

B+N Czech Republic Facility Services s.r.o.

Annual report 2020

Annual Report 2020

Company name:	B+N Czech Republic Facility Services s.r.o. (ISS Facility Services s.r.o.)
Registered office as at the financial statements' date:	Antala Staška 510/38 140 00 Praha 4 – Krč
Business registration number (IČO):	604 70 291

Disclosure of operating results, profitability and financial position of ISS Facility Services s.r.o. (the "Company")

The following indicators describe the Company's activity, operating results and profitability in the given year and the financial position as at the financial statements' date, compared to previous years.

	31.12.2020	31.12.2019	31.12.2018
Activity indicator			
- average collection period of receivables	75 days	64 days	80 days
Profitability indicator			
- profit before tax / sales revenue	-0,1 %	-3,5 %	-1,0 %
	31.12.2020	31.12.2019	31.12.2018
Leverage ratio			
- total debt / equity	82 %	49 %	93 %
Liquidity ratio			
- current ratio	2,0	1,5	1,6

The indicators stated below had a material effect on operating results and profitability of the Company in the given year as well as on its financial position in the given reporting period:

- The Company's assets were CZK 407 029 thousand at the end of the fiscal year. During the period 1 January 2020 to 31 December 2020, total assets decreased by CZK 59 177 thousand, i.e. by 12.7%, as a result of decrease in receivables and tangible fixed assets.
- In 2020 all sales revenue of the Company came from cleaning services, security services, services of technical administration and maintenance of buildings and other supporting services.
- The Company's liquidity allows a timely payment of all liabilities. Compared to previous years, a favorable value of leverage ratio was maintained and the cash flow became more effective whilst the liquidity ratio was kept above 1. The gearing ratio was kept low mainly due to a zero balance of a loan received from the parent company.

- Despite generally difficult economic situation, the Company managed to achieve a sales of CZK 1 034 120 thousand in 2020, representing decrease of 14.3% compared to 2019.
- The profitability saw a moderate increase of 3.4% in 2020 compared to 2019. Taking into consideration a strict cost control and cost-effective management of working capital, the Company management anticipates keeping both the profitability and the operating profit level at the same levels in the future.

1. Subsequent events

The Company's owner and name changed in 2021. Changes were entered into the Commercial Register.

Owner:

B+N Referencia Zrt., 3644 Tardona, Katus domb 1., Hungary
Registration number: 05-10-000479
entered on 31 March 2021

Interest:

Contribution: CZK 27,000,000
Paid up: 100%
Percentage of ownership: 100%
Type of interest: basic
Order instrument: not issued
entered on 31 March 2021

Company name:

B+N Czech Republic Facility Services s.r.o.
entered on 1 April 2021

The Company's current name and owner were deleted from the Commercial Register on 31 March 2021.

In 2021 a tax authority has initiated audit in relation to VAT for the period 6/2019 -7/2019 and for the period 5/2018 -12/2018, which concerns two service suppliers.

2. Research and development costs

None.

3. Own shares and own interests

The Company does not hold own shares or own interests. As at 31 December 2020, the Company owned 83% interest in ISS Správa budov s.r.o. and 15% interest in ISS Security s.p.. The Company has no equity investment in the parent company.

4. Financial statements

The financial statements for the year ended 31 December 2020 and auditor's report thereon form an integral part of this annual report.

5. Branch or other part of business unit abroad

The Company has no branch or any other part of its business unit abroad.

6. Employer-employee relations and environmental protection

The Company is compliant with applicable legislation pertaining to employment and environmental protection.

7. Company's outlook

The Company expects an organic growth of sales revenue and a repeated profitability increase in 2021.

8. COVID-19 impact

The COVID-19 pandemic had a net positive effect on the financial results. Total net effect to profit represents CZK 26 441 thousand. The additional cleaning services and sale of disinfection material outweighed the negative impact from customers who had to limit their business activities.

In Prague on 4 June 2021



Priit Paiste

Statutory Representative of B+N Czech Republic Facility Services s.r.o.

B+N Czech Republic Facility Services s.r.o.
Financial Statements for the year ended 31 December 2020

(Translation of Financial Statements Originally Issued in Czech –
See Note 2 to the Financial Statements)

B+N Czech Republic Facility Services s.r.o. as at 31 December 2020
Czech Statutory Financial Statement Forms (in thousands of Czech crowns)

BALANCE SHEET

		Current year			Prior year 2019
		Gross	Allowances	Net	Net
	TOTAL ASSETS	648,349	(241,320)	407,029	466,206
A.	STOCK SUBSCRIPTION RECEIVABLE				
B.	FIXED ASSETS	297,588	(240,609)	56,979	110,922
B. I.	Intangible fixed assets	36,399	(36,365)	34	236
B. I. 1.	Development				
2.	Valuable rights	36,399	(36,365)	34	236
1.	Software	14,238	(14,204)	34	236
2.	Other valuable rights	22,161	(22,161)	0	
3.	Goodwill				
4.	Other intangible fixed assets				
5.	Advances granted for intangible fixed assets and intangible fixed assets in progress				
1.	Advances granted for intangible fixed assets				
2.	Intangible fixed assets in progress				
B. II.	Tangible fixed assets	257,566	(204,244)	53,322	106,808
B. II. 1.	Land and structures	1,462	(1,443)	19	137
1.	Land				
2.	Structures	1,462	(1,443)	19	137
2.	Movable assets and sets of movable assets	54,774	(41,737)	13,037	15,341
3.	Gain or loss on revaluation of acquired property	201,330	(161,064)	40,266	91,330
4.	Other tangible fixed assets				
1.	Perennial crops				
2.	Livestock				
3.	Miscellaneous tangible fixed assets				
5.	Advances granted for tangible fixed assets and tangible fixed assets in progress				
1.	Advances granted for tangible fixed assets				
2.	Tangible fixed assets in progress				
B. III.	Long-term investments	3,623	0	3,623	3,878
B. III. 1.	Interests – controlled or controlling entity	3,623		3,623	3,878
2.	Loans and borrowings – controlled or controlling entity				
3.	Interests – significant influence				
4.	Loans and borrowings - significant influence				
5.	Other long-term securities and interests				
6.	Loans and borrowings - other				
7.	Other long-term investments				
1.	Miscellaneous long-term investments				
2.	Advances granted for long-term investments				
C.	CURRENT ASSETS	346,347	(711)	345,636	343,041
C. I.	Inventories	460	0	460	476
C. I. 1.	Materials	460		460	476
2.	Work in progress and semi-finished production				
3.	Finished products and goods				
1.	Finished products				
2.	Goods				
4.	Livestock				
5.	Advances granted for inventories				
C. II.	Receivables	185,624	(711)	184,913	212,145
C. II. 1.	Long-term receivables	2	0	2	0
1.	Trade receivables				
2.	Receivables – controlled or controlling entity				
3.	Receivables – significant influence				
4.	Deferred tax asset				
5.	Other receivables	2		2	
5.1.	Receivables from partners				
5.2.	Long-term advances granted	2		2	
5.3.	Unbilled revenue				
5.4.	Miscellaneous receivables				

The accompanying income statement, cash flow statement, statement of changes in equity and notes are an integral part of the financial statements.

