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COMPANY PROFILE
& ANNUAL REPORT 2019



Broker[®]
Consulting

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GENERAL INFORMATION ABOUT THE COMPANY

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BUSINESS FIRM

Broker Consulting, a. s.

ID No.

252 21 736

Tax ID No.

CZ699002502

Registered Office

Jiráskovo nám. 2684/2, Východní Předměstí, 326 00 Plzeň

Legal Form

Joint Stock Company

Date of Entry in the Commercial Register

21. 05. 1998 jako Broker Consulting, s. r. o.
01. 07. 2004 jako Broker Consulting, a. s.

The company has been entered in the Commercial Register at the Regional Court in Plzeň under file reference B 1121

Registered Capital

CZK 100,910,448

Line of Business

- Investment intermediary
- Insurance agent
- Insurance broker
- Independent consumer credit intermediary
- Real estate agent
- Production, trade and services not specified in Schedules 1 to 3 to the Trade License Act



Petr Hrubý
Founder and Chair of the Supervisory Board

INTRODUCTORY WORD BY THE FOUNDER

.....

We started writing the history of our company, Broker Consulting, from a small Pilsen office at the end of the last century, and over the period of more than two decades we have grown into one of the most dynamically evolving companies intermediating financial and real estate services on the entire Czech market, as well as in Slovakia.

We have been evolving simultaneously with the evolution happening in the financial and real estate fields, all while keeping in step with the changing needs of our clients. We underwent an array of important changes and innovations, expanded the volume of services we offer our clients, improved our internal systems, technologies and applications that contribute to increased work efficiency and help build state-of-the-art company background. We were able to promptly react to new impetuses and adapt to the evolving market. Today, twenty-two years later, I can say that we rose to the challenge and pursued our mission honourably, responsibly, and with much-needed enthusiasm. And with the exact same values in mind, we will continue writing the next chapters of our story.

The market of financial and real estate intermediation has been evolving hand in hand with the clients' increasing demands. What was good enough ten years ago is not going to cut it today. In line with the contemporary fast paced lifestyle, people do not want to waste their time mindlessly running back and forth from one institution to another, where they receive impersonal service at the counter from people they do not know. For this very reason, an increasing **number of people have turned to personal consultants**, looking for **professional approach, safety and guarantee**. And that is precisely what we offer them in Broker Consulting.

Our more than 1,500 consultants, together with several hundred other employees and assistants who support them in their work, are top experts in their field. Their expertise is, among other things, the result of our extensive and sophisticated educational system and the principle of business procedure sharing, which is the alpha and omega of our company.

Which services do we actually offer in both the Czech and the Slovak Republic? In 2019, **long-term financial planning** continued to constitute our principal business activity, giving our clients freedom to reach their financial goals and enabling them to avoid falling into unpleasant (and oftentimes fatal) financial troubles. We help our clients safely navigate their personal goals and big life-changing decisions. We have been serving the needs of many of our clients for decades, oftentimes helping several generations within the same family and becoming an integral part of their lives.

Last year, our primary focus was in the field of investments and real estate services. Our investment services make it possible to secure finances for all important aspects of our clients' lives: from their children's education, purchase of their own housing to a respectable annuity. We put a lot of thinking into the way we could further expand our services to make them truly tailored to all our clients. That is how, for example, our **new investment product** OK Smart BOND came into existence, which is designed **for more conservative investors** and which proved to be highly appealing to our clients. It complemented well the wide range of investments our clients can take advantage of.

In 2015, we expanded our service portfolio by **real estate services**. Financial and real estate services are closely interconnected; interlinking them within our unique FINANCES. REAL ESTATE.

TOGETHER. concept was the next logical step towards providing truly complex services. Our clients greatly appreciate that they have the ability to handle the sale or purchase of their dream real estate property with their own personal consultant who they have been working with long-term, who knows their options and who is capable of preparing them for the real estate transaction in the long-run. That involves, for example, finding the best available financing for the acquired property. Thanks to the long-standing tradition and the position of our company on the market, our clients can fully rely on the worry-free process of the real estate transaction and the professional approach of our consultants.

Furthermore, we have been cultivating the synergy of financial, real estate and banking services by **constructing** additional successful **OK POINT franchise business locations** across the Czech Republic. Within the OK POINT franchise business model we have expanded our strategic partnership with **mBank** by partnering with **MONETA Money Bank**, which led to the creation of a unique concept of the first physical multi-banking in the area of finances and banking services.

Our mission is to help people. And they do not necessarily have to be our clients. Just as we did in the previous years, in 2019 we considered it to be our moral obligation to back the operation and activities of the charitable and not-for-profit organizations which we have been co-operating with over the years and the foundation of which we contributed to. We have contributed over CZK 20 million to them over the entire period of their existence. I would like to take this opportunity to express just how proud I am of every single co-operator and employee who accepted to financially support or volunteer for the charitable organizations, making it a routine part of their life in an amazingly natural way. It was also thanks to our continuous support, that the Good Deed (Dobrý skutek in Czech) foundation was able to help improve the living conditions of many people in need last year. Also, the organization of ABC of Financial Education (ABC Finančního vzdělávání, o. p. s.) continued its work in 2019. It carried forward with its efforts to increase financial literacy within our society by training students, teachers, and employees at both businesses and administrative offices. The educational

game on the www.fingerplay.cz domain boosted those efforts significantly as well.

Broker Consulting is, first and foremost, built on great people, who are dedicated to their profession and do their job with humbleness, pride and enthusiasm.

I would like to thank all our co-operators and their employees, central office employees, OK POINT franchisees and their employees. A big thank you goes to more than 600,000 of our clients, who inspire us to keep evolving and pushing the limits of our expertise and professionalism to new levels. We appreciate your goodwill.

I assure you that in 2020 we will continue to spare no effort and strive to bring you top-notch financial and real estate services, and keep on inspiring you and taking care of your needs on your journey towards financial independence.



Petr Hrubý
Founder and Chair of the Supervisory Board



WE HELP CLIENTS SAFELY PURSUE THEIR PERSONAL GOALS AND MAKE BIG LIFE-CHANGING DECISIONS



WE ARE ABLE TO PROMPTLY REACT TO NEW IMPETUSES AND ADAPT TO THE EVOLVING MARKET



OUR CLIENTS GREATLY APPRECIATE THAT THEY CAN HANDLE THE SALE OR PURCHASE OF REAL ESTATE WITH THEIR PERSONAL CONSULTANT



THE SOPHISTICATED EDUCATIONAL SYSTEM AND THE PRINCIPLE OF BUSINESS PROCEDURE SHARING FORM THE ALPHA AND OMEGA OF OUR COMPANY



BOARD OF DIRECTORS AND SUPERVISORY BOARD



Vilém Podliska
Chair of the Board of Directors



Petr Hora
Member of the Board of Directors



Petr Hrubý
Chair of the Supervisory Board



Jiří Brabec
Member of the Supervisory Board



Renáta Pavlíčková
Member of the Supervisory Board

BOARD OF
DIRECTORS

SUPERVISORY
BOARD

Membership in corporate bodies as of 30. 04. 2020

COMPANY PROFILE

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MISSION OF BROKER CONSULTING

We are financial and real estate consultants. We help people safely pursue their personal goals and make big life-changing decisions. We inspire our clients and co-operators alike to grow and become financially independent.

Who We Are

Broker Consulting is one of the leaders on the Czech and Slovak markets of financial counselling and real estate services, providing its clients with an above-standard portfolio of financial, banking and real estate services. Broker Consulting was established as an all-Czech company in 1998. From the very beginning, its promoters' goal was to provide professional services in the areas of financial planning, saving, annuity, financing of housing and insurance. Over the period of twenty-one years of uninterrupted growth, the small company has evolved into a self-confident, thriving and stable group of Broker Consulting companies that has expanded its portfolio by adding intermediation of banking services and the real estate sector.

The real estate and banking services have steadily become more and more prominent among the services offered by Broker Consulting, primarily thanks to the synergy they bring to the clients when combined with the financial counselling services. Proof of the extraordinary success of these synergies is in the OK POINT franchise business location network, which has experienced significant growth all across the Czech Republic.

As of the date of the Annual Report issue, the broader Broker Consulting group controlled by the umbrella holding company of Broker Consulting Group, S. E. comprises in particular of the following companies:

- **Broker Consulting**, a. s., Czech Republic
- **Broker Consulting**, a. s., Slovak Republic
- **FinCo Services**, a. s., Slovak Republic
- **BC Marketing & Media**, s. r. o., Slovak Republic
- **Broker Consulting SICAV**, a. s.
- **ProCredia**, a. s.
- **Prodomia Group**, a. s.
- **MONECO**, spol. s. r. o.
- **MONECO Investiční společnost**, a. s.
- **BC Real**, a. s.

In 2019, the group's turnover exceeded the amount of CZK 1.8 billion.

Our position on the financial market, in the field of Broker Consulting's principal business activity, is to communicate between the side of supply, which is formed by the financial institutions with their products, and the side of demand, which is formed by our clients with their needs, goals and wishes. From the side of supply we select quality financial products for our portfolio, and based on that we then help our clients find what makes sense for them in the given period according to their Financial Plan and what does not. In 2019, we co-operated with more than a hundred financial institutions in the Czech Republic and in the Slovak Republic, and thus were able to offer our clients a range of choices from over a thousand of mutual funds and several hundred insurance and banking products. When making a selection as to which products to offer, we always follow the interests of our clients while respecting their specific financial situation, their plans and needs. We safely guide our clients through the complex world of personal finances and assist them even with transactions of major importance such as the purchase or sale of a real estate property. We comply with all legally prescribed prerequisites and registrations required to pursue our business activities.

OUR BRANCH NETWORK AND OUR CLIENTS

Our clients can use more than one hundred offices across the entire territory of the Czech Republic and the Slovak Republic staffed with approximately 2,000 financial consultant experts. We are continuing the effort to expand the franchise network of OK POINTS. An ever increasing number of entrepreneurs has expressed interest in acquiring the OK POINT franchise that provides comprehensive financial counselling, banking and real estate services.

OK POINTs represent a financial and real estate supermarket, equipped with the latest ATM machines with both withdrawal and deposit functions. People can not only obtain the unique products offered by our partner banks mBank and MONETA Money Bank here, but also profitable offers from other competing institutions. We guarantee that our clients receive professional financial, as well as real estate services and products brokered under excellent conditions. **Our services are utilized by people who want to take control of their finances, do not want to incur unnecessary expenses and want to effectively reach their financial objectives**, whether they are in the range of tens of thousands or tens of millions of crowns. It has become a tradition that our services also attract corporate clients, whether they are interested in products from the sphere of **insurance, investments** or employee **benefit programmes**. In 2015 and 2016, we expanded our service portfolio by banking and real estate activities, which made us capable of providing our clients with a comprehensive Financial Plan not only in terms of intangible property, but also in terms of tangible property.

What We Offer Our Clients

- Preparation of an individualized financial plan
- Consulting services, intermediary services and counselling in the field of financial and social security schemes for individuals and families
- Assistance in selecting the method of creating financial reserves with the help of all available state funding
- Counselling in the field of financing of housing, selection

of the most optimum credit products, including setting and negotiating of credit terms and conditions with both bank houses and non-bank institutions

- Banking services and budget banking products intermediation
- Formation of social programmes with the application of tax benefits for corporate bodies and companies
- Activities involving insurance brokering for medium and large companies
- Investment brokering for natural persons and corporate bodies alike
- Real estate services

