ASSECO CENTRAL EUROPE GROUP

CONSOLIDATED FINANCIAL STATEMENTS
INCLUDING INDEPENDENT AUDITORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS ADOPTED BY THE EUROPEAN UNION

BRATISLAVA, 15 MARCH 2023

Consolidated financial statements of Asseco Central Europe Group
for the year ended 31 December 2022

Contents

These consolidated financial statements for the year ended 31 December 2022 were prepared on 15 March 2023 and approved by the Board of Directors of Asseco Central Europe, a.s. on the same date.

Board of Directors:

RNDr. Jozef Klein	Chairman of the Board of Directors	
Ing. Peter Lakata	Member of the Board of Directors	
Ing. Branislav Tkáčik	Member of the Board of Directors	

Bratislava, 15 March 2023

Consolidated statement of profit and loss and other comprehensive income

Asseco Central Europe Group

PROFIT AND LOSS ACCOUNT	Note	12 months ended 31 December 2022	12 months ended 31 December 2021
Sales revenues	5.1	337,155	338 063
Cost of sales	5.2	(244,802)	(240 142)
Gross profit on sales		**92,353**	**97,921**
Selling expenses	5.2	(20,808)	(20,273)
General administrative expenses	5.2	(30,206)	(29,171)
Net profit on sales		**41,339**	**48,477**
Other operating income	5.3	2,141	391
Other operating expenses	5.3	(379)	(448)
Operating profit		**43,101**	**48,420**
Financial income	5.4	609	916
Financial expenses	5.4	(2,494)	(1,755)
Profit before tax and share in profits of associated companies		**41,216**	**47,581**
Corporate income tax (current and deferred portions)	5.5	(7,879)	(9,030)
Share in profits of associates	6.6	550	338
Net profit for the period		**33,887**	**38,889**
Attributable to:			
Shareholders of the Parent Company		**14,555**	**19,896**
Non-controlling interest		19,332	18,993
Basic / diluted consolidated earnings per share attributable to Shareholders of Asseco Central Europe, a.s. (in EUR):	5.6	0.68	0.93

OTHER COMPREHENSIVE INCOME		
Net profit for the period	**33,887**	**38,889**
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	(561)	1,492
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:		
Actuarial gain/ losses	174	212
Income tax on items taken directly to equity	(34)	(41)
Total other comprehensive income, attributable to:	**(421)**	**1,663**
Shareholders of the Parent Company	**83**	**1,526**
Non-controlling interests	(504)	137
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD attributable to:	**33,466**	**40,552**
Shareholders of the Parent Company	**14,638**	**21,422**
Non-controlling interests	18,828	19,130

(in EUR thousand)

Consolidated statement of financial position

Asseco Central Europe Group

ASSETS	Note	31 December 2022	31 December 2021
Non-current assets		**215,815**	**215,890**
Property, plant and equipment	6.1	37,031	17,116
Intangible assets	6.2	22,306	19,316
Right-to-use assets	6.3	22,714	39,695
Goodwill	6.4	123,987	123,636
Investments in associates	6.6	3,308	4,974
Trade and other receivables	6.11	1,258	619
Deferred income tax assets	5.5	4,244	6,631
Other non-financial assets		43	2
Other financial assets	6.8	366	3,115
Prepayments	6.9	558	786
Current assets		**146,747**	**146,559**
Inventories	6.10	5,242	3,008
Prepayments	6.9	9,400	5,783
Trade receivables	6.11	53,901	50,157
Contract assets	6.11	28,745	27,226
Tax receivable	6.11	726	1,007
Receivables from state and local budget	6.11	1,609	43
Other receivables	6.11	698	1,475
Other non-financial assets	6.9	1,125	1,079
Other financial assets	6.8	1,111	1,806
Cash and short-term deposits	6.12	44,190	54,975
Non-current assets held for sale	6.13	4,784	-
TOTAL ASSETS		**367,346**	**362,449**

(in EUR thousand)

Consolidated statement of financial position

Asseco Central Europe Group

SHAREHOLDERS' EQUITY AND LIABILITIES	Note	31 December 2022	31 December 2021
Shareholders' equity (attributable to Shareholders of the Parent Company)		**123,742**	**120,891**
Share capital	6.14	709	709
Share premium	6.14	74,901	74,901
Treasury shares	6.14	(1,371)	-
Non-controlling interest transactions		(17,034)	(16,979)
Exchange differences on translation of foreign operations		(6,330)	(6,381)
Retained earnings		72,867	68,641
Non-controlling interest		**92,652**	**88,807**
Total shareholders' equity		**216,394**	**209,698**
Non-current liabilities		**45,285**	**51,453**
Bank loans, other loans and debt securities	6.15	21,631	5,533
Lease liabilities	6.17	18,514	34,777
Other financial liabilities	6.16	1,022	1,282
Deferred tax liability	5.5	1,412	5,420
Provisions	6.20	606	991
Deferred income	6.21	1,149	2,495
Contract liabilities	6.19	556	749
Other liabilities	6.18	395	206
Current liabilities		**105,667**	**101,298**
Bank loans, other loans and debt securities	6.15	15,538	11,852
Lease liabilities	6.17	5,552	6,081
Other financial liabilities	6.16	4,287	3,175
Trade payables	6.18	24,813	33,239
Contract liabilities	6.19	21,223	15,540
Tax payable	6.18	2,855	3,097
Liabilities to state and local budget	6.18	12,533	12,229
Other liabilities	6.18	6,101	4,695
Provisions	6.20	1,025	841
Deferred income	6.21	104	180
Accrued expenses	6.21	11,636	10,369
Total Liabilities		**150,952**	**152,751**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**367,346**	**362,499**

(in EUR thousand)

Consolidated statement of changes in equity

Asseco Central Europe Group

	Note	Share capital	Share premium and treasury shares	Exchange differences on translation of foreign operations	Retained earnings	Shareholders' equity of the Parent Company	Non-controlling interests	Total shareholders' equity
As at 1 January 2022		**709**	**74,901**	**(6,381)**	**51,662**	**120,891**	**88,807**	**209,698**
Net profit for the period		-	-	-	14,555	**14,555**	19,332	**33,887**
Other comprehensive income		-	-	51	33	**83**	(505)	**(422)**
Total comprehensive income		**-**	**-**	**51**	**14,588**	**14,639**	**18,827**	**33,466**
Dividend for the year 2021	5.7	-	-	-	(10,253)	**(10,253)**	(16,000)	**(26,253)**
Purchase of own shares			(1,371)		-	**(1,371)**	-	**(1,371)**
Change of status from associate to joint operation		-	-	-	(109)	**(109)**	-	**(109)**
Increase in parent ownership		-	-	-	(1,778)	**(1,778)**	281	**(1,497)**
Decrease in parent ownership		-	-	-	1,723	**1,723**	737	**2,460**
As at 31 December 2022		**709**	**73,530**	**(6,330)**	**55,833**	**123,742**	**92,652**	**216,394**

	Note	Share capital	Share premium	Exchange differences on translation of foreign operations	Retained earnings	Shareholders' equity of the Parent Company	Non-controlling interests	Total shareholders' equity
As at 1 January 2021		**709**	**74,901**	**(7,867)**	**42,616**	**110,359**	**84,271**	**194,630**
Net profit for the period		-	-	-	19,896	**19,896**	18,993	**38,889**
Other comprehensive income		-	-	1,486	40	**1,526**	137	**1,663**
Total comprehensive income		**-**	**-**	**1,486**	**19,936**	**21,422**	**19,130**	**40,552**
Dividend for the year 2020	5.7	-	-	-	(9,185)	**(9,185)**	(14,214)	**(23,399)**
Settlement of put options over non-controlling interest		-	-	-	95	**95**	(95)	**-**
Increase in parent ownership		-	-	-	(1,800)	**(1,800)**	(285)	**(2,085)**
Loss of control		-	-	-	-	**-**	-	**-**
As at 31 December 2021		**709**	**74,901**	**(6,381)**	**51,662**	**120,891**	**88,807**	**209,698**

(in EUR thousand)

Consolidated statement of cash flows
Asseco Central Europe Group

	Note	12 months ended 31 December 2022	12 months ended 31 December 2021
Cash flows - operating activities			
Profit before tax and share in profits of associates		**41,216**	**47,581**
Total adjustments:		**5,813**	**16,236**
Depreciation and amortization		15,721	16,074
Changes in working capital	7.1	(11,428)	(999)
Interest income and expense		1,323	805
(Gain) / loss on foreign exchange differences		284	(211)
Gain (loss) on financial assets (valuation, disposal, etc.)		488	(3)
Other financial income (expenses)		(22)	116
Gain (loss) on disposal of property, plant and equipment and intangible assets		(1,664)	4
Impairment write-off of tangible and intangible assets		1,196	465
Gain (loss) on liquidation of tangible and intangible assets		5	16
Other adjustments to pre-tax profit		(90)	(31)
Net cash generated from operating activities		**47,029**	**63,817**
Corporate income tax paid		(10,835)	(9,485)
Net cash provided by (used in) operating activities		**36,194**	**54,332**
Cash flows - investing activities			
Inflows		**2,594**	**10,751**
Disposal of tangible fixed assets and intangible assets		232	302
Cash and cash equivalents in acquired subsidiaries	7.2	834	-
Disposal of shares in subsidiaries		580	608
Disposal/settlement of financial assets measured at fair value through profit or loss		-	3
Disposal of investments in other debt instruments measured at amortized cost		200	-
Loans collected		323	8,796
Interest received		24	21
Dividend received		401	363
Other cash inflows from investing activity		-	658
Outflows		**(21,477)**	**(12,480)**
Acquisition of tangible fixed assets and intangible assets	7.2	(9,836)	(5,128)
Expenditures related to research and development projects		(9,120)	(6,726)
Acquisition of subsidiaries and associates	7.2	(2,151)	(234)
Acquisition of financial assets measured at fair value through profit or loss		(219)	(29)
Acquisition of financial assets measured at fair value through other comprehensive income		(60)	(199)
Acquisition of investments in other debt instruments measured at amortized cost		-	-
Loans granted and term-deposits opened	7.2	(91)	(164)
Other cash outflows from investing activities		-	-
Net cash (used in) provided by investing activities		**(18,883)**	**(1,729)**

(in EUR thousand)

Consolidated statement of cash flows
Asseco Central Europe Group (continued)

	Note	12 months ended 31 December 2022	12 months ended 31 December 2021
Cash flows - financing activities			
Inflows		**11,455**	**4,248**
Proceeds from bank and other loans	7.3	11,291	4,248
Grants received for purchases of property, plant & equipment and/or development projects		164	-
Outflows		**(43,955)**	**(39,638)**
Acquisition of non-controlling interests		(60)	(2,085)
Purchase of own shares		(1,071)	
Repayments of bank and other loans	7.3	(10,405)	(8,579)
Repayment of finance lease liabilities	7.3	(7,026)	(7,381)
Interest paid	7.3	(1,220)	(869)
Dividends paid out to the shareholders of the Parent Company	7.3	(7,388)	(6,001)
Dividends paid out to non-controlling shareholders	7.3	(16,785)	(14,723)
Net cash (used in) provided by financing activities		**(32,500)**	**(35,390)**
Increase (decrease) in cash and cash equivalents		**(15,189)**	**17,213**
Net foreign exchange differences		84	767
Cash and cash equivalents as at 1 January	6.12	51,329	33,349
Cash and cash equivalents as at 31 December	6.12	**36,224**	**51,329**

(in EUR thousand)

Supplementary information and explanations of the consolidated financial statements

1. GENERAL INFORMATION

The Parent Company of the Asseco Central Europe Group ("the Group") is Asseco Central Europe, a. s. ("the Parent Company", "Company", "Asseco Central Europe (SK)") with its registered seat at Galvaniho 19045/19, 821 04 Bratisława, Slovakia. As at December 31st 2021, the registered seat of the Company was Trenčianska 56/A, 82109 Bratislava, Slovak Republic. Subsequently, the registered seat of the company was changed on the effective date of February 2nd 2022, and as of that date of preparation of these financial statements, the registered seat of the Company is Galvaniho 19045/19, 821 04 Bratislava - Ružinov district, Slovak Republic.

The Parent Company identification number (IČO) is 35760419 and its tax identification number (DIČ) is 2020254159.

The Company was established on 16 December 1998. The original name of the company ASSET Soft, a.s. was changed to Asseco Slovakia, a.s. in September 2005. On 28 April 2010, the Company again changed its name from Asseco Slovakia, a. s. to Asseco Central Europe, a.s. which was entered in the Commercial Register of the District Court Bratislava I in the Slovak Republic on the same day.

The Company's shares were listed on the main market of the Warsaw Stock Exchange from 10 October 2006. However, on 28 November 2016 the Extraordinary General Meeting of Shareholders of the Parent Company adopted resolutions to discontinue trading of the shares on the Warsaw Stock Exchange and to change them from bearer shares to paper registered shares (re-materialization of shares). As a consequence of these resolutions, it ceased to be a public joint stock company and became a private joint stock company under Slovak law. On 27 December 2016 the Parent Company filed the application to the Polish Financial Supervision Authority for consent to change the form of shares and the decision came into force on 22 May 2017.

The business profile of Asseco Central Europe, a. s. (SK) includes software and computer hardware consultancy, production of software and supply of software and hardware. Other companies of the Group conduct similar operations.

In addition to comprehensive IT services, the Group also sells goods including computer hardware. The sale of goods is largely connected with the provision of software implementation services.

The direct parent of Asseco Central Europe, a. s. (SK) is Asseco International, a.s. which in turn is a wholly-owned subsidiary of the ultimate parent of the Asseco Group i.e. Asseco Poland S.A. As at 31 December 2022, Asseco International, a.s. held a 91.33% stake in Asseco Central Europe, a.s. Asseco Poland S.A. with its registered seat at ul. Olchowa 14, 35-322 Rzeszów, Poland prepares consolidated financial statements of the Asseco Group which include Asseco Central Europe Group.

Asseco Central Europe, a.s. is not an unlimited liability partner in any company.

2. BASIS FOR PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.1. Basis for preparation

The consolidated financial statements of the Asseco Central Europe Group ("Group") have been prepared on a historical cost basis, except for financial assets valued at fair value through profit and loss account, financial assets valued at amortized cost, financial liablities valued at fair value through profit and loss account and financial liabilities valued at amortized cost.

The presentation currency of these consolidated financial statements is the euro (EUR), and all figures are presented in thousands of euros (EUR ’000), unless stated otherwise.

Consolidated financial statements have been prepared based on the assumption that the Group companies will continue as going concerns in the foreseeable future. As at the date of authorization of these consolidated financial statements, the Parent Company’s Board of Directors is not aware of any facts or circumstances that would indicate a threat to the continued activity of the Group entities.

2.2. Impact of war in Ukraine and COVID-19 pandemic on the Group’s business operations

As at the date of publication of these financial statements, based on the current analysis of risks and in particular those arising from the war in Ukraine as well as COVID-19 pandemic, the Management Board concluded that the Group’s ability to continue as a going concern over a period not shorter than 12 months from 31 December 2022 is not threatened.

The Company is monitoring the impact exerted by the political and economic situation in the territory of Ukraine as well as by the COVID-19 pandemic on the Company’s business operations, including on its financial position and financial performance in the future.

On 24 February 2022, the Russian invasion of Ukraine caused a radical change in the geopolitical situation of the entire region in which the Parent Company and other companies of our Group are located. ACE Group does not conduct any significant business operations in Russia, Belarus or in Ukraine, nor does it hold any cash in Russian banks.

The war in Ukraine had no direct impact on these financial statements. At the time of publication of these financial statements, the Group has not observed any significant impact of the current economic and political situation in Ukraine or the sanctions imposed on Russia on the Group’s operations. At the publication date, the situation is dynamic and therefore it is difficult to determine the long-term economic effects of the war in Ukraine and their impact on the overall macroeconomic situation, which indirectly affects the Group’s financial results.

On a global scale, the COVID-19 pandemic and the war in Ukraine translated into a less stable economic situation, rising inflation and higher interest rates. These changes have not yet exerted a direct impact on the Group’s financial performance, and the interest rate increases have not caused a significant increase in interest expenses as most of the Group’s debt is based on a fixed interest rate. For obvious reasons, the Group cannot exclude the possibility that in the long run an undoubtedly negative impact of the pandemic and the war on the overall economic situation in Slovakia and in the world may also have an adverse effect on the operations or financial results of the Group in the future.

2.3. Compliance statement

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by the EU (EU IFRS).

As at the date of approval of these financial statements for publication, given the ongoing process of implementation of IFRS standards in the EU and the nature of the Group’s operations, within the scope of accounting policies applied by the Group, there are no differences between IFRS and EU IFRS.

IFRS include standards and interpretations accepted by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC).

Some of the Group companies maintain their accounting books in accordance with the accounting policies set forth in their respective local regulations. The consolidated financial statements may include adjustments not disclosed in the accounting books of the Group’s entities, which were introduced to adjust the financial statements of those entities to IFRS.

2.4. Functional currency and presentation currency

The presentation currency of these consolidated financial statements is euro (EUR), and all figures are presented in thousands of euros (EUR ‘000), unless stated otherwise.

The functional currency applied by the Parent Company and, at the same time, the presentation currency used in these consolidated financial statements is euro (EUR). Functional currencies applied by our subsidiaries consolidated in these financial statements are the currencies of primary business environments in which they operate. For consolidation purposes, financial statements of our foreign subsidiaries are translated into EUR using the respective currency exchange rates as quoted by the European Central Bank (ECB) at the end of the reporting period in the case of the statement of financial position, or using the arithmetic average of such exchange rates as published by the ECB and effective on the last day of each month during the reporting period in the case of the statement of comprehensive income as well as the statement of cash flows. The effects of such conversion are recognized in equity as “Foreign exchange differences on translation of foreign operations”.

2.5. Professional judgments and estimates

Preparing consolidated financial statements in accordance with IFRS requires judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities accompanying disclosures, and the disclosure of contingent liabilities. Although the estimates and assumptions have been made based on the Group's management best knowledge of the current activities, the actual results may differ from those anticipated.

The explanatory notes present the main areas which were subject to accounting estimates and the management’s professional judgments in applying accounting policies, and which, if changed, could significantly affect the Group’s future results.

2.6. Changes in accounting principles applied and new standards and interpretations effective in the current period

The accounting principles (policy) adopted in the preparation of these consolidated financial statements are consistent with those applied in preparing the Group’s annual consolidated financial statements for the year ended 31 December 2021.

New standards or amendments to the International Financial Reporting Standards effective from 1 January 2022:

- Amendments to IAS 16 ‘Property, Plant and Equipment – Proceeds before Intended Use’;
- Amendments to IAS 37 ‘Onerous Contracts – Cost of Fulfilling a Contract’;
- Amendments to IFRS 3 ‘Business Combinations – Reference to the Conceptual Framework’; and
- Annual Improvements to IFRS Standards 2018-2020 – Amendments to IAS 41, IFRS 1 and IFRS 9 related primarily to removing inconsistencies and clarifying wording;

The new standards and amendments have no significant impact on the consolidated financial statements of the Group.

2.7. New standards and interpretations published but not yet in force

The following standards and interpretations were issued by the International Accounting Standards Board (IASB) and International Financial Reporting Interpretations Committee (IFRIC), but have not yet come into force:

- Amendments to IFRS 10 and IAS 28 ‘Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture’ (issued on 11 September 2014) – work for the endorsement of these amendments has been postponed by the EU – the effective date of these amendments has been deferred indefinitely by the IASB;
- IFRS 17 ‘Insurance Contracts’ (issued on 18 May 2017) including Amendments to IFRS 17 (issued on 25 June 2020) – effective for annual periods beginning on or after 1 January 2023;
- Amendments to IAS 1 ‘Presentation of Financial Statements – Classification of Liabilities as Current or Non-current’ and ‘Classification of Liabilities as Current or Non-current – Deferral of Effective Date’ (issued on

23 January 2020 and 15 July 2020, respectively) – not yet endorsed by the EU till the date of approval of these financial statements – effective for annual periods beginning on or after 1 January 2024;
- Amendments to IAS 1 and IFRS Practice Statement 2 'Disclosure of Accounting Policies' (issued on 12 February 2021) – effective for annual periods beginning on or after 1 January 2023;
- Amendments to IAS 8 'Definition of Accounting Estimates' (issued on 12 February 2021) – effective for annual periods beginning on or after 1 January 2023;
- Amendments to IAS 12 'Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction' (issued on 7 May 2021) – effective for annual periods beginning on or after 1 January 2023;
- Amendments to IFRS 16 - intended to improve the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction in IFRS 16 – effective for financial years beginning on or after 1 January 2024. The amendments have not yet been endorsed by the EU.

