# Annual Report

## 2019

*Sharing the best*
*for your cards success*

RPC

## Contents


Statement of Executive Director and General Manager 3
Company Profile 4
Introduction: 10 years of RPC 5
RPC Clients 6
Activities 7
2019 in Figures 12
Security & Business Continuity 13
IT 14
Human Resources 15
Finance 17
Distribution of profit for the year 2019 18

# Statement of Executive Director and General Manager

*Dear Business Partner and Clients,*

A year of financial success and business growth also saw our 10th anniversary as a 100% subsidiary of the RBI Group – RPC s.r.o. was established as a subsidiary of RBI in 2009.

Together with our valued and loyal customers, partners and employees, we celebrated our incredible success story. From the 1st credit card in Slovakia to a company servicing 9 countries of the RBI Group, employing more than 170 employees, processing more than 5.3 million cards and almost 700 million transactions per year.

The POS acquiring business continues to be a significant contributor to our overall results with 215 million transactions on more than 32,500 terminals, which is also an all-time high.

The newly established digital program RaiPay, which was developed in-house, is servicing already 4 countries and 120,000 customers with an average of 13.5 transactions per month per user.

In additional to that, we have been implementing Apple Pay, Google Pay, Fitbit Pay and Garmin Pay for our customers.

High availability is a crucial success factor for the card business and will remain one of our top priorities. Therefore, investments and activities in this area continued in 2019 and we will continue to remain a reliable and stable partner for all (current and new) customers and volumes.

The new R&D team will additionally support the transformation from a pure processing centre to an innovation hub for cards and digital payments.

We continued successfully with the strategic migration program for both issuing and acquiring, currently the whole acquiring business is already up and running on the new Way4 platform while the issuing migrations to the target platform are well underway.

Substantial growth and increasing responsibility in digital payments allowed us to expand our office space in Blumenthal earlier than expected. We now have 3 floors of modern and state-of-the-art open space offices for our employees.

Thanks to our overall growth and digital success, we are an even more interesting player on the Slovak IT labour market. We started our own training program for university graduates. RPC is an important and sought-after employer for talent as well as senior experts. We can also be proud of our lowest turnover rate in the last 5 years.

While COVID-19 is currently changing the world and our way of work due to home office and virtual meetings, we are playing a vital part for society by keeping card processing stable and available. This challenging situation shows that all our investments in security and business continuity management are now bearing fruit. You can rely on RPC!

We would like to thank all our customers and partners for their co-operation and trust. This success was only made possible by the hard work and commitment of our employees. Their dedication guarantees and generates the outstanding performance of RPC.

*Birgit Rohrhofer*
*General Manager & Executive Director*

# Company Profile

**RPC is a shared service centre of Raiffeisen Bank International AG ("RBI") that provides services regarding the issuing and acquiring of payment cards to banks that are members of the Group.**

**RPC was incorporated in 2000 as a division of Tatra banka, a. s., Slovakia. It began to provide services to other banks and expanded its service portfolio, which led to the establishment of an independent company, RPC. The sole owner of RPC is Raiffeisen Bank International AG, with its registered office at Am Stadtpark 9, 1030 Vienna, Austria.**

## Basic identification data of the Company

**Company name:**
Regional Card Processing Centre, s. r. o.
**Company registered in:**
Business Register of Bratislava I District Court, Section Sro, File No. 55989/B
**Legal form:**
Private limited liability company
**ID No.:**
44 548 605
**Registered capital:**
EUR 539,464.78
**Headcount:**
174 (as at 31 December 2019)

## Contact details

**Company's registered office:**
Nám. Mateja Korvína 1,
811 07 Bratislava,
Slovak Republic
**Telephone:** +421 2 59 19 3 601
**Fax:** +421 2 59 19 3 614

## Company bodies

**Supervisory Board**

**Markus Stanek**
Chairman of the Supervisory Board,
Raiffeisen Bank International, AG, Vienna

**Anton Romanchuk**
Member of the Supervisory Board,
Ukrainian Processing Centre, Kiev

**Gijsbert Van Der Poel**
Member of the Supervisory Board,
Raiffeisen Bank International, AG, Vienna

**Executive Director**

**Birgit Rohrhofer**
Chief Executive Officer

**Gerald Kubu**
Deputy Chief Executive Officer
(until 28 February 2019)

**Werner Kaltenbrunner**
Deputy Chief Executive Officer
(since 30 April 2019)

# Introduction: 10 years of RPC

**2000**
- RPC founded as part of Tatra banka
- Live in-house processing
- First credit card in Slovakia

**2001**
- First international client
- First revolving credit card in Croatia

**2002**
- Inauguration of regional card processing centre
- Eliot - internet bank in Slovakia

**2003**
- First revolving credit card in RB Romania
- Award as first SMS card service in Europe
- RB Czech Republic becomes an RPC customer

**2004**
- First credit card in RB Albania
- RB Serbia becomes an RPC customer

**2006**
- Chip cards in Tatra banka

**2007**
- Instalments on credit card in RB Romania
- RB Bulgaria and RB Kosovo become an RPC customer

**2008**
- Euro conversion in Slovakia

**2009**
- **RPC s.r.o. established as a subsidiary of RBI**

**2010**
- Contactless MasterCard and Visa cards in Slovakia

**2011**
- Central processing platform project approved
- Service desk operations started

**2012**
- First mobile contactless in Visa EU
- First instant card issuance in Slovakia
- RBI becomes an RPC customer

**2013**
- New processing platform
- 3D Secure service implementation
- 24×7 Fraud risk management

**2014**
- First in Slovakia – mobile point of sale (mPOS)

**2015**
- Dynamic Currency Conversion service introductions

**2016**
- 4,000,000 cards from 10 banks
- Cloud-based payments launch

**2017**
- 4,500,000 cards milestone reached
- 25,000 POS terminals
- Processing 40,000,000 transactions monthly

**2018**
- Digital team setup
- Move to new premises in Blumental Offices

**2019**
- Open API project started
- RaiPay app launched in 4 countries
- 10th anniversary of RPC as a separate entity

# RPC Clients

RPC is a shared service centre and provides payment card issuing services to a stable portfolio of clients comprised of nine banks within the Group:

- Albania – Raiffeisen Bank SH. A.
- Austria – RBI Austria
- Bulgaria – Raiffeisenbank (Bulgaria) E.A.D.
- Croatia – Raiffeisenbank Austria d.d.
- Czech Republic – Raiffeisenbank, a.s.
- Kosovo – Raiffeisen Bank Kosovo
- Romania- JSC Romania – Raiffeisen Bank S.A.
- Serbia – Raiffeisen banka a.d.
- Slovakia – Tatra banka, a. s.

In the merchant acquiring segment, RPC is increasing its number of clients. Currently, the service is provided to the following banks:

- Bulgaria – Raiffeisenbank (Bulgaria) E.A.D.
- Croatia – Raiffeisenbank Austria d.d. (since the end of 2019)
- Kosovo – Raiffeisen Bank Kosovo JSC
- Slovakia – Tatra banka, a. s.

RaiOps fraud risk monitoring services are provided to two banks – RBI Austria and Tatra banka, a.s.
RPC provides digital payments solutions (RaiPay, Apple Pay, Google Pay, Garmin Pay a FitBit Pay) to the following clients:

- Bulgaria – Raiffeisenbank (Bulgaria) E.A.D.
- Czech Republic – Raiffeisenbank, a.s.
- Romania – Raiffeisen Bank S.A.
- Serbia – Raiffeisen banka a.d.
- Slovakia – Tatra banka, a. s.

RPC's key role in service delivery is to guarantee banks' high quality, efficiency and security of provided services, while decreasing the costs of card services by providing unified services throughout the Group.

# Activities

**RPC currently provides the respective banks with services related to issuing and acquiring payment cards on the original PayWare card platform and the newly implemented Way4 platform, to which payment card and POS terminal portfolios are gradually being migrated. RPC also acquires new portfolios previously processed by banks outside the Raiffeisen Group.**

Our focus in previous years was reliability, stability and the continual availability of our services. These principles did not change in 2019, but we also added new technologies, solutions, services and developed and modified the existing solutions. We successfully managed all this during the year, thanks to which RPC made another significant step forward.

**Increasing focus on digital payments and innovative solutions in cooperation with technology leaders, such as Visa, MasterCard, Apple and Google have transformed RPC from a shared service centre to a technology competence payment card centre.**

## PayWare Platform

In accordance with the approved migration strategy, RPC did not develop special software for the PayWare platform and all activities concerning new functionalities were directed to the Way4 platform. The only exception was configuration modifications of the card platform to ensure compliance with business requirements of the respective banks and authorization requirements of card schemes and regulators.

A separate group of implemented change requirements comprised bank requirements leading to optimised operating expenses and automated processes. As part of this group, RPC developed and implemented online interfaces to simplify card management of internet and mobile banking. Initiatives under the Digital Strategy were, in view of their strategic importance, implemented on the PayWare platform. The projects implemented in this area included Apple Pay and the Raiffeisen Group payment application – RaiPay.

## Way4 Platform

RPC continuously expands the range and quality of services and functionalities provided via the Way4 card platform to decrease costs of issuing and acquiring payment cards in order to offer a competitive advantage on local markets and for the RBI Group as a whole.

The most significant activities on the Way4 platform included those related to digital payments. In 2019, the support for NFC-tokenized transactions, for the RaiPay payment application for RB Bulgaria, was implemented on the Way4 platform for the first time. Similar projects were developed for Apple Pay for RB Bulgaria, Garmin Pay for RB Austria and RaiPay for RB Serbia.

In 2019, in cooperation with other partners and card suppliers, RPC delivered to RB Albania wearable cards in the form of bracelets, key rings or stickers enabling contactless payments. The project successfully increased the bank's visibility on the local market.

RPC implemented the functionality of card PIN delivery via SMS for RB Bulgaria achieving cost savings on printing and sending PIN envelopes.

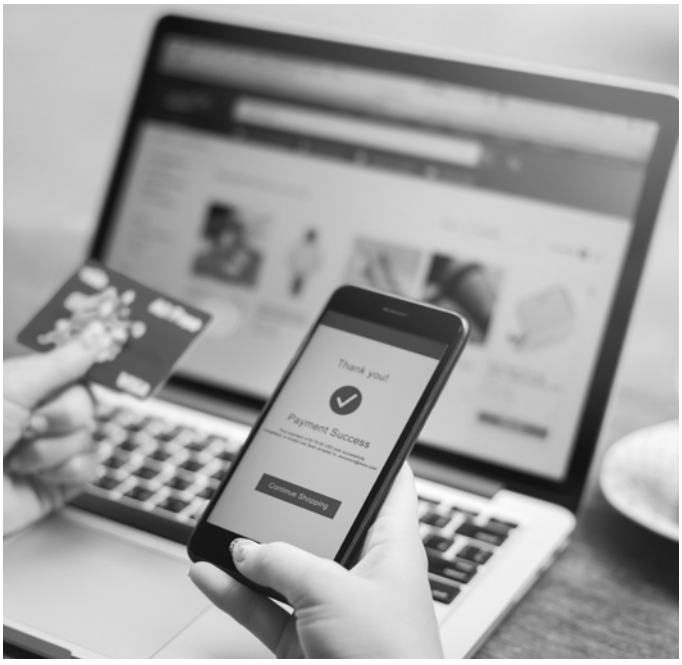
## Way4 Migrations

RPC's long-term strategy is to migrate all clients from the original PayWare to the new Way4 platform, with migrations taking place since 2012.

In line with this strategy, the migration of Tatra banka's POS terminals continued in 2019, with a successful migration of almost all 17,000 POS terminals.

During the year, RPC completed the project of acquiring migration of RB Croatia followed by gradual migration of POS terminals to the Way4 platform. In this case, it was not migration from the PayWare platform, but a portfolio transfer from an external provider.

Issuing migrations included the launch of projects with RB Albania and RB Serbia followed by card migrations from PayWare to the Way4 platform.



## Open API

One of the key projects launched in 2019 was a long-term implementation of the Open API project that allows applications to be built with an emphasis on robustness and scalability. This project is an important part of issuing migrations and ensures interconnection of card systems with the systems of individual banks and third parties. It will also serve as an interface for the provision of data and services for the future versions of the RaiPay payment application.

## PSD2 and GDPR

During the year, changes related to PSD2 were also implemented. The Directive aims to facilitate the entry of new payment service providers into the market and lay down rules according to which these entities will be able to provide payment services to end users.

As part of PD2 compliance activities, RPC implemented the Strong Customer Authentication (SCA) and 3D-Secure 2.x support and made changes to ensure compliance with the GDPR.

## Technical Services

The provision of card services includes fraud risk monitoring (FRM) and dispute management. The RPC FRM works 24x7, analysing, improving and updating risk rules to respond to a rapidly changing situation and possible credit card abuse scenarios.

As part of dispute management, the complaints team, thanks to extensive experience with handling chargebacks, achieved a high percentage of winning cases. Our team of dispute experts shares their know-how with other RPC teams, allowing for problem-free addressing of incidents and issues raised client banks.

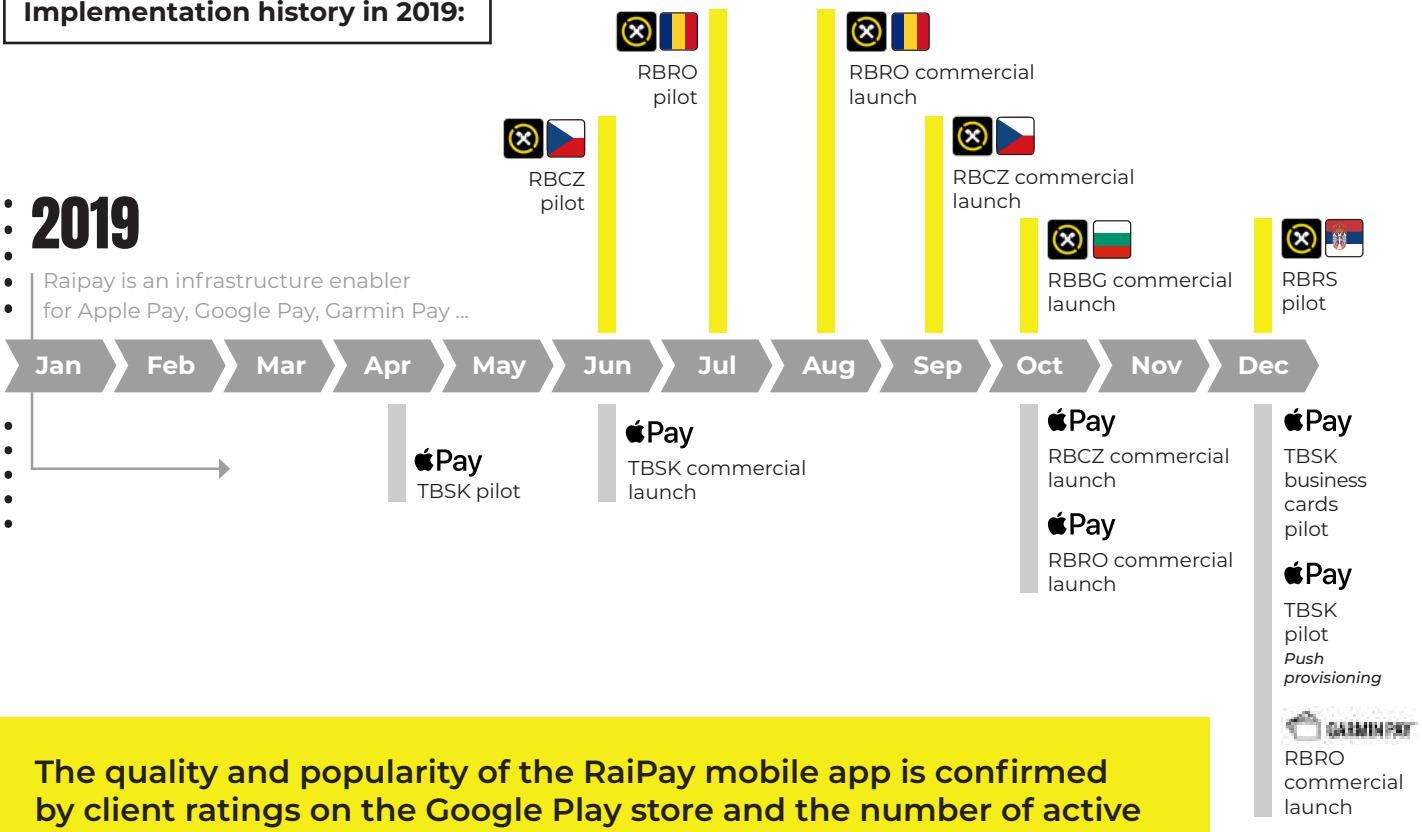
## Digital Payments

The digital segment, which involves the transfer from plastic payment cards to digital, mostly via a mobile app, is a key element by which RPC substantially increases the attractiveness of its services.

In 2019, RPC created an effective action team, which undertook implementation for the RBI Group in Romania, Czech Republic, Slovakia and Bulgaria in record time.

We have also registered the interest of other banks within the Group in active participation in this successful digital project. The core RaiPay mobile app meets the strictest security and quality requirements of our clients.