B+N Czech Republic Facility Services s.r.o. as at 31 December 2020
Czech Statutory Financial Statement Forms (in thousands of Czech crowns)

BALANCE SHEET

		Current year			Prior year 2019
		Gross	Allowances	Net	Net
C. II. 2.	Short-term receivables	185,622	(711)	184,911	212,145
1.	Trade receivables	151,550	(711)	150,839	168,728
2.	Receivables – controlled or controlling entity				
3.	Receivables – significant influence				
4.	Other receivables	34,072		34,072	43,417
4.1.	Receivables from partners	1,032		1,032	1,260
4.2.	Social security and health insurance				
4.3.	Due from government - tax receivables				1,734
4.4.	Short-term advances granted	3,698		3,698	2,382
4.5.	Unbilled revenue	28,250		28,250	36,799
4.6.	Miscellaneous receivables	1,092		1,092	1,242
C. III.	Short-term financial assets	0	0	0	0
1.	Interests - controlled or controlling entity				
2.	Other short-term financial assets				
C. IV.	Cash	160,263	0	160,263	130,420
1.	Cash in hand	92		92	260
2.	Cash at bank	160,171		160,171	130,160
D.	Prepaid expenses and accrued income	4,414	0	4,414	12,243
D. 1.	Prepaid expenses	4,414		4,414	12,243
2.	Prepaid expenses (specific-purpose expenses)				
3.	Accrued income				

The accompanying income statement, cash flow statement, statement of changes in equity and notes are an integral part of the financial statements.

B+N Czech Republic Facility Services s.r.o. as at 31 December 2020
Czech Statutory Financial Statement Forms (in thousands of Czech crowns)

BALANCE SHEET

		Current year	Prior year 2019
	TOTAL EQUITY & LIABILITIES	407,029	466,206
A.	EQUITY	223,033	229,954
A. I.	Basic capital	27,000	27,000
A. I. 1.	Registered capital	27,000	27,000
2.	Own ownership interests (-)		
3.	Changes in basic capital		
A. II.	Share premium and revaluation reserve	41,600	41,600
A. II. 1.	Share premium		
2.	Capital funds	41,600	41,600
1.	Other capital funds	41,600	41,600
2.	Gain or loss on revaluation of assets and liabilities (+/-)		
3.	Gain or loss on revaluation upon corporate transformation (+/-)		
4.	Differences arising on corporate transformation (+/-)		
5.	Differences arising between balance sheet date and transformation date (+/-)		
A. III.	Reserves from profit	3,099	3,099
A. III. 1.	Other reserves	2,700	2,700
2.	Statutory and other reserves	399	399
		0	0
A. IV.	Profit (loss) brought forward (+/-)	158,254	200,281
IV. 1.	Retained earnings	158,254	200,281
2.	Other profit (loss) brought forward (+/-)		
A. V.	Profit (loss) for the year (+/-)	(6,920)	(42,026)
A. VI.	Approved decision on advances for profit distribution (-)	0	0
B. + C.	PROVISIONS AND LIABILITIES	183,996	236,252
B.	Provisions	8,913	0
B. 1.	Provision for pensions and similar obligations		
2.	Provision for corporate income tax	8,913	
3.	Provisions recognized under special legislation		
4.	Other provisions		
C.	Liabilities	175,083	236,252
C. I.	Long-term liabilities	5,708	9,021
1.	Bonds payable		
1.	Convertible bonds		
2.	Other bonds		
2.	Amounts owed to credit institutions		
3.	Long-term advances received		
4.	Trade payables		
5.	Long-term notes payable		
6.	Liabilities – controlled or controlling entity		1
7.	Liabilities – significant influence		
8.	Deferred tax liability	5,708	9,020
9.	Other liabilities		
1.	Liabilities to partners		
2.	Unbilled deliveries		
3.	Miscellaneous liabilities		
C. II.	Current liabilities	169,375	227,231
1.	Bonds payable		
1.	Convertible bonds		
2.	Other bonds		
2.	Amounts owed to credit institutions		
3.	Short-term advances received		353
4.	Trade payables	106,682	132,714
5.	Short-term notes payable		
6.	Liabilities – controlled or controlling entity		
7.	Liabilities – significant influence		
8.	Other liabilities	62,693	94,164
1.	Liabilities to partners		
2.	Short-term borrowings		
3.	Liabilities to employees	18,477	23,805
4.	Liabilities arising from social security and health insurance	8,618	11,636
5.	Due to government – taxes and subsidies	6,494	9,674
6.	Unbilled deliveries	25,123	47,382
7.	Miscellaneous liabilities	3,981	1,667
D.	Accruals and deferred income	0	0
D. 1.	Accruals		
2.	Deferred income		

The accompanying income statement, cash flow statement, statement of changes in equity and notes are an integral part of the financial statements.

INCOME STATEMENT

		Current year	Prior year 2019
I.	Revenue from sale of finished products and services	1,001,334	1,170,673
II.	Revenue from sale of goods	32,786	35,362
A.	Production-related consumption	595,666	711,808
A.1.	Cost of goods sold	42,264	42,237
A.2.	Consumption of material and energy	53,317	72,290
A.3.	Services	500,085	597,281
B.	Change in inventory produced internally (+/-)	0	0
C.	Own work capitalized (-)	0	0
D.	Personnel expenses	407,790	513,061
D.1.	Wages and salaries	316,844	396,197
D.2.	Social security and health insurance costs and other costs	90,946	116,864
D.2.1.	Social security and health insurance costs	86,016	110,779
D.2.2.	Other costs	4,930	6,085
E.	Value adjustments in respect of operating activities	55,639	30,448
E.1.	Value adjustments in respect of intangible and tangible fixed assets	56,249	31,413
E.1.1.	Value adjustments in respect of intangible and tangible fixed assets - permanent	56,249	31,413
E.1.2.	Value adjustments in respect of intangible and tangible fixed assets - temporary		
E.2.	Value adjustments in respect of inventory		
E.3.	Value adjustments in respect of receivables	(610)	(965)
III.	Other operating income	25,514	10,017
III.1.	Income from sale of fixed assets	222	608
III.2.	Income from sale of materials		
III.3.	Miscellaneous operating income	25,292	9,409
F.	Other operating expenses	10,114	2,744
F.1.	Net book value of fixed assets sold	2,226	536
F.2.	Net book value of materials sold		
F.3.	Taxes and charges relating to operations	122	(281)
F.4.	Provisions relating to operations and prepaid expenses (specific-purpose expenses)		
F.5.	Miscellaneous operating expenses	7,766	2,489
*	Profit or loss on operating activities (+/-)	(9,575)	(42,009)
IV.	Income from long-term investments - interests	11,501	0
IV.1.	Income from interests in subsidiaries or parents	11,501	
IV.2.	Other income from interests		
G.	Cost of interests sold	501	0
V.	Income from other long-term investments	0	0
V.1.	Income from other long-term investments - subsidiaries or parents		
V.2.	Other income from other long-term investments		
H.	Expenses relating to other long-term investments	0	0
VI.	Interest receivable and similar income	10	0
VI.1.	Interest receivable and similar income - subsidiaries or parents	10	
VI.2.	Other interest receivable and similar income		
I.	Value adjustments and provisions relating to financial activities	0	0
J.	Interest payable and similar expenses	154	459
J.1.	Interest payable and similar expenses - subsidiaries or parents	154	459
J.2.	Other interest payable and similar expenses		
VII.	Other finance income	423	56
K.	Other finance cost	3,023	2,922
*	Profit or loss on financial activities (+/-)	8,256	(3,325)
**	Profit or loss before taxation (+/-)	(1,319)	(45,334)

The accompanying balance sheet, cash flow statement, statement of changes in equity and notes are an integral part of the financial statements.

