20230728175520

Årsredovisning

för

Aricoma Group International AB

559235-9748

Räkenskapsåret

2022

Fastställelseintyg

Undertecknad styrelseledamot i Aricoma Group International AB intygar att resultaträkningen och balansräkningen i årsredovisningen har fastställts på årsstämma 2023-06-28 Årsstämman beslutade att godkänna styrelsens förslag till resultatdisposition.

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

Stockholm 2023- 06 - 30

Michal Tománek

20230728175 21

Årsredovisning

för

Aricoma Group International AB

559235-9748

Räkenskapsåret

2022

Styrelsen för Aricoma Group International AB avger följande årsredovisning för räkenskapsåret 2022.

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

Under 2022 har dotterbolagen Javorina Management AB och Radobyl Management sp. z.o.o. fusionerats in i Aricoma Group International AB. Företaget har även förvärvat samtliga andelar i Clearcode Services S.A. och Musala Soft AD samt etablerat ett nytt dotterföretag i Spanien, Aricoma España. Under räkenskapsåret har även ett nytt banklån tagits upp.

Flerårsöversikt (Tkr)	**2022**	**2021** (4 mån)	**2020/21**
Resultat efter finansiella poster	-17 724	-240	0
Soliditet (%)	25,7	2,4	100,0

För definitioner av nyckeltal, se Redovisnings- och värderingsprinciper.

Förändringar i eget kapital

	Aktie-kapital	**Balanserat resultat**	**Årets resultat**	**Totalt**
Belopp vid årets ingång	25 000	2 000 000	-239 778	**1 785 222**
Disposition enligt beslut av årsstämman:				
Balanseras i ny räkning		-239 778	239 778	**0**
Fusionsresultat		-10 711 043		**-10 711 043**
Erhållna aktieägartillskott		286 606 068		**286 606 068**
Årets resultat			-17 724 342	**-17 724 342**
Belopp vid årets utgång	**25 000**	**277 655 247**	**-17 724 342**	**259 955 905**

Villkorade, ännu ej återbetalda, aktieägartillskott uppgår per balansdagen till 288 606 068 SEK (2 000 000 SEK).

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Förslag till vinstdisposition

Styrelsen föreslår att till förfogande stående vinstmedel (kronor):

balanserad vinst	277 655 247
årets förlust	-17 724 342
	259 930 905

disponeras så att	
i ny räkning överföres	259 930 905
	259 930 905

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

Resultaträkning

	Not	2022-01-01 -2022-12-31	2021-09-01 -2021-12-31 (4 mån)
Rörelsens intäkter			
Nettoomsättning		27 211	0
Övriga rörelseintäkter		176 984	0
		204 195	**0**
Rörelsens kostnader			
Övriga externa kostnader		-6 808 089	-255 035
Övriga rörelsekostnader		-1 973 741	0
		-8 781 830	**-255 035**
Rörelseresultat		**-8 577 635**	**-255 035**
Resultat från finansiella poster			
Resultat från andelar i koncernföretag	2	17 000 000	0
Övriga ränteintäkter och liknande resultatposter	3	27 337 556	237 622
Räntekostnader och liknande resultatposter	4	-53 484 263	-222 365
		-9 146 707	**15 257**
Resultat efter finansiella poster		**-17 724 342**	**-239 778**
Resultat före skatt		**-17 724 342**	**-239 778**
Årets resultat		**-17 724 342**	**-239 778**

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Balansräkning

	Not	2022-12-31	2021-12-31
TILLGÅNGAR			
Anläggningstillgångar			
Finansiella anläggningstillgångar			
Andelar i koncernföretag	5, 6, 7	1 003 528 984	23 649 772
Andra långfristiga fordringar	8	2 638	0
		1 003 531 622	**23 649 772**
Summa anläggningstillgångar		**1 003 531 622**	**23 649 772**
Omsättningstillgångar			
Kortfristiga fordringar			
Fordringar hos koncernföretag		7 149 515	50 460 870
Övriga fordringar		112	0
		7 149 627	**50 460 870**
Kassa och bank		1 385 960	22 824
Summa omsättningstillgångar		**8 535 587**	**50 483 694**
SUMMA TILLGÅNGAR		**1 012 067 209**	**74 133 466**

Balansräkning

	Not	2022-12-31	2021-12-31
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		277 655 247	2 000 000
Årets resultat		-17 724 342	-239 778
		259 930 905	**1 760 222**
Summa eget kapital		**259 955 905**	**1 785 222**
Avsättningar			
Övriga avsättningar		210 300 131	0
Summa avsättningar		**210 300 131**	**0**
Långfristiga skulder	9		
Skulder till kreditinstitut		262 476 590	0
Skulder till koncernföretag		12 337 632	0
Summa långfristiga skulder		**274 814 222**	**0**
Kortfristiga skulder			
Skulder till kreditinstitut	9	55 104 935	0
Leverantörsskulder		60 266	34 938
Skulder till koncernföretag		168 300 892	72 273 305
Övriga skulder		40 471 650	0
Upplupna kostnader och förutbetalda intäkter		3 059 208	40 001
Summa kortfristiga skulder		**266 996 951**	**72 348 244**
SUMMA EGET KAPITAL OCH SKULDER		**1 012 067 209**	**74 133 466**

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Noter

Not 1 Redovisnings- och värderingsprinciper

Allmänna upplysningar
Årsredovisningen är upprättad i enlighet med årsredovisningslagen och BFNAR 2012:1 Årsredovisning och koncernredovisning (K3).

Redovisningsprinciperna är oförändrade jämfört med föregående år.

Intäktsredovisning
Intäkter har tagits upp till verkligt värde av vad som erhållits eller kommer att erhållas och redovisas i den omfattning det är sannolikt att de ekonomiska fördelarna kommer att tillgodogöras bolaget och intäkterna kan beräknas på ett tillförlitligt sätt.

Anläggningstillgångar
Immateriella och materiella anläggningstillgångar redovisas till anskaffningsvärde minskat med ackumulerade avskrivningar enligt plan och eventuella nedskrivningar.

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

Finansiella instrument
Finansiella instrument värderas utifrån anskaffningsvärdet. Instrumentet redovisas i balansräkningen när bolaget blir part i instrumentets avtalsmässiga villkor. Finansiella tillgångar tas bort från balansräkningen när rätten att erhålla kassaflöden från instrumentet har löpt ut eller överförts och bolaget har överfört i stort sett alla risker och förmåner som är förknippade med äganderätten. Finansiella skulder tas bort från balansräkningen när förpliktelserna har reglerats eller på annat sätt upphört.

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.

Fusion
Fusionen mellan dotterföretaget och moderföretaget har redovisats i enlighet med Bokföringsnämndens allmänna råd (BFNAR 2020:5) om redovisning av fusion. Värdering av övertagna tillgångar och skulder vid fusionen utgår från anskaffningsvärdet för andelarna i det överlåtande företaget och efter justering till det övertagande företagets redovisningsprinciper.

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 Resultat från andelar i koncernföretag

	2022	2021-09-01 -2021-12-31
Erhållna utdelningar	17 000 000	0
	17 000 000	**0**

Not 3 Övriga ränteintäkter och liknande resultatposter

	2022	2021-09-01 -2021-12-31
Ränteintäkter från koncernföretag	2 957 098	7 002
Kursdifferenser	23 648 071	230 620
Övriga ränteintäkter	732 387	0
	27 337 556	**237 622**

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Not 4 Räntekostnader och liknande resultatposter

	2022	2021-09-01 -2021-12-31
Räntekostnader till koncernföretag	-4 895 149	-33 948
Kursdifferenser	-43 398 523	-188 417
Övriga räntekostnader	-5 190 591	0
	-53 484 263	**-222 365**

Not 5 Andelar i koncernföretag

	2022-12-31	2021-12-31
Ingående anskaffningsvärden	23 649 772	0
Förvärv	769 571 659	55 117
Fusion	-23 649 772	0
Förvärvade dotterbolag genom fusion	252 168 114	0
Lämnade villkorade aktieägartillskott	760 000	23 594 655
Transaktionsutgifter i samband med förvärv	1 029 211	0
Utgående ackumulerade anskaffningsvärden	**1 023 528 984**	**23 649 772**
Utgående redovisat värde	**1 023 528 984**	**23 649 772**

Not 6 Specifikation andelar i koncernföretag

Namn	Kapital-andel	Rösträtts-andel	Bokfört värde
Aricoma España	100%	100%	31 827
Stratiteq Sweden AB	100%	100%	141 605 846
Clearcode Services S.A.	100%	100%	131 413 048
Musala Soft AD	100%	100%	730 478 263
			1 003 528 984

	Org.nr	Säte	Eget kapital	Resultat
Aricoma España	B72432248	Spanien	322 765	-356 150
Stratiteq Sweden AB	556622-2682	Malmö	633 721	758 075
Clearcode Services S.A.	0000871153	Polen	41 797 346	13 791 085
Musala Soft AD	202569949	Bulgarien, Sofia	36 048 325	-4 414 341

Not 7 Fusion

Javorina Management AB

Under året har Javorina Management AB med organisationsnummer 559235-8393 fusionerats med företaget. Resultat- och balansräkningsposterna i Javorina Management AB per fusionsdagen 2022-10-20 framgår nedan.

I samband med fusionen av Javorina Management AB har en fusionsdifferens uppkommit om - 2 209 360 SEK.

	Belopp per 2022-10-20
Rörelseresultat	-9 290 174
Finansiella anläggningstillgångar	160 845 846
Kassa och bank	347 811
Summa tillgångar	**161 193 657**
Avsättningar	20 000 000
Skulder	155 292 509
Summa skulder	**175 292 509**

Radobyl Management sp.z.o.o

Under året har Radobyl Management sp.z.o.o med organisationsnummer 913726 fusionerats med företaget. Balansräkningsposterna i Radobyl Management sp.z.o.o per fusionsdagen 2022-10-07 framgår nedan.

I samband med fusionen av Radobyl Management sp.z.o.o har en fusionsdifferens uppkommit om -8 501 683 SEK.

Fusionen av Radobyl Management sp.z.o.o är en gränsöverskridande fusion. På grund av reglering där bolaget har sin hemvist, i Polen, skall resultatet hänförligt till tiden innan fusionen redovisas i Radobyls Management sp.z.o.o resultaträkning. Av denna anledning ingår inte Radovyl Management sp.z.o.o resultat fram till fusionen i Aricoma Group International ABs resultaträkning.

Nettoomsättningen uppgick till 0 kr och rörelseresultatet till -604 850 kr i Radobyl Management sp.z.o.o fram till fusionen den 7 oktober 2022.

