

Institut pro testování a certifikaci, a. s.

Annual Report 2019

Chairman of the Board of Directors: Ing. Jiří Heš

Approved by the decision of shareholder on 18.6.2020



**Svět kvality a bezpečnosti
Safety and Quality World**

Institut pro testování a certifikaci, a. s.

www.itczlin.cz



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Dear friends,

Institut pro testování a certifikaci, a. s. (ITC) is a Czech independent organization with worldwide activity providing services in areas of testing, certification, technical inspection, calibration and standardization. ITC has been acting on the market of services as a joint-stock company from 1993.

In 2019, the Czech economy performed relatively well, and although it had to face up to a slowdown in global developments and accumulating external risks, and economic growth in the Czech Republic slowed over the past year, it confirmed stable economic results. While year-on-year GDP growth weakened to 1.8% in 4th quarter, it reached 2.4% for the whole of 2019, which was less than 2.8% growth in 2018. Household consumption maintained a decisive pro-growth effect in full-year figures. On the other hand, net exports slowed down the GDP growth rate last year, mainly due to a slowdown in foreign demand. The main drivers of the economy were the service and construction sectors, which benefited from stable household consumption due to record low unemployment and strong wage growth. On the contrary, the position of industry, as a traditional engine of the economy, has weakened. Investments also grew slightly. The group of trade, transport, accommodation and food service activities and information and communication activities contributed most significantly to the growth of gross value added.

At the end of the year, the domestic export-oriented economy was hit by a significant slowdown in the growth of world trade, including largest trading partner, Germany. Another reason for the results of the economy in 2019 is also the capacity limit that the Czech economy is facing. Since 2013, employment has been growing and, conversely, the number of people looking for work has been declining. These trends were exhausted at the end of 2018. Therefore, the current year-on-year indices already show the stagnation of summary indicators of the Czech labor market. Already in 2017, unemployment was so low that employers had a significant problem recruiting new employees to any profession, which limits their further growth. This fact also affects our company and for further growth it will therefore have to rely mainly on increasing work efficiency and labour productivity.

According to preliminary estimates by the OECD and the International Monetary Fund, global growth weakened to 2.9% in 2019, the lowest rate since the financial crisis. Global economic activity has been affected by geopolitical pressures, growing tensions in key emerging economies, and natural disasters. However, the main obstacle was the tension in trade relations between the United States and China. The tense situation between the two great powers could be released by the signed first phase of a trade agreement, which mitigates the effects of the customs war

In the European Union, economic growth slowed to 1.5% last year, mainly due to weak results in 4th quarter. Services also added to the poor performance of the industry at the end of the year, as lower consumer interest led to a decline in retail sales.

"Brexit" and the associated uncertainty or nervousness probably continued to have some influence on the EU's economic results in 2019 as well.

The results of the EU in 2019 can be assessed positively, also from the point of view of a pro-export oriented ITC.



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The areas in which the company provides its services to clients did not change in 2019. Testing, certification and related services, which we provide mainly for the automotive industry, chemical industry (plastics, rubber, paints), light industry (footwear, textiles), testing of products coming into contact with food, services of authorized body in area of gamble law, construction products, including piping systems and sanitary ware, electrical products and medical devices, certification of management systems and assessment of toys.

A significant event for ITC in 2019 was the purchase of part of the plant of the Centre of Building Construction Engineering a.s. (hereinafter referred to as CSI). ITC (as a buyer) and Centre of Building Construction Engineering a.s. (as sellers) entered into a contract on 7 June 2019 for the sale of part of the plant, which entered into force on 1 July 2019. The part of the plant that became the subject of the sale under this contract for the sale of part of the plant was the sole property of CSI representing its business activities in areas of testing, while CSI used Authorized body No. 212, Notified body No. 1390, Approval authority, TAB - Technical Assessment Body, Certification body No. 3048 and the Accredited testing laboratory of the Prague workplace and the Accredited testing laboratory of the Zlín workplace for this activity. This part of the plant is incorporated into the organizational structure of ITC as Division 5 - Centre of Building Construction Engineering. In external relations, Division 5 Centre of Building Construction Engineering uses for ITC identification data the designation (alternatively) CSI - Centre of Building Construction Engineering or CSI Division - Centre of Building Construction Engineering. In this way, ITC has significantly expanded its portfolio of services and the possibilities and capacity for their provision.

In the field of testing and calibration laboratories competence ITC achieved in 2019 not only the maintenance of its competencies, but also its further extension. It is possible to emphasize the successfully managed reaccreditation of testing laboratories and calibration laboratories according to ČSN EN ISO / IEC 17025:2018 and maintaining the scope of competencies in EMC, electrical safety, mechanical and climatic tests, or noise measurement, but also especially maintaining the application of flexible accreditation for selected testing procedures and changes made during the inter-accreditation period following the ongoing updating of standards.

ITC testing laboratories offer a new service in the field of static and dynamic product testing. These are tests on the Instron 8503 tension testing machine, which can be operated in both static and dynamic mode. The machine has a load capacity of up to 250 kN (25 tons), with a frame size of 5 m.

In the non-accredited area, the portfolio of tests and products for the automotive industry has been extended.

In 2019, the ITC Inspection body succeeded during regular surveillance audit of CAI and maintained the scope of its competencies.

In 2019, ITC also made significant progress in renewing and updating the accreditation of management systems certification body and product certification body.

In the ITC management systems certification body, the accreditation was extended in 2019 with the competence to perform certification according to ČSN ISO 45001:2018, ISO 45001:2018, ISO 22000:2018, EN ISO 22000:2018, ČSN EN ISO 22000:2019, ISO 50001:2018, EN ISO 50001:2018



and ČSN EN ISO 50001:2019. For the standard ČSN EN ISO 13485 ed.2:2016 / EN ISO 13485:2016 / ISO 13485:2016, the competence of the ITC management systems certification body for the technical area "Parts and Services" was extended (according to the IAF MD 8:2017 and IAF MD 9:2017).

In 2019, the ITC product certification body successfully passed the re-accreditation process and maintained the scope of accreditation with the extension of the accreditation for another 5 years.

Regarding the area of regulated activities, it should be noted here ITC acting based on notification according to the Directive 93/42/EEC on medical devices and Regulation of the European parliament and of the Council (EU) 2016/425 on personal protective equipment. It is also very important for the future acting of ITC in this area that ITC has submitted an application for designation and notification under Regulation of the European Parliament and of the Council (EU) 2017/745 (MDR) as of 30 December 2019, which is currently being reviewed by experts of COSMT and the European Commission.

In 2019, in the field of construction products the competencies has been extended to competencies of CSI Division - Centre of Building Construction Engineering. In area of assessment and verification of constancy of performance of construction products within the meaning of Regulation of the European parliament and of the Council (EU) 305/2011, the standard EN 15824:2017 specifications for external renders and internal plasters based on organic binders has been updated.

ITC continues in professional assessment and certification of gambling based on the mandate of the Czech Ministry of Finance to professional assessment and certification of gambling, internet games and equipment through which such gambling is conducted, in accordance with the relevant provisions of Act No. 186/2016 Coll., on gambling, as amended.

In connection with the acquisition of its own operating and administrative building in 2016, one of ITC's activities is also real estate activities, property management and maintenance. This is because part of the ITC building is intended to be rented and ITC creates adequate conditions for tenants to use the leased premises properly, and at the same time this rental income is a significant part of ITC's income

From an economic point of view, ITC can consider the year 2019 as a good year. Sales reached CZK 265 142 ths. In 2019, volume of sales was the largest in 25 years of ITC. Thanks to its performance in 2019, ITC made a number of significant investments, including investments in maintaining standards and improving ITC services, and in acquiring and modernizing assets directly related to testing and related services. In 2019, ITC also managed to carry out the planned transfer of office operations from leased premises to newly renovated premises in its own office and operating building acquired in 2016.

From the service point of view, the highest share of the reached sales was achieved in the accredited laboratory (59%) and AB/NB/DB 224/1023 (21%).

In territorial structuring, the sales from the Czech Republic amounted to CZK 169 million. Sales abroad amounted to CZK 96 million. In percentage terms, the share of foreign sales in total sales is 36%, which is comparable with y. 2018.



Attention is permanent paid to increasing the competence of employees. Last year, 23 internal trainings were realized (560 participants in total). Last year, ITC staff attended 56 external trainings and workshops/seminars totaling 172 man-days (of which 17 were concerned to technical topics, 17 to economic topics, 12 to medical device topics, everything else for the purpose of maintaining or improving of qualifications, management system development, personality development, etc.). A total of 4 trainings (110 participants in total) were realized for external ITC co-workers to increase their competencies. In 2019, 26 workers attended language courses. At the same time, English courses started within the project "Training of employees of the members of the Regional Chamber of Commerce of the Zlín Region" (16 participants in total). With regard to the range of activities abroad and the need to permanent gaining knowledge and information from foreign sources, emphasis on maintainance and raising the language skills of employees.

