asseco

ASSECO CENTRAL EUROPE GROUP

**CONSOLIDATED FINANCIAL STATEMENTS
INCLUDING INDEPENDENT AUDITORS' REPORT**

FOR THE YEAR ENDED 31 DECEMBER 2023

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

BRATISLAVA, 14 MARCH 2024

Consolidated financial statements of Asseco Central Europe Group for the year ended 31 December 2023

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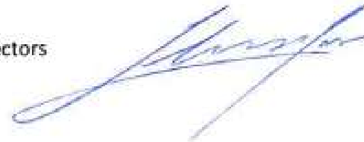
These consolidated financial statements for the year ended 31 December 2023 were prepared on 14 March 2024 and approved by the Board of Directors of Asseco Central Europe, a.s. on the same date.

Board of Directors:

RNDr. Jozef Klein	Chairman of the Board of Directors	
Ing. Vladimir Dzurilla	Member of the Board of Directors	
Ing. Branislav Tkáčik	Member of the Board of Directors	
Ing. Martin Chripko	Member of the Board of Directors	

Bratislava, 14 March 2024

Consolidated statement of profit and loss and other comprehensive income

Asseco Central Europe Group

PROFIT AND LOSS ACCOUNT	Note	12 months ended 31 December 2023	12 months ended 31 December 2022
Sales revenues	5.1	374,514	337,155
Cost of sales	5.2	(276,126)	(244,802)
Gross profit on sales		**98,388**	**92,353**
Selling expenses	5.2	(22,327)	(20,808)
General administrative expenses	5.2	(33,850)	(30,206)
Net profit on sales		**42,211**	**41,339**
Other operating income	5.3	1,379	2,141
Other operating expenses	5.3	(368)	(379)
Operating profit		**43,222**	**43,101**
Financial income	5.4	1,846	609
Financial expenses	5.4	(3,155)	(2,494)
Profit before tax and share in profits of associated companies		**41,913**	**41,216**
Corporate income tax (current and deferred portions)	5.5	(8,968)	(7,879)
Share in profits of associates	6.6	38	550
Net profit for the period		**32,983**	**33,887**
Attributable to:			
Shareholders of the Parent Company		**10,398**	**14,555**
Non-controlling interest		22,585	19,332
Basic / diluted consolidated earnings per share attributable to Shareholders of Asseco Central Europe, a.s. (in EUR):	5.6	0.49	0.68

OTHER COMPREHENSIVE INCOME		
Net profit for the period	**32,983**	**33,887**
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	5,347	(561)
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:		
Loss on valuation of equity instruments at fair value through OCI	(1,154)	-
Actuarial gain/ losses	(150)	174
Income tax on items taken directly to equity	29	(34)
Total other comprehensive income, attributable to:	**4,072**	**(421)**
Shareholders of the Parent Company	**(168)**	**83**
Non-controlling interests	4,240	(504)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD attributable to:	**37,054**	**33,466**
Shareholders of the Parent Company	**10,229**	**14,638**
Non-controlling interests	26,825	18,828

Consolidated statement of financial position

Asseco Central Europe Group

ASSETS	Note	31 December 2023	31 December 2022 (restated)
Non-current assets		**221,687**	**215,865**
Property, plant and equipment	6.1	39,274	37,031
Intangible assets	6.2	24,822	22,306
Right-to-use assets	6.3	21,688	22,714
Goodwill	6.4	127,851	124,037
Investments in associates	6.6	3,304	3,308
Trade and other receivables	0	1,131	1,258
Deferred income tax assets	5.5	2,999	4,244
Other non-financial assets		41	43
Other financial assets	6.8	13	366
Prepayments	6.9	564	558
Current assets		**156,106**	**146,747**
Inventories	6.10	3,771	5,242
Prepayments	6.9	14,602	9,400
Trade receivables	0	51,374	53,901
Contract assets	0	14,780	28,745
Tax receivable	0	1,541	726
Receivables from state and local budget	0	2,835	1,609
Other receivables	0	1,451	698
Other non-financial assets	6.9	271	1,125
Other financial assets	6.8	79	1,111
Cash and short-term deposits	6.12	65,402	44,190
Non-current assets held for sale	6.13	4,584	4,784
TOTAL ASSETS		**382,377**	**367,396**

Consolidated statement of financial position
Asseco Central Europe Group

SHAREHOLDERS' EQUITY AND LIABILITIES	Note	31 December 2023	31 December 2022 (restated)
Shareholders' equity (attributable to Shareholders of the Parent Company)		**128,165**	**123,742**
Share capital	6.14	709	709
Share premium	6.14	74,901	74,901
Treasury shares	6.14	-	(1,371)
Non-controlling interest transactions		(16,412)	(17,034)
Exchange differences on translation of foreign operations		(5,317)	(6,330)
Retained earnings		74,284	72,867
Non-controlling interest		**103,827**	**92,652**
Total shareholders' equity		**231,992**	**216,394**
Non-current liabilities		**42,172**	**45,335**
Bank loans, other loans and debt securities	6.15	20,441	21,631
Lease liabilities	6.17	16,284	18,514
Other financial liabilities	6.16	567	1,072
Deferred tax liability	5.5	727	1,412
Provisions	6.20	935	606
Deferred income	6.21	1,431	1,149
Contract liabilities	6.19	1,630	556
Other liabilities	6.18	157	395
Current liabilities		**108,213**	**105,667**
Bank loans, other loans and debt securities	6.15	15,347	15,538
Lease liabilities	6.17	5,421	5,552
Other financial liabilities	6.16	597	4,287
Trade payables	6.18	20,268	24,813
Contract liabilities	6.19	29,877	21,223
Tax payable	6.18	1,520	2,855
Liabilities to state and local budget	6.18	14,680	12,533
Other liabilities	6.18	6,617	6,101
Provisions	6.20	1,774	1,025
Deferred income	6.21	393	104
Accrued expenses	6.21	11,719	11,636
Total Liabilities		**150,385**	**151,002**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**382,377**	**367,396**

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 2023		**709**	**73,530**	**(6,330)**	**55,833**	**123,742**	**92,652**	**216,394**
Net profit for the period		-	-	-	10,398	**10,398**	22,585	**32,983**
Other comprehensive income		-	-	1 013	(1,181)	**(168)**	4,239	**4,071**
Total comprehensive income		**-**	**-**	**1 013**	**9,217**	**10,230**	**26,824**	**37,054**
Dividend for the year 2022	5.7	-	-	-	(8,117)	**(8,117)**	(17,444)	**(25,561)**
Purchase of own shares	6.14	-	1,371	-	317	**1,688**	-	**1,688**
Decrease in parent ownership		-	-	-	622	**622**	1,795	**2,417**
As at 31 December 2023		**709**	**74 901**	**(5 317)**	**57,872**	**128,165**	**103,827**	**231,992**

	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	6.14	-	(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**

Consolidated statement of cash flows
Asseco Central Europe Group

	Note	12 months ended 31 December 2023	12 months ended 31 December 2022
Cash flows - operating activities			
Profit before tax and share in profits of associates		**41,913**	**41,216**
Total adjustments:		**39,162**	**5,813**
Depreciation and amortization		17,617	15,721
Changes in working capital	7.1	20,193	(11,428)
Interest income and expense		1,698	1,323
(Gain) / loss on foreign exchange differences		(394)	284
Gain (loss) on financial assets (valuation, disposal, etc.)		203	488
Other financial income (expenses)		(100)	(22)
Gain (loss) on disposal of property, plant and equipment and intangible assets		(407)	(1,664)
Impairment write-off of tangible and intangible assets		237	1,196
Gain (loss) on liquidation of tangible and intangible assets		135	5
Other adjustments to pre-tax profit		(20)	(90)
Net cash generated from operating activities		**81,075**	**47,029**
Corporate income tax paid		(12,143)	(10,835)
Net cash provided by (used in) operating activities		**68,932**	**36,194**
Cash flows - investing activities			
Inflows		**7,315**	**2,594**
Disposal of tangible fixed assets and intangible assets		542	232
Cash and cash equivalents in acquired subsidiaries		-	834
Disposal of shares in subsidiaries		-	580
Disposal of investments in other debt instruments measured at amortized cost		-	200
Disposal/settlement of financial assets measured at fair value through profit or loss		12	-
Loans collected	7.2	6,757	323
Interest received		4	24
Dividend received		-	401
Outflows		**(21,984)**	**(21,477)**
Acquisition of tangible fixed assets and intangible assets	7.2	(7,749)	(9,836)
Expenditures related to research and development projects		(7,557)	(9,120)
Acquisition of subsidiaries and associates		-	(2,151)
Acquisition of financial assets measured at fair value through profit or loss		(35)	(219)
Acquisition of financial assets measured at fair value through other comprehensive income		-	(60)
Loans granted and term-deposits opened	7.2	(6,643)	(91)
Net cash (used in) provided by investing activities		**(14,669)**	**(18,883)**