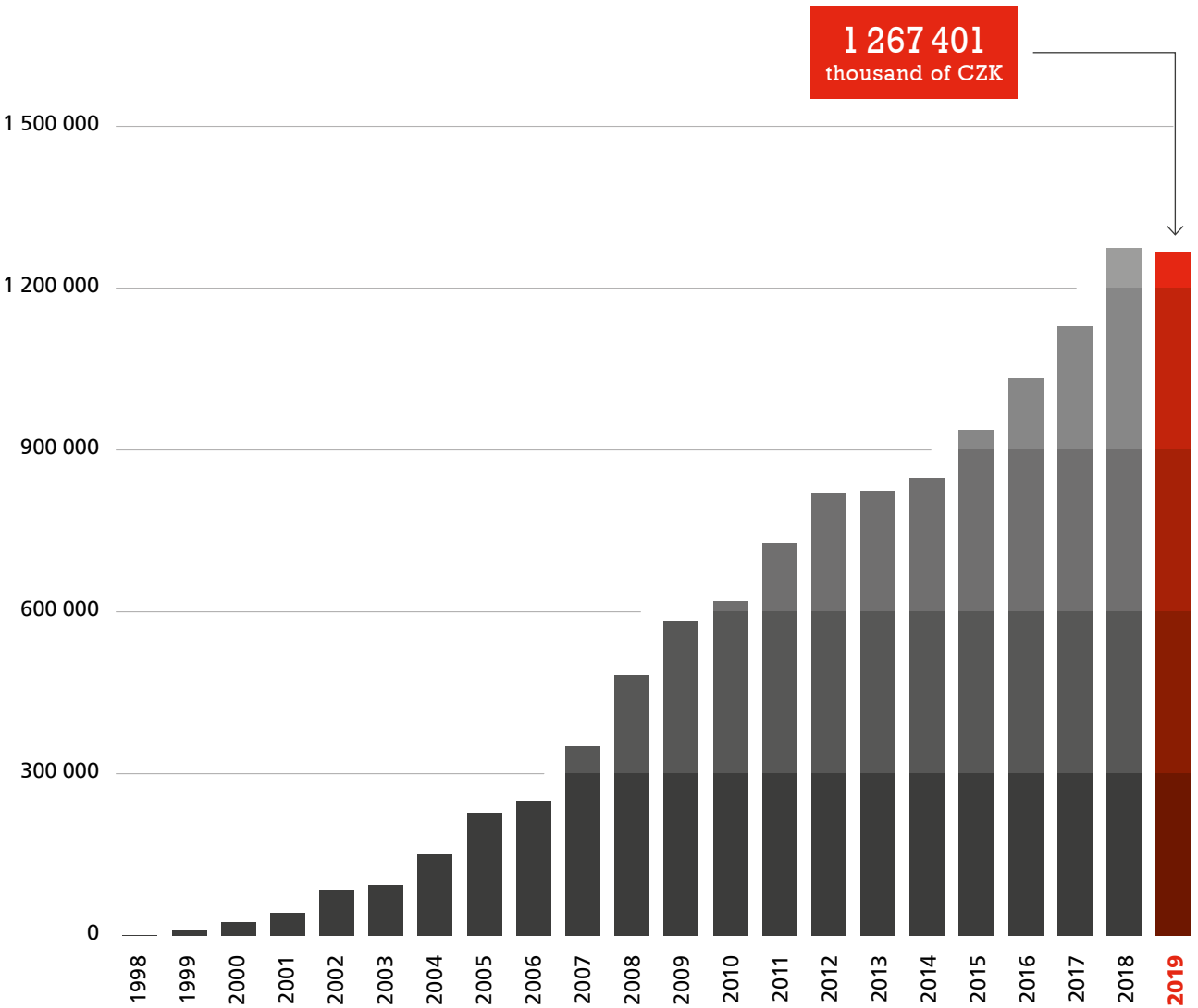
Quality of Services

Quality, professionalism and fair deal are the values we treasure the most in Broker Consulting. We are successful in cultivating the market and increasing the reputation of the industry of both financial and real estate services. We were the first company on the market of financial counselling to launch the institution of ethics committee with the goal of helping our clients exercise their rights in case they feel their rights have become affected.

Independent test results confirm that we truly advocate for and honour the values we declare. In 2008, we were declared the winners in the category of the "Quality of the Offered Solution" in the test of services offered by financial consultants carried out by the Personal Finances professional journal (Osobní finance in Czech). In 2010, Broker Consulting was the only one of the tested financial counselling companies filmed by a hidden camera for the TV programme Black Sheep (Černé ovce in Czech) aired by the Czech Television to compare favourably and prove its quality in providing truly professional and independent financial counselling services. We consider our greatest success yet to be the absolute victory in the largest-scale independent test of financial consultants organized in 2011 by the servers of měšec.cz, poradci-sobě.cz and the Financial Consultant magazine, all of them specializing in the field. No relevant testing of financial consultants took place in the following years. With that being said, the growing popularity of our services with clients and the large numbers of positive references are a convincing sign that in the quality department we have persistently been on the right track.

BROKER CONSULTING, A. S.* FINANCIAL GROUP TURNOVER GROWTH

(Turnover from the principal business activity in thousands of CZK)

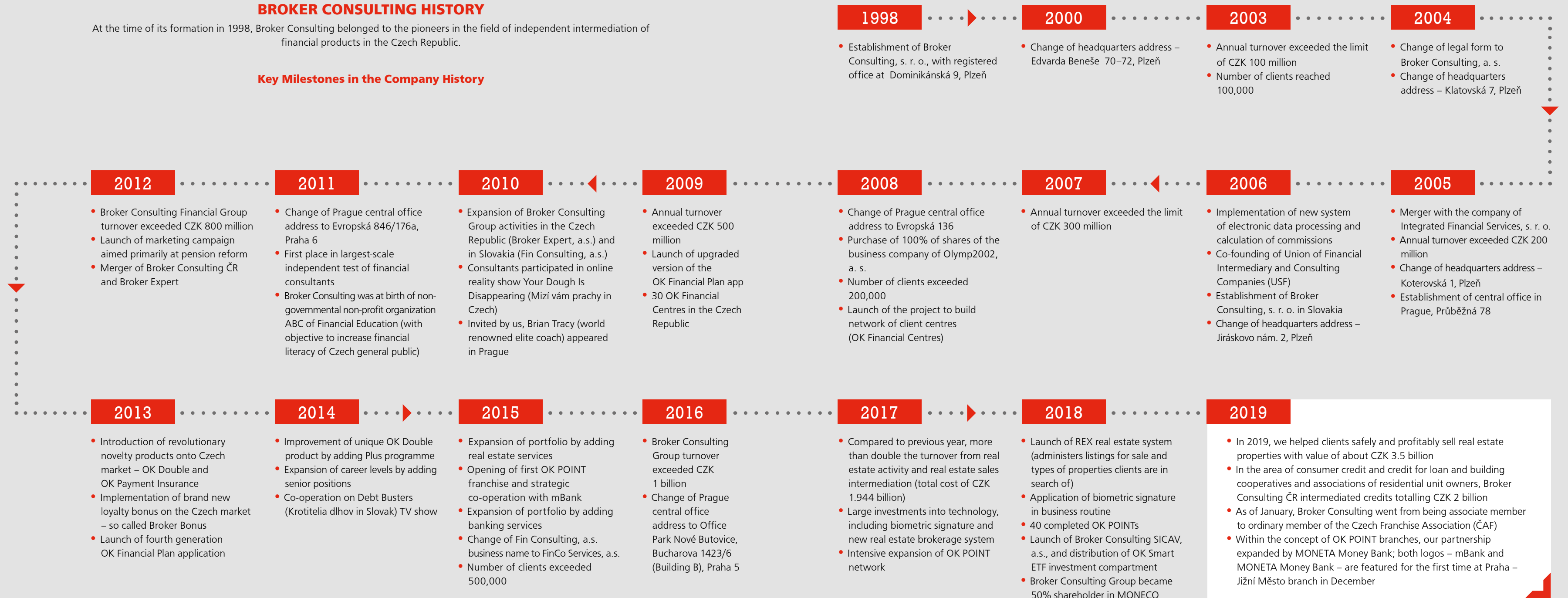


*Organizational chart of the Broker Consulting, a. s. group can be found on page 35 of this Annual Report

BROKER CONSULTING HISTORY

At the time of its formation in 1998, Broker Consulting belonged to the pioneers in the field of independent intermediation of financial products in the Czech Republic.

Key Milestones in the Company History



PEOPLE IN BROKER CONSULTING

Broker Consulting is one of the strongest players of the financial service industry on the Czech market. By adopting banking and real estate services it has become unrivalled in terms of the comprehensiveness of services offered. The company has been celebrating exceptional accomplishments in the sphere of real estate, and as early as in 2018 it worked its way up among the top ten real estate agencies. In 2019, it helped its clients safely and profitably sell their real estate properties with the total value of about 3.5 billion crowns, which landed the company a spot among the top 5 real estate service providers in the Czech Republic. Promising people without previous experience in the field, as well as former employees or co-operators of other companies from the sphere of financial markets find job and business opportunities in our company, becoming experts in the field of finances, banking, as well as real estate. Our company brings them stable background, its know-how, and especially the possibility of career growth.

EDUCATION IN BROKER CONSULTING

The educational system for Broker Consulting co-operators is divided into four basic levels:

Financial ABC



Financial ABC provides the participants with elementary retraining and education in the field of financial planning, product knowledge, as well as business negotiation. Our new colleagues learn how to communicate with a client, analyze the client's financial situation and correctly prepare the Financial Plan. The seminars of Financial ABC provide the graduates with sufficient fundamental knowledge of the legislation in force. The series of seminars are complete after the successful passing of the final test.

Financial Academy



The series of seminars and training sessions called Financial Academy represents a higher level of the educational system. It is designed as a model of extension education for experienced professionals who have already gone through a range of educational activities and have acquired significant experience from everyday practice. Among other things, as part of the Financial Academy, Broker Consulting co-operators participate in seminars dedicated to practical financial mathematics, advanced investment, share trading, financial derivatives, business, communication and presentation skills, deeper product knowledge, as well as real estate services. Our consultants also regularly attend workshops aimed at personal growth. In connection with the expansion of our portfolio by real estate services, we created e-learning modules and specialized seminars. We created webinars and specialized seminars for the employees of OK POINTS.

Real Estate ABC



Real estate ABC is designed for everyone who wants to become a professional in the field of real estate. The participants gain insight into the field of real estate transactions on both theoretical and practical levels. The instructors come from the ranks of real estate experts, businessmen and lawyers. The ABC keeps in line with current legislation and is complete after the successful passing of the final REAB test.

Management Academy



In Broker Consulting anyone with sufficient ambition for the position who is able to sustain this ambition with their outstanding professional results can become a manager. The Management Academy courses are designed in a manner allowing every potential manager to gain sufficient information on how to lead a team, how to make it grow and effectively help its members reach their goals. The educational series is strongly focused on work experience and also overlaps into other related fields; those affect the process of building a strong team where people enjoy spending their time in an effective and an active manner. The Management Academy also takes place abroad.



OUR SERVICES

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OK FINANCIAL PLAN

The Financial Plan is the absolute essence of Broker Consulting functioning, acting as the base for all of our other services. In this up-to-date and progressive service, the clients mainly appreciate the perfect strategy developed on the basis of an exact analysis of their personal situation. The Financial Plan is precisely tailored for each individual client and helps the client reach his or her own financial goals in a safe manner. Thanks to the professional financial intermediation, the clients may use various financial products available on the market under the most favourable conditions. The resulting solution allows the client to use financial resources efficiently and gradually proceed towards their financial freedom. According to our information, as many as 60 % of people may stop working approximately 25 years from the creation of their Financial Plan without their current standard of living being adversely affected. The Financial Plan represents the absolute top in what the field of financial services currently offers.

OK Financial Plan is particularly aimed at offering solutions for the four basic categories of family finances that comprise the following:

- OK Housing & Real Estate
- OK Annuity
- OK Saving & Investment
- OK Insurance

REAL ESTATE SERVICES

We consider the real estate services to be an important add-on to our financial services. Thanks to them we are able to meet all of our clients' requirements. We take pride in the top-notch quality of our comprehensive real estate service, the expertise of our consultants, we utilize advanced technology and co-operate with qualified specialists in the field, such as professional photographers and lawyers. We are a strong and a reliable guide throughout the entire real estate transaction. Close co-operation with our clients and a detailed knowledge of their investment goals has allowed us to develop and continuously expand an enormous real estate database – listing both “for sale” and “in search of” properties – that we are able to, when the requirements match on both sides, pair adequately together. In other words, we match clients selling their property with clients looking to buy or rent a property

At the end of 2018, the Czech National Bank significantly modified the conditions for granting mortgage loans. The singularity of our FINANCES. REAL ESTATE. TOGETHER. concept has become especially apparent in the context of these changes happening in the real estate market. Due to the fact that we are familiar with the financial situation of our clients, we are capable of very quickly screening their financial condition and determining whether or not the purchase of a real estate property is feasible. By combining financing and real estate services, we are able to guarantee the seller a successful transaction, while arranging the most favourable financing option for the buyer's purchased property.

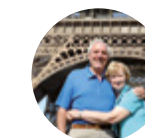


OK FINANCIAL PLAN



ok BYDLENÍ & REALITY OK Housing & Real Estate

OK Housing brings solutions not only to clients planning the purchase of a property for their own use or as an investment, but also to those who already own their home. We advise our clients how to lower the payments of their existing credit, we discuss the **selection of the most favourable real estate credit** with them, and we help them with its subsequent arrangement with a bank or a building society.



ok RENTA OK Annuity

Through OK Annuity we help our clients create sufficient financial funds in order for them to live comfortably in retirement. It is still unclear what the future development of the pension reform will be, and therefore it is not possible to expect the state to take responsibility for its citizens insomuch as to provide them with clear guarantees that they will receive a dignified annuity in their retirement age. Therefore, to a certain degree the consultants of Broker Consulting take on the role of a guarantor in helping their clients reach their **financial freedom**, and as early as within a 15 to 25-year horizon from the date of the Financial Plan creation at that.



ok SPOŘENÍ & INVESTICE OK Saving & Investment

The main objective of OK Saving is to ensure that our clients have effective tools for increasing their financial assets long-term. Thanks to that they also always have **financial resources** readily available to cover any unexpected expenses; of equal importance is also having those resources deposited **safely and safeguarding them from any risk**. Clients using the OK Saving service achieve an above average increase in the value of their savings compared to the current trends on the market.



ok ZABEZPEČENÍ OK Insurance

With OK Insurance, we accompany our clients even throughout the unpleasant phases of life and help them in the **best way possible to overcome the negative financial consequences** of such situations as theft, property damage, as well as injury, illness or death of the family's main breadwinner. We evaluate the needs of our clients and thanks to the selection of quality products we find a suitable insurance policy that fits their individual needs.

