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# Årsredovisning

för

# Javorina Management AB

559235-8393

Räkenskapsåret

2021-07-01 - 2021-12-31

## Fastställelseintyg

Undertecknad styrelseledamot i Javorina Management AB intygar att resultaträkningen och balansräkningen i årsredovisningen har fastställts på årsstämma 2022-06-22 Årsstämman beslutade att godkänna styrelsens förslag till resultatdisposition.

Jag intygar också att innehållet i årsredovisningen och revisionsberättelsen stämmer överens med originalen.

Stockholm 2022-06-22

Michal Tománek

20220627354222

Styrelsen för Javorina Management AB avger följande årsredovisning för räkenskapsåret 2021-07-01 - 2021-12-31.

Årsredovisningen är upprättad i svenska kronor, SEK. Om inte annat särskilt anges, redovisas alla belopp i hela kronor (kr). Uppgifter inom parentes avser föregående år.

# Förvaltningsberättelse

## Information om verksamheten
Företagets verksamhet inbegriper primärt att äga och förvalta andelar i andra icke-börsnoterade företag. Företagets verksamhet bedrivs i huvudsak i Sverige samt i andra länder runtom i världen. Företaget genomför affärstransaktioner som hjälper till att främja dess syfte.

Företaget har sitt säte i Stockholm.

## Väsentliga händelser under räkenskapsåret
Företaget förvärvade 100 % av Stratiteq Sweden AB under räkenskapsåret. Förvärvet trädde i kraft den 1 oktober 2021.

## Väsentliga händelser efter räkenskapsårets slut
Företaget kommer att utforska alternativ för koncerninterna sammanslagningar under 2022 för att förenkla strukturen och göra företaget mer flexibelt inför framtida potentiella förvärv.

## Ägarförhållanden
Företaget är ett dotterbolag till Aricoma Group International AB (moderbolaget). Koncernredovisningen utarbetas för KKCG Technologies (moderbolag till Aricoma Group International AB).
Aricoma Group International AB är registrerat med organisationsnummer 559235-9748 och har sitt säte på c/o Aspia AB, Box 91, 851 02 Sundsvall, Sverige. KKCG Technologies s.r.o. är registrerat hos Prags stadsdomstol med organisationsnummer C 295710 och har sitt säte på Evropská 866/71, Vokovice, 160 00 Prag 6, Tjeckien.

Sedan 15 september 2021 ingår Javorina Management AB i KKCG Group. Javorina Management AB kontrolleras direkt av KKCG AG, som har sitt säte på Kapellgasse 21, 6004 Luzern, Schweiz, registrerat med organisationsnummer CHE-326.367.231.

| **Flerårsöversikt** (Tkr) | **2021** (6 mån) | **2020/21** (18 mån) |
|---|---|---|
| Resultat efter finansiella poster | -2 209 | *0* |
| Soliditet (%) | 0,5 | 100,0 |

För definitioner av nyckeltal, se Redovisnings- och värderingsprinciper.

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## Förändring av eget kapital

| | Aktie-kapital | Balanserat resultat | Årets resultat | Totalt |
|---|---|---|---|---|
| Belopp vid årets ingång | 25 000 | | | **25 000** |
| Erhållna aktieägartillskott | | 3 000 000 | | **3 000 000** |
| Årets resultat | | | -2 209 360 | **-2 209 360** |
| **Belopp vid årets utgång** | **25 000** | **3 000 000** | **-2 209 360** | **815 640** |

Villkorade, ännu ej återbetalda, aktieägartillskott uppgår per balansdagen till 3 000 tkr (0).

## Förslag till vinstdisposition

Styrelsen föreslår att till förfogande stående vinstmedel (kronor):

| | |
|---|---|
| balanserad vinst | 3 000 000 |
| årets förlust | -2 209 360 |
| | **790 640** |
| | |
| disponeras så att | |
| i ny räkning överföres | 790 640 |
| | **790 640** |

Företagets resultat och ställning i övrigt framgår av efterföljande resultat- och balansräkning med noter.

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# Resultaträkning

| | Not | 2021-07-01 -2021-12-31 (6 mån) | 2020-01-08 -2021-06-30 (18 mån) |
|---|---|---|---|
| **Rörelsens kostnader** | | | |
| Övriga externa kostnader | | -142 135 | 0 |
| | | **-142 135** | **0** |
| **Rörelseresultat** | | **-142 135** | **0** |
| **Resultat från finansiella poster** | | | |
| Övriga ränteintäkter och liknande resultatposter | 2 | 324 737 | 0 |
| Räntekostnader och liknande resultatposter | 3 | -2 391 962 | 0 |
| | | **-2 067 225** | **0** |
| **Resultat efter finansiella poster** | | **-2 209 360** | **0** |
| **Resultat före skatt** | | **-2 209 360** | **0** |
| **Årets resultat** | | **-2 209 360** | **0** |

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# Balansräkning

| | Not | 2021-12-31 | 2021-06-30 |
|---|---|---|---|
| **TILLGÅNGAR** | | | |
| **Anläggningstillgångar** | | | |
| ***Finansiella anläggningstillgångar*** | | | |
| Andelar i koncernföretag | 4, 5 | 160 845 846 | 0 |
| | | **160 845 846** | **0** |
| **Summa anläggningstillgångar** | | **160 845 846** | **0** |
| **Omsättningstillgångar** | | | |
| ***Kortfristiga fordringar*** | | | |
| Fordringar hos koncernföretag | | 5 046 516 | 25 000 |
| | | **5 046 516** | **25 000** |
| ***Kassa och bank*** | | 387 730 | 0 |
| **Summa omsättningstillgångar** | | **5 434 246** | **25 000** |
| **SUMMA TILLGÅNGAR** | | **166 280 092** | **25 000** |

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# Balansräkning

| | Not | 2021-12-31 | 2021-06-30 |
|---|---|---|---|
| **EGET KAPITAL OCH SKULDER** | | | |
| **Eget kapital** | | | |
| ***Bundet eget kapital*** | | | |
| Aktiekapital | | 25 000 | 25 000 |
| | | **25 000** | **25 000** |
| ***Fritt eget kapital*** | | | |
| Balanserad vinst eller förlust | | 3 000 000 | 0 |
| Årets resultat | | -2 209 360 | 0 |
| | | **790 640** | **0** |
| **Summa eget kapital** | | **815 640** | **25 000** |
| **Avsättningar** | | | |
| Övriga avsättningar | 6 | 20 000 000 | 0 |
| **Summa avsättningar** | | **20 000 000** | **0** |
| **Långfristiga skulder** | | | |
| Skulder till kreditinstitut | 7 | 99 906 848 | 0 |
| **Summa långfristiga skulder** | | **99 906 848** | **0** |
| **Kortfristiga skulder** | | | |
| Skulder till kreditinstitut | 7 | 17 738 874 | 0 |
| Skulder till koncernföretag | | 17 276 177 | 0 |
| Övriga skulder | | 10 000 000 | 0 |
| Upplupna kostnader och förutbetalda intäkter | | 542 553 | 0 |
| **Summa kortfristiga skulder** | | **45 557 604** | **0** |
| **SUMMA EGET KAPITAL OCH SKULDER** | | **166 280 092** | **25 000** |

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# Noter

## Not 1 Redovisnings- och värderingsprinciper

### Allmänna upplysningar

From räkenskapsåret 2021-07-01 upprättas årsredovisningen med tillämpning av årsredovisningslagen och Bokföringsnämndens allmänna råd BFNAR 2012:1 Årsredovisning och koncernredovisning (K3). Tidigare tillämpades BFNAR 2016:10 dvs K2. Övergången har gjorts i enlighet med föreskrifterna i K3s kapitel 35. Javorina Management AB är ett mindre företag och har utnyttjat mindre företags möjlighet att inte räkna om jämförelsetalen för 2020 enligt K3s principer. Presenterade jämförelsetal överstämmer istället med de uppgifter som presenterades i föregående års årsredovisning.

Fordringar och skulder i utländsk valuta har värderats till balansdagens kurs. Kursvinster och kursförluster på rörelsefordringar och rörelseskulder redovisas i rörelseresultatet medan kursvinster och kursförluster på finansiella fordringar och skulder redovisas som finansiella poster.

Bolaget redovisar under räkenskapsåret valutakursvinster om 271 tkr respektive valutakurskostnader om 739 tkr, se vidare not 2 samt not 3.

### Låneutgifter

De låneutgifter som uppkommer då företaget lånar kapital kostnadsförs i resultaträkningen i den period de uppstår.

### Finansiella instrument

***Andelar i dotterföretag***

Andelar i dotterföretag redovisas till anskaffningsvärde efter avdrag för eventuella nedskrivningar. I anskaffningsvärdet ingår köpeskillingen som erlagts för aktierna samt förvärvskostnader. Eventuella kapitaltillskott läggs till anskaffningsvärdet när de uppkommer.

***Kundfordringar/kortfristiga fordringar***

Kundfordringar och kortfristiga fordringar redovisas som omsättningstillgångar till det belopp som förväntas bli inbetalt efter avdrag för individuellt bedömda osäkra fordringar.

***Låneskulder och leverantörsskulder***

Låneskulder och leverantörsskulder redovisas initialt till anskaffningsvärde efter avdrag för transaktionskostnader. Skiljer sig det redovisade beloppet från det belopp som ska återbetalas vid förfallotidpunkten periodiseras mellanskillnaden som räntekostnad över lånets löptid med hjälp av instrumentets effektivränta. Härigenom överensstämmer vid förfallotidpunkten det redovisade beloppet och det belopp som ska återbetalas.

### Inkomstskatter

Total skatt utgörs av aktuell skatt och uppskjuten skatt. Skatter redovisas i resultaträkningen, utom då underliggande transaktion redovisas direkt mot eget kapital varvid tillhörande skatteeffekter redovisas i eget kapital.

***Aktuell skatt***

Aktuell skatt avser inkomstskatt för innevarande räkenskapsår samt den del av tidigare räkenskapsårs inkomstskatt som ännu inte redovisats. Aktuell skatt beräknas utifrån den skattesats som gäller per balansdagen.

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## Koncernförhållanden
Företaget är moderföretag men med hänvisning till undantagsreglerna i årsredovisningslagen 7 kap 2§ upprättas ingen egen koncernredovisning. Det överordnade moderföretaget KKCG Technologies,, organisationsnummer C 295710 med säte i Vinohradská 1511/230, Strasnice, 100 00 Praha 10, Tjeckien upprättar koncernredovisning.

## Nyckeltalsdefinitioner
Resultat efter finansiella poster
Resultat efter finansiella intäkter och kostnader men före bokslutsdispositioner och skatter.

Soliditet (%)
Justerat eget kapital (eget kapital och obeskattade reserver med avdrag för uppskjuten skatt) i procent av balansomslutning.

## Not 2 Övriga ränteintäkter och liknande resultatposter

| | **2021-07-01 -2021-12-31** | **2020-01-08 -2021-06-30** |
|---|---|---|
| Ränteintäkter från koncernföretag | 1 136 | 0 |
| Övriga ränteintäkter | 52 509 | 0 |
| Kursdifferenser | 271 092 | 0 |
| | **324 737** | **0** |

## Not 3 Räntekostnader och liknande resultatposter

| | **2021-07-01 -2021-12-31** | **2020-01-08 -2021-06-30** |
|---|---|---|
| Räntekostnader till koncernföretag | -335 285 | |
| Övriga räntekostnader | -1 317 808 | 0 |
| Kursdifferenser | -738 869 | 0 |
| | **-2 391 962** | **0** |

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## Not 4 Andelar i koncernföretag

| | 2021-12-31 | 2021-06-30 |
|---|---|---|
| Inköp | 160 845 846 | 0 |
| **Utgående ackumulerade anskaffningsvärden** | **160 845 846** | **0** |
| **Utgående redovisat värde** | **160 845 846** | **0** |

## Not 5 Specifikation andelar i koncernföretag

| Namn | Kapital-andel | Rösträtts-andel | Antal andelar | Bokfört värde |
|---|---|---|---|---|
| Stratiteq Sweden AB | 100 | 100 | 1 128 | 160 845 846 |
| | | | | **160 845 846** |

| | Org.nr | Säte | Eget kapital | Resultat |
|---|---|---|---|---|
| Stratiteq Sweden AB | 556622-2682 | Malmö | 17 498 000 | 8 974 000 |

## Not 6 Avsättningar

| | 2021-12-31 | 2021-06-30 |
|---|---|---|
| Beräkning av tilläggsköpeskilling som är hänförlig till förvärv av dotterföretag | 20 000 000 | 0 |
| | **20 000 000** | **0** |

## Not 7 Långfristiga skulder

| | 2021-12-31 | 2021-06-30 |
|---|---|---|
| Skulder som ska betalas mellan ett och fem år efter balansdagen | 99 906 848 | 0 |
| Skulder som ska betalas inom ett år | 17 738 874 | 0 |
| | **117 645 722** | **0** |

## Not 8 Eventualförpliktelser

| | 2021-12-31 | 2021-06-30 |
|---|---|---|
| Borgensåtagande | 1 428 533 139 | 0 |
| | **1 428 533 139** | **0** |

Borgensåtagande avseende koncernbolagens skulder till kreditinstitut.

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**Not 9 Väsentliga händelser efter räkenskapsårets slut**
Företaget kommer att utforska alternativ för koncerninterna sammanslagningar under 2022 för att förenkla strukturen och göra företaget mer flexibelt inför framtida potentiella förvärv.

Stockholm 2022-06-22

Michal Tománek
Ordförande

David Emr

Ondrej Matustik

Vår revisionsberättelse har lämnats 2022-06-22

Öhrlings PricewaterhouseCoopers AB

Johan Rönnbäck
Auktoriserad revisor

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# Revisionsberättelse

Till bolagsstämman i Javorina Management AB, org.nr 559235-8393

## Rapport om årsredovisningen

### Uttalanden

Vi har utfört en revision av årsredovisningen för Javorina Management AB för räkenskapsåret 1 juli 2021 till 31 december 2021.

Enligt vår uppfattning har årsredovisningen upprättats i enlighet med årsredovisningslagen och ger en i alla väsentliga avseenden rättvisande bild av Javorina Management ABs finansiella ställning per den 31 december 2021 och av dess finansiella resultat för året enligt årsredovisningslagen. Förvaltningsberättelsen är förenlig med årsredovisningens övriga delar.

Vi tillstyrker därför att bolagsstämman fastställer resultaträkningen och balansräkningen för Javorina Management AB.

### Grund för uttalanden

Vi har utfört revisionen enligt International Standards on Auditing (ISA) och god revisionssed i Sverige. Vårt ansvar enligt dessa standarder beskrivs närmare i avsnittet Revisorns ansvar. Vi är oberoende i förhållande till Javorina Management AB enligt god revisorssed i Sverige och har i övrigt fullgjort vårt yrkesetiska ansvar enligt dessa krav.

Vi anser att de revisionsbevis vi har inhämtat är tillräckliga och ändamålsenliga som grund för våra uttalanden.

### Övrig upplysning

Årsredovisningen för år 2020/2021 har inte varit föremål för revision och någon revision av jämförelsetalen i årsredovisningen för räkenskapsåret 1 juli 2021 till 31 december 2021 har därmed inte utförts.

### Styrelsens ansvar

Det är styrelsen som har ansvaret för att årsredovisningen upprättas och att den ger en rättvisande bild enligt årsredovisningslagen. Styrelsen ansvarar även för den interna kontroll som de bedömer är nödvändig för att upprätta en årsredovisning som inte innehåller några väsentliga felaktigheter, vare sig dessa beror på oegentligheter eller misstag.

Vid upprättandet av årsredovisningen ansvarar styrelsen för bedömningen av bolagets förmåga att fortsätta verksamheten. De upplyser, när så är tillämpligt, om förhållanden som kan påverka förmågan att fortsätta verksamheten och att använda antagandet om fortsatt drift. Antagandet om fortsatt drift tillämpas dock inte om styrelsen avser att likvidera bolaget, upphöra med verksamheten eller inte har något realistiskt alternativ till att göra något av detta.

### Revisorns ansvar

Våra mål är att uppnå en rimlig grad av säkerhet om huruvida årsredovisningen som helhet inte innehåller några väsentliga felaktigheter, vare sig dessa beror på oegentligheter eller misstag, och att lämna en revisionsberättelse som innehåller våra uttalanden. Rimlig säkerhet är en hög grad av säkerhet, men är ingen garanti för att en revision som utförs enligt ISA och god revisionssed i Sverige alltid kommer att upptäcka en väsentlig felaktighet om en sådan finns. Felaktigheter kan uppstå på grund av oegentligheter eller misstag och anses vara väsentliga om de enskilt eller tillsammans rimligen kan förväntas påverka de ekonomiska beslut som användare fattar med grund i årsredovisningen.

En ytterligare beskrivning av vårt ansvar för revisionen av årsredovisningen finns på Revisorsinspektionens webbplats: www.revisorsinspektionen.se/revisornsansvar. Denna beskrivning är en del av revisionsberättelsen.

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# Rapport om andra krav enligt lagar och andra författningar

## Uttalanden

Utöver vår revision av årsredovisningen har vi även utfört en revision av styrelsens förvaltning för Javorina Management AB för räkenskapsåret 1 juli 2021 till 31 december 2021 samt av förslaget till dispositioner beträffande bolagets vinst eller förlust.

Vi tillstyrker att bolagsstämman disponerar vinsten enligt förslaget i förvaltningsberättelsen och beviljar styrelsens ledamöter ansvarsfrihet för räkenskapsåret.

## Grund för uttalanden

Vi har utfört revisionen enligt god revisionssed i Sverige. Vårt ansvar enligt denna beskrivs närmare i avsnittet Revisorns ansvar. Vi är oberoende i förhållande till Javorina Management AB enligt god revisorssed i Sverige och har i övrigt fullgjort vårt yrkesetiska ansvar enligt dessa krav.

Vi anser att de revisionsbevis vi har inhämtat är tillräckliga och ändamålsenliga som grund för våra uttalanden.

## Styrelsens ansvar

Det är styrelsen som har ansvaret för förslaget till dispositioner beträffande bolagets vinst eller förlust. Vid förslag till utdelning innefattar detta bland annat en bedömning av om utdelningen är försvarlig med hänsyn till de krav som bolagets verksamhetsart, omfattning och risker ställer på storleken av bolagets egna kapital, konsolideringsbehov, likviditet och ställning i övrigt.

Styrelsen ansvarar för bolagets organisation och förvaltningen av bolagets angelägenheter. Detta innefattar bland annat att fortlöpande bedöma bolagets ekonomiska situation, och att tillse att bolagets organisation är utformad så att bokföringen, medelsförvaltningen och bolagets ekonomiska angelägenheter i övrigt kontrolleras på ett betryggande sätt.

## Revisorns ansvar

Vårt mål beträffande revisionen av förvaltningen, och därmed vårt uttalande om ansvarsfrihet, är att inhämta revisionsbevis för att med en rimlig grad av säkerhet kunna bedöma om någon styrelseledamot i något väsentligt avseende:

- företagit någon åtgärd eller gjort sig skyldig till någon försummelse som kan föranleda ersättningsskyldighet mot bolaget
- på något annat sätt handlat i strid med aktiebolagslagen, årsredovisningslagen eller bolagsordningen.

Vårt mål beträffande revisionen av förslaget till dispositioner av bolagets vinst eller förlust, och därmed vårt uttalande om detta, är att med rimlig grad av säkerhet bedöma om förslaget är förenligt med aktiebolagslagen.

Rimlig säkerhet är en hög grad av säkerhet, men ingen garanti för att en revision som utförs enligt god revisionssed i Sverige alltid kommer att upptäcka åtgärder eller försummelser som kan föranleda ersättningsskyldighet mot bolaget, eller att ett förslag till dispositioner av bolagets vinst eller förlust inte är förenligt med aktiebolagslagen.

En ytterligare beskrivning av vårt ansvar för revisionen av förvaltningen finns på Revisorsinspektionens webbplats: www.revisorsinspektionen.se/revisornsansvar. Denna beskrivning är en del av revisionsberättelsen.

Malmö den 22 juni 2022

Öhrlings PricewaterhouseCoopers AB

Johan Rönnbäck
Auktoriserad revisor

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# KKCG Technologies s.r.o.

## CONSOLIDATED ANNUAL REPORT

## For the year ended 31 December 2021

202211290814

# KKCG Technologies s.r.o.

## CONSOLIDATED ANNUAL REPORT

## For the year ended 31 December 2021

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***ANNUAL REPORT***

## 1. Information about consolidating company

The company KKCG Technologies s.r.o. (hereinafter also referred to as "the Company") was established by a sole shareholder on 31 May 2018, it was incorporated on 31 May 2018 in the Commercial Register by the Municipal Court in Prague, Section C, insert 295710. Identification number is 071 71 234.