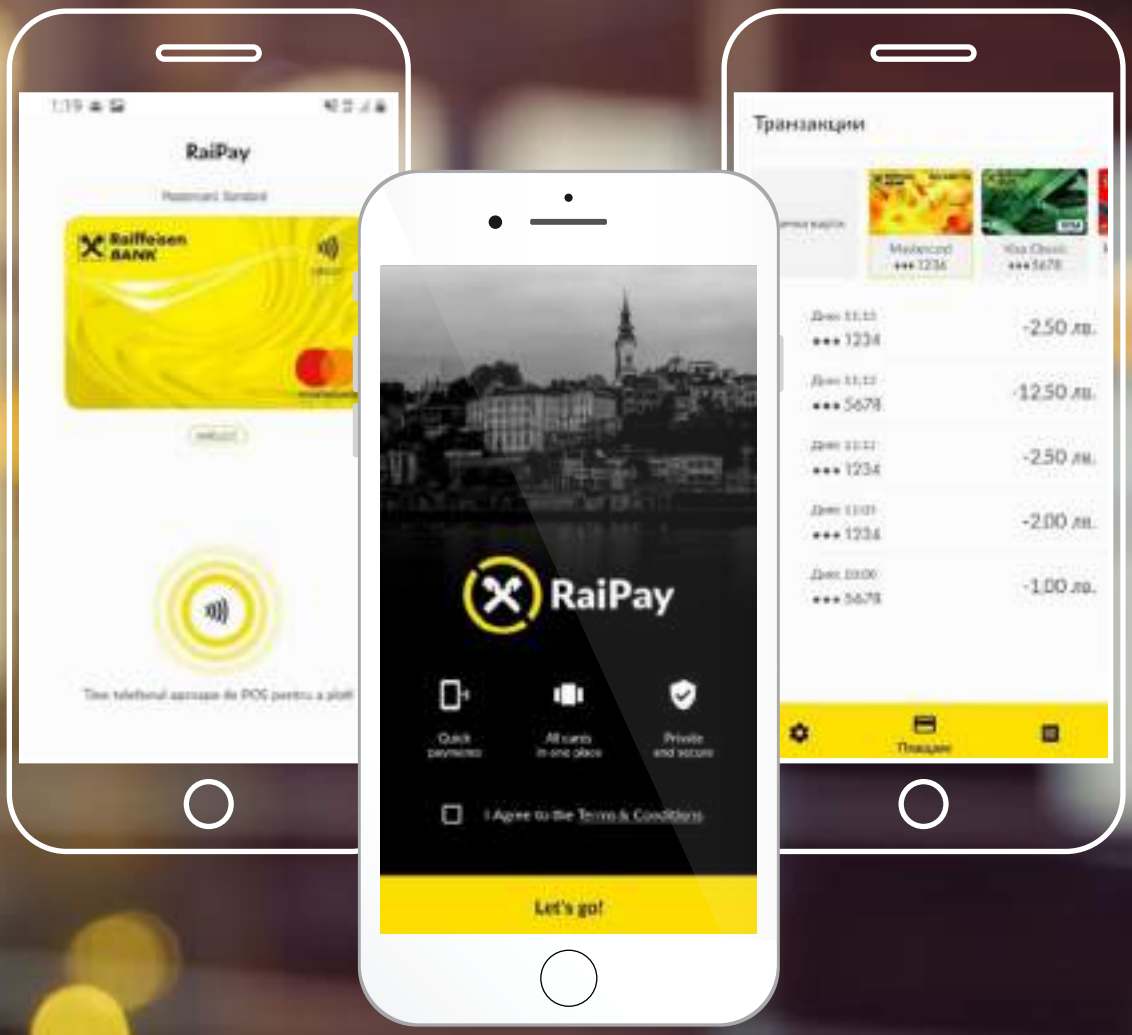
**Implementation history in 2019:**




**The quality and popularity of the RaiPay mobile app is confirmed by client ratings on the Google Play store and the number of active clients in each country. At the end of 2019, more than 120,000 cards had been registered in RaiPay apps, with an average rating score of 4.7/5**

In addition to RaiPay, RPC also provides back-end services for Apple Pay, Google Pay, Garmin Pay and other apps.

**Screenshots from the RaiPay app developed by RPC for RBI banks:**




In 2020, RPC will continue to develop the digital program for all countries within the Raiffeisen Group and expand the offer of innovative services in this area.

## Research and Development

In 2019, RPC launched research and development activities to identify innovative ideas, create new ideas, examine their feasibility and carry out introductory pre-implementation preparation (prototyping).

The task is to monitor trends in digital payments and new digital banks (neobanks) regarding card products and propose their use at RPC. An important activity is the support and innovative development of existing activities related to digital payments, above all, the RaiPay app.

# 2019 In Figures

**The growing popularity of contactless transactions is a significant factor influencing the growth in the number of transactions for several years. In 2019, this was accompanied by an increase in the number of mobile tokenized transactions.**

In 2019, RPC processed over 650 million transactions, a year-on-year increase of 18%. 333 million transactions were conducted by debit card (+20%) and 114 million by credit card (+14%).

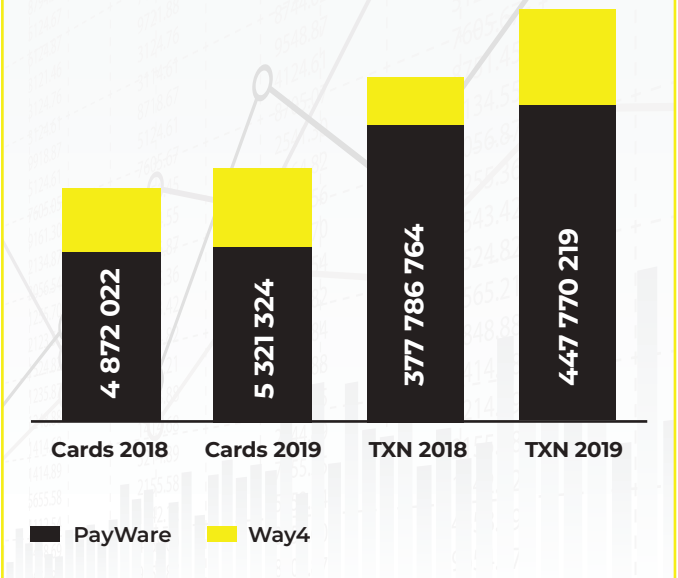
215 million transactions were executed via POS terminals, a year-on-year increase of 16.8%.
At the end of 2019, RPC managed 5.3 million payment cards with a year-on-year increase of more than 9%.

Of the total, 3.6 million (67%) were debit cards and 1.7 million (33%) were credit cards and the number of debit cards grew faster.

The total number of POS terminals managed by RPC at the end of 2019 increased to nearly 33,000. This was a 6.9% increase compared with the year before and was mainly the result of portfolio growth in RB Bulgaria.

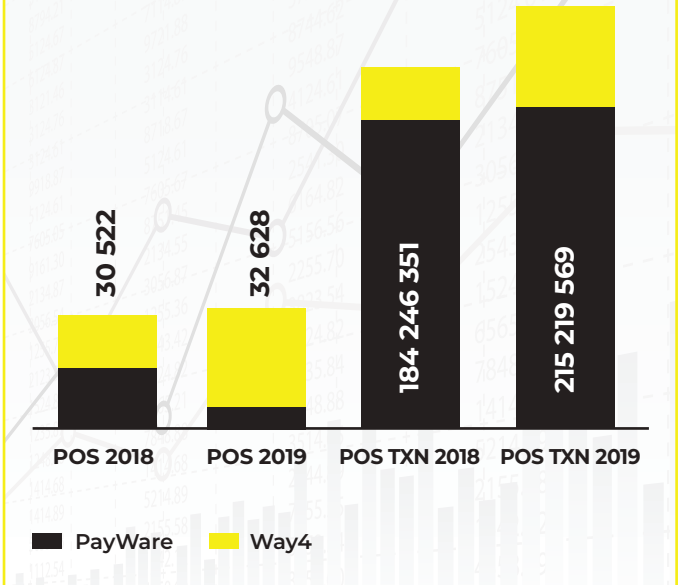
**Development of processed volumes of cards and card transactions**

2018 vs 2019 per card platform




**Development of processed volumes of POS terminals and POS transactions**

2018 vs 2019 per card platform



# Security and Business Continuity

**2019 brought new challenges related to data processing security and ensuring availability of provided services. In 2019, in cooperation with our parent company, Raiffeisen, RPC improved and implemented security measures, which were verified by several security audits.**

**In 2019, RPC was awarded the PCI DSS Certificate – the highest security standard in the card segment for both of its card management platforms.**

During 2019, RPC successfully underwent several security penetration tests.

RPC completed specialised testing and training to improve our response in the event of a security incident in cooperation with an external company. RPC conducted 2 successful disaster recovery tests on both card platforms.

In the second half of 2019, RPC successfully completed an exercise using the premises of the backup site.

cipher
a PROSEGUR company

CERTIFICATE OF COMPLIANCE

CIPHER has assessed the company

RPC

and confirm the company is compliant with the

**Payment Card Industry Data Security Standard (PCI-DSS)**

Category: Service Provider

| 09/20/2019 | 3.2.1 | 09/20/2020 |
|---|---|---|
| Certificate Issue Date | Version | Compliance Expiration Date |

Trusted Advisor

PCI-DSS cipher 2019 COMPLIANT

General conditions:
1. This certificate is valid for one year from its issue date.
2. This certificate ensures the company was assessed and found to be compliant on the issue date with the PCI DSS.
3. This certificate do no grant the company or any other entity is safe and will not suffer any security incidents.
4. CIPHER would no be liable for any data lost, theft, breach nor for any other information security violation or incident within the company.

# IT

**In 2019, we launched a strategic Open APIs project involving the implementation of a new middleware layer built on modern microservice technology. In the first year of implementation, we launched an online service solution for our customers based on technologies such as REST/JSON and microservice architecture. This solution allowed us to support extensive expansion of online digital services that are a priority area for further development and growth of RPC. The Open API creates conditions for problem-free integration with customers' bank systems, and mainly serves as the basis for the services related to digital payments and the RaiPay payment app.**

We successfully completed the RPC data warehouse platform project for the Way4 system. All existing reports are being migrated to the data warehouse and do not burden the production systems.

Authorisation Integration Module (AIM) is a key platform for RPC to ensure integration between clients, third parties and RPC systems at online authorisation services. In 2019, it enabled the integration of several banks without changing the software at clients.

Thanks to activities to increase the availability and performance of the Way4 system, we increased the availability of authorisation to 99.95% for Way4 issuing and acquiring at the end of the third quarter.

For the Way4 platform, we upgraded Oracle Clusterware and the database version to 18c, implemented a new load balancer solution on the Netscaler technology, upgraded Windows OS to version 2016 and prepared new virtualised environments for upcoming projects.

In October, we relocated one of the main data centres in Vienna and increased the performance, capacity and availability of the disk subsystem. All these activities were carried out without service outages or with a minimal impact on services.

We restored the backup subsystem on the PayWare platform using a new DELL-EMC Datadomain disk technology, a prepared backup solution for the most important authorisation channels between Bratislava and Vienna via VPN (CPP-AIM). We also began migration of GUI services to data centres in Vienna and prepared the conditions for relocating the DC in Bratislava in addition to a change of hosting/housing partner.

With respect to IT suppliers, we achieved cost savings on the hosting and housing services for the platform. We also maintained the positive trend of year-on-year cost decreases for the PayWare platform and ended 2019 with the lowest costs over the last 5 years.

A priority for 2020 will be to continue to ensure high stability and availability of both card platforms, however, we will primarily focus on stability before, during and after the deployment of new releases.

# Human Resources

**Recruitment and hiring focused on setting up an effective process for hiring employees, retaining current employees, searching for qualified candidates and providing adequate remuneration. We shortened the recruitment process from the publication of an advertisement to acceptance of an offer by a candidate.**

As part of the remuneration system, we defined new grades in the organisational structure and updated the structure of benefits in the following areas:

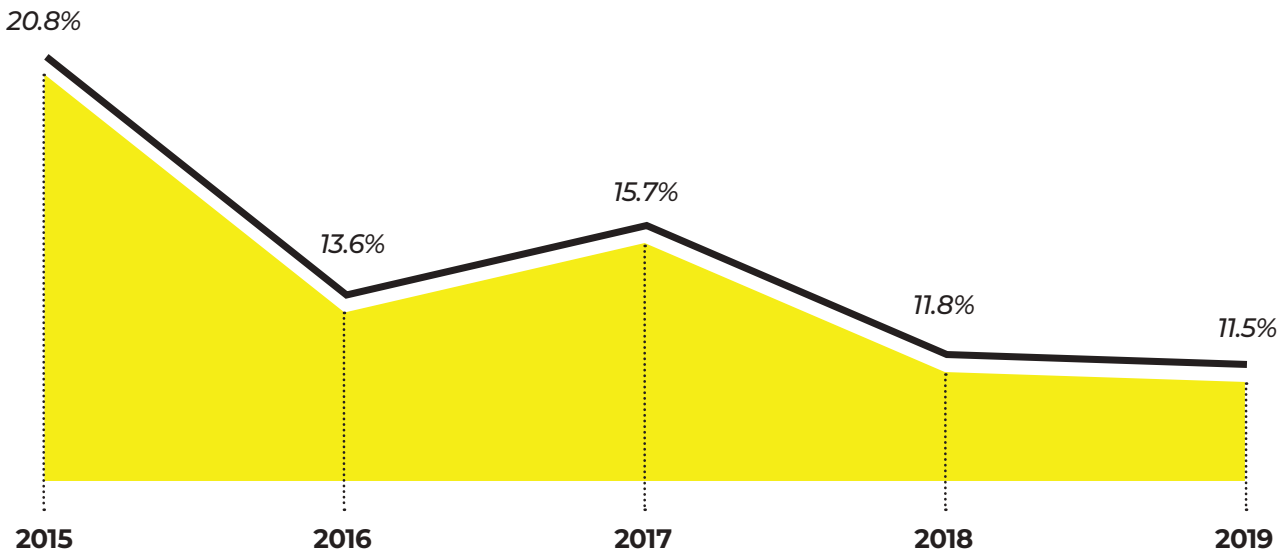
**Work-life balance** | **Health** | **Finance** | **Bank products**

Concerning people development, a successful internal training program, RPC Academy, was introduced, under which experienced colleagues share their know-how with other employees.

## Structure of Employees

There was a decrease in staff turnover to 11.5% in 2019, the lowest level for the last 5 years. Despite a competitive hiring market, we succeeded not only in retaining, but also in attracting new experts and talents.

**Employee turnover**

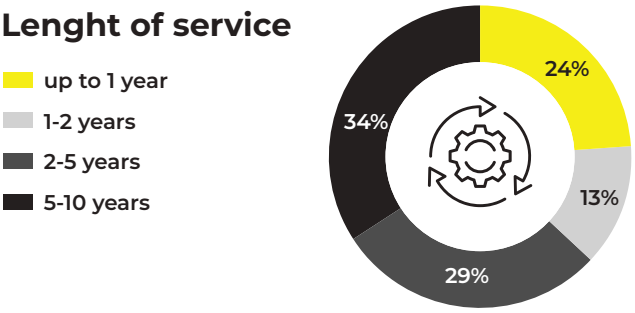


During 2019, headcount increased from 157 to 174. We built a successful digital team delivering innovative digital technology services.

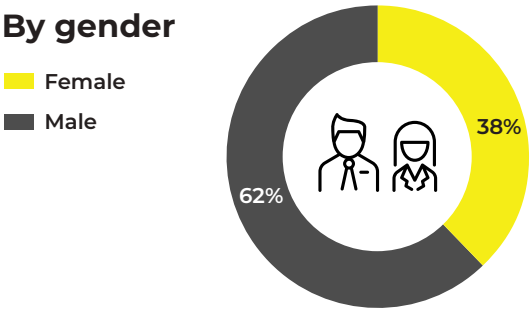
Most of our employees have worked at RPC for more than 2 years, which means that the Company employs people that are experts in their respective area, know the firm and are loyal. This gives RPC a good base to build a successful firm and retain trained employees.

The gender ratio in 2019 was 62% men to 38% women, which represents an increase of 5% in women compared to the previous year. This reflects the trend of increasingly more women showing interest in the IT segment.

## Lenght of service




## By gender



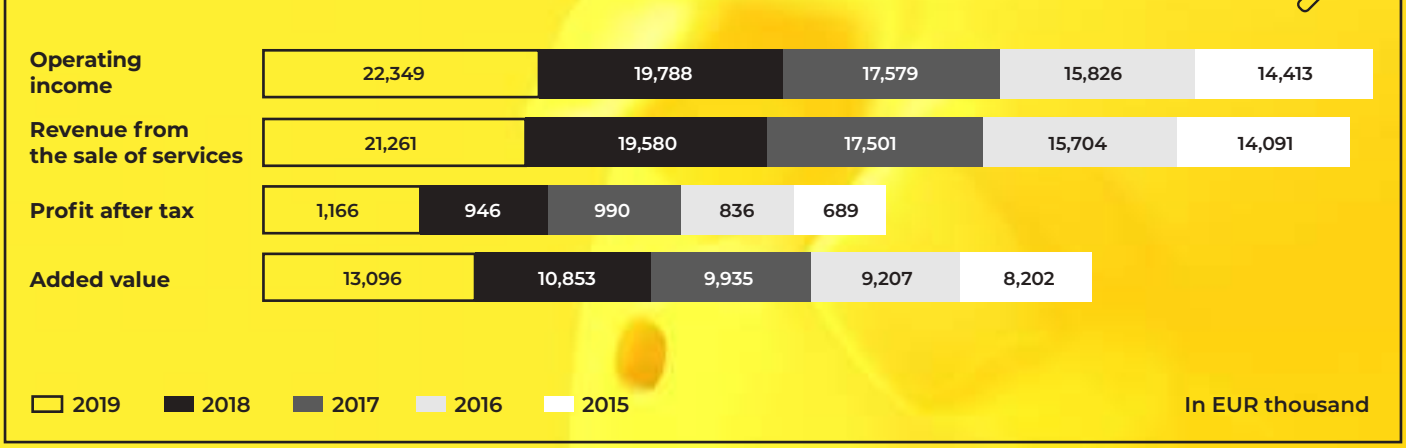
# Finance

## Financial Results

2019 was a very successful year in terms of achieved economic results and reflects the successful operation of the Company in all areas. In addition to payment card processing and merchant acquiring transactions, which are a stable aspect of our business, we launched a digital project with great success. It contributed to the excellent results in the first year. We expect high interest in new digital services to become one of our major sources of revenue.

In 2019, we recorded an increase in all indicators. Profit before tax of EUR 1,557,000 grew 28% compared to the previous year. Production revenues totalled EUR 21,261,000, a year-on-year increase of 9%. The highest revenues of EUR 17,699,000 were generated from transaction processing and related services. These figures confirmed the continuing and continually increasing trend of using payment cards. A significant group of revenues includes revenues from project activities totalling EUR 2,535,000. Other revenues, including fraud risk monitoring services and the starting digital services, totalled EUR 972,000.