ITC has participated in standardization activities and provides technical information in the long term. In 2019, a total of 57 ČSNs were processed in the ITC within the technical standardization plan (47 ITC + 6 CSI Division in Prague + 4 CSI Division in Zlín). ITC staff is actively involved in the activities of 23 technical standardization committees set up by COSMT. The ITC provides a report on the updating of the sections of the COSMT and the Czech Standardization Agency, namely: Information portal - Regulations and standards; Database of harmonized standards; Information portal - Building products; Manuals for small and medium-sized enterprises (SMEs), Terminology Database. These websites are publicly accessible and were processed with the support of COSMT and Czech Standardization Agency within the tasks of PRZ, PRTN. Since 2016, ITC offers registered users to access to the full version of the portal Laws and standards for the marketing of products, which summarizes the issues of standardization and testing in a comprehensive and detailed way.

Long-term cooperation with universities can be included in the category of maintainance and extension of the knowledge of our employees. ITC has contractual cooperation with the following universities: Mendel University in Brno; Brno University of Technology; University of Chemistry and Technology Prague; Tomas Bata University in Zlín, Faculty of Technology, Applied Informatics and Polymer Systems Centre; Technical University in Liberec; University Centre for Energy Efficient Buildings CTU in Prague (UCEEB); Palacký University Olomouc.

In 2019, ITC participated at 7 trade fairs: SPIELWARENMESSE, Nuremberg, toys; AMPER, Brno, electrical products; ForArch, Prague, building products; BAU Munich, construction products; Automotive Testing Expo Stuttgart, international automotive trade fair; K – messe, Düsseldorf, International plastic trade fair; Medica, international medical trade fair, Düsseldorf. In two case we have used the cooperation with Czech Trade Agency and in one case with Ministry of Industry and Trade.

To conclude, please allow me to thank our customers on behalf of ITC for their goodwill and ITC colleagues/employees, partners and external co-workes for their performance, achievements, commitment, attitude, creative atmosphere and mutual respect and cooperation. I am convinced that ITC will continue to be a firm support for the provision of its highly professional services and will do its utmost to remain a trusted, legible and pleasant business partner for all. Each success is at the same time a commitment and each failure a motivation for further work and improvement. ITC will



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do its utmost to remain a reliable and trustworthy business partner for the provision of highly professional services for all.

I am convinced that ITC is a proud and mature company in full strength and at the best age, not only willing and able to properly meet its customers' requirements and responsibilities, thereby giving it wide competence, but also willing and able to learn new things and "open-sighted" to take on new challenges.

Mgr. Jiří Heš, General Director



Main financial results

		2017	2018	2019
Total revenues	ths CZK	238 675	250 279	265 149
of the CZ	ths CZK	155 509	162 423	169 095
of which export	ths CZK	83 167	87 856	96 054
Added value	ths CZK	159 535	162 007	182 298
Personnel expenses	ths CZK	130 246	138 383	149 179
Depreciation	ths CZK	9 003	10 136	11 843
Profit (loss) of current accounting period	ths CZK	17 500	8 024	13 183
Assets	ths CZK	167 168	178 471	208 979
Liabilities	ths CZK	95 694	100 654	119 967
Equity	ths CZK	68 940	75 221	86 340
Employees	recalculated state	183,6	190,6	207,6
Ratio indicators				
Revenues/Employees	ths CZK	1 300	1 313	1 277
Added value/Employees	ths CZK	869	850	878
Profit (loss)/Owned capital	%	25,4%	10,7%	15,3%
Liabilities/Assets	%	57,2%	56,4%	57,4%
Revenues/Owned capital	%	346,2%	332,7%	307,1%



Scope of the Company's business activities

Institut pro testování a certifikaci, a. s., Zlín (hereinafter referred to as "ITC") is a joint-stock company founded and existing pursuant to the Commercial Code in 1993, which in 2014 conformed to the Act on commercial corporations. Since 2000, it has been an independent joint-stock company with the only one shareholder – a Czech company ITC-SERVIS, spol. s r. o.

Scope of business according to the copy of its entry in the Company Register was on the date 31.12.2019 following:

Scope of business

- operability certification of prize gaming machines and technical facilities necessary to run betting games, as well as the performance of the subsequent technical inspection of their operation
- measurement of pollutants and odours, preparation of scatter studies
- manufacturing, trade and services not listed in Annexes No. 1 to 3 of the Trade Licensing Act

Scope of activities

- activities of an authorized (notified) body for conformity assessment according to Act No. 22/1997 Coll, as amended, in the scope as defined in the authorization issued by the Czech office for standards, metrology and testing
- activities of testing laboratories
- activities of calibration laboratories
- products certification
- management systems certification
- performance of inspection
- testing of living and working environmental components
- sampling and examination of product health safety
- official measurements
- activities of a calibration service centre
- verification of regulated measuring instruments
- assessment of construction suppliers
- activities of an expert institute
- activities of a notified body according to Act. No. 90/2016 Coll., on conformity assessment of certain products when made available on the market, as amended



Company's competency

In 2019, ITC carried out its activities based on the following mandates, authorizations and accreditations:

- **Authorized body No. 224**

(see: <https://www.unmz.cz/statni-zkusebnictvi/autorizovane-osoby-oznamene-subjekty/ao-os-uno-aktualni-seznam/>)

- GR No. 173/1997 Coll., laying down selected products for conformity assessment, as amended
- GR No. 163/2002 Coll., laying down technical requirements for selected construction products, as amended

- **Notified body No. 1023**

(see: https://ec.europa.eu/growth/tools-databases/nando/index.cfm?fuseaction=notifiedbody.notifiedbody&refe_cd=EPOS%5F46625)

- GR No. 54/2015 Coll., on technical requirements for medical devices
- GR No. 56/2015 Coll., on technical requirements for medical devices in vitro
- GR No. 86/2011 Coll., on technical requirements for toys (Directive 2009/48/EC), as amended

- **Notified body No. 1023 – Designated body**

- Regulation of the European parliament and of the Council (EU) No. 305/2011, as amended, (CPR) (Construction products)
- Regulation (EU) 2016/425 of the European Parliament and of the Council No. 2016/425 on personal protective equipment
- GR No. 219/2016 Coll., on conformity assessment of pressure devices when made available on the market
- GR No. 117/2016 Coll., on conformity assessment of products in term of electromagnetic compatibility when madeavailable on the market

- **Authorized body No. 212 (from 1. 7. 2019)**

(see: <https://www.unmz.cz/statni-zkusebnictvi/autorizovane-osoby-oznamene-subjekty/ao-os-uno-aktualni-seznam/>)

- GR No. 163/2002 Coll., on determination of technical requirements for selected construction products, as amended

- **Designated body No. 1390 (from 1. 7. 2019)**



(see: https://ec.europa.eu/growth/tools-databases/nando/index.cfm?fuseaction=notifiedbody.notifiedbody&refe_cd=EPOS%5F5473 3)

- Regulation of the European parliament and of the Council (EU) No. 305/2011, as amended, (CPR) (Construction products) (from July 2019)
- **Technical Assessment Body - TAB** – according to Regulation of the European parliament and of the Council (EU) No. 305/2011 (CPR).

(see: https://ec.europa.eu/growth/tools-databases/nando/index.cfm?fuseaction=notifiedbody.notifiedbody&refe_cd=EPOS%5F5488 4)

- Accredited testing laboratory No. 1004
- Accredited testing laboratory No. 1004.3
- Accredited testing laboratory No. 1007.1 (from 1. 7. 2019)
- Accredited testing laboratory No. 1007.4 (from 1. 7. 2019)
- Accredited calibration laboratory No. 2222
- Management systems certification body accredited by CAI under No. 3002
- Products certification body No. 3020
- Products certification body No. 3048 (from 1. 7. 2019)
- Accredited certification body for qualification in system of certified construction suppliers according to Act No. 134/2016 Coll.
- Accredited inspection body No. 4035
- Authorized metrological centre for verification of specified gauges (official assigned number K123)
- Operator of the Technical standardization Association for rubber and plastic industry (SGP - Standard)
- Technical standardization centre authorized by COSMT
- Based on a decision of the Ministry of Justice ref. no. MSP-44/2015-OJSZN/22 of 18 January 2017, ITC is registered in the second section of the list of institutes qualified for expert activities in electronics, with the authorization covering expert assessments of technical gaming facilities and systems necessary to run gambling as regards hardware and software
- Based on a decision of the Ministry of Justice ref. no. 218/2004-ODS-ZN/16/2 of 29 April 2005 ITC is registered in the 2nd section of the list of institutes qualified for expert activities in the fields: air cleanliness, transport, economy, power industry, chemistry, leather and fur,



packaging, environmental protection, food industry, services, sport, construction, engineering, various technical fields, textiles, art crafts, water management, healthcare and agriculture

- **Authorization by the Ministry of Finance – based on a decision of the Ministry of Finance ref. no. MF-44497/2016 / 3403-19** of 3 July 2017 the Ministry of Finance of the Czech Republic authorized ITC to conduct expert assessment and certification of gambling games under Section 3, par. a) to e) of Act No. 186/2016 Coll., on games and devices used to operate these gambling games.
- **Authorization by the Ministry of Finance – based on a decision of the Ministry of Finance ref. no. MF-24044/2016/3403-2** of 30 June 2016, the MF authorized ITC in accordance with Act No. 202/1990 Coll., on lotteries and similar games (hereinafter referred to as the Act):
 1. to professionally assess and certify the operability of technical devices and systems for the operation of lotteries and other similar games (hereinafter referred to as “TD”) and games operated through them and gambling machines (hereinafter referred to as “GM”) and games operated through GMs under section 1 (2) of the Act
 2. to carry out inspections of compliance with the conditions set out in the TD operability certificates under Section 46 of the Act.
- **Authorization by the Civil Aviation Authority L-3-061/** in compliance with § 17 of Act No. 49/1997 Coll. (Civil Aviation Act) according to the Procedure CAA-TI-012-4/99 for demonstrative and verification test of electrical and electronic aircraft components and devices
- **Organization approved for testing of military aviation equipment** in the scope of assessment and verification of conformity of properties of military aviation products with the requirements set by technical standards – Certificate No. MAA 009 pursuant to § 35n of Act No. 219/1999 Coll., on the Armed Forces of the Czech Republic, as amended of Act No. 147/2010 Coll.
- **Registration of Accredited Testing Laboratory No. 1004** at certification company DVGW cert GmbH, for test in field of “water engineering products”.
- **Authorization of Accredited testing laboratory (ATL) No. 1004** at State Health Institute according to Act No. 258/2000 Coll. for authorization set D 3 – Sampling and examination of health safety of products coming into contact with food and food stuffs.
- **Administrator of the “Safe Toys” mark** registered in the Czech Quality program
- **Administrator of the “ITC Certified Quality”**
- **Authorized Certified Body KEYMARK No. 032** for awarding the "SOLAR KEYMARK"
- **Certification body authorized for activities in the certification system “Proven for Construction”** – administrator SZV (www.szv.cz).



