

Annual report 2018



Jsme vaším partnerem pro komplexní
a inovativní ICT řešení

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Foreword by the CEO

Dear shareholders, dear business partners, ladies and gentlemen, let me briefly evaluate the activities and results of Servodata a.s. (hereinafter referred to as “Servodata”) in fiscal year 2018.

The year 2018 was full of demanding challenges for Servodata, consisting mainly in strengthening technical competencies and expanding the portfolio of services. With regard to the lack of working capital on the Czech market, in addition to natural growth, we were also looking for an entity to acquire that would accelerate our growth. Although we have identified interesting targets and have reached a very advanced stage of negotiation, none of the transactions under consideration have been completed this fiscal year. Nevertheless, we managed to expand our competencies in the field of services, especially in the field of IT consulting. It is worth mentioning the competence in optimizing IT costs for our clients, the area of security, or the area of HW and SW infrastructure and, last but not least, the area of open source solutions. The focus on the delivery of services and products is in line with Servodata's strategy, which is changing from a license distributor to a specialized supplier of professional IT services with a focus on high added value. At the same time, this year we started creating new products that are not only technologically advanced, but also have a social dimension. It is a wearable device supported by the control room. The product is designed for social service providers with a view to scaling products to foreign markets. Servodata has also expanded its product line with a personal data management application that responds to the requirements of the GDPR Regulation. The application is designed primarily for public administration environments.

Within this year, we managed to successfully implement a number of complex projects combining our entire portfolio of competencies. In fiscal year 2018, the company invested intensively in new products and services, the profits of which will be realized in the following accounting periods. However, this investment was desirable from the perspective of the future development of the company, even at the cost of a slightly negative economic result in fiscal year 2018.

I am still pleased that an open corporate culture and common values bring the right energy to our company, which positively affects not only overall cooperation, personal responsibility and innovation.

Thank you to all our customers and business partners for their long-term trust. I also thank all my colleagues, whose efforts and results I appreciate very much. I look forward to the further challenges that 2019 will bring us.

Basic company data

The trading company Servodata a.s.

(Based on the resolution of the Municipal Court in Prague of 30 September 2008, registered in the Commercial Register on 31 December 2008 with effect from 31 December 2008)

Headquarters	Jankovcova 1037/49, 170 00 Prague 7
Identification number	251 12 775
Legal form	stock company
Date of incorporation of the joint-stock company	March 13, 1997
Registered at	the Municipal Court in Prague, Section B, File 4593
Registered capital of the company	CZK 25,000,000
Entry of the investment company BAAC Group s.r.o.	2016
Acquisition of DoxoLogic s.r.o.	2013
Acquisition of Enlogit s.r.o.	2016
Total revenues 2017	CZK 498 million
Total revenues 2018	CZK 207.2 million
Major shareholders	100% BAAC Group s.r.o.
Registered number of employees	30

Components of Servodata Group



Description of the company and its portfolio

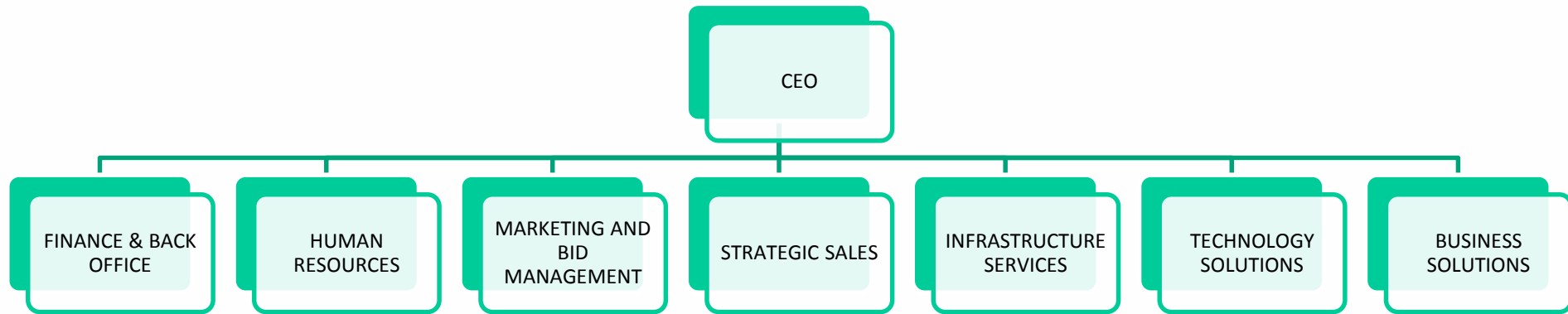
We are an innovative and agile IT company and we have been successfully developing our clients' business with IT solutions and products for more than 25 years. We specialize mainly in enterprise infrastructure solutions and service provision. Our customers are ICT companies, commercial organizations, organizations and institutions of state and public administration as well as entities from the education and healthcare sectors, to which we provide tailor-made solutions and services. We have been cooperating with major manufacturers for a long time and, thanks to a strategic partnership, we offer the highest possible level of support.

