

Dear clients and business partners,

NEXIA AP went through the first **approximately 40 days** after the departure of former D2 Division partners **Mr. Jakub Kovář, Mr. Rudolf Černý and Mr. Jiří Smělý** and other D2 Division employees from our company. In these approximately 40 days, we have made significant progress in taking over the D2 division's agenda and we responsibly aim to fulfill our previous assurances that we will fulfill all our contractual obligations in a stable, professional and quality manner, including those taken over after division D2.

- a) During October, we studied the file documentation and negotiated with clients on the completion of audit engagements in Division D2, which, unfortunately, the employees of Division D2 did not manage to complete by 30 September 2021. Our goal is to close these audit engagements by issuing an auditor's report without undue delay once all the prerequisites for its issuance have been met.
- b) We have addressed the clients of Division D2 and, in agreement with them, we are already beginning the pre-audit phase implemented by the new audit teams.
- c) We are performing an internal audit of the quality of audit activities for the previous audit season, we are working on the company's development strategy, which we would like to present no later than in January 2022, and the necessary staff reinforcement that this development and expected growth of NEXIA AP will require.
- d) We participate in new demand procedures for the performance of audit and non-audit services, which, taking into account the portfolio taken over by Division D2, we consider to be promising and economically efficient in terms of implementation at our responsible and demanding work standards.

Despite the departure of D2 employees and staffing, NEXIA AP remains a major reputable audit company that serves a number of extremely demanding audit clients and has a considerable amount of references from a number of specific areas. All partners of Division D1 represent persons with many years (some 20 – 25 years) of experience in the field of audit and consulting services and manage, organize and have long-term responsibility for auditing activities for such clients as the **Capital City of Prague, the Statutory City of Brno, Road and Motorway Directorate, Czech Railways, Forest of the Czech Republic, Czech Radio, Prague Public Transit Company, St. Anne's University Hospital Brno, University Hospital Bulovka etc.**

I would like to take this opportunity to thank very sincerely to:

- a) all our **Division D1 business partners** for showing support and trust in the complicated situation of significant personnel changes, misinformation and slander related to NEXIA AP, which are driven by an effort to disturb our clients and especially continuing clients of Division D2 to consider whether NEXIA AP is a stable and trustworthy partner for them,
- b) all **continuing clients of Division D2** who have responsibly and seriously given us open space to present new audit teams and honor us with their confidence in continuing our cooperation

despite the negative image created to undermine our readiness and ability to serve the continuing clients of Division D2,

- c) **all executive and administrative staff of NEXIA AP** for their support, loyalty, honesty, willingness and readiness to participate in the demanding process of taking over the agenda of Division D2 and to ensure the next audit season. In the complicated life situations, the real characters of people are manifested. As representatives of the management and majority shareholders of NEXIA AP, we value all our employees and we want to build the future of our company on them.

October 2021, when **Mr. Jakub Kovář** already became openly the majority owner of **AUDIT ONE, s.r.o.** and **TAX ONE, s.r.o.** (companies established in February 2021), objectively demonstrated that there was an intention to separate the clientele of the D2 Division into new companies controlled by Mr. Jakub Kovář without standard, transparent and legally correct steps and without paying the usual financial compensation to the remaining NEXIA AP shareholders as required by applicable regulations. Although our effort was to realize a transparent process of division of NEXIA AP, it is obvious that Mr. Jakub Kovář, Mr. Rudolf Černý and Mr. Jiří Smělý were not and are not interested in such a solution of their departure from NEXIA AP. This period clearly confirmed that the actions of Mr. Jakub Kovář, Mr. Rudolf Černý and Mr. Jiří Smělý are driven by the effort and intention to **destabilize NEXIA AP and damage its reputation** so that companies AUDIT ONE, s.r.o. and TAX ONE, s.r.o. could take over a significant volume of NEXIA AP's clientele so far managed by Division D2. Therefore, Mr. Jakub Kovář did not contract previously stable long-term contracts for NEXIA AP after the end of the previous audit season, although he was obliged to do so from the position of a member of the Board of Directors of NEXIA AP. Such conduct is unacceptable and inadmissible from the point of view of corporate law and auditing standards.

