

The background of the entire page is a close-up, high-angle photograph of a turbine compressor section. The image shows multiple rows of curved, metallic blades arranged in a circular pattern, creating a strong sense of depth and radial symmetry. The lighting is soft, highlighting the metallic texture of the blades. A semi-transparent red gradient is applied over the right side of the image, providing a backdrop for the text.

ANNUAL REPORT 2020

ANNUAL REPORT 2020

EKOL, spol. s r.o.

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1. SELECTED FINANCIAL INDICATORS

INDICATOR (CZK '000)	2020	2019	2018	2017
PRODUCTION AND SALE OF GOODS	632 360	1 568 759	745 854	551 080
PURCHASED CONSUMABLES AND SERVICES	451 260	1 194 867	788 617	910 880
NET PROFIT/LOSS	13 264	28 832	-9 926	-140 927
TOTAL ASSETS	1 098 188	1 126 470	1 157 946	1 200 247
CURRENT ASSETS	878 343	898 947	932 081	977 510
LIABILITIES	459 833	595 857	594 496	721 555
EQUITY	481 913	468 649	439 817	449 743

2. DEVELOPMENT BETWEEN 2010 AND 2020

Inventory including work in progress (CZK '000)

2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
188 203	262 135	75 271	235 914	189 380	120 161	125 541	517 317	605 558	332 359	265 190

Average number of employees

2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
130	140	161	167	163	163	164	164	143	128	114

Equity (CZK '000)

2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
513 381	519 238	619 540	620 899	616 122	634 387	590 670	449 743	439 817	468 649	481 913

Production and sale of goods (CZK '000)

2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
682 083	839 870	1 354 721	1 207 045	587 591	817 374	810 529	551 080	745 854	1 568 759	632 360

3. ORGANISATIONAL STRUCTURE OF THE COMPANY

Board of Statutory Executives

Liu Haijun

Jaroslav Zapletal

Wang Hui

Sui Zengqiang

SUBSIDIARIES

EKOL ENERGO s. r. o.

BRNO

– 100% equity investment –

AEZ, s. r. o.

BRNO

– 100% equity investment –

EKOL, spol. s r. o. Martin

MARTIN

– 100% equity investment –

EKOL TURBO a. s.

BRNO

– 100% equity investment –

BIOVAL Rumunsko not included in the consolidated group

Valea lui Mihaj, Romania

-99.9%-

POWER ELECTRIC

Bielsko Biala, Poland

-51%-

4. SPECIALISATION OF THE GROUP

EKOL, spol. s r.o. is a flexible and evolving company established in 1991, which grew into a respected European manufacturer and supplier of heat- and electricity-producing equipment.

The Company is based on the activities of top scientists with long-term experience in the field.

The group has currently reached a level where it is able to provide design, construction, production and commissioning of complete energy units, coming to the forefront of leading European manufacturers and suppliers of energy equipment.

The main asset of the Company is its focus on the specific requirements of every customer, which means understanding their needs, finding a common solution, and optimising every project.

The Company's specialisation comprises the following segments:

- Energy units
- Steam turbines
- Service
- Steam, hot water, warm water and electrical boilers
- Research and development
- Technical division – design of steam and combustion turbines, project department
- Production and assembly

5. RESEARCH AND DEVELOPMENT ACTIVITIES

In 2020, the activities of the Research and Development Department (R&D) comprised the following:

1/ EKOL R&D Programme 2019-2020 Key tasks – the implementation of the following tasks continued:

- Design of a referential block with a unified K40 steam condensing turbine and high steam input parameters
- Blading – an all-embracing design of unified RS series, prismatic and twisted blades including an advanced optimisation of the aerodynamic, mechanical, and dynamical characteristics and experimental measuring
- A conceptual design of an axial outlet branch
- Development of a semi-automatic software
- Computational tools and experimental measurements – validation & verification
- Design of a modular system of unified structural nodes for steam turbines blocks with a terminal output range of approx. 4-40 MW

2/ ShaanGu East EU R&D Center – preparatory work for the LSBG (Last Stage Blades Group) global development programme was carried out for the controlling company ShaanGu; the programme is focused on the development of special blades for the last stages of turbines for mechanical drive up to 40 MW.

3/ Development subsidy programmes – implementation of industrial research and experimental development

- “APLIKACE” – the “*Development of new unified series of steam turbines with higher efficiency*” project was successfully completed – an external examination process took place and a final payment was received.
- “TREND” – the “*Development of advanced technological features of the EKOL new generation steam turbines*” project was initiated with the implementation of the first phase with a partial aim of the “*Methodical and process preparation of the new blading generation*” project.

4/ Technical support of supplies, implementation and service of steam turbines – the participation and implementation of R&D outputs within actual projects of steam turbines continued, i.e. primarily *KERNEL*, *YANTAI 2*, *ČESKÉ BUDĚJOVICE*, *YUNCHENG*, *REKONSTRUKCE ELBLAG*, *LOMŽA*, *LUBLIN* a *DOMORADICE-STUDIE*.

5/ Cost Saving Programme – work on the PIC (production indicative costs) tool development continued and, furthermore, 6 proposals with a potential for significant cost savings for the steam turbine were introduced and the implementation started.

In the following year, the R&D department will continue with the implementation of outputs into actual projects, focusing on the key long-term objectives of development programmes aimed at technical development of the Company, increase in know-how, reliability, technical and economic efficiency of the products of EKOL and orientation in the technological challenge of future such as the implementation of the *Digital Twin* of the Steam Turbine.



From the left: 1. Reference turbomachinery design with an axial output, 2. Semi-automatic software – ESTPD application for steam turbine selection, 3. Modular system – construction automation study and drawing documentation creation study, 4. CFD verification analysis of low-pressure part of the turbine

6. IMPORTANT CONTRACTS IN 2020

Steam turbines and energy units:

CUSTOMER OF SUPPLY	SUBJECT OF SUPPLY – PROJECTS IN PROGRESS	PLACE
G-Team	Reconstruction of a 12 MW steam condensing turbine into PR8 at the Teplárna České Budějovice heating plant.	České Budějovice / Czech Republic
Shanxi Gaoyi Steel Co., Ltd	Design, construction, production, supply and commissioning of a steam condensing turbine to drive a 30 MW compressor	ShaanGU/China
KERNEL Group	Design, construction, production, supply and commissioning of a steam condensing turbine to drive a 13.6 MW generator	Bandurka / Ukraine
KERNEL Group	Design, construction, production, supply and commissioning of a steam condensing turbine to drive a 12.1 MW generator	Volchansk / Ukraine
KERNEL Group	Design, construction, production, supply and commissioning of a steam condensing turbine to drive a 23.75 MW generator	Pridneprovskiy / Ukraine
ENERGOSERWIS LUBLIN	Design, construction and production of a 12 MW back-pressure steam turbine with suppressed vacuum for MEGATERM LUBLIN	Lublin / Poland
ENERGIKA, JAWNA	Design, construction and production of a condensing 3,3MW turbine for Biomas CHP-LOMŽA	Lomža / Poland
Yantai Wanhua Chemical Co., Ltd	Design, construction, production, supply and commissioning of a steam condensing turbine to drive a 8,9 MW compressor	ShaanGU/China

Boilers:

CUSTOMER OF SUPPLY	SUBJECT OF SUPPLY – PROJECTS IN PROGRESS	SPECIFICATION	TYPE	PLACE
KERNEL Group	Design, construction, securing production, supply and commissioning of two RFK 35 steam boilers	35/485/6,7	Sunflower husks	Bandurka / Ukraine
KERNEL Group	Design, construction, securing production, supply and commissioning of three RFK 35 steam boilers	35/485/6,7	Sunflower husks	Pridneprovskiy / Ukraine
KERNEL Group	Design, construction, securing production, supply and commissioning of a RFK 35 steam boiler	35/485/6,7	Sunflower husks	Volchansk / Ukraine
EC Žeráň	Design, construction, securing production, supply and commissioning of two hot water boilers (HWB-130) for heating plant Žeráň, Warsaw	130 MW	Natural gas	Budimex / Poland
PROSPECT spol. s r.o.	Design, construction, securing production, supply and commissioning of a 25 t steam boiler	25/360/3	Natural gas	BorsodChem Ostrava / Czech Republic
Teplárna Příbram	Reconstruction of two steam boilers 42 t/h – switching from coal to biomass	42/445/3,37	Wood chips	Mincom/Czech Republic

