

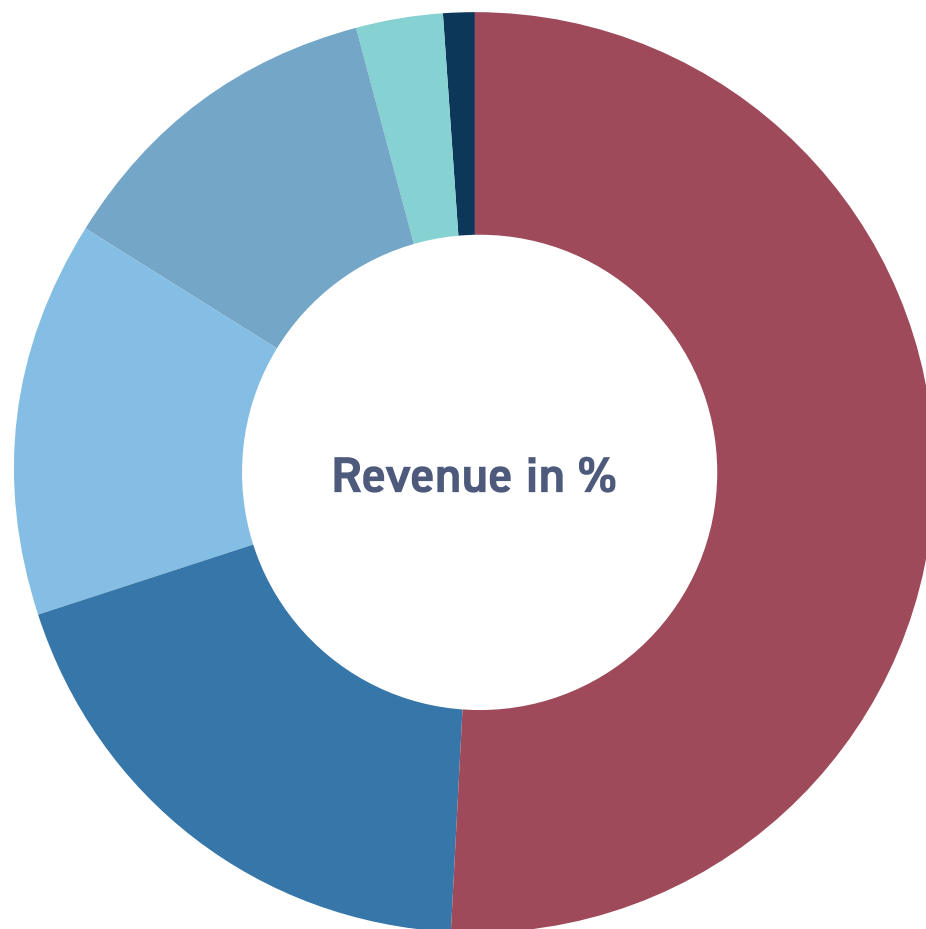
Annual Report

Domain knowledge

The secret of our success lies in our profound knowledge of our customers' businesses and our ability to deliver useful solutions and services to them. These are focused on the development, integration and management of software works, as well as on the design, implementation and management of virtualised IT infrastructures and the care of endpoint devices.

We focus on better functioning of core and supporting business processes. This enables leading companies in Slovakia and abroad to achieve their business, financial, technological and strategic goals.

Quick view for 2022



51%

Public
sector

19%

Manufacturing
and Utility

14%

Financial
sector

12%

Telco
and Media

3%

Products

1%

Other

23 209

thousand EUR
Revenue

5 070

thousand EUR
Economic result

13 883

thousand EUR
Performance

Definition of total performance: Total performance represents revenues adjusted for externally subcontracted deliveries adjusted for capitalization and balance of warranty provisions.

ParkDots in Bratislava brought comfort for the citizen and savings for the city

PosAm has completed the delivery of the ParkSys Bridge system for Bratislava. The deployed ParkDots solution met the city's high expectations and can be considered a regional challenge for other cities in terms of comfort for citizens. The unique system with automated approval process enabled by the connection to the central registers saved the city the cost of almost 10 employees. For the applicants, it has brought a high level of convenience – they can have their permits issued within 10 minutes of submitting their application. The ParkDots app has also succeeded in strong competition and is now the most used application for paying parking fees in Slovakia. It has a market share of over 40% in the Capital City. Bratislava also uses the complex parking control system ParkDots, which fully supports the requirements of strict liability.

End user devices support for Stredoslovenská energetika, a.s.

At the end of 2021, we succeeded in winning a tender for the provision of OIT services for Stredoslovenská energetika and Stredoslovenská distribučná. As of 1 May 2022, we took over the care of the end devices in both companies under full operation. As part of the service, we manage over 5,000 end devices and 300 servers for nearly 1,600 users in the territory of Central Slovakia. The service includes the provision of service desk, care of end devices and servers, including remote and local support. We believe that we have gained another satisfied customer.

Stage 1 of the digitalisation project at ČEZ Distribuce in full operation

PosAm has successfully deployed the 1st phase of the workforce management project for ČEZ Distribuce into live operation. This is one of the largest and most ambitious solutions in the region for managing the activities of field personnel. Approximately 2,000 technicians and 250 dispatchers work with the system every day. The system has enabled the processing of more than 2.5 million work orders per year. Field technicians are working with mobile devices, and they use navigation integrated directly into the mobile app in order to get to the job site. Their work is planned by dispatchers, but also by automated scheduling based on precisely selected criteria and optimisation methods that also consider the strict rules of the Labour Code.

Successful recertification audit

In PosAm we strive for quality. Our comprehensive integrated quality management system is a prerequisite for achieving the best results for the benefit of our customers. Our certifications confirm the high level of internal processes and the ability to continuously improve them. In 2022, we successfully passed our recertification audit and renewed all five ISO certifications without any major findings.

Hitachi Vantara GSP G5000 at Slovak Telekom, a.s.

In the last quarter of 2022, we delivered and installed VSP G5000, Hitachi Vantara's flagship enterprise solution, in Slovak Telekom. The deployment of the system will significantly speed up processes for both internal and external customers and guarantees continuous 24/7/365 operation for all business-critical applications. Storage has become the heart of the data centre in Košice and is connected to the same system in T-Mobile CZ Hradec Králové. Both systems support each other's performance, back up each other's critical data and form the basis for a disaster tolerant solution for both companies.

Dionýz Ilkovič Foundation awarded CDI 2022

For the sixth time, the Dionýz Ilkovič Foundation has awarded a prestigious award – the Dionyz Ilkovič Award (CDI) – to teachers who nurture talented children in extracurricular activities in the field of natural sciences. The Ministry of Education, Science, Research and Sport of the Slovak Republic once again took over the patronage of the award. The award ceremony took place on November 9th, 2022, in Reduta Concert Hall in Bratislava. Out of 43 nominees, the finalists were chemistry teachers Gabriela Podracká from Košice and Ľubomíra Krajčová from Hlohovec. The absolute winner of the 6th year became teacher Mariana Straková from The Secondary School of Vojtech Mihálik in Sereď, where she teaches biology. The prize was personally handed over to the winner and finalists by the State Secretary of the Ministry of Education Slavomír Partila.


Commander Services, s.r.o.

As a result of the decision of the majority owner, Slovak Telekom, to leave the ownership structures of PosAm, the subsidiary Commander Services was sold at the end of the year. We believe that Commander will fulfil its potential in the new group. We wish the company many successful years to come.

Chief Executive Officer

Marián Marek
Chief Executive Officer





The year 2022 was a turning point for PosAm because of the decision of the majority owner, Slovak Telekom, to leave our ownership structures. This was also linked to the decision to sell our subsidiary Commander Services.

We are encouraged that despite massive investments in development projects, we achieved a record profit before tax. Even though the sale of Commander was a decisive contributor to the profit.

Among the positives of the past year was the continuity of major projects with our long-term customers in both the public and commercial sectors. Long-term cooperation with the Ministry of Finance, Tatra banka, Všeobecná úverová banka and Allianz - Slovenská poisťovňa provides our company with stable economic performance. We appreciate this very much and see it as a confirmation that we do our work in line with their expectations.

We consider the final acceptance of the 1st stage of the project of digitalisation of field technicians' work for ČEZ Distribuce to be a great success. This is one of the largest and most ambitious solutions of this type in the region. The system prepares a daily work plan for approximately 2,000 technicians each morning and supports them throughout the day in completing their tasks using a mobile application.

We are also proud of the successful handover of the ParkSys Bridge central parking system for the Capital City of Bratislava. On our ParkDots solution, the municipality launched regulated parking under the PAAS brand. To date, the system has processed more than 70,000 applications and issued almost 60,000 parking permits. We have brought a high level of convenience to the citizens of Bratislava – they can have a parking permit issued within 10 minutes of applying from the comfort of their home. Our mobile application ParkDots also succeeded in the strong competition and today it is the most used parking application in Slovakia.

I sincerely thank all PosAm clients and employees for their trust and cooperation. I am convinced that in the future we will continue to transform the potential of information technology into benefits for our customers.

Management

Robert Genszký

Chief Financial Officer

In 2022, the Finance Division continued to fulfil its role as a stable pillar while the negative impacts of the challenging projects of previous years could still be felt. As part of our long-term mission, we continued to work to ensure the financial stability of the company, while supporting the business units in the development of existing and new business opportunities.

Transaction projects were a specific part of our activities in 2022. Throughout the year, we have actively participated in the process of divestiture of our subsidiary Commander Services, whether it was by preparing inputs for potential bidders, performing the due diligence process, or incorporating impacts and changes after the actual divestiture. In a very similar way, we also participated in the process of selling the stake of the parent company, Slovak Telekom, in PosAm.

Our company was actively involved also in research and development of software products, which is mentioned in our financial statements. I firmly believe that the major events that took place during 2022 will provide a positive impetus to the further development of our company.

Anton Janetka

Chief Sales Officer

The year 2022 was marked by continuity and stabilisation. We greatly value the long-term cooperation with our customers. In our portfolio, we have commercial companies that have been satisfied with our services for years and have been continuously renewing their deliveries for more than two decades. We are also positive about the extension of the contract with the Ministry of Finance for the development and maintenance of the Budgetary Information System, which is a key pillar of public financial management. We have extended our contract with the Health Care Surveillance Authority to support selected applications.

As part of storage consolidation, we delivered additional Hitachi Vantara G5000 storage to Slovak Telekom. In terms of stabilising our supply, we have managed to finalise Stage 1 of the project at ČEZ Distribuce. We have moved into the support phase and together with the customer we are starting Stage 2 of the system development. We took over and stabilised the project for the care of end user services, including print services, in Stredoslovenská distribučná company. We have also achieved success in the acquisition activity. The DCOM+ and DCOM Large Cities projects are worth mentioning. They will enable dozens of larger cities and hundreds of municipalities to start using e-government services.

Tomáš Kysela

Chief Technology Officer

Over the past few years, we have made progress in our efforts to shift our core services and knowledge portfolio from system integration to digital transformation. For our customers to succeed in maximising the potential of IT for their business and competitiveness, it is no longer enough to simply manage delivery of larger software units for their IT. As a supplier, it is our consultancy skills that become an increasingly important element. Using these skills, we can help our customers design their value-creating and supporting processes that enable them to operate more efficiently in their business environment, while being more robust if the environment changes. Transposing the design of advanced customer operations into reality is not possible without a deep utilization of IT, without experience with the latest technologies or algorithms, or without insight into the tools and services already available – such as cloud-based ones. However, the key is the ability to incorporate the DNA of operational efficiency and responsiveness to change into our customers' IT support. We believe we have built a solid foundation and are able to deliver high added value in our ambition to deeply leverage the potential of IT for business competitiveness.

Michal Bróska

Chief Product Management

At ParkDots, the year was characterised by product improvement and optimisation of the operations. We created new applications and processes that led to more efficient provisioning of new customer services. To simplify the payment of parking fees, we implemented Apple Pay and Google Pay payment functionalities into our ParkDots mobile app. We have also actively worked to improve customer experience. At the end of the year, we brought to the Slovak market and integrated into the ParkDots system a new generation of scanning car technology from a renowned foreign supplier. The joint solution significantly streamlines parking enforcement and fully supports the institute of strict liability.

In the area of management of end user services, we successfully introduced a service for a new customer, thus strengthening our position in the IT outsourcing market with a portfolio of more than 25,000 computers that we managed at the end of the year.

In autumn, we put the field service management system for ČEZ Distribuce into production operation. Every day, the system prepares work orders for 2,000 field workers using sophisticated mathematical optimisation.

Ronald Fleischman

Chief Human Resources Office

For us, 2022 was a year of challenges and difficult tasks, the common denominator of which was the constant search for improving our operations. At the beginning of the year, we conducted an interactive survey focused on employee perceptions of the company. The analysis of the survey results formed the basis for a number of short- and long-term improvement initiatives designed to help increase the satisfaction and engagement of our colleagues. One of these was the improvement and streamlining of internal corporate communications, which we have been focusing on more intensively during the year and we are pleased that the changes implemented are being perceived positively.

As part of our long-term goal of increasing our competitiveness, we have introduced a soft-skill development programme for managers at all levels of the organisational structure.

Middle management and their skills significantly influence the level of employee motivation, performance, and loyalty. The focus on improving the leadership skills of this group of managers has a significant impact on increasing overall employee satisfaction in the company.

We support education

At PosAm, we are convinced that our activities should not only provide business outcomes, but they need to have a broader social dimension. If our society as a whole is to advance, the most talented must take the lead. PosAm supports the development of talents and the sharing of experience and knowledge in the field of natural sciences. And we do so at all levels of education, from primary schools to IT professionals.

The Dionýz Ilkovič Foundation

The foundation aims to create a program to support teachers and students to achieve the best possible results in international competitions and to build a community of teachers and students.