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

	Note	12 months ended 31 December 2023	12 months ended 31 December 2022
Cash flows - financing activities			
Inflows		**8,893**	**11,455**
Proceeds from issuance of shares		2,433	-
Proceeds sale of treasury shares		751	-
Proceeds from bank and other loans	7.3	5,709	11,291
Grants received for purchases of property, plant & equipment and/or development projects		-	164
Outflows		**(47,768)**	**(43,955)**
Acquisition of non-controlling interests		-	(60)
Purchase of own shares		-	(1,071)
Repayments of bank and other loans	7.3	(9,520)	(10,405)
Repayment of finance lease liabilities	7.3	(7,310)	(7,026)
Interest paid	7.3	(1,625)	(1,220)
Dividends paid out to the shareholders of the Parent Company	7.3	(10,925)	(7,388)
Dividends paid out to non-controlling shareholders	7.3	(18,388)	(16,785)
Net cash (used in) provided by financing activities		**(38,875)**	**(32,500)**
Increase (decrease) in cash and cash equivalents		**15,388**	**(15,189)**
Net foreign exchange differences		709	84
Cash and cash equivalents as at 1 January	6.12	36,224	51,329
Cash and cash equivalents as at 31 December	6.12	**52,321**	**36,224**

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 Bratisłava, 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 2023, Asseco International, a.s. held a 92.33% 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 geopolitical and macroeconimic situation on the Group's business operations

As at the date of publication of these financial statements, based on the current analysis of risks, in particular those arising from the war in Ukraine, 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 2023 is not threatened.

The Russian invasion of Ukraine in 2022 and ongoing war 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 though 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.

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 2022, except for new standards effective from 1 January 2023.

New standards or amendments to the International Financial Reporting Standards effective from 1 January 2023:

- IFRS 17 'Insurance Contracts' and amendments to IFRS 17;
- Amendments to IAS 1 'Presentation of Financial Statements' and the IFRS's 'Practice Statement 2 on Disclosure of Accounting Policies';
- Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors';
- Amendments to IAS 12 'Income Taxes'.

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) – the endorsement process of these Amendments has been postponed by EU - the effective date was deferred indefinitely by IASB;
- Amendments to IAS 1 'Presentation of Financial Statements – Classification of Liabilities as Current or Noncurrent'– 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 IFRS 16 Leases: Lease liability in a Sale and Leaseback (issued on 22 September 2022) – effective for financial years beginning on or after 1 January 2024.
- Amendments to IAS 7: Statement of Cash Flows and IFRS 7: Financial Instruments: Disclosures: Supplier Finance Arrangements (issued on 25 May 2023 – not yet endorsed by EU at the date of approval of these financial statements – effective for financial years beginning on or after 1 January 2024;
- Amendments to IAS 21: The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability (issued on 15 August 2023) – not yet endorsed by EU at the date of approval of these financial statements – effective for financial years beginning on or after 1 January 2025;

Due to the issued amendments to IAS 12 "Income taxes", which introduce a mandatory temporary exception to the requirements of IAS 12 under which the Group does not recognise or disclose information about deferred tax assets and liabilities related to the proposed Pillar Two model rules, the Group has decided to apply a temporary exception at 31 December 2023.

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

In the reporting period there were no changes in the applied principles of presentation.

According to paragraph 45 of IFRS 3 Business Combinations, the Group has 12 months from the acquisition date of the subsidiary to finalize the acquisition accounting. In 2023, the Group completed the final settlement of the acquisition of company ANeT-Advanced Network Technology s.r.o., requiring the transformation of comparable data.

As a result of the events mentioned above, certain assets and liabilities as of December 31, 2022, underwent changes. The tables below illustrate the impact of these changes on comparable balance sheet data

ASSETS	31 December 2022	PPA finalization ANET	31 December 2022 *(restated)*
Non-current assets	**215,815**	**50**	**215,865**
Property, plant and equipment	37,031	-	37,031
Intangible assets	22,306	-	22,306
Right-to-use assets	22,714	-	22,714
Goodwill	123,987	50	124,037
Investments in associates	3,308	-	3,308
Trade and other receivables	1,258	-	1,258
Deferred income tax assets	4,244	-	4,244
Other non-financial assets	43	-	43
Other financial assets	366	-	366
Prepayments	558	-	558
Current assets	**146,747**	**-**	**146,747**
TOTAL ASSETS	**367,346**	**50**	**367,396**

SHAREHOLDERS' EQUITY AND LIABILITIES	31 December 2022	PPA finalization ANET	31 December 2022 *(restated)*
Shareholders' equity (attributable to Shareholders of the Parent Company)	**123,742**	**-**	**123,742**
Non-controlling interest	**92,652**	**-**	**92,652**
Total shareholders' equity	**216,394**	**-**	**216,394**
Non-current liabilities	**45,285**	**50**	**45,335**
Bank loans, other loans and debt securities	21,631	-	21,631
Lease liabilities	18,514	-	18,514
Other financial liabilities	1,022	50	1,072
Deferred tax liability	1,412	-	1,412
Provisions	606	-	606
Deferred income	1,149	-	1,149

Contract liabilities	556	-	556
Accrued expenses	395	-	395
Current liabilities	**105,667**	**-**	**105,667**
TOTAL LIABILITIES	**150,952**	**50**	**151,002**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**367,346**	**50**	**367,396**

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.

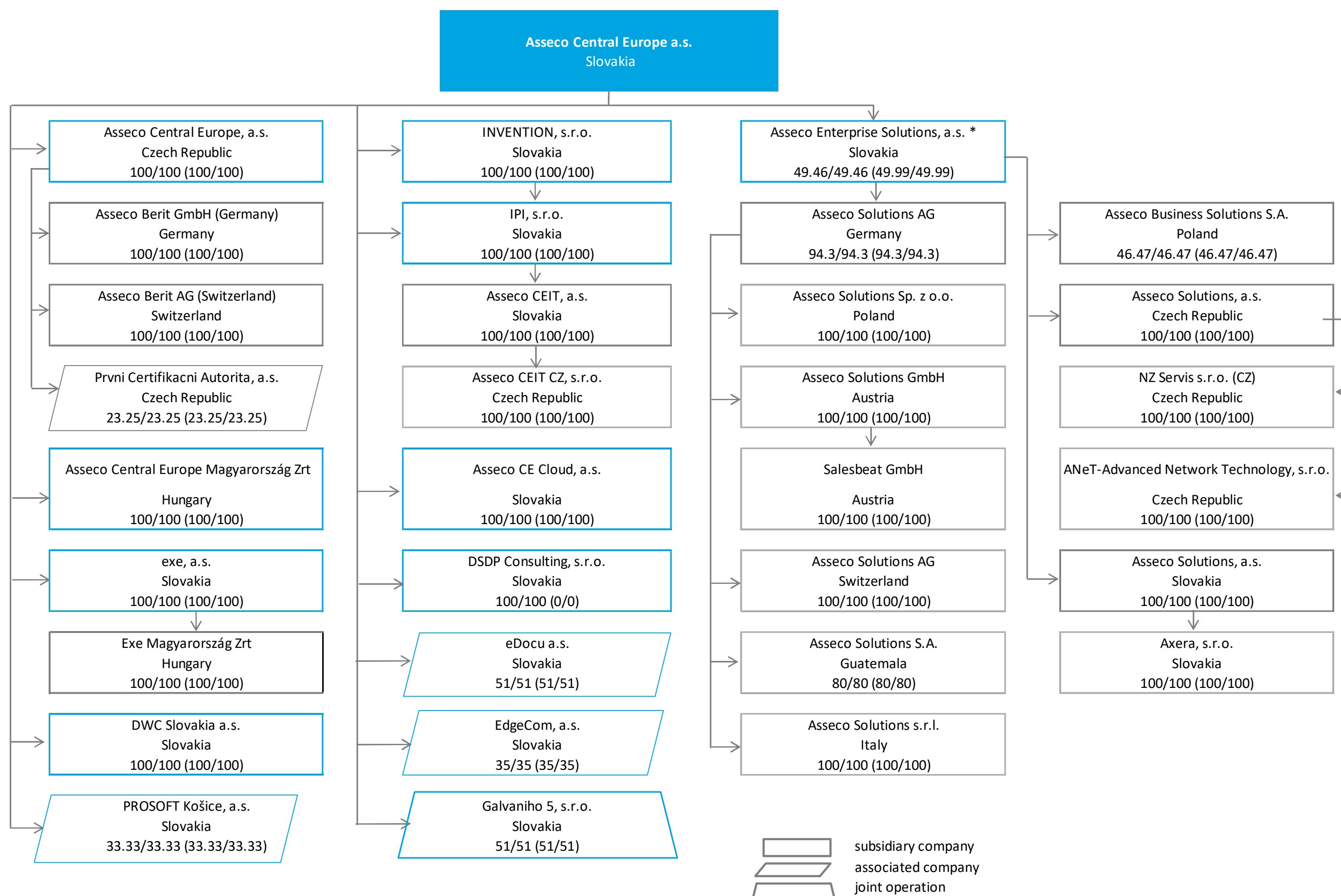
In the case of a business combination under common control, entities within the Group should apply the pooling of interest method with application of financial data from consolidated financial statements of the Parent entity.