MEMBERSHIP IN THE ČASF

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CZECH ASSOCIATION OF FINANCIAL COUNSELLING AND INTERMEDIARY COMPANIES (ČESKÁ ASOCIACE SPOLEČNOSTÍ FINANČNÍHO PORADENSTVÍ A ZPROSTŘEDKOVÁNÍ, ČASF)

In June 2006, Broker Consulting became one of the founding members of the Union of Financial Intermediary and Consulting Companies (Unie společností finančního zprostředkování a poradenství- USF). In June 2018, Czech Association of Financial Counselling and Intermediary Companies (Česká asociace společností finančního poradenství a zprostředkování - ČASF) was established through the consolidation of two independent financial intermediary and counselling associations – the USF and the Association of Financial Intermediaries and Financial Advisers of the Czech Republic (Asociace finančních zprostředkovatelů a finančních poradců České republiky, AFIZ).

Activities of ČASF Include:

- Creation of legislation and regulations in the field of financial intermediation and counselling, and subsequently providing support to the members of the association during the introduction of changes
- Activities aimed at maintaining the good reputation of the field of financial intermediation and planning
- Supervision of consistent compliance with the standards of financial counselling and intermediation by the members of the ČASF
- Protection of the consumer through the activities of the Ethical Committee

The membership in a strong and unified ČASF association creates a guarantee for our clients that any and all legislative, as well as ethical rules valid in the field of financial counselling are being observed. The membership provides our co-operators with the certainty to always be given optimum information on legislative issues, and to work in a company that clearly declares its involvement in the quality of services. Broker Consulting co-operators are active members of committees and work sections, as well as of the Board of Directors of the ČASF, and through this association they also participate in the commentary proceedings of the Ministry of Finance of the Czech Republic and the Czech National Bank in the development of new legal regulations

Our ČASF Representatives for 2019 Were:

- **Jiří Šindelář** – Chair of the Board of Directors
- **Petr Hrubý** – Chair of the Council, Member of the Board of Directors
- **Vladislav Herout** – Member of the Insurance Section, Member of the Ethical Committee, Member of the Inspection Committee
- **Martin Novák** – Member of the Investment Section, Member of the Mortgage Credit Section
- **Stanislav Šula** – Member of the Investment Section, Member of the Insurance Section
- **Štěpán Kulhánek** – Member of the Investment Section, Member of the Insurance Section
- **Jan Lener** – Member of the Media and Marketing Committee



CORPORATE SOCIAL RESPONSIBILITY

Good Deeds with Broker Consulting

In 2005, Broker Consulting was, in co-operation with Jágr Team, s.r.o., at the foundation of the charitable unincorporated association called Good Deed (Dobrý skutek in Czech), which provides targeted aid to those who, largely due to health related complications, have found themselves in an unfortunate life situation and have become dependent on someone else's help. This includes people from different age groups, with various disabilities, and quite often also cases outside of media attention. Clients of Good Deed include minors, adults (particularly parents of children), as well as elderly people. Anyone who decides to help those in need may select the recipient of his/her financial donation and check the flow of the donated funds in the Good Deed's transparent account. Broker Consulting, a.s. has been supporting the Good Deed association by funding its overhead expenses, providing computing technology, office space, services of the legal, marketing and economic departments, as well as by financial donations. Thanks to that, all donations are completely reallocated among the Good Deed clients. The patrons of Good Deed are Miss CR 2003 L. Křížková-Váchová and the legendary ice hockey player J. Jágr. Since its foundation up to the end of 2019, Good Deed has helped satisfy the needs of 1,644 clients with the total amount of CZK 73,280,968. The association has been extending permanent assistance to eleven clients enrolled in the Good Deed Adoption program by covering the expenses of assistance and relief services. In 2019, the assistance Good Deed provided to its clients amounted to 7,492,051 crowns. Resources to cover this charitable activity are raised through online donations and events organized jointly with Broker Consulting. Traditionally, Good Deed and Broker Consulting jointly organize the Charitable Golf Tournament, the Gala Evening and fund-raising races. Last but not least, some Broker Consulting co-operators and employees regularly donate one or two per cent of their

earnings to Good Deed, representing an important source of funds.

 www.dobryskutek.cz

We Help Increase Financial Literacy

Since 2011, Broker Consulting has been supporting, both actively and financially, the activities of the nongovernmental non-profit organization of ABC of Financial Education (ABC Finančního vzdělávání in Czech), which is dedicated to bringing hands-on financial literacy education to schools and businesses. The reason behind this educational effort is the number of households and individuals who get into financial difficulties and troubles oftentimes due to insufficient knowledge and the lack of understanding when it comes to personal and family finances. In 2019, Broker Consulting co-operators donated the amount of over CZK 82,000 to this non-profit organization. Since its creation, the organization received a total of CZK 2,650,980 from Broker Consulting to fund their mission to increase financial literacy, of which the amount of CZK 834,699 was donated by Broker Consulting co-operators. In 2019, the ABC of Financial Education organized another hundred of educational events that were attended by thousands of teens, hundreds of adults and tens of experts. Another important fun way that helps increase financial literacy year after year is the FinGR Play on-line game featuring life and money that was developed by and has been operated by ABC of Financial Education for the past 5 years. Thanks to this game, the players can virtually become trustees for a family's budget for a period of 30 years, enter the world of personal finances and test their own ability to manage money. In one week, 10,632 games were played for prizes in the FinGR Play on-line game national tournament of classrooms. In 2019, another 6,000 players and 70,000 games in total were added.

 www.abcfv.cz | www.fingrplay.cz

BUSSINESS TRENDS IN 2019

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The year of 2019 was filled with demanding challenges and revolutionary changes. In the insurance field, the Act on the Distribution of Insurance and Reinsurance took effect in the Czech Republic. In connection with the legislative changes governing the conditions of granting mortgage credits, which became effective at the end of 2018, **the mortgage credit market experienced a significant drop** of about 20 %.

The sales cycle in the real estate business started to gradually grow longer, and that projected into the process of buying and selling real estate properties. Despite that, as a company, we were able to adapt to the current market needs and provide our clients with exactly the type of services they needed in the given situation. Even though the situation on the market was less favourable for the field of finances and real estate than during the previous years, **as a business we were able to succeed** and reach similar economic result from the principal business activity as we did in the previous year.

The key service offered by Broker Consulting continues to be long-term and **professional financial planning**. We help our clients resolve their financial situations, teach them how to think about finances and their life goals within a long-term horizon and from many different perspectives. We inspire them to tackle big life-changing issues, such as housing, saving for their children, as well as annuity.

One of our priorities has been the expansion in the field of **investments**. In order to satisfy the needs of all our investors, we have expanded our extensive portfolio of investment products offered by the rest of our business partners by adding another product. The **OK Smart BOND** bond fund has very quickly become popular with clients right alongside the previous “newbie” OK SMART ETF.

We see the future of financial intermediary services in linking them with other fields that are closely related to finances when it comes to demand, and in offering increasingly more comprehensive services. As part of the FINANCES. REAL ESTATE. TOGETHER. concept, we have also been offering real estate services to our clients. We are able to **effectively and quickly connect clients** selling their property with clients looking to purchase one. Thanks to the fact that we co-operate with our clients on a long term basis, we are able to assess the realistic options for the potential purchase of a property, and steer clear of any uncalled for prolongation of the real estate transaction. The financial and real estate service synergy was very positively accepted by our clients who appreciate that they have the option to tackle real estate transactions with their consultant who they know well. We were able to continue this trend also **in 2019 and grow by 30 %** in the **real estate** field. It was in part thanks to our co-operation on the sale of large **development projects**, which we had **over 100** of in our selection. Linking finances with real estate represents a big advantage over our competition; we connect the sale of properties with longer sales cycles with faster transactions in the financial sector, which makes it possible to maintain the prosperity of our business. Thanks to this balance, for example last year’s slowdown in the area of mortgage credits did not affect us that noticeably at all.

In the last year, we continued with the construction and development of our **OK POINT** franchise business locations, strategically selecting important locations across the Czech Republic for their placement. **By the end of 2019**, we opened a total of **46 branches**, the production of which represents a **14 %** share in the total economic result of the company.

Vilém Podliska

CEO and Chair of the Board of Directors

Career

Cooperation with Broker Consulting brings important career opportunities that appealed to a number of newly interested people again in 2019. The Broker Consulting career system offers our newcomers excellent background of a prestigious company with mature corporate culture and diverse educational system. Currently, we are the strongest company on the market when it comes to the recruitment of new co-operators. Oftentimes in joining our ranks, people are looking to find freedom, independence and self-fulfilment after years spent in an employment relationship. And precisely for them co-operation with Broker Consulting represents a great opportunity to start a second career and break into a new field.

Our task is to provide our co-operators with the best tools and conditions to let them professionally perform their jobs. Therefore, we offer them full support in the areas of **IT, legal services**, as well as **marketing**. With any questions they may have, they have the option to turn to a team of **analysts and real estate specialists** who are ready to help them. Our co-operators are very grateful for the extensive support provided to them by our central office. We invest systematically and long-term in the **development of systems** and the **expansion of our people's expertise**. We constantly enhance and perfect our comprehensive educational system. At the end of 2019, we expanded the current educational system by adding Real Estate ABC, a series of training designated to expand practical skills, as well as theoretical background of our real estate specialists. As opposed to big corporations, our new co-operators do not have to wait long years to build a successful career in Broker Consulting. After completing the educational programmes, they are equipped with sufficient know-how and skills to immediately start working as consultants under the supervision of their guarantors. How fast they advance to a higher career level depends entirely on their own motivation.

Over the period of over 20 years of its existence, the Broker Consulting brand has established a reputation of a market leader and became a synonym for top-of-the-line services in the field of finances and real estate. Compared to the standard of services provided on the world's most developed markets,

our services and end products are one hundred per cent on par with them. I am convinced that our people belong among the best consultants on the global market, and that is the reason our clients rely on us with confidence. In 2019, we served more than 600,000 clients. It is with great joy that I observe the ever increasing appreciation our clients have for our professionalism, fairness and the comprehensiveness of our services as they choose us to be their guide on their journey towards financial independence.


Financial planning (and currently, also in association with the tightening conditions for granting mortgage credits, the real estate business) requires long-term co-operation. Oftentimes, we serve our clients all their lives; from setting up savings for a newborn child to purchasing a first home, up to saving for an annuity. Many times, we serve several generations within a single family. We help them be ready and have funds for important things at the right time. We bring them security, stability and safety that are key for a happy life. We committed to take care of them and share important moments in their lives with them. And we plan on keeping our promise also in the years to come. The fact that 60 % of our business comes from our existing clients only proves that. During our regular service meetings, we identify any new needs our clients may have and any potential changes to their financial situation that are then reflected in an update to their financial plan options.



Vilém Podliska
CEO and Chair of the Board of Directors




WE SUCCEEDED AS A BUSINESS EVEN THOUGH THE SITUATION ON THE MARKET WAS LESS FAVOURABLE FOR THE FIELD OF FINANCES AND REAL ESTATE IN 2019



OUR KEY SERVICE CONTINUES TO BE LONG-TERM AND PROFESSIONAL FINANCIAL PLANNING

WE ARE ABLE TO EFFECTIVELY AND QUICKLY CONNECT CLIENTS SELLING A PROPERTY WITH POTENTIAL BUYERS



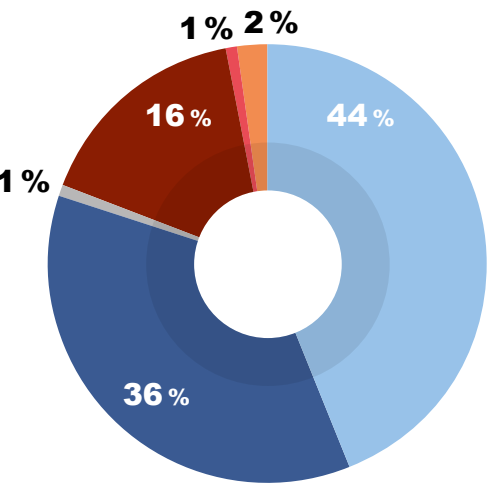
WE INVEST SYSTEMATICALLY AND LONG-TERM IN THE DEVELOPMENT OF SYSTEMS AND THE EXPANSION OF OUR PEOPLE'S EXPERTISE