Overview of membership in associations

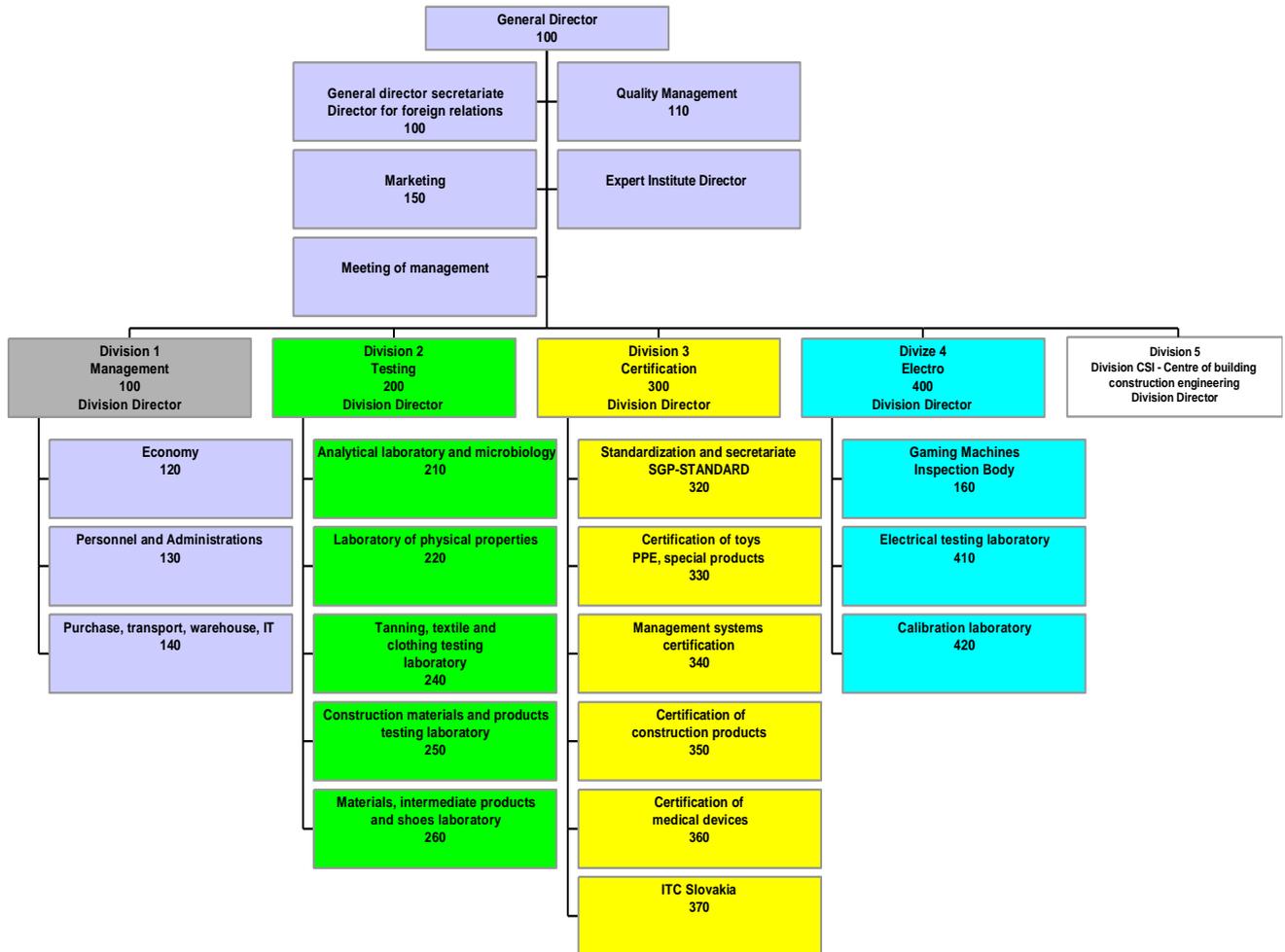
ITC is actively engaged in various technical activities in the Czech Republic through membership in the following professional as well as social associations and confederations.

- AAAO – Association of accredited and Authorized Organizations, Prague
- AUTOSAP – Association of the Automotive Industry
- Czech Society for Industrial Chemistry, Rubber Industry Group Zlín
- Czech-Slovak Association for Solar Energy
- ČKAIT – Czech Chamber of Authorized Engineers and Technicians in Construction
- CQS z.s., Prague, member of the international IQNET association
- ČKS - Czech Calibration Association, Brno
- ČOKA - Czech Footwear and Leather Association based in Zlín
- EURACHEM ČR, Ústí nad Labem
- Institut for Gambling Regulation, z. s.
- Regional Chamber of Commerce of the Zlín Region, Zlín
- SCOV - Association of Product Certification Bodies, Dobrá
- SČZL - Association of Czech Testing Institutes and Laboratories, Zlín
 - the above stated associations form the association Eurolab-CZ, which has been a full-fledged member of EUROLAB since 1 May 2004 (<http://www.eurolab.org>)
- Toy and Game Association, Prague
- SGP STANDARD – Association for Technical Standardization in Rubber and Plastic Industry
- Association of Building Entrepreneurs of the Czech Republic
- Confederation of Industry of the Czech Republic, Prague
- SZV - Alliance of Construction Testing Laboratories, Prague



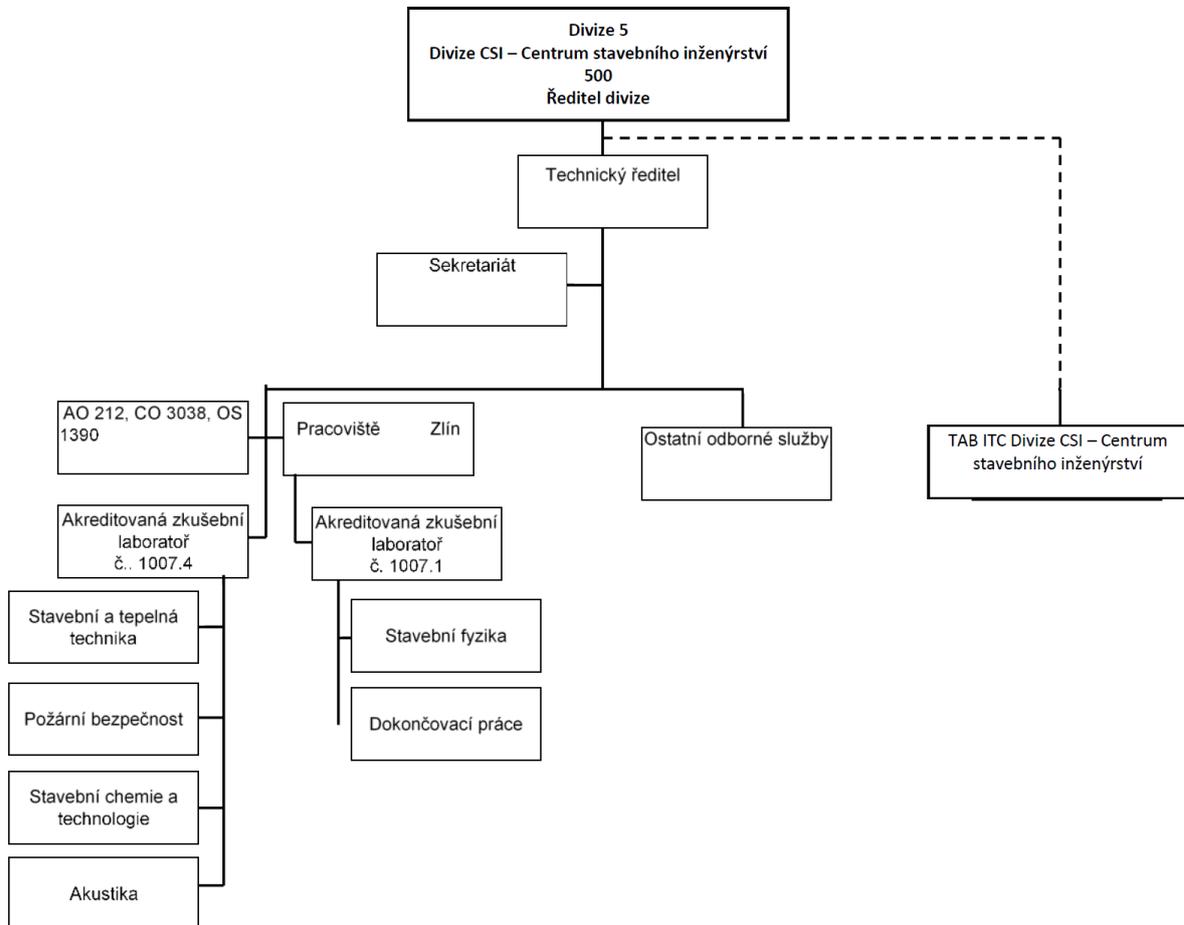
Company's organizational chart

The company pursues its activities in a divisional organizational structure. The diagram below shows the organizational chart valid as at 31 December 2019.