The Dionýz Ilkovič Foundation was established in 2019. Its task is to organize and further develop the Dionýz Ilkovič Award project, the award given to teachers and non-pedagogical workers from all over Slovakia for extraordinary support and development of extracurricular activities of primary and secondary school pupils in mathematics, physics, biology, chemistry and computer science.



Nadácia Dionýza Ilkoviča
www.nadaciadi.sk

The Dionýz Ilkovič Award

We recognize pedagogues for the development of talent in natural sciences at primary and secondary schools. The Dionýz Ilkovič Award is given for the development of extracurricular activities at primary and secondary schools in mathematics, physics, chemistry and computer science. The award can be won by pedagogues and non-pedagogic workers who, with enthusiasm and without adequate reward, sacrifice their time, energy, and often also money, to transfer knowledge to young people. The award was created as a thank-you, tribute and encouragement for those people whose work we want to make visible and reward. The fathers of this idea are the General Director of PosAm, Mr. Marián Marek, and Docent Martin Plesch from the Slovak Academy of Sciences.



Cena Dionýza Ilkoviča
www.cenadi.sk

PosAm Full-Stack academy

We educate and inspire talented software developers from universities and launch their careers.

PosAm Full-Stack Academy offers a comprehensive view of software development. It is focused on the development of modern JavaScript front-ends connected to cloud-scale Java back-ends. As the name suggests, the scope is really broad. From the development environment through various application frameworks, script languages, to the design and implementation of applications themselves. Young software developers from universities can acquire comprehensive theoretical and especially practical knowledge of development of enterprise solutions. The program takes the form of lectures, workshops and work on practical tasks in the implementation of a real project.



Full-Stack akadémia
www.posam.sk/fullstack

Domain-Driven Design Community

We organize meetings enabling the sharing of knowledge and experience among the IT architect community

The domain-driven design community is an association of programmers, architects, analysts, and other people related to software development who use state-of-the-art techniques and technologies when implementing applications. The creation of the community was initiated by DDD enthusiasts from PosAm. The aim is to share knowledge and experience in the area of Domain-Driven Design as well as related topics at regular meetings. These can concern analytics, design, architecture, programming, process, or can be focused on testing. The common denominator is to use the DDD approach and to base the design of the application on terms derived from the domain.



DDD Community
www.dddcommunity.sk

PosAm working time fund for education

PosAm invests many resources in the development of its internal employees. The forms vary according to individual preferences. For example, each employee of PosAm implementation divisions has a working time fund available – approximately 100 hours – which they can devote to their own education during the year. Someone prefers online resources, while others prefer professional conferences. We try to align the needs of the company with the interests of the employee. We organise meetings of internal professional communities on a weekly basis, which serve as a platform for the exchange of experience and knowledge between colleagues from different projects. Once a year, the company arranges PADS (PosAm Application Development Symposium), an internal professional conference that provides colleagues with news from conferences they attended and knowledge from the deployment of new technologies in projects

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Pre tých,
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našu budúcnosť





The Dionýz Ilkovič Award 2022

For the sixth time, the Dionýz Ilkovič Foundation has awarded its prestigious award – the Dionyz Ilkovič Award – to teachers who nurture talented children in extracurricular activities in the field of natural sciences. The Ministry of Education, Science, Research and Sport of the Slovak Republic once again took over the patronage of the award. The award ceremony took place on November 9th, 2022, in Reduta Concert Hall in Bratislava. Out of 43 nominees, the finalists were chemistry teachers Gabriela Podracká from Košice and Ľubomíra Krajčová from Hlohovec. The absolute winner of the 6th year became teacher Mariana Straková from Gymnasium of Vojtech Mihálik in Sered', where she teaches biology. The Dionyz Ilkovič Award 2022 was personally handed over to finalists and the winner by the State Secretary of the Ministry of Education Slavomír Partila.

The winner

RNDr. Mariana Straková
The Secondary School of Vojtech Mihálik, Sered'

"I always wanted to work as a scientist, and I thought that it would be my life fulfilment. Gradually, I discovered that my mission is to teach. I look forward to when my students become scientists and that way, I see myself in them."

A finalist

RNDr. Gabriela Podracká
Evangelical Secondary School of Jan Amos Komenský, Košice

"At the seminars, we do not only discuss chemistry but also everyday life, joys, and worries. It is also important how students act, how they deal with each other and what kind of school they come from."

A finalist

Mgr. Ľubomíra Krajčová
The Secondary School of Ivan Kupec, Hlohovec

"I am delighted that there is a foundation that takes notice of the work of science teachers, because these people are laying the foundation for future scientists, doctors, pharmacists, etc. Such educators give their occupation their very best, yet they are not appreciated. So, I think this is a beautiful idea that will help to raise the self-esteem of our teachers."

Organisational structure

| Sales division | ParkDots division | Product management division | Managed Services division |
|------------------------------------|-------------------|-----------------------------|---------------------------|
| Sales Department partner solutions | Product ParkDots | Product management | Service Management |
| Marketing and PR | | | Service desk |
| Public administration | | | Dispatching |
| Allianz | | | On-site Support |
| Banking & insurance | | | |
| Utilities and industry | | | |

Number of employees

total year end: **249**
year 2022 average: **247,5**

Structure of education in %

secondary school: **29**
bachelors: **9**
university: **61**
postgraduate: **1**

Ratio between men and women in %

men: **78**
women: **22**

| Software Development division | Division of IS operations | System integration division | Division of Continuous Improvement | Finance division | Human Resources division |
|-------------------------------|---------------------------|-------------------------------------|------------------------------------|----------------------------------|--------------------------|
| Graphic Design & UX | Infrastructure Operations | Team 1 | IMS | Controlling | Reception |
| DSV Pool | Operations Team DCOM | Research Department and development | IIS | Finance and economics | Human Resources |
| Lotus Notes | Operations Teams DC | Department QA | | Property and purchase management | |
| Mobile development | Application Operations | | | | |
| RIS Operations Team | | | | | |
| Servio 2.0 | | | | | |
| Project management | | | | | |
| Development Teams | | | | | |

Basic structure of employees in %

SW development and services: **66**
 Sales & marketing: **17**
 Admin & management: **17**

Structure of employees by age in %

30 years and younger: **14**
 31-35 years: **11**
 36-40 years: **15**
 41-45 years: **15**
 46-50 years: **16**
 50 years and older: **29**

Location overview in %

Bratislava: **62**
 Banská Bystrica: **9**
 Košice: **7**
 Žilina: **12**
 Levice: **10**

Company facts

Name: PosAm, spol. s r. o

Foundation date: 22. 8. 1990

Company ID: 313 650 78

Tax ID: 2020315440

VAT ID: SK 2020315440

Registered seat: Bajkalská 28, 821 09 Bratislava

Registered at the commercial register of the district court Bratislava I, section: Sro, insert: 6342/BB Bratislava I, oddiel: Sro, číslo zápisu: 6342/B

Branches

Banská Bystrica

Košice

Levice

Žilina

Partners

Slovak Telekom, a. s.

Ing. Marian Marek

Ing. Peter Hladký

Ing. Peter Kolesár

Ing. Milan Drobný

Ing. Juraj Poláček

Peter Mihalovič

Ing. Ronald Fleischman

Ing. Ladislav Bogdány

Ing. Katarína Petriková

Executives

Ing. Marian Marek

Ing. Peter Laco

Ing. Michal Brčák

Proxy

Ing. Ronald Fleischman

IIng. Robert Genszký

Registered capital

EUR 170 000

PosAm, spol. s r. o.

The company PosAm s.r.o. (corp. reg. no. 00683 272) was incorporated on 22.8.1990. On the basis of a decision of its general meeting (21.12.1993) the company on 3.1.1994 was split into two companies: PosAm Bratislava spol. s r.o. and ASSET Management Slovakia spol. s r.o.. The company PosAm Bratislava spol. s r.o. (corp. reg. no. 313 650 78) took over from PosAm all its business activities, liabilities and receivables and continued in these business activities, with the exception of property management, which passed to the other company. PosAm Bratislava spol. s r.o. thus became the successor to PosAm s.r.o., which as at 3.1.1994 was deleted from the commercial register. In 2002 the company PosAm Bratislava spol. s r.o. changed its trade name to PosAm spol. s r.o.

Partnerships and IMS

Citrix Solutions Network - Gold
Dell Solution Provider
ESET Gold Partner
Hitachi Vantara Platinum / TrueNorth Partner Program
HPE Partner Ready Business Partner
HP Amplify Synergy Partner
Microsoft Partner Network, Cloud Solution Partner Gold
Namirial Spa Value Added Reseller
Oracle OPN Member
RedHat Ready Partner
VMware Solution Provider
F5 Unity Program Partner (VAR)
Fortinet Select Partner
Kyocera Authorized Service Partner
Desko Value Added Reseller
Acuant Value Added Reseller

ISO 9001:2015 **Quality Management**

IT related sales, services and maintenance. Software development, production, sales and implementation. Customer support

ISO/IEC 20000-1:2018 **IT Service management (ITIL®)**

The service management system of PosAm supporting the provision of IT infrastructure and application services to all customers in accordance with the PosAm service catalogue.

ISO/IEC 27001:2013 **Information Security Management**

IT related sales, services and maintenance. Software development, production, sales and implementation. Customer support. This all in accordance with the current statement of applicability - 23.10.2022.

ISO 45001:2018 **Occupational Health & Safety Management**


IT related sales, services and maintenance. Software development, production, sales and implementation. Customer support.

ISO 14001:2015 **Environmental Management**

IT related sales, services and maintenance. Software development, production, sales and implementation. Customer support.

Financial statements of the company PosAm, spol. s r. o. and independent auditor's report for the year ended 31st december 2022

FINANCIAL STATEMENTS at 31.12.2022 (in whole euros)

| | | |
|---|---|---|
| Numerical data is aligned right, other data is aligned left. Unfilled rows are left empty. Data is filled out using block letters (based on this sample), typewriter or a printer, in black or dark blue colour ÁABČDEFGHIJKLMNOPQRŠTÚVXYŽ 0123456789 | | |
| Tax Identification Number 2020315440 Company's ID No 31365078 SK NACE 62.01.0 | Financial statements – Accounting unit <input checked="" type="checkbox"/> ordinary <input type="checkbox"/> small <input type="checkbox"/> extraordinary <input checked="" type="checkbox"/> large <input type="checkbox"/> interim (to be indicated with x) | For the period of Month Year from 01 2022 to 12 2022 Immediately preceding period from 01 2021 to 12 2021 |
| Financial Statements include following components <input checked="" type="checkbox"/> Balance Sheet (in whole euros) <input checked="" type="checkbox"/> Income statement (in whole euros) <input checked="" type="checkbox"/> Notes (in whole euros) | | |
| Business name (Title) of the accounting entity POSAM, SPOL. S R.O. | | |
| Accounting entity's registered office | | |
| Street BAJKALSKÁ Postal Code 821 09 Phone Number 02 / 49239111 | Number 28 Municipality BRATISLAVA | |
| Prepared On: 24.03.2023 | Signature of a member of the statutory body of the accounting entity or natural person that is an accounting entity:  | |
| Approved on: | | |

Balance Sheet

| Line | ASSETS | Line | Current period | | | Previous period |
|--------|--|------|----------------|------------|------------|-----------------|
| | | | Gross | Correction | Net | |
| | | | EUR | EUR | EUR | EUR |
| | TOTAL ASSETS (line 02 + line 33 + line 74) | 001 | 37,343,622 | 9,743,817 | 27,599,805 | 22,226,668 |
| A. | Non-current assets (line 03 + line 11 + line 21) | 002 | 14,929,652 | 9,735,837 | 5,193,815 | 9,939,843 |
| A.I. | Non-current intangible assets - total (lines 04 to 10) | 003 | 7,001,621 | 4,636,076 | 2,365,545 | 2,789,027 |
| 1 | Capitalized development costs (012) - /072, 091A/ | 004 | | | | |
| 2 | Software (013)-/073, 091A/ | 005 | 6,387,225 | 4,549,816 | 1,837,409 | 2,561,159 |
| 3 | Valuable rights (014)-/074, 091A/ | 006 | 100,856 | 86,260 | 14,596 | 14,744 |
| 4 | Goodwill (015) - /075, 091A/ | 007 | | | | |
| 5 | "Other non-current intangible assets (019, 01X)- /079, 07X, 091A/" | 008 | | | | |
| 6 | Acquisition of non-current intangible assets (041) - /093/ | 009 | 513,540 | | 513,540 | 213,124 |
| 7 | Advance payments for non-current intangible assets (051) - /095A/ | 010 | | | | |
| A.II. | Property, plant and equipment - total (lines 12 to 20) | 011 | 7,928,031 | 5,099,761 | 2,828,270 | 2,623,530 |
| 1 | Land (031) - /092A/ | 012 | | | | |
| 2 | Buildings and structures (021) - /081, 092A/ | 013 | 273,351 | 171,145 | 102,206 | 128,232 |
| 3 | Individual movable assets and sets of movable assets (022) - /082, 092A/ | 014 | 7,230,686 | 4,928,616 | 2,302,070 | 2,318,323 |
| 4 | Perennial crops (025) - /085, 092A/ | 015 | | | | |
| 5 | Breeding and draught animals (026) - /086, 092A/ | 016 | | | | |
| 6 | Other property, plant and equipment (029, 02X, 032) - /089, 08X, 092A/ | 017 | | | | |
| 7 | "Acquisition of property, plant and equipment (042) - /094/" | 018 | 423,994 | | 423,994 | 176,975 |
| 8 | Advance payments for property, plant and equipment (052) - /095A/ | 019 | | | | |
| 9 | Valuation allowance for acquired assets (+/- 097) +/- 098 | 020 | | | | |
| A.III. | Non-current financial assets - total (lines 22 to 32) | 021 | | | | 4,527,286 |
| 1 | Shares and ownership interests in affiliated undertakings (061A, 062A, 063A) - /096A/ | 022 | | | | 4,527,286 |
| 2 | Shares and ownership interests in undertakings in which the company has a participating interest, except for shares and ownership interests in affiliated undertakings (062A) - /096A/ | 023 | | | | |
| 3 | Other realizable securities and ownership interests (063A) - /096A/ | 024 | | | | |
| 4 | Loans to affiliated undertakings (066A) - /096A/ | 025 | | | | |
| 5 | Loans to undertakings in which the company has a participating interest, except for loans to affiliated undertakings (066A) - /096A/ | 026 | | | | |
| 6 | Other loans (067A) - /096A/ | 027 | | | | |
| 7 | Debt securities and other non-current financial assets (065A, 069A, 06XA) - /096A/ | 028 | | | | |
| 8 | Loans and other non-current financial assets with time remaining to maturity of no more than one year (066A, 067A, 069A, 06XA) - /096A/ | 029 | | | | |
| 9 | Bank accounts with a notice period of more than one year (22XA) | 030 | | | | |
| 10 | Acquisition of non-current financial assets (043) - /096A/ | 031 | | | | |
| 11 | Advance payments for non-current financial assets (053) - /095A/ | 032 | | | | |
| B. | Current assets (line 34 + line 41 + line 53 + line 66 + line 71) | 033 | 21,755,126 | 7,980 | 21,747,146 | 11,819,641 |
| B.I. | Inventories - total (lines 35 to 40) | 034 | 68,467 | 7,404 | 61,063 | 180,579 |
| 1 | Material (112, 119, 11X) - /191, 19X/ | 035 | 2,303 | | 2,303 | 222 |
| 2 | "Work in progress and semi-finished products (121, 122, 12X) - /192, 193, 19X/" | 036 | | | | |
| 3 | Finished goods (123) - /194/ | 037 | | | | |
| 4 | Animals (124) - /195/ | 038 | | | | |
| 5 | Merchandise (132, 133, 13X, 139) - /196, 19X/ | 039 | 66,164 | 7,404 | 58,760 | 180,357 |
| 6 | Advance payments for inventories (314A) - /391A/ | 040 | | | | |
| B.II. | Non-current receivables - total (line 42 + lines 46 to 52) | 041 | 2,187,391 | | 2,187,391 | 1,682,084 |
| 1 | Trade receivables - total (lines 43 to 45) | 042 | | | | |
| 1.a | Trade receivables from affiliated undertakings (311A, 312A, 313A, 314A, 315A, 31XA) - /391A/ | 043 | | | | |