COMPOSITION OF THE INTERMEDIATED ANNUAL TURNOVER
OF THE BROKER CONSULTING GROUP COMPANIES IN 2019

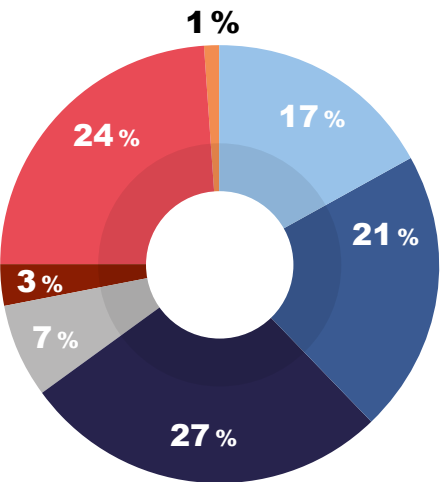
CZECH REPUBLIC



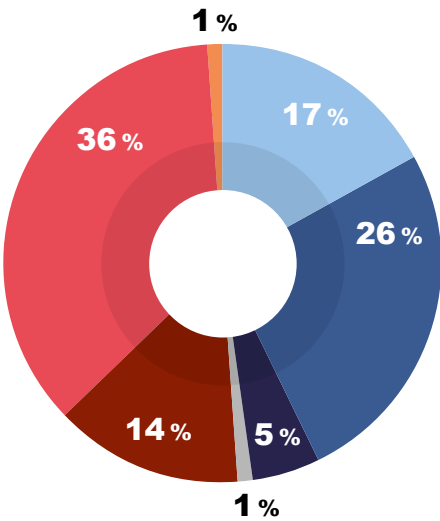
BASED ON VOLUME OF FINANCIAL RESOURCES*
(financial resources of our clients)



BASED ON THE NUMBER OF CONTRACTS



BASED ON VOLUME OF RECEIVED COMMISSIONS



INTERMEDIATED ANNUAL TURNOVER

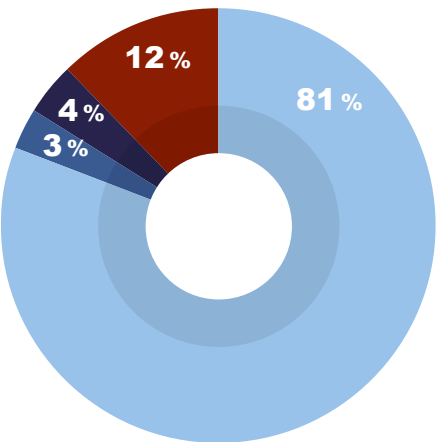
| Financial Product | Banking | Investments | Non-life Insur. | Pension Products | Real Estate | Life Insurance | Other |
|---|---------|-------------|-----------------|------------------|-------------|----------------|-------|
| Based on volume of fin. resources* | 44 % | 36 % | 0 % | 1 % | 16 % | 1 % | 2 % |
| Based on the number of contracts | 17 % | 21 % | 27 % | 7 % | 3 % | 24 % | 1 % |
| Based on volume of received commissions | 17 % | 26 % | 5 % | 1 % | 14 % | 36 % | 1 % |

* Based on the methodology of the Czech Association of Financial Counselling and Intermediary Companies (ČASf)
Note: Product groups with a proportional share lower than 0.5% are rounded down and expressed as 0%.

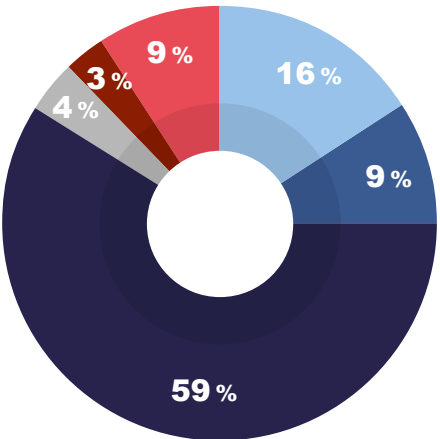
SLOVAK REPUBLIC



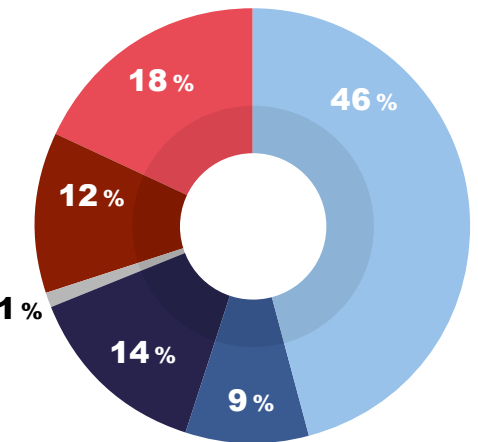
BASED ON VOLUME OF FINANCIAL RESOURCES*
(financial resources of our clients)



BASED ON THE NUMBER OF CONTRACTS



BASED ON VOLUME OF RECEIVED COMMISSIONS



INTERMEDIATED ANNUAL TURNOVER

| Financial Product | Banking | Investments | Non-life Insur. | Pension Products | Real Estate | Life Insurance | Other |
|---|---------|-------------|-----------------|------------------|-------------|----------------|-------|
| Based on volume of fin. resources* | 81 % | 3 % | 4 % | 0 % | 12 % | 0 % | 0 % |
| Based on the number of contracts | 16 % | 9 % | 59 % | 4 % | 3 % | 9 % | 0 % |
| Based on volume of received commissions | 46 % | 9 % | 14 % | 1 % | 12 % | 18 % | 0 % |

* Based on the methodology of the Czech Association of Financial Counselling and Intermediary Companies (ČASf)
Note: Product groups with a proportional share lower than 0.5% are rounded down and expressed as 0%.

BROKER CONSULTING CR ECONOMICS 2019

REPORT OF THE BOARD OF DIRECTORS ON THE COMPANY BUSINESS ACTIVITIES AND THE STATE OF ITS ASSETS

In May 2019, Broker Consulting, a. s. has entered the twenty second year of its activities within the financial counselling market. And also this year the company continued in successful economic development, which consists in the support and expansion of its business activities, in the optimization of its management and control mechanisms, as well as in the strict control of costs. Company successful development was also supported with a number of innovative projects in the field of digitisation of company sales, development of real estate services and franchise points of sale known as OK POINT.

The turnover of Broker Consulting, a.s., Czech Republic, related to its main business activity grew by CZK 26.5 million as compared to 2018 to the total amount of CZK 1,120.6 million, and the turnover generated from the main business activity including two Slovak subsidiaries, i.e. Broker Consulting, a.s., Slovak Republic and FinCo Services, a.s., reached the total amount of CZK 1,267.4 million.

Also the overall turnover within the wider group of Broker Consulting companies was of growing tendency, whereas these companies were covered by the holding company Broker Consulting Group, S.E. and consisted mainly of the following companies:

- **Broker Consulting**, a. s., Czech Republic
- **Broker Consulting**, a. s., Slovak Republic
- **FinCo Services**, a. s., Slovak Republic

- **BC Marketing & Media**, s.r.o.
- **ProCredia**, a. s.
- **Prodomia Group**, a. s.
- **BC Properties**, a. s.
- **BC Real**, a. s.
- **Moneco**, s.r.o.
- **Broker Consulting SICAV**, a. s.

where the total turnover of 2019 was amounting to **CZK 1.83 billion**.

In parallel to the increase of the turnover from the principal activity, i.e. of the company Broker Consult-ing, a.s., Czech Republic, the company carried out the intended shift in the product portfolio intermediated to our clients, whereas the company enhanced the share of investments, financing of housing and real estate services represented in the total volume of intermediated products. The company considers this approach to be a positive trend, both in terms of balanced product portfolio and in terms of comprehensive and high-quality services delivered to company clients. Emphasizing the production growth in the field of investments and real estate trade we are aimed to follow this approach.

A significant part which forms innovative projects implemented by Broker Consulting, a. s., is also fo-cused on the support of **OK POINT** franchise business network development. These OK POINT business locations provide our clients with three types of services at one place: financial counselling, banking services and intermediation of sale, purchase and rent in the field estate property. Czech branch of Polish mBank S.A., a division, is a strategic partner to each the OK POINT. At the end of 2019 was concluded an agreement with another strategic partner - Czech important bank MONETA Money Bank, a.s.

Also in 2019, the company continued further to invest in the development and in strengthening the capacity of infrastructure necessary to operate all the key applications. We have expanded company server farm for running virtualised systems the high reliability and accessibility of which is today necessary. The capacity of disc data centre storage was significantly increased. The company invested also in modernising of important network and security features to lower the risks of possible cyber threats. Due to high accessibility these key features are always connected redundantly.

The works targeted at business process digitisation continued as well, biometric agreement signature was developed or directly implemented, and the same approach was applied to a number of internal documents, e.g. a record of the meeting with a client, OK Double Plus insurance applications, a client's profile sourced from our internal BROK business system, investment questionnaire and the agreement on the provision of real estate services. In 2019 was also in Slovakia finalised the first step of the implementation of biometric agreement signature, whereas the first partners became the companies CONSEQ and AXA. When a client is using his/her biometric signature instead of a signature attached to a hard copy document, he/she is using an electronic pen to sign himself/herself on the iPad screen directly in the document which shall be signed. Thus, a client may see what exactly he or she is signing. Subsequently, the document is locked and cannot be altered anymore. A biometric signature allows a significant reduction in paper documentation, makes the processing process faster, results in a decrease of errors and in increased data safety and protection.

As the other form of electronic agreement conclusion we are using our **Be-on-line** system into which new partners and products were added, especially the insurance company Pillow, travel insurance, car insurance, property insurance by Direct insurance company, property insurance by UNIQA insurance company, and liability insurance by ČSOB.

The **client portal** (www.tvujbroker.cz) was definitely launched, as well as the on-line comparative tool **Kalkulík** (www.kalkulik.cz).

The development of **REX** real estate software was success-

fully transferred under another supplier which became to be engaged besides the development and maintenance of basic system functions to the launched works e.g. in ChatBot or to a link to the land register, which is targeted to electronic generation of the agreements.

In 2019, the development of company mortgage portal interface was also under way, which is aimed to be able to prepare mortgage lending by Česká spořitelna.

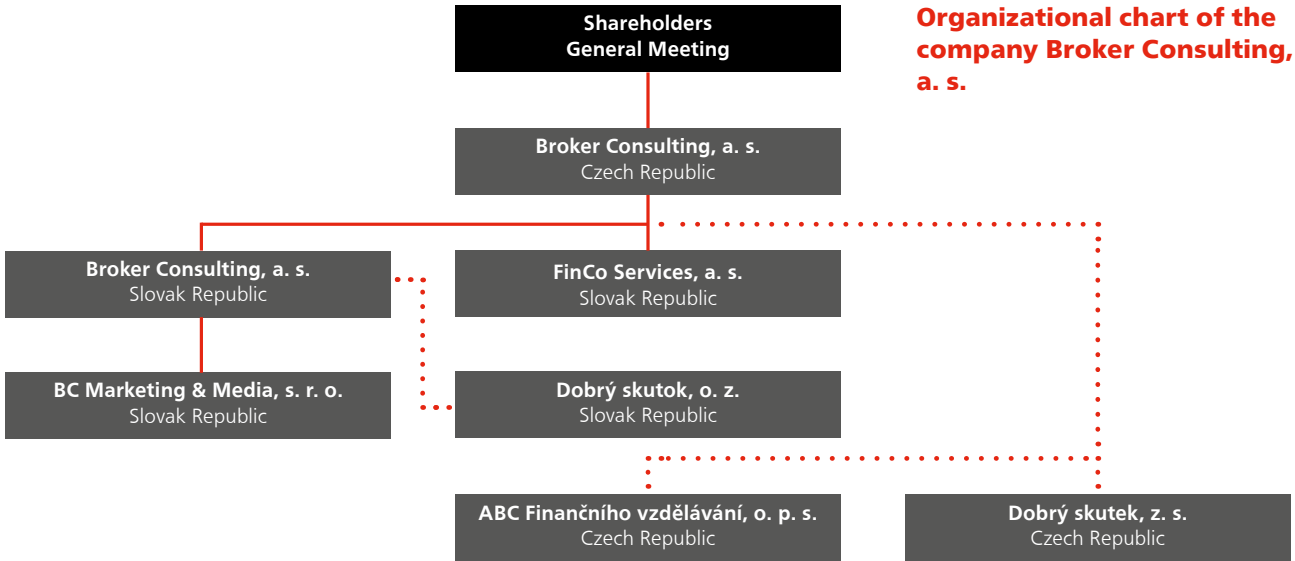
The works targeted at business process digitisation and at strengthening the capacity and security of IT infrastructure shall continue also in 2020.

Our annual reports of 2017 and 2018 mentioned the company amended its commission-related schemes in favour of our co-workers, the meaning of which is that one part of commissions relating to some product groups are paid by the company to our co-workers in advance, i.e. before the company receives the payment from its partners. Naturally, the difference between the amounts of received and paid commissions at these product groups are understood as temporary additional costs. In time, this kind of costs is lowered, however, in 2017 and 2018 this caused company loss. The predicted return to profitable results in 2019 was confirmed to be correct. In 2019, the company Broker Consulting, a.s. made **the net profit** amounting to **CZK 31,583 million**. This sum shall be subsequently proposed to the General Meeting to be paid in 2019 dividends at CZK 25.00 per each the company share. The dividends shall be paid out by 10. 07. 2020.

As of 31. 12. 2019, the holding structure of Broker Consulting, a.s., Czech Republic consisted of the following companies:

- **Broker Consulting**, a. s., Czech Republic
- **Broker Consulting**, a. s., Slovak Republic
- **FinCo Services**, a. s., Slovak Republic
- **Broker Consulting Marketing & Media**, s. r. o., Slovak Republic

Whereas the holding company which owns the majority in other companies within the Group is Broker Consulting, a. s., Czech Republic.



