

ANNUAL REPORT

2021



**STABILITA**

doplňková dôchodková spoločnosť

**Supplement to the independent auditor's report  
to the Report on the information provided in  
the annual report**

December 31, 2021





Deloitte Audit s.r.o.  
Digital Park II, Einsteinova 23  
851 01 Bratislava, Slovak Republic

Tel: +421 2 582 4 111  
deloitteSK@deloitteCE.com,  
www.deloitte.sk

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 2021 listed in the Annex to the attached Annual report of the company, to which we issued the Independent auditor's report on March 30, 2022, 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 2021 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, April 22, 2022

Ing. Peter Longauer, FCCA  
responsible auditor  
UDVA license No. 1136

In the name of company Deloitte Audit s.r.o.

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2021

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## General information about the company

### Commercial name

Supplemental retirement company

### Registered office

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

### Company foundation date

April 01, 2007

### Company ID

36 718 556

### Tax ID

2022311852

### VAT ID

SK2022311852

### Incorporated

In the Company Register kept at the  
District Court Košice I, section Sa, file No.  
1407/V

### Board of Directors

Ing. Michal Krajčovič, CSc.,  
chairman of the Board  
JUDr. Marián Melichárek,  
deputy chairman of the Board  
Ing. Martin Pivarčí,  
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 Peržel  
JUDr. Nataša Kučerová  
Ing. Viliam Markócsy

### Registered capital

1 660 000 € as of 31. 12. 2021

### Net business assets

10 700 128 € as of 31. 12. 2021

### Depository

Slovenská sporiteľňa, a.s., registered office at  
Tomášikova 48, 832 37 in Bratislava



## Structure of shareholders and their share on registered capital

Shareholders	Company ID	Country of registration	% share on reg. capital	
			as of 31.12.2021	as of 31.12.2020
Železnice SR	31364501	Slovak Republic	55,26	55,26
Lorea Investment Limited	7001665	Republic of Cyprus	30,22	30,22
U. S. Steel Košice, s.r.o.	36199222	USA	9,30	9,30
Železiarne Podbrezová a.s.	31562141	Slovak Republic		5,17
IAD Investments, správ.spol.,a.s.,	17330254	Slovak Republic	5,17	
Marek Szabo	7303076407	Slovak Republic	0,05	0,05

### a) Information on the company current situation

Year 2021 represented a huge challenge for the whole world - to restore the life and economy after the pandemic to standard mode as much as possible. Since the beginning of the previous year we have constantly reported the ongoing global pandemic consequences; moreover a large part of the well- developed world has faced another Covid-19 pandemic wave. Despite of very serious situation, there was a light seen at the end of the tunnel in the form of available vaccines for people and investors, whose production was launched in massive quantities and pace. The view of restoration in standard mode helped the financial markets maintain optimism and conceal the problems that occurred with the vaccines non-availability, or lack of component for production process. People had slowly learnt to live in the pandemic environment and the pandemic effects, along with restrictions imposed during the 2nd pandemic wave, didn't bring so much risk and adverse effects as at the beginning of year 2020.

Central banks that have set out a very moderate currency policy since the pandemic onset with new money inflow in the economies, helped maintain slightly different development in the economy and on the financial markets. Demand revival in certain sectors was supported by fiscal stimuli provided by the governments. Such environment of voluminous stimuli supplied to the economies, when total demand exceeds production and transport capacities in the whole economy, has significant pro-inflation effect, pushing up the prices of basic raw materials and products at the above- average pace.

Inflation represented the main topic of the previous year for the financial markets, and its fastest increase within the last decades was perceived also by common people especially during purchase of basic needs. Stock markets almost didn't count with the risks of high inflation, except for slight deviations, and the shares represented one of the most profitable assets in the previous year.

Setting of our funds and adequate combination of assets resulted in favorable capitalization in all three contributory retirement funds Index contributory d.d.f. continued increasing extensively, reaching 17.32% capitalization. Share contributory d.d.f. also reported double-digit capitalization in the previous year corresponding to 12.87%. Contributory d.d.f. that contains smaller share of stock but many more debentures, thus with more conservative strategy, has capitalized its assets by 2.46%. Purely debenture payout J.d.f. reached negative capitalization of - 0.59% as the only fund.

Total volume of assets controlled by the supplemental retirement company had increased on year to year basis by € 34.2 million and reached € 430.6 million as of Dec 31, 2021.

Year 2021 was successful for DDS STABILITA not only on the financial markets but also in the area of acquisition. Despite of complicated and continuous pandemic situation that hindered business activities and minimized real possibilities of new participant contracts conclusion, the situation had slightly improved compared to year 2020 and the company has acquired 5,148 participant contracts in its portfolio. Thus, the company recorded total 140,268 participant contracts at the end of the year and its market share reached 15%. In the complicated situation, significant increase of contract employer's subjects can be also considered successful. We acquired total 393 new employer's contracts and their total amount reached 7,201 as of the end of the year.

Within the III. pillar and four supplemental retirement companies, total 937,581 participants were registered in the supplemental retirement saving system as of Dec 31, 2021 (registration through the clients' birth IDs that also includes the clients already receiving the supplemental retirement allowances). Total number of the recorded employer's contracts approaches 44 thsd.