Balance Sheet

| Line | ASSETS | Line | Current period | | | Previous period |
|---------------|--|------------|-------------------|------------|-------------------|------------------|
| | | | Gross | Correction | Net | |
| | | | EUR | EUR | EUR | EUR |
| 1.b | Trade receivables from undertakings in which the company has a participating interest, except for receivables from affiliated undertakings (311A, 312A, 313A, 314A, 315A,31XA) - /391A/ | 044 | | | | |
| 1.c | Other trade receivables (311A, 312A, 313A, 314A, 315A,31XA) - /391A/ | 045 | | | | |
| 2 | Net value of a contract (316A) | 046 | | | | |
| 3 | Other receivables from affiliated undertakings (351A) - /391A/ | 047 | | | | |
| 4 | Other receivables from undertakings in which the company has a participating interest, except for receivables from affiliated undertakings (351A) - /391A/ | 048 | | | | |
| 5 | Receivables from partners, members, and the association (354A, 355A, 358A, 35XA) - /391A/ | 049 | | | | |
| 6 | Receivables related to derivative transactions (373A, 376A) | 050 | | | | |
| 7 | Other receivables (335A, 336A, 33XA, 371A, 374A, 375A, 378A) - /391A/ | 051 | | | | |
| 8 | Deferred tax asset (481A) | 052 | 2,187,391 | | 2,187,391 | 1,682,084 |
| B.III. | Current receivables - total (line 54 + lines 58 to 65) | 053 | 4,632,780 | 576 | 4,632,204 | 6,703,460 |
| 1 | Trade receivables - total (lines 55 to 57) | 054 | 4,107,786 | 576 | 4,107,210 | 5,036,713 |
| 1.a | Trade receivables from affiliated undertakings (311A, 312A, 313A, 314A, 315A, 31XA) - /391A/ | 055 | 878,406 | | 878,406 | 793,132 |
| 1.b | Trade receivables from undertakings in which the company has a participating interest, except for receivables from affiliated undertakings (311A, 312A, 313A, 314A, 315A, 31XA) - /391A/ | 056 | | | | |
| 1.c | Other trade receivables (311A, 312A, 313A, 314A, 315A, 31XA) - /391A/ | 057 | 3,229,380 | 576 | 3,228,804 | 4,243,581 |
| 2 | Net value of a contract (316A) | 058 | 487,432 | | 487,432 | 1,654,521 |
| 3 | Other receivables from affiliated undertakings (351A) - /391A/ | 059 | | | | |
| 4 | Other receivables from undertakings in which the company has a participating interest, except for receivables from affiliated undertakings (351A) - /391A/ | 060 | | | | |
| 5 | Receivables from partners, members, and the association (354A, 355A, 358A, 35XA, 398A) - /391A/ | 061 | | | | |
| 6 | Social security (336A) - /391A/ | 062 | | | | |
| 7 | Tax assets and subsidies (341, 342, 343, 345, 346, 347) - /391A/ | 063 | 4,330 | | 4,330 | 4,330 |
| 8 | Receivables related to derivative transactions (373A, 376A) | 064 | | | | |
| 9 | Other receivables (335A, 33XA, 371A, 374A, 375A, 378A) - /391A/ | 065 | 33,232 | | 33,232 | 7,896 |
| B.IV. | Current financial assets - total (lines 67 to 70) | 066 | | | | |
| 1 | Current financial assets in affiliated undertakings (251A, 253A, 256A, 257A, 25XA) - /291A, 29XA/ | 067 | | | | |
| 2 | Current financial assets other than those in affiliated undertakings (251A, 253A, 256A, 257A, 25XA) - /291A, 29XA/ | 068 | | | | |
| 3 | Own shares and ownership interests (252) | 069 | | | | |
| 4 | "Acquisition of current financial assets (259, 314A) - /291A/" | 070 | | | | |
| B.V. | Financial accounts (line 72 + line 73) | 071 | 14,866,488 | | 14,866,488 | 3,253,518 |
| 1 | Cash (211, 213, 21X) | 072 | 1,183 | | 1,183 | 1,038 |
| 2 | Bank accounts (221A, 22X, +/- 261) | 073 | 14,865,305 | | 14,865,305 | 3,252,480 |
| C. | Accruals/deferrals - total (lines 75 to 78) | 074 | 658,844 | | 658,844 | 467,184 |
| 1 | Deferred expenses - long-term (381A, 382A) | 075 | 56,527 | | 56,527 | 49,127 |
| 2 | Deferred expenses - short-term (381A, 382A) | 076 | 586,567 | | 586,567 | 418,057 |
| 3 | Accrued income - long-term (385A) | 077 | | | | |
| 4 | Accrued income - short-term (385A) | 078 | 15,750 | | 15,750 | |

Balance Sheet

| Line | LIABILITIES AND EQUITY | Line | Current accounting period | Previous accounting period |
|----------------|--|------------|---------------------------|----------------------------|
| | | | EUR | EUR |
| | TOTAL EQUITY AND LIABILITIES (line 80 + line 101 + line 141) | 079 | 27,599,805 | 22,226,668 |
| A. | Equity (line 81 + line 85 + line 86 + line 87 + line 90 + line 93 + line 97 + line 100) | 080 | 20,758,518 | 15,182,985 |
| A.I. | Share capital - total (lines 82 to 84) | 081 | 170,000 | 170,000 |
| 1 | Share capital (411 or +/- 491) | 082 | 170,000 | 170,000 |
| 2 | Change in share capital +/- 419 | 083 | | |
| 3 | Receivables from subscribed share capital (/-/353) | 084 | | |
| A.II. | Share premium (412) | 085 | | |
| A.III. | Other capital funds (413) | 086 | | |
| A.IV. | Legal reserves (line 88 + line 89) | 087 | 17,000 | 17,000 |
| 1 | Legal reserve fund and non-distributable reserve (417A, 418, 421A, 422) | 088 | 17,000 | 17,000 |
| 2 | Reserve for own shares and ownership interests (417A, 421A) | 089 | | |
| A.V. | Other profit reserves (line 91 + line 92) | 090 | | |
| 1 | Statutory reserves (423, 42X) | 091 | | |
| 2 | Other reserves (427, 42X) | 092 | | |
| A.VI. | Valuation variances from revaluation - total (lines 94 to 96) | 093 | | |
| 1 | Valuation variances from the revaluation of assets and liabilities (+/- 414) | 094 | | |
| 2 | Valuation variances from equity investments (+/- 415) | 095 | | |
| 3 | Valuation variances from the revaluation in case of mergers, fusions, or demergers (+/- 416) | 096 | | |
| A.VII. | Profit/(loss) of previous years (line 98 + line 99) | 097 | 14,995,985 | 14,956,459 |
| | Retained earnings (428) | 098 | 14,995,985 | 14,956,459 |
| | Loss carried forward (/-/429) | 099 | | |
| A.VIII. | Profit/(loss) for the accounting period after taxes +/- line 01 - (line 81 + line 85 + line 86 + line 87 + line 90 + line 93 + line 97 + line 101 + line 141) | 100 | 5,575,533 | 39,526 |
| B. | Liabilities (line 102 + line 118 + line 121 + line 122 + line 136 + line 139 + line 140) | 101 | 6,137,372 | 6,523,740 |
| B.I. | Non-current liabilities - total (line 103 + lines 107 to 117) | 102 | 36,657 | 31,955 |
| 1 | Non-current trade liabilities - total (lines 104 to 106) | 103 | | |
| 1.a | Trade liabilities to affiliated undertakings (321A, 475A, 476A) | 104 | | |
| 1.b | Trade liabilities to undertakings in which the company has a participating interest, except for liabilities to affiliated undertakings (321A, 475A, 476A) | 105 | | |
| 1.c | Other trade liabilities (321A, 475A, 476A) | 106 | | |
| 2 | Net value of a contract (316A) | 107 | | |
| 3 | Other liabilities to affiliated undertakings (471A, 47XA) | 108 | | |
| 4 | Other liabilities to undertakings in which the company has a participating interest, except for liabilities to affiliated undertakings (471A, 47XA) | 109 | | |
| 5 | Other non-current liabilities(479A, 47XA) | 110 | | |
| 6 | Long-term advance payments received (475A) | 111 | | |
| 7 | Long-term bills of exchange to be paid (478A) | 112 | | |
| 8 | Bonds issued (473A/-/255A) | 113 | | |
| 9 | Liabilities related to the social fund (472) | 114 | 36,657 | 31,955 |
| 10 | Other non-current liabilities (336A, 372A, 474A, 47XA) | 115 | | |
| 11 | Non-current liabilities from derivative transactions (373A, 377A) | 116 | | |
| 12 | Deferred tax liability (481A) | 117 | | |
| B.II. | Long-term provisions (line 119 + line 120) | 118 | 8,467 | 11,050 |
| 1 | Legal provisions (451A) | 119 | | |
| 2 | Other provisions (459A, 45XA) | 120 | 8,467 | 11,050 |

Balance Sheet

| Line | LIABILITIES AND EQUITY | Line | Current accounting period | Previous accounting period |
|--------|---|------|---------------------------|----------------------------|
| | | | EUR | EUR |
| B.III. | Long-term bank loans (461A, 46XA) | 121 | | |
| B.IV. | Current liabilities - total (line 123 + lines 127 to 135) | 122 | 4,987,597 | 5,159,020 |
| 1 | Trade liabilities - total (lines 124 to 126) | 123 | 3,418,878 | 2,199,097 |
| 1.a | Trade liabilities to affiliated undertakings (321A, 322A, 324A, 325A, 326A, 32XA, 475A, 476A, 478A, 47XA) | 124 | 35,700 | 45,801 |
| 1.b | Trade liabilities to undertakings in which the company has a participating interest, except for liabilities to affiliated undertakings (321A, 322A, 324A, 325A, 326A, 32XA, 475A, 476A, 478A, 47XA) | 125 | | |
| 1.c | Other trade liabilities (321A, 322A, 324A, 325A, 326A, 32XA, 475A, 476A, 478A, 47XA) | 126 | 3,383,178 | 2,153,296 |
| 2 | Net value of a contract (316A) | 127 | | |
| 3 | Other liabilities to affiliated undertakings (361A, 36XA, 471A, 47XA) | 128 | | 1,504,015 |
| 4 | Other liabilities to undertakings in which the company has a participating interest, except for liabilities to affiliated undertakings (361A, 36XA, 471A, 47XA) | 129 | | |
| 5 | Liabilities to partners and the association (364, 365, 366, 367, 368, 398A, 478A, 479A) | 130 | | |
| 6 | Liabilities to employees (331, 333, 33X, 479A) | 131 | 584,397 | 583,953 |
| 7 | Liabilities from social insurance (336A) | 132 | 408,749 | 415,625 |
| 8 | Tax liabilities and subsidies (341, 342, 343, 345, 346, 347, 34X) | 133 | 575,187 | 455,544 |
| 9 | Liabilities from derivative transactions (373A, 377A) | 134 | | |
| 10 | Other liabilities (372A, 379A, 474A, 475A, 479A, 47XA) | 135 | 386 | 786 |
| B.V. | Short-term provisions (line 137 + line 138) | 136 | 1,091,760 | 1,316,844 |
| 1 | Legal provisions (323A, 451A) | 137 | 203,435 | 212,905 |
| 2 | Other provisions (323A, 32X, 459A, 45XA) | 138 | 888,325 | 1,103,939 |
| B.VI. | Current bank loans (221A, 231, 232, 23X, 461A, 46XA) | 139 | 12,891 | 4,871 |
| B.VII. | "Short-term financial assistance (241, 249, 24X, 473A /- /255A)" | 140 | | |
| C. | Accruals/deferrals - total (lines 142 to 145) | 141 | 703,915 | 519,943 |
| 1 | Accrued expenses - long-term (383A) | 142 | | |
| 2 | Accrued expenses - short-term (383A) | 143 | | |
| 3 | Deferred income - long-term (384A) | 144 | 80,804 | 72,144 |
| 4 | Deferred income - short-term (384A) | 145 | 623,111 | 447,799 |

