for its development in the following years.

#### 12.5 Overview of Contracts between the Controlled Entity and the Controlling Entity or between the Controlled Entities

- Liability insurance against damage caused by business activities
- Provision of other immaterial services

For the controlled entity, Hönigsberg & Düvel Datentechnik Czech s.r.o., the controlling entity, Hönigsberg & Düvel Datentechnik GmbH, arranged liability insurance against damage caused by business activities covering the period of the calendar year. H&D International GmbH, with its registered office at August-Horch-Str. 1, Gifhorn 38518, Germany, provided immaterial administrative and organisational services to the controlled entity, Hönigsberg & Düvel Datentechnik Czech s.r.o.

#### 12.6 Detriment Suffered by the Controlled Entity and Assessment of Its Settlement

In the reporting period, the controlled entity suffered no detriment arising from the contracts concluded or any other transactions with the controlling entities.

#### 12.7 Advantages and Disadvantages Resulting from Relations between the Related Parties

The controlling entity always acts in the interest of the entire group and the reporting entity and with respect to all economic and business circumstances. No disadvantages resulting from the controlling entities' actions or decisions were noted.

All of the reporting entity's contractual relationships with the related parties are at arm's length and result in no substantial risk, advantage or disadvantage for the reporting entity.

## 13 Notes to the Financial Statements

The documents attached to the Annual Report include all important statements and information on the Company's financial performance, providing evidence of the Company's long-term financial stability and continuous significant financial growth and repeatedly demonstrating the solid grounds for the Company's further development in the following years.

## 13.1 Profit and Loss Account

### Hönigsberg & Düvel Datentechnik Czech s.r.o.

Českokobratrské náměstí 1321, 293 01 Mladá Boleslav, Id. N.: 27931579

#### Profit and Loss Statement - full version as of 31.12.2019

(in CZK thousand)

Item	Income and costs	Current period	Previous period
I.	Sales of own products and services	225 047	176 249
II.	Sales of goods	19	112
A.	Purchased consumables and services	43 540	31 974
A. 1.	Costs of goods sold	17	106
A. 2.	Consumption of material and energy	4 051	3 371
A. 3.	Services	39 472	28 497
D	Staff costs	126 865	103 319
D. 1.	Wages and salaries	94 393	76 320
D. 2.	Social security and health insurance costs and other costs	32 472	26 999
D. 2. 1.	Social security and health insurance costs	29 745	24 537
D. 2. 2.	Other costs	2 727	2 462
E.	Value adjustments to operating activities	68	141
E. 1.	Value adjustments of intangible and tangible fixed assets	68	141
E. 1. 1.	Value adjustments of intangible and tangible fixed assets - permanent	68	141
III.	Another operating income	48	208
III. 3	Other operating income	48	208
F.	Another operating expenses	788	550
F. 3.	Taxes and fees	7	2
F. 5.	Other operating expenses	781	548
*	Operating profit or loss (+/-)	53 853	40 585
VI.	Interest received and similar income	2	1
VI. 2.	Other Interest received and similar income	2	1
VII.	Other financial revenues	1	16
K.	Other financial expenses	77	358
*	Financial profit or loss (+/-)	-74	-341
**	Profit or loss before tax (+/-)	53 779	40 244
L.	Income tax	8 393	5 260
L. 1.	Income tax due	8 393	5 260
**	Profit or loss after tax (+/-)	45 386	34 984
***	Profit or loss for the current period (+/-)	45 386	34 984
	Net turnover for period = I.+II.+III.+IV.+V.+VI.+VII.	225 117	176 586

Financial statements date:

Person responsible for preparation of financial statements:

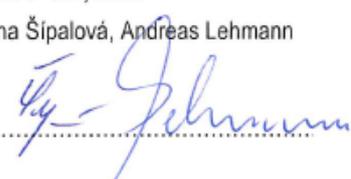
Statutory body's member:

30.1.2020

KODAP MB, s.r.o.

Irena Šípalová, Andreas Lehmann

Signature

.....  