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 2023 and in the comparative period:



In 2023 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)**
LittleLane, a.s. changed its name to Asseco CE Cloud, a.s. (associate entity)	24 January 2023	100%	-
Asseco Central Europe, a.s. acquired control over ACE Cloud, a.s. ACE Cloud, a.s. has changed its status from associate to subsidiary.	1 February 2023	100%	-
Equity interest held by Asseco Central Europe, a.s. in Asseco Enterprise Solutions, a.s. dropped by 0,54% following an issuance of shares by Asseco Enterprise Solutions, a.s. The newly issued shares were acquired by the manager of Asseco Enterprise Solutions Group.	24 March 2023	49.45%	622
Asseco Central Europe, a.s. (Slovakia) established the company DSDP Consulting, s.r.o.	28 March 2023	100%	-
Asseco Central Europe, a.s. sold its treasury shares to Asseco International, a.s. as a result of which the percentage of voting rights held by Asseco International, a.s. in Asseco Central Europe, a.s. increased by 0.08%, and its equity interest increased by 1%.	29 May 2023	92.33%	1,688

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 exe, a.s. Asseco Cloud 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 2023.

12 months ended 31 December 2023	Segment Asseco Central Europe	Segment Asseco Solutions	Segment CEIT	Segment Other	Eliminations	Total
Operating revenues:	**159,159**	**205,066**	**17,493**	**6,454**	**(13,658)**	**374,514**
Operating revenues from external customers	147,084	204,840	17,230	5,360	-	374,514
Inter/intra segment operating revenues	*12,075*	*226*	*263*	*1,094*	*(13,658)*	-
Operating profit (loss) of reporting segment	**2,253**	**40,613**	**(684)**	**913**	**127**	**43,222**
Interest income [1)]	10	1,246	14	3	(226)	**1,047**
Interest expenses [2)]	(1,075)	(673)	(354)	(237)	226	**(2,113)**
Corporate income tax	**(754)**	**(7,915)**	**127**	**(426)**	**-**	**(8,968)**
Non-cash items:						
Depreciation and amortization (as disclosed in the cash flow statement)	(4,514)	(12,280)	(559)	(364)	100	**(17,617)**
of which amortization of intangible assets recognized in purchase price allocation (PPA)	(245)	(208)	(145)	-	-	***(598)***
Impairment losses on segment assets	(1,441)	(69)	100	(281)	-	**(1,691)**
Share of profits of associates and joint ventures	38	-	-	-	-	**38**
Net profit (loss) of operating segment	**8,996**	**25,142**	**(423)**	**299**	**(1,031)**	**32,983**
Goodwill	**25,959**	**91,100**	**5,441**	**5,351**	**-**	**127,851**

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

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 2023 and in the comparable period were as follows:

Sales revenues	12 months ended 31 December 2023	12 months ended 31 December 2022
Sales revenues by type of products		
Own software and services	297,622	259,117
Third-party software and services	67,306	65,343
Computer hardware and infrastructure	9,586	12,695
Total	**374,514**	**337,155**
Sales revenues by sectors		
Banking and Finance	26,505	28,534

General Business	244,014	213,576
Public Administration	103,995	95,045
Total	**374,514**	**337,155**

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 2023 and in the comparable period were as follows:

12 months ended 31 December 2023	Asseco Central Europe	Asseco Solutions	CEIT	Other	Eliminations	Total
Own software and services	97,524	186,899	17,293	6,454	(10,548)	**297,622**
Third-party software and services	53,078	15,703	25	-	(1,500)	**67,306**
Hardware and infrastructure	8,557	2,464	175	-	(1,610)	**9,586**
Total operating revenues	**159,159**	**205,066**	**17,493**	**6,454**	**(13,658)**	**374,514**

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**

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 2023 and in the comparable period were as follows:

12 months ended 31 December 2023	Asseco Central Europe	Asseco Solutions	CEIT	Other	Eliminations	Total
Banking and Finance	24,375	3,472	-	814	(2,156)	**26,505**
General Business	43,644	190,140	17,491	6	(7,267)	**244,014**
Public Administration	91,140	11,454	2	5,634	(4,235)	**103,995**
Total operating revenues	**159,159**	**205,066**	**17,493**	**6,454**	**(13,658)**	**374,514**

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**

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

Operating revenues	12 months ended 31 December 2023 thous. EUR	12 months ended 31 December 2022 thous. EUR
Operating revenues recognized in accordance with IFRS 15, of which:	**374,241**	**336,892**
From goods and services transferred at a specific point in time	95,968	79,368
Segment Asseco Central Europe	52,794	41,985
Segment Asseco Solutions	45,860	38,505
IC adjustment	(2,686)	(1,122)
From goods and services transferred over the passage of time	**278,303**	**257,524**
Segment Asseco Central Europe	106,148	103,772
Segment Asseco Solutions	159,133	140,454
Segment CEIT	17,317	13,721
Segment Other	6,453	5,756
IC adjustment	(10,748)	(6,179)
Operating revenues from operating leases in accordance with IFRS 16	273	263
Total operating revenues	**374,514**	**337,155**

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 2024	16,499
Year 2025	5,054
Year 2026 and later	213
Total	**21,766**

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 2023	thous. EUR
Year 2024	7,486
Year 2025	7,737
Year 2026 and later	3,526
Total	**18,749**

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	255
from 1 to 2 years	255

from 2 to 3 years	255
from 3 to 4 years	209
from 4 to 5 years	176
above 5 years	176
Total	**1,326**

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 2023 and the corresponding comparative period, the operating costs were as follows:

Operating costs	12 months ended 31 December 2023	12 months ended 31 December 2022
Cost of goods, materials and third-party services sold	(68,974)	(69,945)
Employee benefits	(165,148)	(143,358)
Depreciation and amortization	(17,617)	(15,721)
Third-party services	(55,852)	(44,209)
Other	(24,712)	(22,583)
Total	**(332,303)**	**(295,816)**
Cost of sales	(276,126)	(244,802)
Selling costs	(22,327)	(20,808)
General administrative expenses	(33,850)	(30,206)
Total	**(332,303)**	**(295,816)**

In the period of 12 months ended 31 December 2023 other costs comprised mainly: costs of company vehicles and property maintenance costs in the amount of EUR 8,447 thousand, costs of advertising in the amount of EUR 2,952 thousand, costs of domestic and international business trips in the amount of EUR 1,730 thousand.

i. Costs of employee benefits

Costs	12 months ended 31 December 2023	12 months ended 31 December 2022
Salaries	(126,991)	(111,205)
Social insurance contributions	(22,545)	(19,581)
Retirement benefit expenses	(9,821)	(8,255)
Other costs of employee benefits	(5,791)	(4,317)
Total employee benefit expenses	**(165,148)**	**(143,358)**

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 3,392 persons, as compared with 3,278 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 2023	12 months ended 31 Dec 2022
Depreciation of fixed assets resulting from movement table of property, plant and equipment	6.1	(5,116)	(4,497)
Amortization of intangible assets resulting from the movement table of intangible assets	6.2	(7,125)	(5,396)
Depreciation of right-to-use assets resulting from the movement table of right-of-use assets	6.3	(5,644)	(5,909)
Depreciation decrease as a result of grants and other		268	81
Total depreciation and amortization presented in statement of cash flow		**(17,617)**	**(15,721)**

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 2023 and the corresponding comparative period, the other operating income and expenses were as follows:

Other operating income	12 months ended 31 December 2023	12 months ended 31 December 2022
Gain on disposal of non-current assets	407	1,636
Lease modifications	27	97
Reinvoicing	106	91
Inventory stock-taking surplus	236	-
Other	603	317
Total	**1,379**	**2,141**

Other operating expenses	12 months ended 31 December 2023	12 months ended 31 December 2022
Loss on lease modifications	(8)	(7)
Charitable contributions to unrelated companies	(173)	(108)
Cost of reinvoicing	(95)	(113)
Other	(92)	(151)
Total	**(368)**	**(379)**

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 2023 and the corresponding comparative period, the financial income were as follows:

Financial income	12 months ended 31 December 2023	12 months ended 31 December 2022
Interest income from investments in debt instruments and deposits measured at amortised cost	855	196
Interest income from investments in debt instruments measured at fair value through OCI, finance lease and trade receivables	192	97
Gain on foreign exchange differences	770	283
Gain on exercise and/or valuation of financial assets carried at fair value through profit or loss	12	11
Other financial income	17	22
Total financial income	**1,846**	**609**

During twelve months ended 31 December 2023 and the corresponding comparative period, the financial expenses were as follows:

Financial expenses	12 months ended 31 December 2023	12 months ended 31 December 2022
Interest expense on bank credits, loans, debt securities	(1,286)	(614)
Interest expense on lease expenses	(690)	(702)
Other interest expenses	(137)	(137)
Loss on foreign exchange differences	(824)	(539)
Loss on exercise and/or valuation of financial assets carried at fair value through profit or loss	(46)	(219)
Impairment write-off of investments in debt instruments at amortized cost	(169)	(280)
Other financial expenses	(3)	(3)
Total financial expenses	**(3,155)**	**(2,494)**

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.

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 2023	12 months ended 31 December 2022
Current portion of corporate income tax and prior years adjustments	(8,423)	(9,671)
Deferred income tax	(545)	1,792
Income tax expense as disclosed in the profit and loss account	**(8,968)**	**(7,879)**

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 2023	12 months ended 31 December 2022
Pre-tax profit	**41,913**	**41,216**
Statutory corporate income tax rate	21%	21%
Corporate income tax computed at the statutory tax rate	**8,802**	**8,655**
Non-taxable accounting income	-	(41)
Taxable income which will never become accounting income	499	19
Tax-deductible costs which will never become accounting costs	(301)	(273)

Difference in corporate income tax rates	(495)	(333)
Non-tax deductible accounting costs	1,125	677
Tax losses for which no deferred tax asset was recognized	99	108
Use of tax credits	(783)	(874)
Other	22	(59)
Corporate income tax at the effective tax rate of: 21.4% in 2023 and 19.1% in 2022	**8,968**	**7,879**

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 2023	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	11,069	-	-	102	9,489	(1,682)
Deferred income tax liabilities, gross	8,236	-	-	145	7,215	1,166
Change of deffered tax disclosed in profit and loss						**(545)**
Change of deferred tax disclosed in other comprehensive income						**29**

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 2,999 thousand as at 31 December 2023 (EUR 4,244 thousand as at 31 December 2022).

Deferred income tax	31 December 2023	31 December 2022
Deferred income tax assets	2,999	4,244
Deferred income tax liabilities	(727)	(1,412)
Deferred income tax assets (+)/Deferred income tax liability (-), net	**2,272**	**2,832**

As at 31 December 2023 and 31 December 2022 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 2023	**31 December 2022**	**31 December 2023**	**31 December 2022**
Property, plant and equipment	773	666	204	68
Intangible assets	1,591	1 739	184	507
Right-to-use assets	3,432	4 317	8	2
Inventories	-	-	190	155
Prepayments and accrued income	-	-	-	1
Trade receivables	368	627	679	362
Assets held for sale	-	-	42	-
Provisions	7	-	458	380
Trade payables	3	3	772	2 070
Lease liabilities	-	13	3,595	4 614
Other liabilities	1,041	867	186	78
Accruals and deferred income	-	-	1,554	1920
Contract liabilities	-	4	809	-
Unused tax losses and unused tax credits	-	-	808	1 020
Deferred income tax liability, gross	**7,215**	**8 236**	**n/d**	**n/d**
Deferred income tax asset, gross	**n/d**	**n/d**	**9,489**	**11 177**

Decrease due to inability to realize a deferred tax asset	n/d	n/d	-	(108)
Deferred income tax asset, net	**n/d**	**n/d**	**9,489**	**11 069**
Deferred income tax asset/liability, net	**727**	**1 412**	**2,999**	**4 244**

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 2023**	**12 months ended 31 December 2022**
Net profit attributable to Shareholders of the Parent Company	10,398	14,555
Average weighted number of ordinary shares, used for calculation of diluted earnings per share	21,288,800	21,315,347
Basic consolidated earnings per share	**0.49**	**0.68**

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 2023 and year 2022 the Parent Company paid out to its shareholders a dividend for prior years.

In 2023 by decision of the Ordinary General Meeting of Shareholders of Asseco Central Europe, a. s., the amount of EUR 8,116,800 from net profit for the year 2022 was allocated to payment of a dividend of EUR 0.38 per share and the amount of EUR 2,042,113 remained in retained earnings. The payment date was from 16 June 2023 to 31 December 2023.

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.

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 2023 and in the comparative period, changed as a result of the following transactions:

For 12 months ended 31 December 2023	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 2023	**23,187**	**6,839**	**5,481**	**798**	**726**	**37,031**
Additions, of which:	**357**	**2,491**	**3,549**	**411**	**2,257**	**9,065**
Purchases and modernization	13	1,678	2,434	199	2,257	6,581
Puchase of asset that was previously subject to lease	-	-	518	-	-	518
Transfers from assets under construction	344	813	597	212	-	1,966
Reductions, of which:	**(835)**	**(2,269)**	**(1,919)**	**(206)**	**(2,225)**	**(7,454)**
Depreciation charge for the reporting period	(832)	(2,268)	(1,810)	(206)		(5,116)
Loss of control over subsidiaries	-	-	-	-	-	-
Disposal and liquidation	(3)	(1)	(109)	-	(130)	(243)

Transfers from tangible assets under construction	-	-	-	-	(1,966)	(1,966)
Transfer to Assets held for sale	-	-	-	-	(129)	(129)
Change of presentation (+/-)	-	(38)	35	-	-	(3)
Impairment write-off (-)	-	-	-	-	-	-
Exchange differences on translation of foreign operations (+/-)	69	214	292	34	26	635
Net book value of property, plant and equipment as at 31 December 2023	**22,778**	**7,237**	**7,438**	**1,037**	**784**	**39,274**

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 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)
Disposal and liquidation	-	(17)	(80)	(29)	-	(126)
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**

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.

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 2023, net value of intangible assets recognized as part of purchase price allocations related to the Group's acquisitions of subsidiaries amounted to EUR 1,790 thousand (2022: EUR 2,386 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 2023 and in the comparative period, changed as a result of the following transactions:

For 12 months ended 31 December 2023	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 2023	**8,437**	**8,751**	**2,732**	**2,386**	**22,306**
Additions, of which:	**10,726**	**7,562**	**1,299**	**-**	**19,587**
Purchases	-	-	1,242	-	1,242
Obtaining control over subsidiaries	-	-	57	-	57
Capitalization of costs of development projects		7,562	-	-	7,562
Transfers from the costs of development projects in progress	10,726	-	-	-	10,726

Reductions, of which:	**(5,731)**	**(10,726)**	**(819)**	**(598)**	**(17,874)**
Amortization charge for the reporting period	(5,731)	-	(796)	(598)	(7,125)
Disposal and liquidation	-	-	(23)	-	(23)
Transfers to internally generated software		(10,726)	-	-	(10,726)
Impairment, write-downs	**(915)**	**878**	**-**	**-**	**(37)**
Change of presentation	**124**	**48**	**(52)**	**-**	**120**
Exchange differences on translation of foreign operations (+/-)	**524**	**210**	**(16)**	**2**	**720**
Net book value of intangible assets as at 31 December 2023	**13,165**	**6,723**	**3,144**	**1,790**	**24,822**

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 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
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**

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 2023 and in the comparative period, changed as a result of the following transactions:

For 12 months ended 31 December 2023	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 2023	**19,846**	**559**	**2,156**	**153**	**22,714**
Additions, of which:	**4,407**	**-**	**1,080**	**151**	**5,638**
New lease contracts	2,075	-	1,080	151	3,306
Modifications of existing lease contracts (extending the lease term, change of interest rate)	1,094	-	-	-	1,094
Increases resulting from the change in variable interest rates and indices (e.g. inflation)	1,238	-	-	-	1,238
Reductions, of which:	**(5,410)**	**(215)**	**(1,602)**	**(109)**	**(7,336)**
Depreciation charge for the reporting period	(4,236)	(215)	(1,084)	(109)	(5,644)
Contract termination (before the end of lease term)	(380)	-	-	-	(380)
Modifications of existing lease contracts (shortening of lease term, change of interest rate)	(626)	-	-	-	(626)
Decreases resulting from the change in the amount of lease payments due to changes in variable interest rates and indices (e.g. inflation)	(164)	-	-	-	(164)
Purchase of underlying asset	-	-	(518)	-	(518)
Other	(4)	-	-	-	(4)
Changes in presentation	**-**	**-**	**-**	**-**	**-**
Exchange differences on translation of foreign operations	**645**	**-**	**27**	**-**	**672**
Net book value of right-of-use assets as at 31 December 2023	**19,488**	**344**	**1,661**	**195**	**21,688**

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	**19,846**	**559**	**2,156**	**153**	**22,714**

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 2023	31 December 2022 (restated)
Segment Asseco Central Europe	**25,959**	**26,452**
Asseco Central Europe (Slovakia) - ISZP, MPI, DWC, XANTA	5,248	5,248
Asseco Central Europe (Czech Republic)	19,290	19,783
Exe	1,421	1,421
Segment Asseco Solutions	**91,100**	**87,034**
Asseco Solutions (Slovakia)	7,649	7,649
Asseco Solutions (Germany)	16,795	16,795
Asseco Solutions (Czech Republic)	8,105	8,310
Asseco Business Solutions S.A.	58,551	54,280
Segment CEIT	**5,441**	**5,441**
CEIT Group	5,441	5,441
Segment Other	**5,351**	**5,110**
Asseco Central Europe Magyarorszag	5,351	5,110
Total goodwill	**127,851**	**124,037**

During the period of twelve months ended 31 December 2023, 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	26,452	-	(493)	25,959
Segment Asseco Solutions	87,034	-	4,116	91,100
Segment CEIT	5,441	-	-	5,441
Segment Other	5,110	-	241	5,351
Total	**124,037**	**-**	**3,864**	**127,851**

Change of goodwill during the year ended 31 December 2023 was caused by foreign exchange differences. Acquisition of control over Asseco CE Cloud, a.s. (old name: LittleLane, a.s.) was not material and no goodwill was recognized on it.

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 2023:

31 December 2023	Asseco Business Solutions S.A.
	thous. EUR
Net assets value of CGU	87,996
Market capitalization	369,645
excess (+)/shortage(-) of fair value over the book value	**281,649**

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:

- 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 2023.

Sensitivity analysis

The Group carried out a sensitivity analysis in relation to other goodwill impairment tests conducted as at 31 December 2023, 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 2028;
- compound annual growth rate of free cash flow changes over the forecast period, i.e. in the years 2024-2028;

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					
CEIT	20,813	9,4%	14,7%	65,5%	44,9%
Exe	9,358	11,0%	∞	1,8%	-27,9%
Asseco Central Europe (Czech Republic)	28,913	9,9%	33,5%	-0,3%	-27,4%
Asseco Central Europe Magyarország (Hungary)	9,658	13,7%	23,6%	14,6%	-5,5%
Asseco Central Europe (Slovakia) – Fabasoft (ex. DWC)	27,496	8,8%	19,3%	14,1%	-11,9%
Asseco Central Europe (Slovakia) – ISZP	18,969	8,8%	∞	6,1%	-37,4%
Asseco Central Europe (Slovakia) – MPI	25,124	8,8%	∞	2,3%	-43,4%
Asseco Central Europe (Slovakia) – XANTA	1,219	8,8%	12,8%	8,7%	-6,3%
Asseco Solutions (Slovakia, Czech Republic, Germany)	53,441	8,1%	∞	9,9%	-45,3%

∞ - 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 2023, the Group's associates are: Prvni Certifikacni Autorita a. s., eDocu 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 2022 Group has acquired remaining 42,85% shares in LittleLane, a.s., increasing Group's share in the entity to 100%). 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. Since that date the Asseco CE Cloud, a.s. is no longer associate consolidated 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 2023 thous. EUR	31 December 2022 thous. EUR
Current assets	7,597	6,613
Non-current assets	10,231	9,166
Current liabilities	1,695	3,281
Non-current liabilities	6,096	5,784
Net assets	**10,037**	**6,713**
Book value of investments	**3,304**	**3,308**

Financial data of associates and joint ventures	12 months ended 31 December 2023 thous. EUR	12 months ended 31 December 2022 thous. EUR
Revenues	15,881	15,275
Operating profit	1,758	2,528
Net profit (loss)	1,538	2,098
Share of profits of associates and joint ventures	**38**	**550**

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 2023 and 2022 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 2022 and as at 31 December 2023, 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 2023	31 December 2022
AES Group	50.54%	50.01%

Group name	Carrying value of non-controlling interests*		Net profit attributable to non-controlling interests		Dividends to non-controlling interests	
	31 Dec. 2023	31 Dec. 2022	31 Dec. 2023	31 Dec. 2022	31 Dec. 2023	31 Dec. 2022
	thous. EUR	thous. EUR	thous. EUR	thous. EUR	thous. EUR	thous. EUR
AES Group	103,827	92,623	22,585	19,302	(17,444)	(16,000)

** 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 2023	31 December 2022
Non-current assets	145,510	137,618
Current assets	75,106	66,137
of which cash and cash equivalents	41,750	35,117
Non-current liabilities	20,435	21,350
Current liabilities	41,475	39,341

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

Measurement of financial assets at amortised cost

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.

Measurement of financial assets at fair value through other comprehensive income
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.

Measurement of financial assets at fair value through profit or loss
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 2023 and 31 December 2022, 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 2023		31 December 2022	
	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**	**-**	**4**	**11**
Financial assets measured at fair value through other comprehensive income, of which:				
Shares in companies not quoted in an active market	-	-	350	804
Total	-	-	**350**	**804**
Financial assets measured at amortized cost, of which:				
Bills of exchange	-	40	-	209
Loans granted, of which:				
granted to related parties	-	29	-	78
granted to employees	9	10	12	7
granted to other entities	-	-	-	2
Deposits between 3 and 12 months	-	-	-	-
Total	**9**	**79**	**12**	**296**
Total financial assets	**13**	**79**	**366**	**1,111**

Loans granted to related parties

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

Loans granted to related parties as at 31 December 2023 comprise of loan granted to eDocu a.s. in the amount of EUR 29 thousand. As at 31 December 2022 there loan granted to eDocu, a.s. had value of EUR 24 thousand and there was also a loan granted to LittleLane in the amount of EUR 54 thousand.

As at 31 December 2023 and December 2022, 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 379 thousand as at 31 December 2023 and EUR 209 thousand as at 31 December 2022, 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.

As at 31 December 2023 and in the comparative period, prepayments and accrued income included the following items:

Prepaid services	31 December 2023		31 December 2022	
	Non-current	Current	Non-current	Current
Prepaid services, of which:	564	14,320	558	9,085
maintenance services and license fees	*557*	*13,679*	*545*	*8,428*
rents and averaging of instalments under operating leases	*4*	*25*	*4*	*23*
insurances	*2*	*293*	*4*	*316*
other services	*1*	*323*	*5*	*318*
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	-	282	-	315
Total	**564**	**14,602**	**558**	**9,400**

Other non-financial assets of EUR 312 thousand (EUR 1,125 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 2023	31 December 2022
Raw materials, spare parts and other components used in implementation or maintenance of IT systems	3,428	3,853
Computer hardware, third party licenses and other goods for resale	2,015	2,155
Write-down of inventories	(1,672)	(766)
Total inventories	**3,771**	**5,242**

Changes in the amount of write-down of inventories during the period of 12 months ended 31 December 2023 and in the comparable period are presented in the table below:

Write-down of inventories	12 months ended 31 December 2023	12 months ended 31 December 2022
Write-down of inventories as at 1 January	**(766)**	**(329)**
Recognized during the reporting period	(934)	(454)
Utilized during the reporting period	3	17

Reversed during the reporting period	31	-
Exchange differences	(6)	-
Write-down of inventories as at 31 December	**(1,672)**	**(766)**

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 2023 and 31 December 2022.

