# Asseco Central Europe
# Annual Report 2022

**Jozef Klein**
CEO & Chairman of the Board of Directors

Ladies and gentleman, dear colleagues and business partners,

the year 2022 was a year full of challenges and difficult situations for all of us. Both the economy and society have obviously changed remarkably due to the consequences of the pandemic and the war in Ukraine. All organizations had to learn how to cope with ever increasing market requirements during the period of worldwide economic downturn and the IT industry was no exception either.

Despite all those difficult challenges, however, I can say with humility and gratitude that our company has managed to make it through another complicated year and remains one of the top players internationally. We were exposed to situations that forced us to rethink our philosophy and improve it to be able to deliver digital services of the "next generation".

At Asseco CE, we know that we do not just deliver products. Our mission extends far beyond commercial success. Using our proprietary software, we deliver the best services enhancing user experience. Our platforms support important health, banking and public systems used by millions of users from various areas. Thanks to the solutions we create, we are becoming a catalyst for innovations and technical progress. We create preconditions for a stable and sustainable digital environment for both our customers and a wider community. We are not only a supplier, we also help our clients define a new vision and direction and, at the same time, we provide them with unique support within its implementation.

Dear colleagues, thanks to our joint work, Asseco Group is among the top 100 IT companies in the world in "IDC FinTech Rankings: Top 100", where we succeeded in keeping our 17th position. Our efforts, demonstrated by success in the areas in which we operate, are undeniable. It is not possible to enumerate all ongoing or completed projects now, but I would like to express my gratitude to all of you.

In the area of healthcare service, we participated in the implementation of e-PN project, which was granted the Best Society Digitization Project award at the ITAPA 2022 conference. The project represents an important step forward for the Slovak healthcare sector in the process digitization area, which fact has been proven by more than 123,785 electronic sick-leave confirmations successfully issued since June 2022. We have received a special award from the International Social Security Association (ISSA) for successful implementation of the eNeschopenka project in the Czech Republic. This second highest award of the ISSA is granted by the Independent Board of Reviewers every two years and for us, it means a very positive appreciation of our quality and skills in the area of digital transformation.

We have demonstrated our expertise in the insurance area through the Insurance out of the Box (iooX) solution we have implemented for our important partner – the Youplus Group in Switzerland.

Currently, the solution is used by the insurance company´s employees, 54 brokers and 486 agents. In the banking sector, we help clients adapt to future challenges and get ready for the gradual transition to the online environment. Together with Modrá pyramida stavební spořitelna (MPSS), a building savings bank, we have enhanced the StarBUILD system by the Mortgage Module and, at the same time, we have been facilitating the migration of mortgages from Komerční banka. For the Supreme Audit Office of the Slovak Republic, we have successfully implemented a project for the migration of the audit information system to the government cloud. It is the first project of its kind in Slovakia, which turns an existing system into a public administration cloud computing platform.

Our drive to be a leader in digital transformation has been also reflected in the company´s internal activities. In the past year, we launched several strategic initiatives focusing on human resources, products, projects and quality of services. The world is constantly changing and therefore, it is crucial for us to be able to adapt flexibly and keep up with the latest trends. We enter the new year with the vision to become a provider of "the best digital services" based on a next generation software house platform.

Thank you for your trust and I believe that together we will cope with all these challenges with energy and enthusiasm for new ideas.

## Contents





The complete Annual Report for 2022 including the Individual and Consolidated Financial Statements contains the enclosed USB key.

# Technology for business, solutions for people.

# Asseco **Group**

**32,750** headcount

**60** countries

**3.7** mld € revenue 2022

WSE | NASDAQ | TASE stock exchange

**Revenues structure** by type

| | |
|---|---|
| Proprietary SW & services | 77 % |
| Third-party SW & services | 10 % |
| HW & infrastructure | 13 % |

**Revenues structure** by sector

| | |
|---|---|
| General business | 42 % |
| Banking and Finance | 33 % |
| Public | 25 % |

Asseco is one of the leading software vendors in Europe and the largest provider of innovative IT solutions in Central and Eastern Europe. For over 30 years, it has been developing technologically advanced software for companies from key sectors of the economy. The company is present in 60 countries around the world and employs nearly 33 thousand people. It develops both organically and through acquisitions – it has carried out nearly 130 of them since 2004. Asseco is interested primarily in profitable entities with specialized and committed staff, willing to further develop themselves by joining the Asseco Group. Acquisitions are aimed at enhancing our competence in key business sectors, entering new geographical markets, or strengthening the position of the whole Group in countries where it is already present. Asseco's companies are listed on the Warsaw Stock Exchange (Asseco Poland, Asseco Business Solutions, Asseco South Eastern Europe), NASDAQ and Tel Aviv Stock Exchange (Formula Systems, Sapiens International and Magic Software are dually listed on the TASE and NASDAQ, Matrix IT is listed on the TASE).

The Asseco Group operates based on a unique system of cooperation – the federation model. Asseco Poland,

as the Group's major shareholder, is the largest shareholder in the companies incorporated within the Group; however, it does not seek to own 100% of shares and does not seek to integrate Group members. The companies that decide to join the Asseco Group maintain a significant degree of autonomy in their day-to-day operations, while the Group determines the direction of their strategic development, sets their objectives and supervises their achievement.

The Group's function according to the federation model is based on mutual trust, people-based business and a set of clearly defined rules of cooperation between the Group entities. Hence, companies acquired by Asseco Poland retain their local character and are often managed by their former owners and management staff.

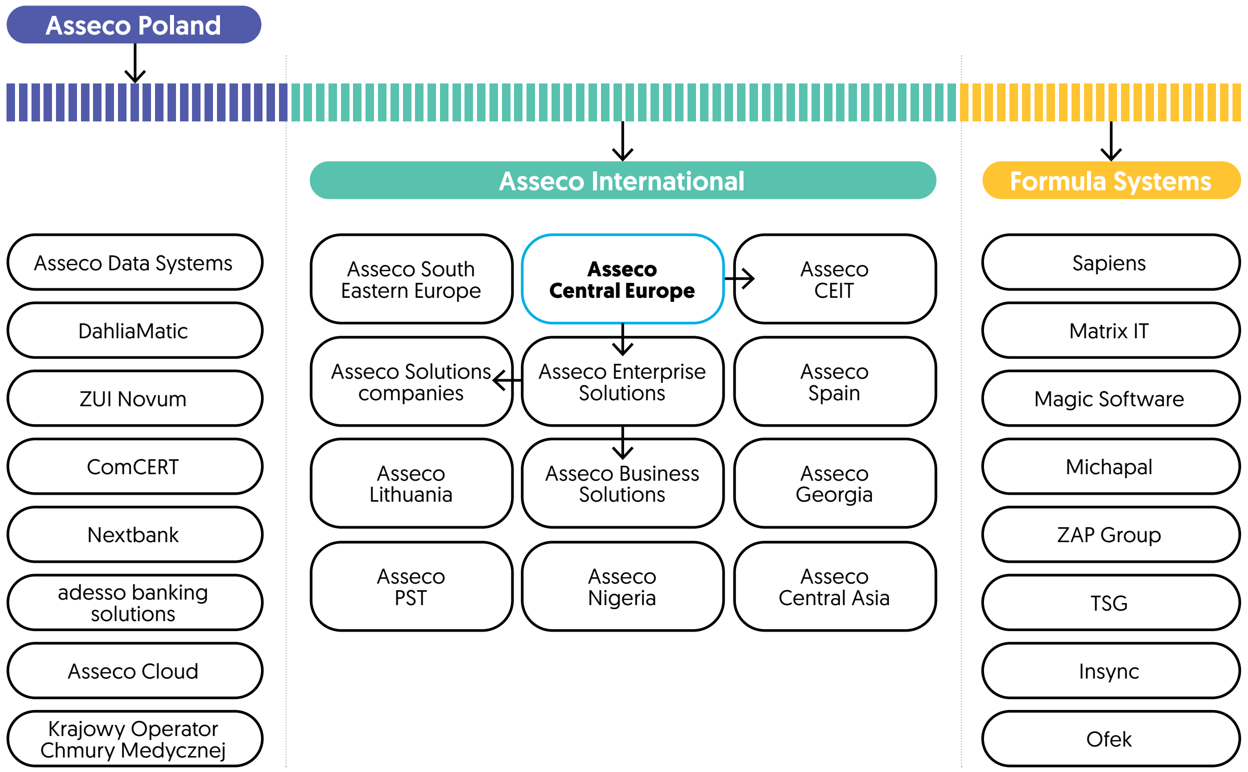
The Group derives the following benefits from this model of cooperation:

- strengthening market position and customer trust,
- access to interesting, locally well-known product solutions,
- knowledge of local markets, customers, business environment and unique considerations,
- access to local teams of native-speaking staff,
- responsible business conduct in relation to local stakeholders.

Companies that become part of the Asseco Group can count on:

- access to the products and experiences of other Group members,
- access to the Asseco Group's sales network,
- financial empowerment,
- an international brand and a strong market position,
- access to global contracts with equipment suppliers.

The Asseco Group has identified three geographical segments within which the Group companies operate: the Asseco Poland segment, the Formula Systems segment, and the Asseco International segment.






# Major events in the Asseco Group

## Asseco Poland

The Asseco Poland segment's organic growth is driven by a wide array of high-quality solutions, ranging from custom-made software specifically tailored to meet clients' needs, through industry-wide customizable products for various sectors of the economy, to pre-configured software products aimed at small and mid-sized enterprises. Asseco Poland operates in the three main sectors of banking and finance, public institutions and general business.

In the banking and finance sector, the company continued to work for its existing customers by performing, among others, long-term service contracts which accounted for around 40% of revenues from this sector in 2022.

It should be noted that during the period reported, the company was implementing three projects in parallel:

- at Bank Gospodarstwa Krajowego – transformation of a core transaction system,
- at Bank Polskiej Spółdzielczości – implementation of a core transaction system,
- as a key subcontractor to IBM, at one of the commercial banks which is part of a global financial group – implementation of a core transaction system.

In the case of Bank Gospodarstwa Krajowego, Asseco Poland provided services of maintenance, optimal development and transformation of the def2000 system into an open architecture, enabling further maintenance and development of the system without significant technological and legal restrictions, first under the contract concluded in 2020 and then under a new 4-year transformation service contract that was signed in 2022.

For Bank Polskiej Spółdzielczości, the company performed a 10-year contract, which was signed last year, covering the implementation of a new core banking system, including the main transaction system and data warehouse, and its operation using the data processing centers of Asseco. As part of the project, Asseco will also provide a next-generation Internet banking system for retail and corporate customers and a mobile application.

With regard to the project, in which the company acts as a key subcontractor of IBM, its activities focused on transforming one of the commercial banks and moving it to the cloud, based on the application technology elements of Asseco BooX (Bank out of the Box). As part of this project, the bank will migrate from its legacy system into the Asseco Core Banking system.

The company continued its long-term cooperation with the largest bank in the region, namely PKO BP, where it is engaged in the development and maintenance of the core IT system that handles transactions of bank clients, interbank settlements system, as well as debit card management and clearing system at PKO BP.

Asseco Poland's sales force engaged in activities aimed at acquiring more projects both in Poland and in foreign markets – it gained new orders from customers such as ING Bank Śląski, Bank Pekao, and Volkswagen Financial Services.

In addition, Asseco continued to develop its proprietary Asseco BooX (Bank out of the Box) platform which will be the basis of the company's offering for the banking sector in Poland and worldwide. Asseco BooX, as the first solution of its kind in Poland, is a comprehensive technology and process platform for selling and handling financial products. Not only does it ensure access to all systems required to perform banking services, but it also includes IT BPO services provided by Asseco employees in the subscription fee. The first customers for this IT solution are cooperative banks, but it is also offered to commercial banks and fintechs. BooX, being able to run as a cloud-based subscription platform, is an excellent solution for neo-banks, banks subject to consolidation, test and regulatory sandboxes, as well as marketplace solutions (in e-Commerce). It enables new business initiatives to demonstrate to the national regulator their high operational readiness already at the early stage of obtaining a banking license. Entities that are already present on the market can use the platform features (subscription, work in a technological sandbox) in the process of testing and launching new services. Carrying out a transformation or consolidation of banks is a natural application of the BooX platform. Innovation necessary for the development of financial institutions will be ensured by the use of solutions built into the platform that were developed within the Asseco Innovation Hub, e.g. voicebots. Asseco BooX is available in the subscription model as well as via purchasing a license. The solution can be operated on-premise or in a cloud-based or hybrid model. Both the availability of particular functionalities and the cost incurred by institutions depend on the actual level of their use.

The cooperative banking market is another important business area for the segment of Asseco Poland. Subsidiaries of Asseco Group operating in the Polish market provide services to more than 400 cooperative banks and support a large number of them in the area of modern e-Banking solutions offered in the Software-as-a-Service (SaaS) model. In 2022, Asseco worked on software solutions for cooperative banks associated in both major groups operating in Poland (SGB-Bank and Bank Polskiej Spółdzielczości groups).

Asseco Poland holds a leading position among providers of IT solutions for institutions operating in the Polish capital market. In 2022, the company carried out work under contracts signed in previous reporting periods, including the implementation of ePROMAK NEXT, one of the most innovative stock trading platforms in this part of Europe, for the Brokerage House of PKO BP, and completed the migration of a core system along with investor services platform at two brokerage houses that undergo the process of being incorporated into their bank structure. In the reporting period, Asseco Poland signed i.a. a contract to implement the complete set of PROMAK NEXT solutions, including the ePROMAK NEXT investor platform, mobile solution and investment advisory support system at Santander Brokerage Office.

Asseco Poland is a major provider of Business Intelligence solutions on the Polish market, which has so far implemented over 20 data warehouses for financial institutions. In the reporting period, the company signed an agreement with one of the brokerage houses for design, construction and implementation of a data warehouse equipped with reporting tools as well as subsequent maintenance and development of the system. This is a pioneer project of this type at a brokerage house in Poland which is aimed to simplify and improve efficiency of the processes of obtaining and using distributed data within the organization.

Additionally, Asseco Poland holds a leading position among the providers of IT solutions for institutions operating in the Polish capital market.

In 2022, the company continued its cooperation with public sector institutions, including the Social Insurance Institution (ZUS), the National Healthcare Fund (NFZ), the Ministry of Finance, the Ministry of Justice, the Agency for Restructuring and Modernization of Agriculture (ARiMR), the Agricultural Social Insurance Fund (KRUS), and the General Inspectorate of Road Transport (GITD).

Asseco performed activities under the agreement for maintenance of the Comprehensive Information System (KSI) that was signed in September 2021 and covered the period from November 2021 till September 2022. In 2022, a new 4-year contract was signed to provide operating support and maintenance of the KSI system at ZUS. In addition, the company performed execution contracts under the framework agreement for the modification and development of the KSI system software. In 2022, the company signed a new 4-year framework agreement for modification and development of the KSI system. Asseco Poland was also engaged in the development and maintenance of the Client Portal and Service Bus (ESB) as part of the Electronic Services Platform (PUE Platform).

Moreover, the company prepared the KSI system and the PUE Platform at ZUS to handle tasks related to:

- the introduction of the Act on special solutions related to the prevention, counteracting and combating of COVID-19, other infectious diseases and emergencies caused by them,
- the Act on the Polish tourist voucher,
- handling of the family care capital (RKO) and co-financing of children nursery fees incurred by parents (the so called nursery subsidy),
- payment of child benefits under the "Family 500+" program,
- the "Good Start" program,
- the amended rules of settlement and payment of health insurance contributions under "The Polish Deal",
- the awarding and payment of social benefits for refugees from Ukraine,
- the execution of provisions of the Law on special support for entities affected by the environmental situation on the Oder River.

During the reporting period, the company continued to carry out its contract with the Agency for Restructuring and Modernization of Agriculture (ARiMR) for development and maintenance of their SIA IT system. Asseco Poland also signed a contract with ARiMR for building their Central Beneficiary Support System (CSOB), along with implementation, maintenance and development services, and the provision of supporting hardware and software.

The company worked under a contract that was concluded and annexed in the previous years with the Ministry of Justice for the construction, three-year maintenance and development of the IT system supporting the National Register of Debtors which facilitates restructuring and bankruptcy proceedings. In addition, the company implemented an agreement with the Ministry of Justice for the maintenance, modification and training for the ICT system of Electronic Land and Mortgage Register (EKW).

In 2022, Asseco Poland signed a 2-year contract for maintenance and development of the Forest System, an integrated component of the State Forest Information System (SILP).

Moreover, the company signed a contract with the National Agricultural Support Center to provide technical assistance and maintenance services for the operation of their Integrated IT System.

Asseco Poland also worked for the Ministry of Finance and the National Revenue Administration, including projects for the maintenance and development of customs and tax systems implemented under the program "Platform of Electronic Tax and Customs Services (PUESC)" which is co-financed by the EU. A noteworthy project implemented within this framework is the Digital Border System. It is a highly advanced and innovative solution that provides efficient customer service at border crossings using mechanisms for automatic data exchange, among others with the Border Guard System, as well as automatic vehicle identification and traffic control.

During the period reported, the company, acting in a consortium with Pentacomp, carried out a contract for development, modernization and maintenance of components of the Tax and Customs Information System (SISC) in the area of Trading in Goods with Third Countries and Excise Duty Movements. Asseco Poland also expanded, modernized and developed the ZEFIR2 system which supports the collection and settlement of customs and tax liabilities for the benefit of the State Treasury and the EU budget. Furthermore, Asseco executed contracts for the maintenance and development of the Automatic Road Traffic Monitoring Center (CANARD) at the General Inspectorate of Road Transport (GITD). Asseco also continued its cooperation with the Agricultural Social Insurance Fund (KRUS).

Asseco Poland is one of the largest providers of IT solutions and services to the healthcare sector. Currently, it cooperates with over 400 hospitals all over Poland. Furthermore, in the segment of doctor's surgeries, small and mid-sized outpatient clinics, and medical practices, the company supports approx. 9.6 thousand facilities (36.7 thousand users), representing about a 40% share of the market. Asseco won further tenders in 2022 for the implementation of e-Services and provision of Electronic Medical Records by hospitals.

The company also performed numerous maintenance contracts for hospital systems that have been already deployed, which accounted for over 50% of revenues generated from the healthcare sector. Asseco Poland also continued implementation of its contracts with the National Healthcare Fund (NFZ) for maintenance and development of the NHF Operations Support System.

The company is also engaged in the project of developing e-Blood IT system which is implemented by the Centre for Healthcare Information Systems. Leveraging on many years of experience in the computerization of medical facilities, the company has developed several applications dedicated to patients: Medical Information (management of information provided by medical centers), Home Medicine Box (personal administration of medicines), and My Measurements (self monitoring of health condition by patients).

Digitization of the healthcare system not only allows simplification and acceleration of existing processes, but also opens the possibility of creating new, innovative services. In 2021, Asseco established a new company – the National Medical Cloud Operator (Cloud for Health) – the purpose of which is to cooperate with the National Cloud in order to enable medical facilities to provide e-Services in the Software-as-a-Service (SaaS) model while maintaining the highest standards of security. The Cloud for Health specializes in the cloud-based implementations of Electronic Medical Records. It will also take care of efficient adjustment to legal regulations and contribute to the standardization of IT services in the healthcare sector. Currently, the National Medical Cloud Operator cooperates with nearly 300 customers.



Asseco Poland is a reputable provider of tailor-made software solutions and services for local and international defense organizations. So far, the company has finalized over 70 projects for the EU and NATO agencies. Its clients include institutions such as the NATO, the European Border and Coast Guard Agency (Frontex), the European Chemicals Agency (ECHA), the European Defense Agency (EDA), the European Space Agency (ESA), the Polish Ministry of National Defense and the National Cyberspace Security Center. For several years, Asseco Poland has developed proprietary product lines intended for the uniformed services and civilian market, including unmanned systems and cybersecurity systems. Asseco is also strengthening its position in the cybersecurity consulting segment thanks to its subsidiary ComCERT.

In the general business sector, Asseco cooperates with major telecoms and energy companies. The company continued to work for leading energy industry groups under previously signed contracts and new orders gained during the reporting period. In the reporting period, Asseco Poland entered into a contract with PSE to provide data migration services to the Central Energy Market Information System (CSIRE).

Asseco Poland continued its cooperation with Polkomtel as part of a three-stage project involving the transformation of sales automation systems, as well as retail customer service and billing systems (B2C) of Polsat Plus Group. In the reporting period, the company focused on carrying out the first stage of the project, which encompasses changes to IT systems dedicated to the sale of products and services of Polsat Plus Group. In addition, dedicated, separate teams carried out projects also for other telecommunications and media clients of Asseco.

2022 was a period of intensive work also for Asseco Poland's subsidiary Asseco Data Systems (ADS) operating in the Polish market. This company expanded its sales of trust services, including e-signature. During the reporting period, ADS also developed a platform for managing HR processes in business, as well as integrated IT solutions for managing universities, the teaching process, and development of employee competencies. Moreover, the company implemented Smart City projects, projects for leasing companies and local governments.

ADS acquired a majority stake in Pirios, Poland's leading provider of Contact Center solutions intended for the automation of retail customer services.

During the reporting period, Asseco Cloud carried out activities of development and implementation of its proprietary solutions and those of leading cloud technology providers, ensuring end-to-end support from design to deployment, as well as providing professional expertise and IT outsourcing in the managed services model. The company continued and expanded cooperation in the area of cloud computing with customers from the sectors of healthcare, trade, telecommunications and transportation. Asseco Cloud and Polish Cloud undertook joint efforts aiming to integrate the market and raise awareness of Polish cloud-based solutions. An important part of these activities was to engage in making recommendations to government institutions and offices.

## Asseco International

Asseco International Group achieved good performance across all major regions of its operations, Central Europe, South Eastern Europe and Western Europe.

During the period reported, Asseco Central Europe (ACE) executed projects under contracts concluded in previous years as well as new contracts for domestic public sector institutions. For instance, ACE performed work related to migration of the core IT system at the Supreme Audit Office of the Slovak Republic, which has been running for over a dozen years, into the government cloud. The company also completed a project to transfer the website of the State Labour Inspectorate of the Czech Republic to the website of the Ministry of Labour and Social Affairs.

ACE remains active in the healthcare sector i.e. performed work, among others, for the Public Health Office of the Slovak Republic. Moreover, it carries out a number of development initiatives in this area.

In 2022, the Slovak Social Security Institution and the National Center for Health Information (NCHI) launched the service of issuing an electronic certificate of incapacity for work. ACE was actively involved in the development of this solution.

ACE furthers its cooperation with the National Center for Health Information (NCHI) which acts as an administrator and operator of the National Health Portal in Slovakia. The company provides development services for this portal.

The company intensively developed its activities in the area of digital insurance, among others, by strengthening cooperation with Youplus, an international insurance company. The company is a strategic technological partner of the insurer which intends to strengthen its position in German-speaking countries.

In addition, ACE worked for financial institutions (e.g. J&T Banka, a.s., Raiffeisen stavební spořitelna, a.s., ČSOB Stavební spořitelna, a.s.) and other companies, including in the utilities sector.

Asseco CEIT, a subsidiary of ACE Group, which specializes in the digitalization of enterprises following the Industry 4.0 concept, conducted projects for automotive companies involving, among others, automation of intralogistics, including the delivery of AGV (Automated Guided Vehicle) systems. Research and development are among the key areas of the company's activities and they are carried out in its own R&D center. Asseco CEIT plans to use its private 5G campus network to develop technology and process innovations in its systems supporting the logistics and manufacturing industries.

ACE Group has recorded strong demand for ERP solutions that are marketed by Asseco Enterprise Solutions Group (AES Group). This is a result of the growing trend among enterprises to invest more in ERP solutions in all major markets where AES Group operates, which is accompanied by continuing development of the Group's product portfolio. AES Group products are currently used by over 70 thousand customers (over 700 thousand active users). Asseco companies engaged in the ERP area consistently implement the strategy of upgrading their software solutions with specialized artificial intelligence (AI) functions. Currently, more than 8 thousand users of their ERP systems benefit from hints, recommendations and alerts generated by built-in AI algorithms. Over the next months, the Group companies plan to implement new AI functionalities, thereby strengthening their leading position as providers of AI-backed ERP solutions.

In 2022, Asseco Business Solutions (ABS) recorded stronger sales both in domestic and foreign markets. ABS software solutions have already been deployed in 50 countries worldwide, including most of Europe, as well as in the USA, Canada, Israel and Japan. During the period reported, the largest foreign sales were recorded in countries such as the UK, France, Germany, the Netherlands, Romania and Austria.

A growing number of products and services offered by ABS (both in the ERP and SFA class) are available in the cloud model. The number of projects implemented in the full outsourcing model is systematically increasing, thanks to which the company takes over responsibility not only for the software itself, but also for such important elements of solutions as system and communication infrastructure, and supervision over the operation of integration processes. Such approach to project implementation is enabled by ABS's two own Data Centers, the operating parameters of which satisfy the highest requirements for security, reliability and efficiency of system operation. The company also offers access to Data Centers for solutions deployed outside Poland that are located, for instance, in China, India, the US and Brazil. Moreover, the company's technology and business partners include the world's major players such as Oracle, Microsoft, HP, IBM, and Citrix, just to mention a few.

ABS invests in the pipeline of new products, an excellent example of which is Image Recognition. The system allows for digitalization of audits conducted by the manufacturer's sales representatives, merchandisers or employees of retail outlets. It enables quick verification of the presence of goods on the shelf and the quality of their display based on pictures taken at the store. As a result, it helps obtain more objective data and makes it possible to automatically convert them into KPIs in real time. The solution has already been implemented by Nestlé and further contracts are underway. ABS has put a lot of effort into the development of artificial intelligence (AI) - its elements are added to various product lines, including both SFA and ERP solutions.

Favorable sales results were also reported by Asseco Solutions AG which operates in the markets of Germany, Austria, Switzerland and Italy. In 2022, this company expanded its cooperation with existing partners and gained over 25 new customers. APplus, the company's proprietary ERP system dedicated to the manufacturing sector, is currently used by over 80 thousand users in more than a thousand companies in 25 countries.

The Czech-based company of Asseco Solutions, which has a 30% share in the local market of ERP solutions dedicated to the SME sector and offers four proprietary systems used by over 11 thousand customers, both in the corporate and public sectors, generated a double-digit increase in revenues in the reporting period. Higher sales were recorded particularly in the area of solutions for small and mid-sized enterprises, where the HELIOS iNuvio solution was sold during the reporting period. The company also develops solutions for medium and large-sized enterprises, offering a new version of its ERP system called Nephrite.

The Slovakia-based company of Asseco Solutions, which offers five proprietary ERP systems deployed for over 2 thousand customers and has a 10% share in the domestic market for such solutions, also increased its sales year on year. The company expanded the sales of its proprietary SPIN systems dedicated to enterprises and public institutions, as well as solutions for the HORECA segment. Moreover, it successfully launched the solutions of sister companies from Germany and the Czech Republic – APplus and HELIOS iNuvio – into the Slovak market.

Asseco South Eastern Europe Group (ASEE Group), which operates in the South Eastern European markets, reported much stronger financial results for 2022 than in the comparable period in the previous year, mainly due to the business growth in the segments of payment solutions (Payten) and dedicated solutions. In terms of geographical regions, the largest sales were generated in Serbia, Spain, Romania, Croatia, Turkey, Bosnia and Herzegovina and Macedonia. ASEE Group is actively looking for new acquisition targets. During the reporting period, Bithat Solutions (the provider of data and documents storage, archiving and management solutions) joined the Group.

In 2022, the Asseco Group recorded higher revenues in Western European markets. Asseco PST continued its cooperation with banks by providing maintenance and development of core banking systems. This company is present in Portugal and Portuguese-speaking countries in Africa (Angola, Mozambique, Cape Verde, East Timor, and Saint Thomas and Prince Islands), as well as in Namibia and Malta.

Asseco Spain, a subsidiary of Asseco Western Europe, gained new contracts for the supply of IT hardware, software and related services. The company was engaged in projects related to teleworking, remote education, cybersecurity and production automation.

In 2022, due to a key customer's resignation from services provided by Tecnolocia Sistemas y Aplicaciones (Tecsisa), the Asseco Group decided to recognize an impairment charge on goodwill and assets related to this company. As at the reporting date, intangible assets and goodwill (representing the vast majority of the company's net assets) have been written down.

In 2022, Asseco Lithuania carried out various projects, including the development and implementation of an electronic system of services, consulting and information for the transportation industry (eLTSA) for the Lithuanian Transport Safety Administration; the maintenance and development of a billing system for

the state-owned energy group Ignitis; as well as the development and implementation of a common document management system for the public sector (DBSIS) for the Department of Information Technology and Communication at the Ministry of the Interior of Lithuania. Moreover, the company provided the State Territorial Planning and Construction Inspectorate under the Ministry of the Environment of Lithuania with maintenance and development services for IS Infostatyba – an e-service system for issuing building permits and performing state construction supervision.



## Formula Systems

In the reporting period, the Formula Group companies achieved significant growth in revenues and operating profit.

Matrix IT – a leading IT company in Israel, whose position has been confirmed for over a dozen years by research firms IDC, STKI and Gartner, and which also operates in the US and Europe – reported double-digit growth of its financial results. Such improvement resulted from both organic growth and acquisitions conducted in the previous reporting periods. In 2022, the company focused on supporting its existing customers and gaining new orders. Matrix IT is involved in projects for large organizations, government and defense sector in Israel.

The company offers a wide portfolio of training courses, which is constantly expanded and adapted to market needs due to the shortage of IT staff and growing demand for such services.

Matrix IT continues to pursue growth through innovation by developing and implementing state-of-the-art technologies in the areas of cloud computing, cyberspace, big data, artificial intelligence, machine learning, IoT, automation, and augmented reality. It combines organic growth with acquisitions in promising sectors. During the reporting period, the company took over:

- RDT Equipment and Systems (1993) – a high-tech industry leader in Israel, offering a wide range of solutions and equipment for testing and measurements,
- Asio Vision – a leading Israeli provider of vision solutions to the industrial, military, medical and R&D industries.

The financial performance of Sapiens International, a leading global provider of software and IT services for the insurance industry, reflects the company's continued focus on supporting its over 600 existing customers located in more than 30 countries and gaining new business.

Magic Software, a global provider of IT consulting services and application development platforms as well as system and business process integration solutions, reported double-digit growth and all-time high revenues for 2022. In this period, approx. 39% of Magic Software's revenues were generated from the sale of IT solutions, while professional IT services accounted for approx. 61% of sales. The company is constantly looking for potential acquisition targets – small and mid-sized businesses that match its strategy for geographical expansion and will expand its product portfolio and customer base. In 2022, the company took over:

- Appush (formerly Vidstart) – the owner of a platform for real-time management of advertisements,
- Intrabases – a provider of data management solutions along with related consulting services,
- The Goodkind Group – a consulting firm providing individualized HR solutions.

Since 2021, the Formula Systems segment has consolidated the financial results of ZAP Group, the largest operator of consumer websites in Israel.

# Asseco **International**

**8,441** headcount

**40** countries

**895** mil € revenue 2022

**Revenues structure** by type

HW & infrastructure 23 %

64 % Proprietary SW & services

Third-party SW & services 13 %

**Revenues structure** by sector

47 % General business

Banking and Finance 36 %

Public 17 %

# Asseco **Central Europe**

**33** years on market

**3,562** headcount

**7** countries

**337** mil € revenue 2022

ERP | Finance | Healthcare | Industry & Utility
Public | Infrustructure & Integration

**Ownership structure**

91.33 % Asseco International, a. s.

Others 8.67 %

**Revenues structure** by type

77 % Proprietary SW & services

Third-party SW & equipment 23 %

**Revenues structure** by sector

52 % ERP

8 % Industry & Utilities

8 % Finance

6 % Healthcare

11 % Infrastructure & Integration

15 % Public

# Asseco CE
# history

The history of the Company goes back to 1990, when ASSET was established. After the separation of the software division, ASSET Soft was established on 16 December 1998, which formed a strategic partnership with Asseco Poland (then Comp Rzeszów) in 2004. Thus, both companies laid the foundations of an international Asseco Group. The Company operated under the original business name until 21 September 2005, when it was changed to Asseco Slovakia, a. s. In October 2006, the Company was quoted on the Warsaw Stock Exchange and thus became the first Slovak company directly listed on a foreign stock exchange. The Company entered the Czech market by acquiring PVT (later Asseco Czech Republic) in 2007. In July 2009, Asseco Slovakia and Asseco Czech Republic were integrated, thus increasing the extent of cooperation between the two companies. The business name Asseco Central Europe, a. s., was registered in both countries in spring 2010. Asseco Central Europe has increased its sales potential and competitiveness thanks to the joint strategy of new solution development, sharing of knowledge, and extending its range for customers.

# Asseco CE
# today

Asseco Central Europe group (Asseco CE) is today one of the strongest software houses in Central and Eastern Europe. It is active in Slovakia, the Czech Republic, Hungary, Germany, Austria, Switzerland, Italy and Poland. Other IT companies are also a part of the Asseco Central Europe Group. The Company implements challenging commercial projects, as well as those for state administration and local government, built on long-term experience gained through extensive projects for tailor- made solutions, heavily emphasizing support to clients' strategic goals. In December 2017, Asseco International became the parent company of Asseco CE with its headquarters in Bratislava, Slovakia.

# Our
# mission

Asseco Central Europe's mission is to develop our own software solutions to deliver the best digital services. We create the conditions for an innovative and sustainable digital environment not only for our customers, but also for the wider community.

# Awards
# for the company

The Asseco Group is one of the best FinTech companies in the world, according to IDC. Asseco is ranked 17th in the „IDC FinTech Rankings: Top 100" compiled by the international consulting and research company IDC. The ranking includes the largest technology providers to the financial sector.

The Informative Pension Application (IDA) for the Czech Social Security Administration won the prestigious IT Project of the Year 2021 award, organised by the Czech Association of Information Technology Managers (CACIO). The IDA application, an online service of the Czech Social Security Administration's ePortal, responds to a long-standing demand from the professional and lay public for greater predictability in the behaviour of the pension system in individual cases.

The International Safety Standards Association (ISSA) has awarded the project eNeschopenka, an electronic solution for reporting temporary disability implemented in Czech Republic, in Tallinn, Estonia. The ISSA Special Award for the eNeschopenka solution and implementation is the ISSA's second highest biennial award and is presented by the ISSA's Independent Board of Assessors.

The ePN project achieved a significant success in the form of the ITAPA 2022 Award in the category of the Best Digitisation Project of the Society, which has been awarded for more than 20 years to companies implementing ambitious projects in the field of digitisation in Slovakia. ePN has thus defended its importance and quality of processing in the field of health care and digitisation of state services.

# Strategic
# objectives

- To be a trustworthy strategic partner to our customers and to support their growth and competitiveness by delivering modern information systems with high added value
- To continue to increase our customers' satisfaction, by increasing the quality of services and by applying the latest trends in the development of information systems
- To be a thought leader in software development and provision of IT services, strengthening the Company's position within Central European and international markets by promoting a strong, technically and morally astute customer-oriented employee base
- To support a strong, technically and morally capable and customer-oriented employee base
- To build a corporate culture that supports the Company's cooperation, creativity and dynamic development
- To develop and promote scientific and research-based activities in the field of IT



# Our
# vision

## Asseco CE's vision

Asseco Central Europe's vision is to deliver the best digital services that enhance the user experience through our own software. To be a catalyst for innovation and technological progress through the solutions we create. To be the next generation software house with the aim of delivering „best digital services". To be a strategic, trustworthy and reliable partner for customers in the national and international market. To build a reputation as a reliable and socially responsible company that supports not only its customers but also its employees in both successful and challenging times.

## Asseco Group's vision

The vision of the Asseco Group is to build a reliable and profitable IT company, providing its clients with software and services of outstanding quality and with high added value. The strategy of the Asseco Group is based on three pillars. The first is organic growth, achieved through sales of proprietary software and services, the second involves expansion through acquisitions and the third involves support for promising start-ups as a strategic investor.

## Organic growth

Asseco's strategy relies on good sector-specific business expertise, which is supported by technological competence. The Company builds long-term trust-based relationships with customers, becoming their strategic business partner. Asseco leverages the vast experience of its international affiliated companies to create a comprehensive portfolio of products satisfying the needs of thousands of its customers. The Company wants to be perceived as a "one-stop shop" and therefore, in addition to its own IT solutions and services, it also delivers infrastructure necessary for the proper operation of the product supplied.

## Expansion through acquisitions

The Asseco Group and Asseco CE acquire companies that either strengthen their industry-specific capabilities or provide an opportunity to enter new geographic markets. Asseco Poland has successfully implemented its acquisition policy for several years and is currently one of the most experienced market consolidators in Poland. Asseco CE furthers its IT competences through acquisitions, while expanding its portfolio of products across a variety of business segments.

## Expanding the portfolio with start-ups

As a former member of the Perry Talents accelerator, Asseco CE has been supporting and investing in start-ups for many years, helping them to realise interesting business ideas while expanding own portfolio of products and services. In September 2022, Asseco Central Europe expanded its activities aimed at supporting young ambitious entrepreneurs and established the UpSteer incubator to help and support their projects in all key business areas. Upon completion of the UpSteer programme, its graduates will be equipped with the know-how on how to prepare the perfect pitch to attract a potential investor and will gain many other valuable insights.

# Key
# values

## Satisfied customers

The only reliable method of winning and retaining customers is to provide them with quality services and solutions with a high added value, enabling them to reach their strategic goals. Their satisfaction and resulting loyalty are the basis of Asseco CE's success.

## Employee satisfaction

Our employees are a key input factor in the delivery of quality and stable services. Our commitment to being a leader in digital transformation is also reflected in our internal activities. Last year we launched several strategic initiatives in the areas of human resources, products, projects and service quality.

We consider the motivation and loyalty of our employees to be an integral part of the company's success. We strive to create a stimulating work environment that develops employees' creativity and encourages their personal growth and diversity. Asseco CE encourages any form of expression and comment that employees choose. At Asseco CE, we believe in a culture of open feedback, which any employee can address through the HR partner of their department.

## Trust of shareholders

Making the right key decisions, while accounting for the interests of shareholders, meeting expectations and building confidence is another of the Company's key values. Central to fulfilling this value is a transparent approach to process management which is a precondition for long-term maintenance of shareholder confidence.

## Constant organic growth

The Company attempts to track and create modern IT trends, continually improving and bringing to market advanced technologies and "solutions for the demanding customer", which meet customer requirements and bring significant added value to their businesses.