7. ISO CONFIRMATION CERTIFICATES

BUREAU VERITAS
Certification

Certifikát
uživateř organizací

EKOL, spol. s r.o.
Sídlo a provozovna: Brno, Křenová 65
Provozovna: Kolín, Havlíčkova 260
Česká republika

Bureau Veritas tímto osvědčuje, že systém managementu výše uvedené organizace byl posouzen a shledán ve shodě s požadavky následující systémové normy:

Norma
ČSN ISO 45001:2018

Oblast certifikace
(Oblast certifikace je stejná pro sídlo a každou provozovnu)

VÝVOJ, PROJEKTOVÁNÍ, KONSTRUKCE, VÝPOČTY, PROVOZNI A PŘEDÁVACÍ ZKOUŠKY PARNÍCH TURBINOVÝCH ZAŘÍZENÍ, PARNÍCH A PLYNOVÝMI TURBINAMI, KOGENERACNÍCH JEDNOTEK, VÝROBA, MONTÁŽ, UVÁDĚNÍ DO PROVOZU A SERVIS PARNÍCH TURBIN, KOMPONENT PLYNOVÝCH TURBIN A KOTLŮ, MONTÁŽ, UVÁDĚNÍ DO PROVOZU A SERVIS TEPELNĚ ENERGETICKÝCH ZAŘÍZENÍ, EPC KONTRAKTOR PRO DODÁVKY TEPELNĚ ENERGETICKÝCH ZAŘÍZENÍ.

Datum vydání: 25. ČERVENEC 2019 Platnost: Datum vzniku certifikátu: 25. ČERVENEC 2019
Konec: Datum expirace certifikátu: 24. ČERVENEC 2022

Tento certifikát platí na poskytnutou oblast certifikace podle smlouvy uzavřené mezi stranami do 24. ČERVENCE 2022.
Pro ověření platnosti certifikátu navštivte: +420 210 085 215
Další podmínky platnosti a rozsah certifikátu a způsob činnosti pro udržení shody lze získat na našich webových stránkách.

Vítez 1, Datum vydání: 25. ČERVENEC 2019
Číslo certifikátu: CZ009413-1

S 3100

BUREAU VERITAS
Certification

Certifikát
uživateř organizací

EKOL, spol. s r.o.
Sídlo a provozovna: Brno, Křenová 65
Provozovna: Kolín, Havlíčkova 260
Česká republika

Bureau Veritas tímto osvědčuje, že systém managementu výše uvedené organizace byl posouzen a shledán ve shodě s požadavky následující systémové normy:

Norma
ČSN EN ISO 14001:2016

Oblast certifikace
(Oblast certifikace je stejná pro sídlo a každou provozovnu)

VÝVOJ, PROJEKTOVÁNÍ, KONSTRUKCE, VÝPOČTY, PROVOZNI A PŘEDÁVACÍ ZKOUŠKY PARNÍCH TURBINOVÝCH ZAŘÍZENÍ, PARNÍCH A PLYNOVÝMI TURBINAMI, KOGENERACNÍCH JEDNOTEK, VÝROBA, MONTÁŽ, UVÁDĚNÍ DO PROVOZU A SERVIS PARNÍCH TURBIN, KOMPONENT PLYNOVÝCH TURBIN A KOTLŮ, MONTÁŽ, UVÁDĚNÍ DO PROVOZU A SERVIS TEPELNĚ ENERGETICKÝCH ZAŘÍZENÍ, EPC KONTRAKTOR PRO DODÁVKY TEPELNĚ ENERGETICKÝCH ZAŘÍZENÍ.

Datum vydání: 28. ČERVENA 2007 Platnost: Datum vzniku certifikátu: 14. ČERVENA 2019
Konec: Datum expirace certifikátu: 13. ČERVENA 2022

Tento certifikát platí na poskytnutou oblast certifikace podle smlouvy uzavřené mezi stranami do 13. ČERVENA 2022.
Pro ověření platnosti certifikátu navštivte: +420 210 085 215
Další podmínky platnosti a rozsah certifikátu a způsob činnosti pro udržení shody lze získat na našich webových stránkách.

Vítez 1, Datum vydání: 14. ČERVENA 2019
Číslo certifikátu: CZ008412-1

IAF **S 3100**

BUREAU VERITAS
Certification

Certifikát
uživateř organizací

EKOL, spol. s r.o.
Sídlo a provozovna: Brno, Křenová 65
Provozovna: Kolín, Havlíčkova 260
Česká republika

Bureau Veritas tímto osvědčuje, že systém managementu výše uvedené organizace byl posouzen a shledán ve shodě s požadavky následující systémové normy:

Norma
ČSN EN ISO 9001:2016

Oblast certifikace
(Oblast certifikace je stejná pro sídlo a každou provozovnu)

VÝVOJ, PROJEKTOVÁNÍ, KONSTRUKCE, VÝPOČTY, PROVOZNI A PŘEDÁVACÍ ZKOUŠKY PARNÍCH TURBINOVÝCH ZAŘÍZENÍ, PARNÍCH A PLYNOVÝMI TURBINAMI, KOGENERACNÍCH JEDNOTEK, PARNÍCH A HORKOVODNÍCH KOTLŮ, VÝROBA, MONTÁŽ, UVÁDĚNÍ DO PROVOZU A SERVIS PARNÍCH TURBIN, KOMPONENT PLYNOVÝCH TURBIN A KOTLŮ, MONTÁŽ, UVÁDĚNÍ DO PROVOZU A SERVIS TEPELNĚ ENERGETICKÝCH ZAŘÍZENÍ, EPC KONTRAKTOR PRO DODÁVKY TEPELNĚ ENERGETICKÝCH ZAŘÍZENÍ.

Datum vydání: 30. DUBEN 1998 Platnost: Datum vzniku certifikátu: 14. ČERVENA 2019
Konec: Datum expirace certifikátu: 13. ČERVENA 2022

Tento certifikát platí na poskytnutou oblast certifikace podle smlouvy uzavřené mezi stranami do 13. ČERVENA 2022.
Pro ověření platnosti certifikátu navštivte: +420 210 085 215
Další podmínky platnosti a rozsah certifikátu a způsob činnosti pro udržení shody lze získat na našich webových stránkách.

Vítez 1, Datum vydání: 14. ČERVENA 2019
Číslo certifikátu: CZ009411-1

IAF **S 3100**

8. OTHER MATTERS

In the area of employment relations, there are no claims from current or former employees, or their family members, which could have an adverse effect on the Company's operations.

The Company has no organisational branch or another part of business abroad. Its production activities do not adversely affect the environment.

The Company did not acquire any treasury shares or treasury holdings.

9. POST BALANCE SHEET DATE EVENTS

On 23 February 2021, the parent company appointed Hui Wang the Company' General Director.

10. INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT

To the Partners of EKOL, spol. s r.o.

Having its registered office at: Křenová 211/65, Trnitá, 602 00 Brno

Opinion

We have audited the accompanying financial statements of EKOL, spol. 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 December 2020, 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 EKOL, spol. s r.o. as of 31 December 2020, 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 Brno on 3 September 2021

Audit firm:

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



Statutory auditor:

Pavel Raštica
registration no. 2180



11. FINANCIAL STATEMENTS

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

Name of the Company: EKOL, spol. s r.o.
Registered Office: Křenová 211/65, Trnitá, 602 00 Brno
Legal Status: Limited Liability Company
Corporate ID: 416 00 983

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 3 September 2021.

