ANNUAL REPORT 2020

STABILITA
doplnková dôchodková spoločnosť

Pilier vášho dôchodku

ANNUAL REPORT 2020

Contents

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doplnková dôchodková spoločnosť

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Incorporated in Company Register kept at District Court Bratislava I section Sro, file No. 4444/B company ID: 31 343 414
VAT ID: SK2020325516

STABILITA, d.d.s., a.s.

SUPPLEMENT TO THE INDEPENDENT AUDITOR 'S REPORT
to the Report on the information provided in the annual report for Shareholders, the Supervisory Board and the Board of Directors of STABILITA, d.d.s., a.s.
and the Audit Committee:

We have audited the financial statements of STABILITA, d.d.s., a.s. (hereinafter referred to as the "Company") as of 31 December 2020 listed in the Annex to the attached Annual report of the company, to which we issued the Independent auditor's report on March 01, 2021, which forms the annex to the company's Annual report. We have prepared this supplement in accordance with Section 27 paragraph 6 of Act No. 423/2015 Coll. on Statutory audit and on amendment of Act No. 431/2002 Coll. on Accounting, as amended (hereinafter referred to as the "Act on statutory audit").

Based on the work performed, described in the section "Report on the information provided in the Annual report" of the aforementioned Independent auditor's report, in our opinion:

- the information given in the company's Annual report for 2019 is consistent with its financial statements for the given year,
- the annual report contains information pursuant to Act No. 431/2002 Coll. on Accounting, as amended.

In addition, based on our knowledge of the company and its situation, which we acquired during the audit of financial statements, we are required to indicate whether we have identified material misstatements in the annual report. In this context, there are no findings that we could state.

In Bratislava, March 18, 2021

Ing. Zuzana Letková, FCCA
zodpovedný auditor
Licencia SKAu č. 865

In the name of company Deloitte Audit s.r.o.
SKAu license No. 014

General information on the company

Company name

Supplemental Retirement Company STABILITA, d.d.s., a.s.

Registered office

Bačíkova 5, 040 01 Košice
Phone No.: +421 55 / 800 11 76,
Fax: +421 55 / 622 58 48
E-mail: marketing@stabilita.sk

Company registration date

April 01, 2007

Company ID

36 718 556

Incorporation

Business Register of District Court Košice I, Section Sa, Insert no. 1407/V

Depositary

Slovenská sporiteľňa, a. s.

Board of Directors

Ing. Michal Krajčovič, CSc.,
Chairman of the Board of Directors

JUDr. Marián Melichárek,
Vice-Chairman of the Board of Directors

Ing. Martin Pivarči,
member of the Board

Supervisory Board

Ing. Ján Žačko
JUDr. Magdaléna Martincová
Ing. Ľubor Podracký
Ing. Ľudovít Ihring
Ing. Róbert Rigo
Ing. Stanislava Fejfarová, CSc.
Ing. Peter Benedikt
Ing. Ján Peržeľ
JUDr. Nataša Kučerová
Ing. Viliam Markócsy

Registered capital

1 660 000 € as of Dec 31, 2020

Net assets

9 284 161 € as of Dec 31, 2020

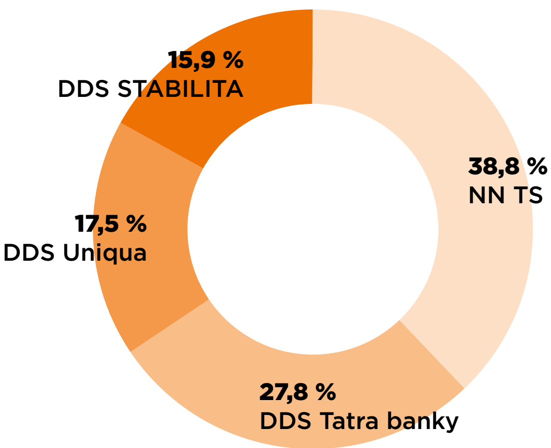
a) Information on company´s development and on current state of affairs

Year 2020 made us facing challenges and events that represented a completely new experience for new economies and their financial markets. Such global problems and restrictions for global economy had not been remembered for decades before and their effect was ever more perceived in the modern interconnected world. Supplemental retirement companies experienced probably the most complicated times during their existence.

The number of participants (with non-zero contracts) in supplemental retirement savings had increased during the 1.H. 2020 by less than 13 thsd. Expansion of the participants´ base had slowed down by approx. a third on year- to- year basis and reached only 50% pace compared to the same period of year 201'9. The situation had slightly improved in the 2.H. 2020 and conclusion rate of the new contracts has speeded up. However, complicated pandemic situation had again affected the business activities and minimized real opportunities of the new participants´ contracts conclusion towards the end of the year. STABILITA, d.d.s., a.s. concluded total 4 754 participant contracts during year 2020, hereof 3 923 new ones and 831 renewed contracts. As of Dec 31, 2020 the company managed total 140 911 participant contracts (recorded according to citizen ID Nos.), which represents market share of 15,9% .

Total number of participant contracts managed within particular supplemental retirement companies represented 891 283 as of Dec 31, 2020 which was a year-to-year increase by less than 32 000 participant contracts.

Market share of individual complementary pension companies



The Company appreciates the trend of gradual insurance stock "rejuvenation". For the third year in order, the average age of new participants has been below 40 years of age. Expected duration of these participants´ stay in the system refers to approx. 25 years, which refers to the participation period allowing for investments also in the funds with more risky investment strategy, creating a precondition for generation of higher retirement savings.

Employer´s co-participation continues to remain the most important motive to join the system of supplemental retirement savings, thus a benefit of employer´s contributions. This has been proved by the fact that almost 95 % of clients who concluded the contract refer to so called „two-part" participants who the employer also contributes to the system with regular monthly contributions. Taking this fact into account, the company priority has continued to be a focus on employer subjects and their accession in the system of supplemental retirement savings. In 2020 STABILITA, d. d. s., a. s., concluded total 358 new employer contracts and their number reached 6 730 as of the end of the year.

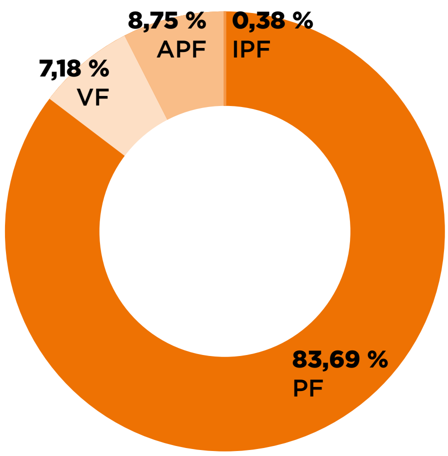
During the previous year, the company extended its funds offer with a new contributory fund. Stabilita Payout d.d.f. STABILITA, d. d. s., a. s., has been offered to the subjects interested since March 12, 2020. The highest volume of assets has been stored in the assets of Stabilita contributory d.d.f., STABILITA, d. d.s., a.s.

Total volume of assets under management of the complementary pension company increased by 8.42% year-on-year and reached the amount of EUR 396.4 mil. The largest volume of assets was in the assets of Stabilita contributory d.d.f., STABILITA, d.d.s., a.s. (hereinafter referred to as the "contributory d.d.f. "), namely 83.69% of the total volume of assets, 8.75 % of the total volume of assets were in Stabilita equity contributory d.d.f., STABILITA, d.d.s., a. s. (hereinafter referred to as the "equity d.d.f.") and 7.18% of the total volume of assets was in Stabilita payout d.d.f., STABILITA, d.d.s., a.s. (hereinafter referred to as the "payroll d.d.f."). 038% of total assets.

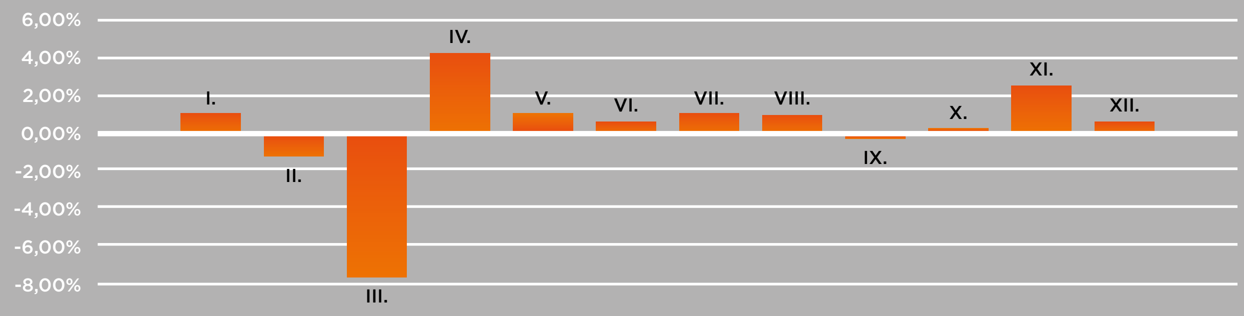
New assets value in the funds as of Dec 31, 2020:

Contributory fund	331 733 426
Payout fund	28 457 412
Equity fund	34 669 343
Index fund	1 505 994
TOTAL VALUE	**396 366 175**

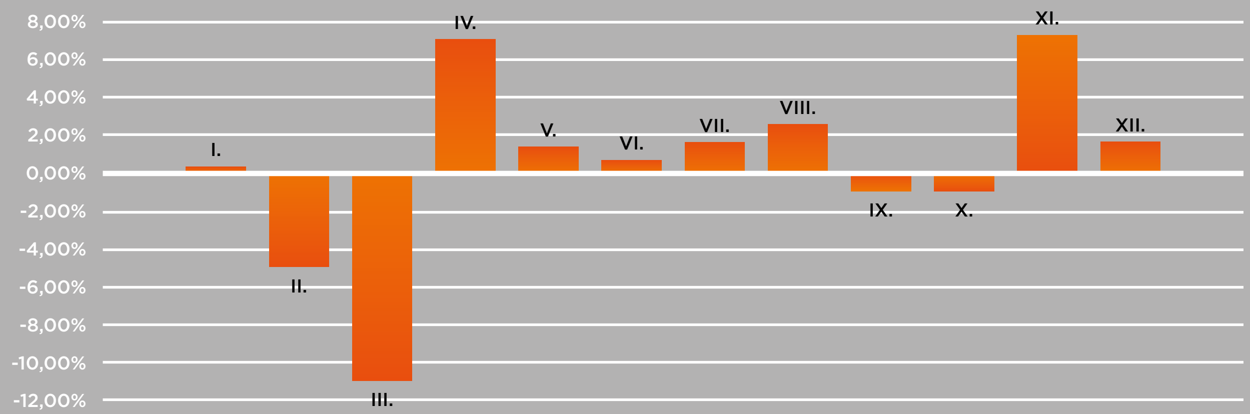
The share of individual funds in the total net asset value managed by the company Stabilita, d.d.s. a.s. as of 31 December 2020



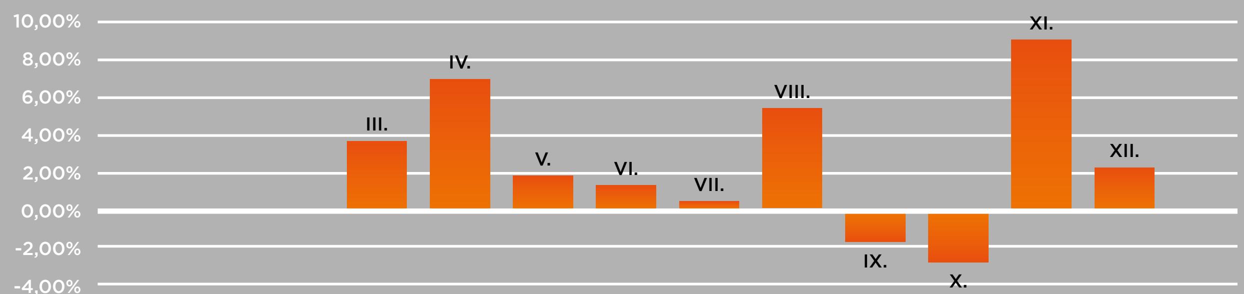
Revenue development in Contributory Fund by months



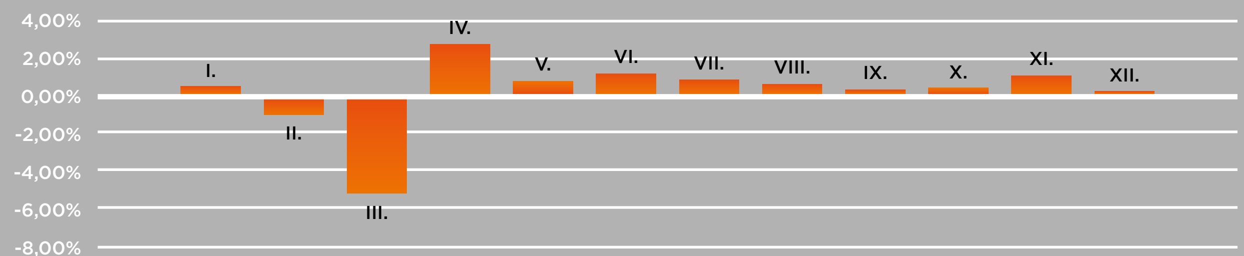
Revenue development in Equity Contributory Fund by month



Revenue development in Payout Fund by months



Revenue development in VF by months



Comparison of performance of the complementary pension funds

largest contributory d.d.t.

Creation date of the fund	Performance for a given period					Annualized performance	
	2016	2017	2018	2019	2020	since creation of fund till Dec 3.1., 2020	2018-2020
Balanced contributory d.d.f. NN Tatry - Sympatia, d.d.s., a.s.							
01.02.2006	2,90%	3,33%	-3,14%	12,20%	1,87%	1,56%	3,44%
Contributory complementary pension fund AXA d.d.s., a.s.							
27.01.2006	3,16%	1,56%	-2,56%	4,07%	1,53%	1,72%	0,98%
Complementary pension company Tatra banka a.s., Comfort life 2030 contributory d.d.f.							
10.04.2006	2,00%	5,52%	-6,75%	6,02%	4,07%	1,46%	0,95%
STABILITA contributory d.d.f., STABILITA, d.d.s. a.s.							
02.04.2007	2,80%	2,27%	-5,30%	7,45%	2,08%	1,83%	1,27%

Key indicators of the company according to International Accounting Standards

Year 2020	Year 2019	Year 2018
Total reached revenues		
4 419 188	4 483 209	4 443 611
Post tax profit		
582 132	550 264	490 607
Own capital cost effectiveness		
6,27%	6,01%	5,69%
Assets cost effectiveness		
5,15%	4,90%	4,90%

b) Information on events of special significance that occurred after the end of the accounting period

No events of a special importance had occurred during the period from the final accounts as of Dec 31, 2020 until preparation of the Annual Report.

c) Information on the expected future development of the company activities

Spreading corona virus will have an adverse effect also on the Slovak economy that is strongly interconnected with the economic development of the other European countries. Major adverse effect has been reported already during the 1. quarter 2021, including increasing unemployment rate estimated in approx. 7%. This indicator has showed an adverse effect on the new supplemental retirement savings participants hiring in the 3rd saving pillar.

