

Toyoda Gosei Czech, s.r.o.

ANNUAL REPORT

FOR THE YEAR ENDED 31 MARCH 2021

Toyoda Gosei Czech, s.r.o.
ANNUAL REPORT FOR THE YEAR ENDED 31 MARCH 2021
TABLE OF CONTENTS

- 1. THE PRESIDENT'S INTRODUCTION**
- 2. REPORT ON RELATED PARTY TRANSACTIONS**
- 3. FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021**
- 4. AUDIT REPORT**

1. The President's Introduction

“The President’s Introduction for the 2020 Fiscal Year”

According to the original outlook, 2020 was supposed to be a successful and profitable year. It was, however, significantly affected by the global COVID-19 pandemic, which had a significant impact on the first quarter, when the production almost ceased to exist at the beginning of the year and subsequent to the relaunch, the growth was rather gradual. Due to a significant drop in sales and uncertainty, there was also a slight reduction in the number of staff during Q1 and other cost-saving measures were taken in order to respond to the uncertain sales prospects of the coming periods. Demand revived significantly in early autumn, and Q3 in particular was very strong in terms of sales, thus contributing to the fact that the decline in sales from the beginning of the year was almost offset. However, profitability was lower, especially due to externalities caused by the secondary effects of the pandemic. The prices of material inputs increased significantly, but the price of transport from Asia also grew sharply. However, with regard to the facts, 2020 can be considered a successful year because despite the objectively negative impacts, the Company achieved a profit.

Key Milestones and Projects in 2020:

Safety systems and functional components

In 2020, the production of the new Toyota Yaris model, the most significant project in terms of future profit, was launched. In addition to profit, new technologies we implemented as part of this project also play a vital role. This included a completely new technology for the two-component plastic injection: so-called 2K. This technology will be used for the production of components for new types of hoses used for filling fuel into tanks. Additionally, there have also been significant investments in new technologies with a substantially higher share of automation and robotics. The aim of these investments is to further increase competitiveness and production efficiency.

Weatherstrips (WS) – 2020 had two key tasks for the WS division. One of them was the start of production for the new Yaris, which succeeded despite the delay caused by the first wave of the pandemic. We had to overcome the almost two-month production outage before the start of the series, but the serial production was launched successfully, mainly thanks to the sophisticated method of training employees in manually complex operations. The second key task of the year was to plan production transfers back to the former German branch of TG Meteor, the sale of which was announced by the parent company in late 2019. The transfer of all related projects is planned by September 2021. In parallel with the transfers of production from TGCZ, a plan is being created on how to use the released production capacities in the future. There have also been significant investments in new technologies with a significantly higher role of automation and robotics – especially in the primary processes of rubber profile production. The aim of these investments is to further increase the competitiveness and the production efficiency.

In the fiscal year 2020, the Company reported total sales of safety systems of CZK 2.37 billion (a decrease of approx. 10.5% as compared to 2019).

With respect to functional components, products with total sales of CZK 0.42 billion were manufactured and sold (a decrease of 5.7% as compared to 2019).

The production of sealing components reached total sales of CZK 0.96 billion (a decrease of 14% as compared to 2019).

Total sales of LED components amounted to approximately CZK 0.1 million (a decrease of 77.6% as compared to 2019). The LED division only deals with possible customer complaints, but the actual sale of products has already been terminated.

The Company also sold production moulds to final customers in the amount of CZK 137.98 million in the 2020 fiscal year (in 2019, sales amounted to CZK 166.7 million).

At the end of the 2020 fiscal year, the number of employees was 1,028, which denotes a decrease of 166 people. This is primarily due to the increased productivity and a change of the product portfolio. During 2020, the Company continued to work closely with the trade union organisation OS Kovo. Positive communication and understanding were maintained by regular meetings and confirmed when the collective negotiations of conditions for 2021 resulted in an agreement.

The Company also undertakes maximum efforts to minimise the impacts of its activities on the environment. Priorities in this area include emissions released to the atmosphere, and the emissions of all measured pollutants were maintained at last year's levels despite the increase in production. Other priorities include waste management and recycling; in this area, a solution was found once again to recycle or utilise 100 percent of waste. We are also focusing more intensely on CO₂ reduction, when we committed ourselves to meeting the Group's global goals. Gradually, decisions will be taken to bring the TGCZ closer to reducing CO₂ by 30% by the end of 2030.

The Company continues to pursue its goal of becoming Toyoda Gosei's most efficient production unit in Europe.

The Company has no internal development unit.

The Company has no branch or another part of the business abroad, ie outside the Czech Republic.

The Company holds no treasury shares, interim certificates or equity investments, or treasury shares, interim certificates or equity investments of the controlling entity.

No events occurred subsequent to the balance sheet date that would have a material impact on the financial statements.

2. Report on Related Party Transactions

REPORT ON RELATED PARTY TRANSACTIONS

Toyoda Gosei Czech, s.r.o., registered at Průmyslová 2, 431 51 Klášterec nad Ohří, corporate ID: 26 43 71 71, recorded in the Register of Companies maintained at the Regional Court in Ústí nad Labem, Section C, File 18630 (hereinafter the “**reporting entity**” or “**TGCZ**”), is a member of a business group, within which the relations detailed below exist between the reporting entity and the controlling entities and between the reporting entity and entities controlled by the same controlling entities (hereinafter the “**related parties**”).

This report on relations between the entities specified below was prepared pursuant to Section 82 of Act No. 90/2012 Coll., on Business Corporations, as amended, for the reporting period ended 31 March 2020 (hereinafter the “**reporting period**”).

TGCZ decided not to disclose the amounts of performances related to the listed agreements, for reasons of business secrecy.

The Company is controlled, as standard, by the owner through the General Meeting.

During the reporting period, the reporting entity and the entities listed below entered into the following agreements and adopted or implemented the following legal acts or other measures:

A. STRUCTURE OF THE RELATIONS BETWEEN THE CONTROLLING ENTITY AND THE CONTROLLED ENTITY AND BETWEEN THE CONTROLLED ENTITY AND THE PERSONS CONTROLLED BY THE SAME CONTROLLING ENTITY (manner and means of control)

The controlled entity:

Toyoda Gosei Czech, s.r.o.
Průmyslová 2, 431 51 Klášterec nad Ohří

The main scope of business activities (role) of TGCZ is the production of automotive parts and the purchase and sale of goods.

B. CONTROLLING ENTITIES

TOYODA GOSEI CO., LTD., (“TG”)
Haruhi Nagahata, Kiyosu, Aichi-Prefecture, Japan
Relation to the reporting entity: directly controlling entity – 80%

During the reporting period, the reporting entity sold to the related party the following:

- Products and material based on orders.

During the reporting period, the reporting entity purchased from the related party the following:

- Costs related to product testing based on orders;
- Technical support based on orders;
- Goods and material based on orders;
- Fees from sales based on the license contract;

- Management and coordinator wages based on the contract for the international hiring; and; and
- Costs related to control fixtures based on orders.

Toyota Tsusho Corporation, ("TTC")

9-8, Meieki 4-chome, Nakamura-ku, Nagoya 450-8575, Japan

Corporate ID 1899-01-031731

Relation to the reporting entity: directly controlling entity – 20%

C. OTHER RELATED PARTIES

Toyoda Gosei Europe N.V. ("TGE")

Planet 2, Unit E 3.0. Leuvensesteenweg 542, 1930 Zaventem, Belgium

Relation to the reporting entity: entity controlled by TG (100%)

During the reporting period, the reporting entity sold to the related party the following:

- IT and other services.

During the reporting period, the reporting entity purchased from the related party the following:

- Technical support and sales support based on contracts; and
- Goods based on orders.

Toyoda Gosei Haiphong Co., Ltd. ("TGHP")

Land Plot M, Nomura-Haiphong Industrial Zone, Km13, An Duong District, Haiphong City, Vietnam

Relation to the reporting entity: entity controlled by TG (95%) and TTC (5%)

During the reporting period, the reporting entity sold to the related party the following:

- Goods based on orders,
- Transport based on order.

Toyoda Gosei North America Corporation ("TGNA")

1400 Stepheson Highway Troy, Michigan 48083, USA

Relation to the reporting entity: entity controlled by TG (100%)

During the reporting period, the reporting entity purchased from the related party the following:

- Material based on orders; and
- Technical support for an information system.

Toyoda Gosei Asia Co., Ltd. ("TGAS")

700/489 Moo 4 Amata Nakorn Industrial Estate, Bangna-trad Highway KM.57, Tambon Bankhao, Amphur Pantong Chonburi 20160, Thailand

Relation to the reporting entity: entity controlled by TG (100%)

Toyoda Gosei (Thailand) Co., Ltd. ("TGT")

700/489 Moo 4 Amata Nakorn Industrial Estate, Bangna Trad Highway KM. 57, Tambon Bankao, Amphur Pantong, Chonburi 20160, Thailand

Relation to the reporting entity: entity controlled by TGAS (78.5%) and TTC (21.5%)

During the reporting period, the reporting entity sold to the related party the following:

- Goods based on orders.