## Social responsibility

Asseco CE Group seeks to contribute to improving the quality of life not only through compliance with legislation, but also through the development of innovative IT and support to scientific institutions also pursuing this goal. Costs of R&D (including non-capitalized costs) in 2022 were EUR 15,882 ths.

# Integrated management system

The Integrated Management System (IMS), which includes quality management system, information security management system, business continuity management system, environmental management system, IT service management system, and software product quality requirements and evaluation, is a symbol of credibility and stability for Asseco CE in relation to customers, stakeholders, and employees of the Company.

IMS ensures a systematic approach to the implementation and delivery of solutions and services and prevents the occurrence of accidental discrepancies, loss of confidentiality, integrity and availability of the company's classified information and environmental damage.

## Quality Management System

The Quality Management System (QMS) according to the international standard ISO 9001 was certified at Asseco CE for the first time in 2022 and the Company maintains its certification according to this ISO standard every year. The company's top management strives to maintain and continuously improve the effectiveness of the QMS in accordance with the requirements of the standard. One of the Company's primary objectives is to achieve customer satisfaction with the solutions and services provided. In order to meet the expectations of its customers and business partners, Asseco CE is particularly focused on continuous improvement of the quality of services and products provided.

## Environmental Management System

The Environmental Management System (EMS) according to the international ISO 14001 standard was certified at Asseco CE for the first time in 2008 and the Company maintains its certification according to this ISO standard every year. Asseco CE ensures environmental protection and compliance with legal and other requirements by upholding the Company's philosophy of being "environmentally responsible", preventing waste, conserving natural resources, and conducting volunteer activities.



## Information Security Management System

The Information Security Management System (ISMS) according to the international standard ISO 27001 was certified at Asseco CE for the first time in 2010 and the Company maintains its certification according to this ISO standard every year. Asseco CE provides a high level of security to our customers and partners by operating, controlling, maintaining, and continuously improving all areas of information security in the context of the Company's business activities and risks.

## IT Service Management System

The Information Technology Service Management System (ITSM) according to the international standard ISO 20000-1 was certified at Asseco CE for the first time in 2015 and the Company maintains its certification according to this ISO standard every year. This system, implemented within the Public CZ, Omnichannel Banking, Public SK, and Fabasoft divisions, provides support for the organization's process management in the area of optimal use of information technology, thus contributing to the improvement of the efficiency and quality of IT services provided.

## Software Product Quality Requirements and Evaluation

Software Product Quality Requirements and Evaluation (SQuaRE) according to the international standard ISO 25000 were introduced at Asseco CE in the Slovak Republic in 2017, and the Company maintains its certification according to this ISO standard every year. This system is implemented within the Public SK division, where the certification covers the design, development, production, implementation, system integration and post-implementation support for information systems and software.

## Company protection. Business Continuity Management Systems

BCMS – Security and resilience – Business continuity management systems (BCMS) according to the international standard ISO 22301 were introduced at Asseco CE in the Slovak Republic in 2021, and the Company maintains its certification according to this ISO standard every year. The implementation of this system ensures sustainable continuity of the Company's business as a stable guarantee of supply for our customers.

## Information technology. Security techniques. Code of practice for protection of personally identifiable information (PII) in public clouds acting as PII processors

Information technology - Security techniques - Code of practice for protection of personally identifiable information (PII) in public clouds acting as PII processors according to the international standard ISO 27018 was introduced at Asseco CE in the Slovak Republic in 2022. With this system, the Company has made a permanent commitment to protect all information assets and personal data in the internal environment and in the cloud from external and internal threats, misuse, disclosure, or destruction in accordance with legislative requirements and internationally recognized security standards.

# Code of conduct

The Company's Code of Conduct represents a set of principles that are focused on its employees, as well as the surrounding environment. It primarily recognizes principles of ethical behavior while conducting business and upholds objectivity, transparency, accountability and openness in activities. Asseco CE declares that both now and in the future, it is committed to remaining a reliable partner for its customers, shareholders, business partners, employees and public in all the countries and regions where it operates. Asseco CE creates the conditions for an open and transparent corporate culture.

## Relations within the Company

Asseco CE regards respect for people as one of its principal core values and as the basis for all interpersonal relationships. It also supports diversity. All forms of discrimination, abuse, humiliation, sexual harassment or indecent behavior against individuals or groups are prohibited within the Company. No-one can be disadvantaged, favored, harassed or excluded because of their gender, ethnicity, race, age, origin, religion or physical limitations and violation of the dignity, rights or privacy of any employee is outlawed. Next in terms of importance comes honest, conscientious and efficient work, communicative ethics, loyalty to the Company, upholding its reputation and safeguarding its assets and ethics in conflict resolution.

## Relations with customers and suppliers

Relationships are built on respect, professional attitudes towards customers and appropriate conduct towards business partners. Domestic and international legal frameworks apply to all processes involving customers and business partners, as implemented by Asseco CE.

# ISO certificates

SK/CZ | ISO 9001, Quality Management System

SK/CZ | ISO 14001, Environmental Management System

SK/CZ | ISO 20000-1, IT Services Management System

SK| ISO 22301 Security and resilience. Business continuity management systems

SK | ISO 25000, Quality Requirements and Quality Evaluation of Software Product

SK/CZ | ISO 27001, Security Management System

SK | ISO 27018 Information technology. Security techniques. Code of practice for protection of personally identifiable information (PII) in public clouds acting as PII processors.

SK | Industrial Security Certificate, National Security Authority. Type of access to classified information:

- Familiarisation - classification level „Secret“
- Transmission in material form - classification level „Secret“
- Electronic transmission - classification level „Confidential“
- Creation without the use of technical means - classification level „Secret“
- Creation of a technical means - classification level „Secret“

CZ | Entrepreneur Certificate at the "Secret" level, National Security Authority

# Business Partners

Asseco CE concluded partnership contracts with a number of leading global IT players. In many cases, the Company achieved its highest level of qualified partnership, has received numerous professional certificates and has actively participated in the implementation of projects and business cases. Strategic partnerships, continuing education and professional growth of employees improve the Company´s ability to follow the trends and standards of the IT market and to react promptly to increasing quality demands of IT solutions and services.

A10 | CZ | Gold Partner

CISCO | SK/CZ | Select Integrator Partner

Citrix | CZ | SILVER CSA Partner

Dell EMC | SK/CZ | Solution Provider

HPE | SK/CZ | Silver Partner

Huawei | CZ | Sales Partner

CheckPoint | CZ | 2 Star Partner

IBM | SK | Platinum Partner

IBM | CZ | Member Partner

Microsoft | SK/CZ | Gold Partner

Oracle | SK/CZ | OPN Member

RedHat | SK | Advanced Partner

RedHat | CZ| Ready Partner

VMware | SK| Advanced Partner

VMware | CZ| Partner

# The Company’s governing bodies

The Company’s governing bodies are the General Assembly, Supervisory Board and Board of Directors.

## General Assembly

The General Assembly is the supreme authority of Asseco CE. All shareholders or their attorneys have a right to participate in the General Shareholders’ Meeting, in addition to members of the Board of Directors or Supervisory Board, in accordance with Company statutes. The Board of Directors convenes the General Shareholders’ Meeting at least once a year, generally at Asseco CE’s registered office.

## Supervisory Board

The Supervisory Board is the governing authority of the Company, which supervises the performance of the Board of Directors, as well as the Company’s business activities.

| | |
|---|---|
| Adam Góral | Chairman |
| Andrej Košári | Vice Chairman |
| Marek Panek | Member |
| Przemysław Sęczkowski | Member |
| Miroslav Kepencay | Member (elected by employees) |

## Board of Directors

The Board of Directors is the statutory body of the Company. It acts on behalf of the Company in the manner specified in the statutes and laws.

**Slovac Republic**

| | |
|---|---|
| Jozef Klein | Chairman |
| Peter Lakata | Member |
| Branislav Tkáčik | Member |

**Czech Republic**

| | |
|---|---|
| Jozef Klein | Chairman |
| Vladimír Dzurilla | Member (from 1 January 2023) |
| Peter Lakata | Member |
| Branislav Tkáčik | Member |

updated as of 1 January 2023

## Management of the Company

Management of the Company comprises the Board of Directors and the top management of Asseco CE. The Board of Directors is the governing body of the companies comprising the Asseco CE Group. Its purpose is to ensure a consistent approach to the business activities and internal processes of the Group companies. It is also has the authority to make decisions that ensure unified management of Asseco CE in the area of strategic and operational management of the companies.

| | |
|---|---|
| Jozef Klein | Group CEO * |
| Vladimír Dzurilla | Country Manager CZ (from 1 January 2023) |
| Karol Csiffary | Group CFO |
| Peter Lakata | COO, Public SK Business Unit (BU) Director |
| Peter Hirko | Utility BU Director |
| Lenka Hritzová | Insurance BU Director |
| Martin Chripko | Banking BU Director |
| Tomáš Rohožka | Healthcare BU Director |
| David Šindelář | Public CZ BU Director |
| Miroslav Kepencay | Director of Delivery Quality Assuarance & Security |
| Jana Kollárová | Director of Human Resources Management |
| Rastislav Lichvár | Head of Mobile Development |
| Michal Polehňa | Public Business Development |
| Roman Rybanský | Head of Internal Audit |
| Ivona Seyfertová | Director of Talent Acquisition Lead |
| Simona Vaculová | Marketing & PR Director |

updated as of 1 January 2023

* the highest appointment indicated



# Hlavné udalosti

We successfully migrated the information system at the Supreme Audit Office of the Slovak Republic to the government cloud in 2022. This is the first project in Slovakia that „switched“ an existing system to the cloud computing platform of the state administration.

Our MEDasistent is listed in Remarkable Products for 2022. This efficient technology was developed in cooperation with STU - Slovak University of Technology in Bratislava, University Hospital Martin, Jessenius Medical Faculty in Martin, and Comenius University in Bratislava. MEDasistent is ready to fully monitor, analyze and evaluate the patient's condition in real time without the need for hospitalization.

In January 2023, Asseco CE Cloud was founded. The company was established with the aim of unifying technological and process standards in the provision of underlying technical infrastructure, cloud solutions and IT services within the Asseco CE Group, while targeting the open market as an independent provider of these services as well. At the same time, the company has the ambition to become a provider and implementer of services in the area of „Digital workplace“, as well as other internal software systems of companies.

We participated in the JobStart FESTIVAL at the University of Hradec Králové, where we presented through our stand what a job at Asseco Central Europe offers. We were also present at the popular hackathon - Hack Kosice, where young innovators measured their strengths in various IT challenges!

As a partner, we took part in the ICT in Healthcare 2022 conference, which focused on the benefits and risks of digitalization and the use of new technologies in healthcare. Asseco CE gave a lecture „Digitalization of medicine already takes the form of a real solution“.

We were also a general partner of the traditional ISSS conference in Hradec Králové and presented three lectures. At the same time, we acted as an expert guarantor at the DIGITAL HEALTHCARE and HEALTHCARE SUMMIT 2022 conferences, which took place in Bratislava, and as a general partner of the eGovernment conference in Mikulov.

Our divisions organized expert meetings during 2022. The Public SK division organized the Fabasoft eGov Day conference“, where the Fabasoft product designed for comprehensive digital document management and efficient process management in state administration and in small and large companies was presented. The Utility and GIS Division organized an international meeting of developers and implementers of SAMO LIDS solutions to whom we presented the news from the development of our SAMO LIDS application server solution, as well as from the area of desktop clients and clients for mobile devices.

Adam Góral, the founder and president of the Asseco Group, was awarded the title of „Economic Personality of the Year 2022“ in the „Business“ category as part of the „Economic Awards of the Year“ competition organized by the Federation of Polish Entrepreneurs.

On 1 January 2023, Vladimír Dzurilla became a new Country Manager for the Czech Republic of Asseco Central Europe.

Last year we were again proud partners of the Arnošt Lustig Prize, which is awarded to laureates for courage, bravery, humanity and justice. The prize is awarded annually to one of the Czech citizens who, as a writer Arnošt Lustig, has contributed to the preservation and development of society-wide values. The tenth jubilee laureate is Šimon Pánek, co-founder and executive director of the company People in Need.

We support talents who do not hesitate to follow their dreams. As a general partner of Junior Chamber International (JCI) in Slovakia in 2022, we supported and presented special awards in the Slovak University Startup Cup 2022 and „Young Innovative Entrepreneur 2022, Slovak University Startup Cup, Student Entrepreneur Award and Student Personality of Slovakia Academic Year 2021/2022

The GBC V building, which houses our company's headquarters, was nominated in the CE ZA AR 2022 architectural competition, Dušan Jurkovič Award 2022, and the Office of the Year competition for 2021. Although it did not win the prize, the nominations in the aforementioned competitions alone represent a significant achievement.

ANeT - Advanced Network Technology, a leading supplier of comprehensive services in the field of attendance systems, human resource planning systems, and access and catering systems for the private and public sectors in the Czech Republic and Slovak Republic, became part of Asseco Solutions CZ on 1 December 2022.

In 2022, Asseco Solutions SK was awarded a grant to co-finance its solution for the first time in its history. The aim of the Community ERP in the Cloud project with a focus on green solutions is to create cloud-based software for a new generation of customers and segments, including the possibility of integrating partners into common ecosystems and sharing benefits among others.

Renáta Rybanská became the new CEO of Asseco Solutions SK on 1 August 2022.

As a result of the long-term cooperation between Asseco Solutions CZ and Geetoo, thanks to which the creator of the HELIOS information system can offer its customers the ERPORT cloud solution, the company has received its second award in a row. This is the gold partner status that Asseco Solutions CZ was awarded by Geetoo in the spring of 2022.



## Jozef Klein

Chairman of the Board of Directors

Jozef Klein graduated in Theoretical Cybernetics and Mathematical Informatics from the Mathematics and Psychics Faculty of Comenius University in Bratislava. He has worked for Asseco CE since 1996, first externally, and later as an internal employee in the position Product and Project Manager in the field of DWH & BI. He has been the Chairman of the Board of Directors of Asseco Central Europe in Slovakia since 2002, and the Chairman of the Board of Directors of Asseco Central Europe in the Czech Republic since 2009, simultaneously holding the position of CEO in both companies. Since December 2020, Jozef Klein has been the Chairman of the Supervisory Board of Asseco Enterprise Solutions, a. s. and since November 2017, he has served as the Chairman of the Board of Directors of Asseco International, a. s. Jozef Klein acts as a member of the Supervisory Board in the companies Asseco Solutions (SK), Asseco Solutions (CZ), Asseco Solutions AG (DE) and as the Chairman of the Supervisory Board in the companies Asseco South Eastern Europe, Asseco Central Europe Magyarország, Asseco CEIT, Asseco CE Cloud, exe, and EdgeCom. He won EY Entrepreneur Of The YearTM 2016 in the Slovak Republic.

## Vladimír Dzurilla

Member of the Board of Directors CZ

Vladimír Dzurilla graduated from the Slovak University of Technology in Bratislava, completed a study mobility in the Netherlands and studies at the British Open University. He worked at Accenture, O2, and Českomoravská stavebná sporiteľňa as a consultant and management advisor in projects of replacement and implementation of large IT systems and introduction of organizational and process changes. He held the position of General Director of the state-owned enterprise Štátna pokladnica Centrum zdieľaných služieb, s.p., whose main task is to provide ICT services for the state administration and to operate the National Data Centre. He also headed the National Agency for Communication and Information Technology which develops strategies for non-public communication networks, including proposals for the implementation of appropriate security measures, and delivers shared services to the public administration. Vladimír Dzurilla was formerly the Government Plenipotentiary for IT and digitalisation. In this position, he created and implemented the strategic concept Digital Czech Republic, which contributes to a significant shift in the state IT and the digital economy. Since 1 January 2023, he has been the Country Manager at Asseco Central Europe in the Czech Republic and a member of the Supervisory Board of Asseco CE Cloud.

## Peter Lakata

Member of the Board of Directors

Peter Lakata graduated from the Faculty of Economics in Bratislava and received his MBA from the WU Executive Academy. Since September 2020, he has been a member of top management as Chief Operating Officer and since December 2021 he has been a member of the Board of Directors of ACE SK and ACE CZ. His role is to identify opportunities for improvement and manage transformation projects and processes within ACE and selected subsidiaries, which includes optimization of processes within the Asseco Central Europe Group based on internal and external needs of the Company. His tasks also involve supporting the implementation of the strategy of ACE and its subsidiaries and he is responsible for the operational management of particular back-office unit activities. He has extensive experience in transformation and change management from his previous jobs, where he held management positions in retail and banking. He is the Managing Director of Whoo app, the Chairman of the Supervisory Board of eDocu, and the Member of the Boeard of Directors of Asseco Enterprise Solutions.

## Branislav Tkáčik

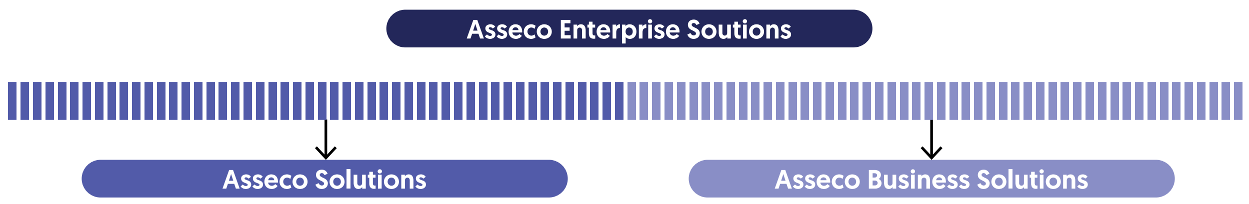


Member of the Board of Directors

He is a graduate of the Faculty of Business Management of the University of Economics in Bratislava and has been working for Asseco Central Europe since 1999. Beginning in 1999, he worked as Financial Manager, later as Financial Director and participated in building the financial department and implementing instruments of financial oversight. During preparations for the IPO on the Warsaw Stock Exchange he was involved in IFRS application and subsequently put into practice the process of group reporting and consolidation. Currently he acts as a member of the Boards of Directors for Asseco Central Europe in Slovakia and Asseco Central Europe in the Czech Republic. He also holds the position of Deputy Group CFO for the whole Asseco Central Europe Group & Corporate Governor. Branislav Tkáčik is a member of the Supervisory Boards of subsidiary companies Asseco Solutions AG (DE), Asseco Enterprise Solutions, Asseco Central Europe Magyarország, exe (SK), eDocu and is a managing director in the companies Galvaniho 5 s.r.o., Invention s.r.o., IPI s.r.o.

Portfolio

ERP




## Asseco Enterprise Soutions (SK)

Business Information Systems from Asseco Enterprise Solutions address the needs of companies regardless of size in various sectors and public administration organizations. The company´s systems are complemented by a wide range of services and partner programs that are highly appreciated due to advanced technology and other characteristics resulting from perfect knowledge of local markets. Thanks to the geographical proximity of Asseco Enterprise Solutions branches and their immediate contact with customers, the company can modify its portfolio specifically according to local requirements in all sectors and offer excellent and professional services. Individual local solutions may also be offered in other countries after they prove themselves in practice.

## Asseco Solutions (SK, CZ, DE, AT, CH, IT, GT)

Asseco Solutions is the largest provider of ERP systems in the Czech, Slovak and German speaking markets. The software applications developed by Asseco Solutions are distributed to all key markets in Central Europe and beyond. Asseco Solutions' Business Information Systems address the needs of companies of all sizes in a variety of business areas. To make sure every system is optimally tailored to the client's needs, Asseco Solutions provides development, implementation and support from a single source. The product portfolio ranges from information systems for a broad spectrum of enterprises in the manufacturing, trade or service industries, to products for public administration and those addressing the specialized needs of companies providing accommodation and catering services. In addition, the product portfolio is complemented by a wide range of services and partner programs. Aside from standard modules and functionality, Asseco Solutions also develops custom solutions, tailored specifically to the needs of a client. Dedicated to providing excellent software experiences to companies of all types or sizes, Asseco Solutions holds the Quality Certificate ISO 9001:2015 and has been awarded international accolades over the years, e.g., for the software's use of Artificial Intelligence. The company currently consists of branches in seven key countries: Slovakia, the Czech Republic, Austria, Switzerland, Germany, Italy and Guatemala. As of 31 December 2022, the group employed 1 ,013 staff members, a number which is rising. (Asseco Solution DE: 442 employees, Asseco Solution CZ: 405 employees, Asseco Solution SK: 166 employees).

www.assecosolutions.sk

www.assecosolutions.cz

www.asseco-store.com

www.helios.eu



## Asseco Business Solutions (PL)

Asseco Business Solutions is a company listed on the Warsaw Stock Exchange. With its headquarters located in Poland (Lublin), the company is present in at least 50 countries worldwide.

Asseco Business Solutions furnishes modern IT solutions for enterprises of any size, character and industry. It offers a comprehensive range of innovative solutions, among which the most important are: Enterprise Resource Planning software and Omnichannel solutions for sales excellence. The company's offers include:

- ERP systems designed to support various business processes in large and medium-sized enterprises (Softlab ERP by Asseco and Macrologic ERP by Asseco)
- A suite of applications for small-company management (Wapro ERP by Asseco)
- SFA solution for managing the consumer goods mobile workforce and (Mobile Touch by Asseco)
- Data Integration Platform aimed to exchange and process data and collect demand signals from distribution channels and retail stores (Connector Platform by Asseco)
- e-Commerce B2B&B2C platforms enabling virtual collaboration between business partners (Connector Platform by Asseco)
- Customer Portal supporting on-line cooperation between the manufacturers and retailers (Direct Portal by Asseco)
- A program handling factoring transactions (Factor by Asseco) .

With high-quality products and related services, the software from Asseco Business Solutions has successfully supported the operations of tens of thousands of companies for many years. Its primary market is Poland, but Asseco Business Solutions also has installations in other European countries and the Middle East, Asia, Australia, Africa and the Americas. Its Data Centers operate across the globe, including EMEA, Russia, APAC and the Americas. The company has a dozen offices Poland-wide (including its own data centre) and a network of hundreds of commercial partners.

For several years, Asseco Business Solutions has been leading many industry ERP rankings related to the Polish IT marketplace. The company has also been recognized as a global technology leader regarding the mobile retail execution technology for FMCG.

Its selected customers are, for instance, Bacardi, Barilla, Beiersdorf, Dr. Oetker, Heineken, Johnson & Johnson, L'Oréal and McCormick.

www.assecobs.pl

**Asseco SPIN** – Optimized management of business processes in companies of all types and sizes.

**Asseco BLUEGASTRO** – Intelligent restaurant system.

**Asseco HOREC** – Modern hotel system.

**Helios Nephrite** – Product designed for the enterprise segment.

**HELIOS iNuvio** – Product designed for the SME segment.

**Asseco APPlus** – Product designed for large ande medium-sized companies.

**HELIOS Pantheon** – Product designed for public sector.

**HELIOS Fenix** – Product designed for public sector.

**Spiska** – Document Management Software.

**Softlab ERP by Asseco** – ERP class solution for managing large and medium-sized businesses.

**Macrologic ERP by Asseco** – ERP class software allowing you effectively manage business processes in medium and large companies.

**Wapro ERP by Asseco** – enterprise software intended for fast-growing SMEs companies.

**Mobile Touch by Asseco** – innovative solution covering fundamental SFA features and advanced functionality such as Perfect Store, Retail Activity Optimization, Motivation and Coaching.

**Connector by Asseco** – a system enabling you to exchange and process sales data.

**Direct Portal by Asseco** – a solution designed to connect the manufacturers with retail customers on-line.

**Factor by Asseco** – the software allowing you to support all types, forms and varieties of factoring.

Portfolio

BANKING

# Asseco CE | Banking Business Unit (SK, CZ)

Asseco CE Banking Business Unit provides services and delivers solutions based on Asseco CE Group products, including selected products of the entire Asseco Group, for banking and financial institutions such as commercial banks, mortgage banks, investment banks, building societies, cooperative banks as well as companies processing card transactions.

During our more than 30 years of existence, we have developed unique competencies in the banking and finance sector, which we are continuously developing with a view to the needs of our customers and, above all, to the future.

Our most important competencies include Core Banking, which we deliver and develop for commercial banks, mortgage banks, building societies, cooperative banks and cover with our products StarBANK, StarBUILD, ELBOS, CIBIS. In the area of Building Savings we have 100% of the market share in the Czech Republic and in Slovakia we deliver the solution to one building savings bank.

Card transaction processing is another strong competency covered by our StarCARD core system. This solution supports modern payment methods including ApplePay, GooglePay and is operated by a commercial bank and card processor. As part of the development, we also introduced new ATM software in 2021 that covers the requirements for an ATM multivendor solution. We put it into operation in 2022 in one of the largest Slovak banks. Also included in the card product group is the Recon product, which provides reconciliation services for various types of transactions and operations between multiple systems.

Authorization and n-factor authentication are supported by the Asseco Security Server SEZAM solution, which supports the Asseco mobile token solution for authentication and authorization in mobile devices with iOS, Android, and Huawei operating systems. Data anonymization during development and testing is ensured by our data anonymization system - Asseco Quality System (AQS).

Communication with clients is most important for banks and in the current digital era, this is even more important. This is also where we provide services and solutions ensuring the same user experience regardless of the channel the bank uses to communicate. Asseco Omnichannel solution covers web-banking, mobile-banking, assisted channels such as branch, call center or third-party providers including branch. Omnichannel solutions are based on a modern modular platform - Asseco Omnichannel platform which enables the delivery of a modular solution providing the identical customer experience across various channels. Omnichannel also provides modules for sending notification and other messages using the Asseco Notification System, which is parameterizable and connected to selected mobile operators in SK and CZ. The management of client authorizations is covered by Asseco Channel Management modules, which manages authorizations for and limits of disposal. Another Omnichannel functional unit is the Asseco 24 solution, which offers ODS, Store & Forward functions, ensuring the availability of individual channels regardless of the availability of Core Banking systems. Other full-scale solutions offered by Asseco Central Europe include the StarBANK information system, which automates all retail and wholesaling transactions and features an integrated package of reports, controlling functions, and inter-bank dealing functions. In 2022, a part of StarBank functionality was redesigned, separating the module for communication with clients at the branch or through assisted channels for processing cash and non-cash transactions. This CashDesk module is a modern application available as an on-premise solution or can be run in the cloud.

As part of its full-scale projects, Asseco CE also delivers solutions that deal with comprehensive processing, whether at the level of data processing, daily, monthly or annual balances. The new modern ADT - Asseco Data Transportation – system is used to manage complex processes across different systems that communicate with each other. ADT was successfully deployed in 2022 in a production operation in the largest building savings bank on the Czech-Slovak market, and successfully managed to process and control the processing of operations between 27 information systems.

The portfolio offered by Asseco Central Europe in the financial sector is complemented by the Credilogic® family of software applications developed by subsidiary company of Asseco Central Europe - Magyarország Zrt. Credilogic® applications cover the entire workflow associated with the credit lifecycle.

We have successfully implemented our solutions with many customers with whom we have long-standing cooperation which we continue to develop. Among our customers are large multinational groups such as ERSTE Group where Asseco CE solutions are used by Slovenská Sporiteľňa, Česká Spořitelna and Stavební spořitelna České spořitelny – Buřinka, KBC Group - ČSOB Stavební spořitelna and ČSOB Stavebná Sporiteľňa in Slovakia, Société Générale – Modrá Pyramída, Komerční banka, Raiffeisen Bank International – RB Stavební Spořitelna, Moneta Money Bank, 365.BANK, J&T Bank, Danube Pay, and other companies in the Central Europe region. At the same time, our solutions can also be found in Vietnam - Orient Commercial Bank.

In 2022, we continued to modernize existing solutions and develop new ones, including:

- multivendor software for ATMs, including central ATM management and monitoring,
- a new, already third generation security server SEZAM 3.0,
- at the same time, we continued the implementation of a core banking system for mortgage loans in Komerční Banka CZ and the implementation of the Omnichannel solution for an investment bank,
- and we also participated in the transformation of banks into the digital environment as well as in a number of other projects.

At the end of 2022, Asseco CE Banking Business Unit had more than 200 core employees and operated in 4 countries.

By 2023, we plan to expand our operations to new customers, whom we will address with our existing, modernized and newly prepared solutions, which will take into account IT and banking trends.

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# Asseco CE Magyarország | Finance Strategic Business Unit (H)

Asseco CE, through Asseco CE Magyarország's Finance Strategic Business Unit, provides services to the banking and healthcare sectors. Asseco's strategy is to further enhance its presence in Hungary, increasing revenue from existing businesses, acquiring new customers and initiating new development directions for business and products.

Asseco CE Magyarország's Finance Strategic BU is present not just in banking, but also in the insurance markets.

**Credilogic – Asseco Risk Platform (ARP)**

Asseco CE Magyarország has continued to work with Credilogic System and ARP, a Camunda based decision engine that is used as part of credit loan origination. Credilogic covers the loan lifecycle, from origination, decision to loan accounting (Loan Account Management).

Asseco CE Magyarország FBU closely cooperates with other Asseco Group members to bring their competitive products to the Hungarian market.

**IFRS17**

Asseco CE Magyarország continued and finalized the development of the Asseco IFRS17 Reporting System, a solution that many insurance companies must comply with in their financial reporting by 2023. The IFRS17 reporting solution is a cutting-edge, auditable, automated, transparent regulatory and management reporting solution that can help insurance companies in their compulsory reporting.

The out-of-box IFRS17 solution is designed for small to medium insurance companies which need to comply with the IFRS17 system implementation.

**Robotic Proces Automation (RPA)**

Asseco CE Magyarország completed projects in Robotic Process Automation (RPA), which are tailor-made automated softwares that replace any repetitive processes encountered by clients, regardless of their industry. As labor shortages are widespread in the country, and RPA projects are small and quick wins with exact projected ROI, we expect further market increase in this field.

**SAMO – Strategic Asset Management and Operations software**

Asseco CE Magyarország successfully implemented Asseco's SAMO product as the first footstep for this product in the Hungarian market.

asseco.hu

## Omnichannel

**Asseco Omnichannel Platform** - A complex system that allows a bank built an effective solution for both direct and service channels. Unique concept of mini applications is able to simply expand with new features, even directly by a bank or third-party supplier.

StarBANK by asseco

**StarBANK** - A complex banking information system.

StarCARD by asseco

**StarCARD** - A card system.

ELBOS the banking information system

**ELBOS** - A banking information system.

StarBUILD by asseco

**StarBUILD** - Covers all business processes of a building savings bank. It contributes to the improvement and automation of accounting processes, increases the quality of the database, speeds up processes and increases the efficiency of processed accounting operations.

CiBiS the building savings system

**CiBiS** - A building savings bank information system.

## SEZAM

**Asseco Security Server SEZAM** - Allows institution's clients to securely login to all portals and applications – desktop and mobile - using same set of authentication methods.

## Asseco ATM Software

**Asseco ATM Software** - Customisable software designed to manage tasks delegated by branch staff to the ATM network, including standard cash transactions, payment orders and cardless withdrawals.

## ANC

**Asseco Notification Center** - A parameterisable system designed to send notifications and other messages.

## ADT

**Asseco Data Transportation** - A tool designed to manage complex data processes across different systems that communicate with each other.

## CashDesk

**CashDesk** - A system for the central management of cash, tills and the execution of all cash operations in the bank's branches.

# Portfolio

# INDUSTRY & UTILITY

## Asseco CE | Utility Business Unit (SK, CZ)

A wide portfolio of the Asseco CE Group is complemented by solutions in the area of GIS, large assets and infrastructure. The Utility BU offers customers a full-scale solution based on a brand-new software platform – SAMO. SAMO will enable our customers to develop both simple and more complex applications and portal solutions.

In developing SAMO, we have drawn on our rich experience acquired during 30 years of work in developing and implementing special technical solutions. New SAMO is directly linked to successful software products TOMS, AG Portál and WFMS and significantly develops the possibilities for application of our key system – LIDS that has become the basis of the new platform.

SAMO EAM is a technical and operational information system that usually belongs to the category of Enterprise Asset Management (EAM) systems. SAMO supports the technical and asset records and documentation concerning all equipment and items on the basis of the GIS type system and the processes within planning, construction, maintenance, and operation of technical infrastructures. Typical users of SAMO are companies managing infrastructure assets, e.g., extensive distribution networks (power, gas, water, sewerage systems, telecommunications, central heating), large industrial premises, mines, town administration authorities that build the "Smart City" infrastructure, administrators of traffic infrastructures (roads, railways), state administration bodies, and insurance companies (assessment of flood areas and other risks). The SAMO EAM solution is usually followed by other components, especially the SAMO WFMS module to support the management of field workers or the SAMO Portal, which allows us to create portal solutions to support communication with customers.

The modularity and flexibility of the SAMO solution also enable us to enter other segments. SAMO AIS is a platform module supporting public administration processes. Available functionalities may be configured to support all processes of both daily and strategic public administration tasks. It covers entering of requests, assessment workflow, notification services, data analysis, spatial content adding, collection of comments, and adoption of decisions that are automatically published in compliance with local legislation. All functionalities are based on metadata descriptions and that is why local administrators may update or create new templates or processes as necessary. Thanks to the integration options, SAMO AIS supports elimination of redundant data streamlines the required data flow. SAMO AIS is ready-made for integration into other public administration systems, use of open data from various sources such as central or federal public administration registers (cadastre, citizens, business licences, ...), and publication of all information in the prescribed form and at the prescribed time. SAMO AIS may be used by any local, central or federal authorities ranging from small municipalities to ministries responsible for the entire country. SAMO AIS provides a way to develop and maintain efficient e-Government or e-Self-Government and provides both users and citizens with immediate values.

Our most important customers include companies operating utility networks (Pražská plynárenská distribuceN-ERGIE AG, Norimberk, Technische Werke Ludwigshafen AG, Stromnetz Hamburg GmbH, NEW AG Mönchengladbach, Teplárny Brno., Vodárenská akciová společnost, Brno, Východoslovenská vodárenská spoločnosť., Košice, Brněnské vodárny, . SWU Stadtwerke Ulm GmbH, ENNI Energie & Umwelt Niederrhein GmbH, Moers, SYNTHOS), the companies owning large industrial premises (BASF SE, CURRENTA GmbH & Co., Novartis Pharma AG Basel, AUDI AG, Daimler AG, ŠKODA AUTO) and organizations in the area of state administration and self-government (State Land Office of the Czech Republic, Czech Office for Surveying, Mapping and Cadastre (Czech Republic), Olomoucký region, Nature Conservation Agency of the Czech Republic, Agencja Restrukturyzacji i Modernizacji Rolnictwa (Poland), City of Langenthal (Switzerland), City of Vienna, and important engineering and consultancy companies (Basler&Hoffman, Lienhard). Throughout the year we continued in cooperation with the Technology Agency of the Czech Republic in designing and implementing the tools for generalization of maps - ZABAGED with the application of artificial intelligence algorithms.

One of the most important projects of 2022 was the implementation of SAMO EAM WFM for the customer Stredoslovenská distribučná (SSD), during which which one of the most important components of the SAMO EAM product line was deployed - Workforce management: a system for management and optimisation of maintenance work trips.

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## Asseco BERIT (DE, CH)

The Asseco BERIT Group holds competencies in the field of geographic information, asset management and other systems supporting processes in utility companies within Asseco CE. The group consists of its GIS & Utility Division and the subsidiary companies Asseco BERIT GmbH, seated in Mannheim, Germany and Asseco BERIT AG, seated in Sissach, Switzerland. The group currently employs 50 people – analysts, developers, consultants and project managers. The solutions supplied are based on their own development (SAMO EAM, SAMO LIDS, SAMO Portal and SAMO Workforce), continuing during the 37-year history of BERIT, a. s., which has been incorporated in Asseco CE since 2009. Thanks to its own business and implementation network, the products developed by Asseco CE may be used by customers in many countries of Europe, especially in Germany, Switzerland, Czechia, Austria, Slovakia, and Poland.

www.asseco-berit.de

www.asseco-berit.ch

www.samo-asseco.com

## Asseco CEIT (SK)

Asseco CEIT is an innovative technology company providing comprehensive solutions in the field of technical and process innovation, industrial automation, digitization and optimization, as well as intelligent internal logistics. The mission of the company with its own R&D center is to support productivity, efficiency and growth of competitiveness of industrial enterprises. The company based in Žilina successfully operates at the European level, and its customers include major industrial companies, especially in the automotive, engineering, chemical and electrical industries. Asseco CEIT has been part of the international Asseco group since 2017.

www.asseco-ceit.com

Strategic Asset Management & Operations

Information system that automates various activities in the public administration and commercial sector. It includes the natural use of data and functions of geographic information systems and the corresponding effective management of attributes, such as issuing declarations of the existence of a network, publishing analytical source data, providing data on the current state of infrastructure and more.

## Asseco CEIT intelligent mobile robots (AGV)

Intelligent mobile robots that ensure reliable, efficient and safe automated logistics in industrial halls and plants.

Twiserion
Design Manager

**Twiserion Design Manager** - It is an interactive tool for efficient planning and design of production and logistics. It enables production or logistics planning using parametric 3D models.

## Digital Transformation

Sophisticated solution, built on partial phases, which together represent a complex cycle, from digitization, planning and dynamic simulation through the implementation itself, to autonomous control and self-optimization.

Portfolio

# HEALTHCARE

## Asseco CE | Healthcare Business Unit (SK, CZ)

Asseco Central Europe provides a wide range of solutions for the entire vertical line of the health sector – standardized software products or full-scale solutions developed to meet specific requirements of our customers. The solutions intended for the health insurance companies include Mediform, ZPIS, Strix, Jubula, Atlas.

Mediform is a full-scale information system covering all important processes within an insurance company, e.g. IS administration, code lists and catalogues, client registers, receipt of insurance contributions, control and collection of contributions, annual insurance contribution settlement, calculation and payment of charges to healthcare providers, medical reviews of costs and refunds of costs to the insured persons from the EU. The system also includes the account file and accounting. ZPIS (Zdravotný Poistný Informačný Systém – health insurance information system) is a central multi-layer information system (IS) intended for health insurance companies. It contains the full application software for administration of and support for the activities of health insurance companies. It is based on long-term experience in developing and enhancement of health insurance systems and contains the latest knowledge in the area of modern technologies. The system is universally applicable and modifiable based on the relational database technology. The information system is integrated with an internet portal and an electronic filing room for the contact between the customer and their clients and partners and may be connected also to other supporting systems (ERP, MIS, call centers, etc.).