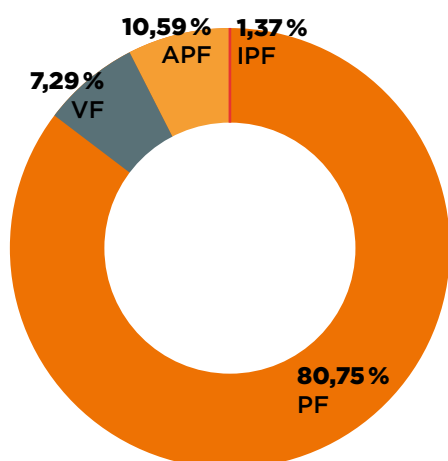
### Net assets value in funds as of Dec 31, 2021:

Item	INCR. as of 31.12.2021	NINCR as of 31.12.2020	Auditor
<b>Stabilita contributory d.d.f.</b>	347 746 614	331 733 426	Deloitte Audit s.r.o.
<b>Stabilita payout d.d.f.</b>	31 390 756	28 457 412	Deloitte Audit s.r.o.
<b>Stabilita share contributory d.d.f.</b>	45 588 867	34 669 343	Deloitte Audit s.r.o.
<b>Stabilita index contributory d.d.f.</b>	5 914 237	1 505 994	Deloitte Audit s.r.o.
<b>Total assets in funds:</b>	<b>430 640 474</b>	<b>396 366 175</b>	

We especially positively evaluate the continuous increasing trend of both participant's and employer's monthly contributions since these represent the most valuable benefit of the whole product on long-term basis, and are a significant motivation factor for the employees' joining the system of supplemental retirement savings.

In the efforts to offer more quality and available services to our clients, we moved to new premises at the end of year 2021, located in the regional centers Nitra and Trnava.

**Share of particular funds on net assets value controlled by the company Stabilita, d.d.s. a. s. as of 31.12.2021**



**Key indicators of the company pursuant to International Accounting Standards**

Year 2021	Year 2020	Year 2019
<b>Total reached revenues</b>		
6 045 359	4 419 188	4 483 209
<b>Pre-tax profit</b>		
1 422 099	582 132	550 264
<b>Own capital cost effectiveness</b>		
13,29%	6,27%	6,01%
<b>Cost effectiveness of assets</b>		
10,94%	5,15%	4,90%

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

**Changes at shareholder's structure**

The company shareholder's structure has changed after December 31, 2021. Shareholder - company IAD Investments, správcovska spoločnosť, a.s., which owned 2,585 shares as of Dec 31, 2021, corresponding to 5.17 % of the whole stock that the company registered capital has been distributed to, bought out the shares

of further two shareholders. On February 17, 2022, shareholder's rights were transferred from shareholder - company Lorea Investments Limited, corresponding to 30.224 % of the whole stock that the company registered capital has been distributed to; and on February 22, 2022, shareholder's rights were transferred from shareholder - company U.S.Steel Košice, corresponding to 9.296% of the whole stock that the company registered capital has been distributed to; to company IAD Investments, správ. spol., a.s.. Company IAD Investments, správ. spol., a.s. thus has become a shareholder of company STABILITA, d.d.s., a.s., with total share on the company registered capital and voting rights corresponding to 44.69%.

**Situation on the market**

Ongoing war conflict in Ukraine and related sanctions enacted against Russia can affect European and overall global economy. The accounting unit doesn't have any direct expositions against Ukraine, Russia or issuers in these countries.

However, impacts on general economic situation can require revision of certain presumptions and estimations. This can result in significant adjustments of book value of certain assets and liabilities in the following fiscal period because of the need for revision of presumptions and parameters applied to calculation of their value as of December 31, 2021, especially accruals and deferrals of contract procurement cost and reserves for loyalty program, which could require revision in the following fiscal period as a result of current situation. In this phase, the company Top Management isn't able to reliably estimate the consequences since the situation is changing on daily basis.

Long-term continuation of current market situation could adversely affect the revenues from supplemental retirement funds control. Considering a pessimistic scenario that includes stagnating or worsening development of NAV controlled funds till the end of the year, continued war conflict and market uncertainty, we can expect significant drop of the company revenues in year 2022, comparing the planned and real NAV status in the controlled funds.

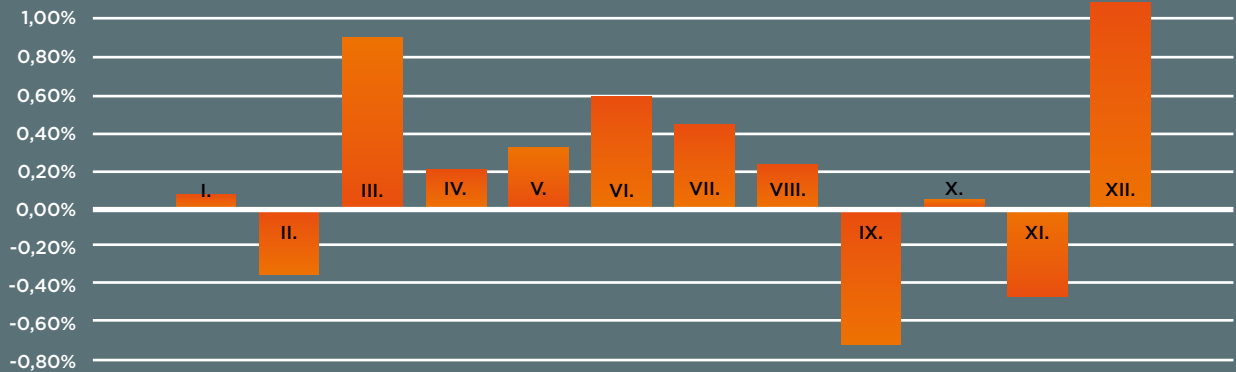
Any improvement in the market situation during the year, which is of course uncertain, will result in the improvement of unfavorable development of the company revenues. At the moment it is very hard to quantify exact value of the revenues.