Income statement

| Line | TEXT | Line | Current accounting period | Previous accounting period |
|------|--|-----------|---------------------------|----------------------------|
| | | | EUR | EUR |
| * | Net turnover (part of account class 6 according to the Act) | 01 | 23,404,190 | 24,015,055 |
| ** | Operating income - total (lines 03 to 09) | 02 | 23,758,736 | 24,697,215 |
| I | Revenue from the sale of goods (604, 607) | 03 | 2,901,623 | 3,934,356 |
| II | Revenue from the sale of own products (601) | 04 | | |
| III | Revenue from the sale of services (602, 606) | 05 | 20,308,365 | 19,909,306 |
| IV | Changes in internal inventories (+/-) (account group 61) | 06 | | |
| V | Own work capitalized (account group 62) | 07 | 333,530 | 628,397 |
| VI | Revenue from the sale of non-current intangible assets, property, plant and equipment, and material (641, 642) | 08 | 21,016 | 53,763 |
| VII | Other operating income(644, 645, 646, 648, 655, 657) | 09 | 194,202 | 171,393 |
| ** | Operating expenses - total (line 11 + line 12 + line 13 + line 14 + line 15 + line 20 + line 21 + line 24 + line 25 + line 26) | 10 | 25,965,743 | 26,086,890 |
| A | Cost of goods sold (504, 507) | 11 | 2,425,231 | 2,990,656 |
| B | Consumption of materials, energy, and other non-storable supplies (501, 502, 503) | 12 | 687,521 | 606,744 |
| C | Valuation allowances for inventories (+/-) (505) | 13 | -221 | -207 |
| D | Services (account group 51) | 14 | 9,380,220 | 8,382,733 |
| E | Personnel expenses - total (lines 16 to 19) | 15 | 11,857,478 | 12,000,500 |
| 1 | Wages and salaries (521, 522) | 16 | 8,608,838 | 8,685,393 |
| 2 | Remuneration of members of the company's bodies or members of a cooperative (523) | 17 | | |
| 3 | Social security expenses (524, 525, 526) | 18 | 3,035,115 | 3,076,470 |
| 4 | Social expenses (527, 528) | 19 | 213,525 | 238,637 |
| F | Taxes and fees (account group 53) | 20 | 20,256 | 20,484 |
| G | Amortization and valuation allowances for non-current intangible assets, and depreciation and valuation allowances for property, plant and equipment (line 22 + line 23) | 21 | 1,605,040 | 1,439,068 |
| 1 | Amortization of non-current intangible assets and depreciation of property, plant and equipment (551) | 22 | 1,605,040 | 1,439,068 |
| 2 | Valuation allowances for non-current intangible assets and for property, plant and equipment (+/-) (553) | 23 | | |
| H | Residual value of non-current assets and material sold (541, 542) | 24 | 16,991 | 28,275 |
| I | Valuation allowances for receivables (+/-) (547) | 25 | -270 | 304 |
| J | "Other operating expenses (543, 544, 545, 546, 548, 549, 555, 557)" | 26 | -26,503 | 618,333 |
| *** | Profit/(loss) from operations (+/-) (line 02 - line 10) | 27 | -2,207,007 | -1,389,675 |
| * | Added value (line 03 + line 04 + line 05 + line 06 + line 07) - (line 11 + line 12 + line 13 + line 14) | 28 | 11,050,767 | 12,492,133 |
| ** | Income from financing activities - total (line 30 + line 31 + line 35 + line 39 + line 42 + line 43 + line 44) | 29 | 11,933,325 | 44,758 |
| VIII | Revenue from the sale of securities and shares (661) | 30 | 11,320,423 | |
| IX | "Income from non-current financial assets (lines 32 to 34)" | 31 | 600,000 | |
| 1 | Yields on securities and ownership interests in affiliated undertakings (665A) | 32 | 600,000 | |
| 2 | Yields on securities and ownership interests in undertakings in which the company has a participating interest, except for yields of affiliated undertakings (665A) | 33 | | |
| 3 | Other yields on securities and ownership interests (665A) | 34 | | |
| X | Income from current financial assets - total (lines 36 to 38) | 35 | | |
| 1 | Income from current financial assets in affiliated undertakings (666A) | 36 | | |

Income statement

| Line | TEXT | Line | Current accounting period | Previous accounting period |
|-------|---|------|---------------------------|----------------------------|
| | | | EUR | EUR |
| 2 | Income from current financial assets in undertakings in which the company has a participating interest, except for income of affiliated undertakings (666A) | 37 | | |
| 3 | Other income from current financial assets (666A) | 38 | | |
| XI. | Interest income (line 40 + line 41) | 39 | | |
| 1 | Interest income from affiliated undertakings (662A) | 40 | | |
| 2 | Other interest income (662A) | 41 | | |
| XII. | Foreign exchange gains (663) | 42 | 12,902 | 44,758 |
| XIII. | Gains on the revaluation of securities and income from derivative transactions (664, 667) | 43 | | |
| XIV. | Other income from financing activities (668) | 44 | | |
| ** | Expenses for financing activities - total (line 46 + line 47 + line 48 + line 49 + line 52 + line 53 + line 54) | 45 | 4,656,092 | 27,613 |
| K | Securities and shares sold (561) | 46 | 4,527,286 | |
| L | Expenses for current financial assets (566) | 47 | | |
| M | Valuation allowances for financial assets (+/-) (565) | 48 | | |
| N | Interest expense (line 50 + line 51) | 49 | 67,018 | 4,015 |
| 1 | Interest expense for affiliated undertakings (562A) | 50 | 67,018 | 4,015 |
| 2 | Other interest expense (562A) | 51 | | |
| O | Foreign exchange losses (563) | 52 | 19,681 | 12,641 |
| P | Expenses for the revaluation of securities and expenses for derivative transactions (564, 567) | 53 | | |
| Q | Other expenses for financing activities (568, 569) | 54 | 42,107 | 10,957 |
| *** | "Profit/(loss) from financing activities (+/-) (line 29 - line 45)" | 55 | 7,277,233 | 17,145 |
| **** | Profit/(loss) for the accounting period before taxes (+/-) (line 27 + line 55) | 56 | 5,070,226 | -1,372,530 |
| R | Income tax (line 58 + line 59) | 57 | -505,307 | -1,412,056 |
| 1 | Income tax - current (591, 595) | 58 | | |
| 2 | Income tax - deferred (+/-) (592) | 59 | -505,307 | -1,412,056 |
| S | Transfer of the share in the net profit/(loss) to shareholders (+/-596) | 60 | | |
| **** | Profit/(loss) for the accounting period after taxes (+/-) (line 56 - line 57 - line 60) | 61 | 5,575,533 | 39,526 |

Notes to the financial statements at 31 December 2022

A. GENERAL

1. Business name and address

PosAm, spol. s r.o.
Bajkalská 28
821 09 Bratislava

PosAm spol. s r. o. (hereinafter the „Company“) is a limited liability company established on 21 December 1993 on the basis of a Memorandum of Association, and incorporated on 3 January 1994 with the Business Register of District Court Bratislava I, Section: s.r.o., File No.: 6342/B. The Company's registered office is Bajkalská 28, Bratislava, Slovak Republic, Company ID: 31 365 078. The Company does not have any organisational unit abroad.

2. Core business activities of the Company

- Development and sale of internally developed software
- Provision of IT services
- Sale of hardware and software licences

3. Unlimited liability

The Company is not an unlimited liability shareholder in other reporting entities.

4. Number of employees

As at 31 December 2022, the Company had 249 of active employees (as at 31 December 2021: 248) of which 40 were managers (2021: 43).

| Item | 31 December 2022 | 31 December 2021 |
|---|------------------|------------------|
| Full-time equivalent | 247.5 | 255 |
| Number of employees as at the reporting date, of which: | 249 | 248 |
| Managers | 40 | 43 |

5. Basis of preparation for the financial statements

The Company's financial statements as at 31 December 2022 have been prepared as annual financial statements in accordance with Article 17 (6) of Act of the National Council of the Slovak Republic No. 431/2002 Coll. on Accounting, as amended (hereinafter the "Act on Accounting") for the reporting period from 1 January 2022 to 31 December 2022.

6. Date of approval of the financial statements for the previous reporting period

The General Meeting approved the Company's financial statements for the previous reporting period on 23 March 2022.

7. Date of approval of the Company's auditor

On 23 March 2022, the General Meeting approved Deloitte Audit s.r.o. as an auditor of the Company's financial statements for the financial year ended 31 December 2022.

8. Company bodies

| | 31 December 2022 | 31 December 2021 |
|----------------------------|---|---|
| Statutory representatives: | Ing. Marián Marek (since 9 Feb 2010) | Ing. Marián Marek (since 9 Feb 2010) |
| | Ing. Peter Laco (since 8 Sep 2021) | Ing. Peter Laco (since 8 Sep 2021) |
| | Ing. Michal Brčák (since 8 Sep 2021) | Ing. Michal Brčák (since 8 Sep 2021) |
| Procura-holders | Ing. Robert Genszsky (since 14 May 2021) | Ing. Robert Genszsky (since 14 May 2021) |
| | Ing. Ronald Fleischman (since 10 Sep 2020) | Ing. Ronald Fleischman (since 10 Sep 2020) |

B. CONSOLIDATED GROUP

The Company is a parent company, and it is exempt from the obligation to prepare consolidated financial statements and a consolidated annual report as, together with its subsidiary, Commander Services s.r.o., it is included in the consolidated financial statements of Slovak Telekom, a. s., Bajkalská 28, 817 62, Bratislava, Slovak Republic, which is part of the consolidated financial statements of the Deutsche Telekom Group. The consolidated financial statements of the Deutsche Telekom Group are prepared by Deutsche Telekom AG, Friedrich Ebert Alie 140, 53113 Bonn, Federal Republic of Germany. These consolidated financial statements are available at the registered offices of the companies stated above.

C. ACCOUNTING METHODS AND GENERAL ACCOUNTING PRINCIPLES

a) Basis of preparation

The Company's financial statements have been prepared based on the going-concern assumption in accordance with the Slovak Act on Accounting and related accounting procedures.

The Company keeps its books on the accrual basis of accounting. All revenues and costs related to the reporting period are used as a basis regardless of their settlement date.

After the end of 2021, political tensions in the region escalated into a war between the Russian Federation and Ukraine. This conflict has severely affected global events, adversely impacted commodity prices and financial markets, and contributed to increased volatility within the business environment. The situation remains very unstable, and the impact of imposed sanctions, restrictions on the business activities of companies operating in the region, and the consequences for the economic environment as a whole (primarily restrictions on supply and demand chains) can be expected. However, the extent of the consequences of these events on the Company cannot currently be fully anticipated.

All monetary amounts in the financial statements are stated in whole euro, unless stated otherwise.

The Company consistently applied the accounting methods and the general accounting principles.

b) Non-current intangible and tangible assets

Non-current intangible assets

Purchased non-current intangible assets are measured at cost, which includes the acquisition price and the related incidental costs.

Internally generated non-current intangible assets are measured at own costs, which include direct labour costs and other directly attributable costs related to employees who generate non-current intangible assets.

Non-current intangible assets acquired for no consideration are measured at fair value.

Costs related to technical improvements to non-current intangible assets increase the acquisition costs, while repairs and maintenance are expensed as incurred.

Non-current intangible assets are amortised according to an amortisation plan prepared on the basis of their expected economic useful lives relating to the recovery of future economic benefits from these assets. Amortisation begins as of the first day of the month in which the asset was first put into use.

The expected economic useful life, the amortisation method and the annual amortisation rate for non-current intangible assets are presented in the following table:

| | Expected economic useful life in years | Amortisation method | Annual amortisation rate in % |
|--|--|---------------------|-------------------------------|
| Website www.posam.sk | 5 | Straight-line | 20,00 |
| Municipalities management portal | 5 | Straight-line | 20,00 |
| Purchased software | 4 | Straight-line | 25,00 |
| Internally developed software (AMC) | 4 | Straight-line | 25,00 |
| Internally developed software (SERVIO NG, MRP) | 8 | Straight-line | 12,50 |
| Internally developed software (ParkDots) | 6 | Straight-line | 16,66 |
| Trademark | 10 | Straight-line | 10,00 |

The expected economic useful life, the depreciation method and the annual depreciation rate for non-current tangible assets are presented in the following table:

| | Expected economic useful life in years | Depreciation method | Annual depreciation rate in % |
|---|--|---------------------|-------------------------------|
| Machinery and equipment (except monitors, servers, UPS) | 4 | Straight-line | 25,00 |
| Machinery and equipment - Monitors, servers, UPS | 6 | Straight-line | 16,66 |
| Machinery and equipment (service equipment) | 7 | Straight-line | 14,29 |
| Machinery and equipment (commercial equipment) | 5 | Straight-line | 20,00 |
| Kitchen industrial furniture | 6 | Straight-line | 16,66 |
| EZS security system | 10 | Straight-line | 10,00 |
| Vehicles | 6 | Straight-line | 16,66 |
| Fixtures and fittings | 6 | Straight-line | 16,66 |
| Mobile phones | 2 | Straight-line | 50,00 |
| Other non-current tangible assets (safe deposits, air conditions) | 12 | Straight-line | 8,33 |
| Technical improvements to leased premises | 5 | Straight-line | 20,00 |
| Technical improvements to leased premises – FBC Bajkalská, Žilina | 10 | Straight-line | 10,00 |

In the event of a temporary impairment of the value-in-use of non-current tangible assets, a provision is recorded in the amount of the identified value-in-use.

c) Securities and ownership interests

When acquired, securities and ownership interests are measured at cost, which includes the related incidental costs.

