

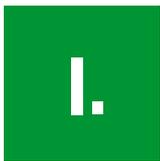
# OKsystem

Annual  
Report

|  
**2020**

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# General information about the Company



## Business name:

OKsystem a.s.  
entered in the Commercial Register  
maintained by the Municipal Court  
in Prague, Section B, file 20326

## Legal form:

Joint-stock company

## Date of registration:

7 September 2005

## Registered office:

Na Pankráci 1690/125  
140 21 Prague 4

**Company ID No.:** 27373665

**Tax ID No.:** CZ27373665



## Subject of business:

- Production, trade and services not listed in Annexes 1 to 3 of the Trade Licensing Act
- Accounting consulting, bookkeeping, tax accounting
- Registry management

## Areas of activities:

- Wholesale and retail
- Provision of software, IT advisory, data processing, hosting and related activities, and web portals
- Advisory and consulting, preparing expert studies and opinions
- Research and development in the natural, technical, and social sciences
- Continuing education, organizing courses, training and lectures



## Corporate body:

### Board of Directors

- Martin Procházka  
Chairman of the Board of Directors
- Vítězslav Címl  
Vice-chairman of the Board of Directors
- Zuzana Hořová  
Member of the Board of Directors



## Banks and accounts:

- UniCredit Bank Czech Republic and Slovakia, a.s.,  
IBAN CZ03 2700 0000 0000 4897 3004
- ČSOB, a. s.,  
IBAN CZ79 0300 0000 0002 0939 0820
- Raiffeisenbank a.s.,  
IBAN CZ61 5500 0000 0008 3333 3002

OKsystem a.s. is the successor company of OKsystem, spol. s r. o., Company ID No. 00221970, registered on 27 December 1990. Another successor company, which was formed by splitting the dissolving company OKsystem, spol. s r. o., Company ID No. 00221970, is OKBC s.r.o., having its registered office at Na Pankráci 1690/125, 140 21 Prague 4, Company ID No. 27373703. Effective as of 1 January 2015, OKsystem s.r.o. was transformed to a joint-stock company on the basis of the accepted project to change the legal form in accordance with Act No. 125/2008 Coll., on Conversions of Commercial Companies and Cooperatives.

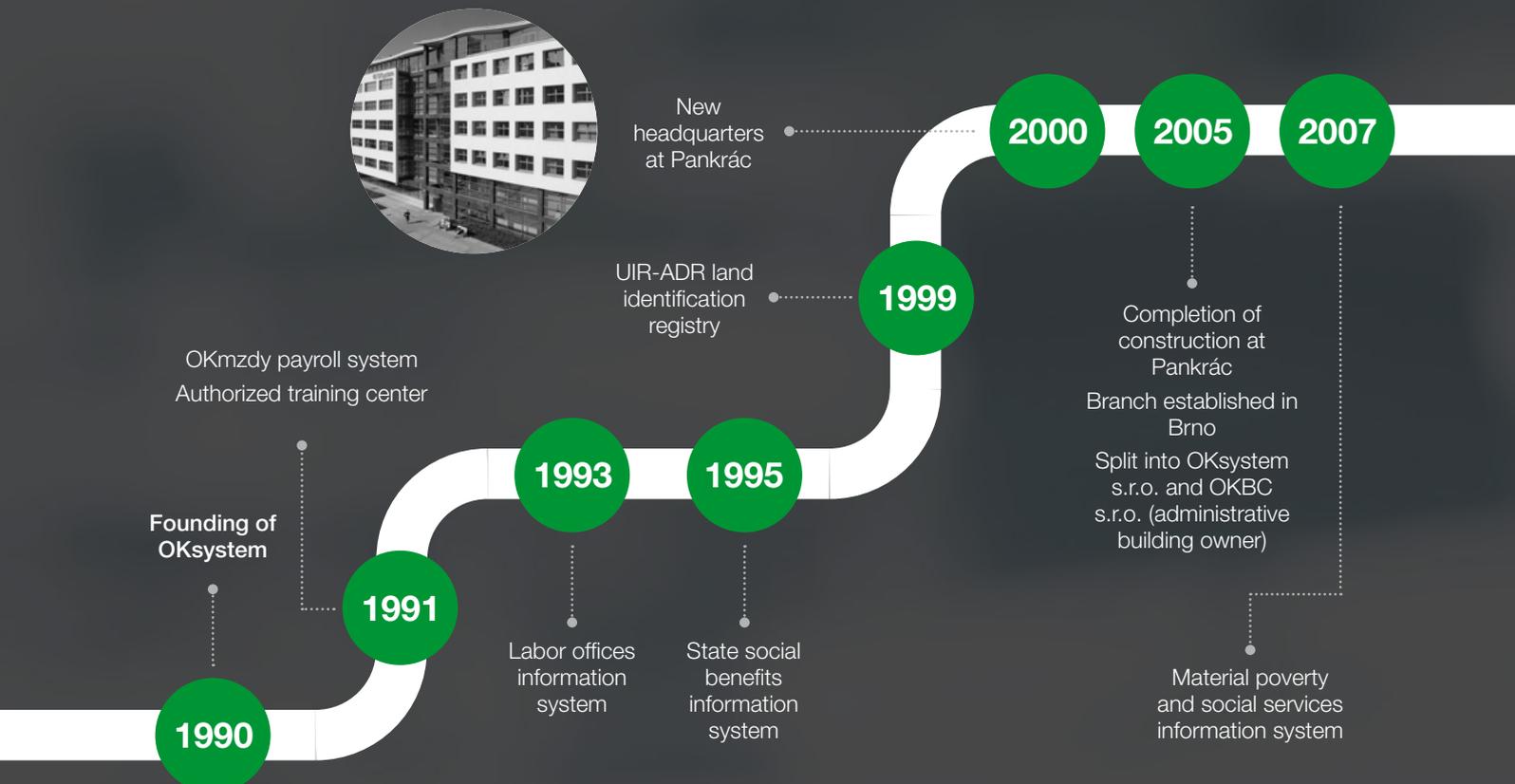


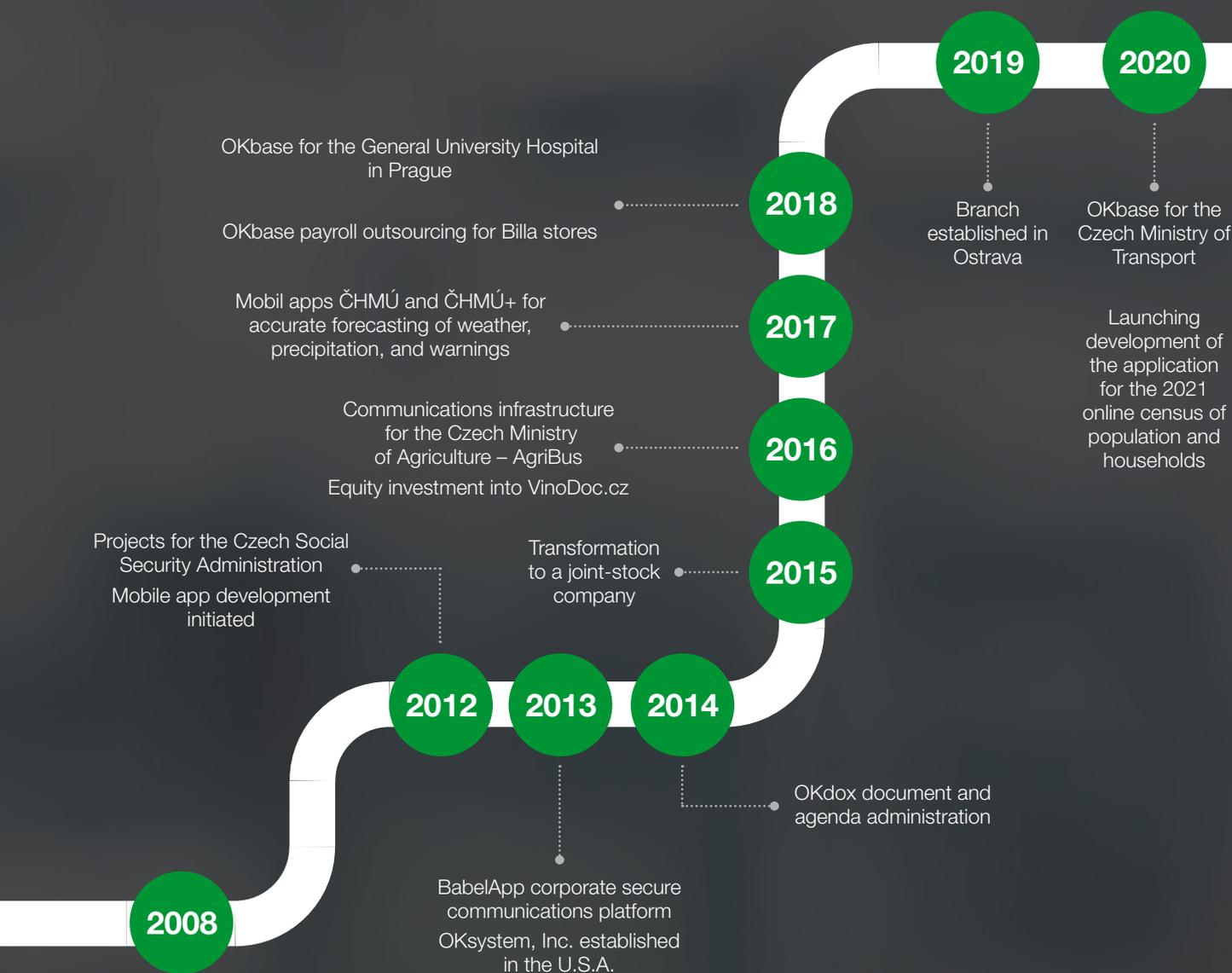
# The Company's development and its market