The Strix software is the first product from the family of products supporting improvement of hospital care financing in Slovakia. Strix classifies hospital care into almost 1,200 so-called DRG groups, factoring in both medical issues and financial aspects of individual cases thanks to which it supports fair financing of hospitals.

Tyto is an expert extension module designed for integration with hospital IS. It helps physicians to code a hospitalisation case so that it corresponds to the actual course, meets the requirements of the SK DRG system and is accepted and reimbursed by the health insurance company. It contains more than 1,000 checks and expert rules to improve and simplify reporting.



Nesasio calculation module processes the hospital's cost data and subsequently assigns them to individual hospitalisation cases. It answers the question of how much money was spent on a specific hospitalization and what the cost structure was in terms of wages, drugs or devices.

The Surnia analytics module allows hospitals to view the DRG production, i.e., hospitalisation cases in terms of revenue and production structure. It answers questions such as the kind of revenue in the DRG system, how well data is reported to health insurance companies and which hospitalisations are profitable or loss-making by comparing their costs and revenues.

The Otus module is used to calculate the economic results of hospital cost centers in order to evaluate their efficiency. It helps hospitals to internally budget DRG costs and revenues and prepare outputs for accounting.

DRG BI is a business intelligence tool designed for hospital managers to process, analyze and present DRG data. It is based on a data warehouse where all DRG data processed or calculated by separate DRG modules are stored. The data is handled by the BI solution itself, built on the Helios BI product. Summary data is presented on the screens of the central dashboard. A specific area that is elaborated out of the box in the solution is the support of hospitalization case planning with revenue and cost projections.

Physician Portal project (HCP) was created as a response to a need to simplify and expedite the process of sending physician's requests for patient-specific health care authorizations, while minimizing the time it takes for the insurance company to handle such requests. Based on pre-defined criteria for architecture, functionality and UX/UI, the portal has been designed so that the physician is no longer required to fill in their details each time he/she logs in. Now, the login details are integrated in the physician's outpatient system and only one click is required to log in.

The process of submitting a new request has been improved as well, and today uses a number of options and checks from the dials, the functionality of pre-populated items and logical relations between them. Security as one of the pillars of the portal's functionality has not been left unchanged. Every request submitted by a physician is electronically signed with the same signature with which the physician signs electronic prescriptions. Another supplied feature of the portal is an advanced form editor which makes it possible to create new requests or manage already created requests, allowing full autonomy in the processing of the stored content.

The MEDasistent application allows remote monitoring and evaluation of the patient's health condition without the need for hospitalization. The use of the app not only shortens the patient's stay in hospital, but also optimizes his or her timely arrival, helping to prevent critical patient conditions. This technology was developed in collaboration with the Slovak University of Technology in Bratislava, Martin University Hospital and Jessenius Medical Faculty in Martin.

Jubula is a DRG module intended for assessment by physicians in health insurance companies to obtain and prepare data from the system on insured people, hospitalization cases and healthcare reported by healthcare providers in respect of provided benefits.

The ATLAS application developed for fast and intuitive communication of the insurance company's employee with the client, enables efficient search of the person and employer, provides an overview of the partner's basic data with the possibility of updating in the source system, processes and evaluates the indicators entered by the partner and facilitates the creation of information tasks or output forms of communication with the client. The platform on which the application is based can also be used for other tasks such as processing annual settlements, statistics and performance metrics for front-office and back-office staff. At the same time, the application can be connected to the call system in brick and mortar branches or it can be also used by the call center staff.

The most important clients of the Healthcare Business Unit include specialized health institutions, owners and operators of regional healthcare networks (Svet ZDRAVIA (SK) and other hospitals), health insurance companies (Česká průmyslová zdravotní pojišťovna, Oborová zdravotní pojišťovna zaměstnanců bank, pojišťoven a stavebnictví, Union zdravotná poisťovňa, Všeobecná zdravotná poisťovňa, Vojenská zdravotní pojišťovna České republiky, Zaměstnanecká pojišťovna Škoda, Dôvera, zdravotná poisťovňa), National Health Information Centre, F. D. Roosvelt Teaching Hospital with Polyclinic, out-patient departments, and general practitioners, Teaching Hospital in Nitra, and University Hospital in Bratislava – Nemocnica sv. Cyrila a Metoda.

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### Plantago
Electronic prescription system.

### ATLAS
System for fast, intuitive communication between the insurance company's employee and the client.

### MED Assitent
Telemedicine system allows to remotely monitor and evaluate the patient's health condition without the need for hospitalization.

### DRG BI
Telemedicine system allows to remotely monitor and evaluate the patient's health condition without the need for hospitalization.

### IMI
Hospital information system.

### iCardio
CDSS system for cardio treatment.

### OnkoTeam
Information system for oncological patient management (Assisted support in treatment of oncological diseases).

### Asseco Rooms
Information system for teleconsultation.

### Chiroptera
Unjustified claims management system for health insurance companies.

### Cormura
Revision of the eligibility and correctness of prescribed medicines.

## Asseco CE Magyarország | Healthcare Strategic Business Unit (H)

Healthcare Strategic Business Unit consists of the following three departments:

- MedWorkS Team – development and support of our integrated hospital system
- Innovation and Knowledge Center – developing the new MedWorkS system and service package and other healthcare innovations
- Custom Development Team – software development based on individual needs of central and local public administration institutions, mostly in the healthcare field

In February 2022, the Hungarian Government bought our biggest competitor, Paninform Kft. (a subsidiary of T-Systems) which also deals with HIS development and operation. The Government's goal is for their system (eMedSolution) to be the national HIS, used mandatorily by all state-owned hospitals. As a first step they regulated in a decree that hospitals using eMedSolution are prohibited to switch systems. In the recent years GlobeNet has replaced several eMedSolution systems. This process, i.e., acquiring new customers from them, stopped as of February 2022. At the end of the year, one of our biggest customers – Honvédkórház – was transformed, more precisely this hospital became the Center Hospital of North Pest, the military part was separated from it. The separation and the creation of the new Center Hospital were entrusted to our company – a positive sign that the professional department is aware they would have not been able to implement the national HIS. We did not lose any customers, our customer base – which is the largest among Hungarian suppliers – generated sales revenue this year as well.

In 2022, in addition to the maintenance fees of our systems and individual product sales, the sales revenue of the healthcare business unit was affected by two large EU-funded central projects, for which we need to integrate all our customers' MedWorkS systems. one of the large projects is the Nursing Support System (ÁTR) and the other is the Ambulatory Patient Management System (JABIR). Originally both projects were supposed to be closed in December 2022, but unfortunately both were delayed due to pressure from the customer, thus we were only able to deliver the first development milestone.

The projected sales revenue in 2022 was not met by the healthcare business unit due to postponement of planned projects with financing from the EU recovery fund, as well as postponement of contract fulfillments. This caused a difference in sales revenue compared to the forecasted numbers, the largest in the company's history (62%).

The postponement of the contractual obligations of the ÁTR and JABIR projects helps the year of 2023. The settlement of the rule of law dispute between the Government of Hungary and the European Union has put into perspective accessing the RRF fund. These will have and impact on 2023. In 2022, the company was forces to implement a significant cost reduction (of which wages are the most important) to maintain balance, which was already felt in the last quarter, but the main goal was to be able to start the year 2023 consolidated.

Due to the postponement of larger projects the cost reduction primarily affected the Custom Development Team, and since the company could not finance the development of the new product as in the past, we were also forced to reduce the costs of our Innovation and Knowledge Center and postpone by one year the new R&D project won at the end of 2020 – the development of the Inpatient System in the new MedWorkS product portfolio. The tender thus provides most of the resources until 2024 to complete the development of the new MedWorkS.

In the last quarter of 2022, the company's trajectory was reversed, we expect positive international cooperation within the Asseco Group. Our goal is to utilize some of our innovative products developed in the past in cooperation with Asseco member companies – such as the MedWorkS 2021 system, the iCardio decision support system and Asseco Rooms – and to involve the development teams in international projects, primarily in Slovakia and Poland.

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## PROSOFT Košice (SK)

PROSOFT Košice was established in 1993. Since its very beginning, the company has focused on development of software products for healthcare providers. It has implemented a quality management system under ISO 9001, ISO 20000 and ISO 27001, which is audited annually.

PROMIS® Medical Information System is a core SW product and comprises software for hospital wards, outpatient offices, shared examination and treatment facilities, transport and rescue medical services, and central data processing and management services for the entire healthcare facility. The information system consists of modules and therefore, in addition to the full-scale installation of the entire system, individual modules may be installed separately with the possibility of enhancing the system later and according to the customer's needs.

Customers include:

- Hospital networks, hospitals with polyclinics, specialized hospitals, specialized treatment facilities, polyclinics, spa facilities (55+)
- Smaller non-governmental health facilities, outpatient offices (doctors – specialists, GPOs, dentists), private laboratories, etc. (500+)
- Rescue Medical Service and Medical Transport Service (10+)
- Social Service Centres and hospice

Interoperability represents an important feature of the PROMIS® solution. This includes two-way communication with external laboratories, two-way interconnection with PACS from various suppliers, and interconnections with calling systems, medical devices, DRG Groupers, insurance companies' projects, ePrescription, eHealth, eVaccination and others. The system also enables interoperability with the economic information systems from various suppliers, and with the management system from Asseco CE.

In 2022, the company launched many new modules aimed at improving patient safety and optimising medical processes, mainly in the areas of patient identification, comprehensive source planning, blood bank, web for external order forms, patient kiosk, EHR, mobile app for staff, patient consent management and others. Specialised modules for Emergency Department, Oncology, ICU, Radiology, etc. have also been completed.

This software has already been implemented in the most modern hospital in Slovakia - Bory Hospital, and some modules also in other hospitals in Slovakia.

The company provides quality product support for PROMIS SW in 8/5 mode and for key customers in 24/7 mode.

www.promis.sk

### Promis

Complex hospital information system.

### eZdravie

The eZdravie system is a central repository of a patient's medical records and is a source of important information about the patient's health that can save his or her life.

### Physican Portal HCP

System for direct online communication with healthcare providers.

### Xanta

Hospital information system, including hospital management system.

# Portfolio
# INSURANCE

## Asseco CE | Insurance Business Unit (SK, CZ)

The portfolio of Asseco CE for the insurance sector comprises information systems for commercial and pension insurance companies. The comprehensive information system StarINS automates all back-office operations of life and non-life insurance. The core insurance solution from Asseco CE is complemented by iPortal that may operate independently as a stand-alone solution. It represents a modern self-service front-end solution offering functionalities of electronic distribution and service channels. Using the latest technologies and know-how from various international markets, together with the StarINS system and partner solutions such as Hannover Re ReFlex, it creates an attractive solution for Digital Insurance called IooX (Insurance out of the Box). Another product from the portfolio of the insurance business unit is the SofiSTAR – a core information system for pension savings management companies. The system supports front-office and back-office activities at a high level of process automation, including internet access for clients to personal pension accounts and automated processing of electronic documents of pension savings.

Clients of the Insurance BU are commercial insurance companies and pension savings management companies in Central Europe (Allianz – Slovenská poisťovňa, Stabilita d.d.s., Youplus Czech Republic, Youplus Slovakia and Youplus Austria). Our efforts aimed at offering software products internationally have resulted in the successful launch of StarINS operation in Nigeria and Ghana (Coronation Insurance Plc. and Coronation Insurance (Ghana) Limited for non-life insurance, Coronation Life Assurance Ltd. for life insurance). In 2019, our IooX solution supporting digital insurance was successfully launched in the Czech Republic, in 2020 in Slovakia and in 2021 in Austria under a contract with Aspecta Assurance International AG, based in Liechtenstein. In February 2023, IooX was launched in Switzerland.

asseco.com/ce

iPortal by asseco

**iPortal** – A responsive self-service front-end solution providing features that streamline sales pro - cesses and minimize back office operations by moving the most requested services to the portal.

StarINS by asseco

**StarINS** – A comprehensive back-office solution, serving life, non-life and composite insurance carriers, supporting all lines of business and covering the most of back office operations present in the insurance business.

IooX by asseco

**IooX** – Insurance out of the box represents an end-to-end software suite for commercial insurance (i.e. life, non-life and composite insurance) covering the insurance carrier's front-end operations via its Asseco iPortal and back-office operations via Asseco StarINS integrated into one common platform supporting digital insurance.

Portfolio

# PUBLIC

## Asseco CE | Public SK Business Unit (SK)

Asseco CE specializes in development and supply of public administration solutions that cannot be implemented by standard means and tools without investing a great amount of creative work. The strongest domain of the company is the ability to design and implement systems processing large volumes of data with a sophisticated transaction logic and special portal solutions with an interface providing forms intended for the public administration, which are implemented with connections to the sectoral components of eGovernment and basic registers. The specific offer for the state administration includes designing and supply of full-scale systems, including HW, network infrastructure, integration platform, and specialized high-load applications with guaranteed high accessibility, which address specific requirements of the state administration concerning central information systems, agenda systems, registers, auditing information systems for distribution of the contributions and subsidies provided by the government and budgetary information systems for processing and publication of large data files. Another area covered by Public SK Business Unit is Business Intelligence. In this area, the Company has proceeded with software development from reporting tasks through dashboards and ad-hoc analyses to advanced methods of datamining and predictive modelling.

The company provides its StarBI solution either as a turnkey project or through customization of already developed modules. It uses the standard BI platform and databases (IBM, Microsoft, Oracle and SAS). Asseco CE offers a wide range of solutions for monitoring and assessment of profitability (products, clients, business channels), reporting automation for internal and external environments (regular reporting, ad hoc outputs), deep data analysis via datamining tools and resolving various tasks such as fraud detection (insurance industry, state revenues – taxes), cross-selling, add-on selling, customer segmentation, and other types of tasks. The AQS (Asseco Quality Services) solution is intended for data consolidation and transfer among heterogenous systems. The solution combines a software product, methodology, and related services focusing on execution of data migration, consolidation, and cleaning.

Solutions for registries, Document Management Systems (DMS) and process management on the Fabasoft platform represent a significant area of Public SK Business Unit. Since 2002 the company's solutions have been used by more than 55,000 users in dozens of organizations in both the public and private sectors. It provides a full-scale DMS system that meets the legislative requirements applicable to the standardization of administrative document exchange among public administration and self-government bodies valid in the EU and the Slovak Republic. The document management service also includes approval processes. It contains registration, scanning, file number assignment, bar code assignment, and provides tools to manage and control the flow of documents within the organization such as approval processes, change history and compliance with the deadlines set out by legislation and internal directives. It makes use of various tools such as Document Management System, Workflow, integration platform and archives. It offers electronic versions of process areas exactly according to the customer´s needs and requirements. Products offer customers more efficient solutions for the area of document management while factoring in the entire document lifecycle from initiation to settlement. Implemented solutions increase speed, efficiency and transparency of administrative processes in practice.

Public SK Business Unit also covers solutions and delivery of full-scale services for the education sector – specific works focusing on the coordination of work of experts, integrating innovative elements in implementation of full-scale programmes and systems resulting from the requirements of the labour market towards education. It provides an offer of services arising from the current trend of high economic growth contrasts with a lack of qualified manpower and this creates a demand for quality consultancy services and innovative solutions for education and labour market that builds on partnership with the Association of Employer Unions and Associations (Asociácia zamestnávateľských zväzov a združení Slovenska - AZZZ), Association of Industrial Unions and Transport (Asociácia priemyselných zväzov a dopravy - APZD), National EMployer Union (Republiková únia zamestnávateľov - RUZ), Trade Union Confederation (Konfederácia odborových zväzov -KOZ), Association of Towns and Villages of Slovakia (Združenie miest a obcí Slovenska - ZMOS), etc.

The most extensive projects implemented in this area include supply of solutions for ministries (Ministry of Transport and Development of the Slovak Republic, Ministry of Finance of the Slovak Republic, Ministry of Interior of the Slovak Republic, Ministry of Health of the Slovak Republic), Supreme Audit Office of the Slovak Republic, Tax Directorate of the Slovak Republic, Česmad Slovakia, State Institute for Professional Education, and many other authorities and institutions. With regard to Data Warehousing and Business Intelligence solutions, major clients of the Business Unit include commercial organizations as well as non-commercial entities, where Asseco CE solutions significantly assist, for example, the Financial Directorate of the Slovak Republic to combat tax evasion, allow processing of the statistical data obtained from the Czech Statistical Office and serve to integrate data and systems.

asseco.com/ce



## exe (SK)

The exe company has been active in the IT market since 1990. In 1991, the company became one of the first official partners of the Microsoft company in Slovakia. The company has been active in both Slovak and Czech IT markets especially in the area of infrastructure services, software development and sales, and is also an authorized Microsoft partner and holder of Microsoft Gold Certified Partner certificate and many other certificates. The company ranks among the first holders of the title Microsoft Licensing Solution Partner. The exe company is also an established provider of translation and software localization services. Moreover, the company has become a successful system integrator with its own development center. In the complex area of globalization and internationalization processes, it is able to efficiently support Slovak companies in marketing their products worldwide. exe has recorded more than 800 successful projects for both business companies and public and state administration institutions.

The company enters the market as an important integrator of business software solutions with 30 years of history. One of the domains of exe is to assist in the digital transformation of companies that brings simplified administration and increased productivity. The solutions along with full-scale services are based mainly on Microsoft SharePoint, Microsoft Dynamics CRM, and ABBYY platforms. The exe company offers its experts to guide companies in adopting and using cloud services that a customer can obtain through implementation of hybrid solutions or migration into a cloud environment. An important part of these services is supporting customers in the provision of operational infrastructure and information. Data analyses and their understandable visualization via the Microsoft Power BI platform represent one of the current corporate pillars and helps staff at different levels of the organisation to quickly obtain key information for the purpose of decision-making. The exe company covers the field of machine learning using Microsoft's Cognitive Services platform, delivering more advanced, custom-designed solutions for customers. Since 2022, the company has expanded its portfolio to include the delivery of virtual solutions used, for example, for training simulations or digital representation of the real world for management or educational purposes.

The company is also a leader and highly recognized provider of translation and localization services worldwide. Renowned market surveys (CSA Research) have included the company among the Top 25 providers of language services in Central and Eastern Europe. It even ranked 13th in the last survey. It ranked 2nd among translation agencies in the Biggest in Business 2022 ranking published by The Slovak Spectator. The company is a member of international professional associations - The Globalization and Localization Association (GALA), and the Association of Translation Companies in Slovakia (ATCSK) where it currently holds the office in the supervisory board of the association. The exe company is a service provider certified in compliance with standard ISO 9001:2015, translation standard ISO 17100:2015 (replacing EN15038), and post-editing machine translation standard ISO 27001.

People in exe believe that modern technologies change the modern business definition. The future happens today and the company's mission is to make it accessible to all its clients and to unlock the hidden potential within the business of its clients and transform it into an opportunity. Thanks to continuous generation of new ideas and innovative technological solutions, the company makes it easier for companies to undergo the process of modernisation and digitalization in the constantly changing world of information technologies. The company's strengths include new ideas, the courage to implement them and a team of experienced experts able to make them reality. This all is aptly described by the company's credo "unlock tomorrow".

www.exe.sk

## Asseco CE | Public CZ Business Unit (CZ)

The company ranks among the most important providers of full-scale IT solutions and services in the Czech Republic. It implements demanding projects for the state administration and self-government as well as for the commercial sector. The company has extensive experience gained through years of integration and consultancy projects and places a strong emphasis on modern architecture of information systems and security. It has achieved the position of preferred and credible supplier of key information systems for the government (basic and public registers, modern portal solutions oriented towards the needs of citizens or eNeschopenka) and has become a recognized partner for creation of strategies for the government's digitization projects (eGoverment, eHealth). It is a stable partner for its customers and helps solve all the processes associated with extensive IT areas, including specialized customized applications, geo-information systems, solutions for digital technical maps, portal solutions, agenda systems, ECM or BI solutions supporting managing and decision-making processes, smart city solutions, IT infrastructure solutions, back-ups, and server and desktop virtualization or security. Furthermore, the company supplies portals, electronic banking systems, chip card systems, and other software to financial institutions and capital market entities.

The profile of the Public CZ Business Unit is similar to that of the Public SK Business Unit. The intensively developing competencies of our company in the area of public administration may be enhanced by application of the Enterprise Architecture principles. We use those principles to map the current situation, to propose a future architecture of the target environment (in the segment concerned it is, for instance, an office or a central administration office), and to draft transformation projects and roadmaps. The TOGAF™ methodology along with the modeling language ArchiMate™ are used to develop projects of this type. Currently, so called Government Enterprise Architecture (GEA, EA modified for public administration) represents a significant trend in the public administration area with an increasing frequency of use. In the Czech Republic, the GEA principles serve as the basis for so-called National Architectonic Plan (NAP). Each new project in this area must comply with the architectonic templates and principles codified in NAP. To support further development of the BU Public in this area was the right decision. Application of GEA within digitization of public administration, including all its segments, contributes towards better arrangement and systematization within designing and implementation of new eGovernment projects, which results in more frequent use of that competence within the projects focusing directly on architecture creation. A specific offer for the public administration comprises design and supply of full-scale state administration systems, including HW, network infrastructure, and specialized high-load applications with guaranteed availability for specific requirements of the state administration, e.g., central registers, business registers, control systems for distribution of state benefits and subsidies and budgetary information systems for processing and publication of extensive data files on the platforms Informix or Oracle with the use of application servers Weblogic, topology Geocluster RAC and the Java development environment. Recently, the portfolio of the Public BU's solutions has been extended by a solution based on the microservices architecture making use of open-source technologies and platform services MS Azure and Oracle Cloud.

The most extensive projects implemented by the BU Public CZ include supply of solutions to ministries (Ministry of Interior of the Czech Republic, Ministry of Finance of the Czech Republic, Ministry of Work and Social Affairs, etc.) but we have also been cooperating with the Czech Statistical Office, and a number of other authorities and institutions, the Czech Social Security Administration being one of them. We are a reliable supplier of key projects of the Czech e-Government, such as the Register of Rights and Obligations, Register of Persons, the system for electronic reporting of temporary incapacity for work eNeschopenka, or the system for support of social and pension insurance agenda. Throughout the year, we continued the intensive work on one of the most extensive projects in the area of eGoverment of the Czech Republic in recent years - eSbírka and eLegislativa for the Ministry of Interior of the Czech Republic, which is due to be finished in 2023. In the last year, we also participated in continuing development of other functions of Portál občana (Citizen Portal). Similarly, we continued in development of the Register of Rights and Obligations with the Ministry of Interior of the Czech Republic that is a key element of eGovernment, containing records of all public administration institutions, agendas and services provided by the public administration, information systems and plans for the digitization of interactions between the public administration and its clients.

Asseco CE continued in implementation of the Digital Map of Public Administration project for the Czech Office for Surveying, Mapping and Cadastre, which is a key element of public administration for working with geodata. An interesting and necessary implementation is also the Re-qualification Portal for the Ministry of Labour and Social Affairs, which should provide effective electronic support for the improvement of the skills of the Slovak population. BU Public CZ completed a challenging project of a full-scale portal solution for the second largest city of the Czech Republic, Brno, in mid-2022. Public CZ won the tender and became a partner of the Czech Fishermen's Association, for which it is building a modern and comprehensive Fishermen's Information System, which will serve nearly a quarter of a million users in hundreds of local organisations in the future.

Public CZ also covers infrastructure solutions throughout all stages of their life cycle from technology architecture design, supply, implementation to securing operations at the required service level, including the permanent availability mode and system support on a 24/7 basis. In doing so, it applies its long experience in developing, supplying, and operation of critical systems within the public administration, financial segment, health sector and utilities. It applies standard methodologies for efficient supply and administration of IT systems and in compliance with current trends. To use the latest technologies, the Infrastructure Division focuses increasingly on supply of full-scale solutions up to the "IT as a Service" level, which enables customers to focus on their main business activities while making use of modern, flexible and efficient IT systems. In creating designs, it closely cooperates with other business units so that the final solution fully corresponds to the customer's requirements as concerns functions, safety, performance, availability, extensions, scalability, administration, and supervision.



The supplied infrastructure solutions contain the following main services:

- Implementation of and support for server systems, networks and their security, data storage systems, database systems, middleware, application servers, and user systems.
- Development of infrastructure for applications making use of containerization.
- Provision of cloud services according to the needs and requirements of the customer either "on premise" at the customer's facility, in a commercial cloud or in hybrid model.
- To support external and internal customers, Asseco CE provides call center and helpdesk services on a 24/7 basis.

The Infrastructure Division secures delivery of hardware, software licenses, network and supporting infrastructures and user devices while making use of partnerships with a number of important manufacturers and distributors of such technologies.

The most important customers for whom the Infrastructure Division has secured design, supply, implementation of, and support for IT infrastructures include the Ministry of Interior of the Czech Republic, Czech Statistical Office, the Supreme Audit Authority of the Slovak Republic, Czech Social Security Administration (operation of the information and communication interface – ePortal), Basic Register Administration (operation of the Register of Rights and Obligations and the ROS register), the Capital of Prague (operation of the emergency management information system), and the DanubePay company (support for and operation of banking and payment systems), Národní certifikační autorita (NCA).

Infrastructure Division also operates and develops internal information systems of Asseco CE, within which it continuously changes the company's infrastructure to increase the share of virtual and cloud technologies. This process brings flexibility and efficiency of shared technological resources for projects in the Czech Republic, Slovakia, and Hungary and allows efficient knowledge sharing across companies. It designs, develops and manages development and testing environments for the development teams of business units, required for development and subsequent support for customer solutions.

asseco.com/ce

Fabasoft

**Fabasoft eGov-Suite** – A solution for complex digital registry management and efficient process management in public, small and large organisations.

# Projects

Projects, products, services and solutions

## eŽiadosti

In April 2022, we launched a healthcare reporting portal for the client VšZP (General Health Insurance Company). Its primary goal was to simplify and expedite the process of a physician entering a request for approval of healthcare for a patient, as well as reduce the time it takes for the insurance company to process the request.

By digitizing the necessary processes, we have thus reduced the time required to process requests from days to hours, even minutes. Together with the portal, we also supplied the client with an advanced form editor, which allows the client to create new requests or manage already created ones on their own.

## ePN

The ePN project, which was implemented for the client National Health Information Centre (NHIC) in order to switch the necessary paper documentation related to incapacity for work to electronic one, was put into operation on 1 June 2022. Since then, more than 123,785 ePNs have been issued and more than 1,360 eligible physicians have been involved.

By introducing the digital form of the confirmation of incapacity for work, we have facilitated the entire process of communication between physicians and the information system of the Social Insurance Agency, including the exchange of necessary information about the patient and towards the employer. The project won 1st place at the ITAPA 2022 conference in the Best Project for Digitalization of Society category.

## Integrated information system

For our client, the Public Health Authority (ÚVZ) and individual Regional Authorities, we migrated and unified all registry systems and their links to the central information system of the ÚVZ in 2022. At the same time, during the year, we also put into production operation the part of the system that is designed to monitor the network of radiation monitoring stations tracking the emergence of possible critical situations related to the war in Ukraine. In December 2022, a massive testing was carried out, which confirmed that the system is ready for deployment into verification routine operation.

## eRecept – Plantago

In 2022, we successfully deployed, launched and migrated the eRecept solution to the Plantago product that enables the electronic prescription of medicines, for the VšZP client. It is a system that meets the most stringent criteria regarding the availability of services for patients, physicians, and pharmacies.

Plantago processes an average of almost 170,000 prescriptions per day and approximately the same number of prescriptions dispensed nationwide. In addition to increasing patient convenience, it also contributes to effective and efficient treatment and to improving patient safety. In 2023, the implementation of its new version v6. is scheduled, which will again increase the quality of services provided through eRecept.

## eHlásenie o narodení dieťaťa (eBirth)

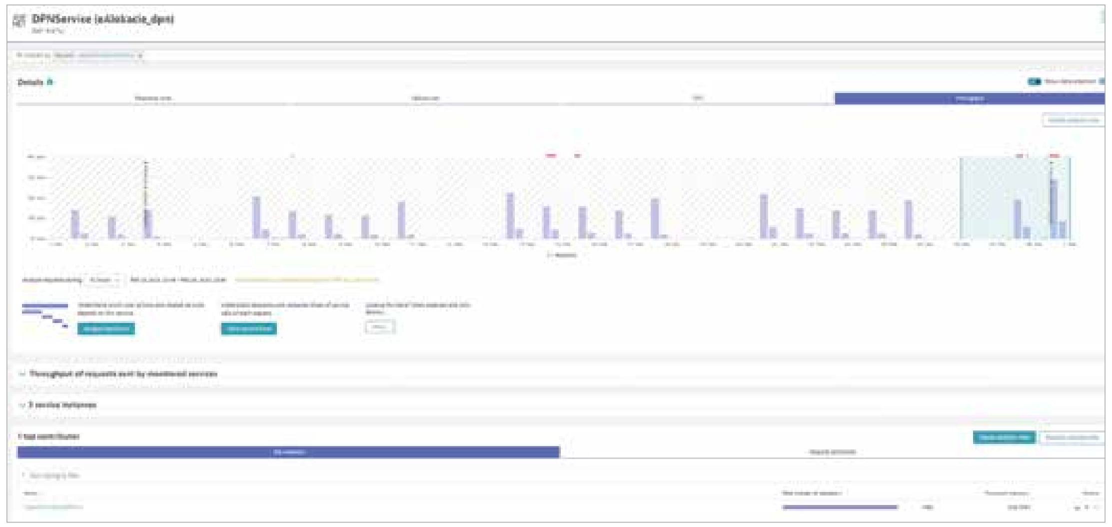
The services of electronic reporting of birth of a child and childbirth allowance, which we were working on for the client NHIC, were put to production operation on 1 April 2022. eBirth brings not only less paperwork, but also significant time savings at the offices when assigning a birth number and issuing a birth certificate of a born child.

The main benefit is primarily the introduction of electronic birth registration into the NCZI information system and its connection with the Central Information System for Civil Registries. The new e-service also enables the entry of the data necessary for the childbirth allowance and their subsequent verification by the competent labour office.

## Automatic Invoice Revision

solution for controlling the efficiency of payments by health insurance companies based on automatic invoice review (ARF) was created for VšZP (General Health Insurance Company). The main task of the ARF solution is to point out patient healthcare actions that could not or should not have been provided, or were provided inefficiently, which in turn enables the health insurance company to better manage its cashflows. During 2022, we implemented a number of new checks within ARF that streamlined the automation of reviewing physicians' work by approximately additional 20%.






ePN - records per month.

## ATM software & management

For our client Slovenská sporiteľňa, we implemented Asseco ATM Software solution, the main task of which was to transfer part of the tasks from the branch staff to the ATM network. The implementation of customizable software helped to streamline all standard cash operations, payment orders and cardless withdrawals.

The solution also included the implementation of ATM management system and GUI web portal, which not only provide full-scale management of the ATM network, but also monitoring, controlling and collecting data on the current status of all ATMs connected in the network.

## Digitalisation for the investment bank

For our client J&T BANKA, a branch of a foreign bank in Slovakia, we continued the implementation of a solution based on an operational and technological platform derived from the group solution Asseco Omnichannel platform, Asseco Notification Centre, Security Server Sezam, and Asseco A24.

The main objective of the project implementation is to provide a modern environment for bankers and clients in the field of investment banking. In 2022, we delivered and launched the first part of the project in the form of a new version of the website with transparent accounts functionality. Based on the approved functional specifications for 2023, a phased delivery of the remaining parts of the project is scheduled.

## eMortgage loans

In September 2021, we signed a contract for work with Modra pyramida stavební spořitelna (MPSS) covering enhancement of the StarBUILD system by the Mortgage Loans Module and migration of mortgage loans from Komerční banka (MPSS). The multicore banking information system StarBUILD fully covers requirements of banks and building savings companies related to housing. In 2022, we signed an amendment to the contract for work with MPSS, adding new functionalities to the scope of the project. Their implementation is scheduled for 2023.

## CashDesk

For our clients 365 banka and Poštová banka, we have implemented the CashDesk project providing central management of cash, cash desks, and cash transactions to accounts. The solution, running on a cloud platform, was gradually implemented at the branches of 365 Banka, contact points of Poštová banka, and post offices. The analysis and development of the project took place in 2022. Testing in the banking environment will take place at the beginning of 2023.

## Insurance out of the Box

The Insurance out of the Box (IooX) solution, which covers the insurer's front-end and back-office services, has been extended to other Youplus countries. The project was launched in the Czech Republic in 2019, in Slovakia in 2020 and in Austria in 2021. The launch of the solution for major partner of Youplus Switzerland in February 2022 was also a great success. In this market, not only insurance company employees, but also 54 brokers and 486 agents work in the system.

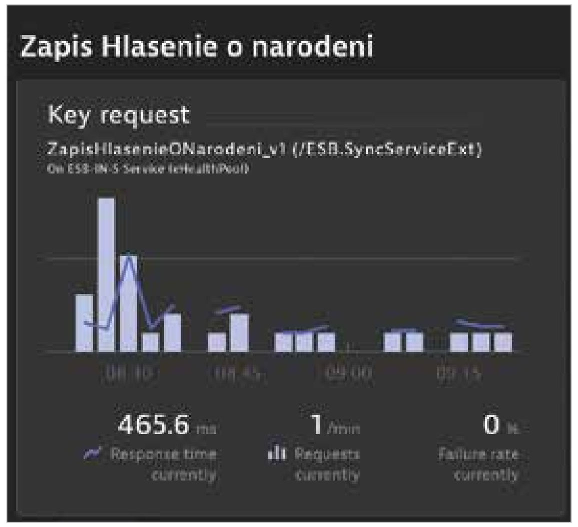
Our company is also a solution provider for PARTNERS insurance company, which is part of the strong financial group PARTNERS GROUP HOLDING SK. We went live on 1 February 2022 with our IooX solution. It is a full-scale end-to-end solution supporting both front-end and back-office (core) services provided via PaaS and supporting fully digitized and paperless insured risks subscription, taking out the insurance policies, and coverage of the entire insurance policy lifecycle.

## SAMO EAM WFM

For the customer Stredoslovenská distribučná we delivered a solution designed to support measurement service - workforce management. SAMO with WFM module extension for processing service orders related to electricity metering offers 2 basic modules: planning board and mobile applications.

By implementing the planning board, we brought the customer a better overview of crews and scheduled work in real time. In turn, through the mobile app for field workers, we made a significant contribution to minimizing data entry errors and simplifying documentation work in the field. At the same time, we implemented data readings via the optical interface of the meters using BT probes and automated the entire service order processing line to a large extent.






eBirth - birth of a child notification.

SOK - National guarantor (chairman of the examination commission) I. Patráš hands over the qualification certificate.

## Agenda system for the Industrial Property Office of the Slovak Republic

In 2022, we successfully completed the implementation project „Big Development“, the aim of which was to build the Fabasoft agenda system for the Industrial Property Office of the Slovak Republic. It is an agenda system of the office, which performs state administration in the field of inventions, utility models, topographies of semiconductor products, designs, trademarks, designations of origin of products and geographical indications. The Fabasoft system was used in the past within the Office only for the registration of incoming and outgoing mail and was used by an estimated 30 to 40 people. It is currently used by over 160 employees as a backbone agenda system.

## eDotácie for the Ministry of Economy SR

V In 2022, we successfully implemented a superstructure modular solution – eDotácie within the Fabasoft system for the Ministry of Economy, consisting of three parts:

- eNájmy – a solution for registering and processing applications for rent subsidies. Applications could be submitted electronically via the public administration portal, with the subsequent workflow already taking place in Fabasoft itself. The total number of applications processed was 80,592.
- eTesty – a solution for registering and processing subsidy applications for the purpose of reimbursing the costs of mandatory employee testing. Applications could be submitted electronically via the public administration portal, with the subsequent workflow already taking place in Fabasoft itself. The total number of applications processed was 8,661.
- eEnergie – a solution for registering and processing applications for subsidies to cover additional costs due to increases in gas and electricity prices. During Phase 1, the total number of processed applications was 16,492. eEnergie continues to be a live project as Phase 2 is expected to be launched during 1Q 2023.

## NRQ for the State Institute of Vocational Education

The National Register of Qualifications (NRQ) project aims to contribute to a better synergy between lifelong learning and the labour market. The NQF will enable everyone to verify their knowledge, skills and competences acquired in non-formal education and informal learning without having to complete a training course or go back to school. As part of the project set-up, methodological materials were prepared, procedures were set up, registers were created and training was provided for all the actors entering the system. At the same time, a pilot validation of selected qualifications was launched to test the quality and functionality of the set-up system on a national scale, covering all sectors of the national economy.

## Audit information system in the cloud for the Supreme Audit Office of the Slovak Republic

The implementation of the project for the replacement of IBM Content Manager and Registry Management for the Supreme Audit Office of the Slovak Republic (SAO SR) brought a significant qualitative improvement of the Audit Information System, which is the main agenda system of the SAO SR. The solution was designed with an emphasis on maximum preservation of standard SAO processes with significant technological improvements.

The deployment of the new solution into production is planned for July 2023. The implementation of this project is also taking advantage of the synergy effect of the cooperation between the two divisions of Asseco Central Europe - Public SK and Fabasoft in terms of products, knowledge and personnel.

## Retraining and further education courses for the Ministry of Labour and Social Affairs of the CR

The project designed to expand opportunities in the field of lifelong and continuing education allows educators, through an online application, to offer their courses not only to clients of the Labour Office of the Czech Republic, but also to working people, parents on parental leave or students. The application not only includes the offer of courses itself, but also covers the entire process of registration, checking the eligibility requirements, approval of participation and confirmation of successful completion.

In addition to the candidate and the educator, the Labour Office of the Czech Republic also enters into the process and reimburses all or part of the course fees after successful completion of the course. The database of retraining and further education is a pilot measure of active employment policy and is a specific outcome of the call Development of employment policy within the framework of the National Recovery Plan of the Czech Republic.

## Web platform of the City of Brno

On 1 July 2022, we launched a new web portal of the City of Brno, which focuses on the services provided to citizens. The subject of the implementation was not only the delivery of the portal itself, but also the creation of a robust Web Platform, on which other websites of the city, its municipal districts or websites of Brno-owned companies can be created. Simultaneously with the launch of the portal, individual „mini-webs“, the English version of the main portal with information for foreigners or also the Civic Suggestions, were also put into operation.