The specified effective dates have been provided by the International Accounting Standards Board. The actual dates of adopting these standards in the European Union may differ from those set forth in the standards and they shall be announced once they are approved for application by the European Union.

The Group did not decide on early adoption of any standard, interpretation or amendment which has been published but has not yet become effective.

The Group is currently conducting an analysis of how the amendments are going to impact its financial statements.

2.8. Corrections of material errors

In the reporting period, no events occurred that would require making corrections of any material misstatements.

2.9. Changes in the comparative data

There has been no change to the comparative data.

3. ORGANIZATION AND CHANGES IN STRUCTURE OF ASSECO CENTRAL EUROPE GROUP, INCLUDING INDICATION OF ENTITIES SUBJECT TO CONSOLIDATION

Significant accounting policies

Consolidation rules

The consolidated financial statements comprise the financial statements of the Parent Company as well as financial statements of its subsidiaries. Subsidiaries are all entities over which the Group has control. The control is achieved when the Group is exposed or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if, and only if, the Group has: (i)power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee); (ii) exposure or rights to variable returns from its involvement with the investee; (iii) the ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company, using consistent accounting policies. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognized in profit or loss. Any investment retained is recognized at fair value.

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Business combination under common control

A business combination under common control is a business combination in which all of the entities or businesses are ultimately controlled by the same party or parties both before and after the business combination and that control is not transitory. In particular, this will include transactions such as the transfer of subsidiaries or businesses between entities within the Group.

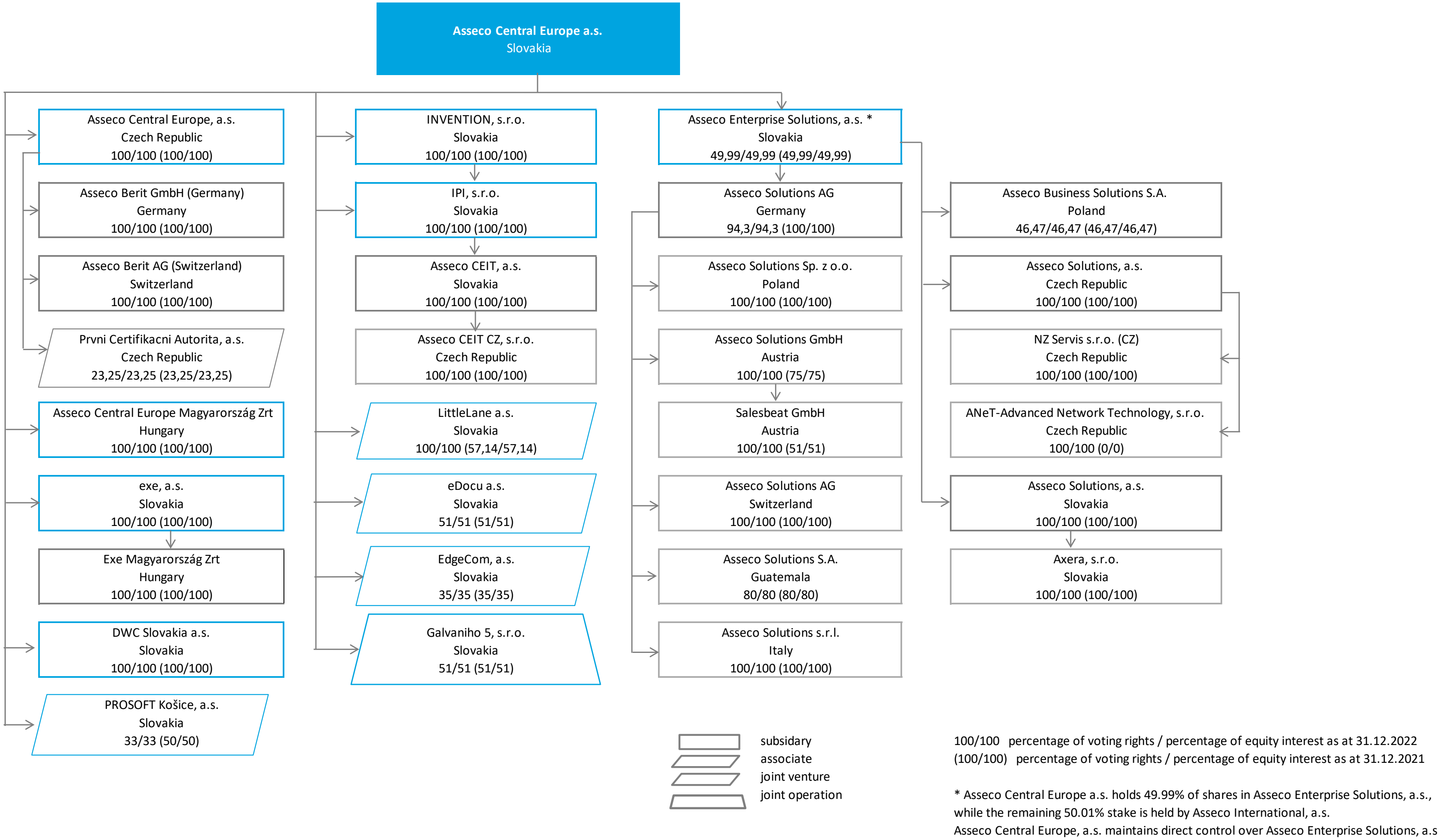
In the case of a business combination under common control, entities within the Group should apply the pooling of interest method with application of financial data from consolidated financial statements of the Parent entity.

The pooling of interest method is considered to involve the following:

(i) the assets and liabilities of the combining entities are reflected at their carrying amounts – i.e. no adjustments are made to reflect fair values or to recognize any new assets or liabilities, which would otherwise be done under the acquisition method; the only adjustments that are made are to harmonize accounting policies and eliminate inter-company balances;

(ii) no "new" goodwill is recognized as a result of the combination. The only goodwill that is recognized is any existing goodwill relating to either of the combining entities. Any difference between the consideration paid/transferred and the equity "acquired" is reflected within equity. Comparative data is not adjusted.

The table below presents the Group's structure along with its equity interests and voting interests held at the general meetings of shareholders/partners as at 31 December 2022 and in the comparative period:



In 2022 the following changes in the Group structure were observed:

Changes within the Asseco Central Europe group	Date of transaction	Percentage of voting rights after transaction	Impact on equity attributable to shareholders of the Parent Company (in EUR thousand)
Acquisition of shares in new companies **Detailed information on transactions is presented in explanatory note 6.4 to these consolidated financial statements.**			
Asseco Solutions, a.s. (Czech Republic) purchased 100% shares in ANeT - Advanced Network Technology s.r.o. seated in Czech Republic.	1 December 2022	100%	-
Change of shareholdings or change of status in companies			
On 1 January 2022 Group acquired joint control over Galvaniho, s.r.o. Galvaniho has changed its status from associate to joint operation.	1 January 2022	51%	(109)
Asseco Central Europe, a.s. (Slovakia) acquired 1,0% of own shares, as a result the percentage of voting rights held by Asseco International, a.s. in Asseco Central Europe, a.s. increased by 1,0%	23 May and 1 November 2022	92.25%	(1,371)
Asseco Solutions AG increased its equity interest in Asseco Solutions GmbH and terminated a put option agreement worth EUR 1 million that was granted to a non-controlling shareholder and concerned 25% of shares in Asseco Solutions GmbH	29 July 2022	100%	(1,621)
The above-mentioned transaction also resulted in a decrease of shareholding held by Asseco Enterprise Solutions a.s. in Asseco Solutions AG	29 July 2022	94.3%	1,621
Asseco Solutions GmbH purchased 49% shares in Salesbeat GmbH	23 December 2022	100%	(157)
Asseco Central Europe, a.s. (Slovakia) purchased 42,86% shares in LittleLane, a.s.	21 December 2022	100%	-
Merger of companies			
Merger of SCS Smart Connected Solutions GmbH with Asseco Solutions AG Germany acting as the taking-over company	18 August 2022	n/a	n/a
Sale of shares in companies			
Asseco Central Europe a.s. sold a 16.67% stake in the company Prosoft Kosice s.r.o. The selling price amounted to EUR 200 thousand.	9 February 2022	33.33%	(115)

4. INFORMATION ON OPERATING SEGMENTS

According to IFRS 8, an operating segment is a separable component of the Group's business for which separate financial information is available and whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance.

The Group identifies the following three operating segments:

Asseco Central Europe segment includes two major companies: Asseco Central Europe, a. s. (SK) and Asseco Central Europe, a. s. (CZ) and their local distribution branches in Germany and Switzerland: Asseco Berit GmbH (DE) and Asseco Berit AG (CH), as well as CEIT Group (SK and CZ), exe, a.s. and Galvaniho 5, s.r.o. Despite being different legal entities, both main companies have the identical Board of Directors and form one homogenous organisational and business structure with shared back-office departments. Performance of the segment is analyzed on a regular basis by its Board of Directors. These companies offer comprehensive IT, outsourcing and processing services as well as lease of office space intended for a broad range of clients operating in the sectors of financial institutions, general business and public administration.

Asseco Solutions segment includes ERP companies: Asseco Business Soutions S.A. (PL), Asseco Solutions, a. s. (SK), Asseco Solutions, a. s. (CZ), Asseco Solutions AG (DE), Asseco Solutions GmbH. (AT), Asseco Solutions AG (CH), Asseco Solutions S.A. (GT), Asseco Solutions s.r.l. (IT) and Axera s.r.o. Performance of this segment is analyzed on a regular basis by its Board of Directors. These companies offer ERP products and related services to a wide variety of clients operating in the sectors of financial institutions, general business and public administration.

CEIT segment includes companies: CEIT a.s., CEIT CZ s.r.o and CEIT IPI s.r.o. Performance of this segment is analyzed on a regular basis by its Board of Directors. These companies provide mainly products and services related to automatic guided vehicles (AGV) to customers from an automovite industry.

Other – this segment includes a Hungarian company Asseco Central Europe Magyarország Zrt. Performance of the company is periodically assessed by the Board of Directors of Asseco Central Europe, a. s. (SK). The company offers comprehensive IT services intended for a broad range of clients operating in the sectors of financial institutions, enterprises and public administration.

Revenues from none of Group's clients exceeded 10% of total sales generated by the Group in the period of 12 months ended 31 December 2022.

12 months ended 31 December 2022	Segment Asseco Central Europe	Segment Asseco Solutions	Segment CEIT	Segment Other	Eliminations	Total
Operating revenues:	**145,755**	**179,039**	**13,985**	**5,757**	**(7,381)**	**337,155**
Operating revenues from external customers	139,159	178,717	13,898	5,359	22	337,155
Inter/intra segment operating revenues	*6,596*	*322*	*87*	*398*	*(7,403)*	-
Operating profit (loss) of reporting segment	**8,739**	**35,698**	**14**	**(1,137)**	**(213)**	**43,101**
Interest income [1)]	117	373	11	2	(210)	**293**
Interest expenses [2)]	(661)	(688)	(170)	(143)	210	**(1,452)**
Corporate income tax	**(1,768)**	**(6,596)**	**313**	**172**	**-**	**(7,879)**
Non-cash items:						
Depreciation and amortization (as disclosed in the cash flow statement)	(3,984)	(10,503)	(585)	(801)	152	**(15,721)**
of which amortization of intangible assets recognized in purchase price allocation (PPA)	(244)	(148)	(145)	-	-	***(537)***
Impairment losses on segment assets	(105)	(743)	(111)	(29)	-	**(988)**
Share of profits of associates and joint ventures	550	-	-	-	-	**550**
Net profit (loss) of operating segment	**15,387**	**21,308**	**(422)**	**(1,160)**	**(1,226)**	**33,887**
Goodwill	**26,452**	**86,984**	**5,441**	**5,110**	**-**	**123,987**

[1)] Interest income on loans granted, debt securities, leases, trade receivables, and bank deposits
[2)] Interest expense on bank loans, borrowings, debt securities, leases, and trade payables

12 months ended 31 December 2021	Segment Asseco Central Europe	Segment Asseco Solutions	Segment CEIT	Segment Other	Eliminations	Total
Operating revenues:	**158,383**	**163,940**	**16,814**	**6,335**	**(7,409)**	**338,063**
Operating revenues from external customers	151,781	163,618	16,727	5,937	-	338,063
Inter/intra segment operating revenues	6,602	322	87	398	(7,409)	-
Operating profit (loss) of reporting segment	**12,871**	**34,877**	**844**	**104**	**(276)**	**48,420**
Interest income [1)]	98	130	5	1	(125)	**109**
Interest expenses [2)]	(570)	(588)	(127)	(53)	125	**(1,213)**
Corporate income tax	**(2,506)**	**(6,451)**	**5**	**(78)**	**-**	**(9,030)**
Non-cash items:						
Depreciation and amortization (as disclosed in the cash flow statement)	(4,578)	(10,299)	(749)	(581)	133	**(16,074)**
of which amortization of intangible assets recognized in purchase price allocation (PPA)	(239)	(144)	(281)	-	-	***(664)***
Impairment losses on segment assets	(39)	26	60	12	-	**59**
Share of profits of associates and joint ventures	338	-	-	-	-	**338**
Net profit (loss) of operating segment	**16 145**	**22 243**	**626**	**151**	**(276)**	**38,889**
Goodwill	**25,714**	**86,933**	**5,441**	**5,548**	**-**	**123,636**

[1)] Interest income on loans granted, debt securities, finance leases, trade receivables, and bank deposits
[2)] Interest expense on bank loans, borrowings, debt securities, finance leases, and trade payables

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5. NOTES TO THE CONSOLIDATED STATEMENT OF PROFIT AND LOSS

5.1. Operating revenues

Significant accounting policies

IFRS 15 came into force on 1st January 2018. IFRS 15 supersedes IAS 11 'Construction Contracts', IAS 18 'Revenue' and related interpretations and applies to all contracts with customers, except for those which are within the scope of other standards, in particular IFRS 16.

Significant accounting policies that were applied in a Group until 31st December 2017 are presented in point III of Supplementary Information and Explanation to the Consolidated Financial Statements for the year ended on 31st December 2017 that was published on 12 March 2018.

The new standard provides the so-called 'Five-Step Model' for recognition of revenues from contracts with customers. According to IFRS 15, revenues shall be recognized in an amount that reflects the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to customers.

The Group is engaged in the sale of licenses and broadly defined IT services, and distinguishes the following types of revenues:

- *revenues from the sale of own licenses and services,*
- *revenues from the sale of third-party licenses and services, and*
- *revenues from the sale of hardware.*

a) Sale of own licenses and services

The category of 'Own licenses and services' includes revenues from contracts with customers under which we supply our own software and/or provide related services.

- ***Comprehensive IT projects***

A large portion of those revenues is generated from the performance of comprehensive IT projects, whereby the Group is committed to provide the customer with a functional IT system. In those situations the customer can only benefit from a functional system, being the final product that is comprised of our own licenses and significant related services (for example, modifications or implementation). Under such contracts, the Group is virtually always required to provide the customer with comprehensive goods or services, including the supply of own licenses and/or own modification services and/or own implementation services. This means that the so-called comprehensive IT contracts most often result in a separate performance obligation that consists in providing the customer with a functional IT system. In the case of a performance obligation that involves the provision of a functional IT system, we closely examine the promise in granting a licence under each contract. Each license is analyzed for being distinct from other goods or services promised in the contract. As a general rule, the Group considers that a commitment to sell a license under such performance obligation does not satisfy the criteria of being distinct, because the transfer of the license is only part of a larger performance obligation, and services sold together with the license present such a significant value so that it is impossible to determine whether the license itself is a predominant obligation.

Revenues from a performance obligation to provide a functional IT system are recognized over time, during the period of its development. This is because, in accordance with IFRS 15, revenues may be recognized over time of transferring control of the supplied goods/services, as long as the entity's performance does not create an asset with an alternative use to the entity, and the entity has an enforceable right to payment for performance completed to date throughout the duration of the contract. In the Management's opinion, in the case of execution of comprehensive IT projects the provider cannot generate an asset with an alternative use because such systems together with the accompanying implementation services are "tailor-made". Concurrently, the analysis carried out so far showed that essentially all contracts concluded by the Group meet the criterion of ensuring an enforceable right to payment for performance completed throughout the duration of the contract. This means that revenues from comprehensive IT projects, which include the sale of own licenses and own services, shall be recognized according to the percentage of completion method (based on the costs incurred so far) over time of transferring control of the sold goods/services to the customer. Relatively small IT projects are a specific case where revenues may be recognized in the amount the entity is entitled to invoice, in accordance with a practical expedient permitted under IFRS 15.

- ***Sale of own licenses without significant related services***

In the event the sale of a own license is distinct from other significant modification of implementation services, and thereby it constitutes a separate performance obligation, the Group considers whether the promise in granting the licence is to provide the customer with either:

- ✓ *a right to access the entity's intellectual property in the form in which it exists throughout the licensing period; or*
- ✓ *a right to use the entity's intellectual property in the form in which it exists at the time of granting the license.*

The vast majority of licenses sold separately by the Group (thus representing a separate performance obligation) are intended to provide the customer with a right to use the intellectual property, which means revenues from the sale of such licenses are recognized at the point in time at which control of the licence is transferred to the customer. This is tantamount to stating that in the case of own licenses sold without significant related services, regardless of the licensing period, the arising revenues are recognized on a one-off basis at the point in time of transferring control of the licence. We have also identified instances of selling licenses the nature of which is to provide a right to access the intellectual *property. Those licenses are, as a rule, sold for a definite period. Up until 31 December 2017, in line with our accounting policy for licenses granted for a definite period, the arising revenues were recognized over time (throughout the licensing period). In accordance with IFRS 15, the Group now recognizes such revenues based on the determination whether the license provides the customer with a right to access or a right to use.*

- ***Maintenance services and warranties***

The category of 'Own licenses and services' also presents revenues from own maintenance services, including revenues from warranties. Our accounting policy regarding the recognition of revenues from maintenance services remained unchanged after the adoption of IFRS 15, because in the Management's opinion such services, in principle, constitute a separate performance obligation where the customer consumes the benefits of goods/services as they are delivered by the provider, as a consequence of which revenues are recognized over time during the service performance period.