Toyoda Gosei UK Ltd. ("TGUK")

Bessemer Way Centurion Business Park, Templeborough Rotherham South Yorkshire, S60 1FB UK

Relation to the reporting entity: entity controlled by TG (91.1%) and TTC (8.9%)

During the reporting period, the reporting entity sold to the related party the following:

- Support IT services based on orders.

During the reporting period, the reporting entity purchased from the related party the following:

- Support services in the area of quality assurance based on orders; and
- Material based on orders.

Toyoda Gosei Star Light (Tianjin) Auto Parts Co., Ltd. ("TJTG")

No.4 Libei Street Sanjing Road Dongli Development Area Tianjin, 300300, China

Relation to the reporting entity: entity controlled by TG (100%)

During the reporting period, the reporting entity purchased from the related party the following:

- Material based on orders.

Toyota Tsusho Europe S.A., organizační složka v České republice ("TTESA CR")

Plzeňská 3185//5b, 150 00 Prague 5, Smíchov, Czech Republic

Relation to the reporting entity: entity controlled by TTESA (100%)

During the reporting period, the reporting entity sold to the related party the following:

- Products and services based on orders.

During the reporting period, the reporting entity purchased from the related party the following:

- Material and goods based on a framework agreement;
- Services and other low value performances based on orders; and
- Production machinery and equipment based on orders.

Toyota Tsusho Europe S.A., France branch ("TTESA FR")

Parc d'Activité de la Vallée de l'Escaut BP.10 – ZI No. 9 Ouest 59264 Onnaing, France

Relation to the reporting entity: entity controlled by TTESA (100%)

During the reporting period, the reporting entity purchased from the related party the following:

- Logistics and storage services based on a contract.

Toyota Tsusho Europe S.A. Poland ("TTESA PL")

Poland branch, ul. M. Jachimowicza 6, Walbrzych, 58-306 Poland

Relation to the reporting entity: entity controlled by TTESA (100%)

Toyota Tsusho Europe NV ("TTESA")

Belgicastraat 13, 1930 Zaventam, Belgium

Relation to the reporting entity: entity controlled by TTC (100%)

The above-mentioned contracts represent the entire list of valid contracts for the period from 1 April 2020 to 31 March 2021. In 2020, no other business performances were made or new contracts concluded beyond the scope of this list.

D. RELATED PARTY TRANSACTIONS IN 2020

Income Generated with Related Parties

(CZK '000)						
Entity	Relation to the reporting entity	Goods	Products	Services	Other income	Total
TG	Parent company	0	129	0	1 677	1 806
TGHP	Ultimate parent company	47 439	0	0	70	47 509
TGT	Ultimate parent company	2 256	0	0	0	2 256
TGUK	Ultimate parent company	0	0	0	1 457	1 457
TGE	Ultimate parent company	0	0	0	642	642
TGNA	Ultimate parent company	0	0	0	0	0
TTESA CR	Ultimate parent company	0	82 185	0	0	82 185
TTESA PL	Ultimate parent company	0	0	0	0	0
Total		49 695	82 314	0	3 846	135 855

Purchases Made from Related Parties

(CZK '000)						
Entity	Relation to the reporting entity	Goods	Products	Services	Other expenses	Total
TG	Parent company	26 402	506 913	165 175	5 167	703 657
TGHP	Ultimate parent company	0	0	0	0	0
TJTG	Ultimate parent company	0	3 652	0	0	3 652
TGUK	Ultimate parent company	0	0	933	9	942
TGE	Ultimate parent company	364	0	25 487	20	25 871
TGNA	Ultimate parent company	0	4 054	1 916	87	6 057
TTESA CR	Ultimate parent company	3 798	473 543	844	558	478 743
TTESA FR	Ultimate parent company	0	0	452	0	452
Total		30 564	988 162	194 807	5 841	1 219 374

Purchases of Tangible Fixed Assets from Related Parties

(CZK '000)		
Entity	Relation to the reporting entity	Intangible and tangible fixed assets
TTESA CR	Ultimate parent company	5 893
TGRT	Ultimate parent company	25
TG	Parent company	783
Total		6 701

Dividends Paid to Controlling Entities

In 2020, the Company paid the following profit shares.

- TG CZK 17.8 million (2019: CZK 0 million)
- TTC CZK 4.2 million (2019: CZK 0 million)

The amounts are after deduction of withholding tax.

E. CONCLUSION

While exercising due care and diligence, the reporting entity is not aware of any related parties other than those disclosed herein. During the reporting period, the reporting entity took or executed no legal acts in the interest of or at the initiative of the related parties other than those described herein. Our review of the legal relations between the reporting entity and the related parties indicates that the reporting entity incurred no detriment in connection with contractual arrangements or legal acts or other measures that the reporting entity adopted or implemented during the reporting period in the interest of or at the initiative of individual related parties. It can also be stated that no disadvantages ensued to the reporting entity arising from these relations.

In Klášterec nad Ohří on 21 May 2021

Toyoda Gosei Czech, s.r.o.



Shoji Okajima
Statutory Executive

3. Financial Statements for the Year Ended 31 March 2021

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

Name of the Company: Toyoda Gosei Czech, s.r.o.

Registered Office: Průmyslová 2, 431 51 Klášterec nad Ohří –
District of Chomutov

Legal Status: Limited Liability Company

Corporate ID: 264 37 171

Components of the Financial Statements:

Balance Sheet

Profit and Loss Account

Statement of Changes in Equity

Cash Flow Statement

Notes to the Financial Statements

These financial statements were prepared on 21 May 2021.

Statutory body of the reporting entity:	Signature
Shoji Okajima Statutory Executive	S. OKI

BALANCE SHEET
full version

Toyoda Gosei Czech, s.r.o.
Corporate ID 264 37 171

As of
31.03.2021
(in CZK thousand)

Průmyslová 2
Klášteřec nad Ohří
okres Chomutov, 431 51

		31.03.2021			31.03.2020
		Gross	Adjustment	Net	Net
	TOTAL ASSETS	5 423 961	2 338 057	3 085 904	2 989 778
B.	Fixed assets	3 782 754	2 313 105	1 469 649	1 540 911
B.I.	Intangible fixed assets	145 383	135 720	9 663	13 377
B.I.2.	Valuable rights	144 808	135 720	9 088	12 026
B.I.2.1.	Software	67 781	58 693	9 088	12 026
B.I.2.2.	Other valuable rights	77 027	77 027		
B.I.5.	<i>Prepayments for intangible fixed assets and intangible fixed assets under construction</i>	575		575	1 351
B.I.5.2.	Intangible fixed assets under construction	575		575	1 351
B.II.	Tangible fixed assets	3 637 370	2 177 385	1 459 985	1 527 533
B.II.1.	Land and structures	1 237 924	468 287	769 637	807 830
B.II.1.1.	Land	27 235		27 235	27 235
B.II.1.2.	Structures	1 210 689	468 287	742 402	780 595
B.II.2.	Tangible movable assets and sets of tangible movable assets	2 110 929	1 585 217	525 712	445 881
B.II.4.	<i>Other tangible fixed assets</i>	131 987	123 881	8 106	8 749
B.II.4.1.	Perennial crops	7 157	2 867	4 290	4 535
B.II.4.3.	Other tangible fixed assets	124 830	121 014	3 816	4 214
B.II.5.	<i>Prepayments for tangible fixed assets and tangible fixed assets under construction</i>	156 530		156 530	265 073
B.II.5.1.	Prepayments for tangible fixed assets	43 210		43 210	56 940
B.II.5.2.	Tangible fixed assets under construction	113 320		113 320	208 133
B.III.	Non-current financial assets	1		1	1
B.III.3.	Equity investments in associates	1		1	1
C.	Current assets	1 393 408	23 983	1 369 425	1 259 772
C.I.	Inventories	758 517	19 008	739 509	627 864
C.I.1.	Material	497 213	13 986	483 227	361 825
C.I.2.	Work in progress and semifinished goods	24 552		24 552	28 251
C.I.3.	<i>Products and goods</i>	236 752	5 022	231 730	230 185
C.I.3.1.	Products	118 704	2 629	116 075	113 833
C.I.3.2.	Goods	118 048	2 393	115 655	116 352
C.I.5.	Prepayments for inventories				7 603
C.II.	Receivables	504 403	4 975	499 428	479 998
C.II.1.	Long-term receivables	1 442		1 442	1 343
C.II.1.5.	<i>Receivables - other</i>	1 442		1 442	1 343
C.II.1.5.4.	Sundry receivables	1 442		1 442	1 343
C.II.2.	Short-term receivables	502 961	4 975	497 986	478 655
C.II.2.1.	Trade receivables	477 246	3 260	473 986	448 387
C.II.2.4.	<i>Receivables - other</i>	25 715	1 715	24 000	30 268
C.II.2.4.3.	State - tax receivables	9 215		9 215	12 944
C.II.2.4.4.	Short-term prepayments made	13 823		13 823	13 240
C.II.2.4.5.	Estimated receivables	667		667	2 541
C.II.2.4.6.	Sundry receivables	2 010	1 715	295	1 543
C.IV.	Cash	130 488		130 488	151 910
C.IV.1.	Cash on hand	153		153	343
C.IV.2.	Cash at bank	130 335		130 335	151 567
D.	Other assets	247 799	969	246 830	189 095
D.1.	Deferred expenses	5 324		5 324	5 978
D.2.	Complex deferred expenses	33 673		33 673	36 686
D.3.	Accrued income	208 802	969	207 833	146 431