Statutory body of the reporting entity:	Signature
Ing. Jaroslav Zapletal Statutory Executive	
Hui Wang Statutory Executive	

BALANCE SHEET
full version

As of
31.12.2020
(in CZK thousand)

EKOL, spol. s r.o.
Corporate ID 416 00 983

Křenová 211/65, Trnitá
602 00 Brno

		31.12.2020			31.12.2019
		Gross	Adjustment	Net	Net
	TOTAL ASSETS	1 318 288	222 451	1 095 837	1 126 470
B.	Fixed assets	343 415	160 978	182 437	185 557
<i>B.I.</i>	<i>Intangible fixed assets</i>	63 015	62 606	409	488
B.I.2.	Valuable rights	56 951	56 542	409	488
B.I.2.1.	Software	44 218	43 809	409	488
B.I.2.2.	Other valuable rights	12 733	12 733		
B.I.4.	Other intangible fixed assets	6 064	6 064		
<i>B.II.</i>	<i>Tangible fixed assets</i>	113 683	97 732	15 951	18 992
B.II.1.	Land and structures	48 170	37 327	10 843	12 469
B.II.1.2.	Structures	48 170	37 327	10 843	12 469
B.II.2.	Tangible movable assets and sets of tangible movable assets	65 314	60 405	4 909	6 523
B.II.5.	Prepayments for tangible fixed assets and tangible fixed assets under construction	199		199	
B.II.5.2.	Tangible fixed assets under construction	199		199	
<i>B.III.</i>	<i>Non-current financial assets</i>	166 717	640	166 077	166 077
B.III.1.	Equity investments - controlled or controlling entity	166 717	640	166 077	166 077
C.	Current assets	939 816	61 473	878 343	898 947
<i>C.I.</i>	<i>Inventories</i>	282 709	17 519	265 190	332 359
C.I.1.	Material	9 583	2 810	6 773	8 664
C.I.2.	Work in progress and semifinished goods	273 126	14 709	258 417	323 695
<i>C.II.</i>	<i>Receivables</i>	456 827	39 954	416 873	520 766
C.II.1.	Long-term receivables	33 451		33 451	20 620
C.II.1.1.	Trade receivables	12 623		12 623	2 777
C.II.1.4.	Deferred tax asset	20 828		20 828	17 843
<i>C.II.2.</i>	<i>Short-term receivables</i>	423 376	39 954	383 422	500 146
C.II.2.1.	Trade receivables	326 766	37 350	289 416	453 110
C.II.2.4.	Receivables - other	96 610	2 604	94 006	47 036
C.II.2.4.3.	State - tax receivables	7 773	1 476	6 297	18 709
C.II.2.4.4.	Short-term prepayments made	88 815	1 128	87 687	15 489
C.II.2.4.6.	Sundry receivables	22		22	12 838
<i>C.III.</i>	<i>Current financial assets</i>	11 779	4 000	7 779	7 779
C.III.1.	Investments - controlled or controlling entity				
C.III.2.	Other current financial assets	11 779	4 000	7 779	7 779
<i>C.IV.</i>	<i>Cash</i>	188 501		188 501	38 043
C.IV.1.	Cash on hand	1 694		1 694	1 100
C.IV.2.	Cash at bank	186 807		186 807	36 943
D.	Other assets	35 057		35 057	41 966
D.1.	Deferred expenses	1 635		1 635	4 747
D.2.	Complex deferred expenses	33 422		33 422	37 170
D.3.	Accrued income				49

		31.12.2020	31.12.2019
	TOTAL LIABILITIES & EQUITY	1 095 837	1 126 470
A.	Equity	479 562	468 649
A.I.	<i>Share capital</i>	5 000	5 000
A.I.1.	Share capital	5 000	5 000
A.II.	<i>Share premium and capital funds</i>	7 170	7 170
A.II.2.	<i>Capital funds</i>	7 170	7 170
A.II.2.1.	Other capital funds	7 170	7 170
A.III.	<i>Funds from profit</i>	500	500
A.III.1.	Other reserve funds	500	500
A.IV.	<i>Retained earnings (+/-)</i>	455 979	427 147
A.IV.1.	Accumulated profits or losses brought forward (+/-)	470 346	441 514
A.IV.2.	Other profit or loss from prior years (+/-)	-14 367	-14 367
A.V.	<i>Profit or loss for the current period (+/-)</i>	10 913	28 832
B.+C.	Liabilities	459 833	595 857
B.	Reserves	45 495	33 104
B.IV.	Other reserves	45 495	33 104
C.	Payables	414 338	562 753
C.I.	<i>Long-term payables</i>	10 739	27 935
C.I.4.	Trade payables	10 739	27 935
C.II.	<i>Short-term payables</i>	403 599	534 818
C.II.2.	Payables to credit institutions		52 328
C.II.3.	Short-term prepayments received	119 581	90 180
C.II.4.	Trade payables	251 026	366 234
C.II.6.	Payables - controlled or controlling entity	154	154
C.II.8.	<i>Other payables</i>	32 838	25 922
C.II.8.3.	Payables to employees	3 586	3 928
C.II.8.4.	Social security and health insurance payables	2 074	2 295
C.II.8.5.	State - tax payables and subsidies	8 403	759
C.II.8.6.	Estimated payables	14 766	18 849
C.II.8.7.	Sundry payables	4 009	91
D.	Other liabilities	156 442	61 964
D.2.	Deferred income	156 442	61 964

PROFIT AND LOSS ACCOUNT
structured by the nature of expense method

EKOL, spol. s r.o.
Corporate ID 416 00 983

Year ended
31.12.2020
(in CZK thousand)

Křenová 211/65, Trnitá
602 00 Brno

		Year ended 31.12.2020	Year ended 31.12.2019
I.	Sales of products and services	593 949	1 568 759
II.	Sales of goods	38 411	
A.	Purchased consumables and services	451 260	1 194 867
A.1.	Costs of goods sold	35 593	
A.2.	Consumed material and energy	235 232	865 078
A.3.	Services	180 435	329 789
B.	Change in internally produced inventory (+/-)	65 278	304 784
D.	Staff costs	84 590	90 509
D.1.	Payroll costs	61 925	66 002
D.2.	Social security and health insurance costs and other charges	22 665	24 507
D.2.1.	Social security and health insurance costs	20 632	21 932
D.2.2.	Other charges	2 033	2 575
E.	Adjustments to values in operating activities	6 823	-36 587
E.1.	Adjustments to values of intangible and tangible fixed assets	4 219	6 235
E.1.1.	Adjustments to values of intangible and tangible fixed assets - permanent	4 219	6 235
E.2.	Adjustments to values of inventories		-41 796
E.3.	Adjustments to values of receivables	2 604	-1 026
III.	Other operating income	12 242	13 213
III.1.	Sales of fixed assets	450	14
III.2.	Sales of material	1 930	755
III.3.	Sundry operating income	9 862	12 444
F.	Other operating expenses	21 793	4 820
F.1.	Net book value of sold fixed assets	38	
F.2.	Material sold	1 930	9 651
F.3.	Taxes and charges	347	537
F.4.	Reserves relating to operating activities and complex deferred expenses	16 140	-10 005
F.5.	Sundry operating expenses	3 338	4 637
*	Operating profit or loss (+/-)	14 858	23 579
IV.	Income from non-current financial assets - equity investments	603	7 976
IV.1.	Income from equity investments - controlled or controlling entity	603	7 976
VI.	Interest income and similar income	1	4
VI.1.	Interest income and similar income - controlled or controlling entity	1	4
J.	Interest expenses and similar expenses	337	776
J.2.	Other interest expenses and similar expenses	337	776
VII.	Other financial income	34 515	20 759
K.	Other financial expenses	41 713	13 864
*	Financial profit or loss (+/-)	-6 931	14 099
**	Profit or loss before tax (+/-)	7 927	37 678
L.	Income tax	-2 986	8 846
L.1.	Due income tax		-1 994
L.2.	Deferred income tax (+/-)	-2 986	10 840
**	Profit or loss net of tax (+/-)	10 913	28 832
***	Profit or loss for the current period (+/-)	10 913	28 832
*	Net turnover for the current period	679 721	1 610 711

**STATEMENT OF
CHANGES IN EQUITY**

Year ended
31.12.2020
(in CZK thousand)

EKOL, spol. s r.o.
Corporate ID 416 00 983

Křenová 211/65, Trnítá
602 00 Brno

	Share capital	Capital funds	Funds from profit, reserve fund	Accumulated profits or losses brought forward	Other profit or loss	Profit or loss for the current period	TOTAL EQUITY
Balance at 31 December 2018	5 000	7 170	500	451 440	-14 367	-9 926	439 817
Distribution of profit or loss				-9 926		9 926	
Profit or loss for the current period						28 832	28 832
Balance at 31 December 2019	5 000	7 170	500	441 514	-14 367	28 832	468 649
Distribution of profit or loss				28 832		-28 832	
Profit or loss for the current period						10 913	10 913
Balance at 31 December 2020	5 000	7 170	500	470 346	-14 367	10 913	479 562