## 13.2 Balance Sheet

**Hönigsberg & Düvel Datentechnik Czech s.r.o.**  
 Českosobratské náměstí 1321, 293 01 Mladá Boleslav, Id. N.: 27931579

### Balance Sheet - full version as of 31.12.2019

(in CZK thousand)

Item	Assets	Current period			Previous period
		Gross	Adjustment	Net	
	<b>TOTAL ASSETS</b>	<b>133 307</b>	<b>-1 278</b>	<b>132 029</b>	<b>79 537</b>
<b>B.</b>	<b>Fixed assets</b>	<b>1 330</b>	<b>-1 278</b>	<b>52</b>	<b>121</b>
<b>B. I.</b>	<b>Intangible fixed assets</b>	<b>63</b>	<b>-63</b>		<b>6</b>
B. I. 2.	Valuable rights (patents, copyrights, trademarks and brands)	63	-63		6
B. I. 2. 1.	Software	63	-63		6
<b>B. II.</b>	<b>Tangible fixed assets</b>	<b>1 267</b>	<b>-1 215</b>	<b>52</b>	<b>115</b>
B. II. 2.	Movable assets and their sets	1 267	-1 215	52	115
<b>C.</b>	<b>Current assets</b>	<b>131 422</b>		<b>131 422</b>	<b>78 892</b>
<b>C. II.</b>	<b>Receivables</b>	<b>58 928</b>		<b>58 928</b>	<b>45 820</b>
<b>C. II. 2.</b>	<b>Short-term receivables</b>	<b>58 928</b>		<b>58 928</b>	<b>45 820</b>
C. II. 2. 1.	Trade receivables	58 266		58 266	45 235
C. II. 2. 4.	Receivables - another	662		662	585
C. II. 2. 4. 4.	Short-term advances paid	33		33	1
C. II. 2. 4. 5.	Estimated accrued revenues	2		2	46
C. II. 2. 4. 6.	Other receivables	627		627	538
<b>C. IV.</b>	<b>Finances</b>	<b>72 494</b>		<b>72 494</b>	<b>33 072</b>
C. IV. 1.	Finances in cash	7		7	6
C. IV. 2.	Cash in banks	72 487		72 487	33 066
<b>D.</b>	<b>Prepayments and accrued income</b>	<b>555</b>		<b>555</b>	<b>524</b>
D. 1.	Prepaid expenses	555		555	524



# Hönigsberg & Düvel Datentechnik Czech s.r.o.

Českosobratské náměstí 1321, 293 01 Mladá Boleslav, Id. N.: 27931579

## Balance Sheet - full version as of 31.12.2019

(in CZK thousand)

Item	Liabilities	Current period	Previous period
	<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>132 029</b>	<b>79 537</b>
<b>A.</b>	<b>Equity</b>	<b>103 347</b>	<b>57 961</b>
<b>A. I.</b>	<b>Legal capital</b>	<b>6 000</b>	<b>6 000</b>
A. I. 1.	Legal capital	6 000	6 000
<b>A. IV.</b>	<b>Retained earnings (+/-)</b>	<b>51 961</b>	<b>16 977</b>
A. IV. 1.	Retained earnings or accumulated losses of previous years (+/-)	51 961	16 977
<b>A. V.</b>	<b>Profit or loss of the current period (+ -)</b>	<b>45 386</b>	<b>34 984</b>
<b>B.+C.</b>	<b>Liabilities</b>	<b>28 682</b>	<b>21 576</b>
<b>B.</b>	<b>Provisions</b>		<b>1 360</b>
B. 2.	Income tax provision		1 360
<b>C.</b>	<b>Payables</b>	<b>28 682</b>	<b>20 216</b>
<b>C. II.</b>	<b>Short-term liabilities</b>	<b>28 682</b>	<b>20 216</b>
C. II. 4.	Trade payables	4 721	4 688
C. II. 8.	Another payables	23 961	15 528
C. II. 8. 3.	Payables to employees	6 347	5 765
C. II. 8. 4.	Payables to social security and health insurance	3 472	3 028
C. II. 8. 5.	Government - tax payables and subsidies	9 585	4 717
C. II. 8. 6.	Estimated accrued items	4 497	1 931
C. II. 8. 7.	Other payables	60	87