## Information and Communication Interface for Czech Social Security Administration (ČSSZ)

For our client ČSSZ, we made several new services available on ePortal in 2022:

- Electronic service for employers designed to provide a list of employees registered in the ČSSZ‘s register of insured persons, which is an important verification tool with regard to the obligation to report the commencement and termination of employment.
- Electronic service for self-employed persons designed to replace the annual inventory statements sent to data boxes. In addition to an overview of payments to be made and actual payments of advances for pension insurance contributions, it also provides a list of payments recorded. The relevant data are transferred directly into an electronic form used by the self-employed person for submitting a regular overview of their income and expenditure to the ČSSZ.
- Electronic service for holders of the transport entitlement for beneficiaries of the third level disability pension, designed for the purpose of proving entitlement to this discount. If the person meets the eligibility conditions for the discount, he/she can generate the necessary QR code through the new service and use it to prove the eligibility.

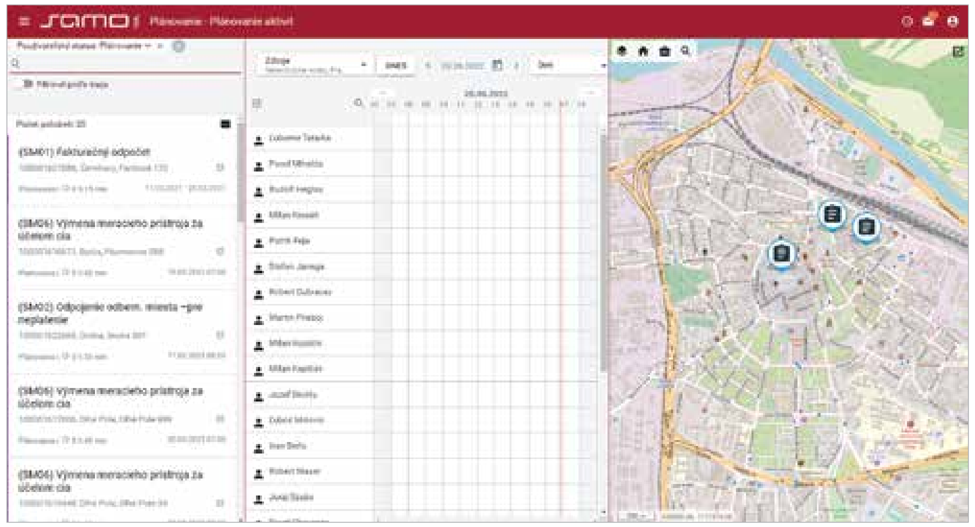
At the same time, a repository - My Documents - has been created on the ePortal, from where clients can download their PDF document at any time.

## EESSI for the Czech Social Security Administration

During 2022, we have included the pension-related processes, which provide for payment of pensions for citizens of the Czech Republic, in the production operation of the EESSI (European Electronic Exchange of Social Security Information) system. The aim of the project was to digitalize the pension-related processes in the cross-border exchange of information in order to make communication faster and more accurate also for citizens who move or work in other Member States.







SAMO EAM WFM - activities planning.

ATM software & management - dashboard.

Web platform of the Brno city.

# Human Resources

Asseco CE is one of the major employers in the IT field in Slovakia and the Czech Republic. Our employees are the force behind all our success and create the values that last in the long run. The aim of our company and HR policy is therefore to find a space for future enhancement of knowledge and development of skills of our employees, support their professional and personal potential, create a suitable working environment at all levels, and to engage employees in contributing towards the success of their teams and thus also our entire company.

## Employees of Asseco CE

Asseco CE deems each milestone in the working life of its employees to be important – employment commencement, employee adaptation, incentives, remuneration, education and employee evaluation, including changes in working conditions, promotion, and achieving higher added value within HR processes. Asseco CE selects employees carefully based on their knowledge, skills, practical experience and personal characteristics required in respect of any given job regardless of their nationality, age or gender.

## Hiring of the workforce

The Company primarily supports professional and career development from among its own staff. Another source of recruitment is the recommendation of external candidates by existing employees. The Company also uses online job portals, collaboration with universities, student organizations and the services of recruitment agencies and today´s popular social media. The Company sees the process of staffing as one of the most crucial processes because the business is the product of human capital and we consider it to be important that new employees not only meet the qualifications but are also compatible with the Company culture. The Company develops its employer brand in the labor market throughout recruitment and other associated activities, which plays an important role when addressing and winning high-quality candidates. To improve the employee selection process, the Company makes use of interviews held via telephone and during personal meetings, expert testing and psychological diagnostic methods.



## Employee relationships and employee care

Asseco CE employees are motivated not only by stable financial remuneration and various benefits depending on individual performance. The Company cares systematically and provides an extensive social program within which it organizes and contributes towards various sports, cultural, and social activities to cater for relaxation after work and to support loyalty and cohesion of work teams. Employees may benefit from the discounts and contributions towards travel, cultural, sports events and relaxation. Active personal communication of the HR team with managers and employees in all countries has become a standard part of the Company´s life and HR activities have become an informal element in all divisions. Awards are distributed annually on service anniversaries, to the best teams and other results are announced at Company-wide events. During the last year, the Company continued activities aimed at support for employees' healthy lifestyles, such as Health Days and Fruit Days. We continue the tradition of a Christmas Party for employees and a Santa Claus event and presents for children. The Company also promotes teamwork and building a cohesive team atmosphere through contributions to teambuilding activities. Other benefits provided by the Company to its employees are a standard and stable part of the social program.

As a part of the employee care during the COVID-19 pandemic, the health of employees is crucial for our company as a basic prerequisite for the continuous fulfillment of our business tasks. As we are a company characterized by personal contact at work, our specificity is operating in a hybrid model.

## Cooperation with students

Asseco CE has actively cooperated with several tertiary education institution in the Czech Republic and Slovakia including the Faculty of Informatics and Information Technologies of the Slovak Technical University in Bratislava, Management and Informatics Faculty of the Žilina University, Faculty of Electrical Engineering and Informatics of the Technical University in Košice, and the Faculty of Business and Economics of the Mendel University, Informatics Faculty of the Masaryk University (both in Brno) and the Faculty of Informatics and Management of the Hradec Králové University. Asseco CE provides secondary school and university students with an opportunity to learn in practice all year around, both during the academic year and holidays, through study stays and practical training. Moreover, experts from our Company share their knowledge and experience through consultations with university students working on their final papers, theses or other scientific publications within their professional training. We realize that cooperation with students is key not only when it comes to winning quality employees and to achieving success of the Company in a relatively dynamic IT labor market, but it also represents an important pillar within development of the employer brand in both countries.

## Development and education of employees

Asseco CE perceives development of employees as one of its key areas. Employee education is carried out in several forms:

**ACE Academy** – in 2014, the Company introduced an internal employee education model, the so-called ACE Academy. ACE Academy has very quickly become an important part of the employee development process. The objective of ACE Academy is to educate employees, to enhance their qualifications, expertise and skills via internal training and workshops lectured by our senior employees. The training catalogue includes so-called hard skills training events that form its major part, but it includes also training events focusing on business topics, e.g., banking. Employees may also choose from the catalogue training events focusing on soft skills, particularly communication and presentation skills. Some topics are presented via classical training forms, others include practical training or interactive workshops depending on the topic and preferences of the lecturer. Internal training events have proven to be an adequate form of employee development and our plan is to enhance them in following years. In 2022, ACE Academy was attended by 151 employees and the number of training hours exceeded 1000.

**Development for everyone** – an employee development program supporting interpersonal and intrapersonal skills is available to every employee.

**Inspiring workshop** – an education program within which every employee has an opportunity to perceive work approaches through his or her own personality. A workshop is any easy form of learning for each employee. As part of the inspiring development for everyone, this year we focused on supporting employees working from home.

**External education** – participation in external educational activities, courses held locally and abroad, seminars, and conferences focusing on expertise and soft skills. The company makes efforts to coordinate these activities centrally and strategically while taking into account the individual needs of employees.

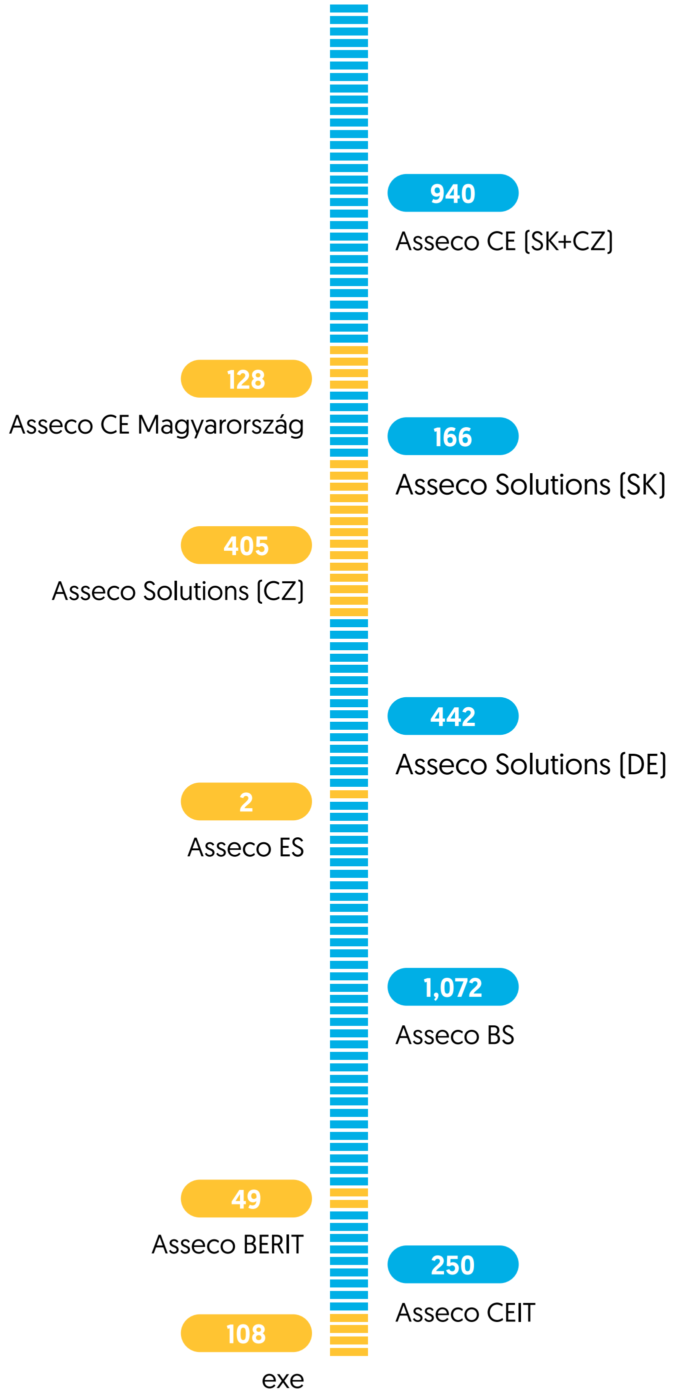
**Certification programs** – acquisition of expert partner certificates allowing us to react to standards and trends within the IT market represents an important part of educational activities.

**Foreign languages** – in view of the ICT environment in which Asseco CE operates and the fact that the Company is a member of the Asseco Group, the language skills of employees in both English and German languages are supported on a continuous basis through in-house language courses.

As part of the new ACESHIP project, we started training team leaders in 2022, supporting them in leadership communication and team leadership. Working with the company's Board of Directors, we developed a set of team leader competencies that we will continue to develop over the coming years. In total, we have trained 135 ACE team leaders.

In the Czech Republic, we took the opportunity to train employees in contact positions in communication and presentation skills. Under the guidance of a trainer, 74 employees were trained.

In 2022, 304 employees attended external technical training with the total number of lessons exceeding 5700. Soft skills training was attended by 130 employees and the total number of lessons exceeded 3300. In addition, employees had the opportunity to attend language courses for up to two lessons per week.

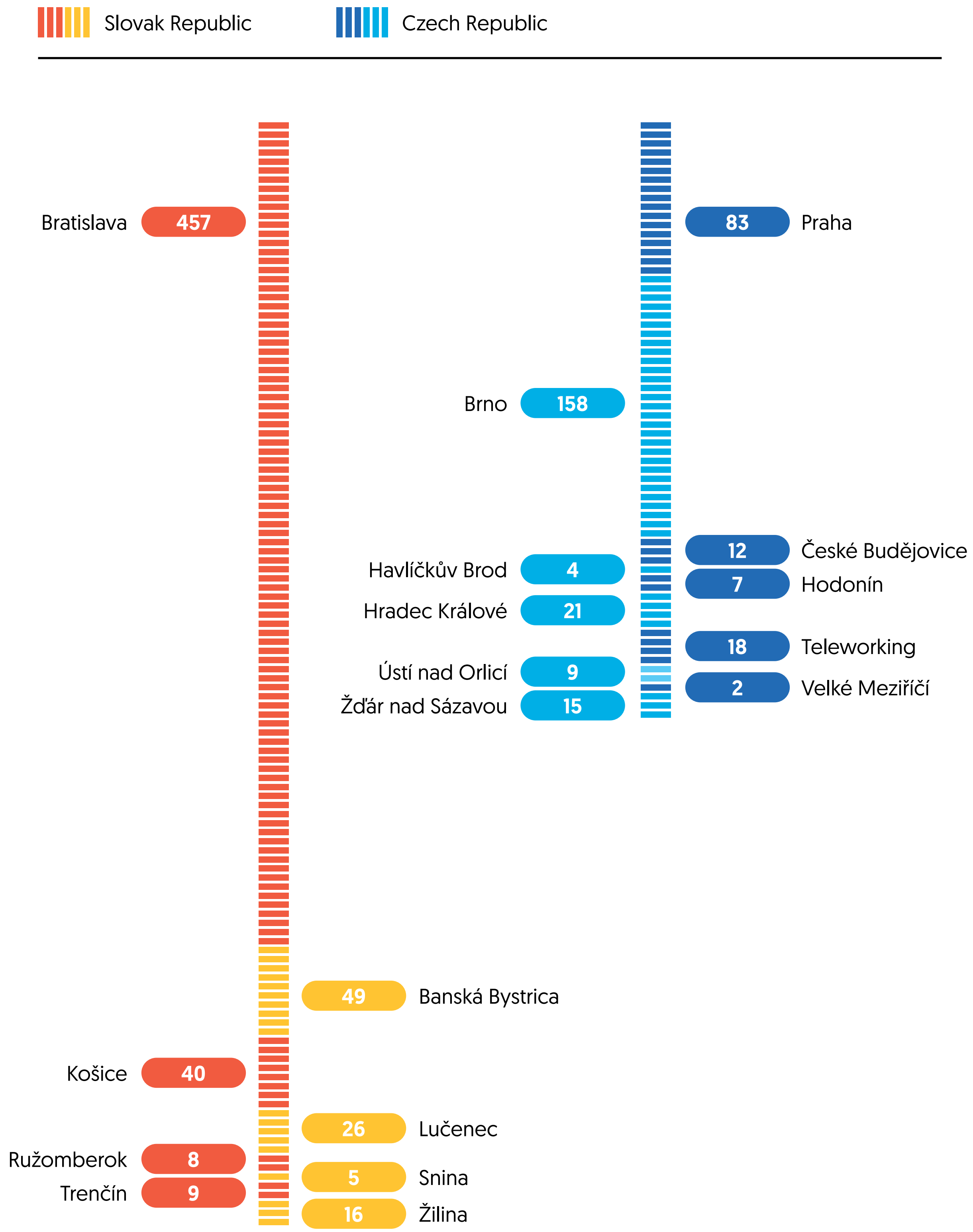



**Number of employees by subsidiary.**

At the end of 2022, Asseco CE group had 3,562 employees.

## Employee structure Asseco CE SK and CZ by location.

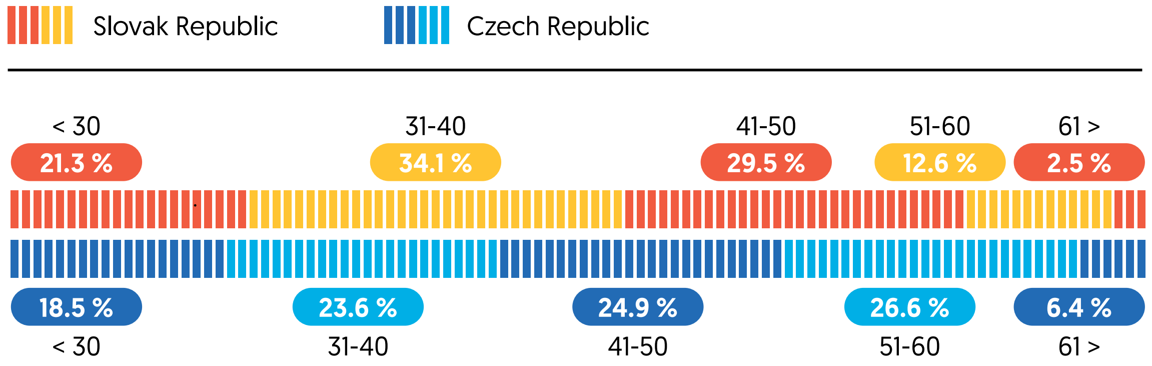
At the end of 2022, the Company and its subsidiaries with the same name in the Czech Republic had 940 employees, including 330 in the Czech Republic and 610 workers in Slovakia. Employees of Asseco CE work out of major cities (Bratislava, Prague) and at branches in the regions of Slovakia and the Czech Republic. The Company thus promotes the employability of skilled professionals outside the capital city and closer proximity of workers to clients. Through its subsidiaries, the Company employs almost 3,574 additional people.





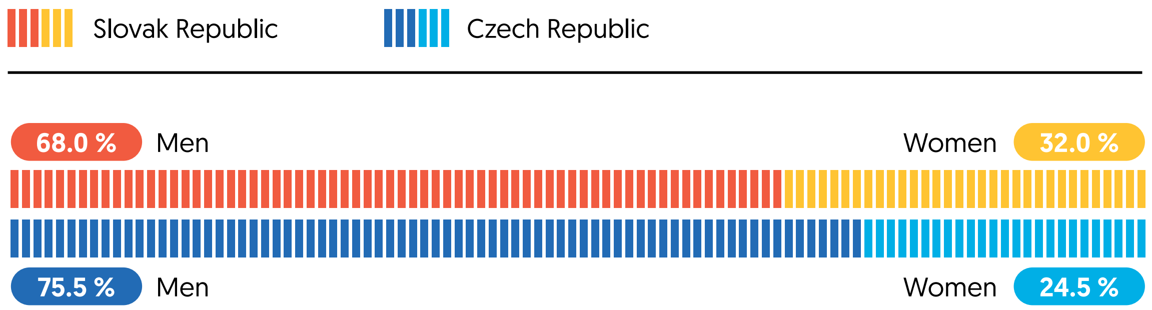

## Employee structure by age.

The employee age structure has been balanced over the long term. The average age in Slovakia is 39.46 years and 43.25 years in the Czech Republic. In 2022, the number of years worked per employee was 8.9 years on average, due to the high specific expertise and loyalty of our long-time colleagues.



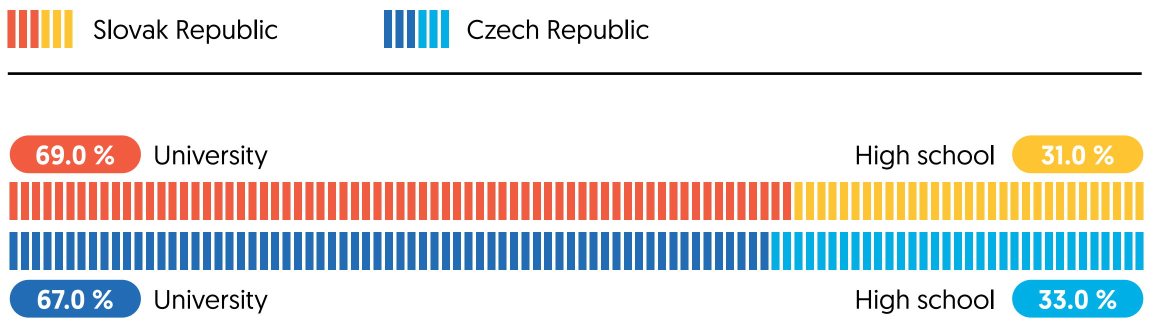

## Employee structure by gender.

Asseco CE employs 610 people in Slovakia, with 195 women. In the Czech Republic it employs 330 people, with 81 women.




## Employee structure by education.

Asseco CE employs 421 university graduates in Slovakia and 221 in the Czech Republic.



# Public Relations

Presentation of the company's new mission, vision and strategy.


Asseco CE's internal magazine.


Tomáš Rohožka at the ICT in Healthcare 2022 conference.

ISSS.

The Asseco CE company understands communication with the public as a necessary and, in particular, continuous process through which it presents the company brand and identity to external and internal target groups. The Company's communication consists of several lines. Firstly, the Company aims to increase the awareness about the brand and to promote Asseco CE as a leader in the software development area and as an innovative and reliable company providing high quality services and products of the world-class excellence. Secondly, the Company wants to increase market awareness of its solutions and products, to foresee occurrence of future business opportunities within the competitive environment and to lead a dialogue with all stakeholders within creation of long-term relationships. The interactive communication with potential employees and students represents another important channel.

## Relations with stakeholders

Our commitment to delivering innovative solutions, services and systems has translated into building open and proactive relationships with our international stakeholders and communities including employees.

We see both external and internal communication as an opportunity to spread our shared values and openness to change in relation to the digital transformation of the economy and established business models. Our goal in corporate responsibility is to bring benefit to the entire society and to offer our clients new opportunities to grow. This can only happen through agile communication with the public.

Communication with the external environment has focused mainly on raising brand awareness while designing, targeting and executing campaigns tailored to a selected audience with customer potential. Equally important were the activities aimed at consolidating dialogue with all stakeholders in order to create long-term and sustainable relationships and to perceive Asseco as a modern and innovative company attractive to students.

## Internal communication

In Asseco, we believe that behind all our results are our employees and how we motivate and inspire them. Therefore, we continuously focus on the content, accessibility and availability of information in our internal communications to help our colleagues in their work and to create an internal community.

Since 2021, we have been using intranet based on the Sharepoint platform, which is not only a working tool but also a space for open discussion. There is an internal magazine with outreach to every location and branch and a monthly newsletter for employees. Another information channel are screens in Bratislava, Prague and Brno, where we inform about current events, new projects and planned events.

In 2022, we launched the "Think Assecologically" campaign to inspire employees to behave in an environmentally friendly way. In the Bratislava headquarters, there are stickers with QR codes on which employees can find a variety of useful information supporting the campaign's idea. The platform of internal ambassadors has also become an integral part of internal communication, and through them we have successfully managed the relocation of the Bratislava headquarters, to which they have made a significant contribution by actively distributing the information and becoming the faces of the new headquarters. For the project "GBC V headquarters relocation" we won the second place of the Internal Communication Association award in the category of tactical solutions - short-term.

We care about the opinions of our employees and therefore we try to regularly gather feedback on the implemented events and activities through questionnaires. The suggestions are considered in a relevant way and help us to continuously improve and meet the current needs of our employees.

## External communication

The Company has been actively looking for various external presentation opportunities. We communicate with media via the Company's website, press releases, direct comments and interviews. In 2022, we continued the communication of important news and novelties via our company's LinkedIn, Facebook, and Instagram accounts. We contribute with expert articles about global business strategies in the area of digital solutions, opinions on various issues, authorial texts published in Czech and Slovak periodicals, and we also participate in events organized by those media. We present our knowledge gained through development of the latest IT solutions at expert conferences held in Slovakia, the Czech Republic and other countries. To support the digitization processes in both Slovakia and the Czech Republic, we often act as a partner of expert and social meetings such as SME Healthcare Summit and SME Digital Healthcare in Slovakia and ISSS in Hradec Králové or regular Czech e-government conference in Mikulov.

## Sponsoring and social responsibility

The Company's business model for long-term sustainability envisages continuous efforts to balance the interests of shareholders and clients and requirements associated with the environment. In the last year, we further strengthened our cooperation with long-standing partners – non-profit organizations – and donated decommissioned IT equipment again. Our colleagues are also enthusiastic graduates of UNIZA - University of Žilina in Žilina, thanks to which our cooperation has recently developed in an unexpected area. We donated 13 of our decommissioned servers to the university and its students. We managed to organize a collection to help people fleeing the war in Ukraine who came to seek refuge with us.

At the end of the first half of 2022, Asseco CE employees joined the most extensive corporate initiative for volunteers in Slovakia - Our Town - for the tenth time, joining more than 35,000 other volunteers in 14 towns and municipalities who helped 97 non-profit organizations, low-threshold centers, social service centers, as well as schools and kindergartens. As a result, on Friday 10 June, our Asseco volunteer team set out to paint a fence at the St. Vincent de Paul kindergarten in Bratislava.

During September and October, several volunteer activities took place in Slovakia and the Czech Republic. We organized a collection for the Freedom of Animals in Bratislava and the Dog Shelter in Lysá nad Labem, within which our colleagues brought many "gifts" for abandoned animals. Our efforts to help were also used by 4 non-profit organizations, to whom we gave surplus furniture from our original offices. We didn't forget about hospital patients either, and the Asseco Blood Drop pilot project, which we organized in cooperation with the National Transfusion Station, only confirmed that good deeds are literally in our blood. Thirty colleagues from ACE, exe and Asseco Solutions came to donate, which amounts to almost 15 litres of this precious liquid. Our colleagues were thus able to help up to 90 patients.

During the pre-Christmas period volunteering activities continued. In the Czech Republic, specifically in Prague and Brno, we supported children and their parents from socially disadvantages families, asylum homes, and low-threshold centres within the national initiative "Krabice od bot" (Shoebox). Toys, school accessories, books, clothes and also dried fruit and gingerbread were delivered via collection points and then to the children in need. In Bratislava, we sent Christmas packages to the clients of the Social Services Centre in Petržalka, who had communicated their wishes to us in advance. At the same time, we had the opportunity to organize our traditional Asseco Charity Christmas Market with beautiful handmade products, which took place in a line-up of several sheltered workshops in Bratislava, Prague and Brno.

Within our Company we also strive to develop talents in the field of education, sports, culture as well as information technology. We cooperate with Slovak and Czech universities and their faculties focusing on IT and assist in professional preparation of students for practice (via experience exchange events, study stays) through which we have the opportunity to contribute to the improvement of conditions in the Slovak education system. In 2022, we again, as a general partner, supported the non-profit organization Junior Chamber International (JCI) Slovakia which organized the competition entitled Slovak University Startup Cup. The project aims to support young people and students to start business, keep educating themselves, and to work on themselves. At the same time we were a partner of the JCI Slovakia Annual Conference and a partner of the Student Personality of the Year competition, organized by JCI.

# Analysis of Financial Results

## Analysis of Financial Results
## Asseco Central Europe

The Company reported the following financial results for the 12 months ended 31 December 2022 and the comparative period of 12 months ended 31 December 2021:

| EUR thousands | 2022 | Margin | 2021 | Margin | Change y/y |
|---|---|---|---|---|---|
| Sales revenues | 63 598 | -- | 55 103 | -- | 15,4% |
| Gross profit on sales | 15 537 | 24,4% | 14 073 | 25,5% | 10,4% |
| Operating profit | 9 034 | 14,2% | 8 247 | 15,0% | 9,5% |
| Pre-tax profit | 10 751 | 16,9% | 18 328 | 33,3% | -41,3% |
| **Net profit for the period reported** | **10 159** | **16,0%** | **16 733** | **30,4%** | **-39,3%** |

In 2022, the Company increased a high level of sales, to the level of 63.6 mil. EUR, by integrating former subsidiary company DWC into newly established division Fabasoft in the Public sector. The Public and Healthcare sectors recorded year-on-year revenue growth of +7.3 mil. EUR, resp. +1.5 mil. EUR. On the other hand, the Banking sector recorded a decrease of -0.96 mil. EUR.

In terms of product structure, sales of own software and services and other sales were successful, increasing by +2.5 mil. EUR and alsosales of third-party software and services recorded year-on-year increase by EUR +6.0 million.

The company continued in managing internal and external costs, however complicated market and economic conditions, pandemic and war in Ukraine have negatively reflected in the individual margin levels.

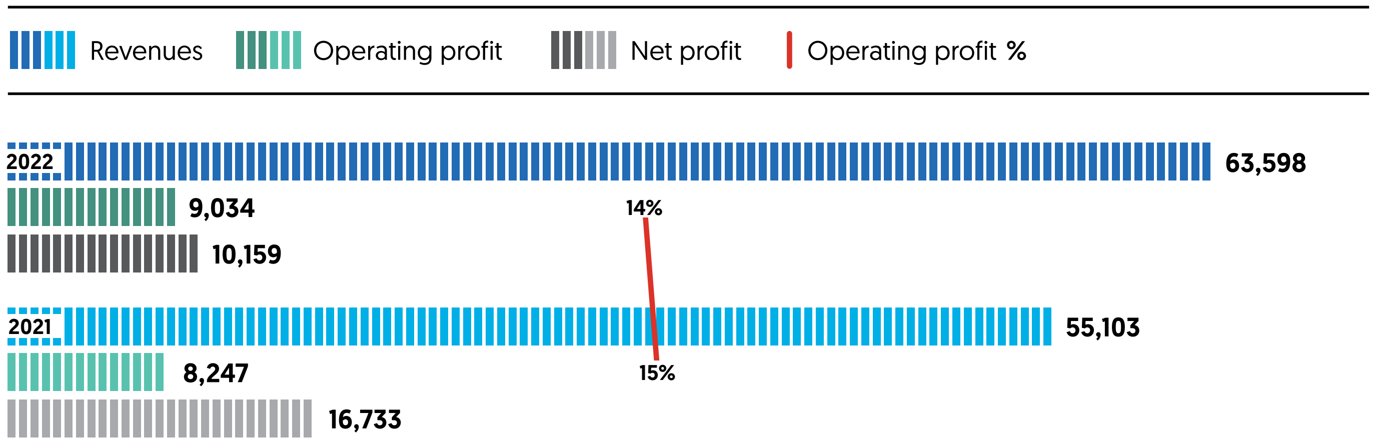
Gross trade margin increased by 1.5 mil. EUR in gross due to the integration of DWC company. The company recorder the increase subcontractors' work (COGS decreased by 19.0% compared to 2021). This impact, together with an increase in production costs caused slight decrease the operating margin from 15% to 14,2%.

In 2022, the Company achieved a pre-tax profit of 10.751 mil. EUR, in comparison to 18.328 mil. EUR achieved in 2021. Provisions from the revaluation of investment in subsidiaries, reaching 5.5 mil EUR and a reduction of investment in DWC subsidiary due to the acquisition of part of the subsidiary (net 1.5 mil. EUR with received dividend), accounted for the largest share in the decrease of pre-tax profit. The volume of dividends received from subsidiaries reached 9.3 mil. EUR.

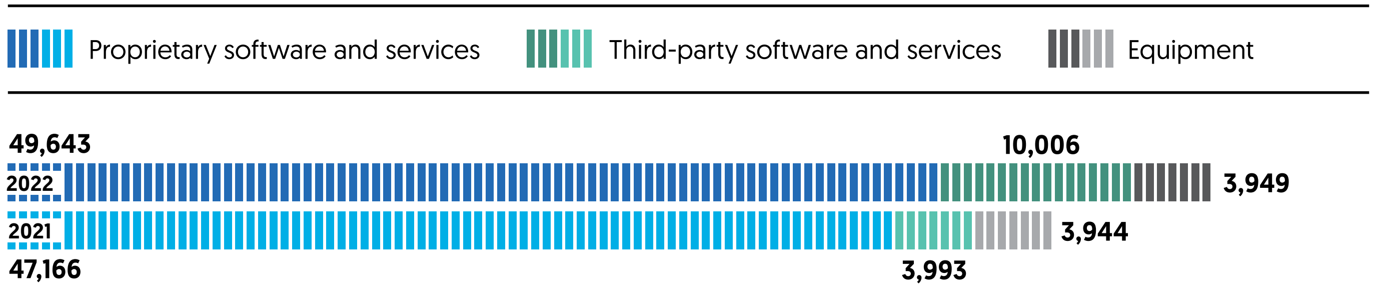
Due to the above-mentioned financial transactions, the company recorded a year-on-year decrease in net profit of 39.3% (- EUR 6.6 million), which in 2022 amounted to EUR 10.159 million.



**Financial Results** (EUR thousands)




**Revenues structure** by type (EUR thousands)



# Analysis of financial results
## skupiny Asseco Central Europe Group

In the last two financial years ended 31 December 2022 and 31 December 2021, the Asseco Central Europe Group (the “Group”) reported the following consolidated financial results:

| EUR thousands | 2022 | Margin | 2021 | Margin | Change y/y |
|---|---|---|---|---|---|
| Sales revenues | 337 155 | -- | 338 063 | -- | -0,3% |
| Gross profit on sales | 92 353 | 27,4% | 97 921 | 29,0% | -5,7% |
| Operating profit | 43 101 | 12,8% | 48 420 | 14,3% | -11,0% |
| Pre-tax profit | 41 216 | 12,2% | 47 581 | 14,1% | -13,4% |
| **Net profit for the period reported** | **33 887** | **10,1%** | **38 889** | **11,5%** | **-12,9%** |

The Group recorded a decrease in sales of 0.3%. The year-on-year increase applies to companies from the AES group (+ EUR 15.1 million). The decrease in sales was recorded by companies exe a.s. (- EUR 2.8 million) and CEIT (- EUR 2.8 million).

The parent company Asseco CE (SK + CZ + DWC integration) also recorded a decrease in sales by 9.4 mil. EUR, mainly caused by the recalculation of year-on-year levels of projects in progress for public administration in Czech Republic.

Gross profit decreased by 5.7%. The increase of this measure was achieved in product-oriented companies from the AES group (+ EUR 3.15 million) and exe, a.s. (+ EUR 0.5 million). On the other hand, the lower results of project-oriented companies Asseco CE in Czechia (- 3.2 mil. EUR), in Hungary (- 0.99 mil. EUR) and in CEIT (- 2.5 mil. EUR) were reflected in a decrease in this indicator by EUR 5.6 million.

Selling costs increased year-on-year slightly by 2.6%. Administrative expenses developed similarly, increasing by 3.5% year-on-year, in absolute terms it was 1.0 mil. EUR. This increase is mainly due to the company ASOL DE (belonging to the AES group), where administrative costs increased by 1.0 mil. EUR due to an increase in the number of employees by 7.5%.

The influence of the all above factors was reflected in the year-on-year decrease in the Group’s operating profit of 5.4 mil. EUR (- 11.1%).

Pre-tax profit was -6.4 million lower year-on-year. EUR. The Group’s net profit decreased by -5.0 mil. EUR to a total of 33.89 mil. EUR. Profit attributable to shareholders was 14.55 mil. EUR.

Most of the revenues were generated from the sale of own software and services, which in 2022 amounted to more than 259 mil. EUR, which represents an increase compared to 2021 by more than 8.6 mil. EUR. The infrastructure part - sales of third-party software and services, as well as the sale of computer hardware and infrastructure, decreased revenues by 9.5 mil. EUR to the level of 78.0 mil. EUR.

Asseco Central Europe presents four main operating segments.

The Asseco Central Europe segment includes the parent company together with its Czech subsidiary of the same name, Asseco Berit operating in Germany and Switzerland, exe, integrated part of former subsidiary DWC and Galvaniho, s.r.o. company.

The Asseco Solutions segment consists of a group of Asseco Enterprise Solutions companies that offer own ERP products and associated services.

The CEIT Group forms a separate operating segment, and the “Other” segment includes the Hungarian company ACE Magyarország.

The Asseco Central Europe segment recorded an 8.0% decrease in sales to external customers in 2022 (- EUR 12.7 million). The companies Asseco CZ and exe contributed the most to this decrease.

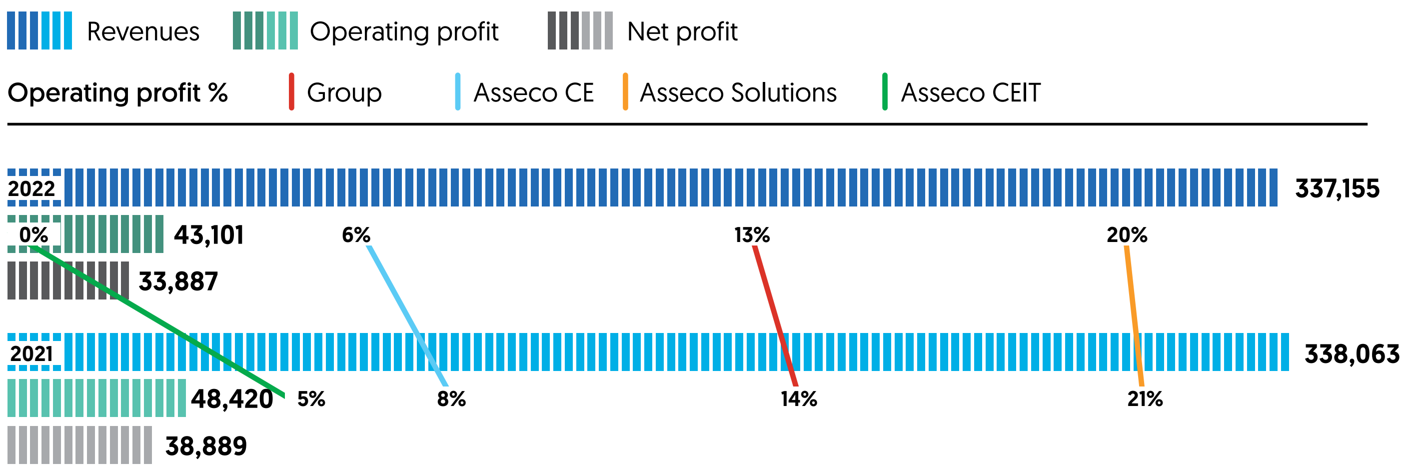
Asseco Central Europe’s operating profit decreased by 4.1 mil. EUR to the value of 8.7 mil. EUR due to a decrease in operating profit in Asseco CZ (-3.0 million EUR), which manifested itself also in a decrease in operating profitability from 7.9% to 5.9%.

The Asseco Solutions segment recorded better results in 2022 compared to the previous year - sales increased by 9.2% and operating profit by 2.3%, which thus reached the level of 35.7 mil. EUR. This segment shows the highest profitability of all segments, and in 2022 reached the level of 19.9%.