Our business intention in year 2021 shall remain to be further strengthening of the company perception as a long- term successful company performing on the market of supplemental retirement savings.

d) Information on the costs of research and development

In 2020, the complementary pension company did not incur any costs on research and development.

e) Information on the acquisition of own equity and business interest

In 2020, the complementary pension company did not acquire any of its own equity or stakes in other companies and thus did not fulfill Section 20 par. 1) letter e) of Act 431/2002 Coll. on Accounting.

f) Proposed profit distribution of STABILITA d.d.s., a. s. for 2020

Profit/ loss in 2020	582 132,00 €
Allocation to the Social Fund	6 132,00 €
Retained earnings of past years	576 000,00 €

g) Data on the organizational unit abroad

The company does not have an accounting unit registered abroad.

Individual Financial Statements

for fiscal period starting on January 01, 2020 and ending on December 31, 2020

prepared pursuant to the International Standards of Financial Recording in the wording accepted by EU

DeloitteG

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Register kept at District Court
Bratislava I section Sro, file No.
4444/B company ID: 31 343 414
VAT ID: SK2020325516

STABILITA, d.d.s., a.s.

STABILITA, d.d.s., a.s.

REPORT OF AN INDEPENDENT AUDITOR

To shareholders, the Supervisory Board and the Board of Directors of the company STABILITA, d.d.s., a.s., and to the Audit Committee:

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

POSITION

We executed an audit of the financial statements of STABILITA d.d.s., a.s. (hereinafter referred to as the company) which includes statement of financial position as of 31/12/2020, Statement of comprehensive gains and losses, statement of changes within equity, statement of cash flows for the year ended on that date, and annotations including the review of significant accounting principles and accounting methods.

In our opinion, the accompanying financial statements provide a true and fair view of the company's financial position as of December 31, 2020 and the results of its operations and its cash flows for the year that ended on that date, in accordance with International Financial Reporting Standards as adopted by the European Union.

The basis for our position

We executed the audit in accordance with International Auditor Standards. Our responsibility resulting from these standards is detailed in the paragraph. The auditor's responsibility for the audit of the financial statements. We are independent from the company according to the provisions of Act no. 423/2015 Coll. on Statutory Audit and on Amendments to the Act no. 431/2002 Coll. on Accounting as amended (hereinafter Act on statutory Audit) related to the ethics, including Code of Ethics of the Auditor, which are relevant to our audit of the financial statements. And we have met the other requirements of these ethical provisions. We are convinced that the audit evidence obtained provides a sufficient and appropriate basis for our position.

Key audit issues

Key audit issues are issues which, according to our expert judgment, are the most important in our audit of financial statements for the current period. We have dealt with these issues in relation to the audit of the financial statements as a whole and in formulating our opinion on it but we do not provide a separate opinion on these matters.

A description of the most serious assessed risks of material misstatement, including the assessed risks of material misstatement due to fraud	A summary of our response to the risks
Loyalty program reserve for participants	
See note 13 of the financial statement The company creates a long-term reserve for the loyalty program for participants of the complementary pension saving in order to stabilize the participant's stock. The company attributes point to the participants of saving depending on the amount of participant contributions paid, and on the length of their participation in the system. The value of each point is expressed in euro. The participant's claim for payment of the monetary value corresponding to the balance of the point account arises on the date of payment of the first allowance.	We did the testing of draft and of operational effectiveness of key control procedures in connection with the process of entering participant contracts into the system as well as of attributing the contributions of each participant to the participant accounts. We did the testing of draft and operational effectiveness of information technologies used to enter and manage participants' contribution accounts in the area of access rights and change procedures..

The calculation of the reserve includes estimates of future draw downs and actual determination of the present value of future performance. Estimation of the drawing in the future requires from the company Top Management to apply qualified judgment. Accordingly, the issue was identified as the audit issue of key importance. The amount of the loyalty program reserve for participants for the year ending 31/12/2020 is EUR 617 thsd.	We have verified the accuracy and completeness of the calculated points for the year 2020 as well as their value expression on a selected sample of participant accounts by performing substantive procedures. We also verified the correctness and completeness of the dissolution or writing off of points for the year 2020 on a selected sample of participant accounts by performing substantive procedures We also assessed the value of individual assumptions used by the company to determine the calculation of the present value of future payments to the participants of complementary pension saving within the loyalty program..
Model of accrual intermediary remuneration	
see note D3 of the financial statements The Company uses accrual differentiation of the deferred acquisition costs (DAC), so as to obtain contracts with complementary pension saving participants. Asset of the deferred acquisition costs represents that portion of the intermediary commissions paid to future periods for the duration of the participant contract. The company distinguishes these costs evenly over the residual life of contracts with individual savings participants. The non-accrued portion of acquisition cost expense for obtaining participant contracts will be reported by the Company under the cost of active contracts. Accrued expense will be recognized under the item “Expenses and commissions paid”. Specifics of the accrual cost concept for obtaining participant contracts, the concept which requires from the management of the company applying significant judgment in determining the estimated amortization time while assessing the risk of impairment of the asset in question representing non-accrued mediation remuneration, these specifics led to the issue being identified as a key audit issue. For the year ending December 31, 2020, the assets amounted to 3596 thousand euros and the costs were 165 thousand euros.	We have assessed the design and implementation of key control procedures introduced by the management of a complementary pension company in connection with the accrual of acquisition costs for participating contracts while focusing on control procedures related to: • establishing the principles for accruals costs of remuneration paid for acquisition • validity and accuracy of input data for the calculation of remuneration • the accuracy of calculation of accruals in the complementary pension company • supervision of the management of the complementary pension company over the accrual accounting of costs. We have also performed these procedures: 1) We have assessed the adequacy of the accrual method for acquiring participant contracts paid to intermediaries to determine whether the methodology used is consistent with the requirements of the applicable accounting standards. 2) We assessed the adequacy of the estimates and assumptions used by management in determining the amortization period. 3) We evaluated the correctness of the mathematical formula used for the calculation in the complementary pension company and we have recalculated the impact of the accruing charges to the statement of aggregate profits and losses. 4) We have assessed the completeness and accuracy of the data used to calculate the accrual of acquisition costs for participating contracts as on 31 December 2020.

Highlighted matter of fact

We would like to point out item BI, section “Correction of significant errors of previous periods” in the Remarks to Financial Statements where correction of significant error of previous periods was described. Considering this fact, our opinion has not been modified.

The responsibility of the statutory body and the persons entrusted with management of the financial statements

The statutory body is responsible for preparation and fair presentation of the financial statements in accordance with the International Standards for Financial Reporting as approved by the European Union and for internal audits which the statutory body considers relevant to preparation of financial statements so it does not include any substantial discrepancies either due to fraud or error.

When preparing the financial statements, the statutory body is responsible for assessing the company’s ability to continuously carry on its activities, for describing the facts relating to the continuous business continuity, if it is necessary, and for the use of the presumption of continuous business continuity in accounting, unless it intends to liquidate the company or to end its business or does not have any real possibility as to do so.

The persons entrusted with management are responsible for oversight of the company’s financial reporting process.

The auditor's responsibility for the audit of the financial statements

Our responsibility is to obtain reasonable assurance whether the financial statements as a whole does not include any substantial discrepancies either due to fraud or error, and to issue an auditor's report that contains the auditor's position. A reasonable assurance is a high level of assurance, but not a guarantee that the audit performed according to the International Auditor Standards will always reveal any significant misstatement. Misstatements may arise as a result of fraud or error and are considered to be significant if it is reasonable to expect that they individually or in aggregate affect economic decisions of users that were adopted on the basis of these financial statements.

We apply expert judgment in the audit in accordance with the International Auditor Standards and maintain professional skepticism throughout the audit. Besides that:

- We identify and assess risks of material misstatement of the financial statements either due to fraud or error, we design and perform audit procedures that respond to these risks, and we obtain audit evidence that is sufficient and appropriate to provide the basis for the auditor's opinion. The risk of not detecting material misstatement as a result of fraud is higher than the risk due to an error since a fraud can include a secret agreement, falsification, deliberate omission, false declaration, or obsolescence of internal control.
- We are getting familiar with internal controls relevant to the audit, to be able to design audit procedures that are appropriate in the given circumstances but not to express an opinion on the effectiveness of internal company controls.
- We evaluate the appropriateness of the accounting policies and methods used and the accounting methods used as well as the reasonableness of the accounting estimates and related information published by the statutory body.
- We conclude on whether the statutory body appropriately uses the accounting principle of continuous business continuity and on the basis of the audit evidence we have obtained, we conclude if there is a significant uncertainty about events or circumstances that could significantly undermine the company's ability to continue to operate continuously. If we come to the conclusion that there is significant uncertainty, we are required to report in our auditor's report the related information in the financial statements or, if such information is insufficient, to modify our opinion. However, our findings are based on audit evidence obtained by the date of issue of our Auditor's Report. Future events or circumstances may cause the company to cease continuing its activity.
- We evaluate the overall presentation, structure and content of the financial statements, including disclosures, as well as whether the financial statements faithfully reflect the transactions and events that have taken place.

With the persons entrusted with management, we communicate, among other things, about the planned scope and timing of the audit, and the significant audit findings, including any significant internal control deficiencies that we may find during our audit.

We also provide a statement to the persons entrusted with management that we have complied with the relevant ethical requirements regarding independence and we communicate with them about all relationships and other facts that can reasonably be considered to have an impact on our independence, as well as about any related protective measures.

From the facts communicated to the persons entrusted with the administration we will identify those that have the greatest importance in the audit of the financial statements of the current period and are therefore the key issues of the audit. These matters are stated in our auditor's report unless the law or other legal regulations exclude their disclosure, or if, in extremely rare circumstances, we do not decide that a matter should not be reported, because it can reasonably be expected that the adverse consequences of its disclosure would outweigh the public benefit of its introduction.

REPORT ON OTHER REQUIREMENTS OF LAWS AND OTHER LEGAL REGULATIONS

Report on the information presented in the annual report

The Statutory body is responsible for information presented in the annual report compiled according to the requirements of the Accounting Act No.431/2002 Coll. as amended (further Accounting Act). Our above statement on the financial statements does not apply to other information in the annual report.

With regard to audit of the financial statements we are responsible for getting acquainted with the information contained in the Annual Report and for evaluating whether this information is not inconsistent with the financial statements or our knowledge that we obtained during the audit of the financial statements or otherwise appear to be significantly incorrect.

As of the issuance of auditor's report on the financial statement, we did not have the Annual report

- the information provided in the annual report compiled for the year 2020 is consistent with the financial statements for that year,
- the annual report contains information as under the Act on Accounting.

Besides that, based on our knowledge of the company and its situation we have gained during the audit of the financial statements, we are required to state whether we have identified material misstatements in the annual report we received after the date of issue of this auditor's report.

Further notification pursuant to the Directive of European Parliament and Council No. 537/2014 dated April 16.2014 on Special Requirements related to Statutory Audit of subjects of public interest.

Appointment of auditor

We were appointed for statutory auditors by the company Supervisory Board on August 9, 2020. Total uninterrupted period of the assignment including previous renewals (prolonged period to which we were originally appointed) and our repeated appointments for statutory auditors refers to five years.

Consistency with additional report intended to the Audit Committee

Our auditor´s opinion presented in this report is consistent with the additional report prepared for the company Audit Committee and issued on March 01, 2021.

Non - auditor services

We didn´t provide any forbidden non-auditor services to the company, as stated in the Article 5, clause 1, Directive of the European Parliament and Council No. 537/2014 dated April 16.2014 on Special Requirements related to Statutory Audit of subjects of public interest and we remained independent of the company during the audit process.

Along with the statutory audit services and services published in the Annual Report or Financial Statements, we didn´t provide any other services to the Company or the companies with decisive control by the Company.

Bratislava, March 01, 2021

Ing. Zuzana Letková, FCCA
zodpovedný auditor
Licencia SKAu č. 865

In the name of the company Deloitte Audit s.r.o.
SKAu license No. 014

Statement of financial position as of 31. 12. 2020 (data in the table in EUR)

Item	No.	31.12.2020	Adjusted Dec 31, 2019	Adjusted Jan 01.2019
ASSETS	X	X	X	X
Non-current assets	X	**5.171.806**	**4.937.421**	**3.499.974**
Intangible fixed assets	(1)	578.628	197.348	152.299
Tangible fixed assets	(2)	814.683	951.871	103.309
Acquisition costs for active contracts	(3)	3.595.585	3.254.444	2.799.899
Investment in the subsidiary	4a	0	203.319	203.323
Receivable in the subsidiary	4b	0	153.125	56.250
Deferred income tax related receivables	(5)	182.910	177.314	184.894
Current assets	X	**6.128.175**	**6.281.779**	**6.520.382**
Money and cash equivalents	(6)	1.388.453	2.345.126	2.604.199
Bank receivables	(7)	4.304.115	3.502.794	3.508.852
Other debtors´ receivables	(8)	381.609	379.899	360.699
Tax receivables	(9)	-	9.158	
Other current assets	(10)	53.998	44.802	46.632
Total assets	X	**11.299.981**	**11.219.200**	**10.020.356**
LIABILITIES AND EQUITY	X			
Current liabilities	X	**2.015.820**	**2.535.697**	**1.866.510**
Trade liabilities	(11)	60.866	67.096	90.203
Liabilities with interest	(12)	717.017	822.090	
Provisions and other liabilities	(13)	1.235.486	1.176.448	1.198.295
Income tax related liabilities	X	**2.451**	**470.063**	**578.012**
Income tax due	(14)	2.451	470.063	578.012
Income tax deferred		-	-	-
Total equity:	X	**9.284.161**	**8.683.503**	**8.153.846**
Share capital subscribed	(15)	1.660.000	1.660.000	1.660.000
Profit based funds	15a)	832.000	832.000	832.000
Other capital funds		36.513	36.513	36.513
Valuation differences from equity contributions to the subsidiary capital		0	4.148	4.148
Retained earnings	(16)	6.173.516	5.600.578	5.130.578
Of which postponed acquisition costs for active contracts	(17)	2.319.277	2.319.277	2.319.277
Profit in approval proceedings		0	0	0
Profit/ loss for the accounting period after taxation	(18)	582.132	550.264	490.607
Liabilities and equity total	X	**11.299.981**	**11.219.200**	**10.020.356**

Statement of comprehensive income and loss for the year ending Dec 31, 2020 (data in the table in EUR)

Item	Note	Year end. Dec 31, 2020	Year end. Dec 31, 2019
Interest income and similar income		746	3 930
Interest and similar costs		-	-
Net interest income	(1)	**746**	**3 930**
Revenues from retaliation and commissions		4 365 998	4 469 362
Retaliation and commissions costs		(164 573)	(120 963)
Net profit (loss) from retaliation and commissions	(2)	**4 201 425**	**4 348 399**
Other revenues	(3)	52 444	9 917
General administration costs	(4)	**(3 508 543)**	**(3 637 318)**
Personnel costs	(5)	(2 044 622)	(2 004 782)
Depreciation of tangible and non-tangible assets	(6)	(255 069)	(206 157)
Other costs	(7)	(1 208 852)	(1 426 378)
Comprehensive profit (loss) prior taxation		**746 072**	**724 928**
Income tax	(8)	(163 940)	(174 664)
Comprehensive profit after taxation		**582 132**	**550 264**
Basic profit per share	(9)	**11,64**	**11,01**

The company profit and loss statement is equal to the comprehensive profit and loss statement and the company doesn´t have any items of other parts of the comprehensive income.