Financial statements date:

30.1.2020

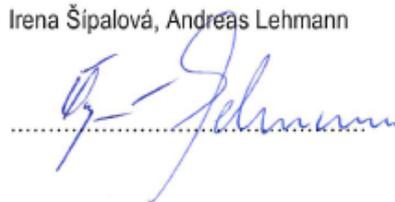
Person responsible for preparation of financial statements:

KODAP MB, s.r.o.

Statutory body's member:

Irena Šípalová, Andreas Lehmann

Signature



## 13.3 Notes to the Financial Statements for the Year Ended 31.12.2019

### 1. DESCRIPTION OF THE BUSINESS

Hönigsberg & Düvel Datentechnik Czech s.r.o.(hereinafter the "Company") is a limited-liability company with its registered office at Českobratrské nám. 1321, 293 01 Mladá Boleslav, corporate ID no. 27931579. The Company was recorded in the Register of Companies maintained by the Municipal Court in Prague under File 127335, Section C.

Its principal business activities include providing IT services.

In the year ended 31 December 2018, the following change was made to the details recorded in the Register of Companies. The Company's majority owner purchased the remaining equity investments to become the Company's sole shareholder. No changes were made to the Register of Companies in 2019.

The average recalculated headcount was 144 people in 2019.

The consolidated financial statements of the narrowest group of reporting entities comprising the Company as a consolidated reporting entity are prepared by Hönigsberg & Düvel Datentechnik GmbH with its registered office at John – F – Kennedy – Allee 62, 38444 Wolfsburg, Germany.

### 2. BASIS FOR THE PREPARATION OF THE FINANCIAL STATEMENTS

The accompanying individual financial statements were prepared pursuant to Act no. 563/1991 Coll., on accounting, as amended (hereinafter the "Accounting Act") and Regulation no. 500/2002 Coll., providing implementation guidance on certain provisions of the Accounting Act for reporting entities that are businesses maintaining double-entry accounting records, as amended, effective for the year ended 31 December 2019. The balance sheet, the profit and loss account and the notes to the financial statements were prepared in a full scope.

### 3. GENERAL ACCOUNTING PRINCIPLES AND POLICIES AND THEIR YEAR-ON-YEAR CHANGES AND ADJUSTMENTS

The valuation methods applied by the Company in preparing its financial statements are as follows:

#### a) Intangible Fixed Assets

Intangible fixed assets are measured at cost comprising the acquisition cost and the costs attributable to the acquisition.

Intangible fixed assets with the cost exceeding CZK 60 thousand are charged to expenses based on the estimated useful life of the relevant assets.

Amortisation

Amortisation is calculated based on the cost and the estimated useful life of the relevant assets. The amortisation plan is updated during the use of the intangible fixed assets based on their expected useful life.

#### b) Tangible Fixed Assets

Tangible fixed assets are measured at cost comprising the acquisition cost, the transportation costs, the customs duty and other costs attributable to the acquisition.

Tangible fixed assets with the cost exceeding CZK 40 thousand are charged to expenses over their useful life.

## Depreciation

Depreciation is calculated based on the cost and the estimated useful life of the relevant assets. The depreciation plan is updated during the use of the tangible fixed assets based on their expected useful life.

### c) Foreign Currency Transactions

Assets and liabilities acquired in a foreign currency were measured in Czech crowns using the exchange rate promulgated by the Czech National Bank effective as of the date of the transaction; at the balance sheet date, cash and cash equivalents were measured at the Czech National Bank's exchange rate promulgated as of 31 December.

### d) Income Tax

If the financial statements are prepared before the final calculation of income tax, the Company creates an income tax reserve. In the year ended 31 December 2019, income tax was recognised in account 591, no reserve was created.