From 1 July 2019, Division 5 Centre of Building Construction Engineering was newly included in the ITC. The detailed structure of Division 5 is below.





Persons holding key positions in the company

The members of the ITC Board of Directors remained unchanged in 2019.

Board of directors

Position	Held by
Chairman of the Board of Directors	Ing. Jiří Heš
Vice Chairman of the Board of Directors	RNDr. Radomír Čevelík
Member of the Board of Directors	MgA. Pavlína Úlehla Senić

Supervisory Board

Position	Held by	
Chairman of the Supervisory Board	Mgr. Marie Hešová	ITC lawyer
Member of the Supervisory Board	Ing. Petr Karlík	Head of ITC department, a company employees' representative
Member of the Supervisory Board	Magdalena Čevelíková	entrepreneur

Committee for Impartiality Assurance

Trustworthiness and impartiality in activities related to the performance of conformity assessment, products and management systems certification are guaranteed in the ITC by the Committee for Impartiality Assurance, which had the following members as at 31 December 2019:

Position	Held by	
Chairman of the Committee	RNDr. Anna Christianová, CSc.	Institut pro testování a certifikaci, a. s., Zlín – specialist in the field of environment, ecodesign and National Qualification Systems.
Vice Chairman of the Committee	Ing. Jaroslav Toufar	Plastics Cluster.



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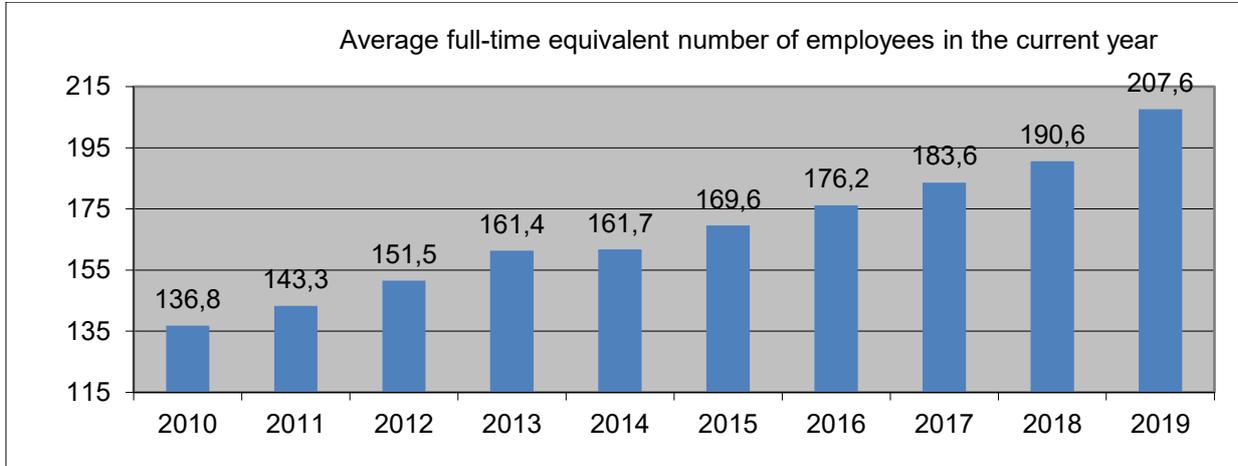
Position	Held by	
Member of the Committee	MUDr. Milena Dostálková	Association of General Practitioners of the Zlín Region.
Member of the Committee	Ing. Jan Veselý	CTIA, Inspector of the Technical Inspection department of the II. Inspectorate of the CTIA Central Bohemia and the Capital City of Prague.
Member of the Committee	Ing. Petr Houdek	Academic bodies (nominated by Pilsen University) – management systems + IT, ITSM and information security, risk management.
Member of the Committee	Ing. Milan Báša	Customer sector (nominated by FEP, a.s.) – production field, plastic industry, wood processing industry.
Member of the Committee	RNDr. Vlastislav Trnka	Customer sector (nominated by GESOS, spol. s r.o.).
Secretary of the Committee	Ing. Milan Kovář	Institut pro testování a certifikaci, a. s., Zlín.



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In 2019 the average full-time equivalent number of employees was 207.6.





Company's quality policy

ITC Quality policy adopted by the Company' Board of Directors with effect from 1. 9. 2015 remains valid without any changes in 2019:

The basic principle of the activities of Institut pro testování a certifikaci, a. s. Zlín (hereinafter referred to as ITC) is to generate intellectual and material values through permanent satisfaction of the needs of the customers and other persons interested in the Company's products, through a highly professional, quick, perfect and complex output. The satisfaction of the customer's needs and expectations is the driver of the Company's development.

Team of satisfied, qualified and motivated employees is a warranty for quality and reliability of all provided products.

Orientation on customers:

- Customer satisfaction is a priority for ITC.
- A non-discriminatory approach is always applied when providing our products.
- The customer's requirements concerning the quality of the provided product, the compliance with the contractual terms and condition, duties and liabilities in relation to the customer must be fully established and met. Respecting the agreed deadlines forms an integral part of the basic principles behind the activities of ITC.
- Every employee should know what the customer requires or might require, as the case may be, what the customer needs or might need, as the case may be, what ITC can offer to the customer in addition, and what can be done to this end by the organizational unit, which that employee belongs to.
- Every employee is obliged to seek ways for permanent improvement of activities and procedures in the company in order to retain or extent its competencies, ensuring besides the required quality and professional level of the products offered also their complexity.
- Every employee must do whatever they can do for the customer, within employment relationship, and must not jeopardize its confidentiality, objectivity and impartiality.
- Every delivery of a product should generate recommendations for further business at the destination.
- During realization of job orders we need the obligation of objectivity and impartiality, which is understood as one of the most important aspects securing trust in the activities carried out by ITC.

Staff focus:

- The managers and ITS as a whole shall create suitable conditions for the stability of a team of professionally competent and motivated employees bent of continuous improvement of the expert level and complexity of the offered products.
- By the internal cooperation between employees, we create synergy effect outwards, multiplying the ITC reputation as a homogeneous group of top-class professionals, who know what the customer needs, wants or might want, and how to satisfy the customer's expectations, as well as what they may fairly require for their work.
- The management of ITC strengthens good and long-term relationships with employees, thus contributing to the trust of employees towards the company. Loyalty, personal activity and interest in increase of professional qualifications are a major contribution of the employees to further development of ITC.



Supplier focus:

- ITC cooperates with its suppliers based on the principle of a long-term partnership, which brings benefits to all interested parties.
- The company requires a high quality of the products delivered by the suppliers.

Sustainable business focus:

- Social responsibility:
 - ITC is aware of the responsibility for the impact of its activities on society.
 - ITC is organized and operated so as to safeguard ethical behaviour, independence, objectivity and impartiality of its activities in all circumstances.
- Process management:
 - ITC creates sufficient own resources as a prerequisite for its future development.
 - Integral part of the corporate culture is searching for ways leading towards high profitability, improvement of management system efficiency and improving of products and all activities. The organization and method of work are both subject to that culture.
 - The principles of management system provide for openness in ITC decisions and activities. They are a means of transparently meeting the expectations of interested parties (workers, shareholders, customers, public authorities and the general public).
- Security of information:
 - The principles of information security management in ITC determine the information security framework and set out clearly formulated principles that are applied in ITC.
 - ITC personnel are aware of their main responsibilities and duties in working with information and ICT.
- Environment:
 - ITC requires all its employees to ensure environmentally responsible behaviour.
 - ITC pays attention to environmentally responsible behaviour and to efficient energy use.
 - In all operations of ITC, we behave in such a way as to prevent any leakage of harmful emissions, minimize waste generation, thus limiting potential hazard to nature.



Company's balance sheet – comments

As at 31 December 2018, the total balance sheet sum of assets and liabilities was CZK 208.9 million. The total assets increased by CZK 32.3 million.

The growth is mainly given to to increase in fixed assets by CZK 21 million - technical evaluation of the building No. 113 (especially put into use V. floor).

The current assets increased by CZK 11.3 million compared to 2018

- inventory (work-in-progress) increased by CZK 1.4 million
- trade receivables increased by CZK 4.1 million
- total cash increased by CZK 5.8 million

The company's equity increased by CZK 11.1 million year-on-year, mainly due to a higher value of retained earnings from previous periods (change compared to 2018 + CZK 6.2 million) and a better economic result in 2019 compared to the previous year.