	Belopp per 2022-10-07
Finansiella anläggningstillgångar	91 322 268
Kassa och bank	86 114
Summa tillgångar	**91 408 382**
Långfristiga skulder	79 243 414
Kortfristiga skuler	41 878
Summa skulder	**79 285 292**

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Not 8 Andra långfristiga fordringar

	2022-12-31	2021-12-31
Ingående anskaffningsvärden	0	0
Tillkommande fordringar	2 638	0
Utgående ackumulerade anskaffningsvärden	**2 638**	**0**
Utgående redovisat värde	**2 638**	**0**

Not 9 Långfristiga skulder

	2022-12-31	2021-12-31
Skulder som ska betalas mellan ett och fem år efter balansdagen	274 814 222	0
Skulder som ska betalas inom ett år	55 104 935	0
	329 919 157	**0**

Not 10 Väsentliga händelser efter räkenskapsårets slut

Under 2023 omstruktureras koncernen varvid moderföretaget KKCG Technologies överlåter 100% av ägandet i Aricoma Group AB och 100% av ägandet i Aricoma Digital CE till Aricoma Group International AB, ny direkt aktieägare till Aricoma Group International AB blir Aricoma CAD Capital a.s.

Den ryska invasionen av Ukraina har fram till räkenskapsårets utgång inte haft någon väsentlig effekt på bolagets verksamhet. Det kan dock inte uteslutas att nästkommande verksamhetsår kan komma att påverkas negativt vad beträffar bolagets resultat. Utvecklingen följs noga framåt för att se hur situationen i Europa påverkar verksamheten i bolaget samt om eventuella åtgärder behöver vidtas.

Stockholm 2023-06-25

Michal Tománek
Ordförande

David Emr

Ondrej Matustik

Vår revisionsberättelse har lämnats 2023-06-28

Öhrlings PricewaterhouseCoopers AB

Johan Rönnbäck
Auktoriserad revisor

20230728175227

Revisionsberättelse

Till bolagsstämman i Aricoma Group International AB, org.nr 559235-9748

Rapport om årsredovisningen

Uttalanden

Vi har utfört en revision av årsredovisningen för Aricoma Group International AB för år 2022.

Enligt vår uppfattning har årsredovisningen upprättats i enlighet med årsredovisningslagen och ger en i alla väsentliga avseenden rättvisande bild av Aricoma Group International ABs finansiella ställning per den 31 december 2022 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 Aricoma Group International 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 Aricoma Group International 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 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.

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 Aricoma Group International AB för år 2022 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.

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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 Aricoma Group International 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 28 juni 2023

Öhrlings PricewaterhouseCoopers AB

Johan Rönnbäck
Auktoriserad revisor

KKCG Technologies s.r.o.

CONSOLIDATED ANNUAL REPORT

For the year ended 31 December 2022

KKCG Technologies s.r.o.

CONSOLIDATED ANNUAL REPORT

For the year ended 31 December 2022

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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 2022, 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 Brand s.r.o.,** with registered office at Vinohradská 1511/230, Strašnice, 100 00 Praha 10, Czech Republic
- **Aricoma CAD a.s.,** with registered office at Vinohradská 1511/230, Strašnice, 100 00 Praha 10, Czech Republic
- **Aricoma CAD Capital a.s.,** with registered office at Vinohradská 1511/230, Strašnice, 100 00 Praha 10, Czech Republic
- **Aricoma Capital a.s.**, with registered office at Vinohradská 1511/230, Strašnice, 100 00 Praha 10, Czech Republic
- **Aricoma Digital CE a.s.**, with registered office at Voctářova 2500/20a, Libeň, 180 00 Praha 8, Czech Republic
- **Aricoma España S.L.,** with registered office at Calla Barcas 2, Planta 2, Edificio Época 46002 Valencia, Spain
- **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 Finance a.s.,** with registered office at Vinohradská 1511/230, Strašnice, 100 00 Praha 10, Czech Republic
- **Aricoma Group Holding a.s.,** with registered office at Vinohradská 1511/230, Strašnice, 100 00 Praha 10, Czech Republic
- **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
- **CES EA s.r.o.**, with registered office at Voctářova 2500/20a, Libeň, 180 00 Praha 8, Czech Republic
- **Clearcode LLC,** with registered office at 222 Broadway, NY 10038 New York, USA
- **Clearcode Services S.A.** with registered office at Pasaż Pokoyhof, Świętego Antoniego 2/4, 50-073 Wrocław, Poland

- **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 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
- **Društvo za Informatičku Technologiju Seavus DOO**, with registered office at Vojvode Misica, 180 00 Nis, Serbia
- **Internet Projekt, s.r.o.**, with registered office at Vinohradská 1511/230, Strašnice, 100 00 Praha 10, Czech Republic
- **KKCG TechLabs s.r.o.**, with registered office at Vinohradská 1511/230, Strašnice, 100 00 Praha 10, Czech Republic
- **KKCG Technologies Finance s.r.o.**, with registered office at Evropská 866/71, Vokovice, 160 00 Praha 6, Czech Republic
- **KKCG Technologies s.r.o.,** with registered office at Evropská 866/71, Vokovice, 160 00 Praha 6, Czech Republic
- **KOMIX Digital s.r.o.,** with registered office at Drtinova 467/2a, Smíchov, 150 00 Praha 5, Czech Republic
- **KOMIX s.r.o.**, with registered office at Drtinova 467/2a, Smíchov, 150 00 Praha 5, Czech Republic
- **KOMIX SK s.r.o.,** with registered office at Plynárenská 1, 821 09 Bratislava, Slovak Republic
- **Musala Soft EAD,** with registered office at 36 Dragan Tsankov blvd. 1057 Sofia, Bulgaria
- **Musala Services EOOD,** with registered office at 36 Dragan Tsankov blvd, Office 505, 1057 Sofia, Bulgaria
- **Musala Soft DOOEL,** with registered office at 3 Filip II Makedonski, Office 4003, 1000 Skopje, North Macedonia
- **Musala Soft Kosovo LLC,** with registered office at Str. Mujo Ulqinaku No 5-, Ap. 10 Qyteza Pejton, Pristina 1000, Kosovo
- **Musala Soft LLC,** with registered office at 16 Khartoum St, Heliopolis Cairo, Egypt
- **Sabris Consulting s.r.o.,** with registered office at Pekařská 621/7, Jinonice, 155 00 Praha 5, Czech Republic
- **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, Bosnia and Herzegovina
- **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 SHPK, in liquidation**, with registered office at Njesia Bashkiake nr.5, Rruga Abdyl Frasheri, Ndertesa 8, Hyrja 7, Tirana, Albania
- **SEAVUS SOFTWARE TECHNOLOGIES J.S.C,** with registered office at Merkez, Büyükdere Cd. 45-43, 34394 Şişli/İstanbul, Turkiye
- **Seavus Sp. z o.o.,** with registered office at Ul. Zlota 59, 00-120 Warsaw; Poland
- **Seavus USA Inc.**, with registered office at 2352 Main Street, Suite 200, Concord, MA 01742, USA
- **Seavus S.R.L.**, with registered office at MD-2071, 79/1 Alba Iulia, mun.Chisinau, Moldova
- **Springtide Ventures s.r.o.**, with registered office at 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
- **ThreatMark, Inc.,** with registered office at 6000 Fairview Road, NC 28210 Charlotte, USA
- **ThreatMark s.r.o.** with registered office at Hlinky 505/118, Pisárky, 603 00 Brno, Czech Republic

(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 2022, 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

4. Information on the activities of the KKCG Technologies Group

In 2022, 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 2022 it expanded its operations to other countries, mainly through the acquisition of the Musala group and company Clearcode, which have strong market position in Balkan region, Poland and the USA. In 2022 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 synergy.

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) Current economic situation

In late February 2022, ongoing political tensions between Russia and Ukraine escalated into conflict with Russia's military invasion to Ukraine. The global response to Russia's violation of international law and aggression against Ukraine has been the imposition of extensive sanctions and restrictions on business activities in Russia and trade with Russia and Russian companies. Uncertainty about future development was reflected in extreme increases in gas and electricity prices, increased volatility in financial markets and other negative consequences for the economy. The Group's activities were not significantly affected by the war between Russia and Ukraine.

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.

7. Personnel policy

As at 31 December 2022, the Group had approximately 4 000 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. Other

The risk management procedures to which the Group is exposed as at 31 December 2022 are described in the notes to the consolidated financial statements.

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 2022.

Date	Signature of the statutory body:	
28 June 2023	Ondřej Matuštík Statutory representative	Michal Tománek Statutory representative

CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

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.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	31.12.2022	31.12.2021
Assets			
Intangible assets	4	2 476	1 679
Goodwill	4	2 864	1 983
Property, plant and equipment	5	751	642
Equity method investees	6	--	29
Other long-term financial assets	7	786	1 639
Long-term receivables and loans	8	15	4
Long-term receivables from derivative financial instruments	19	126	57
Deferred tax receivable	29	10	16
Total non-current assets		**7 028**	**6 049**
Inventories	9	298	223
Short-term receivables and loans	8	2 785	2 097
Short-term receivables from derivative instruments	19	2	--
Income tax receivables		48	42
Other short-term financial assets	7	145	577
Cash and cash equivalents	10	607	569
Total current assets		**3 885**	**3 508**
Total assets		**10 913**	**9 557**

The notes on pages 17 to 85 form an integral part of these consolidated financial statements.