Statement of changes at equity for 12 months of the year ending as of Dec 31, 2020 (data in EUR)

Item	Capital	Profit based funds	Other capital funds	Retained earnings from previous years	Profit for current fiscal period	Total capital
Bal. as of 31.12.2019 before adjust.	1 660 000	832 000	40 661	6 070 641	550 264	9 153 566
Bal. as of 31.12.2019 after adjust.	1 660 000	832 000	40 661	5 600 578	550 264	8 683 503
Other movements			(4 148)			(4 148)
Allocation of profit for 2019:						
Contribution to Social Fund:					(20 264)	(20 264)
Payment of dividends to shareholders						
Contr. to the Development fund						
Retained earnings				530 000	(530 000)	
Increase VI after subsid. merger				42 938		42 938
Profit as of 31.12.2020					582 132	582 132
Balance as of 31.12.2020	**1 660 000**	**832 000**	**36 513**	**6 173 516**	**582 132**	**9 284 161**

The line „Other movements" contains correction of originally calculated company goodwill upon subsidiary merger as of Jan 01, 2020 (total amount € 4,148)

The difference in the amount of retained profit of previous period in the amount of € 470,063 refers to income tax paid (adjustment), resulting from additional declaration of taxes (the amount of € 470,063 IFRS 15), resulting from correction of major error from the previous period, as described on the page 20.

Statement of changes at equity for 12 months of the year ending as of Dec 31, 2019 (data in EUR)

Item	Capital	Profit based funds	Other capital funds	Retained earnings from previous years	Profit for the current fiscal period	Total capital
Bal. as of 31.12.2018 before adjust.	1 660 000	832 000	40 661	5 600 641	490 607	8 623 909
Bal. as of 31.12.2018 after adjust.	1 660 000	832 000	40 661	5 130 578	490 607	8 153 846
Allocation of profit for 2018:						
Other movements					(20 607)	(20 607)
Payment of dividends to shareholders					-	-
Contr. to the Dev. fund from profit					-	-
Retained profit				470 000	(470 000)	-
Profit as of 31.12.2019					550 264	550 264
Bal. as of 31.12.2019 before adjust.	**1 660 000**	**832 000**	**40 661**	**6 070 641**	**550 264**	**9 153 566**
Bal. as of 31.12.2019 after adjust.	**1 660 000**	**832 000**	**40 661**	**5 600 578**	**550 264**	**8 683 503**

Statement of cash flows for 12 months of the year ending Dec 31, 2020 (data in EUR)

Item name	31.12.2019	31.12.2018
Cash flows from operating activities:	x	x
Economic results of current activity prior to income taxation (+/-)	746 072	724 928
Non-monetary operations affecting the profit or loss from ordinary activities	**(101 434)**	**(396 501)**
Depreciation of intangible fixed assets and tangible fixed assets	255 069	206 157
Changes in accruals of costs and revenues (+/-)	(341 141)	(601 228)
Interest charged to revenues (-)	(746)	(3 930)
Interest charges to costs (+)	7 564	
Profit from sale of non - current assets	0	2 500
Change in liabilities from investing activities		
Other items of non-monetary character	(22 180)	
Impact of changes in working capital on the profit or loss from ordinary activities	**(61 577)**	**(89 685)**
Change in receivables from operating activities (- / +)	(3 551)	(3 320)
Change in liabilities from operating activities (+/-)	(57 378)	(86 362)
Change in inventory (+/-)	(648)	(3)
Cash flows from operating activities other than income and expense which are separately listed in other parts of the cash flow statement (+/-)	**583 061**	**238 742**
Interest received (+)	746	3 930
Interest paid (-)	-	-
Income tax expense (+/-)	(637 147)	(176 242)
Net cash flows from operating activities	**(53 340)**	**66 430**
Cash flows from investment activity		
Long-term tangible and intangible assets procurement cost (-)	(102 012)	(174 878)
Revenues from sales of tangible fixed assets	-	2 500
Net cash flows from investment activities	**(102 012)**	**(172 378)**
Cash flows from financial activities	**(801 321)**	**(153 125)**
Credit related revenues and expenses		(153 125)
Investment related expenses	(801 321)	
Net cash flows total:	**(956 673)**	**(259 073)**
Net increase or net decrease in cash and monetary equivalents (+/-)	(956 673)	(259 073)
State of cash and monetary eq. at the beginning of the accounting period (Note n.5)	**2 345 126**	**2 604 199**
Balance of cash and monetary equivalents at the end of the accounting period (Note n. 5)	**1 388 453**	**2 345 126**

The cash flow statement is prepared using the indirect method.

Remarks stated on the pages No. 14 - 30 represent an integral part of the financial statements.

Comments on the financial statements for the period from 1/1/2020 to 31/12/2020

A) General information on company

Business activities

Complementary pension company STABILITA, d.d.s., a.s., (hereinafter referred to as the "Company"), with seat at Bačíkova 5, 040 01 Košice, Identification No. 36 718 556, is entered in the Company Register of District Court Košice I, Section Sa, Insert No. 1407/V. The company is the legal successor of the Complementary Pension Insurance Company Stabilita.

The company´s core subject of activities is the creation and management of complementary pension funds for the purpose of execution of complementary pension saving based on the authorization granted by the National Bank of Slovakia on 29 November 2006 under No. UDK-004/2006/PDDS which came to force on 6 December 2006. company was created by transformation of the Complementary Pension Insurance Company STABILITA in compliance with the thirteenth part of the Act N. 650/2004 Coll. on Complementary Pension Saving and amending and supplementing certain acts, as amended (hereinafter referred to as the "Act on CPC"), and according to the transformation project approved by the Assembly of founders of Complementary Pension Insurance Company Stabilita on October 27, 2005.

The company was established for an indefinite period, and it conducts its business in the territory of the Slovak Republic. The National Bank of Slovakia shall exercise supervision over the activities of the company.

The company has a 100% stake in the subsidiary STABILITA Servis, s.r.o., which provides for the parent company for technical and service activities, and provides for economic property management.

Depositary of the complementary pension funds is Slovenská sporiteľňa, a.s. with registered seat at Tomášikova 48, 832 37 Bratislava, identification number 00 151 653, entered in Company Register administered by the District Court Bratislava I., section Sa, Insert No.601//B (hereinafter referred to as the Depositary).

Statutory, supervisory and management bodies as of 31/12/2020

Board Members	Position	Appointed	End
Ing. Michal Krajčovič, CSc.	Chairman	01.07.2018	
JUDr. Marián Melichárek	Vice-chairman	01.04.2007	
Ing. Martin Pivarči	Member	24.04.2019	
Members of the Supervisory Board	**Position**	**Appointed**	**End**
Ing. Ján Žačko	Chairman	01.04.2007	
JUDr. Magdaléna Martincová	Member	01.04.2007	
Ing. Ľubor Podracký	Member	26.09.2007	
Ing. Róbert Rigo	Member	25.07.2012	
Ing. Ľudovít Ihring	Member	26.09.2007	
Ing. Stanislava Fejfarová,CSc.	Member	24.06.2008	
Ing. Peter Benedikt	Member	26.05.2011	
Ing. Ján Perželˇ	Member	26.05.2011	
JUDr. Nataša Kučerová	Member	26.05.2011	
Ing. Viliam Markócsy	Vice-chairman	09.05.2019	

Shareholder structure and their share in the company's share capital

Shareholders	Shareholder ID	Country of registration	share on SC v %
Lorea Investment Limited	7001665	Cyperská republika	30,22
Železnice SR	31364501	Slovenská republika	55,26
Železiarne Podbrezová a.s.	31562141	Slovenská republika	5,17
U. S. Steel Košice, s.r.o.	36199222	USA	9,30
Marek Szabo	7303076407	Slovenská republika	0,05

Employee headcount

Structure of employees	31.12.2020	31.12.2019
General Director, Executive Director, Investment Director	3	3
Middle management staff	14	14
Other employees	30	30
Average number of employees	47	47

Approval of financial statements for the previous accounting period

At its meeting on 27 May 2020, the General Meeting approved the financial statements of the company for the year ended 31 December 2019 in accordance with provision no. X. par. 1) Articles of association for complementary pension funds and for the company.

Disclosure of financial statements for the previous period

The company's separate financial statements as of 31 December 2019 were filed in the register of financial statements on 30. March 2020. The annual report was filed in the register of financial statements on 27. May 2020.

Remarks stated on the pages No. 14 - 30 represent an integral part of the financial statements.

Information on complementary pension funds

As of December 31, 2020, the company administers 4 complementary pension funds, a contributory complementary pension fund, an equity contributory complementary pension fund, index contributory complementary pension fund and a payout complementary pension fund. The net value of assets under management as of the balance sheet date is listed in the chart; data are rounded to the nearest Euro.

Item	NAV k 31.12.2020	NAV k 31.12.2019	Auditor
Stabilita contributory d.d.f.	331 733 426	311 988 621	Deloitte Audit s.r.o.
Stabilita payout d.d.f.	28 457 412	25 954 567	Deloitte Audit s.r.o.
Stabilita Equity Contrib. d.d.f.	34 669 343	27 637 935	Deloitte Audit s.r.o.
Stabilita index contrib. d.d.f.	1 505 994	-	Deloitte Audit s.r.o.
Total assets in funds:	**396 366 175**	**365 581 123**	

The company provides accounting and reporting of complementary pension funds separately from its own accounting and reporting. Complementary pension funds created and managed by the company are not separate legal entities, but each of the complementary pension funds prepares separate financial statements according to § 30 of the Act on Complementary Pension Companies. Assets managed in the complementary pension funds are not the property of the company. Separate financial statements of the complementary pension funds are not consolidated in the financial statements of the company. The Company does not form a consolidated financial statements because it does not meet the conditions for consolidation under Section 22 of Act No. 431/2002 Coll. on Accounting as amended (hereinafter the "Accounting Act").

Stabilita Contributory d.d.f., STABILITA, d.d.s., a.s. (hereinafter "Contributory d.d.f.") was established under the Act on Complementary Pension Companies for the purpose of administering contributions of the complementary pension saving participants and their employers, according to the fund's investment strategy. Establishment and management of Contributory d.d.f. were authorized by Decision no. UDK-004/2006/PDDS of November 29, 2006, issued by the National Bank of Slovakia in force of December 6, 2006. The current status of the Contributory d.d.f. was approved by the Extraordinary General Assembly on May 17, 2016, it entered into force on that date and the text is published on the web site of complementary pension company.

The company began to build Contributory d.d.f. as at the date of its establishment on the basis of transfer of the property concerned, as corresponding to the value of liabilities of the Complementary Pension Insurance Company to policyholders of complementary pension insurance, in accordance with the procedure laid down in thirteenth part of Act on the Complementary Pension Saving especially in § 83 par. 5 of the Act on Complementary Pension Companies, in accordance with the procedure of delimitation of assets and liabilities of Complementary Pension Insurance Company Stabilita laid down in the transformation project of Complementary Pension Insurance Company Stabilita. All details of the Contributory d.d.f. are listed in the fund statute.

Contributory d.d.f. is established for unspecified period and it does not represent a legal entity. Investing of financial resources of the Contributory d.d.f. aims to acceptable forms of assets defined by the Act on CPC and the Statute so as to achieve appreciation of fund assets. The investment policy of the Contributory d.d.f. is balanced; it takes into account the purpose of its establishment, which aims to achieve long-term appreciation at medium risk level. The policy envisages allocation of invested assets among equity component, bond and cash components, with the possibility of eliminating credit and market risk. The bond component forms the bulk of the assets in the Contributory d.d.f.. When investing in bonds this is largely in corporate bonds, government bonds, municipal bonds and bonds of banks and financial institutions, other forms of debt securities and bond ETF. When investing in shares, equity ETFs, Commodity ETCs and PL investing mostly in shares, the company does not exclude any territory or sector in the world; it means that the assets in the Contributory d.d.f. may be invested globally and in all sectors. Additional restrictions and details of the investment policy are based on the relevant legislation and the Statute.

In connection with the fact that the company, while managing assets, employs techniques and instruments in accordance with § 53 g paragraph 1 of the Act on CPCs, with these procedures there is a credit, market and liquidity risk. The company when investing the assets in the Contributory d.d.f. respects except for the rules for limiting and spreading mentioned in particular in the provisions in § 53b and 53f of the Act on CPC, also some stricter rules set out in an internal directive. This Directive is open to participants and beneficiaries upon request at the registered office of the company, its branches and sub-branches.

Stabilita Equity Contributory d.d.f., STABILITA, d.d.s., a.s. (hereinafter "Equity d.d.f.") was established pursuant to the Act on CPC for the purpose of administering contributions of the complementary pension saving participants and their employers, according to the fund's investment strategy. Establishing and management of the Equity d.d.f. was authorized by Decision no. ODT-12019/2011 of December 6, 2011, issued by the National Bank of Slovakia. The current Statute of the Equity d.d.f. was approved by the Extraordinary General Assembly May 17, 2016, it entered into force on that date and the text is published on the web site of complementary pension company.

Equity d.d.f. is established for unspecified period and it does not represent a legal entity. Investing of financial resources of the Equity d.d.f. aims to acceptable forms of assets defined by law and the Statute so as to achieve appreciation of fund assets in the complementary pension fund.

Investment policy of the Equity d.d.f. is a growth policy in order to achieve growth in the value of assets in the long term at a higher level of risk. The policy envisages allocation of invested assets primarily in equity part, while investments in bond and money components are complementary, with the possibility of eliminating foreign exchange and market risk. An equity component can reach up to 100% of fund assets. When investing in bonds this is largely in corporate bonds, government bonds, municipal bonds and bonds of banks and financial institutions, other forms of debt securities and bond ETF. When investing in shares, equity ETFs, Commodity ETCs and PL investing mostly in shares, the company does not exclude any territory or sector in the world; it means that the assets in the Equity d.d.f. may be invested globally and in all sectors.

When investing in derivatives these are mainly options, forwards, IRS, CCIRS, swaps, futures, with the fact that these derivatives may be concluded on a regulated market and beyond, they can be used to hedge against risk and to achieve returns and all of them will be used without leverage.

The risk profile of the Equity d.d.f. arises from the given investment policy in accordance with Art. IV of the Statute and it presents a higher level of risk that is associated with investing in equity part of property, the bond component of property, to the monetary component of the property and to derivatives. Details of the investment policy result from the relevant legislation and the Statute.

In connection with the fact that the company, while managing assets of the Equity d.d.f., employs techniques and instruments in accordance with § 53 g paragraph 1 of the Act on CPCs, with these procedures there is a credit, market and liquidity risk. The company when investing the assets respects except for the rules for limiting and spreading mentioned in particular in the provisions in § 53b and 53f of the Act on CPC, also some stricter rules set out in an internal directive which is open to participants and beneficiaries upon request at the registered office of the company, its branches and sub-branches.