OKsystem is a Czech software company founded in 1990, right after the momentous political and economic changes in what was then still Czechoslovakia. In the changing conditions of the transition to a market economy, networks of personal computers began to be widely used. During the 1990s, OKsystem took advantage of this opportunity and filled niches in authorized computer network training, developing application programs in client/server architecture with graphical user interfaces, as well as developing and implementing extensive program systems for reformed or newly established state administration offices. Before global IT companies established their branches in the Czech Republic, OKsystem already had gained a significant market share and it grew into a larger, well-established, and respected IT company.

During 2020, OKsystem coped with onset of the Covid-19 pandemic and achieved excellent results. Under

the slogan "For 30 years we have been developing software," the Company celebrated the anniversary of its founding, and a video created to mark the occasion has received more than 2 million views. OKsystem's experts have been carefully following developments in the ICT industry and incorporating new technologies into its program systems and services. Succeeding generations of software and new applications are created in a modern multilayer architecture while emphasizing cybersecurity and personal data protection and while utilizing cloud and web services as well as mobile devices. OKsystem thereby continues to strengthen its market position and grow its market share. Turnover consistently exceeds CZK 500 million and the number of employees has progressively grown from the 4 founding partners to a workforce of 400. Development of key products and successful implementations of important contracts can be seen below in a timeline of OKsystem's historic milestones:





OKsystem's program systems are utilized by hundreds of thousands of users in the private sector and in public administration. OKsystem has an ever-growing customer base in the Czech Republic and supplies innovative software also abroad. Hundreds of employees – analysts, developers, consultants, and technical support staff – do their very best to ensure that OKsystem's original programs are useful, inventive, secure, and, in conjunction with the newest technologies, that they make the work of our customers easier and more effective.

In connection with the construction of an office building in Prague, Pankrác, the original company, OKsystem, spol. s r. o., established late in 1990, was in September 2005 split into two successor companies: OKsystem

s.r.o. and OKBC s.r.o. OKBC is owner of the building at Na Pankráci 1690/125 in Prague 4, and OKsystem is tenant of this office building. In March 2013, the subsidiary OKsystem, Inc. was established in the U.S.A., with its sole shareholder being the Czech company OKsystem. In January 2015, OKsystem changed its legal form from a limited liability company to a joint-stock company. In 2016, OKsystem a.s. acquired a 50% share in VINOdoc s.r.o., which operates webstores with the widest offer of premium Italian wines on the Czech market and sells wines from other countries as well as top-class olive oils. OKsystem has progressively become the leading member in a group of companies connected through capital, statutory representatives, partners, and shareholders.

The change in form to a joint-stock company created conditions for more efficient management, and specifically the separation of strategic and operational management divisions. OKsystem's Board of Directors is comprised of three members, and its Supervisory Board has two members. Martin Procházka, who together with other partners cofounded OKsystem at

the beginning of the 1990s and who has managed the Company for more than a quarter century, is Chairman of the Board of Directors. Vice-chairman of the Board of Directors is Vítězslav Ciml, the CEO of OKsystem. Chief Financial Officer Zuzana Hofová also is a Member of the Board of Directors.

## Corporate Body – Board of Directors



**Martin Procházka**  
Chairman of the Board of  
Directors



**Vítězslav Ciml**  
CEO and Vice-chairman  
of the Board of Directors



**Zuzana Hofová**  
Member of the Board  
of Directors

## Supervisory Body – Supervisory Board



**Eva Vodenková**  
Chairwoman of the  
Supervisory Board



**Šárka Cimlová**  
Member of the  
Supervisory Board

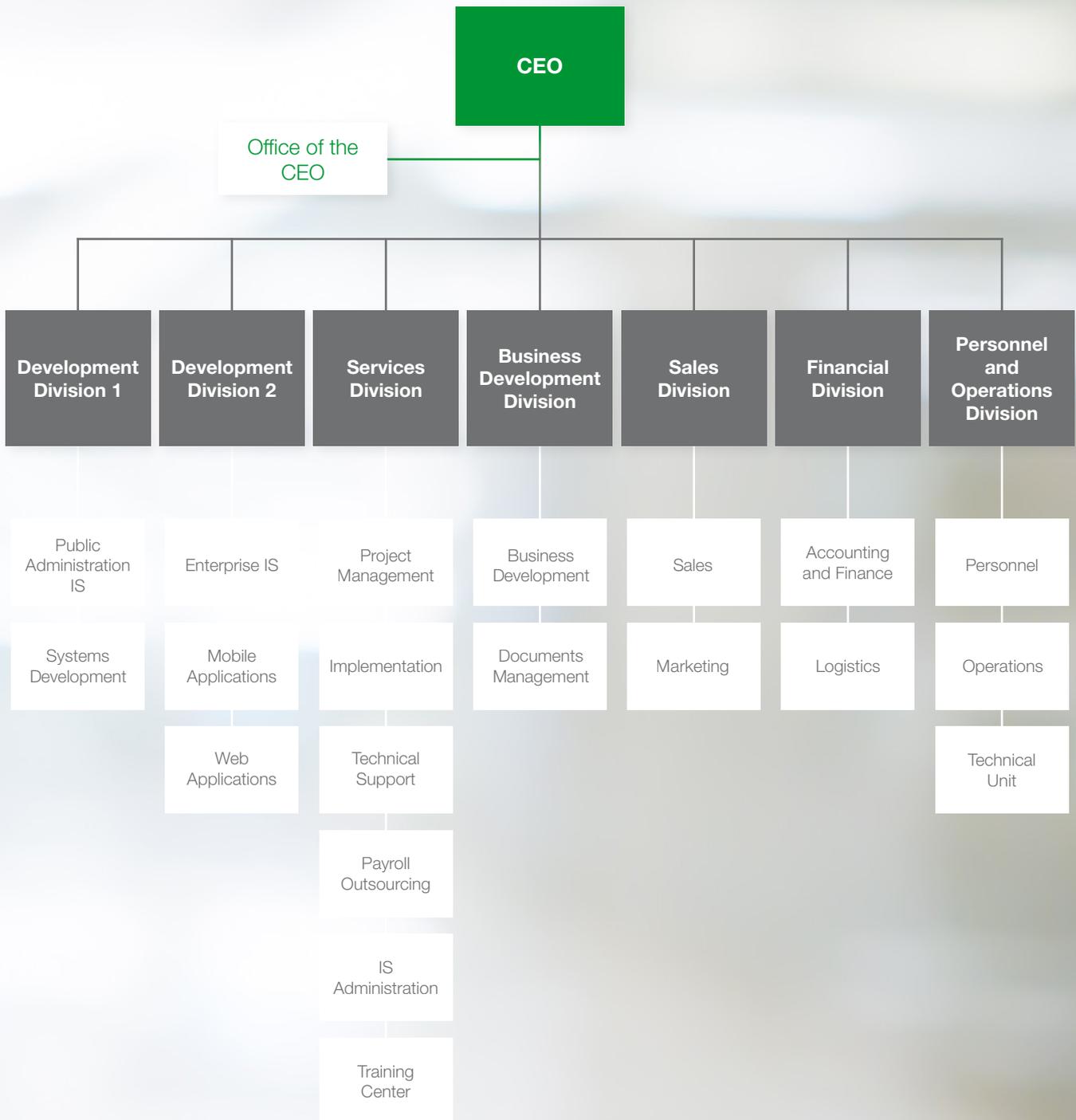
OKsystem is a member of the Confederation of Industry of the Czech Republic, within which it participates in several expert teams.

The Company's management as well as its expert, administrative, and sales departments are set up and managed according to a fixed organizational structure. Project teams are also established as needed in order to implement orders and projects. Such teams are comprised of the Company's specialists and are led by project managers in cases of large projects or lead consultants in cases

of smaller orders. OKsystem has been awarded a Security Clearance Certificate issued by the National Security Authority at the Confidential level. The certificate allowing the Company access to classified information both generated within the Company and provided to it was renewed in 2020 and is valid until January 2029. An integrated management system has been introduced for the conduct of OKsystem's main activities, and this system is being further developed. The system consists of components in accordance with ISO 9001, ISO 14001, and ISO 27001.