	Note	31.12.2022	31.12.2021
Equity			
Share capital	13	1	1
Other funds		950	-308
Retained earnings (+) / Accumulated losses (-)		-767	646
Equity attributable to owners of the Company		*184*	*339*
Non-controlling interest	14	233	258
Total equity		**417**	**597**
Liabilities			
Bank loans and other borrowings - non-current portion	15	3 571	3 010
Long-term lease liabilities	16	337	332
Long-term trade and other payables	17	1 113	1 172
Long-term liabilities from derivative financial instruments	19	--	3
Long-term provision	20	6	6
Long-term employee benefits	18	13	13
Deferred tax liabilities	29	337	435
Total non-current liabilities		**5 377**	**4 971**
Bank loans and other borrowings - current portion	15	1 473	1 529
Short-term lease liabilities	16	170	133
Short-term trade and other payables	17	3 008	1 968
Short-term liabilities from derivative financial instruments	19	1	--
Income tax liabilities		28	28
Short-term provisions	20	8	7
Short-term employee benefits	18	431	324
Total current liabilities		**5 119**	**3 989**
Total liabilities		**10 496**	**8 960**
Total equity and liabilities		**10 913**	**9 557**

The notes on pages 17 to 85 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	2022	2021
Revenues	21	11 170	8 917
Other operating income	22	69	86
Materials and consumables	23	-4 446	-3 710
Services	23	-2 550	-1 877
Personnel expenses	24	-3 178	-2 553
Other operating expenses	26	-228	-106
Share on loss of equity method investees	6	-29	-9
Other gains and losses	27	-997	929
Depreciation, amortization and impairment	25	-623	-547
Profit (+) / Loss (-) from operating activities		**-812**	**1 130**
Interest income	28	3	4
Finance income	28	111	63
Finance costs	28	-543	-247
Net finance costs		**-429**	**-180**
Profit (+) / Loss (-) before income tax		**-1 241**	**950**
Income tax	29	95	-193
Profit (+) / Loss (-) for the period		**-1 146**	**757**
Other comprehensive income / (loss)			
Items that are or may be subsequently reclassified to profit or loss:			
Foreign currency translation of foreign operations		120	-32
Items that will not be reclassified to profit or loss:			
Gain (+) / Loss (-) from actuarial remeasurement		1	1
Other comprehensive loss for the year	30	**121**	**-31**
Total comprehensive income for the year		**-1 025**	**726**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	2022	2021
Profit (+) / Loss (-) attributable to:			
Owner of the Company		-1 158	688
Non-controlling interests	14	12	69
Total profit (+) / loss (-) for the year		**-1 146**	**757**
Total comprehensive income attributable to:			
Owner of the Company		-1 036	659
Non-controlling interests	14	11	67
Total comprehensive income for the year		**-1 025**	**726**

The notes on pages 17 to 85 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

2022	Note	Share capital	Reserve fund	Other funds	Foreign currency translation fund	Actuarial reserve	Retained earnings (+) / Accumulated losses (-)	**Equity attributable to the owner of the Company**	Non-controlling interest	**Total equity**
Balance at 1 January 2022		**1**	**1**	**-261**	**-49**	**1**	**646**	**339**	**258**	**597**
Loss for the year		--	--	--	--	--	-1 158	**-1 158**	12	**-1 146**
Other comprehensive income for the year		--	--	--	121	1	--	**122**	-1	**121**
Total comprehensive income for the year		**--**	**--**	**--**	**121**	**1**	**-1 158**	**-1 036**	**11**	**-1 025**
Transactions with owners, recorded directly in equity										
Effect of new acquisitions		--	--	--	--	--	--	**--**	-1	**-1**
Dividends paid, including withholding tax on dividends		--	--	--	--	--	--	**--**	-2	**-2**
Monetary contribution to other funds	13	--	--	780	--	--	--	**780**	--	**780**
Other movements *	17	--	--	287	--	--	-219	**68**	--	**68**
The effect of changes in ownership		--	--	69	--	--	-36	**33**	-33	**--**
Total transactions with owners		**--**	**--**	**1 136**	**--**	**--**	**-255**	**881**	**-36**	**845**
Balance at 31 December 2022		**1**	**1**	**875**	**72**	**2**	**-767**	**184**	**233**	**417**

* 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 notes on pages 17 to 85 form an integral part of these consolidated financial statements.

2021	Note	Share capital	Reserve fund	Other funds	Foreign currency translation fund	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 17 to 85 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	2022	2021
Operating activity			
Net profit (+) / loss (-) for the period		-1 146	757
Adjustments for:			
Share of profit (+) / loss (-) in equivalence	6	29	9
Interest expense (net of income)	28	365	213
Income tax expense	29	-95	193
Foreign exchange (gains (-) / losses (+))	28	159	17
Depreciation of tangible fixed assets	5, 25	274	241
Amortization of intangible fixed assets	4, 25	232	202
Impairment of tangible and intangible fixed assets	4, 5	117	104
Gains (-) / losses (+) from revaluation of financial assets to fair value	27	1 078	-926
Gains (-) / losses (+) from revaluation of previously held share to fair value	11	-51	--
Gains (-) / losses (+) from the sale of other investments	27	--	-11
Non-monetary change in financial derivatives		-106	-60
Other non-monetary transactions		-32	9
Operating result before changes in working capital and provisions		**824**	**748**
Increase (+) / decrease (-) in provisions		1	1
Increase (-) / decrease (+) in inventories		-75	-18
Increase (-) / decrease (+) in receivables		-431	-21
Increase (+) / decrease (-) in liabilities		268	27
Cash flow from operating activities		**587**	**737**
Interest paid		-255	-155
Income tax paid		-105	-135
Net cash generated from operating activities		**227**	**447**

The notes on pages 17 to 85 form an integral part of these consolidated financial statements.

	Note	2022	2021
Net cash generated from operating activities		**227**	**447**
Investing activities			
Proceeds from sale of fixed assets		19	38
Proceeds from sale of subsidiaries, net of cash disposed	27	--	-2
Proceeds from sale of other long-term investments	27	--	12
Dividends income from other investments	27	220	--
Interests received		3	1
Acquisition of subsidiaries, net of cash acquired	11	-1 187	-566
Acquisition of other investments	7	-535	-637
Acquisition of property, plant and equipment and intangible assets	4, 5	-175	-196
Net movement in other short-term financial assets	7	436	-364
Net cash generated from /(used in) investing activities		**-1 219**	**-1 714**
Financing activity			
Loans and borrowings received (+)	15	1 177	1 839
Repayment of loans and borrowings (-)	15	-533	-606
Dividends paid to non-controlling interests		-2	-8
Money input to other funds		641	--
Acquisition and sale of a non-controlling interest	14	-69	-393
Payments of lease liabilities	16	-174	-136
Net cash generated from /(used in) financing activities		**1 040**	**696**
Net (decrease)/increase in cash and cash equivalents		**48**	**-571**
Effect of currency exchange conversions		-10	-9
Cash and cash equivalents as at the beginning of the year	10	**569**	**1 149**
Cash and cash equivalents at end of the year	10	**607**	**569**

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 17 to 85 form an integral part of these consolidated financial statements.

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KKCG Technologies s.r.o.

Consolidated financial statements for the year ended 31 December 2022
Prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (in millions of CZK)

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 31.12.2022	Ownership at the level of KKCG Technologies 31.12.2021	Functional currency	Consolidation method
Parent company						
KKCG Technologies s.r.o.		Czech Republic			CZK	
Subsidiaries						
AEC a.s.		Czech Republic	52.98%	52.98%	CZK	full
AEC s.r.o.		Slovak Republic	52.98%	52.98%	EUR	full
Aricoma Brand s.r.o.	(r)	Czech Republic	96.32%	--	CZK	full
Aricoma CAD a.s.	(r)	Czech Republic	100.00%	--	CZK	full
Aricoma CAD Capital a.s.	(n)	Czech Republic	100.00%	--	CZK	full
Aricoma Capital a.s.		Czech Republic	96.32%	96.32%	CZK	full
Aricoma Digital CE a.s. (former Cleverlance Group a.s.)	(d) (m)	Czech Republic	75.13%	67.42%	CZK	full
Aricoma España S.L.	(h)	Spain	100.00%	--	EUR	full

Aricoma Group a.s.		Czech Republic	96.32%	96.32%	CZK	full
Aricoma Group AB		Sweden	100.00%	100.00%	EUR	full
Aricoma Group Finance a.s.	(p), (q)	Czech Republic	80.00%	--	CZK	full
Aricoma Group Holding a.s.	(p)	Czech Republic	100.00%	--	CZK	full
Aricoma Group International AB	(i), (j)	Sweden	100.00%	100.00%	SEK	full
AUTOCONT a.s.		Czech Republic	96.32%	96.32%	CZK	full
AUTOCONT SRL		Belgium	96.32%	96.32%	EUR	full
AUTOCONT s.r.o.		Slovak Republic	88.61%	88.61%	EUR	full
CES EA s.r.o.	(d)	Czech Republic	75.13%	67.42%	CZK	full
Clearcode LLC	(a)	USA	100.00%	--	USD	full
Clearcode Services S.A.	(a)	Poland	100.00%	--	PLN	full
Cleverlance Deutschland GmbH	(d)	Germany	75.13%	67.42%	EUR	full
Cleverlance Enterprise Solutions s.r.o.	(d)	Czech Republic	75.13%	67.42%	CZK	full
Cleverlance H2B s.r.o.	(d)	Czech Republic	75.13%	67.42%	CZK	full
Cleverlance Slovakia s.r.o.	(d)	Slovak Republic	75.13%	67.42%	EUR	full
Cloud4com SK, s.r.o.		Slovak Republic	86.69%	86.69%	EUR	full
Društvo za Informatičku Technologiju Seavus DOO		Serbia	100.00%	100.00%	RSD	full
Internet Projekt, s.r.o.		Czech Republic	96.32%	96.32%	CZK	full
Javorina Management AB	(j)	Sweden	--	100.00%	SEK	full
KKCG TechLabs s.r.o.		Czech Republic	100.00%	100.00%	CZK	full
KKCG Technologies Finance s.r.o.		Czech Republic	100.00%	100.00%	CZK	full
KOMIX Digital s.r.o.	(e)	Czech Republic	75.13%	--	CZK	ull
KOMIX s.r.o.	(d)	Czech Republic	75.13%	67.42%	CZK	full
KOMIX SK s.r.o.	(f)	Slovak Republic	75.13%		EUR	full
Musala Soft EAD	(k)	Bulgaria	100.00%	--	BGN	full
Musala Services EOOD	(k)	Bulgaria	100.00%	--	BGN	full
Musala Soft DOOEL	(k)	North Macedonia	100.00%	--	MKD	full
Musala Soft Kosovo LLC	(k)	Kosovo	100.00%	--	EUR	full
Musala Soft LLC	(k)	Egypt	100.00%	--	EGP	full
Ontrax Göteborg AB	(g)	Sweden	--	100.00%	SEK	full
Radobyl Management Sp. Z o. o. (former NAP Poland Sp. Z o. o.)	(i)	Poland	--	100.00%	PLN	full
Sabris Consulting s.r.o.	(l)	Czech Republic	96.32%	--	CZK	full
Seavus AB		Sweden	100.00%	100.00%	SEK	full
Seavus DOO		Bosna and Hercegovina	100.00%	100.00%	BAM	full
Seavus DOOEL		North Macedonia	100.00%	100.00%	MKD	full
Seavus Educational and Development Center DOO		Serbia	100.00%	100.00%	RSD	full
Seavus Educational and Development Center DOOEL		North Macedonia	100.00%	100.00%	MKD	full
Seavus FLLC		Belarus	100.00%	100.00%	BYN	full
Seavus GmbH		Switzerland	100.00%	100.00%	CHF	full
Seavus SHPK, in liquidation	(s)	Albania	100.00%	100.00%	ALL	full
SEAVUS SOFTWARE TECHNOLOGIES J.S.C	(b)	Türkiye	100.00%	--	TRY	full
Seavus Sp. z o.o.		Poland	100.00%	100.00%	PLN	full

Seavus Stockholm AB	(c)	Sweden	100.00%	100.00%	SEK	full
Seavus USA Inc.		USA	100.00%	100.00%	USD	full
Seavus S.R.L.		Moldova	100.00%	100.00%	MLD	full
Springtide Ventures s.r.o.		Czech Republic	100.00%	100.00%	CZK	full
Stratiteq Sweden AB		Sweden	100.00%	100.00%	SEK	full
ThreatMark, Inc.	(o)	USA	79.84%	32.20%	USD	full
ThreatMark s.r.o.	(o)	Czech Republic	79.84%	32.20%	CZK	full
Associates and joint ventures:						
Bio-Nexus LTD*		Israel	40.00%	40.00%	USD	equity

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

(a) On 3 January 2022, 100% share in Clearcode Services S.A. including its subsidiary Clearcode LLC was acquired.