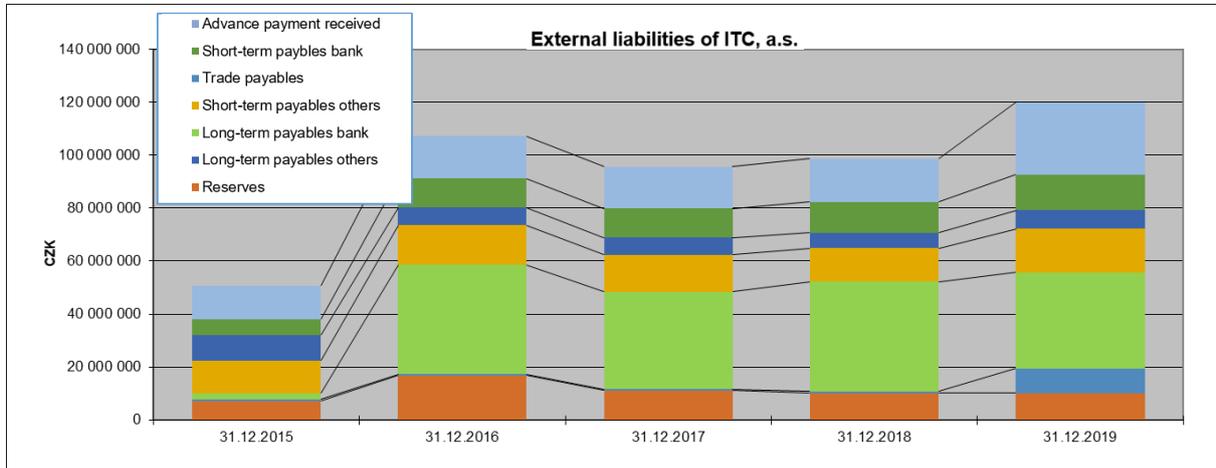
External liabilities increased by CZK 21.3 million

- increase of long-term payables by CZK 3.5 million
 - decrease in long-term loans by CZK 5.1 million characterizes the fulfillment of liabilities to lending banks
 - the growth (emergence) of a long-term trade payable + CZK 8.6 million is the result of a repayment schedule from the contract for the purchase of a part of the company Centre of Building Construction Engineering (effective from 17.7.2019, the final maturity of the liability is in 2022)
- short-term liabilities increased year-on-year by CZK 17.7 million
 - liabilities to banks + CZK 1.7 million (short-term loan repayments for the reconstruction of the 5th floor of building 113)
 - advanced payments for order settlement + CZK 11.1 million
 - other liabilities + CZK 3.7 million
 - higher tax liability from DPPO (corporate income tax) for 2019
 - higher monthly turnover liabilities in connection with personnel costs (from 1.7.2020 increase the number of employees in physical conditions by 38 persons)

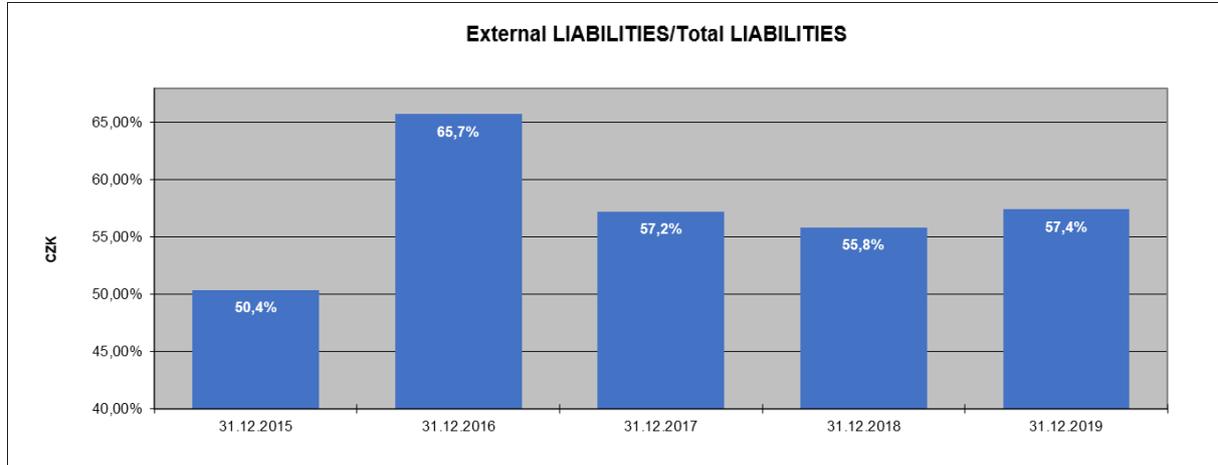
	31.12.2015	31.12.2016	31.12.2017	31.12.2018	31.12.2019
CZK					
TOTAL ASSETS	100 763 891	163 053 917	167 167 842	176 649 758	208 979 182
Receivables for equity subscription	0	0	0	0	0
Fixed Assets	30 470 104	91 636 248	91 868 191	108 038 959	129 048 866
Current Assets (cash, receivables)	66 057 625	67 039 790	70 672 232	64 842 310	76 231 845
Assets accruals	4 236 161	4 377 879	4 627 418	3 768 489	3 698 471
TOTAL LIABILITIES	100 763 891	163 053 917	167 167 842	176 649 758	208 979 182
Owner's equity	47 655 660	53 137 674	68 940 170	75 220 573	86 339 822
External Liabilities (payables, advance payments received, loans)	50 759 047	107 148 992	95 693 976	98 631 098	119 967 030
Liabilities accruals	2 349 184	2 767 251	2 533 696	2 798 087	2 672 330



As external liabilities still form a significant part of the company's liabilities, their development is illustrated in the chart below for comparison.



The chart shows, in particular, that the external liabilities consist of short-term trade liabilities (invoices, leasing, advance payments for contract solutions), bank loans. Total amount of bank loans is CZK 49.6 million as at 31 December 2019.



The above chart demonstrates the year-on-year development of ratio indicator (external liabilities vs. total liabilities) and they were affected especially by two parameters – repayment of bank loans and liability from the contract for the purchase of part of the company Centre of Building Construction Engineering.



Company's economic results - comments

The company's economic result reached CZK 13.2 million after taxes with the sales revenues amounting to CZK 265.1 million. This economic result is 60% higher than in 2018, and it is the 2nd highest economic result in history of the company since its establishment in 1993. It should be emphasized that this result was also achieved by growth in work in progress (work in progress with the assumption of completion in the first quarter of 2020) by CZK 2 million. Part of the growth in sales is due to the positive increase in the acquisition of a part of the CSI, a.s. plant, which became effective on 1 July 2019.

Profit and loss account (CZK)	2015	2016	2017	2018	2019
I. Revenues from products and services	214 232 755	244 191 762	238 675 303	250 279 352	265 149 228
II. Revenues from goods	308 600	0	0	0	0
A. Production consumption	81 254 621	90 141 958	77 220 953	89 421 149	85 759 289
B. Change in inventory of own production(+/-)	-2 434 366	-2 783 567	2 353 649	-748 183	-2 077 393
C. Capitalization	-197 557	-856 918	-434 089	-400 312	-830 270
* Added value	135 918 657	157 690 289	159 534 789	162 006 698	182 297 601
D. Personnel expenses	113 798 686	122 604 839	130 245 772	138 383 431	149 178 752
E. Adjustments to operating expenses	8 329 150	9 687 413	9 002 965	10 136 195	11 842 716
III. Other operating revenues	419 790	431 038	364 749	232 956	1 504 014
F. Other operating expenses	3 312 639	12 920 555	-2 205 202	1 959 425	3 665 815
* Operating profit (loss)	8 601 105	12 908 521	22 856 004	11 760 602	19 114 333
VII. Other financial revenues	457 483	131 437	829 472	576 513	560 245
K. Other financial expenses	1 786 186	985 084	2 371 296	1 215 493	1 700 747
* Profit (loss) from financial operations	-1 528 237	-1 776 633	-2 530 395	-1 753 112	-2 724 858
** Profit (loss) before tax (+/-)	7 072 868	11 131 888	20 325 583	10 007 490	16 389 475
L. Income tax	2 901 174	4 101 690	2 825 504	1 798 408	3 206 318
** Profit (loss) after tax (+/-)	4 171 694	7 030 198	17 500 105	8 209 082	13 183 157
* Net turnover for the accounting period	215 425 597	244 754 288	239 869 524	251 088 821	267 213 486

The table above clearly implies the following:

- There was a year-on-year growth in production and revenues by 6% and the revenues of 2019 are nominally at their historical maximum since the joint-stock company was founded in 2013 and the revenues exceeded CZK 265 million.
- Growing revenues did not bring with it an increase of output consumption, which decreased by about 4.1%. In area of purchased services, there was a decrease of 8.3%. This decrease is mainly due to a decrease in external cooperation by 13.3% (especially in solving the problem of assessing gaming machines by 42%). Consumption of materials (and especially energy) increased by a total of 13.3%.
- The company's added value grew by 12.5% compared to 2018 and reached the amount CZK 182.2 million.
- Personnel costs constitute an important cost item, their sum increased by 7.8% year-on-year basis (part of the growth is related to the acquisition of a part of the CSI, a.s. plant, which became effective on 1 July 2019). The growth is due to an increase in the average number of employees



Annual Report 2019



(by 8.9% in recalculated numbers) and the method of remuneration of employees - payment of personal evaluation up to 23% if the set conditions are met. The average tariff wage increased by 0.2% year-on-year (2018/2019), the average wage paid (including bonuses, remuneration and personal evaluation) decreased by 4.4%. The share of bonuses, remuneration and personal evaluation (variable components of wages) in the tariff wage in 2019 was 31%.