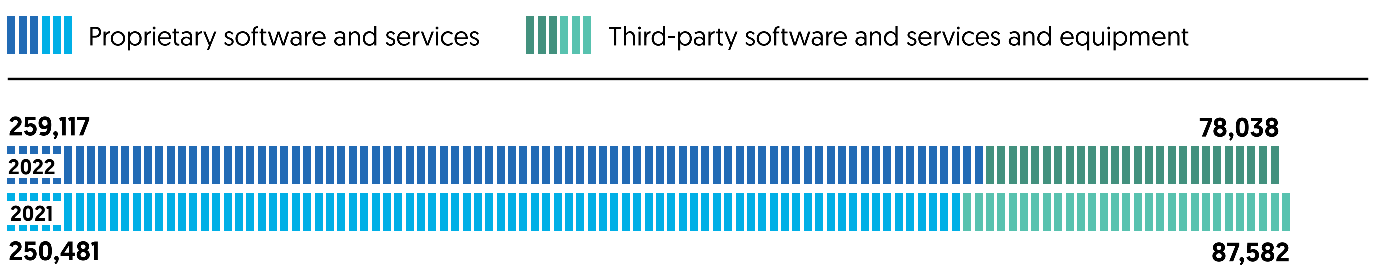
The CEIT segment consists of companies from the CEIT Group and in 2022 recorded a year-on-year decrease in sales from external customers of 2.8 mil. EUR to the level of 14.0 mil. EUR. Operating profit decresed by more than 0,8 mil. EUR to the level of 0.014 mil. EUR.

The “Other” segment recorded a decrease compared to the previous year when it achieved an operating loss of -1.1 mil. EUR (EUR 0.1 million in 2021).

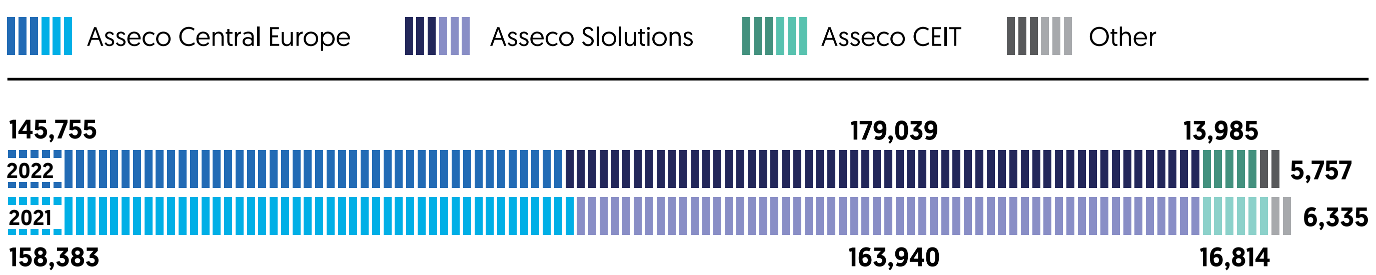
**Financial Results** (EUR thousands)




**Revenues structure** by type (EUR thousands)




**Revenues structure** by sectors (EUR thousands)



# Report on the Activities of the Supervisory Board

## to the Regular Individual Financial Statements and Regular Consolidated Financial Statements of Asseco Central Europe, a.s. for the Year 2022

In 2022, the Supervisory Board of the Company met five times, also online, via the communication devices, if necessary.

The first meeting took place on 25/03/2022 (online); it was devoted to the Company's economic results, the regular individual financial statements and regular consolidated financial statements for 2021; we took note thereof and recommended the following to the Company's General Assembly for approval

- Individual and consolidated economic results of the Company;
- The annual report of the Company and the consolidated annual report of the Company for 2021;
- Distribution of the profits of the Company upon the proposal of the Board of Directors of the Company;
- Report of the Supervisory Board on the financial statements and activities of the Board of Directors for 2021;
- Selection of the Ernst & Young Slovakia, spol. s r. o. auditing company for the performance of auditing activities for the year 2022.

We took note of the budget spending forecast for the first quarter of 2022 and until the end of 2022 presented by the Board of Directors. We agreed to the proposal to pay bonuses to the members of the Board of Directors of the Company.

The second meeting of the Supervisory Board took place on 23/06/2022. We took note of the individual and consolidated economic results of the Company for the first quarter of 2022 and the budget spending forecast for the first half of 2022 and until the end of 2022, and we agreed to grant a separate prosecution to Mr. Tomáš Rohožka.

We took note that, with effect from 28/06/2022, Mr. Miroslav Kepencay was elected to the office of the member of the Supervisory Board elected by the employees.

Pursuant to Article 34 (34.2) (i) of the Company's valid Articles of Association, the Supervisory Board approved the contracts that were concluded between the Company and dependent entities.

The third meeting was held on 23/08/2022. We dismissed Ing. David Stoppani from the office of Deputy Chairman of the Board of Directors with immediate effect and we have entrusted the Board of Directors with the implementation of related actions.

The fourth meeting of the Supervisory Board took place on 23/09/2022. We took note of the individual and consolidated economic results of the Company for the first half of 2022 and the budget spending forecast for the third quarter of 2022 and until the end of 2022.

On 14/12/2022, the fifth meeting of the Supervisory Board took place, where we took note of the individual and consolidated economic results of the Company for the first to third quarter of 2022 and the budget spending forecast until the end of 2022 presented by the Board of Directors.

- We approved the draft budget for the year 2023, as presented by the Board of Directors of the Company, with the expected Net Profit for the Group of €20.06 million.
- We agreed to found Asseco CE Cloud, a.s. based on LittleLane, a.s.
- We agreed to acquire 10,714 shares, i.e. 42.856% of the business share of LittleLane, a.s., from STIEFEL EUROCART s.r.o., the minority shareholder, for a purchase price of €1,071.40.

In addition to the above-mentioned meetings, the Supervisory Board met three more times by means of per rollam voting:

- The first (31/05/2022) and the third (28/10/2022) vote related to the repurchase of the Company's own shares from the seller David Stoppani, to which we gave our consent;
- The second vote was held on 19/09/2022 and related to the granting of a guarantee for the Asseco CEIT, a.s. company in favor of Slovenská sporiteľna, a. s., up to a maximum of €3.5 million, to which we gave our consent.

The Company's sales increased by almost €8.5 million, which is an increase by 15.42%, also thanks to the inclusion of activities related to the sale of Fabasoft products. The sales revenue managed to remain in the consolidated results of the ASSECO CE Group at approximately the same level as in the previous year.



The profits for 2022 decreased compared to the profits from 2021 by €6.6 million, to €10.159 million (a decrease of 39%), which was caused by the creation of provisions (mainly ASSECO CEIT - €3.5 million; ASSECO Magyarország - €2 million). The consolidated profits of the ASSECO CE Group for the year 2022 were €33,887 million, which is a decrease by 12.9%. This decrease was mainly caused by losses in the ASSECO CZ and ASSECO CEIT companies.

Upon the information on the Company's activities, examination of the regular individual and consolidated financial statements for the accounting period of 2022, and the Auditor's Opinion, the Supervisory Board states that:

- The Company carries out its business activities in accordance with the applicable legal regulations, the Company's Articles of Association, decisions of the General Assembly and the Supervisory Board;
- The Company's accounting has been properly kept in accordance with the facts and pursuant to the generally binding regulations of the Slovak Republic applicable to this area;
- The regular individual financial statements and consolidated financial statements were verified by the auditor, Ernst & Young Slovakia, spol. s r. o.;
- The Auditor's opinion on the submitted regular individual financial statements and the consolidated financial statements as of 31/12/2022 is without reservations.

The Supervisory Board recommends the General Assembly to approve the regular individual financial statements and the regular consolidated financial statements for the accounting period of 2022 and agree with the proposal of the Board of Directors of the Company for the distribution of profits for the accounting period of the financial year 2022, and recommends the General Assembly to approve the implementation thereof.

We express our thanks to the Board of Directors of the Company for the management of the Company and the achieved economic results, and we agree to pay remuneration and bonuses to the Board of Directors.

In Bratislava, 17 March 2023

Adam Góral
Chairman of the Supervisory Board

Andrej Košári
Deputy Chairman of the Supervisory Board

Miroslav Kepencay
Member of the Supervisory Board

Marek Panek
Member of the Supervisory Board

Przemyslaw Seczkowski
Member of the Supervisory Board

# Company Information and Contacts

## Company information

Business name: Asseco Central Europe, a. s.

Registered seat: Galvaniho 19, 821 04 Bratislava

Business ID: 35 760 419



V.A.T. ID: SK7020000691

Date of incorporation: 12 February 1999

Legal status: Joint-stock company

Share capital: €709,023.84

No of shares: 21,360,000

Type and form of shares: ordinary shares, certified shares

Nominal value of share: €0.033194

Registration: Commercial Register of District Court Bratislava I, Section Sa, insertion 2024/B

Asseco Central Europe's Annual Report is produced annually. It is intended for Company shareholders and clients, business partners and investors, analysts, banks and employees. The report is available electronically in PDF format on Asseco Central Europe's website.

## Contacts

Asseco Central Europe, a. s.
Galvaniho 19045/19
821 04 Bratislava - mestská časť Ružinov
Phone: +421 220 838 555
Web: www.asseco.com/ce
E-mail: sales@asseco-ce.com

### Contact for investors:

investor@asseco-ce.com

### Contact for media:

marketing@asseco-ce.com

Publisher: Asseco Central Europe, a. s.



## Company branches.

Branches in Czech Republic are the branches of Asseco CE in Czech Republic, subsidiary company of Asseco CE in Slovakia.

Banská Bystrica
Asseco Central Europe, a. s.
J. Chalupku 3 a 5
974 01 Banská Bystrica
Slovak Republic

Košice
Asseco Central Europe, a. s.
Werferova 1
040 11 Košice
Slovak Republic

Lučenec
Asseco Central Europe, a. s.
Martina Rázusa 35
984 01 Lučenec
Slovak Republic

Ružomberok
Asseco Central Europe, a. s.
A. Bernoláka 6
034 50 Ružomberok
Slovak Republic



Snina, (vysunuté pracovisko)
Asseco Central Europe, a. s.
Strojárska 113
069 01 Snina
Slovak Republic

Trenčín
Asseco Central Europe, a. s.
Dolný Šianec 1
911 48 Trenčín
Slovak Republic

Žilina
Asseco Central Europe, a. s.
Univerzitná 8661/6A
010 08 Žilina
Slovak Republic

**Praha - Headquarter**
Asseco Central Europe, a. s.
Budějovická 778/3a
140 00 Praha 4
Czech Republic

Brno
Asseco Central Europe, a. s.
Šumavská 31
602 00 Brno
Czech Republic

České Budějovice
Asseco Central Europe, a. s.
Žižkova tř. 1914/1a
371 18 České Budějovice
Czech Republic

Havlíčkův Brod
Asseco Central Europe, a. s.
Smetanovo náměstí 279
580 01 Havlíčkův Brod
Czech Republic

Hodonín
Asseco Central Europe, a. s.
Za Dráhou 4268/1
695 01 Hodonín
Czech Republic

Hradec Králové
Asseco Central Europe, a. s.
Nerudova 18
500 02 Hradec Králové
Czech Republic

Ústí nad Orlicí
Asseco Central Europe, a. s.
Lázeňská 354
562 01 Ústí nad Orlicí
Czech Republic

Velké Meziříčí
Asseco Central Europe, a. s.
Náměstí 7
594 01 Velké Meziříčí
Czech Republic

Žďár nad Sázavou
Asseco Central Europe, a. s.
Havlíčkovo náměstí 2
591 01 Žďár nad Sázavou
Czech Republic

**Asseco Central Europe, a. s.**

Galvaniho 19
821 04 Bratislava
Slovak Republic

asseco.com/ce
sales@asseco-ce.com
+421 220 838 555

Building a better working world

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

Tel: +421 2 3333 9111
ey.com

**APPENDIX TO THE INDEPENDENT AUDITOR'S REPORT**
**to the annual report in accordance with the Act on Statutory Audit No 423/2015 Coll § 27 par. 6 and on amendments to the Act on accounting No 431/2002 Coll as amended by later legislation ("the Act on statutory audit")**

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

I. We have audited the consolidated financial statements of Asseco Central Europe, a. s. and its subsidiaries („the Group") as at 31 December 2022, presented in the attached annual report, to which we issued on 15 March 2023 following independent auditor report from audit of consolidated financial statements:

***"Independent Auditor's Report***

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

***Report on the Audit of the Consolidated Financial Statements***

*Opinion*

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

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

*Basis for Opinion*

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

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

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

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

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

THIS IS A TRANSLATION OF THE ORIGINAL SLOVAK REPORT

*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 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."*

II. We have audited the individual financial statements of Asseco Central Europe, a.s. ("the company") as at 31 December 2022, presented in the attached annual report, to which we issued on 15 March 2023 following independent auditor report from audit of individual financial statements:

**"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 Financial Statements***

*Opinion*

*We have audited the financial statements of Asseco Central Europe, a. s. (the Company), which comprise the Financial Statement of Financial Position as at 31 December 2022, Financial Statement of Income and Other Comprehensive Income, Financial Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.*

*In our opinion, the accompanying financial statements of the Company give a true and fair view of the financial position of the Company as at 31 December 2022, and of its financial performance and its 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 Financial Statements section of our report. We are independent of the Company 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 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 Financial Statements*

*Management is responsible for the preparation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.*

*In preparing the financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.*

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

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

*Our objectives are to obtain reasonable assurance about whether the 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 or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these 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 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 Company'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 Company'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 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 Company to cease to continue as a going concern.*
- *Evaluate the overall presentation, structure and content of the financial statements including the presented information as well as whether the financial statements captures the underlying transactions and events in a manner that leads to their fair presentation.*

*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."*

## II. Report on Other Legal and Regulatory Requirements

*Report on Information Disclosed in the Annual Report*

Management is responsible for the information disclosed in the annual report, prepared based on requirements of the Act on Accounting. Our opinion on the individual and consolidated financial statements expressed above does not apply to other information contained in the annual report.

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

We considered whether the Company's annual report contains information, disclosure of which is required by the Act on Accounting.

Based on procedures performed during the audit of consolidated and individual financial statements, in our opinion:

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

Additionally, based on our understanding of the Company and its situation, obtained in the audit of the consolidated and individual financial statements, we are required to disclose whether material misstatements were identified in the annual report, which we received prior to the date of issue of this auditor's report. In this regard, there are no findings which we should disclose.

24 April 2023
Bratislava, Slovak Republic

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

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

# ASSECO CENTRAL EUROPE, a. s.

**SEPARATE FINANCIAL STATEMENTS**
**INCLUDING INDEPENDENT AUDITORS REPORT**

**FOR THE YEAR ENDED 31 DECEMBER 2022**

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

**BRATISLAVA, 15 MARCH 2023**

# FINANCIAL STATEMENTS OF ASSECO CENTRAL EUROPE, a. s. INCLUDING INDEPENDENT AUDITORS REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

## Contents

# Financial Statements of Asseco Central Europe, a. s. including Independent Auditors´Report for the year ended 31 DECEMBER 2022

These financial statements were prepared on 15 March 2023 and authorized for publication by the Board of Directors of Asseco Central Europe, a. s. on 15 March 2023.

Board of Directors:

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

Person responsible for maintaining accounting books:

| | |
|---|---|
| Zuzana Oravcová | Chief Accountant |

# Financial Statement of Income and Other Comprehensive Income

## Asseco Central Europe, a. s.

| INCOME STATEMENT | Note | 12 months ended 31 Dec 2022 | 12 months ended 31 Dec 2021 |
|---|---|---|---|
| Sales revenues | 4.1 | 63,598 | 55,103 |
| Cost of sales | 4.2 | (48,061) | (41,030) |
| **Gross profit on sales** | | **15,537** | **14,073** |
| Selling costs | 4.2 | (647) | (506) |
| General and administrative expenses | 4.2 | (5,873) | (5,314) |
| **Net profit on sales** | | **9,017** | **8,253** |
| Other operating income | 4.3 | 86 | 34 |
| Other operating expenses | 4.3 | (69) | (40) |
| **Operating profit** | | **9,034** | **8,247** |
| Financial income | 4.4 | 14,999 | 10,313 |
| Financial expenses | 4.4 | (13,282) | (232) |
| **Pre-tax profit** | | **10,751** | **18,328** |
| Corporate income tax (current and deferred portions) | 4.5 | (592) | (1,595) |
| **Net profit for the period reported** | | **10,159** | **16,733** |
| **Earnings per share attributable to Shareholders of Asseco Central Europe, a. s. (in EUR): Earnings per share form counting operations for the reporting period** | **4.6** | **0,48** | **0,78** |

| OTHER COMPREHENSIVE INCOME | | | |
|---|---|---|---|
| **Net profit for the period** | **4.6** | **10,159** | **16,733** |
| **Other items of comprehensive income** | | - | - |
| **TOTAL COMPREHENSIVE INCOME FOR THE PERIOD attributable to:** | | **10,159** | **16,733** |
| **Shareholders of the Parent Company** | | **9,277** | **15,281** |
| Non-controlling interests | | 882 | 1,452 |

All figures in thousands of EUR, unless stated otherwise

# Financial Statement of Financial Position

## Asseco Central Europe, a. s.

| ASSETS | Note. | 31 Dec 2022 | 31 Dec. 2021 |
|---|---|---|---|
| **Non-current assets** | | | |
| Property, plant and equipment | 5.1 | 2,833 | 2,230 |
| Intangible assets | 5.2 | 11,450 | 3,652 |
| Right-to-use assets | 5.3 | 12,331 | 11,178 |
| Investment in subsidiaries | 5.5 | 92,443 | 104,795 |
| Investment in associated companies | 5.7 | 3,721 | 3,935 |
| Non current loans | 5.8 | - | 2,998 |
| Non current other receivables | 5.12 | - | - |
| Deferred income tax assets | 4.5 | 1,336 | 1,378 |
| Non current deferred expenses | 5.9 | 16 | 167 |
| | | **124,130** | **130,333** |
| **Current assets** | | | |
| Inventory | 5.10 | 586 | 592 |
| Trade accounts receivable | 5,12 | 9,143 | 10,080 |
| Contract assets | 5,12 | 10,642 | 6,283 |
| Corporate income tax receivable | 5,12 | 460 | 255 |
| Withholding tax | 5,12 | 213 | 27 |
| Other receivables | 5,12 | 3,933 | 3,876 |
| Shares in non-listed companies | 5.8 | 804 | 804 |
| Loans granted | 5.8 | 82 | 1,079 |
| Other financial assets | 5.8 | 209 | 209 |
| Currency forwards | 5.8 | 11 | - |
| Cash and short-term deposits | 5.13 | 3,990 | 5,520 |
| Deferred expenses | 5.9 | 661 | 756 |
| Assets classified as held for sale | 5.11 | 5,284 | - |
| | | **36,018** | **29,481** |
| **TOTAL ASSETS** | | **160,148** | **159,814** |

All figures in thousands of EUR, unless stated otherwise

# Financial Statement of Financial Position

## Asseco Central Europe, a. s.

| SHAREHOLDERS' EQUITY AND LIABILITIES | Note. | 31 Dec. 2022 | 31 Dec. 2021 |
|---|---|---|---|
| **Equity attributable to shareholders of the Parent Company** | | | |
| Share capital | 5.13 | 709 | 709 |
| Share premium | | 74,901 | 74,901 |
| Treasury shares | | (1,371) | - |
| Retained earnings and other capital reserves | | 40,323 | 40,417 |
| **Total equity** | | **114,562** | **116,027** |
| **Non-current liabilities** | | | |
| Interest-bearing loans | 5.15 | 7,103 | 8,100 |
| Non-current financial liabilities | 5.16 | 150 | - |
| Non-current lease liabilities | 5.17 | 12,515 | 11,059 |
| Contract liabilities | 5.17 | 23 | 73 |
| Non-current other liabilities | 5.18 | 108 | 180 |
| Non-current deferred income | 5.20 | - | 1 |
| | | **19,899** | **19,413** |
| **Current liabilities** | | | |
| Interest-bearing loans | 5.15 | 2,290 | 4,950 |
| Trade liabilities | 5.18 | 6,937 | 8,484 |
| Liabilities to state and local budgets | 5.18 | 2,166 | 1,951 |
| Financial liabilities | 5.16 | 3,589 | 2,397 |
| Lease liabilities | 5.17 | 656 | 201 |
| Contract liabilities | 5.19 | 2,017 | 1,357 |
| Other liabilities | 5.18 | 5,094 | 1,413 |
| Provisions | 5.20 | 62 | 62 |
| Deferred income | 5.21 | - | 8 |
| Accrued expenses | 5.21 | 2,876 | 3,551 |
| | | **25,687** | **24,374** |
| **TOTAL LIABILITIES** | | **45,586** | **43,787** |
| **TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES** | | **160,148** | **159,814** |

All figures in thousands of EUR, unless stated otherwise 7

# Financial Statement of Changes in Equity

## Asseco Central Europe, a. s.

| | Note. | Share capital | Share premium | Treasury shares | Retained earnings | Total shareholders' equity |
|---|---|---|---|---|---|---|
| **As at 1 January 2022** | | **709** | **74,901** | **0** | **40,417** | **116,027** |
| Net profit for the reporting period | | - | - | | 10,159 | 10,159 |
| Dividend for 2021 | 4.7 | - | - | | (10,253) | (10,253) |
| Treasury shares | | | | (1,371) | | (1,371) |
| **As at 31 December 2022** | | **709** | **74,901** | **(1,371)** | **40,323** | **114,562** |

| | Note. | Share capital | Share premium | Retained earnings | Total shareholders' equity |
|---|---|---|---|---|---|
| **K 1.1.2021** | | **709** | **74,901** | **32,869** | **108,479** |
| Čistý zisk za obdobie | | - | - | 16,733 | 16,733 |
| Dividendy za rok 2020 | 4.7 | - | - | (9,185) | (9,185) |
| **K 31.12.2021** | | **709** | **74,901** | **40,417** | **116,027** |

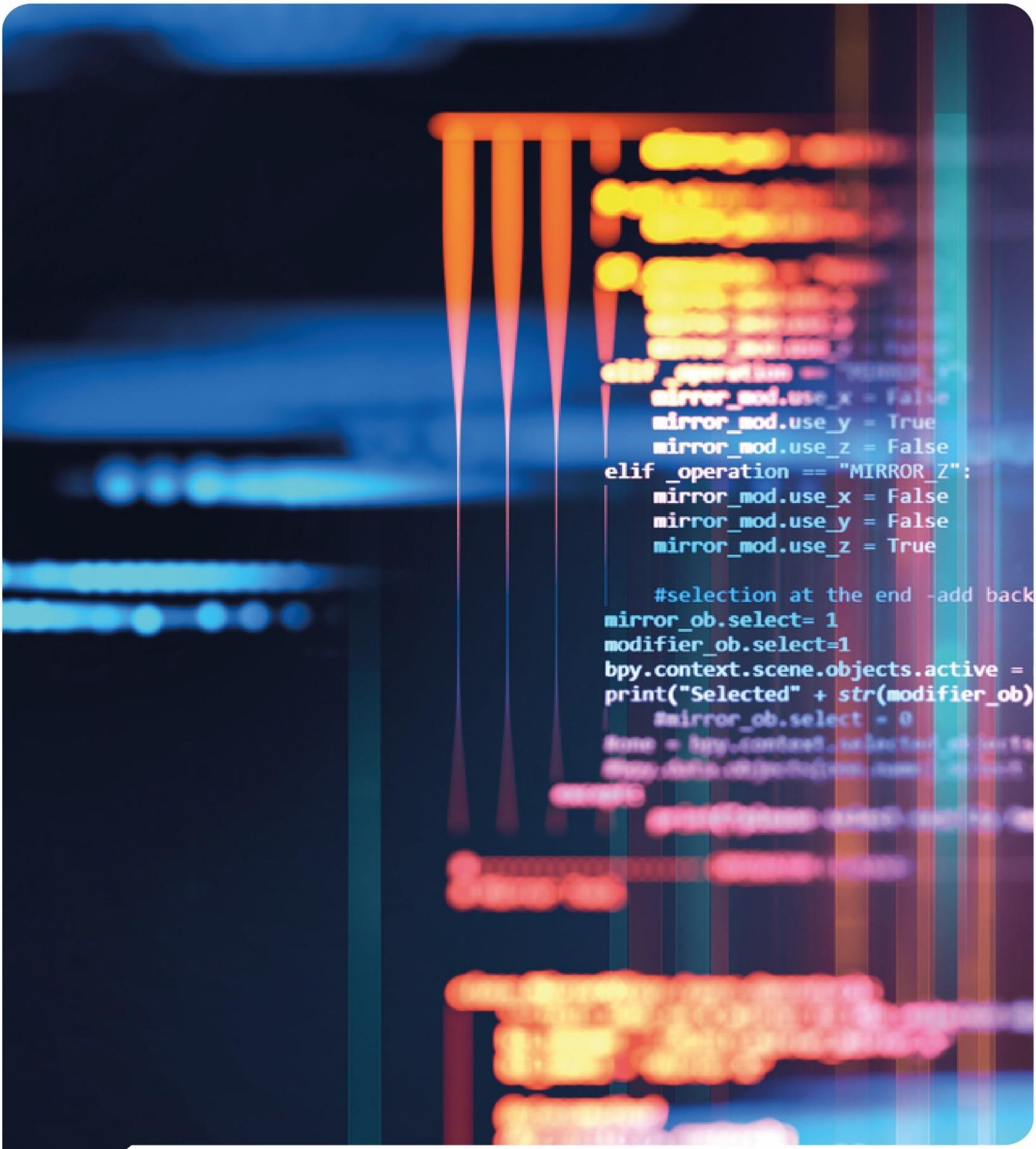
All figures in thousands of EUR, unless stated otherwise

# Statement of Cash Flows

## Asseco Central Europe, a. s.

| | Note | 12 months ended 31 Dec 2022 | 12 months ended 31 Dec 2021 |
|---|---|---|---|
| **Cash flows – operating activities** | | | |
| Pre-tax profit | | 10,751 | 18,328 |
| **Total adjustments:** | | **(1,539)** | **(9,455)** |
| Depreciation and amortization | 4.2 | 2,237 | 2,040 |
| Changes in working capital | 6.1 | 3,351 | (1,926) |
| Interest income/costs | | 170 | 100, |
| Interest income/cost on lease liabilities | | 153 | 18 |
| Foreign exchange differences - income/costs | | (52) | (165) |
| Gain on investment activities (including dividends) | | (14,790) | (9,985) |
| Profit/loss on disposal of intangible assets | | (42) | (19) |
| Income/cost from financial assets | | 503 | - |
| Write-off to Investment in subsidiaries | | 12,400 | - |
| Other financial Income/cost | | - | 17 |
| Profit/loss on lease contract termination | | - | - |
| Impairment loss of property, plant and equipment, intangibles | | - | 465 |
| Asset held for sale | | (5,284) | - |
| Other | | (185) | - |
| **Net cash provided by operating activities** | | **9,212** | **8,873** |
| Corporate income tax paid | | (755) | (2,675) |
| **Net cash provided by (used in) operating activities** | | **8,457** | **6,198** |
| **Cash flows – investment activities** | | | |
| Proceeds from disposal of tangible fixed assets and intangible assets | | 52 | 19 |
| Cash inflows from sales/realization of financial assets at fair value through P&L | 6.2 | - | - |
| Proceeds from sale of investment in subsidiaries | 6.2 | 580 | 608 |
| Proceeds from sale of investment in associates | 6.2 | 200 | - |
| Acquisition of tangible fixed assets and intangible assets | 6.2 | (1,983) | (1,665) |
| Expenditures related to research and development projects | 6.2 | (2,516) | (973) |
| Purchase of financial assets | 6.2 | - | - |
| Purchases/realization of financial assets at fair value through P&L | | (219) | (29) |
| Acquisition of subsidiaries | 6.2 | (300) | (200) |
| Acquisition of associated companies | 6.2 | (1) | - |
| Loans collected (inflow) | 6.2 | 3,670 | 30 |
| Loans granted (outflow) | 6.2 | (2,100) | (60) |
| Interest received | | 275 | 21 |
| Dividends received | 6.2 | 7,391 | 6,494 |
| Other cash flows from investing activity | 6.2 | (241) | - |
| **Net cash provided by (used in) investment activities** | | **4,808** | **4,245** |
| **Cash flows – financing activities** | | | |
| Proceeds from bank loans and other loans | 6.3 | - | 3,200 |
| Interest paid | | (67) | (188) |
| Repayments of bank and other loans | 6.3 | (5,088) | (10,713) |
| Leases paid | | (292) | (810) |
| Dividends paid to shareholders of the parent entity | 6.3 | (7,388) | (6,001) |
| Dividend paid to non-controlling interests | 6.3 | (889) | (797) |
| Acquisition of non-controlling interests | 6.3 | - | (2,085) |
| Other cash flows from financing activity | 6.3 | (1,071) | - |
| **Net cash provided by (used in) financing activities** | | **(14,795)** | **(17,394)** |
| **Net increase (decrease) in cash and cash equivalents** | | **(1,530)** | **(6,951)** |
| Net cash and cash equivalents as at 1 January | | 5,520 | 12,471 |
| **Net cash and cash equivalents as at 31 December** | **5.13** | **3,990** | **5,520** |

All figures in thousands of EUR, unless stated otherwise




# Supplementary Information and Explanations of the Financial Statements

# Supplementary Information and Explanations of the Financial Statements

## I. General information

Asseco Central Europe, a. s. ("the Company", "the Parent Company", "the Issuer") "), is a joint-stock company with its registered seat at Galvaniho 19045/19, 821 04 Bratisłava, Slovakia. During year 2021 and 2020 Company's registared seat was Trencianska street 56/A, 821 09 Bratislava, Slovakia and the change was done on February 2nd 2022. Company identification number (IČO) of the Company is 35760419 and its tax identification number (DIČ) of the Company is 2020254159.

The Company was established on 16 December 1998 and was entered in the Commercial Register on 12 February 1999 under its original name of the Company ASSET Soft, a. s. which was changed to Asseco Slovakia, a. s. and the the new name entered in the Commercial Register on 21 September 2005. On 28 April 2010, the Company again changed its name to Asseco Central Europe, a. s. which was entered in the Commercial Register of the District Court Bratislava I of 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.

On 11 April 2017 the Polish Financial Supervision Authority published the decision taken to change the Company's shares from book-entry to paper form and delist them from the Warsaw Stock Exchange. This decision became effective on 22 May 2017.

The direct parent of Asseco Central Europe, a. s. is Asseco International, a.s., which in turn is a wholly-owned subsidiary of the ultimate parent of the Asseco Group i.e., Asseco Poland S.A. As at 31 December 2022, Asseco International, a.s. held a 91.33% stake in Asseco Central Europe, a.s.

Asseco Central Europe, a. s. is the parent company of the Asseco Central Europe Group ("the Asseco CE Group"). The business profile of Asseco Central Europe, a. s. includes software and computer hardware consultancy, production and supply of software and hardware and related business activities.

In addition to comprehensive IT services, the Company also sells goods including mainly computer hardware. The sale of goods is to a large extent connected with the provision of software implementation services.

These financial statements provide a description of the Company's core business broken down by relevant segment.

These financial statements cover the period of 12 months ended 31 December 2022 and contain comparative data for the period of 12 months ended 31 December 2021. They contain the Statement of profit and loss, Statement of comprehensive income, Statement of Financial position, Statement of changes in equity and Statement of Cash Flows.

The Company prepares its annual financial statements in accordance with International Financial Reporting Standards (IFRS) endorsed by the EU for the current and comparative period. Asseco Central Europe, a. s. began to apply IFRS in 2006.

The Company prepared consolidated financial statements of the Asseco Central Europe Group in accordance with IFRS endorsed by the EU for the 12-month period ended 31 December 2022 and comparative period ended 31 December 2021, which were published on 15 March 2023. The consolidated financial statements of the Asseco Central Europe Group are available at the registered seat of the Parent Company.

Asseco Poland S.A. with its registered seat at ul. Olchowa 14, 35-322 Rzeszów, Poland prepares consolidated financial statements of the Asseco Group to which the Asseco Central Europe Group belongs.

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

Members of the Board of Directors (hereinafter “BoD”) and Supervisory Board (hereinafter “SB”) of Asseco Central Europe, a. s. as at 31 December 2022 and 15 March 2023 (date of publication) were as follows:

| Board of Directors | Period | Supervisory Board | Period |
|---|---|---|---|
| Jozef Klein | 01.01.2022-31.12.2022 | Adam Góral | 01.01.2022-31.12.2022 |
| David Stoppani | 01.01.2022-23.08.2022 | Andrej Košári | 01.01.2022-31.12.2022 |
| Branislav Tkáčik | 01.01.2022-31.12.2022 | Marek Panek | 01.01.2022-31.12.2022 |
| Peter Lakata | 01.01.2022-31.12.2022 | Przemysław Sęczkowski | 01.01.2022-31.12.2022 |
| | | Miroslav Kepencay | 01.01.2022-31.12.2022 |

All figures in thousands of EUR, unless stated otherwise 12

# II. Accounting principles applied when preparing financial statements

## 2.1. Basis for preparation of financial statements

The financial statements were prepared in accordance with the historical cost principle, except for derivative financial instruments which were measured at their fair value.

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

These financial statements were prepared on a going-concern basis, assuming the Company will continue its business activities in the foreseeable future.

These financial statements were prepared as regular individual financial statements in accordance with § 17 par. 6 the Act. 431/2002 Z. z. o on accounting as amended..

The Company's financial statements for the previous reporting period were approved by general meeting of the Company which took place on 21 April 2022.

Up to the date of approval of these financial statements, no circumstances indicating a threat to the Company's ability to continue as a going concern have been identified.

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

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

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

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

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

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

## 2.3. Compliance statement

These financial statements have been prepared in accordance with IFRS endorsed by the EU. As at the date of authorization of these financial statements, in light of the current process of IFRS endorsement in the EU and the nature of the Company’s activities, there is no difference between IFRS and IFRS endorsed by the EU. IFRS include standards and interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC).

## 2.4. Functional currency and currency presentation

The Company's functional currency as well as the presentation currency of these financial statements is the euro (EUR) and all figures are presented in thousands unless otherwise stated.

Foreign currency transactions are initially recognized in the functional currency at the exchange rate at the transaction date. Assets and liabilities denominated in foreign currencies are translated using the exchange rate at the balance sheet date. Non-cash items denominated in foreign currencies are stated at historical prices and are translated using the exchange rate at the date of the transaction. Non-cash items denominated in a foreign currency at fair value are translated at the date at which the fair value is determined.

The following table shows the rates that were used for valuation in the balance sheet:

| Currency | 31 Dec 2022 | 31 Dec 2021 |
|---|---|---|
| EUR | 1.00000 | 1.00000 |
| USD | 1.06660 | 1.13260 |
| CZK | 24.11600 | 24.85800 |
| GBP | 0.88690 | 0.84028 |
| HUF | 400.87000 | 369.19000 |
| PLN | 4.68080 | 4.59690 |

### 2.5. Significant accounting judgments, estimates and assumptions

Preparing financial statements in accordance with IFRS requires judgements, estimates and assumptions which affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although the estimates and assumptions have been adopted on the basis of the Company management's best knowledge of the current activities and occurrences, the actual results may differ from those anticipated.

Details of the main areas subject to management's professional judgment and accounting estimates which, if changed, could significantly affect the Company's future results, are given below.

### 2.6. Changes in accounting policies

The accounting principles (policy) adopted in the preparation of these financial statements are consistent with those applied in preparing the Company's annual financial statements for the year ended 31 December 2022.

Amendments to the International Financial Reporting Standards effective from 1 January 2022:

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

These new standards and amendments have no significant impact on the financial statements Company´s. The Company did not decide on early adoption of any standard, interpretation or amendment which has been published but has not yet become effective.

### 2.7. New standards and interpretations published but not yet in force according to group principles

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

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

All figures in thousands of EUR, unless stated otherwise 14

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

The Board of Directors of the Parent Company has elected not to adopt these standards, revisions and interpretations in advance of their effective dates. The Company is currently conducting an analysis of how the amendments could impact its financial statements.

### 2.8. Correction of significant errors from prior periods

There were no events in the reporting period requiring corrections of any significant errors of prior periods.

## III. Information on segments

The Company operates in the sector of information technology and telecommunications. Because the main business activities have a similar character, there is no reason to adopt the standard relating to segmental information. The organizational structure is homogeneous, without any independent part that would operate in different activities. On the basis of the above, the Company declares itself as one business segment.

The Company operates in more other regions, but almost 85 % of revenues come from the Slovak Republic. The rest come from the Czech Republic, where Asseco Central Europe has an international branch and from other countries are included in the financial statements submitted.

Geographical sectors are distinguished by the Company’s geographical operations where economic activities are being conducted.

The figures in the tables below are after inter-company eliminations, and dividends are seen directly in the net profit of the reportable segment.

| For 12 months ended 31 December 2022 | Slovak market | Czech/other market | Total |
|---|---|---|---|
| **Sales revenues** | | | |
| Sales to external customers | 54,947 | 8,651 | 63,598 |
| **Operating profit (loss) of reportable segment** | **7,739** | **1,295** | **9,034** |
| Interest income | 117 | - | 117 |
| Interest expense | (368) | - | (368) |
| **Corporate income tax** | **(320)** | **(272)** | **(592)** |
| Non-cash items: | | | |
| Depreciation and amortization | (2,237) | - | (2,237) |
| Impairment write-downs on segment assets | 12,401 | - | 12,401 |
| **Net profit (loss) of reportable segment** | **9,136** | **1,023** | **10,159** |
| Segment assets | 148,084 | 12,064 | 160,148 |
| **Segment capital expenditures** | **(1,983)** | **-** | **(1,983)** |

The impairment write-downs on segment assets of EUR 12,401 thousand include allowances for receivables and financial investments.

| Za obdobie 12 mesiacov končiacich k 31.12.2021 | Slovenský trh | Český/iný trh | Celkom |
|---|---|---|---|
| **Sales revenues** | | | |
| Sales to external customers | 45 129 | 9 974 | 55 103 |
| **Operating profit of reportable segment** | **6 754** | **1 493** | **8 247** |
| Interest income | 98 | - | 98 |
| Interest expense | (194) | - | (194) |
| **Corporate income tax** | **(1 296)** | **(299)** | **(1 595)** |
| Non-cash items: | | | |
| Depreciation and amortization | (2 040) | - | (2 040) |
| Impairment write-downs on segment assets | (33) | - | (33) |
| **Net profit (loss) of reportable segment** | **15 539** | **1 194** | **16 733** |
| Segment assets | 156 261 | 3 553 | 159 814 |
| **Segment capital expenditures** | **(1 665)** | **-** | **(1 665)** |

The impairment write-downs on segment assets of EUR 33 thousand include allowances for receivables.