		31.03.2021	31.03.2020
	TOTAL LIABILITIES & EQUITY	3 085 904	2 989 778
A.	Equity	1 534 317	1 489 910
A.I.	Share capital	970 000	970 000
A.I.1.	Share capital	970 000	970 000
A.II.	Share premium and capital funds	256	256
A.II.2.	Capital funds	256	256
A.II.2.1.	Other capital funds	256	256
A.III.	Funds from profit	51 438	51 438
A.III.1.	Other reserve funds	51 438	51 438
A.IV.	Retained earnings (+/-)	443 551	418 886
A.IV.1.	Accumulated profits or losses brought forward (+/-)	443 551	418 886
A.V.	Profit or loss for the current period (+/-)	69 072	49 330
B.+C.	Liabilities	1 531 133	1 481 673
B.	Reserves	63 551	77 462
B.II.	Income tax reserve	5 885	14 957
B.IV.	Other reserves	57 666	62 505
C.	Payables	1 467 582	1 404 211
C.I.	Long-term payables	17 180	20 142
C.I.4.	Trade payables	2 898	5 006
C.I.8.	Deferred tax liability	14 282	15 136
C.II.	Short-term payables	1 450 402	1 384 069
C.II.2.	Payables to credit institutions	718 987	778 762
C.II.4.	Trade payables	300 755	160 599
C.II.8.	Other payables	430 660	444 708
C.II.8.3.	Payables to employees	37 274	30 615
C.II.8.4.	Social security and health insurance payables	18 877	16 281
C.II.8.5.	State - tax payables and subsidies	1 539	2 273
C.II.8.6.	Estimated payables	372 762	395 513
C.II.8.7.	Sundry payables	208	26
D.	Other liabilities	20 454	18 195
D.2.	Deferred income	20 454	18 195

PROFIT AND LOSS ACCOUNT
structured by the nature of expense method

Toyoda Gosei Czech, s.r.o.
Corporate ID 264 37 171

Year ended
31.03.2021
(in CZK thousand)

Průmyslová 2
Klášteřec nad Ohří
okres Chomutov, 431 51

		Year ended 31.03.2021	Year ended 31.03.2020
I.	Sales of products and services	3 669 696	4 095 514
II.	Sales of goods	224 406	286 871
A.	Purchased consumables and services	3 076 687	3 471 182
A.1.	Costs of goods sold	171 651	219 366
A.2.	Consumed material and energy	2 456 545	2 772 772
A.3.	Services	448 491	479 044
B.	Change in internally produced inventory (+/-)	4 485	-50 999
D.	Staff costs	597 812	717 913
D.1.	Payroll costs	432 699	517 614
D.2.	Social security and health insurance costs and other charges	165 113	200 299
D.2.1.	Social security and health insurance costs	148 512	178 356
D.2.2.	Other charges	16 601	21 943
E.	Adjustments to values in operating activities	189 903	198 054
E.1.	Adjustments to values of intangible and tangible fixed assets	198 522	185 219
E.1.1.	Adjustments to values of intangible and tangible fixed assets - permanent	184 282	186 069
E.1.2.	Adjustments to values of intangible and tangible fixed assets - temporary	14 240	-850
E.2.	Adjustments to values of inventories	-7 078	15 020
E.3.	Adjustments to values of receivables	-1 541	-2 185
III.	Other operating income	93 271	103 396
III.1.	Sales of fixed assets	1 008	10 364
III.2.	Sales of material	14 859	19 218
III.3.	Sundry operating income	77 404	73 814
F.	Other operating expenses	52 409	66 587
F.1.	Net book value of sold fixed assets	86	2 072
F.2.	Material sold	16 279	22 046
F.3.	Taxes and charges	2 023	1 989
F.4.	Reserves relating to operating activities and complex deferred expenses	10 181	23 272
F.5.	Sundry operating expenses	23 840	17 208
*	Operating profit or loss (+/-)	66 077	83 044
VI.	Interest income and similar income	40	23
VI.2.	Other interest income and similar income	40	23
J.	Interest expenses and similar expenses	1 575	1 248
J.2.	Other interest expenses and similar expenses	1 575	1 248
VII.	Other financial income	114 907	98 815
K.	Other financial expenses	99 282	116 257
*	Financial profit or loss (+/-)	14 090	-18 667
**	Profit or loss before tax (+/-)	80 167	64 377
L.	Income tax	11 095	15 047
L.1.	Due income tax	11 949	19 774
L.2.	Deferred income tax (+/-)	-854	-4 727
**	Profit or loss net of tax (+/-)	69 072	49 330
***	Profit or loss for the current period (+/-)	69 072	49 330
*	Net turnover for the current period	4 102 320	4 584 619

STATEMENT OF CHANGES IN EQUITY

Year ended
31.03.2021
(in CZK thousand)

Toyoda Gosei Czech, s.r.o.
Corporate ID 264 37 171

Průmyslová 2
Kláštrec nad Ohří
okres Chomutov, 431 51

	Share capital	Capital funds	Funds from profit, reserve fund	Accumulated profits or losses brought forward	Other profit or loss from prior years	Profit share prepayments declared	Profit or loss for the current period	TOTAL EQUITY
Balance at 31 March 2019	970 000	256	51 438	427 427			-8 541	1 440 580
Distribution of profit or loss				-8 541			8 541	
Profit or loss for the current period							49 330	49 330
Balance at 31 March 2020	970 000	256	51 438	418 886			49 330	1 489 910
Distribution of profit or loss				49 330			-49 330	
Profit shares paid				-24 665				-24 665
Profit or loss for the current period							69 072	69 072
Balance at 31 March 2021	970 000	256	51 438	443 551			69 072	1 534 317

CASH FLOW STATEMENT

Toyoda Gosei Czech, s.r.o.
Corporate ID 264 37 171

Year ended
31.03.2021
(in CZK thousand)

Průmyslová 2
Kláštorec nad Ohří
okres Chomutov, 431 51

		Year ended 31.03.2021	Year ended 31.03.2020
P.	Opening balance of cash and cash equivalents	151 910	135 266
	<i>Cash flows from ordinary activities (operating activities)</i>		
Z.	Profit or loss before tax	80 167	64 377
A.1.	Adjustments for non-cash transactions	178 043	270 146
A.1.1.	Depreciation of fixed assets	184 282	186 069
A.1.2.	Change in provisions and reserves	-10 011	7 901
A.1.3.	Profit/(loss) on the sale of fixed assets	-922	-8 292
A.1.5.	Interest expense and interest income	1 535	1 225
A.1.6.	Adjustments for other non-cash transactions	3 159	83 243
A.*	Net operating cash flow before changes in working capital	258 210	334 523
A.2.	Change in working capital	-34 794	-22 587
A.2.1.	Change in operating receivables and other assets	-65 111	121 962
A.2.2.	Change in operating payables and other liabilities	134 884	-132 337
A.2.3.	Change in inventories	-104 567	-12 212
A.**	Net cash flow from operations before tax	223 416	311 936
A.3.	Interest paid	-1 534	-1 297
A.4.	Interest received	40	23
A.5.	Income tax paid from ordinary operations	-21 021	15 157
A.***	Net operating cash flows	200 901	325 819
	<i>Cash flows from investing activities</i>		
B.1.	Fixed assets expenditures	-135 097	-259 568
B.2.	Proceeds from fixed assets sold	1 008	10 364
B.***	Net investment cash flows	-134 089	-249 204
	<i>Cash flow from financial activities</i>		
C.1.	Change in payables from financing	-63 569	-59 971
C.2.	Impact of changes in equity	-24 665	
C.2.6.	Profit shares paid	-24 665	
C.***	Net financial cash flows	-88 234	-59 971
F.	Net increase or decrease in cash and cash equivalents	-21 422	16 644
R.	Closing balance of cash and cash equivalents	130 488	151 910

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

Name of the Company:	Toyoda Gosei Czech, s.r.o.
Registered Office:	Průmyslová 2, 431 51 Klášterec nad Ohří, District of Chomutov
Legal Status:	Limited Liability Company
Corporate ID:	264 37 171