Note: dashed lines represent the relations of the activities of corporate social responsibility and sponsorship, not the capital ties.

Next, the non-profit making organization ABC Finančního vzdělávání, o.p.s. and two charitable organisations Dobrý skutek, z. s., Czech Republic and Občianske združenie Dobrý skutok SK have close ties to four above stated organisations. These charitable organisations are significantly sponsored by the Group.

In 2019, the Board of Directors of Broker Consulting, a.s., Czech Republic was structured as follows:

- **Vilém Podliska** – Chairman of the Board of Directors
- **Ivana Čmovšová** – Member of the Board of Directors
- **Petr Hora** – Member of the Board of Directors

As of 3rd March 2020 the membership of Mrs. Ivana Čmovšová in the Board of Directors was terminated in accordance with company Articles of Association, as she had resigned from her position of the Board of Directors member on 3rd February 2020.

Since 3rd March 2020 the Board of Directors of Broker Consulting, a. s., Czech Republic was of the following two-man structure:

- **Vilém Podliska** – Chairman of the Board of Directors
- **Petr Hora** – Member of the Board of Directors

In relation to the resignation of Mrs. Ivana Čmovšová the structure of company divisions was changed to follow the need to ensure all the activities which were directly managed by her as she held the position of the Board of Directors member. These activities were partially taken over by the two remaining Board of Directors members, and the other part was assumed by Jan Bláha who was appointed director of a newly structured IT and Data Management Division.

Up to 15th April 2019 was the Supervisory Board of Broker Consulting, a.s., Czech Republic structured as two-man body as follows:

- **Petr Hrubý** – Chairman of the Supervisory Board
- **Jiří Brabec** – Member of the Supervisory Board

Note: Originally, the third member of the Supervisory Board was Petr Polenda whose position ceased to exist on 12th December 2018 due to his previous resignation from his position held in the Supervisory Board. Following the company Articles of Association, the Supervisory Board is allowed, if the number of its members is not lower than a half, to appoint alternate Supervisory Board member who shall hold the position till the next General Meeting. Thus, on 15th April 2019 the Supervisory Board appointed Martin Hrubý to become its third member, and his appointment was subsequently confirmed also by the General Meeting held on 17th June 2019.

Since 15th April 2020 to 20th April 2020 the Supervisory Board of Broker Consulting, a.s., Czech Republic was structured as follows:

- **Petr Hrubý** – Chairman of the Supervisory Board
- **Jiří Brabec** – Member of the Supervisory Board
- **Martin Hrubý** – Member of the Supervisory Board

General Meeting of the company Broker Consulting, a.s., Czech Republic, which held on 20th June 2020, removed Martin Hrubý - a Supervisory Board member - upon his request for his position termination, and as a new Supervisory Board member was appointed Renáta Pavlíčková.

Since then the Supervisory Board is structured as follows:

- **Petr Hrubý** – Chairman of the Supervisory Board
- **Jiří Brabec** – Member of the Supervisory Board
- **Renáta Pavlíčková** – Member of the Supervisory Board

The company is structured into **four divisions**, and two of them are directly managed by individual members of the Board of Directors, and the other two are managed by division directors appointed by the Board of Directors.

Organizational chart of the company Broker Consulting, a. s., Czech Republic, valid as of the Annual Report publishing date is stated on page 26 hereof.

ANNEX TO THE FINANCIAL STATEMENT, AS OF 31. 12. 2019

1 | Company Details

Business Firm Name and Registered Office:

Broker Consulting, a. s., Jiráskovo nám. 2, 326 00 Plzeň

Legal Form:

Joint Stock Company

ID No.

25221736

Business firm has been entered in the Commercial Register at the Regional Court in Plzeň under file reference B 1121.

Principal Subject of Activities:

- Investment intermediary
- Insurance agent
- Insurance broker
- Independent consumer credit intermediary
- Real estate agent
- Production, trade and services not specified in Schedules 1 to 3 to the Trade License Act

Date of Company Incorporation:

21. 05. 1998

Balance Sheet Date:

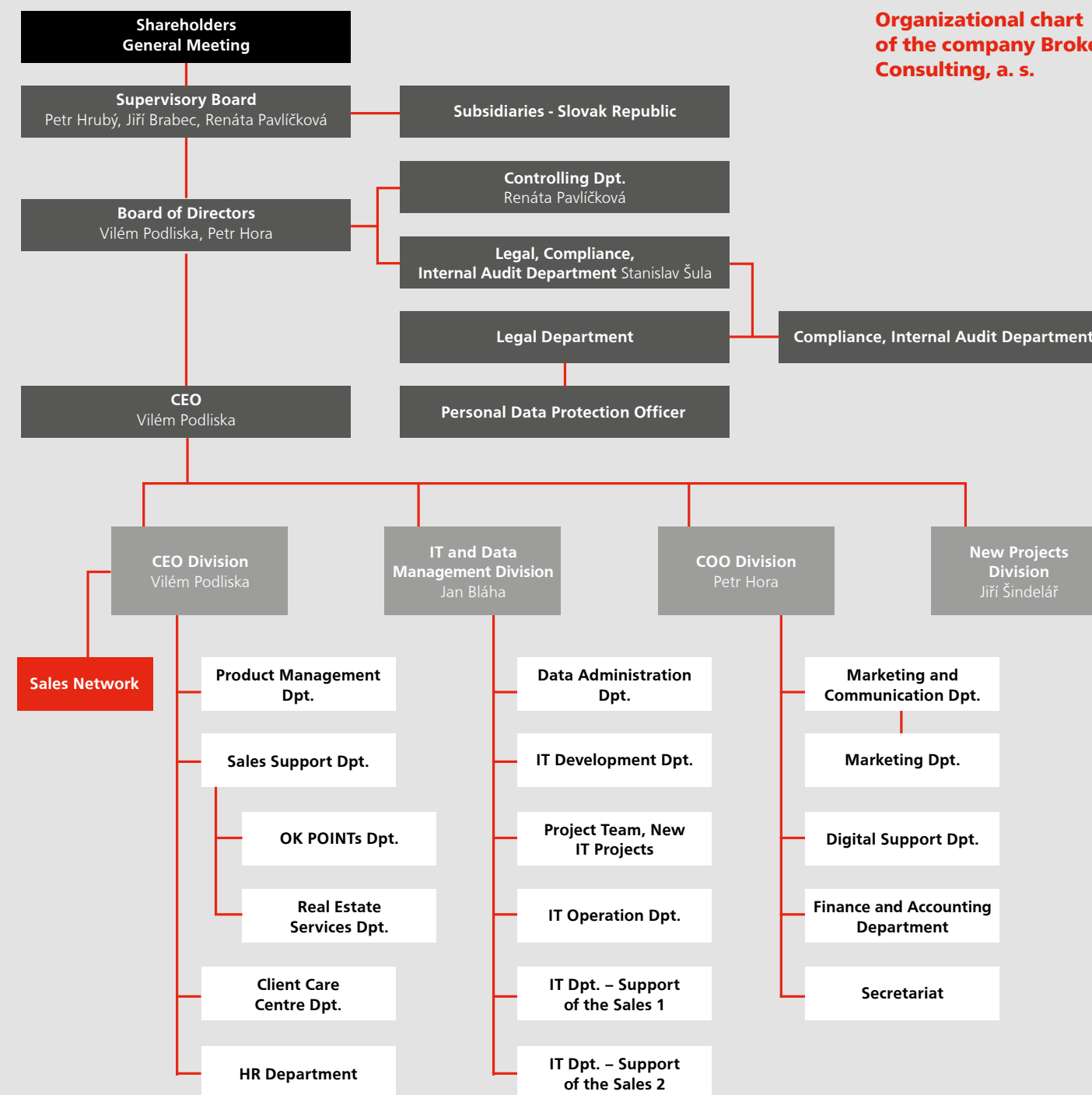
31. 12. 2019

Shares:

Since 2010, the company has held the share in Broker Consulting, a.s. of the registered office at Pribinova 25, Bratislava, Slovak Republic, ID No. 36651419. Company principal subject of activities is insurance agent, insurance broker and investment intermediary. As of 31. 12. 2019 the company registered capital was amounting to EUR 33,190.

Since 2017 the company has held the share in FinCo Services, a. s. of the registered office at Pribinova 25, Bratislava, Slovak Republic, ID No. 35848979. Company principal subject of activities is insurance agent, insurance broker and investment intermediary. As of 31. 12. 2019 the company registered capital was amounting to EUR 398,400.

Organizational chart of the company Broker Consulting, a. s.



As of 31. 12. 2019 the company revalued these shares at fair-trade price using the equivalence method. On this date the balance sheet has shown the share held in Broker Consulting, a. s., SR of CZK 2,354 thousand, and the share held in FinCo Services, a.s. of CZK 5,803 thousand.

Employees:

In 2019, the average recalculated number of company employees was 115.79 (96.14 employees in 2018). In 2019, total sum of personal costs paid for employees was amounting to CZK 105,486 thousand.

2 | Key Accounting Procedures Used Within The Company

The present financial statements were prepared in compliance with the Act No. 563/1991 Coll., on accounting (hereinafter referred to as the Act on accounting) and with the Decree of the Ministry of Finance No. 500/2002 Coll. which implements some provisions of the Act on accounting, for business entities that are the entrepreneurs that keep their records by the double-entry accounting system, as applicable for the year 2019 and 2018.

A. Long-Term Intangible Assets

Long-term intangible assets are valued in their acquisition cost comprising the purchase price and purchase-related costs.

Long-term intangible assets up to CZK 60 thousand are accounted directly to costs. Long-term intangible assets exceeding CZK 60 thousand are depreciated in compliance with the provision of the Act on Accounting and the Income Tax Act.

B. Long-Term Tangible Assets

Long-term tangible assets over CZK 40 thousand are valued in acquisition cost comprising the purchase price and purchase-related costs. Their acquisition cost is increased by technical appraisal. Long-term tangible assets are, in terms of tax, depreciated linearly, the accounting depreciations are equalized for the supposed period of the assets use.

Long-term tangible assets up to CZK 20 thousand are accounted directly to costs. Long-term tangible assets exceeding CZK

20 thousand are valued in acquisition costs comprising the purchase price and purchase-related costs. The equalized depreciation method is used for the period of 24 months.

Repairs and maintenance are accounted to costs. Long-term tangible assets are depreciated in accordance with the depreciation schedule of the accounting entity.

C. Financial Assets

Short-term financial assets consist of valuables, cash and cash in bank accounts. Long-term financial assets consist of ownership interests and profit participation certificates. Ownership interests of decisive influence and significant influence shall be valued at acquisition price. Annually, as for 31. 12., these assets shall be revalued at fair-trade price.

D. Inventory

The merchandise is valued in purchase prices. The acquisition price consists of the purchase price and purchase-related costs. The merchandise deduced from the books is valued by the method of weighted arithmetic average.

E. Receivables

Receivables are valued in their nominal values. The value of past due receivables shall be lowered using adjustments to receivables accounted as minus value into the costs, whereas the value is amounted to their exercise or repurchase value.

F. External Resources

Long-term and short-term liabilities are reported in nominal values.

G. Foreign Exchange Operations

Assets and liabilities acquired in foreign currencies are appraised in Czech Crowns applying the ex-change rate declared by the Czech National Bank as on the date of the accounting operation. Executed and not executed foreign exchange operations, i.e. exchange gains and losses, are accounted in current period expenses or revenues.

H. Income Tax

Income tax expense is calculated using the applicable tax rate from the accounting profit increased or lowered by permanently or temporarily non-tax-deductible costs and untaxed revenues (e.g. newly entered and clearing of other reserves and adjustments, representation costs, remuneration for the members of statutory bodies).

I. Donations

In the 2019 accounting period the company donated a total of CZK 1,094 thousand.