At the reporting date, securities and ownership interests are measured at the same value as at the date of acquisition.

In the event of a temporary impairment of the value-in-use of non-current intangible assets, a provision is recorded in the amount of the difference between the identified value-in-use and the net book value.

Non-current tangible assets

Purchased non-current tangible assets are measured at cost, which includes the acquisition price and the related incidental costs.

Costs related to technical improvements to non-current tangible assets increase the acquisition costs, while repairs and maintenance are expensed as incurred.

Non-current tangible assets are depreciated according to a depreciation plan prepared on the basis of their expected economic useful lives relating to the recovery of future economic benefits from these assets. Depreciation begins as of the first day of the month in which the asset was first put into use.

d) Inventories

Purchased inventories are measured at cost, which includes the acquisition price and the related incidental costs (duties, transport, insurance, commissions, etc.) less discounts. A discount granted to inventories already sold or used is recognised as the reduction of costs of inventories sold or used. The Company used method A for the accounting treatment of inventories. The disposal of inventories is recognised at the cost identified using the FIFO-method (FIFO - the first price for the measurement of the additions to inventories is used as the first price for the measurement of disposals of inventories).

In the event of the impairment of the value-in-use of inventories, a provision for asset is recorded based on the comparison of the net book value and the net realisable value. For slow-moving inventories of merchandise that has been in stock for more than one year and for more than two years, the Company creates a provision of 50 % and 100 % of their value, respectively. For spare parts inventory a provision is created at 100% of their value, provided that the Company records this inventory as being in stock for more than four years.

e) Construction contracts

The Company recognises the supplies of internally developed software solutions as construction contracts. If the result of a construction contract can be reliably estimated, revenues and expenses attributable to the reporting period are recognised using the percentage-of-completion method where the percentage of contract completion is determined cumulatively as at the reporting date according to the work performed using the number of hours worked.

Costs of construction contracts are recognised when incurred. Costs incurred in the current year but relating to future contract activities are not included when calculating the extent to which the contract is completed.

As at the reporting date, the aggregate difference between payments requested so far for performing the construction contracts and the construction contract value determined by using the percentage-of-completion method are recognised on the balance sheet as the net contract value with a corresponding counter entry in the account of revenues.

The amounts requested for work performed during construction contracts are recognised as trade receivables with a corresponding counter entry in the account of contract revenues. Advance payments received by the contractor before the respective work was completed are recognised either as advance payments received, or as long-term advance payments received.

If it is expected at the reporting date that costs will be higher than revenues, a loss from construction contracts is recognised immediately. The amount of the expected loss is determined regardless of whether or not the work on a construction contract has started, regardless of the extent to which the contract is completed, or the amount of profits which are expected to be made from other contracts which are not considered to be under one construction contract.

An expected loss from construction contracts is recognised as other operating expenses. In the reporting period in which either a loss from construction contracts is no more probable or a decrease in or settlement of a loss from construction contracts can be expected, a decrease in other operating expenses is recognised.

f) Receivables

When originated, receivables are measured at face value. Assigned receivables and receivables acquired through a contribution to the registered capital are measured at cost. Doubtful receivables are re-measured to their realisable value using provisions. For receivables overdue by more than 90 days and of the individual value lower than EUR 1 000, provisions are recorded at of 100% of a receivable's value. For receivables overdue by more than 30 days and of the individual value higher than EUR 1 000, provisions are recorded as a difference between the face value and the present value of a receivable, taking into consideration individual assessment of the respective receivable and the risk level of non-collection of such a receivable.

g) Financial accounts

Financial accounts consist of cash, bank account balances, and stamps and vouchers.

h) Deferred expenses and accrued income

Deferred expenses and accrued income are recognised in the amount necessary to comply with the accrual principle of accounting.

i) Provisions for assets

Provisions for assets are recorded based on the prudence principle if it is reasonable to assume that the value of an asset has been impaired when compared to its carrying amount. A provision for assets is recognised in the amount of a justifiable assumption of the impairment of an asset when compared to its carrying amount.

j) Provisions for liabilities

Provisions for liabilities represent the Company's existing obligations resulting from past events, if it is probable that their settlement will decrease the Company's future economic benefits. Provisions are liabilities of uncertain timing or amount and are measured by estimating the amount necessary to meet an existing obligation as at the reporting date.

Provisions for liabilities are recorded in the relevant expense or asset account to which the liability is related. The use of a provision is debited to the respective provision account, with a corresponding counter entry to the respective liability account. The reversal of an unnecessary provision, or a portion thereof, is recorded as a counter entry to the entry which recognised the creation of the provision.

k) Liabilities

When incurred, liabilities are measured at face value. When assumed, liabilities are measured at cost. If it is determined during a stocktake that the amount of liabilities is other than their carrying amount, liabilities are recognised at the identified amount in the accounting books and in the financial statements.

l) Employee benefits

Wages, salaries, contributions to state pension and insurance funds, paid annual leave and paid sick leave, bonuses and other in-kind benefits (such as medical care) are recognised on an accrual basis.

m) Current income taxes

The income tax is expensed in the period when the tax liability arises. In the accompanying income statement, the tax expense is calculated on the basis of the profit/(loss) before tax that has been adjusted for tax-deductible and tax non-deductible items due to permanent and temporary adjustments to the tax base and any tax losses carried forward. The tax liability is stated net of income tax advances that the Company paid during the year. If income tax advances paid during the year exceed the tax liability for the period, the Company reports the resulting tax asset.

n) Deferred income tax

Deferred income tax arises from temporary differences between the carrying amount of assets and liabilities recognised on the balance sheet and their tax base.

A deferred tax asset is only recognised in the amount at which temporary differences are likely to be settled against a future tax base.

Deferred tax is calculated using an income tax rate expected to be applicable on the deferred tax settlement date, i.e. 21%.

o) Accrued expenses and deferred income

Accrued expenses and deferred income are recognised in the amount necessary to comply with the accrual principle of accounting.

p) Lease (the Company as a lessee)

Operating lease

The lease of assets under an operating lease is recognised in expenses on an on-going basis over the term of a lease agreement.

q) Foreign currency

Assets and liabilities denominated in a foreign currency are translated to euro using the reference exchange rate determined and announced by the European Central Bank or the National Bank of Slovakia on the day preceding the transaction date, or on the reporting date. The resulting foreign exchange differences are recognised through profit/(loss).

Monetary assets and liabilities denominated in a foreign currency are translated to euro using the exchange rate applicable as at the reporting date. The resulting foreign exchange gains and losses are recognised in the income statement.

Purchases and sales of a foreign currency are translated to euro using the exchange rate at which these amounts were purchased or sold.

r) Revenue recognition

Revenues from the sale of own outputs and merchandise do not include value added tax. They are net of discounts and deductions (such as rebates, bonuses, discounts and credit notes). Revenues are recognised as at the date of delivery or provision of the service.

Revenues from the sale of hardware equipment and software licences (merchandise) are recognised at the moment of risk and ownership transfer, usually upon delivery in accordance with specific delivery terms and conditions.

Revenues from the sale of software licences (services) are recognised in line with the accrual principle of accounting.

Revenues from the sale of IT services and internally developed software solutions are recognised in the reporting period when provided, in accordance with the level of completion of the service. The level of completion is calculated as the ratio of actually provided services to total contracted services.

s) Comparatives

Some comparatives for the preceding reporting period were adjusted to ensure better comparability with disclosures for the current reporting period. A change in the presentation of the comparatives did not affect the total amount of assets, equity, or the profit/(loss) in the preceding reporting period.

D. ASSETS**1. Non-current intangible assets**

An overview of movements in non-current intangible assets for the current reporting period is presented in the table below:

| Non-current intangible assets | Capitalised development cost | Software | Valuable rights | Goodwill | Other non-current intangible assets | Non-current intangible as-sets in acqusi-tion | Advance pay-ments made | Total |
|-------------------------------|------------------------------|-----------|-----------------|----------|-------------------------------------|---|------------------------|-----------|
| Initial measurement | | | | | | | | |
| 1 January 2022 | - | 6 354 892 | 96 280 | - | - | 213 124 | - | 6 664 296 |
| Additions | - | - | - | - | - | 338 481 | - | 338 481 |
| Disposals | - | (1 156) | - | - | - | - | - | (1 156) |
| Transfers | - | 33 489 | 4 576 | - | - | (38 065) | - | - |
| 31 December 2022 | - | 6 387 225 | 100 856 | - | - | 513 540 | - | 7 001 621 |
| Accumulated depreciation | | | | | | | | |
| 1 January 2022 | - | 3 793 733 | 81 536 | - | - | - | - | 3 875 269 |
| Additions | - | 757 239 | 4 724 | - | - | - | - | 761 963 |
| Disposals | - | (1 156) | - | - | - | - | - | (1 156) |
| Transfers | - | - | - | - | - | - | - | - |
| 31 December 2022 | - | 4 549 816 | 82 260 | - | - | - | - | 4 636 076 |
| Provisions | | | | | | | | |
| 1 January 2022 | - | - | - | - | - | - | - | - |
| Additions | - | - | - | - | - | - | - | - |
| Disposals | - | - | - | - | - | - | - | - |
| Transfers | - | - | - | - | - | - | - | - |
| 31 December 2022 | - | - | - | - | - | - | - | - |
| Net book value | | | | | | | | |
| 1 January 2022 | - | 2 561 159 | 14 744 | - | - | 213 124 | - | 2 789 027 |
| 31 December 2022 | - | 1 837 409 | 14 596 | - | - | 513 540 | - | 2 365 545 |

The Company internally developed software and capitalised related costs of EUR 333 530 in 2022 (2021: EUR 628 397), of which EUR 33 114 was put in use in 2022 (2021: EUR 936 442). This software is used for internal purposes and for providing services to the Company's customers. In 2022, the Company capitalised R&D expenses in the amount of EUR 377 795.

Information for the preceding reporting period is presented in the following table:

| Non-current intangible assets | Capitalised development cost | Software | Valuable rights | Goodwill | Other non-current intangible assets | Non-current intangible as-sets in acqusi-tion | Advance pay-ments made | Total |
|-------------------------------|------------------------------|-----------|-----------------|----------|-------------------------------------|---|------------------------|-----------|
| Initial measurement | | | | | | | | |
| 1 January 2021 | - | 5 605 834 | 96 280 | - | - | 521 169 | - | 6 223 283 |
| Additions | - | - | - | - | - | 628 397 | - | 628 397 |
| Disposals | - | (187 384) | - | - | - | - | - | (187 384) |
| Transfers | - | 936 442 | - | - | - | (936 442) | - | - |
| 31 December 2021 | - | 6 354 892 | 96 280 | - | - | 213 124 | - | 6 664 296 |
| Accumulated depreciation | | | | | | | | |
| 1 January 2021 | - | 3 322 153 | 77 248 | - | - | - | - | 3 399 401 |
| Additions | - | 658 964 | 4 288 | - | - | - | - | 663 252 |
| Disposals | - | (187 384) | - | - | - | - | - | (187 384) |
| Transfers | - | - | - | - | - | - | - | - |
| 31 December 2021 | - | 3 793 733 | 81 536 | - | - | - | - | 3 875 269 |
| Provisions | | | | | | | | |
| 1 January 2021 | - | - | - | - | - | - | - | - |
| Additions | - | - | - | - | - | - | - | - |
| Disposals | - | - | - | - | - | - | - | - |
| Transfers | - | - | - | - | - | - | - | - |
| 31 December 2021 | - | - | - | - | - | - | - | - |
| Net book value | | | | | | | | |
| 1 January 2021 | - | 2 283 681 | 19 032 | - | - | 521 169 | - | 2 823 882 |
| 31 December 2021 | - | 2 561 159 | 14 744 | - | - | 213 124 | - | 2 789 027 |

2. Non-current tangible assets

An overview of movements in non-current tangible assets for the current reporting period is presented in the table below:

| Non-current tangible assets | Land | Structures | Separate movable assets and sets of movables | Perennial crops | Livestock and draught animals | Other non-current tangible assets | Non-current tangible assets in acqui-sition | Advance payments made | Spolu |
|-----------------------------|------|------------|--|-----------------|-------------------------------|-----------------------------------|---|-----------------------|-----------|
| Initial measurement | | | | | | | | | |
| 1 January 2022 | - | 273 351 | 6 618 025 | - | - | - | 176 975 | - | 7 068 351 |
| Additions | - | - | - | - | - | - | 1 065 550 | - | 1 065 550 |
| Disposals | - | - | (205 343) | - | - | - | (527) | - | (205 870) |
| Transfers | - | - | 818 004 | - | - | - | (818 004) | - | - |
| 31 December 2022 | - | 273 351 | 7 230 686 | - | - | - | 423 994 | - | 7 928 031 |
| Accumulated depreciation | | | | | | | | | |
| 1 January 2022 | - | 145 119 | 4 299 702 | - | - | - | - | - | 4 444 821 |
| Additions | - | 26 026 | 834 257 | - | - | - | - | - | 860 283 |
| Disposals | - | - | (205 343) | - | - | - | - | - | (205 343) |
| Transfers | - | - | - | - | - | - | - | - | - |
| 31 December 2022 | - | 171 145 | 4 928 616 | - | - | - | - | - | 5 099 761 |
| Provisions | | | | | | | | | |
| 1 January 2022 | - | - | - | - | - | - | - | - | - |
| Additions | - | - | - | - | - | - | - | - | - |
| Disposals | - | - | - | - | - | - | - | - | - |
| Transfers | - | - | - | - | - | - | - | - | - |
| 31 December 2022 | - | - | - | - | - | - | - | - | - |
| Net book value | | | | | | | | | |
| 1 January 2022 | - | 128 232 | 2 318 323 | - | - | - | 176 975 | - | 2 623 530 |
| 31 December 2022 | - | 102 206 | 2 302 070 | - | - | - | 423 994 | - | 2 828 270 |

The insurance of non-current tangible assets is included in the group insurance policy of Slovak Telekom and includes insurance against damage caused by theft, natural disaster and vandalism up to the amount of EUR 25 000 thousand (2021: EUR 25 000 thousand).