In many cases, the Group also provides a warranty for goods and services sold. Based on the conducted analysis, we have ascertained that most warranties granted by the Group meet the definition of service, these are the so-called extended warranties the scope of which is broader than just an assurance to the customer that the product/service complies with agreed-upon specifications. The conclusion regarding the extended nature of a warranty is made whenever the Group contractually undertakes to repair any errors in the delivered software within a strictly specified time limit and/or when such warranty is more extensive than the minimum required by law. In the context of IFRS 15, the fact of granting an extended warranty indicates that the Group actually provides an additional service. In accordance with IFRS 15, this means the Group needs to recognize an extended warranty as a separate performance obligation and allocate a portion of the transaction price to such service. In all cases where an extended warranty is accompanied by a maintenance service, which is even a broader category than an extended warranty itself, revenues are recognized over time because the customer consumes the benefits of such service as it is performed by the provider. If this is the case, the Group continues to allocate a portion of the transaction price to such maintenance service. Likewise, in cases where a warranty service is provided after the project completion and is not accompanied by any maintenance service, then a portion of the transaction price and analogically recognition of a portion of contract revenues will have to be deferred until the warranty service is actually fulfilled. In the case of warranties the scope of which is limited to the statutory minimum, our accounting policy remained unchanged, meaning such future and contingent obligations will be covered by provisions for warranty repairs which, if materialized, will be charged as operating costs.

b) Sale of third-party licenses and services

The category of 'Third-party licenses and services' includes revenues from the sale of third-party licenses as well as from the provision of services which, due to technological or legal reasons, must be carried out by subcontractors (this applies to hardware and software maintenance and outsourcing services provided by their manufacturers). Revenues from the sale of third-party licenses are as a rule accounted for as sales of goods, which means that such revenues are recognized at the point in time at which control of the licence is transferred to the customer. Concurrently, revenues from third-party services, including primarily third-party maintenance services, are recognized over time when such services are provided to the customer. Whenever the Group is involved in the sale of third-party licenses or services, we consider whether the Group acts as a principal or an agent; however, in most cases the conclusion is that the Group is the main party required to satisfy a performance obligation and therefore the resulting revenues are recognized in the gross amount of consideration.

c) Sale of hardware

The category of the 'Sale of hardware' includes revenues from contracts with customers for the supply of infrastructure. In this category, revenues are recognized basically at the point in time at which control of the equipment is transferred. This does not apply only to situations where hardware is not delivered separately from services provided alongside, in which case the sale of hardware is part of a performance obligation involving the supply of a comprehensive infrastructure system. However, such comprehensive projects are a rare practice in the Group as the sale of hardware is predominantly performed on a distribution basis.

d) Variable consideration

In accordance with IFRS 15, if a contract consideration encompasses any amount that is variable, the Group shall estimate the amount of consideration to which it will be entitled in exchange for transferring promised goods or services to the customer, and shall include a portion or the whole amount of variable consideration in the transaction price but only to the extent that it is highly probable a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

The Group is party to a number of contracts which provide for penalties for non-performance or improper performance of contractual obligations. Any contractual penalties may therefore affect the consideration, which has been stated as a fixed amount in the contract, and make it subject to change due to such expected penalties. Therefore, stating from 1 January 2018, as part of estimating the amount of consideration receivable under a contract, the Group has estimated the expected amount of consideration while taking into account the probability of paying such contractual penalties as well as other factors that might potentially affect the consideration. This causes a reduction in revenues, and not an increase in the amount of provisions and relevant costs as it was until now. Apart from contractual penalties, there are no other significant factors that may affect the amount of consideration (such as rebates or discounts), but in the event they were identified, they would also affect the amount of revenues recognized by the Group.

e) Significant financing component

In determining the transaction price, the Group adjusts the promised amount of consideration for the effects of the time value of money if the timing of payments agreed to by the parties to the contract (either explicitly or implicitly) provides

the customer or the Group's company with a significant benefit of financing the transfer of goods or services to the customer. In those circumstances, the contract is deemed to contain a significant financing component.
The Group does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at the contract inception, that the period between when a promised good or service is transferred to the customer and when the customer pays for that good or service will be one year or less.
A contract with a customer does not contain a significant financing component if, among other factors, the difference between the promised consideration and the cash selling price of the good or service arises for reasons other than the provision of finance to the customer, and the difference between those amounts is proportional to the reason for the difference. This usually occurs when the contractual payment terms provide protection from the other party failing to adequately complete some or all of its obligations under the contract.

f) Costs of contracts with customers

The costs of obtaining a contract are those additional (incremental) costs incurred by the Group in order to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. The Group recognizes such costs as an asset if it expects to recover those costs. Such capitalized costs of obtaining a contract shall be amortized over a period when the Group satisfies the performance obligations arising from the contract.
As a practical expedient, the Group recognizes the incremental costs of obtaining a contract as an expense when incurred if the amortization period of the asset that the Group would have otherwise recognized is one year or less.
Costs to fulfil a contract are the costs incurred in fulfilling a contract with a customer. The Group recognizes such costs as an asset if they are not within the scope of another standard (for example, IAS 2 'Inventories', IAS 16 'Property, Plant and Equipment' or IAS 38 'Intangible Assets') and if those costs meet all of the following criteria: (i) the costs relate directly to a contract or to an anticipated contract with a customer, (ii) the costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future, and (iii) the costs are expected to be recovered.

g) Other practical expedients applied by the Group

When appropriate, the Group also applies a practical expedient permitted under IFRS 15 whereby if the Group has a right to consideration from a customer in an amount that corresponds directly with the value to the customer of the Group's performance completed to date (for example, a service contract in which an entity bills a fixed amount for each hour of service provided), the Group may recognize revenue in the amount it is entitled to invoice.
In line with the chosen approach for the implementation of IFRS 15, the Group also decided to use a practical expedient not to restate contracts in respect of all modifications that were approved before the beginning of the earliest period presented.

Revenues other than revenues from contracts with customers (not subject to IFRS 15) – Group as a lessor

Revenues other than revenues from contracts with customers are generated by the Group mainly from lease contracts whereby the Group's assets (mainly office space, storage space) are leased to customers for a fee. Revenues from such services are recognized in accordance with IFRS 16 (the Group acting as a lessor). The Group determines whether the concluded contract transfers substantially all the risks and rewards incidental to ownership of the leased asset to the customer, and consequently makes and appropriate classification of contracts as operating or finance leases.

Professional judgements and estimates

As it is disclosed in point 2.5 (i) Group satisfies performance obligations of which most relates to providing to customers functional IT systems that are measured basing on percentage of completion method. This method requires to estimate future operating cash flows to assess stage of completion of specific project at each balance sheet date.
Percentage of completion is determined by comparing already incurred costs to total costs planned for the specific project or by comparing man-days worked to total man-days planned for the project. This measurement and related revenue recognition requires professional judgement and estimates.

Operating revenues generated during the period of 12 months ended 31 December 2022 and in the comparable period were as follows:

Sales revenues	**12 months ended 31 December 2022**	**12 months ended 31 December 2021**
Sales revenues by type of products		
Own software and services	259,117	250,481
Third-party software and services	65,343	71,764
Computer hardware and infrastructure	12,695	15,818
Total	**337,155**	**338,063**
Sales revenues by sectors		
Banking and Finance	28,534	29,064

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General Business	213,576	204,365
Public Administration	95,045	104,634
Total	**337,155**	**338,063**

The category of 'Own licenses/software and services' includes revenues from contracts with customers under which the Group supplies own software and provide related services. Such services may be performed by the Group's employees (internal resources) as well as by subcontractors (external resources). The engagement of subcontractors in this category of revenues has no impact on the scope of responsibility or relationship between the Group's company and the customer to whom a service is provided. It is entirely up to the Group to decide whether services required for this type of projects should be performed by subcontractors or by own employees. In addition, this category includes revenues from the provision of own services for third-party software and infrastructure.
The category of 'Third-party licenses/software and services' includes revenues from the sale of third-party licenses as well as from the provision of services which, due to technological or legal reasons, must be carried out by subcontractors (this applies to hardware and software maintenance services as well as to software outsourcing services provided by their manufacturers).

i. Breakdown of segment sales by type of product

Operating revenues (by type of products) generated by individual operating segments during the period of 12 months ended 31 December 2022 and in the comparable period were as follows:

12 months ended 31 December 2022	Asseco Central Europe	Asseco Solutions	CEIT	Other	Eliminations	Total
Own software and services	87,120	162,688	9,327	5,757	(5,775)	**259,117**
Third-party software and services	53,682	13,249	-	-	(1,588)	**65,343**
Hardware and infrastructure	4,953	3,102	4,658	-	(18)	**12,695**
Total operating revenues	**145,755**	**179,039**	**13,985**	**5,757**	**(7,381)**	**337,155**

12 months ended 31 December 2021	Asseco Central Europe	Asseco Solutions	CEIT	Other	Eliminations	Total
Own software and services	89,730	147,369	12,817	6,335	(5,770)	**250,481**
Third-party software and services	59,720	13,620	-	-	(1,576)	**71,764**
Hardware and infrastructure	8,933	2,951	3,997	-	(63)	**15,818**
Total operating revenues	**158,383**	**163,940**	**16,814**	**6,335**	**(7,409)**	**338,063**

ii. Breakdown of segment sales by sector

Operating revenues (by sectors) generated by individual operating segments during the period of 12 months ended 31 December 2022 and in the comparable period were as follows:

12 months ended 31 December 2022	Asseco Central Europe	Asseco Solutions	CEIT	Other	Eliminations	Total
Banking and Finance	26,416	3,466	-	864	(2,212)	**28,534**
General Business	37,994	165,813	13,781	280	(4,292)	**213,576**
Public Administration	81,345	9,760	204	4,613	(877)	**95,045**
Total operating revenues	**145,755**	**179,039**	**13,985**	**5,757**	**(7,381)**	**337,155**

12 months ended 31 December 2021	Asseco Central Europe	Asseco Solutions	CEIT	Other	Eliminations	Total
Banking and Finance	26,126	3,209	-	1,350	(1,621)	**29,064**
General Business	40,672	151,173	15,942	84	(3,506)	**204,365**

(in EUR thousand) page 23

Public Administration	91,585	9,558	872	4,901	(2,282)	**104,634**
Total operating revenues	**158,383**	**163,940**	**16,814**	**6,335**	**(7,409)**	**338,063**

iii. Revenues from contracts with customers by method of recognition in the income statement

Operating revenues	**12 months ended 31 December 2022 thous. EUR**	**12 months ended 31 December 2021 thous. EUR**
Operating revenues recognized in accordance with IFRS 15, of which:	**336,892**	**337,800**
From goods and services transferred at a specific point in time	79,368	**88,787**
Segment Asseco Central Europe	41,985	52,348
Segment Asseco Solutions	38,505	37,713
IC adjustment	(1,122)	(1,274)
From goods and services transferred over the passage of time	**257,524**	**249,014**
Segment Asseco Central Europe	103,772	106,036
Segment Asseco Solutions	140,454	126,150
Segment CEIT	13,721	16,588
Segment Other	5,756	6,336
IC adjustment	(6,179)	(6,096)
Operating revenues from operating leases in accordance with IFRS 16	263	263
Total operating revenues	**337,155**	**338,063**

iv. Remaining performance obligations

Tables below comprise the aging of remaining performance obligations that the Group will satisfy in the following periods:

Revenue from already signed contracts valued using PoC method that has not been yet recognised:	**thous. EUR**
Year 2023	1,651
Year 2024	8,616
Year 2025 and later	1,880
Total	**12,147**

Remaining future revenues from already signed contracts with clients (performance obligations not yet satisfied as at reporting date) for contracts ending later than 12 months after 31 December 2022	**thous. EUR**
Year 2023	3,263
Year 2024	3,417
Year 2025 and later	3,564
Total	**10,244**

Maturity analysis of lease payments (Group as a lessor in operating lease)

The table below presents the maturity analysis of undiscounted lease payments to be received by Group from the operating lease (Group as a lessor). The operating lease relates to rental of office space.

Undiscounted future lease payments to be received by the Group from operating leases	**thous. EUR**
up to 1 year	176
from 1 to 2 years	176

(in EUR thousand)

from 2 to 3 years	176
from 3 to 4 years	176
from 4 to 5 years	176
above 5 years	176
Total	**1 056**

5.2. Operating costs

Significant accounting policies

The Group companies maintain cost accounting both by cost nature and by cost function. Cost of sales comprises the costs resulting directly from purchases of merchandise sold and generation of services sold. Selling expenses include the costs of distribution and marketing activities. General administrative expenses include the costs of the companies' management and administration activities.

COGS are the purchase costs of goods and third-party services (excluding outsourcing of human resources) used in realization of projects. COGS should be recognized in the period when goods and third-party services are resold to the client (with the exception of COGS related to purchase of subcontractors' services in contracts valuated according to percentage of completion – COGS are then recognized when incurred). If COGS refer to purchase of external services that are provided in more than one accounting period, then they should be settled in time according to accrual accounting (in each period only part of COGS that relate to services in that period).

Cost of employee benefits includes all elements of employees' remuneration for their job, post-employment and termination benefits.

Besides salaries and wages, cost of employee benefits includes also compensated absences, profit-sharing and bonuses payables resulting from bonuses system in entities within Group.

During the period of 12 months ended 31 December 2022 and the corresponding comparative period, the operating costs were as follows:

Operating costs	**12 months ended 31 December 2022**	**12 months ended 31 December 2021**
Cost of goods, materials and third-party services sold	(69,945)	(80,867)
Employee benefits	(143,358)	(131,832)
Depreciation and amortization	(15,721)	(16,074)
Third-party services	(44,209)	(45,109)
Other	(22,583)	(15,704)
Total	**(295,816)**	**(289,586)**
Cost of sales	(244,802)	(240,142)
Selling costs	(20,808)	(20,273)
General administrative expenses	(30,206)	(29,171)
Total	**(295,816)**	**(289,586)**

In the period of 12 months ended 31 December 2022 other costs comprised mainly: costs of company vehicles and property maintenance costs in the amount of EUR 14,298 thousand, costs of advertising in the amount of EUR 2,930 thousand, costs of domestic and international business trips in the amount of EUR 1,547 thousand.

i. Costs of employee benefits

Costs	**12 months ended 31 December 2022**	**12 months ended 31 December 2021**
Salaries	(111,205)	(102,318)
Social insurance contributions	(19,581)	(18,660)
Retirement benefit expenses	(8,255)	(6,898)
Other costs of employee benefits	(4,317)	(3,956)
Total employee benefit expenses	**(143,358)**	**(131,832)**

(in EUR thousand)

The average level of employment during the reporting period presented in full-time salaried jobs, i.e. employment in full-time jobs adjusted for (reduced by) positions which are not salaried by the Group companies (such as an unpaid leave, maternity leave, etc.), exclusive of companies whose financial results are disclosed under other operating activities or discontinued operations, however inclusive of companies which joined the Group during the reporting period (calculated proportionally to the period of their consolidation) equalled 3,278 persons, as compared with 3,126 persons in the comparable period.

ii. Reconciliation of depreciation and amortization charges

The table below presents the reconciliation of depreciation and amortization charges reported in the income statement with those disclosed in the tables of changes in property, plant and equipment, as well as in intangible assets:

Amortization	Note	12 months ended 31 Dec 2022	12 months ended 31 Dec 2021
Depreciation of fixed assets resulting from movement table of property, plant and equipment	6.1	(4,497)	(3,566)
Amortization of intangible assets resulting from the movement table of intangible assets	6.2	(5,396)	(5,232)
Depreciation of right-to-use assets resulting from the movement table of right-of-use assets	6.3	(5,909)	(7,278)
Depreciation decrease as a result of grants and other		81	2
Total depreciation and amortization presented in statement of cash flow		**(15,721)**	**(16,074)**

5.3. Other operating income and expenses

Significant accounting policies

In other operating activity Group recognises income and expenses that are not related to its operating activity in the area of IT, including sales of PPE and intangible assets. Result of these activities are presented net, i.e. incomes and costs are netted out and only profit or loss is presented.

During twelve months ended 31 December 2022 and the corresponding comparative period, the other operating income and expenses were as follows:

Other operating income	12 months ended 31 December 2022	12 months ended 31 December 2021
Gain on disposal of non-current assets	1,636	-
Gain on rental income (operating lease)	-	2
Lease modifications	97	33
Reinvoicing	91	161
Other	317	195
Total	**2,141**	**391**

Other operating expenses	12 months ended 31 December 2022	12 months ended 31 December 2021
Loss on disposal of non-current assets	-	(7)
Loss on lease modifications	(7)	(45)
Charitable contributions to unrelated companies	(108)	(77)
Cost of reinvoicing	(113)	(157)
Other	(151)	(162)
Total	**(379)**	**(448)**

(in EUR thousand)

5.4. Financial income and expenses

Significant accounting policies

Interest income is recognised in profit and loss account as accrued during the reporting period. Interest income includes interests from investments in debt instruments and deposits measured at amortised cost, interests from investments in debt instruments measured at fair value through other comprehensive income, interests from finance lease and trade receivables.
Group recognised interests income from investments in debt instruments and deposits measured at amortised cost and interests from investments in debt instruments measured at fair value through other comprehensive income by applying the effective interest method.

During twelve months ended 31 December 2022 and the corresponding comparative period, the financial income were as follows:

Financial income	12 months ended 31 December 2022	12 months ended 31 December 2021
Interest income from investments in debt instruments and deposits measured at amortised cost	196	91
Interest income from investments in debt instruments measured at fair value through OCI, finance lease and trade receivables	97	18
Gain on foreign exchange differences	283	795
Gain on exercise and/or valuation of financial assets carried at fair value through profit or loss	11	12
Other financial income	22	-
Total financial income	**609**	**916**

During twelve months ended 31 December 2022 and the corresponding comparative period, the financial expenses were as follows:

Financial expenses	12 months ended 31 December 2022	12 months ended 31 December 2021
Interest expense on bank credits, loans, debt securities	(614)	(250)
Interest expense on lease expenses	(702)	(636)
Other interest expenses	(137)	(328)
Loss on foreign exchange differences	(539)	(395)
Cost directly connected with acquisition of subsidiaries	-	(99)
Loss on exercise and/or valuation of financial assets carried at fair value through profit or loss	(219)	(38)
Impairment write-off of investments in debt instruments at amortized cost	(280)	(9)
Other financial expenses	(3)	-
Total financial expenses	**(2,494)**	**(1,755)**

Positive and negative foreign exchange differences are presented in net amounts (reflecting the excess of positive differences over negative differences or otherwise) at the level of individual subsidiaries.

5.5. Corporate income tax

Significant accounting policies

Income tax includes current income tax and deferred tax. Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

(in EUR thousand) page 27

Current income tax relating to items recognized directly in equity is recognized in equity and not in the profit or loss account. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax assets and deferred tax liabilities are recognised in total as non-current and are not discounted. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Group recognises and measures assets and liabilities resulting from current income tax and deferred tax in accordance with IAS 12 Income tax.

Professional judgements and estimates

Group assesses at each reporting date whether deferred tax asset may be realisable.

Deferred tax assets for unused tax losses are recognized to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

The main charges on the pre-tax profit due to corporate income tax (current and deferred portions):

	12 months ended 31 December 2022	**12 months ended 31 December 2021**
Current portion of corporate income tax and prior years adjustments	(9,671)	(8,238)
Deferred income tax	1,792	(792)
Income tax expense as disclosed in the profit and loss account	**(7,879)**	**(9,030)**

Regulations applicable to the value added tax, corporate income tax, personal income tax or social security contributions are subject to frequent amendments, thereby often depriving the taxpayers of a possibility to refer to well established regulations or legal precedents. The current regulations in force include ambiguities which may give rise to different opinions and legal interpretations on the taxation regulations either between companies and public administration, or between the public administration bodies themselves. Taxation and other settlements (for instance customs duty or currency payments) may be controlled by administration bodies that are entitled to impose considerable fines, and the amounts of so determined liabilities must be paid with high interest. In effect the amounts disclosed in the financial statements may be later changed, after the taxes payable are finally determined by the taxation authorities.

Reconciliation of the corporate income tax payable on pre-tax profit according to the statutory tax rates with the corporate income tax computed at the Group's effective tax rate:

	12 months ended 31 December 2022	**12 months ended 31 December 2021**
Pre-tax profit	**41,216**	**47,581**
Statutory corporate income tax rate	21%	21%
Corporate income tax computed at the statutory tax rate	**8,655**	**9,992**
Non-taxable accounting income	(41)	-
Taxable income which will never become accounting income	19	81
Tax-deductible costs which will never become accounting costs	(273)	(242)
Difference in corporate income tax rates	(333)	(468)
Non-tax deductible accounting costs	677	315
Tax losses for which no deferred tax asset was recognized	108	-
Use of tax credits	(874)	(553)
Other	(59)	(95)
Corporate income tax at the effective tax rate of: 19.1% in 2022 and 19.0% in 2021	**7,879**	**9,030**

(in EUR thousand)

The table below presents the reconciliation of change of deferred tax asset (gross) and liability (gross) and deferred tax disclosed in profit or loss:

12 months ended 31 December 2022	Opening balance	acquisition of subsidiaries (+)	acquiring of joint control over joint operation (+/-)	exchange differences on translation of foreign operations (+/-)	Closing balance	Comprehen-sive income
Deferred income tax assets, gross	12,479	4	(2,895)	2	11,069	1,479
Deferred income tax liabilities, gross	11,269	101	(2,878)	23	8,236	279
Change of deffered tax disclosed in profit and loss						**1,792**
Change of deferred tax disclosed in other comprehensive income						**(34)**

The Group made an estimation of taxable income planned to be achieved in the future and concluded it will able to utilize the deferred tax assets in the amount of EUR 4,244 thousand as at 31 December 2022 (EUR 6,631 thousand as at 31 December 2021).

	31 December 2022	31 December 2021
Deferred income tax assets	4,244	6,631
Deferred income tax liabilities	(1,412)	(5,420)
Deferred income tax assets (+)/Deferred income tax liability (-), net	**2,832**	**1,211**

As at 31 December 2022 and 31 December 2021 there were no defered tax assets resulting from prior year tax losses, which were not recognized by the Group.

The table below presents information on deferred income tax assets and liabilities:

	Deferred tax liability, gross		Deferred tax asset, gross	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Property, plant and equipment	666	856	68	76
Intangible assets	1 739	1,788	507	317
Right-to-use assets	4 317	6,717	2	2
Loans granted and other investments measued at amortized costs	-	-	-	2
Inventories	-	-	155	64
Prepayments and accrued income	-	-	1	1
Trade receivables	627	1,219	362	283
Provisions	-	-	380	430
Trade payables	3	3	2 070	1,839
Lease liabilities	13	57	4 614	7,038
Other liabilities	867	624	78	113
Accruals	-	-	1 908	1,373
Deferred income	4	5	12	2
Unused tax losses and unused tax credits	-	-	1 020	939
Deferred income tax liability, gross	**8 236**	**11,269**	**n/d**	**n/d**
Deferred income tax asset, gross	**n/d**	**n/d**	**11 177**	**12,479**
Decrease due to inability to realize a deferred tax asset	n/d	n/d	(108)	-
Deferred income tax asset, net	**n/d**	**n/d**	**11 069**	**12,479**
Deferred income tax asset/liability, net	**1 412**	**5,420**	**4 244**	**6,631**

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5.6. Earnings per share

Significant accounting policies

Basic earnings per share are computed by dividing the net profit for the reporting period, attributable to shareholders of the Parent Company, by the average weighted number of ordinary shares outstanding during that financial period. Diluted earnings per share are computed by dividing net profit for the financial period, attributable to shareholders of the Parent Company, by the adjusted (due to diluting impact of potential shares) average weighted number of ordinary shares outstanding during that financial period, adjusted by the factor of conversion of bonds convertible to ordinary shares.

