EXPERT REPORT
NO. R44262/20

PART NO. I

DETERMINATION OF VALUE
1. OF OPERATED BUSINESS PLANT WITH THE BUSINESS OF THE DEBTOR VÍTKOVICE HEAVY MACHINERY A.S.

2. OF ASSETS REGISTERED IN ASSETS OF BANKRUPTCY OF THE DEBTOR VÍTKOVICE HEAVY MACHINERY A.S. WITH THE EXCEPTION OF ITEM NO. 9 – BANK ACCOUNTS

ORDERING PARTY:	**KONREO, V.O.S.** DOBROVSKÉHO 1310/64 612 00 BRNO, KRÁLOVO POLE COMPANY ID: 047 06 498
EXPERT TASK:	VALUATION OF THE DEBTOR'S ASSETS FOR THE NEEDS OF THE INSOLVENCY ADMINISTRATOR IN ORDER TO MONETIZE THE ASSETS
DATE OF VALUATION:	**17 JULY 2020**
REPORT WAS PREPARED BY (EXPERT):	**EQUITA CONSULTING S.R.O.** **EXPERT INSTITUTE** TRUHLÁŘSKÁ 3 110 00 PRAGUE 1

THE REPORT HAS BEEN DELIVERED TO THE ORDERING PARTY IN THREE COPIES

THE REPORT IS PREPARED IN TWO PARTS, WHICH TOGETHER AND INSEPARABLY FORM A COMPLETE EXPERT REPORT:

PART NO. I – TEXT PART OF THE EXPERT REPORT AND APPENDIX NO. 1 TO 5
PART NO. II – APPENDIX NO. 6 TO 10

IN PRAGUE, 3 NOVEMBER 2020 **PDF COPY**

CONTENT

1 EXPERT TASK

1.1 TASK ASSIGNMENT

Assignment
The expert's task is the value assessment of:

1. operated business factory (thereinafter "**Factory**") with the Debtor's business, a company in insolvency VÍTKOVICE HEAVY MACHINERY a.s., Company ID 258 77 950, based in Ostrava, Ruská 2887/101, Zip Code 703 00 (thereinafter "**Company**" or "**Debtor**"),
2. assets registered in the Debtors Assets of Bankruptcy with the exception of item No. 9 – Bank Accounts.

for the needs of the insolvency administrator in order to monetize the Debtor's assets.

Debtor's Insolvency
Based on the resolution of the Regional Court in Ostrava File no. KSOS 37 INS 6664/2020-A-18 of 19 March 2020:

- a decision has been made on the Debtor's bankruptcy,
- the company KONREO, v.o.s., based in Jana Nečase 1343/29, Žabovřesky, 616 00 Brno, was appointed as the insolvency administrator (thereinafter "**Debtor's IA**"),
- creditors were invited to register their claims and exercise security rights,
- a review meeting was ordered on 9 July 2020,
- a meeting of creditors was convened on 9 July 2020,
- an interim creditors' committee has been set up:
    - Česká spořitelna, a.s., Company ID: 45244782,
    - ČEZ ESCO, a.s., Company ID: 03592880,
    - Gomanold, a.s., Company ID: 27931536.

Based on the resolution of the Regional Court in Ostrava File no. KSOS 37 INS 6664/2020-B-86 of 17 July 2020, bankruptcy was declared for the Debtor's property.

The Debtor's extract from the Commercial Register is part of Appendix No. 1, which is an integral part of this report. The above-mentioned resolutions of the Regional Court in Ostrava are listed in Appendix No. 2.

Subject of Valuation
Based on the above information, the Expert defined two subjects of valuation:

1. **Debtor's Factory**, as a collective matter, in the case of bankruptcy, i.e. the sale of the Factory under one contract, is assumed, going concern
2. **individual assets** registered in the Debtor's Assets of Bankruptcy as of the Valuation Date in the event of liquidation bankruptcy (with the exception of item No. 9 – Bank Accounts), i.e. provided that the Debtor's Factory is terminated and individual assets are sold.

Date of submission of the Report
The valuation of the Debtor's assets is to be performed on **17 July 2020**, i.e. on the day when the Debtor's assets were declared bankrupt. However, as of that date, the Company did not have complete accounting documents. Therefore, the expert based the valuation on 17 July 2020 on the accounting documents as of the nearest day preceding 17 July 2020, as of which the complete accounting data of the Debtor are available, i.e. as of **30 June 2020** (thereinafter also referred to as the "**Valuation Date**"). At the time of the valuation as on 30 June 2020, the expert took into account partial information on the actual development of the Debtor after this date.

According to the provisions of § 205 IL, the property of the Debtor includes:

- assets which belonged to the Debtor on the date of the commencement of insolvency proceedings,
- assets acquired by the Debtor during the insolvency proceedings, i.e. so far.

A financial statement of the Debtor's assets and liabilities in the form of the Debtor's turnover balance sheet as of the Valuation Date is provided in Appendix No. 4.

1.2 VALUATION ASSUMPTIONS

Statement
The Expert declares that they have no property benefit, property participation or other interest in the Subject of Valuation, nor are they connected in property or personnel with the Debtor. There are no grounds that might call into question the independence or objectivity of the Expert.

Impartiality and independence
The expert acts as an independent party. Remuneration for the preparation of an expert opinion is not dependent or based on its conclusions. The expert declares that they are an impartial expert and independent of the Debtor.

Bias
The expert declares that he is not biased in the sense of the provisions of Section 11, Paragraph 1 of Act No. 36/1967 Coll., On Experts and Interpreters, as amended.

Assumptions
All information about the Subject of Valuation was taken over from the Debtor and from publicly available sources. They do not assume responsibility for the accuracy of the data and information on which the Expert based his or her assessment and assumes their truthfulness and completeness.

The valuation is based on the assumption that the ownership and other rights to the valued property are without faults and complete.

The resulting value given in this report is calculated for the purposes stated in Chapter 1.1 *Task Assignment*. If the resulting value is used for purposes other than those stated, the Expert is not liable for any consequences or damages caused by such use.

Time limit
The resulting value in this report is determined on the basis of data on the Subject of Valuation known as of the Valuation Date and information on future developments available at the time of processing of the Report . No liability can be accepted for the facts or conditions (possible deviations in future Czech economic and political developments) that occur after the date of preparation of this report, and for the change in market conditions.

Assuming that there are no significant changes related to the Subject of Valuation, macroeconomic development in the Czech Republic or the development of the given market segment from the date of preparation of the report, the resulting value determined in this report can be considered as sustainable for a period of six months from the date of preparation of this Report.

Restrictions of use

2 FINDINGS

2.1 SPECIFICATION OF THE VALUATION SUBJECT

2.1.1 COMPANY

According to an extract from the Commercial Register kept by the Regional Court in Ostrava, Section B, Insert 2486, the Company was established on 18 April 2001. The statutory body of the Company consists of the Board of Directors, which consists of the Chairman, the Vice-Chairman and one other member. The company is always represented by two members of the Board of Directors, one of whom must be the Chairman or Vice-Chairman of the Board of Directors.

- **Chairman of the Board:**
  Ing. JAROMIR SCHMID, born on 4 May 1963
  4040 Linz, Bachlbergweg 114a, Republic of Austria
  Date of appointment: 14 October 2019
  Membership creation date: 23 September 2019

- **Vice-Chairman of the Board:**
  Ing. DANIEL DOLEŽAL, born on 24 June 1982
  Biskupská 3330/10, Moravská Ostrava, 702 00 Ostrava
  Date of appointment: 1 April 2020
  Membership creation date: 27 May 2019

- **Member of the Board:**
  E – INVEST, a.s., Company ID: 454 74 559
  Prague 1, Václavské náměstí 773/4, Zip Code 11000
  Membership creation date: 23 September 2019

  in the performance of his duties is represented by:
  Ing. OSKAR KWARTENG-ACHEAMPONG, born on 19 July 1980
  Kolofíkova 733/18, Svinov, 721 00 Ostrava

The Company's supervisory body is the Supervisory Board, which consists of one member:

- **Member of Supervisory Board:**
  Ing. MICHAELA ŽVAKOVÁ, born on 4 February 1979
  Karla Velčovského 1324, 739 32 Vratimov
  Membership creation date: 11 April 2018

The total share capital of the Company is CZK 262,278,025. This share capital consists of 262 278 025 registered shares in paper form with a nominal value of CZK 1. The total share capital of the Company is fully paid up.

According to the extract from the Commercial Register, the Company's business are the following activities:
- production, trade and services not listed in Appendix 1 to 3 of the Trade Licensing Act,
- blacksmithing, farriery,
- locksmithing, toolmaking,
- foundry, modeling,
- repairs of other means of transport and working machines,
- joinery, flooring,
- manufacture, installation, repair of electrical machinery and apparatus, electronic and telecommunications equipment
- plumbing, heating,
- machining,
- assembly, repairs, inspections and tests of pressure equipment and gas containers,
- assembly, repairs, inspections and tests of gas equipment and filling of gas containers,
- assembly, repairs, inspections and tests of lifting equipment,
- assembly, repairs, inspections and tests of electric equipment,
- project activity in construction,

- Construction, alteration and removal,
- business in the field of hazardous waste management,
- activities of accounting consultants, bookkeeping, tax records.

2.1.2 ACTIVITIES OF THE COMPANY

The main business of the Debtor is metallurgical and engineering production, production of steel structures and equipment for energy (including nuclear, wind and water – shafts, turbines, blades), chemical industry, metallurgy and shipbuilding (crankshafts, rudder carriers and other engine parts and ship propulsion systems). The Debtor's production is mostly piece-like, unique. The Debtor delivers their production practically all over the world.

The Debtor has 2 production facilities – the main complex located at the Debtor's registered office (Ruská 2887/101, Vítkovice, 703 00 Ostrava) and forge in Ostrava-Kunčice. The debtor is further organizationally and technologically divided into the following cost centers (CC):

- CC 320 – Steelworks
- CC 330 – Foundry
- CC 340 – Forge, tempering plant
- CC 350 – Rim shop
- CC 370 – Heavy mechanics
- CC 372 – OS Poland

Steel production is provided by CC 320 (ingots) and CC 330 (castings) centers, which form separate facilities. CC 330 also repairs defects caused by the production process (welding). The CC 340 center is used for subsequent forging of ingots and hardening of ingots and castings. The CC 350 center processes and manufactures rims for rail vehicle wheels, recently almost exclusively as paid work (input material is owned by the customer, the Debtor only processes it according to the order). The CC 370 center performs precise machining of unfinished production and semi-finished products according to the customer's requirements. A more detailed description is given in the following subchapters.

CC 320 – Steelworks

The operation of the Steel plant is focused on the production, processing, refining and casting of steel and cast iron in a wide range of steel brands. At present, the Steel plant is equipped only with furnace units based on smelting of steel scrap and heating by means of an electric arc. The production capacity of the Steel plant reaches 200,000 t/year.

The basic characteristics of the operation of the Steel plant are given in the company sources:

- Repair and preheating of molds includes repair of molds and their preheating on so-called head burners, or their heating in casting fields until the end of their service life.
- Casting of steel from casting ladles to casting sets of molds in casting pits after vacuuming on VAKUVIT equipment and refining in LF.
- Batch preparation, scrap yard includes equipment for filling treated scrap into baskets, system for dosing alloys and additives to kiln aggregates.
- Warehouse management consists of warehouses for scrap, additives, ceramics, alloys, casting material and molds for steel production.
- Water management includes cooling towers, pumping stations, individual circuits of cooling equipment, supplies of drinking and service water to ensure steel production.
- The slag management contains equipment for the transport of slag in huts to the slag, cooling and magnetic separation of Fe and removal of the non-magnetic fraction to the former landfill of VÍTKOVICE, a.s., for its creep.
- Energy management includes the necessary supplies of electricity, steam, argon, nitrogen, oxygen, acetylene and compressed air for steel production.
- Flue gas cleaning in EAF filter stations with previous afterburning of CO and LF on fabric hose filters, including their removal.
- Waste management includes a controlled system of collecting and handing over individual types of waste to persons from the Waste Act responsible for their subsequent method of disposal.
- Transport ensures all transport of raw materials and other materials during production, including transport of steel.

The product range is as follows:

- Forging ingots weighing up to 190 tons.
- Slab ingots weighing up to 38 tons.
- Round ingots weighing up to 23 tons.
- Liquid steel for own foundry.

The main production unit contributes significantly to the total production of cast steel: Electric arc furnace No. 5 (hereinafter EAF 5) melt weight of 30-76 tons. There are two more furnace units available in the steel plant – the EAF 4 furnace with a melt weight of 30-52 tons and the EAF 3 furnace with a melt weight of 16-25 tons. Both units are used when it is necessary to accumulate a larger amount of liquid steel (production of heavy ingots or castings, cast from several melts) or when the main unit is shut down for repair – EAF 5).

Furnace units are technically obsolete, EAF 5 originally from 1982 underwent a major modernization associated with overhaul. The modernization of the EAF furnace No. 5 was carried out in 2006, including the control system of the steel plant. At the time of the inspection, the lining of the furnace was being repaired. This furnace has a separate management, including air conditioning, cooling and electrical. The furnace works with a liquid residue weighing about 10 t and is loaded with 2 baskets, which are transported to the hall by a route from the scrap yard. Ingredients to the kiln are added by technology in the trough using a planter via a scale on the kiln platform.

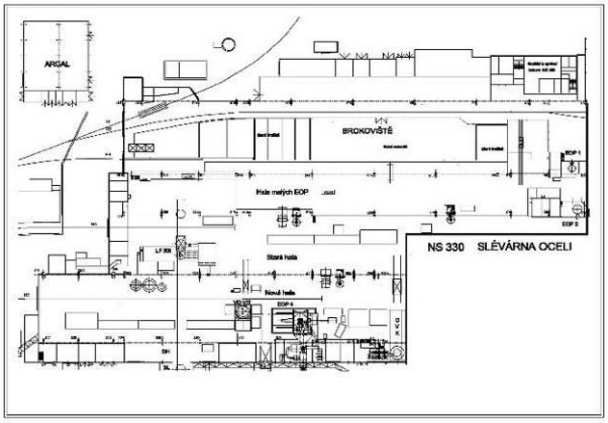
Almost all produced liquid phase, mostly from EAF 5 and EAF 4, is finished on secondary metallurgy equipment. Specifically, it is a ladle furnace of the LF type with a nominal size of 80 tons (it can process melts weighing from 30 tons). There, melt heating, doping, efficient refining slag formation, deoxidation and bath desulfurization are performed. When accumulating several melts for casting heavy ingots and castings, this device carries out the long-term maintenance of the melt at the temperature until the production of another melt and its out-of-furnace processing. About 90% of the steel produced is further subjected to vacuum refining. There are two vacuum stations available in operation for this. It is an 80 ton caisson station of the VD type, referred to as VD-VIT. It makes it possible to reduce the pressure in the reaction space to a level below 1 hPa. The main metallurgical effect is degassing. This means the reduction of hydrogen content (below 1 ppm as required), deoxidation (below 4 ppm free – active oxygen) and denitration (up to 40 ppm as required). At the same time, the interaction of refining slag with the steel melt under the mentioned vacuum further deepens the level of desulfurization (final level below 20 ppm). The station also allows the VCD (Vacuum Carbon Deoxidation) procedure to be performed. The product of this deoxidation process is a gas (CO), insoluble in steel and continuously aspirated from the reaction space by a vacuum system. Depending on the requirements, the mixing argon can be replaced by nitrogen gas at this station and it can be oversaturated for special steel grades. Another vacuum station is of the VD/VOD type, referred to as VAKUVIT. In addition to practically the same metallurgical possibilities as with the previous station, it is also possible to carry out active decarburization of the melts here by means of an oxygen nozzle under reduced pressure. It is equipped with its own mechanized alloying unit. This allows the throughput of ingredients under vacuum. It is used in the production of anti-corrosion steels and electrical steels (IF, ULC types with very low contents of interstitial elements, especially carbon and nitrogen). The out-of-furnace steel melt is generally cast into various types of molds, namely square, rectangular, circular and polygonal cross-sections. For this purpose, the operation has a number of casting "fields", where casting sets are prepared according to orders. The ingots are cast in piece weights from 0.7 tons to 190 tons. Approximately 80% of ingot production is stripped after solidification and transported in a warm state to further processing operations (forge, rolling mill). The remaining 20% is cooled either in ingot molds or in a controlled manner in furnaces or thermoboxes. The operation of the steel plant is dispositionally followed by the operation of the foundry, while all the necessary liquid metal is melted and prepared out of furnace in the operation of the steel plant. For casting castings, mainly steels, gray, ductile and special cast iron as well as high-alloyed types of cast irons are produced.

Available casting cranes of 200 tons and 150 tons.

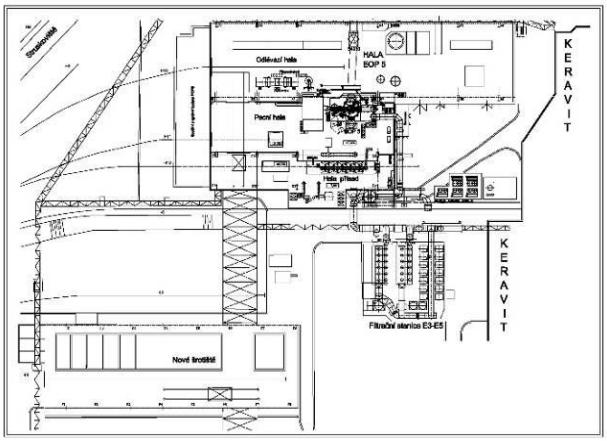
Basic capacity characteristics of the following so-called secondary metallurgy:

- Ladle furnace (LF)… weight of steel in the ladle of 30-80 tons
- Equipment VD –VIT… weight of steel in the ladle of 30-80 tons
- OVK device… weight of steel in the ladle max. 50 tons

The steel plant is designed for the production of steel in the technological line EAF LF VD – VIT foundry (bottom casting).



Situation plan CC 320 – old part



Situation plan CC 320 – new part

CC 330 – Foundry

The operation of the foundry follows the operation of the steel plant. The foundry is not equipped with melting units. The production of molten metal is carried out in the adjacent hall CC 320 Steel plant, from where it is transported by crane in ladles for casting and subsequent processing of castings in the foundry.

The foundry is focused on the production of large steel castings (4 to 150 t) and ductile iron castings (5 to 80 t), demanding shapes and small series deliveries. Castings are cast in molds.

The foundry facilities include three centers:

- Model shop – production of models for the needs of the foundry using usually wooden materials and plastics, sealants, adhesives and resins. Modern woodworking machines and connecting materials are used for the production of models (models belong to customers).
- Molding plant – production of molds and cores (using models, molding frames and caissons.) intended for casting. The production of molds and cores consists of the manual molding of mixtures based on slag from silica and chromite sands, binders based on furan resins and curing with acid activators. Castings are cast from molds and cores according to the specific requirements of the order (shape, quality). After demolding of the castings, the used molding mixtures are regenerated with dust granulation (the molds disintegrate after casting and the sand is renovated; it is discarded after several cycles).
- Cleaning center – in this center, castings are cleaned from the remains of foundry sand and slag, the risers are burned, they are processed on a blasting machine, a grinding manipulator and hand grinders. The cleaning center plant also performs repairs by welding defects and cracks of products created during the production process, especially in the subsequent processing in CC 370 Heavy Mechanics.

The operation of the foundry is focused on the production of shape-demanding steel castings in a small series character up to 150 tons net weight, or up to 330 tons in a welded design). The projected production capacity of the finished production is 13,000 t / year. The maximum dimensions of the castings are 14,000 mm x 6,500 mm x 3,800 mm, the maximum diameter is 8,000 mm.

Basic characteristics of the Foundry operation:

- Production of models and castings for the needs of the foundry using wood materials and plastics, sealants, adhesives and resins. Modern woodworking machines and connecting materials are used for the production of models.
- The production of molds for molding castings in the molding center is the molding of a casting model in a caisson or in a molding frame into a self-curing molding compound from mixers, including an inlet system and treatment of the mold with a water-based or alcohol-based refractory coating.
- Regeneration and separation of returnable sands includes a system of treatment equipment for processing used mixtures after demolding of castings (magnetic separation of Fe fractions, sorting of fireclay residues and insulation, pneumomechanical wiping to remove binder residues, magnetic separation of sand from chromite, pneumatic sorting of further unusable fine fractions from the mixture sand).

- Granulation of sands from sand regeneration with water to a granule size with a diameter of 10 to 30 mm in order to reduce dust and improve the handling of dust waste.
- Drying of sands in a fluid dryer is a device necessary to remove moisture from the supplied sands before they are used for the production of the molding mixture.
- Extraction and filtration of polluted air from the transport of new sands, pneumatic transport to mixers and from the process of regeneration of used molding mixtures.
- Cleaning of castings from foundry sand and slag residues, after burning of risers, on a blasting machine, grinding manipulator and hand grinders.
- The heat treatment of the castings follows the burning of the risers, inlets and cleaning of the castings in annealing furnaces (Nos. 1 to 5) in order to reduce stress. After annealing, the casting is blasted with steel shots to remove scale.

The operation of the molding plant is divided into several halls – heavy castings, castings up to 40 t to the casting cleaning centers marked as old and new.

Molding plant No. 1 – HEAVY CASTINGS
The maximum width of the caisson is 9 m at a depth of 2.5 m. Other dimensions of the caissons are 35 x 8 x 5 m, 27 x 8 x 4 m, 15 x 8 x 5 m and 15 x 7.8 x 2.8 m.

Molding plant No. 2 – CASTINGS up to 40 t
The deepest caisson 6 m for casting cylinders, other caissons with a depth of up to 3 m.

Mixers are used for the preparation of molding mixtures. Mixers No. 1 and No. 2 are fully functional, No. 3 is in operation but requires repair, mixer No. 4 is inoperative. The models used are wooden made of solid wood, plywood, blockboard, polystyrene and combinations of these materials. Woodworking machines (38 pcs.) Are used for the manufacturing of models. Manual molding is performed into caissons and into frames of furan mixtures. The handling crane with a load capacity of 15 t is shut down, a crane with a load capacity of 100 t is used for transport. There are problems with the regeneration of molding compounds with the pneumatic transport of highly abrasive materials. There are operational deficiencies in the exhaust of the mixer purchased in 2015 from the supplier PRO FILTR, for which a claim was made within the warranty period. Chamber furnace No. 6 is not used.

The operation of the casting cleaning center is situated in two halls:
- Hall of the new cleaning center ... 3,800 m^2, 1 x crane 150/50 t, 1 x crane 50/20 t.
- Hall of the old cleaning center ... 4,113 m^2, 1 x crane 12.5 t, 1 x crane 32 t.

The cleaning center has the following basic production facilities:
- Regeneration – separation for the recovery of used chromium sand.
- TMWO 200 blasting equipment.
- ANDROMAT grinding device with rotating head for rough grinding of castings.
- Furnace No. 4 in a new cleaning center (12 x 8 x 4 m, load capacity 250 t).
- Furnaces in the old cleaning center – No. 1 up to a capacity of 150 t, No. 2 – No. 3 up to a capacity of 50 t, this furnace has a defect in heat fluctuations, which requires adjustment of the measurement and control system.
- TATRA 813 towing unit to ensure transport between halls.
- Railway siding.

CC 340 – Forge
NS 340 Forge includes 2 production plants of forges – operation in the main area of the Debtor and operation in Ostrava-Kunčice, and a tempering plant. The operation of the forge consists in forging ingots by heat (heated in furnaces to the required forging temperature according to the requirements for the resulting properties of the forging). The operation of the Tempering Plant consists in hardening the ingots, i.e. heating to a certain temperature and subsequent rapid cooling. During this process, the steel hardens or obtains other required performance properties.

The basic activity is free forging of hot forgings on hydraulic presses, longitudinal forgings – for example rods of circular, rectangular or square cross-section, shafts, axles – with diameters of 70 – 2,800 mm, up to 25,000 mm in length. The range also includes rings with diameters of 200 – 6,000 mm, discs and circular plates with a diameter of 200 – 4,800 mm, hollow bodies with a diameter of 250 – 2,800 mm and lengths of max. 15,000 mm, with the weight of individual parts up to 123 t.

Other production areas are:
- rolling of rims and engineering rings: rolled rims with a diameter of 400 – 1,800 mm and weight of 75-750 kg and rolled rings with a diameter of max. 2,300 mm and weight of max. 2.5 t,
- heat treatment (for forging, annealing, tempering, hardening and special modes),
- hot and cold burning on burning machines,
- hot and cold straightening.

The production equipment of VÍTKOVICE Forge and KUNČICE Forge centers is adapted to the listed activities. This is:

Production equipment – VÍTKOVICE Forge
- Hydraulic presses – 60 MN (complete overhaul in 2006), 7.5 MN, 16 MN (CKW 1 600)
- Heating furnaces (11 pcs – 10 car, 1 fixed)
- Heat treatment furnaces (18 car furnaces)
- Rim shop- 2 furnaces (1 x carousel, 1 x fixed
- Rolling press 100 MN
- Material cutting saws (band – 4 pcs, circular – 2 pcs)
- Forging cranes with a capacity of 150 t (2 x)

Production equipment – KUNČICE Forge
- Hydraulic press 120 MN (renovation in 2008)
- Heating furnaces (7 car furnaces, 4 fixed furnaces, 1 step furnace)
- Heat treatment furnaces (11 car furnaces, 1 shaft furnace)
- WOKA grinding device (1 pc)
- Rolling press 100 MN
- Forging cranes with a capacity of 330 t (2 x)
- pcs of milling machines (1 x W 160, 1 x WD 250)

The decisive technologies have a production capacity of 80 kt / year.

The largest press 120 MN was put into operation in 1954. In 1976-77 complete overhaul, then in 1994-95 further modernization and complete overhaul, in 2008 complete overhaul of high-pressure and low-pressure hydraulic system of the press. Acquisition price including all technical valuation performed until today is CZK 391,652 thousand.

The 60 MN press was overhauled and modernized in 2010, increasing the acquisition price to CZK 82,490,845.

The forge also includes:
- large heating furnaces – natural gas
- Furnace No. 2 under repair
- Furnace No. 4 – not operational
- Forging crane
- QKK Manipulator
- Press 1600 t
- Cranes
- Carriages
- Press 630 t
- Manipulator
- 4 furnaces (1 double) are out of operation – no natural gas is supplied

The Debtor's property includes "historical machines" no longer in use in the forge:
- Steam hammer 5.0 t – manufactured in 1898 – operation ended in 1987
- Steam-hydraulic four-column press – 800 t manufactured in 1908 – operation ended in 1986
- Steam hammer 1,7 t – manufactured in 1902 – operation ended in 1986.

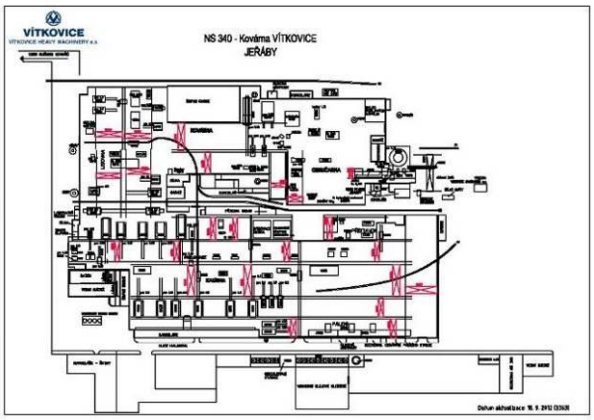
The rim shop is a relatively independent production unit for the production of very precise rims with a diameter of 350 – 3,500 mm.

Technological equipment of rim shop

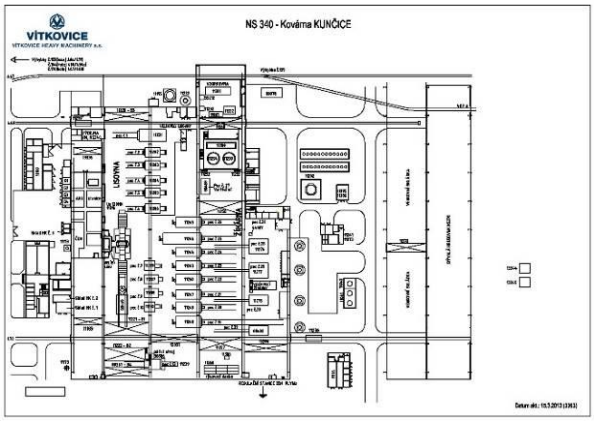
- Manipulator
- Carousel furnace 4 zones – 1,300 °C
- Manipulator
- Descaling device
- Punching press
- Widening press
- Continuous furnace
- Extraction manipulator
- Rolling mills – vertical axes of rollers
- Stamping press
- Caliber warehouse – very necessary aids for a wide range of products.

Technological devices forming the hardening shop equipment are in a wide range in terms of purposes and sizes:

- Rolling press
- Drawing board
- 14 natural gas furnaces (No. 2, 3, 4, 5, 6, 8, 9, 10, 11, 18, 19, 20, 28 and 29)
- 1 small electric furnace for tests (E 30)
- 6 furnaces are not converted from coke-oven to natural gas – they cannot be used (No. 12, 13, 15, 16, 17 and 21)
- Hardening tanks – water, oil
- Water 6 x 3 depth 3.5 (4) m
- Water 9 x 3 depth 8 m
- Oil 6 x 3 depth 8 m
- Oil 12 x 2 depth 3 m
- Cutting machines 2 pcs length 15 m cut thickness up to 1,500 mm
- Band saws 1,800 x 1,800 mm + rotation of the band by 90 ° – (not only perpendicular, but also longitudinal cut)
- From the last reconstructions performed at the furnaces, we can mention:
- Furnace No. 20 reconstruction in 2009 – price CZK 31,755,700
- Furnace No. 19 reconstruction in 2012 – price CZK 16,324,433
- Furnace No. 18 reconstruction in 2013 – price CZK 20,528,000 incl. subsidy CZK 8,211,200.



Situation plan CC 340 – Vítkovice



Situation plan CC 340 – Kunčice

CC 350 – Rim shop

The center ensures the production of rims from logs for wheels of rail transport technology. As of the Valuation Date, the Center almost exclusively carries out wage work, within which it processes material or semi-finished products supplied by the customer, which remain in its ownership (primarily the company BONATRANS GROUP a.s., which deals with the manufacture of railway wheelsets, axles and their parts) .

CC 370 – Heavy mechanics

The center provides final modifications of work in progress and semi-finished products and production of final products:

- production of weldments (heavy blocks welded from 2 or more castings),

- machining of castings, forgings and weldments, including in particular roughing and blasting, turning, milling and carousel work,
- assembly of castings, forgings and weldments,
- fine machining of castings, forgings and weldments on CNC machines,
- painting and other surface protection and treatment.

Orders are processed in the final production process for the longest time (usually 6 months) and produce the final products usually measuring 1-5 x 15 m and weighing 40-60 t (max. up to 350 t).

The Heavy Mechanics operation is focused on the precise machining of large products and specific shapes with a high degree of precision. These include turning, milling, drilling deep holes (up to a length of 25,000 mm), rounding outside the axial rotating surface of bent shafts, grinding (round, flat and holes), shaping, cutting materials, as well as welding, blasting and surface treatment and assembly.

The assortment, specifications and especially, due to the extremely large dimensions of workpieces, the size of machines and equipment are also adapted to specialized production.

Production equipment – for turning (including numerically controlled machines – CNC machines):
- 11 lathes with max. machining diameter of 2,600-3,650 mm, turning length of 12,000-30,000 mm, workpiece weight of 140,000-300,000 kg
- 24 lathes with max. machining diameter of 710-2,000 mm, turning length of 4,000-25,000 mm, workpiece weight of 5,000-12,000 kg
- lathes with max. machining diameter of 100-530 mm, turning length up to 5,000 mm, workpiece weight up to 6,000 kg

Production equipment – carousel lathes:
- lathes with machining diameter up to 18,000 mm, turning height up to 4,000 mm, workpiece weight up to 250,000 kg
- 10 lathes with machining diameter 1,700-6,300 mm, turning height 1,200-4,000 mm, workpiece weight 5,000-120,000 kg (of which 2 machines with CNC)

Production equipment – CNC lathes:
- 15 lathes with machining diameter 1,250-4,200 mm, turning length up to 18,000 mm, workpiece weight up to 150,000 kg

Production equipment – rounding:
- Moll-apparatuses with max. circle diameter of 3,150/2,850 mm, bed length of 14,300/15,200 mm, workpiece weight up to 100,000 kg
- Moll-apparatus with max. circle diameter of 1,000 mm, bed length of 12,700 / 14,200 mm, workpiece weight up to 100,000 kg

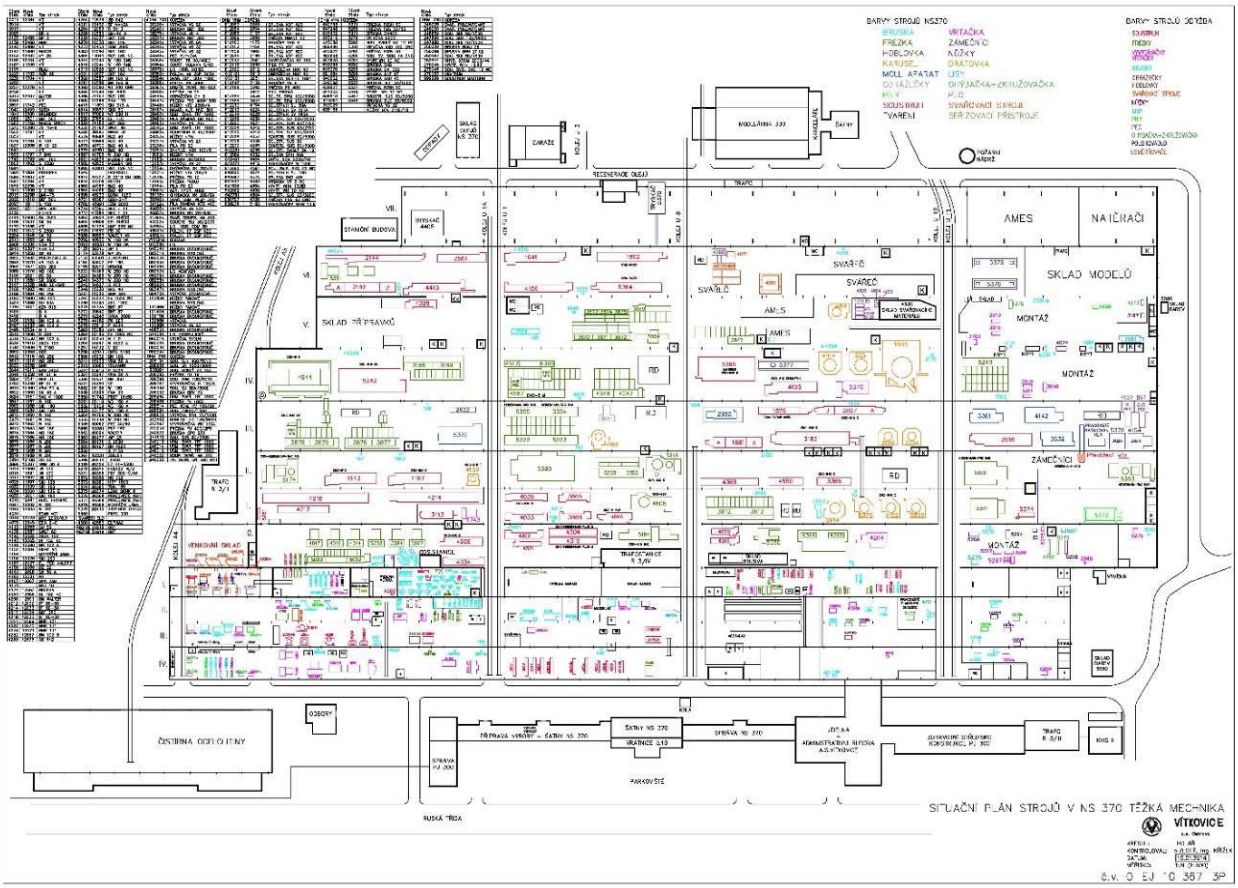
Production equipment – milling:
- special machines for machining middle pieces of bent shafts (4 pcs)
- 12 gantry milling machines with a table width of max. 5,000 mm, a table travel of 2,000-14,500 mm, a workpiece weight of 10,000 to 300,000 kg (of which 11 x CNC)
- 38 milling machines type W with spindle diameter of 100/130/160/200/250 mm, with table travel length of 1,100 / 1,600 mm, bed length of 3,100-17,650 mm, workpiece weight from 10,000 to 250,000 kg (of which 7 x CNC)

Production equipment – blasting equipment
- blaster TKM 100 (max. workpiece size 5,700 x 3,500 mm, max. car load 100,000 kg, max. workpiece weight 50,000 kg)
- hand corundum blaster

Material cutting
- saws
- burning machines

Due to the very large machine park, the machines are also used with regard to the current technical condition. While machines with lower quality parameters in the area of achieved accuracy and roughness of machined

surfaces are used for roughing, precision machines are used for finishing. In recent years, costly reconstructions and modernizations of machines have been carried out, during which, in addition to the repair of mechanical parts (lines, bearings, spindles), control and measuring systems have also been replaced. As already mentioned, these are large and specific machines, so the purchase prices or costs for their reconstruction and modernization reach high amounts.



Situation plan CC 370

2.1.3 BASIC FINANCIAL DATA ON THE DEBTOR, ASSETS OF BANKRUPTCY

2.1.3.1 DEBTOR'S ECONOMIC DEVELOPMENT

A detailed analysis of the development of the Debtor's finances is performed in Chapter *4 Financial Analysis*. Below there is just a summary of the basic financial information about the Debtor:

- sales declining between 2015-2018 (from CZK 3,791 million to CZK 898 million), increase in sales in 2019 (CZK 1,063 million), low level of sales as of the Valuation Date (CZK 254 million),
- economic result positive only in 2015 (CZK 51 million) and 2019 (CZK 332 million), negative in other years (as of the Valuation Date CZK -609 million),
- number of employees 332 (September 2020),
- balance of assets as of the Valuation Date according to the balance sheet: CZK 9.9 billion gross, CZK 2.1 billion net, of which:
    - fixed assets CZK 1.89 billion (CZK 1.17 billion in technology and machinery, CZK 0.64 billion in real estate),
    - reserves of CZK 0.05 billion,
    - active debts of CZK 0.14 billion,
    - cash CZK 0.03 billion.
- Debt balance as of the Valuation Date according to the balance sheet: CZK 1.5 billion, of which:
    - long-term liabilities CZK 0.33 billion
    - short-term liabilities CZK 1.13 billion
    - reserves of CZK 0.05 billion,

Debtor's Insolvency

Based on the resolution of the Regional Court in Ostrava File no. KSOS 37 INS 6664/2020-A-18 of 19 March 2020:

- a decision has been made on the Debtor's bankruptcy,
- the company KONREO, v.o.s., based in Jana Nečase 1343/29, Žabovřesky, 616 00 Brno, was appointed as the insolvency administrator (thereinafter "**Debtor's IA**"),
- creditors were invited to register their claims and exercise security rights,
- a review meeting was ordered on 9 July 2020,
- a meeting of creditors was convened on 9 July 2020,
- an interim creditors' committee has been set up:
  - Česká spořitelna, a.s., Company ID: 45244782,
  - ČEZ ESCO, a.s., Company ID: 03592880,
  - Gomanold, a.s., Company ID: 27931536.

Based on the resolution of the Regional Court in Ostrava File no. KSOS 37 INS 6664/2020-B-86 of 17 July 2020, bankruptcy was declared for the Debtor's property.