## Organizational chart of the company OKsystem a.s. as of 31 December 2020



OKsystem's management, sales personnel, developers, and other in-house experts search for market niches and commercial opportunities to which it can respond as a software company with its broad know-how. OKsystem can then either participate in a public tender consisting in, for example, designing and developing a custom application program system; initiate new activities;

or develop an original, proprietary product intended for general, repeated application. Such were the origins over time of our OKbase, BabelApp, Checkbot, OKdox, OKmzdy, and OKadresy product lines, mobile applications, public administration contracts, payroll outsourcing, professional training courses for IT professionals, and other activities.

# OKbase

In 2020, the functions of the OKbase human resources system were expanded, new customers were acquired, and the system's market position was further strengthened. OKbase is designed for HR managers, payroll accountants, managers, and, by means of an interactive web interface, all employees. It is used by leading Czech and multinational companies and government offices, often with dozens of branches across the Czech Republic. Users from the business sector include, for example, Allianz pojišťovna, Aon, Billa, BNP Paribas, Carrier, Caterpillar, Contipro, ČMSS, Czechoslovak Group, Direct pojišťovna, Dixons, Eberspächer, Four Seasons, GE Aviation, Global Payments, Huawei, Jan Becher, Konica Minolta, Lagardere, LINET, MOL, Olympus, Omnipol, Penny Market, Porsche Engineering, and Shell. In public administration, users include the Prague Botanical Garden, Czech Geological Survey, Czech Trade Inspection Authority, Czech Statistical Office, Ministry of Culture, Ministry of Regional Development, Ministry of Education, Youth and Sports, Ministry of Foreign Affairs, Ministry of the Environment, State Housing Development Fund, National Treasury Shared Services Center, Moravian-Silesian Region, National Gallery, National Cyber and Information Security Agency, Road and Motorway Directorate, State Office for Nuclear Safety, State Veterinary Administration, State Agricultural Intervention Fund, City of Brno, State Land Office, and Military Forests and Farms of the Czech Republic. In the areas of health care and pharmacy, OKbase is used for instance by Česká lékárna holding, a.s. (the largest pharmacy network operator in the Czech Republic, Dr. Max pharmacies), KRKA ČR, EUC a.s., ROCHE, and General University Hospital in Prague. In the areas of science and education, our clients include the Czech Academy of Sciences, Institute of Physics, Czech Technical

University in Prague and University of Chemistry and Technology in Prague. New customers who selected and ordered OKbase in 2020 include, for example:

- ELECTROLUX
- Hranipex
- ISS International
- John Crane
- JUSDA EUROPE
- LANDMARK PROFIT
- NEVOGA
- Nexans Power Accessories
- RETIA (another part of the Czechoslovak Group)
- SMITHS Medical
- STAREZ - SPORT
- Takko Fashion
- Temperator
- Masaryk Institute and Archives of the CAS
- Ministry of Transport of the Czech Republic

In 2020, the personnel information system OKbase was enhanced by including a link to eSick leave and collective proposals and reports from business trips. Further development and improvements were made in the area of shift planning, which are advantageously used in manufacturing companies, retail chains, health care and other industries. Support for recruitment has been improved such that the OKbase system offers better communication with candidates and emails are processed automatically. In addition to the classic attendance terminals, the Attendance Terminal mobile application has been launched, where events are recorded using an NFC chip. Also, as in every year, a number of new, universalized functions were developed for OKbase and enhanced in accordance with custom modifications.

# Checkbot

In 2020, OKsystem introduced to the market Checkbot, a real-time tracking application for Yaskawa robots. Two and a half years of development were crowned by pilot installations, primarily in the automotive segment. Through these installations, selling activities are directed abroad to parent companies of Czech customers, where there is great business potential due to the general deployment of robots in significant numbers. The application for monitoring Yaskawa robots online will be useful not only for technical managers, as from a managerial perspective it is a welcome tool also for production control and efficiency. It provides a complete overview of all recorded values and events, including monitoring of their occurrence. The collected data can be filtered, grouped, and displayed by selected periods

and in different types of graphs. Key advantages include, in particular, central overview of planned and performed maintenance, online view of current status and statuses of the robots, easy creation of monitoring and data collection plans, signals and variables such as temperatures, torque values, pressure drop, and number of pieces produced. Overview of all alarms and events with filtering by importance and an option for email notifications illustrates the ability to respond quickly to critical situations in production, and that significantly saves on downtime costs of the robot or the entire production line. A camera recording of the robot's operation just before the occurrence of an event is available to determine the cause of an alarm, and there is also a manual with recommended steps

to resolve the situation. The Production Efficiency Tracking Module provides a quick overview of the actual state of the production line, helps to detect hidden reserves of the robots, and ultimately can contribute to increased operating profit. The settings of monitored parameters can be adjusted as per

clients' specific requirements, thus providing tailor-made key information for their decision-making. Pilot installations during 2020 included at, for example, the companies BORGERS CS spol. s r.o., Doosan Bobcat EMEA s.r.o., Eberspächer spol. s r.o., Hyundai Transys Czech s.r.o., and Vevera-centrum s.r.o.

## Mobile application BabelApp

BabelApp is a secure corporate communications platform that enables instant messaging (IM) and secure voice communication across the internet (Voice over Internet Protocol – VoIP). It has been developed as an original solution since 2013. BabelApp is useful for anyone who works with confidential or sensitive data on a daily basis. The BabelApp application can be installed and securely operated either internally within the client's own device or in the cloud. In the case of an internal installation, advantages for the client include complete oversight and administration as well as the possibility to connect BabelApp to the business information systems and mobile app administration systems. With this platform, users can send and receive encrypted messages, including attachments, on mobile phones and tablets using the iOS or Android operating system and on PC and Mac desktops. Data communication between users is intermediated by the BabelApp Server. The server maintains records of user accounts and devices, provides client licenses, stores public keys, and ensures delivery of encrypted messages and notifications. In case of need, the server also can ensure high accessibility by means of automated replication among servers. The BabelApp Server has no access to private keys and is in no way involved in message encryption, which is performed in end-to-end mode exclusively between the end devices. BabelApp also provides encrypted calls between mobile devices connected to a data network. In the process of establishing a phone connection, the caller and call recipient exchange public parts of temporary keys and agree on securing the relationship through one-time cryptographic keys. Voice transfer is conducted securely and directly between the end clients, if the clients' internet connection allows it, or through the server in cases that for any reason direct connection cannot be secured. Users whose end devices are connected to a company BabelApp Server also can communicate with users on other BabelApp Servers. The corporate version of BabelApp also supports synchronization of user accounts with directory services. Integrating the BabelApp corporate platform with third-party applications is also easy. This possibility is used, for example, in connection with the OKbase and OKdox application systems. It is thus possible to ensure secure communication not only between individuals but also between the user and the information system, as well as between information systems. The BabelApp secure communications

platform also enables recording of secured notes – a user can use any device to take notes “just for himself or herself” and such notes synchronize automatically on all devices of the user while adhering to all security standards. The application newly enables muting a conversation in situations when notifications about incoming messages are undesirable. This functionality is useful especially in cases of group conversations when frequent notifications can be disruptive. BabelApp is protected against attacks using blockchain. To verify private keys, BabelApp uses a unique mechanism that works with a secure repository where data once entered is impossible to modify in any way. To store and verify public keys, the same blockchain database is used as is used for bitcoin cryptocurrency transactions. In this way, any attempt of a potential attacker to listen in on communication between users of the BabelApp platform by becoming an active intermediary is prevented. In information science and cryptography, this is known as a man-in-the-middle (MITM) attack. BabelApp has become the first app of its kind in the world to use in practice the features of blockchain to enhance security and limit potential attacks on the communication platform. The user comfort was improved during 2020 by applying biometrics in the encryption area (Face ID, Touch ID for iOS and Android operating systems), responding to a specific message, dark mode screen settings, activation of blockchain protection even in the single-user version, and addition of automated deletion of messages after a certain period of time. BabelApp was supplied and installed in 2020 for a number of customers in the Czech Republic and abroad operating in the following areas:

- financial services and insurance,
- law firms,
- information and communication services,
- other technology companies,
- public sector and local administration,
- nonprofit organizations and entities,
- sport associations,
- marketing and media agencies,
- private persons and entities.

OKsystem is not authorized to disclose specific names of customers due to the focus and confidentiality of the product.