3 | LONG-TERM ASSETS

A. Long-term Intangible Assets (in CZK thousand)

| ACQUISITION COST | | | | |
|---|----------------|------------|------------|--------------|
| | Initial status | Increments | Decrements | Final status |
| Software | 23 525 | 5 269 | 0 | 28 794 |
| Trade marks | 66 473 | 0 | 0 | 66 473 |
| Other low value intangibles | 21 906 | 1 535 | 0 | 23 441 |
| Intangible assets in progress | 3 689 | 11 039 | 10 879 | 3 849 |
| Provided advance payments for intangible assets | 0 | 0 | 0 | 0 |
| Total 2019 | 115 593 | 17 843 | 10 879 | 122 557 |

| ACCUMULATED AMORTIZATION | | | | |
|-----------------------------|----------------|------------|------------|--------------|
| | Initial status | Increments | Decrements | Final status |
| Software | 14 029 | 5 069 | 0 | 19 098 |
| Trade marks | 22 633 | 497 | 0 | 23 130 |
| Other low value intangibles | 7 540 | 5 622 | 0 | 13 162 |
| Total 2019 | 44 202 | 11 188 | 0 | 55 390 |

B. Long-term Tangible Assets (in CZK thousand)

| ACQUISITION COST | | | | |
|--------------------------------------|----------------|------------|------------|--------------|
| | Initial status | Increments | Decrements | Final status |
| Buildings, halls, constructions | 43 868 | 2 401 | 0 | 46 269 |
| Individual movable assets | 26 616 | 19 958 | 13 830 | 32 744 |
| Other low value tangibles | 11 188 | 740 | 325 | 11 603 |
| Tangible assets in progress | 1 417 | 9 646 | 10 883 | 180 |
| Provided advance payments for assets | 0 | 0 | 0 | 0 |
| Total 2019 | 83 089 | 32 745 | 25 038 | 90 796 |

| ACCUMULATED AMORTIZATION | | | | |
|---------------------------------|----------------|------------|------------|--------------|
| | Initial status | Increments | Decrements | Final status |
| Buildings, halls, constructions | 9 492 | 8 169 | 0 | 17 661 |
| Individual movable assets | 16 257 | 15 253 | 9 019 | 22 491 |
| Other low value tangibles | 9 803 | 1 349 | 325 | 10 827 |
| Total 2019 | 35 552 | 24 771 | 9 344 | 50 979 |

C. Financial Assets (in CZK thousand)

| VALUATION OF THE EQUIVALENCE PARITICIPATIONS | | | |
|--|----------------|------------------|--------------|
| | Initial status | Revaluation 2019 | Final status |
| Share in BC SR | 6 679 | -4 325 | 2 354 |
| Share in FinCo | 6 316 | -513 | 5 803 |
| Total 2019 | 12 995 | -4 838 | 8 157 |

| BOND FUNDS | | | | |
|------------|----------------|------------------|------------------|--------------|
| | Initial status | Acquisition 2019 | Revaluation 2019 | Final status |
| Bond funds | 0 | 50 000 | 205 | 50 205 |
| Total 2019 | 0 | 50 000 | 205 | 50 205 |

D. Receivables

Adjustments to outstanding receivables were in 2019 created upon individual assessment of overdue receivables.

Adjustments to receivables express their temporary nominal value decrease. Legally required adjustments are created in accordance with the Act on Reserves.

CHANGES IN THE ACCOUNTS OF ADJUSTMENTS TO RECEIVABLES (IN CZK THOUSAND)

| | Balance as of 01. 01. 2019 | Newly entered adjustments to receivables | Clearing of adjustments to receivable | Balance as of 31. 12. 2019 |
|----------------------------|----------------------------|--|---------------------------------------|----------------------------|
| Adjustments to receivables | 10 430 | 2 468 | 697 | 12 201 |

E. External Resources

From the total sum of external resources as on 31. 12. 2019 at the amount of CZK 702,242 thousand, the most significant part is formed with trade liabilities of long-term due date, i.e. exceeding 12 months, the sum is amounting to CZK 231,346 thousand, and the short-term liabilities are valued at CZK 414,971 thousand.

As on 31. 12. 2019 the company has not sourced any bank loans.

The Company accounted a reserve for corporate income tax in the amount of CZK 12,318 thousand in its accounts referring to estimated income tax 2019. The reason for the accounting of this reserve is that the accounting entity compiles its financial statement prior to the ordinary tax return compilation. The reserve for corporate income tax is reported in the balance sheet as the item compensated by paid income tax advances (in 2019 were paid advance corporate income tax at the amount of CZK 2,415 thousand).

In 2018 and 2019 were not reported any deferred tax liabilities.

F. Revenues

Revenues in CZK thousand

| | Total 2019 | Total 2018 |
|-------------|------------|------------|
| Merchandise | 1 943 | 2 446 |
| Services | 1 120 601 | 1 094 097 |

G. Bank Guarantee

UniCredit Bank ČR a.s. has provided our company with 4 bank guarantees amounting in total to EUR 64,628.99 – these were granted within the period starting from 05 to 10/2020, and 6 bank guarantees were granted at the amount of CZK 1,334,092 with the effects from 07/2020 to 05/2024.

H. Consolidation

The company has been consolidated. Broker Consulting Group, SE is the consolidating company. Con-solidated financial statements shall be kept at the address of the consolidating company, i.e. at Jirásko-vo nám. 2, 326 00 Plzeň.

I. Proposal for Profit Distribution

The Board of Directors has proposed to pay off the dividends from company net profit of CZK 31,145 thousand (CZK 25. - per each the share). The remaining amount of CZK 438 thousand from the net profit has been proposed to be transferred to the retained earnings.

J) Information on the Facts Which Occured After the Balance Sheet Date

First reports from China about COVID-19 (coronavirus) have emerged at the end of 2019. During first months of 2019 the virus has spread around the world and many countries were affected negatively. The Board of Directors and the Supervisory Board of our company reacted very quickly on the situation emerged, and even before the emergency status was declared by the Government, these company bodies implemented a number of measures not only to reduce the risk of spread of disease among the employees (home-office, disinfectants and face masks at the workplace, home quarantine for employees who came back from abroad, etc.), but also to ensure the operation and all company business activities performance (in particular the implementation of modern e-communications within the company, as well as with company clients).

These measures have proved successful as any of our employees and co-operators has not been infected yet, and business performance to date are even slightly higher than in the same

period of previous year.

The situation is being monitored with care by company management which is ready to react to a new situation adequately, if needed. The company has also created sufficient financial reserves. The Board of Directors and the Supervisory Board of our company are convinced the potential impact of COVID-19 is unlikely to have significant effects for the assumption of unlimited duration of the undertaking. Considering this fact the financial statements of 31. 12. 2019 were prepared supposing the Company will be able to continue its activities.

Drawn up on: 25. 05. 2020

Vilém Podliska
Chairman of the Board of Directors

Petr Hora
Member of the Board of Directors

| PROFIT AND LOSS STATEMENT (in CZK thousand) | | | | |
|---|---|----------|--------------------------|-----------|
| Identification | Text | Line No. | Accounting period status | |
| | | | Current | Previous |
| I. | Revenues from sales of own products and services | 01 | 1 120 601 | 1 094 097 |
| II. | Revenues from merchandise sold | 02 | 1 943 | 2 446 |
| A. | Consumption sum (Lines: 04 + 05 + 06) | 03 | 951 787 | 982 970 |
| 1. | Cost of merchandise sold | 04 | 1 598 | 2 104 |
| 2. | Material and energy consumed | 05 | 7 080 | 13 532 |
| 3. | Services | 06 | 943 109 | 967 334 |
| D. | Personal costs (Lines: 10 + 11) | 09 | 105 486 | 99 155 |
| 1. | Wages and salaries | 10 | 78 331 | 74 080 |
| 2. | Social security and health insurance expenses, other costs (Lines: 12 + 13) | 11 | 27 155 | 25 075 |
| 2.1 | Social security and health insurance costs | 12 | 22 810 | 21 204 |
| 2.2 | Other costs | 13 | 4 345 | 3 871 |
| E. | Value adjustments related to operation (Lines: 15 + 18 + 19) | 14 | 28 899 | 21 056 |
| 1. | Value adjustments related to long-term intangible and tangible assets (Lines: 16 + 17) | 15 | 27 128 | 20 375 |
| 1.1 | Value adjustments related to long-term intangible and tangible assets – of permanent nature | 16 | 27 128 | 20 375 |
| 3. | Value adjustments in receivables | 19 | 1 771 | 681 |
| III. | Other operation revenues (Lines: 21 + 22 + 23) | 20 | 10 112 | 6 495 |
| III. 1. | Sales from long-term assets sold | 21 | 1 677 | 2 |
| 3. | Other operation revenues | 23 | 8 435 | 6 493 |
| F. | Other operating expenses (Lines: 25 to 29) | 24 | 11 873 | 10 598 |
| 1. | Net book value of disposed long-term assets | 25 | 1 420 | 33 |
| 3. | Taxes and fees | 27 | 680 | 221 |
| 4. | Reserves in operating field, comprehensive expenses of future periods | 28 | -3 373 | 2 899 |
| 5. | Other operating expenses | 29 | 13 146 | 7 445 |
| * | Operating income/loss (+/-) (Lines: 01 + 02 - 03 - 07 - 08 - 09 - 14 + 20 - 24) | 30 | 34 612 | - 10 741 |
| IV. | Income from long-term financial assets - interests (Lines: 32 + 33) | 31 | 2 749 | 4 915 |
| IV. 1. | Income from interests – controlled and controlling entities | 32 | 2 749 | 4 915 |
| V. | Income from other long-term financial assets (Lines: 36 + 37) | 35 | 0 | 136 565 |
| 2. | Other income from other long-term financial assets | 37 | 0 | 136 565 |
| H. | Expenses related to other long-term financial assets | 38 | 0 | 138 831 |
| VI. | Interests received and similar revenues (Lines: 40 + 41) | 39 | 7 494 | 1 664 |
| VI. 1. | Interests received and similar revenues – controlled and controlling entities | 40 | 0 | 145 |
| VI. 2. | Other interests received and similar revenues | 41 | 7 494 | 1 519 |
| J. | Interests paid and similar expenses (Lines: 44 + 45) | 43 | 4 | 0 |

| PROFIT AND LOSS STATEMENT (in CZK thousand) | | | | |
|---|--|----------|--------------------------|-----------|
| Identification | Text | Line No. | Accounting period status | |
| | | | Current | Previous |
| 2. | Other interests paid and similar expenses | 45 | 4 | 0 |
| VII. | Other financial revenues | 46 | 293 | 376 |
| K. | Other financial expenses | 47 | 1 023 | 769 |
| * | Income/loss from financial operations (+/-) (Lines: 31 - 34 + 35 - 38 + 39 - 42 - 43 +46 - 47) | 48 | 9 509 | 3 920 |
| ** | Net income before tax (+/-) (Lines: 30 + 48) | 49 | 44 121 | -6 821 |
| L. | Income tax (Line: 51 + 52) | 50 | 12 538 | 4 454 |
| 1. | Income tax - due | 51 | 12 538 | 4 454 |
| 2. | Income tax - deferred (+/-) | 52 | 0 | 0 |
| ** | Net income after tax (+/-) (Lines: 49 - 50) | 53 | 31 583 | - 11 275 |
| *** | Net income/loss for the accounting period (+/-) (Lines: 53 - 54) | 55 | 31 583 | - 11 275 |
| * | Net turnover for the accounting period = I. + II. + III. + IV. + V. + VI. + VII | 56 | 1 143 192 | 1 246 558 |

| BALANCE SHEET (in CZK thousand) | | | | | |
|---------------------------------|--|------|---------------------------|------------|---------|
| Identification | ASSETS | Line | Current Accounting Period | | |
| | | | Gross | Correction | Net |
| | TOTAL ASSETS (Lines: 02 + 03 + 37 + 74) | 001 | 976 821 | -118 570 | 858 251 |
| B. | Long-term assets (Lines: 04 + 14 + 27) | 003 | 271 715 | -106 369 | 165 346 |
| B.I. | Long-term intangible assets (Lines: 05 + 06 + 09 to 11) | 004 | 122 557 | -55 390 | 67 167 |
| 2. | Valuable rights (Lines: 07 + 08) | 006 | 95 267 | -42 228 | 53 039 |
| 2.1 | Software | 007 | 28 794 | -19 098 | 9 696 |
| 2.2 | Other valuable rights | 008 | 66 473 | -23 130 | 43 343 |
| 4. | Other long-term intangible assets | 010 | 23 441 | -13 162 | 10 279 |
| 5. | Provided advance payments for long-term intangible assets and long-term intangible assets in progress (Lines: 12 + 13) | 011 | 3 849 | 0 | 3 849 |
| 5.2 | Long-term intangible assets in progress | 013 | 3 849 | 0 | 3 849 |
| B.II. | Long-term tangible assets (Lines: 15 + 18 to 20 +24) | 014 | 90 796 | -50 979 | 39 817 |
| B.II.1 | Land and structures (Lines: 16 + 17) | 015 | 46 269 | -17 661 | 28 608 |
| 1.2 | Structures | 017 | 46 269 | -17 661 | 28 608 |
| 2. | Items of tangible assets and their groups | 018 | 32 744 | -22 491 | 10 253 |
| 4. | Other long-term tangible assets (Lines: 21 + 22 + 23) | 020 | 11 603 | -10 827 | 776 |
| 4.3 | Other long-term tangible assets | 023 | 11 603 | -10 827 | 776 |