Already in September 2021, NEXIA AP faced a campaign that the company was not able to staff the performance of professionally high-quality audit services for the continuing clientele of Division D2. As soon as we proved that we have erudite and stable work capacities, and our negotiations with clients on the realization of the pre-audit phase with new teams began, further new efforts were made to damage NEXIA AP. These damaging efforts are **manifested mainly by the targeted dissemination of manipulative disinformation among our clients and our business partners that NEXIA AP does not meet, resp. in the spring of 2022 will not meet the conditions for the performance of auditing activities.** For this purposeful misinformation, we consider it necessary to present the following:

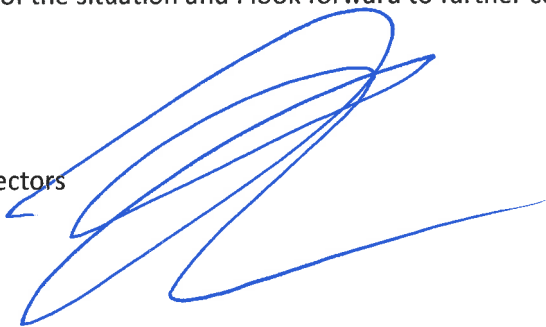
- a) **NEXIA AP currently meets all the requirements of binding auditing regulations for the performance of audit activities and our audit activity is not restricted by anything.**
- b) Binding auditing regulations require that **within 6 months from the end of September 2021**, the Board of Directors of NEXIA AP is supplemented with a statutory auditor and changes in the shareholder structure ensures the majority voting right of auditors:
- **We assure all current and future clients of NEXIA AP with full responsibility that NEXIA AP now meets and in spring of 2022 will continue to meet the conditions of the auditing regulations for the performance of auditing activities and issuing of auditor's report on the audit of financial reports.**
 - Although it is obviously an effort of Mr. Jakub Kovář and his colleagues Mr. Rudolf Černý and Mr. Jakub Smělý, who continue to be NEXIA AP shareholders, even though they are also partners of the competing audit company AUDIT ONE, s.r.o., which drags over the existing

NEXIA AP clientele in violation of auditing standards, to prevent changes in the shareholder structure of NEXIA AP, **the necessary changes in the bodies and shareholder structure of NEXIA AP will be duly and timely implemented.**

- c) If it is currently claimed by someone that NEXIA AP will not meet the requirements of binding auditing regulations for the performance of audit activities in the spring of 2022 and will not be able to issue an auditor's report, **they should formulate this serious allegation in writing and substantiate it with relevant arguments and supporting documents. If they fail to do so, they commit the crime of defamation, violate the principles of equal competition and cause significant damage to NEXIA AP.** Our next steps, which we will keep informed about after their completion, will demonstrably refute these purposeful allegations.
- d) NEXIA AP and its majority shareholders approach the situation of complying with conditions of auditing regulations very responsibly. Although minority shareholders Mr. Jakub Kovář, Mr. Rudolf Černý make obstacles to achieving the necessary changes with the obvious goal of preventing these changes, their obstructive procedure only prolongs the achievement of target changes and at the same time demonstrates unfair intentions and goals of these persons, **which are unfortunately accompanied by cases of obvious and intentional financial damage to NEXIA AP and our other companies, which have been identified and are provable.** However, even an obstructive procedure, which is at least on the edge of the law, auditing standards and the auditor's code of ethics, **cannot prevent** the necessary changes in the staffing of the NEXIA AP bodies and the shareholder structure. All our procedures will be completely legitimate and legislatively comfortable.
- **About all gradual steps and changes that will be realized during November 2021 – January 2022, will be our clients informed after their completion via this website.**

Thank you for understanding of the situation and I look forward to further cooperation.

Valdemar Linek
Chairman of the Board of Directors
NEXIA AP a.s.



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