(b) On 7 January 2022, company SEAVUS SOFTWARE TECHNOLOGIES J.S.C. was incorporated.

(c) On 19 January 2022, company Seavus Stockholm AB merged into Seavus AB.

(d) On 27 January 2022, the share in Cleverlance Group a.s. increased by 8 %. The effective share in subgroup Cleverlance Group a.s. increased from 67.42% to 75.13%.

(e) On 8 June 2022, company KOMIX Digital s.r.o. was incorporated.

(f) On 17 June 2022, company KOMIX SK s.r.o. was incorporated.

(g) On 15 August 2022, 100% share in Ontrax Göteborg AB was sold outside the group.

(h) On 18 August 2022, company Aricoma España S.L. was incorporated.

(i) On 7 October 2022, company NAP Poland sp. Z o.o. (on 8 March 2022 renamed to Radobyl Management Sp. z o.o.) merged into Aricoma Group International AB .

(j) On 20 October 2022, Javorina Management AB and Aricoma Group International AB merged into Aricoma Group International AB.

(k) On 1 November 2022, 100% share in Musala Soft AD subgroup was acquired. The subgroup consists of companies Musala Soft AD, Musala Soft DOOEL, Musala Services EOOD, Musala Soft LLC and MUsala Soft Kosovo LLC.

(l) On 1 November 2022, 100% share in Sabris Consulting s.r.o. was acquired.

(m) On 11 November 2022, Cleverlance Group a.s. renamed to Aricoma Digital CE a.s.

(n) On 6 December 2022, the company Aricoma CAD Capital a.s. was incorporated.

(o) On 15 March 2022, the Group contributed its share in ThreatMark s.r.o. to company ThreatMark, Inc. and acquired in it a share of 34.88%. Subsequently, on 8 December 2022, the Group increased share in ThreatMark, Inc. to 79.84%. From this date, the company / subgroup is consolidated. In the period from 1 January 2022 to 8 December 2022, the subgroup was subject to the equity method.

(p) On 19 December 2022, companies Aricoma Group Holding a.s. and Aricoma Group Finance a.s. were incorporated.

(q) On 22 December 2022, 20% share in Aricoma Group Finance a.s. was sold.

(r) On 23 December 2022, companies Aricoma CAD a.s. and Aricoma Brand s.r.o. were incorporated.

(s) The company Seavus SHPK was liquidated in 30 December 2022. It was deleted from the commercial register in January 2023.

b) Changes within the Group

i) Acquisition of investments

In 2022, the Group acquired interest in the following companies (the percentage stated below represents the interest acquired during the period):

Company name	Share	Type of transaction	Date of transaction
Clearcode Services S.A. (sub-group)	100.00%	purchase	03.01.2022
SEAVUS SOFTWARE TECHNOLOGIES J.S.C	100.00%	incorporated	07.01.2022
Cleverlance Group a.s.	8.00%	purchase of part of the non-controlling interest	27.01.2022
Aricoma España S.L.	100.00%	incorporated	18.08.2022
Musala Soft AD (sub-group)	100.00%	purchase	01.11.2022
Sabris Consulting s.r.o.	100.00%	purchase	01.11.2022
Aricoma CAD Capital a.s.	100.00%	incorporated	06.12.2022
ThreatMark Inc. (sub-group)	47.64%	purchase	08.12.2022
Aricoma Group Finance a.s.	100.00%	incorporated	19.12.2022
Aricoma Group Holding a.s.	100.00%	incorporated	19.12.2022
Aricoma Brand s.r.o.	100.00%	incorporated	23.12.2022
Aricoma CAD a.s.	100.00%	incorporated	23.12.2022

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

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

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

** 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.

ii) Disposals of investments

In 2022, the Group sold interest in the following companies (the percentage stated bellow represents the interest sold during the period):

Company name	Share	Type of transaction	Date of transaction
Ontrax Göteborg	100.00%	sale	15.8.2022

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

In 2022, there were no other changes within the Group.

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

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

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.

1.4. Statutory body of the Company

Statutory representatives of the Company as at 31 December 2022

David Emr

Ondřej Matuštík

Michal Tománek

1.5. The sole shareholder of the Company as at 31 December 2022

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.

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 2022 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 2022. New standards and amendments to standards are listed in the following table:

Standard / Amendment	Title	IASB effective date	EU effective date	Endorsed by EU
Amendments to IFRS 3, IAS 37	Reference to Conceptional framework and cost of fulfilling a contract	01.01.2022	01.01.2022	Yes
Amendments to IAS 16	Proceeds before intended use	01.01.2022	01.01.2022	Yes
Annual Improvements to IFRS 2018–2020		01.01.2022	01.01.2022	Yes

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

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 2023 or later:

- IFRS 17: *Insurance Contracts*
- Amendments to IAS 1: *Presentation of Financial Statements*
- Amendments to IFRS 17: *Initial application of IFRS 17 and IFRS 9 – Comparative information*
- Amendments to IAS 8: *Definition of accounting estimate*
- Amendments to IAS 12: *Deferred tax related to assets and liabilities arising from a single transaction*

Standards and amendments issued before 31 December 2022 but not endorsed by EU

The following standards, amendments and interpretations are not yet effective for the period ending 31 December 2022 and are not expected to have a significant impact on the Group's consolidated financial statements.

Effective from 1 January 2024 or later:

- Amendments to IFRS 16: *Lease liability in a sale and leaseback*
- Amendments to IAS 1: *Non-current liabilities with Covenant*
- Amendments to IAS 1: *Classification of liabilities as current or non-current*

(b) Basis of measurement, going concern principle

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

The parent company KKCG AG is aware of the excess of consolidated short-term liabilities over consolidated short-term assets in the KKCG Technologies Group and is ready to provide financial assistance in the event of insolvency, for a period of at least 12 months from the date of the financial statements. For this purpose, the parent company KKCG AG provided a letter of support.

(c) Functional and presentation currency

The functional currency of the Company in 2022 and 2021 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.

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.

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).

3. SIGNIFICANT 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. 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, 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

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.

(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 cash-generating unit 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 intangible asset so that it will be available for use or sale,
- management intends to complete the intangible asset and use or sell it,
- the Group is able to use or sell the intangible asset,
- it can be demonstrated how the intangible asset will generate probable future economic benefits,
- adequate technical, financial and other resources to complete the development and to use or sell the intangible asset are available,

- the Group can reliably measure the expenditure attributable to the intangible asset during its development.

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. 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
- 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.

(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. Expected losses are reported in the operating result (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.

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. Net gains or net losses from fair value revaluation include dividend income from the instruments classified as at fair value through profit or loss.

(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,
- 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.

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.

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 90 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.

(ii) 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

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. 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.

(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

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.

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.

(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

2022	Appreciable rights, licenses	Brands and trademarks	Customer relationships	Software	Intangible assets under construction	Other intangible assets	Goodwill	Total
Acquisition cost	**13**	**1 034**	**693**	**224**	**117**	**--**	**1 983**	**4 064**
Accumulated amortisation and impairment losses	**-3**	**-84**	**-75**	**-136**	**-104**	**--**	**--**	**-402**
Net book value 1 January 2022	**10**	**950**	**618**	**88**	**13**	**--**	**1 983**	**3 662**
Effect of new acquisitions (note 11)	--	--	985	24	39	1	1 077	2 126
Additions	2	--	--	5	8	--	--	15
Transfers	--	--	--	12	-12	--	--	--
Change in value	-1	--	--	--	--	--	--	-1
Amortisation	-3	-83	-105	-41	--	--	--	-232
Impairment	--	--	--	--	--	--	-117	-117
Effect of currency translation	--	-1	-32	-1	--	--	-79	-113
Net book value 31 December 2022	**8**	**866**	**1 466**	**87**	**48**	**1**	**2 864**	**5 340**
Acquisition cost	**16**	**1 032**	**1 642**	**255**	**152**	**1**	**2 981**	**6 079**
Accumulated amortisation and impairment losses	**-8**	**-166**	**-176**	**-168**	**-104**	**--**	**-117**	**-739**

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.

Goodwill

	31.12.2022	31.12.2021
Seavus (subgroup)	965	995
Musala Soft AD (subgroup)	651	--
Stratiteq Sweden AB	134	282
AUTOCONT (subgroup)	237	222
ThreatMark, Inc (subgroup)	201	--
Clearcode Services S.A. (subgroup)	162	--
Cloud4com (subgroup)	137	137
AEC (subgroup)	110	110
KOMIX s.r.o.	89	89
Cleverlance Enterprise Solutions s.r.o.	64	64
Internet Projekt. s.r.o.	52	52
DataSpring s.r.o.	32	32
Sabris Consulting s.r.o. (subgroup)	30	--
Total goodwill	**2 864**	**1 983**

The newly recognised goodwill in relation to the new acquisitions is further described in note 11.

Brands and trademarks

	31.12.2022	31.12.2021
AutoCont	740	781
Cleverlance	56	75
Seavus	44	59
AEC	13	17
Cloud4com	10	13
Internet Projekt	3	5
Total brands	**866**	**950**

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.

The calculation of the recoverable amount as at 31 December 2022 was based on the calculation of value in use using the discounted cash flow method. The Group used cash flow forecasts based on business plans covering a period of five years, approved by management and valid at the date of goodwill impairment testing, to determine the value in use.

The weighted average cost of capital (WACC) relevant to each cash-generating unit was used as the discount rate and the WACC ranged from 9.7% to 14.4% p.a. The terminal growth rate used was 2%.