## 2. Information on the consolidation group

As at 31 December 2021, the Company formed a consolidation group with the following companies, which were controlled by the Company in under section 74 et seq. of the Act No. 90/2012 Coll., on business companies and cooperatives:

- **AEC a.s.**, with registered office at Voctářova 2500/20a, Libeň, 180 00 Praha 8, Czech Republic
- **AEC s.r.o.**, with registered office at Prievozská 1978/6, 821 09 Bratislava, Slovak Republic
- **Aricoma Capital a.s.**, with registered office at Vinohradská 1511/230, Strašnice, 100 00 Praha 10, Czech Republic
- **Aricoma Group a.s.**, with registered office at Vinohradská 1511/230, Strašnice, 100 00 Praha 10, Czech Republic
- **Aricoma Group AB**, with registered office at c/o Aspia Ab, Sandra Mattsson Flodmark, Box 6350, 102 35 Stockholm, Sweden
- **Aricoma Group International AB**, with registered office at c/o Aspia Ab, Sandra Mattsson Flodmark, Box 6350, 102 35 Stockholm, Sweden
- **AUTOCONT a.s.**, with registered office at Hornopolní 3322/34, Moravská Ostrava, 702 00 Ostrava, Czech Republic
- **AUTOCONT SRL**, with registered office at Avenue Luise 231, 1050, Brussel, Belgium
- **AUTOCONT s.r.o.**, with registered office at Krasovského 14, 851 01 Bratislava – mestská časť Petržalka, Slovak Republic
- **Društvo za Informatičku Technologiju Seavus DOO**, with registered office at Vojvode Misica, 180 00 Nis, Serbia
- **CES EA s.r.o.**, with registered office at Voctářova 2500/20a, Libeň, 180 00 Praha 8, Czech Republic
- **Cleverlance Deutschland GmbH**, with registered office at Eudard-Schopf-Allee 1a, D-28217 Bremen, Germany
- **Cleverlance Enterprise Solutions a.s.**, with registered office at Voctářova 2500/20a, Libeň, 180 00 Praha 8, Czech Republic
- **Cleverlance Group a.s.**, with registered office at Voctářova 2500/20a, Libeň, 180 00 Praha 8, Czech Republic
- **Cleverlance H2B a.s.**, with registered office at Tuřanka 1519/115a, Slatina, 627 00 Brno, Czech Republic
- **Cleverlance Slovakia s.r.o.**, with registered office at Prievozská 1978/6, 821 09 Bratislava, Slovak Republic
- **Cloud4com SK, s.r.o.**, with registered office at Staré Grunty 36, 841 04 Bratislava, Slovak Republic
- **Internet Projekt, s.r.o.**, with registered office at Vinohradská 1511/230, Strašnice, 100 00 Praha 10, Czech Republic
- **Javorina Management AB**, with registered office at c/o Aspia Ab, Sandra Mattsson Flodmark, Box 6350, 102 35 Stockholm, Sweden

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- **KOMIX s.r.o.**, with registered office at Drtinova 467/2a, Smíchov, 150 00 Praha 5, Czech Republic
- **KKCG Technologies Finance s.r.o.**, with registered office at Evropská 866/71, Vokovice, 160 00 Praha 6, Czech Republic
- **KKCG TechLabs s.r.o.**, with registered office at Vinohradská 1511/230, Strašnice, 100 00 Praha 10, Czech Republic
- **NAP Poland Sp. z o.o.**, with registered office at Ul. Zlota 59, 00-120 Warsaw; Poland
- **Ontrax Göteborg AB**, with registered office at Scheelevägen 27, 223 63 Lund, Sweden
- **Seavus AB**, with registered office at Scheelevägen 27, 223 63 Lund, Sweden
- **Seavus DOO**, with registered office at Ul. Ivana Franje Jukiča broj 7, Banja Luka, Bosna and Hercegovina
- **Seavus DOOEL**, with registered office at 11 Oktomvri 33A, 1000 Skopje, North Macedonia
- **Seavus Educational and Development Center DOO**, with registered office at Vojvode Misica, 180 00 Nis, Serbia
- **Seavus Educational and Development Center DOOEL**, with registered office at 11 Oktomvri 33A, 1000 Skopje, North Macedonia
- **Seavus FLLC**, with registered office at Internacionalnaya str. 25A, 220030 Minsk, Belarus
- **Seavus GmbH**, with registered office at Itziker Dorf-Strasse 57, 8627 Grüningen, Switzerland
- **Seavus Sp. z o.o.,** with registered office at Ul. Zlota 59, 00-120 Warsaw; Poland
- **Seavus S.R.L.**, with registered office at MD-2071, 79/1 Alba Iulia, mun.Chisinau, Moldova
- **Seavus SHPK**, with registered office at Njesia Bashkiake nr.5, Rruga Abdyl Frasheri, Ndertesa 8, Hyrja 7, Tirana, Albania
- **Seavus Stockholm AB**, with registered office at Scheelevägen 27, 22363 Lund, Sweden
- **Seavus USA Inc.**, with registered office at 2352 Main Street, Suite 200, Concord, MA 01742, USA
- **Springtide Ventures s.r.o.**, Vinohradská 1511/230, Strašnice, 100 00 Praha 10, Czech Republic
- **Stratiteq Sweden AB**, with registered office at Gustav Adolfs torg 10A, 211 39 Malmö, Sweden

(The Company and its controlled entities, hereinafter collectively referred to as the "KKCG Technologies Group" or the "Group")

## 3. Information about entities with joint control and associates

As at 31 December 2021, following associates were related to the Company (pursuant to section 22 article 3 letter b) and c) of the Act No. 563/1991 Coll. On accounting as amended), as a part of the consolidation group:

- **Bio Nexus Ltd.**, with registered office at 4th Arie Regev St, Poleg, Industrial Zone P.O.B. 8510, Israel, Netanya 42504
- **ThreatMark, s.r.o.**, with registered office at Hlinky 505/118, Pisárky, 603 00 Brno, Czech Republic

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## 4. Information on the activities of the KKCG Technologies Group

In 2021, the KKCG Technologies Group developed its business within its principal activities which are:

- Provision of IT infrastructure;
- Software development;
- Delivery of HW and SW;
- Delivery of business applications and services;
- IT outsourcing and outsourcing management of end-user devices;
- Cloud services;
- Creating ICT architecture designs and its implementation;
- Provision of cyber security services.

The Group's activities were carried out mainly in the Czech Republic, the Slovak Republic, the Kingdom of Sweden and in the countries of the region of South-Eastern Europe.

### (a) Market position and business analysis

KKCG Technologies Group is one of the largest IT groups in the Czech Republic and in 2020 it expanded its operations to other countries, mainly through the acquisition of the Seavus group, which has an established market position not only in the Nordic countries, but also in the Benelux, Switzerland and the United States. In 2021 the Group continued to strengthen its position in these markets. The main business plan is to provide customers with comprehensive services through the individual companies that make up the Group and thus achieve positive synergies.

The Group grows in key indicators both by improving the performance of individual Group companies (on average by 10-20 % per year) and by acquisitions of new companies. The outlook for the future is optimistic, it is assumed that the Group will continue to expand its scope of operations in the IT market, primarily through further acquisitions.

### (b) Main business objectives, expected development

The Group will continue to develop its main business plan, in particular by strengthening its position on the Czech and foreign markets, both by developing current activities and by acquisitions.

### (c) COVID-19

Starting year 2020, the existence of new coronavirus (causing the COVID-19 disease) with worldwide spread was confirmed and it continued into 2021. The pandemic and related restrictions implemented in order to reduce the health impacts caused disruptions to business and economic activities. The impact on the Group's economic activities was rather positive, related to the acceleration of demand for IT services and products.

The Group provided employees with sufficient protective equipment, regular testing and allowed them to work from home.

## 5. Information on research and development activities

The Group is active in the field of research and development, especially the development of specific and innovative solutions for its clients' needs. The Group also invests in pharmaceutical research and development.

## 6. Activities in the field of environmental protection

The Group did not carry out any activities in the field of environmental protection.

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## 7. Personnel policy

As at 31 December 2021, the Group had approximately 2 800 employees. Personnel policy is linked to the preparation, implementation and fulfilment of the business plan.

## 8. Acquisition of own shares or own stakes

The Company did not acquire any of its own shares.

## 9. Organizational units abroad

In 2021, the Group had no organizational unit abroad.

## 10. Significant subsequent events

Except for the matters described in the notes to the consolidated financial statements, the Company's management is not aware of any significant subsequent events that could affect the annual report as at 31 December 2021.

## 11. Other

The risk management procedures to which the Group is exposed as at 31 December 2021 are described in the notes to the consolidated financial statements.

| Date | Signature of the statutory body: | |
|---|---|---|
| 8 August 2022 | Ondřej Matuštík<br>Statutory representative | Michal Tománek<br>Statutory representative |

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# CONSOLIDATED FINANCIAL STATEMENTS

## For the year ended 31 December 2021

Prepared in accordance with International Financial Reporting Standards

as adopted by the European Union

***Note***

*The financial statements have been prepared in the Czech language and in English. In all matters of interpretation of information, views or opinions, the Czech version of the financial statements takes precedence over the English version.*

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## *CONSOLIDATED STATEMENT OF FINANCIAL POSITION*

| | Note | 31.12.2021 | 31.12.2020 |
|---|---|---|---|
| **Assets** | | | |
| Intangible assets | 4 | 1 679 | 1 756 |
| Goodwill | 4 | 1 983 | 1 667 |
| Property, plant and equipment | 5 | 642 | 564 |
| Equity method investees | 6 | 29 | 38 |
| Other long-term financial assets | 7 | 1 639 | 77 |
| Long-term receivables and loans | 8 | 4 | 105 |
| Long-term receivables from derivative financial instruments | 19 | 57 | -- |
| Deferred tax receivable | 29 | 16 | 24 |
| **Total non-current assets** | | **6 049** | **4 231** |
| | | | |
| Inventories | 9 | 223 | 195 |
| Short-term receivables and loans | 8 | 2 097 | 1 698 |
| Income tax receivables | | 42 | 7 |
| Other short-term financial assets | 7 | 577 | 213 |
| Cash and cash equivalents | 10 | 569 | 1 149 |
| **Total non-current assets** | | **3 508** | **3 262** |
| | | | |
| **Total assets** | | **9 557** | **7 493** |

The notes on pages 17 to 87 form an integral part of these consolidated financial statements.

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| | Note | 31.12.2021 | 31.12.2020 |
|---|---|---|---|
| **Equity** | | | |
| Share capital | 13 | 1 | 1 |
| Other funds | | -308 | -791 |
| Retained earnings (+) / Accumulated losses (-) | | 646 | 52 |
| *Equity attributable to equity holder of the Company* | | *339* | *-738* |
| Non-controlling interest | 14 | 258 | 575 |
| **Total equity** | | **597** | **-163** |
| **Liabilities** | | | |
| Bank loans and other borrowings - non-current portion | 15 | 3 010 | 1 845 |
| Long-term lease liabilities | 16 | 332 | 285 |
| Long-term trade and other payables | 17 | 1 172 | 1 207 |
| Long - term derivative financial instruments | 19 | 3 | 4 |
| Long-term provision | 20 | 6 | -- |
| Long-term employee benefits | 18 | 13 | -- |
| Deferred tax liabilities | 29 | 435 | 301 |
| **Total non-current liabilities** | | **4 971** | **3 642** |
| Bank loans and other borrowings - current portion | 15 | 1 529 | 1 402 |
| Short-term lease liabilities | 16 | 133 | 116 |
| Short-term trade and other payables | 17 | 1 968 | 2 184 |
| Short-term liabilities from derivative financial instruments | 19 | -- | 3 |
| Income tax liabilities | | 28 | 47 |
| Short-term provisions | 20 | 7 | 12 |
| Short-term employee benefits | | 324 | **250** |
| **Total current liabilities** | | **3 989** | **4 014** |
| **Total liabilities** | | **8 960** | **7 656** |
| **Total equity and liabilities** | | **9 557** | **7 493** |

The notes on pages 16 to 87 form an integral part of these consolidated financial statements.

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## *CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME*

| | Note | 2021 | 2020 |
|---|---|---|---|
| Revenues | 21 | 8 917 | 7 562 |
| Other operating income | 22 | 86 | 26 |
| **Total income** | | **9 003** | **7 588** |
| | | | |
| Materials and consumables | 23 | -3 710 | -3 547 |
| Services | 23 | -1 877 | -1 497 |
| Personnel expenses | 24 | -2 553 | -1 834 |
| Other operating expenses | 26 | -106 | -104 |
| Share on loss of equity method investees | 6 | -9 | -6 |
| Other gains and losses | 27 | 929 | 273 |
| Depreciation, amortization and impairment | 25 | -547 | -232 |
| **Profit from operating activities** | | **1 130** | **641** |
| | | | |
| Interest income | 28 | 4 | 2 |
| Finance income | 28 | 63 | -- |
| Finance costs | 28 | -247 | -237 |
| **Net finance costs** | | **-180** | **-235** |
| | | | |
| **Profit before income tax** | | **950** | **406** |
| | | | |
| Income tax | 29 | -193 | -71 |
| | | | |
| **Profit for the period** | | **757** | **335** |
| | | | |
| **Other comprehensive income / (loss)** | | | |
| *Items that are or may be subsequently reclassified to profit or loss:* | | | |
| Foreign currency translation of foreign operations | | -32 | -16 |
| *Items that will not be reclassified to profit or loss:* | | | |
| Gain (+) / Loss (-) from actuarial remeasurement | | 1 | -- |
| **Other comprehensive loss for the year** | 30 | **-31** | **-16** |
| | | | |
| **Total comprehensive income for the year** | | **726** | **319** |

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## *CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME*

| | Note | 2021 | 2020 |
|---|---|---|---|
| **Profit attributable to:** | | | |
| Owner ow the Company | | 688 | 149 |
| Non-controlling interests | 14 | 69 | 186 |
| **Total profit for the year** | | **757** | **335** |
| | | | |
| **Total comprehensive income attributable to:** | | | |
| Owner of the Company | | 659 | 131 |
| Non-controlling interests | 14 | 67 | 188 |
| **Total comprehensive income for the year** | | **726** | **319** |

The notes on pages 16 to 87 form an integral part of these consolidated financial statements.

**KKCG Technologies s.r.o.**

**Consolidated financial statements for the year ended 31 December 2021**
**Prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (in millions of CZK)**

## *CONSOLIDATED STATEMENT OF CHANGES IN EQUITY*

| ***2021*** | Note | Share capital | Reserve fund | Other funds | Translation reserve | Actuarial reserve | Retained earnings (+) / Accumulated losses (-) | **Equity attributable to the owner of the Company** | Non-controlling interest | **Total equity** |
|---|---|---|---|---|---|---|---|---|---|---|
| **Balance at 1 January 2021** | | **1** | **--** | **-772** | **-19** | **--** | **52** | **-738** | **575** | **-163** |
| Profit for the year | | -- | -- | -- | -- | -- | 688 | **688** | 69 | **757** |
| Other comprehensive income for the year | | -- | -- | -- | -30 | 1 | -- | **-29** | -2 | **-31** |
| **Total comprehensive income for the year** | | **--** | **--** | **--** | **-30** | **1** | **688** | **659** | **67** | **726** |
| **Transactions with owners, recorded directly in equity** | | | | | | | | | | |
| Reallocation of the prior year profit | | -- | 1 | -- | -- | -- | -1 | **--** | -- | **--** |
| Dividends paid, including withholding tax on dividends | | -- | -- | -- | -- | -- | -- | **--** | -8 | **-8** |
| Monetary contribution to other funds | | -- | -- | -- | -- | -- | -- | **--** | 24 | **24** |
| Other movements * | 17 | -- | -- | 81 | -- | -- | -5 | **76** | 5 | **81** |
| The effect of changes in ownership** | | -- | -- | 430 | -- | -- | -88 | **342** | -405 | **-63** |
| **Total transactions with owners** | | **--** | **1** | **511** | **--** | **--** | **-94** | **418** | **-384** | **34** |
| **Balance at 31 December 2021** | | **1** | **1** | **-261** | **-49** | **1** | **646** | **339** | **258** | **597** |

* Other movements in other funds mainly represent subsequent remeasurement of liabilities from options for the acquisition of a non-controlling interests by the Group, where the option is held by minority shareholder, in accordance with the policy set out in note 3e)vii).

** The effect of changes in ownership represents the impact of acquisition of 30% share in Aricoma Group a.s. and sale of 3.68% share in Aricoma Capital a.s. (see note 1.3.a)

The notes on pages 16 to 87 form an integral part of these consolidated financial statements.

**KKCG Technologies s.r.o.**

**Consolidated financial statements for the year ended 31 December 2021**
**Prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (in millions of CZK)**

| *2020* | Note | Share capital | Other funds | Translation reserve | Retained earnings (+) / Accumulated losses (-) | **Equity attributable to the owner of the Company** | Non-controlling interest | **Total equity** |
|---|---|---|---|---|---|---|---|---|
| **Balance at 1 January 2020** | | **1** | **-478** | **-1** | **-72** | **-550** | **391** | **-159** |
| Profit for the year | | -- | -- | -- | 149 | **149** | 186 | **335** |
| Other comprehensive income for the year | | -- | -- | -18 | -- | **-18** | 2 | **-16** |
| **Total comprehensive income for the year** | | **--** | **--** | **-18** | **149** | **131** | **188** | **319** |
| **Transactions with the owners charged directly into equity** | | | | | | | | |
| Dividends paid, including withholding tax on dividends | | -- | -- | -- | -- | -- | -3 | **-3** |
| Other movements * | 17 | -- | -294 | -- | -1 | **-295** | -- | **-295** |
| The effect of changes in ownership interests | | -- | -- | -- | -24 | **-24** | -1 | **-25** |
| **Total transactions with owners** | | **--** | **-294** | **--** | **-25** | **-319** | **-4** | **-323** |
| **Balance at 31 December 2020** | | **1** | **-772** | **-19** | **52** | **-738** | **575** | **-163** |

* Other movements in other funds mainly represent recognition and subsequent remeasurements of liabilities from options for the acquisition of a non-controlling interests by the Group, where the option is held by minority shareholder, in accordance with the policy set out in point 3e)vii).

The notes on pages 16 to 87 form an integral part of these consolidated financial statements.

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## *CONSOLIDATED STATEMENT OF CASH FLOWS*

| | Note | 2021 | 2020 |
|---|---|---|---|
| **Operating activity** | | | |
| Net profit for the period | | 757 | 335 |
| *Adjustments for:* | | | |
| Share of (profit) / loss in equivalence | 6 | 9 | 6 |
| Interest expense (net of income) | 28 | 213 | 161 |
| Income tax expense | 29 | 193 | 71 |
| Foreign exchange ((gains) / losses) | 28 | 17 | 36 |
| Depreciation of tangible fixed assets | 5, 25 | 241 | 190 |
| Amortization of intangible fixed assets | 4, 25 | 202 | 42 |
| Impairment of tangible and intangible fixed assets | 4,5 | 104 | -- |
| (Gains) / losses from revaluation of financial assets to fair value | 27 | -926 | -20 |
| Income from short-term financial assets | 28 | -1 | -- |
| (Gains) / losses from the sale of fixed assets | 27 | -1 | -6 |
| (Gains) / losses from the sale of subsidiaries | 27 | 3 | -254 |
| (Gains) / losses from the sale of equity method investees | 27 | -- | -6 |
| (Gains) / losses from the sale of other investments | 27 | -11 | -30 |
| Non - monetary change in financial derivatives | | -60 | 10 |
| Other non - cash transactions | | 8 | 27 |
| **Operating result before changes in working capital and provisions** | | **748** | **562** |
| Increase/(decrease) in provisions | | 1 | -2 |
| (Increase)/decrease in inventories | | -18 | -37 |
| (Increase)/decrease in receivables | | -21 | 48 |
| Increase/(decrease) in liabilities | | 27 | 115 |
| **Cash flow from operating activities** | | **737** | **686** |
| Interest paid | | -155 | -93 |
| Income tax paid | | -135 | -77 |
| **Net cash generated from operating activities** | | **447** | **516** |

The notes on pages 16 to 87 form an integral part of these consolidated financial statements.

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| | Note | 2021 | 2020 |
|---|---|---|---|
| **Net cash generated from operating activities** | | **447** | **516** |
| **Investing activities** | | | |
| Proceeds from sale of fixed assets | | 38 | 31 |
| Proceeds from sale of subsidiaries, net of cash disposed | 27 | -2 | 452 |
| Proceeds from sale of equity method investees | 27 | -- | 95 |
| Proceeds from sale of other long-term investments | 27 | 12 | 746 |
| Interests received | | 1 | 2 |
| Acquisition of subsidiaries, net of cash acquired * | 11 | -566 | -1 422 |
| Acquisition of other investments | 7 | -637 | -- |
| Acquisition of property, plant and equipment and intangible assets | 4, 5 | -196 | -118 |
| Net movement in other short-term financial assets | 7 | -364 | -103 |
| **Net cash generated from /(used in) investing activities** | | **-1 714** | **-317** |
| **Financing activity** | | | |
| Loans and borrowings received (+) * | 15 | 1 839 | 2 508 |
| Repayment of loans and borrowings (-) | 15 | -606 | -1 686 |
| Dividends paid to non-controlling interests | | -8 | -3 |
| Advance paid for the purchase of non-controlling interests | | -- | -133 |
| Acquisition and sale of a non-controlling interest | 14 | -393 | -25 |
| Payments of lease liabilities | 16 | -136 | -117 |
| **Net cash generated from /(used in) financing activities** | | **696** | **544** |
| **Net (decrease)/increase in cash and cash equivalents** | | **-571** | **743** |
| Effect of currency exchange conversions | | -9 | 6 |
| **Cash and cash equivalents as at the beginning of the year** | 10 | **1 149** | **400** |
| **Cash and cash equivalents at end of the year** | 10 | **569** | **1 149** |

* Acquisition of subsidiaries in 2021 in the amount of CZK 60 million was set off with loan drawn in the same amount.

Transactions in investing and financing activities that did not occur using cash and cash equivalents were excluded from the consolidated statement of cash flows and are disclosed in the following sections of the notes: non-cash transactions assumed in business combinations in note 11, decrease in investments in subsidiaries in note 12, acquisition of right to use the assets in note 5, non-cash movements of loans, borrowings and leases in notes 15 and 16 and written put option over non-controlling interest in note 17.

The notes on pages 16 to 87 form an integral part of these consolidated financial statements.

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## *NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS*

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# 1. GENERAL INFORMATION ABOUT THE GROUP

## 1.1. Description

KKCG Technologies s.r.o. (hereinafter also referred to as "the Company") was established by a sole shareholder on 31 May 2018, it was incorporated on 31 May 2018 in the Commercial Register by the Municipal Court in Prague, Section C, insert 295710. The registered office of the Company is at Evropská 866/71, Vokovice, zip code 160 00 Prague 6, Czech Republic. The Company is a limited liability company. Identification number is 071 71 234.

## 1.2. Principal activities

KKCG Technologies Group developed its business within its principal activities, which are:

- Provision of IT infrastructure;
- Software development;
- Delivery of HW and SW;
- Delivery of business applications and services;
- IT outsourcing and outsourcing management of end-user devices;
- Cloud services;
- Creating ICT architecture designs and its implementation;
- Provision of cyber security services.

## 1.3. The consolidation group and main changes within the Group

### a) Group entities

The following table lists the subsidiaries that form the consolidation group of KKCG Technologies s.r.o. The table shows the effective shares of the parent company KKCG Technologies s.r.o. on the equity of these companies.

This consolidation group is hereinafter referred to as "the Group" or "KKCG Technologies Group".

| Company name | | Country of incorporations | Ownership at the level of KKCG Technologies 31.12.2021 | Ownership at the level of KKCG Technologies 31.12.2020 | Consolidation method |
|---|---|---|---|---|---|
| **Parent company** | | | | | |
| KKCG Technologies s.r.o. | | Czech Republic | | | |
| **Subsidiaries** | | | | | |
| AEC a.s. | | Czech Republic | 52.98 % | 38.50 % | full |
| AEC s.r.o. | | Slovak Republic | 52.98 % | 38.50 % | full |
| ANTAIOS s.r.o. | (b) | Czech Republic | -- | 70.00 % | full |
| Aricoma Capital a.s. | (h), (l) | Czech Republic | 96.32 % | -- | full |
| Aricoma Group a.s. | (l) | Czech Republic | 96.32 % | 70.00 % | full |
| Aricoma Group AB | (g) | Sweden | 100.00 % | 100.00 % | full |
| Aricoma Group International AB | (i) | Sweden | 100.00 % | -- | full |
| AUTOCONT a.s. | (b) | Czech Republic | 96.32 % | 70.00 % | full |
| AUTOCONT SRL | (d) | Belgium | 100.00% | -- | full |

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| | | | | | |
|---|---|---|---|---|---|
| AUTOCONT s.r.o. | | Slovak Republic | 88.61 % | 64.40 % | full |
| CES EA s.r.o. | | Czech Republic | 67.42 % | 49.00 % | full |
| Cleverlance Deutschland GmbH | | Federal Republic of Germany | 67.42 % | -- | full |
| Cleverlance Enterprise Solutions s.r.o. | | Czech Republic | 67.42 % | 49.00 % | full |
| Cleverlance Group a.s. | | Czech Republic | 67.42 % | 49.00 % | full |
| Cleverlance H2B s.r.o. | | Czech Republic | 67.42 % | 49.00 % | full |
| Cleverlance Slovakia s.r.o. | | Slovak Republic | 67.42 % | 49.00 % | full |
| Cloud4com, a.s. | (b) | Czech Republic | -- | 70.00 % | full |
| Cloud4com SK, s.r.o. | | Slovak Republic | 86.69 % | 63.00 % | full |
| DataSpring s.r.o. | (b) | Czech Republic | -- | 70.00 % | full |
| Društvo za Informatičku Technologiju Seavus DOO | | Serbia | 100.00 % | 100.00 % | full |
| Internet Projekt, s.r.o. | | Czech Republic | 96.32 % | 70.00 % | full |
| Javorina Management AB | (i) | Sweden | 100.00 % | -- | full |
| KKCG Technologies Finance s.r.o. | (m) | Czech Republic | 100.00 % | -- | full |
| KKCG TechLabs s.r.o. | (m) | Czech Republic | 100.00 % | -- | full |
| KOMIX s.r.o. | (c) | Czech Republic | 67.42 % | -- | full |
| NAP Poland Sp. z o.o. | (n) | Poland | 100.00 % | -- | full |
| Ontrax Göteborg AB | | Sweden | 100.00 % | 100.00 % | full |
| Seavus AB | | Sweden | 100.00 % | 100.00 % | full |
| Seavus CISC | (e) | Armenia | -- | 100.00 % | full |
| Seavus DOO | | Bosna and Hercegovina | 100.00 % | 100.00 % | full |
| Seavus DOOEL | | North Macedonia | 100.00 % | 100.00 % | full |
| Seavus Educational and Development Center DOO | | Serbia | 100.00 % | 100.00 % | full |
| Seavus Educational and Development Center DOOEL | | North Macedonia | 100.00 % | 100.00 % | full |
| Seavus Enterprise Foundation | (f) | North Macedonia | -- | 100.00 % | full |
| Seavus FLLC | | Belarus | 100.00 % | 100.00 % | full |
| Seavus GmbH | | Switzerland | 100.00 % | 100.00 % | full |
| Seavus Group Holding BV | (g) | Netherlands | -- | 100.00 % | full |
| Seavus S.R.L. | | Moldova | 100.00 % | 100.00 % | full |
| Seavus SHPK | | Albania | 100.00 % | 100.00 % | full |
| Seavus Sp. z o.o. | (j) | Poland | 100.00 % | -- | full |
| Seavus Stockholm AB | | Sweden | 100.00 % | 100.00 % | full |
| Seavus USA Inc. | | USA | 100.00 % | 100.00 % | full |
| SIL Servis Partner a.s. | (a) | Czech Republic | -- | 70.00 % | full |
| Springtide Ventures s.r.o. | | Czech Republic | 100.00 % | 100.00 % | full |
| Stratiteq Sweden AB | (k) | Sweden | 100.00 % | -- | full |
| WOODSLOCK a.s. | (b) | Czech Republic | -- | 70.00 % | full |
| **Associates and joint ventures:** | | | | | |
| Bio-Nexus LTD* | | Israel | 40.00 % | 40.00 % | equity |
| ThreatMark s.r.o. ** | | Czech Republic | 32.20 % | 32.20 % | equtiy |

* Equity method investee consists of several entities in the structure of the Bio-Nexus LTD group.
** Equity method investee consists of several entities in the structure of ThreatMark s.r.o. group.