2.1.3.2 DEBTOR'S ASSETS OF BANKRUPTCY

The carrying amount of the Debtor's assets was CZK 2,369.223 million as of the Valuation Date and consisted of the structure of assets according to the following table (assets of bankruptcy in the balance sheet structure according to the Debtor's accounting as of the Valuation Date):

Table 1 – Debtor's Assets of Bankruptcy as of the Valuation Date

BALANCE SHEET – ASSETS (THOUSANDS OF CZK)	GROSS	CORRECTION	NET
Total Assets	**9,906,213**	**7,787,364**	**2,118,849**
Fixed Assets	**9,101,620**	**7,208,128**	**1,893,492**
Intangible Fixed Assets	**120,070**	**45,959**	**74,111**
Valuable Rights	45,959	45,959	0
Software	*44,768*	*44,768*	*0*
Other Valuable Rights	*1,191*	*1,191*	*0*
Other Intangible Fixed Assets	57,078	0	57,078
Advances Provided and Unfinished Intangible Fixed Assets	17,033	0	17,033
Unfinished Intangible Fixed Assets	*17,033*	*0*	*17,033*
Tangible Fixed Assets	**8,981,550**	**7,162,169**	**1,819,381**
Land and Buildings	2,261,325	1,625,281	636,044
Lands	*353,613*	*0*	*353,613*
Buildings	*1,907,712*	*1,625,281*	*282,431*
Tangible Movables and Their Sets	6,336,741	5,226,813	*1,109,928*
Other Tangible Fixed Assets	370,055	310,075	59,980
Other Tangible Fixed Assets	*370,055*	*310,075*	*59,980*
Advances Provided and Unfinished Tangible Fixed Assets	13,429	0	13,429
Advances Provided on Tangible Fixed Assets	*1,312*	*0*	*1,312*
Unfinished Tangible Fixed Assets	*12,117*	*0*	*12,117*
Long-term Financial Assets	**0**	**0**	**0**
Current Assets	**799,469**	**579,236**	**220,233**
Reserves	**309,118**	**260,143**	**48,975**
Material	44,124	17,357	26,767
Unfinished Work and Semi-finished Products	246,747	228,360	18,387
Products and goods	15,354	14,426	928
Products	*12,889*	*12,033*	*856*
Goods	*2,465*	*2,393*	*72*
Advances Paid for Reserves	2,893	0	2,893
Receivables	**456,158**	**319,093**	**137,065**
Long-term Receivables	**34,099**	**4,105**	**29,994**
Trade Receivables	34,068	4,105	29,963
Other Receivables	31	0	31

BALANCE SHEET – ASSETS (THOUSANDS OF CZK)	GROSS	CORRECTION	NET
Other Receivables	*31*	*0*	*31*
Short-term Receivables	**422,059**	**314,988**	**107,071**
Trade Receivables	281,909	202,174	79,735
Receivables – Other	140,150	112,814	27,336
Receivables From Partners	*16*	*0*	*16*
Short-term Prepayments	*9,866*	*1,099*	*8 ,767*
Estimated accounts active	*4,494*	*0*	*4,494*
Other Receivables	*125,774*	*111,715*	*14,059*
Cash	**34,193**	**0**	**34,193**
Money at the Cash Register	6	0	6
Money in Bank Accounts	34,187	0	34,187
Accruals	**5,124**	**0**	**5,124**
Deferred Expenses	5,124	0	5,124

2.2 DOCUMENTS FOR THE PREPARATION OF THE REPORT

For the preparation of this report, the Expert had at his disposal the following documents submitted by the Debtor and the Debtor's insolvency administrator:

- Annual Report of the Company for the years 2016-2018.
- Financial statements of the Company for the year 2019.
- Turnover balance of the Company for the years 2018 and 2019 and for the months January-June 2020.
- Turnover balance sheet, balance sheet and profit and loss statement of the Company as of June 30, 2020.
- Photocopy of the letter made by Mgr. Miroslav Kučerka on behalf of the company Power Systems s.r.o. addressed to the company KONREO, v.o.s. in the matter "Invitations to exclude the client's property from the list of debtor's assets" to the file number KSOS 37 INS 6664/2020 of 2 September 2020.
- Photocopy of a letter written by Ing. Pavel Suchánek, executive officer of the company Power Systems s.r.o. addressed to the company VÍTKOVICE HEAVY MACHINERY a.s. in the matter of "Withdrawal from the contract and invitation to issue unpaid goods" of 20 January 2020.
- List of patents and utility models of the Company.
- Inventory of long-term intangible and tangible assets of the Company as at 30 June 2020, including information on seizure.
- Situation plans of machines in CC320, CC340 and CC370.
- Situation diagram of cranes in CC320.
- List of the Company's inventories as of June 30, 2020, including information on seizure.
- List of receivables of the Company as at 30 June 2020, including information on seizure.
- List of the balance of the Company's individual bank accounts as at 30 June 2020, including information on seizure.
- Schedule of accruals of the active Company as of June 30, 2020.
- List of employees of the Company as of September 1, 2020, stating their position, type of employment, date of commencement of employment and information on gross salary.
- Passports to individual Company properties.
- Photocopies of lease agreements and amendments relating to valued real estate provided by the client,
- Photocopy of the real estate tax return for the tax period of 2020 of the Company.
- Photocopy of a land certificate provided by the client, proving the state registered as of 19 May 2020 on ownership certificate 597, cadastral area Zábřeh-VŽ, municipality Ostrava, district Ostrava-město.
- Photocopy of a land certificate provided by the client, proving the state registered as of 19 May 2020 on ownership certificate 764. cadastral area Kunčice nad Ostravicí, municipality Ostrava, district Ostrava-město.
- Photocopy of a land certificate provided by the client, proving the state registered as of 19 May 2020 on ownership certificate 1788, cadastral area Vítkovice, municipality Ostrava, district Ostrava-město.
- Cadastral maps and zoning plans depicting the Company's real estate.
- List of plots and buildings owned by the Company.

- Information on the amount of real estate insurance costs of the Company in 2017.

Documents provided by the Expert:

- Extracts from the Industrial Property Office – from the database of patents and utility models – application number 2015-677, 2011-891, 2011-892, 2016-699, 2013-28899, 2016-33241.

In preparing this report, the Expert drew information from the following documents:

- information about the valuated company from:
  - Commercial Register, collection of documents and insolvency register www.justice.cz
  - web presentation www.vhm.company

- information on exchange rates:
  - Czech National Bank www.cnb.cz

- information for real estate valuation:
  - Real Estate Cadaster www.cuzk.cz
  - Czech Statistical Office www.czso.cz
  - Patria Online a.s. www.patriaonline.cz
  - zoning plan of the city of Ostrava published on the Internet
  - price indicators in construction for 2020 – www.cenovasoustava.cz
  - www.sreality.cz
  - www.reality.cz
  - www.statnisprava.cz
  - www.mestaobce.cz

Any other documents are listed in the individual chapters of the valuation.

3 THEORETICAL AND METHODOLOGICAL PART

3.1 VALUE CATEGORY

Price
The term Price is a term used for the amount requested, offered or already realized for goods or services. It is a historical fact, either publicly known or kept secret. Due to the financial possibilities, motivation or interests of the buyer and seller, price may or may not be related to the value. Price is a general indication of the relative value assigned to a given good or service in a particular transaction. Price is an objective figure.

Value
Value is an economic term expressing the monetary relationship between goods or a service intended for sale and by those who sell or buy it. Value is not a fact, but only an estimate of the price of a particular good or service in a given market on a particular date. The economic concept of value reflects the aspect of the benefit accruing to the owner of the goods or services at the date on which the value is determined. Value is a subjective figure.

Value types
In general, two types of values are distinguished:
1. Market value
2. Nonmarket value

3.1.1 MARKET VALUE

Market value
Market value (a term used in the EU, sometimes Fair Market Value, used mainly in the US) is defined by international valuation standards as:
The estimated amount for which the asset should be exchanged as of the valuation date between the voluntary seller and the voluntary buyer in a transaction between separate and independent partners after an appropriate marketing period in which both parties would act in an informed, reasonable and non-coercive manner.

"Estimated amount..." represents the price, expressed in cash (usually local currency), that would be paid for an asset in an independent market transaction. Market value is measured as the most probable price reasonably available in the market at the valuation date in accordance with the definition of market value. It is the best reasonably affordable price for the seller and the most advantageous reasonably affordable price for the buyer. In particular, this estimate excludes an estimate of the price increased or decreased by special factors or circumstances, such as atypical financing, sale and leaseback, special considerations or benefits provided by someone associated with the sale, or any element of special value.

"…***the assets should be exchanged***…" reflects the fact that the value of the assets is an estimated amount and not a predetermined amount or the actual selling price. It is the price at which the market expects a transaction to be made as of the valuation date to meet all other parts of the definition of market value.

"***...as of the valuation date"*** requires that the estimate of market value be limited in time. Because markets and market conditions may change, the estimated value may be incorrect or inappropriate at other times. The valuation will reflect the current market situation and conditions existing at the actual valuation date. The definition also assumes the simultaneous exchange and execution of a sale without any price variations that could sometimes be made.

"... between voluntary buyer..." refers to one who is motivated but not forced to buy. This buyer is neither too eager nor forced to buy at any price. This buyer is also the one who buys according to the situation on the current market and according to current market expectations, and not according to an imaginary or hypothetical market for which it cannot be proven or assumed to exist. The potential buyer should not pay a higher price than required by the market. The current owner of the property is included among those who make up the "market". The appraiser or expert must not make unrealistic assumptions about market conditions or assume a level of market value higher than that which is reasonably available.

"...voluntary seller..." is neither too eager nor compelled to sell at any price, nor is he or she prepared to offer at a price which is not reasonably possible in the current market. A voluntary seller is motivated to sell assets on the market at the best price available on the (open) market after proper marketing, whatever that price may be. The actual situation of the current owner of the asset is not part of these considerations, as the "voluntary seller" is the hypothetical owner.

"***...in an independent transaction...*** **"** means a transaction between parties that do not have a close or special relationship with each other (e.g. parent and subsidiary or owner and lessee) that could cause the price not to be typical of the market or to be increased in as a result of an element of special value. The transaction at market value is assumed between unrelated parties, each of whom acts independently.

"...after an appropriate marketing period..." means that the asset should be displayed on the market in the most appropriate way so as to obtain the best price reasonably possible for it when the definition of market value is met. The length of the exposure period may vary depending on market conditions, but must always be sufficient for the asset to be noticed by an appropriate number of potential buyers.

"...in which each party acts in an informed and rational manner..." presupposes that both the voluntary buyer and the voluntary seller are reasonably informed of the nature and characteristics of the asset, its actual and potential use and the state of the market at the valuation date. It is further assumed that everyone acts with this knowledge and reasonably in their own interest and strives for the best price for their position in the transaction. Reasonableness is given in relation to the state of the market at the date of valuation and not by the benefits that arose so that we would assess the situation sometime later with knowledge of past developments. It is not necessarily unreasonable for a seller to sell an asset in a market with declining prices at a price that is lower than the previous market price. In such cases, as in other situations of sales and purchases in markets with changing prices, a prudent buyer or seller will respond to the best market information on a given date.

"...and in non-coercive manner..." stipulates that each party is motivated to undertake the transaction, but neither is excessively forced to carry it out.

Market value is understood as the value of an asset excluding the cost of sale or purchase and without compensation for related taxes.

Assumption
The market value contains the basic assumption of the highest and best use of assets. Highest and Best Use is a use of all reasonably probable and legally permitted uses that has been identified as physically possible, duly justified, financially feasible and results in the highest market value of the assets being valued.
The highest and best use must meet the following four criteria:

- compliance with legal regulations,
- physical feasibility,
- financial feasibility,
- maximum profitability.

Usual price
The Czech legislation uses the term usual price, which is defined by Act No. 151/1997 Coll., On property valuation, as "the price that would be achieved by selling the same or similar assets or by providing the same or similar service in the ordinary course of business in the Czech Republic on the valuation date. In doing so, all circumstances that affect the price are considered, but its amount does not reflect the effects of extraordinary market circumstances, personal circumstances of the seller or buyer, or the effect of special popularity. Extraordinary market circumstances include, for example, the state of distress of the seller or buyer, the consequences of natural or other calamities. Personal relations are understood in particular as property, family or other personal relations between the seller and the buyer. Special popularity means a special value attached to a property or service resulting from a personal relationship with them. "

It can be deduced from the definition that the usual price exists only for commonly traded goods or assets. It is a common price, regularly recurring and corresponding to the custom in a given place and time. Therefore, it can be estimated by market analysis with relatively high accuracy or with little variance from the average value. However, there are many types of property, things or rights where the market is less developed and which is not commonly traded and then the usual price is very difficult to determine. If similar assets are not traded at a given place and time, and therefore there is no market for such assets, there can

be no usual price, as the usual price can only be reached on the basis of a market analysis. However, this does not mean that property in such a place and time has no value. In principle, it can be stated that the usual price cannot be determined, but it is possible to estimate the market value of the property. The market value category is, in its definition, superior to the usual price category.

Thus, market valuation does not determine the absolute value of an asset, but interprets the buyer's behavior in the market in relation to that asset. It is therefore an expert opinion constructed on the basis of available and relevant information as of the valuation date.

3.1.2 NONMARKET VALUE

Equitable Value
Equitable Value is defined in the IVS as: "the amount for which an asset could be exchanged between informed and independent parties that take interest in a transaction" and at the same time "it is the price that is fair between by two specific parties, taking into account all the advantages and disadvantages that each party may have from the transaction". Equitable Value is based on market principles, but is not synonymous with Market Value, it is a broader concept. Unlike the market value, it may take into account the specifics of a given transaction between two specific entities. The market value must be impersonal and impartial. Equitable Value may take into account, for example, the synergic effects and benefits of the transaction for all parties involved. There are situations where Equitable Value will match market value and when it will not.

Value-in-Use
Value-in-Use is the value of an asset that it has for its specific use for a particular user, regardless of the highest and best use.

Investment Value
Investment Value is the value of assets for a particular investor or group of investors with a specific investment objective. Subjective value based on individual investment requirements thus differs from market value, which is impersonal and impartial.

Liquidation Value
Liquidation; Forced Sale Value is the value at which an asset could be monetized in a very short time. Also, a party may be at a disadvantage or forced into a transaction.

Special Value
Special Value is used in the case of an extraordinary element of value exceeding market value. This value may increase above the market value when combined with other assets (synergic effect).

Book Value
Book Value is the value that is determined on the basis of valid legal standards in accounting.

3.1.3 SELECTED VALUE

The task of the Expert is to determine the value of the Debtor's assets. The IL provisions no longer specify which category of value is to be determined. It follows from the definition of property given in § 206 of the IL that the assets consist mainly of:

- cash,
- movable and immovable property,
- business
- set of things and bulk things,
- passbooks, deposit slips and other forms of deposits,
- shares, bills of exchange, checks or other securities or other documents the presentation of which is necessary for the exercise of the right,
- business share,
- the Debtor's pecuniary and non-pecuniary claims, including contingent claims and outstanding claims,

- the Debtor's salary or salary, his or her remuneration as a member of a cooperative and income which compensates the Debtor for remuneration for work, in particular pensions, sickness benefits, maternity allowance, scholarships, earnings compensation, retraining,
- other rights and other property values, if they have a value of money.

The assets also include accessories, additions, fruits and benefits of the above property.

For the purpose of fulfilling the first expert task, i.e. determining the value of the Debtor's Factory in its sale by a single contract in case of remediation bankruptcy, the **market value of the Factory** will be determined as a collective matter, i.e. under the assumption of going concern, thus, the co-adjustment of all asset items in value creation.

For the purpose of fulfilling the second expert task, i.e. determining the value of assets included in the assets in the event of liquidation, the Expert will value **each asset at the usual price**, or estimate the **market value** in cases where the usual price cannot be determined due to the specificity of the asset or its low tradability in the Czech Republic. . With regard to the specificity of the assets included in the Debtor's assets, the Expert usually determined the market value of the Debtor's assets.

3.2 VALUATION APPROACHES

Valuation Approaches
Three generally accepted approaches are used to asset valuation:
- Revenue (income);
- cost (asset);
- comparative.

Asset
Assets are
- each individual component separately, or
- a set of multiple assets, or
- business or part of the business.

3.2.1 REVENUE (INCOME) APPROACH

Revenue approach
The revenue approach is based on determining the future income that ownership of the appraised property brings to its owner. The following analyzes are an essential part of this valuation approach:

- **Revenue analysis** is based on a specific forecast of the structure of products and services, pricing policy considerations, capacity estimates and the expected revenues generated by this activity;
- **Cost analysis** is based on a forecast of the costs needed to realize the expected revenues or to generate a profit, with special emphasis on fixed and variable costs and on specific cost categories;
- **The analysis of working capital** includes an estimate of the relevant amount of net working capital assets needed to finance the company's current operations and projected future growth;
- **The analysis of capital investments** takes into account the required investments in tangible assets, which are necessary for the maintenance and growth of the company;
- **The analysis of the capital structure** includes considerations of the current and projected future financial requirements of the company;
- **The analysis of discount rates** includes an assessment of the company's business and financial risk.

Used Methods
As an application of the income method of valuation, the following methods are used in practice for valuing businesses:
⇒ discounted cash flow method – evaluates the company as an asset that is able to generate certain cash flows in future years, which are discounted to the present value,
⇒ capitalized profit method – determines the value of the company on the basis of capitalized sustainable profits determined from historical data,

⇒ method of economic value added (EVA), which is based on the calculation of the quantity by which the adjusted economic result after tax exceeds the cost of invested capital.

3.2.2 COST (ASSET) APPROACH

Asset approach
The asset approach to valuation uses the concept of reproduction acquisition costs to determine value. It is based on the premise that a prudent investor would not pay more than an amount for an asset for which he could replace it with a new one. Valuation by the cost approach is determined by the value of the invested human work, material and creative energy, necessary for the construction or acquisition of similar assets in the current economic conditions and in the current state of the industry. This approach represents an estimate of the costs associated with the direct reproduction of assets or the costs associated with the replacement of the assets being valued, taking into account any functional deficiencies and economic or moral obsolescence. The cost of acquiring new assets to secure a business is the cost of acquiring assets with the same usability at current prices.

In the case of business valuation, the application of the cost approach to valuation is used as a method of valuing net assets (substantive method), which is based on analysis of individual assets and is a summary of separate valuations of individual tangible assets and intangible components less business valuation. These components are valued as of the valuation date using methods corresponding to the nature of the individual assets.

Used Methods
As an application of the asset approach of valuation, the following methods are used in practice for valuing businesses:
⇒ net asset method (substance value method) – based on the separate valuation of all assets at fair value, including the identification of goodwill (badwill) less the valuation of liabilities; respects the principle of going-concern
⇒ liquidation value method – does not assume further continuation of the company and a separate sale of individual components of assets is assumed
⇒ book value method – based on the book values of assets (e.g. on the basis of audited financial statements of the company)

3.2.3 COMPARATIVE APPROACH

Comparative approach
When valuing using a comparative approach, the objective market value of the assets is estimated on the basis of the prices currently realized in the sale of assets comparable to the assets being valued between independent partners.
The comparative method is based on the concentration of information on comparable assets and on the knowledge and analysis of the market for comparable assets. Subsequent adjustment of already realized prices by appropriate multipliers, which take into account the differences between the absolute size of selected indicators of valued and compared assets, will determine the resulting value.

Used Methods
As an application of the comparative approach to valuation, the following methods are used in practice for valuing businesses:
⇒ comparable transaction method – is based on a known completed transaction with a similar company,
⇒ capital markets method – is based on market capitalization (number of issued shares x share price on public markets) of similar companies and compares selected characteristics and indicators of these companies with the valued.

3.3 GENERAL VALUATION METHODS

3.3.1 PROPERTY METHODS

3.3.1.1 NET ASSET METHOD (SUBSTANCE VALUE METHOD)

In the case of business valuation, the application of the cost approach uses the method of valuation of net assets (substantial method), which is based on the analysis of individual components of assets and means the sum of separate valuations of individual assets less the valuation of all liabilities. These components are valued at the valuation date using methods appropriate to the nature of the individual assets and provided that the enterprise continues its going concern. It is the sum of the costs of repurchasing all assets used to realize the company's revenues.

3.3.1.2 BOOK VALUE METHOD

The book value method is based on the accounting records of the Company's assets and liabilities. Individual assets and liabilities of the Company are valued at the level of their book prices reported in the Company's accounting records as at the valuation date. The valuation is performed in accordance with legal regulations, in particular Act No. 563/1991 Coll. on accounting as amended and implementing regulations.

3.3.1.3 LIQUIDATION VALUE METHOD

For the valuation using the liquidation value method, the sale of the company's assets within the framework of controlled liquidation is a prerequisite. The basic precondition for controlled liquidation is the sale of assets at a price corresponding to their market value. The sale of all the company's assets requires a reasonable amount of time to maximize the gain of the liquidation. The market value is determined for individual items, not the liquidation value. The expected time of implementation of controlled liquidation is taken into account by an additional discount from the market value. To determine the amount of the discount, the discount rate at the level of the risk-free component of the discount rate at the valuation date is used – only the time factor. The resulting value of individual assets also takes into account all expenses associated with the implementation of the sale (real estate agency commission, remuneration to the auctioneer, expert opinions, legal services, logistics costs, etc.). It is also necessary to deduct from the value of the property any costs associated with the payment of severance pay to employees and the liquidator's remuneration.

3.3.1.4 ASSET METHODS USED FOR PROPERTY VALUATION

Cost method
The cost method takes into account the costs associated with the reproduction or replacement of the measured asset. Depreciation or impairment due to physical wear and tear, functional deficiencies and economic obsolescence are deducted from this value of costs. The cost method is based on the assumption that an informed buyer would not pay more for the asset than the cost of acquiring the asset, replacing the asset being valued with the same usability.
The costs of acquiring new assets are the costs associated with the acquisition of assets with the same usability at current prices, using the same materials, construction and production standards, design, overall layout and quality of workmanship.

Physical depreciation
Physical depreciation is the reduction in value resulting from operational wear and tear and the effects of the external environment.

Functional deficiency
A functional deficiency is an impairment loss usually caused by improvements in methods, projects, overall layout, materials or technologies that result in inadequacy, excess capacity, excessive construction, under-utilization or excessive operating costs of part of the asset.

Economic deficiency
An economic deficiency is an irreversible decrease in value due to the effect of external negative effects on a given asset, such as general economic conditions, availability of financing or non-harmonic use of the asset. The reasons may be reduced demand for the products, problems with the supply of raw materials, increased material and labor costs, costs of services and transport with an unchanged or less increased selling price of products, changes in legislation, environmental considerations.

Comparative method
When valuing assets using the comparative method, similar assets recently sold or offered for sale are analyzed. These assets are compared with the assets being valued and subsequently adjustments are made based on the differences found, such as the date of sale, location, type, age, technical condition and probable future use. If the market value is determined for assets with the assumption of continuous use in the valued company, then this method includes the offer prices on the market of used assets, including costs associated with their acquisition (including transport, installation, commissioning and other expedient and necessary costs) .

Revenue method
The principle of the revenue method, see the previous text.

3.3.1.5 PROPERTY METHODS USED FOR TRADEMARK VALUATION

Licensing analogy method
The method of licensing analogy is used to calculate the value of a trademark, based on the assumption that when granting the right to use a trademark, the user would pay the owner of these trademarks a monetary amount in the form of license fees without restriction.

The calculation of a trademark valuation is based on the determination of the present value (PV) of future cash flows to the trademark owner resulting from license fees. The volume of license fees is determined as a percentage of sales of products in individual future years, which will be carried out under the trademark. The value of a trade mark is therefore equal to the price that would have been paid for consenting to use the trade mark for an indefinite period of time if the user himself had not owned it.

The amount of license fees expressed as a percentage is determined by an expert estimate, which is based on the importance and knowledge of individual trademarks and the scope and duration of use of the trademarks in question in the labeling of goods and services. For trademarks, the percentage of license fees usually varies from 0.2% to 3%.

3.3.2 REAL ESTATE VALUATION METHODS

Three generally accepted approaches are used to asset valuation:
- cost,
- revenue,
- comparative.

3.3.2.1 COST APPROACH

This approach to valuation uses the concept of reproduction acquisition costs to determine value. A prudent investor would not pay more than an amount for an asset for which he could replace it with a new one. Valuation by the cost method is determined by the value of the invested human work, material and creative energy, necessary for the construction or acquisition of similar assets in the current economic conditions and in the current state of the industry. This method represents the costs associated with the direct reproduction of assets or the costs associated with the replacement of valued assets, taking into account functional deficiencies and economic or moral obsolescence. The cost of acquiring new assets are the costs associated with acquiring assets with the same usability at current prices.

Material value of real estate
In the case of real estate, the costs necessary for the construction of real estate of the same size, same type and with the same technical and utility parameters as the valued real estate at the price level at the valuation date less wear and tear caused by age and technical condition of the real estate are determined. The value of land determined on the basis of comparable sales is added to the material value of buildings thus determined.

3.3.2.2 REVENUE APPROACH

The revenue approach is based on determining the future revenue that ownership of the appraised property brings to its owner. The following analyzes are an essential part of this valuation approach:

- Revenue analysis is based on a specific forecast that evaluates the amount and structure of usable areas or the specific purpose of the property, the quality and useful properties of the property and the location of the property. The result is expected revenues that will be obtained from the lease of areas or from the operation of activities based on the purpose of the property.
- The analysis of cost is based on a forecast of the costs required to operate the property.
- The investment analysis takes into account the required investments in real estate, which are needed to maintain and increase the life of the building.
- The discount rate analysis includes an assessment of the business and financial risk of investing in real estate. Commonly used methods for determining the discount rate estimate are taken into account, with specific considerations and adjustments for the relevant type of property.

Discount rate
The discount rate can be defined as the rate of return used to convert an amount due or collected in the future to its present value. The discount rate consists of two components: the risk-free, which considers a risk-free security with its base rate, and the risk, which represents the risk associated with investing in real estate.

Risk
The risk component of the discount rate expresses the degree of certainty or uncertainty associated with the realization of expected future returns. In connection with the calculation of the discount rate, the risk can be interpreted as profitability and the extent to which the future prospective cash flow will be realized. In other words, the risk of meeting forecasts.

3.3.2.3 COMPARATIVE APPROACH

When valuing using the comparative approach, the value of assets is estimated on the basis of currently realized prices at the sale of assets comparable to the valued assets between independent partners.
The comparative method is based on concentrating information on comparable assets and on knowledge of market analysis of comparable assets. Subsequent adjustment of already realized prices resp. bid prices by appropriate multipliers, which take into account the differences between the absolute size of selected indicators of valued and compared assets, the resulting value is determined.

3.3.3 SELECTION OF APPROACHES AND METHODS FOR VALUATION

3.3.3.1 VALUATION OF DEBTOR'S COMPANY

For the valuation of the Debtor's Company, the Expert considered the valuation by the revenue approach of valuation due to the going concern assumption. However, the analysis of the Company's financial health (see Chapter 4 *Financial Analysis*) showed that the Company is not financially sound enough to draw up a reasoned financial plan that would result in a sustainable long-term positive cash flow. For this reason, it is not possible to apply the revenue(income) valuation approach to the valuation of the Debtor's Company.

However, the Expert is convinced that the Company is due to:
- its long tradition and the good name of its products,

- ownership of a set of assets that is in a serviceable condition at the valuation date and able to continue production smoothly,
- the existing team of employees who will be able to continue the quality professional work and ensure the smooth operation of the Company,

capable of continued operation as long as it continues to be operated and managed efficiently and professionally. The Expert assumes that the potential investor (buyer) will probably be a strategic investor, not a financial investor.

The expert chose the asset approach, the method of total substance value, for the valuation of the Company.

3.3.3.2 VALUATION OF ASSETS IN THE PROPERTY OF THE DEBTOR

The value of the property is determined by the Expert as the sum of the values of individual assets. Within individual asset valuation expert used approaches and methods which are best suited for determining the market value of a particular property type (cost, revenue and comparative approaches for the valuation of the assets or any combination thereof).

The basic precondition is the termination of the Debtor's activities and the sale of individual asset items. Ordinary traded assets were valued at the usual price. Normally traded assets were not usually in the Debtor's assets as of the Valuation Date, so in most cases an estimate of the market value was made.

4 FINANCIAL ANALYSIS

4.1 THEORETICAL BACKGROUND

The financial analysis provides data concerning the overall financial standing and position of a business. For valuation purposes, the analysis is important in a particular for the selection of the method of valuation. If, based on financial and strategic analyses, it is concluded that the business is financially sound and its operation in the years to come is expected (i.e. a going concern is concerned), the method of valuation based on the income approach is most likely to be employed. If, based on the conclusions of the financial and strategic analyses (or based on information from the owners or managers, and/or the valuation ordering party), it is concluded that the business has no prerequisites for going on, a different method (cost-based) is opted for.

The outputs of the financial analysis are also used for the preparation of a financial plan for the following years of the business operation, unless such data is provided by the valuation ordering party, and/or they serve as a basis for the audit of a financial plan provided by the valuation ordering party.

4.1.1 HORIZONTAL AND VERTICAL ANALYSES OF FINANCIAL STATEMENTS

In general, the horizontal and vertical analyses of financial statements allow developments in individual items of the statements to be compared.

The horizontal analysis of a balance sheet or a profit and loss statement shows the development of individual items of the statement in the course of years. Changes can be reported as both absolute increases (decreases) and relative changes of the items (expressed as a percentage). The relative expression as a percentage is more appropriate for the purposes of a financial statement as mere absolute expression does not allow the amount of change compared to the initial value to be derived.

The vertical analysis of the balance sheet shows a development of the contribution of individual items of the balance sheet to the total assets of the business. In the profit and loss statement, individual items relate to total sales (the cost of sales), while revenue items relate to total revenues and the cost items relate to total costs.

4.1.2 COST-BENEFIT ANALYSIS

This part of the financial analysis generally compares various financial indicators.

Indicators of indebtedness and fixed assets coverage
The indicators examine the structure of indebtedness, compare how the business is able to repay interest on loans and check whether principles of business financing (balance rules) are adhered to. The key indicators are provided in the following table:

Table No. 2 – Definition of indebtedness indicators and fixed assets coverage indicators

DESCRIPTION OF INDICATOR	FORMULA
Degree of financial independence	100*VK/K
Degree of indebtedness	100*CK/K
Degree of self-financing	100*(NZ+FZ)/(ZK+KF)
Interest coverage	100*(HZ+Ú)/Ú
Degree of fixed assets coverage by long-term capital	100*DK/DM
Ratio of depreciation to tangible and intangible fixed assets	100*Depreciation/ZH_DM
Rate of reproduction of fixed assets	Increase in DM/Depreciation

Degree of financial independence is expressed by the ratio of equity (VK) to total capital (K). Similarly, the degree of indebtedness expresses the ratio of loan capital (CK) to total capital.

The degree of self-financing presents the ratio of retained profit (NZ) and profit funds (FZ) to share capital (ZK) and capital funds (KF), or how many times the portion of equity (own resources) generated by the

operations of the business (used for further financing of the business development) is higher (or lower) than the portion of equity deposited by the owners of the business.

The interest coverage indicator presents how many times the business is able, based on its profit or loss (HZ) increased by interest (Ú), to repay such interests. The recommended value is 500–600%.

The degree of fixed assets coverage by long-term capital is based on the balance rules stating that the amount of long-term capital (DK) should be higher than the value of fixed assets (DM), meaning that long-term capital should finance fixed assets and a portion of current assets to mitigate the risk. Therefore, this indicator compares long-term capital to fixed assets.

The ratio of depreciation to tangible and intangible fixed assets (a depreciable portion of fixed assets ZH_DM) expresses the average ratio of depreciation to total depreciable assets. If number 1 is divided by this indicator, the result represents the theoretical number of years, during the course of which the value of the depreciated assets will decrease to zero (unless investment in the assets is realized).

The rate of reproduction of fixed assets states how many times investment in depreciable assets (increase in DM) is higher compared to depreciations of the same assets. If the value of the indicator is one, investments and depreciations are the same and the business under review maintains the substance (the value of fixed assets does not decrease). However, to maintain the real value of the substance in the long term, the indicator needs to reach the level of the index of inflation. If the value of the indicator is zero, investment is zero.

Liquidity indicators

These indicators check how the business is able to repay, in time and in full, its payables, i.e. short-term liabilities (KCK) by individual components of current assets (OA) with different liquidity. The key indicators are provided in the following table:

Table No. 3 – Definition of liquidity indicators

DESCRIPTION OF INDICATOR	FORMULA
Immediate liquidity	100*FM/KCK
Quick liquidity	100*(FM+POHLK)/KCK
Current liquidity	100*OA/KCK

The individual degrees of liquidity differ only in the numerator, i.e. the portion of current assets that is taken into an account for the payment of KCK. Immediate liquidity represents how many times the business is able to repay its KCK by the portion of OA with the best liquidity, namely by short-term financial assets (FM). The recommended values of this indicator range from 15 to 50%. In addition, quick liquidity adds to FM also short-term receivables (the recommended values range from 40 to 150%), while current liquidity takes into an account the total OA (the recommended values range from 160 to 250%). Specific recommended values depend on industry, business maturity, etc.

Turnover indicators

These indicators show how the business utilizes individual items (of assets – activity indicators, as well as liabilities), how many times throughout the year the business "turns over" individual items under review, i.e. how many times a year the individual items are changed or how many times sales are higher than individual items under review. The year-over-year increase in indicators comparing the items of assets and the year-over-year decrease in indicators comparing the items of liabilities is positive. The individual items are therefore related to total sales (T). Specific compared items are provided in the following table.

Table No. 4 – Definition of turnover indicators

DESCRIPTION OF INDICATOR	FORMULA
Turnover of inventories	T/ZÁS
Turnover of total receivables	T/POHL
Turnover of total payables	T/ZÁV
Turnover of equity	T/VK
Turnover of total capital	T/K

Profitability indicators

These indicators examine the profitability of individual items of assets, and/or sales. In the case of the profitability of sales and equity, the items are compared to net profit (Z), while in the case of the profitability of total capital (K), the K value is compared to EBIT (earnings before interest and tax HZ+Ú). EBIT in relation

to the profitability of K is used because it includes neither the costs of loan capital (interest), nor the costs of equity (tax, dividends). Net profit does not include the portion of costs of equity (tax), and therefore its application to the profitability of total capital is not appropriate. The indicators are provided in the following table:

Table No. 5 – Definition of profitability indicators

DESCRIPTION OF INDICATOR	FORMULA
Profitability of sales	100*Z/T
Profitability of equity	100*Z/VK
Profitability of total capital	100*(HZ+Ú)/K

4.2 ANALYSIS OF FINANCIAL STATEMENTS

The Balance Sheets and Profit and Loss Statements of the Company in full for 2016 through 2019 and as at 30.6.2020, which form the basis of this chapter, are included as Annex No. 3.

4.2.1 BALANCE SHEET

Table No. 6 – Short form of the Balance Sheets (2015 to 30.6.2020; TCZK)

	2015	2016	2017	2018	2019	30.6.2020
TOTAL ASSETS	**6,491,421**	**4,264,784**	**3,323,412**	**2,933,345**	**3,028,334**	**2,118,849**
Fixed assets	**3,132,245**	**2,867,823**	**2,521,640**	**2,187,524**	**2,111,190**	**1,893,492**
Intangible fixed assets	59,220	58,135	10,150	22,485	59,393	74,111
Tangible fixed assets	2,983,598	2,784,542	2,511,490	2,165,039	2,051,797	1,819,381
Long-term financial assets	89,427	25,146	0	0	0	0
Current assets	**3,308,082**	**1,394,655**	**801,141**	**583,106**	**534,285**	**220,233**
Inventories	1,502,398	706,187	442,874	286,177	297,031	48,975
Receivables	1,794,198	673,539	353,384	214,123	182,545	137,065
- Long-term receivables	*85,257*	*37,538*	*41,702*	*39,523*	*33,089*	*29,994*
- Short-term receivables	*1,708,941*	*636,001*	*311,682*	*174,600*	*149,456*	*107,071*
Short-term financial assets	6,543	0	0	0	0	0
Cash	11,486	14,929	4,883	82,806	54,709	34,193
Accrued income	**51,094**	**2,306**	**631**	**162,715**	**382,859**	**5,124**
TOTAL LIABILITIES	**6,497,964**	**4,264,784**	**3,323,412**	**2,933,345**	**3,028,336**	**2,118,849**
Equity	**2,598,925**	**1,055,309**	**79,010**	**-815,428**	**1,213,265**	**600,304**
Share capital	2,100,000	2,100,000	2,100,000	2,100,000	262,278	262,278
Premium share and capital funds	689,240	621,780	707,815	698,812	2,133,186	2,133,186
Profit funds	0	0	0	0	0	0
Profit/Loss – previous years	-241,512	-190,315	-1,666,471	-3,107,972	-1,514,240	-1,185,775
Profit/Loss – the current year	51,197	-1,476,156	-1,062,334	-506,268	332,041	-609,385
Liabilities	**3,893,482**	**3,199,696**	**3,236,772**	**3,733,334**	**1,802,352**	**1,501,344**
Reserves	43,069	95,819	320,479	220,805	95,901	46,573
Payables	3,850,413	3,103,877	2,916,293	3,512,529	1,706,451	1,454,771
- Long-term payables	*35,198*	*202,061*	*161,914*	*66,098*	*381,340*	*329,338*
- Short-term payables	*3,815,215*	*2,901,816*	*2,754,379*	*3,446,431*	*1,325,111*	*1,125,433*
Deferred expenses	**5,557**	**9,779**	**7,630**	**15,439**	**12,719**	**17,201**

Table No. 7 – Short form of the Vertical Analysis of the Balance Sheet (2015 to 30.6.2020)

	2015	2016	2017	2018	2019	30.6.2020
TOTAL ASSETS	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**
Fixed assets	**48.2%**	**67.2%**	**75.9%**	**74.6%**	**69.7%**	**89.4%**
Intangible fixed assets	0.9%	1.4%	0.3%	0.8%	2.0%	3.5%
Tangible fixed assets	45.9%	65.3%	75.6%	73.8%	67.8%	85.9%
Long-term financial assets	1.4%	0.6%	0.0%	0.0%	0.0%	0.0%
Current assets	**51.0%**	**32.7%**	**24.1%**	**19.9%**	**17.6%**	**10.4%**
Inventories	23.1%	16.6%	13.3%	9.8%	9.8%	2.3%
Receivables	27.6%	15.8%	10.6%	7.3%	6.0%	6.5%
- Long-term receivables	*1.3%*	*0.9%*	*1.3%*	*1.3%*	*1.1%*	*1.4%*
- Short-term receivables	*26.3%*	*14.9%*	*9.4%*	*6.0%*	*4.9%*	*5.1%*
Short-term financial assets	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%
Cash	0.2%	0.4%	0.1%	2.8%	1.8%	1.6%
Accrued income	**0.8%**	**0.1%**	**0.0%**	**5.5%**	**12.6%**	**0.2%**

	2015	2016	2017	2018	2019	30.6.2020
TOTAL LIABILITIES	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**
Equity	**40.0%**	**24.7%**	**2.4%**	**-27.8%**	**40.1%**	**28.3%**
Share capital	32.3%	49.2%	63.2%	71.6%	8.7%	12.4%
Premium share and capital funds	10.6%	14.6%	21.3%	23.8%	70.4%	100.7%
Profit funds	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Profit/Loss – previous years	-3.7%	-4.5%	-50.1%	-106.0%	-50.0%	-56.0%
Profit/Loss – the current year	0.8%	-34.6%	-32.0%	-17.3%	11.0%	-28.8%
Liabilities	**59.9%**	**75.0%**	**97.4%**	**127.3%**	**59.5%**	**70.9%**
Reserves	0.7%	2.2%	9.6%	7.5%	3.2%	2.2%
Payables	59.3%	72.8%	87.7%	119.7%	56.3%	68.7%
- Long-term payables	*0.5%*	*4.7%*	*4.9%*	*2.3%*	*12.6%*	*15.5%*
- Short-term payables	*58.7%*	*68.0%*	*82.9%*	*117.5%*	*43.8%*	*53.1%*
Deferred expenses	**0.1%**	**0.2%**	**0.2%**	**0.5%**	**0.4%**	**0.8%**

Table No. 8 – Short form of the Horizontal Analysis of the Balance Sheet (2015–2019)

	2016/2015	2017/2016	2018/2017	2019/2018
TOTAL ASSETS	**-34.4%**	**-22.1%**	**-11.7%**	**3.2%**
Fixed assets	**-8.4%**	**-12.1%**	**-13.2%**	**-3.5%**
Intangible fixed assets	-1.8%	-82.5%	121.5%	164.1%
Tangible fixed assets	-6.7%	-9.8%	-13.8%	-5.2%
Long-term financial assets	-71.9%	-100.0%		
Current assets	**-57.9%**	**-42.6%**	**-27.2%**	**-8.4%**
Inventories	-53.0%	-37.3%	-35.4%	3.8%
Receivables	-62.5%	-47.5%	-39.4%	-14.7%
- Long-term receivables	*-56.0%*	*11.1%*	*-5.2%*	*-16.3%*
- Short-term receivables	*-62.8%*	*-51.0%*	*-44.0%*	*-14.4%*
Short-term financial assets	-100.0%			
Cash	30.0%	-67.3%	1,595.8%	-33.9%
Accrued income	**-95.5%**	**-72.6%**	**25,686.8%**	**135.3%**
TOTAL LIABILITIES	**-34.4%**	**-22.1%**	**-11.7%**	**3.2%**
Equity	**-59.4%**	**-92.5%**	**-1,132.1%**	**-248.8%**
Share capital	0.0%	0.0%	0.0%	-87.5%
Premium share and capital funds	-9.8%	13.8%	-1.3%	205.3%
Profit funds	x	x	x	x
Profit/Loss – previous years	-21.2%	775.6%	86.5%	-51.3%
Profit/Loss of the current year	-2,983.3%	-28.0%	-52.3%	-165.6%
Liabilities	**-17.8%**	**1.2%**	**15.3%**	**-51.7%**
Reserves	122.5%	234.5%	-31.1%	-56.6%
Payables	-19.4%	-6.0%	20.4%	-51.4%
- Long-term payables	*474.1%*	*-19.9%*	*-59.2%*	*476.9%*
- Short-term payables	*-23.9%*	*-5.1%*	*25.1%*	*-61.6%*
Deferred expenses	**76.0%**	**-22.0%**	**102.3%**	**-17.6%**

Developments in the Debtor's assets in the period 2015–6/2020

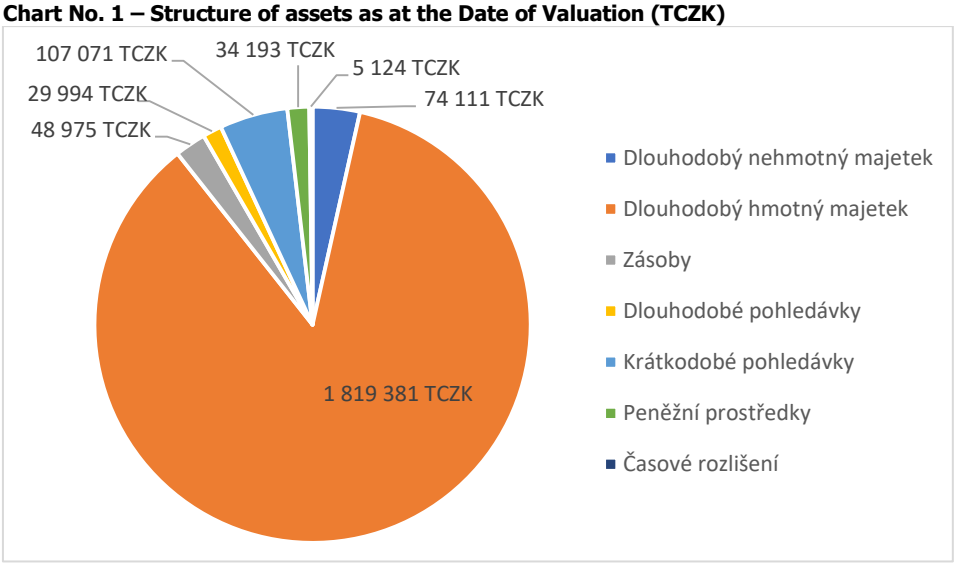
The Balance Sheet total in the period under review was mostly decreasing with the only exception of 2019 when a minor increase in the amount of the Balance Sheet total was reported. As at 30.6.2020, the Balance Sheet total decreased again, namely to MCZK 2,119, which is the lowest amount for the entire period under review.