Information for the preceding reporting period is presented in the following table:

| Non-current tangible assets | Land | Structures | Separate movable assets and sets of movables | Perennial crops | Livestock and draught animals | Other non-current tangible assets | Non-current tangible assets in acquisition | Advance payments made | Spolu |
|-----------------------------|------|------------|--|-----------------|-------------------------------|-----------------------------------|--|-----------------------|-----------|
| Initial measurement | | | | | | | | | |
| 1 January 2021 | - | 273 351 | 6 483 261 | - | - | - | 199 894 | - | 6 956 506 |
| Additions | - | - | - | - | - | - | 1 017 167 | - | 1 017 167 |
| Disposals | - | - | (894 035) | - | - | - | (11 287) | - | (905 322) |
| Transfers | - | - | 1 028 799 | - | - | - | (1 028 799) | - | - |
| 31 December 2021 | - | 273 351 | 6 618 025 | - | - | - | 176 975 | - | 7 068 351 |
| Accumulated depreciation | | | | | | | | | |
| 1 January 2021 | - | 119 093 | 4 414 257 | - | - | - | - | - | 4 533 350 |
| Additions | - | 26 026 | 779 480 | - | - | - | - | - | 805 506 |
| Disposals | - | - | (894 035) | - | - | - | - | - | (894 035) |
| Transfers | - | - | - | - | - | - | - | - | - |
| 31 December 2021 | - | 145 119 | 4 299 702 | - | - | - | - | - | 4 444 821 |
| Provisions | | | | | | | | | |
| 1 January 2021 | - | - | - | - | - | - | - | - | - |
| Additions | - | - | - | - | - | - | - | - | - |
| Disposals | - | - | - | - | - | - | - | - | - |
| Transfers | - | - | - | - | - | - | - | - | - |
| 31 December 2021 | - | - | - | - | - | - | - | - | - |
| Net book value | | | | | | | | | |
| 1 January 2021 | - | 154 258 | 2 069 004 | - | - | - | 199 894 | - | 2 423 156 |
| 31 December 2021 | - | 128 232 | 2 318 323 | - | - | - | 176 975 | - | 2 623 530 |

3. Non-current financial assets

An overview of movements in non-current financial assets for the current reporting period is presented in the table below:

[illegible]

Information for the preceding reporting period is presented in the following table:

| Non-current financial assets | Shares and ownership interests in group companies | Shares and ownership interests with a participating interest except for group companies | Other available-for-sale securities and ownership interests | Borrowings to group companies | Borrowings within a participating interest except to group companies | Other borrowings | Debt securities and other non-current financial assets | Borrowings and other non-current financial assets with re-maturing of up to one year | Bank accounts bound for period exceeding one year | Non-current financial assets in acquisition | Ad-vance pay-ments for non-current finan-cial assets | Total |
|------------------------------|---|---|---|-------------------------------|--|------------------|--|--|---|---|--|-----------|
| Initial measurement | | | | | | | | | | | | |
| 1 Jan. 2021 | 4 527 286 | - | - | - | - | - | - | - | - | - | - | 4 527 286 |
| Additions | - | - | - | - | - | - | - | - | - | - | - | - |
| Disposals | - | - | - | - | - | - | - | - | - | - | - | - |
| Transfers | - | - | - | - | - | - | - | - | - | - | - | - |
| 31 Dec. 2021 | 4 527 286 | - | - | - | - | - | - | - | - | - | - | 4 527 286 |
| Provisions | | | | | | | | | | | | |
| 1 Jan. 2021 | - | - | - | - | - | - | - | - | - | - | - | - |
| Additions | - | - | - | - | - | - | - | - | - | - | - | - |
| Disposals | - | - | - | - | - | - | - | - | - | - | - | - |
| Transfers | - | - | - | - | - | - | - | - | - | - | - | - |
| 31 Dec. 2021 | - | - | - | - | - | - | - | - | - | - | - | - |
| Carrying amount | | | | | | | | | | | | |
| 1 Jan. 2021 | 4 527 286 | - | - | - | - | - | - | - | - | - | - | 4 527 286 |
| 31 Dec. 2021 | 4 527 286 | - | - | - | - | - | - | - | - | - | - | 4 527 286 |

Controlling influence

As at 30 November 2022, the Company sold Commander Services, s.r.o., in which it held certain non-current financial assets through which the Company exercised its controlling influence.

The amount of equity as at 30 November 2022, the profit/(loss) for the current reporting period and other information about Commander Services, s.r.o. is presented in the following table:

| Business name and registered office | Share in registered capital in % | Share in other components of equity in % | Amount of equity | Profit/loss | Amount of contributions to capital reserves funds from contributions | Carrying amount of non-current financial assets |
|--|----------------------------------|--|------------------|-------------|--|---|
| Controlling influence | | | | | | |
| Commander Services, s.r.o., Bratislava | 100 | 100 | 3 998 464 | 787 156 | 1 600 000 | 4 527 286 |
| Total | | | | | | 4 527 286 |

Financial data of Commander Services, s.r.o. are obtained from its audited financial statements.

Information for the preceding reporting period is presented in the table below:

| Business name and registered office | Share in registered capital in % | Share in other components of equity in % | Amount of equity | Profit/loss | Amount of contributions to capital reserves funds from contributions | Carrying amount of non-current financial assets |
|--|----------------------------------|--|------------------|-------------|--|---|
| Controlling influence | | | | | | |
| Commander Services, s.r.o., Bratislava | 100 | 100 | 3 811 307 | 1 050 625 | 1 600 000 | 4 527 286 |
| Total | | | | | | 4 527 286 |

4. Inventories

Movements in the provision for inventories during the current reporting period are presented in the table below:

| Inventories | 1 January 2022 | Creation | Reversal Owing to the Cessation of Justifiability | Reversal owing to the derecognition of assets | 31 December 2022 |
|--------------------------|----------------|--------------|---|---|------------------|
| Merchandise | 8 915 | 4 820 | (5 041) | (1 290) | 7 404 |
| Total inventories | 8 915 | 4 820 | (5 041) | (1 290) | 7 404 |

A decrease in the net realisable value of inventories was reflected by creating provisions. The net realisable value of inventories was impaired mainly as a result of reduced cost of merchandise compared to its present book value and reduced selling prices.

Information for the preceding reporting period is presented in the table below:

| Inventories | 1 January 2021 | Creation | Reversal Owing to the Cessation of Justifiability | Reversal owing to the derecognition of assets | 31 December 2021 |
|--------------------------|----------------|--------------|---|---|------------------|
| Merchandise | 21 883 | 5 938 | (6 145) | (12 761) | 8 915 |
| Total inventories | 21 883 | 5 938 | (6 145) | (12 761) | 8 915 |

5. Construction contracts

In 2022, revenues from construction contracts amounted to EUR 6 700 876 (2021: EUR 6 668 991).

| Item | 2022 | 2021 |
|--------------------------------------|------------------|----------------|
| Revenues from construction contracts | 6 700 876 | 6 668 991 |
| Costs of construction contracts | 5 607 123 | 6 528 338 |
| Gross profit/loss | 1 093 753 | 140 653 |

Further information about open construction contracts as at the reporting date is provided in the following tables:

| Item | 2022 | 2021 | Cumulative amount From the beginning of construction contract until 31 December 2022 | Cumulative amount from the beginning of construction contract until 31 December 2021 |
|--------------------------------------|--------------|--------------------|--|--|
| Revenues from construction contracts | 834 376 | 1 028 258 | 886 037 | 2 293 818 |
| Costs of construction contracts | 835 205 | 3 444 429 | 864 420 | 7 093 698 |
| Gross profit / loss | (829) | (2 416 171) | 21 617 | (4 799 880) |

| Amount of construction contract | 31 December 2022 | Cumulative amount from beginning of construction contract until 31 December 2022 | 31 December 2021 | Cumulative amount from beginning of construction contract until 31 December 2021 |
|---|------------------|--|------------------|--|
| Amounts invoiced for work performed on the construction contract | - | - | - | - |
| Adjustments of invoiced amounts according to percentage of completion or using the zero profit method | 487 432 | 487 432 | 1 654 521 | 1 654 521 |
| Total | 487 432 | 487 432 | 1 654 521 | 1 654 521 |

Costs of and revenues from construction contracts were calculated using the percentage-of-completion method by assessing the number of hours worked as at the reporting date. The expected loss from construction contracts was recorded as other operating expenses.

6. Receivables

Movements in the provision for receivables during the current reporting period are presented in the following table:

| Receivables | 1 January 2022 | Creation | Reversal Owing to the Cessation of Justifiability | Reversal owing to the derecognition of assets | 31 December 2022 |
|---|----------------|------------|---|---|------------------|
| Current trade receivables, of which: | 4 407 | 696 | (966) | (3 561) | 576 |
| Other trade receivables | 4 407 | 696 | (966) | (3 561) | 576 |
| Other current receivables | - | - | - | - | - |
| Total current receivables | 4 407 | 696 | (966) | (3 561) | 576 |

Information for the preceding reporting period is presented in the following table:

| Receivables | 1 January 2021 | Creation | Reversal Owing to the Cessation of Justifiability | Reversal owing to the derecognition of assets | 31 December 2021 |
|---|----------------|--------------|---|---|------------------|
| Current trade receivables, of which: | 11 065 | 2 910 | (2 605) | (6 963) | 4 407 |
| Other trade receivables | 11 065 | 2 910 | (2 605) | (6 963) | 4 407 |
| Other current receivables | - | - | - | - | - |
| Total current receivables | 11 065 | 2 910 | (2 605) | (6 963) | 4 407 |

In 2022, the Company created provisions for overdue receivables in the amount of EUR 696 (2021: EUR 2 910). Due to the settlement of overdue receivables, for which the Company created provisions in previous years, provisions in the amount of EUR 966 (2021: EUR 2 605) were reversed in 2022. The Company reversed provisions for receivables in the amount of EUR 3 561 due to the derecognition of such receivables (2021: EUR 6 963).

Non-current receivables of the Company are within maturity. The ageing structure of receivables of the Company at 31 December 2022 is presented in the following table:

| Item | Within maturity | Overdue | Total receivables |
|---|------------------|---------------|-------------------|
| Current trade receivables, of which: | 4 093 050 | 14 160 | 4 107 210 |
| Trade receivables from group companies | 878 406 | - | 878 406 |
| Other trade receivables | 3 214 644 | 14 160 | 3 228 804 |
| Other current receivables, of which: | 524 994 | - | 524 994 |
| Net value of a contract | 487 432 | - | 487 432 |
| Tax assets and subsidies | 4 330 | - | 4 330 |
| Other receivables | 33 232 | - | 33 232 |
| Total current receivables | 4 618 044 | 14 160 | 4 632 204 |

Information for the preceding reporting period is presented in the following table:

| Item | Within maturity | Overdue | Total receivables |
|---|------------------|----------------|-------------------|
| Current trade receivables, of which: | 4 092 665 | 948 455 | 5 041 120 |
| Trade receivables from group companies | 736 528 | 56 604 | 793 132 |
| Other trade receivables | 3 356 137 | 891 851 | 4 247 988 |
| Other current receivables, of which: | 1 666 746 | - | 1 666 746 |
| Net value of a contract | 1 654 521 | - | 1 654 521 |
| Tax assets and subsidies | 4 330 | - | 4 330 |
| Other receivables | 7 896 | - | 7 896 |
| Total current receivables | 5 759 412 | 948 455 | 6 707 867 |

7. Financial accounts

Financial accounts consist of cash on hand, bank accounts, and stamps and vouchers. The Company may freely use its financial accounts.

8. Deferred expenses and accrued income

The structure of deferred expenses and accrued income is presented in the following table:

| Item | 31 December 2022 | 31 December 2021 |
|---|------------------|------------------|
| Non-current deferred expenses, of which: | 56 527 | 49 127 |
| Hardware support | 25 836 | 33 050 |
| Software support | 30 438 | 15 539 |
| Other | 253 | 538 |
| Current deferred expenses, of which: | 586 567 | 418 057 |
| Hardware support | 38 671 | 49 624 |
| Software support | 463 028 | 329 244 |
| Other | 84 868 | 39 189 |
| Non-current accrued income: | - | - |
| Current accrued income: | 15 750 | - |
| Total | 658 844 | 467 184 |

In 2022, deferred expenses increased by EUR 175 910 compared to 2021, mainly due to increased in-voicing of accrued IT services provided to the customers.