All figures in thousands of EUR, unless stated otherwise

# IV. Notes to the Profit and loss statement

## 4.1. 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.

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

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

- Revenues from the sale of own licenses and services,
- Revenues from the sale of third-party licenses and services,
- 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 proportion of those revenues is generated from the performance of comprehensive IT projects, whereby the Company is committed to providing the customer with a functional IT system. In those situations the customer can only benefit from a functional system, which is the final product, comprised of our own licenses and significant related services (for example, modifications or implementation). Under such contracts, the Company 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 of providing the customer with a functional IT system. In the case of a performance obligation that involving the provision of a functional IT system, we closely examine the promise in granting a licence under each contract. Each license is analyzed as distinct from other goods or services promised in the contract. As a general rule, the Company 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 during transferal of 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 Company 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 an own license is distinct from other significant modification of implementation services, and thereby it constitutes a separate performance obligation, the Company 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 Company (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 Company 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 Company also provides a warranty for goods and services sold. Based on the conducted analysis, we have ascertained that most warranties granted by the Company 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 Company 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 Company actually provides an additional service. In accordance with IFRS 15, this means the Company 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 Company 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 Company is involved in the sale of third-party licenses or services, we consider whether the Company acts as a principal or an agent; however, in most cases the conclusion is that the Company 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 Company 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 Company estimates the consideration to which it will be entitled in exchange for transferring promised goods or services to the customer, and includes 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 Company 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 Company 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 was previously the case. Excepting 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 Company.

***e) Significant financing component***

In determining the transaction price, the Company 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 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 ompany 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 Company in order to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. The Company recognizes such costs as assets if it expects to recover them. Such capitalized costs of obtaining a contract are amortized over the period during which the Company satisfies the performance obligations arising from the contract.

As a practical expedient, the Company recognizes the incremental costs of obtaining a contract as an expense when incurred if the amortization period of the asset that the Company would have otherwise recognized is one year or less.

Costs to fulfill a contract are thos incurred in fulfilling a contract with a customer. The Company 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) they relate directly to a contract or to an anticipated contract with a customer, (ii) they generate or enhance resources of the Company that will be used in satisfying (or in continuing to satisfy) performance obligations in the future, and (iii) they are expected to be recovered.

***g) Other practical expedients applied by the Company***

When appropriate, the Company also applies a practical expedient permitted under IFRS 15 whereby if the Company has a right to consideration from a customer in an amount that corresponds directly with the value to the customer of the Company'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 Company may recognize revenue in the amount it is entitled to invoice.

In line with the chosen approach for the implementation of IFRS 15, the Company 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.

In 2022 and the corresponding comparative period, operating revenues were as follows:

| Sales revenues by type of business | 12 months ended 31 Dec 2022 | 12 months ended 31 Dec 2021 |
|---|---|---|
| Own software and services | 46,344 | 45,069 |
| Third-party software and services | 10,006 | 3,993 |
| Computer hardware and infrastructure | 3,949 | 3,944 |
| Other sales | 3,299 | 2,097 |
| **Total** | **63,598** | **55,103** |

The category Own software and services includes revenues from contracts with customers under which the Company delivers its own software and provides related services. These services can be performed by employees (internal resources) of the Company as well as by subcontractors (external resources). The involvement of subcontractors in this revenue category has no effect on the extent of liability or the relationship between the Company and the customer to whom the service was provided. The decision as to whether services for a particular type of project are to be performed by subcontractors or by its own staff is entirely within the competence of the Company. In addition, revenues from the provision of own services for third-party software and infrastructure are included in this category.

The category Third Party Software and Services includes revenue from the sale of third party licenses as well as from the provision of services that, due to technological or other legal reasons, must be performed by subcontractors (the definition refers to hardware and software maintenance services as well as outsourcing software services provided by manufacturers).

| Sales revenues by sectors | 12 months ended 31 Dec 2022 | 12 months ended 31 Dec 2021 |
|---|---|---|
| Banking and finance | 17 724 | 18 683 |
| Enterprises | 43 052 | 34 368 |
| Public institutions | 2 822 | 2 052 |
| **Total** | **63 598** | **55 103** |

| Sales revenues by territorial structure | 12 months ended 31 Dec 2022 | 12 months ended 31 Dec 2021 |
|---|---|---|
| Slovakia | 54,947 | 45,129 |
| Czech Republic | 6,942 | 8,871 |
| Other European countries | 1,536 | 930 |
| Other non-European countries | 173 | 173 |
| **Total** | **63,598** | **55,103** |

All figures in thousands of EUR, unless stated otherwise

### 4.2. Operating costs

The Company recognizes expenses in terms of both the purpose and the type breakdown. The cost of products sold consists of costs directly linked to the sale of goods or the creation of services sold. Cost of sales includes the cost of distribution activities. Administrative expenses include the Company's management and administration costs.
In the case of receiving grants 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.

| | 12 months ended 31 Dec 2022 | 12 months ended 31 Dec 2021 |
|---|---|---|
| Materials and energy used (-) | (629) | (244) |
| Cost of goods, materials and third-party services sold | (11,734) | (7,182) |
| Third party work (-) | (18,058) | (17,197) |
| Employee benefits (-) | (20,554) | (19,020) |
| Depreciation and amortization, which (-) | (2,237) | (2,040) |
| Depreciation base on IFRS 16 | (945) | (869) |
| Taxes and charges (-) | (28) | (18) |
| Business trips (-) | (125) | (74) |
| Creation and reversal of provisions for warranty repairs and provisions for trade receivables (+)/(-) | 1 | (33) |
| Other (-) | (1,217) | (1,042) |
| **Total** | **(54,581)** | **(46,850)** |
| **Cost of sales:** | **(48,061)** | **(41,030)** |
| production cost (-) | (23,053) | (20,020) |
| cost of merchandise, materials and third party work sold (COGS) (-) | (25,008) | (21,010) |
| **Selling expenses (-)** | **(647)** | **(506)** |
| **General administrative expenses (-)** | **(5,873)** | **(5,314)** |

During the year 2022 the company draw grants to cover part of its research and development costs in the total amount of EUR 2,069 thousand.

#### i. Employee benefits costs

| | For 2022 | For 2021 |
|---|---|---|
| Salaries | (14,455) | (13,865) |
| Social security costs | (2,821) | (2,446) |
| Retirement benefit costs | (2,660) | (2,126) |
| Other costs for employee benefits | (618) | (583) |
| **Employee benefits total** | **(20,554)** | **(19,020)** |

The Company provides short-term employee benefits (mainly comprising payroll expenses, costs of medical, health and social security and costs of creating a social fund). Over the course of the year, the Company makes contributions to social and health insurance from gross wages paid, and contributes to the unemployment fund as per the statutory rates. The costs of the contributions are posted in the profit and loss account in the same period as the relevant payroll expenses.
In respect of employees who have opted to participate in the program of supplementary pension insurance, the Company contributes up to 2.5% of the total monthly tariff wage for these purposes.
No Company pension scheme is currently in operation.

All figures in thousands of EUR, unless stated otherwise 21

The table below shows remuneration of the entity authorized to audit financial statements, paid or payable for the year ended 31 December 2022 and 31 December 2021, by type of services

| | 12 months ended 31 Dec 2022 | 12 months ended 31 Dec 2021 |
|---|---|---|
| Statutory audit of annual financial statements | 99 | 71 |
| Tax advisory | 19 | - |
| **Total** | **118** | **71** |

## 4.3. Other operating income and expenses

In other operating activities, the Company recognizes revenues and expenses that are not related to its operating activities in the IT area.

| **Other operating income** | 12 months ended 31 Dec 2022 | 12 months ended 31 Dec 2021 |
|---|---|---|
| Gain on disposal of tangible fixed assets | 52 | 19 |
| Income from rental services | 47 | 4 |
| Profit on lease contract termination | - | - |
| Other | (13) | 11 |
| **Total** | **86** | **34** |

| **Other operating expenses** | 12 months ended 31 Dec 2022 | 12 months ended 31 Dec 2021 |
|---|---|---|
| Residual value of tangible fixed assets sold | (10) | - |
| Charitable contributions (-) | (32) | (10) |
| Other (-) | (27) | (30) |
| **Total** | **(69)** | **(40)** |

## 4.4. Financial income and expenses

***Interest income***

Interest income is recognized on a time-proportion basis (taking into account the effective yield - the interest rate which accurately discounts future cash flows during the estimated period of use of a financial instrument to the net book value of such a financial asset).

Interest income is recognised in profit and loss statement as accrued during the reporting period. Interest income includes interests from investments in debt instruments and deposits measured at amortised cost, interests from finance lease and trade receivables.

Interest income comprises interest on loans granted, investments in securities held to maturity, bank deposits and other items, and the discounts of costs (liabilities) according to the method of the effective interest rate.

| **Financial income** | 12 months ended 31 Dec 2022 | 12 months ended 31 Dec 2021 |
|---|---|---|
| Interest income on loans granted, debt securities and bank deposits | 117 | 98 |
| Gain on revaluation of financial derivatives | 11 | - |
| Gain on foreign exchange differences | 81 | 230 |
| Dividends received | 14,790 | 9,985 |
| **Total financial income** | **14,999** | **10,313** |

All figures in thousands of EUR, unless stated otherwise

| Financial expenses | 12 months ended 31 Dec 2022 | 12 months ended 31 Dec 2021 |
|---|---|---|
| Interest expense on financial leases (-) | (368) | (194) |
| Loss on change in fair value of currency derivatives - forward contracts | - | - |
| Loss on disposal of investment in jointly-controlled entities | (15) | - |
| Loss from realization of derivative | (219) | (29) |
| Loss on foreign exchange differences | - | - |
| Write-off of investment subsidiaries | (12,400) | - |
| Write-off of loans | (280) | - |
| Impairment write-off of financial asset | - | (9) |
| **Total financial expenses** | **(13,282)** | **(232)** |

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

## 4.5. Corporate income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation 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 country where the Company operates and generates taxable income.

For the purposes of financial reporting, deferred income tax is calculated applying the balance sheet liability method to all temporary differences that exist, at the balance sheet date, between the tax base of an asset or liability and its carrying amount in the statement of financial position. Deferred income tax provisions are established in relation to all positive temporary differences. This applies except when a deferred tax provision arises from an initial recognition of goodwill or initial recognition of an asset or liability on a transaction other than a combination of companies which, at the time of its conclusion, has no influence on pre-tax profit, taxable income or tax loss, in relation to positive temporary differences arising from investments in subsidiary or associated companies or from participation in joint ventures. An exception to this situation is when the investor is able to control the timing of reversal of such temporary differences and when it is probable that such temporary differences will not be reversed in the foreseeable future.

Deferred income tax assets are recognized in relation to all negative temporary differences, as well as unused deferred tax assets or unused tax losses carried forward to subsequent years, in such an amount that it is probable that future taxable income will be sufficient to allow the above temporary differences, assets or losses to be utilized. This does not apply to situations when deferred tax assets related to negative temporary differences arising from the initial recognition of an asset or liability on a transaction other than a combination of companies which, at the time of its conclusion, has no influence on pre-tax profit, taxable income or tax loss. Furthermore, in the event of negative temporary differences arising from investments in a subsidiary or associated companies or from participation in joint ventures, deferred tax assets are recognized in the statement of financial position in such amounts only that it is probable that the above temporary differences will be reversed in the foreseeable future and that sufficient taxable income will be available to offset such negative temporary differences.

The book value of an individual deferred tax asset is verified on every balance sheet date and is duly decreased or increased to reflect any changes in the estimates of achieving taxable profit sufficient to utilize the deferred tax asset partially or entirely.

Deferred tax assets and deferred tax provisions are valued using the future tax rates anticipated to be applicable at the time when a deferred tax asset is realized or a deferred tax provision is reversed, the basis for which are the tax rates (and tax regulations) legally or factually in force at the balance sheet date.

Deferred tax assets and deferred tax liabilities are offset in accordance with IFRS.

Income tax related to items directly recognized in equity is recognized under equity and not in the profit and loss account. Revenues, expenses and assets are recognized in the amounts excluding value added tax (VAT) unless:

- value added tax paid at the purchase of merchandise or services is not recoverable from the tax authorities; in such an event the value added tax paid is recognized as a part of the purchase price of an asset or as an expense; and
- receivables and liabilities are presented including value added tax.

All figures in thousands of EUR, unless stated otherwise 23

The net amount of value added tax which is recoverable from or payable to the tax authorities is included in the statement of financial position as a part of receivables or liabilities to the state budget.

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

| | 12 months ended 31 Dec 2022 | 12 months ended 31 Dec 2021 |
|---|---|---|
| Corporate income tax | (550) | (1,747) |
| Deferred tax | (42) | 152 |
| Related to temporary differences | (42) | 152 |
| **Income tax expense as disclosed in the profit and loss account:** | **(592)** | **(1,595)** |

Regulations applicable to VAT, CIT, personal income tax or social security contributions are subject to frequent amendments, thereby often depriving taxpayers of the possibility of referring to well-established regulations or legal precedents. The current regulations in force include ambiguities which may give rise to different opinions and legal interpretations of 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 administrative bodies that are entitled to impose considerable fines, and the amounts of the liabilities determined must be paid with high interest. In effect, the amounts disclosed in the financial statements may later be changed, after the taxes payable are finally determined by the taxation authorities.

Reconciliation of CIT payable on pre-tax profit is according to the statutory tax rates with the CIT computed at the Company's effective tax rate.

| | 12 months ended 31 Dec 2022 | 12 months ended 31 Dec 2021 |
|---|---|---|
| **Pre-tax profit** | **10,751** | **18,328** |
| Statutory corporate income tax rate | 21% | 21% |
| **Corporate income tax computed at the statutory tax rate** | **2,258** | **3,849** |
| Non-taxable financial income - dividends | (3,106) | (2,097) |
| Other non-taxable income and non-deductible expenses | 2,854 | 72 |
| Tax-deductable goodwil depreciation | (1,161) | - |
| Deduction base on R&D taxable expenses | (253) | (229) |
| Adjustments of the prior years' income tax | - | - |
| **Corporate income tax computed at the effective tax rate of 5,51% in 2022 and 8,70% in 2021** | **592** | **1 595** |

The Company estimated future taxable income and concluded it will make feasible the recovery of deferred income tax assets (net of provisions) in the full amount as at 31 December 2022 and 31 December 2021.

The CIT rate was 21% in 2022 and 2021.

| o | 31 Dec 2022 | 31 Dec 2021 |
|---|---|---|
| Corporate income tax - assets | 1,223 | 2,029 |
| Corporate income tax - liabilities | (550) | (1,747) |
| **Current corporate income tax – assets (+)/Current corporate income tax – liabilities (-), net** | **460** | **255** |
| **Withholding tax - receivable** | **213** | **27** |

| | 31 Dec 2022 | 31 Dec 2021 |
|---|---|---|
| Tax rate used for calculation deferred income tax | 21% | 21% |
| Deferred income tax assets | 3,928 | 3,725 |
| Deferred income tax liability | (2,592) | (2,347) |
| **Deferred income tax assets (+)/Deferred income tax provision (-), net** | **1,336** | **1,378** |

All figures in thousands of EUR, unless stated otherwise

The following table provides information on deferred tax assets and liabilities:

| | Statement on financial position | | Statementy of profit and loss | |
|---|---|---|---|---|
| | 31 Dec 2022 | 31 Dec 2021 | 12 months to 31 Dec 2022 | 12 months to 31 Dec 2021 |
| **Deferred income tax liability** | | | | |
| Valuation of tangible assets at fair value and difference between tax depreciation and accounting depreciation | (2) | - | (2) | 3 |
| Leased property | (2,590) | (2,347) | (243) | (2,258) |
| Other | - | - | - | - |
| **Deferred income tax liability, gross** | **(2,592)** | **(2,347)** | | |
| **Deferred income tax assets** | | | | |
| Difference between tax and accounting depreciation | - | 20 | (20) | (6) |
| Write-off of intangible assets | 87 | 98 | (11) | 98 |
| Accrued expenses, provisions and other liabilities | 1,072 | 1,233 | (161) | 79 |
| Writte-offs to financial asset | - | 2 | (2) | (40) |
| Inventories allowances | - | - | - | - |
| Receivables allowances | 3 | 8 | (5) | 6 |
| Leased liabilities | 2,766 | 2,364 | 402 | 2,270 |
| Other | - | - | - | - |
| **Deferred income tax assets, gross** | **3,928** | **3,725** | | |
| **Deferred income tax assets, net** | **1,336** | **1,378** | | |
| Change in deferred income tax in the period reported, of which | | | | |
| deffered income tax change recognized in profit or loss | | | (42) | 152 |
| **Deffered income tax, net** | | | **(42)** | **152** |

For calculation of deferred income tax as at 31 December 2022, a rate of 21% was used.

All figures in thousands of EUR, unless stated otherwise

### 4.6. Earnings per share

Basic earnings per share are computed by dividing the net profit for the period reported, attributable to shareholders of the 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 Company, by the adjusted (due to the 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 table below present net profit and number of shares used for calculation of basic and diluted earnings per share:

| | 12 months ended 31 Dec 2022 | 12 months ended 31 Dec 2021 |
|---|---|---|
| **Net profit attributable to shareholders of the Parent Company** | **10,159** | **16,733** |
| Average weighted number of ordinary shares outstanding, used for calculation of basic earnings per share | 21,315,347 | 21,360,000 |
| Dilution factors | - | - |
| **Adjusted average weighted number of ordinary shares, used for calculation of diluted earnings per share** | **21,315,347** | **21,360,000** |

Both in the current and corresponding prior reporting periods, no events took place that would cause dilution of earnings per share.

### 4.7. Information on dividends paied

***Dividends***
Dividends are recognized when the shareholders right to receive payment is vested.

By decision of the Ordinary General Meeting of Shareholders of Asseco Central Europe, a. s. amount of 10,252,882 EUR from the profit for 2021 was distributed as a dividend (i.e., EUR 0,48 per share) and the amount of EUR 6,480,344.02 was kept as retained earnings. The Dividend was paid from 2 May 2022 to 31 December 2022.

The remaining part of EUR 3,431 ths. consist of the unpaid part till 31 December 2022 to Asseco International, a.s. and dividend to the other minority shareholders that did not take over as of 31 Decemer 2022. As of the balance sheet date, the balance of not taken dividends by minority shareholders has not changed, as of 2.1.2023 was paid of EUR 1,000 ths to Asseco International, a.s.

As in previous years, the Company intends to pay out dividends in 2023 from net profit achieved for the accounting period ending 31 December 2022.

All figures in thousands of EUR, unless stated otherwise 26

# V. Notes to the Statement of Financial Position

## 5.1. Plant, property and equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and any impairment write-downs. Any costs incurred after a tangible asset has been commissioned into use, such as costs of repairs, 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 constitute a component of assets as well.

Such assets are depreciated using the straight-line method over their expected useful lives which are as follows:

| Type | Period of useful life |
|---|---|
| Buildings and structures | 12-40 |
| Machinery and technical equipment | 4-12 |
| Transport vehicles | 3-6 |
| Computer hardware | 4-12 |

The appropriateness of the periods of useful life and residual values applied is subject to annual review which results in relevant adjustments to the depreciation charges to be made in subsequent years.

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 such a disposal against the present book value of such an asset, and it is accounted for as an operating income/expense. Any gains or losses resulting from derecognition of a given item of property, plant and equipment from the statement of financial position (calculated as the 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.

Investments in progress relating to tangible assets under construction are recognized at purchase price or production cost, decreased by any eventual impairment write-downs. Tangible assets under construction are not depreciated until their construction is completed and they are commissioned into use.

The Company's property, plant and equipment is insured by Colonnade Insurance S.A. up to EUR 4,060 thousand.

| 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 |
|---|---|---|---|---|---|---|
| **As at 1 January 2022, less depreciation and impairment allowance** | **796** | **1,083** | **323** | **4** | **24** | **2,230** |
| Additions, of which: | 43 | 845 | 383 | - | 38 | 1,309 |
| Purchases | - | 128 | 113 | - | 1,068 | 1,309 |
| Other changes | 43 | 717 | 270 | - | (1,030) | - |
| Reductions, of which: | (21) | (467) | (218) | - | - | (706) |
| Depreciation charge for the reporting period (-) | (21) | (467) | (208) | - | - | (696) |
| Sale and disposal (-) | - | (79) | (154) | - | - | (233) |
| Depreciation of disposals and liquidations | - | 79 | 144 | - | - | 223 |
| **As at 31 December 2022, less depreciation** | **818** | **1,461** | **488** | **4** | **62** | **2,833** |
| As at 1 January 2022 | | | | | | 0 |
| Gross value | 835 | 2,982 | 1,719 | 5 | 24 | 5,565 |
| Depreciation and impairment write-downs (-) | (39) | (1,899) | (1,396) | (1) | - | (3,335) |
| **Net book value as at 1 January 2022** | **796** | **1,083** | **323** | **4** | **24** | **2,230** |
| As at 31 December 2022, less depreciation | | | | | | 0 |
| Gross value | 878 | 3,748 | 1,948 | 5 | 62 | 6,641 |
| Depreciation and impairment allowance (-) | (60) | (2,287) | (1,460) | (1) | - | (3,808) |
| **Net book value as at 31 December 2022** | **818** | **1,461** | **488** | **4** | **62** | **2,833** |

As at 31 December 2022, no tangible fixed assets served as security for bank credit.

Purchase of computers and other office equipment at amount EUR 128 thousand and transport wehicles at amount EUR 113 thousand was procured as the purchase of a part of the company DWC Slovensko, a.s.

All figures in thousands of EUR, unless stated otherwise

| For 12 months ended 31 December 2020 | Land and buildings | Computers and other office equipment | Transport vehicles | Other tangible assets | Tangible assets under construction | Total |
|---|---|---|---|---|---|---|
| **As at 1 January 2021, less depreciation and impairment allowance** | **717** | **525** | **348** | **8** | **16** | **1614** |
| Additions, of which: | 99 | 840 | 192 | - | 8 | 1139 |
| Purchases | - | - | - | - | 1139 | 1139 |
| Other changes | 99 | 840 | 192 | - | (1,131) | - |
| Reductions, of which: | (20) | (282) | (217) | (4) | - | (523) |
| Depreciation charge for the reporting period (-) | (20) | (282) | (217) | (4) | - | (523) |
| Sale and disposal (-) | (3) | (506) | (96) | (15) | - | (620) |
| Depreciation of disposals and liquidations | 3 | 506 | 96 | 15 | - | 620 |
| **As at 31 December 2021, less depreciation** | **796** | **1083** | **323** | **4** | **24** | **2,230** |
| As at 1 January 2021 | | | | | | |
| Gross value | 739 | 2,648 | 1,623 | 20 | 16 | 5,046 |
| Depreciation and impairment write-downs (-) | (22) | (2,123) | (1,275) | (12) | - | (3,432) |
| **Net book value as at 1 January 2021** | **717** | **525** | **348** | **8** | **16** | **1614** |
| As at 31 December 2021, less depreciation | | | | | | |
| Gross value | 835 | 2,982 | 1,719 | 5 | 24 | 5,565 |
| Depreciation and impairment allowance (-) | (39) | (1,899) | (1,396) | (1) | 0 | (3,335) |
| **Net book value as at 31 December 2021** | **796** | **1083** | **323** | **4** | **24** | **2,230** |

As at 31 December 2021, no tangible fixed assets served as security for bank credit.

All figures in thousands of EUR, unless stated otherwise

### 5.2. Intangible assets

Purchased separately or acquired as a result of merger of companies.

Intangible assets purchased in a separate transaction are measured at initial recognition as cost. Intangible assets acquired as a result of a merger are measured at their fair value as at the date of merger.

The period of useful life of an intangible asset is assessed and classified as definite or indefinite. Intangible assets with a definite period of useful life are amortized using the straight-line method over their expected useful life, and amortization charges are expensed appropriately in the profit and loss account. The periods of useful life, being the basis for determination of amortization rates, are subject to annual verification and, if required, they are adjusted starting from the following financial year. Intangible assets are depreciated using the straight-line method. Below are the periods of useful life adopted for intangible assets:

| Type | Period of useful life |
|---|---|
| Cost of development work | 2-5 |
| Computer software | 2-8 |
| Patents and licenses | 2-8 |
| Customer relations | 2-7 |
| Other | 2-5 |

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.

The remaining intangible assets are tested for impairment if there are indications of a possible impairment in value. If the book value exceeds the estimated recoverable value (whichever is the higher of the net sales price or value in use), the value of these assets is reduced to the recoverable value.

Except for development work, intangible assets produced by the Company on its own are not capitalized, but the expenditures on their production are expensed in the profit and loss account for the period in which they were incurred.

*Research and development costs*

Research costs are expensed as incurred. Development expenditures, on an individual project, are recognized as an intangible asset when the Company can demonstrate:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- Its intention to complete and its ability to use or sell the asset;
- How the asset will generate future economic benefits;
- The availability of resources to complete the asset;
- The ability to reliably measure the expenditure during development.

Following initial recognition of the development expenditure as an asset, the cost model is applied, requiring the asset to be carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit. Amortization is recorded in cost of sales. During the period of development, the asset is tested for impairment annually.

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 an item) is disclosed in the profit and loss account for the period in which such derecognition disposal occured.

| For 12 months ended 31 December 2022 | Cost of development work | Costs of unfinished research and development projects | Computer software | Goodwill | Other | Total |
|---|---|---|---|---|---|---|
| **As at 1 January 2022, less amortization and impairment allowance** | **391** | **876** | **1,302** | **1,083** | **-** | **3,652** |
| Additions, of which: | 0 | 2516 | 204 | 5,674 | - | 8,394 |
| Purchases | - | - | 204 | 5,674 | - | 5,878 |
| Capitalization of development project costs | - | 2,516 | - | - | - | 2,516 |
| Other changes | - | - | - | | | - |
| Reductions, of which: | (164) | - | (432) | - | - | (596) |
| Amortization charge for the reporting period (-) | (164) | | (432) | - | - | (596) |
| Disposal and liquidation (-) | - | | - | - | - | - |
| Other changes | - | | | - | - | - |
| **Impairment, write-downs** | **-** | **-** | **-** | **-** | **-** | **-** |
| **As at 31 December 2022, less amortization and impairment allowances** | **227** | **3,392** | **1,074** | **6,757** | **-** | **11,450** |
| As at 1 January 2022 | | | | | | |
| Gross value | 1,242 | 876 | 15,835 | 1,083 | 2,407 | 21,443 |
| Amortization and impairment allowance (-) | (851) | - | (14,533) | - | (2,407) | (17,791) |
| **Net book value as at 1 January 2022** | **391** | **876** | **1,302** | **1,083** | **-** | **3,652** |
| As at 31 December 2022, less amortization and provisions | | | | | | |
| Gross value | 1,242 | 3,392 | 16,039 | 6,757 | 2,407 | 29,837 |
| Amortization and impairment allowance (-) | (1,015) | - | (14,965) | - | (2,407) | (18,387) |
| **Net book value as at 31 December 2022** | **227** | **3,392** | **1,074** | **6,757** | **-** | **11,450** |

As at 31 December 2022, no intangible assets served as security for bank credits.

All figures in thousands of EUR, unless stated otherwise

| For 12 months ended 31 December 2021 | Cost of development work | Costs of unfinished research and development projects | Computer software | Goodwill | Other | Total |
|---|---|---|---|---|---|---|
| **As at 1 January 2021, less amortization and impairment allowance** | **145** | **217** | **1 597** | **1083** | **0** | **3,042** |
| Additions, of which: | 374 | 659 | 690 | 0 | 0 | 1,723 |
| Purchases | - | - | 750 | 0 | - | 750 |
| Capitalization of development project costs | - | 973 | - | 0 | - | 973 |
| Other changes | 374 | (314) | (60) | | | 0 |
| Reductions, of which: | (128) | 0 | (985) | 0 | 0 | (1,113) |
| Amortization charge for the reporting period (-) | (128) | | (520) | 0 | 0 | (648) |
| Disposal and liquidation (-) | 0 | | 0 | 0 | 0 | 0 |
| Other changes | 0 | | | 0 | 0 | 0 |
| **Impairment, write-downs** | **0** | **0** | **(465)** | **0** | **0** | **(465)** |
| **As at 31 December 2021, less amortization and impairment allowances** | **391** | **876** | **1,302** | **1083** | **0** | **3,652** |
| As at 1 January 2021 | | | | | | |
| Gross value | 868 | 217 | 15145 | 1,083 | 2,407 | 19,720 |
| Amortization and impairment allowance (-) | (723) | 0 | (13,548) | 0 | (2,407) | (16,678) |
| **Net book value as at 1 January 2021** | **145** | **217** | **1,597** | **1,083** | **-** | **3,042** |
| As at 31 December 2021, less amortization and provisions | | | | | | |
| Gross value | 1242 | 876 | 15,835 | 1,083 | 2,407 | 21,443 |
| Amortization and impairment allowance (-) | (851) | 0 | (14,533) | 0 | (2,407) | (17,791) |
| **Net book value as at 31 December 2021** | **391** | **876** | **1,302** | **1,083** | **0** | **3,652** |

As at 31 December 2021, no intangible assets served as security for bank credits.

All figures in thousands of EUR, unless stated otherwise

### 5.3. Right-to-use assets

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 Company 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 Company since the date of adopting the standard; however, the Company has used a practical expedient permitted by IFRS 16 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 Company 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 Company).

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 Company 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 Company basically using the straight-line method. If the lease transfers ownership of the underlying asset to the Company by the end of the lease term or if the cost of the right-of-use asset reflects that the Company will exercise a purchase option, the Company 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 Company 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 Company applies the provisions of IAS 36 ‘Impairment of Assets’ to determine whether the right-of-use asset is impaired.

Leasing agreements, whereby the lessor retains substantially all the risks and rewards incidental to ownership of the leased asset, are treated as operating leasing. Lease payments under operating leasing are recognized as expenses in the profit and loss account on a straight-line basis over the leasing period.

| For 12 months ended 31 December 2022 | Land and buildings | Computers and other office equipment | Transport vehicles | Other tangible assets | Total |
|---|---|---|---|---|---|
| **As at 1 January 2022, less depreciation and impairment allowance** | **11 ,178** | **-** | **-** | **-** | **11 ,178** |
| Additions, of which: | 2,098 | - | - | - | 2,098 |
| New lease contracts | 2,098 | - | - | - | 2,098 |
| Other changes | - | - | - | - | - |
| Reductions, of which: | (945) | - | - | - | (945) |
| Depreciation charge for the reporting period (-) | (945) | - | - | - | (945) |
| Disposal and liquidation (-) | - | - | - | - | - |
| Depreciation of disposals and liquidations | - | - | - | - | - |
| **As at 31 December 2022 less depreciation** | **12,331** | **-** | **-** | **-** | **12,331** |
| As at 1 January 2022 | | | | | |
| Gross value | 11,249 | - | - | - | 11,249 |
| Depreciation and impairment write-downs (-) | (71) | - | - | - | (71) |
| **Net book value as at 1 January 2022** | **11,178** | **-** | **-** | **-** | **11,178** |
| As at 31 December 2022 less depreciation | | | | | |
| Gross value | 13,347 | - | - | - | 13,347 |
| Depreciation and impairment allowance (-) | (1,016) | - | - | - | (1,016) |
| **Net book value as at 31 December 2022** | **12,331** | **-** | **-** | **-** | **12,331** |

All figures in thousands of EUR, unless stated otherwise

| For 12 months ended 31 December 2021 | Land and buildings | Computers and other office equipment | Transport vehicles | Other tangible assets | Total |
|---|---|---|---|---|---|
| **As at 1 January 2021, less depreciation and impairment allowance** | **425** | - | - | - | **425** |
| Additions, of which: | 11,622 | - | - | - | 11,622 |
| New lease contracts | 11,249 | - | - | - | 11,249 |
| Other changes | 373 | - | - | - | 373 |
| Reductions, of which: | (869) | - | - | - | (869) |
| Depreciation charge for the reporting period (-) | (869) | - | - | - | (869) |
| Disposal and liquidation (-) | (2,494) | - | - | - | (2,494) |
| Depreciation of disposals and liquidations | 2,494 | - | - | - | 2,494 |
| **As at 31 December 2021 less depreciation** | **11,178** | - | - | - | **11,178** |
| As at 1 January 2021 | | | | | |
| Gross value | 2,121 | - | - | - | 2,121 |
| Depreciation and impairment write-downs (-) | (1,696) | - | - | - | (1,696) |
| **Net book value as at 1 January 2021** | **425** | - | - | - | **425** |
| As at 31 December 2021 | | | | | |
| Gross value | 11,249 | - | - | - | 11,249 |
| Depreciation and impairment allowance (-) | (71) | - | - | - | (71) |
| **Net book value as at 31 December 2021** | **11,178** | - | - | - | **11,178** |

All figures in thousands of EUR, unless stated otherwise

## 5.4. Goodwill

| | 31 Dec 2022 | 31 Dec 2021 |
|---|---|---|
| ISZP | 533 | 533 |
| MPI | 550 | 550 |
| DWC | 5,524 | - |
| XANTA | 150 | - |
| **Total** | **6,757** | **1,083** |

The Company performs an impairment test of goodwill annually (as at 31 December) and whenever indicators of impairment exist. For the purpose of goodwill impairment tests, goodwill was allocated to a cash generating unit or a group of cash generating units (CGU) which benefit from the acquisitions.

Goodwill related to the acquisitions of ISZP and MPI Consulting was tested at the CGU level represented by the Healthcare Business Unit of Asseco Central Europe and the CGU represented by the Banking Division, respectively.

Goodwill related to the acquisitions DWC was tested at the CGU level represented by the Fabasoft Division of the Company.

Goodwill related to the acquisitions XANTA was tested at the CGU level represented by the acquired through this acquisition.

Each impairment test requires estimates of the recoverable value of a cash-generating unit or a group of cash-generating units to which goodwill is allocated. Impairment testing involves determination of their value in use by applying the model of discounted free cash flow to firm (FCFF). No impairment was recognized with respect to goodwill as at 31 December 2022 and 31 December 2021.

The Company carried out a sensitivity analysis of impairment tests conducted as at 31 December 2022, in order to determine 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 factors with influence on the recoverable value of a cash-generating unit, assuming other factors remain unchanged, as follows:

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

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

Reasonable changes in the assumptions will not lead to impairment.

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

| | | Diskontná sadzba | | Zložená ročná miera rastu peňažných tokov | |
|---|---|---|---|---|---|
| | Účtovná hodnota CGU | použité v modeli pre marginálne obdobie % | marginálna % | použité v modeli pre budúce obdobie % | marginálna % |
| MPI | 26,453 | 9.28% | ∞ | 5.94% | -31.76% |
| ISZP | 6,770 | 9.28% | ∞ | -2.75% | -93.45% |
| DWC | 18,609 | 9.28% | 22.00% | 17.35% | -10.42% |
| XANTA | 837 | 9.28% | 23.70% | 9.20% | -16.54% |

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

All figures in thousands of EUR, unless stated otherwise 36

### 5.5. Investment in subsidiaries

Securities and shares in subsidiaries which are not classified as held-for-sale are recognized at the carrying value representing acquisition cost less potential accumulated losses of impairment.

Securities and shares in subsidiaries classified as held-for-sale are recognized at whichever is the lower of carrying value or fair value less disposal costs.

| | % of ownership | 31 Dec 2022 | 31 Dec 2021 |
|---|---|---|---|
| Asseco Central Europe, a. s., Czech Republic | 100% | 26,643 | 26,643 |
| Asseco Central Europe Magyarország Zrt. | 100% | 14,808 | 16,808 |
| exe, a. s. | 100% | 2,413 | 2,413 |
| Asseco Enterprise Solutions, a.s. | 49.99% | 31,370 | 31,370 |
| IPI s.r.o. (CEIT) | 51% | 6,847 | 10,347 |
| DWC, a.s. | 100% | 221 | 7,223 |
| Invention s.r.o. | 100% | 10,141 | 9,991 |
| **Total** | | **92,443** | **104,795** |

As at 31 December 2022, the carrying amount of financial investments was EUR 92,443 thousand. The company created write-off on investments in subsidiary Asseco Central Europe Magyarország Zrt. EUR 2 000 thousand, IPI s.r.o. (CEIT) in value EUR 3 500 thousand and DWC Slovakia a.s v likvidáci in value EUR 6 900 thousand.

**DWC Slovakia, a.s.**

Based on the achieved economic results of DWC Slovakia, a.s. for the year 2021, the Company was entitled to a discount from the purchase price in the amount of 102 thousand. EUR, by which the value of the investment was reduced.

The Company, with the intention of streamlining the area of sales of standardized software products as well as the area of development and sales of new software, bought part of an enterprise of its subsidiary DWC, a.s. at amount of EUR 7,138 thousand, which is commercially defined as the area of sales of standardized software products.

During the year 2022, an application was filed to initiate bankruptcy proceedings of DWC Slovakia, a.s.

**INVENTION, s.r.o.**

During the year INVENTION, s.r.o. decided to increase its capital fund from contributions of partners in total EUR 150 thousand. The Company has assumed an obligation to repay a capital contribution to INVENTION, s.r.o. The capital contributions were fully paid during the year.

### 5.6. Sensitivity analyses

The Company regularly undergoes assessment of the presence of impairment indicators in relation to its financial investments in subsidiaries. As at 31 December 2022 the Company performed impairment testing with no impairment identified. The sensitivity analysis revealed that no impairment would be charged for any financial investment as at 31 December 2022.

The Company as of 31 December 2022, based on impairement testing identified the impairment of financial investments in the companies Asseco Central Europe Magyarország and CEIT. Based on the results of testing as of 31 December 2022, the Company create write-off on financial investment in Asseco Central Europe Magyarország by EUR 2,000 thousand and in CEIT by EUR 3,500 thousand.

Based on the results of impairement testing as of 31 December 2022, there is no need to reassess the amount of financial investment for other companies. The sensitivity analysis proved that there was no impairment of the financial investment in these companies as of December 31, 2022.

The Company carried out a sensitivity analysis in relation to investments impairment tests conducted as at 31 December 2022, in order to determine how much the selected parameters applied in the model could be changed. Such sensitivity analysis examined the impact of changes in the applied:

- nominal discount rate applied for the residual period, i.e. cash flows generated after 2027;

All figures in thousands of EUR, unless stated otherwise. 37

- compound annual growth rate of free cash flow changes over the forecast period, i.e. during 2023 to 2027;

No impairment was recognized with respect to any of investments in subsidiaries except for companies Asseco Central Europe Magyarország and CEIT as at 31 December 2022 and 31 December 2021.