The Debtor's assets in the period under review were comprised of in particular fixed assets with the ratio of fixed assets to total assets amounting to 70.8% on average. The fixed assets are comprised of in particular tangible fixed assets, specifically movables and sets of movables and immovable assets. In addition to tangible fixed assets, intangible fixed assets contribute to fixed assets. The net book value of the intangible fixed assets comprises in particular emission allowances.

The current assets form a smaller portion of the total assets when their ratio to the total assets has been decreasing over the entire period (from 51.0% in 2015 to 10.4% as at 30.6.2020) and amounts to 26.0% on average. The current assets comprise in particular inventories (especially inventories in progress and materials stock), receivables (in particular trade receivables) as well as cash.

In the years 2018 and 2019, a considerable portion of the total assets was formed by accrued income, which contributed to the total assets by 3.2% on average.

Chart No. 1 – Structure of assets as at the Date of Valuation (TCZK)

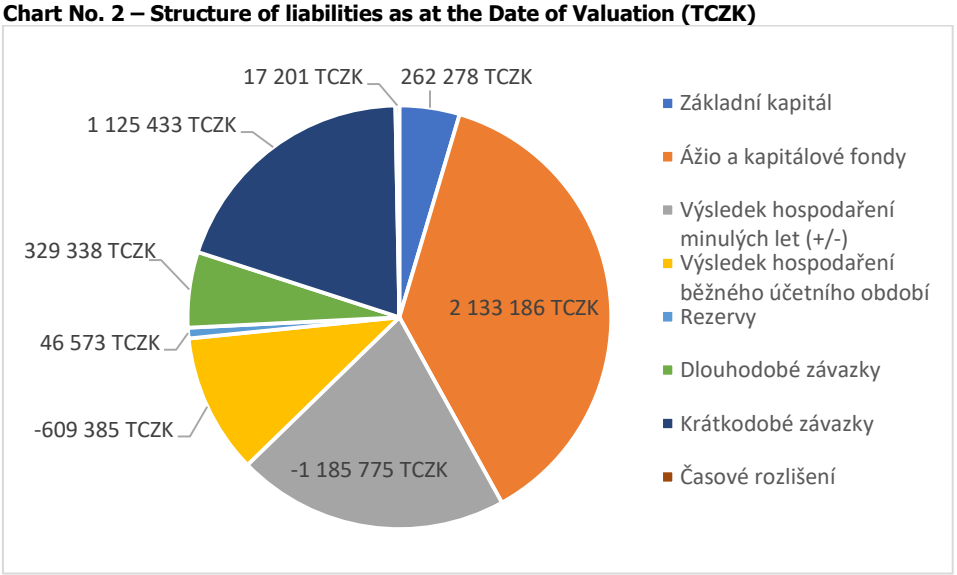


Developments in the Debtor's liabilities in the period 2015–6/2020

The aforementioned developments in the Balance Sheet total reflected in particular in the developments in equity. But still, equity represented a smaller portion of the total liabilities; specifically, it amounted to 18% of the liabilities in the period under review. Similarly to the Balance Sheet total, the equity at first decreased before 2018 (with a negative value reached in 2018), then the equity increased and decreased again as at the Date of Valuation. With the exception of 2018, the equity was reported in positive values and comprised share capital, premium share and capital funds, profit/loss of previous years, and profit/loss of the current year. Between 2018 and 2019, the equity underwent a significant change when the equity decreased, the premium share was reported, and the negative business result (loss) of previous years was reduced. As far as the profit/loss of the current year is concerned, the Company generated loss in the most of the years of the period under review; the Company generated profit only in the years 2015 and 2019.

Liabilities form the main source of financing of the Company with the average ratio amounting to 81.7% of the total liabilities in the period under review. Liabilities used for financing are comprised in particular of short-term payables (especially trade payables and before 2018 also payables to credit banks) and also of long-term payables and reserves.

Chart No. 2 – Structure of liabilities as at the Date of Valuation (TCZK)



4.2.2 PROFIT AND LOSS STATEMENT

Table No. 9 – Short form of the Profit and Loss Statement (2015 to 30.6.2020; TCZK)

	2015	2016	2017	2018	2019	30.6. 2020
Revenues from sales of internally produced products and services	3,790,971	2,558,091	1,571,910	897,645	1,062,853	253,524
Revenues from sales of goods	-2,991	28,271	73,480	128,585	63,869	11,394
Consumption related to revenues	3,445,270	2,417,290	1,578,728	1,028,326	1,092,794	232,289
- Costs incurred in relation to goods sold	*-2,413*	*27,924*	*68,827*	*127,625*	*63,798*	*11,722*
- Consumption of materials and energy	*2,490,706*	*1,587,261*	*1,066,393*	*623,379*	*579,857*	*101,467*
- Services	*956,977*	*802,105*	*443,508*	*277,322*	*449,139*	*119,100*
Change in inventories for internal production	40,752	416,587	590,282	-8,860	-72,078	66,360
Capitalization	-499,456	-265,158	-180,673	-44,439	-101,200	-12,158
Personnel costs	543,595	505,106	467,803	368,674	503,795	259,579
Adjustments to operations	177,353	818,094	-33,524	193,313	146,469	196,640
Other operating revenues	59,867	477,021	217,130	52,647	969,332	65,928
Other operating costs	71,836	561,368	398,108	15,935	188,503	191,538
Operating profit/loss	**68,497**	**-1,389,904**	**-958,204**	**-474,072**	**337,771**	**603,402**
Profit/loss from financial transactions	**-61,789**	**-41,796**	**-104,070**	**-32,171**	**-5,730**	**-5,983**
Tax on income from ordinary operations	-44,473	44,473	76	25	0	0
Profit/Loss – the current period	**51,197**	**-1,476,156**	**-1,062,334**	**-506,268**	**332,041**	**609,385**

Table No. 10 – Vertical analysis of the Profit and Loss Statement (2015 – 30.6.2020)

	2015	2016	2017	2018	2019	30.6.2020
Total revenues	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**
Revenues from sales of internally produced products and services	96.4%	82.5%	77.9%	80.5%	49.9%	75.9%
Revenues from sales of goods	-0.1%	0.9%	3.6%	11.5%	3.0%	3.4%
Other operating revenues	1.5%	15.4%	10.8%	4.7%	45.5%	19.7%
Revenues from financial transactions	2.1%	1.1%	7.7%	3.2%	1.7%	0.9%
Total costs	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**
Consumption related to revenues	88.8%	52.8%	51.3%	63.4%	60.7%	24.6%
Change in inventories for internal production (+/-)	1.1%	9.1%	19.2%	-0.5%	-4.0%	7.0%
Capitalization (-)	-12.9%	-5.8%	-5.9%	-2.7%	-5.6%	-1.3%
Personnel costs	14.0%	11.0%	15.2%	22.7%	28.0%	27.5%
Adjustments to operations	4.6%	17.9%	-1.1%	11.9%	8.1%	20.8%
Other operating costs	1.9%	12.3%	12.9%	1.0%	10.5%	20.3%
Financial expense	3.8%	1.7%	8.4%	4.2%	2.3%	1.0%
Tax on income from ordinary operations	-1.1%	1.0%	0.0%	0.0%	0.0%	0.0%

Table No. 11 – Cost analysis (2015 – 30.6.2020)

	2015	2016	2017	2018	2019	30.6.2020
TOTAL REVENUES	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**
Consumption related to revenues	87.6%	78.0%	78.2%	92.2%	51.3%	69.6%
Change in inventories for internal production (+/-)	1.0%	13.4%	29.3%	-0.8%	-3.4%	19.9%
Capitalization (-)	-12.7%	-8.6%	-9.0%	-4.0%	-4.7%	-3.6%
Personnel costs	13.8%	16.3%	23.2%	33.1%	23.6%	77.7%
Adjustments to operations	4.5%	26.4%	-1.7%	17.3%	6.9%	58.9%
Other operating costs	1.8%	18.1%	19.7%	1.4%	8.8%	57.4%
Financial expense	3.7%	2.5%	12.8%	6.1%	1.9%	2.7%
Tax on income from ordinary operations	-1.1%	1.4%	0.0%	0.0%	0.0%	0.0%
TOTAL COSTS	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**

Table No. 12 – Horizontal analysis of the Profit and Loss Statement (2015–2019)

	2016/2015	2017/2016	2018/2017	2019/2018
Total revenues	**-21.2%**	**-34.9%**	**-44.7%**	**91.1%**
Revenues from sales of internally produced products and services	-32.5%	-38.6%	-42.9%	18.4%
Revenues from sales of goods	1,045.2%	159.9%	75.0%	-50.3%
Other operating revenues	696.8%	-54.5%	-75.8%	1,741.2%

	2016/2015	2017/2016	2018/2017	2019/2018
Revenues from financial transactions	-57.6%	336.6%	-76.7%	-2.4%
Total costs	**17.9%**	**-32.7%**	**-47.4%**	**11.0%**
Consumption related to revenues	-29.8%	-34.7%	-34.9%	6.3%
Change in inventories for internal production (+/-)	922.2%	41.7%	-101.5%	-713.5%
Capitalization (-)	46.9%	31.9%	75.4%	-127.7%
Personnel costs	-7.1%	-7.4%	-21.2%	36.7%
Adjustments to operations	361.3%	-104.1%	676.6%	-24.2%
Other operating costs	681.5%	-29.1%	-96.0%	1,082.9%
Financial expense	-46.9%	235.2%	-73.6%	-39.9%
Tax on income from ordinary operations	200.0%	-99.8%	-67.1%	-100.0%
Operating profit/loss	**-2,129.1%**	**31.1%**	**50.5%**	**171.2%**
Profit/loss from financial transactions	**32.4%**	**-149.0%**	**69.1%**	**82.2%**
Profit/loss before tax	**-21,443.2%**	**25.8%**	**52.3%**	**165.6%**
Profit/loss after tax	**-2,984.2%**	**28.0%**	**52.3%**	**165.6%**

The revenues from sales of internally produced products and service between 2015 and 2018 decreased with a slight increase in 2019 and in mid-2020 they are reported as very low compared to the revenues from sales in the other years under review. The costs related to the consumption of materials and energy and costs related to services had the same developments as the sales from internally produced products and services.

The revenues from sales of goods were reported in considerably lower amounts. The costs related to goods sold were reported in similar amounts as the revenues from sales of goods, meaning that the Company generated a minimal profit from the sales of goods.

The change in inventories for internal production and capitalization were reported in the most of the years under review in relatively positive or negative amounts. The highest change in inventories for internal production was reported in 2017 (MCZK 590), while the most significant capitalization was reported in 2015 (MCZK -499).

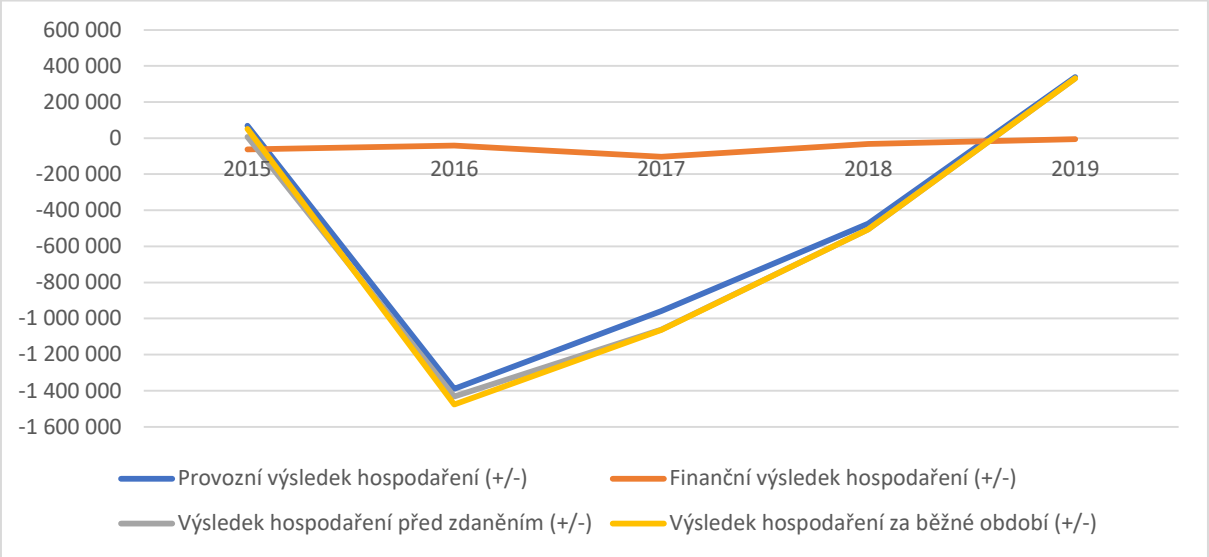
From among the other operating items, the significant ones in the period under review were in particular personnel costs, which tended to decrease before 2018 while in 2019 they increased considerably up to the level of 2016. The adjustments to operations were also reported in relatively high amounts with an extraordinary high amount reported in 2016. The other operating revenues and other operating costs in the period under review were fluctuating to a great extent in the period under review with the same trend in the most of the period.

The operating profit/loss was reported in positive amounts only in the years 2015 and 2019, while in the remaining years and also as at 30.6.2020 the operating profit/loss was reported in negative amounts where the most considerable losses at the level of operating profit/loss were generated in 2016. The profit/loss from financial transactions was reported in negative amounts over the entire period under review.

Similarly to the operating profit/loss, the total profit/loss of the current period was reported in positive amounts only in the years 2015 and 2019, while in the remaining years of the period under review it was negative. The Company thus generated the highest profit in 2019 (MCZK 332), while the highest loss was attained by the Company in 2016 (MCZK -1,476).

The developments in added value, operating profit/loss, profit/loss from financial transactions, and profit/loss for the period under review, i.e. 2015–2019 are provided in the following table.

Chart No. 3 – Developments in the key indicators of the Profit and Loss Statement (2015–2019; TCZK)



4.3 COST-BENEFIT ANALYSIS

The following table presents the indicators for the cost-benefit analysis analyzed within the framework of the Company financial analysis:

Table No. 13 – Indicators for the cost-benefit analysis (2015 – 30.6.2020)

INDICATORS FOR THE COST-BENEFIT ANALYSIS	2015	2016	2017	2018	2019	6/2020
1. Indebtedness						
Degree of total indebtedness CK/K	59.9%	75.0%	97.4%	127.3%	59.5%	70.9%
Degree of indebtedness by interest-bearing loan capital ÚCK/K	31.8%	36.8%	34.7%	37.5%	8.5%	1.3%
Degree of self-financing (NZ+FZ)/(ZK+KF)	-8.7%	-7.0%	-59.4%	-111.0%	-63.2%	-49.5%
Interest coverage (HZ+Ú)/Ú	114.8%	-3,244.8%	-2,225.7%	-1,438.9%	-1,014.8%	-7,501.2%
2. Fixed assets coverage						
Coverage of fixed assets DK/DM	85.5%	47.2%	22.3%	-24.2%	80.1%	51.6%
Ratio of depreciation to depreciable fixed assets O/DM	9.5%	9.8%	10.8%	11.2%	12.9%	x
3. Liquidity						
Immediate liquidity PP/KCK	0.6%	1.0%	0.3%	3.3%	4.2%	3.0%
Quick liquidity (PP+KFM+KPOHL)/KCK	86.7%	42.2%	17.3%	10.3%	15.6%	12.6%
Current liquidity OA/KCK	58.8%	32.7%	21.8%	13.3%	39.7%	19.6%
4. Activity – turnover						
Turnover of inventories T / ZAS	2.52	3.66	3.72	3.59	3.79	x
Turnover of short-term receivables T / KPOHL	2.22	4.07	5.28	5.88	7.54	x
Turnover of short-term payables T / KZAV	1.90	1.68	0.90	0.41	0.86	x
Turnover of equity T / VK	1.46	2.45	20.83	-1.26	0.93	x
Turnover of total capital T / K	0.58	0.61	0.50	0.35	0.37	x
5. Profitability						
Profitability of sales Z / T	1.4%	-57.1%	-64.6%	-49.3%	29.5%	-230.0%
Profitability of equity Z / VK	0.3%	-135.7%	-1,344.5%	-62.1%	27.4%	-101.5%

INDICATORS FOR THE COST-BENEFIT ANALYSIS	2015	2016	2017	2018	2019	6/2020
Profitability of total capital Z / K	0.8%	-32.6%	-30.6%	-16.1%	12.2%	-28.4%

Conclusions from the cost-benefit analysis for 2015 – 30.6.2020:

- the degree of indebtedness gradually increased before 2018 (which was given in particular by a considerably decrease in the Balance Sheet total due to the generation of negative business results, which in 2018 resulted in a negative equity reported). In 2019, the degree of indebtedness gradually decreased to 59.5% (due to an increase in the amount of equity and a decrease in liabilities) and as at 30.6.2020, a minor increase up to 70.9% was reported,
- indebtedness by interest-bearing loan capital was relatively stable in the years 2015–2018, when the amount was reported on average at 35.2%. In 2019, indebtedness by interest-bearing loan capital decreased up to 8.5% and even up to 1.3% as at the Date of Valuation,
- the degree of self-financing is reported in negative values, meaning that the Company has not created any value yet,
- the interest coverage is reported as positive only in the years 2015 and 2019, when the Company generated business profit and only in these years the Company was able to cover its interest expenses from the generated profit,
- the coverage of fixed assets by long-term capital decreased before 2018 with a negative amount reported in 2018, while in 2019 this indicator started increasing again and reached the value attained in 2015, i.e. 80.1%. As at the Date of Valuation, the value decreased again to 51.6%. Not even in the most positive years the fixed assets of the Company are completely covered by the long-term capital, meaning that the Company is unable to create a reserve in the form of net working capital (a portion of current assets financed by long-term resources),
- the ratio of depreciations to depreciable fixed assets gradually increased, namely from the amount of 9.5% in 2015 up to 12.9% in 2019,
- the liquidity indicators are reported in very low amounts that do not reach the required level,
- the developments in the turnover indicators did not show any clear trend, when the turnover of the items of assets concerning current assets (inventories and short-term receivables) substantially increased in time, the turnover of short-term payables rather decreased, the turnover of equity fluctuated considerably due to significant changes in the value of equity, and the turnover of total capital was relatively stable. In addition, the turnover of short-term receivables was reported in a higher amount than the turnover of short-term payables, which has a positive impact on the Company in terms of cash-flow management as the Company's receivables are paid before the Company pays its liabilities,
- the profitability indicators are reported in positive amounts only the years 2015 and 2019, while in the remaining years the Company generated business loss, i.e. reported negative values of the profitability indicators.

4.4 THE SUMMARY AND EVALUATION OF THE FINANCIAL ANALYSIS

The analysis of the financial statements revealed an obvious deterioration of the Company's financial standing in the period 2015–2018 resulting in the fact that in 2018 the Company became insolvent and the Debtor's insolvency was resolved by reorganization. In 2019, a recovery and improvement of the financial standing of the Company occurred. Then, as at 12.3.2020, the insolvency proceedings were reopened when on 19.3.2020 the Debtor's bankruptcy was decided on and on 17.7.2020 the Debtor was finally declared bankrupt with its assets becoming bankrupt's estate.

The financial analysis of the Company was performed to decide which valuation method is the most appropriate for the valuation of the Debtor's assets in bankruptcy with a view to its business continuity, i.e. within the framework of the Debtor's Plant, and/or to assess whether it is possible to determine the value of the Plant based on the income-approach valuation. Considering the fact that the Company in the most of the years of the period under review generated business loss up to the level of its operating profit/loss, it will not be possible, according to the opinion of the Authorized Expert, to prepare a realistic plan of future positive cash flows resulting from the operation of the Company which is required for the determination of the Debtor's Plant value based on the income-approach valuation. For this reason it is not possible, according to the opinion of the Authorized Expert, to determine the value of the Debtor's Plant based on the income-approach valuation and the only approach that can be used for valuation is the asset-based approach.

5 VALUATION

5.1 VALUATION ASSUMPTIONS

5.1.1 GENERAL ASSUMPTIONS

In the following chapters, all assets that are part of the Debtor's insolvency estate are described and valuated as of the valuation date.

Each asset item was evaluated by a valuation expert on two different levels:

- A condition of going concern basis being a part of the Debtor's plant – interaction of all assets items in making up the value (hereinafter referred to as "**A going concern**") – Plant construction costs.
- A condition of business termination and selling of all of the debtor's assets on the secondary market (hereinafter referred to as "**A business termination**").

At the end of each chapter the resulting value of each group of assets is divided into the part of the assets, to which an entitlement to satisfaction from collateral security is not applied (hereinafter referred to as "**Unsecured assets**") and the part, to which this entitlement is applied (hereinafter referred to as "**Secured assets**").

Information on the individual items of the assets secured to the benefit of individual secured creditors were received by the Valuation Expert from Debtor IS. This information is taken over by the valuation expert, who bears no responsibility for it.

5.2 INTANGIBLE FIXED ASSETS

The intangible fixed assets are listed in the accounting records of the company as follows:

ITEM /IN THOUSANDS CZK/	GROSS VALUE	ACCUMULATED DEPRECIATION	NET VALUE
Valuable Rights	45 959	45 959	0
Software	*44 768*	*44 768*	*0*
Personal Valuable Rights	*1 191*	*1 191*	*0*
Other Intangible Fixed Assets	57 078	0	57 078
Advances Provided and Unfinished Intangible Fixed Assets	17 033	0	17 033
Unfinished Intangible Fixed Assets	*17 033*	*0*	*17 033*

5.2.1 IDENTIFICATION

Software

The Software group includes particularly following general groups of equipment: Computer aided design (CAD), Computer aided manufacturing (CAM), Office suites and databases. Furthermore a software, developed directly by the debtor or by its affiliate companies, which includes a software for a steelworks control, a manufacturing control, a foundry plant simulation and a bent shaft program. The asset group includes AutoCAD, 2D and 3D designing and constructing software in the out of date version, developed by Autodesk company, furthermore there is AutoCAD MECHANICAL, the specialized tool set for mechanical engineering, SOLID EDGE software (Siemens), 3D CAD, a synchronous technology of direct modeling and controlling of parametric designs in the various version of topicality (2008-2013). I-DEAS software (original name), a computer program package to support design and manufacturing activities. Earlier version. Siemens PLM Solutions company has been implementing a plan (since 2001) to gradually move I-DEAS customers to NX, while providing a data continuity from I-DEAS to NX. See item SW MODUL NX7, used by The Debtor, who is trained and now has NX10 version available, it is a motion simulation module.

The group includes also custom programs, designed directly for The Debtor. These are, for example, SW APLIKACE GKS, SW-PROGNOST. SYSTEM RIZ. JAKOSTI, SW PRO OPRAC.ZLABKU ZH and OVLADACI SYSTOM VD-VIT and OVK, which are single-purpose programs and their further use at other subjects can not be assumed.

Personal Valuable Rights
The Personal Valuable Rights group includes following items:

- A decision on the registration of a chemical
- FEMAP license
- IS OPTI sub-license – a grant.

The valuation expert did not receive any information regarding the first item. FEMAP license relates to Siemens PLM Software company, it is a simulation software tool that allows an evaluation of the material, a model creation and an optimalization of designs. IS OPTI Sublicense includes a program for production preparation, product planning and calculation, everything for the foundry, a custom made program.

Other Intangible Fixed Assets
Other intangible fixed assets represent emissions allowance to release CO_2 emissions free of charge. Emissions allowances are also used for emissions trading, which is a tool that motivates entities to reduce greenhouse gas emissions. Entities reducing the emissions at lower costs can sell the saved emissions allowances to those, for whom such a reduction would be more costly. States from Appendix 1 of the Kyoto Protocol may trade with each other under the flexible mechanism of International Emission Trading (IET); The largest emissions trading system is the European Union Emission Trading Scheme (EU ETS), in which the Czech Republic also participates as an EU Member State.

In the Czech Republic, the EU ETS is regulated by Act No. 383/2012 Coll. It indicates which equipment is covered by the system and what are the rights and obligations of their operators. Operators monitor their emissions, report them annually to The Ministry of Environment and discard the allowances for them. Operators receive part of the allowances free of charge, the rest of them can be bought on the market or at auction. Allowances exist and move on accounts in the register of allowances, the national administrator of which is OTE, a.s.

Unfinished Intangible Fixed Assets
Following items are listed within unfinished intangible fixed assets:

- unfinished intangible fixed assets from 2018 at the amount of 977 180,89 CZK,
- costs incurred to implement a new ERP Syteline,
- costs incurred to implement CRM Dynamics for traders,
- BarTender Automation (labels design and printing software).

According to the debtor all unfinished intangible fixed assets were put into use in July 2020, except the "BarTender Automation" item.

5.2.2 A METHOD OF VALUATION

The valuation was made based on the moral obsolescence (a detailed procedure is described in the chapter on the tangible assets valuation), while the valuation expert considered license transfer options, arising out of the license agreements, it is assumed that according to the generalized application of the interpretation of the Court of Justice of the EU (hereinafter referred to as "CJEU"), a decision C-128/11 represents, for the software, provided on the basis of a lump-sum payment for an indefinite period, a possibility of another transfer and the author (a licensor) has no option to influence or to limit other software transfers. The "sale" thus derived includes according to CJEU also repairs and updates of the software, performed during its use. A subject of further transfer / sale may therefore be a software in the state, in which it was during time of its eventual transfer to another acquirer. Resale implies the principle of exhausting the right of the transferor (in this case the author) to decide on the future of the transferred goods.

The valuation thus assumes the transferability is not significantly limited. It is assumed that possible restrictions, as well as any restrictions on transferability contained in the license agreements, are not applicable. According to CJEU the exhaustion principle applies not only to the acquisition of the software contained on the tangible medium, but also to the acquisition without the tangible medium. However, this situation is in violation of copyright law, that is why there is a risk applied in the valuation, which is linked to a possible need of a new acquirer to support of the software author due to a new software implementation. It is assumed the software author requires an update of the last version of his software to update and support the software. Whereas most of the valuated software is not up-to-date. In addition, many software in the current version enable only timed license, which can be granted only for a limited period of time.

Software
The value of the software depends on the unlimited duration (permanence) of the license (and the one-time payment of the license fee). The subject of the valuation does not include contracts on the software maintenance or providing of related services, nor is providing the software as a service (so called "SaaS" model), or software rental and its use via cloud (generally when the license fee is payed on the time basis) subject to the valuation. A condition for specified software value is compliance with the original volume licenses while not dividing them into parts and making the original software copy inapplicable, and also placing the software on the secondary European Union market only.

Other Intangible Fixed Assets
The emission allowances, owned by the debtor, can be traded. These are the tools created by the European Union to reduce greenhouse gas emissions. Purchase and sale of emissions allowances at market prices is mediated on European energy exchanges. Every year the Ministry of the Environment evaluates allowances according to the condition specified in the Czech Republic's application for the assignment of free allowances according to the national plan for investments into equipment and modernization of infrastructure and clean technologies. In particular the allowance is valuated at a fixed price according to Commission Communication 2011/C 99/03, Appendix VI: 14,5 EUR in 2013 - 2014 and 20 EUR in 2015 - 2019. At the beginning of the year the price of futures expiring at the end of this year exceeded 24 EUR per one ton of CO_2. At the beginning of March this year the prices of emission allowances, trading within European system EU ETS fell sharply. Beside an expected decline of economic activity and electric energy consumption, allowances are also pulling down financial markets due to the coronavirus pandemic. Speculative traders, who, unlike issuers that buy allowances and keep them to cover their emissions, often respond to market signals and cause large price fluctuation in both directions by sudden sales or purchases, represent a great unknown. It is very difficult to predict the long-term market development in the current situation. A price realized on the EEX Emissions market / Primary Market Auction was used for the valuation. At the valuation date, the traded median is 25,99 EUR/tCO_2 .
Exchange rate of the Czech koruna to Euro is considered according to the National Bank of Czech Republic on the valuation date, that is 26,74 CZK/EUR. The emission allowances valuation is performed the same way for the situation of continuing use of assets and for the situation that assumes the end of the debtor's business operation (a bankruptcy).

Unfinished Intangible Fixed Assets
Unfinished intangible fixed assets were evaluated by the valuation expert differently in the variants of the valuation that anticipate a going concern and a business termination situation:

- In the case of valuation under the assumption of the going concern of the Debtor, the valuation expert valuated all unfinished intangible fixed assets at a coefficient 0.90, which takes into account only the low risk of acquired intangible fixed assets not being used in case of going concern of the Debtor.
- In the case of valuation under assumption of the Business termination of the Debtor, the valuation expert valuated all unfinished intangible fixed assets in the form of implementation of the software and unfinished investments from 2018, of which he has not further information, at the coefficient 0.00, as the assets are unlikely to be transferable to a third party and marketable. Thus, these unfinished intangible fixed assets do not represent a fair asset value providing that the debtor's business termination situation occurs. Remaining unfinished intangible fixed assets in the form of acquired software "BarTender Automation" were evaluated by the valuation expert at the coefficient 0.5 as this software might be placed on the market, the expert is considering 50:50 probability.

Valuation summary
The valuation summary is given in Annex 6 (6.1). A summary of the valuation and division of assets value into the value of Secured and Unsecured assets is shown in the following table:

VALUATION RESULT - INTANGIBLE FIXED ASSETS	VALUE AT GOING CONCERN (IN THOUSANDS CZK)	VALUE AT BUSINESS TERMINATION (IN THOUSANDS CZK)
TOTAL	**83 278**	**67 448**
Of which Secured assets	0	0
Of which Unsecured assets	83 278	67 448

5.3 TANGIBLE FIXED ASSETS

The tangible fixed assets are listed in the accounting records of the company as follows:

ITEM /IN THOUSANDS CZK/	GROSS VALUE	ACCUMULATED DEPRECIATION	NET VALUE
Lands	353 613	0	353 613
Buildings	1 907 712	1 625 281	282 431

All calculations of real estates valuation and determination of input variables, at which the text is referred to the Annex, cadastral maps, general maps, copies of an extract from real estates cadaster (ownership certificate) and photographs of the real estate are listed in Annex 5.

5.3.1 IMMOVABLE ASSETS IDENTIFICATION

This is an industrial complex of the Debtor, a group of buildings and lands, located in three cadastral areas (c.a. Vítkovice, c. a. Zábřeh-VŽ and c.a. Kunčice nad Ostravicí). Individual units in cadastral areas function independently. The units in Zábřeh-VŽ c.a. and Vítkovice c.a. follow each other.

The real estates are registered in the real estate cadaster in the ownership certificate no. 1788, Vítkovice cadastral area, ownership certificate no. 597, Zábřeh – VŽ cadastral area, ownership certificate no. 764, Kunčice nad Ostravicí cadastral area, Ostrava municipality and Ostrava-město district. Identification of the immovable assets owned by the Debtor is listed in the following table:

DESCRIPTION	CONSCRIPTION NUMBER (BUILDINGS ONLY)	ON PARCELS NUMBER / PARCEL NUMBER	ACREAGE (M^2) LANDS ONLY
Vítkovice cadastral area, Ownership certificate no. 1788			
Building – other building structure	-	527/28	476
Building – amenities	357	614/1	1450
Building – industrial object	-	626/1	901
Building – other building structure	-	630/4	127
Building – other building structure	-	668/2	497
Building – industrial object	-	816/1	5134
Building – other building structure	-	816/2	141
Building – garage	-	816/8	38
Building – industrial object	-	927/6	25978
Building – industrial object	-	927/7	5657
Building – other building structure	2932	927/8	724
Building – industrial object	-	927/9	2938
Building – industrial object	-	927/13	189
Building – production	-	927/16	753
Building – production	-	927/20	36352
Building – production	-	927/21	47
Building – production	-	927/22	4113
Building – production	-	927/23	109
Building – production	-	927/24	59
Building – other building structure	-	1431	165
Building – other building structure	-	1433	962
Building – production (ownership certificate no. 1985)	-	527/33	without land
Parcel of land – other area	-	527/5	6340
Parcel of land – other area	-	527/30	795
Parcel of land – built-up area and courtyard - demolition site	-	626/2	190
Parcel of land – manipulation area	-	626/3	4080
Parcel of land – other area	-	644/2	280
Parcel of land – manipulation area	-	648/1	464
Parcel of land – other area	-	648/9	16
Parcel of land – greenery	-	668/1	603
Parcel of land – other area	-	927/2	56023
Parcel of land – manipulation area	-	927/30	316
Parcel of land – other road	-	1204/2	4600
Parcel of land – manipulation area	-	1204/3	230

DESCRIPTION	CONSCRIPTION NUMBER (BUILDINGS ONLY)	ON PARCELS NUMBER / PARCEL NUMBER	ACREAGE (M²) LANDS ONLY
Zábřeh - VŽ cadastral area, ownership certificate no. 597			
Building – production	-	St. 261/1	4296
Building – amenities	-	St. 599	227
Building – other building structure	1195	St. 845/1	340
Building – amenities	2929	St. 931/2	3566
Building – production	-	St. 1475	90882
Building – other building structure	-	St. 4321	28
Building – amenities	-	St. 4323	103
Building – production	-	St. 5094	66
Building – production	-	St. 5098	97
Building – production	-	St. 5103	360
Building – production	-	St. 5104	553
Building – production	-	St. 5159	81
Building – production	-	St. 5181/1	10997
Building – production	-	St. 5181/2	23
Parcel of land – built-up area and courtyard - demolition site		St. 460/1	1322
Parcel of land – built-up area and courtyard - common yard		St. 460/2	37
Parcel of land – built-up area and courtyard – demolition site		St. 485	377
Parcel of land – built-up area and courtyard - common yard		St. 4324	139
Parcel of land	-	St. 5170	92
Parcel of land – other road	-	519/19	509
Parcel of land – other area	-	528/3	220
Parcel of land – other road	-	532/2	2938
Parcel of land – other road	-	536/5	1097
Parcel of land – manipulation area	-	553/1	47391
Parcel of land – manipulation area	-	553/18	9897
Parcel of land – other road	-	553/32	1384
Parcel of land – manipulation area	-	553/33	15250
Parcel of land – other road	-	1480	17
Parcel of land – other area	-	1491	114
Parcel of land – other area	-	1495	432
Kunčice nad Ostravicí cadastral area, ownership certificate no. 764			
Building – production (without ownership certificate)	-	1351/1	120959
Building – production	728	1351/2	28753
Building – production	-	1351/5	676
Building – production	-	1351/6	689
Building – production	-	1351/8	397
Building – production	-	1351/9	227
Building – production	-	1351/10	85
Building – production	-	1351/11	38
Building – production	-	1351/12	24
Building – production	-	1351/13	490
Building – production	-	1351/14	117
Building – production	-	1351/15	46
Building – production	-	1351/16	91
Building – production	-	1351/17	71
Building – production	-	1351/18	110
Building – production	-	1351/19	1080
Building – production	-	1352/2	6466
Parcel of land – other area	-	1351/7	112

Real estate cadaster extracts identifying aforementioned real estates are listed in the Annex 5 of this expertise.

5.3.2 LEGAL STATUS

Property
According to the Land certificates, the properties evaluated are in the ownership of the Debtor.

Status of Building Code Compliance
According to the Land certificate and to the length and manner of use, there are no serious defects of the properties evaluated as of the status of Building Code Compliance.

The properties are located in the preservation area of the city of Ostrava.
Rights of lien and other servitudes
According to the Land certificate, **LV 1788**, the properties evaluated are encumbered by the following rights of lien:

- on the properties evaluated (plots No 927/2 and No 927/20 and 927/30), contractual right of lien to secure all debts stated in the Art. 1. Par. 1.1 within the definition of „Secured debts" of the Pledge contract up to the amount of CZK 1.192.000.000, which will arise for the duration of 20 years from the day of signature day of the Credit contract. This right of lien is to the benefit of the company Gomanold a.s., with its registered office at Pobřežní 297/14, Praha 8 – Karlín, 186 00 (with legal force as of 16 January 2017) to secure all debts of the Pledge contract up to the amount of CZK 1.192.000.000, which will arise for the duration of 20 years from the day of signature day of the Credit contract,
- The contractual right of lien to secure the existing receivables up to the amount of CZK 76.500.000, and future receivables up to the amount of CZK 76.500.000 arising from the contract on debt financing from 3 April 2018. This right of lien is to the benefit of the company Gomanold a.s., with its registered office at Pobřežní 297/14, Praha 8 – Karlín, 186 00 (with legal force as of 4 April 2018, entry on 26 April 2018),
- The contractual right of lien to secure all debts including the future ones, arising or to arise from the Credit contract from 30 October 2019, or in direct connection with it, and which have arisen from the day of conclusion thereof and keep arising till 30 June 2026 up to the amount of CZK 300.000.000. This right of lien is to the benefit of the company Gomanold a.s., with its registered office at Pobřežní 297/14, Praha 8 – Karlín, 186 00 (with legal force of the entry as of 3 December 2019, entry on 6 January 2020),
- The contractual right of lien to secure receivables at the amount of CZK 192.225.000 including fees arisen from the clause No 154 and 162 of the reorganization plan from 21 September 2018. This right of lien is to the benefit of the company Gomanold a.s., with its registered office at Pobřežní 297/14, Praha 8 – Karlín, 186 00 (with legal force of the entry as of 16 January 2020, entry on 7 February 2020).

According to the Land certificate, a negative pledge is issued up to the date of the satisfaction of all secured debts.

According to the Land certificate, the use of the properties evaluated is restricted by the contract servitudes to the benefit of the plots of land evaluated. It concerns the following servitudes (for more detailed information see LV 1788):

- the servitude road and path,
- the servitude road and path consisting in the right to walk and ride according to the Art. XI. of the Contract to the extent of GP No 3194-30/2019.

According to the Land certificate, the use of the properties evaluated is restricted by the contract servitudes to the benefit of the company ČEZ Energetické služby s.r.o., ČEZ ICT Services a.s., and individual plots of land, i.e. counting against the plots evaluated. It concerns the following servitudes (for more detailed information see LV 1788):

- the servitude according to the Art. IV. of the contract,
- the servitude of locating and running of power devices with the right to access and arrival for the purpose of running, check, maintenance, adjustment, repair, replacement, reconstruction and removal of the device,
- the servitude of locating and running of aboveground lines with optic data cable above the building located in this plot (situated in an energy bridge) with the right to access and arrival for the purpose of running thereof, especially check, maintenance, repairs, replacement, reconstruction and removal

- the servitude of locating and running of aboveground lines (situated in an energy bridge) and underground lines (situated in an underground cable collector) with optic data cable with the right to access and arrival for the purpose of running thereof, especially check, maintenance, repairs, replacement, reconstruction and removal,
- the servitude of building and running of aboveground lines of the optic communication cable above the building and at the frontage of the building located in this plot with the right to access and arrival for the purpose of securing the running and maintenance thereof, possible reconstruction or removal,
- the servitude of building and running of aboveground communication lines with the right to access and arrival for the purpose of running, maintenance, reconstruction or removal,
- the servitude of routing and running of aboveground low-pressure coal gas (with pipes partially situated in an energy bridge) with the right to access and arrival for the purpose of running, especially check, maintenance, adjustments, repairs, replacement, reconstruction and removal,
- the servitude of routing and running of aboveground medium-pressure natural gas (pipes) with the right to access and arrival for the purpose of running, especially check, maintenance, adjustments, repairs, replacement, reconstruction and removal,
- the servitude of routing and running of underground medium-pressure natural gas (pipes) with the right to access and arrival for the purpose of running, especially check, maintenance, adjustments, repairs, replacement, reconstruction and removal,
- the servitude of routing and running of aboveground medium-pressure natural gas with pipes above the building, inside the building and at the frontage of the building located in this plot with the right to access and arrival for the purpose of running, especially check, maintenance, adjustments, repairs, replacement, reconstruction and removal,
- the servitude of routing and running of aboveground medium-pressure natural gas (pipes) inside the building, above the building and at the frontage of the building located in this plot with the right to access and arrival for the purpose of running, especially check, maintenance, adjustments, repairs, replacement, reconstruction and removal,
- the servitude of routing and running of aboveground medium-pressure natural gas (pipes) with the right to access and arrival for the purpose of running, especially check, maintenance, adjustments, repairs, replacement, reconstruction and removal,
- the servitude of routing and running of aboveground medium-pressure natural gas with pipes above the building located in this plot with the right to access and arrival for the purpose of running, especially check, maintenance, adjustments, repairs, replacement, reconstruction and removal,
- the servitude of routing and running of aboveground electric connection of the dewaterer above the building located in this plot with the right to access and arrival for the purpose of running, especially check, maintenance, adjustments, repairs, replacement, reconstruction and removal,
- the servitude of routing and running of aboveground electric connection of the dewaterer with the right to access and arrival for the purpose of running, especially check, maintenance, adjustments, repairs, replacement, reconstruction and removal,
- the servitude of building and running of underground and aboveground public communication net with the right to access and arrival for the purpose of running and maintenance, including reconstruction or removal,
- the servitude of routing and running of aboveground compressed air pipes conducted above the building located in this plot with the right to access and arrival for the purpose of running, especially check, maintenance, adjustments, repairs, replacement, reconstruction and removal,
- the servitude of routing and running of aboveground compressed air pipes and locating of receiver with the right to access and arrival for the purpose of running, especially check, maintenance, adjustments, repairs, replacement, reconstruction and removal,
- the servitude of routing and running of aboveground compressed air pipes with the right to access and arrival for the purpose of running, especially check, maintenance, adjustments, repairs, replacement, reconstruction and removal,
- the servitude of routing and running of aboveground compressed air pipes conducted above the building, continuously inside the building and at the frontage of the building located in this plot with the right to access and arrival for the purpose of running, especially check, maintenance, adjustments, repairs, replacement, reconstruction and removal,
- the servitude of routing and running of underground drinking water pipes with the right to access and arrival for the purpose of running, especially check, maintenance, adjustments, repairs, replacement, reconstruction and removal,
- the servitude of routing and running of aboveground drinking water pipes conducted continuously inside the building and at the frontage of the building located in this plot with the right to access and

arrival for the purpose of running, especially check, maintenance, adjustments, repairs, replacement, reconstruction and removal,

- the servitude of routing and running of aboveground drinking water pipes conducted above the building located in this plot with the right to access and arrival for the purpose of running, especially check, maintenance, adjustments, repairs, replacement, reconstruction and removal,
- the servitude of routing and running of aboveground drinking water pipes above the building located in this plot with the right to access and arrival for the purpose of running, especially check, maintenance, adjustments, repairs, replacement, reconstruction and removal,
- the servitude of routing and running of aboveground drinking water pipes with the right to access and arrival for the purpose of running, especially check, maintenance, adjustments, repairs, replacement, reconstruction and removal,
- the servitude of routing and running of aboveground communication cable conducted inside the building and at the frontage of the building located in this plot with the right to access and arrival for the purpose of running, especially check, maintenance, adjustments, repairs, replacement, reconstruction and removal,
- the servitude of routing and running of aboveground communication cable and power cable conducted inside the building located in this plot with the right to access and arrival for the purpose of running, especially check, maintenance, adjustments, repairs, replacement, reconstruction and removal,
- the servitude of routing and running of aboveground communication cables in the energy bridge conducted above the building located in this plot with the right to access and arrival for the purpose of running, especially check, maintenance, adjustments, repairs, replacement, reconstruction and removal,
- the servitude of routing and running of aboveground communication cable of power supply conducted above the building and at the frontage of the building located in this plot with the right to access and arrival for the purpose of running, especially check, maintenance, adjustments, repairs, replacement, reconstruction and removal,
- the servitude of routing and running of aboveground communication cable of power supply conducted above the building and at the frontage of the building located in this plot and of aboveground communication cable conducted inside the building and at the frontage of the building located in this plot with the right to access and arrival for the purpose of running, especially check, maintenance, adjustments, repairs, replacement, reconstruction and removal,
- the servitude of routing and running of aboveground communication cables of power supply,
- the servitude of routing and running of underground operating water pipes with the right to access and arrival for the purpose of running, especially check, maintenance, adjustments, repairs, replacement, reconstruction and removal,
- the servitude of routing and running of aboveground operating water pipes conducted continuously inside the building located in this plot with the right to access and arrival for the purpose of running, especially check, maintenance, adjustments, repairs, replacement, reconstruction and removal,
- the servitude of routing and running of underground medium-pressure natural gas with pipes above the building, inside the building and at the frontage of the building located in this plot with the right to access and arrival for the purpose of running, especially check, maintenance, adjustments, repairs, replacement, reconstruction and removal,
- the servitude of location and running of power lines, sewer and water pipes, carrying out repairs thereof, adjustments, maintenance and reconstruction with the right to access and arrival for the purpose of securing the working, adjustments, repairs, revisions and maintenance,
- the servitude road and path consisting in the right to walk and ride,
- the servitude of determination of an area for power distribution,
- the servitude of building and running lines of power device of the electrification distribution system,
- the servitude of routing and running of underground cable and aboveground cable of device of the electrification distribution system,
- the servitude of routing and running of underground cable and aboveground cable,
- the servitude of locating and running of heat line pipes,
- the servitude of routing and running of aboveground hot water piping,
- the servitude of routing and running of aboveground compressed air pipes conducted above the building, continuously inside the building and at the frontage of the building located in the plot with the right to access and arrival for the purpose of running, especially check, maintenance, adjustments, repairs, replacement, reconstruction and removal.