Based on the above calculation, it was determined that the Stratiteq cash-generating unit has a value in use lower than its carrying amount, therefore management has decided to reduce the value of the goodwill allocated to this unit. The impairment loss was reported in the income statement in the item

Depreciation, amortization and impairment (note 25). For other cash-generating units, the resulting recoverable amount calculated on the basis of the discounted cash flow method exceeded the carrying amount, and therefore no further impairment was recognized as of 31 December 2022.

As at 31 December 2021, the calculation of the recoverable amount was based on the FVLCD calculation using the market multiple metho. 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, Stratiteq Sweden AB, Cloud4com, AEC, Internet Projekt and DataSpring. A market multiple of EV of 17.86 was used for Cleverlance Enterprise Solutions and KOMIX.

As at 31 December 2021, 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.

5. PROPERTY, PLANT AND EQUIPMENT

2022	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**	**83**	**516**	**349**	**176**	**--**	**3**	**1 128**
Accumulated depreciation and impairment losses	**--**	**-29**	**-149**	**-225**	**-80**	**--**	**-3**	**-486**
Net book value 1 January 2022	**1**	**54**	**367**	**124**	**96**	**--**	**--**	**642**
Effect of new acquisitions (note 11)	--	--	97	18	1	--	2	118
Additions	--	2	94	107	43	44	--	290
Transfers	--	--	--	43	--	-43	--	--
Disposals	--	--	-7	-9	-1	--	--	-17
Depreciation	--	-3	-121	-90	-60	--	--	-274
Modification of leases	--	--	--	--	1	--	--	1
Effect of currency translation	--	--	-6	-3	--	--	--	-9
Net book value 31 December 2022	**1**	**53**	**424**	**190**	**80**	**1**	**2**	**751**
Acquisition cost	**1**	**85**	**690**	**456**	**198**	**1**	**5**	**1 436**
Accumulated depreciation and impairment losses	**--**	**-32**	**-266**	**-266**	**-118**	**--**	**-3**	**-685**

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.

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.

6. EQUITY METHOD INVESTEES

	31.12.2022		31.12.2021	
	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
Bio-Nexus LTD	40.00%	--	40.00 %	--
Total equity method investees		**--**		**29**

(1) During 2022, as a result of the share exchange, the Group held a stake in ThreatMark, Inc. in place of ThreatMark s.r.o., in which the Group held a stake as of 31 December 2021. Financial data for 2022 refer to the period from 1 January 2022 to 8 December 2022. As of December 8, the ThreatMark, Inc. subgroup is consolidated.

ThreatMark, Inc.	**2022**
Revenues	71
Profit / (loss) of the company for period (100 %)	-120
Total comprehensive income / (loss) for the period (100 %)	-120
Total Group´s share of total comprehensive income (34.88 %)*	**-29**

* The Group accounted for the Group's share of the company's comprehensive income only up to the amount of the investment's book value

ThreatMark s.r.o.	**31.12.2021**
Non-current assets	29
Current assets	108
Current liabilities	-132
Net assets (100 %)	5
Group's share of net assets (32.2 %)	1
Goodwill	28
Carrying amount of interest in associate	**29**

	2021
Revenues	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 2022 and 2021, no dividend was paid by the associate.

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

	2022	**2021**
Other long-term financial assets	--	66
Revenues	4	2
Expenses	2	3

7. OTHER FINANCIAL ASSETS

Other long-term financial assets

	31.12.2022	31.12.2021
Long-term investments at fair value through profit or loss	574	1 490
Long-term debt instruments at fair value through profit or loss	212	149
Total other long-term financial assets	**786**	**1 639**

As at 31 December 2022, 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. Equalum Ltd., Souce Defense Ltd. and NetOp Ltd.

As at 31 December 2021, the long-term investments at fair value 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.

In 2022, the Group received dividends from these investments in the amount of CZK 440 million (2021: CZK 0 million). Dividends are part of the Other profits and losses (note 27).

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 3 in the fair value hierarchy. Fair value disclosures are presented in note 32(e) Fair value.

During 2021, the Group sold its investment in Quantiq s.r.o. Gain on sale is recognised in Other gains and losses (note 27). There were no sales of long-term financial assets in 2022.

Other short-term financial assets

	31.12.2022	31.12.2021
Other financial assets	145	577
Total other short-term financial assets	**145**	**577**

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.

8. RECEIVABLES AND LOANS

Long-term receivables and loans

	31.12.2022	31.12.2021
Long-term trade and other receivables	--	3
Long-term guarantee (refundable)	10	--
Long-term receivables - financial	**10**	**3**
Long-term advances (settled)	5	1
Long-term receivables - other	**5**	**1**
Total long-term receivables and loans	**15**	**4**

Short-term receivables and loans

	31.12.2022	31.12.2021
Trade receivables	2 435	1 866
Contract assets	144	64
Short-term loans	1	--
Short-term deposits (redeemable)	1	1
Other short-term receivables	23	34
Short-term receivables - financial	**2 604**	**1 965**
Prepaid expenses	130	115
Short-term advances (settled)	9	12
Receivables from other taxes	42	5
Short-term receivables - other	**181**	**132**
Total short-term receivables and loans	**2 785**	**2 097**

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

9. INVENTORIES

	31.12.2022	31.12.2021
Raw material	1	--
Goods	274	202
Own products	1	1
Work in progress	22	20
Total inventories	**298**	**223**

10. CASH AND CASH EQUIVALENTS

	31.12.2022	31.12.2021
Cash	4	2
Bank accounts	603	567
Total cash and cash equivalents	**607**	**569**

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

11. NEW ACQUISITIONS

In 2022, the Group acquired interest in the following subsidiaries:

Company name	Interest acquired	Date of acquisition
Clearcode Services S.A. (sub-group) (1)	100.00%	3.1.2022
Sabris Consulting s.r.o.	100.00%	1.11.2022
Musala Soft AD (sub-group) (2)	100.00%	1.11.2022
Axiel (factory part)	--	4.11.2022
ThreatMark. Inc. (sub-group)	50.14%	8.12.2022

1) As of 3 January 2022, a 100% share in company Clearcode Services S.A. was purchased and from that date the company, including its subsidiary Clearcode LLC, was fully consolidated. Clearcode Service S.A. and Clearcode LLC are online advertising and marketing providers for technology companies, agencies and publishers.

   The Group measured assets acquired and liabilities assumed at fair value. As a result of acquisition accounting, several newly identifiable intangible assets were 50ecognized. The Group used 5-year business plans and cash flow forecasts discounted at a WACC of 13.49% 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 31 million were newly recognised. The valuation of customer relationships was based on the multi-period excess earnings method, with an estimated useful life of 10 years.
   - A deferred tax liability of CZK 6 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 3 January 2022 until 31 December 2022, subgroup Clearcode Services S.A. contributed with revenue of CZK 197 million and profit of CZK 21 million to the Group´s result.

2) As of 1 November 2022, a 100% share in company Musala Soft AD was purchased and from that date the company, including its subsidiaries, was fully consolidated. The Musala Soft AD subgroup provides software engineering services in AI, Big Data, IoT, Analytics, Cloud and integration.

   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 12.3% 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 954 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 95 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 November 2022 until 31 December 2021, subgroup Musala Soft AD contributed consolidated revenue of CZK 132 million and loss of CZK 14 million to the Group´s result. If the acquisition had occurred on 1 January 2022, management estimates that consolidated revenue would have been higher by CZK 623 million, and consolidated profit for the year would have been higher by CZK 87 million. In determining these amounts, management has assumed that the fair value adjustments, that arose on the date of acquisition would have been the same as if the acquisition had occurred on 1 January 2022.

The acquisition of subsidiaries in 2022 had the following effect on the Group's consolidated financial statements:

2022	Musala Soft AD subgroup	Clearcode Services S.A. subgroup	Other	**Total**
Property, plant and equipment	52	51	15	**118**
Customer relationships	954	31	--	**985**
Other intangible assets	8	--	56	**64**
Deferred tax receivable	3	--	--	**3**
Long-term receivables and loans provided	3	2	3	**8**
Short-term receivables	163	30	27	**220**
Cash and cash equivalents	71	38	73	**182**
Other current assets	--	--	3	**3**
Deferred tax liability	-95	-6	--	**-101**
Other non-current liabilities	-18	-44	-11	**-73**
Short-term loans and borrowings	--	--	-102	**-102**
Other current liabilities	-174	-11	-92	**-277**
Net assets	**967**	**91**	**-28**	**1 030**
Goodwill (note 4)	661	170	246	**1 077**
Fair Value formerly held interests	--	--	-51	**-51**
Consideration paid	**1 628**	**261**	**167**	**2 056**
Consideration paid, satisfied in cash	1 049	221	17	**1 287**
Conversion of provided loans	--	--	147	**147**
Deferred / contingent consideration	579	40	3	**622**
Cash and cash equivalents acquired	-71	-38	-73	**-182**
Net outflow of cash and cash equivalents	**978**	**183**	**-56**	**1 105**

12. DISPOSAL OF INVESTMENTS IN SUBSIDIARIES

In 2022, a 100% share in company Ontrax Göeteborg AB was sold. The total decrease in net assets was CZK 0 million. The company Ontrax Göeteborg AB did not represent a separate major line of business, or geographical area of operations and hence, was not classified as discontinued operations.

Profit / loss from the sale of investments is included in the consolidated statement of comprehensive income under the Other profits and losses (note 27). The consideration transferred for the shares was fully paid as of 31 December 2022.

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.

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.

13. EQUITY

	31.12.2022	31.12.2021
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.

In 2022, the Company received cash contributions in the amount of CZK 780 million, of which CZK 641 million was paid as of 31 December 2022, and CZK 139 million was offset.

14. NON-CONTROLLING INTEREST

The Group's non-controlling interests as of 31 December 2022 and 31 December 2021 relate primarily to 3.68% share in Aricoma Capital a.s. subgroup and companies that are part of the Aricoma Capital a.s. subgroup. This non-controlling interest includes a 22% share in Aricoma Digital CE a.s. subgroup and a 45% share in AEC a.s. subgroup.