B+N Czech Republic Facility Services s.r.o. for the year ended 31 December 2020

Czech Statutory Financial Statement Forms (in thousands of Czech crowns)

INCOME STATEMENT

		Current year	Prior year 2019
L.	Income tax	5,601	(3,308)
L.1.	Income tax due	8,913	
L.2.	Income tax deferred (+/-)	(3,312)	(3,308)
**	Profit or loss after taxation (+/-)	(6,920)	(42,026)
M.	Transfer of share of profit or loss to partners (+/-)	0	0
***	Profit or loss for the year (+/-)	(6,920)	(42,026)
*	Net turnover	1,071,568	1,216,108

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B+N Czech Republic Facility Services s.r.o. for the year ended 31 December 2020
Czech Statutory Financial Statement Forms (in thousands of Czech crowns)

CASH FLOW STATEMENT

For the years ended 31 December 2020 and 2019

		Current year	Prior year 2019
Cash flows from operating activities			
Z.	Profit or loss on ordinary activities before taxation (+/-)	(1,319)	(45,334)
A. 1.	Adjustments to reconcile profit or loss to net cash provided by or used in operating activities	46,787	29,900
A. 1. 1.	Depreciation and amortization of fixed assets and write-off of receivables	56,249	30,478
A. 1. 2.	Change in allowances	(610)	(965)
A. 1. 3.	Change in provisions		
A. 1. 4.	Foreign exchange differences		
A. 1. 5.	(Gain)/Loss on disposal of fixed assets	(8,986)	(72)
A. 1. 6.	Interest expense and interest income	144	459
A. 1. 7.	Other non-cash movements (e.g. revaluation at fair value to profit or loss, dividends received)	(10)	
A *	Net cash from operating activities before taxation, changes in working capital and extraordinary items	45,468	(15,434)
A. 2.	Change in non-cash components of working capital	(24,132)	37,851
A. 2. 1.	Change in inventory	16	1,018
A. 2. 2.	Change in trade receivables	18,499	41,276
A. 2. 3.	Change in other receivables and in prepaid expenses and unbilled revenue	15,210	11,211
A. 2. 4.	Change in trade payables	(26,032)	(48,343)
A. 2. 5.	Change in other payables, and in accruals and deferred income	(31,825)	32,689
A **	Net cash from operating activities before taxation, interest paid and extraordinary items	21,336	22,417
A. 3. 1.	Interest paid	(154)	(459)
A. 4. 1.	Income Tax paid	1,734	(829)
A ***	Net cash provided by (used in) operating activities	22,916	21,129
Cash flows from investing activities			
B. 1. 1.	Purchase of fixed assets	(5,033)	(7,388)
B. 2. 1.	Proceeds from sale of fixed assets	11,713	608
B. 3. 1.	Loans granted	228	325
B. 4. 1.	Interest received	10	
B. 5. 1.	Dividends received	10	
B ***	Net cash provided by (used in) investing activities	6,928	(6,455)
Cash flows from financing activities			
C. 1.	Change in long-term liabilities, and long-term and short-term loans	(1)	0
C. 2. 1.	Effect of other changes in equity on cash		
C. 2. 2.	Profit shares paid		
C. 2. 3.	Effect of other changes in own capital on cash		
C ***	Net cash provided by (used in) financing activities	(1)	0
F.	Net increase (decrease) in cash	29,843	14,674
P.	Cash and cash equivalents at beginning of year	130,420	115,746
R.	Cash and cash equivalents at end of year	160,263	130,420

The accompanying balance sheet, income statement, statement of changes in equity and notes are an integral part of the financial statements.

1. DESCRIPTION OF THE COMPANY

B+N Czech Republic Facility Services s.r.o. (ISS Facility Services s.r.o.) ("the Company") is a limited liability company incorporated on 7 January 1994 in the Czech Republic. The Company's registered office is located at Antala Staška 510/38, 140 00 Praha 4 - Krč, Czech Republic, and the business registration number (IČ) is 60470291. The Company is involved in the provision of cleaning and security services; installation, repair and revision of heating, electrical, electronic and telecommunications equipment; special protective disinfection, disinsectization and deratization; and in the provision of other support services.

ISS Global A/S, with its registered office at 2860 Soeborg, Buddingevej 197, Denmark, is the Company's sole owner as at 31 December 2020. The Company is included in the consolidated group of the parent company.

Priit Paiste is the Company's statutory representative as at 31 December 2020.

The Company is divided into the following departments: operation, financial, human resources, commercial and Business Development & Service Excellence departments.

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS

The accompanying financial statements were prepared in accordance with the Czech Act on Accounting and the related guidelines as applicable for 2020 and 2019.

The Company's management considered the potential impacts of COVID-19 on its operations and business and concluded that it did not have a significant effect on the going concern assumption. For this reason, the financial statements as at 31 December 2020 have been prepared on the assumption that the Company will be able to continue as a going concern.

Explanation Added for Translation into English

These financial statements are presented on the basis of accounting principles and standards generally accepted in the Czech Republic. Certain accounting practices applied by the Company that conform with generally accepted accounting principles and standards in the Czech Republic may not conform with generally accepted accounting principles in other countries.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied by the Company in preparing the 2020 and 2019 financial statements are as follows:

a) Intangible Fixed Assets

Intangible fixed assets are recorded at their acquisition cost and related expenses.

Intangible fixed assets with a cost exceeding CZK 60 thousand in 2020 and 2019 are amortized over their useful economic lives.

Amortization

Amortization is calculated based on the acquisition cost and the estimated useful life of the related asset. The following table shows the amortization methods and periods:

	Years
Software	3
Valuable rights and licenses	6

b) Tangible Fixed Assets

Tangible fixed assets are recorded at their acquisition cost, which consists of purchase price, freight, customs duties and other related costs.

Purchased tangible fixed assets with a cost exceeding CZK 10 thousand are depreciated over their useful economic lives.

The costs of technical improvements are capitalized. Repairs and maintenance expenses are expensed as incurred.

Gain or loss on the revaluation of acquired property represents the difference between the valuation of an enterprise, or a part thereof, acquired in merger by acquisition and the aggregate of individually revalued asset components in accounting of a dissolving and demerging through a spin off accounting entity, net of assumed liabilities.

Depreciation

Depreciation is calculated based on the acquisition cost and the estimated useful life of the related asset. The following table shows the depreciation methods and periods:

	Years
Leasehold improvements	4
Machinery and equipment	6
Vehicles	4
Small tangible fixed assets	4
Gain or loss on revaluation of acquired property	15

c) Cash

Cash includes liquid valuables, cash in hand and at bank.

d) Long-Term Financial Investments

Long-term financial assets consist of ownership interests in subsidiaries and are recorded at their acquisition cost, which includes direct costs related to the acquisition, e.g. fees and commissions paid to lawyers and advisors. If there is a decrease in the carrying value of long-term financial assets that are not revalued at the balance sheet date, the difference is considered a temporary diminution in value and is recorded as an allowance.

e) Inventory

Purchased inventory of cleaning supplies and workwear is stated at actual cost being determined using the first-in, first-out ('FIFO') method, supplies of food are stated at an average cost. Costs of purchased inventory include acquisition-related costs (such as freight, customs, commission, etc.).

f) Receivables

Receivables are initially measured at their nominal amount. Both long- and short-term receivables are carried at their realizable value after allowance for doubtful accounts. Additions to the allowance account are charged to income.

g) Equity

The basic capital of the Company is stated at the amount recorded in the Commercial Register maintained in the Municipal Court.

Other capital funds consist of monetary contributions in excess of basic capital.

h) Provisions and Liabilities

Long-term liabilities and current liabilities are carried at their nominal values.

i) Leases

The Company records leased assets by expensing the lease payments on a straight-line basis over the lease term. When the lease contract expires and the purchase option is exercised, the leased asset is expensed.

j) Foreign Currency Transactions

Assets and liabilities whose acquisition or production costs were denominated in foreign currencies are translated into Czech crowns at the Czech National Bank's daily exchange rate. On the balance sheet date monetary items were adjusted to the exchange rates as published by the Czech National Bank as at 31 December.

Realized and unrealized exchange rate gains and losses were charged or credited, as appropriate, to finance income for the year.

k) Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the reporting period. The Company management prepared these estimates and predictions based on all available relevant information. These estimates and assumptions are based on information available as at the date of the financial statements and may differ from actual results.

l) Recognition of Revenues and Expenses

Revenues and expenses are recognized on an accrual basis, that is, they are recognized in the periods in which the actual flow of the related goods or services occurs, regardless of when the related monetary flow arises.