# OKdox

OKdox is a state-of-the-art modular document management system that brings order to documents registries and supports work process automation at an advantageous price. Its advantages include intuitive controls and universality. End users greatly appreciate the system's flexibility, as OKdox can be progressively implemented with various document types and corporate processes. OKdox may be used,

for example, in keeping records of and processing incoming mail or as part of the process of searching for sales opportunities, making offers, and approving the final versions of offers by company management. Customers using the OKdox document management system either separately or in combination with the OKbase human resources system include Billa, DEKRA, Pragoprojekt, and Chládek & Tintěra.

## Other products and services

OKsystem continued during 2020 in developing e-commerce systems. The online stores [VinoDoc.cz](#) in the Czech Republic and [VinoDoc.sk](#) in Slovakia offer more than 300 select wines from 64 wineries all across Italy. In cooperation with the media house [Economia](#), a new online store for European wines was launched in 2020 under domain [HNvino.cz](#). In addition to Italian wines, it offers and delivers wines with an excellent quality/price ratio from Spain, France, Germany, Austria, and Moravia. Based upon a contract, OKsystem focuses on development of the online store [HNvino](#) while the subsidiary [VinoDoc](#) manages sales activities and [Economia](#) attends to marketing through its periodicals and news servers. In the second half of 2020, OKsystem prepared and launched already a fourth online store, [OKvino.cz](#), offering European and world wines. In addition to the [BabelApp](#) platform for secure corporate communications, OKsystem is designing, developing, and updating a number of other mobile apps according to customer requests for the iOS and Android mobile operating systems. As per requests of the Czech Hydrometeorological Institute, the applications [ČHMÚ](#) and [ČHMÚ+](#) displaying weather forecasts, weather conditions analysis, water conditions, atmospheric measurements, UV index, and other data were further developed and adjusted. The [ČHMÚ](#) applications used by hundreds of thousands of users were in 2020 improved to display radar data and mini-apps (widgets) were also added.

OKsystem also continues to offer the tried and tested [OKmzdy](#) payroll processing system. Due to its simplicity, stability, efficiency, and low price, [OKmzdy](#) has hundreds of loyal and satisfied customers, ranging from individual entrepreneurs and small and medium-sized employers to accounting agencies.

Under the name [OKadresy](#), OKsystem offers, delivers, and supports use of one of the fundamental registers of Czech e-government: the basic register of territorial identification, addresses and real estate ([RUIAN](#)). OKsystem thus has built upon its many years of experience in designing

and operating the Regional Identification Address Register ([UIR-ADR](#)). Data in the [OKadresy](#) system is updated via the internet every day and even can be accessed offline. In contrast to [RUIAN](#), it also saves a history of changes in addresses and non-existent elements in addition to their current status.

As a business partner of leading global producers, OKsystem also provides its customers with cryptographic smart cards – together with original third-generation [OKsmart](#) program equipment – for secure use of electronic signatures, authentication, and encryption. Customers use the current version with automatic installation and electronic signature support within a (plug-in) web browser. Smart cards with [OKsmart](#) or other specialized software (middleware) can be advantageously used in the [OKbase](#) modules [Attendance](#) and [Food Service](#).

OKsystem's training center is focused on training administrators and users in its own program systems and is authorized to provide professional training for Cisco, Microsoft, and SUSE Linux products. It has six computerized classrooms and, as needed, also a conference hall or a part thereof. The Company has a tradition of authorized training in the ICT field dating back to 1991, and this training center is probably the longest running of its kind in the Czech Republic. Hundreds of computer experts annually attend professional training courses led by highly skilled and certified instructors. In addition to training, OKsystem has for many years been an authorized partner of Pearson VUE for testing ICT knowledge. The training center is renewing its Ministry of Education, Youth, and Sports Accreditation for Continuing Education of Pedagogical Staff. In 2020, however, the operations of the training center were significantly reduced due to government measures to protect against and prevent spread of the Covid-19 disease. In-person training sessions were replaced for several months by online training using remote access, videoconferencing, and screen sharing.

# Public administration

Since its founding, OKsystem has been very active in public administration. In 2020, it delivered solutions for state and public administrative organizations and provided them with the following comprehensive services:

- Custom development and operation of information systems for the Ministry of Labor and Social Affairs and the Czech Labor Office.
- Development and operation of the Czech Social Security Administration information system for collecting social insurance from self-employed persons and control activities.
- Provision of licenses and operational support for the OKbase personnel system to ministries, central state administrative bodies, and municipal authorities.
- Provision of licenses and operational support for human resources management, payroll administration, and a payment system to the Ministry of Foreign Affairs and all Czech embassies and consulates.
- Interconnection of key information systems and provision of communications structure for the Ministry of Agriculture (AgriBus, based upon Oracle Enterprise Service Bus) and Czech Social Security Administration (Microsoft BizTalk technology).
- ICT expert knowledge training and testing for public administration employees.

Since the 1990s, OKsystem has been providing the Ministry of Labor and Social Affairs and the Labor Office of the Czech Republic with comprehensive maintenance, administration, continuing development of important and very extensive application program systems, processing of legislative changes, and training. These services concern the following applications: Employment (the OKpráce application program system), State Social Support and Social and Legal Protection for Children (OKcentrum), Material Poverty (OKnouze), and Social Services (OKslužby), including a register of social services providers, statistics processing, use of electronic forms, and more. Since 2014, the Ministry of Labor and Social Affairs has announced public tenders for a new Employment Information System (IS ZAM), new Social Benefits Information System (IS DAV), and other program systems that collectively should comprise the Unified Labor and Social Affairs Information System. The Ministry has not been successful, however, in concluding key contracts and the suppliers in making the information systems operational within planned timelines. The development of the Employment Information System (IS ZAM), which should have been completed in 2016, has been delayed by several years, and the system will

probably not be completed and implemented even in 2021. The status of orders for IS DAV, or rather for IS DAV II, which were intended to replace substantial parts of the program systems OKcentrum, OKnouze, and OKslužby, is also complicated. After a series of complaints, motions for review, and decisions of the Office for the Protection of Competition, it was not decided about them even in 2021. The activities of the Labor Office of the Czech Republic therefore continued to be fully dependent on the operation of OKsystem's application program systems known also as OKaplikace. Operations of the systems OKpráce, OKcentrum, OKnouze, and OKslužby were provided on the basis of a contract on provision of OKapplications support, operation, and development services entered into by the Ministry of Labor and Social Affairs and OKsystem in December 2016 and on the basis of an option exercised at the end of 2018 for the period until the end of 2020. In 2020, it was necessary to intervene into the applications of the Labor Office of the Czech Republic so that the clients would not have to visit offices and expose themselves and the office workers to the risk of Covid-19 infection. Based on legislative changes and resolutions of the government, administrative procedures were simplified, validity of certificates extended, and new electronic forms introduced. As a result of the state of emergency due to the pandemic, the entitlement to state social support benefits and care allowance was extended. In a record time of a few days OKsystem ensured development, testing, and deployment of the system Antivirus for the Ministry of Labor and Social Affairs. With a view to the urgent epidemiological situation, the work was carried out at no charge. Antivirus is a system through which employers apply for wage subsidies for their employees in order to maintain employment in the country. The subsidy is granted on the basis of an agreement. The employer simply fills out an application form on the web and the agreement is immediately approved if conditions are met. The Antivirus application was delivered in high quality and launching the system caused no failures or slowdowns, even though right from the start many thousands of employers applied for support. As part of the settlement of wage subsidies, which is also done through Antivirus, successful payment of state support in the amount of tens of billions of Czech crowns was carried out. Antivirus is rated as a most successful government program, having supported more than 1 million employees and significantly helping employers to overcome impacts of the coronavirus crisis. The government has repeatedly extended its support for the Antivirus program, and the program continues in use also in 2021. A similar program known as Kurzarbeit should replace Antivirus after relevant law will become effective.

# Headquarters and conference hall

OKsystem a.s. has its headquarters at Na Pankráci 125, Prague 4. The building is owned by the sister company OKBC s.r.o. The location has excellent accessibility from the C subway line and by car from the D1 motorway, the north–south thoroughfare, and the bypass south of the city. In the future, an extended tramway line will lead directly to the building and the Pankrác metro station will become a transfer point to the new line D. Its high-standard office premises provide space for up to 400 employees, 6 computer classrooms, meeting rooms, a conference hall, a cafeteria, a garage for 100 cars, computer rooms and IT technologies, server room cooling, and backup electricity sources. The Brno branch occupies one floor within the Trinita Building on Trnitá Street and includes a lecture room and development center. Another OKsystem branch for business activities, program development and support for contracts in the Northern Moravia region has been in Ostrava since 2019 within the

modern building of the Smart Innovation Center. At its headquarters in Prague, OKsystem also maintains formal conference premises for organizing congresses, trainings, and social events. The conference hall has about 400 m<sup>2</sup> of space and total capacity for 300 people in the theatre setup style or 120 people in a classroom setup. It is equipped with high-standard technical equipment, including projection and camera systems and four projection screens. The hall is used both by OKsystem's customers and the general public.