These servitudes don't restrict the use of property, they merely secure and provide for the use of the property

evaluated and of the public space.

According to the Land certificate, **LV 597**, the properties evaluated are encumbered by the following rights of lien:

- the contractual right of lien to secure the debts stated in the Art. 2. Par. 2. of the Pledge contract up to the amount of CZK 100.000.000 including fees. This right of lien is to the benefit of the company Gomanold a.s., Pobřežní 297/14, Praha 8 – Karlín, 186 00 (legal force of the entry as of 23 March 2016, entry on 13 April 2016),
- the contractual right of lien to secure the debts stated in the Art. 2. Par. 2. of the Pledge contract up to the amount of EUR 7.490.000 EUR including fees. This right of lien is to the benefit of the company Gomanold a.s., Pobřežní 297/14, Praha 8 – Karlín, 186 00 (legal force of the entry as of 23 March 2016, entry on 13 April 2016).

According to the Land certificate, a negative pledge is issued for the duration of the right of lien.

According to the Land certificate, the use of the properties evaluated is restricted by the contract servitude to the benefit of the plots of land evaluated. It concerns the following servitude (for more detailed information see LV 597):

- the servitude of walk and ride.

According to the Land certificate, the use of the properties evaluated is restricted by the contract servitudes to the benefit of the company ČEZ Energetické služby s.r.o., ČEZ Teplárenská a.s., VÍTKOVICE ENERGETIKA a.s., and individual plots of land, i.e. counting against the plots evaluated. It concerns the following servitudes (for more detailed information see LV 597):

- The servitude path,
- The servitude road,
- Determination of an area for power distribution,
- The servitude of locating and running of aboveground communication cables,
- The servitude of locating and running of aboveground compressed air pipes,
- The servitude of locating and running of steam piping,
- The servitude of locating and running of aboveground steam piping,
- The servitude of locating and running of aboveground hot water piping,
- The servitude of locating and running of hot water piping,
- The servitude of routing and running of underground cable and aboveground cable,
- The servitude of routing and running of aboveground operating water piping,
- The servitude of routing and running of underground operating water piping,
- The servitude of locating and running of aboveground drinking water piping,
- The servitude of routing and running of aboveground communication cables and supply cables,
- The servitude of routing and running of aboveground electric connection of the dewaterer above the building located in this plot,
- The servitude of location of a part of the building without conscription number (in the plot building title No 931/3) on the building No 2929,
- The servitude of location of a part of the building without conscription number (in the plot building title No 931/3) on a part of the plot,
- The servitude of locating and running of underground lines with optic data cable under the building located in this plot,
- The servitude of locating and running of aboveground lines and underground lines with optic data cable,
- The servitude of locating and running of aboveground lines with optic data cable.

These servitudes don't restrict the use of property, they merely secure and provide for the use of the property evaluated and of the public space.

According to the Land certificate, **LV 764,** the properties evaluated are encumbered by contractual right of lien to the benefit of the company Komerční banka a.s., Na Příkopě 969/33, Staré Město, 10 00 Praha 1, (with legal force as of 14 February 2017) to secure:

- the existing debt from the Short-term credit Contract up to the amount of CZK 290.000.000 with proper final maturity on 14 February 2017,
- the future debts from the General contract on providing financial services up to the amount of CZK 300.000.000,

- the future debts from credits up to the total amount of CZK 290.000.000 arisen till 31 December 2020,
- the future debts from contracts on providing a bank guarantee up to the total amount of CZK 150.000.000 arisen till 31 December 2020,
- the future debts from contracts on providing a bank guarantee arisen in connection with issuance of bank guarantees up to the total amount of CZK 150.000.000 arisen till 31 December 2020,
- the future debts from contract penalties from credit contracts up to the total amount of CZK 29.000.000 arisen till 30 June 2021,
- the future debts due to the prices for providing bank guarantees up to the total amount of CZK 15.000.000 arisen till 30 June 2021, and debts from unjustified enrichment in case of nullity of any contract stated above up to the total amount of CZK 484.000.000 arisen till 30 June 2021, and to secure the future debts for damages and contract penalties according to the Pledge contract up to the total amount of CZK 44.000.000 arisen till 30 June 2021 (see LV 764).

According to the Land certificate, (LV 1788 cadastral area Vítkovice, LV 597 cadastral area Zábřeh – VŽ, LV 764 cadastral area Kunčice nad Ostravicí), there are records on Ruling of bankruptcy of the insolvency administrator KORNEO v.o.s. for the property of the company VÍTKOVICE HEAVY MACHINERY a.s. registered.

Leases

The legal expert got hold of photocopies of the lease contracts and an overview of the leases concluded to the day of evaluation from the Company representatives. The vast majority of the contracts is concluded for an indefinite period of time. It concerns areas leasehold at the premises of the properties evaluated, areas in the sheds of Heavy Mechanics, in the sheds of Forges and Tempering room, in the Tempering room Kunčice, in the changing and shower rooms building, in the shed Scrapyard and other things.

It concerns the lease of office or social areas, areas for changing rooms, production and non-manufacturing areas and the like. In some cases, the contracts are concluded between economically associated persons.

smluvní partner	číslo smlouvy	lokace
VÍTKOVICE ACCOUNTING a.s.	1/2008	budova LM
BIC Ostrava s.r.o..	34011R0372	střecha 7 hala
DEVIMEX s.r.o.	4/2008	venkovní plocha Kunčice
EXCALIBUR ARMY spol. s.r.o.	12/2018/NS	hala Mostaři
VÍTKOVICE MACHINERY TRADE s.r.o.	2/2018/NS	pronájem šrotoviště
VÍTKOVICE TESTING CENTER s.r.o.	5/2005	KMS II
Witkovitz Mechanica a.s.	6/2019/NS	hala NS 370
PEMAT TRADING s.r.o.	21/2020	nájemné hala
PEMAT TRADING s.r.o.	21/2020	nájem věci movité
VÍTKOVICE HAMMERING a.s.	6/2020/NS	pronájem kovárny
VÍTKOVICE MACHINERY TRADE s.r.o.	5/2020/NS	pronájem 340
VÍTKOVICE MACHINERY TRADE s.r.o.	5/2020/NS	pronájem 350
VÍTKOVICE MACHINERY TRADE s.r.o.	3/2020/NS	pronájem 370
VÍTKOVICE MACHINERY TRADE s.r.o.	8/2020/NS	pronájem kovárny kunčice
SPV RECYCLING	7/2020/NS	pronájem pozemku a kolejí 320
Mostárna Líškovec		nájemné 5/2018/NS
PLUSMETAL	1/2020/NS	pronájem 370
MRWheels a.s.	smluva ze dne 27.4.20	pronájem Obručárny a kalírny
MRWheels a.s.	smluva ze dne 27.4.20	pronájem kovárny Kunčice
Casting steel	smlouva ze dne 1.6.2020	pronájem kanceláří NS 370
DEVIMEX s.r.o.	Z 0159 12 1240	využívání pracovníků VHM
Česká telekomunikační infrastruktura a.s.	1/2016 - 098/16	umístění zařízení
VÍTKOVICE a.s.	R1/2011 č.obj. 58917R0032	pronájem pozemku
LIKVIDACE ODPADŮ HOLDING a.s		smlouva o poskytování služeb
ČEZ energetické služby	218/N/95/2017	umístění telekomunikačního kabelu
Dial Telecom, a.s.	2460/A/Ca	elktřina spotřeba roční
Dial Telecom, a.s.	2460/A/Ca	Nájemné umístění zařízení vodojem
innogy Energo s.r.o	1/2010	pronájem pozemků
Ostravské vodárny a kanalizace a.s.	3/2016	umístění zařízení na vodojemu
Telco Pro Services, a. s.,	4101488702	umístění optického kabelu
TEPLOTECHNA Ostrava a.s	2/2016	pronájem pozemku
VÍTKOVICE a.s.	3/2007	pronájem pozemků vr.č.18

In case of the contracts concluded for a fixed period of time, it concerns the lease of small areas in relation to the total surface area of the areas leased for rent which corresponds to the usual amount in relation to the small areas.

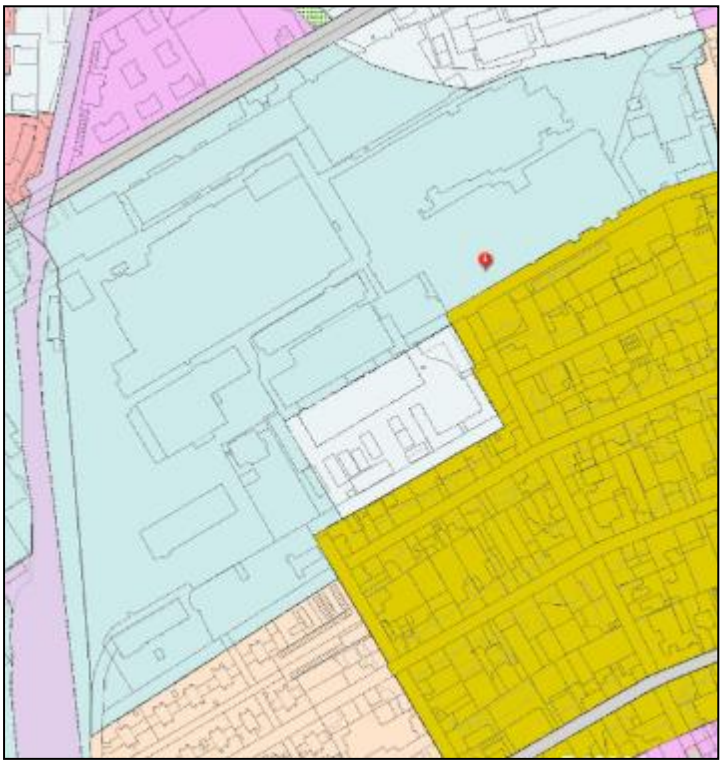
5.3.3 PROPERTIES DESCRIPTION

The local inquiry was done by the employees of the company EQUITA Consulting s.r.o. on 31 August 2020, with the participation of the Client representative, Mr Pochmon.

The properties in question are located in three cadastral areas (Vítkovice, Zábřeh – VŽ and Kunčice nad Ostravicí), and thus create two individual units, since the cadastral area Vítkovice and the cadastral area Zábřeh - VŽ are interconnected. These two units are ca. 10 km apart.

5.3.3.1 THE PROPERTIES REGISTERED IN THE CERTIFICATE OF OWNERSHIP LV 1788, CADASTRAL AREA OF VÍTKOVICE

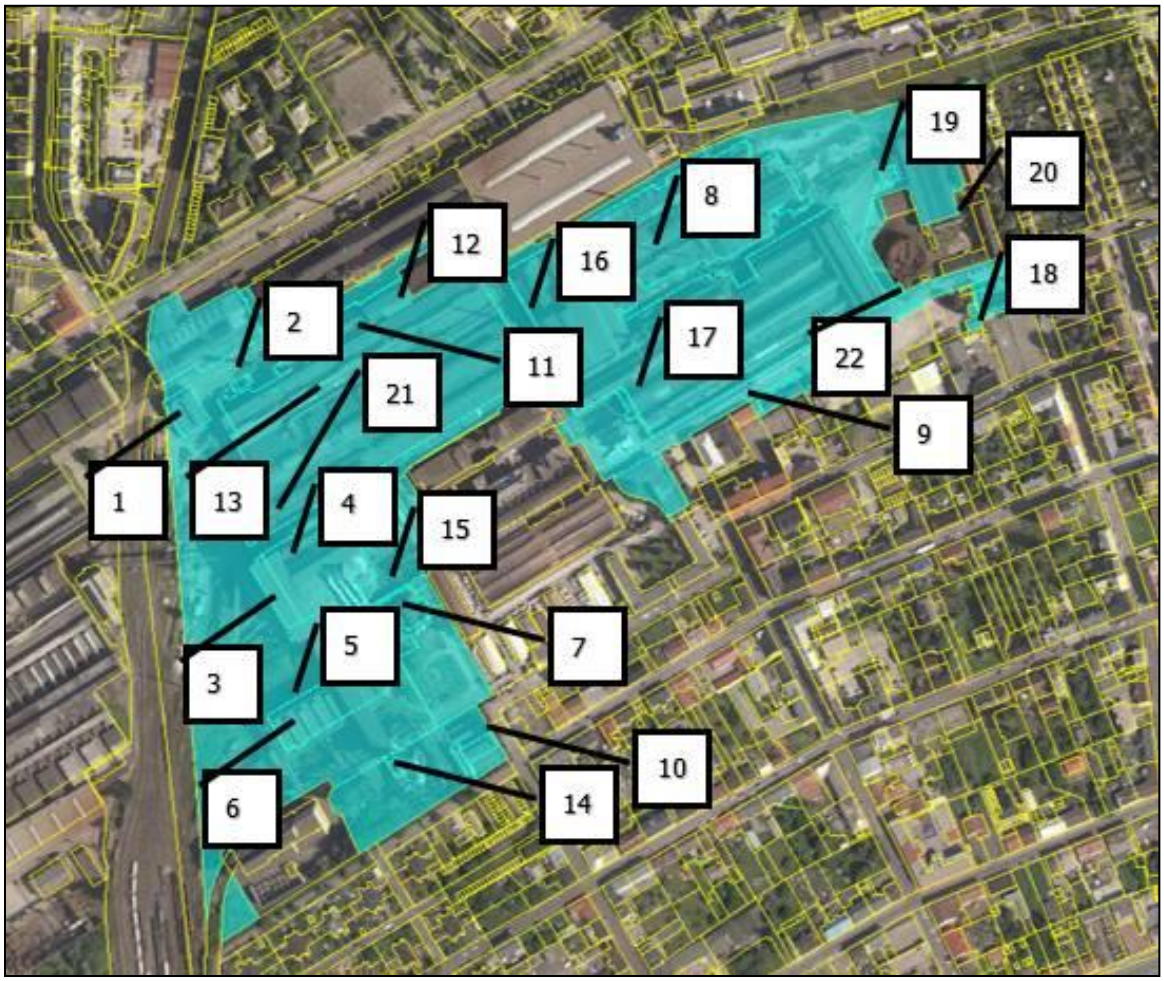
According to the valid municipal plan of the city of Ostrava, the properties are located in the area determined for heavy industries, and with a very little part of mixed area - housing and services.



The operational production area of the Debtor is located in the industry location of Ostrava, situated in the center and up to the south periphery of the city of Ostrava. It concerns a complex of buildings with plots, out of which some are functionally interconnected. The individual buildings located in the area of cadastral area Vítkovice are described in the following chapters.

5.3.3.1.1 AREA DESCRIPTION OF THE CADASTRAL AREA VÍTKOVICE

The area is accessible from the public communication of the street Ruská, where there is a public transport stop (Stará ocelárna) as well.



5.3.3.1.1.1 Property 1 – Building of non-ferrous metals (Plot No 927/16)

The building is located in the district Vítkovice opposite the Old refinery and Forge shed. It is a steel construction shed of rectangular ground plan with saddle roof at several levels. This property is used as warehouse
and facilities for the maintenance of Vítkovice Mechanika.

Building description
The building is based on ferroconcrete abutments. The supporting frame is steel, lined with facing red bricks. The non-structural structures are from full bricks. The roof structure is steel at several levels, the roof skin is made of asphalt strips. The frontage is made of red bricks. The windows are in steel frames with single glazing (wire glass). The floor is coated with concrete screed, also, the floor surface is made of wooden cobbles
and asphalt. The doors are steel in steel frames. The tinsmith elements are from zinc coated sheet.

Technical condition
The overall technical condition corresponds with the building age and manner of use. The maintenance is very neglected.

Building age
According to the sources available and to the expert appraisal based on the local inquiry, the building dates back to 1942.

5.3.3.1.1.2 Property 2 - Gas station building (Plot No 927/23)

The building is located in the district Vítkovice, between the Old refinery and the Old steelworks. It is a single storey building without a cellar, with a rectangular ground plan with shed roof. This building is used for technological purposes of the steelworks sheds and occasionally as a warehouse.

Building description
The building is based on ferroconcrete abutments. The supporting frame is made of prefabricated bricks. The roof structure is wooden shed, the roofing material is made of asphalt strips. The plastering is made from Brizolit. There are no windows and doors in the building. Entry into the building is enabled though a steel gate. The floor is coated with concrete topping. The tinsmith elements are from zinc coated sheet. The building is connected to the sewerage system, to the area distribution.

Technical condition
The overall technical condition is good, it corresponds with the building age, manner of use and a maintenance carried out regularly.

Building age
According to the sources available and to the expert appraisal based on the local inquiry, the building dates back to 1972.

5.3.3.1.1.3 Property 3 – Social and sanitary building No 2932 (plot No 927/8)

The building is located in the district Vítkovice, in the western part EOP5 next to the rails. It is a five-storey building with a cellar, added to the gable wall of the shed EOP5. The building is of rectangular ground plan with flat roof. There is a civil defence shelter located in the basement, a canteen, heat exchange plant, workshops
and sanitary facilities on the ground floor. On the first floor, there are a lunchroom, break room and offices, on the second and third floor there are changing rooms and shower rooms, on the fourth floor there are offices, a computer room and sanitary rooms.

Building description
The building is based on ferroconcrete abutments. The supporting frame is steel, the vertical walls of the basement are ferroconcrete. The roof structure is steel with TI, the roof skin is made of three-layer tar paper. The non-structural structures are from full bricks of thickness 150 mm. The frontage skin is made of "Boletic" thermally insulated panels. The inside doors are made of solid wood. The windows are in steel frames with single glazing, rotatively openable. The floors are coated with concrete screed, the floor surface is also made of floor tiling and PVC covering. The walls of sanitary facilities and locker rooms are fitted with ceramic tiles. The building features a steel staircase and two personal lifts. The tinsmith elements are from zinc coated sheet.

Technical condition
The overall technical condition is good, it corresponds with the building age, manner of use and a maintenance carried out regularly.

Building age
According to the sources available and to the expert appraisal based on the local inquiry, the building dates back to 1981.

5.3.3.1.1.4 Property 4 – sheds EOP5 (plot No 927/7)

The sheds are located in the district Vítkovice south of the sheds "Brokoviště" and Molding shop. They build a complex of three parallel ship sheds, parallel to the sheds "Brokoviště" and Molding shop (Casting shed – longer shed, length ca. 113 m, situated closest to the sheds "Brokoviště" and Molding shop, Furnace shed and Shed of additives – shorter sheds, length ca. 68 m). All parts of the shed are used for manufacturing purposes of the steelworks operation. The sheds are two-storey with an underground floor of L-shaped ground plan. The roof is a shed roof. To the day of evaluation, the sheds are not used completely.

Part of the sheds EOP5 are in-buildings and extensions creating one functional unit with the shed, being used together. It concerns these in-buildings and extensions:

- furnace electrical substation,
- booth for 7m,
- spare parts warehouses,
- forward electrical substation,
- distribution point at sl. D4,
- distribution point at sl. B,
- pumping station.

Building description
The building is based on ferroconcrete abutments and strips. The supporting frame is made of steel pillars and truss rafters. The non-structural structures are crossbars from full bricks, soundproof walls of the furnace sheds. The roof structure is from standardized ALTIP panels, the roof skin is made of tar paper strips. The frontage is made of panels and trapezoidal sheets from the company VSŽ. The doors are steel, there are no windows in the building. The floors are coated with concrete screed, also, the floor surface is made of steel plates and surfaces with slag fill. The buildings feature a steel staircase with handrails. The tinsmith elements are from zinc coated sheet. The building is connected to the area sewerage collector, is centrally connected to the hot water piping, heating systems, registers and hot-air ventilators, there is drinkable as well as undrinkable water by steel pipes distribution available in the building.

Technical condition
The overall technical condition is inferior, it corresponds with the building age and manner of use - roof in serious disrepair in some places, there is the insulation of distribution systems to the heating devices missing, main gate repair is necessary.

Building age
According to the sources available and to the expert appraisal based on the local inquiry, the building dates back to 1981.

5.3.3.1.1.5 Property 5 – Scrapyard shed (plot No 927/9)

The building is situated in the district Vítkovice, in the south-western part of the area behind the shed EOP5. It is an industrial one-storey shed without a cellar, of rectangular ground plan with shed roof. An in-building of operational building with its proper inventory No 609751 belongs to this shed. The Scrapyard shed is used for manufacturing purposes, as scrap storage and dismantling, there is an overhead crane with bearing capacity of 12,5 t including magnet situated in the shed, connected to the industrial railway.

Building description
The building is based on ferroconcrete abutments. The supporting frame is made of steel pillars and crossbars with roof panels ALTIP. The roof structure is steel with six steel skylights, the roofing consists of asphalt strips. The frontage is made of slag-pumice concrete panels and trapezoidal sheets from the company VSŽ. Floors are concrete. The tinsmith elements are from zinc coated sheet. The doors are steel, the lifting entry gate 6x5 m. The building is not heated, the sewerage is connected to the area distribution.

Technical condition
The overall technical condition is inferior; due to the building age, heavy operation and labour with scrap material, the building is being damaged and maintenance is necessary.

Building age
According to the sources available and to the expert appraisal based on the local inquiry, the building dates back to 1981.

5.3.3.1.1.6 Property 6 - Operational building (plot No 927/9)

The building is situated in the district Vítkovice, in the south-western part of the area behind the shed EOP5. It is a two-storey in-building without a cellar, of rectangular ground plan with flat roof. This operational

building belongs to the Scrapyard shed and is built into this shed. The operational building is used as office facilities for the shed which is used by foremen of the Scrapyard shed, the building is used intensively.

Building description
The building is based on ferroconcrete abutments. The supporting frame is made of prefabricated bricks. The roof structure is steel, the roofing consists of asphalt strips. The plaster is made of Brizolit plaster. Floors are concrete. The doors are solid wood, the windows are double, rotating and wooden. The building is heated centrally. For the entrance, there is an outside steel staircase with handrails.

Technical condition
The overall technical condition is inferior, it corresponds to the age and location near a heavy operation.

Building age
According to the sources available and to the expert appraisal based on the local inquiry, the building dates back to 1981.

5.3.3.1.1.7 Property 7 – Filter building (plot No 626/1)

The building is located in the district Vítkovice in the area behind the branch line south of the shed EOP5. It is a single storey building with a partial cellar, with filtration technology, there are several filter centrifuges installed in the building. In 1997, an extension was added. The building is used as a filter station, serves for manufacturing purposes.

Building description
The building is based on ferroconcrete strip foundation. The supporting frame is steel, bricked with aerated concrete blocks, soundproof walls at the location of ventilator room. The roof structure is steel, the roofing consists of trapezoidal sheets and asphalt strips. The vertical non-structural structures are made of aerated concrete blocks and full bricks. The doors are steel. The floors are coated with concrete toppings, casted asphalt and polymer concrete. The tinsmith constructions are from zinc coated sheet. The building is heated with electric heaters.

Technical condition
The overall technical condition is good.

Building age
According to the sources available and to the expert appraisal based on the local inquiry, the building dates back to 1994.

5.3.3.1.1.8 Building structure 8 – Forge and Tempering Plant Halls (No. 927/20)

The halls are situated on the south side in parallel with Ruská street and on the north side in parallel with Halasova street. The complex is accessible by entrance from Nerudova street from Mírové náměstí.
The whole Forge and Tempering plant complex is composed of halls and building structures and is divided into the following parts:

- **Forge and Tempering plant Halls** – situated closer to the Old Steelworks
- **Hoop plant halls** – carousel furnace hall and expedition hall plus locksmith workshop and garage – situated closer to Nerudova street.

The Forge and Tempering plant is a complex of 29 halls situated on the parcel no. 927/20, of which the Forge building comprises 19 halls and the Tempering plant comprises 10 halls. The halls are fitted with crane tracks with overhead cranes with load capacity of 80 and 150 tons and railway.
The Forge and Tempering plant halls consist in approx. 75% of the Forge building and 20 extension units and built-in units:

- Pumping station,
- Laboratory building,
- Pumping station building,
- Electrical substation,

- Master control booth,
- Ventilation station,
- Sanitary facility extension unit,
- Control booth,
- Filtration building,
- Air conditioning building,
- Pumping station building,
- Electrical substation building,
- Charging station,
- Pumping station,
- Oil management plant,
- Tempering plant building,
- Switching station building,
- Sanitary facility building,
- Cross hall,
- Maintenance building.

The laboratory building and water tank with pumping station is situated in the forward portion of the Tempering plant hall.

Building Description

The building structure is founded on a ferroconrete slab and FC footings. The supporting structure is steel with lattice beams and brick lining. The non-supporting structures (partition walls) are made of solid bricks on LCM (lime-cement mortar). All roof structures are composed of steel lattice beams with concrete or steel roof panels and roof soffit. Skylights of various shapes and structure design are fitted into the roof. The roofing consists mostly of welded asphalt sheets. The perimeter sheathing is non-supporting, brick, certain portions of halls have glass sheathing, in some places there are cinder-pumice-concrete panels. Interior doors are mainly steel, entrance is through an automatic steel lifting gate. Windows are tilting, with wire-glass panes. Floors are concrete. Interior cladding in building structures is brick, sanitary facilities feature ceramic wall tiles and floor tiles. The administrative building has a ferroconcrete staircase, in the working sections the staircase is made of steel. The tinsmith elements are from zinc coated sheet metal. Building structures are connected to heating plant mains, heating systems, registers and hot air blowers. The sewerage is connected to a campus collection tank. The halls are fitted with vacuum tube lights, fluorescent lamps, exterior lights are also installed in the whole compound.

Technical Condition

The complex of halls is past its prime in terms of wear, without any significant investments made in the recent period. In the area of the stationary historical press the roof is in disrepair,the roof is damaged across the board. Insulation of heat distribution systems is missing. The "Cross hall", which was made in 1977, is in suitable and most preserved condition of the lot.

The overall technical condition is bad, it corresponds to the building age and manner of use.

Building Age

According to the sources available and to the expert appraisal based on the local inquiry, the building dates back to 1890, with gradual additional construction done in 1905, 1925, 1936, 1943, 1971-78, 1980-86.

5.3.3.1.1.9 Building structure 9 – Pumping station building (No. 1433)

The station building is situated in the Vítkovice district, near Halasova street across from the Forge hall. This is
a ground-floor brick building structure without a basement fitted with technology for pumping cooling water. The building structure has seen very intensive use for production purposes. The building structure is equipped with sheathed steel tank.

Building Description

The building is founded on ferroconcrete footings. The supporting structure is composed of ferroconcrete foundations
for technological equipment. The sheathing consists of a profiled laminate wall. The building has no roof,

these are technological reservoirs. The building structure is connected to hot water mains for technological purposes.

Technical Condition
The overall technical condition is good, without necessary substantial investments.

Building Age
According to the sources available and to the expert appraisal based on the local inquiry, the building dates back to 1978.

5.3.3.1.1.10 Building structure 10 – Pumping station building (No. 527/28)

The building is located in the Vítkovice district, on the south edge of the compound, near Erbenova street. This is a ground-floor building with T-shaped ground plan and flat roof. The building structure has seen very intensive use for pumping water from the city water mains.

Building Description
The building structure is based on an 8 m deep ferroconcrete basin. The supporting structure is steel with construction block lining. Non-supporting structures are made of construction blocks. The roof is flat, supported by steel structure. The sheathing is done with slated wall jacket – Sidalvar (facade cladding for industrial buildings). The floor is covered with ceramic tiles. The building structure is heated with convectors. There are concrete reservoirs next to the building structure.

Technical Condition
The overall technical condition is good.

Building Age
According to the sources available and to the expert appraisal based on the local inquiry, the building dates back to 1981.

5.3.3.1.1.11 Building 11 – Generator building (No. 927/6)

The building is situated in the Brokoviště (shot factory) hall, it is registered as a separate production hall with pumping station and warehouse technology, fragment grinding. This building is situated longitudinally along the axis of the Brokoviště (shot factory) hall and is separated from the hall with a construction air gap. The building structure has seen very intensive use.

Building Description
The building is founded on ferroconcrete footings. The perimeter structure consists of a steel frame integrated into solid coarse brickwork. The roof structure is made of steel beams covered with tar paper. The floor is coated with concrete topping. The building is heated by a central distribution system, registers and hot air generators. Ventilation is completely secured by air ducting system.

Technical Condition
The overall technical condition is good, corresponds to use and operation.

Building Age
According to the sources available and to the expert appraisal based on the local inquiry, the building dates back to 1910.

5.3.3.1.1.12 Building 12 – Locker room building (No. 927/6)

The building is situated in the Brokoviště (shot factory) hall, it is registered as a separate section. A five-story office building with a basement and gable roof, sanitary facilities and civilian protection shelter in the basement has been attached to the north part of the complex in 1953. The east side of the building is in line

with the Generator building. All portions thereof are used to 100% capacity as facilities of foremen, employees and operators of Brokoviště (shot factory).

Building Description
The building is founded on ferroconcrete footings. The supporting structure consists of a steel and ferroconcrete monolithic frame. The non-supporting structures are made of solid bricks. The roof structure is steel with roofing consisting of tar paper sheets. The plaster is made of Brizolit plaster. Doors are solid wooden, a portion is 1/3 glazed. Windows are wooden, double casement design. Floor surface consists of concrete screed, tiles and PVC flooring. Sanitary facilities and locker rooms are fitted with ceramic tiles. There is a ferroconcrete staircase in the building with steel handrails and a top terrace. Heating is secured by cast iron radiators. The sewerage is connected to a campus distribution system.

Technical Condition
The overall technical condition is worse, the building shows neglected maintenance, certain portion of the roof is in disrepair, the entrance has been restored.

Building Age
According to the sources available and to the expert appraisal based on the local inquiry, the building dates back to 1953.

5.3.3.1.1.13 Building 13 – Brokoviště (shot factory) halls and Forming plant halls (No. 927/6)

The halls are situated in the Vítkovice district, in parallel with Ruská street, separated by buildings of the Old water treatment plant and the former Press shop. In terms of the construction complex on the parcel no. 927/6, this is the western part of the halls with extensions, sanitary and administrative facilities, and furthermore, the Forming plant halls and locker room and office buildings.

The Brokoviště (shot factory) halls consist of 1 main hall and 10 extensions and built-in units, namely:
- Switchboard room,
- Electrical substation building,
- Control room building,
- Vacuum station building,
- OVK building,
- Generator building,
- Locker room building,
- Casting hall extension,
- Control booth,
- Built in unit for air extraction equipment.

Forming plant halls consist of 1 main hall and 1 extension and a built in unit, namely:
- Electric distributor room.

These are single-story halls with gable roof. All parts of Brokoviště (shot factory) are designated for production purposes. The halls serve for secondary steel processing, steel casting or scrap processing. All parts of the Forming plant are designated for production purposes. This concerns production of special types of steel with annual capacity of 170 thousand tons. The basic technological equipment of secondary metallurgy consists of LF, VD – VIT and OVK equipment. There is additional technological equipment in the halls, namely a small electric arc furnace EOP3. According to the information provided by the Client's representative, as of the valuation day the halls of the Forming plant, Foundry and Steelworks are in use.

Building Description
The buildings are founded on FC strip foundations and footings, halls are fitted with reinforced crane beams. The supporting structure is steel and ferroconcrete with brick lining, glass cladding mainly by wire-glass, or in some cases with aluminum sheet metal sheathing. The non-supporting structures are made of solid bricks on LCM. The roof structure is made of steel beams and timber battening. The roofing consists of welded asphalt sheets. The hall sheathing consists of brick walls between steel pillar, formed profiled sheet metal panels, the newly added building has additional aluminum sheathing. Doors are mostly steel in wooden frame, the built-in units and extensions have wooden doors. Automatic electric slide-up gate is installed in the building. Windows in built-in units and extensions are wooden double casement, other windows are

simple casement windows in steel frames. Floor surfaces are made of concrete, tamped dirt and steel plates. The sanitary facilities feature ceramic tiles, in hall no. 3, which is divided into several sections, utilizing Larssen steel piling. A steel staircase is fitted in the halls. Heating is secured centrally by connection to heating plant mains, heating systems, registers and hot air blowers. The sewerage is connected to a campus collection tank. Gas is used in the halls for technology and for heating – gas heat lamps. The halls are fitted with crane tracks and railway. The halls are fitted with vacuum tube lights.

The building is founded on ferroconcrete footings. The supporting structure consists of a steel and ferroconcrete monolithic frame. The non-supporting structures are made of solid bricks. The roof structure is steel with roofing consisting of tar paper sheets. The plaster is made of Brizolit plaster. Doors are solid wooden, a portion is 1/3 glazed. Windows are wooden, double casement design. Floor surfaces consist of concrete screed, tiles and PVC flooring. Sanitary facilities and locker rooms are fitted with ceramic tiles. There is a ferroconcrete staircase in the building with steel handrails and a top terrace. Heating is secured by cast iron radiators. The sewerage is connected to a campus distribution system.

Technical Condition
Given their age and heavy operation, the buildings show most serious defects in the area of roofs – in some places the roofs are in disrepair, insulation of heat distribution systems is missing. Office and sanitary extensions have damaged vertical water insulation in certain places. Heat loss corresponds to the facade and windows design.

Building Age
According to the sources available and to the expert appraisal based on the local inquiry, the halls date back to 1889, 1940-1996.

5.3.3.1.1.14 Building 14 – Chemical warehouse building (No. 630/4)

The building is situated in the compound by the Kotěrova street. This is a single-story building with single-slope roof. There are steel platforms in the building on various height levels connected with a staircase. The building serves as warehouse of chemical additives for technological purposes.

Building Description
The building is founded on a ferroconcrete basin under the terrain level – 4,80 m. The supporting structure is made of I shaped steel beams with light-weight prefabricated perimeter sheathing. Non-supporting structures are two- wythe masonry walls. The roof structure is steel, the roofing consists of asphalt sheets. The building sheathing consists of prefabricated profiled sheet metal. The doors are made of steel, windows are fitted in steel frames with single glazing, rotating design. The floor surface consists of steel sheet metal, assembly steel platforms. The building features a steel staircase with handrails. The building is heated with electric convectors. The sewerage is connected to a central collection tank.

Technical Condition
The overall technical condition is good, corresponds to use and operation.

Building Age
According to the sources available and to the expert appraisal based on the local inquiry, the building dates back to 1981.

5.3.3.1.1.15 Building 15 – Switching station (No. 927/24)

The building is located in the Vítkovice district, in the south-eastern alcove of the hall EOP5. This is a ground floor building without a basement and with flat roof. The building is used for technological purposes.

Building Description
The building is based on ferroconcrete strip foundation. The supporting structure is a two-wythe masonry wall. The roof structure is gable with tar paper. Floor surfaces are made of concrete screed. Perimeter structures are plastered. Entrance to the building is through steel gate. The building is ventilated naturally with fans. The building is not heated.

Technical Condition
The overall technical condition is good, corresponds to its age, use and operation.

Building Age
According to the sources available and to the expert appraisal based on the local inquiry, the building dates back to 2001.

5.3.3.1.1.16 Building 16 - Electrical substation (No. 927/21)

The building is located in the Vítkovice district, by the Forming plant hall across the Forge hall, a detached building by the gable wall of the Forming plant halls. This is a single-story building without a basement, with flat roof and rectangular ground plan. It serves as technical facility. The building is used as technical facility fir operational and production section of the compound.

Building Description
The building is based on ferroconcrete slab and ferroconcrete strip foundations. The supporting structure is made of coarse bricks, with 380 mm thickness. The roof structure is made of concrete prefabricates, the roofing consists of welded bitumen sheets. The entrance door is steel, there are no windows in the building. Floor surfaces are made of concrete screed. In the building there is a steel ramp with stairs and handrails. Ventilation is done naturally with ventilation grids. Sewerage is connected to the central campus collection tank.

Technical Condition
The overall technical condition is good, corresponds to its age, use and operation.

Building Age
According to the sources available and to the expert appraisal based on the local inquiry, the building dates back to 1996.

5.3.3.1.1.17 Building 17 – Extension for air compressor (No. 927/13)

The building is located in the Vítkovice district, by the water tank in the northern alcove of the Forge hall. This is an extension of the Forge hall, a single story building with single slope roof, rectangular entry base with extended rear portion by the side of the water tank. The building is used as utility storage of engineers and for spare parts.
Building Description
The building is founded on ferroconcrete footings. The supporting frame is made of solid bricks. The roof structure is wooden with beams raised on wall plate and anchored to the gable wall of the hall. The roofing is made of asphalt sheets. The sheathing is made of coarse facing masonry. Windows are fixed, single glazed, oxygen type, fitted in steel frames. Floor surfaces are made of concrete screed. Warehouses are naturally ventilated. The building is heated centrally, the source is connected to the distribution system-register. The roof drain pipes lead to a paved area.

Technical Condition
The overall technical condition is bad, corresponds to its age, use and operation, it seems neglected.

Building Age
According to the sources available and to the expert appraisal based on the local inquiry, the building dates back approximately to the 80s of the 20th century.

5.3.3.1.1.18 Building 18 – DYHOR building (No. 1431)

The building is located in the Vítkovice district, in the eastern part of the compound on the courtyard by Halasova street and by the gatehouse. This is a brick building with a basement and single slope roof, U-

shaped ground plan. In the past the building was used as a shop for production of wooden accessories, it was completely rebuilt in 1992. The building serves as garage for lifting and handling equipment.

Building Description
The building is based on ferroconcrete slab and strip foundations. The supporting structure is bricked, made of fired brick in combination with breeze blocks. The non-supporting structures – partition walls are made of perforated bricks. The roof structure is sloped to the compound, including the rain gutter system. The roofing consists of asphalt sheets. The building is plastered with Brizolit plaster. The entrance garage gate is solid, made of steel, the entrance door is solid, made of steel in steel frame. Windows are wooden, double casement design – tilting, partially glazed with wire-glass, glass bricks. The floor surface consists of concrete topping with dust-free coating. The building is ventilated naturally through facade openings. The building is heated centrally. The sewerage is connected to a campus sewer network.

Technical Condition
The overall technical condition is good, corresponds to its age, use and operation.

Building Age
According to the sources available and to the expert appraisal based on the local inquiry, the building was rebuilt in 1992.