The tables below present net profits and numbers of shares used for calculation of basic earnings per share:

Basic consolidated earnings per share	12 months ended 31 December 2022	12 months ended 31 December 2021
Net profit attributable to Shareholders of the Parent Company	14,555	19,896
Average weighted number of ordinary shares, used for calculation of diluted earnings per share	21,315,347	21,360,000
Basic consolidated earnings per share	**0.68**	**0.93**

During both the reporting period and the comparative periods no events took place that would cause dilution of earnings per share.

5.7. Information on dividends paid out

In the year 2022 and year 2021 the Parent Company paid out to its shareholders a dividend for prior years.

In 2022 by decision of the Ordinary General Meeting of Shareholders of Asseco Central Europe, a. s., the amount of EUR 10,252,800 from net profit for the year 2021 was allocated to payment of a dividend of EUR 0.43 per share and the amount of EUR 6,480,344 remained in retained earnings. The payment date was from 2 May 2022 to 31 December 2022.

In 2021 by decision of the Ordinary General Meeting of Shareholders of Asseco Central Europe, a. s., the amount of EUR 9,184,800 from net profit for the year 2020 was allocated to payment of a dividend of EUR 0.43 per share and the amount of EUR 6,485,796 remained in retained earnings. The payment date was from 3 May 2021 to 31 December 2021.

(in EUR thousand)

6. NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

6.1. Property, plant and equipment

Significant accounting policies

Property, plant and equipment are measured at cost less any accumulated depreciation and any impairment losses, if any. At recognition date Group recognises tangible assets at cost which comprise their purchase price and any costs directly attributable to bringing the asset to location and condition necessary for it to be capable of operating in the manner intended by management. Any costs incurred after a tangible asset has been commissioned into use, such as costs of repairs and technical inspections or operating fees, are expensed in the reporting period in which they were incurred.

At the time of purchase, tangible assets are divided into components of significant value for which separate periods of useful life may be adopted. General overhaul expenses also constitute a component of assets.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

A tangible asset may be derecognized from the statement of financial position after it is disposed of or when no economic benefits are expected from its further use. Gain/loss on disposal of a tangible fixed asset is assessed by comparing the proceeds from the disposal against the present book value of such asset, and it is accounted for as other operating income/expense. Any gains or losses resulting from the removal of a given item of property, plant and equipment from the statement of financial position (calculated as a difference between the net cash obtained from sales and the book value of this item) are recognized in the profit and loss account in the period in which the derecognition from the accounting books was made.

Tangible assets under construction are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Tangible assets under construction are not depreciated until their construction is completed and they are commissioned into use.

Impairment of tangible assets

At each reporting date Group assess whether there is any indication that a tangible asset may be impaired. If any such indication exists and it is necessary to conduct impairment tests Group estimates the recoverable amount of the asset or cash-generating unit, to which the asset was assigned. Impairment losses are recognised as part pf operating costs.

Borrowing costs

Group capitalise the borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. Borrowing costs are the costs that would have been avoided if the expenditure on the qualifying asset had not been made. Any other borrowing costs are recognised as expenses in the period to which they relate.

Professional judgments and estimates

At each reporting date Group assess whether there is any objective indication that a tangible asset may be impaired. Depreciation is normally charged to profit and loss account on straight-line basis over the asset's economic useful life. The depreciation rate is set basing on economic useful life of asset. In the reporting period there were no significant changes in determination of depreciation rates in the Group.

The net book value of property, plant and equipment, during the period of twelve months ended 31 December 2022 and in the comparative period, changed as a result of the following transactions:

For 12 months ended 31 December 2022	Land and buildings	Computers and other office equipment	Transport vehicles	Other tangible assets	Tangible assets under construction	Total
Net book value of property, plant and equipment as at 1 January 2022	**7,928**	**4,822**	**3,452**	**754**	**159**	**17,115**
Additions, of which:	**3,075**	**3,317**	**3,400**	**345**	**4,658**	**14,795**
Purchases and modernization	28	1,994	1,606	308	4,658	8,594
Obtaining control over subsidiaries	-	40	37	-	-	77
Puchase of asset that was previously subject to lease	-	-	1,406	-	-	1,406
Transfers from assets under construction	3,047	1,283	351	37	-	4,718
Reductions, of which:	**(5,703)**	**(2,152)**	**(1,409)**	**(143)**	**(4,803)**	**(14,210)**
Depreciation charge for the reporting period	(919)	(2,135)	(1,329)	(114)		(4,497)
Loss of control over subsidiaries	-	-	-	-	-	-
Disposal and liquidation	-	(17)	(80)	(29)	-	(126)

(in EUR thousand)

Transfers from tangible assets under construction	-	-	-	-	(4,718)	(4,718)
Transfer to Assets held for sale	(4,784)	-	-	-	(85)	(4,869)
Change of presentation (+/-)	17,870	891	-	(154)	710	19,317
Impairment write-off (-)	39	1	-	-	-	40
Exchange differences on translation of foreign operations (+/-)	(22)	(41)	38	(3)	(22)	(28)
Net book value of property, plant and equipment as at 31 December 2022	**23,187**	**6,838**	**5,481**	**799**	**726**	**37,031**

Change of presentation relates mostly to office building owned by entity Galvaniho 5, s.r.o., which changed its status from associate (consolidated using equity method) to joint operation (consolidated fully).

For 12 months ended 31 December 2021	Land and buildings	Computers and other office equipment	Transport vehicles	Other tangible assets	Tangible assets under construction	Total
Net book value of property, plant and equipment as at 1 January 2021	**7,289**	**3,607**	**3,774**	**623**	**1,178**	**16,471**
Additions, of which:	**970**	**2,956**	**970**	**579**	**2,222**	**7,697**
Purchases and modernization	37	1,378	493	237	2,222	4,367
Obtaining control over subsidiaries	-	-	-	-	-	-
Puchase of asset that was previously subject to lease	-	-	116	-	-	116
Transfers from assets under construction	933	1,578	361	342	-	3,214
Reductions, of which:	**(347)**	**(1,745)**	**(1,347)**	**(434)**	**(3,214)**	**(7,087)**
Depreciation charge for the reporting period	(344)	(1,723)	(1,265)	(234)		(3,566)
Loss of control over subsidiaries	-	-	-	-	-	-
Disposal and liquidation	(3)	(22)	(82)	(200)	-	(307)
Transfers from tangible assets under construction	-	-	-	-	(3,214)	(3,214)
Other	-	-	-	-	-	-
Change of presentation (+/-)	-	-	-	-	(25)	(25)
Exchange differences on translation of foreign operations (+/-)	16	4	55	(14)	(2)	59
Net book value of property, plant and equipment as at 31 December 2021	**7,928**	**4,822**	**3,452**	**754**	**159**	**17,115**

6.2. Intangible assets

Significant accounting policies

Intangible assets acquired separately are measured on initial recognition at cost. Intangible assets acquired as a result of a business combination are measured at their fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses.

The Group presents in separate categories the final products of development projects ("internally generated software") and the products which have not been finished yet ("costs of development projects in progress"). An intangible asset generated internally as a result of development work (or completion of the development phase of an internal project) may be recognized if, and only if, the Group is able to demonstrate: (i) the technical feasibility of completing the intangible asset so that it will be available for use or sale; (ii) the intention to complete the construction of such intangible asset; (iii) the ability to use or sell such intangible asset; (iv) how such intangible asset is going to generate probable future economic benefits; (v) the availability of adequate technical, financial and other resources to complete the development work and to make the intangible asset ready for use or sale; (vi) the ability to reliably measure the expenditure for the development work attributable to such intangible asset.

The cost of an internally generated intangible asset is the sum of expenditures incurred from the date when the intangible asset first meets the above-mentioned recognition criteria. Expenditures previously recognized as expenses cannot be capitalized. The cost of an internally generated intangible asset comprises directly attributable costs necessary to create, produce, and prepare that asset to be capable of operating in the manner intended by management.

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Until completion of the development work, accumulated costs directly attributable to such development work are disclosed as "costs of development projects in progress". Upon completion of the development work, the ready-made product of the development work is reclassified to the category of "Internally generated software" and from that time the Company begins to amortize such internally generated software. Following initial recognition of the internally generated software, the cost model is applied requiring the asset to be carried at cost less any accumulated amortization and accumulated impairment losses.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the statement of profit or loss.

All the intangible assets subject to amortization are amortized straight-line basis.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Any gain or loss resulting from derecognition of an intangible asset from the statement of financial position (calculated as the difference between the net cash obtained from sales and the book value of the item) is disclosed in the profit and loss account for the period in which the derecognition was made.

Professional judgments and estimates

Amortisation is normally charged to profit and loss account on straight-line basis over the asset's economic useful life. The amortisation rate is set basing on economic useful life of asset. In reporting period there were no significant changes in determination of amortisation rates in the Group.

Intangible assets acquired in acquisitions

As at 31 December 2022, net value of intangible assets recognized as part of purchase price allocations related to the Group's acquisitions of subsidiaries amounted to EUR 2,386 thousand (2021: EUR 2,428 thousand). The intangibles comprise various categories of assets including customer contracts and related customer relationships and software and licenses recognized in the acquisitions of subsidiaries.

The customer contracts and related customer relationships and software and licenses were initially recognized at fair values. The fair values were estimated using valuation methodologies which require making estimates regarding future cash flows generated by the intangible assets, discount rates to convert the projected cash flows to their present values, replacement or reproduction costs of the intangible assets as well as their normalized useful life and remaining useful life.

Cost of internally generated assets

Cost of an internally generated intangible asset are recognised and capitalised in accordance with Group's accounting policy. Determination of the moment when cost qualifies for recognition is subject to professional judgement of management whether there is a technical feasibility of completing the intangible asset so that it will be available for use or sale and that the asset will generate probable future economic benefits. This moment is achieved by completing a specified milestone within a project.

The net book value of intangible assets, during the period of twelve months ended 31 December 2022 and in the comparative period, changed as a result of the following transactions:

For 12 months ended 31 December 2022	Internally generated software and licenses	Costs of development projects in progress	Purchased software, patents, licenses and other intangibles	Intangible assets identified as part of the PPA process	Total
Net book value of intangible assets as at 1 January 2022	**7,997**	**5,644**	**3,247**	**2,428**	**19,316**
Additions, of which:	**4,648**	**9,125**	**220**	**492**	**14,485**
Purchases	-	-	220	-	220
Obtaining control over subsidiaries	76	-	-	492	568
Capitalization of costs of development projects		9,125	-	-	9,125
Transfers from the costs of development projects in progress	4,572	-	-	-	4,572

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Reductions, of which:	**(4,131)**	**(4,572)**	**(729)**	**(537)**	**(9,969)**
Amortization charge for the reporting period	(4,131)	-	(728)	(537)	(5,396)
Disposal and liquidation	-	-	(1)	-	(1)
Transfers to internally generated software		(4,572)	-	-	(4,572)
Impairment, write-downs	**-**	**(1,196)**	**-**	**-**	**(1,196)**
Change of presentation	**-**	**-**	**-**	**-**	**-**
Exchange differences on translation of foreign operations (+/-)	**(77)**	**(250)**	**(6)**	**3**	**(330)**
Net book value of intangible assets as at 31 December 2022	**8,437**	**8,751**	**2,732**	**2,386**	**22,306**

Based on the detailed analysis of costs of development projects in progress the Board of Directors of the Parent Company believes the carrying value of costs of development projects in progress do not exceed the recoverable amount.

For 12 months ended 31 December 2021	Internally generated software and licenses	Costs of development projects in progress	Purchased software, patents, licenses and other intangibles	Intangible assets identified as part of the PPA process	Total
Net book value of intangible assets as at 1 January 2021	**7,395**	**2,926**	**4,070**	**3,090**	**17,481**
Additions, of which:	**3,981**	**6,726**	**796**	**-**	**11,503**
Purchases	-	-	796	-	796
Obtaining control over subsidiaries	-	-	-	-	-
Capitalization of costs of development projects		6,726	-	-	6,726
Transfers from the costs of development projects in progress	3,981	-	-	-	3,981
Reductions, of which:	**(3,474)**	**(3,981)**	**(1,096)**	**(664)**	**(9,215)**
Amortization charge for the reporting period	(3,474)	-	(1,094)	(664)	(5,232)
Disposal and liquidation	-	-	(2)	-	(2)
Transfers to internally generated software		(3,981)	-	-	(3,981)
Impairment, write-downs	**-**	**-**	**(465)**	**-**	**(465)**
Change of presentation	**60**	**-**	**(60)**	**-**	**-**
Exchange differences on translation of foreign operations (+/-)	**35**	**(27)**	**2**	**2**	**12**
Net book value of intangible assets as at 31 December 2021	**7,997**	**5,644**	**3,247**	**2,428**	**19,316**

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6.3. Right-to-use assets

Significant accounting policies

In accordance with IFRS 16, a contract is a lease or contains a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The right to control the use is transferred under a contract if the lessee has both of the following:

- *the right to obtain substantially all of the economic benefits from use of the identified asset; and*
- *the right to direct the use of the identified asset.*

Therefore all the rights arising from agreements for rental, hire or use (including usufruct of land) that meet the above-mentioned definition have been measured and recognized by the Group in its consolidated statement of financial position, in a separate line called right-of-use assets (representing underlying assets).

The above-described principles for the identification of leases have been applied by the Group since the date of adopting the standard; however, the Group has used a practical expedient permitted by IFRS 16 not to reassess whether a contract is a lease or contains a lease as at the date of initial application in respect of contracts that were entered into prior to the date of initial application of the new standard.

Initial recognition and measurement of right-of-use assets

In the case of contracts identified as leases, the Group has recognized right-of-use assets as at the lease commencement date (i.e. the date when the asset being leased is available for use by the Group).

Right-of-use assets are initially recognized at cost.

The cost of the right-of-use asset shall comprise: the amount of the initial measurement of the lease liability; any lease payments made at or before the commencement date, less any lease incentives received; any initial direct costs incurred by the lessee; and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset.

Subsequent measurement of right-of-use assets

The Group shall measure the right-of-use asset applying a cost model, this is at cost less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of the lease liability (i.e. modifications that are not required to be accounted for as a separate lease).

Right-of-use assets are depreciated by the Group basically using the straight-line method. If the lease transfers ownership of the underlying asset to the Group by the end of the lease term or if the cost of the right-of-use asset reflects that the Group will exercise a purchase option, the Group shall depreciate the right-of-use asset from the lease commencement date to the end of the useful life of the underlying asset. Otherwise, the Group shall depreciate the right-of-use asset from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Group applies the provisions of IAS 36 'Impairment of Assets' to determine whether the right-of-use asset is impaired.

Professional judgements and estimates

The Group applies the provisions of IAS 36 'Impairment of Assets' to determine whether the right-of-use asset is impaired. Group assesses at each reporting date whether there is an objective indication that a right-of-use asset may be impaired. In addition, key personel of management of entities within Group make a professional judgement regarding rental agreements concluded for indefinite time to determine the most probable lease terms.

The net book value of intangible assets, during the period of twelve months ended 31 December 2022 and in the comparative period, changed as a result of the following transactions:

For 12 months ended 31 December 2022	Land and buildings	Computers and other office equipment	Transport vehicles	Other tangible assets	Total
Net book value of right-of-use assets as at 1 January 2022	**35,601**	**321**	**3,652**	**121**	**39,695**
Additions, of which:	**5,894**	**484**	**1,186**	**96**	**7,660**
New lease contracts	1,869	484	1,186	96	3,635
Modifications of existing lease contracts (extending the lease term, change of interest rate)	3,537	-	-	-	3,537
Increases resulting from the change in variable interest rates and indices (e.g. inflation)	488	-	-	-	488
Other		-	-	-	-
Reductions, of which:	**(5,405)**	**(246)**	**(2,629)**	**(66)**	**(8,346)**
Depreciation charge for the reporting period	(4,374)	(246)	(1,223)	(66)	(5,909)
Modifications of existing lease contracts (shortening of lease term, change of interest rate)	(753)	-	-	-	(753)
Decreases resulting from the change in the amount of lease payments due to changes in variable interest rates and indices (e.g. inflation)	(280)	-	-	-	(280)
Purchase of underlying asset	-	-	(1,406)	-	(1,406)
Other	2	-	-	-	2
Changes in presentation	**(16,105)**	**-**	**-**	**-**	**(16,105)**
Exchange differences on translation of foreign operations	**(139)**	**-**	**(53)**	**2**	**(190)**
Net book value of right-of-use assets as at 31 December 2022	**19,846**	**559**	**2,156**	**153**	**22,714**

Changes of presentation relate mostly to office building owned by entity Galvaniho 5, s.r.o. and leased to entities from the Group. In year 2022 Galvaniho changed its status from associate (consolidated using equity method) to joint operation (consolidated fully), which required change of presentaton of right-of-use asset regarding this bulding.

For 12 months ended 31 December 2021	Land and buildings	Computers and other office equipment	Transport vehicles	Other tangible assets	Total
Net book value of right-of-use assets as at 1 January 2021	**21,125**	**372**	**3,768**	**88**	**25,353**
Additions, of which:	**21,310**	**176**	**1,422**	**82**	**22,990**
New lease contracts	20,099	176	1,422	82	21,779
Modifications of existing lease contracts (extending the lease term, change of interest rate)	851	-	-	-	851
Increases resulting from the change in variable interest rates and indices (e.g. inflation)	360	-	-	-	360
Other		-	-	-	-
Reductions, of which:	**(6,996)**	**(227)**	**(1,520)**	**(49)**	**(8,792)**
Depreciation charge for the reporting period	(5,619)	(227)	(1,385)	(47)	(7,278)
Loss of control over subsidiaries	-	-	-	-	-
Contract termination (before the end of lease term)	-	-	-	(2)	(2)
Modifications of existing lease contracts (shortening of lease term, change of interest rate)	(1,375)	-	-	-	(1,375)
Purchase of underlying asset	-	-	(116)	-	(116)
Other	(2)	-	(19)	-	(21)
Changes in presentation					**-**

(in EUR thousand)

Exchange differences on translation of foreign operations (+/-)	**162**	**-**	**(18)**	**-**	**144**
Net book value of right-to-use assets as at 31 December 2020	**35,601**	**321**	**3,652**	**121**	**39,695**

6.4. Goodwill

Significant accounting policies

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired exceeds the aggregate consideration transferred, the Group reassesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in profit or loss. As at the acquisition date, the acquired goodwill is allocated to every cash-generating unit which may benefit from synergy effects arising from a business combination. Each cash-generating unit or group of units to which the goodwill is so allocated shall: (i) represent the lowest level within the Group at which the goodwill is monitored for internal management purposes; and (ii) not be larger than an operating segment identified in accordance with IFRS 8 Operating Segments.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment on an annual basis as at 31 December, or more frequently if there are indications to do so. Goodwill is not subject to amortization.

An impairment write-down is determined by estimating the recoverable value of a cash-generating unit to which goodwill has been allocated. In the event the recoverable value of a cash-generating unit is lower than its carrying amount, an impairment charge shall be recognized. Such write-down is recognized as a financial expense.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in these circumstances is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

For impairment testing purposes, goodwill is allocated by the Group in the following way:

- to the groups of cash-generating units that constitute an operating segment; or
- to individual subsidiaries.

Goodwill	31 December 2022	31 December 2021
Segment Asseco Central Europe	**26,452**	**25,714**
Asseco Central Europe (Slovakia) - ISZP, MPI, DWC *, XANTA	5,248	1,075
Asseco Central Europe (Czech Republic)	19,783	19,195
Exe	1,421	1,421
DWC *	-	4,023
Segment Asseco Solutions	**86,984**	**86,933**
Asseco Solutions (Slovakia)	7,649	7,649
Asseco Solutions (Germany)	16,795	16,795
Asseco Solutions (Czech Republic)	8,260	7,217
Asseco Business Solutions S.A.	54,280	55,272
Segment CEIT	**5,441**	**5,441**
CEIT Group	5,441	5,441
Segment Other	**5,110**	**5,548**
Asseco Central Europe Magyarorszag	5,110	5,548
Total goodwill	**123,987**	**123,636**

- goodwill on DWC is allocated to Asseco Central Europe as at 31.12.2022 due to purchase of majority or assets and activity of DWC by ACE SK in year 2022. Company DWC is in liquidation since October 2022.