Because of the epidemiological crisis, the traditional Fresh IT conference focusing on new development tools and information security did not take place in 2020. There were many fewer events and conferences than in previous years. The conference premises were nonetheless used by, for instance, ECE Projektmanagement Praha s.r.o (Arkády Pankrác), Novartis s.r.o., and CACIO s.r.o.

## Financial results

The Company's turnover in 2020 was CZK 627 million, the majority of which consisted in revenues from IT services. OKsystem achieved a profit after tax of CZK 96 million, which represents a decrease by one-third as compared to 2019. Precise data are provided in tables on the following pages of this Annual Report.

## Impact of Covid-19 on OKsystem operations

The Covid-19 epidemic spread across the entire world in 2020, and the management of OKsystem also had to respond to the new situation. Technology companies, which include also OKsystem, have mostly coped well with onset of the epidemic as opposed to businesses in trade, tourism, and other services. Most analysts and development workers could quickly transition from the development office to working from home. To this end, OKsystem adopted technical and organizational measures, such as increasing the numbers of laptops and connection points, strengthening the capacity of communication links, and implementing additional IT security measures, training, and expanded

software for videoconferencing. As per measures of the government and Ministry of Health, protective equipment and disinfectants have been provided and isolated cases of infection and quarantine have been reported. The training center had to be closed for a few months, and later professional training sessions were offered and provided online. Some orders were limited or postponed. On the other hand, some of our customers in social services, provision of subsidies, and human resources required new modules and additional support. As a result of the epidemic, marketing events relating to the Company's 30th anniversary were limited or postponed to a later date.



# Expected future development

After the Covid-19 epidemic will subside and the restrictive measures will be loosened, OKsystem will gradually get back to its usual operations. Recruitment will be strengthened to respond to new opportunities and increased demand. In 2021 and beyond, the activities of OKsystem will focus in particular on:



- made-to-order software development as part of projects abroad through the subsidiary OKsystem, Inc. in the U.S.A.;



- development, deployment, and support of the Checkbot application for monitoring and work analysis of robots, mainly as per requirements of multinational companies;



- further development of the BabelApp secure communication platform with emphasis on security, performance, and larger numbers of users;



- development and implementation of the OKbase program system for human resources management (personnel management, payroll accounting, attendance...), expanded web user interface, mobile access, self-servicing, customization for other sectors;



- the area of applied research and development utilizing methods of artificial intelligence and blockchain technology;



- systems integration and development of extensive program systems made to order, with emphasis on information systems in the areas of employment, social benefits, and social security;



- solutions in administration and archiving of confidential electronic documents;



- provision of ICT services in the private sector and public administration, with a larger component of outsourcing and provision of application program systems as a service;



- information security development and services;



- training and testing of IT specialists and training for our products' users;



- effective utilization of our branches in Brno and Ostrava



- utilizing a combination of organic growth and potential acquisition of a Czech or foreign company.



# Financial statements for 2019 and 2020

2019

2020

## Balance sheet (in thousands of Czech crowns)

### Assets

<b>Total assets</b>	<b>553 490</b>	<b>558 510</b>
<b>Fixed assets</b>	<b>31 283</b>	<b>34 829</b>
<b>Intangible fixed assets</b>	<b>15 492</b>	<b>16 008</b>
Software	15 492	16 008
Other intangible fixed assets	0	0
Intangible fixed assets under construction	0	0
<b>Tangible fixed assets</b>	<b>12 019</b>	<b>13 289</b>
Land	0	0
Buildings and structures	792	773
Machinery and equipment	11 001	12 290
Other tangible fixed assets	226	226
Tangible fixed assets under construction	0	0
<b>Long-term investments</b>	<b>3 772</b>	<b>5 532</b>
Ownership interests in controlled or controlling entities	0	0
Loans to controlled or controlling entities	3 772	5 532
<b>Current assets</b>	<b>519 054</b>	<b>517 517</b>
<b>Inventories</b>	<b>2 801</b>	<b>31 766</b>
Materials	627	657
Finished products and merchandise	2 174	2 088
Unfinished production	0	29 021
<b>Long-term receivables</b>	<b>298</b>	<b>0</b>
Trade receivables	0	0
Other receivables	298	0
<b>Short-term receivables</b>	<b>141 944</b>	<b>143 621</b>
Trade receivables	125 300	122 190
Receivables from partners and members of an association	0	0
Tax receivables due from state	8 615	15 767
Short-term advances given	77	80
Estimated receivables	0	0
Other receivables	7 952	5 584
<b>Cash and equivalents</b>	<b>374 011</b>	<b>342 130</b>
Cash	271	395
Bank accounts	373 740	341 735
<b>Accruals and deferrals</b>	<b>3 153</b>	<b>6 164</b>
Prepaid expenses	2 983	5 994
Accrued revenue	170	170

2019

2020

## Liabilities and equity

<b>Total liabilities and equity</b>	<b>553 490</b>	<b>558 510</b>
<b>Owners' equity</b>	<b>451 156</b>	<b>473 400</b>
<b>Share capital</b>	<b>35 000</b>	<b>35 000</b>
Share capital	35 000	35 000
Capital funds	-234	-234
Gains or losses from revaluation of assets and liabilities	-234	-234
<b>Funds from profit</b>	<b>134</b>	<b>1 459</b>
Other reserve funds	0	0
Statutory and other funds	134	1 459
<b>Retained earnings</b>	<b>272 807</b>	<b>341 506</b>
Retained earnings from previous years	272 807	341 506
<b>Profit or loss from current year</b>	<b>143 449</b>	<b>95 669</b>
<b>Liabilities</b>	<b>101 540</b>	<b>83 381</b>
<b>Provisions</b>	<b>6 428</b>	<b>9 218</b>
Other provisions	6 428	9 218
<b>Long-term liabilities</b>	<b>807</b>	<b>1 023</b>
Deferred tax liability	807	1 023
<b>Short-term payables</b>	<b>94 305</b>	<b>73 140</b>
Bonds issued	0	0
Convertible bonds	0	0
Other bonds	0	0
Payables to banks	0	0
Short-term advances received	100	0
Trade payables	10 542	17 220
Short-term notes payable	0	0
Payables to controlled or controlling entities	0	0
Payables to associates	0	0
Other payables	83 663	55 920
Payable to partners	0	0
Short-term financial assistance	0	0
Payables to employees	40 086	21 828
Payables to social security and health insurance	12 608	10 177
Tax and subsidies due to state	30 064	22 778
Estimated payables	60	30
Other payables	845	1 107
<b>Accruals and deferrals</b>	<b>794</b>	<b>1 729</b>
Accrued expenses	308	659
Deferred income	486	1 070

2019

2020

## Income statement (in thousands of Czech crowns)

<b>Revenues from sales of own products and services</b>	<b>685 750</b>	<b>617 188</b>
<b>Revenues from goods sold</b>	<b>5 479</b>	<b>5 163</b>
<b>Cost of sales</b>	<b>118 407</b>	<b>137 929</b>
Cost of goods sold	4 036	3 868
Materials and energy	21 654	15 155
Services	92 717	118 906
<b>Change in inventory of own production</b>		
<b>Own work capitalized</b>	<b>-7 511</b>	<b>-7 812</b>
<b>Personnel expenses</b>	<b>385 060</b>	<b>358 516</b>
Wages and salaries	288 783	263 609
Social security, health insurance, and other expenses	96 277	94 907
Social security and health insurance expenses	86 140	84 037
Other expenses	10 137	10 870
<b>Value adjustments to fixed and current assets</b>	<b>11 613</b>	<b>11 763</b>
Value adjustments to intangible and tangible fixed assets	11 613	11 763
Permanent value adjustments to intangible and tangible fixed assets	11 613	11 763
Temporary value adjustments to intangible and tangible fixed assets		
Adjustments to inventories		
Adjustments to accounts receivable		
<b>Other operating revenues</b>	<b>1 163</b>	<b>1 315</b>
Revenues from sale of fixed assets	527	836
Revenues from sale of materials	39	87
Other operating revenues	597	392
<b>Other operating expenses</b>	<b>7 230</b>	<b>4 137</b>
Net book value of fixed assets sold	0	518
Net book value of materials sold	0	0
Taxes and fees	286	481
Provisions and complex prepaid expenses	-172	2 790
Other operating expenses	7 116	348
<b>Operating profit or loss</b>	<b>177 593</b>	<b>119 133</b>
<b>Revenues from long-term investments – shares</b>	<b>0</b>	<b>0</b>
Revenues from shares in controlled or controlling entities	0	0
Other revenues from shares	0	0