Stabilita index contributory d.d.f., STABILITA, d.d.s., a.s. (hereinafter the „Index d.d.f.") was created on the basis of the decision No. NBS1-000-046-349, entry No. 100-000-217-365 dated February 26, 2020, issued by the National Bank of Slovakia (NBS) and that become effective on March 04, 2020. Index d.d.f. has been created for unlimited period and the fund has no legal subject status. The Statute of the index d.d.f. was approved by the extraordinary general assembly held on Jan 23, 2020 and signed by the Board members. Pursuant to the ODS Act, the company Board declares that the information contained in the Statute is valid as to date, complete and true. Legal relations between the participants to supplemental retirement saving and the Company, which have not expressly regulated by the Statute, shall follow the contract concluded with participants, the allowance plan, and applicable provisions of respective generally binding legal regulations.

Investment strategy of the Index d.d.f. is a growth strategy aimed at ensuring the assets value increase within long-term horizon at high risk level. The strategy assumes allocation of the invested assets primarily to the stock component, while investments in debentures or money component are supplemental in order to eliminate monetary and market risk. Value of the stock component can reach up to 100% of the assets value. Restrictions and details of the investment strategy resulted from the applicable legal regulations and the Statute.

Investing the assets in the Index d.d.f., the Company follows the rules aimed at restricting and distributing the risk, specified especially in the provisions § 53b - § 53 g of the ODS Act. The categories of financial institutions that can be a counter- party in the transactions with derivates concluded outside the regulated market pursuant to § 53 f clause 2 of the ODS Act are specified in the Enclosure No. 2 to the Statute.

The Company manages the assets in the Index d.d.f. independently in its name and in the interest of the supplemental retirement saving participants. Calendar year refers to a fiscal period of the index d.d.f. . Assets invested in the Index d.d.f. are not included in the Company assets. The assets invested in the Index d.d.f. and their management is recorded separately from the assets and their management in other supplemental retirement funds managed by the Company.

The Company evaluates the assets invested in the Index d.d.f. in compliance with the NBS regulation No. 180/2012 on the Methods and Procedures Applied to Determination of Value of Assets invested in a retirement fund and supplemental retirement fund. Calculating current value of a supplemental retirement unit and net value of assets invested in the Index d.d.f., the Company proceeds pursuant to the ODS Act and internal regulations of the Company named "Operating procedure of evaluation of assets in supplemental retirement funds and determination of net value of assets in the supplemental retirement funds", which are made accessible to the participants and allowance beneficiaries upon request in the Company registered office and in branch offices.

Stabilita Payout d.d.f., STABILITA, d.d.s., a.s. (hereinafter „Payout d.d.f.") was established by a decision no. UDK-004/2006/PDDS of November 29, 2006, issued by the National Bank of Slovakia and in force of December 6, 2006. The current status of the Payout d.d.f. was approved by the Extraordinary General Assembly on May 17, 2016, it entered into force on that date and the text is published on the web site of complementary pension company.

The Payout d.d.f. is established for unspecified period and it does not represent a legal entity. Investing of financial resources of the Payout d.d.f. aims to acceptable forms of assets defined by law and the Statute so as to achieve appreciation of fund assets in the complementary pension fund. Assets in a Payout d.d.f. can only be used to ensure proper and safe investment of the fund assets and the protection of beneficiaries of complementary pension savings.

Investment strategy of the Payout fund is of a conservative type, it takes into account the purpose of establishment of the fund which is to secure resources for settlement of benefits of complementary pension saving for the beneficiaries that requires investment into assets providing for not only valorization of assets but also liquidity taking into account the continuous payment of benefits in accordance with valid benefit schemes according to participant contracts and benefit plans. The objective of the investment policy is to achieve long-term capital growth at low risk provided that the policy is based on allocation of invested assets in bond and cash components, with the possibility of eliminating foreign exchange and interest rate risk. The share of the bond component can be as high as 90% of the assets of the complementary pension fund.

When investing in bonds this is largely in corporate bonds, government bonds, municipal bonds and bonds of banks and financial institutions, other forms of debt securities and bond ETF.

In connection with the fact that the company, while managing assets of the Payout d.d.f., employs techniques and instruments in accordance with § 53 g paragraph 1 of the Act on CPCs, with these procedures there is a credit, market and liquidity risk. The company when investing the assets respects except for the rules for limiting and spreading mentioned in particular in the provisions in § 53b to 53f of the Act on CPC, also some stricter rules set out in an internal directive which is open to participants and beneficiaries upon request at the registered office of the company, its branches and sub-branches.

B) Accounting principles and methods applied

B1) The basis of presentation and the assumption of further continuous company operation

Separate financial statement for the year 2020 was compiled in compliance with International Financial Reporting Standards (hereinafter IFRS), in the wording adopted by bodies of the European Union (EU), Commission Regulation no. 1725/2003, and current interpretations of the International Financial Reporting Interpretations Committee Standards (IFRIC). These financial statements have been prepared assuming that the Company will continue as a going concern (i.e. going concern).

These financial statements are the only regular financial statements compiled by the company.

Background and objective of the preparation of financial statements

Separate financial statements of the Company for the period of 2020 with a comparable period of 2019, were compiled in accordance with the Act on Accounting within the meaning of § 17a). According to this act the company prepares the financial statements and annual report under special regulations Regulation of the European Parliament and of the Council EC 1606/2002 on the application of International Accounting Standards (IFRS).

The financial statements are intended for general use, the information contained therein shall not be used for any specific assessment of the individual transactions. These financial statements cannot be the sole source of information when deciding and judging.

Consolidated entity information

The Company, pursuant to § 22 par. 12 of the Act of the National Council of the Slovak Republic no. 431/2002 Coll. is not subject to the obligation to draw up a consolidated financial statement and a consolidated annual report.

Stabilita Servis s.r.o. merged with company STABILITA, d.d.s., a. s. as of Jan 01, 2020 and STABILITA, d.d.s., a.s. became a successor company.

The main parent company is the Railways of the Slovak Republic, which applies the exemption from the preparation of the consolidated financial statements pursuant to § 22 par. 12 of the Act of the National Council of the Slovak Republic no. 431/2002 Coll.

Company presentation

The company prepared annual financial statement for 12 months of the year 2020 taking into consideration comparable data of the year 2019. In the course of the year 2020 the company adopted all new and revised standards issued by the Board for International Accounting Standards with effect from 1 January 2019 to 31 December 2020. All figures in the tables are stated in whole Euros, negative values in parentheses. With effect from 1 January 2020, STABILITA Servis, s.r.o. merged with the successor company and the parent company STABILITA, d.d.s., a.s. became its legal successor.

Significant accounting estimates

The preparation of financial statements in accordance with IFRS requires the management to prepare estimates and assumptions that affect the reported amounts of assets and liabilities, and estimated asset and liability items at the balance sheet date as well as on the reported amounts of income and expense over the reporting period. Actual results may differ from these estimates and future changes in economic conditions, business strategies, regulatory measures, accounting policies, or other factors may cause a change in estimates, which may subsequently have a significant effect on the reported financial position and results.

The effect of a change in accounting estimates is prospectively included in the economic outturn of the period in which the change occurs, provided that the changes affect only the period or the economic outturn and the subsequent periods, if the change also affects subsequent periods.

In 2018, the Company changed its accounting policy in relation to contract acquisition costs while deferring acquisition costs (deferred acquisition costs – DAC). In previous years, these costs were charged on a one-off basis to the periods in which they were incurred. As of 1 January 2018, the Company began to apply IFRS 15 and within it the DAC method. The company has developed a DAC application model, the parameters of which have been estimated based on the development of the average participant contract. Significant parameters of the model are: average contract life (dissolution time of acquisition costs) 14 years, which consists of the average duration of participation in contributory funds for 13 years, of which the average contribution period is 11 years, and an average payout period in the pay-out fund of 1 year.

The model also takes into account the likelihood of death, the contractual age of the entitlement to the supplementary retirement pension and the fact that the participant may but does not have to draw the given allowance after the conditions for payment of the benefit have been met. The model parameter is also the amount of remuneration for fund management in accordance with Act 650/2004 Coll. on Complementary Pension Savings and on Amendments and Supplements to Certain Acts Section 35a. and the expected evolution of fund appreciation. The application model works with an average contract, which means that it treats participant contracts as a whole. Therefore, cancelled contracts in a given period are already incorporated in the estimated parameters of the model as a whole. The company tests the model parameters at the end of the reporting period and suggests modifying the model in the event of a significant change. As of 31/12/2019, the company carried out a test of the correctness of setting the parameters of the DAC model, stating that none of the parameters recorded a significant change. The DAC method, which also concerned contracts concluded between 1 January 2014 and 31 December 2017, calculated the cumulative deferred acquisition costs as of 31 December 2017. The year 2014 was selected as the start of the application of the accrual of acquisition costs due to the fact that a significant legislative amendment to Act 650/2004 Coll. on Supplementary Pension Savings and on Amendments and Supplements to Certain Acts has come into force.

Correction of significant errors of previous period

Pursuant to Act No. 595/2003 effective from Jan 01, 2019, income tax basis for 2018 should take in account the effect of changed accounting method caused by the application of the accounting standard IFRS15. Tax effect of the change should be reflected in the declaration of taxes 2018 in the amount of 470 thsd. EUR. The accounting unit reflected it in the corrective declaration of taxes in March 2020.

Stabilita d.d.s., a.s„ as an IFRS reporter, applied relevant recording principles pursuant to IFRS (IAS 8). Since the error occurred before the earliest presented period, the statement was adjusted, i.e. additional period was added that will provide for additional publishing of the effect of errors from previous period. The balance sheet was adjusted and presented as a regular year as of Dec 31, 2020; the preceding year was adjusted as of Dec 31, 2019 and the opening status of the previous year was adjusted as of Jan 01, 2019.

First – time adoption of new and amended IFRS standards applicable to current fiscal period

The following amendments to existing standards issued by the International Accounting Standards Board (IASB) and approved by the EU are valid for the current accounting period:

- **Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'** Definition of 'Significant' adopted by the EU on 29 November 2019 (effective for accounting periods beginning on or after 1 January 2020)
- **Amendments to IFRS 3 "Business combinations"** Business definition (applicable to business combinations whose acquisition date is the first or any subsequent day of the first financial year beginning on or after 1 January 2020 and the acquisition of assets that occurred on the start date of that period or later)
- **"Financial Instruments: Recognition and Measurement" and IFRS 7 "Financial Instruments: Disclosures"** - Reform of Reference Interest Rates - adopted by the EU on 15 January 2020 (effective for annual periods beginning on or after 1 January 2020 or later).
- **Addenda to IFRS 16 „Leasing"** – relief on lease payment related to Covid-19 pandemic – EU adopted on Oct 09, 2020 (with effect for period starting on Jan 01, 2020 or later but on June 01, 2020 at the latest).
- **Update of the References in IFRS to the Conceptual Framework** - adopted by the EU on 29 November 2019 (effective for accounting periods be- ginning on or after 1 January 2020),

The adoption of these additions to existing standards did not have a material impact on the company's financial statements.

New and amended IFRS standards issued by IASB and adopted by EU that have not become effective yet

As of the Financial Statements approval date, IASB issued and EU adopted the following addenda to the existing standards that have not become effective yet:

- **Addenda to IFRS 4 „Insurance Contracts"** – Prolongation of temporary exemption of IFRS9 application – EU adopted on Dec 15, 2020 (effective for fiscal period starting on Jan 01, 2021 or later).

New and amended IFRS standards issued by IASB that not have been adopted by EU yet

At present, IFRS, as adopted by the EU, do not significantly differ from those adopted by the IASB, except for the following new standards and amendments to existing standards that have not been endorsed for use in the EU on the date of publishing of the financial statement (these effective dates apply to IFRS as issued by the IASB):

- **IFRS 17 „Insurance contracts"** and addenda to IFRS 17 (with effect for fiscal period starting on Jan 01, 2023 or later)
- **Addenda to IAS 1 „Presentation of Financial Statement"** - Classification of liabilities to long-term and short-term (with effect for fiscal period starting on Jan 01, 2023 or later),
- **Addenda to IAS 16 „Lands, buildings, construction and equipment"** – Revenues before the planned use (with effect for fiscal period starting on Jan 01, 2022 or later),
- **Addenda to IAS 37 „Reserves, conditioned liabilities and assets"** – Unfavorable contracts – contract fulfillment cost effect for fiscal period starting on Jan 01, 2022 or later),
- **Addenda to IFRS 3 „Business combinations"** – reference to conceptual frame with addenda to IFRS 3 (with effect for fiscal period starting on Jan 01, 2022 or later),
- **Addenda to IFRS 9 „Financial instruments",** IAS 39 „ Financial instruments: recording and pricing", IFRS 7
- **„Financial instruments: disclosure",** IFRS 4 „Insurance contracts" and IFRS 16 „Leasing" - Reform of reference interest rates – 2nd stage (with effect for fiscal period starting on Jan 01, 2021 or later),
- **Addenda to various standards resulting from "Annual IFRS Standards Improvement (cycle 2018 - 2020)"** resulting from annual IFRS Improvement

Project (IFRS 1, IFRS 9, IFRS 16 and IAS 41), primarily aimed at removing discrepancies and explaining the wording (Addenda to IFRS 1, IFRS 9 and IAS 41 with effect for fiscal period starting on Jan 01, 2022 or later, Addendum No. 1 to FRS 16 applies only to an illustration example, thus the effective date is not stated),

- **IFRS 14 "Accruals Accounts in Regulating"** (Effective for accounting periods beginning on or after 1 January 2016) The European Commission has decided not to start the process of approving this preliminary Standard and wait for its final version,
- **Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures"** - Sale or contribution of assets between an investor and their associate or joint venture and further addenda (effective date was postponed for undefined period until termination of the equity research method project).

The Company expects that the adoption of these new standards and amendments to existing standards will not have a material impact on the company's financial statements in the period of their initial application.

The accounting for hedging instruments in relation to the portfolio of financial assets and liabilities, for which the EU has not yet adopted the principles, remains not amended.

Based on the company's estimates, the accounting for hedging instruments in relation to the portfolio of financial assets or liabilities under IAS 39 "Financial Instruments: Recognition and Measurement" would not have a material effect on the financial statements if applied on the date of the financial statement.