We try to be a strategic partner for our clients in the field of business and technological solutions, while our main domain is the following mutually synergistic areas: Design, implementation and support of technological infrastructure, IT consulting, umbrella support services, including comprehensive outsourcing of IT services. In the field of development, we focus primarily on business process solutions and portal solutions.

We carefully monitor current trends and factors influencing the development and effectiveness of information and communication technologies in the corporate environment, but also in the environment of public administration. Our solutions are suitable for use in all industries and cover the entire life cycle. Completely independent of specific technology suppliers, we always choose such components that the resulting solution meets the most demanding requirements for efficiency, reliability or scalability.

When designing the solution, the Servodat consultants focus on making maximum use of existing IT technologies or functional modules, or replacing them with new technologies with quantifiable benefits. The goal is for the resulting architecture to be compact and for the individual components to work together seamlessly, in terms of integration, security, data availability and user comfort.

Organizational structure of the company



Company governing bodies

Board of Directors

- Ing. Jiří Vytlačil - Chairman of the Board of Directors from 1 October 2015 to 31 August 2018
- Miroslav Kvapil, MSc. - Chairman of the Board of Directors since September 1, 2018
- Ing Radovan Hauk - Member of the Board of Directors since June 8, 2016

Supervisory Board

- Ing. Petr Kymlička - Member of the Supervisory Board since 15 April 2016

Report on relations between related parties

In accordance with Act 90/2012 Coll., The Act on Business Companies and Cooperatives (the Business Corporations Act), the Board of Directors of Servodata a.s. submits on 31 December 2018. with its registered office at Jankovcova 1037/49, 170 00 Prague, IČ: 25112775, registered at the Municipal Court in Prague, Section B, Insert 4593, a report on relations between the controlled and controlling entity and on relations between the controlled entity and other entities controlled by the same controlling entity for the accounting period marketing year 2018 (from 1.10. 2017 to 30.9.2018). The purpose of preparing this report is to fulfill the information obligation pursuant to Act No. 90/2012 Coll., The Act on Business Companies and Cooperatives (the Act on Business Corporations).

INTERCONNECTION OF PERSONS - STRUCTURE OF THE SERVODATA GROUP

With regard to the arrangement and structure of ownership relations with the company Servodata a.s. and the resulting shares in the voting rights of shareholders for the purposes of this report, the only controlling entity is BDO Advisory s.r.o. (the sole shareholder). The structure of the group is given below.