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*(a) On April On 1 April 2021, 100% share in SIL Servis Partner a.s. was sold.*

*(b) On 1 April 2021, companies Dataspring s.r.o., Cloud4com, a.s., WOODSLOCK s.r.o. and Antaios s.r.o. merged into AUTOCONT a.s.*

*(c) On 22 April 2021, 100% share in the company KOMIX s.r.o. was acquired.*

*(d) On 27 April 2021, subsidiary Autocont SRL was incorporated.*

*(e) On 9 June 2021, Seavus CISC was liquidated.*

*(f) On 17 June 2021, Seavus Enterprise Foundation was liquidated.*

*(g) On 27 August 2021, Seavus Group Holding BV merged into Aricoma Group AB.*

*(h) On 10 September 2021, the company Aricoma Capital a.s. was incorporated.*

*(i) On 15 September 2021, was acquired company Visionsbolaget 10150 AB, which was subsequently renamed to Aricoma Group International AB, and on the same day, was acquired company Visionsbolaget 20160, which was subsequently renamed to Javorina Management AB.*

*(j) On 24 September 2021, 100% share in NAG Poland sp. z o. o. was acquired and subsequently renamed to Seavus Sp. z o.o.*

*(k) On 1 October 2021, company Stratiteq Sweden AB was acquired.*

*(l) On 6 October 2021, the remaining 30% share in Aricoma Group a.s. was acquired and subsequently, as a result of reorganizing the Group, Aricoma Capital a.s. became the parent company of Aricoma Group a.s. and shares of Aricoma Capital a.s. representing the 3,681% share were sold.*

*(m) On 12 November 2021, companies KKCG TechLabs s.r.o. and KKCG Technologies Finance s.r.o. were incorporated.*

*(n) On 18 November 2021, company NAP Poland Sp. Z o.o. was acquired.*

## b) Changes within the Group

*i) Acquisition of investments*

In 2021, the Group acquired interest in the following companies (the percentage stated below represents the interest acquired during the period):

| Company name | 2021 | Type of transaction | Date of transaction |
|---|---|---|---|
| Aricoma Capital a.s. | 100.00 % | incorporation | 10.9.2021 |
| Aricoma Group International AB | 100.00 % | purchase * | 15.9.2021 |
| AUTOCONT SRL | 100.00 % | incorporation | 27.4.2021 |
| Javorina Management AB | 100.00 % | purchase * | 15.9.2021 |
| KKCG Technologies Finance s.r.o. | 100.00 % | incorporation | 12.11.2021 |
| KKCG TechLabs s.r.o. | 100.00 % | incorporation | 12.11.2021 |
| KOMIX s.r.o. | 100.00 % | purchase | 22.4.2021 |
| NAP Poland Sp. z o.o. | 100.00 % | purchase * | 18.11.2021 |
| Seavus Sp. z o.o. | 100.00 % | purchase * | 24.9.2021 |
| Stratiteq Sweden AB | 100.00 % | purchase | 1.10.2021 |

** Purchase of the company that does not constitute a business and is out of scope of IFRS 3.*

*The above stated percentages in companies reflect direct share acquired by its parent company.*

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No other changes within the Group in 2021 occurred.
In 2020 the Group acquired interest in the following companies (the percentage stated bellow represents the interest acquired during the period):

| Company name | 2021 | Type of transaction | Date of transaction |
|---|---|---|---|
| Aricoma Group AB | 100.00 % | purchase | 10.11.2020 |
| Cleverlance Deutschland GmbH | 100.00 % | purchase | 4.9.2020 |
| Seavus Group Holding BV (subgroup) | 100.00 % | purchase | 1.12.2020 |

*The above stated percentages in companies reflect direct share acquired by its parent company.*

No other changes within the Group in 2020 occurred.

*ii) Disposals of investments*

In 2021, the Group sold interest in the following companies (the percentage stated bellow represents the interest sold during the period):

| Company name | 2020 | Type of transaction | Date of transaction |
|---|---|---|---|
| Aricoma Capital a.s. | 3.68 % | sale | 6.10.2021 |
| Seavus CISC | 100.00 % | liquidation | 9.6.2021 |
| Seavus Enterprise Foundation | 100.00 % | liquidation | 17.6.2021 |
| SIL Servis Partner a.s. | 100.00 % | sale | 1.4.2021 |

*The above presented shares in the group represent a direct share sold by their parent company.*

In 2021, there were no other changes within the Group.

In 2020, the Group sold interest in the following companies (the percentage stated bellow represents the interest sold during the period):

| Company name | 2020 | Type of transaction | Date of transaction |
|---|---|---|---|
| CAD Studio s.r.o. | 100.00 % | sale | 29.5.2020 |
| Conectart s.r.o. (subgroup) | 100.00 % | sale | 14.5.2020 |
| SafeDX s.r.o. | 50.00 % | sale | 30.4.2020 |

*The above presented shares in the group represent a direct share sold by their parent company.*

In 2020, there were no other changes within the Group.

## 1.4. Statutory body of the Company

Statutory representatives of the Company as at 31 December 2021

David Emr
Ondřej Matuštík
Michal Tománek

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### 1.5. The sole shareholder of the Company as at 31 December 2021

| | |
|---|---|
| KKCG AG | 100 % |

Headquarters:

Kapellgasse 21

6004 Lucern

The Swiss Confederation

The KKCG Technologies Group is part of the consolidation group of KKCG AG. The ultimate owner is VALEA FOUNDATION registered in Liechtenstein. The designated beneficiary of VALEA FOUNDATION is Mr. Karel Komárek. The consolidated financial statements prepared by KKCG AG are available at the registered office of this company.

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## 2. BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

### (a) Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU).

**New standards and amendments applicable from 1 January 2021 or later:**

The preparation of these consolidated financial statements involved the use of the following new or amended standards and interpretations, whose initial application is required for annual periods beginning on 1 January 2021 (the following list includes only new or amended standards and interpretations relevant for the Group).

These amendments did not have any material impact on the Group's consolidated financial statements.

- **Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4, IFRS 16: Leases – Interest Rate Benchmark Reform – Phase 2**

  These amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 allow entities to take into account the effect of the transition from interbank offered rates (IBOR) to alternative reference interest rates (also referred to as "risk-free rates or RFRs) without giving rise to accounting impacts that would not provide useful information to users of financial statements.

  The amendments are applied retrospectively with any adjustments recognised in the appropriate components of equity as at 1 January 2021.

  These amendments did not have material impact on the Company's consolidated financial statements.

- **Amendments to IFRS 4: Insurance Contracts – Extension of the Temporary Exemption from Applying IFRS 9**

  The amendments of IFRS 4 change the fixed expiry date for the temporary exemption in IFSR 4 from applying IFRS 9 Financial Instruments, so that entities apply IFRS 9 for annual periods beginning on or after 1 January 2023 (instead of 1 January 2021).

  This amendment did not have material impact on the Company's consolidated financial statements.

- **Amendments to IFRS 16: Leases – COVID-19 Related Rent Concessions Beyond 30 June 2021**

  In March 2021, the IASB issued an amendment to IFRS 16 Covid-19 Related Rent Concessions beyond 30 June 2021 that extends the practical expedient to apply to reduction in lease payments originally due on or before 30 June 2022 including the amendment to IFRS 16 COVID-19 Related Rent Concession.

  The practical expedient permits a lessee to elect not to assess whether a COVID-19 *Related Rent Concessions* is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the COVID-19 *Related Rent Concession* applying IFRS 16 as if the change were not a lease modification.

  The practical expedient applies only to rent concessions occurring as a direct consequence of COVID-19 and only if all of the following conditions are met:

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a) The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

b) Any reduction in lease payments affects only payments originally due on or before 30 June 2022 (a rent concession meets this condition if it results in reduced lease payments on or before 30 June 2022 and increased lease payments that extend beyond 30 June 2022);

c) There is no substantive change to other terms and conditions of the lease.

**Other standards endorsed by the EU but not yet effective**

The following standards, amendments and interpretations are not expected to have a significant impact on the Group's consolidated financial statements.

Effective date 1 January 2022 or later:

- IFRS 17: *Insurance Contracts* (including the June 2020 Amendments to IFRS 17)
- Amendments to IFRS 3: *Business Combinations* – Reference to Conceptual Framework
- Amendments to IAS 16: *Property, Plant and Equipment* - Proceeds before Intended Use
- Amendments to IAS 37: *Provisions, Contingent Liabilities and Contingent Assets* – Onerous Contracts – Cost of Fulfilling a Contract
- Annual Improvements to IFRS Standards 2018-2020 Cycle – Amendments to IFRS 1 *First-time Adoption of International Financial Reporting Standards*, IFRS 9 *Financial Instruments*, IFRS 16 *Leases*, and IAS 41 *Agriculture*
- Amendments to IAS 1 *Presentation of Financial Statements* and IFRS Practice Statement 2 *Making Materiality Judgements* – Disclosure of Liabilities as Current or Non-Current
- Amendments to IAS 8: *Accounting Polices, Changes in Accounting Estimates and Errors* – Definition of Accounting Estimates

**Standards and amendments issued before 31 December 2021 but not endorsed by EU**

The following standards, amendments and interpretations are not yet effective and are not expected to have a significant impact on the Group's consolidated financial statements.

Effective from 1 January 2023:

- Amendments to IFRS 17: *Insurance contracts* – Initial Application of IFRS 17 and IFRS 9 – Comparative Information
- Amendments to IAS 1: *Presentation of Financial Statements* - Classification of Liabilities as Current or Non-current
- Amendments to IAS 12: *Income Taxes* – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

Effective date not determined:

- Amendments to IFRS 10: *Consolidated Financial Statements and IAS 28 Investments in Associates and Joint ventures* – Sale or Contribution of Assets between and Investor and its Associate or Joint Venture (effective date deferred indefinitely)
- IFRS 14: *Regulatory Deferral Accounts* (IASB effective date 1 January 2016, endorsement by EU awaits the final form of standard)

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### (b) Basis of measurement

The consolidated financial statements have been prepared on a going concern basis, using the historical cost method, if not stated otherwise in accounting policies.

### (c) Functional and presentation currency

The functional currency of the Company is the Czech Crown (CZK).

The presentation currency in the consolidated financial statements is the Czech Crown (CZK). All financial information reported in the consolidated financial statements has been rounded to the nearest million ("CZK million"), unless otherwise stated.

Functional currencies of the companies within the Group are presented below:

| Company name | Functional currency |
|---|---|
| Aricoma Capital a.s. | CZK |
| Aricoma Group a.s. | CZK |
| Aricoma Group AB | SEK |
| Aricoma Group International AB | SEK |
| AEC a.s. | CZK |
| AEC s.r.o. | EUR |
| ANTAIOS s.r.o. | CZK |
| AUTOCONT a.s. | CZK |
| AUTOCONT SRL | EUR |
| AUTOCONT s.r.o. | EUR |
| CES EA s.r.o. | CZK |
| Cleverlance Deutschland GmbH | EUR |
| Cleverlance Enterprise Solutions s.r.o. | CZK |
| Cleverlance Group a.s. | CZK |
| Cleverlance H2B s.r.o. | CZK |
| Cleverlance Slovakia s.r.o. | EUR |
| Cloud4com, a.s. | CZK |
| Cloud4com SK, s.r.o. | EUR |
| DataSpring s.r.o. | CZK |
| Društvo za Informatičku Technologiju Seavus DOO (Serbia) | RSD |
| Internet Projekt, s.r.o. | CZK |
| Javorina Management AB | SEK |
| KKCG Technologies Finance s.r.o. | CZK |
| KKCG TechLabs s.r.o. | CZK |
| KOMIX s.r.o. | CZK |
| NAP Poland Sp. Z o.o. | PLN |
| Ontrax Goteborg AB | SEK |
| Seavus AB | SEK |
| Seavus CISC | AMD |
| Seavus DOO (Bosnia Herzegovina) | BAM |
| Seavus DOOEL | MKD |
| Seavus Educational and Development Center DOO | RSD |
| Seavus Educational and Development Center DOOEL | MKD |

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| Company name | Functional currency |
|---|---|
| Seavus Enterprise Foundation | MKD |
| Seavus FLLC | BYN |
| Seavus GmbH | CHF |
| Seavus Group Holding BV | EUR |
| Seavus Sp. z o.o. | PLN |
| Seavus S.R.L. | MDL |
| Seavus SHPK | ALL |
| Seavus Stockholm AB | SEK |
| Seavus USA Inc. | USD |
| SIL Servis Partner a.s. | CZK |
| Stratiteq Sweden AB | SEK |
| Springtide Ventures s.r.o. | CZK |
| WOODSLOCK a.s. | CZK |

Any differences between the amounts included in the financial statements and amounts included in the Notes are attributable to rounding.

### (d) Use of estimates and judgements

Preparing the consolidated financial statements under IFRS requires use of estimates that affect the reported amounts of assets, liabilities, revenues and expenses. It also requires management to exercise its judgment in applying accounting policies. As a result, the actual results often differ from these judgements.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future period if the revision affects both current and future periods.

The use of estimates and judgements affects mainly the following areas:

- Impairment of goodwill and brands – note 4, accounting policy 3f);
- Valuation of other long-term financial assets – note 7;
- Valuation of options over non-controlling interest – the valuation of the redemption amount depends on the future performance of the respective companies, which is determined on the basis of update business plans of these companies – note 17.

### (e) Measurement of fair value

A number of the Group´s accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

Fair value is defined as 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 under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Fair values are obtained, as appropriate, from quoted market prices, discounted cash flow projections and other valuation models.

Fair values were determined for valuation and / or disclosure purposes using the methods set out below. Further information about the assumptions used in determining fair value is provided, where appropriate, in the notes that specifically relate to the asset or liability.

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### Fair value hierarchy

The Group uses the following hierarchy to determine and report the fair value of financial instruments in accordance with valuation procedures:

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities
- Level 2: other inputs that have a significant impact on the reported fair value and that can be identified, either directly or indirectly
- Level 3: inputs that have a significant impact on the reported fair value and are not based on observable market data

Potential transfers between individual levels are described in note 32 Risk management, paragraph e).

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## 3. SIGNIFICAN ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the accounting periods presented in these financial statements, unless otherwise indicated, and have been used consistently by entities within the Group.

**(a) Basis of consolidation**

*(i) Business combinations*

Business combinations are accounted for using the acquisition method as at the acquisition date – i.e. when control is transferred to the Group.

The Group measures goodwill at the acquisition date as follows:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interest in the acquiree; plus
- in the case of a gradual business combination, the fair value of the acquiree's previously held equity interest; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts relating to the settlement of pre-existing relationships. These amounts are usually recognized in profit or loss.

Transaction costs, that the Group incurs in relation to a business combination, are expensed as incurred, except if related to the issue of debt or equity securities.

Any contingent consideration is measured at fair value at the date of acquisition. If the contingent consideration is classified as equity, then it is not revalued, and the payment is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognized in profit or loss.

*(ii) Subsidiaries*

Subsidiaries are entities controlled by the Group. Control exists when the Group:

- has power over the investee,
- is exposed, or has rights, to variable returns from its involvement with the investee,
- has the ability to use power over the investee to affect its returns.

The assessment of control is performed on the basis of substantive potential voting rights as opposed to currently exercisable potential voting rights. For a right to be substantive, the holder must have the practical ability to exercise that right in deciding the direction of the investee's activities.

The financial information of subsidiaries is included in the consolidated financial statements from the date that control commences until the date that control ceases.

*(iii) Non-controlling interests*

Non-controlling interests (minority interests in results and equity) are recognized at the date of the business combination at their proportionate share of the acquiree's identifiable net assets,

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which are generally measured at fair value. Non-controlling interests are assessed for each business combination separately.

*(iv) Transactions under common control*

Transactions under common control are business combinations resulting from transfers of interests in units that are under the control of a shareholder who controls the Group. Acquired assets and liabilities, incl. goodwill recognized in the consolidated financial statements of the predecessor, are assumed at the carrying amounts previously recognized in the consolidated financial statements of the shareholder controlling the Group.

In a transaction under common control, no assets and liabilities are revalued, and no new goodwill or bargain benefit is recognized from the transaction. Any differences between the value of investments and the net assets of subsidiaries, including acquired goodwill, are recognized directly against consolidated equity.

*(v) Investments in associates and joint ventures (equity method investees)*

A joint venture is a joint arrangement where the parties that have joint control over the arrangement have rights to the net assets of the arrangement. Joint control is the contractually agreed sharing of control over an arrangement that exists when decisions about the relevant activities require the unanimous consent of the parties sharing control.

An associate is an entity in which the Group has significant influence, and which is neither a subsidiary nor a venturer. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but it is not control or joint control over those policies.

Investments in associates and joint ventures are accounted for using the equity method and are initially recognized at cost. The Group's investment includes goodwill identified on acquisition, less any impairment losses.

The consolidated financial statements include the Group's share in the income and expenses of companies reported using the equity method from the date of acquisition of joint control or significant influence until the date of loss of joint control or significant influence. Dividends received from a joint venture or associate reduce the carrying amount of the investment. If the Group's share in losses exceeds its share in the company accounted for using the equity method, the carrying amount of that share (including long-term investments) is reduced to zero and the recognition of further losses is stopped unless the Group has an obligation to make payments in favour of that company or has made such payment.

*(vi) Transactions eliminated on consolidation*

Intra-group balances and any unrealised income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity method investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

**(b) Foreign currencies**

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are translated to the functional currency at the exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on translation are recognised in profit or loss for the period, except for financial instruments to hedge cash flows, which are recognised in other comprehensive income.

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**(c) Intangible assets (note 4)**

*(i) Goodwill*

Goodwill represents the amounts incurred on the acquisition of subsidiaries and is initially recognized as described in note 3a)i). Subsequently, goodwill is recognized at cost at the acquisition date less accumulated impairment losses. Goodwill is not amortised, but it is tested for impairment annually.

Goodwill is allocated to a well - defined group of assets (cash-generating unit). The value of goodwill is tested at least once a year. If the recoverable amount of a cash-generating unit is less than its carrying amount, an impairment loss is allocated to reduce first the carrying amount of any goodwill allocated to the entity and then the carrying amount of the other assets of the entity proportionately to the carrying amount of each asset. Impairment of goodwill is recognized in profit or loss. An impairment loss for goodwill is not reversed in a subsequent period.

Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

*(ii) Brands and trademarks*

Capitalised brands and trademarks are determined to be intangible assets with an indefinite useful life on the basis of their market strength. The brands are recognised in business combinations. The value of the brand is tested annually by the Group for the possible impairment. Brands with finite useful life, due to expected rebranding, are amortised over a period determined by the Group management.

*(iii) Customer relationships, software and other intangible assets*

The Group capitalises major customer relationships in business combinations. The value of these intangible assets is determined based on an expert's appraisal prepared at the time of the acquisition. Customer relationships have finite useful life and are measured at cost less accumulated amortisation and impairment losses.

Software and other intangible assets acquired by the Group, which have finite useful lives, are measured at cost less accumulated amortisation and impairment losses.

*(iv) Intangible assets generated internally – expenditures on research and development*

Research and development projects differ from other intangible assets in the degree of scientific and technical uncertainty.

Expenditure on research that is incurred to obtain knowledge that may lead to future economic benefits is recognized as an expense in the period in which it is incurred.

An intangible asset arising from the development (or development phase of an internal project) is recognized as an asset only when all of the following conditions are met:

- it is technically feasible to complete the software so that it will be available for use or sale,
- management intends to complete the software and use or sell it,
- the Group is able to use or sell the intangible asset,
- it can be demonstrated how the software will generate probable future economic benefits,
- adequate technical, financial and other resources to complete the development and to use or sell the software are available,
- the Group can reliably measure the expenditure attributable to the intangible asset during its development.

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The amount of the initial recognition of an internally generated intangible asset includes the total expenditure incurred since the intangible asset first met the recognition criteria set out above. If no internally generated intangible asset can be recognized, then development expenditure is recognized in the statement of comprehensive income in the period in which it is incurred.

*(v) Subsequent expenditure*

Subsequent expenditure on intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates (except for goodwill and brands recognized in business combinations). All other expenses are recognized in profit or loss in the period in which they are incurred.

*(vi) Amortisation*

Intangible assets except for goodwill and other intangible assets with indefinite useful lives, are amortised on a straight-line basis over their estimated useful life from the date they are available for use.

Intangible assets with indefinite useful lives are not amortized and are instead tested annually for impairment. Its useful life is reassessed at the end of each period to determine whether events and circumstances continue to support an indefinite useful life.

Useful life of individual classes of intangible assets are as follows:

| | Useful life |
|---|---|
| Software | 2 – 10 years |
| Brands and trademarks | 5 – 20 years |
| Customers relationships | 5 – 10 years |
| Appreciable rights and licences | The period for which they have been issued |
| Other intangible assets | 3 – 10 years |

**(d) Property, plant and equipment (note 5)**

*(i) Assets owned by the Group*

Property, plant and equipment consist of buildings and halls, computer technology, vehicles, and equipment and other tangible assets. They are stated at acquisition cost less accumulated depreciation (see below) and impairment losses.

Acquisition cost does not include administrative or other general overheads, or initial operating losses. Expenditure on research and development is not capitalized. Borrowing costs directly attributable to the acquisition of assets are capitalized until the asset is substantially complete or available for use.

*(ii) Right of use asset*

Contract is, or contains a lease if it conveys the right to control the use of an identified asset for a period of the time in exchange for consideration. For such contracts lessee recognizes a right of use asset and a lease liability (see note 3.e)v)). The right of use of asset is depreciated and the liability accrues interest.