| BALANCE SHEET (in CZK thousand) | | | | | | |
|---------------------------------|--|------|---------------------------|------------|---------|---------------------|
| Identification | ASSETS | Line | Current Accounting Period | | | Previous as. period |
| | | | Gross | Correction | Net | Net |
| 5. | Provided advance payments for long-term tangible assets and long-term tangible assets in progress (Lines: 25 + 26) | 024 | 180 | 0 | 180 | 1 417 |
| 5.2 | Long-term tangible assets in progress | 026 | 180 | 0 | 180 | 1 417 |
| B.III. | Long-term financial assets (Lines: 28 to 34) | 027 | 58 362 | 0 | 58 362 | 12 995 |
| B.III. 1. | Interests – controlled and controlling entities | 028 | 8 157 | 0 | 8 157 | 12 995 |
| 5. | Other long-term securities and entities | 032 | 50 205 | 0 | 50 205 | 0 |
| C. | Current assets (Lines: 38 + 46 + 68 + 71) | 037 | 698 592 | -12 201 | 686 391 | 581 461 |
| C.I. | Inventory (Lines: 39 + 40 + 41 + 44 + 45) | 038 | 2 734 | 0 | 2 734 | 3 079 |
| 3. | Products and merchandise (Lines: 42 + 43) | 041 | 2 734 | 0 | 2 734 | 3 079 |
| 3.2 | Merchandise | 043 | 2 734 | 0 | 2 734 | 3 079 |
| C.II. | Receivables (Lines: 47 + 57) | 046 | 293 435 | -12 201 | 281 234 | 227 153 |
| C.II. 1. | Long-term receivables (Lines: 48 to 52) | 047 | 119 000 | 0 | 119 000 | 76 000 |
| 1.5 | Receivables - other (Lines: 53 to 56) | 052 | 119 000 | 0 | 119 000 | 76 000 |
| 1.5.4 | Other receivables | 056 | 119 000 | 0 | 119 000 | 76 000 |
| 2. | Short-term receivables (Lines: 58 to 61) | 057 | 174 435 | -12 201 | 162 234 | 151 153 |
| 2.1 | Trade receivables | 058 | 143 269 | -11 453 | 131 816 | 124 976 |
| 2.2 | Receivables – controlled or controlling entities | 059 | 7 914 | 0 | 7 914 | 5 207 |
| 2.4 | Receivables - other (Lines: 62 to 67) | 061 | 23 252 | -748 | 22 504 | 20 970 |
| 2.4.3 | State – tax receivables | 064 | 0 | | 0 | 4 647 |
| 2.4.4 | Short-term advances paid | 065 | 11 460 | -748 | 10 712 | 8 406 |
| 2.4.5 | Accruals - the assets | 066 | 6 021 | 0 | 6 021 | 3 268 |
| 2.4.6 | Other receivables | 067 | 5 771 | 0 | 5 771 | 4 649 |
| C.IV. | Financial assets (resources) (Lines: 72 + 73) | 071 | 402 423 | 0 | 402 423 | 351 229 |
| C.IV. 1 | Cash (on hand) | 072 | 596 | 0 | 596 | 540 |
| 2 | Cash in banks | 073 | 401 827 | 0 | 401 827 | 350 689 |
| D. | Accruals on assets (Lines: 75 to 77) | 074 | 6 514 | 0 | 6 514 | 5 604 |
| D. 1. | Pre-paid expenses | 075 | 6 514 | 0 | 6 514 | 5 467 |
| D. 3 | Accrued income | 077 | 0 | 0 | 0 | 137 |

| BALANCE SHEET (in CZK thousand) | | | | |
|---------------------------------|--|------|---------------------|----------------------|
| Identification | LIABILITIES | Line | Current acc. period | Previous acc. period |
| | TOTAL LIABILITIES (Lines: 79 + 101 + 141) | 078 | 858 251 | 718 988 |
| A. | Equity (Lines: 80 + 84 + 92 + 95 + 99 - 100) | 079 | 156 009 | 141 721 |
| A.I. | Registered capital (Lines: 81 to 83) | 080 | 100 910 | 100 910 |
| 1. | Registered capital | 081 | 100 910 | 100 910 |
| A.II. | Share premium and capital funds (Lines: 85 + 86) | 084 | 770 | 5 607 |
| A.II. 1 | Share premium | 085 | 1 | 1 |
| 2. | Capital funds (Lines: 87 to 91) | 086 | 769 | 5 606 |
| 2.2 | Asset and liability revaluation differences | 088 | 769 | 5 606 |
| A.III. | Reserves from the profit (Lines: 93 + 94) | 092 | 12 181 | 12 181 |
| A.III.1 | Other reserves | 093 | 12 181 | 12 181 |
| A.IV. | Prior period income (+/-) (Lines: 96 to 98) | 095 | 10 565 | 34 298 |
| A.IV.1 | Prior period retained earnings or loss | 096 | 10 565 | 34 298 |
| A.V. | Current period profit/loss (+/-) /Lines: 01 - (+ 69 + 73 + 79 + 83 - 88 + 89 + 122)/ | 099 | 31 583 | -11 275 |
| B. + C. | External resources (Lines: 102 + 107) | 101 | 702 242 | 577 204 |
| B | Reserves (Lines: 103 to 106) | 102 | 269 | 3 642 |
| 2. | Corporate tax reserve | 104 | 0 | 0 |
| 4. | Other reserves | 106 | 269 | 3 642 |
| C. | Liabilities (Lines: 108 + 123) | 107 | 701 973 | 573 562 |
| C.I. | Long-term liabilities (Lines: 109 + 112 to 119) | 108 | 231 346 | 214 141 |
| 4. | Trade liabilities | 114 | 231 346 | 214 141 |
| 8 | Deferred tax liability | 118 | 0 | 0 |
| C.II. | Short-term liabilities (Lines: 124 + 127 to 133) | 123 | 470 627 | 359 421 |
| 3 | Short-term advances received | 128 | 22 588 | 29 162 |
| 4 | Trade liabilities | 129 | 414 971 | 313 029 |
| 8 | Liabilities – other (Lines: 134 to 140) | 133 | 33 068 | 17 230 |
| 8.3 | Payroll payable | 136 | 5 232 | 5 234 |
| 8.4 | Social security and health insurance liabilities | 137 | 2 756 | 2 462 |
| 8.5 | State – tax liabilities and subsidies | 138 | 11 713 | 3 776 |
| 8.6 | Accrued liabilities | 139 | 13 299 | 5 696 |
| 8.7 | Other liabilities | 140 | 68 | 62 |
| D. | Accruals of the liabilities (Lines: 142 + 143) | 141 | 0 | 63 |
| D.1 | Future periods expenses | 142 | 0 | 63 |

| STATEMENT OF CHANGES IN EQUITY (in CZK thousand) | | | | |
|--|-----------------------|------------|------------|-----------------------|
| | As of 01. 01. 2019 | Increments | Decrements | As of 31. 12. 2019 |
| Equity | 100 910 | 0 | 0 | 100 910 |
| Capital funds | 5 606 | 0 | 4 837 | 769 |
| Share premium | 1 | 0 | 0 | 1 |
| Reserves from the profit, reserve | 12 181 | 0 | 0 | 12 181 |
| Retained earnings of previous periods | 34 298 | 0 | 23 733 | 10 565 |
| Profit/loss of current acc. period | -11 275 | 31 583 | -11 275 | 31 583 |
| Total equity | 141 721 | 31 583 | 17 295 | 156 009 |

| CASH FLOW STATEMENT (in CZK thousand) | | | |
|---|---|---------|---------|
| | | 2019 | 2018 |
| P. | Opening balance of cash and cash equivalents | 351 229 | 148 562 |
| Cash flow from the main activities (operating activities) | | | |
| Z. | Accounting profit or loss before tax | 44 121 | -6 821 |
| A.1 | Adjustments by non-cash operations | 15 031 | 17 407 |
| A.1. 1 | Depreciation of fixed assets and amortisation of an adjusting entry item related to the assets acquired | 27 128 | 20 375 |
| A.1. 2 | Change in adjusting entries, reserves | -1 601 | 3 580 |
| A.1. 3 | Profit from fixed assets sold | -257 | 31 |
| A.1. 4 | Revenues from profit-sharing | -2 749 | -4 915 |
| A.1. 5 | Cleared interests paid, except for the interests involved to the valuation of long-term assets and cleared interests received | -7 490 | -1 664 |
| A.1. 6 | Eventual corrections by other non-cash operations | 0 | 0 |
| A. * | Net cash flow from operating activities before tax and changes in working capital | 59 152 | 10 586 |
| A.2 | Change in non-cash items of working capital | 18 479 | 222 967 |
| A.2.1 | Change in receivables from operating activities, transitory asset accounts | -54 864 | -77 554 |
| A.2.2 | Change in short-term liabilities from operating activities, transitory liability accounts | 122 998 | 162 299 |
| A.2.3 | Change in inventory | 345 | 136 |
| A.2.4 | Change in short-term financial assets not involved in cash and cash equivalents | -50 000 | 138 086 |
| A. ** | Net cash flow from operating activities before tax | 77 631 | 233 553 |
| A.3 | Interests paid out, except for the interests involved to the valuation of long-term assets | -4 | 0 |
| A.4 | Interests received | 3 727 | 1 067 |
| A.5 | Income tax paid and tax debt to be paid for previous periods | -2 417 | -7 892 |

| CASH FLOW STATEMENT (in CZK thousand) | | | |
|---------------------------------------|--|---------|---------|
| | | 2019 | 2018 |
| A.6 | Profit shares received | 0 | 6 384 |
| A. *** | Net cash flow from operating activities | 78 937 | 233 112 |
| Cash flow from investment activities | | | |
| B.1 | Expenditure related to the acquirement of fixed assets | -16 798 | -32 086 |
| B.2 | Revenues from fixed assets sold | 1 470 | 2 |
| B.3 | Loans and credits provided to related entities or persons | 42 | 14 097 |
| B. *** | Net cash flow related to investment activities | -15 286 | -17 987 |
| Cash flow from financial activities | | | |
| C.1 | Effect of changes in long-term or short-term liabilities | 0 | 0 |
| C.2 | Effect of changes in equity on cash and cash equivalents | -12 458 | -12 458 |
| C.2.1 | Increase in cash due to increased equity, share premium and revenue reserves | 0 | 0 |
| C.2.2 | Paid out shares in equity to the partners | 0 | 0 |
| C.2.3 | Other cash deposits from the partners and shareholders | 0 | 0 |
| C.2.4 | Loss covered by the partners | 0 | 0 |
| C.2.5 | Direct payments from reserves | 0 | 0 |
| C.2.6 | Paid out shares in profit, including the tax paid | -12 458 | -12 458 |
| C. *** | Net cash flow related to financial activities | -12 458 | -12 458 |
| F. | Net increase or decrease of cash | 51 193 | 202 667 |
| R. | Cash and cash equivalent balance at the end of the year reported | 402 422 | 351 229 |

INDEPENDENT AUDITOR'S REPORT

Receiver: to the Shareholders of the company

Name: Broker Consulting, a.s.

Corporate seat: Jiráskovo náměstí 2684/2, Východní Předměstí, 326 00 Plzeň

ID. No. (IČO): 252 21 736

Legal form: Stock corporation

Opinion

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

In our opinion, the financial statements give a true and fair view of the financial position of Broker Consulting, a.s. as at 31 December 2019, and of its financial performance and its cash flows for the year then ended 31 December 2019 in accordance with accounting principles generally accepted in the Czech Republic..

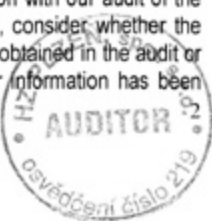
Basis for Opinion

We conducted our audit in accordance with the Act on Auditors, Regulation (EU) No. 537/2014 of the European Parliament and the Council, and Auditing Standards of the Chamber of Auditors of the Czech Republic, which are International Standards on Auditing (ISAs), as amended by the related application clauses. Our responsibilities under this law and regulation are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Act on Auditors and the Code of Ethics adopted by the Chamber of Auditors of the Czech Republic and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

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

Our opinion on the financial statements does not cover the other information. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. In addition, we assess whether the other information has been



prepared, in all material respects, in accordance with applicable law or regulation, in particular, whether the other information complies with law or regulation in terms of formal requirements and procedure for preparing the other information in the context of materiality, i.e. whether any non-compliance with these requirements could influence judgments made on the basis of the other information.

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

- The other information describing the facts that are also presented in the financial statements is, in all material respects, consistent with the financial statements; and
- The other information is prepared in compliance with applicable law or regulation.

In addition, our responsibility is to report, based on the knowledge and understanding of the Company obtained in the audit, on whether the other information contains any material misstatement of fact.

Based on the procedures we have performed on the other information obtained, we have not identified any material misstatement of fact.

Responsibilities of the Company's The Board of Directors, Supervisory Board for the Financial Statements

The Board of Directors is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the Czech Republic and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Supervisory Board is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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.



HZ Plzeň spol. s r.o.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors, the Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

In Plzeň, dated 29.5.2020




HZ Plzeň spol. s r.o.
Nepomucká 10, Plzeň
Audit firm licence No. 219

Ing. Michael Ledvina
statutory auditor responsible for the audit
resulting in this independent auditor's report
Licence number of statutory auditor No. 1375





REPORT ON RELATIONS BETWEEN INTERLINKED ENTITIES IN 2019

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According to the Section 82 of the Act No. 90/2012 Coll., on business corporations, as amended.

Drawn up by

Vilém Podliska, chairman of the Board of Directors, Petr Hora, member of the Board of Directors – Statutory Body of Broker Consulting, a. s., having its registered seat at: Jiráskovo náměstí 2684/2, Východní Předměstí, 326 00 Plzeň.

I. Introduction

Statutory Body, the Board of Directors of Broker Consulting, a. s., pursuant to the provisions of Section 82 et seq. of the Act No. 90/2012 Coll., on business corporations and co-operatives (Act on Business Corporation), as amended (hereinafter referred to as the „ZOK“ only), performs hereby his statutory obligation and elaborates the present report on the relations between the members of the “Broker Consulting” Group, i.e. relations between the controlled and controlling entity and relations between the controlled entity and other entities that are controlled by the same controlling entity. The relations are described with the consideration of the need to respect the provisions of Section 504 of the Act No. 89/2012 Coll., on trade secret.