TABLE OF CONTENTS

1.	GENERAL INFORMATION	4
1.1.	Incorporation and Description of the Company	4
1.2.	Year-on-Year Changes and Amendments to the Register of Companies	4
1.3.	Organisational Structure	5
1.4.	Group Identification	5
1.5.	Statutory Body	6
2.	BASIS OF ACCOUNTING AND GENERAL ACCOUNTING PRINCIPLES	7
3.	SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES	8
3.1.	Tangible Fixed Assets	8
3.2.	Intangible Fixed Assets	9
3.3.	Inventory	9
3.4.	Receivables	10
3.5.	Trade Payables	10
3.6.	Loans	10
3.7.	Reserves	10
3.8.	Foreign Currency Translations	11
3.9.	Finance Leases	11
3.10.	Operating Leases	11
3.11.	Taxation	12
3.11.1.	Depreciation of Fixed Assets for Tax Purposes	12
3.11.2.	Current Tax Payable	12
3.11.3.	Deferred Tax	12
3.12.	Government Grants	13
3.13.	Revenue Recognition	13
3.14.	Use of Estimates	13
3.15.	Year-on-Year Changes in Valuation, Depreciation or Accounting Policies	13
3.16.	Cash Flow Statement	13
3.17.	Summary of Used Abbreviations with Related Parties	14
4.	ADDITIONAL INFORMATION ON THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT	15
4.1.	Fixed Assets	15
4.1.1.	Intangible Fixed Assets	15
4.2.	Tangible Fixed Assets	16
4.2.1.	Assets Held under Finance and Operating Lease Agreements	17
4.3.	Inventory	17
4.4.	Receivables	18
4.4.1.	Long-Term Receivables	18
4.4.2.	Short-Term Receivables	18
4.5.	Deferrals and Accruals	19
4.5.1.	Temporary Assets	19
4.5.2.	Temporary Liabilities and Estimated Payables	19
4.6.	Equity	20
4.6.1.	Changes in Equity	20
4.7.	Reserves	20
4.8.	Payables	20
4.8.1.	Aging of Short-Term Trade Payables	20
4.8.2.	Intercompany Payables	21
4.9.	Bank Loans	21
4.9.1.	Short-Term Bank Loans and Financial Borrowings	21
4.10.	Income Taxation	22
4.10.1.	Deferred Tax	22
4.11.	Details of Income by Principal Activity	22
4.12.	Related Party Transactions	23
4.12.1.	Income Generated with Related Parties	23
4.12.2.	Purchases from Related Parties	23

4.12.3. Purchases and Sales of Fixed Assets and Financial Assets with Related Parties.....	24
4.13. Consumed Purchases.....	24
4.14. Services	25
4.15. Fee to the Statutory Auditor.....	25
4.16. Change in Reserves and Provisions Relating to Operating Activities and Complex Deferred Expenses	25
4.17. Other Operating Income.....	26
4.18. Grants	26
4.19. Sundry Operating Expenses	26
4.20. Other Financial Income.....	26
4.21. Other Financial Expenses	27
5. EMPLOYEES, MANAGEMENT AND STATUTORY BODIES	28
5.1. Staff Costs and Number of Employees	28
6. OFF BALANCE SHEET COMMITMENTS	29
7. OTHER SIGNIFICANT EVENTS.....	30
8. POST BALANCE SHEET EVENTS	31

1. GENERAL INFORMATION

1.1. Incorporation and Description of the Company

Toyoda Gosei Czech, s.r.o. (hereinafter referred to as the "Company") was established by a Deed of Association as a limited liability company on 21 December 2000 and was incorporated following its registration in the Register of Companies held at the Regional Court in Ústí nad Labem, Section C, File 18630, on 1 March 2001.

The Company is primarily engaged in:

- Foundry work, modelling;
- Production, trade and services not listed in appendices 1 to 3 to the Trade Licensing Act; and
- Production, installation, repairs of electrical machines and appliances, electronic and telecommunication equipment.

The Company's registered office is located at Průmyslová 2, 431 51 Klášterec nad Ohří, Chomutov region.

The Company's share capital is CZK 970,000 thousand.

The financial statements of the Company were prepared as of 31 March 2021 for the period of 12 months (hereinafter referred to as "2020"). The prior year's financial statements of the Company were prepared as of 31 March 2020 for the period of 12 months (hereinafter referred to as "2019").

The following table shows individuals and corporate entities with an equity interest greater than 20% and the amount of their equity interest:

Owner	Ownership percentage
TOYODA GOSEI CO., LTD., 1, Haruhinagahata, Kiyosu Aichi-Prefecture, 452-8564, Japan	80%
TOYOTA TSUSHO CORPORATION, Toyota Bldg., 9-8, Meieki 4-chrome, Nakamura-ku, Nagoya, 450-8575, Japan	20%
Total	100%

The Company's primary activities include the manufacture of automotive parts and the purchase and sale of goods.

1.2. Year-on-Year Changes and Amendments to the Register of Companies

During the reporting period, three statutory executives were removed from the Register of Companies. Their positions were removed on 30 September 2020 – see Note 1.5.

1.3. Organisational Structure

- President of the Company
 - HR and public affairs department
 - Finance
 - IT
 - HR and general affairs department
 - Procurement
 - Quality and project management
 - Quality and project management in Hall 1
 - Quality and project management in Hall 2
 - Quality and project management in Halls 3 and 4
 - Quality assurance
 - Production Hall 1
 - Production administration in Hall 1
 - Technical department in Hall 1
 - Production department in Hall 1
 - Production Hall 2
 - Production administration in Hall 2
 - Technical department in Hall 2
 - Production department in Hall 2
 - Production Hall 3
 - Production department in Hall 3 – primary process
 - Production department in Hall 3 – secondary process
 - Production Hall 4
 - Production department in Hall 4 – secondary process
 - Technical department in Hall 3 and Hall 4
 - Technical department for Hall 3 and Hall 4
 - Primary-process technical department
 - Secondary-process technical department
 - Production-technical department

1.4. Group Identification

The Company is included in the Japanese Toyota Gosei Corporation Limited Group.

The consolidated financial statements of the Group are available at www.toyoda-gosei.com.

1.5. Statutory Body

	Position	Time	Name
Statutory body	Statutory executive	Since 10 January 2017	Shoji Okajima
	Statutory executive	From 1 April 2019 to 30 September 2020	Katsumi Saito
	Statutory executive	From 1 March 2017 to 30 September 2020	Kazutaka Murakami
	Statutory executive	From 17 October 2018 to 30 September 2020	Hiroshi Yasuda

2. BASIS OF ACCOUNTING AND GENERAL ACCOUNTING PRINCIPLES

The Company's accounting books and records are maintained and the financial statements were prepared in accordance with Accounting Act 563/1991 Coll., as amended; Regulation 500/2002 Coll. which provides implementation guidance on certain provisions of the Accounting Act for reporting entities that are businesses maintaining double-entry accounting records, as amended; and Czech Accounting Standards for Businesses, as amended.

The accounting records are maintained in compliance with general accounting principles, specifically the historical cost valuation basis, the accruals principle, the prudence concept and the going concern assumption.

These financial statements are presented in thousands of Czech crowns ("CZK").

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1. Tangible Fixed Assets

Tangible fixed assets include assets with an estimated useful life greater than one year and an acquisition cost greater than CZK 5 thousand on an individual basis.

Purchased tangible fixed assets are stated at cost less accumulated depreciation and any recognised impairment losses.

Tangible fixed assets developed internally are valued at direct costs, incidental costs directly attributable to the internal production of assets (production overheads), or alternatively incidental costs of an administrative character if the production period of the assets exceeds one accounting period.

The following tangible fixed assets are stated at replacement cost: tangible fixed assets acquired through donation, tangible fixed assets acquired without consideration on the basis of a contract to purchase a leased asset (accounted for by a corresponding entry in the relevant accumulated depreciation account), fixed assets recently entered in the accounting records (accounted for by a corresponding entry in the relevant accumulated depreciation account), and an investment of tangible fixed assets. The replacement cost is determined based on an expert valuation report prepared by a certified appraiser.

The cost of fixed asset improvements exceeding CZK 80 thousand (CZK 40 thousand until 31 December 2020) for the period increases the acquisition cost of the related tangible fixed asset.

Depreciation is charged so as to write off the cost of tangible fixed assets, other than land and assets under construction, over their estimated useful lives, using the straight line method, on the following basis:

	Number of years
Administrative buildings	50
Industrial buildings and halls	30
Infrastructure networks	20
Air-conditioning, EPS, conveyors, etc.	12
Machinery for the production of weatherstrips	10
Machinery for the production of security systems and functional components	8
Other machines and equipment	6
Other furniture and fixtures	6
Servers, computers and peripheral devices	4
Transportation containers	4
Measurement and inspection devices, various instruments and tools	4
Moulds	2
Assets between CZK 5 thousand and CZK 40 thousand	2

Assets held under finance leases are depreciated by the lessor.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the net book value of the asset at the sale date and is recognised through the profit and loss account.

Provisioning

Provisions against tangible fixed assets are created based on the results of inventory taking or, if relevant, supporting documents from technical segments. The Company regularly assesses all indicators that might cause asset impairment and require relevant adjustments in the financial statements.