A deferred tax liability reflects the tax effect of temporary differences between the carrying amounts of assets and liabilities for accounting purposes and the determined income tax base taking into account the period of settlement. The temporary differences are completely immaterial to the Company and therefore, no deferred tax is accounted for.

## 4. FIXED ASSETS

### a) Intangible Fixed Assets (in CZK '000)

#### COST

	Opening balance	Additions	Disposals	Transfers	Closing balance
Software	63				63
Intangible fixed assets under construction					
Total in 2019	63				63
Total in 2018	63				63

#### PROVISIONS AND ACCUMULATED AMORTISATION

	Opening balance	Amortisation	Sales, liquidation	Disposals	Transfers	Closing balance	Provisions	Net book value
Software	58	5				63		0
Intangible fixed assets under construction								
Total in 2019	58	5				63		0
Total in 2018	37	21				58		5

## b) Tangible Fixed Assets (in CZK '000)

### COST

	Opening balance	Additions	Disposals	Transfers	Closing balance
Movable assets exceeding CZK 40 thousand	1201				1 201
Movable assets between CZK 30 thousand and CZK 40 thousand	66				66
Tangible fixed assets under construction					
Total in 2019	1267				1267
Total in 2018	1315				1 315

### PROVISIONS AND ACCUMULATED DEPRECIATION

	Opening balance	Depreciation	Sales, liquidation	Disposals	Transfers	Closing balance	Provisions	Net book value
Movable assets exceeding CZK 40 thousand	1134	63		48		1149		52
Movable assets between CZK 30 thousand and CZK 40 thousand	66					66		
Tangible fixed assets under construction								
Total in 2019	1200	63		48		1215		52
Total in 2018	1081	119				1200		115

## 5. RECEIVABLES

As of 31 December 2019, receivables past their due dates for more than 30 days amounted to CZK 246 thousand (as of 31 December 2018: CZK 86 thousand).

## 6. RESERVES

Movements in reserves (CZK thousand):

	Balance at 31 Dec 2018	Drawing in 2019	Release in 2019	Charge in 2019	Balance at 31 Dec 2019
Income tax reserve	5822	5822	0	0	0
	5822	5822	0	0	0

## 7. INFORMATION ON RELATED PARTY TRANSACTIONS

In 2019, members of management, controlling and administrative bodies received no prepayments, advances, borrowings, loans or assigned guarantees and held no equity investments in the Company.

In 2019, the Company did not sell its services to its related parties. In the year ended 31 December 2019, these sales amounted to CZK 0 thousand (31 December 2018: CZK 329 thousand).

The Company reported no short-term receivables from its related parties as of 31 December 2019 (31 December 2018: no short-term receivables).

The Company uses services of its related parties as part of its regular business activities. In the year ended 31 December 2019, purchases amounted to CZK 296 thousand (31 December 2018: CZK 206 thousand).

As of 31 December 2019, the Company recorded short-term payables to its related parties in the amount of CZK 0 thousand (31 December 2018: CZK 0 thousand).

## 8. SIGNIFICANT PROFIT AND LOSS ITEMS

(CZK '000)	2019	2018
Low-value assets	3816	2247
Travel expenses	1670	1438
Sub-supplies	30 737	19 411

## 9. GOING CONCERN ASSUMPTION

The financial statements for the year ended 31 December 2019 were prepared based on the going-concern assumption. Therefore, no adjustments that may result from any uncertainty as to the Company's ability to continue as a going concern were made to the accompanying financial statements.

## 10. SIGNIFICANT POST BALANCE SHEET EVENTS

As of 31 December 2019, the current statutory executive, Irena Šípalová, terminated her management of the Company's operations. She handed over the Company to the Company's authorised employees who will take on and meet her responsibilities in future. In terms of finance and organisation, the Company was handed over as a stable business reporting long-term profitability.

Prepared on:

28 January 2020

Name and signature  
of the Company's statutory body:

PhDr. Irena Šípalová,  
Andreas Lehmann