Cost of goods purchased, which were consumed to ensure an order, is presented in 'Cost of goods sold' caption in the income statement. The related sales revenue for the respective order is presented in 'Revenue from sale of finished products and services' caption in the income statement.

m) Income Tax

The corporate income tax expense is calculated based on the statutory tax rate and book income before taxes, increased or decreased by the appropriate permanent and temporary differences (e.g. non-deductible provisions and allowances, entertainment expenses, differences between book and tax depreciation, etc.). In addition, the following items are taken into consideration: tax base decreasing items (donations), tax deductible items and income tax reliefs.

The deferred tax position reflects the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for corporate income tax purposes, taking into consideration the period of realization. The deferred tax is calculated based on the tax rate expected in future tax periods.

n) Subsequent Events

The impact of events that occurred between the balance sheet date and the date of the financial statements preparation is recognized in the financial statements provided these events provide additional evidence about conditions that existed at the date of the balance sheet.

If material events reflecting the facts occurring after the balance sheet date happened between the balance sheet date and the date of the financial statements preparation the consequences of these events are disclosed in the notes to the financial statements but not recognized in the financial statements.

4. FIXED ASSETS**a) Intangible Fixed Assets (in CZK thousands)****COST**

	At beginning of year	Additions	Disposals	At end of year
Software	14,549		(311)	14,238
Valuable rights and licenses	22,161	-	-	22,161
Intangible fixed assets in progress	-	-	-	-
Total 2020	36,710	-	(311)	36,399
Total 2019	37,197	-	(487)	36,710

ACCUMULATED AMORTIZATION

	At beginning of year	Amortization during year	Disposals	At end of year	Net book value
Software	14,313	81	(190)	14,204	34
Valuable rights and licenses	22,161	-	-	22,161	-
Intangible fixed assets in progress	-	-	-	-	-
Total 2020	36,474	81	(190)	36,365	34
Total 2019	36,722	239	(487)	36,474	236

b) Tangible Fixed Assets (in CZK thousands)**COST**

	At beginning of year	Additions	Disposals	Transfers	At end of year
Structures	1,933	-	(471)	-	1,462
Separate movable items	61,952	4,806	(11,984)	-	54,774
Gain or loss on revaluation of acquired property	421,109	-	(219,779)	-	201,330
Tangible fixed assets in progress	-	-	-	-	-
Total 2020	484,994	4,806	(232,234)	-	257,566
Total 2019	486,945	7,399	(9,350)	-	484,994

ACCUMULATED DEPRECIATION

	At beginning of year	Depreciation during year	Disposals	Cost of sales or liquidation	At end of year	Net book value
Structures	1,796	117	(470)	-	1,443	19
Separate movable items	46,610	4,867	(11,966)	2,226	41,737	13,037
Gain or loss on revaluation of acquired property	329,779	51,064	(219,779)	-	161,064	40,266
Tangible fixed assets in progress	-	-	-	-	-	-
Total 2020	378,185	56,048	(232,215)	2,226	204,244	53,322
Total 2019	355,815	31,184	(9,350)	536	378,185	106,808

The gain or loss on the revaluation of acquired property was determined on the basis of expert opinions prepared for the purposes of determining the fair value of the assets and liabilities of Ryvola s.r.o. in connection with merger with the Company, effective date 1 January 2009, and for the purposes of determining the fair value of a spun-off part of assets and liabilities of ISS Optimal s.r.o. in connection with demerger of this company through a spin-off followed by acquisition by the Company, effective date 1 January 2008.

The total value of small tangible assets which are not reflected in the accompanying balance sheet was CZK 15,917 thousand and CZK 18,947 thousand at acquisition cost as at 31 December 2020 and 2019, respectively.

In connection with the sale of interest held in ISS Optimal s.r.o., a net book value of the gain or loss on revaluation was depreciated in the amount of CZK 37,643 thousand.

c) Long-Term Financial Investments

Subsidiaries as at 31 December 2020 were as follows (in CZK thousands):

	ISS Správa budov s.r.o. Antala Staška 510/38 140 00 Prague 4	ISS Security Services spol. s.r.o. Dúbravská cesta 14 84104 Bratislava, Slovakia
Registered office		
Percentage of ownership	83%	15%
Total assets	93,827	7,096
Equity	73,066	(8,672)
Share in equity	60,645	(1,301)
Basic capital and capital funds	1,000	131
Reserves from profit	100	-
Retained earnings/Accumulated loss	68,526	(6,352)
Profit/loss for the current year	3,440	(2,451)
Acquisition cost of share / interest	3,603	20
Dividends received during the year	-	-

B+N Czech Republic Facility Services s.r.o.

Financial Statements for the year ended 31 December 2020

Subsidiaries as at 31 December 2019 were as follows (in CZK thousands):

	ISS Správa budov s.r.o.	ISS Optimal, s.r.o.	ISS Facility Services EOOD	ISS Security Services spol. s.r.o.
Registered office	Antala Staška 510/38 140 00 Prague 4	Antala Staška 510/38 140 00 Prague 4	Patriarch Evtimij 16a 1000 Sofia, Bulgaria	Dúbravská cesta 14 84104 Bratislava, Slovakia
Percentage of ownership	83%	99%	100%	15%
Total assets	85,196	1	27,244	10,088
Equity	69,626	1	16,669	(5,768)
Share in equity	57,790	1	16,669	(865)
Basic capital and capital funds	1,000	200	65	127
Reserves from profit	100	-	-	-
Retained earnings/Accumulated loss	59,901	(199)	16,084	(4,320)
Profit/loss for the current year	8,625	-	520	(1,575)
Acquisition cost of share / interest	3,603	180	75	20
Dividends received during the year	-	-	-	-

In 2020 the Company realized the sale of interests held in ISS Optimal s.r.o. and ISS Facility Services EOOD.

Financial information about the subsidiaries ISS Správa budov s.r.o. and ISS Facility Services EOOD was obtained from the companies' standalone audited financial statements, while financial information about the subsidiaries ISS Security Services spol. s r.o. and ISS Optimal, s.r.o. was not audited.

Financial information about ISS Security Services spol. s.r.o. was translated into CZK at the exchange rates as published by the Czech National Bank as at 31 December 2020 and 31 December 2019, respectively. Financial information about ISS Facility Services EOOD was translated into CZK at the exchange rates as published by the Czech National Bank as at 31 December 2019.

5. RECEIVABLES

Allowances against outstanding receivables that are considered doubtful were charged to income based on the assessment of collectability of these receivables in 2020 and 2019, respectively (see Note 6).

As at 31 December 2020 and 2019, receivables overdue for more than 180 days totaled CZK 760 thousand and CZK 1,279 thousand, respectively.

The Company wrote off irrecoverable receivables of CZK 41 thousand and CZK 935 thousand in 2020 and 2019, respectively due to unsatisfying the claims in bankruptcy proceedings. The receivables remain recorded off-balance sheet.

As at 31 December 2020 and 2019, unbilled revenue represents, in particular, bonuses from suppliers not yet invoiced and services provided to customers but not yet invoiced.

Receivables from related parties (see Note 15).

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Financial Statements for the year ended 31 December 2020

6. ALLOWANCES

Allowances reflect a temporary diminution in the value of assets (see Note 5).

Changes in the allowance accounts (in CZK thousands):

Allowances against	Balance as at 31/ 12/ 2018	Additions	Deductions	Balance as at 31/ 12/ 2019	Additions	Deductions	Balance as at 31/ 12/ 2020
Receivables – legal	1,631	319	(1,279)	671	195	(319)	547
Receivables – other	655	649	(654)	650	120	(606)	164
Total	2,286	968	(1,933)	1,321	315	(925)	711

Legal allowances are created in compliance with the Act on Provisions and are tax deductible.

7. PREPAID EXPENSES AND ACCRUED INCOME

Prepaid expenses include, in particular, costs related to the orders, which are charged to income for the year in which they were incurred.