3.2. Intangible Fixed Assets

Intangible fixed assets include assets with an estimated useful life greater than one year and an acquisition cost greater than CZK 60 thousand on an individual basis.

Intangible fixed assets also comprise software or valuable rights. Software and valuable rights generated internally for the Company's internal needs are not capitalised. Internally generated intangible assets are stated at the lower of internal production costs and replacement cost.

Purchased intangible fixed assets are stated at cost less accumulated amortisation.

The cost of fixed asset improvements exceeding CZK 60 thousand for the period increases the acquisition cost of the related intangible fixed asset.

Amortisation of intangible fixed assets is recorded on a straight line basis over their estimated useful lives as follows:

	Number of years
Software	6
Valuable rights	5

Provisioning

The Company creates provisions against intangible fixed assets based on the results of inventory taking.

3.3. Inventory

The Company measures the inventory using standard prices determined for the particular period.

Internally developed inventory – internally developed semi-finished goods and finished products – are valued at the calculated costs, which primarily consist of the direct costs of production (direct material, direct wages, other direct costs) and the portion of indirect costs relating to production. Financial expenses relating to the use of external funding can be reported as part of the cost of producing the inventory solely if they relate to the period of their production.

Provisioning

Inventories are provisioned as follows:

- The balance of final products or goods in stock from finished projects for which no other use is anticipated (in the amount of 100% according to the underlying documents of the production administrative),

- The balance of final products or goods in stock from finished projects for which other use is anticipated (six years after the termination of the project in the amount of 30%, nine years after 60% and twelve years after 90%);
- The amount of final products or goods in stock for items, the standard cost of which is higher than the selling price, in the amount of the difference increased by the estimate of expenses relating to their sales;
- The amount of moulds intended for sale, the acquisition cost of which is higher than the selling price, in the amount of the difference; and
- Inventories older than six months or one year which will, however, be used to produce spare parts when the project is completed are not provided for.

3.4. Receivables

Upon origination, receivables are stated at their nominal value as subsequently reduced by appropriate provisions for bad amounts. Provisions are also created against unbilled supplies based on a self-billing contract with the customer, ie against items that were not included by the customer in its billing. Provisions against receivables are recognised if doubts exist as to their recoverability.

Provisioning

Based on an analysis of the maturity of receivables, the Company creates a 50 % provision against receivables past due between 180 to 365 days, while receivables past due for more than 365 days are provisioned in full. Provisions against intercompany receivables are only created in exceptional situations. In determining the provisioning charges, the Company also refers to the status of court proceedings, the financial health of the debtor, opinions from legal counsel, etc.

3.5. Trade Payables

Trade payables are stated at their nominal value.

3.6. Loans

Loans are stated at their nominal value.

The portion of long-term loans maturing within one year from the balance sheet date is included in short-term loans.

Interest is included in the profit or loss for the period.

All borrowing costs are recorded to the profit and loss account in the period in which they are incurred.

3.7. Reserves

Reserves are intended to cover future risks or expenditure, the nature of which is clearly defined and which are likely to be incurred, but which are uncertain as to the amount or the date on which they will be utilised.

The Company recognises reserves for warranties, where it undertakes to participate in covering the costs incurred on delivering faulty components or addressing complaints made during the warranty period. The calculation is based on the monitoring of the development of defects reported by customers which is conducted by the Quality Control Department and the aggregate production of the reporting period. The maximum warranty repair period is five years after the relevant component is delivered to a customer. For that period, the Company maintains the reserves. After five years, the previously maintained and undrawn reserve is released.

The Company also recognises a non-tax deductible reserve for outstanding vacation days on a monthly basis by reference to the proportional part of the total entitlement to the number of vacation days and the average assessment bases. Furthermore, the Company accounts for reserves for repairs of tangible fixed assets, for contingent liabilities arising from legal disputes or for employee benefits.

In the year ended 31 March 2013, the Company started creating accounting reserves for employee benefits as a result of the current employment policy and the number and structure of the Company's employees.

3.8. Foreign Currency Translations

Transactions denominated in foreign currencies during the year are translated using the daily exchange rate of the Czech National Bank.

At the balance sheet date, financial assets, short-term receivables and payables denominated in a foreign currency are translated using the effective exchange rate promulgated by the Czech National Bank as of that date. Any resulting foreign exchange rate gains and losses are recorded as the current year's financial expenses or revenues as appropriate.

3.9. Finance Leases

A finance lease is the acquisition of a tangible fixed asset such that, over or after the contractual lease term, ownership title to the asset transfers from the lessor to the lessee; pending the transfer of title, the lessee makes lease payments to the lessor for the asset that are charged to expenses.

If a finance lease contains an initial lump-sum payment, the lump-sum payment is accrued as an asset and released as an expense over the life of the lease.

Leasehold improvements are depreciated over the lease term. Following the transfer of ownership title of the leased asset to the lessee, the cost of improvements is added to the value of acquired assets and the depreciation of this increased amount continues.

3.10. Operating Leases

Operating leases represent a short-term or long-term lease when the lessee returns the leased asset to the lessor once the lease expires. No contractual claim exists regarding the potential transfer of the leased asset to the lessee's possession.

TGCZ holds assets under operating leases. Related costs are charged to operating expenses under 'Services' based on invoices received from the individual lessors. Payables are recorded as trade payables and divided into short-term and long-term payables.

3.11. Taxation

3.11.1. Depreciation of Fixed Assets for Tax Purposes

Depreciation of fixed assets is calculated using the straight line method for tax purposes.

3.11.2. Current Tax Payable

The tax currently payable is based on taxable profit for the reporting period. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using the tax rates that have been enacted by the balance sheet date.

3.11.3. Deferred Tax

Deferred tax is accounted for using the balance sheet liability method.

Under the liability method, deferred tax is calculated at the income tax rate that is expected to apply in the period when the tax liability is settled or the asset realised.

The balance sheet liability method focuses on temporary differences which are differences between the tax base of an asset or liability and its carrying amount in the balance sheet. The tax base of an asset or liability is the amount that will be deductible for tax purposes in the future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax is charged or credited to the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset and reported on an aggregate net basis in the balance sheet, except when partial tax assets cannot be offset against partial tax liabilities.

3.12. Government Grants

Grants received to offset costs are recognised as other operating and financial income over the period necessary to match them with the related costs. Grants received to acquire tangible and intangible fixed assets and technical improvements and grants towards interest expenses added to the cost are deducted in reporting their cost or internal cost. Grants received for the creation of jobs are posted to income when the Company reaches the required number of employees.

3.13. Revenue Recognition

Revenues are recognised in line with the delivery terms concluded with the customer, i.e. when goods are delivered and accepted by the customer, and when goods are shipped out of stock and title has passed to the customer. Revenues are reported net of discounts and VAT.

Revenues from services are recognised when services are rendered and are reported net of discounts and VAT.

3.14. Use of Estimates

The presentation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the reporting period. Management of the Company believes that the estimates and assumptions used will not significantly differ from the actual results and outcomes in the following reporting periods.

3.15. Year-on-Year Changes in Valuation, Depreciation or Accounting Policies

No year-on-year change in the accounting policy was determined.

3.16. Cash Flow Statement

The cash flow statement is prepared using the indirect method. Cash equivalents include current liquid assets easily convertible into cash in an amount agreed in advance. Cash and cash equivalents can be analysed as follows:

	(CZK thousand)	
	31 March 2021	31 March 2020
Cash on hand and cash in transit	153	343
Cash at bank	130 335	151 567
Total cash and cash equivalents	130 488	151 910

Cash flows from operating, investment and financial activities presented in the cash flow statement are not offset. The change in the balance of received loans is reported in line C.1. 'Change in payables from financing' of the cash flow statement.

3.17. Summary of Used Abbreviations with Related Parties

Abbreviation	Entity	Country
TJTG	Toyoda Gosei Star Light (Tianjin) Auto Parts Co., Ltd.	China
MTG	Minda TG Rubber Pvt Ltd.	India
TG	TOYODA GOSEI Co. Ltd.	Japan
TGE	Toyoda Gosei Europe N.V.	Belgium
TGEJ	TG Higashi Nihon Co., Ltd.	Japan
TGHP	Toyoda Gosei Haiphong Co., Ltd.	Vietnam
TGNA	Toyoda Gosei North America Corporation	USA
TGRT	Toyoda Gosei Rubber (Thailand) Co.,Ltd.	Thailand
TGT	Toyoda Gosei Thailand Co., Ltd.	Thailand
TGUK	Toyoda Gosei UK Ltd.	United Kingdom
TGZS	Toyoda Gosei (Zhangjiagang) Co., Ltd.	China
TT Praha	Toyota Tsusho Praha, s.r.o.	Czech Republic
TTESA CR	Toyota Tsusho Europe S.A., organisational branch in the Czech Republic	Czech Republic
TTESA FR	Toyota Tsusho Europe S.A., Onnaing	France
TTESA PL	Toyota Tsusho Europe S.A. Oddział w Polsce	Poland
WTG	Waterville TG Inc.	Canada

4. ADDITIONAL INFORMATION ON THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

4.1. Fixed Assets

4.1.1. Intangible Fixed Assets

Overview of principal balances:

Major items include software used for communicating with customers and the ERP system which is subject to regular assessment. Non-capitalised intangible assets predominantly include technical improvements of software, which will be capitalised in April 2021.