### Financial Indicators




The main investment activities were focused on the program of migration of acquiring portfolios to our Company, which had been running since 2016. Its completion in 2020 will benefit all partner banks. Effective processing at one location will bring significant cost reductions for this service.

Investments in 2019 totalled EUR 3,845,000, an increase of 68% compared to 2018, when the investment was EUR 2,293,000. The largest part of this item was channelled into the digital program and migration of acquiring portfolios. Research and development costs of EUR 1,083,000 were capitalised in relation to digital projects and migration of acquiring portfolios.

From financial perspective the company is constantly stable. It provides an environment suitable for further development and implementation of new technologies in accordance with the Company's strategy. The Company used a loan for its funding, with an outstanding balance of EUR 1,400,000 as at 31 December 2019.

# Distribution of profit for the year 2019

In the financial year 2019 (ending as of 31 December 2019), the RPC Company attained the profit after tax of **EUR 1 166 036,98**.

The General Meeting to be held on 28 April 2020 will approve the Financial Statements of the Company in accordance with the Commercial Code and it will also decide on the distribution of profit attained in the year 2019 as follows:

- to credit the amount of **EUR 1 166 036,98** into the account 428 – Retained profit for the previous years

The General Meeting will also approve the submitted Annual Report for the Financial Year 2019.

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*In the period between the date of issue of the Report of an Independent Auditor and the date of issue of the Annual Report for the Financial Year 2019, no changes occurred in the RPC Company that would be subject to the mandatory recording in the Business Register of the District Court of Bratislava I.*

*The Company is thoroughly following the development of COVID-19. In limiting the effects, the Company follows and observes the business continuity protocols. Crisis team has been appointed to follow up regular updates from local, Slovak sources, and also Group recommendations. Set of measures have been already implemented, such as wide communication, higher hygienic rules, ban on business trips, home office for all staff. The Company has sufficient credit lines and does not expect to have issues in meeting its obligations when they come due. The Company has sufficient capacity to run all business activities and deliver services to the clients in proper time and quality, currently without any impact to financial results. Ongoing migration projects reimain on the MUST project list of the RBI board. Development of the payment cards is monitored on regular basis. No additional investments have been identified. The Company has analyzed the risks and severe but plausible scenarios and concluded that there is no material uncertainty related to going concern. To keep informed ECB authorities, regular weekly reporting is in place.*

*We also declare that the Company is unaware of any risks or uncertainties that would have a negative impact on its economic performance and future existence. The Company´s activities are in compliance with the applicable laws and local regulations and it exerts no negative impact on the environment, nor does it perform any activities in the research and development field. The RPC Company has no organization unit registered abroad. The Company has not obtained any equity shares, temporary shares, business shares nor any shares of the parent company.*

# Regional Card Processing Centre, s.r.o.

Independent Auditors' Report
and Financial Statements
as at 31 December 2019

(Translation)

# Contents

Independent auditors' report

Financial statements as at 31 December 2019

**KPMG Slovensko spol. s r.o.**
Dvořákovo nábrežie 10
P.O.Box 7
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Slovakia

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Telephone +421 2 59984 111
Fax +421 2 59984 222
Internet www.kpmg.sk

Translation of the Auditors' Report originally prepared in Slovak language

# Independent Auditors' Report

To the Owner and Directors of Regional Card Processing Centre, s.r.o.

## Report on the Audit of the Financial Statements

*Opinion*

We have audited the financial statements of Regional Card Processing Centre, s.r.o. ("the Company"), which comprise the balance sheet as at 31 December 2019, the income statement for the year then ended, and notes, 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 2019, and of its financial performance for the year then ended in accordance with the Act No. 431/2002 Coll. on Accounting as amended ("the Act on Accounting").

*Basis for Opinion*

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section. We are independent of the Company in accordance with the ethical requirements of the Act No. 423/2015 Coll. on statutory audit and on amendments to Act No. 431/2002 Coll. on accounting as amended ("the Act on Statutory Audit") including the Code of Ethics for an Auditor 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.

*Responsibilities of the Statutory Body and Those Charged with Governance for the Financial Statements*

The statutory body 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 the statutory body 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, the statutory body 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 the statutory body either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

KPMG Slovensko spol. s r.o., a Slovak limited liability company, is a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

IČO/Registration number: 31 348 238

Evidenčné číslo licencie audítora: 96
Licence number of statutory auditor: 96

Obchodný register Okresného súdu Bratislava I, oddiel Sro, vložka č. 4864/B

Commercial register of District court Bratislava I, section Sro, file No. 4864/B

*Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism 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 the statutory body.

- Conclude on the appropriateness of the statutory body's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 auditors' 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 auditors' 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.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**Report on Other Legal and Regulatory Requirements**

*Reporting on Information in the Annual Report*

The statutory body is responsible for the information in the Annual Report prepared in accordance with the Act on Accounting. Our opinion on the financial statements, mentioned above, does not cover other information in the Annual Report.

In connection with our audit of the financial statements, our responsibility is to read the Annual Report and, in doing so, consider whether the other information is materially inconsistent with the audited financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

The Annual Report of the Company was not available to us as of the date of this auditors' report.

When we obtain the Annual Report, we will consider whether it includes the disclosures required by the Act on Accounting, and, based on the work undertaken in the course of the audit of the financial statements, we will express an opinion as to whether:

- the information given in the Annual Report for the year 2019 is consistent with the financial statements prepared for the same financial year; and

- the Annual Report contains information according to the Act on Accounting.

In addition, we will report whether we have identified any material misstatement in the Annual Report in light of the knowledge and understanding of the Company and its environment that we have acquired during the course of the audit of the financial statements.

25 March 2020
Bratislava, Slovak Republic

Auditing company:
KPMG Slovensko spol. s r.o.
License SKAU No. 96

Responsible auditor:
Ing. Petra Černáková
License UDVA No. 1120

# FINANCIAL STATEMENTS

of entrepreneurs maintaining accounts under the system of double entry bookkeeping

as of 31.12.2019

## Accounting entity

### Identification data

| Tax identification number | Identification number | SK NACE * |
|---|---|---|
| 2022734186 | 44548605 | 66.19.0 |

### Accounting entity

[ ] small [X] large

Legal name(designation) of accounting entity

Regional Card Processing Centre, s. r. o.

### Register office of accounting entity

| | | | |
|---|---|---|---|
| Street | Námestie Mateja Korvína | Number | 1 |
| Zip code | 81107 | Municipality | Bratislava |
| Telephone number | 0 | Fax number | 0 |
| E-mail address | 0 | | |

Designation of the Commercial Register and company registration number

Okresný súd Bratislava I, Oddiel: Sro, Vložka číslo: 55989/B

## Financial Statements

### Type

✓ ordinary Prepared on: 25.3.2020

[ ] extraordinary

[ ] interim Approved on:

Signature of the statutory body of the accounting unit or directors of the entity or signature of the person who is reporting enterprise:

### Attached parts od the financial statements

✓ Balance Sheet (Uč POD 1-01) (whole euros)

✓ Income Statement (Uč POD 2-01) (whole euros)

✓ Notes to the FS(Uč POD 3-01) (in whole euros)

### For the period

**from**

Month: January Year: 2019

**to**

Month: December Year: 2019

### Preceding perod

**from**

Month: January Year: 2018

**to**

Month: December Year: 2018

| Designation a | ASSETS b | Line No. c | Current accounting period 1 Gross - Part 1 | Current accounting period 1 Correction-Part 2 | Current accounting period 2 Net | Preceding accounting period 3 Net |
|---|---|---|---|---|---|---|
| | **TOTAL ASSETS line 02 + line 33 + line 74** | **01** | 32 863 669 | 7 466 886 | 25 396 783 | 15 585 844 |
| **A.** | **Non-current assets line 03 + line 11 + line 21** | **02** | 23 192 523 | 7 466 886 | 15 725 637 | 10 013 255 |
| **A.I.** | **Non-current intangible assets - total (lines 04 to 10)** | **03** | 16 661 162 | 5 037 736 | 11 623 426 | 9 124 709 |
| A.I.1. | Capitalized development costs (012) - /072, 091A/ | 04 | 0 | 0 | 0 | 0 |
| 2. | Software (013)-/073, 091A/ | 05 | 13 508 506 | 5 037 736 | 8 470 770 | 7 342 466 |
| 3. | Valuable rights (014)-/074, 091A/ | 06 | 0 | 0 | 0 | 0 |
| 4. | Goodwill (015) - /075, 091A/ | 07 | 0 | 0 | 0 | 0 |
| 5. | Other non-current intangible assets (019, 01X) - /079, 07X, 091A/ | 08 | 0 | 0 | 0 | 0 |
| 6. | Acquisition of non-current intangible assets (041) - /093/ | 09 | 3 152 656 | 0 | 3 152 656 | 1 782 243 |
| 7. | Advance payments made for non-current intangible assets (051) - /095A/ | 10 | 0 | 0 | 0 | 0 |
| **A.II.** | **Property, plant and equipment - total (lines 12 to 20)** | **11** | 3 131 361 | 2 429 150 | 702 211 | 888 546 |
| A.II.1. | Land (031) - /092A/ | 12 | 0 | 0 | 0 | 0 |
| 2. | Structures (021) - /081, 092A/ | 13 | 91 403 | 14 419 | 76 984 | 69 942 |
| 3. | Individual movable assets and sets of movable assets (022) - /082, 092A/ | 14 | 2 981 667 | 2 414 731 | 566 936 | 675 888 |
| 4. | Perennial crops (025) - /085, 092A/ | 15 | 0 | 0 | 0 | 0 |
| 5. | Livestock (026) - /086, 092A/ | 16 | 0 | 0 | 0 | 0 |
| 6. | Other property, plant and equipment (029, 02X, 032)- /089, 08X, 092A/ | 17 | 0 | 0 | 0 | 0 |
| 7. | Acquisition of property, plant and equipment (042) - /094/ | 18 | 58 291 | 0 | 58 291 | 142 716 |
| 8. | Advance payments made for property, plant and equipment (052) - /095A/ | 19 | 0 | 0 | 0 | 0 |
| 9. | Value adjustment to acquired assets (+/- 097) +/- 098 | 20 | 0 | 0 | 0 | 0 |
| **A.III.** | **Non-current financial assets - total (lines 22 to 32)** | **21** | 3 400 000 | 0 | 3 400 000 | 0 |
| A.III.1. | Shares and ownership interests in affiliated accounting entities (061A, 062A, 063A) - /096A/ | 22 | 0 | 0 | 0 | 0 |
| 2. | Shares and ownership interests with participating interest, except for affiliated accounting entities (062A) - /096A/ | 23 | 0 | 0 | 0 | 0 |
| 3. | Other available-for-sale securities and ownership interests (063A) - /096A/ | 24 | 0 | 0 | 0 | 0 |
| 4. | Loans to affiliated accounting entities (066A) - /096A/ | 25 | 0 | 0 | 0 | 0 |
| 5. | Loans within participating interest, except for affiliated accounting entities (066A) - /096A/ | 26 | 0 | 0 | 0 | 0 |
| 6. | Other loans (067A) - /096A/ | 27 | 0 | 0 | 0 | 0 |
| 7. | Debt securities and other non-current financial assets (065A, 069A, 06XA) - /096A/ | 28 | 0 | 0 | 0 | 0 |
| 8. | Loans and other non-current financial assets with remaining maturity of up to one year (066A, 067A, 069A, 06XA) - /096A/ | 29 | 0 | 0 | 0 | 0 |

| Designation a | ASSETS b | Line No. c | Current accounting period | | | Preceding accounting period |
|---|---|---|---|---|---|---|
| | | | 1 | | 2 | 3 |
| | | | Gross - Part 1 | Correction-Part 2 | Net | Net |
| 9. | Bank accounts with notice period exceeding one year (22XA) | 30 | 3 400 000 | 0 | 3 400 000 | 0 |
| 10. | Acquisition of non-current financial assets(043) - /096A/ | 31 | 0 | 0 | 0 | 0 |
| 11. | Advance payments made for non-current financial assets (053) - /095A/ | 32 | 0 | 0 | 0 | 0 |
| **B.** | **Current assets line 34 + line 41 + line 53 + line 66 + line 71** | **33** | 8 661 411 | 0 | 8 661 411 | 4 692 008 |
| **B.I.** | **Inventory - total (lines 35 to 40)** | **34** | 37 | 0 | 37 | 88 |
| B.I.1. | Raw material (112, 119, 11X) - /191, 19X/ | 35 | 37 | 0 | 37 | 88 |
| 2. | Work in progress and semi-finished products (121, 122, 12X) - /192, 193, 19X/ | 36 | 0 | 0 | 0 | 0 |
| 3. | Finished goods (123) - /194/ | 37 | 0 | 0 | 0 | 0 |
| 4. | Animals (124) - /195/ | 38 | 0 | 0 | 0 | 0 |
| 5. | Merchandise (132, 133, 13X, 139) - /196, 19X/ | 39 | 0 | 0 | 0 | 0 |
| 6. | Advance payments made for inventory (314A) - /391A/ | 40 | 0 | 0 | 0 | 0 |
| **B.II.** | **Non-current receivables - total (line 42 + lines 46 to 52)** | **41** | 648 435 | 0 | 648 435 | 499 809 |
| **B.II.1.** | **Trade receivables - total (lines 43 to 45)** | **42** | 0 | 0 | 0 | 0 |
| 1.a. | Trade receivables from affiliated accounting entities (311A, 312A, 313A, 314A, 315A, 31XA) - /391A/ | 43 | 0 | 0 | 0 | 0 |
| 1.b. | Trade receivables within participating interest, except for receivables from affiliated accounting entities (311A, 312A, 313A, 314A, 315A,31XA) - /391A/ | 44 | 0 | 0 | 0 | 0 |
| 1.c. | Other trade receivables (311A, 312A, 313A, 314A, 315A,31XA) - /391A/ | 45 | 0 | 0 | 0 | 0 |
| 2. | Net value of contract (316A) | 46 | 0 | 0 | 0 | 0 |
| 3. | Other receivables from affiliated accounting entities (351A) - /391A/ | 47 | 0 | 0 | 0 | 0 |
| 4. | Other receivables within participating interest, except for receivables from affiliated accounting entities (351A) - /391A/ | 48 | 0 | 0 | 0 | 0 |
| 5. | Receivables from participants, members, and association (354A, 355A, 358A, 35XA) - /391A/ | 49 | 0 | 0 | 0 | 0 |
| 6. | Receivables related to derivative transactions (373A, 376A) | 50 | 0 | 0 | 0 | 0 |
| 7. | Other receivables (335A, 336A, 33XA, 371A, 374A, 375A, 378A) - /391A/ | 51 | 123 826 | 0 | 123 826 | 83 927 |
| 8. | Deferred tax asset (481A) | 52 | 524 609 | 0 | 524 609 | 415 882 |

| Designation a | ASSETS b | Line No. c | Current accounting period | | | Preceding accounting period |
|---|---|---|---|---|---|---|
| | | | 1 | | 2 | 3 |
| | | | Gross - Part 1 | Correction-Part 2 | Net | Net |
| **B.III.** | **Current receivables - total (line 54 + lines 58 to 65)** | **53** | 2 901 963 | 0 | 2 901 963 | 2 371 528 |
| **B.III.1.** | **Trade receivables - total (lines 55 to 57)** | **54** | 2 772 670 | 0 | 2 772 670 | 2 332 099 |
| 1.a. | Trade receivables from affiliated accounting entities (311A, 312A, 313A, 314A, 315A, 31XA) - /391A/ | 55 | 2 750 804 | 0 | 2 750 804 | 2 331 694 |
| 1.b. | Trade receivables within participating interest, except for receivables from affiliated accounting entities (311A, 312A, 313A, 314A, 315A, 31XA) - /391A/ | 56 | 0 | 0 | 0 | 0 |
| 1.c. | Other trade receivables (311A, 312A, 313A, 314A, 315A, 31XA) - /391A/ | 57 | 21 866 | 0 | 21 866 | 405 |
| 2. | Net value of contract (316A) | 58 | 0 | 0 | 0 | 0 |
| 3. | Other receivables from affiliated accounting entities (351A) - /391A/ | 59 | 0 | 0 | 0 | 0 |
| 4. | Other receivables within participating interest, except for receivables from affiliated accounting entities (351A) - /391A/ | 60 | 0 | 0 | 0 | 0 |
| 5. | Receivables from participants, members, and association (354A, 355A, 358A, 35XA, 398A) - /391A/ | 61 | 0 | 0 | 0 | 0 |
| 6. | Social security (336A) - /391A/ | 62 | 0 | 0 | 0 | 0 |
| 7. | Tax assets and subsidies (341, 342, 343, 345, 346, 347) | 63 | 92 186 | 0 | 92 186 | 28 765 |
| 8. | Receivables related to derivative transactions (373A, 376A) | 64 | 0 | 0 | 0 | 0 |
| 9. | Other receivables (335A, 33XA, 371A, 374A, 375A, 378A)- /391A/ | 65 | 37 107 | 0 | 37 107 | 10 664 |
| **B.IV.** | **Current financial assets - total (lines 67 to 70)** | **66** | 0 | 0 | 0 | 0 |
| B.IV.1. | Current financial assets in affiliated accounting entities (251A, 253A, 256A, 257A, 25XA) - /291A, 29XA/ | 67 | 0 | 0 | 0 | 0 |
| 2. | Current financial assets, not including current financial assets in affiliated accounting entities (251A, 253A, 256A, 257A, 25XA) - /291A, 29XA/ | 68 | 0 | 0 | 0 | 0 |
| 3. | Own shares and own ownership interests (252) | 69 | 0 | 0 | 0 | 0 |
| 4. | Acquisition of current financial assets (259, 314A)- /291A/ | 70 | 0 | 0 | 0 | 0 |
| **B.V.** | **Financial accounts line 72 + line 73** | **71** | 5 110 976 | 0 | 5 110 976 | 1 820 583 |
| B.V.1. | Cash (211, 213, 21X) | 72 | 0 | 0 | 0 | 0 |
| 2. | Bank accounts (221A, 22X, +/- 261) | 73 | 5 110 976 | 0 | 5 110 976 | 1 820 583 |
| **C.** | **Accruals/deferrals - total (lines 75 to 78)** | **74** | 1 009 735 | 0 | 1 009 735 | 880 581 |
| C.1. | Prepaid expenses - long-term (381A, 382A) | 75 | 47 718 | 0 | 47 718 | 57 825 |
| 2. | Prepaid expenses - short-term (381A, 382A) | 76 | 277 549 | 0 | 277 549 | 287 045 |
| 3. | Accrued income - long-term (385A) | 77 | 0 | 0 | 0 | 0 |
| 4. | Accrued income - short-term (385A) | 78 | 684 468 | 0 | 684 468 | 535 711 |