- **IFRS 14 "Accruals and Regulatory Accounts"**, issued by the IASB on 30 January 2014. This standard is intended to enable entities that apply IFRS for the first time and that currently report accruals in regulation in accordance with their previous accounting standards, to continue after the transition to IFRS.
- **IFRS 17 "Insurance Contracts"** issued by the IASB on 18 May 2017. The new standard requires insurance liabilities to be measured at their present value and provides a more uniform approach to the measurement and presentation of all insurance contracts. These requirements are designed to achieve consistent accounting of insurance contracts on a principal basis. IFRS 17 replaces IFRS 4 "Insurance Contracts" and the related interpretations when applied. Addenda to IFRS 17 „Insurance Contracts" issued by IASB on June 25, 2020 postpone the date of the initial IFRS 17 application by two years to the fiscal period starting Jan 01, 2023 or later. Moreover they introduce simplification and explanation of some requirements in the standard, providing additional relief when applying IFRS 17 for the first time.
- **Amendments to IFRS 3 "Business Combinations".** Definition of business issued by the IASB on 22 October 2018. The amendments were intended to improve the definition of a business. The revised definition emphasizes that the output of a business is to provide goods and services to customers, while the previous definition focused on revenue in the form of dividends, lower costs or other economic benefits for investors and other persons. In addition to modifying the wording of the definition, the IASB provided additional guidance.
- **Addenda to IFRS 3 „Business Combinations"** – reference to the Conceptual Frame with addenda to IFRS 3, issued by IASB on May 14, 2020. The addenda: a) updated IFRS 3 so as it refers to the Conceptual Frame 2018 instead of the Conceptual Frame 1989; b) amend IFRS 3 with added requirements that the acquirer should apply IAS 37 or IFRIC 21 to transactions and other events within the competence of IAS 37 or IFRIC 21 (instead of the Conceptual Frame) for purpose of identification of liabilities that he has accepted during the business combination; and c) amend IFRS 3 with added unambiguous standpoint that the acquirer doesn´t record the conditioned assets acquired during the business combination.
- **Addenda to IFRS 4 „Insurance Contracts"** – Prolongation of temporary exemption from IFRS 9 application issued by IASB on June 25, 2020. The addenda change the fixed date of validity termination of temporary exemption from IFRS 9 application „Financial instruments" stated in IFRS 4 „Insurance Contracts" so that the accounting units will be obliged to apply IFRS 9 with effect for fiscal period starting on Jan 01, 2023 or later.
- **Amendments to IFRS 9 "Financial Instruments",** IAS 39 "Financial Instruments: Recognition and Measurement" and IFRS 7 "Financial Instruments: Disclosures" - Reform of Reference Interest Rates issued by the IASB on 26 September 2019. Changes in Reform of Reference Interest Rates:

a) Amend the specific requirements for accounting of hedging instruments so that entities apply those hedge accounting requirements provided that the reference interest rate, on which the hedged cash flows and the cash flows from the hedging instrument are based, does not change as a result of the reform of the reference interest rates.

b) They are mandatory for all hedging relationships that are directly affected by the reform of reference interest rates.

c) They are not intended to provide relief from any other consequences arising from the reform of reference interest rates (if the hedging relationship no longer meets the requirements for accounting of hedging instruments for reasons other than those set out in the Annexes, the accounting of hedge instruments must be discontinued).

d) They require specific disclosures about the extent to which the amendments affect the entity's hedging relationships.

- **Addenda to IFRS 9 „Financial Instruments", IAS „ Financial instruments: recording and pricing", IFRS 7„ Financial instruments: disclosure", IFRS 4 „Insurance contracts" and IFRS 16 „Leasing"** - Reform of reference interest rates – 2nd stage, issued by IASB on Aug 27, 2020. The changes relate to adjustment of financial assets, financial liabilities and leasing liabilities, specific requirements laid on accounting of securing instruments and disclosure requirements when applying IFRS 7, which are associated with the addenda related to accounting of securing instruments:

a) **Adjustment of financial assets, financial liabilities and leasing -** IASB introduced practical simplification of adjustment required by the reform (adjustments required as a direct consequence of IBOR rate reform, implemented on economy-corresponding basis). These adjustments are accounted through updated effective interest rate. All other adjustments shall be accounted pursuant to current IFRS requirements. Similar practical simplification has been proposed also for accounting made by the lessee pursuant to IFRS 16.

b) **Requirements laid on accounting of securing instruments –** based on the addenda, accounting of securing instruments shall not be interrupted only because of IBOR rate reform. Securing relations (and related documentation) shall be modified so as securing component adjustments are taken in account, as well as adjustments of securing instrument and securing risk. Such modified securing relations should meet all qualification criterions applicable to accounting of securing instruments, including the requirement of effectiveness.

c) **Disclosures** – aimed at ensuring the users to understand the nature and the extent of the risks associated with IBOR rate reform that the accounting unit is to face, and the way how the accounting unit manages these risks, as well as the status of accounting unit transition from the IBOR rates to alternative reference rates, and the way how the accounting unit manages the transition; the addenda require from the accounting unit to disclose the following information:
   - the way how the accounting unit manages the transition from the IBOR rates to alternative reference rates; work progress as of the Financial Statements preparation date and the transition – associated risks;
   - quantitative information on non-derivate financial assets, non-derivate financial liabilities and derivates that result from the reference interest rates being subject to the reform, in classification pursuant to significant reference interest rate;
   - if the accounting unit´s strategy of risk management has changed as a result of IBOR rates reform – description of such changes and information on the accounting unit´s strategy of risk management.

d) IASB also adjusted IFRS 4 so as the insurers applying the temporary exemption from IFRS 9 have to apply the addenda also to recording of adjustments directly required by the IBOR rates reform

- **Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures"** - Sale or contribution of assets between an investor and their associate or joint venture issued by the IASB on 11 September 2014. The amendments address a conflict between requirements IAS 28 and IFRS 10 and explain that in a transaction involving an associate or a joint venture, the extent of the recognition of profit or loss depends on whether the asset sold or invested is a business.

- **Addenda to IFRS 16 „Leasing"** – relief on the leasing related to the Covid-19 pandemic and issued by IASB on May 28, 2020. The addenda exempt the lessees from the obligation to assess the individual leasing contracts with the aim to determine whether the leasing relief provided as a direct consequence of the Covid-19 pandemic represents a leasing change, allowing the lessees to account such leasing relief as if the leasing has not changed. This shall apply to the leasing relief related to the Covid-19 pandemic, which has reduced the leasing installments with the due date on June 30, 2021 or earlier.

- **Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'** Definition of 'Significant' issued by IASB on October 31, 2018. These addenda explain the definition of the term "significant" and the way it should be applied and it was included in the overview of the definitions.

- **Addenda to IAS 1 „Presentation of Financial Statements"** – classification of liabilities to long-term or short- term, issued by IASB on Jan 23, 2020. The addenda provide for more general approach to classification of liabilities pursuant to IAS 1 based on the contract arrangements valid as of the end of fiscal period.

- **Addenda to IAS 16 „Lands, buildings, constructions and equipment"** – revenues before the planned use issued by IASB on May 14, 2020. The addenda restrict to deduce the items from the procurement price that has been classified as a long-term tangible assets, revenues from the sale of items manufactured at the time of the assets commissioning in order to ensure its operation ability in the way specified by top management. Instead, the accounting unit shall record the revenues from such items sale and cost of such items production in the Profit and Loss Statement.

- **Addenda to IAS 37 „Reserves, conditioned liabilities and conditioned assets"** – Unfavorable Contracts – Cost of Contract Implementation as issued by IASB on May 14, 2020. The addenda specify that "the contract fulfillment cost" includes "cost directly associated with the contract". The cost directly associated with the contract can represent the accrued cost of particular contract fulfillment, or allocation of other cost that directly relates to the contract fulfillment.

- **Addenda to various standards resulting from "Annual IFRS Standards Improvement (cycle 2018 - 2020)"** issued by IASB on Dec 14, 2020. These are the Addenda to various standards improvement resulting from annual project of IFRS standards improvement (IFRS 1, IFRS 9, IFRS 16 and IAS 41), primarily aimed at removing discrepancies and explaining the wording. The addenda: a) explain that a subsidiary that applies clause D16 (a) IFRS 1, is allowed to apply cumulative differences from recalculation using the sums recorded by its parent company, based on the date of parent company transition to IFRS (IFRS 1); b) explain which charges are covered by the accounting unit applying the test "10 %" stated in clause 83.3.6 IFRS 9 when determining on termination of financial liability recording. The accounting unit includes only the charges paid or received between the accounting unit as a debtor and the creditor, including the charges paid or received by the accounting unit or creditor in the name of the other party (IFRS 9); c) remove illustration of compensation of cost for leasing subject improvement by the Lessor from the example in order to resolve eventual discrepancies in relation to leasing stimuli assessment that could occur as a result of method of leasing stimuli illustration in the example (Illustration example 13 representing an enclosure to IFRS 16); ad) remove the requirement in paragraph 22 IAS 41, to exempt the accounting units from cash flow from taxation when evaluating biological property at real value, based on the method of current value (IAS 41).

- **Update of the References to the Conceptual Framework** in IFRS issued by the IASB on 29 March 2018. As the Conceptual Framework was revised, the IASB updated the references in IFRS to the Conceptual Framework. The document contains amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22 and SIC-32. The update was made to support the transition to a revised Conceptual Framework for companies that create accounting policies using the Conceptual Framework if a particular transaction is not covered by any IFRS.
- **Amendments to various standards due to "Annual Improvements to IFRSs (2015-2017 Cycle)"** is- sued by the IASB on 12 December 2017. These are amendments to various standards resulting from annual improvements to IFRSs (IFRS 3, IFRS 11, IAS 12 and IAS 23), which aim in particular to eliminate inconsistencies and clarify the wording. The amendments explain that: a company should revalue the interest in a joint operation it owned in the past when it acquires control of a business (IFRS 3); the company should not revalue its interest in a joint venture in the past when it acquires joint control of a business (IFRS 11); the company should account for all income tax consequences associated with the payment of dividends in the same way (IAS 12); and a company should consider any loan granted to acquire an asset as part of general borrowings, when the asset is ready for its intended use or for sale (IAS 23).
- **Update of the References to the Conceptual Framework in IFRS** issued by the IASB on 29 March 2018. As the Conceptual Framework was revised, the IASB updated the references in IFRS to the Conceptual Framework. The document contains amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22 and SIC-32. The update was made to support the transition to a revised Conceptual Framework for companies that create accounting policies using the Conceptual Framework if a particular transaction is not covered by any IFRS.
- **IFRIC 23 "Uncertainty in the Income Tax Assessment"** issued by the IASB on 7 June 2017. It may be unclear how the tax legislation applies to a particular transaction or circumstance or whether the tax authority will accept the income tax applied by the company. IAS 12 Income Taxes sets out how current and deferred tax should be accounted for, but does not specify how to account for the effects of uncertainty. IFRIC 23 introduces requirements that supplement those contained in IAS 12 and determines how to account for the effects of uncertainty.

B2) Information on the use of accounting principles and methods in relation to the prior period and their impact on the result of operations

The Company's separate financial statement for the year ending 31 December 2019 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU").

IFRS 16 disclosures

IFRS 16 replaces IAS 17 Leases, Interpretations: IFRIC 4 -Determining whether a Contract contains a Lease, SIC 15-Operating Leases - Incentives and SIC 27 - Evaluating the Nature of Transactions Involving the Legal Form of a Lease.

The purpose of the new standard is to simplify the comparability of financial statements, to present financial and operating leases in the statement of financial position and to provide users of financial statements with adequate information about the risks associated with contracts.

The new standard does not distinguish between operating and finance leases in the lessee's accounting anymore and requires that assets with the right to use and a lease liability are recognized in respect of all the lessee's lease agreements. Under IFRS 16, a contract constitutes or includes a lease if it transfers the rights to control the use of an identified asset for a specified period in exchange for consideration.

An essential element that distinguishes the definition of a lease according to IAS 17 from the definition according to IFRS16 is the requirement to have control over the specific asset used, which is stated directly or indirectly in the contract. Costs related to the use of leasing assets, most of which were previously recognized under external service costs, are currently classified by the Company as depreciation/amortization and interest expense. When depreciating the right to use, the Company uses the straight-line depreciation method, with lease liabilities settled at the effective discount rate.

In the statement of cash flows, the cash flows from the principal of a lease liability are classified as cash flows from financial activities, with lease payments for short-term leases, lease payments for low-value assets and variable lease payments not included in the evaluation of the lease liability are classified as cash flows from operating activities. Interest payments related to the lease liability are classified in accordance with IAS 7.

The Company, as a lessee, applies IAS 36 Impairment of Assets to determine whether an asset with a right to use is impaired and, if necessary, recognizes an impairment loss.

Adoption of IFRS 16

At the first application as of Jan 01, 2019, the company used a modified retrospective approach. Applying a modified retrospective approach requires a lessee to recognize the cumulative effect of IFRS 16 as an adjustment of equity at the beginning of the current accounting period being Jan 01, 2019, in which IFRS 16 is first applied.

The accounting unit has applied the following existing practical simplifications:

- Applying a single discount rate to a portfolio of leases with reasonably similar characteristics.
- Adjustment of an asset with the right to use at the date of initial application by the amount of any provision for disadvantageous leases in the statement of financial position.
- Application of the simplified method for contracts with a maturity of up to 12 months on the date of initial application.

- Exemption of initial direct costs from the evaluation of an asset with the right to use at the date of initial application.
- Use of rear view, e.g. in determining the lease term, if the contract includes options to extend or terminate the lease.

a) **Recognition of lease liabilities**

At the date of initial application, the company recognized lease liabilities related to leases that were previously classified as "operating leases" in accordance with IAS 17 Leases. These liabilities have been measured at the present value of the lease payments receivable at the date of application of IFRS 16. Lease payments are discounted using the implicit lease interest rate or, if this rate cannot be easily determined, the incremental interest rate of the loan. The interest rate applied by the company in its first application is 1%.

At the date of initial recognition, lease payments include fixed lease payments included in the measurement of lease liabilities. The accounting entity uses simplifications in relation to short-term leases (less than 12 months), as well as for leases with a basic asset with low value (less than USD 5 thousand) and for contracts for which it will not recognize financial liabilities or any related assets with right of use. These types of lease payments will be recognized as expense using the straight-line method over the life of the lease in 'General administrative expenses'.

b) **Recognition of assets with the right to use**

Assets with the right to use are initially measured by their acquisition cost.

The acquisition cost of an asset with a right of use consists of:

- initial estimate of lease liabilities,
- any lease payments made at or before the date of the commencement of the lease, minus any receivables from the lease incentives;
- initial costs incurred directly by the lessee as a result of concluding the lease agreement,
- estimates of the costs incurred by the lessee due to the obligation to disassemble and remove the basic asset or to carry out renovation/renewal.

c) **Use of estimates**

The implementation of IFRS 16 requires the use of certain estimates and calculations that affect the measurement of financial lease liabilities and assets with the right to use. These include, but are not limited to:

- determining which contracts are covered by IFRS 16;
- determining the duration of such contracts (including contracts of indefinite duration or contracts with the possibility of extension),
- determining the interest rates that will be applied to discount future cash flows;
- determining depreciation rates.

(in thsd. EUR)	31.1.2020
Assets with the right to use	
(line „Tangible fixed assets“ in the statement of financial position) as of Dec 31, 2020	822 090
Lease liability	
(line "Other liabilities" in the statement of financial position) as of 31.12.2020	717 017
Cumulative effect recognized as an adjustment of equity at the date of initial application	0

B3) Description of ways of valuing assets and liabilities, methods of determining the real values of assets

The financial statements are prepared on the accrual basis of costs and revenues; their impact is accounted for in the period to which these items relate. Tangible and intangible fixed assets and inventories are valued at acquisition cost, which include costs related to its acquisition.

Asset type	Depreciation period	Depreciation rate	Depreciation method for accounting depreciation
TFA over 1 700 €	by type	by type	linear
TFA from 166 to 1 700 €	2 years		time
IFA from 332 to 2 400 €	2 years		time
IFA over 2 400 €	5 years -10 years	by type	linear
TFA-assets with the right to use	7 to 10 years		linear

**TFA – assets with the right to use, see note B2*

Nominal value is applied for evaluation of receivables, payables, cash and cash equivalents.