Aggregated statement of financial position as at 31 December 2022	**Aricoma Digital CE a.s. subgroup**	**AEC a.s. subgroup**	**Aricoma Capital a.s. (incl. subgroups AEC a.s. and Aricoma Digital CE a.s.)**	**Others**
Non-current assets	406	130	3 162	
Current assets	740	114	3 227	
Long-term liabilities	-281	-12	-1 760	
Short-term liabilities	-444	-84	-2 674	
Net assets attributable to the Group	421	148	1 955	
Percentage of non-controlling interest	22.00%	45.00%	3.68%	
Non-controlling interests	**93**	**67**	**67**	**--**
Non-controlling interest of the subgroup entering into consolidation	--	--	**166**	**--**
Carrying amount of non-controlling interests	**93**	**67**	**233**	**--**

Aggregated statement of comprehensive income for year 2022	Aricoma Digital CE a.s. subgroup	AEC a.s. subgroup	Aricoma Capital a.s. (incl. subgroups AEC a.s. and Aricoma Digital CE a.s.)	Others
Revenues	1 984	255	9 096	--
Profit	10	-2	154	--
Other comprehensive income / (loss)	-2	--	-4	--
Total comprehensive income / (loss)	9	-2	150	--
Percentage of non-controlling interest	22.00%	45.00%	3.68%	--
Profit attributable to non-controlling interest	**2**	**-1**	**6**	**1**
OCI attributable to non-controlling interests	**-1**	**--**	**--**	**--**
Profit /(loss) attributable to the non-controlling interest of the subgroup entering into consolidation	--	--	5	--
OCI attributable to the non-controlling interest of the subgroup entering into consolidation	--	--	-1	--
Total comprehensive income / (loss) attributable to non-controlling interests	**1**	**-1**	**10**	**1**

Aggregated statement of cash flows for year 2022	Aricoma Digital CE a.s. subgroup	AEC a.s. subgroup	Aricoma Capital a.s. (incl. subgroups AEC a.s. and Aricoma Digital CE a.s.)	Others
Cash flow from operating activities	45	11	304	--
Cash flow from investing activities	-3	--	-35	--
Cash flow from financing activities	-91	-18	-229	--
Net decrease in cash and cash equivalents	**-49**	**-7**	**40**	**--**
Dividends declared to non-controlling interest	**--**	**2**	**--**	**--**

Aggregated statement of financial position as at 31 December 2021	Aricoma Digital CE a.s. subgroup	AEC a.s. subgroup	Aricoma Capital a.s. (incl. subgroups AEC a.s. and Aricoma Digital CE 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
Net assets attributable to the Group	413	150	1 836
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	Aricoma Digital CE a.s. subgroup	AEC a.s. subgroup	Aricoma Capital a.s. (incl. subgroups AEC a.s. and Aricoma Digital CE 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**

Aggregated statement of cash flows for year 2021	Aricoma Digital CE a.s. subgroup	AEC a.s. subgroup	Aricoma Capital a.s. (incl. subgroups AEC a.s. and Aricoma Digital CE 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**

15. BANK LOANS AND OTHER BORROWINGS

Bank loans and other borrowings – non-current portion

	31.12.2022	31.12.2021
Long-term bank loans	2 470	2 510
Long-term loans from related parties (note 31)	805	305
Other long-term borrowings	198	195
Long-term payables from debt securities (bonds)	98	--
Total bank loans and other borrowings – non-current portion	**3 571**	**3 010**

Bank loans and other borrowings –current portion

	31.12.2022	31.12.2021
Short-term loans from related parties (note 31)	991	1 147
Short-term part of long-term bank loans	470	379
Other short-term borrowings	8	3
Short-term payables from debt securities (bonds)	4	--
Total bank loans and other borrowings – current portion	**1 473**	**1 529**

Long-term bank loans are payable as follows:

	31.12.2022	31.12.2021
Within one year	470	379
From one to five years	2 470	1 507
In more than five years	--	1 003
	2 940	**2 889**

Within the KKCG Technologies group, company Aricoma Group a.s. Aricoma Group a.s., Aricoma Group AB a Aricoma Group International 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 298 million (2021: CZK 188 million) and receivables in the amount of CZK 859 million (2021: CZK 799 million).

Loans received by the Group are also secured by following shares in subsidiaries: AEC a.s., AEC s.r.o., Aricoma International AB, 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., Aricoma Digital CE a.s., Cleverlance Slovakia s.r.o., Internet Projekt, s.r.o., Komix s.r.o., Stratiteq Sweden AB, Clearcode Services S.A., Musala Soft AD, Seavus AB, Društvo za Informatičku Technologiju Seavus DOO 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 2022 and 31 December 2021, the Group companies fulfilled the covenants.

Interest rates for loans and borrowings are based on PRIBOR or EURIBOR and margins that vary from 2.3 % to 3.1 % (2021 from 2.3 % to 2.76%). Fixed interest rates vary from 0 % to 8 % (2021: from 0 % to 5 %).

Other long-term borrowings represent mainly loans from minority shareholders of Aricoma Capital a.s. as at 31 December 2022 and 2021.

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

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

	2022	2021
Opening balance	**4 539**	**3 247**
Cash flows:		
Loans and borrowings received	1 177	1 839
Repayment of loans and borrowings	-533	-606
Interest of prior periods paid	-10	-25
Non-cash changes:		
Effect of new acquisitions	8	34
Unpaid interest of current period	50	54
Effect of currency translation	-58	-69
Other non-monetary transactions	-129	65
Closing balance	**5 044**	**4 539**

16. LEASE LIABILITIES

	31.12.2022	31.12.2021
Long-term lease liabilities	337	332
Short-term lease liabilities	170	133
Total lease liabilities	**507**	**465**

Reconciliation of movements of lease liabilities to cash flows:

	2022	2021
Opening balance	**465**	**401**
Cash flows:		
Payments of lease liabilities	-174	-136
Non-cash movements:		
Effect of new acquisitions	101	49
Recognition and reassessment of lease liabilities	128	167
Effect of currency translation	-13	-13
Effect of disposal of investments	--	-3
Closing balance	**507**	**465**

Total cash outflow for leases in 2022 was CZK 200 million (2021: CZK 155 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.

17. TRADE AND OTHER PAYABLES

Long-term trade and other payables

	31.12.2022	31.12.2021
Long-term liabilities arising from the acquisition of investments in subsidiaries	667	454
Other long-term payables	446	718
Long-term trade and other payables - financial	**1 113**	**1 172**
Total long-term trade and other payables	**1 113**	**1 172**

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

	31.12.2022	31.12.2021
Trade payables	1 723	1 419
Short-term liabilities arising from the acquisition of investments in subsidiaries	638	85
Other short-term payables	68	80
Short-term trade and other payables - financial	**2 429**	**1 584**
Payables to the state	369	324
Short-term contract liabilities	187	60
Deferred revenue	23	--
Short-term trade and other payables - other	**579**	**384**
Total short-term trade and other payables	**3 008**	**1 968**

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(c) Liquidity risk.

Liabilities arising from the acquisition of investments:

	31.12.2022	31.12.2021
Deferred consideration	444	332
Contingent consideration	861	207
Total liabilities arising from the acquisition of investments	**1 305**	**539**

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.

18. EMPLOYEE BENEFITS

	31.12.2022	31.12.2021
Post-employment benefits – non-current portion	12	12
thereof: Defined benefits	12	12
Other long-term payables to employees	1	1
Total long-term employee benefits	**13**	**13**

	31.12.2022	31.12.2021
Post-employment benefits – current portion	2	1
thereof: Defined benefits	2	1
Other short-term payables to employees	429	323
Total short-term employee benefits	**431**	**324**

The post-employment benefits relate to defined benefits plans of companies Seavus DOOEL (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:

	2022	2021
Opening balance as at 1 January	**13**	**--**
Current service costs	2	3
Past service costs	--	-1
Settlement cost (result)	--	-1
Total cost recognised in profit or loss	**2**	**1**
Actuarial gain (-) / loss (+) from financial assumptions	-1	-1
Actuarial gain (-) / loss (+) recognised in equity	**-1**	**-1**
Contributions	--	14
Payments	-1	-1
Effect of currency translation	1	--
Closing balance as at 31 December	**14**	**13**

Significant actuarial assumptions in regard with defined benefit plans as at 31 December 2022 and 31 December 2021 were as follows:

	31.12.2022		31.12.2021	
	North Macedonia	Serbia	North Macedonia	Serbia
Discount rate (in %)	3.30%	6.77%	2.90%	3.43%
Expected rate of increase in salaries (in %)	3.00%	7.20%	3.00%	6.50%
Average service in the company (in years)	3.0	4.0	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%

19. DERIVATIVES

	31.12.2022	31.12.2021
Long-term receivables from derivatives held for trading	126	57
Short-term receivables from derivatives held for trading	2	--
Total receivables from derivative financial instruments	**128**	**57**
Long-term liabilities from derivatives held for trading	--	-3
Short-term liabilities from derivatives held for trading	-1	--
Total liabilities from derivative financial instruments	**-1**	**-3**

Gain from revaluation of derivatives held for trading in the amount of CZK 106 million (2021: 60 million) is presented as part of net finance costs (note 28).

As at 31 December 2022, the Group held the following financial derivatives for trading:

	Year of maturity	Nominal value	Fair value as at 31.12.2022
Interest rate swaps	2027	1 473	126
Currency forward	2023	759	2
Total receivables from trading derivatives			**128**
Currency swaps	2023	11	-1
Total liabilities from trading derivatives			**-1**
Total derivatives held for trading			**127**

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 2022 and 31 December 2021, the Group did not classify any derivative instruments as hedging derivatives.

20. PROVISIONS

	Provision for litigation	Provision for warranty	Total
Balance as at 1 January 2022	**6**	**7**	**13**
Additions	--	1	**1**
Balance as at 31 December 2022	**6**	**8**	**14**
thereof:			
Short-term provisions	--	8	**8**
Long-term provisions	6	--	**6**

21. REVENUES

	2022	2021
Revenues from IT services	6 072	4 757
Sales of goods	4 980	4 097
Revenues from other services	118	63
Total revenues	**11 170**	**8 917**

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

Timing of revenue recognition	2022	2021
At a point in time	6 301	5 906
Over time	4 869	3 011
Total revenues	**11 170**	**8 917**

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 2022	Total	Within 1 year	1-2 years	2-5 years	More than 5 years
Transaction price for outstanding performance obligations	2 984	2 984	--	--	--

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	2 683	2 683	--	--	--

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

	2022	2021
Income from subsidies	6	12
Other operating income	63	74
Total other operating income	**69**	**86**

23. MATERIALS, CONSUMABLES AND SERVICES

	2022	2021
Cost of goods sold	4 364	3 648
Materials and energy used	82	62
Total materials and consumables	**4 446**	**3 710**
IT and software related costs	1 034	961
Consumption of services relating to sales	899	594
Professional fees and expenses	254	158
Lease expenses	80	54
Advertising, promotion and other related costs	45	33
Telecommunication costs	13	13
Other services	225	64
Total services	**2 550**	**1 877**
Total materials, consumables and services	**6 996**	**5 587**

The costs of Group audit and other services provided by the auditor amounted CZK 13 million in 2022 (2021: CZK 14 million).