5.3.3.1.1.19 Building 19 – Mess hall (No. 816/2)

The building is located in the Vítkovice district between the Forge hall and the maintenance building. This is a single story building without a basement consisting of two prefabricated OKAL units of rectangular shape and dimensions 10 x 5 m and two units with dimensions 2.5 x 5.5 m. The building is no longer in use.

Building Description
The building has no foundations. The supporting structure consists of a steel frame with wood filling. The roof structure is wooden, the roofing consists of profiled sheet metal. The non-supporting structures are made of wood. The facade is clad with coated wood. The doors are wooden, the windows are wooden, rotating. The floor surface is covered with PVC flooring. The building is heated with accumulation stove.

Technical Condition
The overall technical condition is good, the building is well preserved, its condition reflects the fact it is not currently in use.

Building Age
According to the sources available and to the expert appraisal based on the local inquiry, the building dates back to 1978.

5.3.3.1.1.20 Building 20 – Maintenance building (No. 816/1)

The building is located in the Vítkovice district, in the eastern part of the compound. This is a hall without a basement of rectangular shape with dimensions of 70x 30 m, 10.5 m tall. It originally served as reel workshop for production purposes. It is unused at the moment – it is planned to be used for staff of VÍITKOVICE MECHANIKA s.r.o., who will move here from other buildings.

Building Description
The building is founded on ferroconcrete footings. The supporting frame is steel, are two- wythe coarse brick masonry walls. The roof structure is steel gable, the roofing consists of asphalt sheets clad on wooden boards. The non-supporting structures are two-wythe masonry walls. The facade consists of coarse facing masonry. The door is solid steel. Windows are fitted in steel frames with single glazing. Floor surfaces are made of concrete topping. The building is heated centrally.

Technical Condition
The overall technical condition is bad, the building is long-term unused without any maintenance, it requires repairs to the roof, insulation and coating of structures.

Building Age
According to the sources available and to the expert appraisal based on the local inquiry, the building dates back to 1942.

5.3.3.1.1.21 Building 21 – Gas cleaning building, Unimo modular cabin and carport for argon. carts (No. 927/2)

The buildings are situated in the Vítkovice district, south of the Brokoviště (shot factory) halls by the northern wall of the so called Polish hall, premises of cadastral area Vítkovice.

Gas cleaning building
This is a single story building without a basement of rectangular ground plan with installed air extraction technology. It serves for production purposes, with installed unit for cleaning the extracted air from the premises of Brokoviště (shot factory) hall and the so called Polish hall.

Building Description
The building is founded on ferroconcrete footings. Perimeter structures have light-weight sheet metal sheathing with heat insulation, with steel structure. The roof is single slope with profiled trapezoid sheet metal and technological outlets. Floor surfaces are made of concrete screed. The building is connected to non-central water mains.

Technical Condition
The overall technical condition is good, it corresponds to the age and use of the building.

Building Age
According to the sources available and to the expert appraisal based on the local inquiry, the building dates back to 1942.

Carport for argon. carts
The Building is located in the Vítkovice district, as the western extension of the Old Steelworks hall. The building is used for technologies, steel structures is used as open wire mesh warehouse.

Building Description
The building is founded on ferroconcrete footings. Perimeter structures consist of a steel frame with light-weight sheathing made of profiled sheet metal and wire mesh. The roof is single slope with profiled trapezoid sheet metal. Floor surfaces are made of concrete screed.
Technical Condition
The overall technical condition is good, well preserved, corresponds to the age and manner of use, with necessary regular maintenance.

Building Age
According to the sources available and to the expert appraisal based on the local inquiry, the building dates back to 1980.

Unimo modular cabin
It is situated in the Vítkovice district between the Old Steelworks hall and railway yard. The Unimo modular cabin serves as facilities for foremen and warehouse. The building is used within the frame of handling exterior materials.
Building Description
The building is based on concrete panels. The perimeter structures consist of a steel frame with wood filling, the exterior sheathing is made of sheet metal. The roof is flat with tar paper. The floor surface is covered with PVC flooring. The building is heated with accumulation stove.

Technical Condition
The overall technical condition is suitable given its age and manner of use.

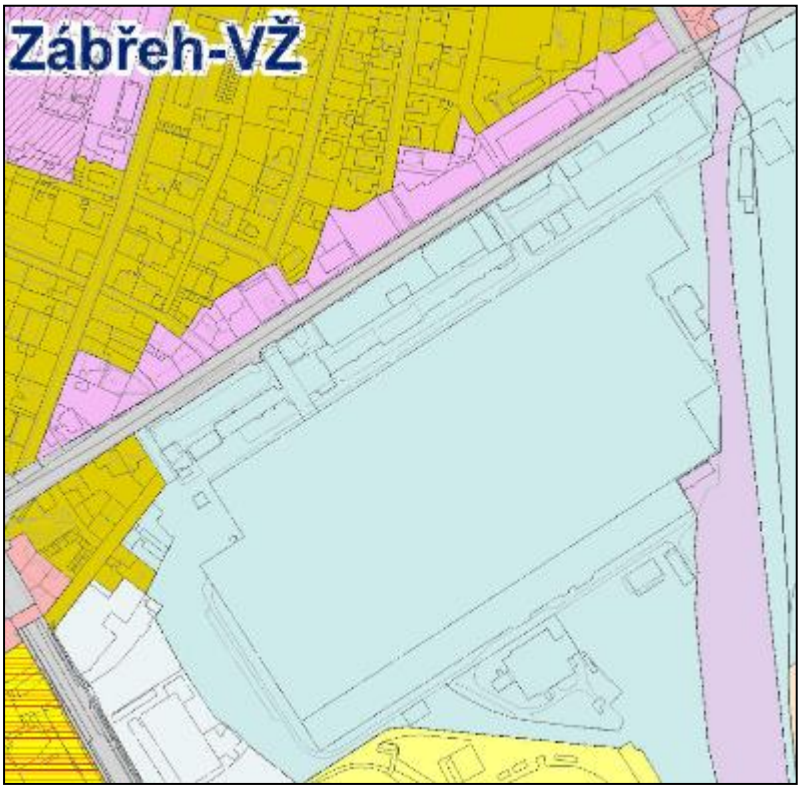
Building Age
According to the sources available and to the expert appraisal based on the local inquiry, the building dates back to 1976.

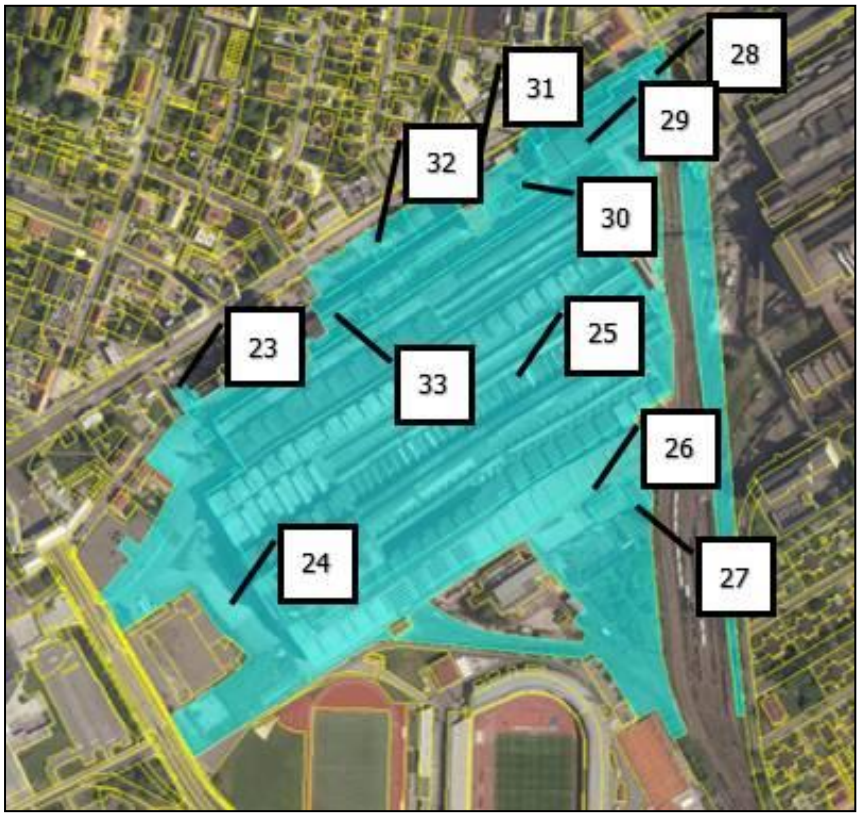
5.3.3.1.1.22 Building 22 - Garages (No. 816/8)

The garage building is situated near the Forge halls – a complex of halls described above (building 8). This is a ground floor building without a basement with single slope roof and rectangular ground plan.

5.3.3.2 THE PROPERTIES REGISTERED IN THE CERTIFICATE OF OWNERSHIP NO 597, CADASTRAL AREA OF ZÁBŘEH – VŽ

According to the municipal plan of Ostrava, the properties are located in the area determined for heavy industries.





The part of the premises in cadastral area of Zábřeh - VŽ is accessible from Ruská street. There is also the public transport stop in this street (Vítkovice Head Office).

The Debtor's operational production area s located in the industry location of Ostrava, situated in the center and up to the south periphery of the city Ostrava. It concerns a complex of buildings with plots, out of which some are functionally interconnected. This is the area situated within the cadastral area of Zábřeh - VŽ. Individual parts of the premises including relevant buildings are described in the following chapters.

5.3.3.2.1 BUILDING 23 - THE BUILDING KMS II (SITE N. ST. 845/1)

Detached administrative building KMS II is located in the area of Zábřeh VŽ. It stands outside of the premises at Franklinova street. This is partially basement two-storied building, built in 1928 originally as a residential building in private property. The building was bought-out for the needs of Vítkovice (VSŽ) in 1965. The building is used for the needs of controlling and metrological activities. There are offices and storages with raps inside the property.

Building Description
The building is based on ferroconcrete abutments and baseplate. The structural structures are made of brickwork. The non-structural structures are made of bricks. The roof structure is saddle, made of wooden frame. Roofing is made of zinc-coated sheet metal. The cladding of the building is made of smooth-surfaced plastering VPC with coating. Doors are made of solid wood. The windows are wooden and double, on the 1st aboveground floor there are steel bars. The surface of the floors is made of concrete screed, parquet, PVC, in the sanitary facilities there are ceramic tiles. The property has ferroconcrete staircases. The heating is provided via connection to the delivery station of the „new head office", steel distribution system, cast-iron radiators with temperature regulation. The sewerage system is connected to the emptyable cesspool. Cooling of the property is provided with air-conditioning units ISOVEL.

Technical Condition
According to the age and usage of the building, the total technical condition is fine.

Building Age
According to the sources available and to the expert appraisal based on the local inquiry, the building dates back to 1928. In 1997, the reconstruction was carried out, consisting in replacement of windows and doors, reinforcement of the floors incl. 5 m long built-in unit, facade reparation, lights installation, new entrance building.

5.3.3.2.2 BUILDING 24 - REGENERATION OIL STATION, JUNCTION EXCHANGE STATION (SITE N. 553/1)

Regeneration oil station
separated building is located in the district Zábřeh VŽ, southwards from the hall of Heavy mechanics. This is non-basement two-storied building for oil and cutting fluid regeneration - store of rectangular ground plan. The property is used for given purpose - regeneration and oil management.

Building Description
The building is based on ferroconcrete wall foundations. The supporting frame is made of construction blocks Porotherm, non-supporting frames are made of bricks. The roof structure is shed with FC attic, the roofing material is made of asphalt strips. The outer plastering is made from Brizolit. The inner doors are wooden, the entrance door is wooden with glassed-in window. The windows are made of woods, glassed-in with parts of glass bricks. On the 1st aboveground floor, there are steel bars. Floor surfaces are made of concrete screed. The inner plastering is lime with painting. There is a metal staircase in the building. There is the forced ventilation using axial blowers. Storage basin is installed to drain the sewerage.

Technical Condition
According to the age and usage of the building, the total technical condition is fine.

Building Age
According to the sources available and to the expert appraisal based on the local inquiry, the building dates back to 1928. In 1997, the reconstruction was carried out, consisting in replacement of windows and doors, reinforcement of the floors incl. 5 m long built-in unit, facade reparation, lights installation, new entrance building.

Junction exchange station
Separated junction exchange station is located in the district Zábřeh VŽ, southwards from the hall of Heavy mechanics. This is the junction exchange station for heating water production ÚT. The technology is installed in the property - in 2004 the reconstruction was performed to the plate exchanger with slope 90/70 degree Celsius.

Building Description
The building is based on ferroconcrete wall foundations. The supporting frame is made of gas silicate blocks. The roof is flat, roofing material consists of asphalt strips. The outer plastering is lime with coating, the inner plastering is lime with painting. Floor surfaces are made of concrete topping. The property has the slope of the floor towards the sewerage for residual water drain.

Technical Condition
According to the age and usage of the building, the total technical condition is fine.

Building Age
According to the sources available and to the expert appraisal based on the local inquiry, the building dates back to 1977. In 2004, the reconstruction was carried out updating to the plate exchanger with slope 90/70 degree Celsius.

5.3.3.2.3 BUILDING 25 - HALLS OF HEAVY MECHANICS (SITE N. ST.1475)

The building is located in the district Zábřeh VŽ, parallelly with Ruská street, separated with the building of New head office and sanitary and administration buildings around the main gatehouse. The hall of heavy mechanics is single-storied hall consisting of three main parts - together they create the complex of marine halls separated to the following parts:

- **Mechanics I** - further from the New head office building (hereinafter HO), filling seven marine halls numbered outwards the HO building
- **Mechanics II -** located closer to the HO building, filling all four marine halls numbered outwards the HO building, and
- **Mechanics III -** resumption of Mechanics I towards the Sports arena, filling six of seven marine halls numbered outwards the HO building.

All parts are used for production purposes of the operation of heavy mechanics at 100 %, Mechanics I and III are used by the Debtor, Mechanics II is used by the company VÍTKOVICE MECHANIKA s.r.o.

The whole hall consists of 8 buildings of the class I, together they create the hall of Heavy mechanics, and of 19 extensions and built in units. The part Mechanics I consists of 3 buildings of the class 1 and 11 extensions and built in units. The part Mechanics II consists of 4 buildings of the class 1 and 5 extensions and built in units. The part Mechanics III consists of 1 building of the class 1 and 4 extensions and built in units.

The main part Mechanics I and its extensions and built in units are:
- Building of mechanics,
- Boiler machining,
- Hall of mechanics,
- Penthouses,
- Container-type modular cabin Unimo,
- WC extension,
- Container-type modular cabin Unimo,
- Storage enlargement,
- Brick built in unit.

The main part Mechanics II and its extensions and built in units are:
- Building of mechanics,
- New part of mechanics,
- Production hall,
- Electrical-maintenance workshop,
- Preparatory building,
- Workshop office,
- WC extension,
- Storage enlargement.

The main part Mechanics III and its extensions and built in units are:
- Production hall,
- Offices,
- Storage of electrodes,
- Container-type modular cabin Unimo,
- Tool crib.

Building Description
The building is based on ferroconcrete plate and base footings. The supporting frame is made of steel with non-supporting brick lining to the steel beams. The roof structure is made of steel beams completed with saddle skylights - wire-glass, the roof of newly built parts is made of concrete ceiling plates. The roofing consists of welded asphalt sheets. The property sheathing consists of brick walls between steel pillar, completed with non-sealant window wire-glass panes. The entrance to the building is secured with electric automatic lifting gate fitted in the steel frame. The windows are tilting, fitted in the steel frames with wire-glass. Floor surfaces are made of plain concrete, wooden logs and steel plates placed on dirt. Interior cladding in the buildings is brick, sanitary facilities feature ceramic wall tiles. As a part of extensions and storage premises, there are steel single-flight stairs in the building. Heating in the building is secured centrally by connection to heating plant mains, through heating systems, registers and hot air blowers. The sewerage is connected to a campus collection tank. There is drinking and service water in the building, steel distribution system. The property is fitted with crane tracks and railway. The halls are fitted with vacuum tube lights.

Technical Condition
According to the age and usage of the building, the total technical condition is fine. Regarding the age of the building complex, there are following defects - certain portions of the roof is disrepair, insulation of heat distribution systems is missing, main gate repair is required.

Building Age
According to the sources available and to the expert appraisal based on the local inquiry, the building dates back to 1910.

5.3.3.2.4 BUILDING 26 - STORAGE OF ELECTRODES (SITE N. ST.5104)

The building is located in the district Zábřeh VŽ, southwards from the hall of Heavy mechanics. This is single-story building without basement with rectangular ground plan and penthouse. The building is used as a storage with separation into 9 box parking places. The space is parted with wire mesh. There is the steel gate in the gable wall.

Building Description
The building is based on ferroconcrete plate and abutments. The supporting frame is steel with the lining. The roof structure is saddle, made of steel beams. The roofing consists of corrugated sheet. The non-structural structures (separating walls) are made of bricks. The building sheathing consists of cement-lime plastering. The windows are fitted in steel frames. Floor surfaces are made of concrete screed, there are panels in certain part. The inner plastering is cement-lime with painting.

Technical Condition
The total technical condition is worse, corresponds to the age and use, regular maintenance and administration is missing.

Building Age
According to the sources available and to the expert appraisal based on the local inquiry, the building dates back to 1979.

5.3.3.2.5 BUILDING 27 - STORAGE (SITE N. ST.5103)

The building is located in the district Zábřeh VŽ, standing in the longitudinal axis to the hall of "Heavy mechanics" from its southern side. This is a ground floor building without basement, with rectangular ground plan, shed roof and ramp. The building is used as the paint storage, filling rooms and distributing point of materials - oils, inflammables.

Building Description
The building is based on ferroconcrete stripes. The supporting frame is made of bricks. The roof structure consists of monolithic ferroconcrete girders. The non-structural structures (separating walls) are made of bricks. The outer plastering is lime with coating, the inner plastering is lime with painting. The doors consist of solid wood, the entrance door is made of sheet-metal. Floor surfaces are made of concrete screed and floor tiles. Ventilation in the building is natural with ventilation grilles. The building is connected to the central heating system. The sewerage is centrally connected to the area distribution.

Technical Condition
The total technical condition is worse, corresponds to the age and use of the building.

Building Age
According to the sources available and to the expert appraisal based on the local inquiry, the building dates back to 1963.

5.3.3.2.6 BUILDING 28 - STORAGE OF RESIN (SITE N. ST.5098)

The building is situated on the border of the district Zábřeh VŽ, by Ruská street, across from the Schontall restaurant. This is a separated single-story building without basement, used as a storage. The building is of

rectangular ground plan. The building is used as a storage. The technological equipment for water treatment is placed in this building as well.

Building Description
The building is based on concrete stripes with ferroconcrete plate. The supporting frame is made of brickwork. The roof structure is made of prefabricated ferroconcrete beams, the roof skin is made of asphalt strips. The non-structural structures (separating walls) are made of bricks, thickness 150 mm. The outer plasters are made from Brizolit. The entrance door is full, made of steel, the inner doors are made of wood. The windows are single, fitted in steel frames. Floor surfaces are made of concrete screed. Ventilation of the building is natural. The building is heated centrally. The sewerage is connected to the central sewerage system. There are service water and inner fluorescent lighting in the building.

Technical Condition
The total technical condition is fine, corresponds to the age and use of the building.

Building Age
According to the sources available and to the expert appraisal based on the local inquiry, the building dates back to 1964.

5.3.3.2.7 BUILDING 29 - THE BUILDING OF THE NEW REFINERY, EXTENSION OF SUCTION EQUIPMENT, SANITARY BUILDING (SITE N. ST.261/1)

The building is located in the district Zábřeh VŽ, contiguous to Ruská street at the grade crossing. This is a non-basement ground floor building of heavy machinery. The hall of heavy machinery with free space inside. The hall is used, connected to the railway siding. This is a building with rectangular ground plan and saddle roof. The building is part of industrial production - the hall of cast steel refinery. The crane tracks with capacity of 150 t are the part of the building. The extension of suction equipment is built up to the building of the new refinery. The building is used for technological purposes, there is the equipment placed inside. The building is equipped with sound protection. There is the noise barrier in front of the building. In the extension, there is installed technology for suction of the workplace in the ANDROMAT hall.

Building description - The building of the new refinery
The building is based on concrete abutments and stripes. The supporting frame is made of steel with 30 m gap, columns with 12 m axis with brick lining and glass wall. The roof structure is made of steel truss rafters. The roofing consists of Calofrig plates. The non-structural structures (separating walls) are made of bricks. The sheathing of the building consists of brick lining and glass wall. The doors are solid, made of steel and wood. The windows are fitted in the steel construction with non-sealant glazing with possible ventilation. Floor surfaces are made of concrete screed. The inner plastering is cement-lime. There are ceramic tiles in the premises with sanitary facilities. The building is heated centrally. The sewerage is connected to the collection tanks within the area.

Building description - Extension of suction
The building is based on concrete stripes. The supporting frame is made of bricks. The roof is flat, roofing material consists of asphalt strips. The non-structural structures (separating walls) are made of bricks. The outer plasters are made from Brizolit. Floor surfaces are made of concrete screed.

Technical Condition
The total technical condition is fine, corresponds to the age and use of the building. There were no investments of wider range in this building, except for the connection of central heating.

Building Age
According to the sources available and to the expert appraisal based on the local inquiry, the building dates back to 1963, the extension was built in 1995.

Sanitary building
This is the administrative building following the hall of the New refinery. The building is located in the district Zábřeh VŽ, contiguous to Ruská street and the grade crossing. This is the three-storied building with a basement, built up to the hall of the New refinery, used as the building of the dressing rooms - shower

rooms and offices. This is the building with rectangular ground plan and flat roof. The building is fully used for the given needs. There is the CO hiding place without any use in the part with the basement.

Building Description
The building is based on ferroconcrete plate and abutments. The supporting frame consists of steel with brick and block lining - polysilicate. The roof structure is made of ferroconcrete panels. The roofing consists of asphalt strips. The non-structural structures (separating walls) are made of bricks. The outer plastering is made from Brizolit. The doors are solid and wooden, the windows are double and wooden. Floor surfaces are granolithic, there is the PVC in the offices. The inner walls are lime. There are the wall tiles in the sanitary facilities and shower rooms. The property has ferroconcrete staircases. There is the central heating system in the building. The sewerage is connected to the inner distribution system. There is the distribution system of drinking and service water in the building.

Technical Condition
The total technical condition is fine, corresponds to the age and use of the building.

Building Age
According to the sources available and to the expert appraisal based on the local inquiry, the building dates back to 1968.

5.3.3.2.8 BUILDING 30 THE BUILDING OF THE WORKS COMMITTEE (SITE N. 599)

The building is located in the district Zábřeh VŽ between the "service building" and the "New refinery" building. This is the separate administrative building, two-storied and with the basement, reconstructed from the original building of apartment house. This is the building with rectangular ground plan. The building is used as the office background.

Building description - Extension of suction
The building is based on ferroconcrete wall foundations. The supporting frame is made of bricks. The non-structural structures (separating walls) are made of bricks. The roof construction consists of wooden saddle frame. The roofing consists of asphalt strips. The entrance door is made of glass fitted in the steel frame, the inner doors are solid, made of wood. The double windows are made of wood. The floors are made of wood with infilling, PVC and ceramic tiles. The inner plastering is lime with painting. There are ceramic wall tiles in the sanitary facilities. The property has ferroconcrete staircases. Ventilation of the building is natural, the source of the heat is junction exchange station. It was reconstructed for the change of material, from steam to hot water piping, slope exchangers, the radiator with heat control head provides the heating. The sewerage is connected to the sewage collection tank through digestion tank. The drinking water is available in this building.

Technical Condition
The total technical condition is fine, corresponds to the age and use of the building.

Building Age
According to the sources available and to the expert appraisal based on the local inquiry, the building dates back to 1919, the building was reconstructed in 1975.

5.3.3.2.9 BUILDING 31 - THE PUMPING STATION OF WASTE WATER (SITE N. 536/5)

The building is located in the district Zábřeh VŽ, contiguous to Ruská street and the grade crossing. This is separate double-layered underground ferroconcrete reservoir. The concrete reservoir is with installed pumping equipment. The reservoirs are used for the needs of pumping of waste and oily water from the object on the ownership certificate n. 597 (cadastral area Zábřeh - VŽ) and 1788 (cadastral area Vítkovice).

Building description - Extension of suction
The building is based on ferroconcrete plate. which is a part of the reservoirs. The supporting frame is made of ferroconcrete.

Technical Condition
The total technical condition is fine, corresponds to the age and use of the building.

Building Age
According to the sources available and to the expert appraisal based on the local inquiry, the building dates back to 1990.

5.3.3.2.10 BUILDING 32 - THE NEW GATEHOUSE (SITE N. 528/3)

This is built up of the new entrance part of the gatehouse to the dressing rooms, shower rooms and offices, at the district of Zábřeh - VŽ, entrance from Ruská street. This is a non-basement lengthwise ground floor building with a flat roof, built into the building with the file number 11613 - Dressing rooms and shower room. This is used as the main entrance gatehouse to the area. This is the main entrance room, gatehouse, hall + hallway with the logo Vítkovice. The background of the security service with the entrance turnstile info the area.

Building Description
The building is based on ferroconcrete stripes. The supporting frame is made of steel from lattice studs integrated from gas silicate blocks. The roof construction consists of the steel frame with overshot entrance area for transit from the middle part with terrace tiles. The roofing consists of asphalt strips. The non-structural structures (separating walls) are made of bricks, blocks. The sheathing of the building consists of the tiles with travertine. The entrance door is made of steel glass, the other doors in the building are made of wood and steel glass in the steel mirror. The double windows are made of wood. Floor surfaces are made of ceramic floor tiles. The inner plastering is lime with painting. There is the central heating system in the building. There is drinking water and service water in the building. There is an entrance attendance system in the object.

Technical Condition
The total technical condition is fine, corresponds to the age and use of the building.

Building Age
According to the sources available and to the expert appraisal based on the local inquiry, the building dates back to 1981.

5.3.3.2.11 BUILDING 33 - DRESSING ROOMS AND SHOWER ROOMS I. - III. STAGE (SITE N. ST.931/2)

The building is located in the district Zábřeh VŽ, following the complex of the stage construction of the dressing rooms, shower rooms and offices, parallel with Ruská street, makes the junctor between Operating building 7-609402.26.2 and the building of the New head office. The building was constructed in three stages, in each stage was built one part of the buildings with dressing rooms and shower rooms.

These are two three-storied buildings with basements and one four-storied building with a flat roof. The buildings follow each other. The building has a rectangular ground plan. The buildings are used as dressing rooms, shower rooms and offices with prevalance of the sanitary purposes. In the basement, there are storages and the CO hiding place.

Building Description
The building is based on concrete stripes with ferroconcrete plate. Supporting structure consists of ferroconcrete scaffold with brick perimeter structures. The non-structural structures are made of bricks. The roof structure is made of truss rafters. The roof skin consists of asphalt strips. The sheathing of the buildings is made of cement-lime plastering with floated finish and Brizolit. The inner doors are solid, made of wood. The entrance door is steel. In the corridor sections, the steel doors are fully glazed. The double windows are made of wood. Floor surfaces are made of concrete screed, ceramic and terrace floor tiles. The inner

plastering is lime with painting. There are ceramic wall tiles in the sanitary facilities. The building has ferroconcrete staircases with terrace surface. The building is connected to the central heating system. There is the distribution system of drinking and service water in the building. The sewerage is connected directly to the center sewage digestion tank.

Technical Condition
The total technical condition is fine, corresponds to the age and use of the building.

Building Age
According to the sources available and to the expert appraisal based on the local inquiry, the building dates back to 1957, 1959 and 1964.

5.3.3.3 THE PROPERTIES REGISTERED IN THE CERTIFICATE OF OWNERSHIP NO 764, CADASTRAL AREA OF KUNČICE NAD OSTRAVICÍ

According to the municipal plan of Ostrava, the properties are located in the area determined for heavy industries.

The premises in the cadastral area Kunčice nad Ostravicí is accessible from the public communication of Vratimovská street. The public transport stop is located in this street (Nová huť, southern gate).

The Debtor's operational production area s located in the industry location of Ostrava, situated in the center and up to the south periphery of the city Ostrava. It concerns a complex of buildings with plots. This is the area situated within the cadastral area of Kunčice nad Ostravicí. Individual parts of the premises including relevant buildings are described in the following chapters.

5.3.3.3.1 BUILDING STRUCTURE 34 –THE HALLS OF THE FORGE KUNČICE (SITE N. 1351/2)

The building is located in the western part of the area, that is a part of machinery complex Arcelor Mital Steel, in the plot building title n. 1351/1, cadastral areal Kunčice nad Ostravicí. This is large industrial property - the complex of halls I-V, that were launched in 1954. The part of the halls are built in units, extensions, the office building, storage, works and garages. The part of the complex is also the electrical substation building. The building of the Forge is a dominant object with the production process of the heavy machinery.

The Debtor´s building is located inside the industrial company Arcelor Mitall - the forge hall is used intensely. The solution of the room is extended. It is not used in total possible scale. Part of storages and extensions are not used. The operator´s spots and control room buildings are very robust. The part of the hall are outdoor warehouses and technical background. In the hall there is a technology installed, arc furnace, hydraulic press.

The whole complex consists of 1 building of the class 1 and 12 extensions and built in units:

- Forge building,
- Discharge station,
- Control booth,
- Control booth,
- Measure booth,
- Hall V,
- Ventilator booth,
- Pumping station,
- Control booth,
- Office building,
- Control booth,
- Maintenance shop,
- Ventilator booth.

Building Description
The building is based on ferroconcrete plate and base abutments. The supporting frame is made of steel, the construction of pillars and beams with non-supporting full brick lining to the steel beams at the perimeter walls. The non-structural structures (separating walls) are made of bricks without plastering. The roof structure consists of truss rafters. It is completed with saddle skylights - wire-glass and sheet-metal roof panels. There are aluminium panels at some halls. The roofing consists of welded asphalt sheets and zinc-coated sheet metal. The property sheathing consists of brick walls between steel pillar, completed with non-sealant window wire-glass panes, steel walls are equipped with the ventilation wings. The electric automatic lifting gate fitted in the steel frame is used to enter the building. The windows are fitted in the steel frame with fire-glass. The windows are ventilative. Floor surfaces are made of plain concrete, wooden logs and steel plates placed on dirt. Interior cladding in the halls consist of bricks, sanitary facilities feature ceramic wall tiles. The parts of separate extensions and built in units is a steel single-flight of stairs. The heating is hot-aired, via wall sets, steel registered, ribbed ovens and convertors at some places. Water distribution is performed to the technical background. The building is connected to the sewerage system of the area. There are cranes and crane tracks in the halls. The lightning is natural, with halogen lights and fluorescent tubes, exterior lights are in the area distribution system.

Technical Condition
The total technical condition is fine, corresponds to the age and use of the building.

Building Age
According to the sources available and to the expert appraisal based on the local inquiry, the halls I - IV date back to 1954, and the hall V to 1977.

5.3.3.3.2 BUILDING 35 - STORAGE OF PETROLEUM PRODUCTS, SANITARY BUILDING (SITE N. 1351/18)

The buildings are located at the western wall of the forge, to the south of brick storage of oils in the area on the premises p. n. 1351/18, cadastral area Kunčice nad Ostravicí.

The storage of petroleum products
This is a ground floor brick building without a basement with the shed roof and rectangular ground plan. The building is located between the Forge hall and the southern edge of the administrative building, built up to the storage of oils. The building is used as a storage of petroleum products.

Building Description
The building is based on ferroconcrete stripes. The supporting frame is bricked with gas-silicate blocks. The roof structure is made of concrete prefabricates. The roofing consists of tar paper strips. The outer plastering is made from Brizolit. The entrance is possible through the entrance steel double-wing gate. There are no windows in the building. Floor surfaces are made of concrete screed. The covered concrete ramp is part of the building. Ventilation of the building is natural through the grids in the facade. The rainwater drainage is led to the solidified area.

Technical Condition
The total technical condition is fine, corresponds to the age and use of the building.

Building Age
According to the sources available and to the expert appraisal based on the local inquiry, the building dates back to 1992.

Sanitary building
This is the three-storied above ground brick building with the basement, flat roof and rectangular ground plan. It is operationally connected at the level of the ground floor with the forge building. There is the CO hiding place in the basement part. There are built up garages for cars and a little storage. The building is used as the administrative and managing background of the are of the Forge. The building is not used to 100 %, The technical equipment of the heat exchange station was installed.

Building Description
The building is based on ferroconcrete stipes. It is based on concrete base. The supporting frame is made of full bricks and gas-silicate blocks. The roof structure made from prefabricated parts taken to the profiles I. The roofing consists of tar paper strips. The non-structural structures (separating walls) are made of bricks and wood. The outer plastering is made from Brizolit. The door is made of wood, solid, 1/3 glassed in. Windows are tilting, double and openable, made of wood. Floor surfaces are made of concrete screed, covering of PVC, sanitary facilities have floor tiles. There are ceramic wall tiles in the sanitary equipment. The property has concrete staircases. The building is heated centrally. The sewerage is connected to a central collection tanks.

Technical Condition
The total technical condition is worse, corresponds to the age and use of the building.

Building Age
According to the sources available and to the expert appraisal based on the local inquiry, the building dates back to 1955.

5.3.3.3.3 BUILDING 36 - OPERATIONAL BUILDING (SITE N. 1351/16)

The building is located to the south of the storage of inflammables at the western wall of the forge, in the area of the premises n. 1351/16, cadastral area Kunčice nad Ostravicí. This is two-storied brick building without the basement, with flat roof and rectangular ground plan. It is operationally connected to the garages. The building is located between the forge and the sanitary building on the western hall of the forge. It is used as facility for foreman and operational workers.

Building Description
The building is based on ferroconcrete stripes. The supporting frame is made of gas silicate blocks, the ceiling is made of prefabricates. The roof structure is made of prefabricated panels. The roofing consists of asphalt cardboard sheets. The non-structural structures (separating walls) are made of bricks. The outer plastering is lime and smooth-surfaced. Doors are made of solid wood. Windows are tilting, double and openable, made of wood. Floor surfaces are made of concrete topping, PVC covering. There are ceramic wall tiles and floor tiles in the sanitary equipment. The property has ferroconcrete staircases. The building is heated centrally. The sewerage is centrally connected to the sewerage to the main building.

Technical Condition
The total technical condition is worse, corresponds to the age and use of the building.

Building Age
According to the sources available and to the expert appraisal based on the local inquiry, the building dates back to 1987.

5.3.3.3.4 BUILDING 37 - STORAGE IN INFLAMMABLES (SITE N. 1351/15)

The building is located in the middle of the western wall of the area on the land with p.n. 1351/1, cadastral area Kunčice nad Ostravicí. This is a ground floor brick building without a basement with the shed roof and rectangular ground plan. The building is built up to the western wall of the Forge hall in its middle part. The building is used as a storage of flammable liquids. This is the building with increased risk of fire.

Building Description
The building is based on ferroconcrete abutments. The supporting frame is made of steel on the bricked up base wall of full bricks. The roof structure is made of steel, carried profiles I. Roofing is made of corrugated sheet. The sheathing of the building consists of fair-face brickwork, in the steel construction there are fitted glass areas with wire-glass. The windows consist of fixed glass areas. Floor surfaces are made of concrete screed. There is a steel staircase with four steps to the covered ramp. This is the building with increased risk of fire.

Technical Condition
The total technical condition is fine, corresponds to the age and use of the building.

Building Age
According to the sources available and to the expert appraisal based on the local inquiry, the building dates back to 1955.

5.3.3.3.5 BUILDING 38 - GARAGES (SITE N. 1351/14)

The building is located in the middle of the northwestern wall of the area on the land with p.n. 1351/14, cadastral area Kunčice nad Ostravicí. This is a ground floor building without a basement with saddle roof and rectangular ground plan. It is built up to the eastern wall of the electrical substation building. The building is used very rarely to park handling technology.

Building Description
The building is based on ferroconcrete stripes. The supporting frame consists of panel prefabricates VSO. The roof structure is made of prefabricated units. The roofing consists of tar paper strips. The sheathing of the building is made of VSO panels with top adaptation. The entrance to the building is possible through the sliding entrance gate in the rail. The windows are on the north and south sides. The windows are single, openable and tilting, with bars. Floor surfaces are made of concrete topping. The building is heated centrally. The building is connected to the rainwater drainage system.

Technical Condition
The total technical condition is fine, corresponds to the age and use of the building.

Building Age
According to the sources available and to the expert appraisal based on the local inquiry, the building dates back to 1986.

5.3.3.3.6 BUILDING 39 - ELECTRICAL SUBSTATION BUILDING (P. N. 1351/13)

The building is located in the middle of the northwestern wall of the area on the land with p.n. 1351/13, cadastral area Kunčice nad Ostravicí. This is the three-storied brick building with the basement, rectangular ground plan with ferroconcrete structure and flat roof. On the eastern side of the building, there are built in garages.

The building is used as the main electrical substation 22 kVa in the Debtor´s premises in the cadastral district Kunčice nad Ostravicí. There are 6 pcs of substations 1000 kVa incl. the background of cells and inlets on the 2nd resp. 3rd above-ground floor. The cable entries are located in the basement of the building.

Building Description
The building is based on ferroconcrete stripes. The supporting frame is made of ferroconcrete structure bricked with full facing bricks. The roof structure is made of ferroconcrete prefabricates. The roofing consists of tar paper strips. The non-structural structures (separating walls) are from full bricks. The sheathing of the building is made of facing bricks with window filling. The door is steel. The windows are fixed with single glazing (glasscrete, wire-glass). Floor surfaces are made of concrete screed with dielectric carpets. There is the steel staircase in the building. The building is ventilated with ventilators in the glassed-in parts.

Technical Condition
The total technical condition is fine, corresponds to the age and use of the building.

Building Age
According to the sources available and to the expert appraisal based on the local inquiry, the building dates back to 1955.

5.3.3.3.7 BUILDING 40 – WAREHOUSE OF OILS BUILT OUT OF MASONRY (P.NO. 1351/17)

The building is located at the western wall of the smithy north of the oil depot, within the site on the plot of land parc. no. 1351/17, cadastral area Kunčice nad Ostravicí. It is a ground-floor brick building without a basement with a rectangular floor plan and a mono-pitched roof. The building is used as a fluid management warehouse.

Description of the Construction
The building is based on reinforced concrete footings. The supporting structure is made of solid bricks. The roof structure is made of iron. The roofing is made of corrugated iron. The cladding of the building consists of gray face masonry. The surface of the floors is made of concrete screed. The building has natural ventilation through grilles.

Technical Condition
The overall technical condition is good, corresponding to the age and use of the structure.

Age of Construction
According to available documents and according to an expert estimate based on a local survey, the building was built in 1966.

5.3.3.3.8 BUILDING 41 – GAS BOTTLE STORAGE (P.NO. 1351/12)

The building is located at the northwest corner of the smithy within the site on the plot of land parc. no. 1351/12, cadastral area Kunčice nad Ostravicí It is a ground-floor steel structure without a basement with a rectangular floor plan made of sheet steel with a flat roof. The building is rarely used as a warehouse for individual gas cylinders for the operation of the hall of the Forge, but it is not filled currently.

Description of the Construction
The building is built on reinforced concrete footings. The supporting structure is made of iron. The roof structure is made of iron, installed on I profiles. The roofing consists of steel profiled sheet metal. The cladding of the building consists of steel plates of thickness of 1.8 mm. The entrance to the building is through a steel gate with an iron lattice. The surface of the floors is made of concrete screed, there is plain concrete on the entrance ramp. An iron stairway leading to a covered ramp is inside the building.

Technical Condition
The overall technical condition is good, corresponding to the age and use of the structure.

Age of Construction
According to available documents and according to an expert estimate based on a local survey, the building was built in 1978.

5.3.3.3.9 BUILDING 42 – FAN CAB (P.NO. 1351/11)

The building is located at the north wall of the smithy within the site on the land parc. no. 1351/11, cadastral area Kunčice nad Ostravicí. It is a ground-floor brick building without a basement with a rectangular floor plan and a flat roof. It is located between the gas station and the siding passage on the north side of the smithy hall. The building is used for production purposes as part of the operation of hall of the Forge.

Description of the Construction
The building is built on a reinforced concrete slab. The supporting structure is made of solid bricks. The roof structure is made of concrete precast into I profiles. The roofing consists of asphalt shingle strips. The external plaster is Brizolit. It contains simple glazing windows in steel frames, unopenable. The surface of the floors is made of concrete screed. The building is ventilated by fans. The heating of the building is connected from the hall of the Forge.

Technical Condition
The overall technical condition is good, corresponding to the age and use of the structure.

Age of Construction
According to available documents and according to an expert estimate based on a local survey, the building was built in 1977.

5.3.3.3.10 BUILDING 43 – REGULATION STATION (P.NO. 1351/1)

The building is located south of the Forge within the site on the plot of land parc. no. 1351/1, cadastral area Kunčice nad Ostravicí. It is a newly built gas control station from VS to ST, a single-storey building with an unused attic, rectangular in shape with a gable roof. The building is used as a gas control station for the Forge, gas supply for technological purposes of works.

Description of the Construction
The building is built on a reinforced concrete foundation. The load-bearing structure is made of brick blocks. The roof structure is wooden, the roof covering consists of light corrugated Onduline. Non-load-bearing structures (partitions) are made of solid bricks. The facade of the building is plastered with facade silicone plaster Terranova. The doors are made of solid wood, the front door is wooden with a steel layer. The double windows are wooden and tilting. The floor surface is made of concrete screed. The building is ventilated by fans and exhausts through the roof. This is an object with a risk of explosion.

Technical Condition
The overall technical condition is very good, corresponding to the age and use of the structure.

Age of Construction
According to available documents and according to an expert estimate based on a local survey, the building was built in 2003.