Nevertheless, the company has continued to fulfill its obligations as of the date of the Final Accounts preparation and the liabilities' deadline, thus the company continues to apply precondition of uninterrupted activity continuation in the Final Accounts preparation.

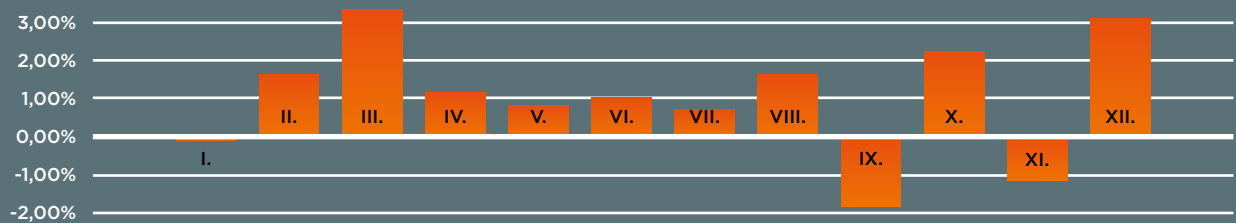
Moreover, no events of a special importance had occurred during the period from the final accounts as of Dec 31, 2021 until preparation of the Annual Report.



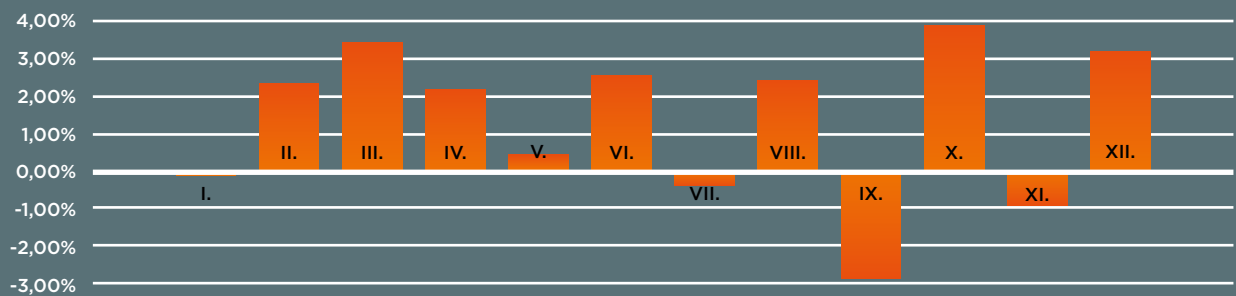
### Development of revenues from contributory fund in particular months



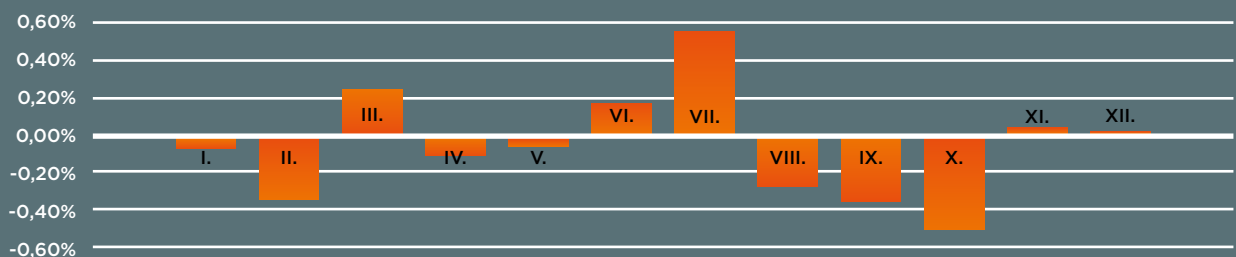
### Development of revenues from share fund in particular months



### Development of revenues from index contributory fund in particular months



### Development of revenues from payout fund in particular months



## Comparison of performance of the complementary pension funds

largest contributory d.d.t.

Fund foundation date	Performance in particular period					Annualized performance From foundation date till 31.12.2021
	2017	2018	2019	2020	2021	
<b>Balanced contributory d.d.f. NN Tatry - Sympatia, d.d.s., a.s.</b>						
01.02.2006	3,33%	-3,14%	12,20%	1,87%	5,47%	1,80%
<b>Contributory supplemental retirement fund UNIQA d.d.s., a.s. contributory d.d.f.</b>						
27.01.2006	1,56%	-2,56%	4,07%	1,53%	3,08%	1,81%
<b>Supplemental retirement company of Tatra banka, a.s., Comfort life 2030 contributory d.d.f.</b>						
10.04.2006	5,52%	-6,75%	6,02%	4,07%	5,22%	1,69%
<b>STABILITA contributory d.d.f., STABILITA, d.d.s., a.s.</b>						
02.04.2007	2,27%	-5,30%	7,45%	2,08%	2,46%	1,88%

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

STABILITA, d.d.s., a.s. is the second oldest company performing on the market with supplemental retirement savings, and the only company that is not an integral part of any financial group. The company offers to its clients exclusively and only the product of supplemental retirement savings. Thus, the need for keeping the brand awareness and strengthening of the brand position remains a huge challenge for the company within the demanding competition environment.

For purpose of gradual fulfillment of the above stated plans, the company intends to use up its corporate jubilee (25 years on the market) in 2022 and to focus the communication to the company presentation as of the strong, time proved and stable part of the retirement system with 25 years of tradition. We especially accentuate the communication with our clients not only in sake of mutual trust building but also education and increase of financial literacy.