Right-of-use asset is initially measured in the amount of recognised lease liability, plus advance payments or related accrued payments. Further, the initial measurement of right of use should be increased by the following items, when significant:

- initial direct lease costs paid by the lessee, and

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- provision for estimated costs of dismantling and removal of the identified asset or restoration of the site where the asset was installed.

The right to use is subsequently depreciated over the term of the lease. In the statement of financial position, the Group reports usage rights to individual types of assets within the item of the given asset.

Right-of-use asset and a lease liability are not recognized in the case of short-term leases (lease duration 12 months or less) and in the case of leases with a low value of the leased asset (asset value up to CZK 120,000 or EUR 4,500). Payments from these leases are charged to profit or loss on a straight-line basis over the term of the lease.

*(iii) Assets held for sale*

Assets with a significant residual value that are likely to be sold within one year from the balance sheet date are not part of non-current assets and are reported as a separate item within current assets at fair value less costs to sell or at carrying amount, depending on which one is lower. These assets are not depreciated.

*(iv) Subsequent expenditures*

Subsequent expenditure are capitalized only when it is probable that future economic benefits associated with the item will flow to the Group and that the related costs can be measured reliably. All other expenses, including costs of routine maintenance of tangible fixed assets, are recognized directly in profit or loss.

*(v) Depreciation*

Tangible fixed assets are depreciated on a straight-line basis. Land is not depreciated. Right of use assets are depreciated over the shorter of the useful life of the asset and the lease term, unless the title to the asset transfers at the end of the lease term, in which case depreciation is over the useful life.

Useful life of individual classes of tangible assets are as follows:

| | Useful life |
|---|---|
| Buildings and halls | 20 – 60 years |
| Right of use buildings and halls | 1 – 15 years |
| Tools, machinery and equipment | 3 – 20 years |
| Computer network | 10 years |
| Motor vehicles | 4 – 10 years |
| Computer technology | 3 – 6 years |
| Furniture and fittings | 3 – 20 years |
| Right of use tools, machinery and equipment | 1 – 15 years |
| Other tangible assets | 4 – 20 years |

The depreciation plan is updated during the use of intangible fixed assets based on changes in the expected useful life.

A provision for impairment is created when the carrying value of an asset is greater than its estimated recoverable amount. The estimated recoverable amount is determined based on expected future cash flows generated by this asset.

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**(e) Financial instruments**

*(i) Financial assets at amortised cost*

Amortised cost applies to instruments where the business model of the owner is to hold the financial asset to collect contractual cash flows and the contractual cash flows are solely payments of the principal amount and the interest.

This category includes mainly (short-term and long-term) trade and other receivables, loans provided, restricted cash and other short-term financial assets (e.g. receivables arising from cash-pooling arrangements).

At initial recognition, the company calculates the effective return / interest rate, which in accordance with IFRS 9, reflects the relation between the funds actually invested and the future revenues from the investment. The effective interest rate is used as a discounting factor to calculate the premium or discount which is then amortised over the lifetime of the financial asset.

The Group at the same time assesses the value of investments amortised costs pursuant to IFRS 9.

Loss allowances to receivables are recognised in the amount of expected credit losses on a financial asset and their creation is reported in other operating expenses (see note 3f).

Amortised cost is the amount at which a financial instrument was recognised at initial recognition less any principal repayments, plus accrued interest, and, for financial assets less any allowance for expected credit losses ("ECL"). Accrued interest includes amortisation of transaction costs deferred at initial recognition and of any premium or discount to the amount payable upon maturity using the effective interest method. Accrued interest income and accrued interest expense, including both accrued coupon and amortised discount or premium (including fees deferred at origination, if any), are not presented separately and are included in the carrying values of the related items in the Consolidated statement of financial position.

*Trade and other receivables, loans provided*

Trade and other receivables, loans provided are initially recognised on the date when they are originated and measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost, less any expected credit loss allowances, if they are held to collect the cash flows and not expected to be sold.

When applying amortised cost, any difference between the cost and the value upon redemption is recognised in the consolidated statement of comprehensive income over the duration of the asset or liability, using the effective interest method.

The Group derecognizes trade receivables, other receivables and loans provided when the contractual rights to the cash flows from the asset expire, or when it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

*(ii) Financial assets at fair value through other comprehensive income*

Fair value through other comprehensive income is the classification for debt instruments for which an entity has a mixed business model, i.e. the business model is achieved by both holding the financial asset to collect the contractual cash flows and through the sale of the financial assets. The contractual cash flows of instruments in this category must be solely payments of principal and interest.

On initial recognition of an equity financial instrument, an entity may make an irrevocable election to designate the instrument at FVOCI. This option only applies to instruments that are not held for trading and are not derivatives.

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The changes in fair value of FVOCI debt instruments are recognised in other comprehensive income ("OCI"). Any interest income, foreign exchange gains/losses and impairments are recognised immediately in profit or loss. Interest income on these assets is calculated using the effective interest rate method. Fair value changes that have been recognised in OCI are recycled to profit or loss upon disposal of the debt instrument.

Gains or losses recognised in OCI for equity instruments are subsequently never reclassified from equity to profit or loss.

*(iii) Financial assets at fair value through profit or loss*

An instrument is classified as at fair value through profit or loss if it is held for trading or for which the entity's business model is to manage the financial asset on a fair value basis i.e. to realize the asset through sales as opposed to holding the asset to collect contractual cash flows. This category represents the "default" or "residual" category if the requirements to be classified as amortised cost or fair value through other comprehensive income ("FVOCI") are not met. Upon initial recognition, attributable transaction costs are recognised in profit or loss when incurred. Financial instruments at fair value through profit or loss are measured at fair value, and changes therein are recognised under 'Other gains and losses' in operating income.

*(iv) Non-derivative financial liabilities (notes 15 and 17)*

The Group has the following financial liabilities that are not derivatives ("Non-derivative financial liabilities"): trade payables and other payables and interest - bearing loans and borrowings. These financial liabilities are initially recognized at the settlement date at fair value plus any directly attributable transaction costs, except for financial liabilities at fair value through profit or loss. Subsequently, financial liabilities are measured at amortized cost using the effective interest method, except for financial liabilities at fair value through profit or loss.

Part of long-term loans and borrowings with a maturity of less than one year as of the date of the statement of financial position is classified as current by the Group.

The Group derecognises a financial liability when the contractual obligations are discharged, cancelled or expire.

*(v) Lease liabilities (note 16)*

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate. Lease payments included in the measurement of the lease liability comprise :

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is subsequently measured at amortised cost. The lease liability is remeasured whenever:

- the lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option,

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- the lease payments changed due to changes in an index or rate or a change in expected payment under a guarantee residual value,
- a lease contract is modified and the lease modification is not accounted for as a separate lease.

The corresponding adjustment to the related right of use asset is made whenever the lease liability is remeasured (note 3.d)ii)).

*(vi) Derivative financial instruments (note 19)*

Derivatives that do not qualify for hedge accounting are accounted for as trading derivatives. The changes in the fair value of trading derivatives and derivatives that are not part of designated hedge accounting relationship are recognised immediately in profit or loss of the period.

*(vii) Options over non-controlling interest where the option holder is a minority shareholder („written put options")*

Written put option over non-controlling interest where the option holder is a minority shareholder and the Group has a contractual obligation to accept the option and purchase the non-controlling interest under predefined conditions are initially measured at the present value of the expected redemption amount and are recognised as other liabilities directly against equity (other funds).

The liability from option is subsequently accreted through finance charges. Any changes in the expected redemption amount are recognised directly in equity. In the event, that the option expires unexercised, the liability is derecognised with a corresponding adjustment to the equity.

Recognition of written put option against equity depends on an analysis of terms of the option:

a. Option is recognized against the equity attributable to the owners of the Group unless the risks and rewards of non-controlling interest have been transferred to the Group, or
b. Against non-controlling interest, if the risk and rewards related to the non-controlling interest have been transferred to the Group. Should this apply, any changes in the expected redemption amount are recognized through profit or loss. Nevertheless, the Group did not identify such a case.

*(viii) Offsetting financial assets and financial liabilities*

Financial assets and financial liabilities are offset and recognized in the balance sheet on a net basis if, and only if, the Group has a legally enforceable right to set off and intends to settle them on a net basis.

**(f) Impairment**

*(i) Financial assets*

IFRS 9, *Financial instruments,* requires an expected credit loss ("ECL") model for recognition and measurement of impairments of financial instruments and contract assets that are measured at amortised cost or at fair value through other comprehensive income (FVOCI).

The Group recognises loss allowances for ECLs on financial assets measured at amortised cost.

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***Measurement of ECLs (ECL)***

*Simplified approach – provision matrix*

The provision matrix can be used for financial assets that do not contain a significant financing element. The Group applies this approach mainly for the short-term trade receivables.

In the provision matrix approach, impairment is calculated using the historical loss rate and adjusted for forward-looking information. The Group monitors the macroeconomic development of GDP, its year-on-year growth and the ČNB (Czech National Bank) forecast (or other relevant national banks).

Significant receivables are assessed individually using expected discounted cash-flows method and an expert-based approach.

Significant increase in credit risk is not assessed for trade receivables subject to provisioning matrix approach as they are always measured at Lifetime ECL.

*Standard ECL model – Stage model*

The Group assesses, on a forward-looking basis, the ECL for exposures arising from loan commitments and for other financial assets subject to the Standard ECL model.

The measurement of ECL reflects:

- an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes,
- the time value of money and
- all reasonable and supportable information that is available without undue cost and effort at the end of each reporting period about past events, current conditions and forecasts of future conditions.

The Group applies a three stage model for impairment, based on changes in credit quality since initial recognition. A financial instrument that is not credit-impaired on initial recognition is classified in Stage 1. Financial assets in Stage 1 have their ECL measured at an amount equal to the portion of lifetime ECL that results from default events possible within the next 12 months or until contractual maturity, if shorter ("12 months ECL"). If the Group identifies a significant increase in credit risk ("SICR") since initial recognition, the asset is transferred to Stage 2 and its ECL is measured based on ECL on a lifetime basis, that is, up until contractual maturity but considering expected prepayments, if any ("Lifetime ECL). If the Group determines that a financial asset is credit-impaired, the asset is transferred to Stage 3 and its ECL is measured as a Lifetime ECL. The Group's definition of credit impaired assets and definition of default is explained below. For financial assets that are purchased or originated credit-impaired ("POCI assets"), the ECL is always measured as a Lifetime ECL.

Cash and cash equivalents and term deposits are placed at top credit institutions that meet all the capital and liquidity requirements set out in Basel III.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and credit assessment and including forward-looking information.

Significant increase in credit risk is considered to have occurred if the asset is at least 30 days past due, if the external rating grade or internal rating grade has decreased by 2 notches since initial recognition, or if asset-specific qualitative information or forward-looking information that suggest that a significant increase in credit risk has occurred is available.

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The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 365 days past due.

For purposes of disclosure, the Group has fully aligned the definition of default with the definition of credit-impaired assets. The default definition stated above is applied to all types of financial assets of the Group.

The input parameters into the ECL model calculations are based on two approaches:

1. External rating based approach
2. Internal rating based approach

External rating based approach is used for loans to and deposits with counterparties with an external credit rating from one of the Big Three rating agencies. Internal rating approach is used for loans to and deposits with counterparties without such external credit rating; the credit spread for the individual ratings are calibrated on regular basis.

Significant increase in credit risk is not assessed for short-term receivables subject to provisioning matrix approach as they are always measured at Lifetime ECL.

The forward-looking information considered by the Group in the Standard ECL model has been derived from correlation analysis. The information considered are publicly available information about the expected year-to-year changes of GDP.

***Presentation of allowance for ECL***

In determining the carrying value in the statement of financial position, loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is charged to profit or loss. The revaluation reserve represents the difference between amortised cost, net of ECL, and fair value of the asset.

***Write-off***

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities.

*(i) Non-financial assets*

The carrying amounts of the Group's non-financial assets (other than inventories and deferred tax assets) are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, the recoverable amount is estimated annually at the balance sheet date.

The recoverable amount of an asset or cash-generating unit is the higher of its value in use and its fair value less costs to sell. 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.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable group of assets that generates incoming cash flows from continuing use that are largely independent of the incoming cash flows from other assets or groups of assets. Impairment losses are recognised in

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profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss in respect of goodwill is subsequently not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset' s carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

**(g) Inventories (note 9)**

Inventories are measured at the lower of cost and net realisable value.

The cost of inventories comprises the purchase costs, production or conversion costs and other costs incurred in bringing inventory to its present location and conditions. Trade discounts and rebates are deducted in determining the purchase price. Interest on loans for the purchase of inventory (borrowing costs) is not capitalised.

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.

Work-in-progress and own products are valued at cost and include the relevant share of non-production overheads, determined on the basis of normal operating capacity. Sales costs are not capitalized.

**(h) Cash and cash equivalents (note 10)**

Cash and cash equivalents are cash on hand, cash in banks and short-term, highly liquid investments, including term deposits with original maturities not exceeding three months from the date of acquisition. For the purposes of the cash flow statement, overdrafts are not included if they have a negative balance. Cash and cash equivalents are measured in the balance sheet at cost with subsequent revaluation at amortized cost less impairment according to IFRS 9.

**(i) Assets held for sale**

Fixed assets (or derecognized group of assets and liabilities) that are likely to be sold rather than continuing to be used are reported as held for sale.

Subsequently, the assets (or group of assets) are measured at the lower of carrying amount and fair value less costs to sell. Any impairment loss on the derecognised group of assets is initially offset against the value of goodwill and only then are the remaining assets and liabilities reduced on a pro rata basis, except that the loss is not allocated to inventories, financial assets and deferred tax assets which remain recorded in accordance with the Group's other accounting policies. Impairment losses on transfer to assets held for sale category and subsequent revaluation gains and losses are recognized in the statement of comprehensive income. Revaluation gains are recognized only to the extent of the cumulative loss from the previously recognized impairment loss.

**(j) Equity (note 13)**

The share capital of the Company is fully paid.

Other funds include monetary and non-monetary contributions to equity other than share capital, as well as the recognition of written put option over non-controlling interest.

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**(k) Provisions (bod 20)**

A provision is recognized in the consolidated statement of financial position if, as a result of a past event, the Group has a present legal or constructive obligation and it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount can be estimated reliably. If the estimated impact is significant, the amount of the provision is determined by discounting the expected future cash flows using a pre-tax rate that reflects current market assessments of the time value of money, or as well as the specific risks associated with the obligation.

**(l) Employee benefits (note 18)**

*(i) Post-employment benefits*

The accounting treatment and disclosures for post-employment benefit plan rely upon whether it is a defined contribution or a defined benefit plan.

*Defined contribution plan*

Defined contribution plans are the post-employment benefits in which the Group pays fixed contributions into a separate fund and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. Under this plan, the actuarial and investment risk fall upon the employee.

The contributions are recognized as "Personal expenses" as "Retirement benefit expenses – defined contribution plan" in profit or loss on an accrual basis.

*Defined benefit plan*

For defined benefit plans, the value of the liability is equal to the present value of defined benefit payable at the balance sheet date less the fair value of plan assets. The defined benefit liability and the related expense is estimated annually by independent actuaries using the projected credit unit method.

The present value of the liability is determined by discounting the estimated future cash flows at the interest rate of high-quality corporate bonds (for liabilities denominated in EUR) or government bonds (for liabilities in CZK with similar duration). The costs of liability are recognised in profit or loss during the rendering of services.

The current service cost, past service cost and any gain or loss on settlement are recognised in the profit or loss in the line "Personal expenses" as "Retirement benefit expenses – defined benefit plan". Net interest on the net defined liability (asset) is recognised in the line "Finance expenses".

Remeasurement of net defined benefit liabilities (assets), including actuarial gains and losses, returns on plan assets in excess of expected appreciation and any changes in the impact of the maximum amount of assets, is recognised in other comprehensive income.

*(ii) Incentive schemes and bonuses*

Incentive schemes and bonus programmes are programmes which should motivate management, Executive Members of the Board of Directors and other key management personnel of relevant Group subsidiaries to meet specified targets.

Jubilee bonuses are long-term bonuses which are paid when employees reach a specified number of years of employment with the Group.

If the bonuses are not expected to be settled wholly before 12 months after the end of the reporting period these future obligations are reflected as "Long-term bonuses" and are measured using the

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projected unit credit method. Any actuarial gains or losses are recognised immediately to profit or loss.

*(iii) Other short-term employee benefits*

As "Other short-term employee benefits" are presented liabilities for wages and salaries, holiday pay, sick leave, meal vouchers and other benefits that are settled wholly within the 12 months after the end of period in which the service was rendered.

## (m) Revenues and other operating income

*Revenues (revenues from contracts with customers) (note 21)*

Revenues of the Group include mainly revenues from the provision of IT services, revenues from the sale of goods (software and computer technology) and from the provision of other services.

Revenue is recognized when control over the goods delivered or services provided to the customer is transferred in the estimated consideration amount that the Group expects to receive for the goods or services. To determine the amount, time and manner of recognition of sales, the Group companies apply a five-level model defined in IFRS 15. The amount of consideration which the Group is expected to be entitled to, is the transaction price. The following factors are considered in determining it: an estimate of the variable part of the consideration (discounts, reimbursements, bonuses, penalties and other similar items), time value of money if the contract contains a significant financing element, fair value of any non-monetary consideration.

If the contract with the customer contains more performance obligations, then the total transaction price is allocated to individual obligations based on the ration of their separate sales prices.

The method and time of recognition of revenue depend on the method of transfer of control: one-off transactions are recognized when the control of goods or services is transferred, ongoing performances are recognized as long as the entity provides the service. The Group validates revenues from ongoing performance using the input method, i.e. on the basis of the costs incurred to meet the performance obligation in relation to the total expected costs necessary to meet that obligation. When costs incurred do not contribute to the progress in satisfying the performance obligation (e.g. significant inefficient costs that have not been reflected in the contract price), these costs are excluded from the calculation of the progress rate. If the outcome of the contract cannot be estimated reliably or if the costs incurred are not proportionated to the progress in satisfying the performance obligation, revenue is recognised only to the extent of the costs incurred (with zero profit).

### Revenues from the sale of licenses and other goods

Revenue from the sale of licenses ("right to use" licences) and other goods to end customers is recognized in the period in which the sale of licenses or other goods occurs. All contractual obligations are fulfilled at the time of the transfer of control of the goods.

### Revenues from information system implementation

Revenues from the implementation of the information system (hereinafter "IS") are reported after the completion of the implementation process and acceptance of the work by the customer, because the risks and economic benefits associated with the implemented IS cannot be transferred to the customer before the entire implementation process is completed. All contractual obligations are satisfied at the moment of acceptance of the implemented IS by the customer.

### Software development

Revenues from software development contracts are mostly recognised over time since the software is fitted to the customer's order, there is no alternative use to the software under development and the Group has an enforceable right to payment for performance completed to date. If there are separately useable parts of the software, revenues are recognised when these parts are completed and accepted by the customer.

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**Maintenance, cloud and other services**

Revenues from maintenance, cloud and other services provided to customers are recognised over time in which these services are provided. The Group measures revenues from ongoing performance using the input method, as described above.

*Other operating income (note 22)*

**Lease income**

Income from the lease of non-residential premises, office space, movable property and software is recognized in the statement of comprehensive income on a straight-line basis over the lease term.

**Grants**

A conditional grant is recognized in the statement of financial position initially as deferred income when there is reasonable assurance that it will be received, and the conditions attached to receiving the subsidy will be satisfied. Grants, that compensate for the Group's expenses incurred are recognised as other income in the period in which the expenses are incurred. Grants, that compensate for the expenses associated with the acquisition of fixed assets, are recognized in the statement of comprehensive income in other operating income over the useful life of that asset.

**(n) Interest income, financial income and expenses (note 27)**

Interest income from debt instruments measured at amortised cost is recognised as it accrues, using the effective interest method. Using this method, all fees that are an integral part of the effective interest rate are distributed over time as a part of the interest income.

Interest expense comprises interest expense on loans and borrowings, leases, unwinding discount on long-term provisions and other long-term liabilities.

Other finance income and expenses include foreign exchange gains and losses and change in the fair value of trading derivatives.

**(o) Income tax expense (note 29)**

Income tax expense comprises current and deferred tax. Income tax expense is recognized in consolidated statement of total comprehensive income in profit or loss except deferred tax recognised directly in equity through other comprehensive income.

Current tax is the expected tax payable on the taxable profit for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that they probably will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which temporary difference or tax loss carried forward can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

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**(p) Payment of profit shares**

The payment of profit shares to the Company's shareholder is recognised in the Group's consolidated statements as a liability in the period when the payment of profit shares is approved by the Company's shareholder.

**(q) Related parties (note 31)**

A related party is a person or entity that is related to the entity preparing the consolidated financial statements (the "reporting entity").

A) A person or a close member of that person's family is related to the reporting entity if that person:
   i. has control or joint control over the reporting entity;
   ii. has significant influence over the reporting entity; or
   iii. is a member of the key management personnel of the reporting entity or its parent.

B) An entity is related to the reporting entity if any of the following conditions is met:
   i. The entity and the reporting entity are members of the same group.
   ii. One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
   iii. Both entities are joint ventures of the same third party.
   iv. One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
   v. The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity. The entity is controlled or jointly controlled by a person identified in (A).
   vi. A person identified in (A)i) has significant influence over the entity or is a member of the key management personnel of the entity (or its parent).
   vii. An entity or a member of the group of which it is a part provides reporting services to the reporting entity or the parent of the reporting entity.

## 4. INTANGIBLE ASSETS

| 2021 | Appreciable rights, licenses | Brands and trademarks | Customer relationships | Software | Intangible assets under construction | Other intangible assets | Goodwill | Total |
|---|---|---|---|---|---|---|---|---|
| **Acquisition cost** | **5** | **1 038** | **530** | **184** | **93** | **1** | **1 667** | **3 518** |
| **Accumulated amortisation and impairment losses** | **--** | **--** | **-4** | **-90** | **--** | **-1** | **--** | **-95** |
| **Net book value 1 January 2021** | **5** | **1 038** | **526** | **94** | **93** | **--** | **1 667** | **3 423** |
| Effect of new acquisitions (note 11) | -- | -- | 193 | 2 | -- | -- | 379 | 574 |
| Additions | 8 | -- | -- | 21 | 41 | -- | -- | 70 |
| Transfers | -- | -- | -- | 17 | -17 | -- | -- | -- |
| Disposals | -- | -- | -- | -1 | -- | -- | -- | -1 |
| Amortisation | -3 | -84 | -73 | -42 | -- | -- | -- | -202 |
| Impairment | -- | -- | -- | -- | -104 | -- | -- | -104 |
| Effect of currency translation | -- | -4 | -28 | -3 | -- | -- | -63 | -98 |
| **Net book value 31 December 2021** | **10** | **950** | **618** | **88** | **13** | **--** | **1 983** | **3 662** |
| **Acquisition cost** | **13** | **1 034** | **693** | **224** | **117** | **--** | **1 983** | **4 064** |
| **Accumulated amortisation and impairment losses** | **-3** | **-84** | **-75** | **-136** | **-104** | **--** | **--** | **-402** |

Intangible assets under construction mainly consist of intangible assets generated internally (as a result of applied development), which are related to pharmaceutical development. In 2021, an impairment of CZK 104 million was recognised for intangible assets generated internally related to pharmaceutical development, reducing the net book value of these assets to nil.

| 2020 | Appreciable rights, licenses | Brands and trademarks | Customer relationships | Software | Intangible assets under construction | Other intangible assets | Goodwill | Total |
|---|---|---|---|---|---|---|---|---|
| **Acquisition cost** | **--** | **986** | **--** | **135** | **73** | **1** | **885** | **2 080** |
| **Accumulated amortisation and impairment losses** | **--** | **-2** | **--** | **-79** | **--** | **-1** | **-48** | **-130** |
| **Net book value 1 January 2020** | **--** | **984** | **--** | **56** | **73** | **--** | **837** | **1 950** |
| Effect of new acquisitions (note 11) | 5 | 79 | 530 | 38 | -- | -- | 1 050 | 1 702 |
| Additions | -- | -- | -- | 34 | 21 | -- | -- | 55 |
| Disposals | -- | -- | -- | 3 | -1 | -- | -- | 2 |
| Amortisation | -- | -1 | -5 | -36 | -- | -- | -- | -42 |
| Effect of disposal of investments (note 12) | -- | -24 | -- | -2 | -- | -- | -220 | -246 |
| Effect of currency translation | -- | -- | 1 | 1 | -- | -- | -- | 2 |
| **Net book value 31 December 2020** | **5** | **1 038** | **526** | **94** | **93** | **--** | **1 667** | **3 423** |
| **Acquisition cost** | **5** | **1 038** | **530** | **184** | **93** | **1** | **1 667** | **3 518** |
| **Accumulated amortisation and impairment losses** | **--** | **--** | **-4** | **-90** | **--** | **-1** | **--** | **-95** |

Intangible assets under construction mainly consist of intangible assets generated internally (as a result of applied development), which are related to pharmaceutical development. The total amount of this asset as at 31 December 2020 amounted to CZK 93 million. The asset is reported in accordance with the accounting policy described in note 3(c)iv).