5.3.3.3.11 BUILDING 44 – GREASE REMOVAL STATION (P.NO. 1351/10)

The building is located in the central part of the site on the plot of land parc. no. 1351/10, cadastral area Kunčice nad Ostravicí between the smithy and the Rough Machining Room. It is a ground-floor brick building without a basement with a flat roof and a rectangular floor plan, a steel tank is a part of the building. The building is used for the production purposes of the Forge hall.

Description of the Construction
The building is built on a reinforced concrete foundation. The supporting structure is made of solid bricks. The roof structure is made of concrete precast into I profiles. The roofing consists of asphalt shingle strips. The external plaster is brizolit. Entrance doors are steel double-leaf doors. The windows are made of steel with simple glazing, centrally rotatable. The surface of the floors is made of concrete screed. The building is heated by storage heaters. The sewer is connected to the site-wide sewerage system.

Technical Condition
The overall technical condition is good, corresponding to the age and use of the structure.

Age of Construction
According to available documents and according to an expert estimate based on a local survey, the building was built in 1978.

5.3.3.3.12 BUILDING 45 – PUMPING STATION (P.NO. 1351/9)

The building is situated in the middle of the space between the Forge and the Rough Machining Room within the site on the plot of land parc. no. 1351/9, cadastral area Kunčice nad Ostravicí. It is a ground floor brick building without a basement with a flat roof and an irregular floor plan. The grease removal station is nearby. The building is used for production purposes of pumping cooling water.

Description of the Construction
The building is built on a reinforced concrete foundation. The supporting structure is made of solid bricks. The roof structure is made of reinforced concrete prefabricated slabs. The roofing consists of asphalt shingle strips. Non-load-bearing structures (partitions) are made of solid brick. The external plaster is brizolit. The entrance gate is made of steel, the door is made of solid wood. The windows are made of GFRC in steel frames. The surface of the floors is made of concrete screed. The building is ventilated by fans.

Technical Condition
The overall technical condition is not optimal, corresponding to the age and use of the structure.

Age of Construction
According to available documents and according to an expert estimate based on a local survey, the building was built in 1977.

5.3.3.3.13 BUILDING 46 – TRANSFORMER ROOM (P.NO. 1351/8)

The building is located in the southern part of the area between the Forge and the Rough Machining Room within the site on the plot of land parc. no. 1351/8, cadastral area Kunčice nad Ostravicí. It is a ground floor brick building with a basement and an irregular floor plan. It is located between the building of the Rough Machining Room and of the Forge. There are cable enclosures in the basement. The building is used as a transformer station for the Rough Machining Room.

Description of the Construction
The building is built on a reinforced concrete foundation. The supporting structure is made of solid bricks. The roof structure is made of precast reinforced concrete. The roofing consists of asphalt shingle strips. Both the entrance gate and the doors are made of steel. The windows are made of GFRC in steel frames.

The surface of the floors is made of concrete screed. The building has an outside concrete stairway with a railing to an uncovered ramp. The building is ventilated by fans.

Technical Condition
The overall technical condition is good, corresponding to the age and use of the structure.

Age of Construction
According to available documents and according to an expert estimate based on a local survey, the building was built in 1977.

5.3.3.3.14 BUILDING 47 – ACETYLENE STATION (P.NO. 1351/1)

The building is located at the northeast corner of the smithy within the site on the plot of land parc. no. 1351/1, cadastral area Kunčice nad Ostravicí. It is a shelter made of steel intended for storing technical gases on reinforced concrete panels, an open warehouse with side mesh and three doors. The building is used for the needs of production in the Forge hall; technical gases are stored in the building (bottles are stored in shipping containers).

Description of the Construction
The building is based on reinforced concrete slabs. The supporting structure consists of a steel frame. The roof structure is made of steel, the roofing is made of corrugated iron. The cladding of the buildings is made of galvanized mesh. The floor surface consists of a concrete slab.

Technical Condition
The overall technical condition is good, corresponding to the age and use of the structure.

Age of Construction
According to available documents and according to an expert estimate based on a local survey, the building dates from the beginning of the 20th century.

5.3.3.3.15 BUILDING 48 – ROUGH MACHINING ROOM HALL (P.NO. 1352/2)

The building is situated east of the center of the site on the plot of land parc. no. 1351/1, cadastral area Kunčice nad Ostravicí. It is a ground floor industrial hall of heavy machining room without a basement of a steel structure and a rectangular floor plan. At present, the hall is not used, only as an occasional warehouse of products and materials. The building includes office facilities, cloakrooms and bathroom facilities for employees - lavatory building is an extension to the north side.

Description of the Construction
The building is based on reinforced concrete footings. The supporting structure is made of steel with a span of 30 m with columns in the axis of 20 m. The perimeter walls in the lower part of the hall are made of slag-cement-reinforced concrete slabs. In the upper part, the hall on the east and west sides is glazed with simple wire glass. The steel structure is painted. The roof structure is made of steel lattice trusses with shaped insulated sheets, the roof is equipped with skylights. The roofing consists of asphalt shingle strips. Non-load-bearing structures (partitions) are made of solid bricks. The cladding of the buildings consists of standardized profiled panels ALTIP of the front walls, longitudinally is glass combined with the panels. The door is made of steel, the entrance is secured by an electric automatic lifting entrance gate. The windows are rotating simple windows in a steel frame. The surface of the floors consists of concrete screed, wooden blocks. A steel stairway is installed inside the building. The hall is ventilated by pipes and auxiliary fans. The building is heated centrally, by a connecting tube from the hall of the Forge, by hot water registers and calorifiers. The sewer is connected to sewage system within the site. A siding track connected to the Arcelor Mittal siding passes through the hall. There are 5 bridge cranes in the hall.

Technical Condition
The overall technical condition is unsatisfactory, corresponding to the age and use of the structure.

Age of Construction
According to available documents and according to an expert estimate based on a local survey, the building was built in 1978.

5.3.3.3.16 BUILDING 49 – SANITATION BUILDING (P.NO. 1352/2)

The building is situated east of the center of the site on the plot of land parc. no. 1351/1, cadastral area Kunčice nad Ostravicí. It is a building without a basement with three above-ground floors and a flat roof, made of reinforced concrete structure with a rectangular floor plan. There is a dining room, locker rooms, bathrooms, heat exchanger and gas station in the building. There are offices and bathrooms on the third floor. The building is not used currently.

Description of the Construction
The building is based on reinforced concrete footings and foundation. The load-bearing structure is made of reinforced concrete slabs and gas silicate blocks. The roof structure is made of concrete slabs, the roofing consists of asphalt strips. Non-load-bearing structures (partitions) are made of solid brick. The wooden doors are solid. The windows are wooden double windows. The surface of the floors consists of tiles, concrete screed with a PVC top covering. Ceramic tiles are installed in the locker rooms and in the bathrooms. The building has a concrete stairway with a terrace top floor. Ventilation of the bathrooms and cloakrooms in the building is forced ventilation. The sewer is connected to sewage system within the site.

Technical Condition
The overall technical condition is unsatisfactory, corresponding to the age and use of the structure.

Age of Construction
According to available documents and according to an expert estimate based on a local survey, the building was built in 1978.

5.3.3.3.17 BUILDING 50 – SPARE PARTS WAREHOUSE (P.NO. 1351/6)

The building is situated in the eastern part of the site on the plot of land parc. no. 1351/6, cadastral area Kunčice nad Ostravicí. It is a ground floor hall without a basement of a rectangular floor plan, with an extension made of steel for the office and the most necessary sanitary equipment. The building is not used continuously, it is used only for ad hoc material storage.

Description of the Construction
The building is built on a reinforced concrete foundation. The supporting structure is made of large-area VSO panels. The roof structure is made of prefabricated panels. The roofing consists of asphalt shingle strips, thermally insulated with Polsid. The cladding of the building consists of panels with a surface finish. The windows are installed in steel frames with simple glazing. The doors are made of steel, the double-leaf entrance gate is made of steel. The floor surface is made of concrete screed. The heating of the building is connected to the central system. The sewer is connected to sewage system within the site.

Technical Condition
The overall technical condition is good, corresponding to the age and use of the structure.

Age of Construction
According to available documents and according to an expert estimate based on a local survey, the building was built in 1978.

5.3.3.3.18 BUILDING 51 – STORAGE OF SPARE PARTS (P.NO. 1351/5)

The building is situated in the eastern part of the site on the plot of land parc. no. 1351/5, cadastral area Kunčice nad Ostravicí. It is a basement ground floor hall without a basement of a rectangular floor plan. The building is not used currently, only ad hoc for material storage.

Description of the Construction
The building is built on a reinforced concrete foundation. The supporting structure is made of large-area VSO panels. The roof structure is made of prefabricated panels. The roofing consists of asphalt shingle strips, thermally insulated with Polsid material. The cladding of the building consists of panels with a surface finish. The windows are installed in steel frames with simple glazing. The doors are made of steel, the double-leaf entrance gate is made of steel. The floor surface is made of concrete screed. The heating of the building is connected to the central system. The sewer is connected to sewage system within the site.

Technical Condition
The overall technical condition is good, corresponding to the age and use of the structure.
Age of Construction
According to available documents and according to an expert estimate based on a local survey, the building was built in 1978.

5.3.4 PROPERTY VALUATION

The appraisal is performed according to the condition of the property on the valuation date.

Three generally accepted approaches are used to determine the value of real estate:
- cost-based,
- revenue-based,
- comparative.

The concepts and principles of individual approaches were generally described in *Chapter 3.2 Approaches to Valuation*. Below, we present only specific procedures used in the appraisal of real estate.

Procedure of the appraisal
Due to the nature of the real estate in question (production and warehouse buildings), the Expert has appraised the real estate using the principle of the revenue-based method as it best reflects the nature, size and use of appraised real estate, including associated risks.
A comparative approach for determining the resulting value of the appraised set of assets was not used due to the fact that similarly large assets are not normally sold and bought, nor is the Expert aware of a sale of a comparable volume of assets.

For the purposes of appraisal of the above-mentioned set of assets, these assets were divided into two units:
a) the site in cadastral area Vítkovice and cadastral area Zábřeh - VŽ
b) the site in cadastral area Kunčice nad Ostravicí

Each unit was valued separately on the basis of the market principles mentioned below.

5.3.4.1 COST-BASED APPROACH

Theoretical Assumptions – Appraisal of Buildings
The cost approach determines the reproduction price of buildings (costs of repurchasing the property).

The reproduction price for individual constructions was determined using technical and economic indicators from the database of RTS Brno for the year 2020. Other costs necessary for the construction were added to the mentioned construction costs, such as costs for project documentation, construction management, its insurance, etc.
Other costs necessary for the execution of the construction were added to the above-mentioned construction costs, such as costs for the preparation of project documentation, construction management, its insurance, etc.

The calculation of the replacement cost was made by the Expert in order to determine the amount of costs related to the re-building and modernization of the property. The reproduction price also includes the costs of acquiring exterior modifications (paved areas, small buildings, etc.) and utilities networks in the amount of 5% of the reproduction price.

The material value of constructions is not determined as it is not meaningful for the determination of the market value.

Theoretical Assumptions – Appraisal of Plots of Land
For the purpose of determining the value of a set of plots of land, the value of appraised land is determined as if it were undeveloped, using a comparative approach, where the value of land is determined by comparing the achievable prices of plots of land intended for construction activities in the area, taking into account positive and negative factors affecting the value of a particular plot of appraised land:

- attractiveness of the local area, orientation of the plots of land, shape of the plot of land and its size, accessibility for transport,
- usability of the land - utilities, possibility and intensity of possible construction (according to the zoning plan),
- restrictive effects - easements, protection zones, building closures, environmental pollution, etc.

Due to the nature of the plots of land in the cadastral area Vítkovice and cadastral area Zábřeh - VŽ which are located in an industrial site and given existing offers in real estate advertising, the Expert valued the land at a unit price of CZK 800 / m^2 and CZK 250 / m^2 for service land (road, yard, courtyard, etc.).
For land in cadastral area Kunčice nad Ostravicí located in an industrial site and given existing offers in real estate advertising, the Expert valued the land at a unit price of 600 CZK / m^2 and 200 CZK / m^2 for service land (road, yard, courtyard, etc.).

Use of the Cost-based Approach
The cost-based approach has been chosen by the Expert to calculate the value and the reproduction price of buildings and land as an input to the subsequent calculation of the income-based value (especially the costs of renewal and modernization, estimation of the annual premiums).

5.3.4.2 REVENUE-BASED APPROACH

For the purposes of this appraisal, the real estate was divided into two units - see above, and appraised separately.

Theoretical Assumptions
Income-based value is determined simply by the capitalization of future net rental income from the property (after deducting costs necessarily incurred to secure rental income) using the simple capitalization method. The assumption of infinite economic life of buildings is used for the appraisal.

Use of the Revenue Approach
The Expert has used the income / revenue-based approach to valuation in the appraisal, as the value of real estate is primarily determined by the benefit for their owner. For real estate, this benefit is future expected rental income less necessary costs.

Determination of Yields
The amount of rental income was determined at the level of usually achievable rent in a given local area for a given type of usable area on the basis of a local market survey.

As of the Valuation Date, the majority of the appraised real estate is not leased out.

Revenues were determined at the usual level of achievable rent for similar premises. The amount of rent was determined on the basis of an analysis of the local real estate market. Individual buildings are appraised separately within the performed calculation, i.e. the amount of rent is determined according to the type and condition of the premises, their usability and availability for leases.

To determine the usual amount of rent, the Expert performed a market analysis for production and storage facilities in the individual areas - Ostrava - Vítkovice, Zábřeh and Kunčice (see annexes No. 5.3.3 and No. 5.4.3).

In **Vítkovice and Zábřeh**, several large production or storage spaces are currently being offered for rent (September 2020). The amount of rent offered ranges from CZK 500 / m^2 to CZK 1,660 / m^2. Due to the nature of the valued properties in cadastral area Vítkovice and Zábřeh and their average construction and technical condition, the Expert considered the usual rent for production areas of CZK 1,150 / m^2 / year

for properties in a better shape and CZK 800 / m^2 / year for those production facilities in a worse technical condition. The level of remaining rents is shown in the following table.

When renting the stated volume of space in a given locality, in the case of the introduction thereof to the real estate market, the occupancy of the premises can be expected at the level of 60 to 70%. The Expert considered an occupancy rate of 50% in the case of difficult-to-use buildings that are no longer in use today. The Expert considers 100% occupancy for constructions that are absolutely necessary for the operation of the site, such as sanitary facilities (locker rooms, washrooms, etc.) and technical facilities, especially for possible production, because even with lower occupancy of production and storage space, there is the presumption of essential necessity in the case of technical rooms and sanitary facilities.

CZK/M^2/year	Type of area
750	Production building
1150	**Production halls**
800	**Production halls worse condition**
850	**Administration**
550	**Bathrooms**
550	**Technical facility**
650	**Warehousing hall**

The **Kunčice** real estate market currently (September 2020) offers several large production or storage spaces for rent. The amount of rent offered ranges from CZK 500 / m^2 to CZK 1,200 / m^2. Due to the nature of the appraised properties in the cadastral area Kunčice nad Ostravicí and their average construction and technical condition, the Expert considered the usual rent for production areas of CZK 1,000 / m^2 / year for properties in a better shape and CZK 700 / m^2 / year for those production facilities in a worse technical condition. The level of remaining rents is shown in the following table.

When renting out the stated volume of space in a given local area, in the case of the introduction thereof to the real estate market, the occupancy of the premises can be expected at the level of 60 to 70%. The Expert considered an occupancy rate of 50% in the case of difficult-to-use buildings that are no longer in use today. The Expert considers 100% occupancy for constructions that are absolutely necessary for the operation of the site, such as sanitary facilities (locker rooms, washrooms, etc.) and technical facilities, especially for possible production, because even with lower occupancy of production and storage space, the presumption of essential necessity exists in the case of technical rooms and sanitary facilities.

CZK/M2/year	Type of area
700	**Production facility**
1000	**Production halls good condition**
700	**Production halls worse condition**
750	**Administration**
450	**Bathrooms**
450	**Technical facility**
550	**Warehousing hall**

Determination of costs:

The costs to be borne by the owner of the property include in particular:

- The fixed costs:
  - Real estate tax,
  - Insurance of buildings,
  - Renovation costs of buildings.
- Variable costs:
  - Current maintenance and administrative costs.

The amount of the annual real estate tax and the amount of the annual premiums for individual buildings were communicated to the Expert by the owner.

Renovation costs are the average cost of replacing short-life building elements that need to be replaced periodically, as well as modernization (raising the usable standard of leased space in connection with growing market demands) ensuring the infinite economic life of buildings. These costs are not actual expenses of individual years but are incurred as a one-off in regularly recurring moments. For the purposes of calculating the income-based value, these one-off expenses are accrued over the number of years according to the selected period. The amount of these costs depends on the type of property, its construction system, materials used, etc. The amount of renovation costs depends on the reproduction price of buildings and the basic criteria is the length of the period and volume of structures to be replaced or repaired. For the valued properties, a period of 25 years and a volume share of structures of 15% were used with regard to the type of structures and materials used and with regard to the method of use of the buildings and the requirements for the standard of areas associated with production activities.

Common maintenance and administrative costs associated with the operation of the property consist mainly of:

- expenditure on minor repairs and maintenance,
- administrative expenses (legal services, accounting, real estate agency fees, marketing, etc.),
- expenditure on ensuring the operation of technical equipment (lifts, DHW preparation, heating, air conditioning, etc.),
- expenses for services provided which are included in the rent and are not separately re-invoiced to tenants,
- expenditure on services normally re-invoiced to tenants which may arise in connection with the vacancy of part of the premises,
- other regular or one-off expenses.

The Expert has conducted long-term statistical surveys relating to the amount of these costs actually incurred by property owners. The conclusions of these investigations are as follows:

- the total amount of administrative costs depends on the type of real estate and the structure of its usable areas,
- the total amount of administrative costs depends on the location in which the property is located,
- the total amount of administrative costs depends on the composition of services provided by the owner of the property.

The total annual amount of administrative costs related to 1 m^2 of usable area for individual types of real estate varies in the following intervals:

OVERVIEW OF ANNUAL ADMINISTRATIVE COSTS FOR INDIVIDUAL TYPES OF REAL ESTATE (CZK/m^2/YEAR)	MIN	MAX
Family houses and villas	20	60
Apartment houses, tenement houses (with non-residential premises)	100	150
Individual production and storage halls or buildings	30	100
Multifunctional buildings, banks, insurance companies, administrative and shopping centers	200	500
Production and warehousing space	40	100
Hotels, B&Bs and restaurants	100	200

For real estate within the site in cadastral area Vítkovice and cadastral area Zábřeh - VŽ, the rate of 100.- CZK / m^2 / year was chosen, due to the age, to the need of inspections, to the size of buildings and especially due to the floor areas of the buildings. Last but not least, this amount also represents the costs associated with the maintenance and management of unleased areas.
The amount of CZK 80 / m^2 / year was used for the site in cadastral area Kunčice nad Ostravicí for similar reasons.

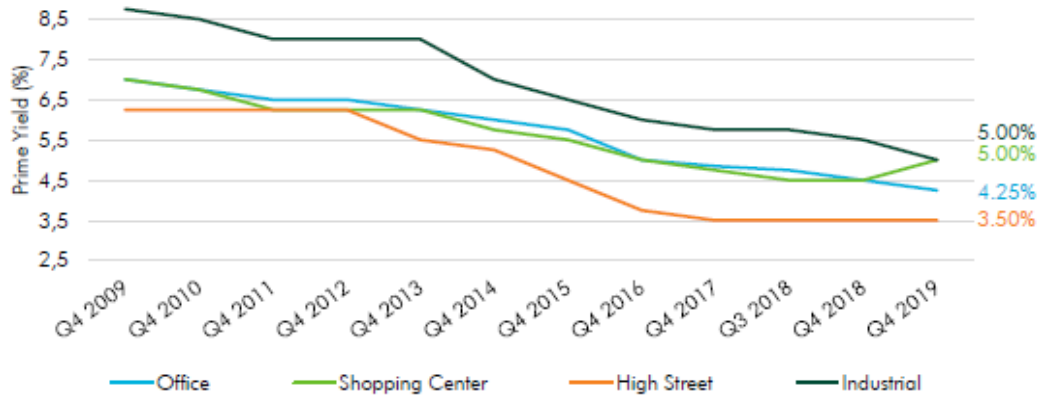
Determination of Capitalization Rate
For the purposes of calculating the income-based value of selected properties, the Expert has chosen the simple capitalization method. Simple capitalization is just the principal that must be deposited at a specified interest rate (interest rate - u -) so that the interest on this principal is the same as the net income from the property.
For the simplest calculation of the income-based value, the relationship for perpetual annuity is used. Simply put, the income-based value of a property is the sum of the estimated future net rental income, discounted (by interest-bearing) to its present value.

Yields represent the total amount of the capitalization rate at a given moment.

Yield is defined as the share of annual net income in the purchase price (including the cost of making a purchase) calculated on the date of sale / purchase of the property (expressed as a percentage).

The history of yields in the Czech Republic (especially Prague and large cities) for the past few years is shown in the following chart:

FIGURE 4: PRIME YIELD DEVELOPMENT



CZ Prime Yield Development (source: CBRE)

Based on this development of the achieved prime yields and with regard to current information, the Expert has derived the amount of yield at the Valuation Date and the expected future development which is likely to continue the trend of the EU-15 countries.

For valuing a complex of real estate which forms a large site of buildings and land with the predominant function of production (heavy industry) and foundry, given the fact the state of the buildings corresponds to the age thereof, including obsolescence, and taking into account the assumption of best and highest use of the appraised real estate (i.e. as a whole), a rate of 14% (i.e. 12% as the usual rate for production sites of a similar type + 2% surcharge for limited "single-purpose" use of assets) has been chosen.

Determination of the Final Value of Individual Buildings and Halls
Annex No. 5 contains a table showing an overview of the buildings that were appraised individually to consider the different usability, occupancy and condition of the individual buildings and halls. The value determined by the income approach includes not only the value of the building, but also the value of the set of buildings and built-up land. The income-based values of the individual sets of buildings and built-up land were decreased by the part thereof attributable to undeveloped land and exterior modifications and utility networks. The value of undeveloped service land as well as the value of exterior landscaping and utilities was determined separately and added to the value determined by the income-based method.

Determination of the Resulting Value of Individual Accounting Items
For the purposes of dividing the resulting value into individual asset items according to the Debtor's accounting records (due to the exercise of the rights of creditors under a lien), the total amount / amounts for individual functional units were recalculated into sub-items (individual buildings, halls and other ancillary structures). The total market value of the functional set (set of buildings on one plot of land, including the said plot, as defined by the Debtor) was divided into individual sub-items in proportion to the acquisition prices thereof.

5.3.4.3 SUMMARY OF THE APPRAISAL

The partial results of the appraisal of the real estate determined by individual methods are aggregated in the following table:

RESULTANT VALUES OF THE REAL ESTATE	VALUE IN CZK
Income-based value cadastral area Vítkovice	**138 548 631**
Income-based value cadastral area Zábřeh - VŽ	**103 478 605**
Income-based value cadastral area Kunčice nad Ostravicí	**100 489 009**
RESULTANT VALUE OF THE NON-CURRENT IMMOVABLE ASSETS	**352 663 007**

The Expert determined the resulting value of the real property at the level of income-based value.

When appraising the assets, due to the nature of the real estate in question and the size of the site, the Expert has chosen calculation using the income method as it best reflects the nature, size and use of the appraised real estate, including associated risks. Such a site is beneficial for the owner and brings about the opportunity to earn revenue from individual buildings. From the point of view of the comparative approach for determining the final value of the appraised set of assets, similarly large assets are not normally sold and bought in the market, nor is any data on a sale of a comparable size of assets of a similar nature available to the Expert. The local real estate market sees offers of production halls, warehouses, but not at such a huge volume, which - if put on the market - could mean a change in prices (increased supply of non-residential space compared to demand). Therefore, the Expert did not make a comparison with a smaller extent of assets, as the criterion of the size / volume of the appraised and offered real property is difficult to compare.

The Expert has also considered a possible suggestion to determine the value of the appraised property as the value of land, taking into account the age of the buildings, the functionality thereof, whether they are needed, dimension of buildings for production intended when they were built, taking into account that the cost of clearing the land (demolition, removal of environmental pollution, if any) should be deducted from the value of the land. With regard to the value of an (undeveloped) plot of land given the situation on the local real estate market (800 CZK / m^2), this value would be lower than the value of the site determined by the income-based method according to the current state of things. The Expert believes that determining the value by the income-based method, as it stands, is in accordance with the principle of best and highest utilization.

The calculation of the value of the listed assets, its inputs and results are given in Annex No. 5.

5.3.5 RESULTING VALUES OF THE REAL PROPERTY

An overview of the appraisal of individual functional units of the Debtor's real estate is given in the following tables. All calculations of real estate appraisal, determination of input variables, cadastral maps, general maps, copies of extracts from cadasters of immovables (ownership certificates) and photographs of real estate are listed in the division into individual units in Annex No. 5.

cadastral area	items	book value	market value
Vítkovice	buildings and structures	792 047 802	119 940 131
	built-up land	117 737 272	
	service plots		18 608 500
	Total	**909 785 074**	**138 548 631**
Zábřeh	buildings and structures	726 705 954	82 995 105
	built-up land	107 547 483	
	service plots		20 483 500
	Total	**834 253 437**	**103 478 605**
Ostrava altogether	buildings and structures	1 518 753 756	213 081 998
	IS and exterior modifications	29 932 974	
	built-up land	225 284 755	
	service plots		39 092 000
	Total	**1 773 971 485**	**252 173 998**
Kunčice	buildings and structures	359 025 344	76 282 409
	IS and exterior modifications	0	

	built-up land	128 328 000	
	service plots		24 206 600
	Total	**487 353 344**	**100 489 009**
TOTAL	buildings and structures	**1 877 779 100**	**289 364 407**
	IS and exterior modifications	**29 932 974**	
	built-up land	**353 612 755**	
	service plots		**63 298 600**
	Total	**2 261 324 829**	**352 663 007**

The Expert determined the result of the appraisal of functional units at the level of the result derived from the income approach which in his opinion most accurately expresses the value of the real estate in question at the Valuation Date at the level of market value.

5.3.6 SUMMARY OF APPRAISAL OF NON-CURRENT REAL PROPERTY

The Expert divided the value of the real estate into the value of the Secured and Unsecured Property using information from the itemized list of land and buildings prepared by the Debtor as of the Valuation Date.

RESULT OF VALUATION – TANGIBLE FIXED IMMOVABLE PROPERTY	VALUE AT CONTINUATION OF ACTIVITY (THOUSAND CZK)	VALUE AT THE END OF ACTIVITY (THOUSAND CZK)
TOTAL	**352 663**	**352 663**
of which Secured Assets *(1st rank and 2nd rank without 1st rank)*	333 233	333 233
- of which pledged in favor of Gomanold, a.s. (1st debtor under a lien in the sequence)	*184 670*	*184 670*
- of which pledged in favor of Bazcom, a.s. (1st debtor under a lien in the sequence)	*2 525*	*2 525*
- of which pledged in favor of VÍTKOVICE HAMMERING a.s. (1st debtor under a lien in the sequence)	*100 489*	*100 489*
- of which pledged in favor of E-INVEST, a.s. (1st debtor under a lien in the sequence)	*6 348*	*6 348*
- of which pledged in favor of Gomanold, a.s. + VÍTKOVICE a.s. (1st debtor under a lien in the sequence)	*35 822*	*35 822*
- of which pledged in favor of Gomanold, a.s. + VÍTKOVICE a.s. (2nd debtor under a lien in the sequence, no 1st before them)	*3 379*	*3 379*
- of which pledged in favor of Gomanold, a.s. (2nd debtor under a lien in the sequence)	*85 012*	*85 012*
- of which pledged in favor of VÍTKOVICE HAMMERING a.s. (2nd debtor under a lien in the sequence)	*8 626*	*8 626*
- of which pledged in favor of Gomanold, a.s. + VÍTKOVICE a.s. (2nd debtor under a lien in the sequence)	*61 309*	*61 309*
of which Unsecured Assets	19 430	19 430

5.4 NON-CURRENT FIXED MOVABLE PROPERTY

The company records in its accounting non-current tangible fixed assets as follows:

ITEM / THOUSANDS CZK/	GROSS VALUE	ADJUSTMENTS	NET VALUE
Tangible movables and sets thereof	6 336 741	5 226 813	1 109 928
Other non-current tangible fixed assets	370 055	310 075	59 980
Other non-current tangible assets	*370 055*	*310 075*	*59 980*
Advances provided and non-current tangible fixed assets - WIP	13 429	0	13 429
Advances Provided for Non-current Tangible Assets	*1 312*	*0*	*1 312*
Tangible fixed assets in progress	*12 117*	*0*	*12 117*

5.4.1 IDENTIFICATION

The group of non-current tangible fixed assets includes assets used for the main activity of the Debtor that is a producer of steel and steel products, including products for the energy sector.

This is a very large set of assets which contains a total of 2,092 items. The property is structured into individual basic centers Steelworks CC 320, Ironworks CC 330, Forge CC 340 and Heavy Mechanics CC 370.

The assets include machines and equipment designed for the preparation of semi-finished products and processing of products of extremely large dimensions, e.g. 25 m and weighing up to 300 t, but it also includes auxiliary equipment and machines or jigs and other tools and handling equipment without which it would not be possible to continue the production activities.

The following can be mentioned from among the dominant machines and equipment in the individual cost centers.

- In the Steelworks, these are mainly electric arc furnaces, vacuum stations, ladle furnaces, including casting.
- In the Foundry, there are important pieces of equipment for the production of models, molds, molding compounds, casting technology as well as cleaning and treatment of finished castings, for example by blasting or grinding.
- The cost center the Forge is divided into two basic parts in Vítkovice and Kunčice. At both the sites, there are massive hydraulic presses for hot forging, relevant forging cranes and manipulators, furnaces for heating and heat treatment of forgings and extensive auxiliary operating equipment.
- The Hoopmaking plant processes relatively small products, but due to the wide range of high precision, they are also high-performance and specialized machines and equipment, including the necessary equipment of caliber of the appropriate dimensions.
- The assets included in the Heavy Mechanics cost center are very extensive and very specific in terms of purpose. This center includes machines for turning, milling, drilling, boring, grinding, material cutting and highly specialized equipment, for example for machining bent shafts or drilling deep holes. Due to the production possibilities, a number of these devices can be considered very specific and unique in the Czech Republic. This is evidenced by the possibilities of lathes with a turning length of up to 30 m or drilling deep holes with a length of up to 25 m. There are also high weights of workpieces that can be machined on the individual machines.
- In addition to the machines and equipment already mentioned, also furnaces, cranes and other handling and transport technology is very important in individual operations, enabling the processing of very high weight components. A more detailed analysis and characteristics of basic machines and equipment are provided for the individual cost centers.

Detailed itemized identification of the property is listed in the inventory in Annex No. 6.2 and also includes the appraisal thereof.

Non-current Fixed Assets - Accessories for Casting

In the group Non-current Fixed Assets - Accessories for Casting, there is a concrete head attachment tool which is a steel extension with concrete insulation made of arema and hematite materials, but also an all-metal head attachment made of arema and hematite material, tool for handling of ingots made of ductile iron, a mold which is a metal vessel for casting ingots made of arema and hematite, there are also sample molds there, i.e. a metal vessel for casting samples of ductile iron material, a special mold, a metal vessel to cast furnace and steelmaking slag made of hematite, a special container is a metal container for transporting and handling of alloying elements made of ductile iron, trough, i.e. a vessel for the furnace made of ductile iron, a ring which is an insert between the ingot and the head attachment (weight increase - another type of ingots) made of arema and hematite, a casting plate which is part of the set necessary for casting, made of arema and hematite, as well as models for the production of molds and other parts for casting parts, made of wood. Furthermore, in the group of assets, there is a funnel which is a part of the set necessary for casting, made of arema and hematite, as well as a pallet which is a stand made of ductile iron for transporting slide valves, a pan which is a container lined with refractory material used to transport liquid steel, as well as a washer which is part of the set necessary for casting, made of arema and hematite. The group of items also includes rest molds, i.e. metal containers for casting the residue from the hematite ladle, a cabinet which is a metal container made of ductile iron for transport and handling of bulk materials, a slide valve that is part of the ladle and is used for casting molten steel and is made of ductile cast iron, and a (hydraulic) cylinder that is used to handle slide valves and is made of ductile iron. Arema is a profile pure steel, hematite is gray cast iron - Fe with carbon (flake graphite) and ductile iron is Fe with carbon (spheroidal graphite) and with other elements.

The next subgroup includes molds of circular diameter used to form cylinders and bandages; these are made of ductile iron and hematite, a plate which is a metal base under the mold when forming cylinders into

frames, made of steel, weight which has the shape of a block with dimensions of about 50 cm x 50 cm x various lengths depending on the weight. It is used to load the mold from above against buoyancy during casting and is made of steel. Other assets include a steel furnace pad which is used to support the casting during heat treatment in an annealing furnace, a steel inlet box that is part of the mold for cylinders, steel forming frames which are welded or cast and used to form castings. Depending on the size of the mold, a suitable frame is selected in which the mold is manufactured. During the production of the mold, the frame can be partially moved, the frame allows to reduce the labor and complexity of the molding material.

Detailed itemized identification of the property is listed in the inventory in Annex No. 6.3 and also includes the appraisal thereof.

Other Non-current Tangible Assets - Precious Metals
The list includes precious metals, namely Pt-PtRh 10 or Pt-Pt 10% Rh which is a rhodium-plated platinum used for thermoelectric sensor terminals. It is the material most often used for industrial temperature measurement. Platinum-based thermocouples have reached the greatest importance in the industry. They have a low coefficient of thermal stress which is accurate and reproducible, they are resistant to oxidation and corrosion even at higher temperatures.

Detailed itemized identification of the property is included in the inventory in Annex No. 6.4 and also includes the appraisal thereof.

Advances Provided for Non-current Tangible Fixed Assets
Advances provided for non-current tangible fixed assets represent an advance for the acquisition of a band saw provided by the Debtor to SC SERVIS s.r.o. According to the Debtor, the Debtor withdrew from the acquisition of the saw due to the economic situation, but due to specific parameters of the ordered equipment, the vendor (the company SC SERVIS s.r.o.) refuses to repay the advance payment with the argument that it is unable to sell the equipment to another customer.

Tangible fixed assets in progress
Tangible fixed assets in progress are several unfinished investments as at the Valuation Date. According to the Debtor's statement, a part of the unfinished non-current tangible fixed assets will be excluded from the bankruptcy assets and will therefore be valued at zero value in this expert opinion. These include:

- unfinished small tangible assets from the supplier ZTS METALURG, a.s. - goods from Dubnice (in its entirety, i.e. a total of CZK 9,535,032.78),
- unfinished small tangible assets from the supplier Power Systems s.r.o. - computers (in the amount of CZK 641,256, the remaining part of the unfinished small tangible assets from the supplier Power Systems s.r.o. in the amount of CZK 1,535,955.56 will remain the Debtor's property).

Of the total gross value of unfinished small tangible assets in the amount of 12 117 000 CZK, therefore, goods with a gross book value of 10 176 000 CZK will be excluded from the estate. The Debtor will thus continue to own the unfinished small tangible assets in the carrying amount of **1 940 000 CZK** which includes the following unfinished non-current tangible fixed assets:

- computers from suppliers Power Systems s.r.o. and Vidaron, a.s. in the gross value of 1 628 000 CZK,
- machinery and equipment from the supplier JAZA Czech s.r.o. in the gross value of 239 000 CZK,
- supply and installation of switchboards and cabling from the supplier AR-NET Services s.r.o. in the gross value of 68 000 CZK and
- a license for the printer from the supplier DATASCAN, s.r.o. in the gross value of 6 000 CZK.

5.4.2 VALUATION

5.4.2.1 MOVABLE PROPERTY VALUATION METHODS

The valuation of movable property was performed on cost-based method.

The value of movable property is determined using the procedure according to Expert Standard No. VIII, as amended by the 2005 update. This procedure is a generally accepted standard in the Czech Republic for the valuation of movable property. It is published by the Institute of Forensic Engineering in Brno.

The list of valued property includes machinery and equipment that was not purchased new, but it was already used technique. These machines were valued based on the comparison with machines and equipment of a similar kind, wear and tear, and the degree of use, as no relevant documentation regarding their original acquisition was available to calculate their estimate.

The value of the valued property is determined based on the following steps:

Equipment identification and technical condition evaluation
Determination of technical value according to the basic depreciation and the degree of wear. Saleability of the valued property or a similar equipment is also taken into account.

Technical value TH (in %):

$$TH(\%) = \frac{VTH * (100 - ZA) * (100 \pm PS)}{10^4}$$

where: VTH is the initial technical value, which is generally 100% for new machinery and equipment and 90% for machinery and equipment after CO (marked as CN (acquisition price) in the annexes),
ZA is basic depreciation,
PS is a surcharge (+) or deduction (-) according to the determined technical condition.

For new equipment, THN = 100%, for equipment after CO, THN = 90%.

When determining the technical value, the **basic depreciation** is determined, expressing the reduction of the technical lifetime of the machine or equipment in % according to the classification of valued items into individual groups of the basic technical lifetime in years. The reduction is determined according to defined depreciation curves or depreciation scales depending on the age or time and intensity of machine or equipment use. The determination of the total and remaining technical-economic lifetime is based on the total lifetime and period of use. This determines the assessment of the basic depreciation applied in the valuation table.

The technical value in the final period of use is related to the provision of spare parts, reaching the wear limits of some intensively stressed parts - increasing the frequency of failures. A machine that performs its function flawlessly has a certain technical value, but this can suddenly change to a stage when repairs are no longer economical.

Surcharges and deductions, when evaluating the technical condition of a machine or equipment, are usually determined on the basis of its inspection, verification and testing of functionality and evaluation of the technical condition. The **surcharge** is applied upon increase in use value after a repair or with minimal machine or equipment use. The **deduction** is applied in case of a failure of a part, higher wear, insufficient maintenance, deformation, corrosion, etc.

Current price calculation
Current price (CČ in CZK):

$$C\check{C} = \frac{CN * K_1 * K_2 * K_3 * TH}{100}$$

where: CN acquisition price of the machine or equipment in CZK,
K_1 index of producer price for industrial products (according to the CZSO database), corresponding to the price level of the year for which the valuation is performed and considering the expected price increase or decrease,
K_2 index of technical development in the field of machinery or equipment,
K_3 index of obsolescence or wear and tear,
TH Technical value in %

The initial price of a technological equipment (CN) is essentially a replacement price, i.e. the price that would have to be incurred to acquire the same or a comparable equipment at the time of valuation.

The initial price for equipment purchased as factory new is usually the same as the accounting purchase price. However, it is necessary to verify this economic data with regard to possible deviations caused by possible non-market aspects (subjective value - individual requirements, special value - connection with other assets, etc.).

Particularly in equipment with an older manufacture date, it is difficult to determine a comparable price due to the fact that the machines and equipment currently sold are already at a higher technical level. In these cases, the current prices of machinery and equipment sold after overhauls serve as complementary information.

The initial price takes into account both the price increase and the current exchange rate of Czech crown. Recalculation price coefficients resulting from inflation in individual periods, both inflation in general, inflation coefficients in the area of industrial producers, and in the European Union is used to determine the initial price of equipment that is not usually sold.
The CN given in the annexes, which contain the valuation tables, is already modified by the coefficients K_1-K_3.

Calculation of usual price
Usual price (COB in CZK):

$$\mathrm{COB} = \mathrm{C\check{C}} * \mathrm{KP}$$

where: KP saleability coefficient

The **coefficient of utilization** (Kv) is determined by the Expert on the basis of a qualified estimate based on experience with regard to the continued use of the asset for production or purpose for which it was originally intended at the place of its location, at a given time.
For the own valuation, the assets were classified into individual groups, for which the assets had the same features and utilization; the criteria were set for each group, for the own valuation of each asset item separately.
Utilization in these groups is assessed according to criteria that are assigned an impact estimate on their further use and current location (relative usability, obsolescence, frequency of the given asset).
The coefficient of utilization is used to determine the market value under the assumption of going concern.

The **saleability coefficient** (KP) is determined by the Expert on the basis of a qualified estimate based on experience with regard to the market take-up of the assessed equipment at a given time and place. Some assets are not normally sold on second-hand markets, and this fact is also considered.
For the own valuation, the assets were classified into individual groups, for which the assets had the same features and utilization; the criteria were set for each group, for the own valuation of each asset item separately.
Saleability in these groups is assessed according to criteria that are assigned an impact estimate on sales (relative utilization, moral obsolescence, frequency of the given assets, ease of moving and assembly elsewhere, or installation, utilization of individual parts separately and spare parts and extreme case of disposal - utilization to salable waste).
The saleability coefficient is used to determine the market value under the assumption of liquidation, i.e. the divestiture.

Calculation procedure:
The algorithm for calculating the market value, assuming **continuation to use the asset,** is used according to the following steps:

1) The price index K_1 is determined by assignment according to the date of assets acquisition according to the database of index of producer price for industrial products (according to the CZSO database).
2) The deduction of the technical development (STV) is determined according to the type of asset (5 to 30%).
3) The technical development index K_2 is calculated by adding up to 100%.
4) The obsolescence (MO) is determined depending on the type of asset (5 to 30%).
5) The obsolescence index K_3 is calculated by adding up to 100%.
6) By multiplying the acquisition price and indices K_1, K_2 and K_3, the initial price (VC) is determined.