4.2. Tangible Fixed Assets

Cost

	(CZK thousand)					
	Balance at 31 March 2019	Additions	Disposals	Balance at 31 March 2020	Additions	Disposals
Land	27 235	0	0	27 235	0	0
Structures	1 177 375	25 337	878	1 201 834	8 907	52
Tangible movable assets						
- <i>Machines and equipment</i>	1 835 581	99 054	45 416	1 889 219	215 438	76 729
- <i>Vehicles</i>	1 430	0	0	1 430		708
- <i>Furniture and fixtures</i>	17 720	3 274	680	20 314	2 603	461
- <i>Sundry tangible fixed assets</i>	51 866	9 359	4 885	56 340	5 858	2 375
Other tangible fixed assets and perennial crops	127 438	794	152	128 080	3 980	73
Tangible fixed assets under construction	97 215	245 487	134 569	208 133	255 050	349 863
Prepayments for tangible fixed assets	45 040	11 900		56 940	106 073	119 803
Total	3 380 900	395 205	186 580	3 589 525	597 909	550 064

Accumulated Depreciation

	(CZK thousand)					
	Balance at 31 March 2019	Additions	Disposals	Balance at 31 March 2020	Additions	Disposals
Land	0	0	0	0	0	0
Structures	375 619	45 664	44	421 239	47 080	32
Tangible movable assets						
- <i>Machines and equipment</i>	1 389 979	117 665	46 801	1 460 843	115 264	58 097
- <i>Vehicles</i>	1 430			1 430	0	708
- <i>Furniture and fixtures</i>	9 104	1 919	631	10 392	2 729	462
- <i>Sundry tangible fixed assets</i>	42 010	9 058	2 311	48 757	7 428	2 359
Other tangible fixed assets and perennial crops	110 511	8 972	152	119 331	4 623	73
Total	1 928 653	183 278	49 939	2 061 992	177 124	61 731

Net Book Value

	(CZK thousand)	
	Balance at 31 March 2020	Balance at 31 March 2021
Land	27 235	27 235
Structures	780 595	742 402
Individual movable tangible assets		
- <i>Machines and equipment</i>	428 376	509 918
- <i>Vehicles</i>	0	0
- <i>Furniture and fixtures</i>	9 922	9 797
- <i>Sundry tangible fixed assets</i>	7 583	5 997
Other tangible fixed assets and perennial crops	8 749	8 106
Tangible fixed assets under construction	208 133	113 320
Prepayments for tangible fixed assets	56 940	43 210
Total	1 527 533	1 459 985

In 2020, the Company created a provision against tangible movable assets in the amount of CZK 14,240 thousand. In 2019, CZK 851 thousand was released. This provision was created against the machinery of the Toyota Yaris project terminated this year.

The balance sheet value of the provision against tangible movable assets increased to CZK 19,773 thousand as of 31 March 2021 (compared to CZK 5,533 thousand as of 31 March 2020).

In 2020, major additions to assets primarily include new technology of two-component plastic injection for new types of hoses for filling fuel into the tank. In addition, there were investments in automation and robotics – particularly in the area of primary processes of rubber profile production.

In 2020 and 2019, the Company acquired tangible assets which were directly expensed in the amounts of CZK 1,351 thousand and CZK 2,148 thousand, respectively. These assets comprise low value tangible assets consisting of other movable assets and sets of movable assets with an estimated useful life exceeding one year. These assets are excluded from fixed assets and are expensed on one-off basis.

In 2020, the main disposal of tangible assets includes unused obsolete machinery and equipment due to a modernisation of assembly lines based on project terminations. In addition, other disposals include obsolete storage trolleys and IT equipment.

Interest was not capitalised as part of the cost of tangible fixed assets.

4.2.1. Assets Held under Finance and Operating Lease Agreements

Finance Leases with Subsequent Purchase

Description	Total lease value	Payments made in the year ended 31 March 2021	(CZK thousand)
			Due in following years
Total cars and machinery	1 698	1 698	0

The above figures are net of VAT if input VAT recovery is possible.

Operating Leases

Description	Date of inception	Date of expiration	Total lease value	Payments made in the year ended 31 March 2021	(CZK thousand)
					Payments due in the following years
Handling technology	01/2010 – 03/2020	02/2019 – 03/2025	31 132	17 765	13 367
Cars	06/2015 – 03/2020	05/2019 – 02/2025	22 397	14 998	7 399
Machinery	04/2018 – 08/2018	04/2022 – 10/2023	3 372	2 081	1 291

The above figures are net of VAT if input VAT recovery is possible.

4.3. Inventory

	(CZK thousand)	
	Balance at 31 March 2021	Balance at 31 March 2020
Material	497 213	376 138
Work in progress	24 552	28 251
Products	118 704	119 489
Goods	28 700	18 613
Goods – moulds and tools intended for sale	89 348	103 856
Prepayments made for inventory	0	7 603
Provisions	-19 008	- 26 086
Total	739 509	627 864

The increase in the balance of materials and goods is affected by the newly launched Toyota Yaris project, the production of which was launched in the second quarter of 2020. The product composition of the project required the creation of additional inventory.

In 2020 and 2019, a provision against inventory of products was created in the balance sheet amount of CZK 2,629 thousand and CZK 5,656 thousand, respectively; a provision against inventory of goods amounted to CZK 2,393 thousand and CZK 6,117 thousand, respectively; a provision against material was recognised in the amount of CZK 13,986 thousand and CZK 14,313 thousand, respectively.

4.4. Receivables

4.4.1. Long-Term Receivables

Since 2006, the Company has provided loans to its employees. As of 31 March 2021, the long-term portion of these loans is not reported (CZK 0 thousand as of 31 March 2020).

The Company paid recoverable deposits related to the lease of residential and non-residential (storage) premises. As of 31 March 2021, the value of the deposits amounts to CZK 1,442 thousand (31 March 2020: CZK 1,343 thousand).

4.4.2. Short-Term Receivables

Aging of Trade Receivables

Year ended 31 March	Category	Before due	Past due				(CZK thousand)	
			1 – 90 days	91 – 180 days	181 days – 2 years	2 years and more	Total past due	Total
2020	Gross	407 852	23 322	4 406	41 539	127	69 394	477 246
	Provisions	0	0	0	3 168	92	3 260	3 260
	Net	407 852	23 322	4 406	38 371	35	66 134	473 986
2019	Gross	404 903	39 468	3 095	6 282	101	48 946	453 849
	Provisions	0	0	0	5 381	81	5 462	5 462
	Net	404 903	39 468	3 095	901	20	43 484	448 387

Receivables typically mature within one to three months, depending on the customer.

Intercompany Receivables

(CZK thousand)		
Entity	Balance at 31 March 2021	Balance at 31 March 2020
Short-term receivables		
Trade		
<i>In the Toyoda Gosei group</i>		
TGUK	932	24
TGE	324	1 645
TGHP	11 267	3 164
TGNA	0	0
TGT	5	372
WTG	0	0
<i>In the Toyota Tsusho group</i>		
TTESA CR	6 733	9 646
<i>From companies with controlling influence</i>		
TG	972	1 220
Total short-term intercompany receivables and accrued income	20 233	16 071
Other than intercompany receivables	665 815	584 656
Total short-term receivables and accrued income	686 048	600 727

4.5. Deferrals and Accruals**4.5.1. Temporary Assets**

(CZK thousand)		
	Balance at 31 March 2021	Balance at 31 March 2020
Deferred expenses – lease	1 472	2 401
Deferred expenses – insurance premium	1 601	1 533
Accrued income	208 802	146 878
Provision against accrued income	-969	-447
Complex deferred expenses	33 673	36 686
Deferred expenses – other	2 251	2 044
Total temporary assets	246 830	189 095

Accrued income consists of products and goods purchased by entities with which the Company has a self-billing agreement in place. The balance includes items of sale orders that were not invoiced by the customer based on this agreement as of 31 March 2021. The balance in the previous reporting period was affected by the suspension of shipments as a reaction to the situation regarding the COVID-19 pandemic (the balance as of 31 March 2020: CZK 220,352 thousand).

The provision against accrued income represents a provision that was created against unbilled supplies as disclosed in Note 3.4.

4.5.2. Temporary Liabilities and Estimated Payables

(CZK thousand)		
	Balance at 31 March 2021	Balance at 31 March 2020
Estimated payables – inventory	134 759	187 029
Estimated payables – other	238 003	208 484
Deferred income	20 454	18 195
Total temporary liabilities	393 216	413 708

The estimated payable for inventory includes amounts of received material and goods for which the Company had not received invoices as of 31 March 2021.