CASH FLOW STATEMENT

EKOL, spol. s r.o.
Corporate ID 416 00 983

Year ended
31.12.2020
(in CZK thousand)

Křenová 211/65, Trnítá
602 00 Brno

		Year ended 31.12.2020	Year ended 31.12.2019
P.	Opening balance of cash and cash equivalents	38 043	12 066
Z.	Profit or loss before tax	7 927	37 678
A.1.	Adjustments for non-cash transactions	35 278	-54 524
A.1.1.	Depreciation of fixed assets	4 219	6 235
A.1.2.	Change in provisions and reserves	14 995	-48 445
A.1.3.	Profit/(loss) on the sale of fixed assets	-412	-14
A.1.4.	Revenues from profit shares	-603	
A.1.5.	Interest expense and interest income	336	772
A.1.6.	Adjustments for other non-cash transactions	16 743	-13 072
A.*	Net operating cash flow before changes in working capital	43 205	-16 846
A.2.	Change in working capital	160 002	10 584
A.2.1.	Change in operating receivables and other assets	98 368	-218 499
A.2.2.	Change in operating payables and other liabilities	-5 535	-85 912
A.2.3.	Change in inventories	67 169	314 995
A.**	Net cash flow from operations before tax	203 207	-6 262
A.3.	Interest paid	-337	-776
A.4.	Interest received	1	4
A.5.	Income tax paid from ordinary operations		1 994
A.6.	Received profit shares	603	
A.***	Net operating cash flows	203 474	-5 040
B.1.	Fixed assets expenditures	-1 137	-223
B.2.	Proceeds from fixed assets sold	450	14
B.***	Net investment cash flows	-687	-209
C.1.	Change in payables from financing	-52 329	31 226
C.***	Net financial cash flows	-52 329	31 226
F.	Net increase or decrease in cash and cash equivalents	150 458	25 977
R.	Closing balance of cash and cash equivalents	188 501	38 043

Notes to the Financial Statements for the Year Ended 31 December 2020

full version (in CZK thousand)

The Notes are prepared in accordance with Regulation No. 500/2002 Coll., which provides implementation guidance on certain provisions of Act No. 563/1991 Coll., on Accounting, as amended. Information disclosed in the notes comes from the Company's accounting documentation and other underlying documents that the Company has available.

I. GENERAL INFORMATION

1. DESCRIPTION OF THE REPORTING ENTITY

1.1. Company

NAME: EKOL, spol. s r.o. (the "Company")
REGISTERED OFFICE: Křenová 211/65, Trnitá, 602 00 Brno
CORPORATE ID: 41600983
LEGAL STATUS: Limited liability company
DATE OF INCORPORATION: 31 July 1991

PRINCIPAL BUSINESS ACTIVITIES: Manufacturing, trade, and services – project activities related to construction; Manufacturing, installations, repairs of electric machines and devices, electronic and telecommunication devices.

1.2. Individuals and entities holding a significant or controlling influence in the Company (equalling or exceeding 20% of the registered share capital)

Since 1 July 2015, the 75% equity investment in the Company has been held by the Chinese entity Xi'an Shaangu Power Co., Ltd. through Shaangu Power (Hong Kong) Co., Ltd. The consolidated financial statements of the narrowest group are prepared by Ekol, spol. s r.o. The consolidated financial statements of the broadest group are prepared by Xi'an Shaangu Power Co.

Individual/entity	Amount of the equity investment (in %)
Shaangu Power (Luxemburg) S.A.	75%
Stanislav Veselý	13.385%
Gustav Poslušný	11.115%
Jaromír Kříž	0.5%

Equity investments of the above shareholders amount to 100%.

Investments of shareholders in the share capital are fully paid up.

A) MEMBERS OF THE STATUTORY BODY

Statutory Executives

Liu Haiun - statutory executive B

Jaroslav Zapletal - statutory executive A

Hui Wang - statutory executive B

Sui Zengqiang - statutory executive B

Manner of acting:

No fewer than two (2) statutory executives act jointly on behalf of the Company regarding all matters; one (1) of them will always be statutory executive A and one (1) will always be statutory executive B or statutory executive C.

B) CHANGES IN AND AMENDMENTS TO THE REGISTER OF COMPANIES IN THE PRIOR REPORTING PERIOD

During 2020, new statutory executives Hui Wang, Sui Zengqiang and Jaroslav Zapletal were recorded in the Register of Companies.

C) ORGANISATIONAL STRUCTURE OF THE COMPANY

Board of Statutory Executives

Liu Haijun

Jaroslav Zapletal

Wang Hui

Sui Zengqiang

Financial Divisions	Wang Hui
Boiler Division	Miroslav Jedlička
Commerce Division	Petr Vališ
Technical Division	Jan Saňka
Implementation Division	Roman Hančl

2. EQUITY INVESTMENTS OF THE COMPANY

2.1. Subsidiaries or Associates of the Company (with Equity Investment Equal to or Greater than 20% of the Share Capital)

Name	Registered office	Ownership percentage (%)	Equity (CZK '000)	Profit or loss (CZK '000)
EKOL energo s.r.o.	Křenová 65, Brno	100	317 122	1 327
AEZ s.r.o.	Zaoralova 2832/7, Brno	100	21 892	-274
EKOL, spol. s r.o.	Hečkova 2, Martin, Slovakia	100	22 151	1 548
Ekol Turbo a.s.	Křenová 65, Brno	100	1 800	-4
POWER ELECTRIC SP. Z O.O.	Ks. Londzina 7, Bielsko-Biala, Poland	51	8 127	3 444

The equity and accounting profit or loss are drawn from unaudited financial statements as of 31 December 2020, except for EKOL energo s.r.o.

The Company additionally exercises significant or controlling influence in the businesses as follows:

EKOL GmbH Energiesysteme

Ownership percentage (%)	70%
Equity investment	CZK 639 thousand
Loss for 2001	CZK (7,685) thousand

Given that the Company has not received financial statements from EKOL GmbH Energiesysteme since 2001, a provision against equity investments in the amount of CZK 639 thousand was recognised in 2011.

S.C. Centrala Bioval S.R.L.

Ownership percentage (%)	99.9%
Equity investment	CZK 11,779 thousand
Loss for 2020	CZK (22) thousand

As of 31 December 2020 and 2019, the accounting provision against equity investments amounts to CZK 4,000 thousand.

II. Information on Accounting Policies and General Accounting Principles

1. SIGNIFICANT ACCOUNTING INFORMATION

1.1. Accounting Policies

The Company's accounting books and records are maintained and the financial statements were prepared in accordance with Accounting Act No. 563/1991 Coll., as amended; Regulation No. 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 (unless stated otherwise), the accruals principle, the prudence concept and the going concern assumption.

The Company's financial statements are prepared as of the balance sheet date, i.e. 31 December 2020, for the 2020 calendar year.

These financial statements are presented in thousands of Czech crowns (CZK '000), unless stated otherwise.

1.2. Valuation Method

A) PURCHASED INVENTORY AND INTERNALLY DEVELOPED INVENTORY

Purchased inventory is valued at acquisition cost. Internally developed inventory:

work in progress is valued at internal production costs (direct costs + production overheads).

Material and construction that are directly attributable to individual construction solutions are charged directly to the consumption of individual projects using the B method.

Material purchased for internal processing is recognised using the A method.

Types of indirect acquisition costs

- Related to purchased inventory: transportation costs, external assembly services, customs duty; and
- Internally developed inventory: material consumption, wages, social security and health insurance, transportation costs, external assembly services, other direct costs, production overheads.

B) TANGIBLE AND INTANGIBLE FIXED ASSETS

Purchased: purchase price + acquisition costs (transportation costs, external assembly services, customs)

Low-value assets with acquisition costs of less than CZK 20 thousand are expensed on a one-time basis for tax and accounting purposes and subsequently recorded as part of operational records, except for software, information technology and office equipment with acquisition costs of less than CZK 5 thousand which is expensed on a one-time basis for tax and accounting purposes.

C) FINANCIAL ASSETS

Non-current financial assets include financial assets with maturity or intent to hold exceeding one year. Current financial assets include financial assets with maturity or intent to hold of less than one year.