Strategic areas of the company development mainly address the clients' portfolio management quality improvement, implementation of new pro-client solutions, and gradual services digitalization.

Within business activity, stabilization of distribution internal network represents the key role aimed at providing quality service within the whole territory of the Slovak Republic, and revival of acquisition activities that suffered badly as a result of anti-pandemic measures during years 2020 and 2021.

### Other information

While we evaluate the development in this area as extremely positive since the beginning of year 2022, a serious war conflict emerged during the Annual Report preparation, whose further development, impact on financial markets and subsequently to the DDS activities cannot be reasonably predicted. The situation could be even more complicated upon advised pandemic return.

### d) Information on the costs of research and development

During 2021, the company didn't spend any cost to research and development.

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

In 2020, the supplemental retirement 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.

### Environmental effects

The company didn't report any activities that would have adversely affected the environment.

### f) Proposed distribution of profit reached by company STABILITA d.d.s., a. s. during 2021

<b>Profit/ loss in 2021</b>	1 422 099,00 €
Distribution	
Retained earnings of past years	1 422 099,00 €

### g) Data required by special regulations

The company performs its activities pursuant to Act No. 650/2004 Coll. on Supplemental Retirement Savings as amended. The stated Act doesn't regulate special requirements of data and information published in the Annual Report.

## h) Data on the organizational unit abroad

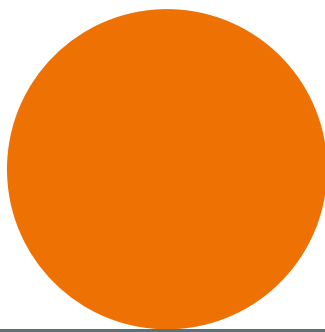
The company does not have an accounting unit registered abroad.

## Effects on employment

The company recorded 47 employees as of December 31, 2021.

## Information pursuant to § 20 clause 12 and clause 14 of Act No. 431/2002 Coll.

As a subject of public interest, the company recorded 47 employees as of December 31, 2021 and it doesn't perform activities that would influence environmental, social and employment area, nor does the company publish information on fight against corruption and bribery pursuant to § 20 clause 9 of the Act, because of the company employee headcount that is below 500, as stated in the clause above.





ANNUAL REPORT

2021

# Independent Auditor's Report and Individual Final Accounts

for fiscal period starting on January 01, 2021  
and ending on December, 2021

prepared in compliance with the International Financial Recording  
Standards as amended adopted by the European Union



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# DeloitteG

Deloitte Audit s.r.o.  
DigitalPark I, Einsteinova 23  
851 01 Bratislava  
Slovak Republic

Tel: +4212 582 49 111  
deloitteSK@deloitteCE.com  
www.deloitte.sk

Incorporated in the 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.**

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
<p><b>Loyalty program reserve for participants</b> <i>See note 13 of the financial statement</i> 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.</p>	<p>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..</p>

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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 31/12/2021 refers to € 630 thsd. Reserve creation cost during 2021 refers to € 62 thsd.

We have verified the count and value of the assigned and used points for the year 2021, as well as amount of cost related to reserve increase during the year, on a selected sample of transactions.

We also reviewed correctness of key assumptions used by the company in the calculation of the value of future estimated fulfillments 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 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, 2021, the assets amounted to € 3838 thsd. and related cost refers to € 214 thsd.

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.

We have also performed these procedures:

- 1) We assessed the compliance of the methodology used with the requirements of the applicable accounting standards.
- 2) We assessed the adequacy of the key estimates and assumptions used by management in estimation of expected duration of participant contracts.
- 3) We evaluated the correctness of the mathematical model and key inputs used for the calculation of amortization coefficients in particular years.
- 4) We compared the resulting amortization coefficients to available historical data on the status of savers' retirement savings' accounts.
- 5) We tested the amount of the commissions paid and time accrued cost recorded by the company in 2021.

#### **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 2021 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 May 14, 2021. 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 six 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 February 28, 2022.

**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 30, 2022

**Ing. Peter Longauer, FCCA**  
**responsible auditor**  
**UDVA license No. 1136**

In the name of the company Deloitte  
Audit s.r.o.

**Statement of financial position as of 31. 12. 202** (data in the table in EUR)

Item	No.	31.12.2021	31.12.2020
<b>ASSETS</b>			
<b>Non-current assets</b>		<b>10 822 102</b>	<b>5 171 806</b>
Intangible fixed assets	(1)	543 918	578 628
Tangible fixed assets	(2)	715 414	814 683
Acquisition costs for active contracts	(3)	3 837 654	3 595 585
Non-trade fin. assets mandatorily evaluated by RH via ZaS record	(4)	5 585 604	-
Deferred income tax related receivables	(5)	139 512	182 910
<b>Current assets</b>		<b>2 181 438</b>	<b>6 128 175</b>
Money and cash equivalents	(6)	1 660 576	1 388 453
Bank receivables	(7)	-	4 304 115
Other debtors receivables	(8)	418 476	381 609
Other current assets	(9)	102 386	53 998
<b>Total assets</b>		<b>13 003 540</b>	<b>11 299 981</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Long-term receivables</b>		<b>1 241 072</b>	<b>1 333 929</b>
Leasing liabilities	(10)	610 925	717 017
Reserves for loyalty program	(11)	630 147	616 912
<b>Short- term liabilities</b>		<b>1 062 340</b>	<b>681 891</b>
Trade liabilities	(12)	57 493	60 866
Other short- term liabilities and reserves	(13)	825 593	618 574
<b>Liabilities from income tax</b>			
Due income tax	(14)	179 254	2 451
<b>Total equity:</b>		<b>10 700 128</b>	<b>9 284 161</b>
Subscribed equity	(15)	1 660 000	1 660 000
Funds created from profit	15a)	832 000	832 000
Other capital funds		36 513	36 513
Retained profit	(16)	6 749 516	6 173 516
hereof deferred ON for active contracts		2 319 277	2 319 277
Post- tax profit/ loss in current fiscal period	(17)	1 422 099	582 132
<b>Total liabilities and equity</b>		<b>13 003 540</b>	<b>11 299 981</b>