4.6. Equity

4.6.1. Changes in Equity

Share Capital

In 2020, there were no changes in the share capital. The share capital amounts to CZK 970,000 thousand as of 31 March 2021.

Reserve Fund

In 2020, the Company recognised no reserve fund based on the decision of the General Meeting.

The aggregate amount of the reserve fund was CZK 51,438 thousand as of 31 March 2021.

Retained Earnings and Accumulated Losses

The profit for 2019 of CZK 49,330 thousand was approved by the General Meeting in 2020. According to the resolution of the General Meeting, 50% of the profit was paid out as a dividend to the controlling entities and 50% was transferred to accumulated profits brought forward.

The accounting profit for 2020 will probably be settled as follows: 75% of the profit will be paid out as a dividend to controlling entities and the remaining 25% will be transferred to accumulated profits brought forward.

4.7. Reserves

(CZK thousand)					
	Reserve for outstanding vacation days	Reserve for warranty repairs	Reserve for repairs of tangible fixed assets	Other reserves	Total reserves
Balance at 31 March 2020	12 598	7 214	14 273	28 420	62 505
Charge for reserves	10 712	1 453	0	0	12 165
Use of reserves	12 598	0	4 000	406	17 004
Balance at 31 March 2021	10 712	8 667	10 273	28 014	57 666

4.8. Payables

4.8.1. Aging of Short-Term Trade Payables

(CZK thousand)								
Year	Category	Before due	Past due				Total past due	Total
			1 – 90 days	91 – 180 days	181 – 360 days	1 – 2 years	2 years and more	
2020	Short-term	284 700	15 480	138	0	437	0	300 755
2019	Short-term	134 124	15 429	20	4 786	6 240	0	160 599

Payables typically mature within one or two months. The balance of payables as of 31 March 2021 is on normal performance level. Last year was affected by the reduced value of purchases due to limited production during the spread of the COVID-19 pandemic.

As of 31 March 2021, the Company carried due amounts arising from social security, contribution to the governmental employment policy and due amounts arising from the public health insurance which are due in April 2021. Due amounts arising from social security and health insurance and tax payables are before their due dates.

As of the balance sheet date, the Company records no payables with maturities greater than five years.

4.8.2. Intercompany Payables

(CZK thousand)		
Entity	Balance at 31 March 2021	Balance at 31 March 2020
Short-term payables		
<u>Trade</u>		
<i>In the Toyoda Gosei group</i>		
TGUK	0	0
TGE	0	0
<i>In the Toyota Tsusho group</i>		
TTESA CR	51 234	15 829
<i>In associates</i>		
TG	80 712	30 239
<u>From estimated payables</u>		
<i>In the Toyoda Gosei group</i>		
TGUK	0	2 635
TGNA	0	1 624
TGE	0	5 415
TGRT	0	0
TGHP	0	0
<i>In the Toyota Tsusho group</i>		
TTESA CR	0	572
<i>In associates</i>		
TG	0	39 511
Total short-term intercompany payables and estimated payables	132 495	241 676
Other than intercompany payables	541 022	314 436
Total short-term payables	673 517	556 112

4.9. Bank Loans

4.9.1. Short-Term Bank Loans and Financial Borrowings

As of 31 March 2021, the Company reports three bank loans totalling CZK 718,987 thousand (in 2019: CZK 778,762 thousand).

The bank loan from MUFG Bank (Europe) N.V. of CZK 287,595 thousand is due on 16 April 2021 and is rolled over on a monthly basis; the interest rate has been negotiated to match current market rates.

The bank loan from Sumitomo Mitsui Banking Corporation Europe Limited of CZK 235,305 thousand is due on 16 April 2021 and is rolled over on a monthly basis; the interest rate has been negotiated to match current market rates.

The bank loan from Mizuho Bank Europe N.V. of CZK 196,087 thousand is due on 16 April 2021 and is also rolled over on a monthly basis; the interest rate has been negotiated to match current market rates.

4.10. Income Taxation

The Company recognises a reserve for the current tax payable, because the expected tax liability exceeds the prepayments made in the amount of CZK 10,228 thousand (CZK 5,638 thousand as of 31 March 2020). The reported line „B.II. Income tax reserve“ includes the expected tax charge reduced by income tax prepayments.

4.10.1. Deferred Tax

The deferred tax asset is analysed as follows:

Deferred Tax Arising from

	(CZK thousand)	
	Balance at 31 March 2021	Balance at 31 March 2020
Deferred tax arising from differences in net book values of fixed assets	-32 936	-35 844
Deferred tax arising from reserves for warranties	1 647	1 371
Deferred tax arising from the provision against inventory	3 612	4 956
Deferred tax arising from the provision against receivables	869	1 194
Deferred tax arising from the reserve for repairs of tangible fixed assets	1 952	2 712
Deferred tax arising from the reserve for outstanding vacation days	2 035	2 394
Deferred tax arising from the reserve for employee benefits	5 262	5 340
Deferred tax arising from other reserves	3 277	2 741
Total	-14 282	-15 136

As of 31 March 2021, the Company assessed the individual temporary differences which served as a basis for calculating deferred tax, and based on the sum of deferred taxes for the individual differences, the Company recognised a tax liability in the amount of CZK 14,282 thousand (as of 31 March 2020: CZK 15,136 thousand).

4.11. Details of Income by Principal Activity

	(CZK thousand)					
	Year ended 31 March 2021			Year ended 31 March 2020		
	In- country	Cross- border	Total	In- country	Cross- border	Total
Goods – safety components	7 955	50 876	58 831	22 999	73 124	96 123
Goods – moulds and tools	124 200	13 776	137 976	149 579	17 122	166 701
Goods – functional parts	3 459	20 616	24 075	0	16 815	16 815
Goods – weatherstrips	0	3 420	3 420	0	6 762	6 762
Goods – optoelectronic parts	57	47	104	470	0	470
Sales of goods	135 671	88 735	224 406	173 048	113 823	286 871
Sale of products – safety components	654 161	1 657 434	2 311 595	715 648	1 836 137	2 551 785
Sale of products – functional parts	52 218	346 850	399 068	52 749	378 980	431 729
Sale of products – weatherstrips	72 849	884 913	957 762	50 634	1 060 644	1 111 278
Sale of products – optoelectronic parts				-6	0	-6
Other services	906	365	1 271	598	130	728
Total sales of products and services	780 134	2 889 562	3 669 696	819 623	3 275 891	4 095 514

4.12. Related Party Transactions

4.12.1. Income Generated with Related Parties

2020

Entity	Relation to the Company	Goods	Products	Services	(CZK thousand)	
					Other income	Total
TG	Parent company	0	129	0	1 677	1 806
TGHP	Ultimate parent company	47 439	0	0	70	47 509
TGT	Ultimate parent company	2 256	0	0	0	2 256
TGUK	Ultimate parent company	0	0	0	1 457	1 457
TGE	Ultimate parent company	0	0	0	642	642
TGNA	Ultimate parent company	0	0	0	0	0
TTESA CR	Ultimate parent company	0	82 185	0	0	82 185
TTESA PL	Ultimate parent company	0	0	0	0	0
Total		49 695	82 314	0	3 846	135 855

2019

Entity	Relation to the Company	Goods	Products	Services	(CZK thousand)	
					Other income	Total
TG	Parent company	0	294	0	1 681	1 975
Meteor GmbH	Ultimate parent company (until 31 December 2019)	0	110 079	0	2 925	113 004
TGHP	Ultimate parent company	59 670	0	0	0	59 670
TGT	Ultimate parent company	4 568	0	0	0	4 568
TGUK	Ultimate parent company	0	-18	0	463	445
TGE	Ultimate parent company	0	0	0	4 830	4 830
TGNA	Ultimate parent company	0	0	3	0	3
TTESA CR	Ultimate parent company	0	74 772	46	602	75 420
TTESA PL	Ultimate parent company	0	21	0	0	21
Total		64 238	185 148	49	10 501	259 936

4.12.2. Purchases from Related Parties

2020

Entity	Relation to the Company	Goods	Products	Services	(CZK thousand)	
					Other expenses	Total
TG	Parent company	26 402	506 913	165 175	5 167	703 657
TGHP	Ultimate parent company	0	0	0	0	0
TJTG	Ultimate parent company	0	3 652	0	0	3 652
TGUK	Ultimate parent company	0	0	933	9	942
TGE	Ultimate parent company	364	0	25 487	20	25 871
TGNA	Ultimate parent company	0	4 054	1 916	87	6 057
TTESA CR	Ultimate parent company	3 798	473 543	844	558	478 743
TTESA FR	Ultimate parent company	0	0	452	0	452
Total		30 564	988 162	194 807	5 841	1 219 374

2019

		(CZK thousand)				
Entity	Relation to the Company	Goods	Products	Services	Other expenses	Total
TG	Parent company	14 415	397 308	182 443	10 008	604 174
Meteor GmbH	Ultimate parent company (until 31 December 2019)	0	24 627	357	37	25 021
TGHP	Ultimate parent company	0	0	342	0	342
TJTG	Ultimate parent company	0	3 011	0	0	3 011
TGUK	Ultimate parent company	0	30	-1 215	6	-1 179
TGE	Ultimate parent company	736	12	29 368	0	30 116
TGNA	Ultimate parent company	0	5 954	1 323	2	7 279
TGZS	Ultimate parent company	0	0	0	0	0
TT Praha	Ultimate parent company	0	0	0	0	0
TTESA CR	Ultimate parent company	568	455 815	672	881	457 936
TTESA FR	Ultimate parent company	0	0	2 146	0	2 146
Total		15 719	886 757	215 436	10 934	1 128 846

4.12.3. Purchases and Sales of Fixed Assets and Financial Assets with Related Parties

Sales

In 2020, the Company sold no assets to related parties.