Valuation of financial assets upon acquisition

Equity investments, securities and derivatives are stated at acquisition cost at the date of acquisition, including premium and related costs.

Valuation of financial assets at the balance sheet date

Securities held for trading, other available-for-sale securities and derivatives are stated at fair value. If the fair value cannot be determined objectively, securities are stated at acquisition cost less provisions.

Securities with a fixed revenue held to maturity are stated at acquisition cost increased or decreased by an interest income or expense.

Equity investments in subsidiaries and associates are stated at acquisition cost less provisions.

D) DERIVATIVES

As of the balance sheet date, trading derivatives are measured at fair value. The fair value of financial derivatives is determined as the present value of anticipated cash flows arising from these transactions. Present value is determined with the use of usual models accepted on the market. Parameters identified on an active market such as foreign exchange rate, yield curves, volatility of relevant financial instruments, etc. are then entered in these valuation models. All financial derivatives are reported as assets, if they have positive fair values, and as liabilities, if they have negative fair values. Changes in fair values of trading derivatives are recognised in profit or loss for the reporting period.

The Company does not use hedging derivatives.

1.3. Provisioning of Assets

Provisions against inventory

Provisions against slow-moving and obsolete inventory or otherwise temporarily impaired inventory are made based on an inventory turnover analysis and individual assessment of inventory.

Provisions against receivables

Upon origination, receivables are stated at their nominal value. Purchased receivables are stated at acquisition cost. Doubtful receivables are stated at cost less provisions to the recoverable value and expensed on the basis of an individual assessment of individual debtors and aging structure of receivables.

Type of provision	31 Dec 2019	Change	31 Dec 2020
Provision against non-current financial assets	640		640
Provision against current financial assets	4 000		4 000
Provision against inventory	17 519		17 519
Provision against short-term prepayments made	0	1 128	1 128
Provision against tax receivables	0	1 476	1 476
Provision against trade receivables	37 350	0	37 350

A provision against tax receivables in the amount of CZK 1,476 thousand was recognised against a receivable arising from VAT claimed from the Romanian tax authority and represents 50% of the demanded amount.

1.4. Depreciation of Fixed Assets

Depreciation plan of fixed assets is related to the actual useful life of individual items. Depreciation begins in the month subsequent to the putting into operation and terminates in the month of disposal.

1.5. Foreign Currency Translation

For the translation of business operations throughout the reporting period, the exchange rate of the Czech National Bank on the first working day of the month used; at the end of the reporting period, the exchange rate of the Czech National Bank as of 31 December is used.

1.6. Reserves

Reserves are intended to cover future risks and 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 arise.

1.7. Revenue Recognition

Revenues from the sale of own products and services are recognised based on the accruals principle. Revenues are recognised in the appropriate prices of received supply or supply to be received and represent amounts that will be collected for supplied goods and services provided in the course of the reporting period as part of business activity net of rebates, VAT and other sale-related taxes.

Work in progress is recognised in terms of all manufacturing projects in line with the Accounting Act. The accruals principle by means of deferred income applies to projects where the billing is realised before costs are incurred (including calculated profit).

1.8. 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 has made these estimates and assumptions on the basis of all the relevant information available to it. Nevertheless, pursuant to the nature of estimates, the actual results and outcomes in the future may differ from these estimates.

1.9. 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:

	31 Dec 2019	31 Dec 2020
Cash on hand and cash equivalents	1 100	1 694
Cash at bank	36 943	186 807
Total cash and cash equivalents	38 043	188 501

Cash flows from operating, investment and financial activities presented in the cash flow statement are not offset.

III. Additional Information on the Balance Sheet and Profit and Loss Account

1. SIGNIFICANT ACCOUNTING INFORMATION

1.1. FIXED ASSETS (except for receivables):

A) RECEIVED LEASES

The Company records no payables arising from leases.

B) MOVEMENTS OF TANGIBLE AND INTANGIBLE FIXED ASSETS (in CZK '000):

(CZK '000)	1 Jan 2019	Additions/ rebilling	Disposals	31 Dec 2019
Cost				
Software	54 633	0	10 530	44 103
Valuable rights	12 733	0	0	12 733
Other intangible investment assets	6 064	0	0	6 064
Land	0	0	0	0
Buildings	48 170	0	0	48 170
Tangible movable assets and their sets	68 952	223	1 641	67 534
Total	190 552	223	12 171	178 604
Accumulated depreciation/amortisation				
Software	52 509	1 636	10 530	43 615
Valuable rights	12 733	0	0	12 733
Other intangible investment assets	6 064	0	0	6 064
Buildings	34 073	1 628	0	35 701
Tangible movable assets and their sets	59 681	1 330	0	61 011
Total	165 060	4 594	10 530	159 124
Net book value	25 492			19 480

(CZK '000)	1 Jan 2020	Additions/ rebilling	Disposals	31 Dec 2020
Cost				
Software	44 103	115	0	44 218
Valuable rights	12 733	0	0	12 733
Other intangible investment assets	6 064	0	0	6 064
Land	0	0	0	0
Buildings	48 170	0	0	48 170
Tangible movable assets and their sets	67 534	823	3 043	65 314
Tangible FA under construction	0	199	0	199
Total	178 604	1 137	3 043	176 698
Accumulated depreciation/amortisation				
Software	43 615	194	0	43 809
Valuable rights	12 733	0	0	12 733
Other intangible investment assets	6 064	0	0	6 064
Buildings	35 701	1 626	0	37 327
Tangible movable assets and sets of movable assets	61 011	2 436	3 042	60 405
Total	159 124	4 256	3 042	160 338
Net book value	19 480			16 360

Low-value off-balance sheet assets as of 31 December 2020 amount to CZK 6,598 thousand (31 December 2019: CZK 6,606 thousand).

C) MOVEMENTS IN NON-CURRENT FINANCIAL ASSETS (in CZK '000):

(CZK '000)	1 Jan 2020	Additions/ rebilling	Disposals	31 Dec 2020
EKOL energo s.r.o.	106 443	0	0	106 443
AEZ s.r.o.	27 500	0	0	27 500
EKOL, spol. s r.o. , Martin	26 273	0	0	26 273
Ekol Turbo a.s.	1 875	0	0	1 875
POWER ELECTRIC SP. Z O.O.	3 986	0	0	3 986
Total	166 077	0	0	166 077

(CZK '000)	1 Jan 2019	Additions/ rebilling	Disposals	31 Dec 2019
EKOL energo s.r.o.	106 443	0	0	106 443
AEZ s.r.o.	27 500	0	0	27 500
EKOL, spol. s r.o. , Martin	26 273	0	0	26 273
Ekol Turbo a.s.	1 875	0	0	1 875
POWER ELECTRIC SP. Z O.O.	3 986	0	0	3 986
Total	166 077	0	0	166 077

An accounting provision of 100% against equity investments of CZK 640 thousand was recognised for the financial investment in EKOL GmbH Energiesysteme.

1.2. INVENTORY (in CZK '000):

	31 Dec 2019	31 Dec 2020
Material (gross)	8 664	9 583
Work in progress (gross)	323 695	273 126
Total	332 359	282 709

1.3. RECEIVABLES

A) AGGREGATE AMOUNT OF TRADE RECEIVABLES

	Amount in CZK '000	
	2020	2019
	339 389	493 236
Total	339 389	493 236

The aggregate amount of trade receivables is stated in gross amounts. Provisions against these receivables are disclosed in chapter II, note 1.3 (see above).

Receivables past their due dates outside related parties as of 31 December 2020 amount to CZK 84,280 thousand (31 December 2019: CZK 68,836 thousand).

Short-term prepayments made of CZK 88,815 thousand as of 31 December 2020 (31 December 2019: CZK 15,849 thousand) primarily include prepayments from Renk of CZK 78,646 thousand.