8. EQUITY

Statement of changes in equity (in CZK thousands):

	Balance as at 31/ 12/ 2018	Increase	Decrease	Rounding	Balance as at 31/ 12/ 2019	Increase	Decrease	Rounding	Balance as at 31/ 12/ 2020
Basic capital	27,000	-	-	-	27,000	-	-	-	27,000
Other capital funds	41,600	-	-	-	41,600	-	-	-	41,600
Reserve	2,700	-	-	-	2,700	-	-	-	2,700
Other funds	399	-	-	-	399	-	-	-	399
Retained earnings/ accumulated loss	213,052	-	(12,770)	(1)	200,281	-	(42,026)	(1)	158,254
Profit (loss) for the year	(12,770)	12,770	(42,026)	-	(42,026)	42,026	(6,920)	-	(6,920)
Total	271,981	12,770	(54,796)	(1)	229,954	42,026	(48,946)	(1)	223,033

Pursuant to the decision of the Company's sole owner made on 9 January 2020 and 31 August 2020, the aforementioned loss compensation for 2018 and 2019 was approved. The Company assumes that the loss for 2020 will be transferred to 'Accumulated loss'.

9. CURRENT LIABILITIES

As at 31 December 2020 and 2019, current trade payables totaled CZK 106,682 thousand and CZK 130,897 thousand, respectively, of which overdue payables accounted for CZK 22,424 thousand and CZK 63,979 thousand, respectively.

As at 31 December 2020 and 2019, the Company had due liabilities of CZK 8,618 thousand and CZK 11,636 thousand, respectively owing to social security and health insurance premiums.

As at 31 December 2020 and 2019, unbilled deliveries represent, in particular, unbilled services and employee bonus estimate.

Payables to related parties (see Note 15).

10. INCOME TAXES

On the basis of preliminary calculation the Company calculated tax expense as follows (in CZK thousands):

	2020	2019
Loss before taxes	(1,319)	(45,334)
Difference between book and tax depreciation	(347)	(575)
Non-deductible expenses:		
Creation of allowances (reversal)	(485)	(5)
Depreciation of gain or loss on revaluation	51,064	25,970
Other	(2,000)	6,133
Taxable income / (tax loss)	46,913	(13,811)
Current income tax rate	19%	19%
Tax	8,913	-
Current tax expense	8,913	-

In 2020, the Company created an income tax provision of CZK 8,913 thousand.

The Company quantified deferred taxes as follows (in CZK thousands):

	2020		2019	
Deferred tax items	Deferred tax asset	Deferred tax liability	Deferred tax asset	Deferred tax liability
Difference between net book value of fixed assets for accounting and tax purposes	-	(178)	-	(118)
<i>Other temporary differences:</i>				
Gain or loss on the revaluation of acquired property	-	(7,651)	-	(10,201)
Allowance against receivables	31		124	-
Unbilled deliveries	2,090		1,175	-
Total	2,121	(7,829)	1,299	(10,319)
Net		(5,708)		(9,020)

As at 31 December 2020 and 2019, the Company recorded a deferred tax liability of CZK 5,708 thousand and CZK 9,020 thousand, respectively.

11. LEASES

The Company leases fixed assets, which are not recorded on the balance sheet (see Note 3i).

Under operating leases, the Company holds 102 and 121 cleaning machines and 155 and 189 automobiles as at 31 December 2020 and 2019, respectively. Total annual costs related to the operating leases were CZK 31,129 thousand and CZK 37,134 thousand in 2020 and 2019, respectively.

Assets which are being used by the Company under finance leases (i.e. the assets are transferred to the Company when the lease term expires) as at 31 December 2020 and 2019 consist of the following (in CZK thousands):

Description	Conditions	Total lease	Payments made as at 31/ 12/ 2020	Payments made as at 31/ 12/ 2019	Remaining payments as at 31/ 12/ 2020	
					Due within one year	Due over one year
Machinery and equipment	3 – 6 years	2,614	1,822	1,679	412	380

12. COMMITMENTS AND CONTINGENCIES

As at 31 December 2020 and 2019, the Company had commitments and contingencies, which were not shown on the balance sheet. The contingencies of CZK 3,750 thousand and CZK 4,734 thousand, respectively, relate to a bank guarantee issued by Československá obchodní banka, a.s., in favor of a third party.

13. REVENUES

in CZK thousands	2020	2019
Cleaning services and security	735,266	818,279
Maintenance	246,003	304,731
Catering	19,598	46,876
Other services	467	787
Total	1,001,334	1,170,673

The sale of goods is part of provided cleaning and maintenance services and includes cleaning materials, hygienic materials and materials for technical maintenance of facilities.

The revenues of the Company were concentrated primarily with 30 main customers in the banking, health care, industrial production and shops sectors.

14. PERSONNEL AND RELATED EXPENSES

The breakdown of personnel expenses is as follows (in CZK thousands):

	2020	2019
	Employees total	Employees total
Average number of employees	2,131	2,728
Wages and salaries	309,273	388,289
Bonuses to members of Company bodies	7,571	7,908
Social security and health insurance	86,016	110,779
Social cost	4,931	6,085
Total personnel expenses	407,790	513,061

15. RELATED PARTY INFORMATION

The members of statutory and supervisory bodies, directors and executive officers were granted no loans, guarantees, advances or other benefits in 2020 and 2019, with the exception of the use of company automobiles for personal needs.

The Company sells services and products to related parties in the ordinary course of business. Sales were CZK 170,715 thousand and CZK 132,470 thousand in 2020 and 2019, respectively.

Short-term receivables from related parties as at 31 December were as follows (in CZK thousands):

Related party	2020	2019
ISS Správa budov s.r.o.	12,656	8,335
ISS International Czech Republic s.r.o.	10,683	-
ISS Facility Services s.r.o. (Slovakia)	21	2,472
ISS Facility Services (Mexico)	-	1,138
ISS Facility Services A/S (Denmark)	-	21
ISS Global Services (Denmark)	-	1,817
Total	23,360	13,783

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Financial Statements for the year ended 31 December 2020

As at 31 December 2020 and 2019, receivables from partners include a receivable of CZK 1,032 thousand and CZK 1,260 thousand from CENTRA a.s., arising from an agreement on an association to perform a public contract signed between the Company and CENTRA a.s.

The Company purchases products and receives services from related parties in the ordinary course of business. In addition, the Company pays its parent company ISS Global A/S the license fees based on the sale of services effected by the Company and the management fees based on management services received from the parent company. ISS Správa budov s.r.o. provides the Company with services for performing some of the Company's orders.

Costs charged by related parties were CZK 48,955 thousand and CZK 52,423 thousand in 2020 and 2019, respectively.

As at 31 December 2020, the Company records a receivable of CZK 10,478 thousand from ISS Global A/S, arising from not-yet-invoiced management and license fees and other expenses, in unbilled revenue.

As at 31 December 2019, the Company records a receivable of CZK 6,717 thousand from ISS Global A/S in unbilled revenue and a liability of CZK 21,962 thousand to ISS Global A/S in unbilled deliveries, both receivable and liability arising from not-yet-invoiced management and license fees and other expenses.

Short-term payables to related parties as at 31 December were as follows (in CZK thousands):

Related party	2020	2019
ISS Facility Services s.r.o. (Slovakia)	1,088	1,416
ISS GLOBAL A/S (Denmark)	19,700	-
ISS International Czech Republic s.r.o.	311	-
SC ISS Facility Services (Romania)	-	252
ISS Facility Services Sp.z.o. (Poland)	-	54
ISS Catering NV (Belgium)	-	126
ISS Facility Services Kft. (Hungary)	-	246
ISS FACILITY SERVICES LIMITED (Great Britain)	-	147
Total	21,099	2,241

Loans received from related parties as at 31 December were as follows (in CZK thousands):

Related party	Due date	Interest expense	Interest rate	Balance as at 31/ 12/ 2020	Due within one year	Due in subsequent years
ISS Správa budov s.r.o.	Paid up in 2020	10	3M PRIBOR + 1.5% p.a.	-	-	-
Total		10		-	-	-

Related party	Due date	Interest expense	Interest rate	Balance as at 31/ 12/ 2020	Due within one year	Due in subsequent years
ISS Správa budov s.r.o.	Paid up in 2019	87	3M PRIBOR + 1.5% p.a.	-	-	-
Total		87		-	-	-

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Financial Statements for the year ended 31 December 2020

Default interest from trade payables of ISS Global A/S was CZK 143 thousand in 2020.