	31 December 2023		31 December 2022	
	Non-current	Current	Non-current	Current
Trade receivables of which:				
Trade receivables	**376**	**51,374**	**541**	**53,901**
Invoiced receivables	-	52,962	-	55,241
from related parties	-	475	-	997

from other entities	-	52,487	-	54,244
Uninvoiced receivables	-	2,019	-	1,229
from related parties	-	-	-	-
from other entities	-	2,019	-	1,229
Receivables from operating leases	-	33	-	13
Net investment in the finance lease	376	169	541	222
Allowance for doubtful receivables (-)	-	(3,809)	-	(2,804)
Corporate income tax receivable		**1,541**		**726**
Receivables from the state and local budgets	**-**	**2,835**	**-**	**1,609**
Value added tax		165		102
Other		2,670		1,507
Other receivables	**755**	**1,451**	**717**	**698**
Other receivables	755	1,489	717	736
Allowance for other doubtful receivables (-)	-	(38)	-	(38)
Total receivables	**1,131**	**57,201**	**1,258**	**56,934**

Related party transactions have been presented in explanatory note 6.22 to these consolidated financial statements.

Trade receivables are not interest-bearing.

As at 31 December 2023 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 2022).

The table below presents contract assets as at 31 December 2023 and 31 December 2022.

	31 December 2023		**31 December 2022**	
	Non-current	**Current**	**Non-current**	**Current**
Contract assets (receivables from valuation of IT contracts)				
from related parties	-	-	-	-
from other entities	-	14,780	-	28,745
Total contract assets	**-**	**14,780**	**-**	**28,745**

The change in balance of contract assets during the period of 12 months ended 31 December 2023 resulted from the following movements:

Contract assets	**12 months to 31 December 2023 thous. EUR**	**12 months to 31 December 2022 thous. EUR**
Contract assets (Receivables from valuation of IT contracts) as at 1 January	28,745	27,226
Recognition of revenues from invoices	(46,065)	(32,884)
Satisfaction of performance obligations without invoicing; Change in an estimate of the transaction price or costs, other changes in the assumptions	32,075	34,217
Exchange differences	25	186
Contract assets as at 31 December	**14,780**	**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 2023 and 31 December 2022:

	31 December 2023		31 December 2022	
	thous. EUR	%	thous. EUR	%
Trade receivables not yet due	**59,884**	**85.1%**	**76,027**	**88.4%**
Trade receivables overdue	**10,455**	**14.9%**	**9,964**	**11.6%**
Receivables overdue less than 3 months	5,413	7.7%	5,168	6.0%
Receivables overdue between 3 to 6 months	1,506	2.1%	1,713	2.0%
Receivables overdue between 6 and 12 months	816	1.2%	1,262	1.5%
Receivables overdue above 12 months	2,720	3.9%	1,821	2.1%
Total trade receivables excluding loss allowance	**70,339**	**100.0%**	**85,991**	**100.0%**
Loss allowance	**-3,809**		**-2,804**	
Carrying amount of trade receivables	**66,530**		**83,187**	

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 2023	31 December 2022
Cash at bank	44,137	33,240
Cash on hand	57	56
Current deposits	21,198	10,884
Cash equivalents	10	10
Total cash and cash equivalents as disclosed in the statement of financial position	**65,402**	**44,190**
Accrued interest on cash and restricted cash	(1,741)	(5)
Revolving loans that are part of cash management	(11,340)	(7,961)
Total cash and cash equivalents as disclosed in the cash flow statement	**52,321**	**36,224**

Restricted cash is related to guarantee received by CEIT, a.s.

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.

Share capital	Par value per share	Number of shares	
		31 December 2023	31 December 2022
Ordinary shares	0,0331939	21,360,000	21,360,000

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

All shares issued have the par value of EUR 0.0331939 per share and have been fully paid up.
In 2023 and 2022 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.

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. As at 31 December 2022 Asseco International, a.s. held a 91.33% stake in Asseco Central Europe, a.s.
In May 2023 Parent Company sold all its own shares to Asseco International, a.s. Sales price was EUR 1,688 thousand and profit generated on this transaction (EUR 317 thousand) was recognized direcly in equity. Since the transaction and as at 31 December 2023 Asseco International, a.s. held a 92.33% stake in Asseco Central Europe, a.s.

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 2023 and 31 December 2022.

Type of credit facility	Maximum debt at 31 Dec 2023	Effective interest rate	Currency	Maturity date	Balance as at 31 December 2023		Balance as at 31 December 2022	
					Short-term	Long-term	Short-term	Long-term
Overdrafts								
Overdraft	4,000	3M Euribor +margin	EUR	infinite	-	-	-	-
Overdraft	3,700	EUROSTR +margin	EUR	infinite	-	-	-	-
Overdraft	2,000	O/N EUR LIBOR + margin	EUR	Infinite	-	-	-	-
Overdraft	6,900	€STR (EURO Short-Term rate) + margin	EUR	1 year revolving	6,515	-	1,388	-
Overdraft	11,000	1M EURIBOR + margin	EUR	Infinite	3,785	-	2,217	-
Overdraft	-	Fixed rate	EUR	Infinite	-	-	29	-
Overdraft	-	1M EURIBOR + margin	EUR	30.12.2024	-	-	2,157	-
Overdraft	1,045	1M BUBOR +margin	HUF	Indefinite	1,040	-	2,168	-
Overdraft	4,045	PRIBOR + margin	CZK	infinite	-	-	-	-
Overdraft	2,022	O/N PRIBOR +margin	CZK	Infinite	-	-	-	-
Debet card	60	fixed rate	EUR	Infinite	-	-	2	-
Overdraft	16,131	WIBOR 1M + margin	PLN	31.10.2025	-	-	-	-
Total overdrafts and revolving loans	**50,843**				**11,340**	-	**7,961**	**-**
Bank loans								
Bank loan	123	fixed rate	CHF	31.12.2028	31	92	29	115
Bank loan	-	fixed rate	CZK	24.07.2025	809	809	829	1,659
Bank loan	19,575	fixed rate	EUR	30.06.2027	703	18 872	561	19,455
Bank loan	1,098	1M EURIBOR + margin	EUR	31.1.2025	941	157	-	-
Bank loan	1,153	fixed rate	EUR	31.1.2025	1,153	-	2,219	-
Bank loan	21	fixed rate	CZK	27.07.2027	5	16		
Bank loan	15	fixed rate	EUR	23.11.2027	4	11		
Bank loan	-	3M EURIBOR + margin	EUR	31.12.2024	-	-	467	-
Bank loan	1,000	1M Euribor +margin	EUR	31.03.2027	-	-		
Bank loan	51	fixed rate	GTQ	31.08.2027	-	51	-	65
Bank loan	-	3M EURIBOR + margin	EUR	28.6.2025	-	-	1,786	-
Bank loan	-	1M EURIBOR + margin	EUR	31.12.2024	-	-	571	-
Total bank loans	**23,036**				**3,646**	**20,008**	**6,462**	**21,294**
Other loans								
IC loan	n/a	fixed rate	EUR	31.12.2023	-	-	932	-
Other loan	n/a	fixed rate	EUR	31.03.2024	273	-	-	-
Other loan	n/a	fixed rate	EUR	31.03.2026	-	274	-	274
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	15.02.2027	13	31	-	-
Other loan	n/a	fixed rate	EUR	20.10.2027	40	77	-	-

Total other loans		**361**	**433**	**1,115**	**337**
Total	**73,879**	**15,347**	**20,441**	**15,538**	**21,631**

As at 31 December 2023 the total funds available to the Asseco Central Europe Group under credit facilities opened in the current accounts reached the level of EUR 73,879 thousand (and EUR 73,519 thousand as at 31 December 2022).

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) in year 2022. It was offset in year 2023.

Some loans obtained from banks come with the so-called covenants which impose an obligation to maintain certain financial ratios at the levels required by the bank. As at 31 December 2023 one of ACE Group companies has broken covenants defined in their bank loan agreement. The total amount of debt affected by the breach of covenants was EUR 1,153 thousand. This amount is presented in current liabilities. Apart from the case described above, none of companies in the Group broken any covenants defined in their bank loan agreements.