B) OF WHICH: INTERCOMPANY RECEIVABLES:

Group entity	Amount in CZK '000	
	2020	2019
Ekol energo s.r.o.	8 922	616
Ekol, spol.s.r.o. Martin	318	431
AEZ s.r.o.	16	0
Power electric Sp. z.o.o.	84	0
Total	9 340	1 047

1.4. PAYABLES

A) AGGREGATE AMOUNT OF TRADE PAYABLES

	Amount in CZK '000	
	2020	2019
	261 765	394 169
Total	252 580	394 169

Short-term prepayments received of CZK 119,581 thousand primarily include prepayments received from Xian Shaangu of CZK 59,721 thousand and prepayments from Luteba of CZK 24,260 thousand. Short-term prepayments received of CZK 90,180 thousand as of 31 December 2019 primarily include two prepayments from Etihad of CZK 22,129 thousand and from Luteba of CZK 25,484 thousand.

B) OF WHICH: INTERCOMPANY PAYABLES

Group entity	Amount in CZK '000	
	2020	2019
Ekol energo s.r.o.	130 420	161 023
AEZ s.r.o.	21 072	20 494
Power electric SP. Z O.O.	302	302
Ekol, spol. s r.o., Martin	134	0
Total	151 928	181 819

Payables past their due dates to companies outside the Group as of 31 December 2020 amount to CZK 22,145 thousand (31 December 2019: CZK 174,270 thousand).

Estimated payables amounting to CZK 14,766 thousand (31 December 2019: CZK 18,849 thousand) primarily include an estimate of internal rebilling of transfer prices with Ekol energo s.r.o. of CZK 6,279 thousand (31 December 2019: CZK 17,486 thousand) and an estimate for unbilled costs of 2020 amounting to CZK 8,487 thousand.

C) SUNDRY PAYABLES

Sundry payables of CZK 4,009 thousand (31 December 2019: CZK 91 thousand) primarily include revaluation of financial currency derivatives at fair value of CZK 3,927 thousand (positive fair value of CZK 12,816 thousand as of 31 December 2019).

D) PAYABLES TO CREDIT INSTITUTIONS

In the year ended 31 December 2020, payables to credit institutions amount to CZK 0 thousand (31 December 2019: CZK 52,328 thousand).

E) DUE AMOUNTS ARISING FROM SOCIAL SECURITY CONTRIBUTION AND CONTRIBUTION TO THE STATE EMPLOYMENT POLICY CZK 1,430 thousand (31 December 2019: CZK 1,590 thousand) – the amounts are before due dates.

E) DUE AMOUNTS ARISING FROM PUBLIC HEALTH INSURANCE – CZK 644 thousand (31 December 2019: CZK 705 thousand) – the amounts are before due dates.

F) TAX PAYABLES

Tax payables of CZK 8,403 thousand (31 December 2019: CZK 759 thousand) include primarily payable arising from VAT to the Polish tax authority in the amount of CZK 7,695 thousand).

G) RECORDED TAX ARREARS

As of 31 December 2020 and 2019, the Company records no tax arrears.

1.5. EQUITY

Pursuant to the resolution of the General Meeting of 17 August 2020, the accounting profit for 2019 of CZK 28,832 thousand was transferred to retained earnings brought forward. The profit for the current period has not yet been distributed. It will be distributed at the general meeting based on a decision of the majority owner; the Company anticipates that it will be transferred to retained earnings brought forward.

1.6. CORRECTIONS OF PRIOR YEARS MISSTATEMENTS

Other profit or loss as of 31 December 2020 includes a correction to misstatement from the prior period – an unrecognised reserve for complaints in 2013 of CZK 11,203 thousand and corresponding deferred tax of CZK (2,129) thousand. This reserve was further adjusted by an impact of 2014 involving a decrease in the reserve of CZK 2,590 thousand and decrease in the deferred tax of CZK 492 thousand. In addition, other profit or loss was used to decrease the contractual fine billed in 2014 by CZK 7,390 thousand.

1.7. STATUTORY AND OTHER (ACCOUNTING) RESERVES (CZK '000):

Type of reserve	Balance at 31 Dec 2019	Recognition	Use	Balance at 31 Dec 2020
Reserve for additional costs	4 511	26 006	4 511	26 006
Reserve for legal disputes	11 168	2 000	0	13 168
Reserve for complaints and EPC projects	17 425	0	11 104	6 321
Total	33 104	28 006	15 615	45 495

Type of reserve	Balance at 31 Dec 2018	Recognition	Use	Balance at 31 Dec 2019
Reserve for additional costs	7 364	0	2 853	4 511
Reserve for legal disputes	11 168	0	0	11 168
Reserve for complaints	20 195	3 263	6 033	17 425
Total	38 727	3 263	8 886	33 104

1.8. BREAKDOWN OF THE DEFERRED TAX LIABILITY OF ASSET

Recognised deferred tax assets and liabilities (CZK '000)

Deferred tax	2020	2019
Fixed assets ARV - TRV	1 768	1 049
Receivables	24 639	24 639
Tax loss*	29 605	29 605
Accounting reserves	46 971	33 104
Inventory	17 519	17 519
Outstanding contractual penalties	-12 008	-12 008
Total	108 494	93 908
Deferred tax asset	20 828	17 843

In line with accounting principles, a 19% tax rate for 2020 was used for the calculation of the deferred tax.

* Total unutilised tax losses amount to CZK 101,734 thousand as of 31 December 2020.

1.9. DEFERRED INCOME

Deferred income as of 31 December 2020 amounts to CZK 156,442 thousand (31 December 2019: CZK 61,964 thousand).

This primarily includes deferred income in the Xian ShanGu Power and Budimex S.A. projects.

1.10. DETAILS OF INCOME BY PRINCIPAL ACTIVITY (in CZK '000):

Principal activities	In-country	Cross-border	Total
	2020	2020	2020
Sale of own products and services	180 714	413 235	593 946
Sale of goods	0	38 411	38 411
Total	180 714	451 646	632 360

Principal activities	In-country	Cross-border	Total
	2019	2019	2019
Sale of own products and services	613 213	955 546	1 568 759
Total	613 213	955 546	1 568 759

1.10.1. Income Generated with Related Parties

2020

(CZK '000)

Entity	Services	Material	Products	Assets	Other	Total
EKOL energo s.r.o.	7 379	1 930	414	0	619	10 342
EKOL, spol.s.r.o. Martin	689	0	1 036	0	16	1 741
AEZ s.r.o.	17	0	0	0	6	23
Power Electric Sp.z o o	98	0	58	0	614	770
ShaangGu Power (Hongkong) Co., Limited	0	0	0	0	45	45
Xian Shaangu Power Co., Limited	0	0	152 267	38 411	2 285	192 963
Total	8 183	1 930	153 775	38 411	3 585	205 884

2019

(CZK '000)

Entity	Services	Material	Products	Assets	Other	Total
EKOL energo s.r.o.	7 243	755	0	0	2	8 000
EKOL, spol.s.r.o. Martin	436	0	0	0	5 166	5 602
AEZ s.r.o.	57	0	0	0	2 582	2 639
Power Electric Sp.z o o	2 782	0	84	0	303	3 169
ShaangGu Power (Hongkong) Co., Limited	0	0	0	0	0	0
Shaangu Power Luxembourg	498	0	67 493	0	23	68 014
Total	11 016	755	67 577	0	8 076	87 424

All income generated with related parties was under the arm's length principle.

1.10.2. Sundry Operating Income

Sundry operating income of CZK 9,862 thousand (31 December 2019: CZK 12,444 thousand) primarily includes the recognition of a subsidy provided from the state budget for the Trend and Plazma projects of CZK 8,615 thousand (31 December 2019: CZK 8,954 thousand).