(in EUR thousand)

During the period of twelve months ended 31 December 2022, the following changes in goodwill were observed:

Goodwill as allocated to reporting segments:	Goodwill at the beginning of the period (restated)	Increase due to acquisition (+)	Foreign exchange differences (+/-)	Goodwill at the end of the period
Segment Asseco Central Europe	25,714	150	588	**26,452**
Segment Asseco Solutions	86,933	806	(755)	**86,984**
Segment CEIT	5,441	-	-	**5,441**
Segment Other	5,548	-	(438)	**5,110**
Total	**123,636**	**970**	**(619)**	**123,987**

Change of goodwill during the year ended 31 December 2022 was caused by foreign exchange differences and acquisitions. Detailed information regarding acquisition in Asseco Solutions are presented below. Acquisition in reporting segment Asseco Central Europe related to purchase of group of assets of entity XANTA and was not material.

On 1 December 2022, Asseco Solutions, a.s. (Czech Republic) signed an agreement to acquire 100% of shares in the company ANeT Advanced Technology s.r.o. based in Czech Republic. The total purchase price amounted to EUR 2,880 thousand, of which EUR 2,016 thousand was paid in cash, while the remaining portion of EUR 864 thousand constitutes a conditional payment.

As part of the provisional purchase price allocation, the excess of the purchase price paid over the value of net assets acquired in the amount of EUR 496 thousand was recognized in intangible assets, while the amount of EUR 813 thousand was allocated to goodwill.

Until December 31, 2022 the process of purchase price allocation has not yet been completed by the Group. Therefore, goodwill recognized on the acquisition may still be subject to change. The provisional values of identifiable assets and liabilities as at the date of obtaining control were as follows:

	Provisional value as at the acquisition date thous. CZK	Provisional values as at acquisition date thous. EUR
Assets acquired		
Property, plant and equipment	1 999	82
Intangible assets (including those identified under purchase price allocation)	13 803	567
Trade receivables	9 893	407
Inventories	11 599	477
Cash and cash equivalents	20 456	841
Other assets	944	39
Total assets	**58 694**	**2 412**
Liabilities acquired		
Trade payables	2 533	104
Deferred tax liability	2 405	99
Other liabilities	3 433	141
Total liabilities	**8 371**	**344**
Net assets value	**50 323**	**2 068**
Value of non-controlling interests	**-**	**-**
Equity interest acquired	**100%**	**100%**
Purchase price	**70 100**	**2 880**
Goodwill as at the acquisition date	**19 777**	**813**

(in EUR thousand)

6.5. Impairment testing

Significant accounting policies

In accordance with Group's accounting policy Management Board of Parent entity conduct as at 31 December annual impairment test for: (i) cash-generating units to which goodwill is allocated, (ii) capitalised costs of unfinished research and developments projects, (iii) and intangible assets with infinite useful life.
At each reporting date, the Group assesses whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.
In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.
The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Professional judgments and estimates

Every time the impairment test is conducted it is necessary to estimate the value in use of an asset's or cash-generating unit's (CGU), to which goodwill or intangible assets are allocated.

Subsidiaries which shares are listed on active market

In the case of cash-generating units constituted by companies or groups of companies quoted in an active market, the recoverable amount may equal the market value (i.e. stock market capitalization) of a company/group or its value in use, whichever is higher. Therefore, for cash-generating units constituted by companies or groups of companies quoted in an active market, impairment testing was performed in two stages. First of all, the carrying value of a cash-generating unit was compared to its market value (stock market capitalization). If the market value exceeded the carrying value, the cash-generating unit was deemed not to have been impaired. Otherwise, the value in use of such cash-generating unit was estimated by applying the model of discounted free cash flow to firm (FCFF).

Companies or groups of companies within Asseco Enterprise Solutions Group quoted in an active market include Asseco Business Solutions S.A. (listed on Warsaw Stock Exchange). The table below compares the market value (calculated as an average price of shares of listed companies for last quarter) of the mentioned cash-generating unit against their carrying amount as at 31 December 2022:

31 December 2022	**Asseco Business Solutions S.A.** **thous. EUR**
Net assets value of CGU	77,778
Market capitalization	222,646
excess (+)/shortage(-) of fair value over the book value	**144,868**

Subsidiaries which shares are not listed on active market

In line with the Group's policy, each year as at 31 December, the Board of Directors of the Parent Company performs an annual impairment test on cash-generating units or groups of cash-generating units, to which goodwill has been allocated.

Each impairment test requires making estimates of the recoverable value of a cash-generating unit or a group of cash-generating units to which goodwill is allocated. Impairment testing involve determination of their value in use by applying the model of discounted free cash flow to firm (FCFF).

In the calculation of the value in use of cash-generating units or groups, the following assumptions have been adopted:

(in EUR thousand) page 39

- for each subsidiary, the so-called business units were analyzed which, when put together, comprise the budget and forecasts of the whole subsidiary company;
- detailed forecasts covered the period of 5 years, for which increasing cash flows were assumed, while for further time of each subsidiary operations the residual value was computed assuming no growth in cash flows;
- the assumed increases in cash flows depend upon the strategy of the entire Group, tactical plans of individual companies, they take due account of conditions prevailing in particular markets by region and sector, at the same time reflecting the present and potential order portfolios;
- the forecasts for foreign subsidiaries assumed growth of sales in their functional currencies;
- the discount rates applied were equivalent to the weighted average cost of capital for a given cash-generating unit. Particular components of the discount rate were determined taking into account the market values of risk free interest rates, the beta coefficient leveraged to reflect the market debt equity structure, as well as the expected market yield.

The conducted impairment tests, which involved the estimation of the value in use by applying the model of discounted free cash flow to firm (FCFF), indicated that the value in use of our cash-generating units or groups of cash-generating units is higher than their carrying value. Hence, the conducted impairment test did not indicate a necessity for the Parent Company to recognize any impairment write-offs on its cash-generating units as at 31 December 2022.

Sensitivity analysis

The Group carried out a sensitivity analysis in relation to other goodwill impairment tests conducted as at 31 December 2022, in order to find out how much the selected parameters applied in the model could be changed so that the estimated value in use of cash-generating units equaled their carrying amounts. Such sensitivity analysis examined the impact of changes in the applied:

- nominal discount rate applied for the residual period, i.e. cash flows generated after 2027;
- compound annual growth rate of free cash flow changes over the forecast period, i.e. in the years 2023-2027;

as factors with influence on the recoverable value of a cash-generating unit, assuming other factors remain unchanged.

The results of the conducted sensitivity analysis are presented in the table below:

	Carrying amount of CGU	Discount rate		Compound annual growth rate of cash flows	
		applied in the model for residual period	marginal	applied in the model for forecast period	marginal
	EUR thousand	%	%	%	%
Cash-generating units constituted by companies or groups of companies					
Asseco Central Europe (Slovakia) – MPI	26,453	9,3%	∞	5,9%	-31,8%
Asseco Central Europe (Slovakia) – ISZP	6,770	9,3%	∞	-2,7%	-93,4%
Asseco Central Europe (Slovakia) – DWC	18,609	9,3%	22.0%	17,4%	-10,4%
Asseco Central Europe (Slovakia) – XANTA	837	9.3%	23.7%	9.2%	-16.5%
Asseco Central Europe (Czech Republic)	32,693	11.6%	18.9%	38.1%	18.5%
Asseco Solutions (Slovakia, Czech Republic, Germany)	50,487	8.6%	∞	10.2%	-42.5%
Asseco Central Europe Magyarország (Hungary)	10,744	16.5%	30.4%	54.1%	32.0%
Exe	4,184	11.2%	∞	-4.6%	-45.3%
CEIT	24,677	9.9%	10.8%	-2.1%	-0.6%

∞ - means that the marginal discount rate for the residual period is greater than 100%.

6.6. Investment in associates and joint ventures

Significant accounting policies

Investment in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.
The Group's investments in its associate are accounted for using the equity method. Under the equity method, the investment in an associate is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the associate since the acquisition date.

The statement of profit or loss reflects the Group's share of the results of operations of the associate. Any change in OCI of those investees is presented as part of the Group's OCI.

The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognizes the loss as 'Share of profit of an associate and a joint venture' in the statement of profit or loss.
Upon loss of significant influence over the associate, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognized in profit or loss.

Investment in joint ventures

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. The Group's investments in joint venture are accounted for using the equity method. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

As at 31 December 2022, the Group's associates are: Prvni Certifikacni Autorita a. s., eDocu a. s., LittleLane, a.s., EdgeCom, s.r.o. There is also one joint venture company, namely PROSOFT Košice, a.s. All the above-mentioned investments are valued using the equity method.
In year 2022 entity Galvaniho 5, s.r.o. changed status from associate to joint operation and is no longer consolidated using equity method.
In December 2022 Group has acquired remaining 42,85% shares in LittleLane, a.s. (increasing Group's share in the entity to 100%). After balance sheet date, on 24 January 2023 the name of the entity was changed to Asseco CE Cloud, a.s. and on 1 February 2023 Group acquired control over the entity, so since that date the Asseco CE Cloud, a.s. will be consolidated fully instead of using equity method.

The table below presents condensed information on the investments in associates and joint ventures held by the Group:

Financial data of associates and joint ventures	**31 December 2022 thous. EUR**	**31 December 2021 thous. EUR**
Current assets	6,613	11,316
Non-current assets	9,166	41,068
Current liabilities	3,281	35,846
Non-current liabilities	5,784	6,327
Net assets	**6,713**	**10,211**
Book value of investments	**3,308**	**4,974**

	12 months ended	**12 months ended**

(in EUR thousand)

Financial data of associates and joint ventures	31 December 2022	31 December 2021
	thous. EUR	thous. EUR
Revenues	15,275	15,168
Operating profit	2,528	(1,199)
Net profit (loss)	2,098	1,608
Share of profits of associates and joint ventures	**550**	**338**

Other comprehensive income of associates and joint ventures are not significant from Group point of view. Contingent liabilities relating to the Group's interest in the associates as at 31 December 2022 and 2021 are described in note 9.1.

6.7. Entities with significant non-controlling interests

Significant accounting policies

Non-controlling interest is equity in a subsidiary not attributable, directly or indirectly to the Parent. In the event of a transaction whereby the Group increases its equity interest in a subsidiary (partial or full buy-out of non-controlling interests), such a transaction is deemed not to be a business combination. The assets, liabilities and equity of such a subsidiary are measured at fair value at the date when an additional equity stake is acquired by the Group. The difference between the purchase price of non-controlling interests and the book value of net assets acquired is recognized directly in equity disclosed in the Group's consolidated financial statements.

For each acquisition of a subsidiary company, the Group measures the value of non-controlling interests as at the acquisition date using the method of proportionate share in identifiable net assets of the entity acquired, or at fair value.

In section III of these consolidated financial statements, we have presented information on entities in which the Group holds less than 100% of shares, including their company names, countries of registration, as well as equity interests and voting rights held by the Group.

In the Management's opinion, the entities with significant individual non-controlling interests are: Asseco Enterprise Solutions Group which, among others, includes Asseco Business Solutions. In the case of other entities with non-controlling interests, individual non-controlling interests do not exceed 2% of total non-controlling interests therein, hence they have not been considered as entities with significant non-controlling interests.

The tables below present the selected financial data of entities with significant individual non-controlling interests for the period of 12 months ended 31 December 2021 and as at 31 December 2022, as well as for respective comparable periods. These figures are presented before consolidation adjustments, including the elimination of mutual transactions.

Percentage of non-controlling interests	31 December 2022	31 December 2021
AES Group	50.01%	50.01%

Group name	Carrying value of non-controlling interests*		Net profit attributable to non-controlling interests		Dividends to non-controlling interests	
	31 Dec. 2022	31 Dec. 2021	31 Dec. 2022	31 Dec. 2021	31 Dec. 2022	31 Dec. 2021
	thous. EUR	thous. EUR	thous. EUR	thous. EUR	thous. EUR	thous. EUR
AES Group	92,623	88,807	19,302	18,946	(16,000)	(14,010)

** Carrying values of non-controlling interests have been adjusted for the value of put options granted to minority shareholders.*

AES Group – balance-sheet positions	31 December 2022	31 December 2021

(in EUR thousand)

Non-current assets	137,618	137,284
Current assets	66,137	59,588
of which cash and cash equivalents	35,117	35,202
Non-current liabilities	21,350	24,410
Current liabilities	39,341	35,011

6.8. Other financial assets

Significant accounting policies

The Group classifies its financial assets to one of the following categories specified in IFRS 9:

- *measured at fair value through other comprehensive income*
- *measured at amortized cost*
- *measured at fair value through profit or loss.*

The Group classifies its financial assets to a given category of assets basing on two criteria: the Group's business model for managing the group of assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding. Group reclassifies its financial assets only when the model for managing its financial assets is changed.

In addition, the Group made a choice to classify at initial recognition its investments in equity instruments (other than investments in subsidiaries and associates), which are not held for trading and not quoted in an active market, as measured at fair value through other comprehensive income. Whereas, investments in equity instruments quoted in an active market are measured at fair value through profit or loss.

Initial measurement

Besides from some trade receivables, initially financial assets are measured at fair value. In case of financial assets that are not classified as measured at fair value through profit and loss, the initial value may be adjusted by any transaction costs that are incremental and directly attributable to the acquisition or issue of the financial instrument.

Derecognition

Group derecognises financial assets when: (i) the contractual rights to the cash flows from the financial asset expire, or (ii) contractual rights to cash flows were transferred together with risks and rewards of ownership of the financial asset.

Subsequent measurement

<u>Measurement of financial assets at amortised cost</u>

Financial asset is measured at amortised cost when both following conditions are met: (i) it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and (ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Measurement at amortised cost is applied by the Group for loans granted, cash and cash equivalents, trade receivables, contract assets and other receivables that are within the scope of IFRS 9. Interest income on investments in debt instruments is recognized by the Group as financial income. On disposal of investments in debt instruments, the Group recognises cumulative gains/losses through profit or loss.

The Group measures its financial assets at amortized cost using the effective interest method. Trade receivables with a maturity of less than 12 months are measured at an amount due for payment, less any allowance for expected losses. Long-term receivables that are within the scope of IFRS 9 are discounted as at the reporting date.

<u>Measurement of financial assets at fair value through other comprehensive income</u>

Financial asset is measured at fair value through other comprehensive income when both following conditions are met: (i) it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and (ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

To this category of financial assets Group classifies: treasury and corporate bonds and investments in equity instruments that are not quoted on active market.

Gains/losses on valuation of investments in debt instruments and equity instruments, which on initial recognition are classified by the Group to this category of assets, are recognized through other comprehensive income. Dividends on equity instruments measured at fair value through other comprehensive income are recognized by the Group as financial income. Interest income on investments in debt securities is recognized by the Group as financial income.

On disposal of investments in debt instruments the Group recognizes cumulative gains/losses through profit or loss. Cumulative gains / losses from valuation of equity instruments are not recycled to profit and loss account, they are transferred within equity to retained earnings.

(in EUR thousand)

<u>Measurement of financial assets at fair value through profit or loss</u>
Changes in the fair values of financial assets classified to this category are recognized through profit or loss. Interest income and dividends received on equity instruments quoted in active market are recognized as financial income.

Impairment of financial assets
The Group applies the expected loss impairment model for estimating impairment losses on financial assets.
The expected loss impairment model is applied to financial assets measured at amortized cost as well as to financial assets measured at fair value through other comprehensive income, except for investments in equity instruments.
In order to estimate impairment losses on financial assets, the Group applies the following approaches:

- *general approach,*
- *simplified approach.*

The Group applies the general approach for financial assets measured at fair value through other comprehensive income as well as for financial assets measured at amortized cost, except for receivables and contract assets.
Under the general approach, the Group estimates impairment losses on financial assets using a three-stage model based on changes in the credit risk of financial assets since their initial recognition.
Where the credit risk of financial assets has not increased significantly since initial recognition (stage 1), the Group estimates an allowance for 12-month expected credit losses. Where the credit risk of financial assets has increased significantly since initial recognition (stages 2 and 3), the Group estimates an allowance for expected credit losses over the lifetime of financial instruments.
At each reporting date, the Group analyzes if there are indications of a significant increase in the credit risk of financial assets held.
In the case of receivables and assets from contracts with customers, the Group applies the simplified approach and therefore changes in credit risk are not monitored, while an impairment allowance is measured at an amount equal to expected credit losses over the lifetime of receivables. The accounting policy regarding estimating of credit losses on trade receivables are presented in point 6.11. of these consolidated financial statements.

Fair value measurement
The Group measures financial instruments such as derivatives and investments in equity instruments at fair value at each balance sheet date.
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either: (i) in the principal market for the asset or liability, or (ii) in the absence of a principal market, in the most advantageous market for the asset or liability.
All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:
level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;
level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

Professional judgments and estimates

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Both as at 31 December 2022 and 31 December 2021, apart from receivables and cash and cash equivalents described in other notes, the Group also held other financial assets as presented in the table below.

Financial assets	31 December 2022		31 December 2021	
	Non-current	Current	Non-current	Current
Financial assets measured at fair value through profit or loss, of which:				
Currency forward contracts	-	11	-	-
Other equity instruments	4	-	4	-
Total	**4**	**11**	**4**	**-**
Financial assets measured at fair value through other comprehensive income, of which:				
Shares in companies not quoted in an active market	**350**	**804**	100	804
Total	350	804	**100**	**804**
Financial assets measured at amortized cost, of which:				
Bills of exchange	-	209	-	209
Loans granted, of which:				
granted to related parties	-	78	*2,998*	*673*
granted to employees	12	7	*13*	*11*
granted to other entities	-	2	-	*100*
Deposits between 3 and 12 months	-	-	-	9
Total	**12**	**296**	**3,011**	**1,002**
Total financial assets	**366**	**1,111**	**3,115**	**1,806**

Loans granted to related parties

Loans to related parties were granted on an arm's length basis.

Loans granted to related parties comprise of:

- loan granted to eDocu a.s. in the amount of EUR 24 thousand;
- loan granted to LittleLane in the amount of EUR 54 thousand.

As at 31 December 2022 and December 2021, the Company owned bill of exchange totaling EUR 418 thousand, with maturity on 31 January 2022 and interest rate 6%. The company created writte-off to this bill of EUR 209 thousand, because there are doubts that it will be repaid. From this reason the interest was not calculated.

6.9. Non-current and current prepayments and other non-financial assets

Significant accounting policies

Prepayments comprise expenses incurred before the balance sheet date that relate to future periods or to future revenues. Prepayments may in particular include the following items: (i) prepaid services (including maintenance services, licence fees, insurance, consultancy services) which shall be provided in future periods; (ii) rents paid in advance; (iii) expenses incurred in relation to an issuance of shares, until such issuance is registered; (iv) any other expenses incurred in the current period, but related to future periods.
In addition, Group recognizes as asset costs incurred to obtain a contract with customer and cost incurred to fulfil a contract with customer, if it expects to recover these costs.

(in EUR thousand) page 45

As at 31 December 2022 and in the comparative period, prepayments and accrued income included the following items:

Prepaid services	31 December 2022		31 December 2021	
	Non-current	Current	Non-current	Current
Prepaid services, of which:	558	9,085	784	5,580
maintenance services and license fees	*545*	*8,428*	*773*	*4,894*
rents and averaging of instalments under operating leases	*4*	*23*	*3*	*19*
insurances	*4*	*316*	*7*	*251*
other services	*5*	*318*	*1*	*416*
Expenses related to services performed for which revenues have not been recognized yet, of which:	-	-	-	-
cost incurred to obtain a contract with customer (IFRS 15)	-	-	-	-
cost incurred to fulfil a contract with customer (IFRS 15)	-	-	-	-
other cost, for which revenues haven't been recognized yet	-	-	-	-
Other prepayments and accrued income	-	315	2	203
Total	**558**	**9,400**	**786**	**5,783**

Other non-financial assets of EUR 1,125 thousand (EUR 1,079 thousand in prior year) are advances paid by the Gruop for purchase of inventories and property, plant and equipment.

6.10. Inventories

Significant accounting policies

Inventories are valued by Group at the lower of purchase price/production cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.
The Group distinguishes two categories of inventories: (i) raw materials, spare parts and other components used in implementation or maintenance of IT systems; (ii) hardware, third party licences and other goods for resale.
Spare parts and other components used in implementation or maintenance of IT systems are recognised as costs on straight-line basis over the contract's life.
Every year the Group verifies whether the adopted principles for recognition of write-downs correspond to the actual impairment of its inventories. Write-downs on inventories shall be recognized as operating expenses.