9. Deferred tax asset

Information on temporary differences and the calculation of deferred tax:

| Item | 31 December 2021 | Recognised in equity | Recorded as expense of income | 31 December 2022 |
|--------------------------------------|------------------|----------------------|-------------------------------|-------------------|
| Non-current assets | (148 760) | - | 48 697 | (100 063) |
| Provision for inventories | 8 915 | - | (1 511) | 7 404 |
| Provision for receivables | 509 | - | (401) | 108 |
| Provisions for liabilities | 1 754 287 | - | (458 889) | 1 295 398 |
| Deduction of R&D expenses | 5 518 797 | - | 377 795 | 5 896 592 |
| Tax loss | 822 181 | - | 2 381 948 | 3 204 129 |
| Other | 53 997 | - | 58 583 | 112 580 |
| Total | 8 009 926 | - | 2 406 222 | 10 416 148 |
| Income tax rate (in %) | 21 | 21 | 21 | 21 |
| Deferred tax asset calculated | 1 682 084 | - | 505 307 | 2 187 391 |
| Deferred tax asset recognised | 1 682 084 | - | 505 307 | 2 187 391 |
| Deferred tax liability | - | - | - | - |

Additional information on deferred tax:

| Item | 31 December 2022 | 31 December 2021 |
|---|------------------|------------------|
| Deferred tax asset relating to tax loss carried forward, unused tax deductions and other claims, including temporary differences from preceding reporting periods to which deferred tax asset was not recognised in preceding reporting periods | - | - |

E. EQUITY AND LIABILITIES

1. Equity

An overview of movements in equity is presented in the table below:

| Item | 1 January 2022 | Additions | Disposals | Transfers | 31 December 2022 |
|---|-------------------|------------------|-----------|-----------|-------------------|
| Registered capital | 170 000 | - | - | - | 170 000 |
| Legal reserve fund and non-distributable fund | 17 000 | - | - | - | 17 000 |
| Retained earnings from previous years | 14 956 459 | - | - | 39 526 | 14 995 985 |
| Profit/loss for the current reporting period | 39 526 | 5 575 533 | - | (39 526) | 5 575 533 |
| Total equity | 15 182 985 | 5 575 533 | - | - | 20 758 518 |

| Item | 1 January 2021 | Additions | Disposals | Transfers | 31 December 2021 |
|---|-------------------|---------------|------------------|-------------|-------------------|
| Registered capital | 170 000 | - | - | - | 170 000 |
| Legal reserve fund and non-distributable fund | 17 000 | - | - | - | 17 000 |
| Retained earnings from previous years | 13 879 998 | - | - | 1 076 461 | 14 956 459 |
| Profit/loss for the current reporting period | 1 345 577 | 39 526 | (269 116) | (1 076 461) | 39 526 |
| Total equity | 15 412 575 | 39 526 | (269 116) | - | 15 182 985 |

The 2021 accounting profit of EUR 39 526 was distributed as follows:

| Item | 2021 |
|---|---------------|
| Transfer to retained earnings from previous years | 39 526 |
| Profit distribution to shareholders/members | - |
| Total | 39 526 |

The statutory body will propose to distribute the 2022 profit together with the approval of these financial statements.

2. Provisions for liabilities

An overview of movements in provisions for liabilities for 2022 is presented in the following table:

| Item | 1 January 2022 | Set-up | Use | Release | 31 December 2022 |
|---|------------------|----------------|--------------------|-----------------|------------------|
| Long-term provisions for liabilities, of which: | 11 050 | 8 467 | (11 050) | - | 8 467 |
| Legal long-term provisions for liabilities | - | - | - | - | - |
| Other long-term provisions for liabilities, of which: | 11 050 | 8 467 | (11 050) | - | 8 467 |
| Provision for warranty repairs and guarantees | 11 050 | 8 467 | (11 050) | - | 8 467 |
| Short-term provisions for liabilities, of which: | 1 316 844 | 930 784 | (1 061 653) | (94 215) | 1 091 760 |
| Legal short-term provisions for liabilities, of which: | 212 905 | 203 435 | (212 905) | - | 203 435 |
| Provision for vacation days | 212 905 | 203 435 | (212 905) | - | 203 435 |
| Other short-term provisions for liabilities, of which: | 1 103 939 | 727 349 | (848 748) | (94 215) | 888 325 |
| Provision for warranty repairs and guarantees | 26 497 | 59 212 | (18 765) | (13 738) | 53 206 |
| Provision for bonuses | 581 765 | 630 822 | (792 672) | (64 624) | 355 291 |
| Provision for the annual report and audit | 25 843 | 25 930 | (25 408) | (435) | 25 930 |
| Provision for contractual obligations | 442 513 | - | - | - | 442 513 |
| Provision for unbilled supplies | 27 321 | 11 385 | (11 903) | (15 418) | 11 385 |
| Total provisions for liabilities | 1 327 894 | 939 251 | (1 072 703) | (94 215) | 1 100 227 |

A provision for guarantees and warranty repairs reflects the commitment of the Company to its customers due to warranty repairs, eliminating possible faults of supplied parts and due to the performance related to the provision of extended guarantee. This provision is expected to be used by 2024.

A provision for vacation days reflects the Company's commitment to its employees in respect of un-used vacation days in 2022.

A provision for bonuses reflects the Company's commitment to its employees in connection with the bonuses recognised for 2022.

A provision for contractual obligations reflects the Company's commitment to its business partners under the current contracts.

Information for the preceding reporting period is presented in the following table:

| Item | 1 January 2021 | Set-up | Use | Release | 31 December 2021 |
|---|------------------|------------------|------------------|-----------------|------------------|
| Long-term provisions for liabilities, of which: | 33 287 | - | (22 237) | - | 11 050 |
| Legal long-term provisions for liabilities | - | - | - | - | - |
| Other long-term provisions for liabilities, of which: | 33 287 | - | (22 237) | - | 11 050 |
| Provision for warranty repairs and guarantees | 33 287 | - | (22 237) | - | 11 050 |
| Short-term provisions for liabilities, of which: | 986 412 | 1 316 844 | (953 575) | (32 837) | 1 316 844 |
| Legal short-term provisions for liabilities, of which: | 213 923 | 212 905 | (213 923) | - | 212 905 |
| Provision for vacation days | 213 923 | 212 905 | (213 923) | - | 212 905 |
| Other short-term provisions for liabilities, of which: | 772 489 | 1 103 939 | (739 652) | (32 837) | 1 103 939 |
| Provision for warranty repairs and guarantees | 41 587 | 26 497 | (39 311) | (2 276) | 26 497 |
| Provision for bonuses | 689 401 | 581 765 | (659 357) | (30 044) | 581 765 |
| Provision for the annual report and audit | 26 941 | 25 843 | (26 424) | (517) | 25 843 |
| Provision for contractual obligations | - | 442 513 | - | - | 442 513 |
| Provision for unbilled supplies | 14 560 | 27 321 | (14 560) | - | 27 321 |
| Total provisions for liabilities | 1 019 699 | 1 316 844 | (975 812) | (32 837) | 1 327 894 |

3. Borrowings received

An overview of borrowings received is presented in the following table:

| Item | Currency | Maturity date | Principal | |
|--------------------------------------|----------|---------------|------------------|------------------|
| | | | 31 December 2022 | 31 December 2021 |
| Current borrowings, of which: | | | - | 1 500 000 |
| Borrowing from a group company | EUR | 1 Jun 2022 | - | 1 500 000 |
| Total | | | - | 1 500 000 |

4. Liabilities

A breakdown of liabilities by their residual maturity as at 31 December 2022:

| Item | Liabilities with residual maturity | | | Overdue liabilities | Total liabilities |
|---|------------------------------------|------------------------|---------------------|---------------------|-------------------|
| | Of more than five years | From one to five years | Due within one year | | |
| Non-current trade payables, of which: | - | - | - | - | - |
| Other trade payables | - | - | - | - | - |
| Other non-current liabilities, of which: | - | 36 657 | - | - | 36 657 |
| Social fund payables | - | 36 657 | - | - | 36 657 |
| Total non-current liabilities | - | 36 657 | - | - | 36 657 |
| Current trade payables, of which: | - | - | 3 234 715 | 184 163 | 3 418 878 |
| Liabilities to group companies | - | - | 35 301 | 399 | 35 700 |
| Other trade payables | - | - | 3 199 414 | 183 764 | 3 383 178 |
| Other current liabilities, of which: | - | - | 1 568 719 | - | 1 568 719 |
| Liabilities to group companies | - | - | - | - | - |
| Liabilities to shareholders and the association | - | - | - | - | - |
| Payables to employees | - | - | 584 397 | - | 584 397 |
| Social security insurance payables | - | - | 408 749 | - | 408 749 |
| Tax liabilities and subsidies | - | - | 575 187 | - | 575 187 |
| Other liabilities | - | - | 386 | - | 386 |
| Total current liabilities | - | - | 4 803 434 | 184 163 | 4 987 597 |

Information for the preceding reporting period is presented in the following table:

| Item | Liabilities with residual maturity | | | Overdue liabilities | Total liabilities |
|---|------------------------------------|------------------------|---------------------|---------------------|-------------------|
| | Of more than five years | From one to five years | Due within one year | | |
| Non-current trade payables, of which: | - | - | - | - | - |
| Other trade payables | - | - | - | - | - |
| Other non-current liabilities, of which: | - | 31 955 | - | - | 31 955 |
| Social fund payables | - | 31 955 | - | - | 31 955 |
| Total non-current liabilities | - | 31 955 | - | - | 31 955 |
| Current trade payables, of which: | - | - | 1 737 326 | 461 771 | 2 199 097 |
| Liabilities to group companies | - | - | 40 562 | 5 239 | 45 801 |
| Other trade payables | - | - | 1 696 764 | 456 532 | 2 153 296 |
| Other current liabilities, of which: | - | - | 2 959 923 | - | 2 959 923 |
| Liabilities to group companies | - | - | 1 504 015 | - | 1 504 015 |
| Liabilities to shareholders and the association | - | - | - | - | - |
| Payables to employees | - | - | 583 953 | - | 583 953 |
| Social security insurance payables | - | - | 415 625 | - | 415 625 |
| Tax liabilities and subsidies | - | - | 455 544 | - | 455 544 |
| Other liabilities | - | - | 786 | - | 786 |
| Total current liabilities | - | - | 4 697 249 | 461 771 | 5 159 020 |

5. Social fund

The creation of and drawing from the social fund during the reporting period are presented in the following table:

| Item | 2022 | 2021 |
|--|----------|----------|
| Initial balance | 31 955 | 33 872 |
| Creation of the social fund debited to costs | 46 366 | 46 347 |
| Creation of the social fund from profit | - | - |
| Other creations in the social fund | - | - |
| Total creation of the social fund | 46 366 | 46 347 |
| Drawing from the social fund | (41 644) | (48 264) |
| Closing balance | 36 657 | 31 955 |

6. Accrued expenses and deferred income

A breakdown of accrued expenses and deferred income is presented in the following table:

| Item | 31 December 2022 | 31 December 2021 |
|--|------------------|------------------|
| Non-current accrued expenses: | - | - |
| Current accrued expenses: | - | - |
| Non-current deferred income, of which: | 80 804 | 72 144 |
| Hardware support | 43 939 | 39 347 |
| Software support | 36 865 | 32 797 |
| Other | - | - |
| Current deferred income, of which: | 623 111 | 447 799 |
| Hardware support | 34 139 | 57 506 |
| Software support | 556 363 | 357 684 |
| Other | 32 609 | 32 609 |
| Total | 703 915 | 519 943 |

Deferred income increased by EUR 183 972 compared to 2021, mainly due to increased invoicing of accrued IT services in 2022.

F. REVENUES

1. Net turnover

Information about the structure of net turnover of the Company is presented in the table below:

| Item | 2022 | 2021 |
|--|------------|------------|
| Revenues from the sale of own outputs and merchandise, of which: | 23 209 988 | 23 843 662 |
| Revenues from the sale of services | 13 607 489 | 13 240 315 |
| Revenues from the sale of merchandise | 2 901 623 | 3 934 356 |
| Revenues from construction contracts | 6 700 876 | 6 668 991 |
| Other revenues related to ordinary activities | 194 202 | 171 393 |
| Total net turnover | 23 404 190 | 24 015 055 |

2. Revenues from the sale of own outputs and merchandise

Revenues from the sale of own outputs and merchandise by segments, i.e. by type of goods, products, services, and other activities of the Company and by major geographic territories are presented in the following table:

| | Revenues from services provided | | Revenues from the sale of HW | | Revenues from the sale of own SW solutions | |
|---------------------------------|---------------------------------|------------|------------------------------|-----------|--|-----------|
| Country | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| Slovak Republic | 12 408 088 | 11 952 328 | 2 027 137 | 1 280 630 | 6 700 876 | 6 668 991 |
| Czech Republic | 860 769 | 782 424 | 601 182 | 2 424 448 | - | - |
| Other countries (except for CZ) | 338 632 | 505 563 | 273 304 | 229 278 | - | - |
| Total | 13 607 489 | 13 240 315 | 2 901 623 | 3 934 356 | 6 700 876 | 6 668 991 |

3. Other operating revenues and revenues from financing activities

Information about revenues from the capitalisation of costs, operating revenues and revenues from financing activities is presented in the table below:

| Item | 2022 | 2021 |
|--|------------|---------|
| Material items from the capitalisation of costs, of which: | 333 530 | 628 397 |
| Non-current intangible assets generated internally | 333 530 | 628 397 |
| Other material items of operating revenues, of which: | 21 016 | 53 763 |
| Revenues from the sale of tangible and intangible assets and raw materials | 21 016 | 53 763 |
| Other | - | - |
| Revenues from financing activities, of which: | 11 933 325 | 44 758 |
| Revenues from the sale of financial assets - Commander | 11 320 423 | - |
| Revenues from non-current financial assets - Commander | 600 000 | - |
| Foreign exchange gains, of which: | 12 902 | 44 758 |
| Foreign exchange gains as at the reporting date | 14 | 36 288 |
| Other material items of revenues from financing activities, of which: | - | - |
| Interest | - | - |

G. EXPENSES

1. Operating expenses and finance costs

An overview of operating expenses and finance costs, except for personnel costs, is presented in the table below:

| Item | 2022 | 2021 |
|---|------------------|------------------|
| Costs of services provided, of which: | 9 380 220 | 8 382 733 |
| Cost of the auditor, audit firm, of which: | 34 900 | 35 489 |
| Costs of auditing separate financial statements | 34 900 | 35 489 |
| Tax advisory | - | - |
| Other material items of costs of services provided, of which: | 9 345 320 | 8 347 244 |
| Travel costs | 81 070 | 30 899 |
| Advertisement and marketing costs | 186 326 | 142 186 |
| Costs of legal business advisory | 408 659 | 345 564 |
| Personnel and IT advisory | 356 844 | 255 635 |
| Telecommunication costs | 131 611 | 133 785 |
| Entertainment costs | 180 215 | 66 205 |
| Resale services | 6 793 075 | 6 234 661 |
| Rental of premises | 913 879 | 873 753 |
| Other | 293 641 | 264 556 |
| Other material items of operating expenses, of which: | 2 303 035 | 2 713 208 |
| Creation and release of provisions for receivables | (270) | 304 |
| Depreciation and provision for non-current assets | 1 605 040 | 1 439 068 |
| Consumption of raw materials, energy and other non-inventory supplies | 687 521 | 606 744 |
| Other | 10 744 | 667 092 |
| Finance costs, of which: | 4 656 092 | 27 613 |
| Sold share in Commander | 4 527 286 | - |
| Foreign exchange losses, of which: | 19 681 | 12 641 |
| Foreign exchange losses as at the reporting date | 164 | 207 |
| Other material items of finance costs, of which: | 109 125 | 14 972 |
| Interest and other finance costs | 109 125 | 14 972 |

2. Personnel costs

An overview of personnel costs is presented in the following table:

| Item | 2022 | 2021 |
|-----------------------------------|-------------------|-------------------|
| Personnel costs, of which: | 11 857 478 | 12 000 500 |
| Wages and salaries | 8 608 838 | 8 685 393 |
| Social insurance | 2 161 310 | 2 196 414 |
| Health insurance | 873 805 | 880 056 |
| Social security | 213 525 | 238 637 |

Social insurance costs include social insurance and other social insurance costs.