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

| | | Discount rate | | Compound annual growth rate of cash flows | |
|---|---|---|---|---|---|
| | | Carrying amount of CGU | applied in the model for marginal period<br>% | marginal<br>% | applied in the model for forecast period<br>% |
| Asseco Central Europe (Czech Republic) | 26,643 | 11.60% | 19.1% | 38.07% | 18.0% |
| Asseco Solutions (Slovakia, Czech Republic, Germany) | 31,385 | 8.55% | ∞ | 10.22% | -59.1% |
| Asseco Central Europe Magyarország (Hungary) | 14,808 | 16.52% | 16.6% | 54.10% | 51.6% |
| exe | 2,413 | 11.22% | ∞ | -4.58% | -51.4% |
| CEIT | 16,988 | 9.86% | 10.9% | -4.91% | -0.6% |
| DWC | 221 | 9.28% | ∞ | 17.35% | ∞ |

Reasonable change in the assumptions will not lead to impairment of investment.

## 5.7. Investment in associated and joint venture companies

Securities and shares in associated companies and joint ventures which are not classified as held-for-sale are recognized at the carrying value representing acquisition cost less potential accumulated losses of impairment. The Company used cost method for accounting of its shares in associated companies as at 31 December 2022 and 31 December 2021.
Securities and shares in subsidiaries, associated companies and joint ventures classified as held-for-sale are recognized at whichever is the lower of carrying value or fair value less disposal costs.

| | 31 Dec 2022 | 31 Dec 2021 |
|---|---|---|
| eDocu a.s. | 98 | 98 |
| LittleLane, a.s. | 259 | 258 |
| Galvaniho 5, s.r.o. | 2,020 | 2,020 |
| EdgeCom, a.s. | 915 | 915 |
| PROSOFT Košice, a.s. | 429 | 644 |
| **Total** | **3,721** | **3,935** |

**PROSOFT Košice, a.s.**

Based on Sale of shares agreement, the company sold shares of the company Prosoft KOŠICE, a.s., by which the value of the investment was reduced to 33,33%. Selling price was EUR 215 thousand and it was fully paid.

**LittleLane, a.s. (Asseco CE Cloud, a.s. )**

Based on Purchase of shers agreement the Company aquired share of the company LittleLane, a.s., by which the value of investment increase to 100%. Purchase price was of EUR 1 thousand and it was fully paid.

The company LittleLane, a.s. during the year 2023 has changed the company name to Asseco CE Cloud, a.s.

**Galvaniho 5, s.r.o.**

On 1 January 2022 Group acquired joint control over Galvaniho, s.r.o. Galvaniho has changed its status from associate to joint operation

All figures in thousands of EUR, unless stated otherwise. 38

### 5.8. Other financial assets

Financial instruments are divided into the following categories:

- Financial assets held to maturity;
- Financial instruments valued at fair value through profit or loss;
- Loans granted and receivables;
- Financial assets available for sale;
- Financial liabilities valued at fair value,
- Other financial liabilities.

All financial assets are initially recognized at the purchase price equal to fair value of the effective payment, including costs related to the purchase of a financial asset, except for financial instruments valued at fair value through profit or loss.

Financial assets held to maturity are investments with identified or identifiable payments and with a fixed maturity date which the Company intends, and is able, to hold to maturity. Financial assets held to maturity are valued at amortized cost using the effective interest rate. Financial assets held to maturity are classified as non-current assets if their maturity exceeds 12 months from the balance sheet date.

Financial instruments acquired in order to generate profits from short-term price fluctuations are classified as financial instruments valued at fair value through profit or loss. Financial instruments valued at fair value through profit or loss are measured at fair value taking into account their market value as at the balance sheet date. Changes in these financial instruments are recognized as financial income or expenses. Financial assets valued at fair value through profit or loss are classified as current assets, provided the Board of Directors intends to dispose of them within 12 months of the balance sheet date.

Loans granted and receivables are carried at amortized cost. They are recognized as current assets unless their maturity periods are longer than 12 months from the balance sheet date. Loans granted and receivables with maturity periods longer than 12 months from the balance sheet date are recognized as non-current assets.

Any other financial assets constitute financial assets available for sale. These are carried at fair value, without deducting the transaction-related costs, taking into consideration their market value as at the balance sheet date. If the financial instruments are not quoted on an active market and it is impossible to determine their fair value reliably with alternative methods, financial assets available for sale are valued at the purchase price adjusted by impairment charges. Provided that financial instruments have a market price determined in a regulated active market, or it is possible to determine their fair value in another reliable way, the positive and negative differences between the fair value and the purchase price of such assets available for sale (after deducting any deferred tax liabilities) is recognized in the asset revaluation reserve. A decrease in the value of assets available for sale, resulting from their impairment, is recognized as a financial expense in the profit and loss account.

Purchases or disposals of financial assets are recognized in the accounting books at the transaction date. At initial recognition they are valued at purchase price, which is fair value plus the transaction-related costs.

Financial liabilities other than financial instruments valued at fair value through profit or loss are measured at amortized cost using the effective interest rate.

A financial instrument is derecognized from the statement of financial position if the Company no longer controls the contractual rights arising from such an instrument. This usually takes place when the instrument is sold or when all the cash flows to be generated by this instrument are transferred to an independent third party.

At each balance sheet date, the Company determines if there are any objective indications of impairment of a financial asset or group of financial assets.

*Financial assets carried at amortized cost*

If there is objective evidence that an impairment loss on loans or receivables valued at amortized cost has been incurred, the amount of the impairment write-down is measured as the difference between the asset's book value and the present value of estimated future cash flows (excluding impairment write-down on loans that have not yet been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of such assets is reduced either directly or by establishing an impairment write-down. The amount of the loss is recognized in the profit and loss account.

The Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and assesses them collectively for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in the collective assessment of a group of assets for impairment.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss can be reversed. This reversal of the impairment write-down is recognized in profit or loss to the extent that the carrying amount of the financial asset does not exceed its amortized cost at the date the impairment is reversed.

*Financial assets carried at cost*

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative instrument that is linked to and must be settled by delivery of such an unquoted equity instrument, the amount of impairment loss is measured as the difference between the carrying amount of the financial asset involved and the present value of estimated future cash flows discounted at the current market rate of return for similar financial assets.

*Financial assets available for sale*

When there is objective evidence that a financial asset available for sale is impaired, then the difference between the purchase cost of the asset (net of any principal repayments and amortization) and its current value, decreased by any impairment charges on that financial asset, if it was previously recognized in profit or loss, is derecognized from equity and recognized in the profit and loss account. Impairment losses recognized in profit or loss for an investment in an equity instrument classified as available for sale are not reversed through profit or loss. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in profit or loss, then the amount of such an impairment loss is reversed in the profit and loss account.

| | 31. 12. 2022 | | 31. 12. 2021 | |
|---|---|---|---|---|
| | Non-current | Current | Non-current | Current |
| **Financial assets measured at fair value through profit or loss, of which:** | | | | |
| Currency forward contracts | - | 11 | - | - |
| Stocks/shares in non-listed companies | - | 804 | - | 804 |
| Other equity instruments | - | - | - | - |
| **Total** | **-** | **815** | **0** | **804** |
| **Financial assets measured at amortized cost, of which:** | | | | |
| Bills of exchange | - | 209 | - | 209 |
| Loans granted, of which: | | | | |
| granted to related parties | - | 82 | 2,998 | 1,079 |
| granted to employees | - | - | - | - |
| granted to other entities | - | - | - | - |
| Deposits between 3 and 12 months | - | - | - | - |
| **Total** | **-** | **291** | **2,998** | **1,288** |
| **Total financial assets** | **-** | **1,106** | **2,998** | **2,092** |

All figures in thousands of EUR, unless stated otherwise.

### i. Shares in non-listed companies

On February 2020 the Company purchased share of the company Riocath FNDB, a.s of EUR 804 thousand.

### ii. Loans granted non-current

Non-current loan grented for Galvaniho 5, s.r.o. was fully repaid during the year 2022.

Loans granted of EUR 2,998 thousand, presented as at 31 December 2021, are represented by a loan due from Galvaniho 5, s.r.o. (principal EUR 2,761 thousand, plus interest of EUR 236 thousand, interest rate 2% p.a., maturity not before 1 January 2025).

### iii. Loans granted current

Loans granted of EUR 82 thousand presented as at 31 December 2022 include

- A loan of EUR 24 thousand due from eDocu a.s. (principal EUR 264 thousand + interests EUR 39 thousand, interest rate 2.5% p.a., maturity on 31 December 2022. The Company created write-off to the loan of EUR 280 thousand.),
- A loans of EUR 54 thousand due from LittleLane, s.r.o. (principal EUR 22 thousand plus interests EUR 1 thousand, interest rate 1% p.a., maturity on 31 December 2023, principal EUR 13 thousand plus interests EUR 0 thousand, interest rate 1% p.a., maturity on 31 December 2023, principal EUR 17 thousand plus interests EUR 1 thousand, interest rate 1% p.a., maturity on 31 December 2023).

Loans granted of EUR 1,079 thousand presented as at 31 December 2021 include

- A loan of EUR 406 thousand due from Asseco Central Europe Magyárországh Zrt. (previously GlobeNet Zrt.) which was in 2014 converted to loan denominated in currency Hungarian Forint (principal EUR 337 thousand plus interests EUR 69 thousand, interest rate 1M BUBOR plus 1.5% p.a., maturity on 31 December 2022),
- A loan of EUR 298 thousand due from eDocu a.s. (principal EUR 264 thousand + interests EUR 34 thousand, interest rate 2.5% p.a., maturity on 31 December 2022),
- A loans of EUR 54 thousand due from LittleLane, s.r.o. (principal EUR 22 thousand plus interests EUR 1 thousand, interest rate 1% p.a., maturity on 30 June 2022, principal EUR 13 thousand plus interests EUR 0 thousand, interest rate 1% p.a., maturity on 30 June 2022, principal EUR 17 thousand plus interests EUR 0 thousand, interest rate 1% p.a., maturity on 30 June 2022),
- Loan of EUR 291 thousand due from PROSOFT Košice, a.s. (principal EUR 280 thousand plus interests EUR 1 thousand, interest rate 1.5% p.a., maturity on 30 June 2022),
- Loan of EUR 30 thousand due from EdgeCom, a.s. (principal EUR 30 thousand plus interests EUR 0 thousand, interest rate 2.5% p.a., maturity on 28 February 2022).

### iv. Other financial assets

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

As at 31 December 2021, the Company owned bill of exchange totaling EUR 418 thousand, with maturity on 31 January 2021 (EUR 418 thousand, interest rate 6%). The company created writte-off to this bill of EUR 209 thousand (EUR 9 thousand was created during the year 2021), because there are doubts that it will be repaid. From this reason the interest was not calculated.

### 5.9. Deferred expenses

Deferred expenses comprise expenses incurred before the balance sheet date that relate to future periods.

In particular, deferred expenses may include the following items:

- rent paid in advance;
- insurances;
- subscriptions;
- prepaid third-party services to be provided in future periods;
- other expenses incurred that relate to future periods.

| Current | 31 Dec 2022 | 31 Dec 2021 |
|---|---|---|
| Maintenance services | 482 | 555 |
| Pre-paid insurance | 48 | 44 |
| Pre-paid licence fees | 85 | 132 |
| Pre-paid other services | 44 | 25 |
| Other | 2 | - |
| **Total** | **661** | **756** |

| Non-current | 31 Dec 2022 | 31 Dec 2021 |
|---|---|---|
| Maintenance services | 11 | 140 |
| Pre-paid insurance | - | 1 |
| Pre-paid licence fees | - | 24 |
| Pre-paid other services | 5 | - |
| Other | - | 2 |
| **Total** | **16** | **167** |

### 5.10. Inventories

Inventories are valued at whichever is the lower of purchase price/production cost or net realizable value. Net realizable 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 Company measures the cost of inventories consumed by using the specific identification method. Revaluation write-downs of inventories are recognized in operating expenses.

The Company as at 31 December 2022 and in the comparative period register Inventory as it is presented in the table below:

| | 31 Dec 2022 | 31 Dec 2021 |
|---|---|---|
| Raw materials, spare parts and other components used in implementation or maintenance of IT systems | - | - |
| Computer hardware, third party licenses and other goods for resale | 586 | 592 |
| Write-down of inventories | - | - |
| **Total** | **586** | **592** |

All figures in thousands of EUR, unless stated otherwise.

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

| Write-down of inventories | 31 Dec 2022 | 31 Dec 2021 |
|---|---|---|
| **Write-down of inventories as at 1 January** | **-** | **-** |
| Recognized during the reporting period | - | - |
| Utilized during the reporting period | - | - |
| Acquisition of subsidiaries | - | - |
| Change of presentation | - | - |
| **Write-down of inventories as at 31 December** | **-** | **-** |

### 5.11. Assets held for sale

As of December 31, 2022 and in the comparable period, the company registered asset sheld for sale presented in the table below:

| | 31 Dec 2022 | 31 Dec 2021 |
|---|---|---|
| Assets held for sale for acctual reporting period | 5,284 | - |
| Assets held for sale from the begining of aquisitoin | 5,284 | - |
| **Total** | **5,284** | **-** |

Assets held for sale represent properties in the cadastral territory of Žilina (land and buildings), which the Company acquired from the subsidiary Asseco CEIT, a.s. (SK) 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.

### 5.12. Trade receivables, contract assets and other receivables

Trade receivables, payment terms of which usually range from 14 to 30 days, are recognized and disclosed at the amounts initially invoiced, less any allowances for uncollectable receivables. Receivables with remote payment terms are recognized at the present value of expected payments less any allowances.

*Loss allowance of trade receivables*
To determine the value of loss allowance for trade receivables the Company uses a simplified approach and does not track the changes in credit risk of receivables. Loss allowance is recognized at the amount of lifetime expected credit losses. For this purpose the Company uses a provision matrix based on historical credit loss experience, adjusted by information on the future. The Company analyzes its receivables based on statistical provision matrices, including the risk resulting from diversity of its customer base and type of business. When necessary The Company groups its customers into homogeneous segments.
Loss allowance is updated at each reporting date.
For trade receivables overdue by more than 180 days, in addition to the statistical method based on a provision matrix, the Company uses an individual approach. For each trade receivable overdue by more than 180 days and of significant value, the Company recognizes a loss allowance at a level determined by Management, using their professional judgment, based on analysis of customers' financial status and general economic circumstances.
The update of the carrying amount of trade receivables includes not only events that occurred up to the reporting date but also those disclosed subsequently, but prior to publication of these consolidated financial statements. Each year the Company analyzes whether the rules determining the value of loss allowances reflect the actual impairment loss of receivables.
Loss allowances of trade receivables are recognized as part of operating costs. Loss allowances for other receivables are recognized in other operating costs or in financial expenses if the related receivable was recognized as a result of a sale of investment transaction or other operation for which expenses and income relate to financial activity. Allowances of receivable accounts related to interest accrued are recognized in financial expenses.

All figures in thousands of EUR, unless stated otherwise. 43

If the reason for recognition of an allowance is no longer valid, the allowance is reversed, either in total or in an appropriate proportion, being recognized as an increase in the value of a relevant asset or as an adjustment to respective cost items.
At each reporting date the Company estimates the percentage of completed implementation contracts compared to invoices issued.
The Company estimates allowances for trade receivables and contract assets according to IFRS 9 Financial instruments. The simplified approach requires a statistical analysis, which is usually accompanied by the application of assumptions and professional judgment.

| Trade receivable | 31 Dec 2022 | 31 Dec 2021 |
|---|---|---|
| **Trade accounts receivable including:** | **9,143** | **10,080** |
| Receivables from related companies, of which: | 838 | 716 |
| from subsidiaries | 512 | 454 |
| Receivables from other companies | 8,498 | 9,558 |
| Revaluation write-down on doubtful accounts receivable | (193) | (194) |

| Allowance for trade receivables | |
|---|---|
| **As at 1 January 2022** | **(194)** |
| Created during the reporting period (-) | (14) |
| Utilized during the reporting period (+) | - |
| Reversed during the reporting period (+) | 15 |
| **As at 31 December 2022** | **(193)** |

Trade accounts receivable are not interest-bearing.

The Company has a policy of selling its products to reliable clients only. Consequently, in Management's opinion, credit sales risk does not exceed the level covered by allowances for doubtful accounts as established by the Company.

As at 31 December 2022 and 31 December 2021, no receivables served as security for bank credits.

**Contracts assets**

If the progress of costs incurred, reduced by expected losses and increased by profits included in the profit and loss account, exceeds the progress of invoiced sales, the amount of non-invoiced sales constituting this difference is presented as trade receivables.

On the other hand, if the progress of invoiced sales exceeds the proportion of costs incurred, decreased by expected losses and increased by profits included in the profit and loss account, future-related (unearned) revenues resulting from such differences are disclosed as trade liabilities.

In 2022 and 2021, the Company executed a number of IT implementation contracts. In line with IFRS 15, sales generated from such contracts are recognized according to their degree of completion. In 2022 and 2021 the Company measured this using the “cost” method (by determining the relation of costs incurred to overall project costs)

The following table includes basic data about contracts assets.

| | 31.12.2022 | | 31.12.2021 | |
|---|---|---|---|---|
| | Non-current | Current | Non-current | Current |
| **Contract assets (receivables from valuation of IT contracts)** | | | | |
| from related parties | - | - | - | - |
| from other entities | - | 10,642 | - | 6,283 |
| **Total contract assets** | **-** | **10,642** | **-** | **6,283** |

All figures in thousands of EUR, unless stated otherwise. 44

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

| | 12 months to 31 .12.2022<br>thousand EUR |
|---|---|
| **Contract assets (Receivables from valuation of IT contracts) as at 1 January 2022** | **6,283** |
| Recognition of revenues from invoices | (9,614) |
| Satisfaction of performance obligations without invoicing;<br>Change in an estimate of the transaction price or costs, other changes in the assumptions | 13,973 |
| **Contract assets as at 31 December 2022** | **10,642** |

Transactions with related companies are presented in notes 5.22 to these financial statements.

| | As at 31 Dec 2022 | | As at 31 Dec 2021 | |
|---|---|---|---|---|
| Receivables not yet due | 18,577 | 94% | 15,421 | 95% |
| Receivables past-due up to 3 months | 461 | 2% | 347 | 2% |
| Receivables past-due over 3 months | 747 | 4% | 496 | 3% |
| **Total** | **19,785** | **100%** | **16,264** | **100%** |

| **Tax receivable** | **31 Dec 2022** | **31 Dec 2021** |
|---|---|---|
| Corporate income tax | 460 | 255 |
| Withholding tax | 213 | 27 |
| **Total** | **673** | **282** |

| **Other receivables** | **31 Dec 2022** | **31 Dec 2021** |
|---|---|---|
| Receivables from prepayments paid | 58 | 148 |
| Receivables from dividends | 3,780 | 3,079 |
| Other receivables | 95 | 649 |
| **Total** | **3,933** | **3,876** |

| **Other non-current receivables** | **31 Dec 2022** | **31 Dec 2021** |
|---|---|---|
| Other receivables | - | 0 |
| **Total** | **-** | **0** |

## 5.13. Cash and cash equivalents

Cash and cash equivalents presented in the Statement of Financial Position consist of cash kept in banks and in hand by the Company, current cash deposits with a maturity not exceeding three months, and other highly liquid instruments.

The balance of cash and cash equivalents disclosed in the Financial Statement of Cash Flows consists of the cash and cash equivalents as defined above. For the purposes of the Statement of Cash Flows, the Company decided not to present current account credits (used as an element of financing).

All figures in thousands of EUR, unless stated otherwise. 45

| | 31 Dec 2022 | 31 Dec 2021 |
|---|---|---|
| Cash in bank | 3 972 | 5 501 |
| Cash in hand | 8 | 9 |
| Short-term deposits | - | - |
| Cash equivalents | 10 | 10 |
| **Total** | **3 990** | **5 520** |

The interest on cash in bank is calculated with variable interest rates which depend on the bank overnight deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Company and earn interest at the respective short-term deposit rates.

Current deposits did not serve as security for any bank guarantees (of due performance of contracts and tender deposits) either at 31 December 2022 or at 31 December 2021.

### 5.14. Share capital and capital reserves

Shareholders' equity is presented at nominal value. Shareholders' equity comprises the following items:

- share capital, presented in the amount of capital contributions made and paid up;
- share premium from the sale of shares over their par value;
- other comprehensive income;
- retained earnings, including the net profit for the reporting period.

The Company has capital stock amounting to EUR 709,023.84 which consists of 21,360,000 shares.

**Par value on shares**

All issued shares have a par value of EUR 0.033194 per share and have been fully paid up. In 2022 and 2021 there were no changes in the Company's share capital and share premium account.

**Treasury shares**

The Company acquired 213,600 own shares of EUR 1,371 thousand during the year 2022.

### 5.15. Bank loans, other loans and debt securities

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 Company classifies its financial liabilities to the following categories:

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

Company 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.

All figures in thousands of EUR, unless stated otherwise. 46

Loans collected of EUR 9,393 thousand presented as at 31 December 2022 include

- A loan EUR 8,296 thousand due from Asseco Enterprise Solutions, Slovak Republic (principal EUR 7,800 thousand, plus interest of EUR 327 thousand, interest rate 3M Euribor + 1.2% p.a., maturity on 31 December 2029. Amount EUR 1 200 thousand is due during 2023)
- A loan EUR 932 thousand due from Asseco International, a.s., Slovak Republic (principal EUR 932 thousand EUR + interest of EUR 0 thousand, interest rate 2,5% p.a. maturity on 31 December 2023)
- A loan EUR 142 thousand due from IBM Capital Slovensko (principal EUR 142 thousand, no interest, maturity on 1 July 2023)
- A loan EUR 23 thousand due from IBM Capital Slovensko (principal EUR 23 thousand, interest rate 0,98% p.a., maturity on 1 Jun 2024)

Loans collected of EUR 13,050 thousand presented as at 31 December 2021 include

- A loan due from Asseco Enterprise Solutions, Slovak Republic (principal EUR 9,000 thousand, plus interest of EUR 300 thousand, interest rate 3M Euribor + 1.2% p.a., maturity on 31 December 2029)
- A loan due from Slovenská sporiteľňa, a.s. (principal EUR 3,750 thousand, interest rate 1% p.a., maturity on 30 June 2022)

## 5.16. Other financial liabilities

| | 31 Dec 2022 | 31 Dec 2021 |
|---|---|---|
| Deferred payment for shares in acquired subsidiaries | 150 | - |
| Other financial liabilities | - | - |
| Contingent consideration recognized as part of business combination | - | - |
| **Financial liabilities (non-current)** | **150** | **-** |
| | | |
| Company shareholders dividends | 3,432 | 2,388 |
| Deferred payment for shares in acquired subsidiaries | 150 | - |
| Other financial liabilities | 7 | 9 |
| Contingent consideration recognized as part of business combination | - | - |
| **Financial liabilities (current)** | **3,589** | **2,397** |

Non-current and current part of the deffered payment for share in acquired companies represent liability to Asseco Poland SA based on Sale of the shares agreement.

## 5.17. Lease liabilities

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

All figures in thousands of EUR, unless stated otherwise. 47

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 Company is reasonably certain to exercise that option); and payments of penalties for terminating the lease (if the Company 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 Company using the incremental borrowing rate of the lessee, which constitutes the sum of the risk-free interest rate (being determined by the Company based on the quotations of relevant IRS derivatives or interest rates on government bonds for relevant currencies) and the credit risk premium for the Company (being quantified on the basis of margins offered to the Company on investment loans adequately secured with assets of the Company).

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 Company 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 Company 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 Company does not recognize any right-of-use assets or corresponding financial liabilities.

**Exemptions from applying IFRS 16**

The Company 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.

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

- office buildings

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

| | 31.12.2022 | | 31.12.2021 | |
|---|---|---|---|---|
| **Lease liabilities** | **Long-term** | **Short-term** | **Long-term** | **Short-term** |
| Leases of real estate | 13,399 | 816 | 11,934 | 340 |
| Leases of transportation vehicles | - | - | - | - |
| Leases of IT hardware | - | - | - | - |
| **Total** | **13,399** | **816** | **11,934** | **340** |

All figures in thousands of EUR, unless stated otherwise. 48

Minimálne budúce peňažné toky a záväzky podľa dohôd o finančnom lízingu sú nasledovné:

| Lease of office space | 31.12. 2022 | 31.12. 2021 |
|---|---|---|
| **Minimal lease payments** | | |
| up to 1 year | 816 | 340 |
| over 1 year but less than 5 years | 6,058 | 4,774 |
| over 5 years | 7,341 | 7,160 |
| **Future minimum lease payments** | **14,215** | **12,274** |
| Future interest costs | (1,044) | (1,014) |
| **Present value of lease liability** | | |
| up to 1 year | 656 | 201 |
| over 1 year but less than 5 years | 5,459 | 4,205 |
| over 5 years | 7,056 | 6,854 |
| **Lease liability** | **13,171** | **11,260** |

Incremental interest rate used 1,25%.

All figures in thousands of EUR, unless stated otherwise. 49

### 5.18. Trade payable and other liabilities

Trade payables relating to operating activities are recognized and disclosed at the amounts stated on the invoices as received, and are recognized in the reporting periods to which they relate. Other liabilities relate to operating activities, although unlike trade payables related to operating activities, they have not been invoiced.

| Current trade payable | 31 Dec 2022 | 31 Dec 2021 |
|---|---|---|
| Trade payable to related companies | 350 | 311 |
| Trade payable to other companies | 3,651 | 5,260 |
| Liabilities due to non-invoiced deliveries | 2,762 | 2,913 |
| Liabilities from project-related contractual penalties | 174 | - |
| **Total** | **6,937** | **8,484** |

| Non-current trade payable | 31 Dec 2022 | 31 Dec 2021 |
|---|---|---|
| Trade payable to other companies | - | - |
| **Total** | **-** | **-** |

Trade payables are not interest-bearing. Transactions with related companies are presented in note 5.22 to these financial statements. The standard payment period for trade accounts payable is 30 days.

| Liabilities due to taxes, import tariffs, social security and other regulatory benefits payable | 31 Dec 2022 | 31 Dec 2021 |
|---|---|---|
| Value added tax | 877 | 635 |
| Corporate income tax (CIT) | - | - |
| Personal income tax (PIT) | 264 | 193 |
| Social Insurance Institution | 818 | 625 |
| Other | 207 | 498 |
| **Total** | **2,166** | **1,951** |

The amount resulting from the difference between VAT payable and VAT receivable is paid to the relevant tax authorities on a monthly basis.

The subsidy advance represents the repayable advances received for the subsidy (grant). As there is doubt about its utilization, it is recognized as a liability.

| Other current liabilities | 31 Dec 2022 | 31 Dec 2021 |
|---|---|---|
| Liabilities to employees relating to salaries and wages | 1,198 | 890 |
| Liabilities from purchase of property, plant, equipment and intangible assets to parent company and subsidiaries | - | 398 |
| Liabilities from purchase of property, plant, equipment and intangible assets to entities related through the company's key management personnel | 72 | 72 |
| Other liabilities to related parties | 3,785 | - |
| Other liabilities to unrelated parties | 39 | 53 |
| **Total** | **5,094** | **1,413** |

| Other non-current liabilities | 31 Dec 2022 | 31 Dec 2021 |
|---|---|---|
| Liabilities from purchase of property, plant, equipment and intangible assets to parent company | 108 | 180 |
| **Total** | **108** | **180** |

All figures in thousands of EUR, unless stated otherwise. 50

Social fund liability is included under "Other liabilities", according to Social Fund Act (Nr. 152/1994 Z.z.). The balance of social fund liability is EUR 37 thousand as at 31 December 2022.

### 5.19. Contract liabilities

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: | 31.12.2022 | | 31.12.2021 | |
|---|---|---|---|---|
| | Non-current | Current | Non-current | Current |
| **Liabilities arising from valuation of IT contracts** | **-** | **988** | **-** | **999** |
| to related parties | - | - | - | - |
| to other entities | - | 988 | - | 999 |
| **Deferred income** | **23** | **1,029** | **73** | **358** |
| Maintenance services and license fees | 2 | 1,016 | 73 | 358 |
| Other prepaid services | 21 | 13 | - | - |
| Liability to transfer equipment | - | - | - | - |
| **Total** | **23** | **2,017** | **73** | **1 357** |

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

| | 12 months to 31 December 2022 |
|---|---|
| **Contract liabilities as at 1 January 2022** | **999** |
| Issue of invoices at the amount exceeding satisfaction of performance obligation | 4,396 |
| Satisfaction of performance obligations without invoicing;<br>Change in an estimate of the transaction price or costs, other changes in the assumptions | (4,407) |
| **Contract liabilities as at 31 December 2022** | **988** |

### 5.20. Non-current and current provisions for liabilities

A provision is recognized when the Company has a present obligation (legal or constructive) as a result of a past event, 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. Where the Company expects that the expenditure required to settle a provision is to be reimbursed, e.g., under an insurance contract, this reimbursement is recognized as a separate asset when, and only when, it is virtually certain that such reimbursement will be received. The expense relating to such a provision is presented in the profit and loss account, net of the amount of any reimbursements.

The Company 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.

Where the effect of the value of money in time is material, the amount of a provision is determined by discounting the expected future cash flows to their present value, using a pre-tax discount rate that reflects current market assessments of the value of money in time and the risks related to the liability. Where the discounting method is used, the increase in a provision due to the passage of time is recognized as borrowing costs.

All figures in thousands of EUR, unless stated otherwise. 51

**Warranty provisions**

Provisions for warranty-related costs are recognized when the product is sold or the service provided. Initial recognition is based on historical experience. The initial estimate of warranty-related costs is revised annually. The average warranty period is six months.

The provision for the costs of warranty repairs is created in relation to the implementation of own software with no maintenance contract under which any potential issues or claims from the customer could be settled. Based on the experience from previous years, the warranty provision is released over the period of six months.

| | Provision for warranty repairs | Provision for contractual penalties | Total |
|---|---|---|---|
| **As at 1 January 2022** | **-** | **62** | **62** |
| Provisions established during financial year (+) | - | - | - |
| Provisions reversed (-) | - | - | - |
| Provisions utilized (-) | - | - | - |
| **As at 31 December 2022** | **-** | **62** | **62** |
| Short-term as at 31 December 2022 | - | 62 | 62 |
| Long-term as at 31 December 2022 | - | - | - |
| **As at 31 December 2021** | **-** | **62** | **62** |
| Short-term as at 31 December 2021 | - | 62 | 62 |
| Long-term as at 31 December 2021 | - | - | - |

***Provisions for contractual penalties***

Provisions for contractual penalties includes provisions for penalties and compensations created for contractual penalties, mostly related to delayed projects.

### 5.21. Accrued expenses and deferred income

Accrued expenses are recognized in profit and loss in the amount of the probable obligations related to the current reporting period, in particular resulting from the supplies delivered / services rendered to the entity by its contractors, when the obligation's amount can be reliably valued.

Utilization of accruals may fall according to the time or volumes of supplies / services. Time and manner of amortization is justified with the nature of the costs amortized, with respect to the prudence principle.

Deferred income (unearned revenues) relates mainly to prepayments received for the provision of maintenance services in future periods. The Company applies deferred expenses or deferred income accounts if such income or expenses relate to future reporting periods. By contrast, accrued expenses are disclosed in the amount of probable liabilities relating to the present reporting period.

***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.

All figures in thousands of EUR, unless stated otherwise. 52

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.

Accrued expenses and deferred income are presented in the statement of financial position as non-current and current liabilities.

| **Current accrued expenses** | **31 Dec 2022** | **31 Dec 2021** |
|---|---|---|
| Accrual for unutilized vacation | 952 | 860 |
| Accrual for employee bonuses | 1,924 | 2,691 |
| **Total** | **2,876** | **3,551** |

Accrued expenses mainly consist of the accrual for unused vacation, accruals for salaries and wages of the current period to be paid out in future periods, which result from the bonus schemes applied by the Company as well as other employee-related accruals.

Quarterly (for the 4th quarter) and annual bonuses are included in accruals for employee bonuses as at 31 December 2022.

| **Current deferred income** | **31 Dec 2022** | **31 Dec 2021** |
|---|---|---|
| Asset grants | - | - |
| Other | - | 8 |
| **Total** | **-** | **8** |

| **Non - current deferred income** | **31 Dec 2022** | **31 Dec 2021** |
|---|---|---|
| Asset grants | - | - |
| Other | - | 1 |
| **Total** | **-** | **1** |

The balance of deferred income mainly relates to prepayments for the provision of services such as maintenance and IT support and license fees.

All figures in thousands of EUR, unless stated otherwise. 53

## 5.22. Transactions with related companies

| | Asseco Central Europe sales to related companies in the period of 12 months ended 31.12.2022 | 12 months ended 31.12.2021 | Asseco Central Europe purchases from related companies in the period of 12 months ended 31.12.2022 | 12 months ended 31.12.2021 | Asseco Central Europe receivables as at 31.12.2022 | 31.12.2021 | Asseco Central Europe liabilities as at 31.12.2022 | 31.12.2021 |
|---|---|---|---|---|---|---|---|---|
| **Transactions with parent company** | **186** | **172** | **135** | **278** | **47** | **44** | **45** | **2,399** |
| Asseco Poland S.A. | - | 2 | 134 | 278 | - | - | 45 | 11 |
| Asseco International | 186 | 170 | 1 | | 47 | 44 | - | 2,388 |
| **Transactions with subsidiaries** | **892** | **729** | **2,584** | **2,984** | **73** | **3,501** | **53** | **9,771** |
| Asseco Central Europe a.s. CZ | 681 | 650 | 2,207 | 1,916 | - | 2,496 | - | 4 |
| exe, a. s. | 15 | - | 198 | 141 | 7 | 154 | 14 | 48 |
| Asseco Central Europe Magyarorszag Zrt. | 46 | 47 | 143 | - | 34 | 787 | 26 | 398 |
| DWC | 32 | 29 | 24 | 923 | - | - | - | 17 |
| IPI s.r.o. | - | - | - | - | - | 61 | - | - |
| INVENTION, s.r.o. | 8 | 3 | 12 | 4 | 3 | 3 | 4 | 4 |
| Asseco Enterprise Solutions, a.s. | 110 | - | - | - | 30 | - | 10 | 9,300 |
| **Transactions with sister companies** | **329** | **376** | **336** | **292** | **389** | **395** | **3,947** | **83** |
| Asseco Software Nigeria Ltd. | 119 | 90 | - | - | 262 | 277 | 1 | 19 |
| Dahliamatic Sp. z o.o. | - | - | 29 | 29 | - | - | - | - |
| Berit | 106 | 34 | - | - | 1 | 1 | - | - |
| Asseco Solutions a.s. SR | 98 | 29 | 232 | 231 | 10 | 11 | 160 | 61 |
| Asseco Solutions a.s. ČR | 2 | 2 | 40 | 4 | 1 | 1 | 2 | 3 |
| CEIT Slovakia, a.s. | 16 | 204 | 35 | 28 | 115 | 88 | 3 785 | - |
| Asseco Central Asia | -12 | 17 | - | - | - | 17 | - | - |
| **Transactions with associates** | **299** | **234** | **1,046** | **201** | **404** | **3,902** | **138** | **163** |
| eDocu, a.s. | 2 | - | 4 | 30 | 56 | 328 | - | 3 |
| Galvaniho 5, s.r.o. | 42 | 35 | 902 | 11 | 7 | 2,998 | 57 | - |
| LittleLane, s.r.o. | - | - | - | - | 54 | 54 | - | - |
| PROSOFT Košice, a.s. | 255 | 199 | 140 | 160 | 287 | 522 | 81 | 160 |
| EdgeCom, a.s. | - | - | - | - | - | - | - | - |
| **Transactions with entities (individuals and/or legal entities) related through Group's key management personnel** | **3** | **6** | **8** | **20** | **-** | **1** | **180** | **252** |
| ABK Design & Consulting, s.r.o. | - | - | 8 | 18 | - | - | - | - |
| Asset a.s. | 1 | 6 | - | 2 | - | 1 | 180 | 252 |
| KIUK spol s r.o | 2 | - | - | - | - | - | - | - |
| **Total** | **1,710** | **1,517** | **4,109** | **3,775** | **913** | **7,843** | **4,363** | **12,668** |

All figures in thousands of EUR, unless stated otherwise

### 5.23. Information on transactions with other related entities

As at 31 December 2022 and as at 31 December 2021, according to information available to Asseco Central Europe, a. s., there were no significant liabilities due to transactions conducted with companies related through Key Management Personnel (boards of directors and supervisory boards of the Group companies) or with the Key Management Personnel themselves.

As at 31 December 2022 and as at 31 December 2021, according to information available to Asseco Central Europe, a. s., there were no significant receivables due to transactions conducted with companies related through Key Management Personnel (boards of directors and supervisory boards of the Group companies) or with the Key Management Personnel themselves.

In the 12-month periods ending 31 December 2022 and 31 December 2021, according to the accounting books and best knowledge of the management of Asseco Central Europe, a. s. there were no significant transactions conducted with companies related through the Key Management Personnel or with the Key Management Personnel.

# VI. Notes to the Statements of Cash Flows

## 6.1. Cash flows from operating activities

The table below presents items representing changes in working capital as disclosed in the Statement of Cash Flows:

| Changes in working capital | 12 months ended 31 Dec 2022 | 12 months ended 31 Dec 2021 |
|---|---|---|
| Change in inventories | 6 | (9) |
| Change in receivables | (3,302) | (3,132) |
| Change in liabilities | 7,085 | 1,649 |
| Change in deferred and accrued expenses | (438) | (370) |
| Change in provisions | - | (64) |
| **TOTAL** | **3,351** | **(1,926)** |

## 6.2. Cash flows from investment activities

For the period of 12 months ended 31 December 2022, the balance of cash flows from investment activities resulted mainly from the following income and expenditures:

- Acquisitions of tangible and intangible assets, including purchases of buildings and property, plant and equipment for EUR 1,381 thousand and purchases of intangible assets for EUR 602 thousand.
- Expenditures related to a research and development project for EUR 2,516 thousand.
- Dividend received for EUR 7,391 thousand.
- Acquisition of subsidiaries and associates related predominantly to INVENTION, a.s. (CEIT) (EUR 150 thousand) and from purchase of part of the company from Software foundation s.r.o. (EUR 150 thousand).
- Acquisition of associates and joint ventures represent sale of share of the company LittleLane, a.s. (EUR 1 thousand).
- Sale of investment in subsidiaries related to repayment of the receivable from sale of InterWay, a.s. (EUR 580 thousand).
- Proceeds from sale of investment in associates represend repaymet of receivable from sale of shares of the company Prosoft KOŠICE, a.s. (EUR 200 thousand).
- Loans collected (inflow) of EUR 3,670 thousand represend repayment of the loan granted to company Galvaniho 5, s.r.o. (EUR 2,760 thousand), company Asseco CEIT CZ, s.r.o. (EUR 600 thousand), company PROSOFT Košice, a.s. (EUR 280 thousand) and comapany EdgeCom, a.s. (EUR 30 thousand).
- Loans granted (outflow) EUR 2,100 thousand represent loans granted to company Asseco CEIT CZ, s.r.o. (EUR 1,200 thousand) and Asseco CEIT, a.s. ( EUR 900 thousand).