Assets serving as security for bank loan facilities:

Category of assets	Net value of assets 31 December 2023 thous. EUR	 31 December 2022 thous. EUR
Land and buildings	20,666	20,938
Vehicles	38	-
Cash and cash equivalents	321	269
Inventories	2,039	3,402
Current and future receivables	11,449	13,531
TOTAL	**34,513**	**38,140**

Assets serving as security for financial guarantees:

Category of assets	Net value of assets 31 December 2023 thous. EUR	 31 December 2022 thous. EUR
Cash and cash equivalents	1,736	-
Current and future receivables	122	122
TOTAL	**1,858**	**122**

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 2023**		**31 December 2022 (restated)**	
	Non-current	**Current**	**Non-current**	**Current**
Liabilities from dividends	-	1	-	3,432
Liabilities due to acquisition of shares (deferred payments and contingent consideration)	567	588	1,072	848
Other financial liabilities	-	8	-	7
Total	**567**	**597**	**1,072**	**4,287**

Liabilities due to acquisition of shares relate to:

Liabilities due to acquisitions of shares	**31 December 2023**	**31 December 2022**
ASOL CZK	256	365
ACE SK treasury share (purchased from Asseco Poland)	-	300
ANeT	922	872
TurboConsult	-	333
Total	**1,155**	**1,870**

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 2023, 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 2023 as well as at 31 December 2022.

	31 December 2023		31 December 2022	
Lease liabilities	**Long-term**	**Short-term**	**Long-term**	**Short-term**
Leases of real estate	15,239	4,337	16,964	4,331
Leases of transportation vehicles	760	825	1,113	945
Leases of IT hardware	285	259	437	276
Total	**16,284**	**5,421**	**18,514**	**5,552**

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

Lease of office space	31 December 2023	31 December 2022
Minimum lease payments		
up to 1 year	4,709	4,877
over 1 year but less than 5 years	14,346	14,126
over 5 years	3,267	4,237
Future minimum lease payments	**22,322**	**23,240**
Future interest costs	**(2,746)**	**(1,945)**
Present value of lease liability		
up to 1 year	4,337	4,331
over 1 year but less than 5 years	12,278	13,013
over 5 years	2,961	3,951
Lease liability	**19,576**	**21,295**
Effective lease rate	**4.3%**	**3.5%**

Lease of vehicles	31 December 2023	31 December 2022
Minimum lease payments		
up to 1 year	849	969
over 1 year but less than 5 years	776	1,145
over 5 years	-	-
Future minimum lease payments	**1,625**	**2,114**
Future interest costs	**(40)**	**(56)**
Present value of lease liability		
up to 1 year	825	945
over 1 year but less than 5 years	760	1,113
over 5 years	-	-
Lease liability	**1,585**	**2,058**
Effective lease rate	**1.6%**	**1.6%**

Summary of amounts related to lease and recognized in the profit and loss account for year ended 31 December 2023 are presented below:

Amounts related to lease contracts recognised in profit and loss account	note	31 December 2023	31 December 2022
Amortisation of right-to-use assets	6.3	(5,644)	(5,909)
Interest expenses related to lease liabilities	5.4	(690)	(702)
Expenses related to leases subject to low asset value exemption		(5)	(15)
Expenses related to leases subject to short-term exemption		(507)	(266)
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		12	37
Total		**(6,834)**	**(6,855)**

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 2023 and 31 December 2022:

	31 December 2023		31 December 2022	
	Non-current	Current	Non-current	Current
Trade payables, of which:	**5**	**20,268**	**13**	**24,813**
Invoiced payables	**-**	**14,311**	**-**	**16,604**
to related parties	-	343	-	259
to other entities	-	13,968	-	16,345
Uninvoiced payables	**5**	**5,908**	**13**	**7,991**
to related parties	-	19	-	79
to other entities	5	5,889	13	7,912
Liabilities from project-related contractual penalties	**-**	**49**	**-**	**218**
Corporate income tax payable	**-**	**1,520**	**-**	**2,855**
Liabilities to the state and local budgets	**-**	**14,680**	**-**	**12,533**
Value added tax (VAT)	-	7,973	-	6,434
Personal income tax (PIT)	-	2,263	-	1,863
Social insurance	-	4,404	-	3,973
Other	-	40	-	263
Other liabilities	**152**	**6,617**	**382**	**6,101**
Liabilities to employees (including salaries payable)	102	5,811	266	5,385
Other liabilities, of which:	**50**	**806**	**116**	**716**
to related parties	36	72	107	72
to other entities	14	734	9	644
Total	**157**	**43,085**	**395**	**46,302**

Trade payables are not interest-bearing. The transactions with related companies are presented in note 6.22 to these consolidated financial statements.

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 2023		31 December 2022	
	Non-current	Current	Non-current	Current
Liabilities arising from valuation of IT contracts	**-**	**3,556**	**-**	**3,724**
to related parties	-	-	-	24
to other entities	-	3,556	-	3,700
Deferred income	1,630	26,321	556	17,499
Maintenance services and license fees	281	22,580	535	16,111
Other prepaid services	-	53	21	92
Liability to transfer equipment	1,349	3,688	-	1,296
Total	**1,630**	**29,877**	**556**	**21,223**

The change in balance of contract liabilities during the period of 12 months ended 31 December 2023 resulted from the following movements:

	12 months to 31 December 2023	12 months to 31 December 2022
Contract liabilities as at 1 January 2023	**21,779**	**16,289**
Issue of invoices at the amount exceeding satisfaction of performance obligation	81,921	68,281
Satisfaction of performance obligations without invoicing; Change in an estimate of the transaction price or costs, other changes in the assumptions	(72,395)	(62,886)
Exchange differences	202	95
Contract liabilities as at 31 December 2023	**31,507**	**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

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 2023 and in the comparative period, changed as a result of the following transactions:

Provisions	Warranty repairs	Contractual penalties	Post-employment benefits	Tax and legal risks provision	Other provisions	Total
As at 1 January 2023	**77**	**62**	**629**	**725**	**138**	**1,631**
Acquisitions of subsidiaries	-	-	-	-	-	**-**
Created during the reporting period	170	-	142	739	146	**1,197**
Used during the reporting period	(93)	-	-	(35)	(3)	**(131)**
Reversed during the reporting period	(3)	-	(29)	(5)	(123)	**(160)**
Net actuarial gain or loss	-	-	152	-	-	**152**
Exchange differences on translation of foreign operations	(1)	-	42	(17)	(4)	**20**
As at 31 December 2023	**150**	**62**	**939**	**1,407**	**151**	**2,709**
Current as at 31 December 2023	150	62	24	1,407	131	**1,774**
Non-current as at 31 December 2023	-	-	915	-	20	**935**

	Warranty repairs	Contractual penalties	Post-employment 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**
Reversed during the reporting period	(544)	-	(12)	-	(1)	**(557)**
Used or 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**

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 2023		31 December 2022	
	Non-current	Current	Non-current	Current
Accruals, of which:				
Accrual for unused holiday leaves	-	4,131	-	3,687
Accrual for employee and management bonuses	-	7,588	-	7,949
Total accruals	**-**	**11,719**	**-**	**11,636**
Deferred income, of which:				
Grants for the development of assets	1,426	391	1,149	102
Other	5	2	-	2
Total deferred income	**1,431**	**393**	**1,149**	**104**

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.

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 2023 and in comparative period:

	Sales		Purchases	
	12 months ended 31 December 2023 thous. EUR	12 months ended 31 December 2022 thous. EUR	12 months ended 31 December 2023 thous. EUR	12 months ended 31 December 2022 thous. EUR
Transactions with parent entities (Asseco Poland S.A. and Asseco International a.s)	1,889	1,320	1,001	910
Transactions with related companies	430	443	227	90
Transactions with associates and joint ventures	1,291	1,164	277	425
Transactions with entities related through Group's key management personnel	-	1	-	-
Transactions with Members of the Board of Directors, Supervisory Board and Proxies of other Group's companies	5	22	571	528
Total transactions with related parties	**3,615**	**2,950**	**2,076**	**1,953**

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 2023 and in comparative period:

	Trade and other receivables		Trade and other liabilities	
	12 months ended 31 December 2023 thous. EUR	12 months ended 31 December 2022 thous. EUR	12 months ended 31 December 2023 thous. EUR	12 months ended 31 December 2022 thous. EUR
Transactions with parent entities (Asseco Poland S.A. and Asseco International a.s)	103	326	258	121
Transactions with related companies	266	310	73	35
Transactions with associates and joint ventures	107	361	31	145
Transactions with entities related through Group's key management personnel	-	-	108	180
Transactions with Members of the Board of Directors, Supervisory Board and Proxies of other Group's companies	-	-	2,684	2,823
Total transactions with related parties	**475**	**996**	**3,154**	**3,304**

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 2,684 thousand at 31 December 2023 and EUR 2,823 thousand at 31 December 2022).