In 2020 the Company realized the sale of part of ISS International Czech Republic s.r.o.; income and expenses associated with the sale are recorded in 'Miscellaneous operating income' and 'Miscellaneous operating expenses'.

The Company received dividends of CZK 9,223 thousand from related parties in 2020.

The Company received no dividends from related parties in 2019.

16. SIGNIFICANT ITEMS OF INCOME STATEMENT

In 2020, miscellaneous operating income includes in particular income from the sale of part of enterprise, provision of support service to group companies, sales of other material, volume bonus for taking the goods and services, damages, and Antivirus subsidies.

In 2019, miscellaneous operating income includes in particular income from support services provided to group companies, sales of other material, damages, and income from written-off receivables.

Statutory auditor's fees were CZK 903 thousand and CZK 678 thousand in 2020 and 2019, respectively.

B+N Czech Republic Facility Services s.r.o.

Financial Statements for the year ended 31 December 2020

17. SUBSEQUENT EVENTS

The Company's owner and name changed in 2021. Changes were entered into the Commercial Register.

Owner:

B+N Referecia Zrt., 3644 Tardona, Katus domb 1., Hungary

Registration number: 05-10-000479

entered on 31 March 2021

Interest:

Contribution: CZK 27,000,000

Paid up: 100%

Percentage of ownership: 100%

Type of interest: basic

Order instrument: not issued

entered on 31 March 2021

Company name:

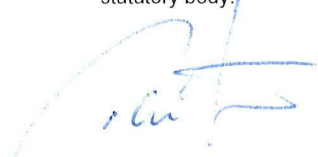


B+N Czech Republic Facility Services s.r.o.

entered on 1 April 2021

The Company's current name and owner were deleted from the Commercial Register on 31 March 2021.

In 2021 a tax authority has initiated audit in relation to VAT for the period 6/2019 -7/2019 and for the period 5/2018 -12/2018, which concerns two service suppliers.

18. STATEMENT OF CHANGES IN EQUITY (SEE NOTE 8)

Prepared on:	Signature of entity's statutory body:	Person responsible for financial statements:	Person responsible for accounting:
			
4 June 2021	Priit Paiste	Libor Holík	Ing. Tetiana Tkachenko

**REPORT ON RELATIONS
OF**

ISS Facility Services s.r.o.

(for the reporting period
from 1 January 2020 to 31 December 2020)

Reporting period from 1 January 2020 to 31 December 2020

In compliance with the provisions of Section 82 of Act No. 90/2012 Coll., on Corporations and Cooperatives, as amended (hereinafter referred to as the “**Corporations Act**”), ISS Facility Services s.r.o., with its registered office located at Antala Staška 510/38, 140 00 Praha 4 – Krč, business registration number (IČO): 604 70 291 (hereinafter referred to as the “**Company**” or “**ISS Facility Services s.r.o.**”), has prepared this Report on Relations for the reporting period from 1 January 2020 to 31 December 2020 (hereinafter referred to as the “**reporting period**”).

1. The Structure of Relations between the Controlling Entity and the Company and between the Company and Entities Controlled by the Same Controlling Entity

1.1. Entity controlling ISS Facility Services s.r.o.

ISS Global A/S, with its registered office located at 2860 Soeborg, Buddingevej 197, Denmark (hereinafter referred to as “**ISS Global A/S**”), was the Company’s sole owner in the reporting period.

1.2. Entities controlled by ISS Facility Services s.r.o.

a) ISS Správa budov s.r.o.

As at 31 December 2020, the Company holds an 83% interest in ISS Správa budov s.r.o., with its registered office located at Antala Staška 510/38, 140 00 Praha 4 – Krč, business registration number (IČO): 485 86 170. The remaining interest of 17% in ISS Správa budov s.r.o. is held by ISS Global A/S.

b) ISS Security Services spol. s.r.o.

As at 31 December 2020, the Company holds a 15% interest in ISS Security Services spol. s.r.o., with its registered office located at Dúbravská cesta, 84104 Bratislava, Slovakia, business registration number (IČO): 50831542. The remaining interest of 85% in ISS Security Services spol. s.r.o. is held by ISS Facility Services spol. s.r.o. (Slovakia), with its registered office located at Dúbravská cesta, 841 04 Bratislava, Slovakia, business registration number (IČO): 31345212.

1.3. Other entities controlled by ISS Global A/S

a) ISS Facility Services spol. s r.o.

As at 31 December 2020, ISS Global A/S holds a 100% interest in ISS Facility Services spol. s r.o., with its registered office located at Dúbravská cesta 14, 841 04 Bratislava, Slovakia, business registration number (IČO): 313 45 212.

b) Based on the information provided by ISS Global A/S, a **list of entities pertaining to the global ISS Group**, including further data on their structure, has been prepared and is given in Appendix 1 hereto.

Reporting period from 1 January 2020 to 31 December 2020

2. The Company's Role

The Company is included in the multinational ISS Group. The ISS Group operates in many countries where it provides the facility management services. Within the ISS Group, the Company has the status of an independent provider of facility management services, particularly cleaning services, services of building technical administration, security services, special protective disinfection, disinsectization and disinfestation services, maintenance of green areas and external surrounds of buildings, all in the Czech Republic.

3. Methods and Means of Control

ISS Global A/S controls the Company in its capacity as the Company's sole shareholder, which means that it holds all interests in the Company. The exercise of rights attached to holding all interests in the Company is the basic means of controlling the Company. These means are completed with a systematic regional management of operating, commercial and financial activities of the Company (for example, budgeting, joint activities in the purchasing function, personnel policy), especially through set-up reporting and approval mechanisms. The Company is part of the Continental Europe Region within the ISS Group (see Appendix 1 hereto). The worldwide management of the ISS Group by ISS Global A/S is also based on a duty of all ISS Group entities to adhere to the internal guidelines and policies of the ISS Group, including the code of ethics, code of conduct and strict anticorruption rules in compliance with right to competition protection.

No special agreements between the Company and the controlling entity regarding the methods and means of controlling the Company were in place in the reporting period.

4. List of Actions Taken in the Reporting Period at the Initiative or in the Interest of the Controlling Entity or Entities It Controls

In the reporting period the Company did not take any actions at the initiative or in the interest of the controlling entity or entities controlled by the controlling entity, where such actions concerned assets exceeding 10% of the Company's equity as ascertained from the last financial statements.

5. List of Agreements/Contracts between the Company and the Controlling Entity or between Controlled Entities

5.1. *Agreements/Contracts made by and between ISS Facility Services s.r.o. and ISS Správa budov s.r.o.*

The companies made a framework contract for work in 2012 where ISS Facility Services s.r.o. is a contractor and ISS Správa budov s.r.o. is a client.

The companies made a framework contract for work in 2012 where ISS Správa budov s.r.o. is a contractor and ISS Facility Services s.r.o. is a client.

The companies made a loan agreement in 2012 under which ISS Správa budov s.r.o. grants ISS Facility Services s.r.o. a loan.

The companies made a service agreement in 2013, where ISS Facility Services s.r.o. is a service provider, under which ISS Facility Services s.r.o. provides ISS Správa budov s.r.o.

Reporting period from 1 January 2020 to 31 December 2020

with specialist advisory services in the field of finance and controlling, and personnel, payroll and legal issues.

The companies made a service agreement in 2013, where ISS Správa budov s.r.o. is a service provider, under which ISS Správa budov s.r.o. provides ISS Facility Services s.r.o. with specialist advisory services in the field of trading, marketing, development and purchasing.

The agreements/contracts are made for an indefinite period of time or for a definite period of time with automatically extended effectiveness.