7) The initial technical value (VTH) and the surcharge, or PS deductions is determined according to the actual state of the assets.
8) The surcharge/deduction index of the technical condition K_4 is calculated by adding up to 100%.
9) The asset lifetime (Ž) is determined according to its category (5 to 25 years).
10) The time of operation (DP) and the time of further operation (DDP) after the valuation date is calculated by adding up from the acquisition date to the valuation date and the date of lifetime end.
11) The basic depreciation ZA is determined from the depreciation curves (DDP and Ž).
12) Subsequently, the basic depreciation index K_5 is calculated by adding up to 100%.
13) The technical value (TH) is calculated as the product of the indices K_4 and K_5.
14) The time price (CČ) is calculated as the product of VC and TH.
15) The coefficient of utilization Kv is determined by an expert estimate with regard to the continuation in using the assets for production or purpose for which the assets are originally intended at the place of its location, at a given time.
16) The resulting price of the usual COB is determined as the product of Kv and CČ. In this valuation, COB (according to the Expert Standard) represents the market value, assuming the continuation to use the assets (going concern).

The valuation of tangible fixed assets that serve as accessories for casting is performed using the method described above.

The algorithm for calculating the **market value**, assuming the disposal (sale)**,** is used according to the following steps:

1) The price index K_1 is determined by assignment according to the date of assets acquisition according to the database of index of producer price for industrial products (according to the CZSO database).
2) The deduction of the technical development (STV) is determined according to the type of asset (5 to 30%).
3) The technical development index K_2 is calculated by adding up to 100%.
4) The obsolescence (MO) is determined depending on the type of asset (5 to 30%).
5) The obsolescence index K_3 is calculated by adding up to 100%.
6) By multiplying the acquisition price and indices K_1, K_2 and K_3, the initial price (VC) is determined.
7) The initial technical value (VTH) and the surcharge, or PS deductions is determined according to the actual state of the assets.
8) The surcharge/deduction index of the technical condition K_4 is calculated by adding up to 100%.
9) The asset lifetime (Ž) is determined according to its category (5 to 25 years).
10) The time of operation (DP) and the time of further operation (DDP) after the valuation date is calculated by adding up from the acquisition date to the valuation date and the date of lifetime end.
11) The basic depreciation ZA is determined from the depreciation curves (DDP and Ž).
12) Subsequently, the basic depreciation index K_5 is calculated by adding up to 100%.
13) The technical value (TH) is calculated as the product of the indices K_4 and K_5.
14) The time price (CČ) is calculated as the product of VC and TH.
15) The saleability coefficient (KP) is determined according a comparison with actual sales, or an expert estimate.
16) The resulting price of the usual COB is determined as the product of KP and CČ. In this valuation, COB (according to the Expert Standard) represents the market value.

In assets in which additional costs associated with preparation for transport can be expected (costs of decommissioning, cleaning and professional disassembly), these are not reflected in the established value.

The valuation of tangible fixed assets that serve as accessories for casting is performed on the basis of the proceeds from the sale of the material from which the accessories are made, as secondary raw materials according to current prices. These are assets that is difficult to be placed on the secondary market.

The valuation of movable tangible fixed assets - precious metals is performed on the basis of a comparison according to the current price to the valuation date.

The market value calculation, its inputs and results in the case of movable tangible fixed assets owned by the Debtor are listed in the annexes under Annex No. 6:

- 6.2 - technological and machinery, other movables,
- 6.3 - accessories for casting,
- 6.4 - precious metals.

Some technological equipment and assets are registered on multiple inventory lists. In this case, the master inventory number is followed after the slash by an order number (xxx/00, xxx/01, etc.) and the value of the valuation item is given by the sum of all lines with the same master inventory number. It is permissible that some inventory numbers from the group are valued at zero.

5.4.2.2 VALUATION OF ADVANCES PROVIDED ON TANGIBLE FIXED ASSETS

Advances provided for tangible fixed assets were valued at zero value under the assumption of Continuation of Activities and under the assumption of Termination of Activities.

5.4.2.3 VALUATION OF TANGIBLE FIXED ASSETS UNDER CONSTRUCTION

Tangible fixed assets under construction belonging to the Debtor's insolvency estate will be valued differently under the assumption of Continuation of activity and Termination of activity:

- In the case of valuation under the assumption of Continuation of Activities, the Expert valued the tangible fixed assets under construction, which is part of the Debtor's assets, at a coefficient of 0.90, which takes into account only a low risk that the tangible fixed assets under construction would, for some reason, not be included into the assets and not continued to be used under continuation of activity,
- In the case of valuation under the assumption of Termination of Activity, the Expert valued the Tangible fixed assets under construction at a coefficient of 0.50, which takes into account the risk of the market being interested in the asset upon termination of the Debtor's activity and the asset being sold (except for tangible fixed assets under construction in the form of "license for printer" from the supplier DATASCAN, s.r.o., which the Expert valued at zero, as he assumes that the given property will probably not be possible to monetize on the market due to the possible limited transferability of the license).

5.4.3 SUMMARY OF VALUATION OF MOVABLE TANGIBLE FIXED ASSETS

A summary of the valuation and division of assets value into the value of Secured and Unsecured assets is shown in the following table:

VALUATION RESULT - MOVABLE TANGIBLE FIXED ASSETS	VALUE AT CONTINUATION IN ACTIVITY (THOUSAND CZK)	VALUE AT TERMINATION OF ACTIVITY (THOUSAND CZK)
TOTAL	**572 292**	**487 367**
of which Secured assets	541 191	464 088
- of which pledged to the benefit of Gomanold, a.s. (1st pledgee on the list)	*165 468*	*135 931*
- of which pledged to the benefit of Bazcom, a.s. (1st pledgee on the list)	*13 646*	*11 860*
- of which pledged to the benefit of VÍTKOVICE HAMMERING a.s. (1st pledgee on the list)	*94 924*	*85 521*
- of which pledged to the benefit of E-INVEST, a.s. (1st pledgee on the list)	64 886	*56 801*
- of which pledged to the benefit of Gomanold, a.s. + VÍTKOVICE a.s. (1st pledgee on the list)	*174 641*	*149 663*
- of which pledged to the benefit of VTK Projekt MECHANIKA s.r.o. + VÍTKOVICE a.s. (1st pledgee on the list)	*27 625*	*24 311*
- of which pledged to the benefit of Gomanold, a.s. (2nd pledgee on the list)	*65 070*	56 949
- of which pledged to the benefit of VÍTKOVICE HAMMERING a.s. (2nd pledgee on the list)	*39 816*	*30 236*
- of which pledged to the benefit of VTK Projekt MECHANIKA s.r.o. + VÍTKOVICE a.s. + VÍTKOVICE HAMMERING a.s. (2nd pledgee on the list)	*2 576*	*2 156*
of which Unsecured assets	31 101	23 280

5.5 LONG-TERM FINANCIAL ASSETS

The financial fixed assets are listed in the accounting records of the company to the date of valuation as follows:

ITEM /IN THOUSANDS CZK/	GROSS VALUE	ACCUMULATED DEPRECIATION	NET VALUE
Interests-material effect	0	0	0

Identification
The shares of VÍTKOVICE REVMONT a.s. are registered on financial fixed assets, representing interests of 36.83%. A valuation difference was created for this interests in the same amount as the gross value of the given stake. The gross value of the given stake is reduced directly by the given valuation difference, as a result of which the gross value in the balance sheet is reported at zero.

Valuation
Due to the fact that a valuation difference was created for the mentioned interest of the Debtor, adjusting the gross value of the given stake to zero value, and also due to the fact that VÍTKOVICE REVMONT a.s. is in insolvency as of the Valuation Date, the Expert valued the mentioned interest of the Debtor at zero value.

5.5.1 SUMMARY OF VALUATION OF FINANCIAL FIXED ASSETS

A summary of the valuation and division of assets value into the value of Secured and Unsecured assets is shown in the following table:

VALUATION RESULT - FINANCIAL FIXED ASSETS	VALUE AT CONTINUATION IN ACTIVITY (THOUSAND CZK)	VALUE AT TERMINATION OF ACTIVITY (THOUSAND CZK)
TOTAL	**0**	**0**
of which Secured assets	0	0
of which Unsecured assets	0	0

5.6 RESERVES

The reserves are listed in the accounting records of the company to the date of valuation as follows:

ITEM / IN THOUSANDS CZK/	GROSS VALUE	ACCUMULATED DEPRECIATION	NET VALUE
Material	44 124	17 357	26 767
Unfinished Work and Semi-finished Products	246 747	228 360	18 387
Products and goods	15 354	14 426	928
Products	*12 889*	*12 033*	*856*
Goods	*2 465*	*2 393*	*72*
Advances Paid for Reserves	2 893	0	2 893

Item inventories with more detailed information and valuation are given in Appendix No. 7.

5.6.1 MATERIAL

Description and categorization
The debtor records material reserves for each cost center separately as follows (values in CZK):

CC	CARRYING AMOUNT	PROVISIONS	NET VALUE
310	378 642.24	0.00	378 642.24
320	4 222 816.91	1 434 897.86	2 787 919.05
330	1 336 811.28	397 362.11	939 449.17
340	36 000.00	0.00	36 000.00
370	11 184 609.98	3 821 578.46	7 363 031.52
380	40 700 684.94	11 703 101.41	28 997 583.53
Total	57 859 565.35	17 356 939.84	40 502 625.51

A total of 48 items are included in cost center 310. These mainly include computer technology, telecommunication technology, network elements, and PC accessories.
A total of 103 items are included in cost center 320 - Steelworks. Storage places 32100 include fuel, raw materials and others (sorted metal scrap, electrochemical material for melting in the arc furnace - primarily graphite electrodes, probes, arcs, etc., basic metallurgical material for the batch outside the scrap - pig iron, copper, nickel, manganese, aluminum, ferro-alloys, pipes and other metallic material, etc., basic non-metallic material for the batch - casting powder, calcium carbide, lime, nermat, husks, anthracites, foaming agents, foundry sand, magnesite, slag-forming mixture, synthetic slag, etc. and spare parts, diesel fuel, hydraulic oil, antifreeze fluids, etc.), in 32200, there is a warehouse of refractory material (refractory material for furnace lining and for melting and casting - fireclay and other refractory fittings, bricks, blocks and other linings, insulation boards, other insulation, spout, settling and tapping stones, sinks, etc., sealants, ramming matters, mortars, spare parts for small tools, etc.) and in 32300, there are replaceable casting equipment and in 32600, there are spare part warehouses (SP).
A total of 77 items are included in cost center 330 - Foundry. In storage places 33100, there are raw materials, metallurgical products (chemicals for the production of molds and cores - resins and activators, refractory material - bosses and fittings, as well as metallurgical material - rods), in 33700, there is a warehouse of paints and auxiliary material and in the 33800, there is a lumber warehouse for models.
In the cost center 340 - Forge, there is only one item, a container.
A total of 1231 items are included in cost center 370 - Heavy mechanics. In storage places 37100, there is a warehouse for paints (paints, thinners, hardeners), in 37200, there is a warehouse for oils and lubricants, in 37300, there is a welding material (electrodes, welding wires and tapes) and in 37400, there is a warehouse with a mechanical products (rods, top protection panels, fasteners, adhesives, seals).
A total of 2856 items are included in cost center 380. These are mainly spare parts (couplings, blades, electric motors, dampers, generators, wheels, holders, shafts, etc. These are key spare parts for electric arc furnaces EOP (bearing, hearth, etc.), spare parts for FKF, spare parts for cranes (bearings, wheel flanges), gearboxes, electric motors, pump housings and spare parts for recuperators.

The inventories of material centers of cost centers 320, 330, 340 and 350 are pledged in favor of the creditor BAZCOM a.s. on the basis of a pledge contract of 5 October 2017 NZ 804/2017, N 656/2017 at the acquisition price (gross carrying amount) of CZK 34.1 million (originally COMMERZBANK Aktiengesellschaft, Prague Branch).
The inventories of material of the cost center 370 are pledged in favor of the creditor Gomanold, a.s. on the basis of a pledge contract of 3 December 2019 NZ 1647/2019 at the acquisition price (gross carrying amount) of CZK 11.2 million.

The basic input material for production is usually a universal, durable, very well marketable material on the wider market, which is not endangered by expiration, loss of properties over time, etc. Part of the material is difficult to use or not for sale (chemicals) and some has reduced marketability due to future expiration (part of welding material). Reserves of spare parts have significantly limited marketability - these are unique parts for the specific technology of the Debtor, i.e. they can practically be sold only together with the relevant technology. Moreover, part of the parts (the Debtor was not able to specify) are parts of non-functional or unused machines or otherwise unusable parts. The marketability of spare parts is thus questionable in the event of liquidation.

Valuation
The company provided the Experts with overviews of warehouses and centers and inventories of materials by individual centers with the indication of provisions as of the Valuation Date. The Expert divided the material according to its character and different saleability into groups, where each group was assigned a saleability coefficient (applied to the purchase price) according to the possibilities of sale, separately for turnover and non-turnover material. Subsequently, he applied another cumulative coefficient of 0.7-0.9, reflecting the bankruptcy situation and worsened possibilities of selling assets in bankruptcy (time pressure, speculations of investors, loss of guarantee due to the Debtor's dissolution after bankruptcy, etc.).
Spare parts alone are not for sale. The marketability of a part of spare parts is possible only together with the relevant technology or equipment for which the spare parts were purchased/manufactured - in this case, the spare parts serve more as a bonus or sales support within the sale of the machine. In the case of the sale of spare parts with the relevant technologies, the Expert considers, in the event of bankruptcy, that a large part of their value to be already implicitly included in the value of movables.
The saleability coefficient is determined separately for the situation, where the asset continues to be used (for production) at the place of its location and separately for the situation, where the asset is placed on the secondary market (liquidation). For each group in a going concern situation, criteria were set for the own valuation of each group of assets separately, taking into account utilization according to the criteria with an assigned impact estimate on their further use in the current location (relative utilization, obsolescence, frequency of the given asset). In the liquidation situation, the procedure was based on a qualified estimate based on experience with regard to market take-up of the assessed assets on the secondary market at a given time and place. Marketability is assessed for each group separately according to the criteria to which the impact estimate on sales is assigned.

The item inventory and valuation of the material is given in Appendix No. 7.1.

5.6.2 UNFINISHED WORK AND SEMI-FINISHED PRODUCTS

5.6.2.1 DESCRIPTION AND CATEGORIZATION

Within unfinished work, the Debtor records inventories of unfinished work and semi-finished products in the total carrying amount of CZK 246.7 million as of the Valuation Date. The Debtor created provisions in the amount of CZK 228.4 million for these inventories of unfinished work and semi-finished products. The net carrying amount of unfinished work and semi-finished products thus amounted to CZK 18.4 million as of the Valuation Date.

The Debtor submitted to the Experts item inventories of unfinished work and semi-finished products as of the Valuation Date, i.e. 30 June 2020.

The following groups of inventories are included in unfinished work and semi-finished products (the groups were defined by the Expert for valuation purposes according to the notes from the Debtor and on the basis of consultations with the Debtor):

- **UNFINISHED WORK:**

  - **Unfinished work with zero net book value** - to these unfinished work items in the gross book value of CZK 209,032 thousand, provisions in the amount of 100% of their book gross value were created to the Valuation Date, so the net value of these inventories of unfinished work is CZK 0. These inventories of unfinished work were reported in connection with the Contract on the Provision of Production Off-Balance Sheet Financing (in the following as the "Tolling Agreement") concluded on 19 April 2018 between VÍTKOVICE MACHINERY TRADE s.r.o. as a financing provider and VÍTKOVICE HEAVY MACHINERY a.s. as a debtor that had already been terminated to the Valuation Date. The creation of provisions was made by the Debtor in connection with the termination of the Tolling Agreement, when it was necessary to "clean up" the unfinished work accounting balances (work in wage performed on inventories of another entity, VÍTKOVICE MACHINERY TRADE s.r.o., which the Debtor worked on using its installations for a pay), which remained in the accounts despite the fact that they are not real inventories of unfinished work owned by the Debtor. Therefore, the accounting balance of unfinished work is adjusted to fair value using provisions. To the valuation date, it does not represent an asset value.

  - **Unfinished work flagged "order concluded as of 31 July 2020"** - to these unfinished work items in the gross book value of CZK 19,519 thousand, provisions in the amount of CZK 14,630 thousand were created, the net value of the given orders was CZK 4,889 thousand as of the Valuation Date. Provisions for these items were created in their entirety by 31 July 2020, and as of 31 July 2020, the net value of these inventories of unfinished work is zero. These inventories of unfinished work represent realistically identical items of inventories as unfinished work with zero net book value - only the completion of provisions was done in July 2020. Therefore, to the valuation date, they do not represent an asset value.

  - **Unfinished work flagged "profit-order concluded as of 31 July 2020"** - to these unfinished work items in the total gross book value of CZK -444 thousand, provisions in the amount of CZK 2 978 thousand were created, the net value of the given orders was CZK -3 422 thousand as of the Valuation Date. Provisions for these items were created in their entirety by 31 July 2020, and as of 31 July 2020, the net value of these inventories of unfinished work is zero. These inventories of unfinished work represent realistically identical items of inventories as unfinished work with zero net book value - only the completion of provisions was done in July 2020. Therefore, to the valuation date, they do not represent an asset value.

  - **Unfinished work flagged "will be concluded for 9/2020" and "orders partially concluded for 7/2020, will be concluded for 9/2020"** - to these unfinished work items in the total gross book value of CZK 1 513 thousand, no provisions were created as of the Valuation Date, and the net book value is thus equal to the gross value. Provisions for these items will be created in their entirety by 30 September 2020, and as of 30 September 2020, the net value of these inventories of unfinished work will be zero. These inventories of unfinished work represent realistically identical items of inventories as unfinished work with zero net book value - only the completion of provisions will be done in September 2020. Therefore, to the valuation date, they do not represent an asset value.

  - **Unfinished work registered with the customer BONATRANS, a.s.** - these orders represent concluded orders that were recorded in the item inventory, but were already physically completed as of June 30, 2020 (in the item inventory, there are usually remnants of additional work on the order, which will then be recognized as expenses, however, physically/practically, the given item does not represent any inventory), invoiced and not derecognised. In the sum of gross book value, these concluded, invoiced but not derecognised orders represent not a positive balance, but a negative amount of CZK -2.8 million, which indicates items that will be recognized as expenses. To the valuation date, it does not represent an asset value.

  - **Unfinished work registered with the customer Gamesa Energy Transmission, S.A.U.** - unfinished work resulting from orders with Gamesa Energy Transmission, S.A.U. is reported in the total gross book value of CZK -1,021 thousand. No provision was created for

these orders as of the Valuation Date. In connection with orders for this customer, the Debtor invoiced a complaint on the carrier, Heavy Trans s.r.o. (due to damage to one shaft during transport, which was provided for the Debtor by Heavy Trans s.r.o.), at the same time, there should be a complaint submitted by VÍTKOVICE MACHINERY TRADE s.r.o., which acted as a supplier for the end customer (Gamesa Energy Transmission, SAU), when the Debtor acted as a carrier in these orders for the company VÍTKOVICE MACHINERY TRADE s.r.o. VÍTKOVICE MACHINERY TRADE has not yet claimed any damages and has not registered the claim in the Debtor's insolvency proceedings. According to the Debtor, this unfinished work does not represent property at fair value.

- **Unfinished work registered with the customer VÍTKOVICE HEAVY MACHINERY a.s.** - this unfinished work is reported in the total gross book value of CZK 15,854 thousand, and no provisions are created for it. These are mostly internal orders, orders created due to the Debtor's internal needs (usually for the production of spare parts for the Debtor's specific production equipment, tools or accessories for casting - rods for further processing, molds, tools, molding frames, etc.). The only item that, according to the Debtor's statement, has a certain fair property value is the order registered under number 20VI347002, called "scrap" in the gross book value of CZK 6,980 thousand as of the Valuation Date, which represents a part of the machine "Forging press 120 MN, item no. 611214" intended for scrapping (due to the absence of further use). Other items do not represent property at fair value.

- **SEMI-FINISHED PRODUCTS:**

  - **Ingots** – these items of semi-finished products are recorded in the gross book value of CZK 1,564 thousand as of the Valuation Date, with created provisions in the amount of CZK 1,343 thousand. Provisions were created due to the fact that the inventory was without turnover for more than a year. However, it is a marketable basic semi-finished product. The Expert considers that these items could be sold as scrap, depending on their weight. To the valuation date, it represents a certain asset value.

  - **4-pole shaft** – this item of semi-finished products is recorded in the gross book value of CZK 480 thousand CZK as of the Valuation Date, no provisions were created for it. The Expert has no further information on this item. To the valuation date, it represents a certain asset value.

5.6.2.2 VALUATION

The method and approach to the valuation of unfinished work and semi-finished products is different for each group specified above:

- **UNFINISHED WORK:**

  - **Unfinished work with zero net book value** – these inventories of unfinished work, for which a provision of 100% of their gross book value was created, do not represent fair property value, therefore, the Expert valued them at a coefficient of 0.0.

  - **Unfinished work flagged "order concluded as of 31 July 2020"** – these inventories of unfinished work, for which a provision of 100% of their gross book value was created to 31 July 2020, do not represent fair property value, therefore, the Expert valued them at a coefficient of 0.0.

  - **Unfinished work flagged "profit-order concluded as of 31 July 2020"** – these inventories of unfinished work, for which a provision of 100% of their gross book value was created to 31 July 2020, do not represent fair property value, therefore, the Expert valued them at a coefficient of 0.0.

  - **Unfinished work flagged "will be concluded for 9/2020" and "orders partially concluded for 7/2020, will be concluded for 9/2020"** – these inventories of unfinished work, for which a provision of 100% of their gross book value will be created in September

2020, do not represent fair property value, therefore, the Expert valued them at a coefficient of 0.0.

- **Unfinished work registered with the customer BONATRANS, a.s.** - these orders represent concluded orders which had already been physically completed and invoiced to the Valuation Date, but have not been derecognised. They do not represent physical inventory, only an accounting item. For this reason, the Expert evaluated them at a coefficient of 0.0.

- **Unfinished work registered with the customer Gamesa Energy Transmission, S.A.U.** - according to the Debtor's statement, this unfinished work does not represent a fair asset value, therefore, the Expert valued it at a coefficient of 0.0.

- **Unfinished work registered with the customer VÍTKOVICE HEAVY MACHINERY a.s.** - according to the Debtor's statement, only one item from the given unfinished work has a certain fair asset value, namely the item "scrap" in the gross book value of CZK 6,980 thousand. The expert valued this item on the basis of information about its weight (851.5 t), when considering the price for 1 kg of scrap at the level of CZK 5. The expert valued other internal inventories of unfinished work with a coefficient of 0.0.

- **SEMI-FINISHED PRODUCTS:**

  - **Ingots** – according to the Debtor, these semi-finished products can be sold on the market as scrap. With regard to the fact that semi-finished products represent the so-called precious scrap (pure metal with expensive admixtures), the price per 1 kg of scrap was set at the level of CZK 7 (the common price of scrap on the market is usually CZK 4.5-6.0/kg).

  - **4-pole shaft** - the Expert had no further information on this item, so he assessed it at the level of the estimated yield from its monetization by a coefficient of 0.20.

The valuation is performed equally for the situation of going concern and liquidation. The item inventory and valuation of unfinished work and semi-finished products is given in Annex No. 7.2.

5.6.3 PRODUCTS

Description and categorization
Within finished products, the Debtor records inventories in the total gross book value of CZK 12.9 million as of the Valuation Date. According to the Debtor's statement, the following products are registered within the inventory of finished products:

- Products that were created for certain specific customers who, for some reason, did not take the finished products. According to the Debtor's statement, these products are not marketable and are intended for scrapping. Provisions are created in the Debtor's accounting for these products up to the amount of the scrap value.
- Products which, according to the Debtor, do not represent any asset value.

Valuation
The method and approach to the valuation of finished products is different for both groups specified above:

- Products that were created for certain specific customers but who, for some reason, did not take the finished products, are not marketable according to the Debtor's statement and are intended for scrapping. The Expert therefore valued these products as scrap on the basis of information on the weight of the given products, when the Expert applied a price of CZK 5/kg.
- Products which, according to the Debtor, do not represent any asset value were assessed by the Expert at a coefficient of 0.0.

The item inventory and valuation of finished products is given in Appendix No. 7.3.

5.6.4 GOODS

Description and categorization
Within goods, the Debtor records inventories in the total gross book value of CZK 2.465 million as of the Valuation Date. The goods record products representing the basic metallurgical production marketable in the field (blocks and rods).

Valuation
Inventories of goods were valued as scrap, i.e. on the basis of information on the weight of the given inventories, when the Expert considered the price per 1 kg of scrap at the level of CZK 7. The valuation is performed equally for the situation of going concern and liquidation.

The item inventory and valuation of the goods is given in Appendix No. 7.4.

5.6.5 ADVANCES PAID FOR RESERVES

Advances provided for inventories were valued on the basis of information from the Debtor in relation to whether:

1. the material for the acquisition of which the Debtor provided advances, the Debtor already received the advances before the Valuation Date (and the advances provided for the material were not derecognised and linked to the final invoice as of the Valuation Date) and are therefore the material is recorded and valued in material inventories as of the Valuation Date, or
2. the material is to be received by the Debtor and, as of the Valuation Date, the material for the acquisition of which the Debtor provided advances is hence not recorded or assessed within the material inventories.

In the first case, the provided advances for inventories were valued at zero value, as these provided advances are already valued in the form of material purchased in connection with the provision of the given advances in Chapter *5.6.1 Material.* The valuation of these provided advances for inventories is the same as in the valuation under the assumption of Continuation of Activity and Termination of Activity.

In the second case, the advances provided for inventories are valued differently in the case of Continuation of Activity and Termination of Activity:

- in the case of valuation under the assumption of Continuation of Activity, the advances provided for inventories were valued at a coefficient of 0.90, which takes into account the fact that these are current advances and the risk that the said material will not be provided to the Company is, according to the Expert's opinion, very low. The only exception is the valuation of the advance provided to Acciaierie Bertoli Safau S.p.A. in the amount of CZK 151,102.66, which, according to the Debtor's statement, is difficult to enforce. In the case of this advance, in addition to the coefficient of 0.90, the Expert also applied a coefficient of 0.50, which takes into account the same probability (50%) of delivery and non-delivery of inventories.
- in the case of valuation under the assumption of Termination of Activity, advances provided for inventories were valued at a coefficient of 0.60, which takes into account the possible lower marketability of acquired material inventories (although these are advances for new material, its marketability in bankruptcy is degraded by insolvency situation). For the purposes of more accurate valuation, the Expert did not have a detailed material inventory for the acquisition of which the Debtor paid the advances, on the basis of which it would be possible to calculate more precisely for how much the material could be sold on the market. As in the case of valuation under the assumption of Continuation of Activity, the Expert valued the advance provided to Acciaierie Bertoli Safau S.p.A. in the amount of CZK 151,102.66, which he also valued taking into account the second coefficient of 0.50.

5.6.6 VALUATION SUMMARY

Item inventories with valuation, its inputs and results in the case of inventories owned by the Debtor are listed in individual annexes under Annex No. 7. A summary of the valuation and division of assets value into the value of Secured and Unsecured assets is shown in the following table:

VALUATION RESULT - RESERVES	VALUE AT CONTINUATION IN ACTIVITY (THOUSAND CZK)	VALUE AT TERMINATION OF ACTIVITY (THOUSAND CZK)
TOTAL	**42 439**	**35 050**
of which Secured assets	33 372	30 784
- of which pledged to the benefit of Gomanold, a.s. (1st pledgee on the list)	*13 007*	12 291
- of which pledged to the benefit of Bazcom, a.s. (1st pledgee on the list)	*20 366*	*18 493*
of which Unsecured assets	9 066	4 266

5.7 LONG-TERM RECEIVABLES

The long-term receivables are listed in the accounting records of the company to the date of valuation as follows:

ITEM / IN THOUSANDS CZK/	GROSS VALUE	ACCUMULATED DEPRECIATION	NET VALUE
Trade Receivables	34 068	4 105	29 963
Receivables - Other	31	0	31
Other Receivables	*31*	*0*	*31*

5.7.1 TRADE RECEIVABLES

Identification
As of the Valuation Date and as part of long-term trade receivables, the Debtor records receivables from two entities - Arbeitsgemeinschaft Maschinenbau and Thyssenkrupp Industrial Solutions:

- Receivables from Arbeitsgemeinschaft Maschinenbau in the total amount of EUR 1,185,500 represent lien receivables, which are due on August 30, 2021. According to the Debtor, these receivables are recoverable.
- Receivables from Thyssenkrupp Industrial Solutions in the total amount of EUR 134,185, due as of March 31, 2024. According to the Debtor, these receivables are irrecoverable and are the subject of litigation.

Valuation
Receivables from Arbeitsgemeinschaft Maschinenbau in the total amount of EUR 1,185,500 were valued by the Expert using two coefficients. One coefficient takes into account the fact that these are recoverable receivable that are still due. The Expert thus applied a coefficient of 0.97 (according to the table in Chapter *5.8.1 Trade receivables*). The second coefficient of 0.90 takes into account the fact that the receivables in question are due more than a year after the Valuation Date (as of August 30, 2021), i.e. the Expert took into account that he may receive the money later.

Receivables from Thyssenkrupp Industrial Solutions in the total amount of EUR 134 185 were also valued by the Expert using two coefficients. The first coefficient considers the fact that the receivables in question are subject of litigation. The Expert thus applies a coefficient of 0.5, as the outcome of the dispute cannot be predicted. The second coefficient of 0.7 takes into account the fact that even if it is decided in a legal dispute that the Debtor is entitled to payment of receivables, these receivables are due until March 31, 2024, i.e. the Company will not have available funds before 2024.

An overview of trade receivables valuations is included in Appendix No. 8.1.

5.7.2 OTHER RECEIVABLES

Identification
Within long-term other receivables, three receivables from three entities are recorded. These are receivables in respect of provided deposits/principals in connection with the lease of parking space, office space and an apartment. According to the Debtor, all these receivables are recoverable.

Valuation
With regard to the information on the recoverability of the receivables in question, the Expert valued these receivables by a coefficient of 0.95.

An overview of other receivables valuation is included in Appendix No. 8.3.

5.7.3 VALUATION SUMMARY

The item inventory of long-term receivables, calculation of valuation and the indication of valuation coefficients is given in Annex No. 8.

A summary of the valuation and division of assets value into the value of Secured and Unsecured assets is shown in the following table:

VALUATION RESULT – LONG-TERM RECEIVABLES	VALUE AT CONTINUATION IN ACTIVITY (THOUSAND CZK)	VALUE AT TERMINATION OF ACTIVITY (THOUSAND CZK)
TOTAL	**28 960**	**28 960**
of which Secured assets	28 930	28 930
- of which pledged to the benefit of Gomanold, a.s. (1st pledgee on the list)	*1 256*	*1 256*
- of which pledged to the benefit of Bazcom, a.s. (1st pledgee on the list)	*27 674*	*27 674*
of which Unsecured assets	30	30

5.8 SHORT-TERM RECEIVABLES

The short-term receivables are listed in the accounting records of the company to the date of valuation as follows:

ITEM /IN THOUSANDS CZK/	GROSS VALUE	ACCUMULATED DEPRECIATION	NET VALUE
Trade Receivables	281 909	202 174	79 735
Receivables - Other	140 150	112 814	27 336
Receivables from Partners	*16*	*0*	*16*
Short-term Prepayments	*9 866*	*1 099*	*8 767*
Estimated accounts active	*4 494*	*0*	*4 494*
Other Receivables	*125 774*	*111 715*	*14 059*

5.8.1 TRADE RECEIVABLES

As of the Valuation Date and as part of trade receivables, the Debtor reported the valuation of receivables in domestic and foreign currency. For the purposes of valuation, the Expert converted receivables in foreign currency into domestic currency, using the relevant exchange rate at the Valuation Date, i.e. 30.6.2020.

Items of short-term trade receivables identified by the Debtor as recoverable were revalued by the Expert using coefficients determined based on the time elapsed from the due date of receivables according to the following table (coefficients modify the nominal value of receivables; in the case of receivables overdue for more than 1 year, the Expert generally, except for the exceptions listed below, counts only on the average proceeds from bankruptcies in the Czech Republic, which, according to the experience of the Expert, is on average about 3.5% of the value of registered receivables):

PAST DUE	COEFFICIENT FOR DETERMINING MARKET VALUE
Still due	0.970
in 1 week	0.960
in 1 month	0.910
in 3 months	0.800
in 6 months	0.610
in 12 months	0.320
over 12 months, insolvency	0.035

Recoverable receivables which, according to the Debtor, had already been paid to the date of preparing this Expert opinion, were valued with a coefficient of 1.00.

Other trade receivables that the Debtor did not designate as recoverable were assessed by the Expert as follows:

- receivables past due for more than 3 years valued with a coefficient of 0.00,
- receivables marked as irrecoverable flagged as "bankruptcy" or "insolvency" were valued with a coefficient of 0.035, which represents the average yield from bankruptcies in the Czech Republic,
- credits without relevant positive receivables were valued with a coefficient of 0.00,
- negative accounting items (negative unassigned revenue, negative re-invoicing) - represent a liability, valued at a coefficient of 0.00, 0.00,
- receivable from Arbeitsgemeinschaft Maschinenbau, irrecoverable (long-term receivables from this company are recoverable, see chapter 5.7.1 *Trade receivables*) - by way of a complaint, valued at a coefficient of 0.00,
- receivables from Bar Source International, irrecoverable - by way of a complaint, valued at a coefficient of 0.00,
- receivables from Bharat Heavy Electricals Limited, irrecoverable - by way of late performance, valued at a coefficient of 0.00,
- receivable from Birlesik Metal & Isil Islem - this receivable is legally enforced by the Debtor, the outcome of the dispute cannot be anticipated, valued at a coefficient of 0.50,
- receivables from DOPFIN trade & cession s.r.o., irrecoverable - according to the Debtor, DOPFIN trade & cession s.r.o. was wound up, valued at coefficient 0.00,
- receivables from EXMONT-Energo a.s., irrecoverable - a pending legal dispute on these receivables, the outcome of the dispute cannot be anticipated, valued at a coefficient of 0.50,
- receivable from FKD Werkzeugmaschinen GmbH, irrecoverable - the Debtor submitted a reminder before a court action, there is a risk of a lack of assets of the debtor (FKD Werkzeugmaschinen GmbH) - preparation for legal enforcement, the outcome of the dispute cannot be anticipated, valued at a coefficient of 0.50,
- receivable from a natural person - non-entrepreneur, document no. 2499190150, irrecoverable - low amount, valued at a coefficient of 0.00,
- receivable from GLOBTRADE D.O.O., irrecoverable - by way of a complaint, low amount, valued at a coefficient of 0.00,
- receivable from Habas Sinai in Tibbi Gazlar, document no. 2499190323, irrecoverable - by way of a complaint, low amount, valued at a coefficient of 0.00,
- receivable from Hauffe & Müller GmbH, irrecoverable - by way of a complaint, relatively high amount, valued at a coefficient of 0.50,
- receivables from NOEN, a.s., irrecoverable - reorganization completed, receivables valued in connection with the reorganization plan, coefficient of 0.011[1],
- receivables from OFZ, a.s., irrecoverable - by way of late delivery, complaint, valued at a coefficient of 0.50,
- receivables from Oil and Gas System JSC, irrecoverable - by way of a complaint, valued at a coefficient of 0.50,
- receivables from OLKO-Maschinentechnik GmbH, irrecoverable - by way of late delivery, valued at coefficient 0.50,
- receivables from PEMAT TRADING s.r.o., difficult to recover - these receivables of the Debtor were from PEMAT TRADING s.r.o. unilaterally recognized, valued at a coefficient of 0.00,
- receivable from REALISTIC, a.s., irrecoverable - a pending legal dispute on these receivables, the outcome of the dispute cannot be anticipated, valued at a coefficient of 0.50,

[1] The reorganization plan states that unsecured creditors will be satisfied in the amount of 0.53-1.59%, the Expert applied the average amount.

- receivable from SAND-ROM Beer Roman, document No. 2499190348, irrecoverable (other receivables recoverable) - by way of arrears for the sale of fixed assets, almost 3 years overdue, valued at a coefficient of 0.00,
- receivables from SEH Engineering GmbH, difficult to recover - by way of late delivery, according to information from the Debtor, SEH Engineering GmbH will apply penalties against the Debtor for late delivery, which will probably even exceed the amount of the Debtor's receivables; mutual liabilities are likely to be subsequently set off, valued at a coefficient of 0.00,
- receivable from SERCOMET, S.L., document No. 2499190351, irrecoverable (other receivables represent capitalized receivables, see below) - by way of deduction for own purchase of welding material, relatively low amount, valued at a coefficient of 0.00,
- receivable from Siemens Gamesa Renewable, document no. 2499190398, irrecoverable (other receivables represent capitalized receivables, see below) - no further comment, low amount, valued at a coefficient of 0.00,
- receivable from The Institute of Mining Electrical, document no. 2499190397, irrecoverable (other receivables recoverable) - by way of late delivery, valued at coefficient of 0.50,
- receivables from Thyssenkrupp Industrial Solutions, irrecoverable (long-term receivables from this company are also irrecoverable, see chapter *5.7.1 Trade receivables*) - these receivables are subject to legal dispute, the outcome of the dispute cannot be anticipated, valued at coefficient of 0.50,
- receivables from VIRAT SPECIAL STEELS PVT. LTD., irrecoverable - according to the Debtor, there is a risk of legal dispute in India (lack of debtor's assets), the outcome of the dispute cannot be anticipated, valued at a coefficient of 0.50,
- receivables from VÍTKOVICE ENERGETICKÉ STROJÍRNY a.s., difficult to recover - according to the information from the Debtor, the financial health of VÍTKOVICE ENERGETICKÉ STROJÍRNY a.s. is endangered, as a consequence, the Debtor created provisions for these receivables in the amount of 50%, valued at a coefficient of 0.50,
- receivable from VÍTKOVICE NP a.s., irrecoverable - the debtor does not respond, relatively low amount, valued at a coefficient of 0.00,
- receivable from Vítkovické slévárny, spol. s r.o., irrecoverable - by way of a complaint, valued at a coefficient of 0.50,
- receivables from Voith Hydro Inc., document No. 2499190054 and document No. 2499190233, irrecoverable/difficult to recover - by way of a complaint, valued at a coefficient of 0.00.

Capitalized receivables

As part of trade receivables, the so-called "capitalized receivables" are also recorded. These are secured receivables that the Debtor has already collected but has not paid to the secured creditor. For this reason, the receivables were capitalized retroactively. However, in connection with these receivables, there is expectation of collection, which would represent income into the insolvent estate of the Debtor, as it has already occurred.

For all these capitalized receivables, the so-called "AR-non-attributed income as of 221017" was created in the Debtor's accounting, which balances the amount of capitalized receivables to zero, i.e. they are created in the same, but negative, amount. This was done to avoid overestimation of the Debtor's insolvent estate by receivables that have already been paid to the Debtor.

As part of trade receivables, the following activated receivables are recorded to the Valuation Date:

RECEIVABLE AGAINST THE DEBTOR	ACTIVATED AMOUNT (ORIGINAL CURRENCY)	ACTIVATED AMOUNT (DOMESTIC CURRENCY)	PLEDGEE
Eno energy systems GmbH	49 800 EUR	1 332 thous. CZK	VÍTKOVICE HAMMERING a.s. (originally Komerční banka, a.s.)
FRANCHINI ACCIAI S.p.A.	125 091 EUR	3 345 thous. CZK	Bazcom, a.s. (originally Česká spořitelna, a.s.)
SERCOMET, S.L.	765 608 EUR	20 472 thous. CZK	Bazcom, a.s. (originally Česká spořitelna, a.s.)
Siemens Gamesa Renewable	337 253 EUR	9 018 thous. CZK	Gomanold, a.s. (originally HSBC Bank plc)
UFC sarl	127 662 EUR	3 414 thous. CZK	Bazcom, a.s. (originally Česká spořitelna, a.s.)
Total	**1 405 413 EUR**	**37 581 thous. CZK**	

Capitalized receivables, given that they had already been actually settled before the Valuation Date, were valued by the Expert at a coefficient of 1.00. Similarly, the Expert also valued the items "AR- non-attributed income as of 221017" at a coefficient of 1.00, which are recorded in the same, but negative, amount as capitalized receivables.

An overview of trade receivables valuations is included in Appendix No. 8.1.

5.8.2 RECEIVABLES FROM PARTNERS

Receivables from partners represent a receivable from a partner ILD CZ, s.r.o. by way of "clearing of bank fees for 2017 to the partner ILD CZ, s.r.o. according to Appendix No. 1 to the agreement on the company VÍTKOVICE HEAVY MACHINERY / ILD cz from 17 March 2014 - December 2014".

According to the Debtor, this receivable is irrecoverable. For this reason, the Expert valued it at a coefficient of 0.035, which takes into account the very low probability of collection of the receivable.

5.8.3 SHORT-TERM PREPAYMENTS

Short-term advances provided consist of the following items:

- advances in the total amount of CZK 4.4 million provided to WALDRICH COBURG GmbH (advances for machine repairs),
- advances in the total amount of CZK 1.3 million provided to LAMMB systems s.r.o. (advances for the repair of the Feichter machine and the repair of the sliding surface of the supports),
- advances in the total amount of CZK 1.2 million provided to VÍTKOVICE REVMONT ENGINEERING a.s. (registered in insolvency proceedings),
- advances in the total amount of CZK 1.1 million provided to Walter Maschinenbau GmbH (advance payment for grinding machine repair),
- advances in the total amount of CZK 0.7 million provided to Liberty Ostrava a.s. (advances for thermal energy, potable, waste, preparation, utility and operational water),
- advances in the total amount of CZK 0.6 million provided to VÍTKOVICE IT SOLUTIONS a.s. (deposit for IT services, services, central printing, etc.),
- advances in the total amount of CZK 0.6 million provided to GUT CZ, s.r.o. (deposit for KHK 500 complete with dosing trough and for KHP 500),
- advances in the total amount of CZK 0.6 million provided to ITeuro, a.s. (advances for the provision of service support services, consulting work, training, etc.),
- advances in the total amount of CZK 0.4 million provided to VÍTKOVICE, a.s. (advances for the operation of the Egje 2/2020 and 6/2020 systems, operation of ID WARE 7/20 services, etc.),
- advances in the total amount of CZK 0.4 million provided to Witkowitz Mechanica, a.s. (advance payment for lathe repair),
- advances in the total amount of CZK 0.3 million provided to Lloyd's Register EMEA (advance payment for certification and service, order 200778),
- advances in the total amount of CZK 0.2 million provided to KIRK, spol. s r.o. (advance payment for the installation of blinds),
- advances in the total amount of CZK 0.1 million provided to HEAVYTRANS s.r.o. (advance payment for transport),
- advances in the total amount of CZK 0.1 million provided to ELVIN PRODEJ s.r.o. (advance payment for repair of 7pcs of grinders, etc.),
- advances in the total amount of CZK 0.6 million (in the total amount per beneficiary less than CZK 0.1 million).