	2019	2020
<b>Costs associated with shares sold</b>	<b>0</b>	<b>0</b>
<b>Revenues from other long-term investments</b>	<b>0</b>	<b>0</b>
Revenues from other long-term investments in controlled or controlling entities	0	0
Revenues from other long-term investments	0	0
<b>Costs associated with other long-term investments</b>		
<b>Interest income and similar income</b>	<b>3 607</b>	<b>2 370</b>
Interest income and similar income from controlled or controlling entities	0	0
Other interest and like income	3 607	2 370
<b>Adjustments and provisions in the finance area</b>	<b>0</b>	<b>0</b>
<b>Interest expense and similar expenses</b>	<b>0</b>	<b>0</b>
Interest expenses relating to controlled or controlling entities	0	0
Other interest expenses and similar expenses	0	0
<b>Other financial income</b>	<b>69</b>	<b>491</b>
<b>Other financial expenses</b>	<b>2 423</b>	<b>3 078</b>
<b>Profit or loss from financial operations</b>	<b>1 253</b>	<b>-217</b>
<b>Profit or loss before tax</b>	<b>178 846</b>	<b>118 916</b>
<b>Income tax</b>	<b>35 397</b>	<b>23 247</b>
Current income tax	35 353	23 031
Deferred income tax	44	216
<b>Profit or loss after tax</b>	<b>143 449</b>	<b>95 669</b>
Transfer of profit to partners	0	0
<b>Profit or loss for the current period</b>	<b>143 449</b>	<b>95 669</b>
<b>Net turnover for the current period</b>	<b>696 068</b>	<b>626 527</b>

## CASH FLOW STATEMENT

Business name or other name of reporting entity

OKsystem a.s.

Registered office or address of reporting entity

Na Pankráci 125  
140 21 Prague 4

as of 31 December 2020

(in thousands of Czech crowns)

P.	Balance of cash and equivalents at beginning of reporting period	374 011
Cash flows from operating activities		
Z.	Profit or loss before tax	118 916
A. 1	Adjustments for noncash operations	11 865
A. 1 1	Depreciation and amortization of fixed assets and adjustments thereto	11 763
A. 1 2	Change in adjustments and provisions	2 790
A. 1 3	Gain or loss from disposal of fixed assets	-318
A. 1 4	Dividends and like income	0
A. 1 5	Net interest expense except as capitalized into fixed assets	-2 370
A. 1 6	Other adjustments for noncash operations	0
A. *	<b>Net cash flow from operating activities before tax and working capital changes</b>	130 781
A. 2	Change in noncash items of working capital	-53 585
A. 2 1	Change in accounts receivable and temporary asset accounts	-4 390
A. 2 2	Change in short-term accounts payable and temporary liability accounts	-20 230
A. 2 3	Change in inventories	-28 965
A. 2 4	Change in short-term investments not included in cash and equivalents	0
A. **	<b>Net cash flow from operating activities before tax</b>	77 196
A. 3	Interest paid except as capitalized into fixed assets	0
A. 4	Interest received	2 370
A. 5	Income tax paid and tax additionally charged	-23 247
A. 6	Dividends and like income received	0
A. ***	<b>Net cash flow from operating activities</b>	56 319
Cash flows from investing activities		
B. 1	Acquisition of fixed assets	-15 309
B. 2	Proceeds from sale of fixed assets	318
B. 3	Loans and credits to related parties	0
B. ***	<b>Net cash flow from investing activities</b>	-14 991
Cash flows from financing activities		
C. 1	Changes in long- and short-term liabilities	216
C. 2	Effect on cash and equivalents of changes in owner's equity	-73 425
C. 2 1	Increase in cash from increase in share capital, share premium, and funds from profit	0
C. 2 2	Dividends and like payments to partners	-71 750
C. 2 3	Additional contributions from partners and shareholders	0
C. 2 4	Loss coverage by partners	0
C. 2 5	Direct payments by debit from funds	-1 675
C. 2 6	Dividends and like payments made, inclusive of tax paid	0
C. ***	<b>Net cash flow from financing activities</b>	-73 209
F.	<b>Net increase/decrease in cash</b>	-31 881
R.	<b>Balance of cash and equivalents at end of reporting period</b>	342 130

**VI.**

# STATEMENT OF CHANGES IN EQUITY

**as of 31 December 2020**

(in thousands of Czech crowns)

Business name or other name of  
reporting entity

OKsystem a.s.

Registered office or address  
of reporting entityNa Pankráci 125  
140 21 Prague 4

		<b>Opening balance</b>	<b>Increase</b>	<b>Decrease</b>	<b>Closing balance</b>
A.	Share capital registered in the Commercial Register	35 000	0	0	35 000
B.	Share capital not registered in the Commercial Register	0	0	0	0
C.	Total A +/- B	35 000	XX	XX	XX
D.	Own shares and ownership interests	0	0	0	0
*	Total A +/- B +/- D	XX	XX	XX	35 000
E.	Share premium	0	0	0	0
F.	Reserve fund	0	0	0	0
G.	Other funds from profit	134	3 000	1 675	1 459
H.	Capital funds	0	0	0	0
I.	Revaluation gains or losses not included in profit or loss	-234	0	0	-234
J.	Retained earnings	416 256	0	74 750	341 506
K.	Profit or loss for the reporting period after taxation	XX	95 669	XX	95 669
*	Total	<b>451 156</b>	<b>98 669</b>	<b>76 425</b>	<b>473 400</b>

# VII.

## Notes to the financial statements for the financial year from 1 January 2020 to 31 December 2020 (prepared in accordance with §39 et seq. of Decree No. 500/2002 Coll.)

### I. Basic information (Decree §39/1/a)

#### A. Basic information concerning the reporting entity (§18, para. 3 of the Accounting Act):

##### ■ A. 1. Reporting entity identification

Business name:	OKsystem a.s.
Registered office:	Na Pankráci 125, 140 21 Prague 4
Company ID No.:	27373665
Legal form:	Joint-stock company
Subject of business:	Software, training, IT services
Date of reporting entity's founding:	7 September 2005
Balance sheet date:	10 May 2021
Annual report presentation date:	10 May 2021 (day of completing financial statements)
Reporting entity category (§1b of the Accounting Act):	Large
Signature of the corporate body:	



**Martin Procházka**

Chairman of the Board of Directors of OKsystem a.s.

Prepared by: Ing. Zuzana Hořová

##### ■ A. 2. Description of changes and amendments made in the Commercial Register within the most recent period

During the period 1 January 2020 to 31 December 2020 no changes occurred in the Commercial Register.

##### ■ A. 3. Description of organizational structure and substantial changes therein within the most recent period

Organizational structure:

Divisional organization:

Office of the CEO | Development Division 1 | Development Division 2 | Services Division | Business Development Division | Sales Division | Financial Division | Personnel and Operations Division

Within these divisions, departments and units are established directly subordinate to the heads of the divisions.

## B. Information on general accounting principles and methods (Decree §39/1/b)

### B. General accounting principles

The financial statements were prepared in accordance with Act No. 563/1991 Coll., on Accounting, as subsequently amended (hereinafter referred to as the Accounting Act), and Decree No. 500/2002 Coll. (hereinafter referred to as the Decree), which implement certain provisions of the Accounting Act for reporting entities that are business enterprises utilizing double-entry accounting.

#### ■ B. a. Going concern assumption

The accounting methods were used under the assumption that the reporting entity would continue as a going concern. The reporting entity assumes that the going concern principle is not at risk and at the same time that there exists no substantial uncertainty that it will be able to continue uninterrupted in its activities.

#### ■ B. b. Method of compiling the financial statements as of 31 December 2020

On the basis of an amendment to the Accounting Act and an implementing decree on reporting by business enterprises, effective as from 1 January 2016, there occurred a change in the reporting of certain items on the balance sheet and income statement. In order to ensure comparability of these items with the previous financial year, these items were reclassified accordingly, in conformity with Czech Accounting Standard No. 024.

### ■ B. 1. Assets and liabilities valuation methods

General principle: Assets and liabilities are valued at historical acquisition cost (i.e., acquisition price + related costs), with the exceptions of postage stamps, transport tickets and like items (recorded at nominal value), as well as the items described below.

#### B. 1. a) Valuation of purchased inventories

Methods of accounting for inventories: OKsystem a.s. uses variant "A".

Individual stock types:

- **Kitchen stocks**  
Purchased stocks are recorded at acquisition cost in account 112 – Materials in inventory. Material consumption is commonly debited in the corresponding accounts within account group 501 – Material consumed, 518 – Other services, 504 – Merchandise sold, or in account 549 – Shrinkage (spoilage) from operating activities.
- **Stocks of other goods, software stocks**  
Purchased stocks are recorded at acquisition cost in account 131 – Cost of merchandise. The goods are then transferred to account 132 – Merchandise in warehouse and stores. Sales of merchandise are commonly debited in the corresponding accounts within account group 504 – Merchandise sold.
- **Promotional materials inventory**  
Purchased stocks are recorded at acquisition cost in account 112 – Materials in inventory. Material consumption is commonly debited in the corresponding accounts within account group 501 – Material consumed.