- Mainly due to the growth of personnel costs, labour productivity (expressed as CZK of sales/CZK of wages) decreased by 1.6% to 2.41 with an average annual sales per employee of 1,205 ths. CZK compared to 2018, although the maximum values of 2016 were not reached in this area of indicators.

The following table provides an overview of the company's key accounts in terms of the type of contract.

<i>Invoicing (whole year)</i>	<i>2016</i>	<i>2017</i>	<i>2018</i>	<i>2019</i>	<i>18/19</i>
Grants, Development, CQS	1 607 738	1 579 191	1 938 213	1 390 234	-28,27%
Gaming machines + AO module A	31 852 995	14 440 836	30 189 752	19 017 124	-37,01%
Production AB (STL) 224 in the regulated area	19 258 785	24 759 069	24 476 761	26 803 179	9,50%
AO 224 surveillances	26 518 791	26 712 796	26 178 139	27 021 030	3,22%
Product certification COV 3020 + ITC (+surveillances)	3 637 503	4 373 363	3 855 425	3 972 070	3,03%
Surveillances COV + ITC	552 722	579 732	603 584	660 276	9,39%
Systems certification	7 648 666	6 649 697	8 344 979	5 883 302	-29,50%
Surveillance of systems certification	5 991 576	6 217 147	5 565 222	7 883 581	41,66%
Production in accredited laboratory	128 659 081	139 006 400	136 015 728	147 803 429	8,67%
Information, SGP, standardization	1 602 601	1 784 460	2 055 025	1 900 618	-7,51%
Metrology	10 443 339	9 851 484	9 201 517	9 421 413	2,39%
Assessment, education	862 330	532 435	219 213	368 881	68,28%
Environmental services	243 250	240 950	249 900	230 250	-7,86%
Technical inspection	3 036 068	39 600	97 450	43 400	-55,46%
Others	2 284 425	1 908 143	1 288 444	12 750 441	889,60%
Total	244 199 868	238 675 302	250 279 352	265 149 228	5,94%



Major clients

The following table provides an overview of the company's key accounts in terms of sales volume in 2019:

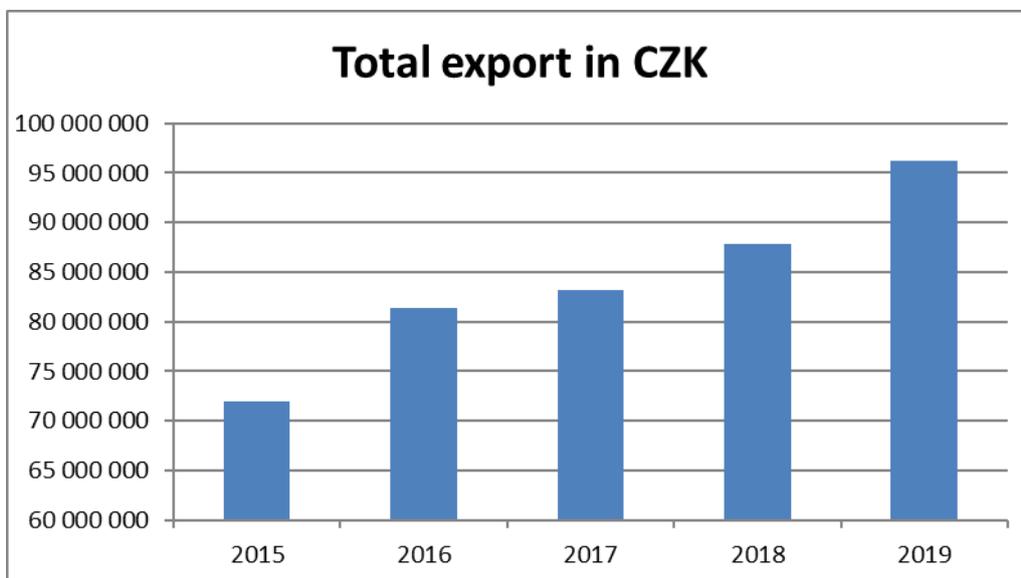
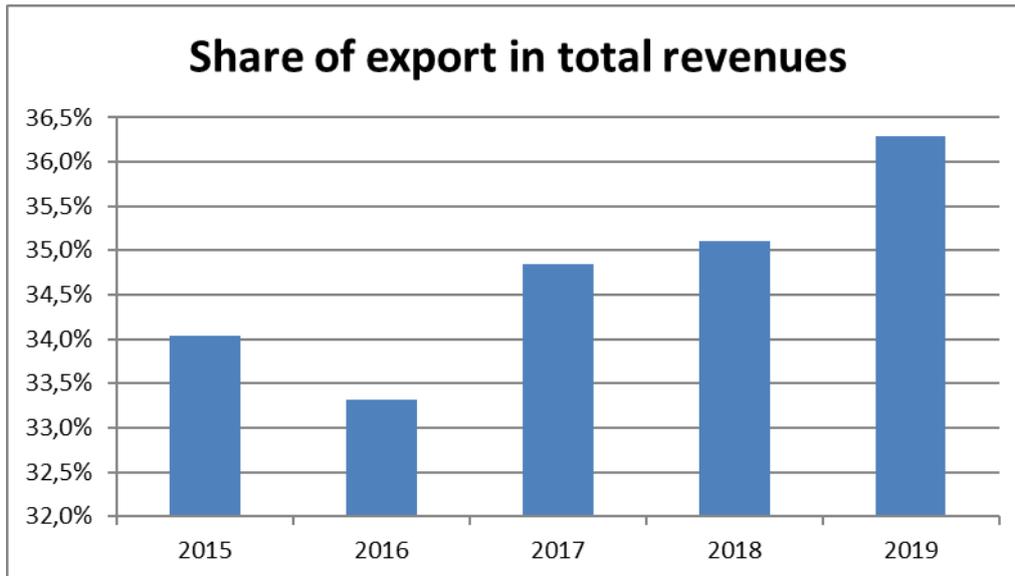
Tristone Flowtech Polasnd Sp. Z o.o.	Walbrzych (Polsko)	Testing, automotive
TESCOMA s.r.o.	Zlín	Testing, household,
AKWEL RUDNIK CZECH REPUBLIC a.s.	Rudník	Testing, automotive
Vitesco Technologies Czech	Trutnov	Testing, metrology
SYNOT TIP, a.s.	Uherské Hradiště	Assessment of gaming machine
Varroc Lihting Systems, s.r.o.	Šenov u Nového Jičína	Testing, metrology
IMS - Drašnar s.r.o.	Česká Třebová	Testing, automotive
MB TOOL s.r.o.	Prostějov	Testing, automotive
VALEO AUTOKLIMATIZACE k.s.	Rakovník	Testing, automotive
KASKO spol. s r.o.	Horní Němčí	Posuzování VHP
Cooper-Standard Automotive (Deustchland)	Schelklingen (Německo)	Testing, automotive
VÚSAPL, a.s.	Nitra (Slovensko)	Testing, automotive
ITC ASIA Co. Ltd.	Soul (Korea)	Conformity assessment, QMS certification

In 2019, the average value of a contract invoiced was CZK 28,412 – a total of 9,332 contracts (in 2018, the average value of a contract was CZK 27,830 with 8,993 contracts).



Company's exports – comments

The following charts indicate the percentage share of exports in the company's total sales in the given period and the total export volumes.





Auditor's report

ZPRÁVA NEZÁVISLÉHO AUDITORA

Auditorská zpráva pro společníka a vedení účetní jednotky

Institut pro testování a certifikaci, a.s.

Zlín, tř. T. Bati 299, 763 02, IČ 479 10 381

Výrok auditora

Provedli jsme audit přiložené účetní závěrky společnosti Institut pro testování a certifikaci, a.s. (dále také „Společnost“) sestavené na základě českých účetních předpisů, která se skládá z rozvahy k 31. prosinci 2019, výkazu zisku a ztráty, přehledu o změnách vlastního kapitálu a přehledu o peněžních tocích za rok končící 31. prosincem 2019 a přílohy k účetní závěrce, která obsahuje popis použitých podstatných účetních metod a další vysvětlující informace. Údaje o Společnosti jsou uvedeny v bodě 1 přílohy k této účetní závěrce.

Podle našeho názoru přiložená účetní závěrka podává věrný a poctivý obraz aktiv a pasiv Společnosti k 31. prosinci 2019 a nákladů a výnosů a výsledku jejího hospodaření a peněžních toků za rok končící 31. prosincem 2019 v souladu s českými účetními předpisy.