| DIČ: 2022734186 | IČO: 44548605 | Súvaha Úč POD 1-01 |
|---|---|---|

| Designation a | LIABILITIES AND EQUITY b | Line No. c | Current accounting period 4 | Preceding accounting period 5 |
|---|---|---|---|---|
| | **TOTAL EQUITY AND LIABILITIES line 80 + line 101 + line 141** | **79** | 25 396 783 | 15 585 844 |
| **A.** | **Equity line 81 + line 85 + line 86 + line 87 + line 90 + line 93 + line 97 + line 100** | **80** | 16 537 285 | 10 771 249 |
| **A.I.** | **Share capital - total (lines 82 to 84)** | **81** | 539 465 | 539 465 |
| A.I.1. | Share capital (411 or +/- 491) | 82 | 539 465 | 539 465 |
| 2. | Change in share capital +/- 419 | 83 | 0 | 0 |
| 3. | Unpaid share capital (/-/353) | 84 | 0 | 0 |
| **A.II.** | **Share premium (412)** | **85** | 0 | 0 |
| **A.III.** | **Other capital funds (413)** | **86** | 7 305 000 | 2 705 000 |
| **A.IV.** | **Legal reserve funds line 88 + line 89** | **87** | 53 946 | 53 946 |
| A.IV.1. | Legal reserve fund and non-distributable fund (417A, 418, 421A, 422) | 88 | 53 946 | 53 946 |
| 2. | Reserve fund for own shares and own ownership interests (417A, 421A) | 89 | 0 | 0 |
| **A.V.** | **Other funds created from profit line 91 + line 92** | **90** | 0 | 0 |
| A.V.1. | Statutory funds (423, 42X) | 91 | 0 | 0 |
| 2. | Other funds (427, 42X) | 92 | 0 | 0 |
| **A.VI.** | **Differences from revaluation - total (lines 94 to 96)** | **93** | 0 | 0 |
| A.VI.1. | Differences from revaluation of assets and liabilities (+/- 414) | 94 | 0 | 0 |
| 2. | Investment revaluation reserves (+/- 415) | 95 | 0 | 0 |
| 3. | Differences from revaluation in the event of a merger, amalgamation into a separate accounting entity or demerger (+/- 416) | 96 | 0 | 0 |
| **A.VII.** | **Net profit/loss of previous years line 98 + line 99** | **97** | 7 472 837 | 6 526 964 |
| A.VII.1. | Retained earnings from previous years (428) | 98 | 7 472 837 | 6 526 964 |
| 2. | Accumulated losses from previous years (/-/429) | 99 | 0 | 0 |
| **A.VIII.** | **Net profit/loss for the accounting period after tax /+-/ line 01 - (line 81 + line 85 + line 86 + line 87 + line 90 + line 93 + line 97 + line 101 + line 141)** | **100** | 1 166 037 | 945 874 |
| **B.** | **Liabilities line 102 + line 118 + line 121 + line 122 + line 136 + line 139 + line 140** | **101** | 7 478 856 | 4 814 595 |
| **B.I.** | **Non-current liabilities - total (line 103 + lines 107 to 117)** | **102** | 7 001 | 6 088 |
| **B.I.1.** | **Non-current trade liabilities - total (lines 104 to 106)** | **103** | 0 | 0 |
| 1.a. | Trade liabilities to affiliated accounting entities (321A, 475A, 476A) | 104 | 0 | 0 |
| 1.b. | Trade liabilities within participating interest, except for liabilities to affiliated accounting entities (321A, 475A, 476A) | 105 | 0 | 0 |
| 1.c. | Other trade liabilities (321A, 475A, 476A) | 106 | 0 | 0 |
| 2. | Net value of contract (316A) | 107 | 0 | 0 |
| 3. | Other liabilities to affiliated accounting entities (471A, 47XA) | 108 | 0 | 0 |

| Desig-nation a | LIABILITIES AND EQUITY b | Line No. c | Current accounting period 4 | Preceding accounting period 5 |
|---|---|---|---|---|
| 4. | Other liabilities within participating interest, except for liabilities to affiliated accounting entities (471A, 47XA) | 109 | 0 | 0 |
| 5. | Other non-current liabilities(479A, 47XA) | 110 | 0 | 0 |
| 6. | Long-term advance payments received (475A) | 111 | 0 | 0 |
| 7. | Long-term bills of exchange to be paid (478A) | 112 | 0 | 0 |
| 8. | Bonds issued (473A/-/255A) | 113 | 0 | 0 |
| 9. | Liabilities related to social fund (472) | 114 | 7 001 | 6 088 |
| 10. | Other non-current liabilities (336A, 372A, 474A, 47XA) | 115 | 0 | 0 |
| 11. | Non-current liabilities related to derivative transactions (373A, 377A) | 116 | 0 | 0 |
| 12. | Deferred tax liability (481A) | 117 | 0 | 0 |
| **B.II.** | **Long-term provisions line 119 + line 120** | **118** | 125 000 | 125 000 |
| B.II.1. | Legal provisions (451A) | 119 | 0 | 0 |
| 2. | Other provisions (459A, 45XA) | 120 | 125 000 | 125 000 |
| **B.III.** | **Long-term bank loans (461A, 46XA)** | **121** | 0 | 0 |
| **B.IV.** | **Current liabilities - total (line 123 + lines 127 to 135)** | **122** | 3 494 930 | 2 074 290 |
| **B.IV.1.** | **Trade liabilities - total (lines124 to 126)** | **123** | 3 351 327 | 1 962 058 |
| 1.a. | Trade liabilities to affiliated accounting entities (321A, 322A, 324A, 325A, 326A, 32XA, 475A, 476A, 478A, 47XA) | 124 | 2 659 123 | 950 464 |
| 1.b. | Trade liabilities within participating interest, except for liabilities to affiliated accounting entities (321A, 322A, 324A, 325A, 326A, 32XA, 475A, 476A, 478A, 47XA) | 125 | 0 | 0 |
| 1.c. | Other trade liabilities (321A, 322A, 324A, 325A, 326A, 32XA, 475A, 476A, 478A, 47XA) | 126 | 692 204 | 1 011 594 |
| 2. | Net value of contract (316A) | 127 | 0 | 0 |
| 3. | Other liabilities to affiliated accounting entities (361A, 36XA, 471A, 47XA) | 128 | 0 | 0 |
| 4. | Other liabilities within participating interest, except for liabilities to affiliated accounting entities (361A, 36XA, 471A, 47XA) | 129 | 0 | 0 |
| 5. | Liabilities to partners and association (364, 365, 366, 367, 368, 398A, 478A, 479A) | 130 | 0 | 0 |
| 6. | Liabilities to employees (331, 333, 33X, 479A) | 131 | 3 086 | 1 700 |
| 7. | Liabilities related to social security (336A) | 132 | 2 542 | 1 878 |
| 8. | Tax liabilities and subsidies (341, 342, 343, 345, 346, 347, 34X) | 133 | 137 560 | 99 521 |
| 9. | Liabilities related to derivative transactions (373A, 377A) | 134 | 0 | 0 |
| 10. | Other liabilities (372A, 379A, 474A, 475A, 479A, 47XA) | 135 | 415 | 9 133 |
| **B.V.** | **Short-term provisions line 137 + line 138** | **136** | 2 446 139 | 2 005 201 |
| B.V.1. | Legal provisions (323A, 451A) | 137 | 136 653 | 118 125 |

| Desig-nation a | LIABILITIES AND EQUITY b | Line No. c | Current accounting period 4 | Preceding accounting period 5 |
|---|---|---|---|---|
| 2. | Other provisions (323A, 32X, 459A, 45XA) | 138 | 2 309 486 | 1 887 076 |
| **B.VI.** | **Current bank loans (221A, 231, 232, 23X, 461A, 46XA)** | **139** | 1 405 786 | 604 016 |
| **B.VII.** | **Short-term financial assistance (241, 249, 24X, 473A /-/255A)** | **140** | 0 | 0 |
| **C.** | **Accruals/deferrals - total (lines 142 to 145)** | **141** | 1 380 642 | 0 |
| C.1. | Accrued expenses - long-term (383A) | 142 | 0 | 0 |
| 2. | Accrued expenses - short-term (383A) | 143 | 0 | 0 |
| 3. | Deferred income - long-term (384A) | 144 | 948 444 | 0 |
| 4. | Deferred income - short-term (384A) | 145 | 432 198 | 0 |

| DIČ: 2022734186 | IČO: 44548605 | Výkaz ziskov a strát Úč POD 2-01 |
|---|---|---|

| Designation a | Text b | Line No. c | Actual data | |
|---|---|---|---|---|
| | | | Current accounting period 1 | Preceding accounting period 2 |
| * | **Net turnover (part of account class 6 according to the Act)** | **01** | 21 260 648 | 19 579 533 |
| ** | **Operating income - total (lines 03 to 09)** | **02** | 22 348 790 | 19 787 927 |
| I. | Revenue from the sale of merchandise (604, 607) | 03 | 0 | 0 |
| II. | Revenue from the sale of own products (601) | 04 | 0 | 0 |
| III. | Revenue from the sale of services (602, 606) | 05 | 21 260 648 | 19 579 533 |
| IV. | Changes in internal inventory (+/-) (account group 61) | 06 | 0 | 0 |
| V. | Own work capitalized (account group 62) | 07 | 1 082 708 | 207 172 |
| VI. | Revenue from the sale of non-current intangible assets, property, plant and equipment, and raw materials (641, 642) | 08 | 5 037 | 309 |
| VII. | Other operating income(644, 645, 646, 648, 655, 657) | 09 | 397 | 913 |
| ** | **Operating expenses - total line 11 + line 12 + line 13 + line 14 + line 15 + line 20 + line 21 + line 24** | **10** | 20 760 187 | 18 523 641 |
| A. | Cost of merchandise sold (504, 507) | 11 | 0 | 0 |
| B. | Consumed raw materials, energy consumption, and consumption of other non-inventory supplies (501, 502, 503) | 12 | 200 989 | 129 714 |
| C. | Value adjustments to inventory (+/-) (505) | 13 | 0 | 0 |
| D. | Services (account group 51) | 14 | 9 046 565 | 8 804 382 |
| E. | Personnel expenses - total (lines 16 to 19) | 15 | 8 618 179 | 7 240 801 |
| E.1. | Wages and salaries (521, 522) | 16 | 6 113 333 | 5 223 274 |
| 2. | Remuneration of board members of company or cooperative (523) | 17 | 0 | 0 |
| 3. | Social security expenses (524, 525, 526) | 18 | 2 174 202 | 1 839 304 |
| 4. | Social expenses (527, 528) | 19 | 330 644 | 178 223 |
| F. | Taxes and fees (account group 53) | 20 | 1 328 | 1 225 |
| G. | Amortization and value adjustments to non-current intangible assets and depreciation and value adjustments to property, plant and equipment (line 22 + line 23) | 21 | 1 495 454 | 1 042 279 |
| G.1. | Amortization of non-current intangible assets and depreciation of property, plant and equipment (551) | 22 | 1 495 454 | 1 042 279 |
| 2. | Value adjustments to non-current intangible assets and property, plant and equipment (+/-) (553) | 23 | 0 | 0 |
| H. | Carrying value of non-current assets sold and raw materials sold (541, 542) | 24 | 0 | 0 |

| DIČ: 2022734186 | IČO: 44548605 | Výkaz ziskov a strát Úč POD 2-01 |
|---|---|---|

| Designation a | Text b | Line No. c | Actual data | |
|---|---|---|---|---|
| | | | Current accounting period 1 | Preceding accounting period 2 |
| I. | Value adjustments to receivables (+/-) (547) | 25 | 0 | 0 |
| J. | Other operating expenses (543, 544, 545, 546, 548, 549, 555, 557) | 26 | 1 397 672 | 1 305 240 |
| *** | **Profit/loss from operations (+/-) (line 02 - line 10)** | **27** | 1 588 603 | 1 264 286 |
| * | **Added value (line 03 + line 04 + line 05 + line 06 + line 07 ) - (line 11 + line 12 + line 13 + line 14)** | **28** | 13 095 802 | 10 852 609 |
| ** | **Income from financial activities - total line 30 + line 31 + line 35 + line 39 + line 42 + line 43 + line 44** | **29** | 3 802 | 0 |
| VIII. | Revenue from the sale of securities and shares (661) | 30 | 0 | 0 |
| IX. | Income from non-current financial assets (lines 32 to 34) | 31 | 0 | 0 |
| IX.1. | Income from securities and ownership interests in affiliated accounting entities (665A) | 32 | 0 | 0 |
| 2. | Income from securities and ownership interests within participating interest, except for income of affiliated accounting entities (665A ) | 33 | 0 | 0 |
| 3. | Other income from securities and ownership interests (665A) | 34 | 0 | 0 |
| X. | Income from current financial assets - total (lines 36 to 38) | 35 | 0 | 0 |
| X.1. | Income from current financial assets in affiliated accounting entities (666A) | 36 | 0 | 0 |
| 2. | Income from current financial assets within participating interest, except for income of affiliated accounting entities (666A) | 37 | 0 | 0 |
| 3. | Other income from current financial assets (666A) | 38 | 0 | 0 |
| XI. | Interest income (line 40 + line 41) | 39 | 3 802 | 0 |
| XI.1. | Interest income from affiliated accounting entities (662A) | 40 | 0 | 0 |
| 2. | Other interest income (662A) | 41 | 3 802 | 0 |
| XII. | Exchange rate gains (663) | 42 | 0 | 0 |
| XIII. | Gains on revaluation of securities and income from derivative transactions (664, 667) | 43 | 0 | 0 |
| XIV. | Other income from financial activities (668) | 44 | 0 | 0 |
| ** | **Expenses related to financial activities - total line 46 + line 47 + line 48 + line 49 + line 52 + line 53 + line** | **45** | 35 290 | 44 896 |
| K. | Securities and shares sold (561) | 46 | 0 | 0 |
| L. | Expenses related to current financial assets (566) | 47 | 0 | 0 |
| M. | Value adjustments to financial assets (+/-) (565) | 48 | 0 | 0 |
| N. | Interest expense (line 50 + line 51) | 49 | 25 554 | 38 315 |
| N.1. | Interest expenses related to affiliated accounting entities (562A) | 50 | 25 554 | 38 315 |
| 2. | Other interest expenses (562A) | 51 | 0 | 0 |
| O. | Exchange rate losses (563) | 52 | 631 | 199 |

| DIČ: 2022734186 | IČO: 44548605 | Výkaz ziskov a strát Úč POD 2-01 |
|---|---|---|

| Desig-nation<br>a | Text<br>b | Line No.<br>c | Actual data | |
|---|---|---|---|---|
| | | | Current accounting period<br>1 | Preceding accounting period<br>2 |
| P. | Loss on revaluation of securities and expenses related to derivative transactions (564, 567) | 53 | 0 | 0 |
| Q. | Other expenses related to financial activities (568, 569) | 54 | 9 105 | 6 382 |
| *** | **Profit/loss from financial activities (+/-) (line 29 - line 45)** | 55 | -31 488 | -44 896 |
| **** | **Profit/loss for the accounting period before tax (+/-) (line 27 + line 55)** | 56 | 1 557 115 | 1 219 390 |
| R. | Income tax (line 58 + line 59) | 57 | 391 078 | 273 516 |
| R.1. | Income tax - current (591, 595) | 58 | 499 805 | 362 372 |
| 2. | Income tax - deferred (+/-) (592) | 59 | -108 727 | -88 856 |
| S. | Transfer of net profit/net loss shares to partners (+/-596) | 60 | 0 | 0 |
| **** | **Profit/loss for the accounting period after tax (+/-) (line 56 - line 57 - line 60)** | **61** | 1 166 037 | 945 874 |

Prepared pursuant to Decree of the Ministry of Finance of the Slovak Republic No. MF/388/2014 Coll. and 417/2015 Coll. stipulating details of the structure, classification and content of the items of the separate financial statements and the extent of separate financial statements' disclosures for large reporting entities and public interest entities.

## SECTION I
## GENERAL INFORMATION

### 1. COMPANY DETAILS AND CORE BUSINESS ACTIVITIES

Regional Card Processing Centre, s.r.o. (hereinafter the "Company") is a limited liability company with its registered office at Námestie Mateja Korvína 1, Bratislava. The Company was established by a Memorandum of Association in the form of a notarial deed on 5 December 2008. The date of incorporation is 18 December 2008 and the Company ID (IČO) is 44548605. The Company is recorded in the Business Register of the Bratislava I District Court, Section: Sro, File No.: 55989/B.

**The Company's core business activities are:**

- Automated data processing;
- Computer data processing services;
- Development of customised programmes, design, implementation and updating of software in the scope of core business activities;
- Lease of movable assets;
- Installation, reconstruction, maintenance of non-restricted technical equipment;
- Extracurricular educational activities;
- Mediation activities in trade;
- Mediation activities in services;
- Printing, typography and print finishing;
- Advisory services related to core business activities – automated data processing;
- Advisory services related to core business activities – services related to computer data processing;
- Advisory services related to core business activities – development of customised programmes, design, implementation and updating of software in the scope of core business activities (under the Copyright Act).