B4) Conversion of foreign currency to the euro

The company converts monetary assets and liabilities valued in foreign currency into euro by reference exchange rate determined and announced by the European Central Bank or National Bank of Slovakia on the date of the preparation of financial statements.

B5) Tangible and intangible fixed assets

Tangible and intangible fixed assets are stated at acquisition cost, which is reduced by accumulated depreciation (amortization). Depreciation of assets is calculated using the straight-line method of depreciation according to period of use in accordance with Act 595/2003 Coll. on Income Tax as amended. Expenses related to renovation and modernizations of property are considered technical improvement and repairs and maintenance of this property are accounted directly to the expenses of the company.

B6) Cash and cash equivalents

Cash and cash equivalents consist of the cash in the cash desk in the currency of euro and in foreign currencies, and of the balances of current accounts, and of valuables. Receivables from banks amounted to EUR 4,304,115 as of 31 December 2020.

B7) Provisioning reserves and impairment items

Reserve is defined in terms of IAS 37 as a liability of indefinite time period or amount and its use is bound only to expenditures which it was originally created for. A liability is a present obligation of unit arising from past events the settlement of which is expected to reduce the resources embodying economic benefits.

Reserves can be distinguished from other liabilities because there is uncertainty about the time period or amount of future expenditure required in settlement. Apart from short-term provisions, the company created also in 2019 the long-term reserves for loyalty program so as to stabilize the participant stock of complementary pension saving. Rules of the loyalty program and the resulting provisioning and use of the reserves have been incorporated into the in-company directive on the processing and bookkeeping of the company. The company reviewed the creation the loyalty program reserve and, with effect from 1 January 2017, reduced the value of the loyalty program to half; 1 point is equal to 0.005 EUR.

After the accounting period, the Company evaluates the contributions of the participants and adds points in accordance with the rules of the loyalty program. At the same time, it evaluates the drawdown of points for a given accounting period. Subsequently, the Company estimates the present value of future drawing as the new provision value. As of the balance sheet date the company assessed there is no need for any impairment items which would indicate an impairment of assets as there are no records of litigation or indirect liabilities arising from past events.

B8) Employees' benefits

Employees' benefits present all forms of compensations provided by the company in exchange for the services performed by its employees. Employees' benefits are reported within the item "Other Liabilities".

They are particularly continuous salaries and bonuses paid to employees, employer's contributions to social and health insurance, and employer's contribution to complementary pension saving as well as meal allowance. The company creates a social fund by means of mandatory allocation of costs in accordance with the requirements of Act 152/1994 Coll. on Social Fund as amended.

B9) Accounting for revenue and expenses

Time differentiation of accrued interest income and interest expense related to individual assets and liabilities items is recognized on relevant accounts of these items. Interest income and expenses are recognized in the period they relate to on accrual basis using the effective interest method.

Revenues from recompenses and commissions represent remuneration of the management company for the management and valorization of assets in the funds. Costs of recompenses and commissions are the activities of financial agents who perform financial intermediation for the company in accordance with Act 186/2009 Coll. on financial intermediation and financial counseling and on amendments to certain laws and selected external collaborators. Parts of these costs are the costs of broker companies.

The Company charged these cost items at their inception until 31 December 2017. As of 1 January 2018, it has changed the accounting policy in relation to the cost of contracting and, in accordance with this new principle, accrues it. This method is based on a straight-line amortization of the cost of acquisition over the estimated useful life of contracts with individual savings participants.

The Company has developed an internal model to accrue the cost of acquiring participating contracts over time and adjusted retained earnings of prior periods according to the simplified approach in IFRS 15 as a simplified retrospective adjustment. Due to this fact, as at 1 January 2018, the Company recorded a DAC value of 2,319 thousand. euros.

Other administrative costs are broken down by types to personnel, depreciation of tangible and intangible assets, and other costs. Income tax is reported separately as it forms a part of the company's costs

B10) Financial assets

The Company's financial assets are:

- cash
- the contractual right to receive cash or other assets, these are financial assets such as receivables and debt securities
- the contractual right to exchange financial assets or liabilities with other entity under potentially favorable conditions – derivates
- an equity instrument of other enterprise – it is a financial asset in the form of equity securities.

The Company records as a financial instrument the amounts of funds in the current account with the depositary; the financial instruments also include the balance of the unassigned payment account, which represents the received contributions from the savings participants on the date on which the financial statements are prepared. At the same time, it records in the balance sheet receivables from savings participants, which are the mirror account of the received contributions, recorded in the balance sheet on the liability side of the item "Other payables ".

The Company recognizes financial assets at amortized cost based on the assessment of individual items of financial assets under IFRS 9.

B11) Subsidiaries and other equity

Investments in subsidiaries include direct or indirect investments by companies in companies exceeding 50% of their capital or companies in which a company can exercise more than 50% of the voting rights or where a company may appoint or remove a majority of the members of the board of directors or the supervisory board, or where it has other means to manage the entity's financial and operating policies so as to benefit from its activities. Subsidiary STABILITA Servis, s.r.o. merged with the parent company STABILITA d.d.s., a.s., which has become its successor company.

B12) Taxation and deferred tax

Income tax calculation is exhaustively defined by Act 595/2003 Coll. on Income tax as amended based on economic outturn, which is recognized in the statement of comprehensive income and losses in accordance with international accounting standards. Income tax is a part of the cost items and when calculated it is subsequently adjusted by deductible and non-deductible items which incurred in the course of the accounting period. Liability, possibly receivable resulting from income tax is calculated upon mutual credit system of already paid tax advances in a given tax period.

Deferred income tax is calculated using the balance sheet liability method on all temporary differences arising between the tax base of assets and liabilities and their accounting values in the statement of financial position. Deferred income tax is determined using tax rates for the following tax period valid on the moment, when tax liability is realized or tax obligation is accounted for that have been enacted or substantively enacted by the balance sheet date. For 2020, the tax rate is 21%.

Accounting for a deferred tax claim can be only made under the assumption that in the future the company will have such economic result that will enable compensation of this tax claim.

B13) Segment reporting

IFRS 8 Operating Segments requires disclosure of information on the operating segments of the company. As the company activities do not exhibit significantly different risks and profitability, and the regulatory environment, nature of services, business processes, geographical coverage, and types of clients who are provided products and services to, are homogeneous, the company operates as a single operating segment and therefore it does not apply IFRS 8.

C) Additional information

Information on the amount of recompenses to complementary pension company

The company is entitled under § 35 Act 650/2004 Coll. on CPCs to recompense for:

- the management of the funds
- the valorization of assets in Equity d.d.f., Index d.d.f., and Contributory d.d.f.
- the transfer of a participant to other complementary pension company
- recompense for severance pay within the meaning of § 87n paragraph. 10 of the Act on CPC

Remuneration for managing the Equity d.d.f. and Contributory d.d.f. in the year 2020 accounted for 1.20 % of the average annual net value of fund assets. (for year 2019: 1.30%). Remuneration for managing the Index d.d.f. in the year 2020 from Sept 01 accounted for 1.20 % of the average annual net asset value of the fund. Remuneration for managing the Payout d.d.f. in the year 2020 accounted for 0.60 % of the average annual net asset value of the fund (for year 2019: 0,65%).

Remuneration for evaluation of assets in complementary pension funds is determined every working day in accordance with the calculation set forth under the Act on CPC.

Remuneration for transfer of a participant to another complementary pension fund within one year from the conclusion of the participant contract may not present more than 5% of the balance on the participant's personal account on the day preceding the date of transfer.

Claims for the amount of remuneration in individual funds are described in the fund rules in section VI.

Information on social security

The company pays contributions to health insurance companies and to the Social Insurance Company in the amount of statutory rates applicable during the year and calculated on the basis of gross salary. The social security costs are recognized in the period in which the relevant wages are cleared. The company does not create any other insurance funds for its employees. The company participates in complementary pension scheme for employees. No unrecognized liabilities to employees result from this scheme.

Information on statutory requirements

In accordance with the provisions of the Act on CPC the company shall comply with the statutory maxi- mum limits and restrictions on the investment of as- sets in complementary pension funds. The rules for limitation of risk and for risk diversification are stated in the fund statutes in section V and published on the company's website.

As of 31 December 2020, the company was meeting all the above limits and restrictions in accordance with the Act on Complementary Pension saving.

D) Notes on items of individual Statements of the Company

1) Intangible fixed assets – summary of transactions as of 31/12/2020

Assets (gross)	Line	at 1.1.2020	Increase	Decrease	Transfers	at 31.12.2020
B.I. Intangible fixed assets total	1	**574 705**	**1 803 337**	-	-	**2 378 042**
1. Software	2	525 723	1 802 857	0	-	2 328 580
2. Trademark	3	3 926	-	-	-	3 926
4. IFA (from 332 euro to 2 400 euro)	4	45 056	480	-	-	45 536
B.II. Acc. depreciations of IFA total	5	**(377 357)**	**(1 422 057)**		-	**(1 799 414)**
1. Accumulated depreciations of software	6	(338 255)	(1 417 540)	-	-	(1 755 795)
2. Accumulated depreciations of trademark	7	(2 136)	(396)	-	-	(2 532)
3. Acc. depr. of IFA (from 332 to 2400)	8	(36 966)	(4 121)		-	(41 087)
Residual price of IFA (L.1+L.5)	9	**197 348**	**381 280**	-	-	**578 628**

Intangible fixed assets – summary of transactions as of 31/12/2019

Assets (gross)	Line	at 1.1.2019	Increase	Decrease	Transfers	at 31.12.2019
B.I. Intangible fixed assets total	1	**492 296**	**86 582**	-	-	**574 705**
1. Software	2	448 658	81 238	4 173	-	525 723
2. Trademark	3	3 926	-	-	-	3 926
4. IFA (from 332 euro to 2 400 euro)	4	39 712	5 344	-	-	45 056
B.II. Acc. depreciations of IFA total	5	**(339 997)**	**(41 533)**		-	**(377 357)**
1. Accumulated depreciations of software	6	(305 273)	(37 155)	(4 173)	-	(338 255)
2. Accumulated depreciations of trademark	7	(1 740)	(396)	-	-	(2 136)
3. Acc. depr. of IFA (from 332 to 2400)	8	(32 984)	(3 982)		-	(36 966)
Residual price of IFA (L.1+L.5)	9	**152 299**	**45 049**	-	-	**197 348**

As of January 01, 2020 the subsidiary STABILITA Servis, s.r.o. merged with the parent company with recorded long-term intangible assets in its portfolio, which was transferred to the successor company STABILITA, d.d.s., a.s. as of the merger date. The successor company transferred software APV Sofistar, Softip Profit and Asset Management System in its assets in total value of 405 151,19 EUR. As of Dec 31, 2019, the assets book value referred to 361 659,79 EUR.

2) Long-term tangible assets – summary of transactions as of 31. 12. 2020

Assets (grosss)	Line	at 1.1.2020	Increase	Decrease	Transfers	at 31.12.2020
B1. LTA summary (l. 02 - 07)	1	**1 548 902**	**25 484**	**(1 661)**	**-**	**1 572 725**
1. Right for use of assets	2	927 131	-	-	-	927 131
2. Ind. MA and coll. Of MA-machinery, devices	3	234 848	22 158	0	-	257 006
3. Ind. MA and coll. - vehicles	4	204 852	-	-	-	204 852
4. Ind.MA - inventory	5	65 782	3 067	-	-	68 849
5. Ind. MA (from 166 eur to 1 700 eur)	6	62 372	259	-	-	62 631
6. Other tangible fixed assets	7	53 917	-	(1 661)	-	52 256
B.II. Acc. depr. of TFA total (L.9 to 14)	8	**(597 031)**	**(162 672)**	**(1 661)**	**-**	**(758 042)**
Acc. depreciation of right to use assets	9	(110 112)	(110 112)			(220 224)
1. Acc. depr. of machin., dev., equipment	10	(141 663)	(36 785)	-	-	(178 448)
2. Accumulated depreciations of vehicles	11	(165 928)	(14 324)	-	-	(180 252)
3. Accumulated depreciations of inventory	12	(63 415)	(1 143)	-	-	(64 558)
4. Acc. depr. of SMA (166 - 1700 €)	13	(61 996)	(308)	-	-	(62 304)
5. Accumulated depreciations of other TFA	14	(53 917)	-	(1 661)	-	(52 256)
B.III. Book value of TFA	15	**951 871**	**(137 188)**	**-**	**-**	**814 683**

Long-term tangible assets – summary of transactions as of 31. 12. 2019

Assets (grosss)	line	at 1.1.2019	Increase	Decrease	Transfers	at 31.12.2019
B1. LTA summary (l. 02 - 07)	1	**1 587 057**	**88 296**	**(126 451)**	**-**	**1 548 902**
1. Right for use of assets		927 131				927 131
2. Ind. MA and coll. Of MA-machinery, devices	3	237 650	73 586	(76 388)	-	234 848
3. Ind. MA and coll. - vehicles	4	219 161	14 192	(28 501)	-	204 852
4. Ind.MA - inventory	5	66 926	-	(1 144)	-	65 782
5. Ind. MA (from 166 eur to 1 700 eur)	8	79 588	518	(17 734)	-	62 372
6. Other tangible fixed assets	9	56 601	-	(2 684)	-	53 917
B.II. Acc. depr. of TFA total (L.9 to 14)	10	**(556 617)**	**(166 866)**	**(126 452)**	**-**	**(597 031)**
Acc. depreciation of right to use assets			(110 112)			(110 112)
1. Acc. depr. of machin., dev., equipment	12	(194 514)	(23 537)	(76 388)	-	(141 663)
2. Accumulated depreciations of vehicles	13	(162 343)	(32 086)	(28 501)	-	(165 928)
3. Accumulated depreciations of inventory	14	(63 803)	(756)	(1 144)	-	(63 415)
4. Acc. depr. of SMA (166 - 1700 €)	15	(79 356)	(375)	(17 735)	-	(61 996)
5. Accumulated depreciations of other TFA	16	(56 601)		(2 684)	-	(53 917)
B.III. Book value of TFA		**1 030 440**	**(51 571)**	**-**	**-**	**951 871**

Abbreviations: IFA – intangible fixed assets, TFA – tangible fixed assets, MA – movable assets

Method and amount of insurances of tangible fixed assets

Motor vehicles in company ownership on 31/ 12/ 2020 are insured in Slovenská poisťovňa Allianz by means of a fleet contract for mandatory insurance policy No. 8080074463. Vehicle damage or destruction of a vehicle and theft is covered by motor hull insurance policy with the company UNIQUA poisťovňa, a.s that has acquired the insurance portfolio of company Colonnade Insurance S.A. By the insurance contract with this insurance company the company insured the tangible fixed assets against the element and the alienation, located in the individual branches and in the building on Bačíkova Street in Košice. There is no lien recorded on the property to which the Company has the right of management.

3) Acquisition costs for active contracts

Item	Dec 31, 2020	Dec 31, 2019
Procurement cost of active contracts	3 254 444	2 799 899
hereof:	-	-
paid up cost per a year	505 714	575 508
dissolved cost during the year	(164 573)	(120 963)
Status as of the end of the year	**3 595 585**	**3 254 444**

4a) Investment in the subsidiary

Item	Dec 31, 2020	Dec 31, 2019
Investment in the subsidiary	-	203 323

Effective January 31, 2020, subsidiary STABILITA Servis, s.r.o., merged with the parent company STABILITA, d. d. s., a. s., which has become its successor company. As of the date, the investment in the subsidiary ceased.