Základ pro výrok

Audit jsme provedli v souladu se zákonem o auditorech a standardy Komory auditorů České republiky pro audit, kterými jsou mezinárodní standardy pro audit (ISA), případně doplněné a upravené souvisejícími aplikačními doložkami. Naše odpovědnost stanovená těmito předpisy je podrobněji popsána v oddílu Odpovědnost auditora za audit účetní závěrky. V souladu se zákonem o auditorech a Etickým kodexem přijatým Komorou auditorů České republiky jsme na Společnosti nezávislí a splnili jsme i další etické povinnosti vyplývající z uvedených předpisů. Domníváme se, že důkazní informace, které jsme shromáždili, poskytují dostatečný a vhodný základ pro vyjádření našeho výroku.

Ostatní informace

Ostatními informacemi jsou v souladu s §2 písm. b/ zákona o auditorech informace uvedené ve výroční zprávě mimo účetní závěrku a naši zprávu auditora. Za ostatní informace odpovídá statutární orgán Společnosti.

Náš výrok k účetní závěrce se k ostatním informacím nevztahuje. Přesto je však součástí našich povinností souvisejících s auditem účetní závěrky seznámení se s ostatními informacemi a posouzení, zda ostatní informace nejsou ve významném nesouladu s účetní závěrkou či s našimi znalostmi o Společnosti získanými během auditu nebo zda se jinak tyto informace nejeví jako významně nesprávné. Také posuzujeme, zda ostatní informace byly ve všech významných ohledech vypracovány v souladu s příslušnými právními předpisy. Tímto posouzením se rozumí, zda ostatní informace splňují požadavky právních předpisů na formální náležitosti a postup vypracování ostatních informací v kontextu významnosti, tj. zda případně nedodržení uvedených požadavků by bylo způsobitelné ovlivnit úsudek činěný na základě ostatních informací.



Na základě provedených postupů, do míry, již dokážeme posoudit, uvádíme, že

- ostatní informace, které popisují skutečnosti, jež jsou též předmětem zobrazení v účetní závěrce, jsou ve všech významných ohledech v souladu s účetní závěrkou a
- ostatní informace byly vypracovány v souladu s právními předpisy.

Dále jsme povinni uvést zda na základě poznatků a povědomí o Společnosti k nimž jsme dospěli při provádění auditu, ostatních informace neobsahují významné věcné nesprávnosti. V rámci uvedených postupů jsme v obdržných ostatních informacích žádné významné věcné nesprávnosti nezjistili.

Odpovědnost statutárního orgánu Společnosti za účetní závěrku

Statutární orgán Společnosti odpovídá za sestavení účetní závěrky podávající věrný a poctivý obraz v souladu s českými účetními předpisy a za takový vnitřní kontrolní systém, který považuje za nezbytný pro sestavení účetní závěrky tak, aby neobsahovala významné (materiální) nesprávnosti způsobené podvodem nebo chybou.

Při sestavování účetní závěrky je statutární orgán Společnosti povinen posoudit, zda je Společnost schopna nepřetržitě trvat, a pokud je to relevantní, popsat v příloze k účetní závěrce záležitosti týkající se jejího nepřetržitého trvání a použití předpokladu nepřetržitého trvání při sestavení účetní závěrky, s výjimkou případů, kdy statutární orgán plánuje zrušení Společnosti nebo ukončení její činnosti, resp. kdy nemá jinou reálnou možnost, než tak učinit.

Odpovědnost auditora za audit účetní závěrky

Naším cílem je získat přiměřenou jistotu, že účetní závěrka jako celek neobsahuje významnou (materiální) nesprávnost způsobenou podvodem nebo chybou a vydat zprávu auditora obsahující náš výrok. Přiměřená míra jistoty je velká míra jistoty, nicméně není zárukou, že audit provedený v souladu s výše uvedenými předpisy ve všech případech v účetní závěrce odhalí případnou existující významnou (materiální) nesprávnost. Nesprávnosti mohou vzniknout v důsledku podvodů nebo chyb a považují se za významné (materiální), pokud lze reálně předpokládat, že by jednotlivě nebo v souhrnu mohly ovlivnit ekonomická rozhodnutí, která uživatelé účetní závěrky na jejím základě přijmou.

Při provádění auditu v souladu s výše uvedenými předpisy je naší povinností uplatňovat během celého auditu odborný úsudek a zachovávat profesní skepticismus. Dále je naší povinností:

- Identifikovat a vyhodnotit rizika významné (materiální) nesprávnosti účetní závěrky způsobené podvodem nebo chybou, navrhnout a provést auditorské postupy reagující na tato rizika a získat dostatečné a vhodné důkazní informace, abychom na jejich základě mohli vyjádřit výrok. Riziko, že neodhalíme významnou (materiální) nesprávnost, k níž došlo v důsledku podvodu, je větší, než riziko neodhalení významné (materiální) nesprávnosti způsobené chybou, protože součástí podvodu mohou být tajné dohody, (koluze), falšování, úmyslná opomenutí, nepravdivá prohlášení nebo obcházení vnitřních kontrol.
- Seznámit se s vnitřním kontrolním systémem Společnosti relevantním pro audit v takovém rozsahu, abychom mohli navrhnout auditorské postupy vhodné s ohledem na dané okolnosti, nikoli abychom mohli vyjádřit názor na účinnost jejího vnitřního kontrolního systému.



- *Posoudit vhodnost použitých účetních pravidel, přiměřenost provedených účetních odhadů a informace, které v této souvislosti statutární orgán Společnosti uvedl v příloze k účetní závěrce.*
- *Posoudit vhodnost použití předpokladu nepřetržitého trvání při sestavení účetní závěrky statutárním orgánem a to, zda s ohledem na shromážděné důkazní informace existuje významná (materiální) nejistota vyplývající z událostí nebo podmínek, které mohou významně zpochybnit schopnost Společnosti nepřetržitě trvat. Jestliže dojdeme k závěru, že taková významná (materiální) nejistota existuje, je naší povinností upozornit v naší zprávě na informace uvedené v této souvislosti v příloze k účetní závěrce, a pokud tyto informace nejsou dostatečné, vyjádřit modifikovaný výrok. Naše závěry týkající se schopnosti Společnosti nepřetržitě trvat vycházejí z důkazních informací, které jsme získali do data naší zprávy. Nicméně budoucí události nebo podmínky mohou vést k tomu, že Společnost ztratí schopnost nepřetržitě trvat.*
- *Vyhodnotit celkovou prezentaci, členění a obsah účetní závěrky, včetně přílohy, a dále to, zda účetní závěrka zobrazuje podkladové transakce a události způsobem, který vede k věrnému obrazu.*

Naší povinností je informovat osoby pověřené správou a řízením mimo jiné o plánovaném rozsahu a načasování auditu a o významných zjištěních, která jsme v jeho průběhu učinili, včetně zjištěných významných nedostatků ve vnitřním kontrolním systému.

Datum vydání zprávy

Ve Zlíně dne 18. května 2020

Alois BERKA s. r. o.
auditorská a daňová kancelář
tř. T. Bati 640, 760 01 ZLÍN
DIČ: CZ60701331 -2

odpovědný auditor ing. Berka Alois
osvědčení KA ČR č. 0249
auditorská firma: Alois Berka s.r.o.
osvědčení KA ČR č. 108



za auditovanou účetní jednotku

Příloha: auditovaná rozvaha

auditovaný výkaz zisku a ztráty

auditovaná příloha k účetní závěrce

auditovaný výkaz Přehled peněžních toků a změn vlastního kapitálu



INDEPENDENT AUDITOR'S REPORT

Auditor's report for the shareholder and the management of the accounting unit

Institut pro testování a certifikaci, a. s.

Zlín, tř. T. Bati 299, 763 02, Reg. ID No. 47910381

Auditor's statement

We audited the accompanying statement of balance of the company Institut pro testování a certifikaci, a.s. (hereinafter referred to as the "Company") prepared on the basis of Czech accounting standards, which consists of the balance sheet as at 31 December 2018, the profit and loss account, overview of changes in equity and cash flow overview for the year ended 31 December 2018 and annexes to the statement of balance, which contains a description of the significant accounting methods used and other explanatory information. Information about the Company is stated in point 1 of the annex to this statement of balance.

In our opinion, the accompanying statement of balance give a true and fair view of the assets and liabilities of the Company as at 31 December 2018 and its expenses and revenues and its economic result for the year ended 31 December 2018 in accordance with Czech accounting standards.

Basis for the statement

We performed our audit in accordance with the Act on Auditors and the Standards of the Chamber of Auditors of the Czech Republic for Auditing, which are International Standards on Auditing (ISA), eventually supplemented and modified by related application clauses. Our responsibilities under these regulations are described in more detail in the Auditor's Responsibility for the Audit of Statement of balance section. In accordance with the Act on Auditors and the Ethics Code adopted by the Chamber of Auditors of the Czech Republic, we are independent of the Company and have also complied with other ethical obligations arising from these regulations. We suppose that the audit evidence we have collected is sufficient and appropriate to provide an appropriate basis for our statement expression.

Other information

Other information is in accordance with §2 letter b) of the Act on Auditors information stated in the annual report outside the financial statements and our auditor's report. The statutory body of the Company is responsible for other information.

Our opinion on the financial statements does not relate to other information. Nevertheless, it is our responsibility to audit the financial statements to review other information and to assess whether other information is materially inconsistent with the financial statements or our knowledge of the Company obtained during the audit or otherwise does not appear to be materially incorrect. We also assess whether other information has been prepared in all material respects in accordance with applicable law. This assessment means whether the other information meets the legal requirements for formalities and the procedure for preparing the other information in the context of materiality, ie whether any non-compliance with those requirements would be capable of influencing the judgment made on the basis of the other information.