**Statement of comprehensive income and loss for the year ending Dec 31, 2021** (data in the table in EUR)

Item	Remark	Year ending 31.12.2021	Year ending 31.12.2020
Interest income and similar income		22	746
Interest and similar costs			
<b>Net interest income</b>	(1)	<b>22</b>	<b>746</b>
Revenues from rewards and commissions		6 036 949	4 365 998
Cost of rewards and commissions		(214 252)	(164 573)
<b>Net profit/ loss) from rewards and commissions</b>	(2)	<b>5 822 697</b>	<b>4 201 425</b>
Net profit/ loss from revaluation of financial assets	(3)	(15 101)	-
Other revenues	(4)	8 388	52 444
<b>General administrative cost</b>	(5)	<b>(4 001 720)</b>	<b>(3 508 543)</b>
hereof:	x		
Personnel cost	(6)	(2 292 832)	(2 044 622)
Depreciations of tangible and intangible assets	(7)	(256 214)	(255 069)
Other cost	(8)	(1 452 674)	(1 208 852)
<b>Complex pre- tax profit/ loss</b>		<b>1 814 286</b>	<b>746 072</b>
Income tax	(9)	(392 187)	(163 940)
<b>Complex post- tax profit</b>		<b>1 422 099</b>	<b>582 132</b>
<b>Basic profit per a share</b>	(10)	<b>28,44</b>	<b>11,64</b>

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, 2021** (data in EUR)

Item	Registered capital	Funds created from profit	Other capital funds	Retained profit of previous years	Profit in current fiscal period	Total equity
Balance as of 31. 12. 2020	1 660 000	832 000	36 513	6 173 516	582 132	9 284 161
Other movements						
<b>Profit distribution 2020:</b>						
Contribution to Social Fund:					(6 132)	(6 132)
Payment of dividends to shareholders					-	
Retained profit				576 000	(576 000)	
Profit as of 31.12.2021					1 422 099	1 422 099
<b>Balance as of 31.12.2021</b>	<b>1 660 000</b>	<b>832 000</b>	<b>36 513</b>	<b>6 749 516</b>	<b>1 422 099</b>	<b>10 700 128</b>

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

Item	Registered capital	Funds created from profit	Other capital funds	Retained profit of previous years	Profit in current fiscal period	Total equity
Balance as of 31. 12. 2019	1 660 000	832 000	40 661	6 070 641	550 264	9 153 566
Other movements			(4 148)	(470 063)		(474 211)
<b>Profit distribution 2019:</b>						
Contribution to Social Fund:					(20 264)	(20 264)
Payment of dividends to shareholders						
Retained profit				530 000	(470 000)	
Increase of equity upon merger of subsidiaries				42 938		42 938
Profit as of 31.12.2020					582 132	582 132
<b>Balance as of 31.12.2020</b>	<b>1 660 000</b>	<b>832 000</b>	<b>36 513</b>	<b>6 173 516</b>	<b>582 132</b>	<b>9 284 161</b>

The line „Other movements“ contains:

- correction of originally calculated company goodwill upon subsidiary merger as of Jan 01, 2020 (total amount € 4,148)
- income tax paid, resulting from additional declaration of taxes (the amount of € 470,063 IFRS 15)

**Statement of cash flows for 12 months of the year ending Dec 31, 2021** (data in EUR)

Item denomination	31.12.2021	31.12.2020
<b>Pre-tax profit</b>	<b>1 814 286</b>	<b>746 072</b>
<b>Adjustments</b>	<b>37 331</b>	<b>(85 326)</b>
Depreciations of long- term assets	256 214	255 069
Change at status of time accrued cost for contracts acquisition	(242 069)	(341 141)
Revenues and cost of interests and impact of changes at currency exchange rates (+/-)	8 085	746
Revaluation of non-trade financial assets	15 101	0
<b>Changes at working capital</b>	<b>124 159</b>	<b>28 135</b>
Changes at status of receivables	(85 255)	(3 551)
Changes at status of liabilities	207 214	25 256
Changes at status of long- term reserves	13 235	22 439
Other items	(11 035)	(16 009)
<b>Income tax expenses</b>	<b>(175 168)</b>	<b>(637 147)</b>
<b>Net cash flow from operating activities</b>	<b>1 800 608</b>	<b>51 734</b>
Income or expenses from bank receivables (+/-)	(5 600 705)	0
Income or expenses from bank receivables (+/-)	4 304 115	(801 321)
Expenses of long- term assets acquisition	(122 235)	(102 012)
<b>Net cash flow from investment activities</b>	<b>(1 418 825)</b>	<b>(903 333)</b>
Leasing payments - principal	(109 660)	(105 074)
<b>Net cash flow from financial activities</b>	<b>(109 660)</b>	<b>(105 074)</b>
Net increase or decrease of cash flow and cash equivalents (+/-)	272 123	(956 673)
<b>Status of of cash flow and cash equivalents at the beginning of fiscal period (Remark No. 5)</b>	<b>1 388 453</b>	<b>2 345 126</b>
<b>Balance of cash flow and cash equivalents at the end of fiscal period (Remark No. 5)</b>	<b>1 660 576</b>	<b>1 388 453</b>

The cash flow statement is prepared using the indirect method.