Lease expenses in 2022 and 2021 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.

	2022	2021
Expense relating to short-term leases	28	29
Expense relating to low value assets	13	7
Expense relating to variable lease payments	39	18
Total lease expenses	**80**	**54**

24. PERONNEL EXPENSES

	2022	2021
Wages and salaries	2 260	1 806
Social security expenses – pension insurance contribution	494	388
Social insurance expenses – other contributions	60	54
Health insurance expenses	190	166
Retirement benefit costs	2	1
Other social expenses	172	138
Total personnel expenses	**3 178**	**2 553**

25. DEPRECIATION, AMORTISATION AND IMPAIRMENT

	2022	2021
Depreciation of property, plant and equipment	93	98
Amortisation of intangible assets	232	202
Depreciation of right of use	181	143
Impairment of intangible assets	--	104
Decreased goodwill value	117	--
Total depreciation, amortisation and impairment	**623**	**547**

For more information on impairment of goodwill in 2022 and impairment of non-current intangible assets in 2021 see note 4.

26. OTHER OPERATING EXPENSES

	2022	2021
Repairs and maintenance	40	31
Travel expenses	32	11
Insurance	16	14
Other taxes	14	9
Fees	5	4
Sponsorships and donations	2	2
Increase / decrease of loss allowance for receivables	6	1
Write off trade receivables	8	1
Other operating expenses	105	33
Total other operating expenses	**228**	**106**

27. OTHER GAINS AND LOSSES

	2022	2021
Net gain (+) / loss (-) on revaluation of financial assets to fair value	-1 079	926
Net loss on disposal of subsidiaries	--	-3
Net gain on sale of other investments	--	11
Net gain (+) / loss (-) on revaluation of financial liabilities to fair value	27	-7
Net gain from disposal of fixed assets	3	1
Net gain from disposal of material	1	1
Revaluation of shares in the company reported using the equity method at fair value	51	--
Total other gains and losses	**-997**	**929**

Loss from revaluation of financial assets at fair value includes dividends received from investments measured at fair value in profit or loss. 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

	2022	2021
Interest income	3	4
Total interest income	**3**	**4**
Net gain from trading derivatives	107	60
Income from short-term financial assets	4	1
Other finance income	--	2
Total finance income	**111**	**63**
Interest expense	-338	-198
Net loss from foreign exchange transactions	-159	-17
Interest expense on leases	-26	-19
Interest expense from bonds	-4	--
Net loss from trading derivatives	-1	--
Other finance expenses	-15	-13
Total finance costs	**-543**	**-247**
Net finance costs	**-429**	**-180**

For information on trading derives see note 19.

29. TAXATION

Income tax expense

	2022	2021
Current income tax	90	88
Deferred income tax	-185	105
Total income tax expense	**-95**	**193**

Effective tax rate reconciliation

	2022		2021	
Profit (+)/ Loss (-) before income tax	**-1 241**		**950**	
Income tax determined using current tax rates	-236	19.00%	180	19.00% *
Effect of non-deductible expenses on which no deferred tax is calculated	91	-7.33%	76	8.00%
Effect of non-taxable income	-98	7.90%	-32	-3.37%
Tax credits	--	--	-15	-1.58%
Tax relating to prior periods	--	--	11	1.16%
Effect of accumulated tax loss claimed in current period	-4	0.32%	-28	-2.95%
Effect of not recognized deferred tax asset relating to tax losses of current period	14	-1.13%	3	0.32%
Effect of temporary differences from which a deferred tax asset is not recognized	141	-0.36%	8	0.84%
Effect of profit or loss of equity method investees	5	-0.40%	1	0.11%
Effect of different tax rate of companies within the Group	-10	0.81%	-7	-0.74%
Other effects	2	-0.16%	-4	-0.42%
Total income tax / effective tax rate	**-95**	**7.66%**	**193**	**20.32%**

* Tax rate valid in the Czech Republic.

Deferred tax

	31.12.2022	31.12.2021
Deferred tax asset	10	16
Deferred tax liability	-337	-435
Net deferred tax liability	**-327**	**-419**

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.

Change in deferred tax

	Balance at 1.1.2022	Changes during the reporting period			Balance at 31.12.2022
	Deferred tax asset / liability	Recognised in profit or loss	Effect of new acquisitions	Effect of currency translation	Deferred tax asset / liability
Deferred tax asset (+) /liability (-)	**-419**	**185**	**-98**	**5**	**-327**
Property, plant and equipment	-72	14	-10	1	-67
Intangible assets	-279	8	-101	5	-367
Other financial assets	-179	179	--	--	--
Total inventories	1	--	--	--	1
Total receivables	--	--	1	--	1
Lease liabilities	89	-14	10	-1	84
Other liabilities	22	-1	2	--	23
Provisions	4	-1	--	--	3
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	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

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	
	2022	**2021**
Tax losses carried forward	41	10
Other temporary differences from which a deferred tax asset has not been recognized	141	8
Total unrecognised deferred tax asset	**182**	**18**

Tax losses carried forward

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

	2022	2021
To be utilised in the period		
1 year	32	--
2 years	11	3
3 years	--	17
4 years	26	25
5 years	104	2
over 5 years	39	--
unlimited	--	7
Total tax losses carried forward	**212**	**54**

30. OTHER COMPREHENSIVE INCOME

	2022	2021
Items that are or may be subsequently reclassified to profit or loss:		
Foreign currency translation of foreign operations	120	-32
Items that will not be reclassified to profit or loss:		
Gain from actuarial remeasurement – before tax	1	1
Total other comprehensive income	**121**	**-31**

Other comprehensive income attributable to:	2022	2021
Owner of the Company	122	-29
Non-controlling interest	-1	-2
Total other comprehensive income	**121**	**-31**

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

2022	Actuarial reserve	Translation reserve	**OCI attributable to the owner of the Company**	OCI attributable to non-controlling interest	**Total OCI**
Foreign currency translation of foreign operations	--	121	**121**	-1	**120**
Gain from actuarial remeasurement	1	--	**1**	--	**1**
Other comprehensive income, net of tax	1	121	**122**	-1	**121**

2021	Actuarial reserve	Translation reserve	**OCI attributable to the 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**

31. RELATED PARTIES

Salary, remuneration and other expenses of the statutory representatives and the key management personnel of the Group in 2022 were CZK 20 million (2021: CZK 16 million). "Key management personnel" represents company's executive management (C-level management).

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 parent company KKCG AG as at 31 December 2022 and 31 December 2021:

	31.12.2022	**31.12.2021**
Short-term trade and other payables	2	2
Total liabilities	**2**	**2**

Overview of balances with other related parties as at 31 December 2022 and 31 December 2021:

	31.12.2022	**31.12.2021**
Other short-tern financial assets	145	577
Short-term trade and other receivables	20	25
Total receivables	**165**	**602**
Long-term loans	805	305
Short-term loans	991	1 147
Short-term trade and other payables	19	8
Total liabilities	**1 815**	**1 460**

Other short-term financial assets in the amount of CZK 145 million (2021 CZK 577 million) represent a receivable from KKCG Structured Finance AG under cash-pooling agreement (see note 9).

Long-term and short-term loans in 2022 and in 2021 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 4 years.

Overview of transactions with parent company KKCG AG for the year 2022 a 2021:

	2022	2021
Revenues	1	5
Total income	**1**	**5**
Services	1	2
Other operating expenses	2	--
Financial costs	--	1
Total costs	**3**	**3**

In addition, the Company received cash contributions outside of the share capital from the parent company KKCG AG (note 13).

Overview of transactions with other related parties for the year 2022 and 2021:

	2022	2021
Revenues	117	200
Interest income	2	--
Income from short-term financial assets	2	1
Total income	**121**	**201**
Materials and consumables	7	3
Services	62	11
Finance costs	92	53
Total costs	**161**	**63**

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 the 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 is 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 2022	**Companies (non-financial institutions)**	**State, government**	**Financial institutions**	**Individuals**	**Total**
Long-term receivables and loans – financial	10	--	--	--	10
Long-term receivables from derivative instruments	--	--	126	--	126
Other long-term financial assets	212	--	--	--	212
Other short-term financial assets	--	--	145	--	145
Short-term receivables and loans – financial	2 108	269	224	3	2 604
Short-term receivables from derivative instruments	--	--	2	--	2
Cash and cash equivalents	124	--	483	--	607
Total	**2 454**	**269**	**980**	**3**	**3 706**

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**

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 2022	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	***10***	--	--	--	--	--	***10***
Other long-term receivables	10	--	--	--	--	--	10
Short-term receivables and loans	***2 396***	***182***	***18***	***12***	***35***	***-39***	***2 604***
Trade receivables	*2 226*	182	18	12	34	-37	*2 435*
Short-term loans to companies outside the Group	*2*	--	--	--	--	-1	*1*
Contract assets	*144*	--	--	--	--	--	*144*
Short-term deposits (redeemable)	1	--	--	--	--	--	1
Other short-term receivables	*23*	--	--	--	1	-1	*23*
Other short-term financial assets	***145***	--	--	--	--	--	***145***
Cash and cash equivalents	***607***	--	--	--	--	--	***607***
Cash	4	--	--	--	--	--	4
Bank accounts	603	--	--	--	--	--	603
Total	**3 158**	**182**	**18**	**12**	**35**	**-39**	**3 366**

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**

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).