H. TAXES

Reconciliation of current income tax, deferred income tax and profit/(loss) prior to taxation is presented in the following table:

| Item | 2022 | | | 2021 | | |
|-------------------------------------|------------------|------------------|-------------|--------------------|--------------------|------------|
| | Tax base | Tax | Tax in % | Tax base | Tax | Tax in % |
| Profit before tax, of which: | 5 070 227 | | | (1 372 530) | | |
| Theoretical tax | | 1 064 748 | 21 | | (288 232) | 21 |
| Tax non-deductible expenses | 4 821 767 | 1 012 571 | 20 | 167 249 | 35 122 | (3) |
| Revenues exempt from taxation | (11 920 423) | (2 593 289) | (49) | - | - | |
| Other | (377 794) | (79 337) | (2) | (5 518 797) | (1 158 946) | 84 |
| Total | | (505 307) | (10) | | (1 412 056) | 103 |
| Current income tax | | - | | | - | - |
| Deferred income tax | | (505 307) | (10) | | (1 412 056) | 103 |
| Total income tax | | (505 307) | (10) | | (1 412 056) | 103 |

"Other" is related mainly to the superdeduction of research and development expenses for income tax.

I. OTHER ASSETS AND OTHER LIABILITIES

1. Leased assets (the Company as a lessor)

During 2022, the Company leased assets to companies presented in the following table:

| Item | Annual rent | Lease period (years) |
|---|-------------|----------------------|
| Leased assets, of which: | | |
| IT equipment (tablets) for ZSE Energia a.s. | 38 214 | 5 |
| IT equipment (printers) Všeobecná úverová banka, a.s. | 131 795 | 5 |
| IT equipment (laptops, PC, monitors) Slovenské elektrárne, a.s. | 357 611 | 5, 6 |
| IT equipment (printers) Tatra banka a.s. | 119 040 | 5 |

J. RELATED-PARTY TRANSACTIONS

1. Transactions between the Company and its related parties

The Company had transactions with the following related parties:

| Company | Address |
|--|---|
| Slovak Telekom, a.s. | Bajkalská 28, 817 62, Bratislava, Slovak Republic |
| Deutsche Telekom Systems Solutions Slovakia s.r.o. | Žriedlová 13, 040 01, Košice, Slovak Republic |
| Deutsche Telekom Cloud Services s.r.o. | Ružová dolina 6, 821 08, Bratislava, Slovak republic |
| Deutsche Telekom Cloud Services S.R.L | Bulevardul Dimitrie Pompei nr. 9-9A, Iride Business Park, Cladirea 20, etaj 3, Sectorul 2, 020335, Bucharest, Romania |
| Deutsche Telekom Cloud Services GmbH | Rennweg 97-99, 1A-1030 Vienna, Austria |
| Deutsche Telekom Cloud Services EPE | 9 Fragkoklisias Street, 15 125 Marousi of Attica, Greece |
| Deutsche Telekom Cloud Services Kft. | Infopark sétány 3, 117 Budapest, Hungary |
| Deutsche Telekom Cloud Services d.o.o. | Radnička cesta 21, 10000, Zagreb, Croatia |
| Deutsche Telekom Pan-Net Montenegro d.o.o | Ul. Moskovska 29, 81000 Podgorica, Montenegro |
| Deutsche Telekom Cloud Services DOOEL Skopje | Dooel Skopje, Kej 13, Novembri 6, 1000 Skopje, Macedonia |
| Deutsche Telekom Europe Holding GmbH | PG 0593, Landgrabenweg 151, 53227 Boon, Germany |
| T-Mobile Czech republic a.s. | Tomíčková 2144/1, 11 000, Praha 4, Czech Republic |
| T-Mobile Polska S.A. | Str. Marynarska 12, 02-674, Warsaw, Poland |
| Hrvatski Telekom d.d. | R.F. Mihanovica 9, 101 10 Zagreb, Croatia |
| HELLENIC TELECOMMUNICATIONS | KIFISIAS AVE 99, 151 24 MAROUSI, Grécko |
| ORGANIZATION S.A. | KIFISIAS AVE 99, 151 24 MAROUSI, Greece |
| mTrust, s.r.o. | Odborárska 21, 831 02, Bratislava, Slovak Republic |
| VIAMO, a.s. | Odborárska 21, 831 02, Bratislava, Slovak Republic |
| Commander Services s.r.o. | Žitná 23, 831 06, Bratislava, Slovak Republic |

| Transaction | Related party | 2022 | 2021 |
|-------------------------|-----------------------|-----------|-----------|
| Purchase of assets | Parent company | 20 135 | 3 767 |
| | Subsidiary | - | - |
| | Other related parties | - | - |
| Sale of assets | Parent company | - | - |
| | Subsidiary | 906 | 2 293 |
| | Other related parties | 284 | - |
| Purchase of merchandise | Parent company | - | 1 000 |
| | Subsidiary | - | - |
| | Other related parties | - | 19 610 |
| Sale of merchandise | Parent company | 1 206 558 | 184 169 |
| | Subsidiary | 23 464 | 21 165 |
| | Other related parties | 629 230 | 1 694 525 |
| Purchase of services | Parent company | 941 717 | 951 499 |
| | Subsidiary | 26 109 | 31 176 |
| | Other related parties | - | 28 430 |
| Sale of services | Parent company | 909 720 | 962 871 |
| | Subsidiary | 298 739 | 348 707 |
| | Other related parties | 509 557 | 1 039 055 |
| Borrowing interest | Parent company | 67 018 | 4 015 |

| Transaction | Related party | 31 December 2022 | 31 December 2021 |
|---------------------|-----------------------|------------------|------------------|
| Trade payables | Parent company | 35 700 | 24 559 |
| | Subsidiary | - | 16 402 |
| | Other related parties | - | 4 840 |
| Trade receivables | Parent company | 549 078 | 285 254 |
| | Subsidiary | - | 83 596 |
| | Other related parties | 329 328 | 424 282 |
| Deferred expenses | Parent company | 11 288 | 10 957 |
| | Subsidiary | - | - |
| | Other related parties | - | - |
| Accrued income | Parent company | 88 389 | 103 866 |
| | Subsidiary | - | 7 402 |
| | Other related parties | 37 545 | 69 184 |
| Borrowings received | Parent company | - | 1 504 4015 |
| | Subsidiary | - | - |
| | Other related parties | - | - |

2. Income and benefits of members of the statutory, supervisory and other bodies of the Company

Members of the Company's statutory, supervisory and other bodies received no income for the performance of their duties as a member of that body, nor were they granted any loans or guarantees.

K. EVENTS THAT OCCURRED AFTER THE REPORTING DATE

As at 3 March 2023, the 51% co-ownership share owned by Slovak Telekom, a.s. was sold to Ing. Marián Marek. The other co-ownership shares will remain unchanged. In this regard, there were the following changes in Company management:

Ing. Peter Laco - termination of the office of the Statutory Representative as at 3 March 2023

Ing. Michal Brčák - termination of the office of the Statutory Representative as at 3 March 2023

Ing. Robert Genszký - termination of the office of the Procura-holder as at 3 March 2023

Ing. Radovan Ambruš - start of the office of the Procura-holder as of 25 March 2023

Michal Bróska - start of the office of the Procura-holder as of 25 March 2023

Except for the above, no other events occurred that would require recognition or disclosure in the 2022 financial statements.

L. CASH FLOWS STATEMENT

The following expressions have the following meanings as regards information in the cash flow statement:

- Cash: cash, cash equivalents, cash in bank or branches of foreign banks, bank overdrafts and cash in transit relating to a transfer between a current account and cash on hand or between two current accounts,
- Cash equivalents: current financial assets exchangeable for a fixed amount of cash where, at the reporting date, there is no risk of a significant change in value in the next three months, i.e. term bank deposits with a notice period not exceeding three months, liquid securities designated for trading, priority shares acquired by the reporting entity and payable within three months of the reporting date.

The Company applied the indirect method when creating the cash flow statement:

| Item | 2022 | 2021 |
|--|-------------|-------------|
| Profit/(loss) prior to taxation | 5 070 226 | (1 372 530) |
| Adjustments for non-cash transactions: | | |
| Depreciation/amortisation of non-current assets | 1 605 040 | 1 439 068 |
| Inventories write-off | 741 | 16 563 |
| Change in provision for receivables | (3 831) | (6 658) |
| Change in provision for inventories | (1 511) | (12 968) |
| Change in provisions for liabilities | (227 667) | 308 195 |
| Interest expense (net) | 67 018 | 4 015 |
| Loss / (gain) from the sale of non-current assets | (6 795 960) | (23 847) |
| Revenues from non-current financial assets | (600 000) | - |
| Other items not included in non-cash transactions | - | - |
| Profit from operating activities before changes in working capital | (885 944) | 351 838 |
| Changes in working capital: | | |
| Decrease (increase) of trade and other receivables, accruals and deferrals | 1 883 427 | 417 358 |
| Decrease (increase) of inventories | 121 027 | (62 554) |
| (Decrease) increase of payables, accruals and deferrals | 1 521 266 | (2 854 464) |
| Operating cash flows | 2 639 776 | (2 147 822) |
| Cash flows from operating activities | | |
| Operating cash flows | 2 639 776 | (2 147 822) |
| Interest paid | (67 018) | (4 015) |
| Interest received | - | - |
| Corporate income tax received / (paid) | - | 297 124 |
| Dividends paid | - | (269 116) |
| Net cash flows from operating activities | 2 572 758 | (2 123 829) |
| Cash flows from investing activities | | |
| Purchase of non-current assets | (1 404 030) | (1 645 564) |
| Income on the sale of non-current assets | 6 812 951 | 52 122 |
| Acquisition of financial investments | 4 527 286 | - |
| Dividends received | 600 000 | - |
| Net cash from investing activities | 10 536 207 | (1 593 442) |
| Cash flows from financing activities | | |
| Receipts / (repayments) of bank loans and borrowings | 8 020 | (588) |
| Receipts / (repayments) of borrowings from group companies | (1 504 015) | 1 504 015 |
| Net cash from financing activities | (1 495 995) | 1 503 427 |
| Increase (decrease) in cash and cash equivalents | 11 612 970 | (2 213 844) |
| Cash and cash equivalents at the beginning of the reporting period | 3 253 518 | 5 467 362 |
| Cash and cash equivalents at the end of the reporting period | 14 866 488 | 3 253 518 |

PosAm, spol. s r.o.

INDEPENDENT AUDITOR'S REPORT

To the Partners and Executives of PosAm, spol. s r.o.:

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of PosAm, spol. s r.o. (the "Company"), which comprise the balance sheet as at 31 December 2022, and the income statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2022, and its financial performance for the year then ended in accordance with the Act on Accounting No. 431/2002 Coll. as amended (the "Act on Accounting").

Basis for Opinion

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

Other Matter

The financial statements of PosAm, spol. s r.o. for the year ended 31 December 2021 were audited by another auditor who expressed an unqualified opinion on the financial statements on 8 March 2022.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

This is a translation of the original auditor's report issued in the Slovak language to the accompanying financial statements translated into the English language.

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Report on Information Disclosed in the Annual Report

The statutory body is responsible for information disclosed in the annual report prepared under the requirements of the Act on Accounting. Our opinion on the financial statements stated above does not apply to other information in the annual report.

In connection with the audit of financial statements, our responsibility is to gain an understanding of the information disclosed in the annual report and consider whether such information is materially inconsistent with the financial statements or our knowledge obtained in the audit of the financial statements, or otherwise appears to be materially misstated.

We assessed whether the Company's annual report includes information whose disclosure is required by the Act on Accounting.

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

- Information disclosed in the annual report prepared for 2022 is consistent with the financial statements for the relevant year; and
- The annual report includes information pursuant to the Act on Accounting.

Furthermore, based on our understanding of the Company and its position, obtained in the audit of the financial statements, we are required to disclose whether material misstatements were identified in the annual report, which we received prior to the date of issuance of this auditor's report. There are no findings that should be reported in this regard.

Bratislava, 4 May 2023



Ing. Peter Jaroš, FCCA
Responsible Auditor
Licence UDVA No. 1047

On behalf of
Deloitte Audit s.r.o.
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