5.2. Agreements/Contracts made by and between ISS Facility Services s.r.o. and ISS Global A/S.

The companies made a contract on 1 January 2010 under which ISS Global A/S ensures advisory and assistance in the areas of research and development, employee training, marketing, law, mergers and acquisitions, and financial and strategic planning. The contract is applicable to all ISS entities in the Czech Republic.

In addition, the companies made a license agreement on 1 January 2010, defining the use of ISS business name and intellectual property (know-how) granted to the Company by ISS Global A/S. The contract is applicable to all ISS entities in the Czech Republic.

The agreements/contracts are made for an indefinite period of time or for a definite period of time with automatically extended effectiveness.

5.3. Agreements/Contracts made by and between ISS Facility Services s.r.o. and ISS Facility Services spol. s r.o. (Slovakia).

The companies made a service agreement on 31 March 2011 under which ISS Facility Services s.r.o. ensures advisory and assistance in the areas of strategy, operation, finance, trading, marketing, development, purchasing and property administration.

The companies made a service agreement on 31 March 2011 under which ISS Facility Services spol. s r.o. (Slovakia) ensures advisory and assistance in the area of human resources management.

The companies made a contract on 15 June 2011 for securing manager and statutory representative positions, under which ISS Facility Services s.r.o. ensures that positions of manager and statutory representative are filled.

The agreements/contracts are made for an indefinite period of time or for a definite period of time with automatically extended effectiveness.

6. Performance Rendered between the Company and the Controlling Entity or between the Controlled Entities in the Reporting Period

The performance given in the following tables comprises all performance effected in the reporting period, including performance effected under the agreements/contracts listed in Section 5, without impact of accruals.

Reporting period from 1 January 2020 to 31 December 2020

6.1. Performance rendered to related parties by ISS Facility Services s.r.o.

Performance rendered (in CZK thousands)	ISS Správa budov s.r.o.	ISS Global A/S	ISS Facility Services spol. s r.o. (Slovakia)	ISS Mexico
Sale of other services	132 381	34 896	2 262	1 176

6.2. Performance received by ISS Facility Services s.r.o.

Performance received (in CZK thousands)	ISS International Czech Republic s.r.o.	ISS Správa budov s.r.o.	ISS Global A/S	ISS Facility Services d.o.o. (Slovensko)	ISS Facility Services spol. s r.o. (Slovensko)
Purchase of other services	474	10 039	20 456	560	4 184
Rights assumed (license fees) and advisory services	0	0	13 242	0	0
Interest paid on loans and borrowings	0	10	0	0	0

7. Closing Representation of ISS Facility Services s.r.o.

We believe that the major advantages of the Company being part of the ISS Group are in particular as follows:

- As the ISS Group is one of the world's leading facility services companies, the Company has got, and may get, an approach to a larger group of clients, to whom it can offer and supply its services, including the clients that the Company can acquire through executing the contracts at a corporate level;
- Thanks to cooperation with the ISS Group, the Company has got, and may get and use, the innovative approaches and know-how, for example, in the field of care for clients and employees, or IT; moreover the Company can ask for the support of specialists from various ISS entities and from many different areas of the ISS Group activities;
- The ISS Group, as a major multinational economic entity, and the Company, as part of the ISS Group, have a strong bargaining position in business meetings with suppliers, which leads to cost reduction – from costs of materials needed to provide cleaning services to costs of leases of motor vehicles used by the Company for services delivery to clients; including costs of Company insurance and negotiating such conditions of insurance that would not be possible to obtain locally.

Reporting period from 1 January 2020 to 31 December 2020

Potential risks include the following:

- The ability of ISS Global A/S to push and set up, according to a planned timetable, a new organizational structure, focused on client segments, in the Company as well as associated activities and processes, which have not yet been applied and, therefore, may represent increased (restructuring) costs.

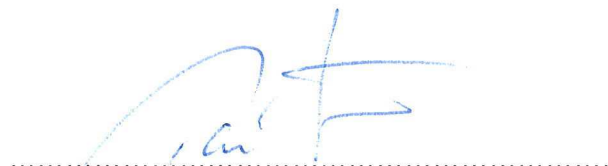
The Company's statutory body is of the opinion that the above-mentioned advantages are realistic and expectable. The Company identified the risk appropriately and took measures to hedge against it by standard means. The Company's statutory body believes that the advantages predominate over the potential risks.

We hereby represent that this Report on Relations of ISS Facility Services s.r.o. prepared in compliance with Section 82 of the Corporations Act for the reporting period from 1 January 2020 to 31 December 2020, includes all of the below, made or effected in this reporting period and known to us as at the date of the signing hereof:

- Agreements/Contracts between the Company and the controlling entity or between the entities controlled by the same controlling entity in place in the reporting period;
- Performance and consideration provided by these entities;
- Other legal actions effected in the interest of these entities; and
- All measures adopted or effected at the initiative or in the interest of these entities.

We hereby represent that all actions described in Section 4 herein were effected, and all agreements/contracts described in Section 5 herein were made, on arm's length basis and that also all performance rendered or received on the basis of these agreements/contracts was effected on arm's length basis, and that we are not aware that ISS Facility Services s.r.o. would suffer any damage arising from the above agreements/contracts or from being controlled by ISS Global A/S.

In Prague, on 31st March 2021



Prit Paiste

Statutory Representative of ISS Facility Services s.r.o.

Reporting period from 1 January 2020 to 31 December 2020

Appendix 1: Structure of Relations in the ISS Group

Below is a list of significant subsidiaries, associates and joint ventures referred to as the "ISS Group companies" within this Report on Relations that are presented by region, along with the organizational chart of the ISS Group including the ISS A/S ownership structure. The companies with non-material interests are not presented.

Continental Europe	% ISS Group
Austria	
ISS Austria Holding GmbH	100%
ISS Facility Services GmbH	100%
ISS Ground Services GmbH	51%
ISS Ground Services Germany GmbH	51%
Belgium and Luxembourg	
ISS Catering N.V.	100%
ISS Facility Services N.V.	100%
ISS Facility Services S.A.	100%
Czech Republic	
ISS Facility Services s.r.o.	100%
Estonia	
ISS Haldus OÜ	100%
France	
GIE ISS Services	100%
ISS Facility Management SAS	100%
ISS Holding Paris SAS	100%
ISS Hygiene & Prevention SAS	100%
ISS Logistique et Production SAS	100%
ISS Proprete SAS	100%
Germany	
ISS Automotive Services GmbH	100%
ISS Evantec GmbH	100%
ISS Facility Services Holding GmbH	100%
ISS Facility Services Nord GmbH	100%
ISS Facility Services Süd GmbH	100%
ISS IT & Business Services GmbH	100%
ISS Pharma Services GmbH	100%
ISS VSG GmbH	100%
Greece	
ISS Facility Services S.A.	100% ⁴⁾
Hungary	
ISS Facility Services Kft.	100%
Profi-Komfort Kft.	100% ⁴⁾

Reporting period from 1 January 2020 to 31 December 2020

Continental Europe (continued)	% ISS Group
Israel	
Catering Services Ltd.	100%
ISS Catering Services Ltd. (ex Norcat Ltd.)	100%
ISS Cleaning Services Ltd. (ex ISS Ashmoret Ltd.)	100%
ISS Integrated Facility Service Management Ltd.	100%
ISS Israel Comprehensive Business Services Ltd.	100%
Italy	
ISS Facility Services S.r.l.	100%
Netherlands	
ISS Catering Services B.V.	100%
ISS Cure & Care B.V.	100%
ISS Holding Nederland B.V.	100%
ISS Integrated Facility Services B.V.	100%
ISS Nederland B.V.	100%
ISS Security & Services B.V.	100%
Poland	
ISS Facility Services Sp. Z o.o.	100%
Romania	
ISS Facility Services S.R.L.	100%
ISS Romania Group S.R.L.	100%
Russia	
Facility Services RUS LLC	100%
Slovakia	
ISS Facility Services spol. s r.o.	100%
Slovenia	
ISS Facility Services d.o.o.	100%
Spain and Portugal	
Integrated Service Solutions, S.L.	100%
ISS Facility Services S.A.	100%
ISS Soluciones de Seguridad, S.L.	100%
ISS Facility Services G. e M. de E., Lda.	100%
Switzerland	
ISS Facility Services AG	100%
ISS Kanal Services AG	100%
ISS Schweiz AG	100%