Based on the procedures performed, to the extent that we can already assess, we state that

- other information that describes matters that are also disclosed in the financial statements is consistent in all material respects with the financial statements, and
- other information has been prepared in accordance with the legal regulations.

In addition, we are required to indicate whether, based on our knowledge and awareness of the Company that we obtained in performing our audit, the other information does not contain material misstatements. As part of these procedures, we did not identify any material misstatements in the other information received.

The statutory body's responsibility for the statement of balance

The Company's statutory body is responsible for the preparation of the statement of balance giving a true and fair view in accordance with Czech accounting standards and for such internal control system as it considers necessary for the preparation of the statement of balance not to contain significant (material) incorrectness caused by fraud or mistake.

During preparation of the statement of balance, the Company's statutory body is required to assess whether the Company is able to continue as a going concern and, if applicable, to describe in the annex to the statement of balance the matters relating to its continuity and use of the going concern assumption, when the statutory body plans to wind up the Company or terminate its activities, respectively when he has no other real option but to do so.

Auditor's responsibility for auditing statement of balance

Our goal is to obtain reasonable assurance about whether the statement of balance as a whole does not contain any significant (material) incorrectness caused by fraud or mistake and to issue an auditor's report containing our opinion. An adequate rate of certainty is a high certainty rate nevertheless it is not a guarantee that the audit performed in accordance with the above standards discloses eventual existing significant (material) incorrectness in all cases in statement of balance. Incorrectness may arise as a result of fraud or mistakes and are considered as significant (material), if it is possible factually suppose that they could separately or in total affect the economic decisions that users of the statements of balance make on its basis.

During audit performance in accordance with the above stated standards it is our duty to apply within whole audit the expert opinion and to keep the professional scepticism. Further our duty is:

- To identify and evaluate the risks of significant (material) incorrectness of the statement of balance caused by fraud or mistake, to suggest and implement audit procedures responding to these risks, and obtain sufficient and appropriate probative information to provide an opinion. The risk of not detecting significant (material) incorrectness caused by fraud is higher than the risk of not detecting the significant (material) incorrectness by mistake, because the part of fraud can be conspiracy (collusion), falsification, and intentional act of omissions, false declarations, or evasion of internal controls.



- To understand the Company's internal control system relevant to the audit in the extent that we can propose audit procedures suitable with regard to the circumstances, rather than giving an opinion on the effectiveness of its internal control system.
- To evaluate the appropriateness of used accounting rules, the adequacy of accounting estimates made and the information provided by the Company's statutory body in the annex to the statement of balance.
- To review the appropriateness of continuous persistency use during statement of balance preparation by the statutory body and whether, with regard to the collected probative information, there is significant (material) uncertainty arising from events or conditions that may significantly impeach the ability of the Company to continue as a going concern. If we conclude that there is such significant (material) uncertainty, it is our duty to disclose in our report the information included in the annex to the statement of balance in this context and, if that information is not sufficient, to express a modified opinion. Our conclusions regarding the Company's ability to continue as a going concern are based on the probative information obtained up to the date of our report. Nevertheless, future events or conditions may result in the Company losing its ability to continue on an ongoing basis.
- To evaluate the overall presentation, structuring and content of the statement of balance, including the annex, and whether the statement of balance presents source transactions and events in a manner that gives a true and fair view.

It is our duty to inform the persons authorized by the board and management, among others, of the planned scope and timing of the audit and the significant findings we have found during the audit, including found significant deficiencies in the internal control system.

Date of report issue

In Zlín, 18 May 2020

Alois BERKA s. r. o.
Audit and tax office
Tř. T. Bati 640, 760 01 Zlín
VAT reg. No: CZ60701331

Responsible auditor dipl. eng. Berka Alois
Czech Auditors Office Certificate No. 0249
Auditing company: Alois Berka s. r. o.
Czech Auditors Office Certificate No. 108

Annex: audited balance sheet
audited profit (loss) account
audited annex to statement of balance
audited overview of cash flows and changes in equity



Foreign branch of Institut pro testování a certifikaci, a. s. – extract from the commercial register in the Slovak Republic as at 31 December 2019

Trade name of foreign branch:	Institut pro testování a certifikaci, a.s., organizational unit of foreign entity's business	(from: 30. 01. 2007)
Registered seat of foreign branch:	Mlynské Nivy 54 Bratislava 821 05	(from: 30. 01. 2007)
Reg. ID No.:	36 731 307	(from: 30. 01. 2007)
Date of registration:	30. 01. 2007	(from: 30. 01. 2007)
Legal form:	foreign entity's business (organizational unit of foreign entity's business)	(od: 30. 01. 2007)
Scope of business activities:	business consultancy in the scope of free trade	(from: 30. 01. 2007)
	rental property associated with the provision of additional services and procurement services associated with the hire in the scope of free trade	(from: 30. 01. 2007)
	purchase of goods for sale to final consumer (retail)	(from: 30. 01. 2007)
	purchase of goods for sale to other trades (wholesale)	(from: 30. 01. 2007)
	rental of movable property in the scope of free trade	(from: 30. 01. 2007)
	computerized data processing	(from: 30. 01. 2007)
	computer network management	(from: 30. 01. 2007)
	activities related to European Union notified body No. 1023	(from: 31. 05. 2007)
	assessment and certification of management systems	(from: 31. 05. 2007)
	activities of testing laboratories in the scope of free trade	(from: 31. 05. 2007)
	certification of products in the scope of free trade	(from: 31. 05. 2007)
	impartial inspection of the finding of a certain thing, or verification of the result of a certain activity and issue of a control certificate	(from: 31. 05. 2007)
	Head of the foreign branch:	Mgr. Jiří Heš commencement of the function: 01.03.2019
Acting on behalf of the company:	In matters of the foreign branch, the head of the organizational unit shall represent and sign for it separately by attaching his handwritten signature to the written or printed name of the organizational unit.	(from: 30. 01. 2007)
Other legal matters:	The organizational unit of a foreign entity was established on the basis of a decision of the founder dated 21 December 2006 pursuant to § 21 et seq. of the Commercial Code No. 513/1991 Coll., as amended.	(from: 30. 01. 2007)
	Decision of the founder dated 29.3.2007	(from: 31.05.2007)



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Foreign entity:	Institut pro testování a certifikaci, a.s. Reg. ID. No.: 47 910 381 Třída Tomáše Bati 299, Zlín 763 02, Czech Republic	(from: 19.04.2019)
	Legal form: joint-stock compancy Companies Registry details: CR administered by the Regional Court in Brno, Section B, Insert No. 1002,	
	Statutory body: Board of Directors	(from: 19.04.2019)
	Ing. Jiří Heš - Chairman commencement of the function: 23.11.2005	(from: 19.04.2019)
	RNDr. Radomír Čevelík – Vice-Chairman commencement of the function: 23.11.2005	(from: 19.04.2019)
	Mgr. Paulína Úlehla Senič - member commencement of the function: 23.11.2015	(from: 19.04.2019)
	Method of acting of the statutory body: The Company represents the Board of Directors in its entirety vis-a-vis third parties, in courts and other bodies, either jointly by all members of the Board of Directors or separately by the Chairman or Vice-Chairman of the Board. The company is signed either by all members of the Board of Directors or by the Chairman or Vice-Chairman of the Board. Everyone does so by attaching their signature to the company name or stamp.	(from: 19.04.2019)



Company's balance sheet

ths. CZK	31.XII.2017	31.XII.2018	31.XII.2019
TOTAL ASSETS	167 168	176 650	208 979
A. Receivables for register capital subscription	0	0	0
B. Fixed assets	91 868	108 039	129 049
B.I. Intangible fixed assets	113	132	366
B.II. Tangible fixed assets	91 755	107 907	128 683
B.III. Long-term investment	0	0	0
C. Current assets	70 672	64 842	76 232
C.I. Inventory	6 755	7 915	9 330
C.II. Receivables	29 739	25 071	29 180
C.II.1. Long-term receivables	514	522	295
C.II.2. Short-term receivables	29 225	24 549	28 885
C.II.3. Accruals	0	0	0
C.III. Short-term financial assets	34 179	31 856	37 722
C.IV. Cash/Finances	4 627	3 768	3 698
ths. CZK	31.XII.2017	31.XII.2018	31.XII.2019
TOTAL LIABILITIES	167 168	176 650	208 979
A. Equity	68 940	75 221	86 339
A.I. Register capital	5 455	5 455	5 455
A.II. Share premium and capital funds	10 847	10 847	10 847
A.III. Funds created from net profit	1 065	1 136	1 022
A.IV. Profit (loss) of previous years (+/-)	34 073	49 573	55 832
A.V. Profit (loss) of current period	17 500	8 209	13 183
A.VI. Decided on advance payment of profit share	0	0	0
B+C LIABILITIES	95 694	98 631	119 968
B. Reserves	11 114	10 086	10 131
C. Payables	84 580	88 546	109 837
C.I. Long-term payables	41 916	41 916	45 638
C.II. Short-term payables	47 292	46 471	64 199
C.III. Accruals	2 534	2 798	2 672