## Remarks to the Final Accounts for period from January 01 2021 to December 31, 2021

### A) General information on the company

#### Business activity subject

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.

Depository 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 Depository).

#### Statutory, supervisory and managing bodies as of 31.12.2021

Members of the Board	Office	Office starting date	Ending date
Ing. Michal Krajčovič, CSc.	Chairman	01.07.2018	
JUDr. Marián Melichárek	Deputy Chairman	01.04.2007	
Ing. Martin Pivarčí	member	24.04.2019	
Supervisory Board members	Office	Starting date	Ending date
Ing. Ján Žačko	Chairman	01.04.2007	
JUDr. Magdaléna Martincová	member	01.04.2007	
Ing. Lubor Podracký	member	26.09.2007	
Ing. Róbert Rigo	member	25.07.2012	
Ing. Ludovít Ihring	member	26.09.2007	
Ing. Stanislava Fejfarová,CSc.	member	24.06.2008	
Ing. Peter Benedíkt	member	26.05.2011	
Ing. Ján Peržef	member	26.05.2011	
JUDr. Nataša Kučerová	member	26.05.2011	
Ing. Viliam Markócsy	Deputy Chairman	09.05.2019	

#### Údaje o počte zamestnancov

Členenie zamestnancov	31.12.2021	31.12.2020
Generálny riaditeľ, výkonný riaditeľ, investičný riaditeľ	3	3
Strední riadiaci zamestnanci	14	14
Ostatní zamestnanci	30	30
Priemerný počet zamestnancov	47	47

#### Approval of financial statements for the previous accounting period

At its meeting on 25. May 2021, the General Meeting approved the financial statements of the company for the year ended 31. December 2020 in accordance with provision no. X. par. 1) Articles of association for complementary pension funds and for the company.

#### Publishing of financial statements for the previous period

The company's separate financial statements as of 31 December 2020 were filed in the register of financial statements on 11. March 2021. The annual report was filed in the register of financial statements on 24. May 2021.

#### Shareholder structure and their share in the company registered capital as of Dec 31, 2021 and Dec 31, 2020

Shareholders	Shareholder's ID	Registered in country	% share on registered capital	
			as of 31.12.2021	as of 31.12.2020
Železnice SR	31364501	Slovak Republic	55,26	55,26
Lorea Investment Limited	7001665	Republic of Cyprus	30,22	30,22
U. S. Steel Košice, s.r.o.	36199222	USA	9,30	9,30
Železiarne Podbrezová a.s.	31562141	Slovak Republic		5,17
IAD Investments, správ.spol.,a.s.,	17330254	Slovak Republic	5,17	
Marek Szabo	7303076407	Slovak Republic	0,05	0,05

Shareholder's rights of shareholder Železiarne Podbrezová, a.s., corresponding to 5.17 % of the whole stock, were transferred on Dec 14, 2021

## Information on supplemental retirement funds

As of December 31, 2021, 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 as of 31.12.2021	NAV as of 31.12.2020	Auditor
Stabilita príspevkový d.d.f.	347 746 614	331 733 426	Deloitte Audit s.r.o.
Stabilita výplatný d.d.f.	31 390 756	28 457 412	Deloitte Audit s.r.o.
Stabilita akciový príspevkový d.d.f.	45 588 867	34 669 343	Deloitte Audit s.r.o.
Stabilita indexový príspevkový d.d.f.	5 914 237	1 505 994	Deloitte Audit s.r.o.
<b>Total assets in the funds:</b>	<b>430 640 474</b>	<b>396 366 175</b>	

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 com-

ponent 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 derivatives 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

#### Declaration of conformance

Individual 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.

#### Information on the consolidated whole

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. Assets controlled at the supplemental retirement funds are not a property of the company. Individual Final Accounts of the supplemental retirement funds are not consolidated into the company Final Accounts.

The Railways of the Slovak Republic (Železnice Slovenskej Republiky) is the main parent company, 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 2021 taking into consideration comparable data of the year 2020. In the course of the year 2021 the company adopted all new and revised standards issued by the Board for International Accounting Standards with effect from 1 January 2020 to 31 December 2021. All figures in the tables are stated in whole Euros, negative values in parentheses.

#### 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. Reserve to Loyalty Program described in detail in the Remarks, section B7) Creation of reserve to loyalty program and other reserves, represents also a significant accounting estimation.

### 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:

- **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 IFRS 16 „Leasing”** - relief on the leasing related to the Covid-19 pandemic after June 30, 2021 - adopted by EU on August 30, 2021 (with effect from April 01, 2021 for fiscal period starting on Jan 01, 2021 or later),
- **Addenda to IFRS 4 „Insurance Contracts”** - Prolongation of temporary exemption of IFRS9 application - EU adopted on Dec 15, 2020 (temporary exception from IFRS application was prolonged from Jan 01, 2021 to fiscal period starting on January 01, 2023 or later).

Application of the addenda to the existing standards didn't result in any significant changes at the company Final Accounts.