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***Goodwill***

| | 31.12.2021 | 31.12.2020 |
|---|---|---|
| Seavus (subgroup) | 995 | 1 050 |
| Stratiteq Sweden AB | 282 | -- |
| AUTOCONT (subgroup) | 222 | 222 |
| Cloud4com (subgroup) | 137 | 137 |
| AEC (subgroup) | 110 | 110 |
| KOMIX s.r.o. | 89 | -- |
| Cleverlance Enterprise Solutions s.r.o. | 64 | 64 |
| Internet Projekt, s.r.o. | 52 | 52 |
| DataSpring s.r.o. | 32 | 32 |
| **Total goodwill** | **1 983** | **1 667** |

The newly recognised goodwill in relation to the acquisition of KOMIX s.r.o. and Stratiteq Sweden AB is further described in note 11.

***Brands and trademarks***

| | 31.12.2021 | 31.12.2020 |
|---|---|---|
| AutoCont | 781 | 822 |
| Cleverlance | 75 | 94 |
| Seavus | 59 | 79 |
| AEC | 17 | 21 |
| Cloud4com | 13 | 16 |
| Internet Projekt | 5 | 6 |
| **Total brands** | **950** | **1 038** |

***Impairment testing***

In accordance with IAS 36, the Group performs annual impairment testing for goodwill and other intangible assets with indefinite useful lives as at 31 December. Impairment of assets is determined by estimating the recoverable amount of the cash-generating unit ("CGU") to which the goodwill or other non-depreciable asset relates to. CGUs are defined at the level of individual companies or their groups. The allocation of goodwill to CGUs has not changed since last year.

When testing goodwill and brands for impairment, the higher of value in use and fair value less costs of disposal ("FVLCD") is used as the recoverable amount. Goodwill and brands are tested together because they are assigned to the same cash-generating units.

The calculation of the recoverable amount was based on the calculation of FVLCD using the market multiplier method. To determine the FVLCD, the Group used the market multiple "EV", which represents the transaction multiple of the industry, or comparable market transactions, in relation to the EBITDA of the relevant market transaction. The FVLCD was then determined as a multiple of the EV and the EBITDA ration for the CGU. EBITDA was calculated as operating profit for the period adjusted for "Depreciation and amortisation" and also for the "Other gains and losses". The costs of disposal were considered insignificant.

The Group used the following assumptions for impairment testing: a regular market participant and a market multiple of EV of 14.54 for the cash-generating units AUTOCONT, Seavus, Cloud4com, AEC and companies Internet Projekt, s.r.o., DataSpring s.r.o. and Stratiteq Sweden AB. A market multiple of EV of 17.86 was used for Cleverlance Enterprise Solutions s.r.o. and KOMIX s.r.o.

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As at 31 December 2021 and 2020, the resulting recoverable amount calculated on the basis of FVLDC (market multiple method) exceeded the carrying amount, therefore the Group concluded that no impairment of assets should be recognised.

The Group's management also performed a sensitivity analysis (analysis of the impact of a possible change in key assumptions and factors) affecting the calculation of the recoverable amount and concluded that a reasonably expected change in the above-stated assumptions would not result in an impairment of reported goodwill or brands.

In 2021, due to expected rebranding, the useful life of the Autocont, Cleverlance, AEC and Cloud4com brands was reassessed as finite and the Group started with their amortisation. The expected useful life of AutoCont brand is 20 years and the expected useful life of AEC, Cleverlance, Cloud4com, Internet Projekt and Seavus brands is 5 years. In compliance with the relevant accounting requirement, the Group performed an impairment test at the date of transition from indefinite to a certain useful life, this test followed the above-mentioned methodology and did not show any impairment.

In 2020, the lifetimes of the AUTOCONT, AEC, Cleverlance , Cloud4com, Seavus and Internet Projekt brands were determined to be indefinite, taking into account historical experience, marketing activities, the nature of the industries in which the companies operated under the brand, and expectations of stable free cash flows.

## 5. PROPERTY, PLANT AND EQUIPMENT

| 2021 | Land | Buildings and structures | Right of use of buildings and halls | Machinery, tools and equipment owned | Right of use of machinery, tools and equipment | Tangible assets under construction | Other tangible assets | Total |
|---|---|---|---|---|---|---|---|---|
| **Acquisition cost** | **1** | **96** | **395** | **290** | **160** | **13** | **3** | **958** |
| **Accumulated depreciation and impairment losses** | **--** | **-27** | **-100** | **-195** | **-69** | **--** | **-3** | **-394** |
| **Net book value 1 January 2021** | **1** | **69** | **295** | **95** | **91** | **13** | **--** | **564** |
| Effect of new acquisitions (note 11) | -- | -- | 37 | 6 | 12 | -- | -- | 55 |
| Additions | -- | -- | 195 | 124 | 48 | 3 | -- | 370 |
| Transfers | -- | -11 | -- | 25 | -- | -14 | -- | -- |
| Disposals | -- | -2 | -2 | -28 | -5 | -2 | -- | -39 |
| Depreciation | -- | -2 | -94 | -96 | -49 | -- | -- | -241 |
| Modification of leases | -- | -- | -58 | -- | -- | -- | -- | -58 |
| Effect of currency translation | -- | -- | -3 | -2 | -1 | -- | -- | -6 |
| Effect of disposal of investments (note 12) | -- | -- | -3 | -- | -- | -- | -- | -3 |
| **Net book value 31 December 2021** | **1** | **54** | **367** | **124** | **96** | **--** | **--** | **642** |
| **Acquisition cost** | **1** | **83** | **516** | **349** | **176** | **--** | **3** | **1 128** |
| **Accumulated depreciation and impairment losses** | **--** | **-29** | **-149** | **-225** | **-80** | **--** | **-3** | **-486** |

Lease liabilities related to recognised right of use of buildings and halls and tight of use of machinery, tools and equipment are presented in note 16.

| 2020 | Land | Buildings and structures | Right of use of buildings and halls | Machinery, tools and equipment owned | Right of use of machinery, tools and equipment | Tangible assets under construction | Other tangible assets | Total |
|---|---|---|---|---|---|---|---|---|
| **Acquisition cost** | **1** | **94** | **421** | **304** | **162** | **5** | **3** | **990** |
| **Accumulated depreciation and impairment losses** | **--** | **-21** | **-71** | **-217** | **-40** | **--** | **-3** | **-352** |
| **Net book value 1 January 2020** | **1** | **73** | **350** | **87** | **122** | **5** | **--** | **638** |
| Effect of new acquisitions (note 11) | -- | 1 | 24 | 30 | -- | -- | -- | **55** |
| Additions | -- | 1 | 6 | 49 | 47 | 12 | -- | **115** |
| Transfers | -- | 6 | -- | -6 | -- | -- | -- | **--** |
| Disposals | -- | -- | -- | -1 | -22 | -4 | -- | **-27** |
| Depreciation | -- | -12 | -72 | -53 | -53 | -- | -- | **-190** |
| Modification of leases | -- | -- | 11 | -- | 8 | -- | -- | **19** |
| Effect of currency translation | -- | -- | 1 | 1 | -- | -- | -- | **2** |
| Effect of disposal of investments (note 12) | -- | -- | -25 | -12 | -11 | -- | -- | **-48** |
| **Net book value 31 December 2020** | **1** | **69** | **295** | **95** | **91** | **13** | **--** | **564** |
| **Acquisition cost** | **1** | **96** | **395** | **290** | **160** | **13** | **3** | **958** |
| **Accumulated depreciation and impairment losses** | **--** | **-27** | **-100** | **-195** | **-69** | **--** | **-3** | **-394** |

Lease liabilities related to recognised right of use of buildings and halls and tight of use of machinery, tools and equipment are presented in note 16.

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## 6. EQUITY METHOD INVESTEES

| | 31.12.2021 | | 31.12.2020 | |
|---|---|---|---|---|
| | Effective interest at the level of parent company | Carrying amount of investment | Effective interest at the level of parent company | Carrying amount of investment |
| ThreatMark s.r.o. (1) | 32,20 % | 29 | 32,20 % | 38 |
| Bio-Nexus LTD | 40,00 % | -- | 40,00 % | -- |
| **Total equity method investees** | | **29** | | **38** |

(1) ThreatMark s.r.o. offers fraud detection services for websites and applications, protection against phising attacts and malware. The following table provides financial information about the associate:

| ThreatMark s.r.o. | 31.12.2021 | 31.12.2020 |
|---|---|---|
| Non-current assets | 29 | 21 |
| Current assets | 108 | 58 |
| Current liabilities | -132 | -47 |
| Net assets (100 %) | 5 | 32 |
| Group's share of net assets (32,2 %) | 1 | 10 |
| Goodwill | 28 | 28 |
| **Carrying amount of interest in associate** | **29** | **38** |

| | 2021 | 2020 |
|---|---|---|
| Revenues | 70 | 70 |
| Profit/ (loss) for the period (100%) | -27 | -- |
| Total comprehensive income / (loss) for the period (100%) | -27 | -- |
| **Total Group's share of total comprehensive income (32,2 %)** | **-9** | **--** |

In 2021 and 2020, no dividend was paid by the associate.

Share on the loss of equity method investees in 2020 includes also the 50% share of loss of SafeDx s.r.o. in the amount CZK -6 million for the period from 1 January 2020 to 30 April 2020. As at 30 April 2020, the 50% interest in the joint venture was sold outside the Group.

The Group had the following receivables and liabilities and incurred the following transactions towards the joint ventures and associates:

| | 2021 | 2020 |
|---|---|---|
| Other long-term financial assets | 66 | -- |
| Revenues | 2 | 8 |
| Expenses | 3 | 4 |

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## 7. OTHER FINANCIAL ASSETS

### Other long-term financial assets

| | 31.12.2021 | 31.12.2020 |
|---|---|---|
| Long-term investments at fair value through profit or loss | 1 490 | 77 |
| Long-term debt instruments at fair value through profit or loss | 149 | -- |
| **Total other long-term financial assets** | **1 639** | **77** |

A at 31 December 2021, the long-term investments at fair value through profit or loss represented investments in externally managed fund and also minority interest in the following companies: PlainID Ltd., MAHANA THERAPEUTICS, INC., Shield IOT Ltd. and NetOp Ltd.

As at 31 December 2020, the long-term investments at fair value through profit or loss represented minority interest in companies PlainID Ltd. and Quantiq s.r.o.

In 2021 and 2020, the Group did not receive any dividends from these investments.

The long-term debt instruments at fair value through profit or loss represent rights for future shares in technology start-ups in a form of SAFE (Simple Agreement for Future Equity).

Due to the investment objective behind which the investments are held, the other investments are classified as long-term and are categorised to Level 2 in the fair value hierarchy. Fair value disclosures are presented in note 32(e) Fair value.

During 2021, the Group sold its investment in SpotInst Ltd. Gains on sale are recognised in Other gains and losses (note 27).

### Other short-term financial assets

| | 31.12.2021 | 31.12.2020 |
|---|---|---|
| Other financial assets | 577 | 213 |
| **Total other short-term financial assets** | **577** | **213** |

Other short-term financial assets represent a receivable under a cash-pooling agreement with KKCG Structured Finance AG. This item is not considered a cash equivalent and is reported in the statement of cash flows within investing activities.

Credit quality is described in note 32(a) Credit risk.

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## 8. RECEIVABLES AND LOANS

### Long-term receivables and loans

| | 31.12.2021 | 31.12.2020 |
|---|---|---|
| Long-term trade and other receivables | 3 | 105 |
| **Long-term receivables - financial** | **3** | **105** |
| Long-term advances (settled) | 1 | -- |
| **Long-term receivables - other** | **1** | **--** |
| **Total long-term receivables and loans** | **4** | **105** |

### Short-term receivables and loans

| | 31.12.2021 | 31.12.2020 |
|---|---|---|
| Trade receivables | 1 866 | 1 528 |
| Contract assets | 64 | 14 |
| Short-term deposits (redeemable) | 1 | 1 |
| Other short-term receivables | 34 | 37 |
| **Short-term receivables - financial** | **1 965** | **1 580** |
| Prepaid expenses | 115 | 89 |
| Short-term advances (settled) | 12 | 14 |
| Receivables from other taxes | 5 | 15 |
| **Short-term receivables - other** | **132** | **118** |
| **Total short-term receivables and loans** | **2 097** | **1 698** |

Credit quality is described in note 32(a) Credit risk.

## 9. INVENTORIES

| | 31.12.2021 | 31.12.2020 |
|---|---|---|
| Raw material | -- | 1 |
| Goods | 202 | 185 |
| Own products | 1 | -- |
| Work in progress and semi-finished products | 20 | 9 |
| **Total inventories** | **223** | **195** |

## 10. CASH AND CASH EQUIVALENTS

| | 31.12.2021 | 31.12.2020 |
|---|---|---|
| Cash | 2 | 6 |
| Bank accounts | 567 | 1 143 |
| **Total cash and cash equivalents** | **569** | **1 149** |

Credit quality is described in note 32(a) Credit risk.

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## 11. NEW ACQUISITIONS

In 2021, the Group acquired interest in the following companies:

| Company name | Interest acquired | Date of acquisition |
|---|---|---|
| KOMIX s.r.o. 1) | 100.00 % | 22 April 2021 |
| Stratiteq Sweden AB 2) | 100.00 % | 1 October 2021 |

1) As of 22 April 2021, a 100% share in company KOMIX s.r.o. was purchased and from that date the company became fully consolidated. KOMIX s.r.o. is a major developer and provider of customized software for e-government, health insurance companies and other large companies.

The Group acquired the 100% stake in KOMIX s.r.o. for a price of CZK 239 million.

The Group measured assets acquired and liabilities assumed at fair value. As a result of acquisition accounting, several newly identifiable intangible assets were recognised. The Group used 5-year business plans and cash flow forecast discounted at WACC of 10.78% for the valuations. Major fair value adjustments and relevant factors used for recognition and valuation of individual assets and liabilities are summarized below:

- Customer relationships in the amount of CZK 140 million were newly recognised. The valuation of customer relationships was based on the multi-period excess earnings method, with an estimated useful life of 5 years.
- A deferred tax liability of CZK 27 million resulting from the recognition of customer relationships was recognised.
- For the remaining items of assets and liabilities management assessed that their carrying value is equal to their fair value in all material aspects.

The goodwill recognised separately as a result of an acquisition is attributable primarily to the synergies between the Group's individual business activities and newly acquired subsidiary, and the value of intangible assets that did not meet the recognition requirements. Goodwill from the acquisition will not be deductible for tax purposes.

In the period from 22 April 2021 until 31 December 2021, company KOMIX s.r.o. contributed consolidated revenue of CZK 337 million and consolidated profit of CZK 8 million to the Group´s result. If the acquisition had occurred on 1 January 2021, management estimates that consolidated revenue would have been higher by CZK 183 million, and consolidated profit for the year would have been lower by CZK 7 million. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same as if the acquisition had occurred on 1 January 2021.

2) As of 1 October 2021, a 100% share in company Stratiteq Sweden AB was purchased and from that date became fully consolidated. Stratiteq Sweden AB is a Swedish limited liability company providing mainly IT consulting services in the areas of software development, analytical solutions or CRM (customer relationship management).

The Group acquired the 100% stake in Stratiteq Sweden AB for a total consideration of CZKK 393 million consisting of consideration satisfied in cash in amount of CZK 326 million, deferred consideration of CZK 25 million and contingent consideration of CZK 42 million.

The Group measured assets acquired and liabilities assumed at fair value. As a result of acquisition accounting, several newly identifiable intangible assets were recognised. The Group used 5-year business plans and cash flow forecast discounted at WACC of 9.22% for the valuations. Major fair value adjustments and relevant factors used for recognition and valuation of individual assets and liabilities are summarized below:

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- Customer relationships in the amount of CZK 53 million were newly recognised. The valuation of customer relationships was based on the multi-period excess earnings method, with an estimated useful life of 5 years.
- A deferred tax liability of CZK 11 million related to customer relationships was recognised.
- For the remaining items of assets and liabilities management assessed that their carrying value is equal to their fair value in all material aspects.

The goodwill recognised separately as a result of an acquisition is attributable primarily to the synergies between the Group's individual business activities and newly acquired subsidiary, and the value of intangible assets that did not meet the recognition requirements. Goodwill from the acquisition will not be deductible for tax purposes.

In the period from 1 October 2021 until 31 December 2021, Stratiteq Sweden AB contributed consolidated revenue of CZK 111 million and consolidated profit of CZK 9 million to the Group´s result. If the acquisition had occurred on 1 January 2021, management estimates that consolidated revenue would have been higher by CZK 283 million, and consolidated profit for the year would have been higher by CZK 27 million. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same as if the acquisition had occurred on 1 January 2021.

The acquisition of subsidiaries in 2021 had the following effect on the Group's consolidated financial statements:

| 2021 | Stratiteq Sweden AB | KOMIX s.r.o. | Total |
|---|---|---|---|
| Property, plant and equipment | 23 | 32 | 55 |
| Customer relationships | 53 | 140 | 193 |
| Other intangible assets | 1 | 1 | 2 |
| Long-term receivables and loans provided | -- | 2 | 2 |
| Short-term receivables | 78 | 136 | 214 |
| Cash and cash equivalents | 48 | -- | 48 |
| Other current assets | 3 | 8 | 11 |
| Long-term loans and borrowings | -- | -1 | -1 |
| Deferred tax liability | -16 | -27 | -43 |
| Other non-current liabilities | -12 | -17 | -29 |
| Short-term loans and borrowing | -- | -33 | -33 |
| Other current liabilities | -75 | -91 | -166 |
| **Net assets** | **103** | **150** | **253** |
| Goodwill (note 4) | 290 | 89 | 379 |
| **Consideration paid** | **393** | **239** | **632** |
| *Consideration paid, satisfied in cash* | 326 | 239 | 565 |
| *Deferred / contingent consideration* | 67 | -- | 67 |
| Cash and cash equivalents acquired | -48 | -- | -48 |
| **Net outflow of cash and cash equivalents** | **-278** | **-239** | **-517** |

In 2020 the Group acquired interest in the following subsidiaries

| Company name | Interest acquired | Date of acquisition |
|---|---|---|
| Seavus Group Holding BV (subgroup) * | 100.00 % | 1 December 2020 |
| Cleverlance Deutschland GmbH | 100.00 % | 4 September 2020 |

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* Seavus Group Holding B.V. subgroup as at the date of acquisition consisted of the following companies: Seavus CISC, Seavus FLLC, Seavus Group Holding B.V., Seavus S.R.L., Seavus USA Inc., Seavus AB, Seavus GmbH, Seavus SHPK, Seavus DOO (Serbia), Seavus Enterprise Foundation, Seavus DOOEL, Seavus DOO (Bosnia and Herzegovina), Ontrax Göteborg AB, Seavus Stockholm AB, Seavus Educational and Development Center DOOEL and Seavus Educational and Development Center DOO.

The acquisition of subsidiaries in 2020 had the following effect on the Group's consolidated financial statements:

| 2020 | Seavus Group Holding B.V. (subgroup) | Other | Total |
|---|---|---|---|
| Property, plant and equipment | 55 | -- | 55 |
| Brands and trademarks | 79 | -- | 79 |
| Appreciable rights, licenses | 5 | -- | 5 |
| Customer relationships | 530 | -- | 530 |
| Other intangible assets | 38 | -- | 38 |
| Deferred tax asset | 5 | -- | 5 |
| Short-term receivables | 229 | -- | 229 |
| Cash and cash equivalents | 540 | 1 | 541 |
| Other current assets | 1 | -- | 1 |
| Deferred tax liability | -129 | -- | -129 |
| Long-term trade and other payables | -4 | -- | -4 |
| Other current liabilities | -203 | -- | -203 |
| **Net assets** | **1 146** | **1** | **1 147** |
| Goodwill (note 4) | 1 050 | -- | 1 050 |
| **Consideration paid** | **2 196** | **1** | **2 197** |
| *Consideration paid, satisfied in cash* | 1 962 | 1 | 1 963 |
| *Deferred consideration* | 234 | -- | 234 |
| Cash and cash equivalents acquired | -540 | -1 | -541 |
| **Net outflow of cash and cash equivalents** | **-1 422** | **--** | **-1 422** |

As the acquisition accounting was considered completed as at 31 December 2020, the Group sets out below the significant estimates and assumptions used for each asset and liability, its recognition and measurement at fair value at the acquisition date:

- Intangible assets related to the internally created brand (Seavus) in the amount of CZK 79 million were newly recognized. The yield method was used to determine the fair value of the brand, namely the relief from royalty method, the rate of royalty used was 0.6 %. The brand is expected to have an indefinite useful life.
- Intangible assets related to customer relations in the amount of CZK 530 million were newly recognized. The value of customer relationships was determined by the multiple period excess earnings method and its useful life was determined to be 10 years.
- Subsequent to the revaluation to fair value, the value of machinery, tools and equipment was increased by CZK 5 million.
- A deferred tax liability of CZK 126 million resulting from the recognition of intangible assets and fair value revaluation adjustment was recognized, applying the corporate income tax rate of 20.6 % valid in Sweden since 2021.
- The management has assessed that carrying amount of other items of assets and liabilities approximates to their fair value.

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Goodwill recognized separately as a result of an acquisition is attributable primarily to synergies between the Group's individual business activities and newly acquired subsidiaries, and the value of intangible assets that did not meet the recognition requirements included in goodwill. Goodwill from the acquisition is non-tax deductible.

In the period from 1 December 2020 to 31 December 2020, the Seavus Group Holding B.V. subgroup contributed CZK 89 million to the Group's consolidated revenues and CZK 16 million to the Group's consolidated profit. If the acquisition took place on 1 January 2020, management estimates that the Group's consolidated revenues would be higher by CZK 924 million and the Group's consolidated profit would be higher by CZK 177 million. In determining these amounts, management assumed that the fair value adjustments described above that arose at the acquisition date would be the same as if the acquisition had taken place on 1 January 2020.

Other acquisitions were aggregated.