1.11. EXPENSES (CZK '000)

1.11.1. Purchases from Related Parties

2020

(CZK '000)

Entity	Assets	Consumption	Services	Financial expenses	Total
EKOL energo s.r.o.		66 537	28 749	5	95 291
EKOL, spol.s.r.o. Martin	0	0	0	12	12
AEZ s.r.o.	0	3 820	869	0	4 689
Power Electric Sp.z o o	0	0	11	3	14
ShaangGu Power (Hongkong) Co., Limited	0	0	0	1	1
Xian Shaangu Power Co., Limited	0	0	0	381	381
Total	0	70 357	29 629	402	100 388

2019

(CZK '000)					
Entity	Assets	Consumption	Services	Financial expenses	Total
EKOL energo s.r.o.	0	248 979	14 289	0	263 268
EKOL, spol.s.r.o. Martin	0	0	0	5	5
AEZ s.r.o.	0	6 509	1 700	6	8 215
Power Electric Sp.z.o.o	0	0	467	0	467
ShaangGu Power (Hongkong) Co., Limited	0	0	0	17	17
Xian Shaangu Power Co., Limited	0	0	0	228	228
Total	0	255 488	16 456	256	272 200

1.11.2. CONSUMED MATERIAL AND ENERGY

(CZK '000)		
	2020	2019
Consumed material	232 937	861 917
Consumed fuel	800	1 139
Consumed electricity	463	825
Consumed gas	599	796
Consumed water	135	136
Consumed heat	298	265
Total	235 232	865 078

1.11.3. SERVICES

(CZK '000)		
	2020	2019
Assembly work on projects	60 516	100 957
Rental	10 930	10 875
Travel costs	1 555	3 830
Interpreting and legal services	2 161	2 578
Repairs and maintenance	156	806
Trade expenses	3 510	15 154
IT costs, telephones	8 777	7 262
Transportation costs relating to project	13 619	32 138
Promotion, training	541	1 443
Projects	7 640	7 916
Other services, supervision, packaging costs, advisory services, technical assistance	69 906	114 905
Construction of EPC projects	1 124	31 187
Calculation work	0	738
Total	180 435	329 789

1.11.4. STAFF COSTS

	Employees	
	2020	2019
Average recalculated headcount	114	128
Staff costs (CZK '000)	84 590	90 509
- payroll costs	61 925	66 002
- costs of social security and health insurance	20 632	21 932
- social costs	2 033	2 575

Members of the statutory bodies did not receive any bonuses, loans, credits, guarantees or other supplies. Members of the management bodies did not receive any loans, credits, guarantees or other supplies except as disclosed above.

1.12. COMPREHENSIVE DEFERRED EXPENSES

Comprehensive deferred expenses include the Unifikace (Unification) project of CZK 33,422 thousand (31 December 2019: CZK 37,170 thousand).

1.13. COSTS OF AUDIT

The fee to the statutory auditor for the obligatory audit of the financial statements for the year ended 31 December 2020 amounted to CZK 1,173 thousand (31 December 2019: CZK 877 thousand).

1.14. Off-Balance Sheet Commitments

The Company records no other off-balance sheet commitments.

- a) Material contingent losses
The Company is not aware of any material contingent losses.
- b) Bills of exchange issued as a guarantee
The Company has no bills of exchange issued as a guarantee.
- c) Legal disputes
As of 31 December 2020, the Company was involved in a significant legal dispute against a customer in the total amount of CZK 82 million. Given the Company believes that this claim is not justified, the financial statements do not include any adjustment in this respect.
- d) Contingent liabilities
The Company has no contingent liabilities.
- e) Environmental liabilities
The Company has no environmental liabilities.
- f) Bank guarantees
Open bank guarantees as of 31 December 2020 amount to CZK 110,078 thousand.

1.15. OTHER SIGNIFICANT EVENTS

The Company has not yet experienced significant impacts of the crisis brought about by COVID-19 due to the following reasons:

- The energy sector generally makes plans over a longer time frame;
- The efforts to increase the share of green energy continue primarily in Europe. The Company anticipates continued subsidies promoting these efforts;
- There is an increased demand of Polish customers due to the termination of the exemption for coal and associated necessary investments in modernisation of boilers; and
- There are numerous orders mediated by the parent company.

Nevertheless, the Company monitors and analyses the impact of COVID-19 on the market situation and assesses risks arising from potential disruption to the standard model of operations, including consistent monitoring of the payment discipline of customers and reviews of fixed costs. At present, it is not yet possible to estimate the possible overall impact of the pandemic on the operations of the Company and its profit or loss for 2021.

Despite the uncertainties relating to the outbreak of COVID-19, management of the Company believes, pursuant to an assessment of all currently available information, that there is no threat to the Company's ability to continue as a going concern, and therefore it continues to be adequate to use this assumption for the preparation of the financial statements, and currently there is no material uncertainty relating to this assumption.

1.16 SUBSEQUENT EVENTS

On 23 February 2021, the parent company appointed Hui Wang the Company's General Director.

12. REPORT ON RELATED PARTY TRANSACTIONS FOR THE YEAR ENDED 31 DECEMBER 2020

pursuant to Section 82 et seq. of Act No. 90/2012 Coll., on Business Corporations and Cooperatives ("Business Corporations Act")

EKOL, spol. s r.o., Křenová 65, Brno – Trnitá, 602 00

Represented by the Statutory Executives: Jaroslav Zapletal and Hui Wang

Preamble

In accordance with Section 82 et seq. of Act No. 90/2012 Coll., on Business Corporations and Cooperatives, as amended ("Business Corporations Act") and based on its statutory obligation, the statutory body of EKOL, spol. s r.o. prepared a report that describes the relations between related parties, i.e. relations between the controlled entity and the controlling entity and relations between the controlled entity and other entities controlled by the same controlling entity, as defined by the Business Corporations Act. The relations are described in a manner that takes into consideration the provisions of Section 504 of Act No. 89/2012 Coll., the Civil Code, concerning trade secret.

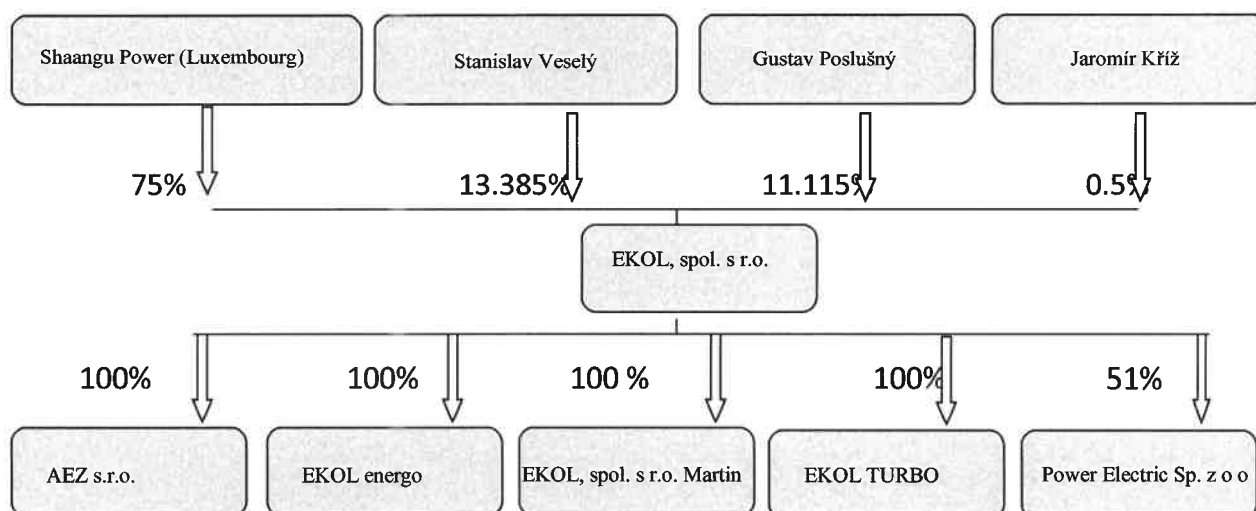
I. Related Parties

1.1 Controlling entities:

With reference to the provisions of Section 74 et seq. of the Business Corporations Act, the controlling entities are:

Shaangu Power (Luxemburg) S.A.
Stanislav Veselý (minority shareholder)
Gustav Poslušný (minority shareholder)
Jaromír Kříž (minority shareholder)

Entities in the group with which the Company has business contacts:



Since 1 July 2015, the controlling entity has been part of the Shaangu group, i.e. via Shaangu Power (Luxemburg) S.A. and consequently Shaangu Power (HONG KONG) Co., Limited, EKOL, spol s r.o. is controlled by Xi'An Shaangu Power Co., Ltd., and consequently Shaanxi Blower (Group) Co., Ltd.

1.2 Entities controlled by the Company's controlling entity:

From all the information that is known to the statutory body of the Company, the controlling entities listed in Article 1.1 of this report in accordance with the provisions of Section 78 (2) (a) and/or Section 78 (2) (d) of the Business Corporations Act, together with the entities acting in concert with them, control only EKOL, spol. s r.o.