4b) Liability in the subsidiary

Item	Dec 31, 2020	Dec 31, 2019
Liability in the subsidiary		153 125

The liability against the subsidiary ceased upon the companies merger as of Jan 01, 2020.

5) Liabilities arising from deferred income tax

Item	Dec 31, 2020	Dec 31, 2019
Deferred tax - tax receivable	182 910	177 314
Total	182 910	177 314

A deferred tax asset arises on temporary differences between the tax value of assets and liabilities and their carrying amount for financial reporting purposes. The Company has a deferred tax asset, the amount of the deferred tax asset at 31 December 2020 refers to 182 910 EUR.

The calculation of the deferred tax liability is presented in the following table:

Item	Dec 31, 2020	Dec 31, 2019
Temporary differences between the carrying amount of assets and assets and tax basis, hereof:	(38 120)	(24 629)
deductible		
taxable	(38 120)	(24 629)
Temporary differences between the carrying amount of assets and tax basis, hereof:	909 118	868 981
deductible	909 118	868 981
taxable		
Subtotal:	870 998	844 352
Income tax rate (%)	21	21
Deferred tax asset	182 910	177 314
Applied tax assets	177 314	184 894
Accounted for as a reduction in cost	5 596	(7 580)
Deferred tax asset	**182 910**	**177 314**
Change of deferred tax asset	5 596	(7 580)

6) Cash and cash equivalents

Item	Dec 31, 2020	Dec 31, 2019
Cash desk domestic, foreign	4 094	5 078
Valuables	19 958	16 935
Operating accounts	618 893	2 141 500
Payroll account	635 294	71 348
Account of unass. payments	110 214	110 265
Total:	**1 388 453**	**2 345 126**

The item "Cash and cash equivalents" also includes the unallocated payments account, where the participants deposit their contributions on a monthly basis. The balance of the account represents outstanding directed contributions to payments received as of 31 December 2020.

7) Liabilities from banks

Item	Dec 31, 2020	Dec 31, 2019
TV in CSOB 50170605	1 004 115	1 002 794
Term deposit in VUB 19804001	0	2 500 000
TV in CSOB 122511691	3 300 000	0
Total:	**4 304 115**	**3 502 794**

The maturity date of the term deposit in the amount of 1 004 115 EUR is 5 June 2021 with an interest rate of 0.0200% p. a. and the maturity date of the term deposit in the amount of EUR 3,300,000 is 5.12.2021 with zero interest rate p. a.

8) Liabilities from clients and other debtors

Item	Dec 31, 2020	Dec 31, 2019
Receivable for managing the Contr. Fund	329 990	336 474
Receivable for managing the Payout Fund	14 201	13 967
Rec. for managing the Equity Contr. Fund	34 110	29 458
Other receivables	3 308	-
Total:	**381 609**	**379 899**

Receivables relate to the fees for the management of funds, other receivables represent the amounts of payments received as of 31 December 2020.

9) Tax receivables

Receivables represent the difference between the paid corporate income tax advances and the tax payable for 2020. The advances to legal entity income tax were lower by € 2,451 than calculated income tax duty; the difference is stated in l. 14. as a liability.

10) Structure of other short-term assets

Item	Dec 31, 2020	Dec 31, 2019
Provided prepayments domestic	8 575	9 075
Expenses for future periods	29 933	32 165
Income from future periods	143	821
Material in stock	1 935	1 287
Other receivables	13 412	1 454
Total:	**53 998**	**44 802**

The advances provided are permanent advances for rent and energy bills at the branches in Bratislava and Trenčín. Deferred expenses are the fees paid for parking cards, professional magazines and newspapers subscriptions, accident and statutory insurance relating to the following period. These costs also include the maintenance and upgrade of the server for 2020. The material in stock represents the balance of small office supplies and forms for concluding a complementary pension savings. Other receivables in the value of 13 412 EUR represent outstanding assessments of the saving scheme participants as of Dec 31, 2020.

11) Trade liabilities

Item	as of Dec 31, 2020	as of Dec 31, 2019
Domestic suppliers	60 866	67 096
Total:	**60 866**	**67 096**

The item "domestic suppliers" includes short-term liabilities with a maturity of 14 days. The highest liability items are the cost of intermediation commissions of EUR 21 474, the costs of software for servicing activities in amount of EUR 23 865, liabilities towards Telecom in the amount of € 6,604 and the rentals of individual branches for December.

12) Interest bearing liabilities

The item interest-bearing liabilities represents the value of the liability for rent payments in accordance with IFRS 16 Leases at the contact points in Košice and Bratislava. The total value after discounting represents an amount of EUR 717 017 as of 31 December 2020.

13) Reserves and other liabilities

Item	as of 31.12.2020	as of Dec 31, 2019
Provisions	905 479	835 877
Other liabilities (not allocated payments account)	123 626	112 206
Unbilled deliveries	15 150	40 476
Liabilities to employees	69 379	54 162
Clearing with healthcare ins. org.	63 775	68 930
Tax liabilities	18 525	17 079
Expenses for future periods	1 077	1 043
Mandate contracts	10 480	25 571
Social fund	27 995	21 104
Liab. from the payment of divid. to shareholders	-	-
Total:	**1 235 486**	**1 176 448**

The item provisions in the amount of EUR 905 479 includes a provision for loyalty program amounting to 617,000 Euros (594 000 in 2019), and provisions for remuneration of EUR 236 ths. (196 ths. EUR in 2019) and provisions for undrawn holidays and premiums of EUR 38 ths. 45 thousand EUR in 2019). Other liabilities as of 31 December 2020 are detailed in the table.

Creation and drawing of the Social Fund as of 31/12/2020

Item	as of Dec 31, 2019	movement	Dec 31, 2020
Initial state as of 1.1.2020	21.104		
Creation of Social Fund		39.221	
Use – food tickets		(24.521)	
Use - other		(7.809)	
Closing balance as of 31.12. 2020		6.891	27.995

According to the Act on the Social Fund, a part of the social fund is compulsorily debited to costs and a part can be created from profit. According to the Act on the Social Fund, the Social Fund is used for the health, social, recreational and other needs of employees.

14) Due income tax

Income tax is calculated according to Act no. 595/2003 Coll. On Income Tax, as amended, on the basis of the results reported in the Profit and Loss Statement prepared under IFRS. Income tax is charged to company´s expenses at the moment of the tax liability and in the statement, it is calculated on the basis of the tax resulting from the pre-tax profit, which amounted to EUR 746 072 in 12 months of 2020. Tax liability occurs by means of mutual accreditation of the prepayments paid in the amount of € 167 084 and the tax obligation in the amount of € 169 535, resulting in the tax duty in the amount of € 2 451.

15) Share capital

Share capital of the company as of 31/12/2019 consists of 50,000 shares with a nominal value of EUR 33.20 per share. The company's shares represent the rights of shareholders as partners to participate in accordance with the law and the company's articles of association in its management, profit distribution and liquidation balance after the company's liquidation.

Information on supplemental retirement company shareholders

Shareholders	The value of the share in the capital	Share Value in Reserve Fund	Company Development Fund
Železnice SR	917 316	183 463	
Lorea Investment Limited	501 718	100 344	
U. S. Steel Košice, s.r.o.	154 314	30 863	
Železiarne Podbrezová a.s.	85 822	17 164	
Szabo Marek	830	166	
Total:	**1 660 000**	**332 000**	**500 000**

15a) Funds created from profit

The total value of the reserve fund as of 31 December 2020 amounted to EUR 332,000, which fulfils the mandatory allocation up to 20% of the share capital in accordance with the Commercial Code 513/1991 Coll., § 217 par. 1. Reserve fund reserves are created from profit according to statutory requirements. The legal reserve fund is not available for distribution to shareholders.

Payment of dividends during the year 2020

The General Assembly approved the separate financial statements, annual report and profit distribution for the year 2017, on May 27, 2020. Dividends to shareholders were not paid.

16) Retained earnings

Retained earnings of the company in the total amount of EUR 6,173,516 consist of retained earnings after tax for the past periods and the impact of the implementation of IFRS15 in connection with deferred AC on active contracts in the amount of EUR 2 319 277 EUR. In 2020, the company has increased the retained earnings by € 42 938 resulting from the merger of subsidiary and parent company. Positive difference resulting from the merger was accounted for as a company equity increase.

17) Of which deferred acquisition costs for active contracts

Deferred acquisition costs for active contracts represent commissions that were capitalized on 1 January of 2018 after adoption of IFRS15 in total amount of EUR 2,319,277.

18) Post-tax profit/ loss of current fiscal period

The profit for the current accounting period is the economic result after deducting the income tax. As of December 31, 2020, the company earned a net profit after tax of EUR 550 264, and the General Assembly decides on its allocation.

Description of items in the statement of profit and loss

1) Net interest revenues

Item	31.12.2020	31.12.2019
Interest revenues and similar rev,	746	3 930
Interest costs and similar costs		
Net interest revenues	**746**	**3 930**

Net interest income represents interest income on bank accounts held with the depositary.

2) Net profit/ loss from R and C

Item	31.12.2020	31.12.2019
Revenues from R&C	4 365 998	4 469 363
R&C costs	(164 573)	(120 963)
Net profit or loss from R&C	**4 201 425**	**4 348 400**

The item net profit from remuneration and commissions represents profit from the management of funds, remuneration for severance pay and remuneration for the transfer of savings participants to other supplementary pension companies to which the management company is entitled pursuant to Section 35 of the CPS Act. The item costs of remuneration and commissions include brokerage costs, which the company accrues from 1 January 2018. Description in the amendments to IFRS 15, section “Significant accounting estimates”.

3) Other revenues

Item	31.12.2020	31.12.2019
Other revenues	52 444	9 917

The item “Other revenues” represents the effect of the company merger with the company Stabilita Servis s.r.o. as of 1.1.2020, in the amount of € 43 thsd. that was accounted for as a revenue from negative goodwill. The amount of € 9 thsd. refers to dissolution of reserves for energies and company audit.

4) General administrative cost

Item	31.12.2020	31.12.2019
General administrative cost	(3 508 543)	(3 637 318)

General administrative costs consist of personnel costs, depreciation of assets and operating costs of the company.

5) Personnel cost

The item Personnel costs in the amount of EUR 2,044,622 represents wage costs, a more detailed breakdown of which is provided in the following table:

Item	31.12.2020	31.12.2019
Payroll costs and agreements	(1 215 628)	(1 182 089)
Remuneration of members of the Board of Directors	(122 564)	(115 104)
Remuneration of members of the Supervisory Board	(94 485)	(88 403)
Social security costs	(471 774)	(461 190)
Employee training	(6 775)	(24 627)
Contribution to food tickets	(32 832)	(31 828)
Contribution to ODS	(70 093)	(69 157)
Sick day recompenses	(1 541)	(1 132)
Other social costs	-	(2 755)
Mandatory creation of the Social Fund	(10 252)	(10 190)
Severance pay	(18 678)	(18 308)
Total:	**(2 044 622)**	**(2 004 783)**

6) Depreciations of tangible and intangible assets

Item	31.12.2020	31.12.2019
Depreciations of tangible fixed assets	(161 017)	(164 625)
Depreciations of intangible fixed assets	(94 052)	(41 532)
Total:	(255 069)	(206 157)

7) Other cost

Item	31.12.2020	31.12.2019
Material consumption	(143 913)	(179 581)
Services (purchased outputs), hereof	(940 725)	(1 187 946)
x costs of technical provisioning	(294 262)	(263 620)
x rent	(61 277)	(70 852)
x Financial Statements audit	(25 701)	(31 700)
x other confirming auditor services	(0)	(6 360)
x tax advice	(6 000)	(0)
x other non-auditor services	(0)	(0)
x legal services and counseling	(13 261)	(24 934)
Advertisement cost	(256 722)	
Other provided services	(283 502)	
Other taxes and fees	(14 331)	(12 854)
Property insurance	(7 507)	(7 861)
Creating long-term provisions for loyalty program	(62 593)	(9 018)
Other operating costs	(39 783)	(31 534)
Total:	**(1 208 852)**	**(1 428 794)**

Costs for audit services are costs for the verification of individual financial statements as of 31 December 2020.

8) Income tax

Structure of the due and deferred income tax as of 31.12.2020

Item	31.12.2020	31.12.2019
Income tax - tax payable	(169 535)	(167 084)
Income tax - deferred tax	5 595	(7 580)
Total:	**(163 940)**	**(174 664)**

Income tax payable is calculated based on the economic result recorded in the accounting, which is adjusted for permanent or temporary differences relating to tax unrecognized cost items of the company and income not included in the tax base in a given taxable period.

	2020		2019	
	Tax base EUR	Tax EUR	Tax base EUR	Tax EUR
Profit/loss before tax	746 072		724 928	
Of which theoretical tax	21 %	156 675	21 %	152 235
Permanent differences increasing	61 238	12 860	70 711	14 849
Permanent differences	0	0	0	0
The impact of the change in tax rate	0	0	0	0
Other	0	0	0	0
Redemption of losses	0	0	0	0
	807 310	**169 535**	**795 639**	**167 084**
Tax payable		(169 535)		(167 084)
Tax deferred		5 595		7 580)
Total reported tax		**(163 940)**		**(174 664)**

The theoretical income tax is calculated without taking into account the impact of allowable and deductible items. The basis for the calculation is the accounting profit taxed at the rate in force in that year.

The company filed additional declaration of taxes for 2020 that resulted in additional tax duty in the amount of € 470 thsd. n the virtue of accounting standard IFRS 15 application as of January 01, 2018 and pursuant to the Act No. 595/2003. The effect on the accounting of such an additional declaration of taxes is described in detail on the page No. 16.

9) Profit per share

The indicator provides information on the relative performance of the company, gives a ratio of data on the amount of profit after tax and the number of shares per this result.

Item	31.12.2020	31.12.2019
Post-tax profit/ loss	582 132	550 264
Number of shares	50 000	50 000
Basic earnings per share	**11,64**	**11,01**

E) Overview of contingent assets and liabilities

Receivables from future credits, loans, and guaranties as of 31/ 12/ 2020 the company did not provide any loan, guaranty and has no receivables from future loans.

Provision of security

- The company did not secure any real estate, securities or any other assets

Receivables from spot operations, fixed forward transactions and transactions with options

- as of 31/ 12/.2019 the company does not have any claims arising from derivative transactions

Receivables written off, values passed into custody, administration and deposit

- as of 31/ 12/ 2019 the company has neither such assets nor receivables written off

Liabilities from future credits, loans, and guaranties

- the company was not provided any loan, guarantee or credit

Liabilities from spot transactions, forward transactions and fixed operation with options

- as of 31/ 12/ 2019 the company has no liabilities arising from derivative transactions

F) Information on allied parties

Related parties as defined in IAS 24 are particularly:

a) A person or close family member of that person is related to the management company if that person:
   - has control or joint control over management company,
   - has a significant impact on the management company or
   - is a member of the key management personnel of the management company or its parent company

b) Accounting entity is related to a management company, if any of these conditions applies:
   - accounting entity and the management company are members of the same group (which means that each parent company, subsidiary and affiliated company is related to each other),
   - accounting entity is an associated company or joint venture of the management company (or associate or joint venture of a group member, which the management company is a member of),
   - accounting entity and the management company are joint ventures of the same third party,
   - accounting entity is a joint venture of the third-party and the management company is an associate of the same third party,
   - accounting entity is a program of post-employment benefits for employees of either the management company or an entity that is related to the management company,
   - accounting entity is controlled or joint-controlled by a person referred to in point. a) and
   - a person who controls or co-manages a management company has a material influence on the entity or is a member of the entity's key management personnel (or the parent of that entity).