As at 31 December 2023 the balance of receivables from related entities comprised trade receivables and contract assets in the amount of EUR 475 thousand. Whereas, as at 31 December 2022, receivables from related entities comprised trade receivables in the amount of EUR 996 thousand.

As at 31 December 2023, the balance of liabilities from related entities comprised trade payables and contract liabilities in the amount of EUR 362 thousand. Whereas, as at 31 December 2022, liabilities from related entities comprised trade payables in the amount of EUR 305 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 2023	12 months ended 31 December 2022
Change in inventories	1,545	(1,252)
Change in receivables and other non-financial assets	15,567	(7,776)
Change in liabilities	6,460	(481)
Change in accruals and deferred income	(4,283)	(1,881)
Change in provisions	904	(38)
	20,193	**(11,428)**

7.2. Cash flows from investing activities

In the period of twelve months ended 31 December 2023, 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 6,455 thousand and purchases of intangible assets for EUR 1,294 thousand.
- Loans granted and loans collected, that were short-time deposits in Asseco Business Solutions S.A.

7.3. Cash flows from financing activities

Tables below present changes in liabilities arising from financing activities in year 2023 and 2022, including both changes arising from cash flows and non-cash changes:

For 12 months ended 31 December 2023	Bank and other loans	Finance lease liabilities	Liabilities from dividends	Liabilities resulting from put options on non-controlling interests	Total
As at 1 January 2023	**29,208**	**24,064**	**3,432**	**-**	**56,705**
Changes in liabilities arising from cash flows	**(4,712)**	**(8,034)**	**(29,313)**	**-**	**(42,059)**
Inflow	5,709	-	-	-	5,709
Repayment of principal - Outflow	(9,520)	(7,310)	(29,313)	-	(46,143)
Repayment of interest - Outflow	(901)	(724)	-	-	(1,625)
Non-cash changes in liabilities	**(49)**	**4,918**	**25,561**	**-**	**30,430**
Interest accrued	904	690	-	-	1,594
Non-cash increase in liabilities	-	5,637	25,561	-	31,198
Non-cash decrease in liabilities	(953)	(1,193)	-	-	(2,146)
Changes in presentation (+)/(-)	-	-	-	-	-
Foreign exchange diferences inlcued in profit/ loss	-	(216)	-	-	(216)
Exchange differences on translation of foreign operations	1	754	321	-	1,076
As at 31 December 2023	**24,448**	**21,705**	**1**	**-**	**46,154**

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)
Unwinding of discount	13,889	(14,731)	-	-	(842)
Changes in presentation	-	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**

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.

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. Financial assets and liabiities exposed to interest rate risk are presented in table below:

	Carrying amount	Amount exposed to interest rate risk	WIBOR	EURIBOR	ESTR	BUBOR
31 December 2023						
Cash and cash equivalents	65,402	46,548	11,920	6,473	-	461

Bank and other loans	35,788	29,865	-	1,098	3,785	1,040
Finance lease liabilities	21,705	21,689	16	-	-	-
31 December 2022						
Cash and cash equivalents	44,190	22,852	10,256	11,082	-	-
Bank and other loans	37,169	26,415	-	8,586	-	2,168
Finance lease liabilities	24,066	23,521	545	-		-

Besides positons listed 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 2023 by maturity period, based on the contractual undiscounted payments:

Ageing structure of trade payables	At 31 December 2023		At 31 December 2022	
	amount	structure	amount	structure
Overdues liabilities	929	4.6%	3,862	15.6%
Current and future up to 3 months	17,967	88.6%	16,523	66.6%
Future payables between 3 and 6 months	1,372	6.8%	2,952	11.9%
Future payables over 6 months	5	0.0%	1,489	6.0%
Total trade liabilities	**20,273**	**100.0%**	**24,825**	**100.0%**

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 2023	Amount exposed to risk	Impact on financial results of the Group (before tax)	
		-10%	+10%
CZK:			
Trade accounts receivable	10,831	(1,083)	1,083
Trade accounts payable	6,958	696	(696)
Balance		**(387)**	**387**
CHF:			
Trade accounts receivable	1,599	(160)	160
Trade accounts payable	420	42	(42)
Balance		**(118)**	**118**
HUF:			
Trade accounts receivable	2,216	(222)	222
Trade accounts payable	258	26	(26)
Balance		**(196)**	**196**
USD:			
Trade accounts receivable	209	(21)	21
Trade accounts payable	-	-	-
Balance		**(21)**	**21**
PLN:			
Trade accounts receivable	10,648	(1,065)	1,065
Trade accounts payable	1,336	134	(134)
Balance		**(931)**	**931**

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**

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 2023 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 4,045 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;
- Asseco Central Europe Magyarorszag Zrt. (subsidiary) was granted a guarantee of HUF 600 000 thousand (EUR 1,567 thousand) to back up its liabilities under a credit agreement;

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.

9.2. Commitments and contingent liabilities to other entities

As at 31 December 2023, 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 991 thousand to secure its obligations towards various public offering procurers (guarantees are effective up to end of year 2024);
- Berit GmbH uses a bank guarantee of EUR 122 thousand;
- Asseco Business Solutions S.A. uses a bank guarantee of EUR 263 thousand.

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 2023 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 2023	31 December 2022
Liabilities under lease of space		
In the period up to 1 year	206	195
In the period from 1 to 5 years	-	-
In the period over 5 years	-	-
Total	**206**	**195**
Liabilities under operating lease of property, plant and equipment		
in the period shorter than 1 year	8	7
in the period from 1 to 5 years	48	53
in the period longer than 5 years	-	-
Total	**56**	**60**

9.3. Employment

Number of employees in persons as at:	31 December 2023	31 December 2022
Management Board of Parent entity	3	3
Management Board of subsidiaries	30	28
Production departments	2,953	2,929
Sales departments	224	223
G&A departments	379	379
Total	**3,589**	**3,562**

Number of employees in persons as at:	31 December 2023	31 December 2022
Asseco Central Europe, a.s. (Slovakia)	569	610
Asseco Central Europe, a.s. (Czech Republic)	318	330
Asseco Berit AG	15	15
Asseco Berit GmbH	32	34
ACE Cloud a.s.	89	-
Asseco Solutions Group (Czech Republic)	392	405
Asseco Solutions Group (Slovakia)	153	166
Asseco Solutions Group (Germany)	474	442
Asseco Business Solutions S.A.	1 073	1,072
Asseco Enterprise Solutions a.s.	2	2
CEIT Group	241	249
exe, a.s.	122	108
ACE Asseco Central Europe Magyarorszag Zrt.	109	128
Total	**3,589**	**3,562**

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 2023 and 31 December 2022, in breakdown by type of service:

Type of service	31 December 2023	31 December 2022
Obligatory audit of the annual financial statements	99	99
Tax advisory services	48	19
Total	**147**	**118**

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 2023	12 months ended 31 December 2022
Board of Directors	676	1,052
Supervisory Board	93	87

In additon, in year 2023 there were paid bonuses for results achieved in 2022 in the amount of EUR 445 thousand in the reporting period (in 2022 it was EUR 591 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 2023 and 2022.

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.
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 2023, as in the year ended 31 December 2022, 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 2023**	**31 December 2022**
Bank and other loans	35,788	37,170
Lease liabilities	21,705	24,066
Trade accounts payable and other liabilities	74,749	68,476
Cash and cash equivalents	(65,402)	(44,190)
Net liabilities	**66,840**	**85,522**
Shareholders' equity	128,165	123,741
Equity plus net liabilities	**195,005**	**209,263**
Leverage ratio	**34.3%**	**40.9%**

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. 14 March 2024, below significant events occurred that might have an impact on these consolidated financial statements:

- In February 2024, the contribution to the other capital funds of Asseco CE Cloud, a.s. was paid in the value of EUR 840 thousand.

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 2023, no significant events related to prior years occurred that might have an impact on these consolidated financial statements.

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Ernst & Young Slovakia, spol. s r.o.
Žižkova 9
811 02 Bratislava
Slovenská republika

Tel: +421 2 3333 9111
ey.com/sk

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 2023, 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 material accounting policy information.

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 2023, 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 when it exists. Misstatements can arise from fraud or error and are considered material if, individually

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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 2023, 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.

14 March 2024
Bratislava, Slovak Republic

Ernst & Young Slovakia, spol. s r.o.
SKAU Licence No. 257

Ing. Peter Potoček, statutory auditor
UDVA Licence No. 992

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