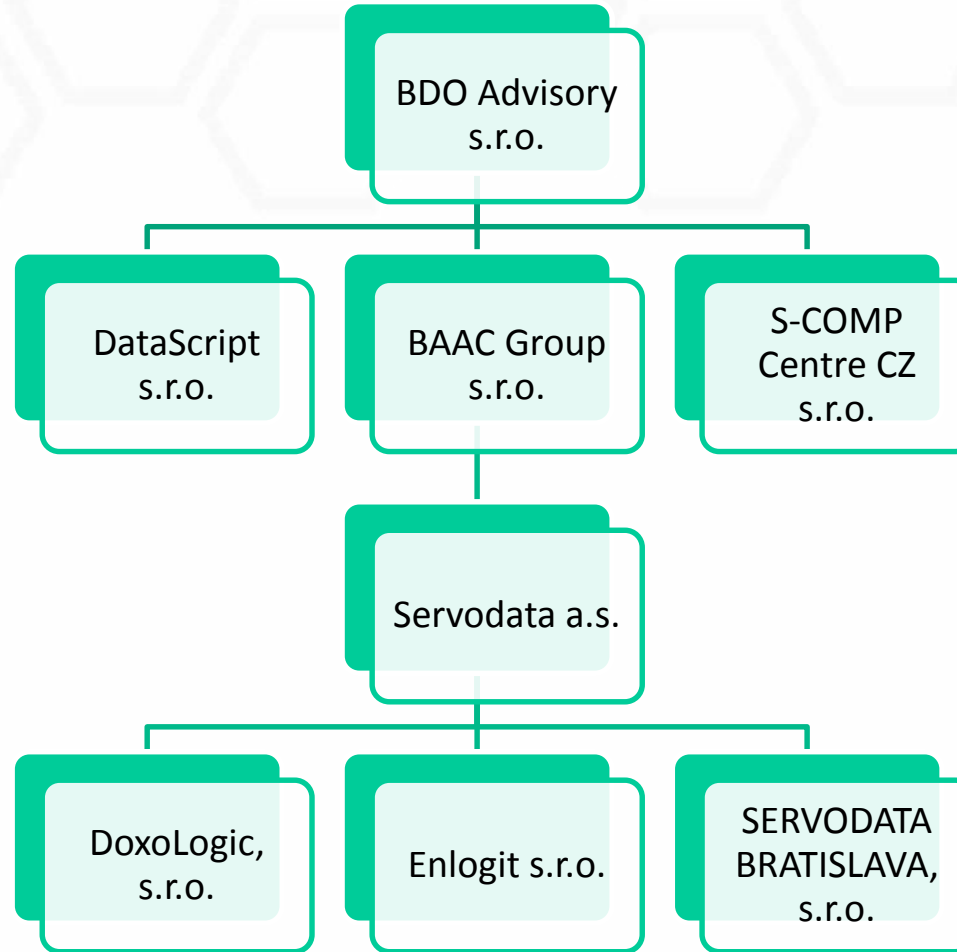
THE ROLE OF THE COMPANY IN THE GROUP AND THE METHOD AND MEANS OF CONTROL

Servodata a.s. is in relation to BAAC Group s.r.o. subsidiary. Control takes place through general meetings and majority representation on the Supervisory Board and through direct orders of the Supervisory Board.

LIST OF CONTRACTS AND LEGAL ACTS

As part of its activities, DataScript s.r.o. and the company S - COMP Center CZ s.r.o. of Servodata a.s. corporate education services. On the other hand, Servodata a.s. provided consulting and other services. Furthermore, the following companies provided consulting services to each other according to their specialization: Servodata a.s., BDO Advisory s.r.o., DoxoLogic, s.r.o., Enlogit s.r.o., SERVODATA BRATISLAVA, s.r.o. The company Servodata a.s. provided loans to Enlogit s.r.o., DataScript s.r.o., BAAC Group s.r.o. and received loans from Doxologic, s.r.o., SERVODATA BRATISLAVA, s.r.o. and S - COMP Center CZ s.r.o.

Report on relations between related parties



Evaluation, legal acts and measures, review of the report by the Supervisory Boards

EVALUATION

All performances were always carried out at the usual prices at the place and time. The company Servodata a.s. hereby declares that it has not suffered any damage as a result of the conclusion of contracts, performance provided or consideration received. All consideration was made in the form of bank transfers.

LEGAL ACTS AND MEASURES

In the accounting period of the fiscal year 2018 (from 1 October 2017 to 30 September 2018) no legal acts were performed in the interest of related parties, no measures were taken or implemented in the interest of or at the instigation of related parties, nor were any services provided and controlled by the controlled entity. The person was not provided with any consideration in the sense of the provisions of Section 66a, Paragraph 9 of the Commercial Code, which would be known to the Board of Directors of the company. The controlled entity did not suffer any damage in this connection.

For the Board of Directors of the company, on 31.12.2018

Miroslav Kvapil, MSc., Chairman of the Board of Directors

REVIEW OF THE REPORT BY THE SUPERVISORY BOARDS

The Supervisory Board of Servodata a.s. at its next meeting it will discuss this report and review the accuracy and completeness of the data stated in this report, and in accordance with the provisions of §66a par. 10 of the Commercial Code as amended, it will inform the General Meeting of the company about the review of this report.

Events after the balance sheet date

No events occurred after the balance sheet day.

Research and development activities

The company did not carry out any special research and development activities during the period in question.

Acquisition of own shares or stakes

The company did not acquire its own shares.

ACTIVITIES IN THE FIELD OF ENVIRONMENTAL PROTECTION

The company's activities have no special impact on the environment. For this reason, the company does not carry out any special activities in this area

ACTIVITIES IN THE FIELD OF LABOR RELATIONS

The company implemented a new motivational rules and motivational tools for personal growth.

INFORMATION ABOUT BRANCHES OR OTHER PARTS OF A BUSINESS PLANT ABROAD

The company did not have a branch or other part of the business plant abroad during that period.

FINANCIAL STATEMENTS FOR THE FISCAL YEAR 2018

Fiscal year 2018 began for Servodata a.s. on October 1st, 2017 and ended September 30th, 2018.

BALANCE SHEET

TOTAL ASSETS	
Fixed assets	78 078
Current assets	85 743
Accruals	918
TOTAL LIABILITIES	
Equity	46 199
Foreign sources	114 566
Accruals	3 974

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Sales of goods and services	195.279
Costs of selling goods and power consumption	183.803
Change in inventories through own activities and capitalization	-20.197
Personal expenses	20.880
Adjustment of property values - permanent	12.018
Other adjustments to values in the operating area	14.805
Other operating income	9.910
Other operating expenses	7.331
Operating profit	-1.433
Financial income	2.074
Financial expenses	4.562
Financial results	-2.488
Income tax on ordinary activities	-1.055
Profit or loss for the accounting period	-2.866