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 2022	Stage 1	Stage 2	Stage 3	Provision matrix	ECL allowance	Net carrying amount
Class 1						
Cash and cash equivalents	**607**	--	--	--	--	**607**
Cash in hand	4	--	--	--	--	4
Bank accounts	603	--	--	--	--	603
Other short-term financial assets	**145**	--	--	--	--	**145**
Short-term and long-term receivables from public contracts	10	--	--	--	--	10
Class 2						
Short-term receivables and loans	**20**	--	**2**	**2 611**	**-39**	**2 594**
Trade receivables	20	--	--	2 442	-37	2 425
Short-term loans to companies outside the Group	--	--	2	--	-1	1
Contract assets	--	--	--	144	--	144
Short-term deposits (redeemable)	--	--	--	1	--	1
Other short-term receivables	--	--	--	24	-1	23
Long-term receivables and loans	**8**	--	**2**	--	--	**10**
Other long-term receivables	8	--	2	--	--	10
Total	**790**	--	**4**	**2 611**	**-39**	**3 366**

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**

Movement of allowances were as follows:

	Stage 1	Stage 2	Stage 3	Provision matrix	Total
Balance as at 1 January 2022	--	--	--	**-33**	**-33**
Creation of an allowance	--	--	-1	-11	-12
Reversals – amounts unused	--	--	--	-1	-1
Bad debts writes-offs	--	--	--	7	7
Balance as at 31 December 2022	--	--	**-1**	**-38**	**-39**

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 2022:

	Gross carrying amount	Expected credit loss rate	ECL allowance	Net carrying amount
Current	**2 363**	**0.0%**	**--**	**2 363**
Trade receivables	2 195	0.0%	--	2 195
Contract assets	144	0.0%	--	144
Short-term deposits (redeemable)	1	0.0%	--	1
Other short-term receivables	23	0.0%	--	23
Past due < 90 days	**183**	**0.9%**	**--**	**183**
Trade receivables	183	0.0%	--	183
Past due 91-180 days	**18**	**11.1%**	**-2**	**16**
Trade receivables	18	11.1%	-2	16
Past due 181-365 days	**12**	**16.7%**	**-3**	**9**
Trade receivables	12	16.7%	-3	9
Past due >365 days	**35**	**97.1%**	**-34**	**1**
Trade receivables	34	97.1%	-33	1
Other short-term receivables	1	100.0%	-1	--
Total	**2 611**	**1.5%**	**-39**	**2 572**

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**

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	**31.12.2022**	**31.12.2021**
Czech Republic	2 221	1 560
Slovak Republic	399	554
Germany	138	25
Switzerland	269	527
North Macedonia	70	27
Great Britain	38	1
Netherlands	24	23
Austria	9	3
Serbia	3	15
Cyprus	1	--
Italy	1	2
Russia	--	4
Greece	--	1
Sweden	--	193
Other countries	533	385
Total	**3 706**	**3 320**

In 2022 nor in 2021, 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 2022, the Group used currency swaps and in 2021, 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 2022 and 31 December 2021, 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 2022	**EUR**	**CZK**	**USD**	**Other**
Long-term receivables and loans – financial	947	--	--	2
Other long-term financial assets	--	--	786	--
Long-term receivables from derivative financial instruments	43	25	--	--
Short-term receivables and loans - financial	1 389	83	242	91
Other short-term financial assets	145	--	--	--
Short-term receivables from derivative financial instruments	2	--	--	--
Cash and cash equivalents	158	--	20	--
Total assets	**2 684**	**108**	**1 048**	**93**
Bank loans and borrowings – non-current part	-2 170	--	--	--
Long-term lease liabilities	-140	--	--	--
Other long-term liabilities	-260	--	--	--
Bank loans and borrowings – current part	-688	--	-112	--
Short-term lease liabilities	-23	--	--	--
Short-term trade and other payables - financial	-1 172	-1	-138	-28
Total liabilities	**-4 453**	**-1**	**-250**	**-28**
Total (net)	**-1 769**	**107**	**798**	**65**

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 - financial	-662	-3	-101	-3
Total liabilities	**-3 285**	**-679**	**-101**	**-3**
Total (net)	**-992**	**-679**	**1 718**	**24**

Currency risk sensitivity analysis

A possible strengthening / weakening of EUR, CZK and USD as at 31 December 2022 and as at 31 December 2021 would have affected the measurement of financial instruments denominated in a foreign currency as well as 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:

2022	Effect on profit or loss	
	10% appreciation	10% depreciation
	Profit (+) / loss (-)	Profit (+) / loss (-)
EUR	-177	177
CZK	11	-11
USD	80	-80

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

(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.

As at 31 December 2022 and 31 December 2021, 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 (2021: CZK 29 million) and a decrease in rates by 1 percentage point would mean an increase in profit by CZK 29 million (2021: CZK 29 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 debts and financial investments, other 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.

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

As at 31 December 2022	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	786	786	--	212	--	574
Long-term receivables and loans - financial	10	10	--	6	4	--
Long-term receivables from derivative financial instruments	126	127	--	127	--	--
Other short-term financial assets	145	145	145	--	--	--
Short-term receivables and loans - financial	2 604	2 605	2 605	--	--	--
Short-term receivables from derivative financial instruments	2	2	2	--	--	--
Total assets	**3 673**	**3 675**	**2 752**	**345**	**4**	**574**
Cash and cash equivalents	607	607	--	--	--	607
Liabilities						
Bank loans and other borrowings	-5 044	-5 620	-1 692	-3 787	-141	--
Long-term lease liabilities	-337	-373	--	-311	-62	--
Long-term trade and other payables - financial	-1 113	-1 250	--	-1 250	--	--
Short-term lease liabilities	-170	-190	-190	--	--	--
Short-term trade and other payables - financial	-2 429	-2 429	-2 429	--	--	--
Short-term derivative financial instruments	-1	-1	-1	--	--	--
Total liabilities	**-9 094**	**-9 863**	**-4 312**	**-5 348**	**-203**	**--**
Net assets for liquidity risk	**-4 814**	**-5 581**	**-1 560**	**-5 003**	**-199**	**1 181**

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**

(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.

(e) Fair value

The Group holds the following financial assets and liabilities:

Carrying amount of financial assets and liabilities	31.12.2022	31.12.2021
Assets		
Financial assets at amortised cost	**3 366**	**3 114**
Long-term receivables and loans - financial	10	3
Short-term receivables and loans - financial	2 604	1 965
Other short-term financial assets	145	577
Cash and cash equivalents	607	569
Financial assets at fair value through profit or loss	**914**	**1 696**
Other long-term financial assets	786	1 639
Long-term receivables from derivative financial instruments	126	57
Short-term receivables from derivative financial instruments	2	--
Total assets	**4 280**	**4 810**
Liabilities		
Financial liabilities at amortised cost	**8 232**	**7 553**
Bank loans and other borrowings – non-current portion	3 571	3 010
Long-term trade and other payables – financial	536	1 050
Long-term lease liabilities	337	332
Bank loans and other borrowings – current portion	1 473	1 529
Short-term trade and other payables – financial	2 145	1 499
Short-term lease liabilities	170	133
Financial liabilities at fair value through profit or loss	**862**	**210**
Long-term trade and other payables – financial	577	122
Long-term payables from derivative financial instruments	--	3
Short-term trade and other payables -financial	284	85
Short-term liabilities from derivative financial instruments	1	--
Total liabilities	**9 094**	**7 763**

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

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 31.12.2022	Fair value as at 31.12.2022		
		Level 1	Level 2	Level 3
Financial assets measured at fair value	**914**	**--**	**128**	**786**
Other long-term financial assets	786	--	--	786
Long-term receivables from derivative financial instruments	126	--	126	--
Short-term receivables from derivative financial instruments	2	--	2	--
Financial liabilities measured at fair value	**862**	**--**	**1**	**861**
Long-term trade and other payables – financial	577	--	--	577
Short-term trade and other payables - financial	284	--	--	284
Short-term liabilities from derivative financial instruments	1	--	1	--

	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

The fair value of financial derivatives fulfills the criteria 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 preferred shares that are not publicly traded and the market with them is not liquid, and investments in externally managed funds investing in technology start-ups. For the determination of fair values of the shares held in the companies Source Defense Ltd., Equalum Ltd. and Plain ID Ltd., the "SaaS" pricing model was used. This valuation is based on a multiple of annual recurring revenue. For valuation purposes, a figure of a median multiple of 6.5x was used, and the expected growth rate of recurring annual income and maintenance of the company's net income was also taken into consideration. Shares held in Shield IoT Ltd., Mahana Therapeutics, Inc. and NetOp Ltd. were valued based on the last investment round. In the period from the last investment round to 31 December 2022, there was no change that would reduce the value of these investments.

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 was adjusted for illiquidity related to the investment horizon of 10 years, this illiquidity was taken into account by a haircut of 25%. The amount of the Group's share of all net assets of the fund was determined by the fund manager.

Furthermore, level 3 of the fair value hierarchy includes investments in debt instruments valued at fair value through profit or loss, which represent rights for future shares in technology start-ups in a form of SAFE (Simple Agreement for Future Equity). When determining the fair value of a SAFE, the nominal value of the invested amount is adjusted by the contractual discount and it also depends on the probability of various exit scenarios.

In 2022 and 2021, 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:

	2022	2021
Balance as at 1 January	**1 639**	**77**
Additions	755	637
Dividends income	-440	--
Revaluation to fair value through profit or loss	-1 078	926
Disposals	-90	-1
Balance as at 31 December	**786**	**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.

The Group has not issued any financial guarantees.

34. SIGNIFICANT SUBSEQUENT EVENTS

1) On 6 January 2023, the Group acquired part of the plant of Sabris CZ s.r.o.

2) On 3 April 2023, the Group acquired a 100% stake in Consulting 4U s.r.o. Acquisition accounting is ongoing.

3) On 10 May 2023, the Group acquired a 100% stake in the company Sabris, s.r.o. Acquisition accounting is ongoing.

4) On 23 June 2023, the Group acquired a 100% stake in SYSCOM SOFTWARE spol. s r.o. Acquisition accounting is ongoing.

5) On 23 June 2023, the Group acquired a 100% stake in ALOE spol. s r.o. Acquisition accounting is ongoing.

6) In June 2023, the management adjusted the useful life of selected intangible assets following the decision to change the brand, while the maximum total financial impact was calculated to amount CZK 700 million, which will be reducing the profit of the year 2023.

7) In the period from February to June 2023, the Company KKCG Technologies received from its parent company KKCG AG additional contribution outside the share capital in amount CZK 130 milion.

Except for the above, no other subsequent events that would have a significant impact on the financial statements as at 31 December 2022 occurred.

Date	Signature of the statutory body:
28 June 2023	Ondřej Matuštík Statutory representative Michal Tománek Statutory representative

INDEPEND AUDITOR'S REPORT

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 2022, and of the Group's consolidated financial performance and consolidated cash flows for the year ended 31 December 2022 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 2022,
- the consolidated statement of comprehensive income for the year ended 31 December 2022,
- the consolidated statement of statement of changes in equity for the year ended 31 December 2022,
- the consolidated statement of statement of cash flows for the year ended 31 December 2022, 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 the 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 our auditor's report thereon.

PricewaterhouseCoopers Audit, s.r.o., registered seat Hvězdova 1734/2c, 140 00 Prague 4, Czech Republic, Identification Number: 40765521, registered with the Commercial Register kept by the Municipal Court in Prague, Section C, Insert 3637, and in the Register of Audit Companies with the Chamber of Auditors of the Czech Republic under Licence No. 021.

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 a 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 control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by 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 disclosures, 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.

28 June 2023

PricewaterhouseCoopers Audit, s.r.o.
represented by

Jan Musil

Martin Peterka
Statutory Auditor, Licence No. 2469