## 12. DISPOSAL OF INVESTMENTS IN SUBSIDIARIES

In 2021, a 100% share in company SIL Servis Partner a.s. was sold. The sale of subsidiary had the following impact on the Group's consolidated net assets:

| | SIL Servis Partner a.s. |
|---|---|
| Property, plant and equipment | -3 |
| Short-term receivables | -4 |
| Other current assets | -1 |
| Cash and cash equivalents | -5 |
| Other non-current liabilities | 2 |
| Other current liabilities | 5 |
| **The decrease in net assets** | **-6** |

Company SIL Servis Partner a.s. did not represent a separate major line of business or geographical area of operations and hence, was not classified as discontinued operations.

Furthermore, 3.68% share in company Aricoma Capital a.s. was sold in 2021. This sale did not lead to loss of control and therefore did not affect the Group's net assets.

The gain/loss on the sale of investments is included in the consolidated statement of total comprehensive income as a part of Other gains and losses (note 27). Considerations received were fully paid as at 31 December 2021.

In 2020, after acquiring the remaining 5% share in Conectart s.r.o. the Group sold 100% share in Conectart s.r.o. subgroup including the subsidiary Megalax Real, s.r.o. The purchase agreement was signed on 14 May 2020 and the transaction was settled on 30 June 2020.

As at 29 May 2020, the Group sold a 100% interest in the subsidiary CAD Studio s.r.o.

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The sale of subsidiaries had the following impact on the Group's consolidated net assets:

| | CAD Studio s.r.o. | Conectart s.r.o. subgroup |
|---|---|---|
| Property, plant and equipment | -8 | -39 |
| Goodwill | -20 | -200 |
| Brands and trademarks | -- | -24 |
| Other long-term intangible assets | -- | -2 |
| Deferred tax assets | -1 | -1 |
| Short-term trade and other receivables | -50 | -80 |
| Other current assets | -2 | -- |
| Assets held for sale | -52 | -- |
| Cash and cash equivalents | -59 | -2 |
| Long-term loans and borrowings | -- | 14 |
| Long-term trade and other payables | 4 | 17 |
| Short-term loans and borrowings | -- | 29 |
| Other current liabilities | 85 | 80 |
| **Total decrease in net assets** | **-103** | **-208** |

The gain / loss on the sale of investments is included in Other gains / (losses) in the consolidated statement of comprehensive income. The consideration transferred for the shares in the amount of CZK 534 million was fully paid as at 31 December 2020. Part of the sales price of CZK 30 million was a contingent consideration (earn-out). The contingent consideration was reported as other short-term receivable as at 31 December 2020 (note 8) and it was settled during 2021.

Neither CAD Studio s.r.o. nor the subgroup Conectart s.r.o. were classified as discontinued operations because they do not represent a separate major line of business or geographical area of operations.

## 13. EQUITY

| | 31.12.2021 | 31.12.2020 |
|---|---|---|
| Share capital | 1 | 1 |

The share capital of the Company consists of a sole shareholder contribution in the amount of CZK 500 thousand. The share capital was fully paid.

## 14. NON-CONTROLLING INTEREST

The Group's non-controlling interests in the amount of CZK 258 million as of 31 December 2021 relate to 3,68% share in Aricoma Capital a.s. subgroup and companies that are part of the Aricoma Capital subgroup. This non-controlling interest includes a 30% share in the Cleverlance Group a.s. subgroup (CZK 124 million) and 45% share in the AEC a.s. subgroup (CZK 68 million). Furthermore, the non-controlling interest in the Aricoma Capital a.s. subgroup include a 8% share in AUTOCONT s.r.o. (CZK 6 million) and a 10% share in Cloud4com SK, s.r.o.

In 2021, total comprehensive income attributable to non-controlling interest includes a 30% share of Aricoma Group a.s. subgroup profit (including Cleverlance Group a.s. and AEC a.s. subgroups) for the period from 1 January 2021 to 6 October 2021 in the amount of CZK 21 million.

On 6 October, the remaining 30% share in company Aricoma Group a.s. was acquired and a 3.68% share on its parent company Aricoma Capital a.s. was sold outside the Group at the same date. Total comprehensive income attributable to the non-controlling interest of Aricoma Capital a.s. is calculated

from the total comprehensive income of the subgroup for the period from 6 October 2021 to 31 December 2021.

| **Aggregated statement of financial position as at 31 December 2021** | **Cleverlance Group a.s. subgroup** | **AEC a.s. subgroup** | **Aricoma Capital a.s. (incl. subgroups AEC a.s. and Cleverlance Group a.s.)** |
|---|---|---|---|
| Non-current assets | 488 | 139 | 3 303 |
| Current assets | 656 | 121 | 2 891 |
| Long-term liabilities | -371 | -19 | -2 062 |
| Short-term liabilities | -360 | -91 | -2 296 |
| Non-controlling interests of the subgroup | -- | -- | 197 |
| Net assets attributable to the Group | 413 | 150 | 1 639 |
| Percentage of non-controlling interest | 30.00% | 45.00% | 3.68% |
| **Non-controlling interests** | **124** | **68** | **60** |
| Non-controlling interest of the subgroup entering into consolidation * | -- | -- | **198** |
| **Carrying amount of non-controlling interests** | **124** | **68** | **258** |

| **Aggregated statement of comprehensive income for year 2021** | **Cleverlance Group a.s. subgroup** | **AEC a.s. subgroup** | **Aricoma Capital a.s. (incl. subgroups AEC a.s. and Cleverlance Group a.s.)** |
|---|---|---|---|
| Revenues | 1 661 | 223 | 7 755 |
| Profit | 107 | 20 | 114 |
| Other comprehensive income / (loss) | -3 | -- | -6 |
| Total comprehensive income / (loss) | 104 | 19 | 107 |
| Percentage of non-controlling interest | 30.00% | 45.00% | 3.68% |
| **Profit attributable to non-controlling interest** | **32** | **9** | **4** |
| **OCI attributable to non-controlling interests** | **-1** | **--** | **--** |
| Profit /(loss) attributable to the non-controlling interest of the subgroup entering into consolidation | -- | -- | **65** |
| OCI attributable to the non-controlling interest of the subgroup entering into consolidation | -- | -- | **-2** |
| **Total comprehensive income / (loss) attributable to non-controlling interests** | **31** | **9** | **67** |

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| Aggregated statement of cash flows for year 2021 | Cleverlance Group a.s. subgroup | AEC a.s. subgroup | Aricoma Capital a.s. (incl. subgroups AEC a.s. and Cleverlance Group a.s.) |
|---|---|---|---|
| Cash flow from operating activities | 71 | -55 | 170 |
| Cash flow from investing activities | -242 | -1 | -944 |
| Cash flow from financing activities | 104 | 49 | 115 |
| **Net decrease in cash and cash equivalents** | **-67** | **-7** | **-659** |
| **Dividends declared to non-controlling interest** | **--** | **--** | **8** |

As at 31 December 2020, the Group's non-controlling interests relate to a 30% share in the Aricoma Group a.s. and companies that are part of the Aricoma Group a.s. in the amount of CZK 575 million. This non-controlling interest includes a 30% share in the Cleverlance Group a.s. (CZK 93 million) and a 45% share in the AEC a.s. (CZK 35 million). Furthermore, the non-controlling interest in the Aricoma Group subgroup includes a 10% share in Cloud4com SK, s.r.o. and 8% share in AUTOCONT s.r.o. (in the amount of CZK 7 million).

| Aggregated statement of financial position as at 31 December 2020 | Cleverlance Group a.s. subgroup | AEC a.s. subgroup | Aricoma Group a.s. (incl. subgroups AEC a.s. and Cleverlance Group a.s.) |
|---|---|---|---|
| Non-current assets | 359 | 146 | 3 015 |
| Current assets | 530 | 136 | 2 754 |
| Long-term liabilities | 290 | 38 | 2 104 |
| Short-term liabilities | 290 | 167 | 2 062 |
| Non-controlling interests of the subgroup | -- | -- | 135 |
| Net assets attributable to the Group | 309 | 77 | 1 468 |
| Percentage of non-controlling interest | 30,00 % | 45,00 % | 30,00 % |
| **Non-controlling interests** | **93** | **35** | **440** |
| Non-controlling interest of the subgroup entering into consolidation * | -- | -- | **135** |
| **Carrying amount of non-controlling interests** | **93** | **35** | **575** |

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| Aggregated statement of comprehensive income for year 2020 | Cleverlance Group a.s. subgroup | AEC a.s. subgroup | Aricoma Group a.s. (incl. subgroups AEC a.s. and Cleverlance Group a.s.) | Conectart s.r.o. subgroup |
|---|---|---|---|---|
| Revenues | 1 364 | 232 | 7 235 | 240 |
| Profit | 106 | 13 | 482 | 17 |
| Other comprehensive income / (loss) | 1 | -- | 4 | -- |
| Total comprehensive income / (loss) | 107 | 14 | 486 | 17 |
| Percentage of non-controlling interest | 30.00 % | 45.00 % | 30.00 % | 5.00 % |
| **Profit attributable to non-controlling interest** | **32** | **6** | **145** | **1** |
| **OCI attributable to non-controlling interests** | **--** | **--** | **1** | **--** |
| Profit /(loss) attributable to the non-controlling interest of the subgroup entering into consolidation | -- | -- | **40** | -- |
| OCI attributable to the non-controlling interest of the subgroup entering into consolidation | -- | -- | **1** | -- |
| **Total comprehensive income / (loss) attributable to non-controlling interests** | **32** | **6** | **187** | **1** |

| Aggregated statement of cash flows for year 2020 | Cleverlance Group a.s. subgroup | AEC a.s. subgroup | Aricoma Group a.s. (incl. subgroups AEC a.s. and Cleverlance Group a.s.) |
|---|---|---|---|
| Cash flow from operating activities | 194 | 20 | 735 |
| Cash flow from investing activities | 6 | -8 | -697 |
| Cash flow from financing activities | -111 | -1 | 501 |
| **Net decrease in cash and cash equivalents** | **89** | **11** | **539** |
| **Dividends declared to non-controlling interest** | **--** | **--** | **3** |

## 15. BANK LOANS AND OTHER BORROWINGS

### Bank loans and other borrowings – non-current portion

| | 31.12.2021 | 31.12.2020 |
|---|---|---|
| Long-term bank loans | 2 510 | 1 845 |
| Long-term loans from related parties (note 31) | 305 | -- |
| Other long-term borrowings | 195 | -- |
| **Total bank loans and other borrowings – non-current portion** | **3 010** | **1 845** |

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## Bank loans and other borrowings –current portion

| | 31.12.2021 | 31.12.2020 |
|---|---|---|
| Short-term loans from related parties (note 31) | 1 147 | 887 |
| Short-term part of long-term bank loans | 379 | 256 |
| Other short-term borrowings | 3 | 259 |
| **Total bank loans and other borrowings – current portion** | **1 529** | **1 402** |

Long-term bank loans are payable as follows:

| | 31.12.2021 | 31.12.2020 |
|---|---|---|
| Within one year | 379 | 256 |
| From one to five years | 1 507 | 854 |
| In more than five years | 1 003 | 991 |
| | **2 889** | **2 101** |

Within the KKCG Technologies group, company Aricoma Group a.s. together with its sister companies Aricoma Group AB and Javorina Management AB act as co-borrowers. The covenants are calculated based on the aggregate basis of the consolidated IFRS results of the mentioned companies.

Loans drawn by the Group are secured by a balance in bank accounts in the amount of CZK 188 million (2020: CZK 733 million) and receivables in the amount of CZK 799 million (2020: CZK 155 million).

Loans received by the Group are also secured by following shares in subsidiaries: AEC a.s., AEC s.r.o., Aricoma Group AB, Aricoma Group a.s., AUTOCONT a.s., AUTOCONT s.r.o., CES EA s.r.o., Cleverlance Enterprise Solutions s.r.o., Cleverlance H2B s.r.o., Cleverlance Group a.s., Cleverlance Slovakia s.r.o., Internet Projekt, s.r.o., Seavus AB, Seavus DOO (Srbsko) and Seavus DOOEL.

Based on the contractual term, the Group companies are required to comply with financial covenants, such as the Net Debt/EBITDA and cash flow coverage. As at 31 December 2021 and 31 December 2020, the Group companies fulfilled the covenants.

As at 31 December 2021, the Group was in a situation of close call on covenants regarding its major bank loan, which has two basic financial covenants. The net debt to EBITDA ratio was met with a sufficient buffer, however, the covenant regarding operating cash flow to debt service ratio was 1.22 (with a minimum value for meeting the indicator of 1.20). The main reason for the result that close to non-compliance with the covenants was a negative year-on-year change in working capital of the major subsidiary AUTOCONT a.s. The Group's management considered the situation and assessed that this close call on covenants does not constitute any significant risk to the Group, especially considering the positive development of results in 2022.

Interest rates for loans and borrowings are based on PRIBOR or EURIBOR and margins that vary from 2.3 % to 2.76 % (2020 from 2.7 % to 3 %). Fixed interest rates vary from 0 % to 5 % (2020: from 0 % to 5 %).

Other long-term borrowings represent mainly loans from minority shareholders of Aricoma Capital a.s. in 2021. Other short-term borrowings represent mainly loans from minority shareholders of Aricoma Group a.s. in 2020.

The maturity and contractual cash flows associated with the loans are described in note 32(d) Liquidity risk.

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Reconciliation of movements pf short-term and long-term loans and borrowings to cash flows:

| | 2021 | 2020 |
|---|---|---|
| **Opening balance** | **3 247** | **2 468** |
| *Cash flows:* | | |
| Loans and borrowings received | 1 839 | 2 508 |
| Repayment of loans and borrowings | -606 | -1 686 |
| Interest of prior periods paid | -25 | -19 |
| *Non-cash changes;* | | |
| Effect of new acquisitions | 34 | -- |
| Unpaid interest of current period | 54 | 40 |
| Effect of currency translation | -69 | -3 |
| Effect of disposal of investments | -- | -43 |
| Other non-monetary transactions | 65 | -18 |
| **Closing balance** | **4 539** | **3 247** |

## 16. LEASE LIABILITIES

| | 31.12.2021 | 31.12.2020 |
|---|---|---|
| Long-term lease liabilities | 332 | 285 |
| Short-term lease liabilities | 133 | 116 |
| **Total lease liabilities** | **465** | **401** |

Reconciliation of movements of lease liabilities to cash flows:

| | 2021 | 2020 |
|---|---|---|
| **Opening balance** | **401** | **476** |
| *Cash flows:* | | |
| Payments of lease liabilities | -136 | -117 |
| *Non-cash movements:* | | |
| Effect of new acquisitions | 49 | 24 |
| Recognition and reassessment of lease liabilities | 167 | 49 |
| Effect of currency translation | -13 | 6 |
| Effect of disposal of investments | -3 | -37 |
| **Closing balance** | **465** | **401** |

Total cash outflow for leases in 2921 was CZK 155 million (2020: CZK 140 million), which includes payments of lease liabilities also interest expense on leases payments (note 28). Year-to-year movement of related right of use assets is disclosed in note 5. Lease expenses related to leases not recognised as right of use assets under practical simplification in accordance with IFRS 16 are disclosed in note 23.

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## 17. TRADE AND OTHER PAYABLES

### Long-term trade and other payables

| | 31.12.2021 | 31.12.2020 |
|---|---|---|
| *Long-term liabilities arising from the acquisition of* investments in subsidiaries | 454 | 460 |
| Other long-term payables | 718 | 747 |
| **Long-term trade and other payables - financial** | **1 172** | **1 207** |
| **Total long-term trade and other payables** | **1 172** | **1 207** |

Other long-term liabilities mainly represent options over non-controlling interest. Their value is based on the discounted expected redemption amount, which is primarily dependent on the expected performance of the relevant company in the reference period and the estimated amount of working capital as of the determining day. The Group used the approved medium-term business plans of the respective companies for the purpose of calculating the expected redemption amount.

Long-term liabilities arising from the acquisition of investments are described below.

### Short-term trade and other payables

| | 31.12.2021 | 31.12.2020 |
|---|---|---|
| Trade payables | 1 419 | 1 305 |
| Short-term liabilities arising from the acquisition of investments in subsidiaries | 85 | 123 |
| Other short-term payables | 80 | 445 |
| **Short-term trade and other payables - financial** | **1 584** | **1 873** |
| Payables to the state | 324 | 256 |
| Short-term contract liabilities | 60 | 55 |
| **Short-term trade and other payables - other** | **384** | **311** |
| **Total short-term trade and other payables** | **1 968** | **2 184** |

Other short-term payables mainly represent short-term part of options over non-controlling interest.

The maturity of presented liabilities is described in note 32(d) Liquidity risk.

In 2021, the presentation of Other long-term payables to employees and Other short-term payables to employees changed and these items are newly part of line Employee benefits (note 18).

Liabilities arising from the acquisition of investments:

| | 31.12.2021 | 31.12.2020 |
|---|---|---|
| Deferred consideration | 332 | 316 |
| Contingent consideration | 207 | 267 |
| **Total liabilities arising from the acquisition of investments** | **539** | **583** |

The payment of contingent considerations depends on the development of the EBITDA indicator and the development of EBIT indicator. The prediction of indicators development is base on medium-term business plans using the model of the most probable values. The forecasts are regularly updated by the Group's management.

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## 18. EMPLOYEE BENEFITS

| | 31.12.2021 | 31.12.2020 |
|---|---|---|
| Post-employment benefits – non-current portion | 12 | -- |
| thereof: Defined benefits | 12 | -- |
| Other long-term payables to employees | 1 | -- |
| **Total long-term employee benefits** | **13** | **--** |

| | 31.12.2021 | 31.12.2020 |
|---|---|---|
| Post-employment benefits – current portion | 1 | -- |
| thereof: Defined benefits | 1 | -- |
| Other short-term payables to employees | 323 | 250 |
| **Total short-term employee benefits** | **324** | **250** |

The post-employment benefits relate to defined benefits plans of companies Seavus DOEL (North Macedonia) and Družstvo za Informatičku Technologiju Seavus DOO (Serbia). The obligation arising from the defined benefit plan and related expenses are valued by independent actuaries annually using projected unit credit method.

The following table summarizes the Group's defined benefit plans:

| | 2021 |
|---|---|
| **Opening balance as at 1 January** | **--** |
| Current service costs | 3 |
| Past service costs | -1 |
| Settlement cost (result) | -1 |
| **Total cost recognised in profit or loss** | **1** |
| Actuarial gain (-) / loss (+) from financial assumptions | -1 |
| **Actuarial gain (-) / loss (+) recognised in equity** | **-1** |
| Contributions | 14 |
| Payments | -1 |
| **Closing balance as at 31 December** | **13** |

Significant actuarial assumptions in regard with defined benefit plans as at 31 December 2021 were as follows:

| | North Macedonia | Serbia |
|---|---|---|
| Discount rate (in %) | 2.90% | 3.43% |
| Expected rate of increase in salaries (in %) | 3.00% | 6.50% |
| Average service in the company (in years) | 4.0 | 3.4 |

The following table shows the change in actuarial liability of the Group if the discount rate was higher or lower by 0.5% than the rate used and the corresponding change if the expected rate of salary increase was 0.5% higher or lower than the rate used:

| | Discount rate | | Expected increase in salaries | |
|---|---|---|---|---|
| | 0.5% higher | 0.5% lower | 0.5% higher | 0.5% lower |
| Actuarial liability | 13 | 14 | 14 | 13 |
| Percentage change | -3,9% | 4,2% | 2,1% | -1,8% |

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## 19. DERIVATIVES

| | 31.12.2021 | 31.12.2020 |
|---|---|---|
| Long-term receivables from derivatives held for trading | 57 | -- |
| **Total receivables from derivative financial instruments** | **57** | **--** |
| Long-term liabilities from derivatives held for trading | -3 | -4 |
| Short-term liabilities from derivatives held for trading | -- | -3 |
| **Total liabilities from derivative financial instruments** | **-3** | **-7** |

Gain from revaluation of derivatives held for trading in the amount of CZK 60 million (2020: loss -3 million) is presented as part of net finance costs (note 28).

As at 31 December 2021, the Group held the following financial derivatives for trading:

| | Year of maturity | Nominal value | Fair value as at 31.12.2021 |
|---|---|---|---|
| Interest rate swaps | 2027 | 843 | 57 |
| **Total receivables from trading derivatives** | | | **57** |
| Currency swaps | 2022 | 42 | -- |
| Interest rate swaps | 2027 | 588 | -3 |
| **Total liabilities from trading derivatives** | | | **-3** |
| **Total derivatives held for trading** | | | **54** |

As at 31 December 2020, the Group held the following financial derivatives for trading:

| | Year of maturity | Nominal value | Fair value as at 31.12.2020 |
|---|---|---|---|
| Currency swaps | 2021 | 47 | -2 |
| Currency forwards | 2021 | 30 | -1 |
| Interest rate swaps | 2027 | 508 | -4 |
| **Total liabilities from derivatives held for trading** | | | **-7** |
| **Total derivatives held for trading** | | | **-7** |

As at 31 December 2021 and 31 December 2020, the Group did not classify any derivative instruments as hedging derivatives.

## 20. PROVISIONS

| | Provision for warranty | Provision for litigation | Total |
|---|---|---|---|
| **Balance as at 1 January 2021** | **6** | **6** | **12** |
| Additions | -- | 1 | **1** |
| **Balance as at 31 December 2021** | **6** | **7** | **13** |
| thereof: | | | |
| Short-term provisions | 6 | -- | **6** |
| Long-term provisions | -- | 7 | **7** |

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## 21. REVENUES

| | 2021 | 2020 |
|---|---|---|
| Sales of goods | 4 097 | 4 030 |
| Revenues from IT services | 4 757 | 3 253 |
| Revenues from the telecommunications and information services | -- | 234 |
| Revenues from other services | 63 | 45 |
| **Total revenues** | **8 917** | **7 562** |

The following table presents the distribution of sales according to the timing of revenue recognition:

| **Timing of revenue recognition** | **2021** | **2020** |
|---|---|---|
| At a point in time | 5 906 | 4 746 |
| Over time | 3 011 | 2 816 |
| **Total revenues** | **8 917** | **7 562** |

Revenues related to performance obligation that are outstanding (or partially unfulfilled) as at 31 December and the Group expects to recognise them in the following years are presented below.

| **As at 31 December 2021** | **Total** | **Within 1 year** | **1-2 years** | **2-5 years** | **More than 5 years** |
|---|---|---|---|---|---|
| Transaction price for outstanding performance obligations | 5 626 | 2 784 | 836 | 2 006 | -- |

| **As at 31 December 2020** | **Total** | **Within 1 year** | **1-2 years** | **2-5 years** | **More than 5 years** |
|---|---|---|---|---|---|
| Transaction price for outstanding performance obligations | 1 703 | 893 | 530 | 280 | -- |

Contracts with customers do not contain a significant financing element, therefore transaction prices are not adjusted for the time value of money.

## 22. OTHER OPERATING INCOME

| | 2021 | 2020 |
|---|---|---|
| Income from subsidies | 12 | 6 |
| Income from leases | -- | 2 |
| Other operating income | 74 | 18 |
| **Total other operating income** | **86** | **26** |

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## 23. MATERIALS, CONSUMABLES AND SERVICES

| | 2021 | 2020 |
|---|---|---|
| Cost of goods sold | 3 648 | 3 487 |
| Materials and energy used | 62 | 60 |
| **Total materials and consumables** | **3 710** | **3 547** |
| IT and software related costs | 961 | 496 |
| Consumption of services relating to sales | 594 | 503 |
| Professional fees and expenses | 158 | 92 |
| Lease expenses | 54 | 58 |
| Advertising, promotion and other related costs | 33 | 22 |
| Telecommunication costs | 13 | 21 |
| Other services | 64 | 305 |
| **Total services** | **1 877** | **1 497** |
| **Total materials, consumables and services** | **5 587** | **5 044** |

The costs of Group audit and other services provided by the auditor amounted CZK 14 million in 2021 (2020: CZK 15 million).