### 2. UNLIMITED GUARANTEE

The Company is not a partner with unlimited liability in other companies according to Article 56 (5) of the Commercial Code or similar provisions of other legislation.

### 3. APPROVAL DATE OF THE FINANCIAL STATEMENTS FOR THE PRECEDING PERIOD

The Company's financial statements as at 31 December 2018, i.e. for the preceding reporting period, were approved by the General Meeting on 25 April 2019.

### 4. LEGAL REASON FOR PREPARATION OF THE FINANCIAL STATEMENTS

The Company's financial statements as at 31 December 2019 have been prepared as ordinary financial statements in accordance with Article 17 (6) of Act of the National Council of the SR No. 431/2002 Coll. on Accounting, as amended, for the reporting period from 1 January 2019 to 31 December 2019. The financial statements have been prepared on a going concern basis and consist of the Balance Sheet, Income Statement and Notes to the financial statements.

The Financial Statements are intended for users who possess adequate knowledge of business and economic activities and bookkeeping and who analyze this information with appropriate care. The Financial Statements do not, and cannot, provide all information that may be needed by existing and potential investors, providers of credits and loans, and other creditors. These users must obtain relevant information from other sources.

## 5. GROUP DETAILS

A. ULTIMATE CONSOLIDATING ENTITY

The ultimate consolidating entity in consolidation that prepares the consolidated financial statements for the largest group, which includes the Company as a subsidiary, is Raiffeisen Bank International AG, Am Stadtpark 9, 1030 Vienna, Austria.

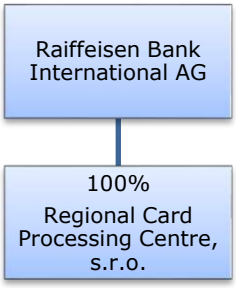
B. PARENT COMPANY IN CONSOLIDATION

The parent company in consolidation that prepares the consolidated financial statements for the group of companies in the consolidation group, of which the Company is also a member, is Raiffeisen Bank International AG, Am Stadtpark 9, 1030 Vienna, Austria.

C. LOCATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

Copies of the consolidated financial statements stated in Note A) and B) are available at Raiffeisen Bank International AG, Am Stadtpark 9, 1030 Vienna, Austria and at the Court of Record, Handelsgericht Wien, Marxergasse 1a, 1030 Vienna, Austria.

Group structure:




## 6. NUMBER OF EMPLOYEES

The number of employees for the current reporting period and for the immediately-preceding reporting period is shown in the table below:

| Description | 2019 | 2018 |
|---|---|---|
| Average recalculated number of employees | 165 | 150 |
| Number of employees as at the balance sheet date of which: | 174 | 157 |
| *are managers* | *6* | *6* |



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**SECTION II**
**INFORMATION ON ADOPTED PROCEDURES**

## 1. GENERAL ASSUMPTIONS FOR PREPARING THE FINANCIAL STATEMENTS

The Company's financial statements comprising the balance sheet, income statement, and notes to the financial statements as at 31 December 2019 were prepared under the going-concern assumption and in compliance with the accounting regulations of the Slovak republic. The disclosures in the financial statements provide a true and fair presentation of assets and liabilities, equity representing the aggregate of own funds to cover assets, the financial position and profit or loss.

The accounting policies and general accounting principles have been consistently applied by the accounting entity.

## 2. APPLICATION OF AND CHANGES IN ACCOUNTING PRINCIPLES AND ACCOUNTING METHODS

### 2.1. GENERAL ACCOUNTING PRINCIPLES

1. When recognising the Company's profit/(loss), all revenues and costs related to the reporting period are used as a basis regardless of their settlement date.
2. The measurement of assets and liabilities in the accounting books and financial statements is adjusted for items expressing risks, losses and impairment known as at the reporting date (value adjustments for assets, provisions for liabilities).
3. If it is determined during the stocktake of inventories that their selling price less costs of sale is lower than their carrying amount in accounting books, the inventories are measured at such lower price in the accounting books and financial statements.
4. The Company recognises matters that are subject to accounting under the accrual basis of accounting. If the accrual principle of accounting cannot be complied with, the Company is allowed to recognise matters in the reporting period in which they were identified.
5. Assets and liabilities are recognised at historical cost, unless specified otherwise in Section III, Note 2.2 (Measurement of individual Items).
6. As at the reporting date, the Company reconciled assets and liabilities in compliance with the Accounting Act.
7. The balances of the accounts on which the balance sheet is opened and which opens the accounting period shall be linked to the balances of the accounts that closed the previous accounting period.
8. In the classification of assets and liabilities into non-current and current, the main criterion considered is the total maturity period. However, on the balance sheet receivables and payables are disclosed based on the residual maturity period as at the reporting date, i.e. receivables and payables with a residual maturity of up to 12 months are recognised as current, while those with a residual maturity of over 12 months are recognised as non-current.
9. The preparation of financial statements requires the Company management to make judgments, estimates and assumptions that affect the application of accounting policies and accounting principles and the value of assets, liabilities, income and expenses. The estimates and related assumptions are based on historical experience and other various factors considered appropriate to the circumstances that form the basis for assessing the carrying amounts of assets and liabilities that are not apparent from other sources. Actual results may therefore differ from estimates. Estimates and associated assumptions are constantly reviewed. Corrections to accounting estimates are not recognised retrospectively but in the period in which the estimate is corrected if the correction affects only that period, or in the correction period and in the future periods if the correction affects both, this and the future periods.



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10. In connection with the application of accounting policies and accounting principles of the Company no such judgments are required that would have a material impact on the amounts presented in the financial statements.
11. Assumptions and estimation uncertainties
    Information about those uncertainties in assumptions and estimates where there is a significant risk that they could lead to a material adjustment in the next reporting period are described in more detail in the following notes:
    - Note 2.2.1 c) - non-current intangible assets and property, plant and equipment – determination of their expected useful lives and expected wear and tear
    - Note 2.2.1 j) - impairment allowances for assets (non-current assets, receivables) – key assumptions underlying an estimated decrease in future economic benefits

## 2.2. ACCOUNTING PRINCIPLES AND METHODS APPLIED

### 2.2.1. MEASUREMENT OF INDIVIDUAL ITEMS

**a) Purchased non-current intangible assets**

Purchased non-current intangible assets were stated at cost in the accounting.

Low-value intangible assets of up to EUR 2 400 are amortised on a one-off basis to the Company's expenses in the year of their acquisition.

**b) Non-current intangible assets generated internally**

Non-current intangible fixed assets generated internally are valued at cost. Own costs are all direct costs incurred in the production or other activity and indirect costs relating to the production or other activity.

**c) Purchased non-current tangible assets**

Non-current tangible assets were measured at cost in the accounting books. The acquisition cost includes the purchase price of the asset and the transaction costs (such as shipping, postage, customs, commission, etc.) less credit notes, early payment discounts, rebates, price discounts, bonuses, etc.

The cost of expansions, upgrades and reconstructions, resulting in an increase in performance, capacity or efficiency in aggregate value of more than EUR 1 700 for an individual asset for the current accounting period, increases the cost of non-current tangible assets. Technical improvement costs of an aggregate amount of EUR 1 700 or less for an individual asset for the current period and operating, maintenance and repair costs are expensed as incurred.

Non-current tangible assets up to EUR 1 700 are expensed on a one-off basis in the year of acquisition.

**d) Non-current financial assets**

A financial asset is classified as a non-current financial asset if its maturity or settlement is greater than one year. Non-current financial assets that account for more than 50% of the share capital are classified as interests to affiliated entities, if the interest is greater than 20%, as equity securities and interests in a company other than affiliated entities. Other equity securities, shares and debt securities not held-to-maturity are classified as available-for-sale.

Non-current financial assets are stated at acquisition cost. The cost includes the acquisition cost of the asset and transaction costs.



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Loans provided to companies in the Group or other loans with an original maturity of more than one year are recorded at their nominal value, adjusted by an allowance for impairment. If the residual maturity of a receivable is longer than 1 year, the present value is adjusted by impairment allowance.

Cash equivalents are valued at their nominal value.

**Impairment Assessment**
Impairment allowances are created on the basis of the prudence principle when it is reasonable to assume that an asset has been impaired compared to its carrying amount in the accounting. An allowance is recognised in the amount of a reasonable assumption of impairment of assets against their valuation in accounting.

Factors that are considered important in assessing impairment are:
- technological progress,
- significantly inadequate operating results compared to historical or planned operating results;
- significant changes in the way the Company uses assets or changes in the Company's overall strategy;
- obsolescence of products.

If the Company determines that the existence of one or more impairment indicators can be expected to result in an impairment of an asset against its carrying amount, the Company calculates the impairment based on projected net discounted cash flows expected from the asset, including its possible sale. The estimated impairment could prove inadequate if the analyses would overestimate the cash flows or if conditions change in the future.

**e) Purchased inventories**

Inventory is valued at the lower of the following: acquisition cost (purchased inventory) or conversion cost (own inventories), or its net realisable value.

Acquisition cost includes the price at which inventory has been acquired plus transaction costs (customs duty, transport, commissions, etc.) less credit notes, early payment discounts, rebates, price discounts, bonuses, etc. Interest on loans is not capitalized.

The Company has not specified rules regarding natural disposals of inventories for the reporting period by an internal regulation.

**f) Receivables**

Receivables are measured at their nominal value. The Company creates an adequate impairment allowances for bad and doubtful receivables.

If the remaining maturity of a receivable exceeds one year, the value of this receivable is adjusted by creating an impairment allowance, which represents the difference between the nominal value and the present value of the receivable. The present value of a receivable is calculated as the sum of the products of future cash receipts and the relevant discount factors.

**g) Current financial assets**

Cash, stamps and vouchers are measured at their face value.



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**h) Deferred expenses and accrued income**

Prepaid expenses and accrued income are presented in accordance with the matching principle in terms of substance and time.

**i) Provisions for liabilities**

A provision is a liability representing the Company's existing obligation arising from past events, which is likely to reduce its economic benefits in the future. Provisions are liabilities of uncertain timing or amount and are valued on the basis of an estimate whose amount is necessary to fulfil the existing obligation as at the balance sheet date.

The Company creates provisions in accordance with the Act on accounting for anticipated risks, losses and impairment relating to liabilities of uncertain timing or amount. The Company created provisions for bonuses and employee benefits, untaken holiday and unbilled supplies.

Creation of a provision is recorded in the relevant expense or asset account to which the liability is attributable. The use of the provision is debited to the relevant account of provisions with a corresponding credit entry in the relevant liability account. Reversal of an unused provision or part thereof is accounted for by the opposite accounting entry as the creation of the provision.

Creation of a provision for bonuses, rebates, discounts, and the repayment of the purchase price in the event of a complaint is recorded as a reduction in the originally earned revenue with a corresponding credit entry in the account of provisions.

**j) Impairment allowances**

Impairment allowances are created based on the prudence principle if it is reasonable to assume that the value of an asset has decreased compared to its carrying value. The impairment allowance is accounted for in the amount of the justified estimate of the impairment of the asset compared to its carrying value.

**Impairment of non-current assets and inventory**
As of each balance sheet date, the carrying value of the Company's assets other than a deferred tax asset is reviewed to determine whether there are any indicators that assets may be impaired. If such indicators exist, the expected future economic benefits from the relevant asset are estimated.

Impairment allowances presented in previous periods are reassessed as of each balance sheet date to determine whether any indicators exist that the asset impairment assumption has changed or ceased to exist. A value adjustment is reversed if the assumptions used for determining the expected economic benefits from the asset have changed. A value adjustment is only reversed to the extent that the carrying value of the asset does not exceed the carrying value that would have been determined, net of amortization and depreciation, if the value adjustment had not been presented.

**Impairment of financial assets and receivables**
As of each balance sheet date, financial assets that are not valued at their fair value are reviewed to determine whether there is any objective evidence that they are impaired.

Objective evidence of impairment of financial assets includes non-repayment of debt or an illegal conduct on the part of the debtor, the restructuring of the Company's receivables under such conditions that the Company would not consider under normal circumstances, indications that a petition for bankruptcy will be filed with respect to assets of the debtor or issuer, or if an active market has ceased

to exist for the relevant security. Objective evidence of impairment of investments in shares and ownership interests also includes a significant or long-term decline in their fair value below their acquisition cost.

Expected future economic benefits from the Company's investments in shares and ownership interests and from receivables are calculated as the present value of estimated discounted future cash flows. When determining the recoverable amounts of loans and receivables, the debtor's ability and performance and the amount of collateral and third-party guarantees are also considered.

An impairment allowance is reversed if the subsequent increase in the expected future economic benefits can be related objectively to an event occurring after the impairment allowance was recognised.

**k) Payables**

Payables (including loans and assistances) are measured at their nominal value. If it is determined during the reconciliation of payables that the amount of payables is other than their carrying amount, payables are recognised at the identified amount both in the accounting books and in the financial statements.

**l) Employee benefits**

Salaries, wages, contributions to pension and insurance funds, paid annual leave and paid sick leave, bonuses, and other benefits in kind (for example, health care) are recorded in the accounting period to which they correspond in terms of substance and time.

**m) Accrued expenses and deferred income**

Accrued expenses and deferred income are presented in accordance with the matching principle in terms of substance and time.

**n) Leased assets and assets acquired under the contract for purchase of a leased asset**

The Company recognises lease payments for leased assets (under an operating lease) relating to the current reporting period directly in expenses under the accrual basis of accounting during the agreed period of lease.

**o) Income tax**

The corporate income tax is expensed in the period when the tax liability occurs. In the accompanying income statement, tax expense is calculated using the tax rate stipulated in Act No. 595/2003 Coll. on Income tax and 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 records an income tax receivable.

Deferred taxes (deferred tax assets and deferred tax liabilities) relate to the following:

a) temporary differences between the carrying value of assets and the carrying value of liabilities presented in the Balance Sheet and their tax base;
b) tax losses which are possible to carry forward to future periods, being understood as the possibility of deducting these tax losses from the tax base in the future;
c) unused tax deductions and other tax claims which are possible to carry forward to future periods.



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Deferred tax assets are recognised only to the extent that it is probable that temporary differences can be offset against the future tax base. The income tax rate that is expected to apply at the time the deferred tax is settled is used in calculating deferred tax.

**p) Leasing (the Company as the lessee)**

**Financial leasing.** Financial leasing is the acquisition of property, plant and equipment on the basis of a lease agreement with an agreed right to purchase the leased asset for agreed payments during the agreed period of lease. Assets leased through financial leasing are recognised and depreciated by the lessee, not by the owner.

The agreed payments include the purchase price for which the ownership title to the leased asset is transferred from the lessor to the lessee at the end of the agreed period of financial leasing of the asset.

The agreed period of lease is at least 60% of the depreciation period according to tax regulations. In the instance of lease of land, the period of lease is at least 60% of the depreciation period of the tangible asset included in tax depreciation group 5 or 6 (buildings and structures, the depreciation period for tax purposes is 20 and 40 years, respectively).

The asset received by the lessee is recorded in the accounting books of the lessee on the date when the asset is received, namely by means of a debit entry in the relevant asset account with a corresponding credit entry in account 474 – Liabilities related to leasing in the amount of the agreed payments less unrealised financial expenses.

Lease payment is allocated between the repayment of principal and financial expenses calculated using the effective interest rate method. Financial expenses are debited to account 562 – Interest.

**Operating lease.** Assets leased through operating leases are presented by the owner, not by the lessee. Assets leased in the form of operating lease are recorded against expenses on a continuous basis during the duration of the lease agreement.

**q) Revenue Recognition**

Revenues from the sale of services are recognised in the reporting period in which such services were provided considering the stage of completion of the service. This is determined based on the services provided as a proportion of the total contracted services.

Revenues are recognised net of VAT, discounts and deductions (rebates, bonuses, discounts, credit notes, etc). Interest income is accrued on a straight-line basis in accordance with the matching principle in terms of substance and time. Dividend income is recognised when the Company's right to receive payment arises.

The Company’s revenues primarily comprise revenues from the sale of services.

**r) Comparable information**

If figures for the preceding accounting period in the individual sections of the financial statements are not comparable owing to a change in the accounting policies and accounting principles, an explanation of the incomparable figures is provided in the Notes to the Financial Statements.

For digital projects which started in 2019 we apply the method of deferred project revenues. The basic principle is to account for revenue when control over the service of project is transferred to the customer. Revenue is deferred over 36 months what relates to the useful life of digital solutions.

### 2.2.2. DEPRECIATION/AMORTISATION PLAN FOR NON-CURRENT ASSETS

The Company's depreciation/amortisation plan serves as a basis for calculating accumulated depreciation of depreciated/amortised assets during their use. Accounting depreciation/amortisation charges are calculated from the cost (price) at which an asset is measured in the accounting books, i.e. up to this amount.

The Company amortises non-current intangible assets using the straight-line method based on the amortisation rates derived from the estimated useful life corresponding to the consumption of future economic benefits arising from such assets.

**Non-current intangible assets**

| Type of non-current intangible assets | Estimated useful life in years | Amortisation method | Annual amortisation rate in % |
|---|---|---|---|
| Software | 3 – 15 | straight-line and progressive | 6,67% – 33,33% |

The Company depreciates non-current tangible assets using the straight-line depreciation method over the set useful life of depreciated assets. Depreciation/amortization commences in the month in which the non-current asset was put into use.

**Non-current tangible assets**

| Type of non-current tangible assets | Estimated useful life in years | Depreciation method | annual depreciation rate in % |
|---|---|---|---|
| Buildings – leasehold improvements | 7 | straight-line | 14,29% |
| Machines and office equipment | 4 – 5 | straight-line | 20% –25% |
| Transportation means | 5 | straight-line | 20% |

For tax purposes, the Company depreciates its non-current tangible assets pursuant to Articles 22 – 29 of Act No. 595/2003 Coll. on Income Tax. Depreciation rates differ from the accounting depreciation rates.