Inventories	31 December 2022	31 December 2021
Raw materials, spare parts and other components used in implementation or maintenance of IT systems	3,853	1,864
Computer hardware, third party licenses and other goods for resale	2,155	1,473
Write-down of inventories	(766)	(329)
Total inventories	**5,242**	**3,008**

Changes in the amount of write-down of inventories during the period of 12 months ended 31 December 2022 and in the comparable period are presented in the table below:

Write-down of inventories	12 months ended 31 December 2022	12 months ended 31 December 2021
Write-down of inventories as at 1 January	**(329)**	**(539)**
Recognized during the reporting period	(454)	(27)
Utilized during the reporting period	17	203
Reversed during the reporting period	-	34
Change of presentation	-	-
Write-down of inventories as at 31 December	**(766)**	**(329)**

(in EUR thousand)

6.11. Trade receivables, contract assets and other receivables

Significant accounting policies

***Contract asset** is a is the Group's right to consideration in exchange for goods or services that the entity has transferred to a customer when that right is conditioned on something other than the passage of time.*

Contract assets result from the excess of the percentage of completion of implementation contracts over invoices issued. In the case of such assets, the Group has also completed its performance obligation but the right to payment is conditioned on something other than the passage of time – which distinguishes contract assets from trade receivables.

***Trade receivables**, which payment term is usually ranging from 10 to 40 days, are recognised and disclosed at the amounts initially invoiced, less any allowances for uncollectable receivables. Receivables with remote payment terms are recognised at the present value of expected payments less any allowances.*

***Uninvoiced receivables** are receivables relating to uninvoiced deliveries result from the supply of services which were performed during the reporting period (the Group has satisfied its performance obligation), but have not been invoiced until the end of the reporting period. As at the reporting date, according to the Group's assessment, the Group has an unconditional right to payment for its performance, therefore the respective amounts are classified as receivables.*

Loss allowance of trade receivables

To determine the value of loss allowance for trade receivables Group uses simplified approach and does not track the changes in credit risk of receivables. Loss allowance is recognised at the amount of lifetime expected credit losses. For this purpose Group uses provision matrix that is based on historical credit loss experience adjusted by information regarding future. Each entity within the Group analyses its receivables basing on statistical provision matrixes including the risk resulting from diversity of its customer base and type of business. When necessary entities group their customers into homogeneous segments.

Loss allowance is updated at each reporting date.

For trade receivables overdue by over 180 days besides from statistical method basing on provision matrix Group uses individual approach. For each trade receivable overdue by over 180 days and significant value, Group recognises loss allowance at the amount determined by Management basing on their professional judgement. Professional judgement is made basing on analysis of customers' financial condition and general economic circumstances.

Update of the carrying amount of trade receivables includes not only events that occurred till the reporting date but also the ones disclosed after this date but before the date of publishing of these consolidated financial statements. Each year Group analyses whether rules of determination of the value of loss allowances reflect the actual impairment loss of receivables.

Loss allowances of trade receivables are recognised as a part of operating costs. The loss allowances for other receivables are recognised in other operating costs or in financial expenses if the related receivable was recognised as a result of the transaction of sale of investment or other operation of which expenses and income relate to financial activity. Allowances of receivable accounts that relates to interests accrued are recognised in financial expenses.

If the reason for recognition of an allowance is no longer valid, such allowance shall be reversed, in the whole amount or in appropriate portion, being recognized as an increase in the value of a relevant asset or as an adjustment to respective cost items.

Estimates

At each reporting date the Group makes an estimates of percentage of completion for implementation contracts compared to invoices issued. A certain part of estimates and professional judgement is also required to allocate a transaction price to performance obligations.

The Group estimates allowances for trade receivables and contract assets according to IFRS 9 Financial instruments. The simplified approach requires a statistical analysis, which usually is connected with making assumptions and applying a professional judgement.

Table below presents trade and other receivables as at 31 December 2022 and 31 December 2021.

	31 December 2022		31 December 2021	
	Non-current	Current	Non-current	Current
Trade receivables of which:				
Trade receivables	**541**	**53,901**	**-**	**50,157**
Invoiced receivables	-	55,241	-	50,977
from related parties	-	997	-	1,550
from other entities	-	54,244	-	49,427
Uninvoiced receivables	-	1,229	-	1,116
from related parties	-	-	-	31
from other entities	-	1,229	-	1,085
Receivables from operating leases	-	13	-	15

(in EUR thousand)

Net investment in the finance lease	541	222	-	54
Allowance for doubtful receivables (-)	-	(2,804)	-	(2,005)
Corporate income tax receivable		**726**		**1,007**
Receivables from the state and local budgets	**-**	**1,609**	**-**	**43**
Value added tax		102		13
Other		1,507		30
Other receivables	**717**	**698**	**619**	**1,475**
Other receivables	717	736	619	1,513
Allowance for other doubtful receivables (-)	-	(38)	-	(38)
Total receivables	**1,258**	**56,934**	**619**	**52,682**

Related party transactions have been presented in explanatory note 6.21 to these consolidated financial statements.

Trade receivables are not interest-bearing.

As at 31 December 2022 EUR 122 thousand deposit paid (presented in Other receivables) was pledged as collateral in connection with financial guarantee received by entity Berit GmbH (EUR 122 thousand as at 31 December 2021).

The table below presents contract assets as at 31 December 2022 and 31 December 2021.

	31 December 2022		31 December 2021	
	Non-current	Current	Non-current	Current
Contract assets (receivables from valuation of IT contracts)				
from related parties	-	-	-	7
from other entities	-	28,745	-	27,219
Total contract assets	**-**	**28,745**	**-**	**27,226**

The change in balance of contract assets during the period of 12 months ended 31 December 2022 resulted from the following movements:

Contract assets	12 months to 31 December 2022
	thous. EUR
Contract assets (Receivables from valuation of IT contracts) as at 1 January 2022	27,226
Recognition of revenues from invoices	(32,884)
Satisfaction of performance obligations without invoicing; Change in an estimate of the transaction price or costs, other changes in the assumptions	34,217
Impairment write-off	-
Acquisitions of subsidiaries	-
Exchange differences	186
Contract assets as at 31 December 2022	**28,745**

The Group has a relevant policy based on selling its products and services to reliable clients only. Owing to that in the management's opinion the related credit risk would not exceed the level covered by allowances for doubtful accounts as established by the Group.

The following table presents the ageing structure of trade receivables and contract assets as at 31 December 2022 and 31 December 2021:

	31 December 2022		31 December 2021	
	thous. EUR	%	thous. EUR	%
Trade receivables not yet due	**76,027**	**88.4%**	**69,792**	**87.9%**

(in EUR thousand)

Trade receivables overdue	**9,964**	**11.6%**	**9,596**	**12.1%**
Receivables overdue less than 3 months	5,168	6.0%	5,663	7.1%
Receivables overdue between 3 to 6 months	1,713	2.0%	1,624	2.0%
Receivables overdue between 6 and 12 months	1,262	1.5%	536	0.8%
Receivables overdue above 12 months	1,821	2.1%	1,773	2.2%
Total trade receivables excluding loss allowance	**85,991**	**100.0%**	**79,388**	**100.0%**
Loss allowance	**-2,804**		**-2,005**	
Carrying amount of trade receivables	**83,187**		**77,383**	

6.12. Cash and cash equivalents

Significant accounting policies

Cash and cash equivalents presented in the statement of financial position consist of cash held in banks and on hand, short-term bank deposits with maturities not exceeding 3 months, and other highly liquid instruments.
For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

	31 December 2022	31 December 2021
Cash at bank	33,240	50,572
Cash on hand	56	39
Current deposits	10,884	4,354
Cash equivalents	10	10
Total cash and cash equivalents as disclosed in the statement of financial position	**44,190**	**54,975**
Accrued interest on cash and restricted cash	(5)	(6)
Revolving loans that are part of cash management	(7,961)	(3,640)
Total cash and cash equivalents as disclosed in the cash flow statement	**36,224**	**51,329**

The interest on cash at bank is calculated with variable interest rates which depend on bank overnight deposit rates. Current deposits are made for varying periods of maturity between one day and three months, depending on the immediate cash requirements of the Group and earn interest at the respective current deposit rates.

6.13. Non-current assets held for sale

Assets held for sale represent properties in the cadastral territory of Žilina (land and buildings), owned by Asseco Central Europe, a.s. (Slovakia) with the aim of its further sale to a third party - an external buyer. Properties are actively offered for sale through external mediator. As of the date of approval of these financial statements, the properties have not been sold.

6.14. Share capital

Significant accounting policies

Equity is composed of equity attributable to shareholders of Parent Company and non-controlling interest.
Shareholders' equity is disclosed at nominal value. Shareholders' equity comprises the following items:
(i) share capital, disclosed in the amount of capital contributions made and paid up;
(ii) share premium from the sale of shares over their par value;
(iii) exchange differences on translation of foreign operations;
(iv) retained earnings, including: retained earnings, other capital funds and net profit/loss for the reporting period;
(v) non-controlling interest.

(in EUR thousand)

Share capital	Par value per share	Number of shares	
		31 December 2022	31 December 2021
Ordinary shares	0,0331939	21,360,000	21,360,000

<u>*Par value on shares*</u>

All shares issued have the par value of EUR 0.0331939 per share and have been fully paid up.

In 2022 and 2021 there were no changes in the Parent Company's share capital and share premium account.

The direct parent of Asseco Central Europe, a. s. (SK) is Asseco International, a.s. that in turn is a wholly-owned subsidiary of the ulitimate parent of the Asseco Group i.e. Asseco Poland S.A.

As at 31 December 2022 and 31 December 2021 Asseco International, a.s. held a 91.33% stake in Asseco Central Europe, a.s.

In year 2022 Parent Company purchased 213,600 own shares (treasury shares) that constitute 1% of all shares issued. Purchase price for the shares was EUR 1,371 thousand.

6.15. Bank loans, other loans and debt securities

Significant accounting policies

Since 1 January 2018 a new standard regarding financial instruments (IFRS 9) has been in force. Classification of financial liabilities substantially has not changed in comparison to classification under provisions of previous standard - IAS 39.

The Group classifies its financial liabilities to the following categories:

- *To be measured at amortized cost,*
- *To be measured at fair value through profit or loss.*

Group classifies all bank loans, other loans and debt securities to be measured at amortised cost. All of the remaining financial liabilities are measured at fair value through profit and loss, besides liabilities arising from acquisition of non-controlling interests in subsidiaries (put options) that are measured in accordance with IFRS 3.

Initially all of bank loans, other loans and debt securities are recognised at purchase price (cost) that constitute fair value of cash received less the costs related directly to obtaining a loan, or issuing a debt security.

Subsequently bank loans, other loans and debt securities are measured at amortised cost using the effective interest rate method. Determination of the amortised cost takes into account the costs related to obtaining a loan, or issuing a debt security, as well as the discounts or bonuses obtained on repayment of the liability.

The table below presents the Group’s debt outstanding as at 31 December 2022 and 31 December 2021.

Type of credit facility	Maximum debt at 31 Dec 2022	Effective interest rate	Currency	Maturity date	Balance as at 31 December 2022		Balance as at 31 December 2021	
					Short-term	Long-term	Short-term	Long-term
Overdrafts								
Overdraft	4,000	EONIA + 2,5 %	EUR	infinite	-	-	-	-
Overdraft	3,700	EONIA + 2,5 %	EUR	infinite	-	-	-	-
Overdraft	2,000	0,9% p.a. + 0/N EUR LIBOR	EUR	infinite	-		-	--
Overdraft	6,900	€STR (EURO Short-Term rate) + 1.05% p.a.	EUR	1 year revolving	1,388	-	217	-
Overdraft	7,360	0,85% p.a.+1M EURIBOR	EUR	infinite	2,217	-	-	-
Overdraft	70	fixed rate	EUR	infinite	29	-	29	-
Overdraft	3,140	1M EURIBOR + 0,90% p.a.	EUR	30.12.2024	2,157	-	2,878	-
Overdraft	2,809	1M BUBOR + 1,8%	HUF	infinite	2,168	-	515	-
Debet card	60	fixed rate	EUR	infinite	2	-	1	-

(in EUR thousand)

Overdraft	14,955	WIBOR 1M + margin	PLN	31.10.2023	-	-	-	-
Total overdrafts and revolving loans	**44,994**				**7,961**		**3,640**	
Bank loans								
Bank loan	144	fixed rate	CHF	31.12.2028	29	115	-	165
Bank loan	-	fixed rate	CZK	24.07.2025	829	1,659	805	2,414
Bank loan	20,400	fixed rate	EUR	30.06.2027	561	19,455	3,750	-
Bank loan	-	3M EURIBOR + 1,55% p.a.	EUR	30.01.2022	-	-	30	-
Bank loan	2,219	fixed rate	EUR	31.1.2025	2,219	-	1,066	2,219
Bank loan	-	fixed rate	EUR	31.12.2022	-	-	2,328	-
Bank loan	467	3M EURIBOR + 1,2% p.a.	EUR	31.12.2024	233	467	175	525
Bank loan	65	fixed rate	GTQ	31.08.2027	-	65	-	-
Bank loan	4,480	3M EURIBOR + 1,12% p.a.	EUR	28.6.2025	1,786	-	-	-
Bank loan	750	1M EURIBOR + 0,90% p.a.	EUR	31.12.2024	571	-	-	-
Total bank loans	**28,525**				**6,462**	**21,294**	**8,154**	**5,323**
Other loans								
IC loan	n/a	fixed rate	EUR	31.12.2023	932	-	-	-
Other loan	n/a	fixed rate	EUR	17.12.2022	-	-	17	-
Other loan	n/a	fixed rate	CZK	2025-02-12	-	-	17	39
Other loan	n/a	fixed rate	EUR	1.6.2024	-	-	16	22
Other loan	n/a	fixed rate	CZK	2022-09-11	-	-	5	-
Other loan	n/a	fixed rate	CZK	13.12.2025	25	56	-	-
Other loan	n/a	fixed rate	EUR	1.7.2023	142	-	-	-
Other loan	n/a	fixed rate	EUR	1.6.2024	16	7		
Other loan	n/a	fixed rate	CZK	2022-06-29	-	-	3	-
Other loan	n/a	fixed rate	EUR	31.03.2026	-	274	-	149
Total other loans					**1,115**	**337**	**58**	**210**
Total	**73,519**				**15,538**	**21,631**	**11,852**	**5,533**

As at 31 December 2022 the total funds available to the Asseco Central Europe Group under credit facilities opened in the current accounts reached the level of EUR 73,519 thousand (and EUR 54,456 thousand as at 31 December 2021).

Intercompany loan of EUR 932 thousand was granted to Asseco Central Europe, a.s. (Slovakia) by Asseco International, a.s. (direct parent of Parent Company).

Assets serving as security for bank loan facilities:

Category of assets	**Net value of assets**	
	31 December 2022	**31 December 2021**
	thous. EUR	**thous. EUR**
Land and buildings	20,938	5,653
Cash and cash equivalents	269	-
Inventories	3,402	1,365
Current and future receivables	13,531	10,872
TOTAL	**38,140**	**17,890**

(in EUR thousand)

6.16. Other financial liabilities

Significant accounting policies

A contract that contains an obligation for an entity to purchase its own equity instruments gives rise to a financial liability for the present value of the redemption amount, even if the obligation to purchase is conditional on the counterparty exercising a right to redeem, for example in situations where the non-controlling interests are entitled to put shares of a subsidiary to be purchased by the Parent Company.

If concluded based on contractual terms that the acquirer does not have a present ownership interest in the shares concerned, the non-controlling interest is still attributed its share of the profits and losses (and other changes in equity) of the acquiree. The impact of the put option is the amount attributable to the non-controlling interest to be reclassified as a financial liability. The reclassification of the non-controlling interest is deemed to be equivalent to a change in the non-controlling interest. Therefore, the accounting at the end of the reporting period should replicate the accounting that would be adopted as if the option had been exercised at that date.

Accordingly, any difference between the liability under the put option at the end of the reporting period and the non-controlling interest reclassified is accounted for as a change in the equity attributable to the Parent Company. No amount is recognized in the profit or loss for the financial liability or separate accounting for the unwinding of any discount in respect of the liability. It also means that the liability resulting from the put option is not subject to any discount.

While the put option remains unexercised, the accounting at the end of each reporting period is as follows:

(i) the entity determines the amount that would have been recognized within equity for the non-controlling interest, including an update to reflect its share of profits and losses (and other changes in equity) of the acquiree for the period, and (ii) the entity accounts for the difference between (1) the amount determined above and (2) the fair value of the liability under the put option, as a change in the non-controlling interest.

If the put option is ultimately exercised, the same treatment will be applied up to the date of exercise. The amount recognized as the financial liability at that date will be extinguished by payment of the exercise price. If the put option expires unexercised, the position will be unwound, so that the non-controlling interest at that date is reclassified back to equity and the financial liability is derecognized.

Professional judgments and estimates

Contingent consideration, resulting from business combinations, is valued at fair value at the acquisition date as part of the business combination. When the contingent consideration meets the definition of a financial liability, it is subsequently remeasured to fair value at each reporting date. The determination of the fair value is based on discounted cash flows. The key assumptions take into consideration the probability of meeting each performance target and the discount factor.

Financial liabilities	**31 December 2022**		**31 December 2021**	
	Non-current	**Current**	**Non-current**	**Current**
Liabilities from dividends	-	3,432	-	2,489
Liabilities due to acquisition of shares (deferred payments and contingent consideration)	1,022	848	282	677
Liabilities resulting from put options on non-controlling interests	-	-	1,000	-
Other financial liabilities	-	7	-	9
Total	**1,022**	**4,287**	**1,282**	**3,175**

Non-current financial liability as at 31 December 2021 in the amount of EUR 1,000 thousand from put options on non-controlling interest related to Asseco Solutions GmbH Austria (ASOL Germany group). The option was cancelled in year 2022.

Liabilities due to acquisition of shares relate to:

Liabilities due to acquisitions of shares	**31 December 2022**	**31 December 2021**
ASOL CZK	365	354
ACE SK treasury share (purchased from Asseco Poland)	300	-
ANeT	872	-
TurboConsult	333	605
Total	**1,870**	**959**

(in EUR thousand)

6.17. Lease liabilities

Significant accounting policies

In accordance with IFRS 16, a contract is a lease or contains a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The right to control the use is transferred under a contract if the lessee has both of the following:

- *the right to obtain substantially all of the economic benefits from use of the identified asset; and*
- *the right to direct the use of the identified asset.*

Lease liabilities – initial recognition

At the lease commencement date, the Group measures the lease liability at the present value of lease payments outstanding at that date. The lease payments are discounted by the Group using the incremental borrowing rate.

The lease payments comprise: fixed payments (including in-substance fixed lease payments), less any lease incentives receivable; variable lease payments that depend on an index or a rate; amounts expected to be payable under residual value guarantees; the exercise price of a purchase option (if the Group is reasonably certain to exercise that option); and payments of penalties for terminating the lease (if the Group is reasonably certain to exercise that option).

Variable lease payments that do not depend on an index or a rate are immediately recognized as expenses in the period in which the event or condition that triggers those payments occurs.

Lease liabilities – subsequent measurement

In subsequent periods, the amount of the lease liability is reduced by the lease payments made and increased by interest accrued on that liability. Such interest is calculated by the Group using the incremental borrowing rate of the lessee, which constitutes the sum of the risk-free interest rate (being determined by the Group companies based on the quotations of relevant IRS derivatives or interest rates on government bonds for relevant currencies) and the credit risk premium for the Group companies (being quantified on the basis of margins offered to the Group companies on investment loans adequately secured with assets of these companies).

If a lease contract is subject to modification involving a change in the lease term, a revised amount of in-substance fixed lease payments, or a change in the assessment of an option to purchase the underlying asset, then the lease liability shall be remeasured to reflect such changes. Remeasurement of the lease liability requires making a corresponding adjustment to the right-of-use asset.

Practical expedients for short-term leases and leases of low-value assets

The Group applies a practical expedient to rental contracts and other contracts of similar nature that are concluded for a period shorter than 12 months from the lease commencement date.

Whereas, the practical expedient for leases of low-value assets is applied by the Group primarily to leases of IT hardware and other equipment with a low initial value. According to guidance provided by the International Accounting Standards Board, items whose value does not exceed USD 5 thousand may be considered as low-value assets.

In both the above-mentioned exceptions, the lease payments are recognized as expenses basically on a straight-line basis, in the period to which they are related. In such case, the Group does not recognize any right-of-use assets or corresponding financial liabilities.