1.3. Entities controlled by EKOL, spol. s r.o.

AEZ s.r.o.
EKOL GmbH
EKOL energo s.r.o.
EKOL, spol. s r.o., Martin
EKOL TURBO a.s.
Power Electric Sp. z o o
S.C. CENTRALA BIOVAL S.R.L.

II.

The role of the controlled entity EKOL, spol. s r.o.

The controlled entity is primarily an organisation involved in construction, manufacture and sale of steam turbines, combustion turbines, boilers, and supplies of turnkey energy units. It enters into business relations with controlling and controlled entities as the seller or the purchaser in relation to its construction, manufacture or commercial activities related to its business activities. The controlled entity has ownership interests in other legal entities as disclosed in Item I.1.3.

III.

Manner and means of control

The control over the Company is exercised through the powers of the General Meeting.

IV.

Contracts concluded between the related parties

1. Contractual relations with AEZ s.r.o.:

A) Performance resulting from contracts concluded in prior reporting periods, based on which performance was provided in 2020:

Lease agreements for AEZ s.r.o.:

In 2020, performance was provided based on the following agreement with AEZ s.r.o. as the lessee:

- Lease of telephone connection
- Lease of office premises

Commercial contracts: Sales contracts / Contracts for Work / Orders

EKOL, spol. s r.o. provided performance on the basis of the following contracts:

- General agreement on the provision of services of the Automation & Control Division

B) Performance resulting from contracts concluded in the 2020 reporting period, based on which performance was provided in 2020:

Commercial contracts: Sales contracts / Contracts for Work / Orders

AEZ s.r.o. provided performance based on the following contracts:

- Assembly and disassembly works
- Spare parts supply
- Switchboard manufacturing
- Cabling adjustments
- Revision

C) Performance resulting from contracts concluded in the 2020 reporting period, based on which performance will be provided in the upcoming years:

Commercial contracts: Sales contracts / Contracts for Work / Orders

AEZ s.r.o. will provide performance based on the following contracts:

- Assembly and disassembly works
- Switchboard manufacturing

2. Contractual relations with EKOL energo s.r.o.:

A) Performance resulting from contracts concluded in prior reporting periods, based on which performance was provided in 2020:

Lease agreements for EKOL energo s.r.o.:

In 2020, performance was provided based on the below agreements with EKOL energo s.r.o. as the lessee:

- Lease of warehouse premises
- Lease of software licences
- Lease of telephone and data connection
- Lease of hardware

Commercial contracts: Sales contracts / Contracts for Work / Orders

EKOL, spol. s r.o. provided performance on the basis of the following contracts:

- Economic, IT, and OHS services
- Postal and reception services
- Ancillary work for the ROTEZ construction
- General agreement on the provision of services of the Technical Service Division
- General agreement on the provision of services of the Automation & Control Division
- General agreement on the provision of projection services

Lease agreements for EKOL, spol. s.r.o.:

In 2020, performance was provided based on the below agreements with EKOL energo s.r.o. as the lessor:

- lease of a server room

Commercial contracts: Sales contracts / Contracts for Work / Orders

EKOL energo s.r.o. provided performance based on the following contracts:

- Manufacture of turbines
- Assembly works
- General construction and construction management
- Revision, repairs and service of turbines
- Supply of spare parts
- Technical assistance

Other performance:

Transfer pricing based on intercompany rules related to the use of transfer prices between EKOL, spol. s r.o. and EKOL energo s.r.o. (see the Directive of the General Manager no. 1/08).

- B) Performance resulting from contracts concluded in the 2020 reporting period, based on which performance was provided in 2020:

Lease agreements for EKOL energo s.r.o.:

In 2020, performance was provided based on the below agreements with EKOL energo s.r.o. as the lessee:

- none

Commercial contracts: Sales contracts / Contracts for Work / Orders

EKOL spol. s r.o. provided performance on the basis of the following contracts:

- supply and assembly of spare parts
- sale of warehouse inventory

Commercial contracts: Sales contracts / Contracts for Work / Orders

EKOL energo s.r.o. provided performance based on the following contracts:

- Assembly works
- Revision, repairs and service of turbines
- General construction and construction management
- Spare parts manufacturing

- C) Performance resulting from contracts concluded in the 2020 reporting period, based on which performance will be provided in the upcoming years:

Commercial contracts: Sales contracts / Contracts for Work / Orders

EKOL energo s.r.o. will provide performance based on the following contracts:

- Manufacture of turbines
- Assembly works

- General construction
- Construction management
- Technical assistance

3. Contractual relations with EKOL, spol. s r.o., Martin:

- A) Performance resulting from contracts concluded in prior reporting periods, based on which performance was provided in 2020:

Commercial contracts: Sales contracts / Contracts for Work / Orders

- Technical assistance

- B) Performance resulting from contracts concluded in the 2020 reporting period, based on which performance was provided in 2020:

Commercial contracts: Sales contracts / Contracts for Work / Orders

- Technical assistance
- Spare parts supply
- Revision, repairs and service of turbines

Commercial contracts: Sales contracts / Contracts for Work / Orders

- Spare parts supply

- C) Performance resulting from contracts concluded in the 2020 reporting period, based on which performance will be provided in the upcoming years:

- none

4. Contractual relations with Power Electric Sp. z o o:

- A) Performance resulting from contracts concluded in prior reporting periods, based on which performance was provided in 2020:

- none

- B) Performance resulting from contracts concluded in the 2020 reporting period, based on which performance was provided in 2020:

Commercial contracts: Sales contracts / Contracts for Work / Orders

- Revision, repairs and service of turbines
- Spare parts supply

Commercial contracts: Sales contracts / Contracts for Work / Orders

- Technical assistance

- C) Contracts concluded in the 2020 reporting period, based on which performance will be provided in the upcoming years:

- none

5. Contractual relations with EKOL GmbH, EKOL TURBO a.s., ETE ooo and S.C. CENTRALA BIOVAL S.R.L.

- none

6. Contractual relations with Shaangu Power (Luxemburg) S.A.:

- none

7. Contractual relations with ShaanGu Power (Hongkong) Co., Limited.:

- none

8. Contractual relations with Xian ShaanGu Power Co., Ltd.:

- A) Performance resulting from contracts concluded in prior reporting periods, based on which performance was provided in 2020:

Commercial contracts: Sales contracts / Contracts for Work / Orders

- Manufacture and supply of turbines
- Spare parts supply

- B) Performance resulting from contracts concluded in the 2020 reporting period, based on which performance was provided in 2020:

- Spare parts supply
- Specific components supply

- C) Performance resulting from contracts concluded in the 2020 reporting period, based on which performance will be provided in the upcoming years:

- Specific components supply

9. Contractual relationships with Stanislav Veselý and Gustav Poslušný

- A) Performance resulting from contracts concluded in prior reporting periods, based on which performance was provided in 2020:

Lease agreements for EKOL, spol. s.r.o.

- Lease of non-residential premises

- B) Performance resulting from contracts concluded in the 2020 reporting period, based on which performance was provided in 2020:

- none

- C) Performance resulting from contracts concluded in the 2020 reporting period, based on which performance will be provided in the upcoming years:

- none

Other legal acts made in the interest or at the instigation of the controlling entities

In 2020, EKOL spol. s r.o. made no other legal acts related to the controlling entities.

VI.

Other measures adopted or made by the controlling entity in the interest or at the instigation of related entities

In 2020, there were no measures adopted or made in the interest or at the instigation of the related entities, except for those already disclosed in this report.

VII.

Assessment of detriment to the controlled entity

Performance under the above contractual relationships between EKOL spol. s r.o. and the controlling entity did not result in a detriment to the controlled entity.

VIII.

Assessment of advantages and disadvantages resulting from the relations among the entities

In general, it can be stated that the advantages resulting from the relations among the entities significantly outweigh any disadvantages. The statutory executives declare that they are unaware of any substantial risks resulting from the relations among the entities.

IX.

Declaration of the statutory body

As the statutory body of EKOL, spol. s r.o., the statutory executives declare that the information contained in this report is correct and complete and that pursuant to Section 82 et seq. of the Business Corporations Act, the report was prepared to the full extent of all information and data which are available to the statutory body or which it has ascertained while acting with due managerial care.

In Brno on 31 March 2021



Jaroslav Zapletal
Statutory Executive



Wang Hui
Statutory Executive