II. Description of the Relations Structure

The controlling entity of the controlled company Broker Consulting, a. s., (hereinafter also referred to as the „controlled entity“) within the meaning of Section 74 of the „ZOK“ was for the period of the year 2019 the company of Broker Consulting Group, SE, ID-No. 042 46 438, having its registered office at: Jiráskovo náměstí 2684/2, Východní Předměstí, 326 00 Plzeň (hereinafter referred to as the „controlling en-

tity“), whereas this company has been a majority shareholder in the company Broker Consulting, a. s. Petr Hrubý, born on 15 March 1972 and residing at: Plzeňská cesta 38, postal code 326 00, is the entity who controls the controlling entity.

For detailed information on the holding structure see the Organizational (page No. 55), where is shown the company structure together with a link to the Broker Consulting, a. s. business.

III. The Role of the Controlled Entity of Broker Consulting, a. s., within the Concern Relations

Within the above stated concern structure the controlled entity of Broker Consulting, a. s., shall be aimed to provide financial counselling and intermediate services in the territory of Czech Republic and create the conditions for the network of co-operators – financial consultants. Broker Consulting, a. s., is also establishing the conditions for the provision of real estate services using a network of real estate experts. Within this task the controlled entity of Broker Consulting, a. s., provides specific, further described, services also to its subsidiary of Broker Consulting, a. s., Slovak Republic that is focused on the provision of financial counselling in the Slovak market.

Moreover, the controlled entity Broker Consulting, a. s., is further providing the referred-to members of the „Broker Consulting“ group with advertising and marketing materials and promotional items, as the personal data processor the Company processes personal data of clients of some members of the „Broker Consulting“ Group, as they are understood the administrators of these personal data and ensures the development of IT systems for activity in the field of financial intermediation for its activities and for the activity of some members of the Group.

IV. The Way and Means of the Control

The influence of the controlling entity is being performed via decision making within the General Meeting.

The position of controlled entity was held by Petr Hrubý, who was in 2019 holding the position of the Chairman of the Supervisory Board of the controlled entity, thus the influence of the controlling entity was exercised only via decision making processes within the General Meeting.

V. An Overview on the Negotiations Undertaken within the Last Accounting Period, which Were Initiated by the Controlling Entity or in the Interest of the Controlling Entity or the Entities that are Being Controlled by it, if such Negotiations were Related to the Assets that exceed 10 % of the Registered Capital of the Controlled Entity of Broker Consulting, a. s., which Amount Was Determined from the Last Financial Statements

Within the accounting year 2019 were not conducted any negotiations in the interests of the controlling entity related to the assets exceeding 10 % of the registered capital of the controlled entity of Broker Consulting, a. s., i.e. the amounts determined from the last financial statements.

VI. Agreements Concluded Between the „Broker Consulting“ Concern Members

The controlled entity of Broker Consulting, a. s., and the entity, who controls the controlling entity, have not concluded any agreements in 2019.

In 2019, between the controlled entity of Broker Consulting, a. s., and other „Broker Consulting“ Concern members were concluded the following contracts:

- Contract on lease of the office premises entered into by the controlled entity of BC Properties, a. s., as the lessor, and the controlled entity of Broker Consulting, a. s., as the lessee
- Purchase contracts for the delivery of promotional items entered into by the controlled entity of Broker Consulting,

a. s., as the seller, and Broker Consulting, a. s., Slovak Republic, as the buyer

- Loan agreement between the debtor - Home Service Financial Group, a.s. and the creditor - Broker Consulting, a.s.

VII. The Assessment, whether any Injury or Damage Arose to the Controlled Entity, and the Assessment of its Compensation

From any negotiation or behaviour did not arise any injury or damage to the controlled entity of Broker Consulting, a. s. Even upon any other agreements or contracts stated above within item VI hereof the controlled entity of Broker Consulting, a. s., did not suffer any injury or damage, as any and all the contractual relations were entered into under usual market terms and conditions. Considering the fact the controlled entity of Broker Consulting, a. s., did not suffer any injury or damage, any compensation is therefore needed.

VIII. Advantages and Disadvantages Assessment Resulting from the Participation in the Concern

The controlled entity of Broker Consulting, a. s., highly appreciates its participation in the „Broker Consulting“ Group, as the concern relation structure allows its „Broker Consulting“ Group members to reach synergistic effects in their business. Currently, the controlled entity of Broker Consulting, a. s., has not identified any risks emerging from its participation in the concern relation structure within the „Broker Consulting“ Group. Between the performances and counter-performances that result from particular contracts and agreements stated above within the item VI hereof, and negotiations conducted between the „Broker Consulting“ Group members, does not exist any disproportion and the prices of related performances are usual in the market.

IX. The Author’s Declaration

The author confirms, having attached his signature hereto; the present report has been drawn up by him with due managerial diligence, taking into account all the information available to him for the entire period referred-to.

Vilém Podliska

Vilém Podliska

Chairman of the Board of Directors

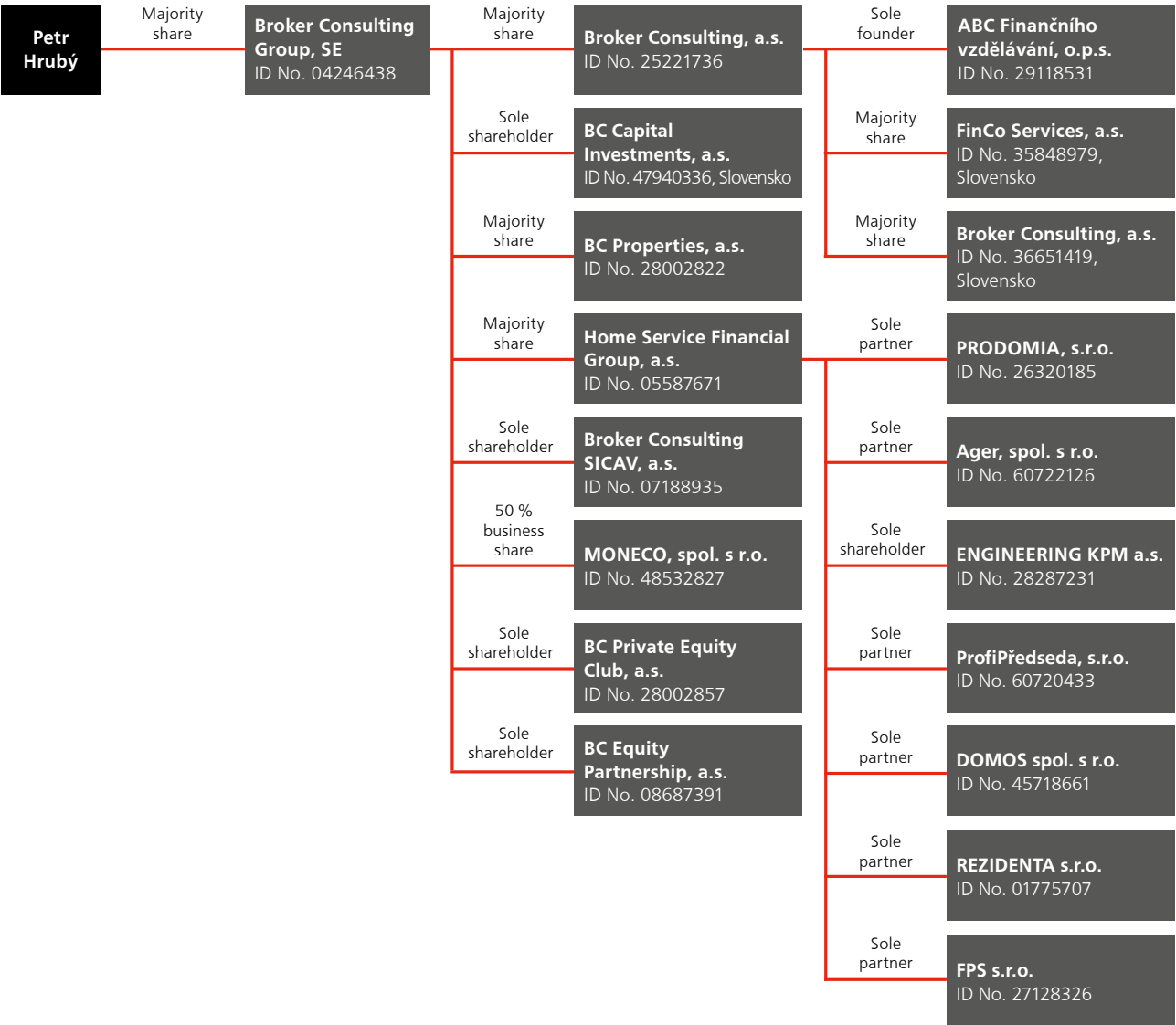
Petr Hora

Petr Hora

Member of the Board of Directors

In Plzeň, on 31. 03. 2020
On behalf of Broker Consulting, a. s.,

Organizational Chart of the Broker Consulting Group
(in terms of the relations between the interlinked entities of the accounting period 2019)



COMPANY BUSINESS PARTNERS

Objective financial counselling provided by Broker Consulting has its foundation in a broad portfolio of partner financial institutions with their products. In this respect, our company is ready to provide our clients with the best what Czech financial market may offer. Before including any new entity in our portfolio, we assess not only the parameters of each of its specific financial products, but also the current economic results of its provider, its history, and its approach to its clients. Of equal importance is the fact that we agree with the financial institution in question also on the basic ethical business principles, which help to create the framework for providing premium services with long-term benefit for the client.

Insurance Companies

- Allianz pojišťovna, a. s.
- AXA ASSISTANCE CZ, s. r. o.
- AXA pojišťovna, a. s.
- AXA životní pojišťovna, a. s.
- Colonnade Insurance S.A., organizační složka
- Česká podnikatelská pojišťovna, a. s., Vienna Insurance Group
- ČSOB Pojišťovna, a. s., člen holdingu ČSOB
- D.A.S. Rechtsschutz AG, pobočka pro ČR
- DIRECT pojišťovna, a. s.
- Generali Česká pojišťovna a.s.
- Hasičská vzájemná pojišťovna, a. s.
- Komerční pojišťovna, a. s.
- Kooperativa pojišťovna, a. s., Vienna Insurance Group
- MetLife Europe d.a.c., pobočka pro Českou republiku
- myLife Lebensversicherung AG
- NN Životní pojišťovna N. V., pobočka pro ČR
- NOVIS Pojišťovna, odštěpný závod Česká republika
- Pillow pojišťovna, a.s.
- Slavia pojišťovna, a. s.
- UNIQA pojišťovna, a. s.
- Youplus Insurance International AG, pobočka pro ČR
- Allianz penzijní společnost, a. s.

Pension Companies

- AXA penzijní společnost, a. s.
- Conseq penzijní společnost, a. s.
- Česká spořitelna – penzijní společnost, a. s.
- ČSOB Penzijní společnost, a. s., člen skupiny ČSOB
- KB Penzijní společnost, a. s.
- NN Penzijní společnost, a. s.
- Penzijní společnost České pojišťovny, a. s.

Building Savings Banks

- Modrá pyramida stavební spořitelna, a. s.
- Raiffeisen stavební spořitelna, a. s.
- Stavební spořitelna České spořitelny, a. s.
- Wüstenrot – stavební spořitelna, a. s.

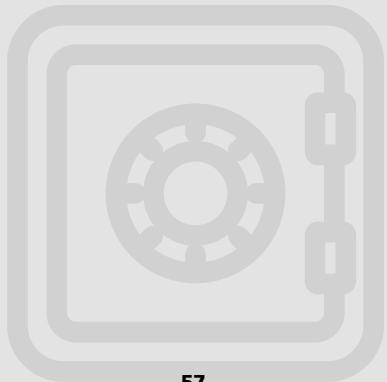


Banks and Other Credit Institutions

- BNP Paribas Personal Finance SA, odštěpný závod (Hello bank!)
- Česká spořitelna, a. s.
- Československá obchodní banka, a. s.
- Equa bank, a. s.
- Home Credit a.s.
- Hypoteční banka, a. s.
- J&T Banka, a. s.
- Komerční banka, a. s.
- mBank S.A., organizační složka
- MONETA Leasing, s. r. o.
- MONETA Money Bank, a. s.
- Oberbank AG pobočka Česká republika
- ProCredia, a. s.
- Raiffeisenbank, a. s.
- Sberbank CZ, a. s.
- UniCredit Bank Czech Republic and Slovakia, a. s.
- Wüstenrot hypoteční banka, a. s.

Investment Companies and Funds

- Amundi Czech Republic, investiční společnost, a. s.
- Amundi Czech Republic Asset Management, a. s.
- AXA investiční společnost a. s.
- Broker Consulting SICAV, a. s.
- Colosseum, a. s.
- Conseq Investment Management, a. s.
- Generali Investments CEE, investiční společnost, a. s.
- INVESTIKA, investiční společnost, a. s.
- Wine Investment Partners, investiční fond s proměnným
- základním kapitálem, a. s.



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