Lease expenses in 2021 and 2020 relate to leases that have not been recognised as right of use assets under practical simplification in accordance with IFRS 16 (see note 3.d)ii)). The following table provides a detailed breakdown of lease expenses.

| | 2021 | 2020 |
|---|---|---|
| Expense relating to short-term leases | 29 | 29 |
| Expense relating to variable lease payments | 7 | 5 |
| Expense relating to low value assets | 18 | 24 |
| **Total lease expenses** | **54** | **58** |

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## 24. PERONNEL EXPENSES

| | 2021 | 2020 |
|---|---|---|
| Wages and salaries | 1 806 | 1 347 |
| Social security expenses – pension insurance contribution | 388 | 277 |
| Social insurance expenses – other contributions | 54 | 37 |
| Health insurance expenses | 166 | 121 |
| Retirement benefit costs | 1 | -- |
| Other social expenses | 138 | 52 |
| **Total personnel expenses** | **2 553** | **1 834** |

## 25. DEPRECIATION, AMORTISATION AND IMPAIRMENT

| | 2021 | 2020 |
|---|---|---|
| Depreciation of property, plant and equipment | 98 | 65 |
| Amortisation of intangible assets | 202 | 42 |
| Depreciation of right of use | 143 | 125 |
| Impairment of intangible assets | 104 | -- |
| **Total depreciation, amortisation and impairment** | **547** | **232** |

For more information on impairment of intangible assets see note 4.

## 26. OTHER OPERATING EXPENSES

| | 2021 | 2020 |
|---|---|---|
| Insurance premiums | 33 | 24 |
| Sponsorship and donations | 31 | 8 |
| Repairs and maintenance | 14 | 22 |
| Travel expense | 11 | 7 |
| Other taxes | 9 | 5 |
| Fees | 4 | 3 |
| Write off trade receivables | 2 | 34 |
| Increase / decrease of loss allowance for receivables | 1 | -1 |
| Other operating expenses | 1 | 2 |
| **Total other operating expenses** | **106** | **104** |

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## 27. OTHER GAINS AND LOSSES

| | 2021 | 2020 |
|---|---|---|
| Net gain (+) / loss (-) on disposal of subsidiaries | -3 | 254 |
| Net gain on disposal of equity method investees | -- | 6 |
| Net gain on sale of other investments | 11 | 30 |
| Net gain on revaluation of financial assets to fair value | 926 | 20 |
| Net loss on revaluation of financial liabilities to fair value | -7 | -45 |
| Net gain from disposal of fixed assets | 1 | 6 |
| Net gain from disposal of material | 1 | 2 |
| **Total other gains and losses** | **929** | **273** |

Financial assets at fair value through profit or loss are described in note 7. For information about disposal of investments in subsidiaries see note 12.

## 28. NET FINANCE COSTS

| | 2021 | 2020 |
|---|---|---|
| Interest income | 4 | 2 |
| **Total interest income** | **4** | **2** |
| Net gain from trading derivatives | 60 | -- |
| Income from short-term financial assets | 1 | -- |
| Other finance income | 2 | -- |
| **Total finance income** | **63** | **--** |
| Interest expense | -198 | -141 |
| Interest expense on leases | -19 | -22 |
| Net loss from foreign exchange transactions | -17 | -36 |
| Net loss from trading derivatives | -- | -3 |
| Other finance expenses | -13 | -35 |
| **Total finance costs** | **-247** | **-237** |
| **Net finance costs** | **-180** | **-235** |

For information on trading derives see note 19.

## 29. TAXATION

### Income tax expense

| | 2021 | 2020 |
|---|---|---|
| Current income tax | 88 | 88 |
| Deferred income tax | 105 | -17 |
| **Total income tax expense** | **193** | **71** |

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### Effective tax rate reconciliation

| | 2021 | | 2020 | |
|---|---|---|---|---|
| **Profit before income tax** | **950** | | **406** | |
| Income tax determined using current tax rates | 180 | 19.00 % * | 77 | 19.00 % * |
| Effect of non-deductible expenses | 76 | 8.00 % | 107 | 26.35 % |
| Effect of non-taxable income | -32 | -3.37% | -115 | -28.33 % |
| Tax credits | -15 | -1.58 % | -- | -- |
| Tax relating to prior periods | 11 | 1.16 % | 1 | 0.25 % |
| Effect of accumulated tax loss claimed in current period | -28 | -2.95 % | -- | -- |
| Effect of not recognized deferred tax asset relating to tax losses of current period | 3 | 0.32 % | 3 | 0.74 % |
| Effect of profit or loss of equity method investees | 1 | 0.11 % | 1 | 0.25 % |
| Effect of different tax rate of companies within the Group | -7 | -0.74 % | -2 | -0.49 % |
| Other effects | 4 | 0.42 % | -1 | -0.25 % |
| **Total income tax / effective tax rate** | **193** | **20.32 %** | **71** | **17.49 %** |

* Tax rate valid in the Czech Republic.

Corporate income tax rates by county where the Group's companies mainly operate:

| | Tax rate | |
|---|---|---|
| | **2021** | **2020** |
| Czech Republic | 19.00 % | 19.00 % |
| Poland | 19.00 % | 19.00 % |
| North Macedonia | 10.00 % | 10.00 % |
| Slovak Republic | 21.00 % | 21.00 % |
| Serbia | 15.00 % | 15.00 % |
| Sweden | 20.60 % | 21.40 % |

### Deferred tax

| | 31.12.2021 | 31.12.2020 |
|---|---|---|
| Deferred tax asset | 16 | 24 |
| Deferred tax liability | -435 | -301 |
| **Net deferred tax liability** | **-419** | **-277** |

Deferred tax assets and liabilities related to income taxes levied by the same taxation authority were offset in individual companies of the Group for the purposes of presentation in the consolidated financial statements.

In accordance with the accounting policy stated in note 3o), the deferred tax was calculated using tax rates applicable in individual companies of the Group.

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## Change in deferred tax

| | Balance at 1.1.2021 | Changes during the reporting period | | | | Balance at 31.12.2021 |
|---|---|---|---|---|---|---|
| | Deferred tax asset / liability | Recognised in profit or loss | Effect of new acquisitions | Effect of disposal of investments | Effect of currency translation | Deferred tax asset / liability |
| **Deferred tax asset (+) /liability (-)** | **-277** | **-105** | **-43** | **--** | **6** | **-419** |
| Property, plant and equipment | -59 | -4 | -10 | 1 | -- | -72 |
| Intangible assets | -302 | 54 | -38 | -- | 7 | -279 |
| Other financial assets | -- | -179 | -- | -- | -- | -179 |
| Total inventories | -- | -- | -- | -- | 1 | 1 |
| Total receivables | -- | 1 | -- | -- | -1 | -- |
| Lease liabilities | 51 | 29 | 10 | -1 | -- | 89 |
| Other liabilities | 30 | -7 | -- | -- | -1 | 22 |
| Provisions | 3 | 1 | -- | -- | -- | 4 |
| Tax losses carried forward | -- | -- | -5 | -- | -- | -5 |

| | Balance at 1.1.2021 | Changes during the reporting period | | | Balance at 31.12.2021 |
|---|---|---|---|---|---|
| | Deferred tax asset / liability | Recognised in profit or loss | Effect of new acquisitions | Effect of disposal of investments | Deferred tax asset / liability |
| **Deferred tax asset (+) /liability (-)** | **-168** | **17** | **-124** | **-2** | **-277** |
| Property, plant and equipment | -51 | -4 | -4 | -- | -59 |
| Intangible assets | -182 | 9 | -129 | -- | -302 |
| Total inventories | 1 | -1 | -- | -- | -- |
| Total receivables | 3 | -2 | -- | -1 | -- |
| Lease liabilities | 45 | 3 | 3 | -- | 51 |
| Other liabilities | 9 | 16 | 6 | -1 | 30 |
| Provisions | 7 | -4 | -- | -- | 3 |

Based on the financial outlook, the Group expects that recognised deferred tax asset will be utilised against future taxable profit. The amount of unrecognised deferred tax assets is as follows:

| | Unrecognised deferred tax asset | |
|---|---|---|
| | **2021** | **2020** |
| Tax losses carried forward | 10 | 41 |
| **Total unrecognised deferred tax asset** | **10** | **41** |

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### Tax losses carried forward

Tax losses carried forward for which no deferred tax asset was recognized expire as follows:

| | 2021 | 2020 |
|---|---|---|
| To be utilised in the period | | |
| 1 - 5 years | 47 | 214 |
| 5 – 10 years | 7 | -- |
| **Total tax losses carried forward** | **54** | **214** |

## 30. OTHER COMPREHENSIVE INCOME

| | 2021 | 2020 |
|---|---|---|
| *Items that are or may be subsequently reclassified to profit or loss:* | | |
| Foreign currency translation of foreign operations | -32 | -16 |
| *Items that will not be reclassified to profit or loss:* | | |
| Gain from actuarial remeasurement | 1 | -- |
| **Total other comprehensive income** | **-31** | **-16** |

| **Other comprehensive income attributable to:** | 2021 | 2020 |
|---|---|---|
| Owner of the Company | -29 | -18 |
| Non-controlling interest | -2 | 2 |
| **Total other comprehensive income** | **-31** | **-16** |

The following table presents the impact of individual components of other comprehensive income on the Group's equity:

| ***2021*** | Actuarial reserve | Translation reserve | **OCI attributable to owner of the Company** | OCI attributable to non-controlling interest | **Total OCI** |
|---|---|---|---|---|---|
| Foreign currency translation of foreign operations | -- | -30 | **-30** | -2 | **-32** |
| Gain from actuarial remeasurement | 1 | -- | 1 | -- | **1** |
| **Other comprehensive income, net of tax** | 1 | -30 | **-29** | -2 | **-31** |

| ***2020*** | Translation reserve | **OCI attributable to owner of the Company** | OCI attributable to non-controlling interest | **Total OCI** |
|---|---|---|---|---|
| Foreign currency translation of foreign operations | -18 | **-18** | 2 | **-16** |
| **Other comprehensive income, net of tax** | -18 | **-18** | 2 | **-16** |

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## 31. RELATED PARTIES

In 2021, the statutory representatives and the key management personnel of the Group received remuneration of CZK 16 million (2020: CZK 12 million).

The KKCG Technologies Group is part of the consolidation group of KKCG AG with the registered office at Switzerland.

All transactions with related parties are carried out under standard market conditions.

**Overview of balances with related parties as at 31 December 2021 and 31 December 2020:**

| | 31.12.2021 | 31.12.2020 |
|---|---|---|
| Other short-tern financial assets | 577 | 213 |
| Short-term trade and other receivables | 25 | 12 |
| **Total receivables** | **602** | **225** |
| Long-term loans | 305 | -- |
| Short-term loans | 1 147 | 887 |
| Short-term trade and other payables | 10 | 2 |
| **Total liabilities** | **1 462** | **889** |

Other short-term financial assets in the amount of CZK 577 million (2020 CZK 213 million) represent a receivable from KKCG Structured finance under cash-pooling agreement (see note 9).

Long-term and short-term loans in 2021 and short-term loans in 2020 were provided by KKCG Structured finance AG (see note 15). Loans drawn are mainly related to acquisition of long-term investments (note 7). Long-term loans are due in 2 to 3 years.

**Overview of transactions with related parties for the year 2021 and 2020:**

| | 2021 | 2020 |
|---|---|---|
| Revenues | 205 | 155 |
| Interest income | -- | 1 |
| Income from short-term financial assets | 1 | -- |
| **Total income** | **206** | **156** |
| Materials and consumables | 3 | 4 |
| Services | 13 | 29 |
| Other operating expenses | -- | 33 |
| Finance costs | 54 | 61 |
| **Total costs** | **70** | **127** |

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## 32. RISK MANAGEMENT

This note describes in detail the financial and operating risks to which the Group is exposed, and the ways in which these risks are managed. Risk management is an essential part of the KKCG Technologies Group corporate governance. The focus is on the quantification of the risk exposure to the market risk (exchange rate risk and interest rate risk) and credit risk. The aim of the Group´s risk management system focuses on minimizing potential adverse effects on the Group's financial results.

The main task of the Group's risk management is risk identification, set up of risk measurement methodology, calculation of risk exposure. With regards to the diversity of activities and the corresponding risks, the management of each company of the Group is responsible for the implementation and monitoring risk management policies.

Major financial instruments of companies in the Group include bank loans and other borrowings. The primary aim of these financial instruments is to obtain funds needed for activities of the Group companies.

The most significant financial risks to which the Group is exposed include market risk (exchange rate risk and interest rate risk) and credit risk, where a major business partner or customer fails to meet its contractual obligations. The principles for managing the above risks are approved and monitored by top management of each Group company.

The Group is also exposed to risks associated with investments in technology start-ups measured at fair value through profit or loss held (note 7). The portfolio of other investments in diversified and regularly monitored by the Group's management.

### (a) Credit risk

Credit risk represents the risk of loss that the Group companies would incur if the customer or transaction counterparty fails to meet its contractual obligation, such as payment, receipt of goods or provision of services at an agreed price, non-delivery of contracted goods, materials or services.

The group trades predominantly with reliable business partners. The Group follows the principle that all customers willing to carry out business under credit terms are subjected to procedures for credit risk assessment. The Group monitors the balances of receivables continuously on individual and aggregated level.

With regard to the credit risk arising from the Group's financial assets, which consist of cash and cash equivalents, the maximum amount of credit risk due to the other party's default corresponds to the carrying amount of these instruments. The risk is minimized by cooperation with renowned local and international banks and portfolio diversification.

**Credit risk by type of counterparty**

| *As at 31 December 2021* | **Companies (non-financial institutions)** | **State, government** | **Financial institutions** | **Individuals** | **Total** |
|---|---|---|---|---|---|
| Long-term debt instruments at fair value through profit or loss | 149 | -- | -- | -- | 149 |
| Long-term receivables and loans - financial | 3 | -- | -- | -- | 3 |
| Long-term receivables from derivative financial instruments | -- | -- | 57 | -- | 57 |
| Other short-term financial assets | 577 | -- | -- | -- | 577 |
| Short-term receivables and loans - financial | 1 571 | 74 | 314 | 6 | 1 965 |
| Cash and cash equivalents | 1 | -- | 568 | -- | 569 |
| **Total** | **2 301** | **74** | **939** | **6** | **3 320** |

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| *As at 31 December 2020* | Companies (non-financial institutions) | State, government | Financial institutions | Individuals | Total |
|---|---|---|---|---|---|
| Long-term receivables and loans - financial | 105 | -- | -- | -- | 105 |
| Other short-term financial assets | 213 | -- | -- | -- | 213 |
| Short-term receivables and loans - financial | 1 234 | 253 | 87 | 6 | 1 580 |
| Cash and cash equivalents | -- | -- | 1 149 | -- | 1 149 |
| **Total** | **1 552** | **253** | **1 236** | **6** | **3 047** |

The following tables measure the credit quality of financial assets at amortised cost. Long-term and short-term derivative financial instruments are not included in the table since they are measured at fair value through profit or loss.

**Ageing structure of financial assets**

| *As at 31 December 2021* | Current | Past due 0-90 days | Past due 91-180 days | Past due 181-365 days | More than one year | Impair-ment | Total |
|---|---|---|---|---|---|---|---|
| ***Long-term receivables and loans*** | ***3*** | -- | -- | -- | -- | -- | ***3*** |
| Other long-term receivables | 3 | -- | -- | -- | -- | -- | 3 |
| ***Short-term receivables and loans*** | ***1 840*** | **110** | **13** | **3** | **32** | **-33** | ***1 965*** |
| Trade receivables | 1 741 | 110 | 13 | 3 | 31 | -32 | 1 866 |
| Contract assets | 64 | -- | -- | -- | -- | -- | 64 |
| Short-term deposits (redeemable) | 1 | -- | -- | -- | -- | -- | 1 |
| Other short-term receivables | 34 | -- | -- | -- | 1 | -1 | 34 |
| ***Other short-term financial assets*** | ***577*** | -- | -- | -- | -- | -- | ***577*** |
| ***Cash and cash equivalents*** | ***569*** | -- | -- | -- | -- | -- | ***569*** |
| Cash | 2 | -- | -- | -- | -- | -- | 2 |
| Bank accounts | 567 | -- | -- | -- | -- | -- | 567 |
| **Total** | **2 989** | **110** | **13** | **3** | **32** | **-33** | **3 114** |

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| *As at 31 December 2020* | Current | Past due 0-90 days | Past due 91-180 days | Past due 181-365 days | More than one year | Impair-ment | Total |
|---|---|---|---|---|---|---|---|
| ***Long-term receivables and loans*** | ***105*** | -- | -- | -- | -- | -- | ***105*** |
| Other long-term receivables | 105 | -- | -- | -- | -- | -- | 105 |
| ***Short-term receivables and loans*** | ***1 450*** | **112** | **5** | **1** | **45** | **-33** | ***1 580*** |
| Trade receivables | 1 398 | 112 | 5 | 1 | 44 | -32 | 1 528 |
| Contract assets | 14 | -- | -- | -- | -- | -- | 14 |
| Short-term deposits (redeemable) | 1 | -- | -- | -- | -- | -- | 1 |
| Other short-term receivables | 37 | -- | -- | -- | 1 | -1 | 37 |
| ***Other short-term financial assets*** | ***213*** | -- | -- | -- | -- | -- | ***213*** |
| ***Cash and cash equivalents*** | ***1 149*** | -- | -- | -- | -- | -- | ***1 149*** |
| Cash | 6 | -- | -- | -- | -- | -- | 6 |
| Bank accounts | 1 143 | -- | -- | -- | -- | -- | 1 143 |
| **Total** | **2 917** | **112** | **5** | **1** | **45** | **-33** | **3 047** |

The Group testes the amount of financial assets held in accordance with IFRS 9 and recognises allowances for financial assets in compliance with the accounting policy specified in note 3f).

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### Credit quality of financial assets at amortised cost

The Group classifies the financial assets into the credit quality classes. Class 1 consists of high quality financial assets that do not have any indicators of impairment and fulfils the definition for "low credit risk" exemption and own cash in hand. In Class 2 the Group classifies all other financial assets.

| *As at 31 December 2021* | Stage 1 | Stage 2 | Stage 3 | Provision matrix | ECL allowance | Net carrying amount |
|---|---|---|---|---|---|---|
| **Class 1** | | | | | | |
| **Cash and cash equivalents** | **569** | -- | -- | -- | -- | **569** |
| Cash in hand | 2 | -- | -- | -- | -- | 2 |
| Bank accounts | 567 | -- | -- | -- | -- | 567 |
| **Other short-term financial assets** | **577** | -- | -- | -- | -- | **577** |
| **Short-term and long-term receivables from public contracts** | 3 | -- | -- | -- | -- | 3 |
| **Class 2** | | | | | | |
| **Short-term receivables and loans** | **24** | -- | -- | **1 971** | **-33** | **1 962** |
| Trade receivables | 24 | -- | -- | 1 871 | -32 | 1 863 |
| Contract assets | -- | -- | -- | 64 | -- | 64 |
| Short-term deposits (redeemable) | -- | -- | -- | 1 | -- | 1 |
| Other short-term receivables | -- | -- | -- | 35 | -1 | 34 |
| **Long-term receivables and loans** | **3** | -- | -- | -- | -- | **3** |
| Other long-term receivables | 3 | -- | -- | -- | -- | 3 |
| **Total** | **1 176** | -- | -- | **1 971** | **-33** | **3 114** |

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| *As at 31 December 2020* | Stage 1 | Stage 2 | Stage 3 | Provision matrix | ECL allowance | Net carrying amount |
|---|---|---|---|---|---|---|
| **Class 1** | | | | | | |
| **Cash and cash equivalents** | **1 149** | -- | -- | -- | -- | **1 149** |
| Cash in hand | 6 | -- | -- | -- | -- | 6 |
| Bank accounts | 1 143 | -- | -- | -- | -- | 1 143 |
| **Other short-term financial assets** | **213** | -- | -- | -- | -- | **213** |
| **Short-term and long-term receivables from public contracts** | **86** | -- | -- | -- | -- | **86** |
| **Class 2** | | | | | | |
| **Short-term receivables and loans** | **46** | -- | -- | **1 481** | **-33** | **1 494** |
| Trade receivables | 12 | -- | -- | 1 462 | -32 | 1 442 |
| Contract assets | -- | -- | -- | 14 | -- | 14 |
| Short-term deposits (redeemable) | -- | -- | -- | 1 | -- | 1 |
| Other short-term receivables | 34 | -- | -- | 4 | -1 | 37 |
| **Long-term receivables and loans** | **105** | -- | -- | -- | -- | **105** |
| Other long-term receivables | 105 | -- | -- | -- | -- | 105 |
| **Total** | **1 599** | -- | -- | **1 481** | **-33** | **3 047** |

Movement of impairment allowances were as follows:

| | Stage 1 | Stage 2 | Stage 3 | Provision matrix | Total |
|---|---|---|---|---|---|
| **Balance as at 1 January 2021** | -- | -- | -- | **-33** | **-33** |
| Creation of an allowance | -- | -- | -- | -2 | -2 |
| Reversals – amounts unused | -- | -- | -- | 1 | 1 |
| Effect of currency translation | -- | -- | -- | 1 | 1 |
| **Balance as at 31 December 2021** | -- | -- | -- | **-33** | **-33** |

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The following table presents the gross carrying amount and the amount of an impairment allowance calculated using the provision matrix for short-term receivables as at 31 December 2021:

| | Gross carrying amount | Expected credit loss rate | ECL allowance | Net carrying amount |
|---|---|---|---|---|
| **Current** | **1 812** | **0,0%** | **--** | **1 812** |
| Trade receivables | 1 713 | 0,0% | -- | 1 713 |
| Contract assets | 64 | 0,0% | -- | 64 |
| Short-term deposits (redeemable) | 1 | 0,0% | -- | 1 |
| Other short-term receivables | 34 | 0,0% | -- | 34 |
| **Past due < 90 days** | **111** | **0,9%** | **-1** | **110** |
| Trade receivables | 111 | 0,9% | -1 | 110 |
| **Past due 91-180 days** | **13** | **15,4%** | **-2** | **11** |
| Trade receivables | 13 | 15,4% | -2 | 11 |
| **Past due 181-365 days** | **3** | **0,0%** | **--** | **3** |
| Trade receivables | 3 | 0,0% | -- | 3 |
| **Past due >365 days** | **32** | **93,8%** | **-30** | **2** |
| Trade receivables | 31 | 93,5% | -29 | 2 |
| Other short-term receivables | 1 | 100,0% | -1 | -- |
| **Total** | **1 971** | **1,7%** | **-33** | **1 938** |

The following table presents the gross carrying amount and the amount of an impairment allowance calculated using the provision matrix for short-term receivables as at 31 December 2020:

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| | Gross carrying amount | Expected credit loss rate | ECL allowance | Net carrying amount |
|---|---|---|---|---|
| **Current** | **1 326** | **0,00%** | **--** | **1 326** |
| Trade receivables | 1 308 | 0,00% | -- | 1 308 |
| Contract assets | 14 | 0,00% | -- | 14 |
| Short-term deposits (redeemable) | 1 | 0,00% | -- | 1 |
| Other short-term receivables | 3 | 0,00% | -- | 3 |
| **Past due < 90 days** | **105** | **0,34%** | **--** | **105** |
| Trade receivables | 105 | 0,34% | -- | 105 |
| **Past due 91-180 days** | **4** | **12,74%** | **-1** | **3** |
| Trade receivables | 4 | 12,74% | -1 | 3 |
| **Past due 181-365 days** | **1** | **35,33%** | **--** | **1** |
| Trade receivables | 1 | 35,33% | -- | 1 |
| **Past due >365 days** | **45** | **70,52%** | **-32** | **13** |
| Trade receivables | 44 | 69,91% | -31 | 13 |
| Other short-term receivables | 1 | 100,00% | -1 | -- |
| **Total** | **1 481** | **2,23%** | **-33** | **1 448** |

**Risk analysis by country / region (by seat of the counterparty)**

| *Long-term and short-term receivables and loans - financial, Other short-term financial assets and cash and cash equivalents, Long-term debt instruments at fair value through profit or loss* | **31.12.2021** | **31.12.2020** |
|---|---|---|
| Czech Republic | 1 560 | 1 961 |
| Slovakia | 554 | 437 |
| Switzerland | 527 | 181 |
| Sweden | 193 | 155 |
| Macedonia | 27 | 53 |
| Germany | 25 | 14 |
| Netherlands | 23 | 26 |
| Serbia | 15 | 15 |
| Russia | 4 | 3 |
| Austria | 3 | 2 |
| Italy | 2 | 6 |
| Greece | 1 | -- |
| Great Britain | 1 | 13 |
| Other countries | 385 | 181 |
| **Total** | **3 320** | **3 047** |

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In 2021 nor in 2020, there were no actual or potential offsets of receivables and payables of the Group.