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## 2.2.3. PRINCIPLES FOR CREATION OF PROVISIONS

### a) Principles related to provisions for receivables

The Company creates provisions for receivables if there is a risk that the debtor will fail to repay the receivable in full or partially, in accordance with legislation (Article 26 of Act No. 431/2002 Coll. on Accounting; Article 20 of Act No. 595/2003 Coll. on Income Tax) as follows:

| Criterion | Provision in % |
|---|---|
| Overdue by more than 360 days | 20 |
| Overdue by 720 to 1 080 days | 50 |
| Overdue by more than 1 080 days | 100 |
| Bad and doubtful debts | 100 |
| In bankruptcy | 100 |

The value of receivables with a residual maturity exceeding 1 year is adjusted to their value at the time of their recognition and disclosure (present value).

## 2.2.4. TRANSLATION OF AMOUNTS DENOMINATED IN FOREIGN CURRENCY TO EURO

Assets and liabilities denominated in foreign currencies are translated to euro using the European Central Bank's (ECB) exchange rate valid on the date preceding the transaction date, or on another date if required by a special regulation.

As at the reporting date, the Company translates assets and liabilities denominated in foreign currencies to euro, except for advance payments received and made, using the exchange rate as announced by the European Central Bank.

Foreign exchange differences arising during the year, including foreign exchange differences from the translation of assets and liabilities as at the reporting date, have an impact on the profit/loss of the current reporting period.

## 2.2.5. CHANGES IN ACCOUNTING PRINCIPLES AND ACCOUNTING METHODS, CHANGES IN MEASUREMENT, DEPRECIATION AND RECOGNITION METHODS, AND IN ACCOUNTING PROCEDURES

There were no changes in the measurement and depreciation methods, accounting procedures or in the arrangement and content of items included in the financial statements compared with the preceding reporting period, unless specified otherwise, except for those that resulted directly from changes in the Slovak accounting legislation.

## 2.2.6. CORRECTION OF MATERIAL ERRORS OF PREVIOUS REPORTING PERIODS

If the Company identifies a material error concerning previous accounting periods during the current accounting period, it corrects this error in accounts 428 - Retained earnings from previous years and 429 - Accumulated losses from previous years, i.e., with no impact on net profit/loss of the current accounting period. Corrections of immaterial errors of previous accounting periods are recorded in the current accounting period in the relevant expense or income account.

In 2019, the Company did not account for any corrections of material errors of past periods.



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## SECTION III
## INFORMATION EXPLAINING AND SUPPLEMENTING BALANCE SHEET ITEMS

### 1. ASSETS

#### 1.1. NON-CURRENT INTANGIBLE AND TANGIBLE ASSETS (Balance Sheet Lines 003 and 011)

**a) Movements in costs, accumulated depreciation and provisions**

Information on the movements of property, plant and equipment from 1 January 2019 to 31 December 2019 and for the comparative period from 1 January 2018 to 31 December 2018 is shown in the tables on pages 22 and 25.

**b) Non-current intangible and tangible assets to which company does not have ownership title**

The Company does not have any non-current assets to which it does not have ownership title.

**c) Non-current intangible and tangible assets under lien or with restricted handling by the company**

On 27 April 2012, the Company concluded an agreement on the pledge over movable assets. Tatra banka, a.s. is the pledgee. The pledge agreement was concluded to secure overdraft facility No. 536/2009 of up to EUR 2 500 000 and revolving loan No. 853/2011 of up to EUR 3 000 000.

The pledged assets are movable assets owned by the Company.

**The movements of non-current intangible assets during the current accounting period are summarized as follows:**

| Non-current intangible assets | Current accounting period | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Capitalized development costs | Software | Valuable rights | Goodwill | Other non-current int. assets | Acquisition of non-current int. assets | Advance payments | Non-current intangible assets - total |
| **Acquisition cost/conversion cost** | | | | | | | | |
| **Opening balance** | 0 | 11 210 519 | 0 | 0 | 0 | 1 782 243 | 0 | **12 992 762** |
| Increases | 0 | 1 855 941 | 0 | 0 | 0 | 1 947 731 | 0 | **3 803 672** |
| Decreases | 0 | 0 | 0 | 0 | 0 | 135 272 | 0 | **135 272** |
| Transfers | 0 | 442 046 | 0 | 0 | 0 | -442 046 | 0 | **0** |
| **Closing balance** | 0 | 13 508 506 | 0 | 0 | 0 | 3 152 656 | 0 | **16 661 162** |
| **Accumulated depreciation** | | | | | | | | |
| **Opening balance** | 0 | 3 868 053 | 0 | 0 | 0 | 0 | 0 | **3 868 053** |
| Increases | 0 | 1 169 683 | 0 | 0 | 0 | 0 | 0 | **1 169 683** |
| Decreases | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| Transfers | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| **Closing balance** | 0 | 5 037 736 | 0 | 0 | 0 | 0 | 0 | **5 037 736** |
| **Value adjustments** | | | | | | | | |
| **Opening balance** | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| Increases | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| Decreases | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| Transfers | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| **Closing balance** | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| **Carrying value** | | | | | | | | |
| **Opening balance** | **0** | **7 342 466** | **0** | **0** | **0** | **1 782 243** | **0** | **9 124 709** |
| **Closing balance** | **0** | **8 470 770** | **0** | **0** | **0** | **3 152 656** | **0** | **11 623 426** |

**The movements of non-current intangible assets during the preceding accounting period are summarized as follows:**

| Non-current intangible assets | Preceding accounting period | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Capitalized development costs | Software | Valuable rights | Goodwill | Other non-current int. assets | Acquisition of non-current int. assets | Advance payments | Non-current intangible assets - total |
| **Acquisition cost/conversion cost** | | | | | | | | |
| **Opening balance** | 0 | 10 840 304 | 0 | 0 | 0 | 387 572 | 0 | **11 227 876** |
| Increases | 0 | 227 057 | 0 | 0 | 0 | 1 550 685 | 0 | **1 777 742** |
| Decreases | 0 | 12 856 | 0 | 0 | 0 | 0 | 0 | **12 856** |
| Transfers | 0 | 156 014 | 0 | 0 | 0 | -156 014 | 0 | **0** |
| **Closing balance** | 0 | 11 210 519 | 0 | 0 | 0 | 1 782 243 | 0 | **12 992 762** |
| **Accumulated depreciation** | | | | | | | | |
| **Opening balance** | 0 | 3 078 612 | 0 | 0 | 0 | 0 | 0 | **3 078 612** |
| Increases | 0 | 802 297 | 0 | 0 | 0 | 0 | 0 | **802 297** |
| Decreases | 0 | 12 856 | 0 | 0 | 0 | 0 | 0 | **12 856** |
| Transfers | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| **Closing balance** | 0 | 3 868 053 | 0 | 0 | 0 | 0 | 0 | **3 868 053** |
| **Value adjustments** | | | | | | | | |
| **Opening balance** | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| Increases | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| Decreases | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| Transfers | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| **Closing balance** | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| **Carrying value** | | | | | | | | |
| **Opening balance** | **0** | **7 761 692** | **0** | **0** | **0** | **387 572** | **0** | **8 149 264** |
| **Closing balance** | **0** | **7 342 466** | **0** | **0** | **0** | **1 782 243** | **0** | **9 124 709** |

| The movements of non-current tangible assets during the current accounting period are summarized as follows: | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Non-current tangible assets | Current accounting period | | | | | | | | |
| | Land | Structures | Individual movable assets and their sets | Perennial crops | Livestock | Other property, plant and equipment | Acquisition of property, plant and equipment | Advance payments made for property, plant and equipment | Total |
| **Acquisition cost/conversion cost** | | | | | | | | | |
| **Opening balance** | 0 | 72 429 | 2 806 194 | 0 | 0 | 0 | 142 716 | 0 | **3 021 339** |
| Increases | 0 | 14 135 | 67 009 | 0 | 0 | 0 | 58 291 | 0 | **139 435** |
| Decreases | 0 | 0 | 29 413 | 0 | 0 | 0 | 0 | 0 | **29 413** |
| Transfers | 0 | 4 839 | 137 877 | 0 | 0 | 0 | -142 716 | 0 | **0** |
| **Closing balance** | 0 | 91 403 | 2 981 667 | 0 | 0 | 0 | 58 291 | 0 | **3 131 361** |
| **Accumulated depreciation** | | | | | | | | | |
| **Opening balance** | 0 | 2 487 | 2 130 306 | 0 | 0 | 0 | 0 | 0 | **2 132 793** |
| Increases | 0 | 11 932 | 313 838 | 0 | 0 | 0 | 0 | 0 | **325 770** |
| Decreases | 0 | 0 | 29 413 | 0 | 0 | 0 | 0 | 0 | **29 413** |
| Transfers | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| **Closing balance** | 0 | 14 419 | 2 414 731 | 0 | 0 | 0 | 0 | 0 | **2 429 150** |
| **Value adjustments** | | | | | | | | | |
| **Opening balance** | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| Increases | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| Decreases | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| Transfers | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| **Closing balance** | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| **Carrying value** | | | | | | | | | |
| **Opening balance** | **0** | **69 942** | **675 888** | **0** | **0** | **0** | **142 716** | **0** | **888 546** |
| **Closing balance** | **0** | **76 984** | **566 936** | **0** | **0** | **0** | **58 291** | **0** | **702 211** |

**The movements of non-current tangible assets during the preceding accounting period are summarized as follows:**

| Non-current tangible assets | Preceding accounting period | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | **Land** | **Structures** | **Individual movable assets and their sets** | **Perennial crops** | **Livestock** | **Other property, plant and equipment** | **Acquisition of property, plant and equipment** | **Advance payments made for property, plant and equipment** | **Total** |
| **Acquisition cost/conversion cost** | | | | | | | | | |
| **Opening balance** | 0 | 0 | 2 547 819 | 0 | 0 | 0 | 62 564 | 0 | **2 610 383** |
| Increases | 0 | 72 429 | 320 724 | 0 | 0 | 0 | 121 692 | 0 | **514 845** |
| Decreases | 0 | 0 | 103 889 | 0 | 0 | 0 | 0 | 0 | **103 889** |
| Transfers | 0 | 0 | 41 540 | 0 | 0 | 0 | -41 540 | 0 | **0** |
| **Closing balance** | 0 | 72 429 | 2 806 194 | 0 | 0 | 0 | 142 716 | 0 | **3 021 339** |
| **Accumulated depreciation** | | | | | | | | | |
| **Opening balance** | 0 | 0 | 1 996 698 | 0 | 0 | 0 | 0 | 0 | **1 996 698** |
| Increases | 0 | 2 487 | 237 497 | 0 | 0 | 0 | 0 | 0 | **239 984** |
| Decreases | 0 | 0 | 103 889 | 0 | 0 | 0 | 0 | 0 | **103 889** |
| Transfers | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| **Closing balance** | 0 | 2 487 | 2 130 306 | 0 | 0 | 0 | 0 | 0 | **2 132 793** |
| **Value adjustments** | | | | | | | | | |
| **Opening balance** | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| Increases | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| Decreases | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| Transfers | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| **Closing balance** | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| **Carrying value** | | | | | | | | | |
| **Opening balance** | **0** | **0** | **551 121** | **0** | **0** | **0** | **62 564** | **0** | **613 685** |
| **Closing balance** | **0** | **69 942** | **675 888** | **0** | **0** | **0** | **142 716** | **0** | **888 546** |

## 1.2. NON-CURRENT FINANCIAL ASSETS (balance sheet line 021)

**(a) Movement of acquisition costs, accumulated depreciation and impairment allowances**

An overview of the non-current financial assets by components relation to the categorisation of balance sheet items is shown in the tables on p. 27 to 28.

**(b) Non-current financial assets for which a lien has been established or for which an entity has a limited right of disposal**

The Company does not record non-current financial assets for which a lien has been established or for which it has a limited right of disposal.

**The movements of non-current financial assets during the current accounting period are summarized as follows:**

| Non-current financial assets | Current accounting period | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Shares and ownership interests in a subsidiary | Shares and ownership interests with significant influence over enterprises | Other long-term shares and ownership interests | Intercomp. loans | Other non-current financial assets | Loans with maturity up to one year | Acquisition of non-current financial assets | Advance payments for non-current financial assets | Non-current financial assets - total |
| **Acquisition cost/conversion cost** | | | | | | | | | |
| **Opening balance** | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| Increases | 0 | 0 | 0 | 0 | 3 400 000 | 0 | 0 | 0 | **3 400 000** |
| Decreases | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| Transfer | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| **Closing balance** | 0 | 0 | 0 | 0 | 3 400 000 | 0 | 0 | 0 | **3 400 000** |
| **Accumulated depreciation** | | | | | | | | | |
| **Opening balance** | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| Increases | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| Decreases | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| Transfer | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| **Closing balance** | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Value adjustments** | | | | | | | | | |
| **Opening balance** | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| Increases | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| Decreases | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| Transfer | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| **Closing balance** | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| **Carrying value** | | | | | | | | | |
| **Opening balance** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| **Closing balance** | **0** | **0** | **0** | **0** | **3 400 000** | **0** | **0** | **0** | **3 400 000** |

**The movements of non-current financial assets during the preceding accounting period are summarized as follows:**

| Non-current financial assets | Preceding accounting period | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Shares and ownership interests in a subsidiary | Shares and ownership interests with significant influence over enterprises | Other long-term shares and ownership interests | Intercompany loans | Other non-current financial assets | Loans with maturity up to one year | Acquisition of non-current financial assets | Advance payments for non-current financial assets | Non-current financial assets - total |
| **Acquisition cost/conversion cost** | | | | | | | | | |
| **Opening balance** | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| Increases | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| Decreases | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| Transfer | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| **Closing balance** | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| **Accumulated depreciation** | | | | | | | | | |
| **Opening balance** | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| Increases | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| Decreases | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| Transfer | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| **Closing balance** | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| **Value adjustments** | | | | | | | | | |
| **Opening balance** | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| Increases | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| Decreases | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| Transfer | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| **Closing balance** | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| **Carrying value** | | | | | | | | | |
| **Opening balance** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| **Closing balance** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |

## 1.3. INVENTORIES (balance sheet line 034)

**a) Summary of impairment allowances for inventories** (per balance sheet item)

The Company did not create impairment allowances for inventories.

## 1.4 RECEIVABLES (balance sheet lines 041 and 053)

**a) Summary of impairment allowances**

Impairment allowances for receivables reflect the creditworthiness of the client and its ability to pay its liabilities.

A impairment allowance is used if an overdue receivable to which an impairment allowance has been created in the past is partially repaid or written off.

A impairment allowance is reversed in cases where the risk that the debtor will not repay the receivable or part thereof has ceased to exist or decreased.

**b) The ageing structure of receivables**

The ageing structure of receivables is shown in the table below:

| **Description** | **2019** | **2018** |
|---|---|---|
| Receivables - due | 2 819 760 | 2 141 818 |
| Receivables - overdue | 82 203 | 229 710 |
| **Total** | **2 901 963** | **2 371 528** |

**c) Receivables secured by the right of lien or other security**

Receivables are not pledged and there is not any limited right of disposal.

**d) Deferred tax asset**

See Section III, Note 2 Liabilities, paragraph 2.6.

## 1.5 CURRENT FINANCIAL ASSETS (Financial accounts – balance sheet line 066)

**a) Breakdown of financial accounts**

| **Description** | **2019** | **2018** |
|---|---|---|
| Petty cash, valuables | 0 | 0 |
| Current accounts in banks or in foreign bank branches | 1 710 976 | 1 820 583 |
| Term deposits in banks or in foreign bank branches | 3 400 000 | 0 |
| Cash in transit | 0 | 0 |
| **Total** | **5 110 976** | **1 820 583** |



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As at 31 December 2019, the current financial assets are not subject to any restrictions.

## 1.6 ACCRUALS AND DEFERRALS (balance sheet line 074)

### a) Description of material items of accruals and deferrals

| Description of the time division item | 2019 | 2018 |
|---|---|---|
| **Prepaid expenses - long-term, thereof:** | **47 718** | **57 825** |
| Software maintenance | 7 611 | 4 847 |
| Hardware maintenance | 39 516 | 52 954 |
| Other | 591 | 23 |
| **Prepaid expenses - short-term, thereof:** | **277 549** | **287 045** |
| Software maintenance | 79 585 | 86 644 |
| Hardware maintenance | 91 530 | 87 869 |
| Rent | 98 507 | 87 417 |
| Subscription fee | 442 | 8 924 |
| Trainings | 654 | 8 164 |
| Marketing | 4 646 | 5 765 |
| Insurance | 1 623 | 1 651 |
| Other | 561 | 611 |
| **Accrued income - long-term, thereof:** | **0** | **0** |
| **Accrued income - short-term, thereof:** | **684 468** | **535 711** |
| Projects in progress as at 31.12. | 684 468 | 535 711 |
| **Total** | **1 009 735** | **880 581** |

# 2. EQUITY AND LIABILITIES

## 2.1. EQUITY (Balance sheet line 080)

The Company recognises changes in and presents the balance of the registered capital, capital funds, funds created from profit and profit/(loss) in compliance with legislation.

### a) Description of registered capital

As at 31 December 2019, the subscribed registered capital amounts to EUR 539 465 (31 December 2018: EUR 539 465). The Company's registered capital comprises a monetary contribution of EUR 539 465 made by Raiffeisen Bank International AG.

The registered capital has been fully paid.

### b) Description of legal reserve fund

According to the Commercial Code, the Company is obliged to create a legal reserve fund in the minimum amount of 5 % from the net profit (annually) and up to a maximum of 10 % of the registered share capital.



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No mandatory contribution to the legal reserve fund is required, as the legal reserve fund has already reached the maximum limit stipulated in the legislation and the Memorandum of Association.

### c) Distribution of accounting profit/settlement of accounting loss for the previous reporting period

| Distribution of the accounting profit | Preceding accounting period |
|---|---|
| **Accounting profit** | 945 874 |
| **Distribution of the accounting profit** | **Current accounting period** |
| Contribution to legal reserve fund | 0 |
| Contribution to statutory and other funds | 0 |
| Contribution to the social fund | 0 |
| Contribution for the purpose of increasing share capital | 0 |
| Settlement of losses of previous periods | 0 |
| Transfer to retained earnings | 945 874 |
| Payment of dividends to owners, members | 0 |
| Other | 0 |
| **Total** | **945 874** |

### d) Proposed distribution of accounting profit or settlement of accounting loss

A decision on the distribution of the 2019 profit will be made by the General Meeting. The Company management will propose to the shareholders that the profit be transferred to Retained earnings of previous years.