Exemptions from applying IFRS 16

The Group does not apply the provisions of IFRS 16 to rental contracts and other contracts of similar nature for which the underlying assets are recognized as intangible assets. Moreover, IFRS 16 does not apply to intellectual property licensing agreements which are within the scope of IFRS 15.

Professional judgments and estimates

To apply the IFRS 16, the Group is required to make miscellaneous estimates and exercise professional judgment. This concernes mainly the assessment of the lease term in contracts concluded for an indefinite period as well as in contracts providing the Group with an option to extend the lease. In determining the lease term, the Group considers all relevant facts and circumstances that create an economic incentive to exercise or not to exercise the option to extend the lease or the option to terminate the lease. When determining the lease term, the Group also takes into account the amount of expenditures incurred to adapt the leased asset to individual needs, and in the case of real estate leases – size of the market in a given location and the specific features of rented property.

As at 31 December 2022, assets used under lease contracts where the Group is a lessee, included:

- office buildings,
- cars,
- IT equipment.

The table below presents the amounts of lease liabilities as at 31 December 2022 as well as at 31 December 2021.

	31 December 2022		31 December 2021	
Lease liabilities	**Long-term**	**Short-term**	**Long-term**	**Short-term**
Leases of real estate	16,964	4,331	32,552	4,543
Leases of transportation vehicles	1,113	945	2,002	1,319
Leases of IT hardware	437	276	223	219
Total	**18,514**	**5,552**	**34,777**	**6,081**

Minimum future cash outflows and liabilities under the lease agreements are as follows:

Lease of office space	31 December 2022	31 December 2021
Minimum lease payments		
up to 1 year	4,877	5,187
over 1 year but less than 5 years	14,126	21,077
over 5 years	4,237	13,921
Future minimum lease payments	**23,240**	**40,185**
Future interest costs	**(1,945)**	**(3,090)**
Present value of lease liability		
up to 1 year	4,331	4,543
over 1 year but less than 5 years	13,013	19,326
over 5 years	3,951	13,226
Lease liability	**21,295**	**37,095**
Effective lease rate	**3.5%**	**2.2%**

Lease of vehicles	31 December 2022	31 December 2021
Minimum lease payments		
up to 1 year	969	1,369
over 1 year but less than 5 years	1,145	2,059
over 5 years	-	-
Future minimum lease payments	**2,114**	**3,428**
Future interest costs	**(56)**	**(107)**
Present value of lease liability		
up to 1 year	945	1,319
over 1 year but less than 5 years	1,113	2,002
over 5 years	-	-
Lease liability	**2,058**	**3,321**
Effective lease rate	**1.6%**	**1.7%**

Summary of amounts related to lease and recognized in the profit and loss account for year ended 31 December 2022 are presented below:

Amounts related to lease contracts recognised in profit and loss account	note	31 December 2022	31 December 2021

(in EUR thousand)

Amortisation of right-to-use assets	6.3	(5,909)	(7,278)
Interest expenses related to lease liabilities	5.4	(702)	(636)
Expenses related to leases subject to low asset value exemption		(15)	(4)
Expenses related to leases subject to short-term exemption		(266)	(444)
Expenses related to variable lease payments not included in measurement of lease liabilities		-	-
Gain / loss from sale and leaseback transactions		-	-
Gain / loss from sublease of office space classified as right-to-use assets		37	38
Total		**(6,855)**	**(8,324)**

6.18. Trade and other payables

Significant accounting policies

Trade payables relating to operating activities are recognized and disclosed at the amounts due for payment, and are recognized in the reporting periods which they relate to.

The table below presents the structure of the Group's liabilities outstanding as at 31 December 2022 and 31 December 2021:

	31 December 2022		31 December 2021	
	Non-current	Current	Non-current	Current
Trade payables, of which:	**13**	**24,813**	**-**	**33,239**
Invoiced payables	**-**	**16,604**	**-**	**25,348**
to related parties	-	259	-	477
to other entities	-	16,345	-	24,871
Uninvoiced payables	**13**	**7,991**	**-**	**7,891**
to related parties	-	79	-	19
to other entities	13	7,912	-	7,872
Liabilities from project-related contractual penalties	**-**	**218**	**-**	**-**
Corporate income tax payable	**-**	**2,855**	**-**	**3,097**
Liabilities to the state and local budgets	**-**	**12,533**	**-**	**12,229**
Value added tax (VAT)	-	6,434	-	6,745
Personal income tax (PIT)	-	1,863	-	1,916
Social insurance	-	3,973	-	2,766
Other	-	263	-	802
Other liabilities	**382**	**6,101**	**206**	**4,695**
Liabilities to employees (including salaries payable)	266	5,385	-	3,983
Other liabilities, of which:	**116**	**716**	**206**	**712**
to related parties	107	72	180	72
to other entities	9	644	26	640
Total	**395**	**46,302**	**206**	**53,260**

Trade payables are not interest-bearing. The transactions with related companies are presented in note 6.21 to these consolidated financial statements.

(in EUR thousand)

6.19. Contract liabilities

Significant accounting policies

In accordance with IFRS 15 Group presents contract liabilities that include liabilities arising from valuation of IT contracts and deferred income from right-to-access licences that have not been recognized as at the reporting date, as well as future revenues from the provision of services such as IT support (maintenance) which are recognized over time.

Because of wide range of performance obligations it is difficult to determine one moment at which Group normally satisfies its performance obligations. Usually for contracts for implementation of complex IT system and maintenance services, the Group satisfies its performance obligations when it renders these services to clients. In case of performance obligation of providing a right-to-use license to client, the Group considers the performance obligation to be satisfied in the moment of granting the license, but no sooner than at the beginning of the period in which the client can start using the software (most often in the moment of transferring the license key), which, according to Group assessment, is synonymous with transferring a control over the license to the client.

Contract liabilities, of which:	31 December 2022		31 December 2021	
	Non-current	Current	Non-current	Current
Liabilities arising from valuation of IT contracts	**-**	**3,724**	**-**	**3,568**
to related parties	-	24	-	70
to other entities	-	3,700	-	3,498
Deferred income	**556**	**17,499**	**749**	**11,972**
Maintenance services and license fees	535	16,111	749	11,280
Other prepaid services	21	92	-	253
Liability to transfer equipment	-	1,296	-	439
Total	**556**	**21,223**	**749**	**15,540**

The change in balance of contract liabilities during the period of 12 months ended 31 December 2022 resulted from the following movements:

	12 months to 31 December 2022
Contract liabilities as at 1 January 2022	**16,289**
Issue of invoices at the amount exceeding satisfaction of performance obligation	68,281
Satisfaction of performance obligations without invoicing; Change in an estimate of the transaction price or costs, other changes in the assumptions	(62,886)
Exchange differences	95
Contract liabilities as at 31 December 2022	**21,779**

6.20. Provisions

Significant accounting policies

A provision should be recognized when the Group has a present obligation (legal or constructive) as a result of a past event, and when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Onerous contracts

The Group recognizes provisions for onerous contracts in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. Onerous contract is a contract in which expected revenues are lower than COGS and production costs.

An onerous contract is a contract with client, in which total amount of revenues is lower that total amount of cost of goods sold (COGS) and production cost.

When an onerous contract is identified (it may be done in any moment of contract's realization) all expected loss resulting from this contract is expensed in the period in which it met the criteria to be classified as onerous contract.

Group verifies the carrying amounts of provisions for onerous contracts at each balance sheet date (at each balance sheet date provision shall be equal to the difference between whole expected loss on this contract and the loss that was already realised till the balance sheet date). It may results in increase or decrease in carrying amount of provision for onerous contracts.

Warranty provisions

(in EUR thousand)

The provision for warranty repairs is created to cover anticipated future costs of warranty or service obligations resulting from the executed IT contracts as long as the warranty meets the criteria to be classified as assurance-type under provisions of IFRS 15.
In accordance with IFRS 15 warranty is accounted for as a service-type when it provides a service to the customer in addition to assurance that the delivered product is as specified in the contract. For service-type warranty provision is not created as it constitutes a performance obligation and is recognised as part of revenues from contracts with customers. At each balance sheet date Group verifies the carrying amounts of warranty provisions.
If the actual costs of warranty services or anticipated future costs are lower/higher than assumed at the time of initial recognition of a provision, such provision shall be decreased/increased accordingly to reflect the Group's current expectations in respect of fulfilment of its warranty obligations in future periods.
Provision for post-employment benefits
In accordance with labour regulations that are in force in each entity within the Group, employees have a right to post-employment benefits. The amount of post-employment benefits depends on Labour Law that exists in each country in which the entities within Group operate. Present value of these liabilities is estimated by independent actuary at each reporting date. Subsequent measurement of these liabilities result in actuarial gains/losses that are recognised in other comprehensive income and they are not recycled to profit and loss account.
Provision for contractual penalties
Provision for contractual penalties are created for ongoing legal claims basing on available information, including opinions of independent professionals. Provision for contractual penalties are recognised as a decrease in revenue.

The book value of provisions, during the period of twelve months ended 31 December 2022 and in the comparative period, changed as a result of the following transactions:

Provisions	Warranty repairs	Contractual penalties	Post-employmen t benefits	Tax and legal risks provision	Other provisions	Total
As at 1 January 2022	**522**	**65**	**723**	**121**	**401**	**1,832**
Acquisitions of subsidiaries	-	-	-	-	-	**-**
Created during the reporting period	99	-	102	590	12	**803**
Used during the reporting period	(544)	-	(12)	-	(1)	**(557)**
Reversed during the reporting period	-	(3)	-	-	(282)	**(285)**
Net actuarial gain or loss	-	-	(174)	-	-	**(174)**
Exchange differences on translation of foreign operations	**-**	**-**	**(10)**	**14**	**8**	**12**
As at 31 December 2022	**77**	**62**	**629**	**725**	**138**	**1,631**
Current as at 31 December 2022	77	62	47	725	114	**1,025**
Non-current as at 31 December 2022	-	-	582	-	24	**606**
	Warranty repairs	**Contractual penalties**	**Post-employmen t benefits**	**Tax and legal risks provision**	**Other provisions**	**Total**
As at 1 January 2021	**855**	**1,411**	**873**	**13**	**237**	**3,389**
Acquisitions of subsidiaries					-	**-**
Created during the reporting period	498	-	66	118	226	**908**
Reversed during the reporting period	(667)	(1,346)	-	-	(82)	**(2,095)**
Used or reversed during the reporting period	(25)	-	-	(14)	(137)	**(176)**
Net actuarial gain or loss	-	-	(210)	-	-	**(210)**
Change in presentation	(143)	-	-	-	143	**-**
Exchange differences on translation of foreign operations	**4**	**-**	**(6)**	**4**	**14**	**16**
As at 31 December 2021	**522**	**65**	**723**	**121**	**401**	**1,832**
Current as at 31 December 2021	522	65	13	121	120	**841**
Non-current as at 31 December 2021	-	-	710	-	281	**991**

(in EUR thousand) page 57

6.21. Accrued expenses and deferred income

Significant accounting policies

Accrued expenses are liabilities to pay for services that have been provided by employees but have not been paid, invoiced or formally agreed such as accruals for unused holiday leaves or employees bonuses. Amounts of accruals are estimated. While preparing the estimates, the generally accepted practices in the trade should be considered.

Deferred income is a liability showing the amount of future revenue (cash received or recorded by issued invoice but unearned) as at the balance sheet. Revenue is deferred until the services have been rendered or products have been delivered and is recognised in the profit and loss account as revenue over the period during which the service is performed.

Government subsidies

Government subsidies are a form of financial assistance provided to enterprises by the government in exchange for satisfying, in the past or in the future, certain conditions related to their operating activities. Government subsidies do not include any forms of government aid which have no precise value, nor any transactions conducted with the government which cannot be differentiated from ordinary business transactions of an enterprise.

Government subsidies are not recognized in accounts until there is sufficient certainty that a beneficiary company is going to meet the subsidy conditions and that the subsidy is going to be received, while the fact of actually having received a subsidy may not itself be perceived as convincing evidence that the subsidy conditions have been or will be met.

The method of subsidy accounting does not depend upon the manner in which it was granted. Therefore, a subsidy is accounted for using the same approach, irrespective of whether it was received in cash or in the form of a reduction of liabilities towards the government.

If a subsidy corresponds to a specific cost item, then it is recognized as income proportionally to the incurrence of the costs which the subsidy is supposed to compensate.

However, if a subsidy corresponds to a specific asset then its fair value is initially recognized in the deferred income account and amortized in the profit and loss account over the estimated useful life of the related asset.

	31 December 2022		31 December 2021	
	Non-current	Current	Non-current	Current
Accruals, of which:				
Accrual for unused holiday leaves	-	3,687	-	3,325
Accrual for employee and management bonuses	-	7,949	-	7,044
Total accruals	**-**	**11,636**	**-**	**10,369**
Deferred income, of which:				
Grants for the development of assets	1,149	102	2,494	171
Other	-	2	1	9
Total deferred income	**1,149**	**104**	**2,495**	**180**

The total amount of accruals comprises: accruals for unused holiday leaves, as well as accruals for remunerations of the current period to be paid out in future periods which result from the bonus incentive schemes applied by the Group.

The largest part of deferred income results from grants for the development of assets. Grants for the development of assets represent subsidies received by the Group in connection with its development projects or projects related to the creation of IT competence centres.

Deferred income from right-to-access licenses as well as future revenues from the provision of services such as IT support (maintenance) which are recognized over time, are presented under contract liabilities and disclosed in explanatory note 6.19.

(in EUR thousand)

6.22. Transactions with related parties

Table below presents sales of Asseco Central Europe Group to related parties for the period of 12 months ended 31 December 2022 and in comparative period:

	Sales		Purchases	
	12 months ended 31 December 2022 thous. EUR	12 months ended 31 December 2021 thous. EUR	12 months ended 31 December 2022 thous. EUR	12 months ended 31 December 2021 thous. EUR
Transactions with parent entities (Asseco Poland S.A. and Asseco International a.s)	1,320	1,330	910	630
Transactions with related companies	443	370	90	330
Transactions with associates and joint ventures	1,164	1,587	425	202
Transactions with entities related through Group's key management personnel	1	6	0	2
Transactions with Members of the Board of Directors, Supervisory Board and Proxies of other Group's companies	22	20	528	592
Total transactions with related parties	**2,950**	**3,313**	**1,953**	**1,756**

Sales to and purchases from parent entities include mostly revenues from sale of IT services and licences, office rental as well as sales of bookkeeping, controlling and reporting services.

Sales to and purchases from related parties ans associates and joint ventures include revenues from sale of IT services and licences as well as consulting services.

Purchases from Members of the Board of Directors, Supervisory Board and Proxies of other Group's companies relate mostly to consultancy services and purchase of office space.

Table below presents receivables and liabilites of Asseco Central Europe Group from related parties as at 31 December 2022 and in comparative period:

Transactions	Trade and other receivables		Trade and other liabilities	
	12 months ended 31 December 2022 thous. EUR	12 months ended 31 December 2021 thous. EUR	12 months ended 31 December 2022 thous. EUR	12 months ended 31 December 2021 thous. EUR
Transactions with parent entities (Asseco Poland S.A. and Asseco International a.s)	326	714	121	294
Transactions with related companies	310	566	35	93
Transactions with associates and joint ventures	361	342	145	179
Transactions with entities related through Group's key management personnel	-	1	180	252
Transactions with Members of the Board of Directors, Supervisory Board and Proxies of other Group's companies	-	-	2,823	3,882
Total transactions with related parties	**996**	**1,623**	**3,304**	**4,700**

Liabilities to Members of the Board of Directors, Supervisory Board and Proxies of other Group's companies includes lease liability regarding lease of office space owned by members of Asseco Business Soutions S.A. (EUR 2,823 thousand at 31 December 2022 and EUR 2,882 thousand at 31 December 2021) and put option liabilty to CEO Asseco Solutions Germany regarding shares in Asseco Solutions Austria GmbH (EUR 1,000 thousand as at 31 December 2021, zero at 31 December 2022).

As at 31 December 2022 the balance of receivables from related entities comprised trade receivables and contract assets in the amount of EUR 996 thousand. Whereas, as at 31 December 2021, receivables from related entities comprised trade receivables in the amount of EUR 1,623 thousand.

(in EUR thousand)

As at 31 December 2022, the balance of liabilities from related entities comprised trade payables and contract liabilities in the amount of EUR 305 thousand. Whereas, as at 31 December 2021, liabilities from related entities comprised trade payables in the amount of EUR 566 thousand.

Loans granted to related parties are described in note 6.8 to these financial statements.

7. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOW

7.1. Cash flows from operating activities

The table below presents items included in the line “Changes in working capital”:

Changes in working capital	12 months ended 31 December 2022	12 months ended 31 December 2021
Change in inventories	(1,252)	(661)
Change in receivables and other non-financial assets	(7,776)	(8,055)
Change in liabilities	(481)	11,174
Change in accruals and deferred income	(1,881)	(2,094)
Change in provisions	(38)	(1,363)
	(11,428)	**(999)**

7.2. Cash flows from investing activities

In the period of twelve months ended 31 December 2022, the balance of cash flows from investing activities was resulted mainly from the following proceeds and expenditures:

- Acquisitions of property, plant and equipment and intangible assets include purchases of property, plant and equipment for EUR 9,187 thousand and purchases of intangible assets for EUR 649 thousand.
- Acquisition of the subsidiary and associates includes to payment of EUR 2,016 thousand for shares of ANeT, acquired by Asseco Solutions (Czech), a.s. and payment of EUR 150k EUR for XANTA, acquired by Asseco Central Europe a.s. (Slovakia). Cash in acquired subsidiaries of EUR 834 thousand relates to ANeT.
- Proceeds from sale of investment in subsidiaries relates to payment for shares in Interway sold in year 2018.

7.3. Cash flows from financing activities

Tables below present changes in liabilities arising from financing activities in year 2022 and 2021, including both changes arising from cash flows and non-cash changes:

For 12 months ended 31 December 2022	Bank and other loans	Finance lease liabilities	Liabilities from dividends	Liabilities resulting from put options on non-controlling interests	Total
As at 1 January 2022	**13,745**	**40,859**	**2,489**	**1,000**	**58,093**
Changes in liabilities arising from cash flows	**400**	**(7,759)**	**(24,173)**	**-**	**(31,532)**
Inflow	11,292	-	-	-	11,292
Repayment of principal - Outflow	(10,405)	(7,026)	(24,173)	-	(41,604)
Repayment of interest - Outflow	(487)	(733)	-	-	(1,220)
Non-cash changes in liabilities	**15,328**	**(8,826)**	**25,321**	**(1,000)**	**30,823**
Interest accrued	507	702	-	-	1,209
Non-cash increase in liabilities	-	6,101	26,253	-	32,354
Non-cash decrease in liabilities	932	(1,087)	(932)	(1,000)	(2,087)
Changes in presentation (+)/(-)	13,889	(14,731)	-	-	(842)
Foreign exchange diferences inlcued in profit/ loss	-	189	-	-	189
Exchange differences on translation of foreign operations	(264)	(210)	(205)	-	(679)
As at 31 December 2022	**29,209**	**24,064**	**3,432**	**-**	**56,705**

(in EUR thousand)

For 12 months ended 31 December 2021	Bank and other loans	Finance lease liabilities	Liabilities from dividends	Liabilities resulting from put options on non-controlling interests	Total
As at 1 January 2021	**17,878**	**26,679**	**-**	**1,000**	**45,557**
Changes in liabilities arising from cash flows	**-4,575**	**-8,006**	**-20,724**	**-**	**-33,305**
Inflow	4,248	-	-	-	4,248
Repayment of principal - Outflow	(8,579)	(7,381)	(20,724)	-	(36,684)
Repayment of interest - Outflow	(244)	(625)	-	-	(869)
Non-cash changes in liabilities	**235**	**22,047**	**23,399**	**-**	**45,681**
Interest accrued	235	636	-	-	871
Non-cash increase in liabilities	-	22,924	23,399	-	46,323
Non-cash decrease in liabilities	-	(1,471)	-	-	(1,471)
Unwinding of discount	-	-	-	-	-
Foreign exchange diferences inlcued in profit/ loss	-	(42)	-	-	(42)
Exchange differences on translation of foreign operations	207	138	(186)	-	160
As at 31 December 2021	**13,745**	**40,859**	**2,489**	**1,000**	**58,093**

8. OBJECTIVES AND PRINCIPLES OF FINANCIAL RISK MANAGEMENT

The Asseco Central Europe Group is exposed to a number of risks arising either from the macroeconomic situation of the countries in which entities within Group operate as well as from the microeconomic situation in individual entities. The main external factors that may have an adverse impact on the Group's financial performance are: (i) fluctuations in foreign currency exchange rates versus the EUR, and (ii) changes in the market interest rates. The financial results are also indirectly affected by the pace of GDP growth, value of public orders for IT solutions, level of capital expenditures made by enterprises, and the inflation rate. In addition, the internal factors with potential negative bearing on the Group's performance include: (i) risk related to the increasing cost of work, (ii) risk arising from underestimation of project costs when entering into contracts, and (iii) risk of concluding a contract with a dishonest customer.