Reporting period from 1 January 2020 to 31 December 2020

Continental Europe (continued) **% ISS Group****Turkey**

ISS Hazir Yemek Üretim ve Hizmet A.Ş.	90% ³⁾
ISS Proser Koruma ve Güvenlik Hizmetleri A.Ş.	90% ³⁾
ISS Tesis Yönetim Hizmetleri A.Ş.	90% ³⁾

Northern Europe **% ISS Group**

Denmark (country of origin – registered office)

ISS Facility Services A/S	100%
ISS World Services A/S	100%
ISS Global A/S	100%
ISS Global Management A/S	100%
ISS Holding France A/S	100%
ISS Lending A/S	100%

Finland

ISS Palvelut Holding Oy	100%
ISS Palvelut Oy	100%
Opset Oy	76% ¹⁾

Norway

ISS Facility Services AS	100%
ISS Holding AS	100%
ISS Management AS	100%
ISS Serveringspartner AS	100%
ISS Service Management AS	100%
NSB Trafikkservice AS	45% ¹⁾

Sweden

ISS Facility Services AB	100%
ISS Facility Services Holding AB	100%
ISS Palvelut Holding AB	100%

The United Kingdom and Ireland

ISS Damage Control Ltd.	100%
ISS Facility Services Ltd.	100%
ISS Mediclean Ltd.	100%
ISS UK Holding Ltd.	100%
ISS UK Ltd.	100%
Spectrum Franchising Ltd.	100%
ISS Ireland Ltd.	100%

Reporting period from 1 January 2020 to 31 December 2020

Asia and Pacific	% ISS Group
Australia and New Zealand	
ISS Catering Services Pty Ltd.	100%
ISS Facility Management Pty Limited	100%
ISS Facility Services Australia Ltd.	100%
ISS Facility Services Pty Ltd.	100%
ISS Health Services Pty Ltd.	100%
ISS Holdings Pty Ltd.	100%
ISS Hospitality Pty Limited	100%
ISS Integrated Services Pty Ltd.	100%
ISS Property Services Pty Ltd.	100%
ISS Security Pty Ltd.	100%
Pacific Invest December 2004 Pty Ltd.	100%
Pacific Service Solutions Pty Ltd.	100%
ISS Facilities Services Ltd.	100%
ISS Holdings NZ Ltd.	100%
Brunei	
ISS Facility Services Sdn. Bhd.	50% ²⁾
China	
ISS Facility Services (Shanghai) Ltd.	100%
ISS Hongrun (Shanghai) Cleaning Services Limited	100%
Shangai B&A Security Co., Ltd	100%
Shanghai ISS Catering Management Ltd.	100%
Hong Kong	
Hung Fat Cleaning Transportation Co., Ltd.	100%
ISS Adams Secuforce Ltd.	100%
ISS China Holdings I Ltd.	100%
ISS China Holdings Ltd.	100%
ISS EastPoint Properties Ltd.	100%
ISS EastPoint Property Management Ltd.	100%
ISS Environmental Services (HK) Ltd.	100%
ISS Facility Services Ltd.	100%
ISS Facility Services China Ltd.	100%
ISS Greater China Ltd.	100%
ISS Mediclean (HK) Ltd.	100%
ISS Pan Asia Security Services Ltd.	100%
JSL Ltd.	100%
Silvertech E&M Engineering Co., Ltd.	100%

Reporting period from 1 January 2020 to 31 December 2020

Asia and Pacific (continued)**% ISS Group****India**

Innovative and Payroll Advisory Services Pvt. Ltd.	46% ²⁾
ISS Facility Services India Pvt. Ltd.	100%
ISS SDB Security Services Pvt. Ltd.	46% ²⁾
Modern Protection & Investigations Ltd.	46% ²⁾

Indonesia

PT ISS Facility Services	49% ²⁾
PT ISS Indonesia	100%
PT ISS Jasa Fasilitas	0% ²⁾
PT ISS Parking Management	100%

Japan

Nihon ISS KK	100%
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Malaysia

ISS Facility Services Sdn. Bhd.	100%
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Philippines

ISS Facility Services Phils., Inc.	100%
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Singapore

ISS Catering Services Pte. Ltd.	100%
ISS Facility Services Pte. Ltd.	100%
ISS Hydroculture Pte. Ltd.	100%
ISS M&E Pte. Ltd.	100%

Taiwan

ISS Facility Services Ltd.	100%
ISS Security Ltd.	100%

Thailand

ISS Facility Services Co., Ltd.	100%
ISS Security Services Co., Ltd.	100%
ISS Support Services Co., Ltd.	100%

Americas**% ISS Group****Argentina**

ISS Argentina S.A.	100%
ISS Facility Services S.R.L.	100%
ISS Litoral S.R.L.	100%
ISS Personal Temporario S.R.L.	100%

Americas (continued)**% ISS Group**

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Brazil

ISS Manutencao e Servicos Integrados Ltda	100%
ISS Servicos de Logistica Integrada Ltda	100%
ISS Servisystem do Brasil Ltda.	100%

Chile

Apunto Servicios de Alimentacion S.A.	100%
ISS Chile S.A.	100%
ISS Facility Services S.A.	100%
ISS Servicios Generales Ltda.	100%
ISS Servicios Integrales Ltda.	100%

Mexico

ISS Centro América, S de RL de CV	100%
ISS Facility Services, SA de CV	100%
ISS Servicios Integrales, S. de R.L. de C.V.	100%

Uruguay

ISS Uruguay S.A.	100%
Samilar S.A.	100%

USA and Canada

ISS C&S Building Maintenance Corporation	100%
ISS Facility Services California, Inc.	100%
ISS Facility Services Holding, Inc.	100%
ISS Facility Services, Inc.	100%
ISS Holding Inc.	100%
ISS Management and Finance Co., Inc.	100%
ISS TMC Services, Inc.	100%
ISS Uniguard Security, Inc.	100%
Guckenheimer Enterprises, Inc.	100%
ISS Facility Services Inc.	100%

¹⁾ Associate

²⁾ By virtue of the governance structure, the Group has the power to govern the financial and operating policies of the Company. Consequently, the Company is consolidated as a subsidiary.

³⁾ The non-controlling holder holds a put option which is accounted for as if the put option has already been exercised. Accordingly, the subsidiary is consolidated with no non-controlling interest.

(Translation of a report originally issued in Czech - see Note 2 to the financial statements.)

INDEPENDENT AUDITOR'S REPORT

To the Shareholder of B+N Czech Republic Facility Services s.r.o.:

Opinion

We have audited the accompanying financial statements of B+N Czech Republic Facility Services s.r.o. (the Company) prepared in accordance with accounting principles generally accepted in the Czech Republic, which comprise the balance sheet as at 31 December 2020, and the income statement, statement of changes in equity and statement of cash flows for the year then ended, 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 accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2020, and of its financial performance and its cash flows for the year then ended 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 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 Statutory Representative 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. Based on the procedures we have performed on the other information obtained, we have not identified any material misstatement.

Responsibilities of the Company's Statutory Representative for the Financial Statements

The Statutory Representative 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 Statutory Representative 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 Statutory Representative 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 Statutory Representative either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with the above law or regulation, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Statutory Representative.
- Conclude on the appropriateness of the Statutory Representative's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Statutory Representative 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.

Ernst & Young Audit, s.r.o.
License No. 401



Luděk Jirůček, Auditor
License No. 2164

4 June 2021
Prague, Czech Republic