### e) Movements in equity

Movements in equity are presented in Section IX.

## 2.2. PROVISIONS FOR LIABILITIES (Balance Sheet Lines 118 and 136)

### a) Description of Individual Provisions for Liabilities as at 31 December 2019 and 31 December 2018

| Provision type | Current accounting period | | | | |
|---|---|---|---|---|---|
| | Opening balance | Creation | Use | Reversal | Closing balance |
| **Long-term provisions, thereof:** | **125 000** | **11 760** | **11 760** | **0** | **125 000** |
| *Legal long-term provision, thereof:* | *0* | *0* | *0* | *0* | *0* |
| *Other long-term provision, thereof:* | *125 000* | *11 760* | *11 760* | *0* | *125 000* |
| | *125 000* | *11 760* | *11 760* | *0* | *125 000* |
| | 0 | 0 | 0 | 0 | 0 |
| **Short-term provisions, thereof:** | **2 005 201** | **2 375 745** | **1 893 190** | **41 617** | **2 446 139** |
| *Legal short-term provision, thereof:* | *118 125* | *136 653* | *118 125* | *0* | *136 653* |
| Provision for unused holiday | 118 125 | 136 653 | 118 125 | 0 | 136 653 |
| *Other short-term provision, thereof:* | *1 887 076* | *2 239 092* | *1 775 065* | *41 617* | *2 309 486* |
| Provision for bonuses, contributions and employees benefits | 613 268 | *747 766* | *611 973* | *0* | *749 061* |
| Provision for IT services - Tatra banka a.s. | 2 545 | *16 874* | *2 545* | *0* | *16 874* |
| Provision for personal services - Raiffeisen Bank International | 72 320 | *66 000* | *18 269* | *0* | *120 051* |
| Provision for audit, FS, CITR, economic advisory | 25 323 | 37 485 | 21 208 | 1 870 | 39 730 |
| Provision for IT services - Raiffeisen Informatik | 895 145 | 719 809 | 893 992 | 1 896 | 719 066 |
| Provision for IT consultancy services | 60 262 | 352 101 | 57 280 | 3 346 | 351 737 |
| Provision for VAT coefficient | 163 811 | 178 861 | 146 589 | 1 373 | 194 710 |
| Provision fo other unbilled supplies | 54 402 | 120 196 | 23 209 | 33 132 | 118 257 |

| Provision type | Preceding accounting period | | | | |
|---|---|---|---|---|---|
| | Opening balance | Creation | Use | Reversal | Closing balance |
| **Long-term provisions, thereof:** | **125 000** | **0** | **0** | **0** | **125 000** |
| *Legal long-term provision, thereof:* | *0* | *0* | *0* | *0* | *0* |
| *Other long-term provision, thereof:* | *125 000* | *0* | *0* | *0* | *125 000* |
| Provision for business risks | 125 000 | 0 | 0 | 0 | 125 000 |
| Provision for bonuses | 0 | 0 | 0 | 0 | 0 |
| **Short-term provisions, thereof:** | **1 473 301** | **1 951 397** | **1 325 888** | **93 610** | **2 005 201** |
| *Legal short-term provision, thereof:* | *88 263* | *118 125* | *88 263* | *0* | *118 125* |
| Provision for unused holiday | 88 263 | 118 125 | 88 263 | 0 | 118 125 |
| *Other short-term provision, thereof:* | *1 385 038* | *1 833 273* | *1 237 625* | *93 610* | *1 887 076* |
| Provision for bonuses, contributions and employees benefits | 599 546 | 613 268 | 599 546 | 0 | 613 268 |
| Provision for IT services - Tatra banka a.s. | 121 498 | 2 545 | 120 737 | 761 | 2 545 |
| Provision for personal services - Raiffeisen Bank International | 163 612 | 33 000 | 85 741 | 38 551 | 72 320 |
| Provision for audit, FS, CITR, economic advisory | 23 100 | 25 323 | 21 574 | 1 526 | 25 323 |
| Provision for IT services - Raiffeisen Informatik | 210 425 | 895 146 | 205 582 | | 895 145 |
| Provision for IT consultancy services | 103 290 | 60 626 | 103 158 | | 60 262 |
| Provision for VAT coefficient | 98 275 | 156 397 | 71 912 | 18 948 | 163 811 |
| Provision fo other unbilled supplies | 65 292 | 46 969 | 29 375 | 28 484 | 54 402 |

The provision for unused vacation days was created mathematically based on the product of unused vacation days and the employee's average daily salary. For the unused vacation days, a provision for health and social insurance payments was created according to the percentage of statutory insurance payments. The provision for liabilities will be used in 2020.



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The Company created no other provision for potential sanctions from third parties (e.g. tax administrator, business partner, etc) owing to the performance of its business activities as, based on the analysis of the current situation, it does not expect any sanctions from third parties, although this cannot be fully excluded given different interpretations of the existing legal regulations.

## 2.3. LIABILITIES (Balance Sheet Lines 102 and 122)

### a) Breakdown of payables by residual maturity

The structure of liabilities (except for bank loans, borrowings and returnable financial assistance, liabilities related to social fund, deferred tax liability and provisions) according to their remaining maturities as of 31 December 2019 is shown in the table below:

| Description | Carrying value | Less than 1 year | 1-5 years | More than 5 years |
|---|---|---|---|---|
| Trade liabilities to affiliated accounting entities | 2 659 123 | 2 659 123 | 0 | 0 |
| Trade liabilities within participating interest, except for liabilities to affiliated accounting entities | 0 | 0 | 0 | 0 |
| Other trade liabilities | 692 204 | 692 204 | 0 | 0 |
| Net value of contract | 0 | 0 | 0 | 0 |
| Other liabilities to affiliated accounting entities | 0 | 0 | 0 | 0 |
| Other liabilities within participating interest, except for liabilities to affiliated accounting entities | 0 | 0 | 0 | 0 |
| Other non-current liabilities | 0 | 0 | 0 | 0 |
| Long-term advance payments received | 0 | 0 | 0 | 0 |
| Long-term bills of exchange to be paid | 0 | 0 | 0 | 0 |
| Bond issued | 0 | 0 | 0 | 0 |
| Other non-current liabilities | 0 | 0 | 0 | 0 |
| Liabilities to partners and association | 0 | 0 | 0 | 0 |
| Liabilities to employees | 3 086 | 3 086 | 0 | 0 |
| Liabilities related to social security | 2 542 | 2 542 | 0 | 0 |
| Tax liabilities and subsidies | 137 560 | 137 560 | 0 | 0 |
| Liabilities related to derivative transactions | 0 | 0 | 0 | 0 |
| Other liabilities | 415 | 415 | 0 | 0 |
| **Spolu** | **3 494 930** | **3 494 930** | **0** | **0** |



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The structure of liabilities (except for bank loans, borrowings and returnable financial assistance, liabilities related to social fund, deferred tax liability and provisions) according to their remaining maturities as of 31 December 2018 is shown in the table below:

| Description | Carrying value | Less than 1 year | 1 – 5 years | More than 5 years |
|---|---|---|---|---|
| Trade liabilities to affiliated accounting entities | 950 464 | 950 464 | 0 | 0 |
| Trade liabilities within a participating interest, except for liabilities to affiliated accounting entities | 0 | 0 | 0 | 0 |
| Other trade liabilities | 1 011 594 | 1 011 594 | 0 | 0 |
| Net value of contract | 0 | 0 | 0 | 0 |
| Other liabilities to affiliated accounting entities | 0 | 0 | 0 | 0 |
| Other liabilities within a participating interest, except for liabilities to affiliated accounting entities | 0 | 0 | 0 | 0 |
| Other non-current liabilities | 0 | 0 | 0 | 0 |
| Long-term advance payments received | 0 | 0 | 0 | 0 |
| Long-term bills of exchange to be paid | 0 | 0 | 0 | 0 |
| Bonds issued | 0 | 0 | 0 | 0 |
| Other non-current liabilities | 0 | 0 | 0 | 0 |
| Liabilities to partners and association | 0 | 0 | 0 | 0 |
| Liabilities to employees | 1 700 | 1 700 | 0 | 0 |
| Liabilities related to social security | 1 878 | 1 878 | 0 | 0 |
| Tax liabilities and subsidies | 99 521 | 99 521 | 0 | 0 |
| Liabilities related to derivative transactions | 0 | 0 | 0 | 0 |
| Other liabilities | 9 133 | 9 133 | 0 | |
| **Total** | **2 074 290** | **2 074 290** | **0** | **0** |

## b) Payables secured by a lien or other form of security

Payables are not secured by a lien or other form of security.

## c) Deferred tax liability

See Art. III in Part 2. Liabilities, section 2.6.

## d) Creation and use of social fund

The creation and use of the social fund during the accounting period are shown in the following overview:

| Description | 2019 | 2018 |
|---|---|---|
| **Opening balance of social fund** | **6 088** | **37 138** |
| Creation of social fund against expenses | 55 404 | 46 324 |
| Creation of social fund from profit | 0 | 0 |
| Other creation of social fund | 0 | 0 |
| ***Total creation of social fund*** | ***55 404*** | ***46 324*** |
| Use of social fund | 54 491 | 77 374 |
| **Closing balance of social fund** | **7 001** | **6 088** |



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Part of the social fund is compulsory under the Social Fund Act to be charged to the costs and part of it may be generated from profit. According to the Social Fund Act, the social fund is used for social, health, recreational and other needs of employees.

## 2.4. BANK LOANS, BORROWINGS AND REPAYABLE FINANCIAL ASSISTANCE (Balance Sheet Lines 121, 139 and 140)

### a) Information on bank loans, borrowings and short-term financial assistance

| Description | Currency | Interest p.a. in % | Maturity | Principal in the relevant currency for 2019 | Principal in Euro for 2019 | Principal in the relevant currency for 2018 |
|---|---|---|---|---|---|---|
| **Long-term bank loans** | | | | | | |
| **Total** | | | | **0** | **0** | **0** |
| **Short-term bank loans** | | | | | | |
| VISA Credit Card Frame | EUR | 19% p.a. | 21.1.2020 | 5 786 | 5 786 | 3 713 |
| Overdraft Loan | EUR | 1M Euribor + 2,5% p.a. | 31.1.2021 | 0 | 0 | 0 |
| Revolving Credit Frame 853/2011 | EUR | Refinance rate + margin 2,75% (based on period of drawing) | 31.1.2022 | 1 400 000 | 1 400 000 | 600 303 |
| **Total** | | | | **1 405 786** | **1 405 786** | **604 016** |

Tatra banka, a.s., is the creditor for all provided short-term bank loans and it is also a related party of Regional Card Processing Centre, s.r.o.

The Company recognises revolving loan of EUR 1 400 000 as a short-term loan as it did not meet the loan agreement covenant as at 31 December 2019.

| Description | 2019 | 2018 |
|---|---|---|
| Bank loans - overdue | 0 | 0 |
| Bank loans with the remaining maturity of up to 1 year | 1 405 786 | 604 016 |
| Bank loans with the remaining maturity of 1-5 years | 0 | 0 |
| Bank loans with the remaining maturity exceeding 5 years | 0 | 0 |
| **Spolu** | 1 405 786 | 604 016 |

### b) Collateralisation of Loans

On 27 April 2012, the Company concluded an agreement on the pledge over movable assets. Tatra banka, a.s. is the pledgee. The pledge agreement was concluded to secure overdraft facility No. 536/2009 of up to EUR 2 500 000 and revolving loan No. 853/2011 of up to EUR 3 000 000. The pledged assets are movable assets owned by the Company.



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## 2.5. ACCOUNTING ACCOUNT DATA ON THE LIABILITIES OF THE LIABILITIES (Balance sheet line 141)

### a) Description of significant accruals

| Description | 2019 | 2018 |
|---|---|---|
| **Accrued expenses - long-term, thereof:** | **0** | **0** |
| **Accrued expenses - short-term, thereof:** | **0** | **0** |
| **Deferred income - long-term, thereof:** | **948 444** | **0** |
| Income from projects | 948 444 | 0 |
| **Deferred income - short-term, thereof:** | **432 198** | **0** |
| Income from projects | 432 198 | 0 |
| **Total** | **1 380 642** | **0** |

## 2.6. INCOME TAX

### a) Relationship between current income tax and deferred income tax and profit/(loss) prior to taxation

A reconciliation from the theoretical income tax to the reported income tax is shown in the table below:

| Description | 2019 | | | 2018 | | |
|---|---|---|---|---|---|---|
| | Tax base | Tax | Tax in % | Tax base | Tax | Tax in % |
| Profit (loss) before tax, thereof: | 1 557 115 | x | x | 1 219 390 | x | x |
| At theoretical tax rate | x | 326 994 | 21% | x | 256 072 | 21% |
| Tax non-deductible expenses | 822 909 | 172 811 | 11% | 68 066 | 14 294 | 1% |
| Income not subject to tax | 0 | 0 | 0% | -20 000 | -4 200 | 0% |
| Effect of not recognised deferred tax asset | 0 | 0 | 0% | 35 000 | 7 350 | 1% |
| Tax losses claimed during the period | 0 | 0 | 0% | 0 | 0 | 0% |
| Changes of tax rate | 0 | 0 | 0% | 0 | 0 | 0% |
| Other | 0 | 0 | 0% | 0 | 0 | 0% |
| **Total** | **2 380 024** | **499 805** | **32%** | **1 302 456** | **273 516** | **22%** |
| | | | | | | |
| **Current tax** | x | **499 805** | **32%** | x | **362 372** | **22%** |
| Deferred tax | x | -108 727 | -7% | x | -88 856 | -7% |
| **Total reported tax** | **x** | **391 078** | **25%** | **x** | **273 516** | **15%** |

Since 1 January 2017, the income tax rate in the Slovak Republic is 21%.



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## b) Deferred Tax Asset or Liability

The calculation of the deferred tax liability is below:

| Description | 2019 | 2018 |
|---|---|---|
| **Temporary differences between the carrying value of assets and their tax base, thereof:** | **26 635** | **72 217** |
| – deductible | -617 284 | -673 613 |
| – taxable | 643 920 | 745 830 |
| **Temporary differences between the carrying value of liabilities and their tax base, thereof:** | **-2 524 774** | **-2 052 608** |
| – deductible | -2 524 774 | -2 052 608 |
| – taxable | 0 | 0 |
| Carry-forward of unused tax losses | 0 | 0 |
| Carry-forward of unused tax credits | 0 | 0 |
| Income tax rate (in %) | 21 | 21 |
| **Deferred tax asset** | **530 202** | **431 048** |
| **Recognized deferred tax asset** | **530 202** | **431 048** |
| Recorded as decrease of expenses | 99 155 | 92 294 |
| Recorded in equity | 0 | 0 |
| **Deferred tax liability** | **5 593** | **-15 166** |
| **Change in deferred tax liability** | **9 572** | **3 438** |
| Recorded as an expense | 9 572 | 3 438 |
| Recorded in equity | 0 | 0 |
| Other | 0 | 0 |



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## SECTION IV
## INFORMATION EXPLAINING AND SUPPLEMENTING INCOME STATEMENT ITEMS

### 1. REVENUES FROM THE SALE OF OWN WORK AND MERCHANDISE (Income statement lines 03, 04 and 05)

Revenues from the sale of own products, merchandise and services amounted to EUR 21 260 648 for 2019 and to EUR 19 579 533 for 2018. Revenue from own work and merchandise according to the individual segments, i.e., types of services, is presented in the table below:

| Description | 2019 | 2018 |
|---|---|---|
| **Services** | | |
| Credit Card Fee | **2 832 939** | **2 754 187** |
| Transaction fees | **10 618 248** | **9 560 810** |
| Value Added fees | **2 114 325** | **1 846 060** |
| POS management fee | **732 179** | **729 511** |
| Suplementary services fees | **1 401 260** | **1 469 534** |
| One time fees | **2 533 812** | **2 487 085** |
| RaiOPs monthly fees + CAE | **690 499** | **730 512** |
| Digital fees | **282 898** | **0** |
| Re-invoicing fees | **46 230** | **0** |
| Other services | **8 258** | **1 834** |
| **Total** | **21 260 648** | **19 579 533** |

### 2. MATERIAL ITEMS OF REVENUES FROM THE CAPITALISATION OF COSTS (Income Statement Line 07)

| Description | 2019 | 2018 |
|---|---|---|
| **Significant items of capitalized costs, thereof:** | **1 082 708** | **207 172** |
| Intangible fixed assets - activation | 1 082 708 | 207 172 |

### 3. OTHER MATERIAL ITEMS OF OPERATING REVENUES (Income Statement Lines 08 and 09)

| Descripction | 2019 | 2018 |
|---|---|---|
| **Other significant items of other operating income, thereof:** | **5 434** | **1 222** |
| Revenue from the sale of fixed assets and material | 5 037 | 309 |
| Compensation for damages from insurance company | 178 | 65 |
| Annual settlement of VAT | 0 | 0 |
| Other operating income | 219 | 848 |

### 4. PERSONNEL EXPENSES (Income Statement Line 15)

| Description | 2019 | 2018 |
|---|---|---|
| **Personal expenses, thereof:** | **8 618 179** | **7 240 801** |
| Salaries and wages | 6 113 333 | 5 223 274 |



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| | | |
|---|---|---|
| Other expenses for employment | 0 | 0 |
| Health and social insurance | 2 174 202 | 1 839 304 |
| Legal social expenses | 237 552 | 123 767 |
| Social security | 93 092 | 54 456 |

## 5. REVENUES FROM FINANCING ACTIVITIES (Income Statement Lines 30, 31, 35, 39, 42, 43 and 44)

| Description | 2019 | 2018 |
|---|---|---|
| **Financial income, thereof:** | **3 802** | 0 |
| Exchange rate gains, thereof: | 0 | 0 |
| Unrealized exchange rate gains as at the balance sheet date | 0 | 0 |
| Other significant financial income, thereof: | 3 802 | 0 |
| Interest income | 3 802 | 0 |