When assessing relationships with each related person, emphasis is placed on the nature of the relationship, not just the legal form.

As of Dec 31, 2020, the company has not reported any share on the equity of company STABILITA Servis, s.r.o., since the subsidiary merged with the parent company as of Jan 01, 2020 and company STABILITA, d.d.s., a.s. became the subsidiary´s successor.

The structure of assets in relation to related parties:

Item	31.12.2020	31.12.2019
Shares in the registered capital of the subsidiary (1)	0	203 319
Loan provided to subsidiary	0	153 125

Summary of transactions of the complementary pension company to a related party as of 31/12/2020:

Item	31.12.2020	31.12.2019
Rental of software from subsidiary STABILITA Servis	0	263 620

G) Capital adequacy

For purposes of capital management company defines regulatory capital. Regulatory capital is the capital that is set by capital adequacy rules. When quantifying regulatory capital, the company proceeds in accordance with the valid legislation that sets its structure as well as its minimum amount. The company is obliged to comply with the requirements of the regulatory capital of the company resulting from the relevant provisions of the CPC Act and its implementing rules.

Regulatory capital, referred to as the company's own funding sources, consists of basic own resources and additional own resources, the sum of which is reduced by the value of the deductible items. Regulatory capital serves to cover risks arising from the company's activities. National Bank of Slovakia as the supervising authority requires the company to monitor and comply with requirements for minimum capital specified in the Act on CPC. The company adheres to the legal requirements of CPC referring to minimum capital.

The following table presents the composition of the regulatory capital and the indicators of capital adequacy under the Act on CPC and its implementing rules for the years ended on December 31:

Item	31.12.2020	31.12.2019
Own resources of the company	x	x
Basic own resources	9 284 161	9 153 566
Additional own resources	0	0
Deductible items	578 628	197 348
Total own resources:	**8 705 533**	**8 956 218**
Indicators of adequacy of own resources:		
Own resources limit § 33 Par. 3 lett. a) Act on CPC	1 767 062	1 750 795
Own resources limit § 33 Par. 3 lett. b) Act on CPC	939 570	954 933
Own resources are adequate	**yes**	**yes**

H) Risk management

As of 31 December 2020, the Company had all the funds deposited in the current account with the depositary. Purchase of securities and security instruments did not take place in the company. Given the above, the risks mentioned are of little relevance.

Transactions with financial instruments which the company enters during its existence may lead to one or more of the financial risks being transferred, with the following risks in particular:

Credit risk – is mainly the risk of loss arising from the fact that a debtor or another contracting party will fail to discharge obligations which arise from agreed terms and conditions. Within the risk management the company pursues the credibility of its depositary, SLSP, where all of its funds are deposited.

Currency risk – i.e. the risk of a change in the value of a financial instrument in relation to a change in foreign exchange rates. The company has placed its funds in the currency of the Euro on current accounts. Risk exposure and related possible losses has only minor importance to the company as it results from only small liabilities in the form of invoices from business relations.

Interest rate risk – i.e. the risk of a change in the financial instrument in response to changes in market interest rates. Changes in interest rates on current accounts did not affect the economic outturn as of 31 December 2019.

Liquidity risk is characterized by the possibility that the company will not have sufficient liquidity at the time it is to meet certain financial obligations. It is linked to the ability to repay and the monetization of assets and liabilities. It is in the interest of the company to maintain its ability to pay and to meet its obligations at the same time properly and in time and the resulting obligation to manage its assets in order to maintain its liquidity position.

In the next report we present a maturity analysis of the individual asset items in the balance sheet:

Company assets and their liquidity position as of Dec 31, 2020

Assets	0-1 month	1-3 months	3 m.-1 year	1-5 years	above 5 y	Undefined	Total:
Intangible fixed assets	-	-	-	-	-	578 628	578 628
Tangible fixed assets	-	-	-	-	-	814 683	814 683
Active contracts proc. cost						3 595 585	3 595 585
Invest. in affiliated companies	-	-	-	-	-	-	-
Deferred income tax	-	-	-	-	-	182 910	182 910
Cash and money equivalents	1 388 453	-	-	-	-	-	1 388 453
Receivables from banks	-	-	4 304 115	-	-	-	4 304 115
Receivables from clients	381 609	-	-	-	-	-	381 609
Tax receivables	-	-	-	-	-	-	0
Other short-term assets	-	53 998	-	-	-	-	53 998
Total:	**1 770 062**	**53 998**	**4 304 115**	**0**	**0**	**5 171 806**	**11 299 981**

Company assets and their liquidity position as of Dec 31, 2019

Assets	0-1 month	1-3 months	3 m.-1 year	1-5 years	above 5 y	Undefined	Total:
Intangible fixed assets	-	-	-	-	-	197 348	197 348
Tangible fixed assets	-	-	-	-	-	951 871	951 871
Active contracts proc. cost						3 254 444	3 254 444
Invest. in affiliated companies	153 125	-	-	-	-	203 319	356 444
Deferred income tax	-	-	-	-	-	177 314	177 314
Cash and money equivalents	2 345 126	-	-	-	-	-	2 345 126
Receivables from banks	-	-	3 502 794	-	-	-	3 502 794
Receivables from clients	379 899	-	-	-	-	-	379 899
Tax receivables	-	9 158	-	-	-	-	9 158
Other short-term assets	-	44 802	-	-	-	-	44 802
Total:	**2 878 150**	**53 960**	**3 502 794**	**-**	**-**	**4 784 296**	**11 219 200**

Company liabilities and their liquidity position as of Dec 31, 2020

Liabilities	0-1 month	1-3 months	3 m.-1 year	1-5 years	above 5 y	Undefined	Total:
Trade liabilities	60 866	-	-	-	-	-	60 866
Liabilities with interest rate	-	-	-	-	717 017	-	717 017
Provisions and other liabilities	166 275	144 854	315 791	139 459	420 445	48 662	1 235 486
Income tax	-	2 451	-	-	-	-	2 451
Subscribed capital	-	-	-	-	-	1 660 000	1 660 000
Funds created from profit	-	-	-	-	-	832 000	832 000
Other capital funds		-	-	-	-	36 513	36 513
Valuation difference in de.s.	-	-	-	-	-	-	0
Retained profit	-	-	-	-	-	3 854 239	3 854 239
Deferred ON for active contr.	-	-	-	-	-	2 319 277	2 319 277
Regular year profit/ loss	-	-	-	-	-	582 132	582 132
Total:	**227 141**	**147 305**	**315 791**	**139 459**	**1 137 462**	**9 332 823**	**11 299 981**

Company liabilities and their liquidity position as of Dec 31, 2019

Liabilities	0-1 month	1-3 months	3 m.-1 year	1-5 years	above 5 y	Undefined	Total:
Trade liabilities	67 096	-	-	-	-	-	67 096
Liabilities with interest rate	-	-	-	-	822 091	-	822 091
Provisions and other liabilities	452 439	6 566	162 367	149 179	384 260	21 637	1 176 448
Income tax	-	-	-	-	-	-	0
Subscribed capital	-	-	-	-	-	1 660 000	1 660 000
Funds created from profit	-	-	-	-	-	832 000	832 000
Other capital funds		-	-	-	-	36 513	36 513
Valuation difference in de.s.	-	-	-	-	-	4 148	4 148
Retained profit	-	-	-	-	-	3 751 364	3 751 364
Deferred ON for active contr.	-	-	-	-	-	2 319 277	2 319 277
Regular year profit/ loss	-	-	-	-	-	550 264	550 264
Total:	**519 535**	**6 566**	**162 367**	**149 179**	**1 206 351**	**9 175 202**	**11 219 200**

l) Impact of COVID 19 pandemic on the Financial Statements as of Dec 31, 2020

Impact of Covid-19

The rapid development of the Covid-19 virus and its social and economic impact in Slovakia and the world may lead to a revision of the predictions and estimates used in determining the fair value of financial assets as of 31 December 2020, which may have a significant impact on financial performance to be reported during the financial year 2021.

There is a degree of uncertainty as to the level of fund management returns to be achieved in 2021 by an asset manager that manages mutual funds (open-ended funds) based on the value of the managed NAV, as it may decline due to current market developments. From 1 January 2021 to the date of issue of these financial statements, the company has recorded a decrease in income from fund management of up to one percent compared to the plan. Historically, mutual fund management income represents the highest percentage of the company's recurring income (AM).

Stabilita Contributory Fund

Currently our company doesn´t secure the assets in the Contributory d.d. Fund against the interest risk because of extremely relieved currency policy of central banks. Weak inflation pressure and labor market situation prevent from too fast increase of curves. Moreover, duration profile of debenture investments is reasonable, corresponding to the risk profile. Resulting from the pandemic outbreak and subsequent adoption of the whole range of instruments and measures by the central banks, our company doesn´t expect major upward shift of the revenue curve. The cause refers to maintaining of interest cost and debt service on low level in order to support the global economy recovery. Accordingly, the company doesn´t intend to use the interest derivates in the near future.

The company has been keeping the currency exposure in the Contributory d.d. Fund within the law prescribed limits on long- term basis, especially in USD currency, and lately the investments in CZK and PLN joined the portfolio. Within the year-to-year comparison, securing with currency derivates occurred in the Contributory d.d. Fund, resulting in reduction of exposure to foreign currencies, especially to USD. Increased securing resulted from predictions of weaker US dollar and lower interest rates. Decision on the increase of currency derivates volume was supported also by significant reduction of their procurement cost (dropped forward points).

The Contributory d.d. Fund was subject to major market risks during the monitored year (credit, currency and other system risks). Despite of very complicated year, the Contributory d.d. Fund managed to reach positive capitalization. Compared to the preceding year 2019, the risks have significantly increased, credit perception of a few issuers has worsened in relation to reduced capability to repay their liabilities towards the issuers, and rating agencies decided to change the ratings or outlooks to worse.

Stabilita Equity Contributory Fund

Currently our company doesn´t secure the assets in the Equity Contributory d.d. Fund against the interest risk because of extremely relieved currency policy of central banks. Weak inflation pressure and labor market situation prevent from too fast increase of curves. Moreover, duration profile of debenture investments is reasonable, corresponding to the risk profile. Resulting from the pandemic outbreak and subsequent adoption of the whole range of instruments and measures by the central banks, our company doesn´t expect major upward shift of the revenue curve. The cause refers to maintaining of interest cost and debt service on low level in order to support the global economy recovery. Accordingly, the company doesn´t intend to use the interest derivates in the near future.

The company has been keeping the currency exposure in the Equity Contributory d.d. Fund within the law prescribed limits on long- term basis, especially in USD currency, and lately the investments in CZK and PLN joined the portfolio. Within the year-to-year comparison, securing with currency derivates occurred in the Equity Contributory d.d. Fund, resulting in reduction of exposure to foreign currencies, especially to USD. Increased securing resulted from predictions of weaker US dollar and lower interest rates. Decision on the increase of currency derivates volume was supported also by significant reduction of their procurement cost (dropped forward points).

Share of equity segment on the Equity Contributory d.d. increased during the monitored period because of favorable market situation in the terms of valuation, i.e. the company used up low prices to ETF procurement that subsequently favorably contributed to the assets capitalization. Purchased and held ETF are properly diversified by the global administrators in the terms of sector (representation of al important sectors) and geography (orientation to the world as a whole, Europe, North America and Asia).

Stabilita Payout Fund

The Payout d.d. Fund was exposed to major amrket risks during the monitored period (credit, currency and other system risks). Despite of very complicated year, the Payout d.d. Fund managed to reach positive capitalization. Compared to the preceding year 2019, the risks have significantly increased, credit perception of a few issuers has worsened in relation to reduced capability to repay their liabilities towards the issuers, and rating agencies decided to change the ratings or outlooks to worse.

During the year, the development of risk surcharges and credit risk resulted in the situation comparable to a rollercoaster ride. The pandemic outbreak caused sharp risk increase and unprecedented situations that had been alleviated with the approaching end of the year and reducing credit risk. Expanded debenture risk- related surcharges was expressed in almost each sector, geographical area and credit rating of an issuer when the debentures from developing countries and lower rating reported the major price volatility.

Rating of a few issuers had worsened during the monitored period mainly because of the impacts of the global pandemic and subsequently worsened macroeconomic and corporate fundaments at particular issuers (assessment of indebtedness and credit indicators, development of trade margins, sales and profitability, development of sector and macro- environment that the company performs in) or in the countries (reform status, public finances position and fiscal consolidation, economy resistance to external environment, inflow of investments), or it resulted from geopolitical situation or one-time events (trade war between USA and its business partners, „Brexit", sanctions of the western countries imposed con Russia, political and military battle in the Near East, and tension on the Korean peninsula). As seen from the rating point of view, the assets quality has finally improved as a result of used up opportunities for quality debenture procurement. The Payout d.d. Fund profile duration has been slightly reduced. Securities with lower credit were not procured for the fund assets during the monitored period.

Stabilita Index Fond

Investment strategy of the Index Contributory d.d. Fund is focused on growth in order to ensure assets value increase on high risk level within long- term horizon. The strategy presumes allocation of assets primarily to stock component while the investments in debenture and monetary component are only of complementary nature. The value of stock component can reach up to 100 % of assets value. The Index Contributory d.d. Fund was opened on March 12, 2020 upon deposit of the first contribution.

We consider the assets in the Index Contributory d.d. as those with high liquidity and relatively easily traded in the market environment. Trading with the assets might be accompanied by increased market nervousness, expressed by low number of counterparties and increased spread (lower price at a security sale and higher price at its purchase).

The Contributory d.d. Fund was subject to major market risks during the monitored year (credit, currency and other system risks). Speaking of rating, we rated the assets in the investment range since equity ETF comprise the stock of global companies with high capitalization within the investment range. As of Dec 31, 2020, no assets directly denominated in foreign currency were present in the Contributory d.d. Fund assets, and ground value of the currency risk reached almost 50%, especially in USD currency

Although the current situation may affect the transactions, cash flows and profitability of the company and its mutual funds, the company's management confirms that the company has a stable financial position and will meet its payment obligations in a timely manner.

As a result, the company has assessed that, on the date of the financial statement, there are no significant doubts about the entity's ability to continue as a going concern. Given the development of the current situation, the company's management has assessed the company's liquidity for a period of 12 months after the financial statement date and considers it to be sound and does not assume any risk with regard to the continuation of operations.

Apart from the above, no such events occurred after 31 December 2020 until the date of preparation of the financial statement that would significantly affect the company's assets and liabilities, other than those listed above and which are the result of ordinary activities.

In Košice, dated February 22, 2021

JUDr. Marián Melichárek
Vice-chairman of the Board

Ing. Martin Pivarči
member of the Board

Ing. Agáta Bachledová
Head of Accounting Department

www.stabilita.sk

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