Foreign currency exposure risk

The Group's presentation currency is the euro; however, some contracts are denominated in foreign currencies. With regard to the above, the Group is exposed to potential losses resulting from fluctuations in foreign currency exchange rates versus the euro in the period from concluding a contract to invoicing. Furthermore, the functional currencies of Group’s foreign subsidiaries are the local currencies of the countries in which these entities are legally registered and operate. Consequently, the assets and financial results of such subsidiaries need to be converted to the euro and their values presented in the Group financial statements remain under the influence of foreign currency exchange rates.

Identification: According to the Group's procedures pertaining to entering into commercial contracts, each agreement that is concluded or denominated in a foreign currency, different from the functional currency is subject to detailed registration. Owing to this solution, any currency risk involved is detected automatically.

Measurement: The foreign currency risk exposure is measured by the amount of an embedded financial instrument on one hand, and on the other by the amount of currency derivative instruments concluded in the financial market. The procedures applicable to the execution of IT projects require making systematic updates of the project implementation schedules as well as the cash flows generated under such projects.

Objective: The purpose of countering the risk of fluctuations in foreign currency exchange rates is to mitigate their negative impact on the contract margins.

(in EUR thousand)

Measures: Contracts settled in foreign currencies are hedged with simple derivatives such as currency forward contracts, while instruments embedded in foreign currency denominated contracts are hedged with non-deliverable forward contracts. In addition, forward contracts with delivery of cash are applied for foreign currency contracts.

Matching the measures to hedge against the foreign currency risk means selecting suitable financial instruments to offset the impact of changes in the risk-causing factor on the Group's financial performance (the changes in embedded instruments and concluded instruments are balanced out). Nevertheless, because the project implementation schedules and cash flows generated thereby are characterized by a high degree of changeability, the Group companies are prone to changes in their exposure to foreign exchange risk. Therefore, the companies dynamically transfer their existing hedging instruments or conclude new ones with the objective to ensure the most effective matching. It has to be taken into account that the valuation of embedded instruments changes with reference to the parameters as at the contract signature date (spot rate and swap points), while transferring or concluding new instruments in the financial market, may only be effected on the basis of the current rates available. Hence, it is possible that the value of financial instruments will not be matched and the Group's financial result will be potentially exposed to the foreign currency risk.

Interest rate risk

Changes in the market interest rates may have a negative influence on the financial results of the Group. The Group is exposed to the risk of interest rate changes primarily in the following areas of its business activities: (i) changes in the value of interest charged on loans granted by external financial institutions to the Group companies, which are based on variable interest rates, and (ii) change in valuation of the concluded and embedded derivative instruments, which are based on the forward interest rate curve. More information on factor (ii) may be found in the description of the currency risk management.

Identification: The interest rate risk arises and is recognized by individual companies of the Group at the time of concluding a transaction or a financial instrument based on a variable interest rate. All such agreements are subject to analysis by the appropriate departments within the Group companies, hence the knowledge of that issue is complete and acquired directly.

Measurement: The Group companies measure their exposure to the interest rate risk by preparing statements of the total amounts resulting from all the financial instruments based on a variable interest rate.

Objective: The purpose of reducing such risk is to eliminate the incurrence of higher expenses due to concluded financial instruments based on a variable interest rate.

Measures: In order to reduce its interest rate risk, the Group companies may: (i) try to avoid taking out credit facilities based on a variable interest rate or, if not possible, (ii) conclude forward rate agreements.

Matching: The Group gathers and analyzes the current market information concerning its present exposure to the interest rate risk. For the time being, the Group companies do not hedge against changes in interest rates due to a high degree of unpredictability of their credit repayment schedules.

The Group is exposed to the risk of interest rate changes due to change in the value of interest charged on credit facilities granted by external financial institutions to the Group companies, which are based on a variable interest rate.

As at 31 December 2022 the Group had total cash and cash equivalents of EUR 44,190 thousand, of which EUR 11,082 thousand was subject to EURIBOR interest rate, 10,256 was subject to WIBOR interest rate and EUR 22,852 thousand was subject to fixed interest rate.

As at 31 December 2021 the Group had total cash and cash equivalents of EUR 54,975 thousand, of which EUR 13,659 thousand was subject to EURIBOR interest rate and EUR 41,316 thousand was subject to fixed interest rate.

As at 31 December 2022 the Group had total credit facilities in the amount of EUR 37,169 thousand, of which EUR 8,586 thousand was subject to EURIBOR and ESTR interest rate, EUR 2,168 thousand was subject to BUBOR interest rate and EUR 26,416 thousand was subject to fixed interest rate.
As at 31 December 2021 the Group had total credit facilities in the amount of EUR 17,385 thousand, of which EUR 3,608 thousand was subject to EURIBOR interest rate, EUR 515 thousand was subject to BUBOR interest rate and EUR 13,262 thousand was subject to fixed interest rate.
As at 31 December 2022 EUR 454 thusand was subject to WIBOR.
Besides positons described above, there were not other financial assets or liabilties exposed to interest rate risk.

Credit risk

The Group is exposed to the risk of defaulting contractors. This risk is connected firstly with the financial credibility and goodwill of the contractors to whom the Group companies provide their IT solutions, and secondly with the financial credibility of the contractors with whom supply agreements are concluded.
The maximum exposure on credit risk does not exceed the carrying amount of financial assets.
Identification: The risk is identified each time when concluding contracts with customers, and afterwards during the settlement of payments.
Measurement: Determination of this type of risk requires knowledge of the complaints or pending judicial proceedings against a client at the time of signing an agreement. Every two weeks the companies are obliged to control the settlement of payments under the concluded contracts, inclusive of the profit and loss analysis for individual projects.
Objective: The Company strives to minimize this risk in order to avoid financial losses resulting from the commencement and partial implementation of IT solutions as well as to sustain the margins adopted for the executed projects.
Measures: As the Group operates primarily in the banking and financial sector, its customers are concerned about their good reputation. Here the engagement risk control is usually limited to monitoring the timely execution of bank transfers and, if needed, to sending a reminder of outstanding payment. However, in the case of smaller clients, it is quite helpful to monitor their industry press as well as to analyze earlier experiences of the Group itself and of its competitors. The Group companies conclude financial transactions with reputable brokerage houses and banks.
Matching: It is difficult to discuss this element of risk management in such cases.

Financial liquidity risk

The Group monitors the risk of funds shortage using the tool for periodic planning of liquidity. This solution takes into account the maturity deadlines of investments and financial assets (e.g. accounts receivable, other financial assets) as well as the anticipated cash flows from operating activities.
The Group's objective is to maintain a balance between continuity and flexibility of financing by using various sources of funds.
The following table shows the Group's trade liabilities as at 31 December 2022 by maturity period, based on the contractual undiscounted payments:

Ageing structure of trade payables	**At 31 December 2022**		**At 31 December 2021**	
	amount	**structure**	**amount**	**structure**
Overdues liabilities	3,862	15.6%	1,083	3.3%
Current and future up to 3 months	16,523	66.6%	29,876	89.9%
Future payables between 3 and 6 months	2,952	11.9%	1,706	5.1%
Future payables over 6 months	1,489	6.0%	574	1.7%
Total trade liabilities	**24,825**	**100.0%**	**33,239**	**100.0%**

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Foreign currency risk

The Group tries to conclude contracts with its clients in the primary currencies of the countries in which its subsidiaries and associates operate in order to avoid exposure to the risk arising from fluctuations in foreign currency exchange rates versus their own functional currencies.

The sensitivity analysis of trade payables and trade receivables to fluctuations in the exchange rates of EUR against the functional currencies of the Group companies indicates the following net impact on the Group's financial results:

Trade accounts receivable and payable as at 31 December 2022	Amount exposed to risk	Impact on financial results of the Group (before tax)	
		-10%	+10%
CZK:			
Trade accounts receivable	16,486	(1,649)	1,649
Trade accounts payable	6,087	609	(609)
Balance		**(1,040)**	**1,040**
CHF:			
Trade accounts receivable	1,414	(141)	141
Trade accounts payable	313	31	(31)
Balance		**(110)**	**110**
HUF:			
Trade accounts receivable	2,020	(202)	202
Trade accounts payable	650	65	(65)
Balance		**(137)**	**137**
USD:			
Trade accounts receivable	296	(30)	30
Trade accounts payable	8	1	(1)
Balance		**(29)**	**29**
PLN:			
Trade accounts receivable	9,121	(912)	912
Trade accounts payable	1,550	155	(155)
Balance		**(757)**	**757**

Trade accounts receivable and payable as at 31 December 2021	Amount exposed to risk	Impact on financial results of the Group (before tax)	
		-10%	+10%
CZK:			
Trade accounts receivable	18,529	(1,853)	1,853
Trade accounts payable	16,432	1,643	(1,643)
Balance		**(210)**	**210**
CHF:			
Trade accounts receivable	1,116	(112)	112
Trade accounts payable	157	16	(16)
Balance		**(96)**	**96**
HUF:			
Trade accounts receivable	1,702	(170)	170
Trade accounts payable	259	26	(26)
Balance		**(144)**	**144**
USD:			
Trade accounts receivable	582	(58)	58

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Trade accounts payable	37	4	(4)
Balance		**(55)**	**55**
PLN:			
Trade accounts receivable	8,436	(844)	844
Trade accounts payable	1,200	120	(120)
Balance		**(724)**	**724**

The analysis of sensitivity to fluctuations in foreign exchange rates, with potential impact on the Group's financial results, was conducted using the percentage deviations of +/-10% by which the reference exchange rates, effective as at the balance sheet date, were increased or decreased.

Other types of risk

Other risks are not analyzed for sensitivity, due to their nature and the impossibility of absolute classification.

9. OTHER EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Selected accounting policies

Off-balance-sheet liabilities *are primarily contingent liabilities, by which the Group understands: a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events that are not fully controlled by the Group, or a present obligation that arises from past events but is not recognized because: (i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or (ii) the amount of the obligation cannot be measured with sufficient reliability.*
Contingent liabilities *are not recognized in the statement of financial position; however, information about a contingent liability is disclosed, unless the possibility of an outflow of resources embodying economic benefits is remote.*

Lease contracts subject to practical expedients under IFRS 16 for short-term leases and leases of low-value assets
The Group applies a practical expedient permitted under IFRS 16 to rental contracts and other contracts of similar nature that are concluded for a period shorter than 12 months from the lease commencement date. Whereas, the practical expedient for leases of low-value assets is applied by the Group primarily to leases of IT hardware and other equipment with a low initial value. According to guidance provided by the International Accounting Standards Board, items whose value does not exceed 5 thousand USD may be considered as low-value assets. In both the above-mentioned exceptions, the lease payments are recognized as operating expenses basically on a straight-line basis, in the period to which they are related. In such case, the Group does not recognize any right-of-use assets or corresponding financial liabilities.

9.1. Commitments and contingencies in favuor of related parties

As at 31 December 2022 guarantees and sureties issued by Asseco Central Europe a. s. in favour of related parties were as follows:

- PROSOFT Košice, a.s. (joint venture) was granted a guarantee of EUR 2,980 thousand to back up its liabilities towards Tatra banka, a.s. under a framework crediting agreement;
- Asseco Central Europe, a.s. Czech republic (subsidiary) was granted a guarantee of 100,000 thousand CZK (EUR 4,147 thousand) to back up its liabilities towards Česká spořitelna, a.s., under a framework crediting agreement;
- Asseco CEIT a.s. (subsidiary) was granted a guarantee of EUR 3,500 thousand to back up its liabilities under a credit agreement;

Aditionally, as at 31 December 2022 Asseco Business Solutions S.A. has granted EUR 64 thousand rental agreeement guarantee to members of its management.

As at 31 December 2021 guarantees and sureties issued by Asseco Central Europe a. s. in favour of related parties were as follows:

(in EUR thousand)

- PROSOFT Košice, a.s. (joint venture) was granted a guarantee of EUR 4,470 thousand to back up its liabilities towards Tatra banka, a.s. under a framework crediting agreement;
- Asseco Central Europe, a.s. Czech republic (subsidiary) was granted a guarantee of 100,000 thousand CZK (EUR 4,023 thousand) to back up its liabilities towards Česká spořitelna, a.s., under a framework crediting agreement.

9.2. Commitments and contingent liabilities to other entities

As at 31 December 2022, guarantees and sureties issued by and for the Group were as follows:

- Asseco Central Europe a. s. uses a bank guarantees issued by Komerční banka a. s. of EUR 1,636 thousand to secure its obligations towards various public offering procurers (guarantees are effective up to end of year 2024);
- Berit GmbH uses a bank guarentee of EUR 122 thousand;
- Asseco Business Solutions S.A. uses a bank guarantee of EUR 172 thousand.

As at 31 December 2021, guarantees and sureties issued by and for the Group were as follows:

- Asseco Central Europe a. s. uses a bank guarantees issued by Komerční banka a. s. of EUR 2,244 thousand to secure its obligations towards various public offering procurers (guarantees are effective up to end of year 2023);
- Berit GmbH uses a bank guarentee of EUR 122 thousand;
- Asseco Business Solutions S.A. uses a bank guarantee of EUR 301 thousand.

As at 31 December 2022 Group had a contingent liability regarding ongoing legal claim.

The Group is a party to a number of lease contracts which are subject to exemptions according to IFRS 16, resulting in off-balance-sheet liabilities for future payments.

	31 December 2022	31 December 2021
Liabilities under lease of space		
In the period up to 1 year	195	165
In the period from 1 to 5 years	-	-
In the period over 5 years	-	-
Total	**195**	**165**
Liabilities under operating lease of property, plant and equipment		
in the period shorter than 1 year	7	
in the period from 1 to 5 years	53	7
in the period longer than 5 years	-	13
Total	**60**	**20**

9.3. Employment

Number of employees in persons as at:	31 December 2022	31 December 2021
Management Board of Parent entity	3	4
Management Board of subsidiaries	28	31
Production departments	2,929	2,771
Sales departments	223	237
G&A departments	379	343
Total	**3,562**	**3,386**

(in EUR thousand) page 67

Number of employees in persons as at:	31 December 2022	31 December 2021
Asseco Central Europe, a.s. (Slovakia)	610	461
Asseco Central Europe, a.s. (Czech Republic)	330	326
Asseco Berit AG	15	14
Asseco Berit GmbH	34	32
DWC Slovakia a.s.	-	115
Asseco Solutions Group (Czech Republic)	405	347
Asseco Solutions Group (Slovakia)	166	161
Asseco Solutions Group (Germany)	442	411
Asseco Business Solutions S.A.	1,072	1,002
Asseco Enterprise Solutions a.s.	2	2
CEIT Group	249	275
exe, a.s.	108	81
ACE Asseco Central Europe Magyarorszag Zrt.	128	159
Total	**3,562**	**3,386**

9.4. Remuneration of the entity authorized to audit financial statements

The table below discloses the total amounts due to the entity authorized to audit consolidated financial statements of ACE Group and standalone financial statements of Asseco Central Europe a.s. (Slovakia), namely Ernst & Young Slovakia, spol. s r. o. paid or payable for the years ended 31 December 2022 and 31 December 2021, in breakdown by type of service:

Type of service	31 December 2022	31 December 2021
Obligatory audit of the annual financial statements	99	66
Tax advisory services	19	-
Total	**118**	**66**

9.5. Remuneration of Members of the Board of Directors and Supervisory Board of the Parent Company

Remuneration for the period of	12 months ended 31 December 2021	12 months ended 31 December 2020
Board of Directors	1,052	1,078
Supervisory Board	87	84

In additon, in year 2022 there were paid bonuses for results achieved in 2021 in the amount of EUR 591 thousand in the reporting period (in 2021 it was EUR 623 thousand).

The table and comment above presents the remuneration including all related costs and benefits payable to Members of the Board of Directors and the Supervisory Board of Asseco Central Europe, a. s. (SK) in EUR for acting as Members of the Board of Directors/ Supervisory Boards in Parent Company and Group subsidiaries in 2022 and 2021.

9.6. Equity management

The main objective of the Group's equity management is to maintain a favourable credit rating and safe level of equity ratios so as to support the Group's operating activities and increase the value for our shareholders.

(in EUR thousand)

The Group manages its equity structure which is altered in response to changing economic conditions. In order to maintain or adjust its equity structure, the Group may change its dividend payment policy, return some capital to its shareholders or issue new shares. In 2022, as in the year ended 31 December 2021, the Group did not introduce any changes to its objectives, principles and processes adopted in this area.
The Group consistently monitors the balances of its capital funds using the leverage ratio, which is calculated as a relation of net liabilities to total capital (sum of equity and net liabilities). Net liabilities include interest-bearing credits and loans, trade payables and other liabilities, decreased by cash and cash equivalents.

Equity management	31 December 2022	31 December 2021
Bank and other loans	37,170	17,385
Lease liabilities	24,066	40,858
Trade accounts payable and other liabilities	68,476	69,006
Cash and cash equivalents	(44,190)	(54,975)
Net liabilities	**85,522**	**72,274**
Shareholders' equity	123,741	120,891
Equity plus net liabilities	**209,263**	**193,165**
Leverage ratio	**40.9%**	**37.4%**

9.7. Seasonal and cyclical nature of business

The Group's activities are subject to seasonality in terms of uneven distribution of turnover in individual quarters of the year. Because bulk of sales revenues are generated from the IT services contracts executed for large companies and public institutions, the fourth quarter turnovers tend to be higher than in the remaining periods. Such phenomenon occurs because the above-mentioned entities close their annual budgets for implementation of IT projects and carry out investment purchases of hardware and licenses usually in the last quarter.

9.8. Significant events after the balance sheet date

Until the date of preparing these consolidated financial statements, i.e. 15 March 2023, below significant events occurred that might have an impact on these consolidated financial statements.

- On 24 January 2023 an associate entity LittleLane, a.s. changed its name to Asseco CE Cloud, a.s. On 1 February 2023 Group acquired control over the entity, so since that date Asseco CE Cloud, a.s. is consolidated fully instead of using equity method.

9.9. Significant events related to prior years

Up to the date of preparing these consolidated financial statements for the twelve months ended 31 December 2022, no significant events related to prior years occurred that might have an impact on these consolidated financial statements.

(in EUR thousand)

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Independent Auditor's Report

To the Shareholders, Supervisory Board and Board of Directors of Asseco Central Europe, a. s.:

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Asseco Central Europe, a. s. and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2022, consolidated statement of profit and loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group give a true and fair view of the financial position of the Group as at 31 December 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by EU ("IFRS EU").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Act on Statutory Audit No 423/2015 Coll. and on amendments to the Act on Accounting No 431/2002 Coll., as amended by later legislation ("the Act on Statutory Audit") related to ethics, including Auditor's Code of Ethics, that are relevant to our audit of the consolidated financial statements, and we have fulfilled other requirements of these provisions related to ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management responsible for the preparation of the consolidated financial statements that give true and fair view in accordance with IFRS EU, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement

Spoločnosť zo skupiny Ernst & Young Global Limited
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when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

Report on Information Disclosed in the Consolidated Annual Report

Management is responsible for the information disclosed in the consolidated annual report, prepared based on requirements of the Act on Accounting No 431/2002 Coll., as amended by later legislation ("the Act on Accounting"). Our opinion on the consolidated financial statements expressed above does not apply to other information contained in the consolidated annual report.

In connection with audit of the consolidated financial statements it is our responsibility to understand the information disclosed in the consolidated annual report and to consider whether such information is not materially inconsistent with audited consolidated financial statements or our knowledge obtained in the audit of the consolidated financial statements, or otherwise appears to be materially misstated.

The annual report was not available to us as at the date of issue of the auditor's report on the audit of the financial statements.

When we obtain the annual report, we will consider whether the Group's annual report contains information, disclosure of which is required by the Act on Accounting and based on procedures performed during the audit of financial statements, we will express our opinion considering whether:

- Information disclosed in the annual report, prepared for 2022, is consistent with the financial statements for the relevant year,
- The annual report contains information based on the Act on Accounting.

Additionally, we will disclose whether material misstatements were identified in the annual report based on our understanding of the Group and its situation, obtained in the audit of the financial statements.

15 March 2023
Bratislava, Slovak Republic

Ernst & Young Slovakia, spol. s r.o.
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Ing. Peter Potoček, statutory auditor
UDVA Licence No. 992