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## 6. MATERIAL ITEMS OF COSTS OF SERVICES PROVIDED (Income Statement Line 14)

| Description | 2019 | 2018 |
|---|---|---|
| **Expenses of provided services, thereof:** | **9 046 565** | **8 804 382** |
| IT & information costs | 5 261 518 | 5 269 817 |
| IT other costs | 2 340 596 | 2 117 858 |
| Rental - office space | 410 035 | 374 100 |
| RBI services | 131 667 | 394 902 |
| Representation expenses | 117 959 | 29 825 |
| Accounting and payroll services | 98 917 | 90 540 |
| HR services, personal leasing | 76 742 | 65 632 |
| Training fees | 71 002 | 83 033 |
| Re-invoicing RBI fees | 67 790 | 0 |
| IT services (business & administration) | 60 576 | 53 661 |
| Travel expenses | 59 891 | 38 702 |
| Software up to 2 400 EUR | 58 648 | 77 612 |
| Economic and tax consulting | 49 558 | 26 450 |
| Master Card and Visa Europe fees | 47 797 | 39 086 |
| Travel agency services | 46 449 | 27 904 |
| Marketing | 29 330 | 16 928 |
| Legal services | 25 869 | 20 080 |
| Teambuilding + internal workshop | 17 766 | 3 528 |
| Communication costs | 15 183 | 15 481 |
| Audit fees | 12 089 | 10 394 |
| Accommodation | 9 584 | 3 295 |
| Taxi | 8 252 | 5 592 |
| Repairs and maintenance | 3 946 | 4 278 |
| Office services | 2 435 | 16 685 |
| Other costs | 22 966 | 18 999 |



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## 7. MATERIAL ITEMS OF OTHER OPERATING EXPENSES (Income Statement Lines 20, 21, 24, 25 and 26)

| Description | 2019 | 2018 |
|---|---|---|
| **Other significant operating expenses, thereof:** | **2 894 454** | **2 348 744** |
| Depreciation of tangible and intangible fixed assets | 1 495 454 | 1 042 279 |
| VAT without the right to deduct | 1 161 110 | 1 300 390 |
| Cancelled investment, damage reimbursement | 167 265 | 0 |
| Insurance | 28 680 | 10 171 |
| Provision for trade risks | 11 760 | 0 |
| Re-invoicing expenses | 7 175 | 0 |
| Taxes and fees | 1 328 | 1 225 |
| Fines and penalties | 510 | -19 447 |
| Other operating expenses | 21 172 | 14 126 |

## 8. FINANCE EXPENSES (Income Statement Lines 46, 47, 48, 49, 52, 53 and 54)

| Description | 2019 | 2018 |
|---|---|---|
| **Financial expenses, thereof:** | **35 290** | **44 896** |
| *Exchange rate losses, thereof:* | *631* | *199* |
| Unrealised exchange rate losses as at the balance sheet date | 0 | 0 |
| *Other significant financial expenses, thereof:* | *34 659* | *44 697* |
| Interest expenses | 25 554 | 38 315 |
| Other financial expenses | 9 105 | 6 382 |

## 9. COSTS OF THE AUDITOR AND AUDIT FIRM

| Description | 2019 | 2018 |
|---|---|---|
| **Expenses for auditor services, thereof:** | **13 089** | **10 394** |
| Audit of individual financial statements | 12 089 | 10 394 |
| Other non-audit services | 1 000 | 0 |

## 10. NET TURNOVER (Income Statement Line 01)

Classification of net turnover according to Article 2 (15) of the Act on Accounting according to individual types of services or other activities of the accounting entity and main geographical markets:

| Territory | This country | | Abroad | | Total | |
|---|---|---|---|---|---|---|
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| Credit Card Fee | 285 592 | 271 776 | 2 547 347 | 2 482 411 | **2 832 939** | **2 754 187** |
| Transaction fees | 4 186 011 | 3 787 962 | 6 432 237 | 5 772 848 | **10 618 248** | **9 560 810** |
| Value Added fees | 456 783 | 365 010 | 1 657 541 | 1 481 050 | **2 114 324** | **1 846 060** |
| POS management fee | 469 175 | 473 853 | 263 004 | 255 658 | **732 179** | **729 511** |
| Suplementary services fees | 411 560 | 517 416 | 989 700 | 952 118 | **1 401 260** | **1 469 534** |
| One time fees | 472 475 | 409 643 | 2 061 337 | 2 077 442 | **2 533 812** | **2 487 085** |
| RaiOPs monthly fees + CAE | 325 680 | 319 128 | 364 819 | 411 384 | **690 499** | **730 512** |
| Digital fees | 66 059 | 0 | 216 840 | 0 | **282 899** | **0** |
| Re-invoicing fees | 0 | 0 | 46 230 | 0 | **46 230** | **0** |
| Other services | 0 | 1 834 | 8 258 | 0 | **8 258** | **1 834** |
| **Total** | **6 673 335** | **6 146 622** | **14 587 313** | **13 432 911** | **21 260 648** | **19 579 533** |



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## SECTION V
## OTHER ASSETS AND OTHER LIABILITIES

### 1. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

**Contingent Liabilities**

Since many areas of the Slovak tax law have not been sufficiently validated yet by practice, there is uncertainty as to how they will be applied by the tax authorities. The extent of this uncertainty cannot be quantified and disappears only when legal precedents or official interpretations of the competent authorities are available. Management is not aware of any circumstances that would cause any significant costs for the Company.

**Leasehold property**

As of 31 December 2019, the Company leases non-residential premises with an area of 1 771,92 m2 from third parties. The rent for the entire subject of the lease as of 31 December 2019 was set at EUR 76 876,91 for each quarter.

On 11 November 2019, Amendment no. 3 to the lease was signed, under which the company will extend the subject of the lease to other non-residential premises with effect from 1 February 2020. The total area of leased premises will be 1 953,68 m2 from third parties. At the same time, the lease term was extended to 31 August 2026. The rent for the whole subject of the lease will amount to EUR 85 605,04 for each quarter.

The lease term is automatically extended by 5 years, unless one of the parties delivers a written notice that it has no interest in extending the lease 12 months before the expiry of the lease term.

The Company leases furniture from third parties. The lease period is 36 months starting from 1 October 2018 until 30 September 2021. The lessor concluded also insurance for the furniture that is paid by the lessee. Monthly insurance payments are 0.217‰ from the total amount of leased furniture. Overall leased costs for furniture and other related costs paid by the Company as per the contract shall not exceed EUR 220 000.

### 2. OTHER FINANCIAL OBLIGATIONS

During the reporting period, the Company had no material items of other financial obligations not recognised in the financial statements.

### 3. OFF-BALANCE SHEET ACCOUNTS

The Company has contingent assets and liabilities recognised on off-balance sheet accounts.

| Description | 2019 | 2018 |
|---|---|---|
| Liabilities from acquistion of fixed assets | 379 229 | 1 164 212 |
| Acquisition of fixed assets - software solutions | 155 875 | 219 900 |
| Anticipated expenses - software solutions and maintenance | 223 354 | 944 312 |



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## SECTION VI
## EVENTS THAT OCCURRED AFTER THE REPORTING DATE

No events that would require a disclosure in the financial statements ended 31 December 2019 occurred after 31 December 2019 until the day of preparation of the financial statements.

The Company is thoroughly following the development of COVID-19 . In limiting the effects, the Company follows and observes the business continuity protocols. Crisis team has been appointed to follow up regular updates from local, Slovak sources, and also Group recommendations. Set of measures have been already implemented, such as wide communication, higher hygienic rules, ban on business trips, home office for all staff. The Company has sufficient credit lines and does not expect to have issues in meeting its obligations when they come due. The Company has sufficient capacity to run all business activities and deliver services to the clients in proper time and quality, currently without any impact to financial results. Ongoing migration projects reimain on the MUST project list of the RBI board. Development of the payment cards is monitored on regular basis. No additional investments have been identified. The Company has analyzed the risks and severe but plausible scenarios and concluded that there is no material uncertainty related to going concern. To keep informed ECB authorities, regular weekly reporting is in place.

## SECTION VII
## COMPANY'S ECONOMIC RELATIONS WITH RELATED PARTIES, AND INCOME AND BENEFITS OF MEMBERS OF THE STATUTORY, SUPERVISORY AND OTHER BODIES OF THE COMPANY

### 1. ECONOMIC RELATIONS WITH RELATED PARTIES

### a) Overview of performed transactions

Parties related to the Company are related accounting entities within the Group, as well as their statutory bodies, directors, and executive directors. The ultimate parent is Raiffeisen Bank International AG.

**Transactions with the parent accounting entity**

The Company carried out the following transactions with the parent accounting entity:

| Description | Value of the transaction | |
|---|---|---|
| | 2019 | 2018 |
| Services | 2 102 257 | 2 118 871 |
| **Total revenue** | **2 102 257** | **2 118 871** |

| Názov položky | Value of the transaction | |
|---|---|---|
| | 2019 | 2018 |
| Services | 462 746 | 813 296 |
| Other | 0 | -6 668 |
| **Total costs** | **462 746** | **806 628** |

Assets and liabilities related to transactions with the parent accounting entity are shown in the table below:



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| Description | 2019 | 2018 |
|---|---|---|
| Inventory | 0 | 0 |
| Trade receivables | 214 783 | 270 437 |
| **Total assets** | **214 783** | **270 437** |

| Názov položky | 2019 | 2018 |
|---|---|---|
| Loans received | 0 | 0 |
| Trade liabilities | 2 289 382 | 493 600 |
| **Total liabilities** | **2 289 382** | **493 600** |

## Transactions with other related parties

The Company made the following transactions with other related parties:

| Description | Value of the transaction | |
|---|---|---|
| | 2019 | 2018 |
| Services | 19 158 391 | 17 460 663 |
| **Total revenue** | **19 158 391** | **17 460 663** |

| Názov položky | Value of the transaction | |
|---|---|---|
| | 2019 | 2018 |
| Services | 4 210 544 | 4 608 202 |
| Benefits | 90 386 | 54 456 |
| Bank interests | 25 554 | 38 315 |
| Insurance | 18 209 | 289 |
| Bank fees | 9 058 | 6 382 |
| Material/energy | -351 | 19 135 |
| Other | 8 407 | -13 334 |
| **Total costs** | **4 361 807** | **4 713 445** |

Assets and liabilities related to transactions with other related parties are shown in the table below:

| Description | 2019 | 2018 |
|---|---|---|
| Stock | 0 | 0 |
| Trade receivable | 2 536 021 | 2 061 257 |
| **Total assets** | **2 536 021** | **2 061 257** |

| Názov položky | 2019 | 2018 |
|---|---|---|
| Loans received | 1 405 786 | 604 016 |
| Trade liabilities | 369 741 | 456 864 |
| **Total liabilities** | **1 775 527** | **1 060 880** |



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## 2. INCOME AND BENEFITS OF MEMBERS OF THE STATUTORY, SUPERVISORY AND OTHER BODIES OF THE COMPANY

Key management personnel are persons having authority and responsibility for planning, directing, and controlling the activities of the accounting entity, directly or indirectly, including any executive director or other director of that accounting entity. The average number of key management personnel was 5 in 2019 and 6 in 2018.

Except for wages and salaries, a member of the statutory body did not have any other income or benefits.



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## SECTION VIII
## OTHER INFORMATION

The Company has not been granted an exclusive right or a special right to provide public services.

The Company is not covered by Article 23d (6) of the Act on Accounting.

## SECTION IX
## OVERVIEW OF MOVEMENTS IN EQUITY

An overview of the movements in equity during the reporting period is given below:

| Item of Equity | Current accounting period | | | | |
|---|---|---|---|---|---|
| | 1 January 2019 | Increase | Decrease | Transfer | 31 December 2019 |
| a | b | c | d | e | f |
| Registered capital | 539 465 | 0 | 0 | 0 | 539 465 |
| Changes in registered capital | 0 | 0 | 0 | 0 | 0 |
| Receivables related to unpaid registered capital | 0 | 0 | 0 | 0 | 0 |
| Share premium | 0 | 0 | 0 | 0 | 0 |
| Legal reserve funds | 53 946 | 0 | 0 | 0 | 53 946 |
| Other capital funds | 2 705 000 | 4 600 000 | 0 | 0 | 7 305 000 |
| Differences from revaluation of assets and liabilities | 0 | 0 | 0 | 0 | 0 |
| Revaluation of capital participations | 0 | 0 | 0 | 0 | 0 |
| Merger or division revaluation | 0 | 0 | 0 | 0 | 0 |
| Other funds created from profit | 0 | 0 | 0 | 0 | 0 |
| Retained earnings of previous years | 6 526 964 | 0 | 1 | 945 874 | 7 472 837 |
| Accumulated losses from previous years | 0 | 0 | 0 | 0 | 0 |
| Net profit (loss) of the current accounting period | 945 874 | 1 166 037 | 0 | -945 874 | 1 166 037 |
| Other equity items | 0 | 0 | 0 | 0 | 0 |
| Account 491 - Equity of sole trader | 0 | 0 | 0 | 0 | 0 |
| **Total** | **10 771 249** | **5 766 037** | **1** | **0** | **16 537 285** |

In 2019, the Company created a capital fund in the amount of EUR 4 600 000. The financial contribution was provided by the parent company Raiffeisen Bank International in order to provide a provision for financial liquidity within the banking sector entities, as required by European Single Resolution Mechanism legislation.

The Company decided to transfer the accounting profit for the year 2018 to the retained earnings account of previous years based on the decision of the general meeting of the accounting unit.

An overview of the movements in equity for the preceding reporting period is shown below:

| Item of Equity | Preceding accounting period | | | | |
|---|---|---|---|---|---|
| | 1 January 2018 | Increase | Decrease | Transfer | 31 December 2018 |
| a | b | c | d | e | f |
| Registered capital | 539 465 | 0 | 0 | 0 | 539 465 |
| Changes in registered capital | 0 | 0 | 0 | 0 | 0 |
| Receivables related to unpaid registered capital | 0 | 0 | 0 | 0 | 0 |
| Share premium | 0 | 0 | 0 | 0 | 0 |
| Legal reserve funds | 53 946 | 0 | 0 | 0 | 53 946 |
| Other capital funds | 0 | 2 705 000 | 0 | 0 | 2 705 000 |
| Differences from revaluation of assets and liabilities | 0 | 0 | 0 | 0 | 0 |
| Revaluation of capital participations | 0 | 0 | 0 | 0 | 0 |
| Merger or division revaluation | 0 | 0 | 0 | 0 | 0 |
| Other funds created from profit | 0 | 0 | 0 | 0 | 0 |
| Retained earnings of previous years | 5 537 170 | 1 | 0 | 989 793 | 6 526 964 |
| Accumulated losses from previous years | 0 | 0 | 0 | 0 | 0 |
| Net profit (loss) of the current accounting period | 989 793 | 945 874 | 0 | -989 793 | 945 874 |
| Other equity items | 0 | 0 | 0 | 0 | 0 |
| Account 491 - Equity of sole trader | 0 | 0 | 0 | 0 | 0 |
| **Total** | **7 120 374** | **3 650 875** | **0** | **0** | **10 771 249** |

## SECTION X
## CASH FLOW STATEMENT

The Company decided to prepare the cash flow statement using the indirect method. Using this method, profit/loss from ordinary activities before income tax is adjusted for the effects of non-cash items related to the Company's operating activities. Cash flows from investing and financing activities are recognised using the direct method.



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| Description | 2 019 | 2 018 |
|---|---|---|
| **Net profit (before interest, tax, and items of exceptional size of incidence)** | **1 578 867** | **1 257 705** |
| | | |
| Depreciation of property, pland and equipment and amortization of non-current intangible assets | 1 495 454 | 1 042 279 |
| Write-off value adjustments of acquired assets(+/-) | 0 | 0 |
| Result from sale of fixed assets, except for those assets which are considered as cash equivalents (+/-) | -3 442 | |
| Change in provisions (+/-) | 440 938 | 531 900 |
| Changes in value adjustments (- / +) | 0 | 0 |
| **Operating profit before working capital changes** | **3 511 817** | **2 831 884** |
| | | |
| **Changes in working capital** | | |
| Change in receivables from operations (including accruals/deferrals of assets) (- / +) | -699 488 | -680 680 |
| Change in payables from operations (including accruals/deferrals of liabilities) (- / +) | 2 663 849 | 690 135 |
| Changes in inventories (- / +) | 51 | -36 |
| **Cash generated from operations** | **5 476 229** | **2 841 303** |

| | | |
|---|---|---|
| **Cash flow from operating activities** | | |
| Cash generated from operations | 5 476 229 | 2 841 303 |
| Interest paid | -25 554 | -38 315 |
| Interest received | 3 802 | 0 |
| Income tax paid | -362 372 | -520 137 |
| Proceeds and expenditure related to other non-current liabilities | 0 | -31 050 |
| **Net cash inflow from operating activities** | **5 092 105** | **2 251 802** |
| | | |
| **Cash flows from investing activities** | | |
| Purchase of non-current assets | -3 807 836 | -2 292 584 |
| Proceeds from sale of non-current assets | 3 442 | 0 |
| Proceeds from long-term borrowings | -3 400 000 | 0 |
| **Net cash (outflows) / inflow from investing activities** | **-7 204 394** | **-2 292 584** |
| | | |
| **Cash from financing activities** | | |
| Change in received loans | 801 770 | -843 635 |
| Proceeds or repayments related to other long-term liabilities | 912 | 0 |
| Contributions to a capital fund | 4 600 000 | 2 705 000 |
| **Net cash (outflows) / inflow from financing activities** | **5 402 682** | **1 861 365** |

| | | |
|---|---|---|
| Net (decrease) / increase in cash and cash equivalents | 3 290 393 | 1 820 583 |
| | | |
| Cash and cash equivalents at the beginning of year | 1 820 583 | 0 |
| | | |
| **Cash and cash equivalents at the end of year** | **5 110 976** | **1 820 583** |

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