The valuation of provided short-term advances differs in the case of valuation under the assumption of Continuation of Activity and Termination of Activity.

In the case of valuation under the assumption of the Debtor's Continuation in Activity, short-term advances were valued as follows:

- provided advances, which, according to the Debtor's statement, were already used as of the Valuation Date, were valued by the Expert at a coefficient of 0.0, as they no longer represent any value for the Company,
- provided advances, which, as of the Valuation Date, related to deliveries of goods or services that will be used by the Debtor after the Valuation Date, were valued by the Expert at a coefficient of 0.9,
- provided advances, which, according to the Debtor's statement, are still active, were valued by the Expert at a coefficient of 0.5, as it is not possible to predict whether the performance related to the provided advances will actually be used after the Valuation Date.

In the case of valuation under the assumption of the Debtor's Termination of Activity, all provided short-term advances were valued at a coefficient of 0.0, as they can either be considered already used or can be considered unnecessarily spent, as the full agreed price for the realization of certain orders will not be paid up. In any case, assuming the Debtor's Termination of Activity, the provided short-term advances do not represent the fair asset value to be monetized.

An overview of the valuation of short-term advances provided is included in Appendix No. 8.2.

5.8.4 ESTIMATED ACCOUNTS ACTIVE

Emission allowances used in production and emissions, i.e. emission allowances already used that do not represent any asset value (relevant liabilities are accounted against the active item - estimated accounts passive reflecting the estimated consumption of allowances). Valued at a coefficient of 0.00. 0.00.

5.8.5 OTHER RECEIVABLES

The valuation of individual items of other receivables was performed as follows:

- 335 employees incl. former ones - valued at coefficient 1.00,
- 335 payment cards - will be accounted for, i.e. evidenced by documents, does not represent asset value, valued at a coefficient of 0.00,
- 351 VÍTKOVICE POWER ENGINEERING a.s. - a company in bankruptcy, valued at a coefficient of 0.035, which represents the average yield of unsecured receivables in bankruptcy,
- 351 BAT Engineering a.s. - a company in bankruptcy, valued at a coefficient of 0.035, which represents the average yield of unsecured receivables in bankruptcy,
- 378 Feichter - CZ s.r.o., irrecoverable - the balance of the receivable from funds refund on the account of insolvency estate of the bankrupt Feichter - CZ s.r.o., bankruptcy 2010, valued at a coefficient of 0.00,
- 378 Allianz Slovenská poisťovňa, a.s. - principals for provided guarantees EUR, conditional - collateral term deposit (bonus retained by the guarantor for the period of its validity, return of the bonus conditioned by non-application of the bank guarantee by the beneficiary), future negotiations cannot be anticipated, valued at coefficient of 0.50,
- 378 VÍTKOVICE POWER ENGINEERING a.s. - receivable from a drawdown of Komerční banka from the guarantee of the Debtor for the claims of VÍTKOVICE POWER ENGINEERING, which is in bankruptcy. Valued at coefficient of 0.035,
- 378 VÍTKOVICE MECHANIKA a.s. - performance of Raiffeisenbank a.s. from bank guarantees issued from the Debtor's credit limit to suppliers VÍTKOVICE MECHANIKA a.s., G.M.S. and FASPAR. The company VÍTKOVICE MECHANIKA a.s. is in insolvency, the receivable is valued at a coefficient of 0,035,
- 378 Gomanold, a.s. - performance from the collateral of HSBC Bank plc - transfer of the Debtor's funds from the collateral of HSBC Bank plc in connection with the assignment of a secured claim of HSBC Bank plc to Gomanold, a.s. (transfer of the Debtor's funds held in HSBC Bank plc to the secured creditor, transfer of income from collected receivables pledged in favor of the secured creditor) - according to the Debtor's statement, it is a recoverable receivable, valued at a coefficient of 1.0,
- 378 innogy Energo, s.r.o. - principal from Appendix No. 1 to the CA to take CNG - according to the Debtor's statement, it is a recoverable receivable, valued at a coefficient of 0.95.

An overview of other receivables valuation is included in Appendix No. 8.3.

5.8.6 VALUATION SUMMARY

Item inventory of short-term receivables, calculation of valuation including indication of valuation coefficients and justification of their application is given in Annex No. 8.

A summary of the valuation and division of assets value into the value of Secured and Unsecured assets is shown in the following table:

VALUATION RESULT – SHORT-TERM RECEIVABLES	VALUE AT CONTINUATION IN ACTIVITY (THOUSAND CZK)	VALUE AT TERMINATION OF ACTIVITY (THOUSAND CZK)
TOTAL	**133 338**	**132 797**
of which Secured assets	93 838	93 838
- of which pledged to the benefit of Gomanold, a.s. (1st pledgee on the list)	55 816	55 816
- of which pledged to the benefit of Bazcom, a.s. (1st pledgee on the list)	*36 449*	*36 449*
- of which pledged to the benefit of VÍTKOVICE HAMMERING a.s. (1st pledgee on the list)	*1 573*	*1 573*
of which Unsecured assets	39 500	38 959

5.9 CASH

The cash is listed in the accounting records of the company to the date of valuation as follows:

ITEM /IN THOUSANDS CZK/	GROSS VALUE	ACCUMULATED DEPRECIATION	NET VALUE
Petty cash	6	0	6
Account cash	34 187	0	34 187

Due to their nature, these assets were valued at their nominal value.

A summary of the valuation and division of assets value into the value of Secured and Unsecured assets is shown in the following table:

VALUATION RESULT – CASH	VALUE AT CONTINUATION IN ACTIVITY (THOUSAND CZK)	VALUE AT TERMINATION OF ACTIVITY (THOUSAND CZK)
TOTAL	**34 193**	**34 193**
of which Secured assets	15 499	15 499
- of which pledged to the benefit of Gomanold, a.s. (1st pledgee on the list)	*3 852*	*3 852*
- of which pledged to the benefit of Bazcom, a.s. (1st pledgee on the list)	*8 740*	*8 740*
- of which pledged to the benefit of VÍTKOVICE HAMMERING a.s. (1st pledgee on the list)	*553*	*553*
- of which pledged to the benefit of E-INVEST, a.s. (1st pledgee on the list)	*2 354*	*2 354*
of which Unsecured assets	18 694	18 694

5.10 ACCRUED INCOME

The accrued income is listed in the accounting records of the company to the date of valuation as follows:

ITEM /IN THOUSANDS CZK/	GROSS VALUE	ACCUMULATED DEPRECIATION	NET VALUE
Deferred Expenses	5 124	0	5 124

Identification
Deferred expenses include accrued expenses that will be recognized in profit or loss in the future. These are mainly payments for the rental of licenses, real estate tax 2020, annual membership fees, payments for support, etc.

Valuation
Deferred Expenses were valued as follows:

- in the case of Continuation of activities, they were valued as future tax savings, i.e. 19% of the nominal value,
- in the case of Termination of activities, they were valued at zero, as they do not have liquidated assets value.

VALUATION RESULTS – ACCRUED INCOME	VALUE AT CONTINUATION IN ACTIVITY (THOUSAND CZK)	VALUE AT TERMINATION OF ACTIVITY (THOUSAND CZK)
TOTAL	**974**	**0**
of which Secured assets	0	0
of which Unsecured assets	974	0

Deferred expenses are considered by the Expert to be Unsecured assets, as none of the creditors has exercised any right to satisfaction from the security.

5.11 ASSET NOT RECORDED IN THE BALANCE SHEET

5.11.1 TANGIBLE SMALL MOVABLE ASSETS RECORDED IN THE OPERATIONAL RECORD (OFF-BALANCE SHEET)

Identification
In the inventory entitled Other tangible fixed assets in use, there are various types and kinds of assets. These are assets with an acquisition cost of up to CZK 40 thousand. The assets are classified into groups and contain a total of 13,995 items. The inventory includes office furniture and equipment, workshop furniture, shelves, office machinery, reprographic applications, communication technology such as telephones and radios. Furthermore, in the group of work and protective equipment, there are common work clothes and protective equipment up to specialized protective equipment. The large group includes work tools, electric work tools, aids and tools, clamping means. Vehicles, handling equipment, hooks, hoists, trolleys, wheels, scooters and wheelbarrows are included in handling technology. The measurement and measuring instruments group include detectors, pressure gauges, thermometers, testers, measuring tapes, micrometers, cavity gauges, gear gauges, perpendicularity gauges, etc. The next group includes iron goats, vibrating plates, faces, hobs, molding frames, washers, circuit, vibrating and forging plates and wagon washers.

The computer technology group includes laptops, personal computers, including peripherals and monitors (mostly beyond the limit of moral lifetime). Also USB disks, external hard disks, memory cards and WEB cameras. The next group includes electronics, including fax machines, chargers, copiers, printers, barcode scanners, telephone switchboards, telephones, cameras, etc.

Valuation
For the own valuation, the assets were classified into individual groups, for which the assets had the same features and utilization; the criteria were set for each group, for the own valuation of each asset item separately. The valuation is performed on cost-based method. The value of movable property is determined using the procedure according to Expert Standard No. VIII. A description of the valuation method is provided in Chapter *5.4.2.1 Movable property valuation methods.*

Utilization in groups is assessed according to criteria with assigned impact estimate on further use of assets in their current location and, next, marketability is assessed according to criteria with assigned impact estimate on sales (relative utilization, obsolescence, frequency of assets, ease of moving and assembly at another place, or installation, utilization of individual parts separately and for spare parts and the extreme case of liquidation - utilization for salable waste).

The valuation of the item inventory is given in Appendix No. 6.5.

VALUATION RESULT -TANGIBLE SMALL MOVABLE ASSETS RECORDED IN THE OPERATIONAL RECORD	VALUE AT CONTINUATION IN ACTIVITY (THOUSAND CZK)	VALUE AT TERMINATION OF ACTIVITY (THOUSAND CZK)
TOTAL	**11 881**	**8 479**
of which Secured assets	0	0
of which Unsecured assets	11 881	8 479

5.11.2 UTILITY MODELS AND PATENTS

5.11.2.1 IDENTIFICATION

The group of utility models and patents includes the following items:

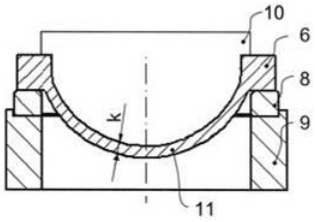
Utility models

Application no.:	2013-28899
Registration no.:	26739
Application date:	10.12.2013
Title:	Steel mold for casting heavy blacksmith polygonal ingots
Applicant/Owner:	VÍTKOVICE HEAVY MACHINERY a.s., Ruská 2887/101, 703 00 Ostrava - Vítkovice, CZ
Author:	Pavel Machovčák Ing., Ph.D., Frýdek - Místek, CZ Zdeněk Carbol Ing., Ostrava - Moravská Ostrava, CZ Aleš Opler Ing., Petřvald, CZ Roman Schaffer Ing., Opava - Předměstí, CZ
MPT:	B 22 D 7/06
Registration date:	07.04.2014
Date of publication of the registration:	16.04.2014
Status:	Valid document
Type:	PUV - national with an application for registration

Application no.:	2016-33241
Registration no.:	30360
Application date:	28.12.2016
Title:	A slab ingot mould for casting tool steels (EN: A slab ingot mould for casting tool steels)
Applicant/Owner:	VÍTKOVICE HEAVY MACHINERY a.s., Ruská 2887/101, 703 00 Ostrava, Vítkovice, CZ VSB - Technical University of Ostrava, 17. listopadu 2172/15, 708 00 Ostrava, Poruba, CZ
Author:	Petr Jonšta doc. Ing., Ph.D., Petřvald, CZ Zdeněk Carbol Ing., Ostrava - Poruba, CZ Michal Sušovský Ing., Frýdek-Místek, CZ Markéta Tkadlečková doc. Ing., Ph.D., Klimkovice, CZ Ladislav Socha doc. Ing., Ph.D., Bohumín, CZ Karel Gryc doc. Ing., CSc., Ostrava - Poruba, CZ Karel Michalek prof. Ing., CSc., Bystřice, CZ
Attorney:	Iva Rylková Ing., patent attorney, Polská 1525/12, 708 00 Ostrava, Poruba, CZ
MPT:	B 22 D 7/06
CPC:	B22D7/06
Registration date:	14.02.2017
Date of publication of the registration:	22.02.2017
Status:	Valid document
Type:	PUV - national with an application for registration

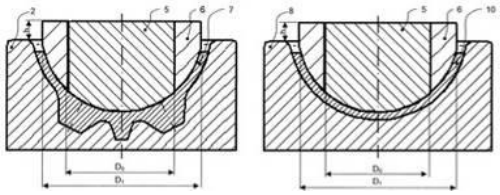
Patents

Application no.:	2011-891
Document no.:	306902
Application date:	28.12.2011
Title:	A method for the manufacture of a vessel bottom with a flange
Applicant/Owner:	VÍTKOVICE HEAVY MACHINERY a.s., Ruská 2887/101, 706 02 Ostrava - Vítkovice, CZ VSB - Technical University of Ostrava, ul. 17. listopadu 15/2172, 708 33 Ostrava - Poruba, CZ



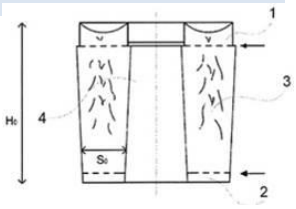
Application no.:	2011-891
Author:	Jiří Petržela Ing., Ph.D., Havířov - Životice, CZ Vladimír László Ing., Ph.D., 04414 Čaňa (Košice okolie), SK Tomáš Cechel Ing., Karviná Nové Město, CZ Miroslav Greger doc. Ing., CSc., Ostrava Poruba, CZ
	9. - fee paid
	License offer
MPT:	B 21 K 21/02, B 21 D 51/18, B 21 J 5/00, B 21 K 23/04, G 21 C 13/02, B 21 K 21/00
CPC:	B21K21/02, B21D51/18, B21J5/00, B21K23/04, G21C13/02, Y02E30/40, Y02E30/30
Date of publication of the registration:	10.07.2013
Date of award of the patent:	26.07.2017
Date of patent publication:	06.09.2017
Status:	Valid document
Type:	PV national with a patent award application
Annotation (EN):	A method for the manufacture of a vessel bottom with a flange includes the following steps: after heating of an ingot to a forming temperature, a preliminary forging (1) in shape of a circular plate having the height (H) and diameter (Ø) is made by free forging on a forging press; after the second heating to a forming temperature, the preliminary forging (1) is placed on a working plate (4) of a lower swage and the first male die (2) is pushed concentrically into the forging (1) to a depth necessary for the formation of a flattened segment (3); the flattened segment (3) is rotated by 180° and after its location on a machine tool a bellows (7) is formed by mechanical machining, which has in the centre a recess (X) and around the perimeter of the convex region (5) a recess (Y) having the radius (R); after heating, the bellows (7) is placed on a pre-prepared set of tools for the pressing via the convex part (5) upwards on a forming ring (8); the main male die (10) is pushed concentrically into the bellows (7) for pressing the bottom (11) by means of a reverse drawing, the bottom (11) being equipped with an external flange (6).

Application no.:	2011-892
Document no.:	306903
Application date:	28.12.2011
Title:	A method for the manufacture of a vessel bottom
Applicant/Owner:	VÍTKOVICE HEAVY MACHINERY a.s., Ruská 2887/101, 706 02 Ostrava - Vítkovice, CZ VSB - Technical University of Ostrava, ul. 17. listopadu 15/2172, 708 33 Ostrava - Poruba, CZ
Author:	Jiří Petržela Ing., Ph.D., Havířov - Životice, CZ Vladimír László Ing., Ph.D., 04414 Čaňa (Košice okolie), SK Tomáš Cechel Ing., Karviná Nové Město, CZ Miroslav Greger doc. Ing., CSc., Ostrava Poruba, CZ
	9. - fee paid
	License offer
MPT:	B 21 J 5/02, B 21 K 21/10, G 21 C 13/02, B 21 K 21/02, B 21 K 21/00
CPC:	B21J5/022, B21K21/10, G21C13/02, Y02E30/40, Y02E30/30
Date of publication of the registration:	10.07.2013
Date of award of the patent:	26.07.2017
Date of patent publication:	06.09.2017
Status:	Valid document
Type:	PV national with a patent award application
Annotation (EN):	A method for the manufacture of a vessel bottom includes the following steps: after heating to a forming temperature a starting semi-product (1) of the cylindrical shape is placed on the centre of the female die (2), through the pressure of a first female die (3) the preliminary forging (1) is upset to a depth (h) to ensure the wall thickness (b) of a flattened segment (4), after the second heating to a forming temperature the flattened segment (4) is placed back into the same female die (2), the first male die (3) is replaced by a second male die (5), through the pressure of the second male die (5) the flattened segment. (4) is upset to the depth (h), the second male die (5) is released from a press ram and left pushed into the flattened segment (4), a sleeve (6) is put on the second male die (5), the sleeve (6) is pushed to the depth (h) for the creation - in collaboration with the second male die (5) - the area of the vessel bottom.



Application no.:	2015-677
Document no.:	306461

Application no.:	2015-677
Application date:	30.09.2015
Title:	A method of producing forged rectangular boards made of hollow ingots
Applicant/Owner:	VSB - Technical University of Ostrava, 17. listopadu 15, 708 33 Ostrava Poruba, CZ VÍTKOVICE HEAVY MACHINERY a.s., Riská 2887/101, 703 00 Ostrava Vítkovice, CZ
Author:	Miroslav Greger doc. Ing., CSc., Ostrava - Poruba, CZ Jiří Petržela Ing., Ph.D., Havířov, CZ Vladimír László Ing., Ph.D., Ostrava Poruba, CZ
	6. - fee paid
Attorney:	INPARTNERS GROUP, Dušan Kendereški Ing., Koliště 13a, Brno, 60200, CZ
MPT:	C 21 D 7/13, C 21 D 8/02, B 21 J 5/00, B 21 J 5/08
CPC:	C21D7/13, C21D8/02, B21J5/00, B21J5/08
Date of publication of the registration:	01.02.2017
Date of award of the patent:	21.12.2016
Date of patent publication:	01.02.2017
Status:	Valid document
Type:	PV national with a patent award application
Annotation (EN):	A method of producing rectangular boards, in particular, large-scale ones consisting in being conducted by hot forging of hollow ingots, while the crop end cut out from the hollow ingot and the hollow ingot is forget on a mandrel to a hollow body with the required thickness of s1 of the wall corresponding to the thickness of s_3 of the rectangular board. The hollow body is then pressed in the radius direction. so that the walls of the original body in the direction of the compression touch each other, and then they are cut from both sides, e.g. with flame, thus acquiring two identical boards of a rectangular cross section having the thickness s_3.



Application no.:	2016-699
Document no.:	307142
Application date:	09.11.2016
Title:	A method of forging and heat treatment of forged pieces of circular plates made of stainless CrNi austenitic steels alloyed with niobium
Applicant/Owner:	VSB - Technical University of Ostrava, 17. listopadu 15/2172, 708 33 Ostrava, Poruba, CZ VÍTKOVICE HEAVY MACHINERY a.s., Ruská 2887/101, 703 00 Ostrava-Vítkovice, CZ
Author:	Miroslav Greger doc. Ing., CSc., Ostrava-Poruba, CZ Jiří Petržela Ing., Ph.D., Havířov, CZ Vladimír László Ing., Ph.D., Ostrava Poruba, CZ Miroslav Juhas Ing., Paskov, CZ Michal Sušovský Ing., Frýdek-Místek, CZ
	4. - fee paid
	License offer
MPT:	C 21 D 1/26, C 21 D 8/02, B 21 J 5/06, C 22 C 38/48
CPC:	C21D1/26, C21D8/0273, C21D6/004, B21J5/06, C22C38/48
Date of publication of the registration:	31.01.2018
Date of award of the patent:	20.12.2017
Date of patent publication:	31.01.2018
Status:	Valid document
Type:	PV national with a patent award application
Annotation (EN):	A method of forging and heat treatment of forged pieces of circular plates made of stainless CrNi austenitic steels alloyed with niobium, when the niobium content in the steel is eight times the weight percent of the carbon content, comprises these manufacturing steps: in the first stage, forging at a temperature from 1030 to 1070°C with the lowest degree of deformation in each operation of 25% is performed and, in the second stage, final forging of the circular plates is conducted at a maximum temperature from 1020 to 1040°C and the size of the applied deformation at the last forging operation is of at least 35%, whereupon the forged piece of the circular plate is controllably cooled by air to a temperature of about 400°C. This is followed by solution annealing during which the furnace is heated to a temperature of 880 to 920°C and the forged piece is charged in this furnace and heated to a solution temperature which is moving at a rate that is in the range of 30 to 65°C/h, wherein the length of heating the forged piece depends on its thickness, and the desired solution annealing temperature ranges from 1000 to 1040°C and lasts for 2 to 3 hours. Subsequently, the

Application no.:	2016-699
	forged piece of the circular plate is directly cooled in water to a temperature of about 150°C. With lower strength of the forged piece and its lower yield point, the production is complemented with precipitation annealing of the forged piece.

5.11.2.2 VALUATION

The valuation is performed according to the identification of possible further use for third parties.

Utility model application number 2013-28899, Steel mold for casting heavy blacksmith polygonal ingots describes and includes a solution that is currently used only by the Debtor, so far, there has been no interest from third parties in the use of the utility model. Utility model No. 2016-33241, A slab ingot mould for casting tool steels is carried out in cooperation with the VSB - Technical University of Ostrava. At present, it is used only by the Debtor for moulds P47N. However, there is potential for further possible use by third parties.

Patent Nos. 2011-891, 2011-892, specifically A method for the manufacture of a vessel bottom a flange and A method for the manufacture of a vessel bottom was carried out together with the VSB - Technical University of Ostrava. At present, it is used only by the Debtor. However, it can be assumed that it would be possible to use it mainly in the field of nuclear energy. Patent No. application 2015-677, A method of producing forged rectangular boards made of hollow ingots was carried out together with the VSB - Technical University of Ostrava. Predominantly due to energy performance, the proposed solution can be considered uninteresting for the market and practice. Patent No. 2016-699, A method of forging and heat treatment of forged pieces of circular plates made of stainless CrNi austenitic steels alloyed with niobium was carried out together with the VSB - Technical University of Ostrava and describes in particular the production process. In practice, it is very difficult to determine whether it has been implemented (misused) by a third party.

VALUATION RESULTS – UTILITY MODELS AND PATENTS	VALUE AT CONTINUATION IN ACTIVITY (THOUSAND CZK)	VALUE AT TERMINATION OF ACTIVITY (THOUSAND CZK)
TOTAL	**80**	**80**
of which Secured assets	0	0
of which Unsecured assets	80	80

5.11.3 HUMAN RESOURCES

Identification
The subject of the valuation is the professional knowledge, experience and skills of all employees of the Company who are still employed by the Company. Investor starting up in the relevant line of business would necessarily have to bear the costs of acquiring an equally qualified and efficient workforce.

The Expert received from the Debtor an overview of employment relations as of September 1, 2020, including data on the basic salary, monthly personal remuneration and gross salary of individual employees for May, June and July 2020. For valuation purposes, the Expert built on the current number of employees without taking into account those, who are on termination as of September 1, 2020. In case of Continuation of Activity, only these employees will be part of the Plant.

However, human resources have value only in case the Debtor continues its activity, not in the event of Termination of Activity.

Valuation
The amount of the valuation depends on:

- the structure of professions and the number of employees in individual positions of personnel structures
- the average cost of recruiting new staff for the relevant positions
- the average cost for training required for the employees to perform at 100% at the assigned position
- the amount of personnel costs incurred for individual positions.

The valuation procedure is given in Annex 9.

VALUATION RESULT – HUMAN RESOURCES	VALUE AT CONTINUATION IN ACTIVITY (THOUSAND CZK)	VALUE AT TERMINATION OF ACTIVITY (THOUSAND CZK)
TOTAL	**18 770**	**0**
of which Secured assets	0	0
of which Unsecured assets	18 770	0

The Expert considers Human Resources to be Unsecured Assets, as the right to satisfaction from securing cannot be exercised against this asset.

5.12 VALUATION RECAPITULATION

The Expert determined two levels of value:

- The value of the business factory determined at the level of the market value using the full substance value method under the assumption of Continuation of Activity,
- The value of the assets included in the insolvent estates under the assumption of Termination of Activity and sale of the individual items of assets.

Table No. 14 - Valuation result - Overall recapitulation

ITEM	VALUE AT CONTINUATION IN ACTIVITY (THOUSAND CZK)	VALUE AT TERMINATION OF ACTIVITY (THOUSAND CZK)
INTANGIBLE ASSETS	**83 278**	**67 448**
of which Secured assets	0	0
of which Unsecured assets	83 278	67 448
TANGIBLE ASSETS – REAL ESTATE	**352 663**	**352 663**
of which Secured assets	333 233	333 233
- of which pledged to the benefit of Gomanold, a.s. (1st pledgee on the list)	*184 670*	*184 670*
- of which pledged to the benefit of Bazcom, a.s. (1st pledgee on the list)	*2 525*	*2 525*
- of which pledged to the benefit of VÍTKOVICE HAMMERING a.s. (1st pledgee on the list)	*100 489*	*100 489*
- of which pledged to the benefit of E-INVEST, a.s. (1st pledgee on the list)	*6 348*	*6 348*
- of which pledged to the benefit of Gomanold, a.s. + VÍTKOVICE a.s. (1st pledgee on the list)	*35 822*	*35 822*
- of which pledged to the benefit of Gomanold, a.s. + VÍTKOVICE a.s. (2nd pledgee on the list, there is no first pledgee before him)	*3 379*	*3 379*
- of which pledged to the benefit of Gomanold, a.s. (2nd pledgee on the list)	*85 012*	*85 012*
- of which pledged to the benefit of VÍTKOVICE HAMMERING a.s. (2nd pledgee on the list)	*8 626*	*8 626*
- of which pledged to the benefit of Gomanold, a.s. + VÍTKOVICE a.s. (2nd pledgee on the list)	*61 309*	*61 309*
of which Unsecured assets	19 430	19 430
TANGIBLE ASSETS – MOVABLES	**572 292**	**487 367**
of which Secured assets	541 191	464 088

ITEM	VALUE AT CONTINUATION IN ACTIVITY (THOUSAND CZK)	VALUE AT TERMINATION OF ACTIVITY (THOUSAND CZK)
- of which pledged to the benefit of Gomanold, a.s. (1st pledgee on the list)	*165 468*	*135 931*
- of which pledged to the benefit of Bazcom, a.s. (1st pledgee on the list)	*13 646*	*11 860*
- of which pledged to the benefit of VÍTKOVICE HAMMERING a.s. (1st pledgee on the list)	*94 924*	*85 521*
- of which pledged to the benefit of E-INVEST, a.s. (1st pledgee on the list)	64 886	*56 801*
- of which pledged to the benefit of Gomanold, a.s. + VÍTKOVICE a.s. (1st pledgee on the list)	*174 641*	*149 663*
- of which pledged to the benefit of VTK Projekt MECHANIKA s.r.o. + VÍTKOVICE a.s. (1st pledgee on the list)	*27 625*	*24 311*
- of which pledged to the benefit of Gomanold, a.s. (2nd pledgee on the list)	*65 070*	56 949
- of which pledged to the benefit of VÍTKOVICE HAMMERING a.s. (2nd pledgee on the list)	*39 816*	*30 236*
- of which pledged to the benefit of VTK Projekt MECHANIKA s.r.o. + VÍTKOVICE a.s. + VÍTKOVICE HAMMERING a.s. (2nd pledgee on the list)	*2 576*	*2 156*
of which Unsecured assets	31 101	23 280
RESERVES	**42 439**	**35 050**
of which Secured assets	33 372	30 784
- of which pledged to the benefit of Gomanold, a.s. (1st pledgee on the list)	*13 007*	12 291
- of which pledged to the benefit of Bazcom, a.s. (1st pledgee on the list)	*20 366*	*18 493*
of which Unsecured assets	9 066	4 266
LONG-TERM RECEIVABLES	**28 960**	**28 960**
of which Secured assets	28 930	28 930
- of which pledged to the benefit of Gomanold, a.s. (1st pledgee on the list)	*1 256*	*1 256*
- of which pledged to the benefit of Bazcom, a.s. (1st pledgee on the list)	*27 674*	*27 674*
of which Unsecured assets	30	30
SHORT-TERM RECEIVABLES	**133 338**	**132 797**
of which Secured assets	93 838	93 838
- of which pledged to the benefit of Gomanold, a.s. (1st pledgee on the list)	55 816	55 816
- of which pledged to the benefit of Bazcom, a.s. (1st pledgee on the list)	*36 449*	*36 449*
- of which pledged to the benefit of VÍTKOVICE HAMMERING a.s. (1st pledgee on the list)	*1 573*	*1 573*
of which Unsecured assets	39 500	38 959
CASH	**34 193**	**34 193**
of which Secured assets	15 499	15 499
- of which pledged to the benefit of Gomanold, a.s. (1st pledgee on the list)	*3 852*	*3 852*
- of which pledged to the benefit of Bazcom, a.s. (1st pledgee on the list)	*8 740*	*8 740*

ITEM	VALUE AT CONTINUATION IN ACTIVITY (THOUSAND CZK)	VALUE AT TERMINATION OF ACTIVITY (THOUSAND CZK)
- of which pledged to the benefit of VÍTKOVICE HAMMERING a.s. (1st pledgee on the list)	*553*	*553*
- of which pledged to the benefit of E-INVEST, a.s. (1st pledgee on the list)	*2 354*	*2 354*
of which Unsecured assets	18 694	18 694
DEFERRED EXPENSES	**974**	**0**
of which Secured assets	0	0
of which Unsecured assets	974	0
TANGIBLE SMALL MOVABLE ASSETS RECORDED IN THE OPERATIONAL RECORD (OFF-BALANCE SHEET)	**11 881**	**8 479**
of which Secured assets	0	0
of which Unsecured assets	11 881	8 479
UTILITY MODELS AND PATENTS	**80**	**80**
of which Secured assets	0	0
of which Unsecured assets	80	80
HUMAN RESOURCES	**18 770**	**0**
of which Secured assets	0	0
of which Unsecured assets	18 770	0
TOTAL ASSETS	**1 278 867**	**1 147 037**
of which Secured assets	**1 046 064**	**966 372**
- of which pledged to the benefit of Gomanold, a.s. (1st pledgee on the list)	424 068	393 815
- of which pledged to the benefit of Bazcom, a.s. (1st pledgee on the list)	109 400	105 742
- of which pledged to the benefit of VÍTKOVICE HAMMERING a.s. (1st pledgee on the list)	197 540	188 137
- of which pledged to the benefit of E-INVEST, a.s. (1st pledgee on the list)	73 589	65 504
- of which pledged to the benefit of Gomanold, a.s. + VÍTKOVICE a.s. (1st pledgee on the list)	213 842	188 864
- of which pledged to the benefit of VTK Projekt MECHANIKA s.r.o. + VÍTKOVICE a.s. (1st pledgee on the list)	27 625	24 311
of which Unsecured assets	**232 802**	**180 664**

The valuation summary is given in Annex 10.

6 CONCLUSION OF THE OPINION - VALUATION RESULTS

6.1 RESULT VALUE OF DEBTOR'S PLANT – CONTINUATION IN ACTIVITY

RESULTING MARKET VALUE OF THE COMPANY'S PLANT

VÍTKOVICE HEAVY MACHINERY A.S.

CORRESPONDS TO THE VALUATION DATE 17 JULY 2020

TO THE AMOUNT OF 1 278 867 THOUS. CZK

IN WORDS: ONE BILLION TWO HUNDRED AND SEVENTY-EIGHT MILLION EIGHT HUNDRED AND SIXTY-SEVEN THOUSAND CZECH CROWNS

OUT OF WHICH
1 046 064 THOUS. CZK IS SECURED ASSETS
232 802 THOUS. CZK IS UNSECURED ASSETS

The resulting value of the Plant is determined as the sum of the valuation of all the Debtor's assets that make up the Plant, provided that the Plant continues to operate and the individual assets interact in creating the value, not their sale.

Furthermore, in accordance with the assignment of the expert task, the Expert also quantified the final value of the Plant as a summary of the valuation of all Debtor's assets that make up the Plant, provided that the Plant continues to operate and the individual assets interact in creating the value, with the exception of bank account item.

RESULTING MARKET VALUE OF THE COMPANY'S PLANT

VÍTKOVICE HEAVY MACHINERY A.S.

WITHOUT INCLUDING THE VALUE OF DEBTOR'S BANK ACCOUNTS

CORRESPONDS TO THE VALUATION DATE 17 JULY 2020

TO THE AMOUNT OF 1 244 680 THOUS. CZK

IN WORDS: ONE BILLION TWO HUNDRED FORTY-FOUR MILLION SIX HUNDRED AND EIGHTY THOUSAND CZECH CROWNS

OUT OF WHICH
1 030 565 THOUS. CZK IS SECURED ASSETS
214 114 THOUS. CZK IS UNSECURED ASSETS

No liabilities are included in the value of the Plant, as it is a Plant sold out from the insolvent estates. If the Plant includes some liabilities of an operational nature during its sale (e.g. liabilities for employees in respect of the right to payment of wages for the last month worked, trade payables for the purchase of materials or services, etc.), then the resulting value must be reduce of the assumed liabilities, incurred up to the date of takeover.

6.2 RESULTING VALUE OF THE DEBTOR'S ASSETS - TERMINATION OF ACTIVITY

THE RESULTING MARKET VALUE OF THE ASSETS INCLUDED IN THE INSOLVENCY ESTATE OF

VÍTKOVICE HEAVY MACHINERY A.S.

CORRESPONDS TO THE VALUATION DATE 17 JULY 2020

TO THE AMOUNT OF 1 147 037 THOUS. CZK

IN WORDS: ONE BILLION ONE HUNDRED FORTY-SEVEN MILLION THIRTY-SEVEN THOUSAND CZECH CROWNS

OUT OF WHICH
966 372 THOUS. CZK IS SECURED ASSETS
180 664 THOUS. CZK IS UNSECURED ASSETS

The resulting value of the assets included in the Debtor's insolvent estates represents the amount for which all the assets and rights of the Debtor's company could most likely be monetized under the assumption of Termination of Activities and sale of the individual items of assets or sets of assets.

Furthermore, in accordance with the assignment of the expert task, the Expert also quantified the resulting value of assets included in the Debtor's insolvent estates, for which it could most likely be monetized under the assumption of Termination of Activities and sale of the individual items of assets or sets of assets, with the exception of bank account item.

THE RESULTING MARKET VALUE OF THE ASSETS INCLUDED IN THE INSOLVENCY ESTATE OF

VÍTKOVICE HEAVY MACHINERY A.S.

WITHOUT INCLUDING THE VALUE OF DEBTOR'S BANK ACCOUNTS

CORRESPONDS TO THE VALUATION DATE 17 JULY 2020

TO THE AMOUNT OF 1 112 850 THOUS. CZK

IN WORDS: ONE BILLION ONE HUNDRED AND TWELVE MILLION EIGHT HUNDRED AND FIFTY THOUSAND CZECH CROWNS

OUT OF WHICH
950 873 THOUS. CZK IS SECURED ASSETS
161 977 THOUS. CZK IS UNSECURED ASSETS

The Expert valued the asset value at the level of the usual price, or at the level of the market value of the asset for which the usual price could not be determined with regard to its definition and the nature of the valued asset.

ANNEXES - PART I

Annex No. 1 EXTRACT OF THE COMPANY FROM THE COMMERCIAL REGISTER

Annex No. 2 PHOTOCOPY OF THE RESOLUTION OF THE REGIONAL COURT IN OSTRAVA FILE NO. KSOS 37 INS 6664/2020-A-18 OF 19 MARCH 2020 AND FILE NO. KSOS 37 INS 6664/2020-B-86 OF 17 JULY 2020

Annex No. 3 PHOTOCOPIES OF THE COMPANY'S FINANCIAL STATEMENTS FOR THE YEARS 2016-2019 AND AS OF JUNE 30, 2020

- **Annex No. 3.1** PHOTOCOPIES OF THE COMPANY'S FINANCIAL STATEMENTS AS OF 31 DECEMBER 2016 (I.E. FOR 2016)
- **Annex No. 3.2** PHOTOCOPIES OF THE COMPANY'S FINANCIAL STATEMENTS AS OF 31 DECEMBER 2017 (I.E. FOR 2017)
- **Annex No. 3.3** PHOTOCOPIES OF THE COMPANY'S FINANCIAL STATEMENTS AS OF 31 DECEMBER 2018 (I.E. FOR 2018)
- **Annex No. 3.4** PHOTOCOPIES OF THE COMPANY'S FINANCIAL STATEMENTS AS OF 31 DECEMBER 2019 (I.E. FOR 2019)
- **Annex No. 3.5** PHOTOCOPIES OF THE COMPANY'S FINANCIAL STATEMENTS AS OF JUNE 30, 2020

Annex No. 4 DEBTOR'S TRIAL BALANCE - BALANCE SHEET PART, AS OF JUNE 30, 2020

Annex No. 5 VALUATION OF THE DEBTOR'S REAL ESTATE

- **Annex No. 5.1** RECAPITULATION OF THE RESULTING VALUES OF REAL ESTATE
- **Annex No. 5.2** REAL ESTATE OVERVIEWS ACCORDING TO ACCOUNTING RECORDS AND THEIR FINAL VALUES
  - **Annex No. 5.2.1** CONSTRUCTION OVERVIEWS ACCORDING TO ACCOUNTING RECORDS AND THEIR FINAL VALUES
  - **Annex No. 5.2.2** LAND OVERVIEWS ACCORDING TO ACCOUNTING RECORDS AND THEIR FINAL VALUES
- **Annex No. 5.3** VALUATION OF REAL ESTATE IN THE CADASTRAL AREA VÍTKOVICE AND ZÁBŘEH - VŽ
  - **Annex No. 5.3.1** CONSTRUCTION VALUATION CALCULATIONS
  - **Annex No. 5.3.2** LAND VALUATION CALCULATIONS
  - **Annex No. 5.3.3** MARKET ANALYSIS - RENTS
  - **Annex No. 5.3.4** GENERAL MAP
  - **Annex No. 5.3.5** CADASTRAL MAP
  - **Annex No. 5.3.6** EXTRACTS FROM THE LAND REGISTER
  - **Annex No. 5.3.7** PHOTOGRAPHS
- **Annex No. 5.4** VALUATION OF REAL ESTATE IN THE CADASTRAL AREA KUNČICE NAD OSTRAVICÍ
  - **Annex No. 5.4.1** CONSTRUCTION VALUATION CALCULATIONS
  - **Annex No. 5.4.2** LAND VALUATION CALCULATIONS
  - **Annex No. 5.4.3** MARKET ANALYSIS - RENTS
  - **Annex No. 5.4.4** GENERAL MAP
  - **Annex No. 5.4.5** CADASTRAL MAP
  - **Annex No. 5.4.6** EXTRACT FROM THE LAND REGISTER
  - **Annex No. 5.4.7** PHOTOGRAPHS

Annex No. 6 INTANGIBLE ASSETS, TECHNOLOGY, MACHINERY AND OTHER MOVABLES - ITEM INVENTORIES AND VALUATIONS

- Annex No. 6.1 SOFTWARE AND OTHER VALUABLE RIGHTS, EMISSION ALLOWANCES

Annexed Nos. 1 to 5 are part of this Part I.

Annexes Nos. 6 to 10 are part of a separate Part II.

EXPERT CLAUSE

This expert opinion was prepared by EQUITA Consulting s.r.o. as an expert institute in accordance with the provisions of Section 21, Paragraph 3 of Act No. 36/1967 Coll. on Experts and Interpreters, and the provisions of Section 6, Paragraph 1 of its Implementing Decree No. 37/1967 Coll., as amended, registered by a decision of the Ministry of Justice of the Czech Republic of 23 July 2008, File no. 91/2008-od-zn/11 to the first section of the list of institutes qualified for expert activities in the field of economics with the scope of expert authorization of valuation of intangible assets, property and industrial rights, know-how, valuation of companies, business shares, business assets of companies, valuation of financial assets, including securities and their derivatives, valuation of real estate and buildings, valuation of movable property, valuation of receivables and payables, assessment and review of relationships, contracts, prices, due diligence and other facts under the Commercial Code, assessment and review of transfer prices of accounting records of economic and financial analysis, budgeting, calculation and in the field of construction with the scope of expert authorization of defects and failures of buildings.

The expert report is registered under the serial number r44262/20 of the expert diary and contains a total of 475 pages. The expert opinion is divided into two parts, which together form the complete expert opinion No. R44262/20, of which:

- Part No. I contains the text part of the expert opinion (110 pages), Annexes No. 1 to 5 (143 pages, of which 16 pages are printed in A3 format) and expert clause (1 page).
- Part No. II contains annexes to expert opinion No. 6 to 10 (221 pages, of which 3 pages are printed in A3 format and 96 pages are printed double-sided on 48 sheets).

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