### The standards and addenda to the existing standards issued by IASB and adopted by EU that have not become effective as of the date of the Final Accounts approval date

- **Addenda to IAS 16 „Lands, buildings, construction and equipment”** - Revenues before the planned use - adopted by EU on June 28, 2021 (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 - adopted by EU on June 28, 2021 (with 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- adopted by EU on June 28, 2021 (with effect for fiscal period starting on Jan 01, 2022 or later),

- **Addenda to IFRS 17 „Insurance Contracts” including IFRS 17** - adopted by EU on Nov 19, 2021 (with effect for fiscal periods starting on Jan 01, 2023 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 - adopted by EU on June 28, 2021 (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 IFRS 16 applies only to an illustration example, thus the effective date is not stated),

### 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 as of December 31, 2021 (these effective dates apply to IFRS as issued by the IASB):

- **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,
- **Addenda to IAS 1 „Presentation of Financial Statements”** classification of liabilities to long- term or short- term (with effect for fiscal periods starting on January 2023 or later),
- **Addenda to IAS 1 ‘Presentation of Financial Statements’** - Publishing of accounting policies (with effect for fiscal periods starting on January 2023 or later),
- **Addenda to IAS 8 ‘Accounting Policies, Changes in Accounting Estimates and Errors’** - Definition of accounting estimates (with effect for fiscal periods starting on January 2023 or later),
- **Addenda to IAS 12 „Income tax”** - deferred tax related to liabilities and assets resulting from a single transaction (with effect for fiscal periods starting on January 2023 or later),
- **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 other addenda (effective date was postponed until completion of the equity method examination date),
- **Addenda to IFRS 17 „Insurance contracts”** the first application of IFRS 17 and IFRS 9 - Comparing information (with effect for fiscal period starting on Jan 01, 2023 or later).

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.
- **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.
- **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 derivatives 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.
- **Addenda 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.

- **Addenda to IFRS 16 „Leasing”** – relief on the leasing related to the Covid-19 pandemic and issued by IASB on March 31, 2021. The addenda prolong the period of application of practical aid stated in IFRS 16 by one year. The relief was prolonged by one year in order to include the relief on the leasing installations with the due date on June 30, 2022 or earlier.
- **Addenda to IFRS 17 „Insurance contracts” the first application of IFRS 17 and IFRS 9** – Comparing information issued by IASB on December 09, 2021. These are addenda with narrow scope of competences focused on transitional requirements pursuant to IFRS 17 for accounting units that apply IFRS 17 and IFRS 9 for the first time.
- **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 Final Accounts preparation date. Addenda to IAS 1 issued by IASB on July 15, 2020 postponed the effective date by one year to fiscal periods starting on January 01, 2023 and later.
- **Addenda to IAS 1 ‘Presentation of Financial Statements’** – Publishing of accounting policies issued by IASB on February 12, 2021. The addenda require from the accounting units to publish their essential but significant accounting policies, which provide examples and guidelines aimed at providing support to the Final Accounts authors at decision making on the accounting policies to be published in the Final Accounts.
- **Addenda to IAS 8 ‘Accounting Policies, Changes in Accounting Estimates and Errors’**– Definition of accounting estimates issued by IASB on February 12, 2021. The addenda focus on the accounting estimates and provide instructions how to distinguish between the accounting policies and accounting estimates.
- **Addenda to IAS 12 „Income tax”** – deferred tax related to liabilities and assets resulting from a single transaction issued by IASB on May 06, 2021. According to the addenda, exemption from the first recording shall not apply to transactions where deductible and taxable temporary differences are created at the initial recording, which result in recording of the same deferred tax duties and receivables.
- **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).

## **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”).

## **B3) IFRS 16 disclosures**

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.

Essential precondition 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.

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 retrospective 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.

#### B4) 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.

Long- term tangible and intangible assets	Expected period of use	Depreciation method	Depreciation rate in %
Machines, instruments and equipment	4 years	even	25
transport means	4 years	even	25
Inventory	6 years	even	16,7
Independent HV and system up to € 1,700	2 years	even	50
Software	6 - 7 years	even	16,7
Trade mark	10 years	even	10
Other long- term int. nd tang. Assets up to € 2,400	2 years	even	50

*Menovitou hodnotou sú oceňované pohľadávky, záväzky, peniaze a peňažné ekvivalenty.*

### B5) 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.

### B6) 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.

### B7) 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. The company had not prolonged the term deposits as of Dec 31, 2021 because of negative interests.

### B8) 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.

### B9) Employee benefits

Employee benefits represent all forms of counter values provided by the company in exchange for services provided by the employees. They are recorded in the item „Other short-term liabilities and reserves.“

They mainly refer to continuously paid wages and rewards to the employees, levies paid by the employer for

social and health insurance, and employer’s contribution to supplemental retirement savings and catering. The company created Social Fund in compliance with requirements of Act No. 152/1994 Coll. on the Social Fund as amended upon mandatory allocation from the cost.

### B10) 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. The company recorded revenues especially from the investments control and management at supplemental retirement funds. The company becomes entitled to the rewards pursuant to Act No. 650/2004 Coll. on Supplemental Retirement Savings, § 35a through 35c.

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 mediation and advisory, and on selected external partners. Parts of these costs are the costs of broker companies. Initially, rewards and commissions related to contracts procurement are carried on accounts as assets and recorded in the line 3) of the Balance Sheet. Subsequently, the assets is amortized during estimated period of Contract effect. Amount of amortization in particular years has been deferred from the internal model that predicts the company revenues for the saver’s control of assets within the estimated Contract period of effectiveness. Amortization has been set out for particular years so as it can copy the amount of estimated revenues for the control during particular years.

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. The company keeps accruals and deferrals, and carried it on account that the cost relates to in the terms of time and subject matter.