The reporting entity maintains inventory records continuously and in a verifiable manner so that as of the reporting date for the accounting period and after inventory-taking it may debit the appropriate inventory accounts and credit the accounts for consumed purchases.

#### Types of expenses included into prices of purchased stocks

Secondary acquisition expenses which are included in acquisition prices of purchased stocks:

Yes = they are included

- **Method of inclusion of transport at the Company's own cost:**  
Directly into the valuation of individual items to which they relate.

#### B. 1. b) Valuation of internally produced inventories

There are no internally produced inventories.

## ■ B. 2. Method for determining changes in asset values (depreciation, amortization, and adjustments)

### B. 2. a) Depreciation and amortization of tangible fixed assets

Accounting depreciation and amortization are calculated based upon acquisition cost (minus any investment subsidies received) and estimated service life.

#### Basic principles of the accounting depreciation and amortization plan

The reporting entity depreciates or amortizes asset values over time, always until a zero accounting balance value is reached. Depreciation and amortization rates are determined individually according to the expected useful lives of groups of items and at an annual percentage rate. Depreciation and amortization are on a straight-line basis and recorded monthly, starting from the month following the item's classification.

Expected useful lives for basic groups of fixed assets are specified as follows

<b>Intangible fixed assets</b>	<b>3 years*</b>	<b>Tangible assets</b>	
*unless specified otherwise in a contract		Buildings	50 years
		Furniture	5 years
		Machinery and devices	3 years
		Vehicles	5 years

#### Reporting method for items of small fixed assets

##### Price limits for amortizing tangible assets acquired

- Expensed directly without subsequent operating record: up to CZK 10,000, inclusive.
- Expensed directly with subsequent operating record: above CZK 10,000 plus assets individually determined to be important for the Company (e.g., mobile phones, keyboards, lamps).

##### Price limits for amortizing intangible assets acquired

- Expensed directly with subsequent operating record: No specific limit for recording is defined. Most small intangible assets are recorded.

**Deviations from standard accounting methods:** none applied.

## ■ B. 3. Translation of foreign currency items

During the accounting period, the reporting entity has used for translation of items denominated in foreign currencies the daily exchange rate of the Czech National Bank valid on the day of any particular accounting operation. As of the reporting date, liabilities and assets in foreign currencies were converted using CNB exchange rates, thereby giving rise to gains or losses from translation of exchange rate differences (part of other financial expenses and revenues) as follows:

<b>Currency</b>	<b>Rate</b>	<b>Assets and liabilities</b>
EUR	26,245 CZK/EUR	Trade receivables and payables, loans, cash, bank accounts, temporary and estimated accounts
USD	21,387 CZK/USD	Trade receivables and payables, loans, cash, bank accounts, temporary and estimated accounts

## C. Information on valuation model used and technique for fair value recognition

### C. 1. a) Valuation of ownership shares and holdings by the equity method (according to the share in the owners' equity of the issuer)

Reporting entities in which the reporting entity has a substantial or decisive influence.

Valuation by the equity method for both shareholdings. Because the value of the equity is negative, valued at zero.

<b>Name and registered office, legal form, ID No.</b>	<b>Share in registered capital (%)</b>
OKsystem Inc., 576 Fifth Ave, Suite 903, New York, NY 10036	100 %
VinoDoc s.r.o., Na Pankráci 125, Prague 4, Company ID No. 01991426	50 %

## D. Amounts receivable and debts (payables) with repayment period longer than 5 years as of the balance sheet date

Transaction number	Customer	Due date	Amount due in CZK
41131694	Jiří Fiala	5 March 2014	1 000,00
41132534	CREEDO point s.r.o.	2 January 2014	222 710,73

**Payables:** none

## E. Average full-time equivalent number of employees during the accounting period:

	<b>314</b>
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## II. Other information

### 1. Consolidated and associated reporting entities

(Entities in which the reporting entity has a controlling or substantial influence)

Name and registered office, legal form, ID no.	Share in registered capital (%)
OKsystem Inc., 576 Fifth Ave, Suite 903, New York, NY 10036	100 %
VinoDoc s.r.o., Na Pankráci 125, Prague 4, Company ID No.01991426	50 %

On the basis of a legal opinion of the Chamrád – Laušmanová law office from 7 June 2018, OKsystem a.s. decided not to prepare consolidated financial statements including the aforementioned companies. With a view to the provisions of Section 22a (3) of Act No. 563/1991 Coll., on Accounting, as subsequently amended, the subsidiary OKsystem Inc. and company VinoDoc s.r.o. can be regarded as insignificant individually and collectively also for 2020.

### 2. Entities in which the reporting entity is a partner with unlimited liability: none.

### 3. Breakdown of employees number by categories (itemization of number in point E)

Employee category	Average full-time equivalent number for period
Management	60
General staff	238
Administration	16

### 4. Remuneration during accounting period to members of managing, supervisory, or administrative bodies (in CZK thousands)

Remuneration paid to members of corporate and supervisory bodies	
Board of Directors	14 770
Supervisory Board	0

### 5. Proposed distribution of profit or settlement of loss (in CZK thousands)

Distributable profit for the 2020 accounting period	95 669
Advances to shares in profit paid out	0
<b>Final profit for settlement</b>	<b>95 669</b>

The resulting profit will be assigned to the following item in the owners' equity:

Item in owners' equity	Original balance	+ Allocation	Ending balance
Retained earnings	341 506	95 669	437 175

## 6. Fixed assets data

### 6. a. 1. Additions to and disposals from fixed assets for the accounting period at acquisition costs (CZK thousands)

Intangible assets (CZK thousands)	Starting balance	Ending balance	Additions	Disposals
Software	7 220	7 641	421	0
Self-produced software	34 788	42 600	7,812	0

Tangible assets (CZK thousands)	Starting balance	Ending balance	Additions	Disposals
Buildings	945	945	0	0
Machinery and equipment (computers, HW)	41 421	45 502	4 081	0
Vehicles	16 507	16 007	1 753	2 253
Furniture	3 287	3 287	0	0
Works of art	226	226	0	0

Long-term investments at acquisition cost (CZK thousands)	Starting balance	Ending balance	Additions	Disposals
Loans and credits – substantial influence	13 891	15 181	1 760	470

### 6. a. 2. Balances of and changes in depreciation, amortization, and adjustments for the accounting period (CZK thousands)

Intangible assets	Amortization		Adjustments	
	Starting balance	Ending balance	Starting balance	Ending balance
Software	-6 317	-6 840	0	0
Self-produced software	-20 200	-27 393	0	0

Tangible assets	Amortization		Adjustments	
	Starting balance	Ending balance	Starting balance	Ending balance
Buildings	-153	-172	0	0
Machinery and equipment (computers, HW)	-40 172	-41 196	0	0
Vehicles	-7 594	-8 644	0	0
Furniture	-2 448	-2 666	0	0

Long-term investments – balance and change of adjustments (CZK thousands)	Acquisition cost	Adjustment	Change in adjustment for period
Loans and credits – substantial influence	15 181	9 649	470

## 7. Breakdown of deferred income tax (CZK thousands)

Character of deferred tax: liability. Starting balance of deferred tax: CZK 807,000 (L)

Deferred tax title (CZK thousand)	Amount	Income tax rate	Deferred tax	L = Liability
Difference between accounting residual value and tax residual value of FA	5 396	19 %	216	L

Ending balance of deferred tax as of balance sheet date **CZK 1,023,000** (Liabilities × tax rate)  
 Change in deferred tax for current period **CZK 216,000** (Ending balance – Starting balance)

## 8. Transactions with related entities

See the (separate) Report on Relations between Related Entities.

## 9. Cash flow statement

The cash flow statement (as a separate report) was prepared using the indirect method.

## 10. Statement of changes in equity

The statement of changes in equity is attached as a separate report.

## VIII.

## Other information

From 1 January 2021 to May 2021, there occurred no new circumstances that could substantially influence OKsystem's economic situation. All working teams coped successfully with the global crisis arising from the worsening Covid-19 epidemiological situation, with the majority of employees switching temporarily to a home office regimen. The Company's management continues to monitor and evaluate the pandemic situation and, in accordance with extraordinary measures taken by the government and Ministry of Health, necessary steps are being taken. The pandemic has not impacted the Company to any great extent, and the going concern principle as it relates to the accounting entity has therefore not been compromised in any way.

Prague, 10 May 2021

OKsystem did not take part during 2020 in any international or Czech projects relating to applied research or experimental development. No subsidy or tax advantage was used for research and development. OKsystem utilizes in its projects the results from research and development achieved in previous years. Internal research focused on possibilities for using artificial intelligence methods and blockchain databases and on information security in products and services.

OKsystem does not acquire its own ownership shares and has no organizational unit abroad.