### (b) Market risk

Market risk arises from the possible changes in the value of assets, liabilities and cash flows denominated in foreign currencies due to fluctuations in foreign exchange rates and interest rates. The Group has implemented policies and methods for monitoring and hedging of these risk exposures.

*(i) Currency risk*

The KKCG Technologies Group is exposed to currency risk arising from its foreign currency transactions. These risks arise from purchases and sales in currencies other than the functional currency of the company.

Group companies continuously monitor currency risks and evaluate the potential impact of currency exchange rates fluctuations on the Group's operations. The companies of the Group are exposed to currency risk in generating sales in euro (EUR) and US dollar (USD). Thanks to a similar currency structure of costs, the risk is naturally hedged. The Group's companies are also exposed to currency risk from long-term loans drawn in EUR, which are not hedged against exchange rate risk, as the companies expect to repay these loans from sales in EUR.

In 2021, the Group used currency swaps and in 2020, the Group used currency swaps and currency forwards to partially hedge currency risk. These derivatives are disclosed in note 19. To these derivatives, hedge accounting is not applied and are reported as derivatives held for trading.

**Currency risk analysis**

As at 31 December 2021 and 31 December 2020, the Group was exposed to foreign exchange risk arising from assets and liabilities denominated in currency other than the functional currency, in which they are measured. Foreign currency denominated intercompany receivables and payables are included in sensitivity analysis for foreign exchange risk. These balances are eliminated in the consolidated balance sheet but their effect on profit or loss of their currency revaluation is not fully eliminated. Therefore, the total amounts of exposure to foreign exchange risk do not equal to respective items reported on consolidated statement of financial position. Financial assets and liabilities denominated in a currency different from the functional currency in which they are measured are presented in the table below:

| *As at 31 December 2021* | **EUR** | **CZK** | **USD** | **Other** |
|---|---|---|---|---|
| Long-term receivables and loans – financial | 999 | -- | -- | -- |
| Other long-term financial assets | -- | -- | 1 639 | -- |
| Long-term receivables from derivative financial instruments | 1 | -- | -- | -- |
| Short-term receivables and loans - financial | 1 070 | -- | 149 | 27 |
| Other short-term financial assets | -- | -- | 16 | -- |
| Cash and cash equivalents | 223 | -- | 15 | -- |
| **Total assets** | **2 293** | **--** | **1 819** | **27** |
| Bank loans and borrowings – non-current part | -1 919 | -541 | -- | -- |
| Long-term lease liabilities | -14 | -- | -- | -- |
| Long-term liabilities from derivative financial instruments | -3 | -- | -- | -- |
| Bank loans and borrowings – current part | -685 | -135 | -- | -- |
| Short-term lease liabilities - financial | -2 | -- | -- | -- |
| Short-term trade and other payables | -662 | -3 | -101 | -3 |
| **Total liabilities** | **-3 285** | **-679** | **-101** | **-3** |
| **Total (net)** | **-992** | **-679** | **1 718** | **24** |

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| *As at 31 December 2020* | EUR | CZK | USD | Other |
|---|---|---|---|---|
| Long-term receivables and loans – financial | 848 | -- | 98 | -- |
| Other long-term financial assets | -- | -- | 57 | -- |
| Other short-term financial assets | -- | -- | 113 | -- |
| Short-term receivables and loans - financial | 787 | 1 | 104 | -- |
| Cash and cash equivalents | 192 | 13 | 35 | -- |
| **Total assets** | **1 827** | **14** | **407** | **--** |
| Bank loans and borrowings – non-current part | -1 638 | -- | -1 | -- |
| Long-term lease liabilities | -3 | -- | -- | -- |
| Bank loans and borrowings – current part | -756 | -- | -116 | -- |
| Short-term trade and other payables - financial | -721 | -1 | -65 | -1 |
| Short-term liabilities from derivative financial instruments | -- | -- | -2 | -- |
| **Total liabilities** | **-3 118** | **-1** | **-184** | **-1** |
| **Total (net)** | **-1 291** | **13** | **223** | **-1** |

**Currency risk sensitivity analysis**

A possible strengthening / weakening of EUR, CZK and USD as at 31 December 2021 and as at 31 December 2020 would have affected the measurement of financial instruments denominated in a foreign currency as well as the equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

Effect in CZK million:

| | **Effect on profit or loss** | |
|---|---|---|
| **2021** | 10% appreciation | 10% depreciation |
| | Profit (+) / loss (-) | Profit (+) / loss (-) |
| EUR | -99 | 99 |
| CZK | -68 | 68 |
| USD | 172 | -172 |

| | **Effect on profit or loss** | |
|---|---|---|
| **2020** | 10% appreciation | 10% depreciation |
| | Profit (+) / loss (-) | Profit (+) / loss (-) |
| EUR | -129 | 129 |
| CZK | 1 | -1 |
| USD | 22 | -22 |

*(ii) Interest rate risk*

The Group is exposed to the risk of interest rate fluctuations mainly due to bank loans with a floating interest rate. The Group continuously monitors developments in financial markets and, based on the current situation, decides whether loans will be drawn at a floating or fixed interest rate. The risk of an increase in interest rates is continuously monitored and, if necessary, the use of standard instruments to eliminate the risk (interest rate swap) is considered.

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As at 31 December 2021 and 31 December 2020, the Group used interest rate swaps to hedge interest rate risk, these derivatives are listed in note 19. These derivatives are not reported under hedge accounting and are treated as derivatives held for trading.

The Group has performed an interest rate risk sensitivity analysis using a standardized interest rate shock, which means that an immediate increase / decrease in interest rates by 1 percentage point (ceteris paribus) is applied to the interest rate positions of the portfolio. Increase in rates by 1 percentage point would mean a decrease in profit by CZK 29 million (2020: CZK 21 million) and a decrease in rates by 1 percentage point would mean an increase in profit by CZK 29 million (2020: CZK 21 million) for the following twelve months.

### (c) Liquidity risk

Liquidity risk represents the possibility that the Group might not be able to fulfil its payment obligations, primarily in respect of covering the amounts due to providers of bank loans and borrowings.

The Group monitors the risk of having insufficient funds by continuously monitoring the liquidity and maturity of investments, other financial assets and projected cash flows from its activities.

The Group maintains free liquidity sources that consist of cash and equivalents, in which the future financial needs are expected. The Group uses overdrafts, bank loans and leases to maintain its liquidity. Further information on the Group's liquidity position is provided in note 32(d) Capital management.

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The Group's financial assets and liabilities classified by maturity are presented in the following table:

| *As at 31 December 2021* | Carrying amount | Contractual cash flows | Within 1 year | From 1 to 5 years | In more than 5 years | Due on demand / undefined maturity |
|---|---|---|---|---|---|---|
| **Assets** | | | | | | |
| Other long-term financial assets | 1 639 | 1 639 | -- | -- | -- | 1 639 |
| Long-term receivables and loans - financial | 3 | 3 | -- | 3 | -- | -- |
| Long-term receivables from derivative financial instruments | 57 | 57 | -- | -- | 57 | -- |
| Other short-term financial assets | 577 | 577 | 577 | -- | -- | -- |
| Short-term receivables and loans - financial | 1 965 | 1 965 | 1 965 | -- | -- | -- |
| **Total assets** | **4 241** | **4 241** | **2 542** | **3** | **57** | **1 639** |
| Cash and cash equivalents | **569** | **569** | **--** | **--** | **--** | **569** |
| **Liabilities** | | | | | | |
| Bank loans and other borrowings | -4 539 | -5 153 | -1 612 | -2 517 | -1 024 | -- |
| Long-term lease liabilities | -332 | -372 | -- | -307 | -65 | -- |
| Long-term liabilities from derivative financial instruments | -3 | -3 | -- | -1 | -2 | -- |
| Long-term trade and other payables - financial | -1 172 | -1 213 | -- | -1 213 | -- | -- |
| Short-term lease liabilities | -133 | -153 | -153 | -- | -- | -- |
| Short-term trade and other payables – financial | -1 584 | -1 584 | -1 584 | -- | -- | -- |
| **Total liabilities** | **-7 763** | **-8 478** | **-3 349** | **-4 038** | **-1 091** | **--** |
| **Net assets for liquidity risk** | **-2 953** | **-3 668** | **-807** | **-4 035** | **-1 034** | **2 208** |

The parent company KKCG AG is aware of the excess of consolidated current liabilities over consolidated current assets in the KKCG Technologies Group and is prepared to provide financial assistance in the event of insolvency for at least 12 months from the date of the financial statements. To this end, the parent company KKCG AG provided a letter of support.

Most contractual cash flows of bank loans and other borrowings due within 1 year are loans received from related parties (see note 31). The maturity of some of these loans has already been extended.

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| *As at 31 December 2020* | Carrying amount | Contractual cash flows | Within 1 year | From 1 to 5 years | In more than 5 years | Due on demand / undefined maturity |
|---|---|---|---|---|---|---|
| **Assets** | | | | | | |
| Other long-term financial assets | 77 | 77 | -- | -- | -- | 77 |
| Long-term receivables and loans - financial | 105 | 105 | -- | 105 | -- | -- |
| Other short-term financial assets | 213 | 213 | 213 | -- | -- | -- |
| Short-term receivables and loans | 1 580 | 1 580 | 1 580 | -- | -- | -- |
| **Total assets** | **1 975** | **1 975** | **1 793** | **105** | **--** | **77** |
| | | | | | | |
| Cash and cash equivalents | 1 149 | 1 149 | -- | -- | -- | 1 149 |
| | | | | | | |
| **Liabilities** | | | | | | |
| Bank loans and other borrowings | -3 247 | -3 618 | -1 474 | -912 | -1 232 | -- |
| Long-term lease liabilities | -285 | -337 | -- | -231 | -106 | -- |
| Long-term liabilities from derivative financial instruments | -4 | -4 | -- | -- | -4 | -- |
| Long-term trade and other payables – financial | -1 207 | -1 316 | -- | -1 314 | -2 | -- |
| Short-term lease liabilities | -116 | -134 | -134 | -- | -- | -- |
| Short-term trade and other payables – financial | -1 873 | -1 886 | -1 886 | -- | -- | -- |
| Short-term liabilities from derivative financial instruments | -3 | -3 | -3 | -- | -- | -- |
| **Total liabilities** | **-6 735** | **-7 298** | **-3 497** | **-2 457** | **-1 344** | **--** |
| **Net assets – for liquidity risk** | **-3 611** | **-4 174** | **-1 704** | **-2 352** | **-1 344** | **1 226** |
| | | | | | | |
| Future lease liability not recognised in the balance sheet | -- | -173 | -28 | -98 | -47 | -- |
| | | | | | | |
| **Net assets – for liquidity risk (incl. liabilities not recognised in the balance sheet)** | **-3 611** | **-4 347** | **-1 732** | **-2 450** | **-1 391** | **1 226** |

## (d) Capital management

The Group aims to maintain a strong capital base in order to keep the confidence of its creditors and markets and to manage the future development of its own business activities.

The Group companies are responsible for managing their capital structure and adjusting it in the light of changes in financial market conditions. In order to secure or adjust the capital structure, the Group companies may adjust the dividends paid and other distributions made to shareholders. The Group aims to ensure an appropriate ratio of net debt to equity and to maintain assets and liabilities utilising the high rating of the Group to obtain low-cost external funds.

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### (e) Fair value

The Group holds the following financial assets and liabilities:

| Carrying amount of financial assets and liabilities | 31.12.2021 | 31.12.2020 |
|---|---|---|
| **Assets** | | |
| **Financial assets at amortised cost** | **3 114** | **3 047** |
| Long-term receivables and loans - financial | 3 | 105 |
| Short-term receivables and loans - financial | 1 965 | 1 580 |
| Other short-term financial assets | 577 | 213 |
| Cash and cash equivalents | 569 | 1 149 |
| **Financial assets at fair value through profit or loss** | **1 696** | **77** |
| Other long-term financial assets | 1 639 | 77 |
| Long-term receivables from derivative financial instruments | 57 | -- |
| **Total assets** | **4 810** | **3 124** |
| | | |
| **Liabilities** | | |
| **Financial liabilities at amortised cost** | **7 553** | **6 461** |
| Bank loans and other borrowings – non-current portion | 3 010 | 1 845 |
| Long-term trade and other payables – financial | 1 050 | 1 063 |
| Long-term lease liabilities | 332 | 285 |
| Bank loans and other borrowings – current portion | 1 529 | 1 402 |
| Short-term trade and other payables – financial | 1 499 | 1 750 |
| Short-term lease liabilities | 133 | 116 |
| **Financial liabilities at fair value through profit or loss** | **210** | **274** |
| Long-term trade and other payables – financial | 122 | 144 |
| Long-term payables from derivative financial instruments | 3 | 4 |
| Short-term trade and other payables -financial | 85 | 123 |
| Short-term liabilities from derivative financial instruments | -- | 3 |
| **Total liabilities** | **7 763** | **6 735** |

The Group considers that all carrying amounts of financial assets and liabilities at amortised cost are a reasonable approximation of fair value.

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### Fair value hierarchy

The following table shows the carrying amounts and fair values of financial assets and liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value:

| | Carrying amount as at 31.12.2021 | Fair value as at 31.12.2021 | | |
|---|---|---|---|---|
| | | Level 1 | Level 2 | Level 3 |
| **Financial assets measured at fair value** | **1 696** | **--** | **57** | **1 639** |
| Other long-term financial assets | 1 639 | -- | -- | 1 639 |
| Long-term receivables from derivative financial instruments | 57 | -- | 57 | -- |
| **Financial liabilities measured at fair value** | **210** | **--** | **3** | **207** |
| Long-term trade and other payables – financial | 122 | -- | -- | 122 |
| Long-term liabilities from derivative financial instruments | 3 | -- | 3 | -- |
| Short-term trade and other payables - financial | 85 | -- | -- | 85 |

| | Carrying amount as at 31.12.2020 | Fair value as at 31.12.2020 | | |
|---|---|---|---|---|
| | | Level 1 | Level 2 | Level 3 |
| **Financial assets measured at fair value** | **77** | **--** | **--** | **77** |
| Other long-term financial assets | 77 | -- | -- | 77 |
| **Financial liabilities measured at fair value** | **274** | **--** | **7** | **--** |
| Long-term trade and other payables – financial | 144 | -- | -- | 144 |
| Long-term liabilities from derivative financial instruments | 4 | -- | 4 | -- |
| Short-term trade and other payables - financial | 123 | -- | -- | 123 |
| Short-term liabilities from derivative financial instruments | 3 | -- | 3 | -- |

The fair value of financial derivatives fulfil the criterial of Level 2 in compliance with the IFRS 13 hierarchy (the fair values are derived from market quotations of forward exchange rates, commodity prices and yield curves, however the financial derivatives are not directly traded in active financial markets).

The Level 3 fair value hierarchy includes long-term investments measured at fair value through profit or loss, which represent the Group's investments in non-publicly traded, non-liquid shares, investments in externally managed funds investing in technology start-ups and investments in debt instruments at fair value through profit or loss that represent rights for future shares in technology start-ups in a form of SAFE (Simple Agreement for Future Equity). Due to the fact that these are technology start-ups, it is not possible to determine the fair value reliably by deriving it from the market price of shares of a similar company. The valuation of shares and the fair value of SAFEs is based on the price of shares in the most recent market transaction with them.

The fair values of externally managed funds are derived from the present value of the fund's assets and the Group's share of the fund. Furthermore the fair value of externally managed funds were adjusted for illiquidity related to the investment horizon of 10 years. A global market WACC of 4.87%

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was used in the calculation. The amount of the Group's share of all net assets of the fund was determined by the fund manager.

In 2021 and 2020, there were no transfers between fair value hierarchy levels.

The following table presents the movements in financial assets classified at level 3 of fair value:

| | 2021 |
|---|---|
| **Balance as at 1 January** | **77** |
| Additions | 637 |
| Revaluation to fair value through profit or loss | 926 |
| Disposals | -1 |
| **Balance as at 31 December** | **1 639** |

## 33. LIABILITIES AND RECEIVABLES NOT RECORDED IN THE BALANCE SHEET

Company AUTOCONT a.s. is a party to the proceedings before the Úřad na ochranu hospodářské soutěže (ÚOHS), proceedings file No. ÚOHS-S0191/2017/KD, which concerns the company's actions in the past public contract. The ÚOHS issued a decision on the fine, which is final, however, the possible negative impact on the company was estimated by the management as insignificant.

Another dispute, with company AUTOCONT a.s. as a participant, is with the Národní agentura pro komunikační a informační technologie, s.p. The dispute is still ongoing, but the management of the company believes that this case will not have a negative impact on the performance of AUTOCONT a.s.

No further litigation is pending or being prepared against the KKCG Technologies Group or the individual companies of the Group that would significantly affect the consolidated financial statements.

In relation to an investment in an externally managed fund investing in technology start-ups, the company Springtide Ventures s.r.o. has a commitment of USD 10 million (CZK equivalent 220 million as at 31 December 2021), which should be invested in this fund.

The Group has not issued any financial guarantees.

## 34. SIGNIFICANT SUBSEQUENT EVENTS

1) On 3 January 2022, the Group purchased a 100% share in company Clearcode Services S.A. including its subsidiary Clearcode LLC. Net assets at the date of acquisition amounted to CZK 64 million. The value of the consideration transferred for the share depends on the EBITDA multiple. Acquisition accounting is not finalized.

2) On 27 January 2022, the Group increased its direct share in company Cleverlance Group a.s. by 8.00 % to 78.00 %, as a result, the effective stake in Cleverlance Group a.s. increased to 75.13 %.

3) On 31 January 2022, the Group issued bonds in the total amount of CZK 98 million. These bonds are not publicly traded.

4) At the end of February 2022, the Russian army invaded Ukraine, which subsequently affected many trading and economic activities. The Group considers the invasion to be a subsequent event that does not require an adjustment to the financial statements for 2021. As the situation is unstable and evolving, it is not possible to estimate the potential impact on the Group. As of the reporting date, the Group is not aware of any negative consequences of the invasion on its operations that would have a significant impact. At the same time, the Group takes measures

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to minimize potential negative effects. The potential impact of the invasion on the Group's financial position and results will be included in the estimates in 2022.

5) In April 2022, the company Springtide Ventures s.r.o. fulfilled its commitment to increase its total contribution to the externally managed fund. The payment of this contribution was fully offset by the distribution from the fund, which took place in May 2022.

6) On 20 July 2022 the Group received a letter of support from parent company KKCG AG. On the basis of this letter of support, KKCG AG is ready to provide KKCG Technologies Group (as a whole and to individual companies within the Group) financial assistance in covering all external obligations, if necessary. This letter of support is valid until the end of 2023.

7) On 25 July 2022, the Group signed an agreement to purchase a 100% share in company Musala Soft AD. The agreement contains settlement conditions, that have not yet been fulfilled, and settlement of the transaction is expected in the fall of 2022.

8) During July 2022, the company Springtide Ventures s.r.o. made three significant investments that were financed with loans within the KKCG AG group. The first investment was the acquisition of a stake in the technology start-up Equalum Ltd. This investment will be classified as a financial asset measured at fair value. The other two investments were related to the increase of existing SAFEs (Simple Agreement for Future Equity) in technology start-ups and will be classified as long-term debt securities valued at fair value.

Except for the above, no other subsequent events that would have a significant impact on the balances or understanding of consolidated financial statements as at 31 December 2021 occurred.

| Date | Signature of the statutory body |
|---|---|
| 8 August 2022 | Ondřej Matuštík<br>Statutory representative<br><br>Michal Tománek<br>Statutory representative |

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# Independent auditor's report

to the shareholder of KKCG Technologies s.r.o.

## Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of KKCG Technologies s.r.o., with its registered office at Evropská 866/71, Vokovice, Praha 6 (the "Company") and its subsidiaries (together the "Group") as at 31 December 2021, of the Group's consolidated financial performance and consolidated cash flows for the year ended 31 December 2021 in accordance with International Financial Reporting Standards as adopted by the European Union.

**What we have audited**

The Group´s consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2021,
- the consolidated statement of comprehensive income for the year ended 31 December 2021,
- the consolidated statement of statement of changes in equity for the year ended 31 December 2021,
- the consolidated statement of statement of cash flows for the year ended 31 December 2021, and
- the notes to the consolidated financial statements including significant accounting policies and other explanatory information.

## Basis for opinion

We conducted our audit in accordance with the Act on Auditors and Standards on Auditing of the Chamber of Auditors of the Czech Republic (together the "Audit regulations"). These standards consist of International Standards on Auditing as supplemented and modified by related application guidance. 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Independence**

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) as adopted by the Chamber of Auditors of the Czech Republic and with the Act on Auditors. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and Act on Auditors.

## Other information

The statutory body is responsible for the other information. As defined in Section 2(b) of the Act on Auditors, the other information comprises the consolidated annual report but does not include the consolidated financial statements and auditor's report thereon.

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Our opinion on the consolidated financial statements does not cover the other information.
In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge about the Group obtained in the audit or otherwise appears to be materially misstated. In addition, we assessed whether the other information has been prepared, in all material respects, in accordance with applicable legal requirements, i.e. whether the other information complies with the legal requirements both in terms of formal requisites and the procedure for preparing the other information in the context of materiality.

Based on the procedures performed in the course of our audit, to the extent we are able to assess it, in our opinion:

- the other information describing the facts that are also presented in the consolidated financial statements is, in all material respects, consistent with the consolidated financial statements; and
- the other information has been prepared in accordance with the applicable legal requirements.

In addition, in the light of the knowledge and understanding of the Group and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the other information. We have nothing to report in this regard.

## Responsibilities of the statutory body of the Company for the consolidated financial statements

The statutory body is responsible for the preparation of the consolidated financial statements that give true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal control as the statutory body 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, the statutory body 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 the statutory body either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

## 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 the Audit regulations 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 the Audit regulations, 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 controls.

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- obtain an understanding of internal controls 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 controls.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the statutory body.
- conclude on the appropriateness of the statutory body'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 notes, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves 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 the statutory body 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.

8 August 2022

PricewaterhouseCoopers Audit, s.r.o.
represented by

Jan Musil

Martin Peterka
Statutory Auditor, Licence No. 2469