In 2019, the Company sold no assets to related parties.

Purchases

2020

		(CZK thousand)
Entity	Relation to the Company	Intangible and tangible FA
TTESA CR	Ultimate parent company	5 893
TGRT	Ultimate parent company	25
TG	Parent company	783
Total		6 701

2019

		(CZK thousand)
Entity	Relation to the Company	Intangible and tangible FA
Meteor GmbH	Ultimate parent company (until 31 December 2019)	1 055
TTESA CR	Ultimate parent company	71 375
TG	Parent company	3 337
Total		75 767

4.13. Consumed Purchases

		(CZK thousand)
	Year ended 31 March 2021	Year ended 31 March 2020
Consumed material	2 401 796	2 710 283
Consumed energy	54 749	62 489
Costs of goods sold	171 651	219 366
Total consumed purchases	2 628 196	2 992 138

4.14. Services

	(CZK thousand)	
	Year ended 31 March 2021	Year ended 31 March 2020
Repairs and maintenance	15 272	17 069
Travel expenses	802	4 314
Representation costs	741	1 074
Telephone, Internet	1 282	1 278
Low value intangible assets put into use	235	54
Rental	16 564	22 931
Leasing	4 175	3 930
Storage fees	12 132	6 691
Marketing support	24 921	29 330
Freight costs except for inventory	16 116	23 412
Royalties (licence fees)	133 592	146 896
International hiring of foreign labour	22 827	23 503
Audit services, legal and tax advisory	2 075	3 259
Training of employees	1 015	2 008
Waste disposal	3 465	4 695
Technical support from TG	-22	1 851
Warranty repairs	1 370	4 145
Mediation of workers via agencies	100 580	90 784
IT Support	15 882	13 581
Other services	75 467	78 239
Total	448 491	479 044

Other services primarily include customer services, engineering services, cleaning, security services, translation services, company health care, advertising and others.

4.15. Fee to the Statutory Auditor

	(CZK thousand)	
	Year ended 31 March 2021	Year ended 31 March 2020
Costs of the statutory financial statements audit	1 212	1 592
Total	1 212	1 592

4.16. Change in Reserves and Provisions Relating to Operating Activities and Complex Deferred Expenses

	(CZK thousand)	
	Year ended 31 March 2021	Year ended 31 March 2020
Change in other reserves	-4 840	-4 903
Change in provisions	5 621	11 985
Complex deferred expenses	15 021	28 175
Total	15 802	35 257

Concerning reserves, a reserve for roof repairs was released, as the repairs were actually recognised in the financial statements during the year.

4.17. Other Operating Income

	(CZK thousand)	
	Year ended 31 March 2021	Year ended 31 March 2020
Grants received to offset costs	28 705	269
Sundry operating income	48 699	73 545
Total operating income	77 404	73 814

Sundry operating income includes contractual fines. It also includes the sale of waste disposal, compensation from employees and insurance companies, IT support, compensations from customers for customers for transportation, packaging repairs, development and testing.

4.18. Grants**Summary Outline of the Grant Balances**

Purpose	(CZK thousand)		
	Total grant	Drawn in the year ended 31 March 2021	Drawn as of 31 March 2020
Employee training	216	216	269
Antivirus	28 239	28 239	0
Antigen tests	250	0	0
Total	28 705	28 455	269

The drawing of the grants is reflected in "Other operating income".

In 2020, the Company received grants under the "Support for Vocational Training of Employees" programme and from the "Antivirus" programme of the Labour Office of the Czech Republic. In addition, as of 31 March 2021, an estimate for antigen tests paid for by the Health Insurance Prevention Fund is accounted for.

In 2019, the Company received a grant arising from the "Support of specialised training of employees" provided by the Czech Employment Office.

4.19. Sundry Operating Expenses

	(CZK thousand)	
	Year ended 31 March 2021	Year ended 31 March 2020
Gifts	104	113
Other penalties and fines	-88	140
Insurance	6 338	6 244
Liquidation of old inventory	14 523	8 137
Other	2 963	2 574
Total other operating expenses	23 840	17 208

4.20. Other Financial Income

	(CZK thousand)	
	Year ended 31 March 2021	Year ended 31 March 2020
Foreign exchange rate gains	114 907	98 815
Interest	40	23
Total	114 947	98 838

4.21. Other Financial Expenses

	(CZK thousand)	
	Year ended 31 March 2021	Year ended 31 March 2020
Foreign exchange rate losses	99 025	115 858
Interest	1 575	1 248
Sundry financial expenses	257	399
Total	100 857	117 505

5. EMPLOYEES, MANAGEMENT AND STATUTORY BODIES**5.1. Staff Costs and Number of Employees**

In 2020 and 2019, the following tables summarise the average number of the Company's employees and managers:

2020

					(CZK thousand)
	Number of staff	Payroll costs	Social security and health insurance	Other costs	Total staff costs
Staff	1 093	432 699	148 512	16 601	597 812
Total	1 093	432 699	148 512	16 601	597 812

2019

					(CZK thousand)
	Number of staff	Payroll costs	Social security and health insurance	Other costs	Total staff costs
Staff	1 194	517 614	178 356	21 943	717 913
Total	1194	517 614	178 356	21 943	717 913

The number of employees is based on the average headcount as of the last day of the reporting period.

The current Company's statutory executives work for the Company under the programme for international hiring of labour. The members of the management bodies received no deposits, advance payments, borrowings or loans.

6. OFF BALANCE SHEET COMMITMENTS

Guarantees Received and Provided

As of 31 March 2021, the Company records a due payment bank guarantee in the aggregate amount of CZK 10,000 thousand from MUFG Bank (Europe) NV, organisational branch in the Czech Republic. Based on a letter of guarantee, the Company is liable for the payment of all debt incurred during customs transactions.

Legal Disputes

As of 31 March 2021, the Company was involved in no legal dispute the outcome of which would significantly impact the Company.

Environmental Liabilities

An environmental audit of the Company on the basis of the ISO 14001 certificate was completed as of 31 March 2021. Pursuant to the outcome of the audit, the Company's management believes that the Company is not exposed to any contingent liabilities pertaining to damage caused by prior activities or liabilities related to the prevention of potential future damage.

7. OTHER SIGNIFICANT EVENTS

Due to the spread of the COVID-19 pandemic and the global interconnection of the supply chain, the Company's operation is also affected, as well as the entire Czech and global economy. The Company takes preventive measures and all steps to mitigate economic impacts on the Company. However, the overall quantification of the impact cannot be fully anticipated at this time.

Despite the uncertainties regarding the spread of the COVID-19 pandemic, based on an assessment of all currently available information, the Company believes that the going concern assumption is not compromised and therefore the use of this assumption for the preparation of the financial statements is appropriate and there is currently no significant uncertainty regarding this assumption.

8. POST BALANCE SHEET EVENTS

No events occurred subsequent to the balance sheet date that would have a significant impact on the financial statements. The impacts of the global pandemic on the Company are disclosed in Note 7.

4. Audit Report

INDEPENDENT AUDITOR'S REPORT

To the Partners of Toyoda Gosei Czech, s.r.o.

Having its registered office at: Klášterec nad Ohří, Průmyslová 2, District of Chomutov, 43151

Opinion

We have audited the accompanying financial statements of Toyoda Gosei Czech, s.r.o. (hereinafter also the "Company") prepared on the basis of accounting regulations applicable in the Czech Republic, which comprise the balance sheet as of 31 March 2021, and the profit and loss account, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Toyoda Gosei Czech, s.r.o. as of 31 March 2021, and of its financial performance and its cash flows for the year then ended in accordance with accounting regulations applicable 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 guidelines. 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 the Annual Report

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 Statutory Executives are 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 Company's Statutory Executives for the Financial Statements

The Statutory Executives are responsible for the preparation and fair presentation of the financial statements in accordance with accounting regulations applicable in the Czech Republic and for such internal control as the Statutory Executives determine 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 Statutory Executives are 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 Statutory Executives either intend to liquidate the Company or to cease operations, or have 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 Statutory Executives.
- Conclude on the appropriateness of the Statutory Executives' 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 Executives 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 Prague on 21 May 2021

Audit firm:

Deloitte Audit s.r.o.
registration no. 079



Statutory Auditor:

Ladislav Šauer
registration no. 2261