Martin Procházka  
Chairman of the Board of Directors

### Key customers



Ministerstvo zahraničních věcí  
České republiky



MINISTERSTVO ZEMĚDĚLSTVÍ



Státní zemědělský intervenční fond



ČESKÝ  
STATISTICKÝ  
ÚŘAD



## Report on relations between related entities for 2020 prepared in accordance with §82 et seq. of the Business Corporations Act



Martin Procházka

Structure of relationship:	
a) Controlled entities	OKsystem a.s., having its registered office at Na Pankráci 1690/125, 140 21 Prague 4 – Nusle
b) Controlling person or entity	Martin Procházka Permanent residence: Nad Vavrouškou 709/3, 181 00 Prague 8 – Troja
Role of the controlled entity (in the group of related entities)	Business entity.
Method and means of control (§75 of the Business Corporations Act)	In accordance with the bylaws, the possibility of appointing or dismissing the persons in the corporate or supervisory body and a 90% share in voting rights.
Summary of actions taken during the reporting period in the interest of the controlling person or entity in respect of assets exceeding 10% of the controlled entity's equity	None were carried out.
Overview of contracts between the controlled and controlling entities or between controlled entities:	
a) Deliveries of goods	None were carried out.
b) Provisions of services	None were carried out.
c) Loans provided	None were provided.
d) Lease agreements	None were concluded.
e) Other performance or instructions and legal acts of the controlling entity	None.
Assessment whether the controlled entity incurred injury and its recompense in accordance with §71 and §72 of the Business Corporations Act	No injury was incurred by the controlled entity.

### Assessment of advantages and disadvantages ensuing from relationships between related entities

The Supervisory Board has assessed all relationships existing between the related entities and reached the following conclusion: No advantages or disadvantages ensue from the stated relationships between the related entities. No risks ensue from the stated relationships for the controlled entity.

Statement in accordance with §82(3) of the Business Corporations Act:  
The corporate body had sufficient information to prepare this report.  
The report was discussed by the Supervisory Board on 31 March 2021

On behalf of the Supervisory Board:

Eva Vodenková  
Chairwoman of the Supervisory Board  
of OKsystem a.s.

## Assessment of advantages and disadvantages ensuing from relationships between related entities

The Supervisory Board has assessed all relationships existing between the related entities and reached the following conclusion: **No advantages or disadvantages ensue from the stated relationships between the related entities. No risks ensue from the stated relationships for the controlled entity.**

Statement in accordance with §82 (3) of the Business Corporations Act: The corporate body had sufficient information to prepare this report.

 <b>OKsystem Inc.</b>	 <b>VinoDoc s.r.o.</b>	 <b>OKBC s.r.o.</b>
OKsystem Inc., having its registered office at 1133 Broadway, Suite 708, New York, NY 10010, United States of America	VinoDoc s.r.o., having its registered office at Na Pankráci 1690/125, 140 21 Prague 4 – Nusle	OKBC s.r.o., having its registered office at Na Pankráci 1690/125, 140 21 Prague 4 – Nusle
OKsystem a.s., having its registered office at Na Pankráci 1690/125, 140 21 Prague 4 – Nusle	OKsystem a.s., having its registered office at Na Pankráci 1690/125, 140 21 Prague 4 – Nusle	OKsystem a.s., having its registered office at Na Pankráci 1690/125, 140 21 Prague 4 – Nusle
Intermediating sales of software and provision of services abroad.	Broadening of the controlling company's activities to include e commerce systems.	Lease of office premises.
Possibility to appoint or dismiss persons in the corporate or supervisory body, 100% share in voting rights.	50% share in voting rights, possibility to appoint or dismiss persons in the corporate or supervisory body with the agreement of at least one other partner.	35.5% share in voting rights, possibility to appoint or dismiss persons in the corporate or supervisory body with the agreement of at least one other partner.
None were carried out.	None were carried out.	None were carried out.
None were carried out.	Based upon customary customer-supplier relationships.	None were carried out.
None were carried out.	None were carried out.	Supplied as part of a contract for lease.
A contract on provision of a loan was concluded between the controlled and controlling entities.	A contract on provision of a loan was concluded between the controlled and controlling entities.	None were carried out.
None were concluded.	None were concluded.	A lease contract concluded as of 21 September 2005. Lease price determined on the basis of an expert opinion.
None.	None.	None.
No injury was incurred by the controlled entity.	No injury was incurred by the controlled entity.	No injury was incurred by the controlled entity.

The Report on Relations between Related Entities was presented in Prague on 31 March 2021

  
 Martin Procházka  
 Chairman of the Board of Directors of  
 OKsystem a.s.

**X.**

# Report on the financial statements and auditor's opinion

**Ing. František MEIERL - auditor's certificate no. 1160**

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## **REPORT OF THE INDEPENDENT**

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### **AUDITOR**

**on auditing the financial statements**

**of OKsystem a.s.**

**having its registered office at Prague 4 – Nusle,  
Na Pankráci 1690/125, Postcode 140 21**

**for the financial year from 1 January 2020  
to 31 December 2020.**

Annexes: Balance sheet  
Income statement  
Notes to the financial statements  
Cash flow statement  
Statement of changes in equity

Prague 5 Zličín, 10 May 2021

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## **REPORT OF THE INDEPENDENT AUDITOR**

**Recipient: Shareholders of OKsystem a.s., having its registered office at Na Pankráci 1690/125, Prague 4 – Nusle, Postcode 140 21**

### ***Auditor's opinion***

*We have audited the attached financial statements of OKsystem a.s. (hereinafter referred to also as the "Company") prepared on the basis of Czech accounting regulations and comprising the balance sheet as of **31 December 2020**, the income statement, statement of changes in equity, and cash flow statement for the year ending **31 December 2020**, as well as the notes to these financial statements containing a description of significant accounting policies used and other explanatory information. Information on the Company is provided in the notes to these financial statements.*

***In our opinion, the financial statements present a true and fair view of the assets, liabilities, and owners' equity of OKsystem a.s. as of 31 December 2020, as well as of its expenses, revenues, profit, and cash flows for the year ending 31 December 2020 in accordance with Czech accounting regulations.***

### ***Basis for the opinion***

*We conducted our audit in accordance with the Act on Auditors and the Auditing Standards of the Chamber of Auditors of the Czech Republic, which comprise the International Standards on Auditing, as supplemented by the related application guidelines. Our responsibilities under this law and these regulations are further described in the section "Responsibility of the Auditor for Auditing the Financial Statements." In accordance with the Act on Auditors and the Code of Ethics adopted by the Chamber of Auditors of the Czech Republic, we are independent of the Company 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 audit opinion*

### ***Other information presented in the annual report***

*In compliance with §2 b) of the Act on Auditors, the other information comprises that information included in the annual report other than the financial statements and our auditor's report thereupon. The Company's 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, we are nevertheless responsible 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 laws and regulations. This assessment is to determine whether the other information complies with the requirements of laws and regulations in terms of formal requirements and procedures for preparing the other information in the context of materiality (i.e., whether any noncompliance with the stated requirements could influence judgments made on the basis of such other information).*

*Based upon the procedures performed, and to the extent we are able to assess it, we state 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 was prepared in compliance with applicable laws and regulations*

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

### ***Responsibility of the Company's Board of Directors and Supervisory Board for the financial statements***

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

*In preparing the financial statements, the Company's Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to its continuing as a 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 if it has no realistic alternative but to do so.*

### ***Responsibility of the auditor for auditing the financial statements***

*Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, be that 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 it is not a guarantee that an audit conducted in accordance with the aforementioned laws and regulations 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 economic decisions of users taken on the basis of these financial statements.*

*In conducting an audit in accordance with the aforementioned laws and regulations, it is our responsibility to exercise expert judgment and maintain professional skepticism throughout the audit. It is our responsibility also to:*

- *Identify and assess the risks of material misstatement in the financial statements, whether due to fraud or error, design and perform auditing 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 greater than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.*
- *Obtain an understanding of the Company's 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 internal control system..*

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Company's Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based upon 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 notes to the financial statements and, if such disclosures are inadequate, to modify our opinion. Our conclusions regarding the Company's ability to continue as a going concern are based upon the audit evidence we have obtained up to the date of our auditor's report. Nevertheless, 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 notes thereto, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We are responsible also to inform the Board of Directors and Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in the internal control system that we identify during our audit.

From the matters communicated with the Board of Directors and Supervisory Board, we are further responsible to determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless laws and regulations preclude public disclosure about the matters or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Prague 5 Zličín, 10 May 2021

The auditor performing the audit was **Ing. František MEIERL**,  
Lačnovská 377/8, 155 21 Prague 5 – Zličín,  
entered in the list of auditors maintained by  
the Chamber of Auditors  
of the Czech Republic  
under Certificate No. 1160.



Ing. František MEIERL  
Auditor Certificate No. 1160



# OKsystem

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