## 6.3. Cash flows from financing activities

In the 12 months ending 31 December 2022, the balance of cash flows from financing activities resulted mainly from the following income and expenditures:

- Repayment of bank and other loans represented by repayment of the loans provided by Slovenská Sporireľňa, a.s. (EUR 3,750 thousand), Asseco Enterprise Solutions, a.s. (EUR 1,200 thousand), IBM Capital Slovensko (EUR 118 thousand) and VUB leasing (EUR 20 thousand).
- Dividends paid to shareholders of the Parent Company of EUR 7,388 thousand.
- Dividends paid to non-controlling interests of EUR 889 thousand.
- Other cash flows from financing activity represent paid liability for treasury shares (EUR 1,071 thousand).

All figures in thousands of EUR, unless stated otherwise

# VII. OBJECTIVES AND PRINCIPLES OF FINANCIAL RISK MANAGEMENT

The Company is exposed to a number of risks arising from the macroeconomic situation of the countries in which it operates. The main external factors that may have an adverse impact on the Company's financial performance are: (i) fluctuations in foreign currency exchange rates against the euro, and (ii) changes in market interest rates. Financial results are also indirectly affected by the pace of GDP growth, the value of public orders for IT solutions, the level of capital expenditures made by enterprises and the inflation rate. In addition, the internal factors with potential negative bearing on the Company'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 Company's presentation currency is the euro; however, some contracts are denominated in foreign currencies. With regard to the above, the Company is exposed to potential losses resulting from fluctuations in foreign currency exchange rates versus the euro in the period between concluding a contract and invoicing.

*Identification:* According to the Company's procedures for entering into commercial contracts, each agreement concluded or denominated in a foreign currency, different from the Company's functional currency, is subject to detailed registration. Based on 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 systematic updates of the project implementation schedules and 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:* In order to hedge contracts settled in foreign currencies, the Company concludes simple currency derivatives such as forward contracts and, in the case of embedded instruments under foreign currency-denominated contracts, non-deliverable forward contracts. In addition, forward contracts with delivery of cash are applied for foreign currency contracts.

*Matching:* Hedging against foreign currency risk requires selection of suitable financial instruments to offset the impact of changes in the risk-causing factor on the Company's financial performance (the changes in embedded instruments and concluded instruments are balanced out). Nevertheless, because project implementation schedules and cash flows generated are characterized by a high degree of changeability, the Company is subject to changes in its exposure to foreign exchange risk. Therefore, the Company dynamically transfers its existing hedging instruments or concludes new ones with the objective of ensuring 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 signing date (spot rate and swap points), while transfer or conclusion of 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 Company's financial result will be potentially exposed to foreign currency risk.

The overall impact of foreign currency risk on the financial statements, from changes in exchange rates, was insignificant as of 31 December 2022.

In order to hedge against the risk of changes in foreign currency exchange rates and in interest rates, the Company utilizes currency forward contracts. Such financial derivatives are measured at fair value. Derivative instruments are recognized as assets or liabilities depending on whether their value is positive or negative.

Fair value of currency forward contracts is determined on the basis of the forward exchange rates currently available for contracts with similar maturity.

Gains and losses on changes in fair value of derivatives are recognized directly in profit or loss for the current financial reporting period, due to the fact that the Company does not use financial instruments which are qualified for hedge accounting.

**Interest rate risk**

Changes in market interest rates may have a negative influence on the financial results of the Company. The Company is exposed to the risk of interest rate changes primarily in two areas of its business activities: (i) credit facilities granted by external financial institutions, which are based on a variable interest rate, and (ii) changes in valuation of 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 currency risk management.

*Identification:* The interest rate risk arises and is recognized 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 Company; hence the knowledge of that issue is complete and acquired directly.

*Measurement:* The Company measures exposure to interest rate risk by preparing statements of the total amount resulting from all the financial instruments based on a variable interest rate.

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

*Measures:* In order to reduce its interest rate risk, the Company 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 Company gathers and analyzes the current market information concerning its present exposure to interest rate risk. Currently, the Company does not hedge against changes in interest rates due to the high degree of unpredictability of their credit repayment schedules.

**Credit risk**

The Company 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 Company provides IT solutions, and secondly with the financial credibility of the contractors with whom supply agreements are concluded. The maximum exposure 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 the knowledge of any complaints or pending judicial proceedings against a client already in existence at the time of signing an agreement. Every two weeks the Company is obliged to check the settlement of payments under concluded contracts, inclusive of 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, and to sustain the margins adopted for executed projects.

*Measures:* As the Company operates primarily in the banking and financial sectors, its customers are concerned about maintaining their good reputation. Here the engagement risk control is usually limited solely to monitoring the timely execution of bank transfers and, if required, sending reminders of outstanding payments. However, in the case of smaller clients, it is quite helpful to monitor their industry press and analyze the Company's previous experiences and those of its competitors. The Company concludes financial transactions with reputable brokerage houses and banks.

**Financial liquidity risk**

The Company 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) and cash flows anticipated from operating activities.

The Company's objective is to maintain a balance between continuity and flexibility of financing by using various sources of funds.

The following table shows the Company's trade accounts payable and other liabilities as at 31 December 2022 and 31 December 2021, by maturity period based on contractual undiscounted payments.

| Aging structure of trade trade payable and other liabilities | As at 31 Dec 2022 amount | As at 31 Dec 2022 structure | As at 31 Dec 2021 amount | As at 31 Dec 2021 structure |
|---|---|---|---|---|
| Liabilities already due | 590 | 1% | 866 | 2% |
| Liabilities due within 3 months | 11,244 | 29% | 11,374 | 30% |
| Liabilities due within 3 to 12 months | 6,843 | 17% | 5,344 | 14% |
| Liabilities due after 1 year | 20,644 | 53% | 20,214 | 54% |
| **Total** | **39,321** | **100%** | **37,798** | **100%** |

Financial guarantees provided are described in Note 8.1.

### Foreign currency risk

The Company tries to conclude contracts with clients in its functional currency to avoid exposure to the risk arising from fluctuations in foreign currency exchange rates.

The analysis of sensitivity of trade accounts payable and receivable to fluctuations in the exchange rates of the CZK and other currencies against the functional currencies of the company indicates that exposure to foreign currency risk is not significant.

| Trade accounts receivable and payable as at 31 December 2022 | Amount exposed to risk | Impact on financial results of the Company -10% | Impact on financial results of the Company 10% |
|---|---|---|---|
| **CZK:** | | | |
| Trade accounts receivable | 708 | (71) | 71 |
| Trade accounts payable | 7 | 1 | (1) |
| **USD:** | | | |
| Trade accounts receivable | 406 | (41) | 41 |
| Trade accounts payable | - | - | - |
| **HUF:** | | | |
| Trade accounts receivable | 8 | (1) | 1 |
| Trade accounts payable | - | - | - |
| **PLN:** | | | |
| Trade accounts receivable | 1 | - | - |
| Trade accounts payable | 12 | 1 | (1) |
| **Balance** | **1,142** | **(111)** | **111** |

All figures in thousands of EUR, unless stated otherwise 59

| Trade accounts receivable and payable as at 31 December 2021 | Amount exposed to risk | Impact on financial results of the Company -10% | 10% |
|---|---|---|---|
| **CZK:** | | | |
| Trade accounts receivable | 2,050 | (205) | 205 |
| Trade accounts payable | 1,597 | 160 | (160) |
| **USD:** | | | |
| Trade accounts receivable | 281 | (28) | 28 |
| Trade accounts payable | - | - | - |
| **CHF:** | | | |
| Trade accounts receivable | - | - | - |
| Trade accounts payable | 26 | 3 | (3) |
| **PLN:** | | | |
| Trade accounts receivable | - | - | - |
| Trade accounts payable | 11 | 1 | (1) |
| **Balance** | **3,965** | **(69)** | **69** |

**Effects of reducing interest rate risk**

The analysis of sensitivity related to fluctuations in interest rates of loans granted indicates the following net impact on financial results:

| Loans granted based on variable interest rates as at 31 December 2022 | Amount exposed to risk | Impact on financial results -15% | 15% |
|---|---|---|---|
| Loans granted based on BUBOR | - | - | - |

| Loans granted based on variable interest rates as at 31 December 2021 | Amount exposed to risk | Impact on financial results -15% | 15% |
|---|---|---|---|
| Loans granted based on BUBOR | 406 | - | - |

| Loans collected based on variable interest rates as at 31 December 2022 | Amount exposed to risk | Impact on financial results -15% | 15% |
|---|---|---|---|
| Loans collected based on EURIBOR | 8,296 | (4) | 4 |

| Loans collected based on variable interest rates as at 31 December 2021 | Amount exposed to risk | Impact on financial results -15% | 15% |
|---|---|---|---|
| Loans collected based on EURIBOR | 9,300 | (4) | 4 |

Other financial assets (bills of exchange) and loans (eDocu, LittleLane) are based on fixed interest rates and are not included in the sensitivity analysis.

All figures in thousands of EUR, unless stated otherwise 60

**Methods adopted for conducting sensitivity analysis**

The analysis of sensitivity to fluctuations in foreign exchange rates and interest rates, with potential impact on our financial results, was conducted using the percentage deviations of +/-10% and +/-15%, by which the reference exchange rates and interest rates, effective as at the balance sheet date, were increased or decreased.

**Fair value**

The Company considers three levels of hierarchy to nominate the fair value of financial instruments. First level: the fair value of financial instruments which are actively traded on organized financial markets is nominated based on quoted market prices. Second level: the fair value of financial instruments for which no quoted market price is available is nominated based on the actual market price of another instrument which is identical. Third level: fair value is determined based on discounted cash flows from the net assets underlying the financial instrument.

In practice the Company determines the fair value of its financial instruments using the second or third level, the actual market price of identical derivative financial instruments. There was no outstanding position of financial instruments at fair value as of 31 December 2022 except of share of the company Rioacath FNDB value of CZK 20 000 thousand (EUR 804 thousand).

# VIII. Other explanatory notes to the Individual Financial Statements

## 8.1. Contingent liabilities concerning related companies

As at 31 December 2022, guarantees and sureties issued for Asseco Central Europe a. s. were as follows:

- Asseco Central Europe a. s. uses 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 the end of the year 2024).

As at 31 December 2021, guarantees and sureties issued for Asseco Central Europe a. s. were as follows:

- Asseco Central Europe a. s. uses bank guarantees issued by Komerční banka a. s. of EUR 2,244 thousand to secure its obligations towards various public offering procurers (guarantees are effective up to the end of the year 2023).

As at 31 December 2022, guarantees and sureties issued by Asseco Central Europe a. s. were as follows:

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

As at 31 December 2021, guarantees and sureties issued by Asseco Central Europe a. s. were as follows:

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

## 8.2. Contingent liabilities in favor of other companies

Additionally, as at 31 December 2022 and 31 December 2021, the Company was a party to a number of leasing and tenancy contracts or other similar contracts, resulting in the following future liabilities:

| Liabilities under lease of space | 31 Dec 2022 | 31 Dec 2021 |
|---|---|---|
| In a period up to 1 year | 154 | 144 |
| **Total** | **144** | **144** |

## 8.3. Employment

| Average Company workforce in the reporting period | 12 months ended 31 Dec 2022 | 12 months ended 31 Dec 2021 |
|---|---|---|
| Management Board | 3 | 3 |
| Production departments | 447 | 345 |
| Direct sales departments | 3 | 3 |
| Indirect sales departments | 4 | 3 |
| Back-office departments | 70 | 60 |
| **Total** | **527** | **414** |

All figures in thousands of EUR, unless stated otherwise 62

| Company workforce as at | 31 Dec 2022 | 31 Dec 2021 |
|---|---|---|
| Management Board | 3 | 4 |
| Production departments | 512 | 379 |
| Direct sales departments | 3 | 3 |
| Indirect sales departments | 4 | 4 |
| Back-office departments | 88 | 71 |
| **Total** | **610** | **461** |

## 8.4. Remuneration due to certified auditors or the entity authorized to audit financial statements

The table below discloses the total amounts due to the entity authorized to audit financial statements, Ernst & Young Slovakia, spol. s r. o., paid or payable for the years ended 31 December 2022 and 31 December 2021, broken down by type of service:

| Type of service | 31 Dec 2022 | 31 Dec 2021 |
|---|---|---|
| Obligatory audit of annual financial statements | 99 | 71 |
| **Total** | **99** | **71** |

## 8.5. Remuneration of Members of the Board of Directors and Supervisory Board of the Company

The table below presents in euros remuneration payable to Members of the Board of Directors and the Supervisory Board of the Company for performance of their functions during 2022 and 2021.

| Remuneration for the period of | 12 months ended 31 Dec 2022 | 12 months ended 31 Dec 2021 |
|---|---|---|
| Board of Directors | 847 | 808 |
| Supervisory Board | 79 | 56 |

In addditon, there were paid bonuses for results achieved in 2022 in the amount of EUR 591 thousand in the reporting period (in 2021 it was EUR 460 thousand for results achieved in 2020).

## 8.6. Equity management

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

The Company manages its equity structure in response to changing economic conditions. In order to maintain or adjust its equity structure, the Company may change its dividend payment policy, return some capital to its shareholders or issue new shares. In 2022 and the year ended 31 December 2021, the Company did not introduce any changes to its objectives, principles and processes adopted in this area.

The Company consistently monitors the balance of its capital using a leverage ratio, which is calculated by comparing net liabilities to total equity increased by net liabilities. It is the Company’s principle to maintain this ratio below 35%. Net liabilities include interest-bearing credits and loans, trade accounts payable and other liabilities, decreased by cash and cash equivalents. Equity comprises own equity attributable to the Company’s shareholders, decreased by reserve capitals from unrealized net profits

All figures in thousands of EUR, unless stated otherwise

| Equity management | 31 Dec 2022 | 31 Dec 2021 |
|---|---|---|
| Bank loans and other loans | 9,393 | 13,050 |
| Lease liabilities | 13,171 | 11,260 |
| Trade accounts payable and other liabilities | 16,322 | 15,424 |
| Cash and cash equivalents (-) | (3,990) | (5,520) |
| **Net (assets) and liabilities** | **34,896** | **34,214** |
| | | |
| Shareholders' equity | 114,562 | 116,027 |
| Total equity | 114,562 | 116,027 |
| **Equity plus net liabilities** | **149 458** | **150,241** |
| **Leverage ratio** | **23,35%** | **22,77%** |

## 8.7. Seasonal and cyclical nature of business

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

## 8.8. Significant events after the balance sheet date

Up to the date of preparing these individual financial statements, 15 March 2023, folowing events occurred:

- The company LittleLane, a.s. during the year 2023 has changed the company name to Asseco CE Cloud, a.s.

All figures in thousands of EUR, unless stated otherwise

Building a better working world

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

Tel: +421 2 3333 9111
ey.com

# 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 Financial Statements*

### *Opinion*

We have audited the financial statements of Asseco Central Europe, a. s. (the Company), which comprise the Financial Statement of Financial Position as at 31 December 2022, Financial Statement of Income and Other Comprehensive Income, Financial Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Company give a true and fair view of the financial position of the Company as at 31 December 2022, and of its financial performance and its 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 Financial Statements section of our report. We are independent of the Company 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 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 Financial Statements*

Management is responsible for the preparation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

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

### *Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the 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 or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these 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 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 Company'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 Company'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 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements including the presented information as well as whether the financial statements captures the underlying transactions and events in a manner that leads to their fair presentation.

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 Annual Report*

Management is responsible for the information disclosed in the 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 financial statements expressed above does not apply to other information contained in the annual report.

In connection with audit of the financial statements it is our responsibility to understand the information disclosed in the annual report and to consider whether such information is not materially inconsistent with audited financial statements or our knowledge obtained in the audit of the 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 Company's annual report contains information, disclosure of which is required by the Act on Accounting and based on procedures performed during the audit of financial statements, we will express our opinion considering whether:

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

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

15 March 2023
Bratislava, Slovak Republic

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

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

# ASSECO CENTRAL EUROPE GROUP

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

**FOR THE YEAR ENDED 31 DECEMBER 2022**

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

**BRATISLAVA, 15 MARCH 2023**

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

## Contents

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

Board of Directors:

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

**Bratislava, 15 March 2023**

# Consolidated statement of profit and loss and other comprehensive income

## Asseco Central Europe Group

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

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

(in EUR thousand)

# Consolidated statement of financial position

## Asseco Central Europe Group

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

(in EUR thousand)

# Consolidated statement of financial position

## Asseco Central Europe Group

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

(in EUR thousand)

# Consolidated statement of changes in equity
## Asseco Central Europe Group

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

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

(in EUR thousand) page 8

# Consolidated statement of cash flows
## Asseco Central Europe Group

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

(in EUR thousand)

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

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

(in EUR thousand)

# Supplementary information and explanations of the consolidated financial statements

## 1. GENERAL INFORMATION

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

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

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

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

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

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

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

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

# 2. BASIS FOR PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

## 2.1. Basis for preparation

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

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

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

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

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

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

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

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

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

## 2.3. Compliance statement

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

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

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

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

### 2.4. Functional currency and presentation currency

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

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

### 2.5. Professional judgments and estimates

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

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

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

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

New standards or amendments to the International Financial Reporting Standards effective from 1 January 2022:
- Amendments to IAS 16 'Property, Plant and Equipment – Proceeds before Intended Use';
- Amendments to IAS 37 'Onerous Contracts – Cost of Fulfilling a Contract';
- Amendments to IFRS 3 'Business Combinations – Reference to the Conceptual Framework'; and
- Annual Improvements to IFRS Standards 2018-2020 – Amendments to IAS 41, IFRS 1 and IFRS 9 related primarily to removing inconsistencies and clarifying wording;

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

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

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

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

23 January 2020 and 15 July 2020, respectively) – not yet endorsed by the EU till the date of approval of these financial statements – effective for annual periods beginning on or after 1 January 2024;

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

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

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

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

### 2.8. Corrections of material errors

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

### 2.9. Changes in the comparative data

There has been no change to the comparative data.

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

*Significant accounting policies*

***Consolidation rules***

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

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

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

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

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

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

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

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

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

***Business combination under common control***

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

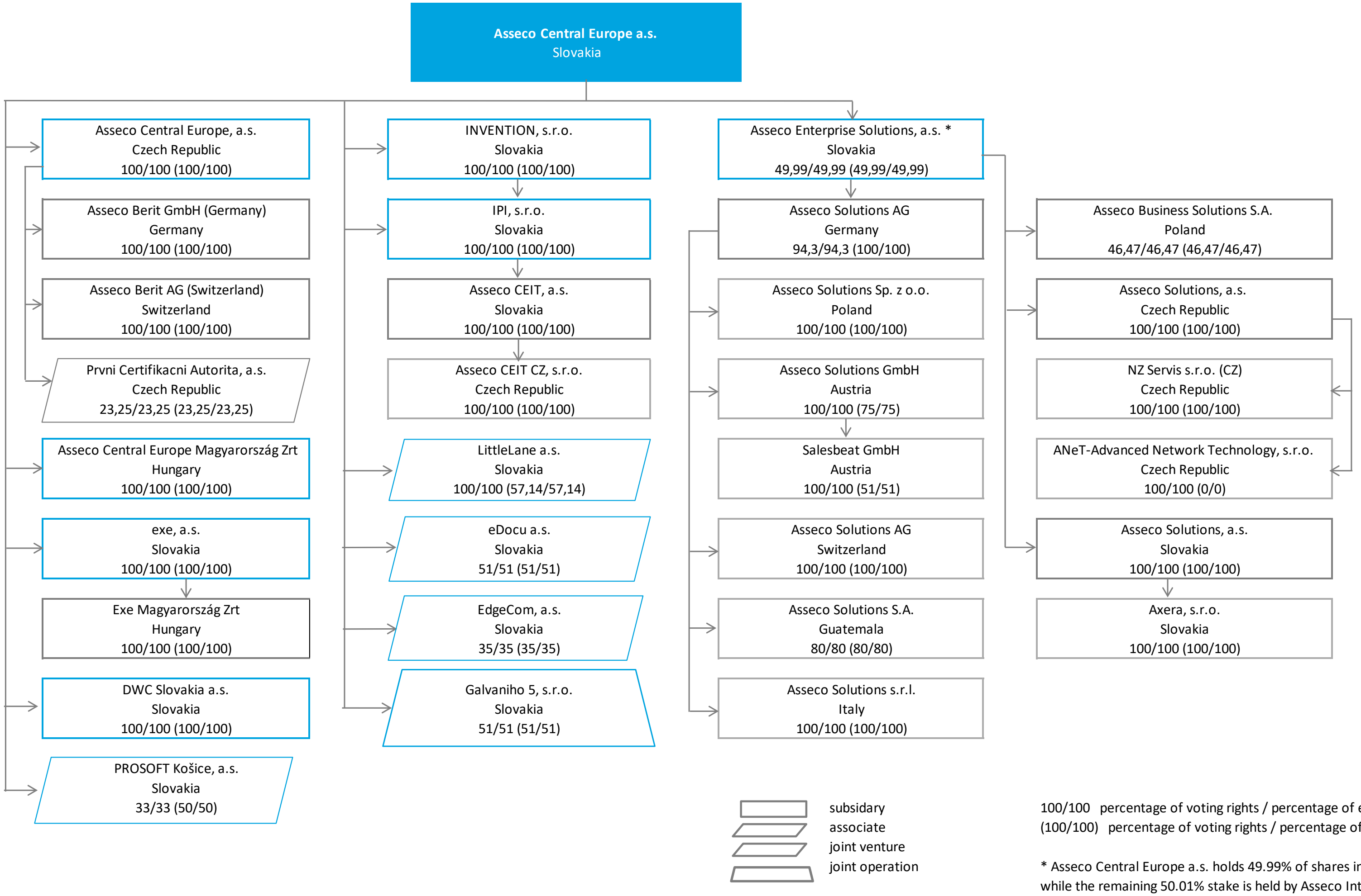
*In the case of a business combination under common control, entities within the Group should apply the pooling of interest method with application of financial data from consolidated financial statements of the Parent entity.*

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

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

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

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




100/100 percentage of voting rights / percentage of equity interest as at 31.12.2022
(100/100) percentage of voting rights / percentage of equity interest as at 31.12.2021

* Asseco Central Europe a.s. holds 49.99% of shares in Asseco Enterprise Solutions, a.s., while the remaining 50.01% stake is held by Asseco International, a.s.
Asseco Central Europe, a.s. maintains direct control over Asseco Enterprise Solutions, a.s

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

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

## 4. INFORMATION ON OPERATING SEGMENTS

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

The Group identifies the following three operating segments:

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

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

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

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

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

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

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

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

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

(in EUR thousand) page 19

# 5. NOTES TO THE CONSOLIDATED STATEMENT OF PROFIT AND LOSS

## 5.1. Operating revenues

*Significant accounting policies*

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

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

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

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

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

***a) Sale of own licenses and services***

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

- ***Comprehensive IT projects***

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

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

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

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

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

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

- ***Maintenance services and warranties***

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

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

***b) Sale of third-party licenses and services***

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

***c) Sale of hardware***

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

***d) Variable consideration***

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

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

***e) Significant financing component***

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

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

***f) Costs of contracts with customers***

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

***g) Other practical expedients applied by the Group***

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

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

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

*Professional judgements and estimates*

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

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

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

(in EUR thousand) page 22

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

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

### *i. Breakdown of segment sales by type of product*

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

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

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

### *ii. Breakdown of segment sales by sector*

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

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

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

(in EUR thousand) page 23

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

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

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

### *iv. Remaining performance obligations*

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

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

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

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

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

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

(in EUR thousand)

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

## 5.2. Operating costs

*Significant accounting policies*

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

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

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

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

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

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

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

### *i. Costs of employee benefits*

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

(in EUR thousand)

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

***ii. Reconciliation of depreciation and amortization charges***

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

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

## 5.3. Other operating income and expenses

*Significant accounting policies*

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

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

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

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

(in EUR thousand) page 26

## 5.4. Financial income and expenses

*Significant accounting policies*

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

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

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

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

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

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

## 5.5. Corporate income tax

*Significant accounting policies*

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

(in EUR thousand) page 27

*Current income tax relating to items recognized directly in equity is recognized in equity and not in the profit or loss account. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.*
*Deferred tax assets and deferred tax liabilities are recognised in total as non-current and are not discounted. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.*
*Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.*
*The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.*
*Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.*
*Group recognises and measures assets and liabilities resulting from current income tax and deferred tax in accordance with IAS 12 Income tax.*

*Professional judgements and estimates*

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

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

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

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

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

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

(in EUR thousand) page 28

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

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

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

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

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

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

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

(in EUR thousand)

## 5.6. Earnings per share

*Significant accounting policies*

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

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

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

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

## 5.7. Information on dividends paid out

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

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

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

(in EUR thousand)

# 6. NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

## 6.1. Property, plant and equipment

*Significant accounting policies*

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

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

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

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

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

***Impairment of tangible assets***

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

***Borrowing costs***

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

*Professional judgments and estimates*

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

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

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

(in EUR thousand)

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

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

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

## 6.2. Intangible assets

*Significant accounting policies*

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

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

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

(in EUR thousand)

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

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

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

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

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

*Professional judgments and estimates*

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

***Intangible assets acquired in acquisitions***

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

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

***Cost of internally generated assets***

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

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

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

(in EUR thousand)

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

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

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

(in EUR thousand) page 34

## 6.3. Right-to-use assets

*Significant accounting policies*

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

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

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

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

***Initial recognition and measurement of right-of-use assets***

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

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

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

***Subsequent measurement of right-of-use assets***

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

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

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

*Professional judgements and estimates*

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

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

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

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

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

(in EUR thousand)

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

## 6.4. Goodwill

*Significant accounting policies*

*Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired exceeds the aggregate consideration transferred, the Group reassesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in profit or loss. As at the acquisition date, the acquired goodwill is allocated to every cash-generating unit which may benefit from synergy effects arising from a business combination. Each cash-generating unit or group of units to which the goodwill is so allocated shall: (i) represent the lowest level within the Group at which the goodwill is monitored for internal management purposes; and (ii) not be larger than an operating segment identified in accordance with IFRS 8 Operating Segments.*
*After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment on an annual basis as at 31 December, or more frequently if there are indications to do so. Goodwill is not subject to amortization.*
*An impairment write-down is determined by estimating the recoverable value of a cash-generating unit to which goodwill has been allocated. In the event the recoverable value of a cash-generating unit is lower than its carrying amount, an impairment charge shall be recognized. Such write-down is recognized as a financial expense.*
*Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in these circumstances is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.*

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

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

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

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

(in EUR thousand)

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

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

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

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

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

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

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

(in EUR thousand)

### 6.5. Impairment testing

*Significant accounting policies*

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

*Professional judgments and estimates*

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

***Subsidiaries which shares are listed on active market***

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

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

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

***Subsidiaries which shares are not listed on active market***

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

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

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

(in EUR thousand)

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

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

**Sensitivity analysis**

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

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

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

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

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

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

### 6.6. Investment in associates and joint ventures

*Significant accounting policies*

***Investment in associates***

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

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

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

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

***Investment in joint ventures***

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

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

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

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

| | 12 months ended | 12 months ended |
|---|---|---|

(in EUR thousand)

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

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

## 6.7. Entities with significant non-controlling interests

*Significant accounting policies*

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

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

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

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

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

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

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

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

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

(in EUR thousand)

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

## 6.8. Other financial assets

*Significant accounting policies*

*The Group classifies its financial assets to one of the following categories specified in IFRS 9:*
- *measured at fair value through other comprehensive income*
- *measured at amortized cost*
- *measured at fair value through profit or loss.*

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

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

***Initial measurement***
*Besides from some trade receivables, initially financial assets are measured at fair value. In case of financial assets that are not classified as measured at fair value through profit and loss, the initial value may be adjusted by any transaction costs that are incremental and directly attributable to the acquisition or issue of the financial instrument.*
***Derecognition***
*Group derecognises financial assets when: (i) the contractual rights to the cash flows from the financial asset expire, or (ii) contractual rights to cash flows were transferred together with risks and rewards of ownership of the financial asset.*

***Subsequent measurement***
*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.*

(in EUR thousand)

<u>*Measurement of financial assets at fair value through profit or loss*</u>

*Changes in the fair values of financial assets classified to this category are recognized through profit or loss. Interest income and dividends received on equity instruments quoted in active market are recognized as financial income.*

***Impairment of financial assets***

*The Group applies the expected loss impairment model for estimating impairment losses on financial assets.*

*The expected loss impairment model is applied to financial assets measured at amortized cost as well as to financial assets measured at fair value through other comprehensive income, except for investments in equity instruments.*

*In order to estimate impairment losses on financial assets, the Group applies the following approaches:*

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

*The Group applies the general approach for financial assets measured at fair value through other comprehensive income as well as for financial assets measured at amortized cost, except for receivables and contract assets.*

*Under the general approach, the Group estimates impairment losses on financial assets using a three-stage model based on changes in the credit risk of financial assets since their initial recognition.*

*Where the credit risk of financial assets has not increased significantly since initial recognition (stage 1), the Group estimates an allowance for 12-month expected credit losses. Where the credit risk of financial assets has increased significantly since initial recognition (stages 2 and 3), the Group estimates an allowance for expected credit losses over the lifetime of financial instruments.*

*At each reporting date, the Group analyzes if there are indications of a significant increase in the credit risk of financial assets held.*

*In the case of receivables and assets from contracts with customers, the Group applies the simplified approach and therefore changes in credit risk are not monitored, while an impairment allowance is measured at an amount equal to expected credit losses over the lifetime of receivables. The accounting policy regarding estimating of credit losses on trade receivables are presented in point 6.11. of these consolidated financial statements.*

***Fair value measurement***

*The Group measures financial instruments such as derivatives and investments in equity instruments at fair value at each balance sheet date.*

*Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either: (i) in the principal market for the asset or liability, or (ii) in the absence of a principal market, in the most advantageous market for the asset or liability.*

*All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:*

*level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities;*

*level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;*

*level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.*

*Professional judgments and estimates*

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

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

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

**Loans granted to related parties**

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

Loans granted to related parties comprise of:

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

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

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

*Significant accounting policies*

*Prepayments comprise expenses incurred before the balance sheet date that relate to future periods or to future revenues. Prepayments may in particular include the following items: (i) prepaid services (including maintenance services, licence fees, insurance, consultancy services) which shall be provided in future periods; (ii) rents paid in advance; (iii) expenses incurred in relation to an issuance of shares, until such issuance is registered; (iv) any other expenses incurred in the current period, but related to future periods.*

*In addition, Group recognizes as asset costs incurred to obtain a contract with customer and cost incurred to fulfil a contract with customer, if it expects to recover these costs.*

(in EUR thousand)

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

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

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

### 6.10. Inventories

*Significant accounting policies*

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

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

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

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

(in EUR thousand)

## 6.11. Trade receivables, contract assets and other receivables

*Significant accounting policies*

***Contract asset*** *is a is the Group's right to consideration in exchange for goods or services that the entity has transferred to a customer when that right is conditioned on something other than the passage of time.*
*Contract assets result from the excess of the percentage of completion of implementation contracts over invoices issued. In the case of such assets, the Group has also completed its performance obligation but the right to payment is conditioned on something other than the passage of time – which distinguishes contract assets from trade receivables.*
***Trade receivables****, which payment term is usually ranging from 10 to 40 days, are recognised and disclosed at the amounts initially invoiced, less any allowances for uncollectable receivables. Receivables with remote payment terms are recognised at the present value of expected payments less any allowances.*
***Uninvoiced receivables*** *are receivables relating to uninvoiced deliveries result from the supply of services which were performed during the reporting period (the Group has satisfied its performance obligation), but have not been invoiced until the end of the reporting period. As at the reporting date, according to the Group's assessment, the Group has an unconditional right to payment for its performance, therefore the respective amounts are classified as receivables.*
***Loss allowance of trade receivables***
*To determine the value of loss allowance for trade receivables Group uses simplified approach and does not track the changes in credit risk of receivables. Loss allowance is recognised at the amount of lifetime expected credit losses. For this purpose Group uses provision matrix that is based on historical credit loss experience adjusted by information regarding future. Each entity within the Group analyses its receivables basing on statistical provision matrixes including the risk resulting from diversity of its customer base and type of business. When necessary entities group their customers into homogeneous segments.*
*Loss allowance is updated at each reporting date.*
*For trade receivables overdue by over 180 days besides from statistical method basing on provision matrix Group uses individual approach. For each trade receivable overdue by over 180 days and significant value, Group recognises loss allowance at the amount determined by Management basing on their professional judgement. Professional judgement is made basing on analysis of customers' financial condition and general economic circumstances.*
*Update of the carrying amount of trade receivables includes not only events that occurred till the reporting date but also the ones disclosed after this date but before the date of publishing of these consolidated financial statements. Each year Group analyses whether rules of determination of the value of loss allowances reflect the actual impairment loss of receivables.*
*Loss allowances of trade receivables are recognised as a part of operating costs. The loss allowances for other receivables are recognised in other operating costs or in financial expenses if the related receivable was recognised as a result of the transaction of sale of investment or other operation of which expenses and income relate to financial activity. Allowances of receivable accounts that relates to interests accrued are recognised in financial expenses.*
*If the reason for recognition of an allowance is no longer valid, such allowance shall be reversed, in the whole amount or in appropriate portion, being recognized as an increase in the value of a relevant asset or as an adjustment to respective cost items.*

*Estimates*

*At each reporting date the Group makes an estimates of percentage of completion for implementation contracts compared to invoices issued. A certain part of estimates and professional judgement is also required to allocate a transaction price to performance obligations.*
*The Group estimates allowances for trade receivables and contract assets according to IFRS 9 Financial instruments. The simplified approach requires a statistical analysis, which usually is connected with making assumptions and applying a professional judgement.*

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

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

(in EUR thousand)

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

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

Trade receivables are not interest-bearing.

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

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

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

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

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

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

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

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

(in EUR thousand)

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

## 6.12. Cash and cash equivalents

*Significant accounting policies*

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

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

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

## 6.13. Non-current assets held for sale

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

## 6.14. Share capital

*Significant accounting policies*

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

(in EUR thousand) page 49

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

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

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

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

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

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

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

## 6.15. Bank loans, other loans and debt securities

*Significant accounting policies*

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

*The Group classifies its financial liabilities to the following categories:*

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

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

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

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

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

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

(in EUR thousand)

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

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

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

Assets serving as security for bank loan facilities:

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

(in EUR thousand)

## 6.16. Other financial liabilities

*Significant accounting policies*

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

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

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

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

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

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

*Professional judgments and estimates*

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

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

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

Liabilities due to acquisition of shares relate to:

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

(in EUR thousand)

### 6.17. Lease liabilities

*Significant accounting policies*

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

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

***Lease liabilities – initial recognition***

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

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

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

***Lease liabilities – subsequent measurement***

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

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

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

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

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

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

***Exemptions from applying IFRS 16***

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

*Professional judgments and estimates*

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

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

- office buildings,
- cars,
- IT equipment.

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

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

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

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

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

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

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

(in EUR thousand)

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

## 6.18. Trade and other payables

*Significant accounting policies*

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

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

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

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

(in EUR thousand)

## 6.19. Contract liabilities

*Significant accounting policies*

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

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

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

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

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

## 6.20. Provisions

*Significant accounting policies*

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

***Onerous contracts***

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

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

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

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

***Warranty provisions***

(in EUR thousand)

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

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

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

(in EUR thousand) page 57

## 6.21. Accrued expenses and deferred income

*Significant accounting policies*

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

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

***Government subsidies***

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

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

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

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

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

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

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

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

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

(in EUR thousand)

## 6.22. Transactions with related parties

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

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

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

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

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

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

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

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

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

(in EUR thousand)

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

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

# 7. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOW

## 7.1. Cash flows from operating activities

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

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

## 7.2. Cash flows from investing activities

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

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

## 7.3. Cash flows from financing activities

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

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

(in EUR thousand)

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

## 8. OBJECTIVES AND PRINCIPLES OF FINANCIAL RISK MANAGEMENT

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

**Foreign currency exposure risk**

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

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

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

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

(in EUR thousand)

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

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

**Interest rate risk**

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

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

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

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

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

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

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

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

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

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

**Credit risk**

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

**Financial liquidity risk**

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

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

(in EUR thousand)

**Foreign currency risk**

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

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

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

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

(in EUR thousand)

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

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

**Other types of risk**

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

## 9. OTHER EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*Selected accounting policies*

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

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

### 9.1. Commitments and contingencies in favuor of related parties

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

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

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

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

(in EUR thousand)

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

### 9.2. Commitments and contingent liabilities to other entities

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

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

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

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

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

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

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

### 9.3. Employment

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

(in EUR thousand) page 67

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

### 9.4. Remuneration of the entity authorized to audit financial statements

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

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

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

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

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

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

### 9.6. Equity management

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

(in EUR thousand)

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

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

## 9.7. Seasonal and cyclical nature of business

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

## 9.8. Significant events after the balance sheet date

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

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

## 9.9. Significant events related to prior years

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

(in EUR thousand)

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

Tel: +421 2 3333 9111
ey.com

# Independent Auditor's Report

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

## *Report on the Audit of the Consolidated Financial Statements*

### *Opinion*

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

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

### *Basis for Opinion*

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

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

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

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

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

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

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

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

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

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

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

***Report on Other Legal and Regulatory Requirements***

*Report on Information Disclosed in the Consolidated Annual Report*

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

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

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

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

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

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

15 March 2023
Bratislava, Slovak Republic

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

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