### B11) Financial assets

The Company’s financial assets are:

- cash,
- receivables,
- non- trade financial assets mandatorily evaluated by real value through Profit and Loss Statement.

The Company records as a financial instrument the amounts of funds in the current account with the depository; 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 whose contributions were deposited on the account of not allocated payments before sending the order for particular month by the saver. If the breakdown of contributions hasn’t been sent to the company till the end of particular month, the payment and breakdown will be matched in the following month. In case of send-

ing the payment breakdown, the company carries it on the liability account „Liabilities towards funds – generated payment breakdowns“. Following the payment allocation to the breakdown, the amount from the account of not allocated payments shall be deposited to respective supplemental retirement funds. Payments are transferred to funds on daily basis.

### Financial tools – initial recording

Financial assets are initially evaluated in real value including the transaction cost related to the assets procurement. The date of financial settlement on which the proprietary and financial settlement occurs shall refer to a decisive date on which the financial assets purchase is recorded.

### Financial tools – classification

Classification and subsequent evaluation of financial assets is determined according to:

- a) business model related to the method used by the accounting unit to management of its financial assets in order to generate cash flow. That means, the accounting unit's business model determines whether cash flow will result from the collection of contract cash flow, from financial assets sale, or both.
- b) characteristics of assets cash flow - in case of established business model: assets holding with the aim to collect the contract cash flow and collect cash flow from financial assets sale, the company shall assess whether the financial tool cash flow represents exclusively the payments of the principal and interest („SPPI test“).

Accordingly, the financial assets represented the allotment certificates of the open share fund BNPP ENHANCED BOND 6M CAP, procured during year 2021, classified in the portfolio – non-trade financial assets mandatorily evaluated by real value through profit/ loss reached, since cash flow of the assets doesn't represent exclusively the payments of the principal and interest and thereby it doesn't meet the terms of SPPI test.

### Financial tools – subsequent evaluation through real value

The company has applied the following hierarchy of methods to determine the real value of financial tools:

- Level 1 – determination of market price from active markets for identical financial tools,
- Level 2 – evaluation techniques are based on directly or indirectly observable market inputs,
- Level 3 evaluation techniques are largely based on non- observable inputs.

In case of portfolio of non- trade financial assets mandatorily evaluated through real value via profit/ loss reached, revaluation to real value represents an integral part of the Profit and Loss Statement as a net profit (loss) from financial transactions for period in which they were conducted.

### Financial tools – termination of recording

The company shall terminate recording of financial assets upon expired contract rights for cash flow from

financial assets or the company shall transfer the contract rights for cash flow from financial assets by transfer of significant part of the risks and benefits resulting from the financial assets ownership.

### 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 2021, 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.

### 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 Contributory d.d.f. and the Index d.d.f. in the year 2021 accounted for 1.20 % of the average annual net value of fund assets. (for year 2020: 1.20%). Remuneration for managing the Payout d.d.f. in the year 2021 accounted for 0.60 % of the average annual net asset value of the fund (for year 2020: 0,60%).

Remuneration for capitalization of assets in complementary pension funds is determined every working day in accordance with the calculation set forth in particular Statutes of supplemental retirement funds.

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 maximum limits and restrictions on the investment of assets 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 2021, the company was meeting all the above limits and restrictions in accordance with the Act on Complementary Pension saving.

## D) Remarks to items in particular company records

### 1) Long-term intangible assets (LTIA) - summary of transactions as of Dec 31, 2021

Assets (gross)	No.	as of 1.1.2021	Increments	Decrements	Transfers	as of 31.12.2021
<b>B.I. Long-term intangible assets total</b>	1	<b>2 378 042</b>	<b>60 311</b>	-	-	<b>2 438 353</b>
1. Software	2	2 328 580	60 311	0	-	2 388 891
2. Trade mark	3	3 926	-	-	-	3 926
4. Small intangible assets (€ 332 - 2 400)	4	45 536	-	-	-	45 536
<b>B.II. Adjustments to LTIA total</b>	5	<b>(1 799 414)</b>	<b>(95 021)</b>	-	-	<b>(1 894 435)</b>
1. Adjustments to software	6	(1 755 795)	(92 369)	-	-	(1 848 164)
2. Adjustments to trade mark	7	(2 532)	(396)	-	-	(2 928)
3. Adjustments to LTIA (l. 6)	8	(41 087)	(2 256)	-	-	(43 343)
<b>LTIA book value (l.1+l.5)</b>	9	<b>578 628</b>	<b>(34 710)</b>	-	-	<b>543 918</b>

Long-term intangible assets - summary of transactions as of Dec 31, 2020

Assets (gross)	No.	as of 1.1.2020	Increments	Decrements	Transfers	as of 31.12.2020
<b>B.I. Long-term intangible assets total</b>	1	<b>574 705</b>	<b>1 803 337</b>	-	-	<b>2 378 042</b>
1. Software	2	525 723	1 802 857	0	-	2 328 580
2. Trade mark	3	3 926	-	-	-	3 926
4. Small intangible assets (€ 332 - 2 400)	4	45 056	480	-	-	45 536
<b>B.II. Adjustments to LTIA total</b>	5	<b>(377 357)</b>	<b>(1 422 057)</b>	-	-	<b>(1 799 414)</b>
1. Adjustments to software	6	(338 255)	(1 417 540)	-	-	(1 755 795)
2. Adjustments to trade mark	7	(2 136)	(396)	-	-	(2 532)
3. Adjustments to LTIA (l. 6)	8	(36 966)	(4 121)	-	-	(41 087)
<b>LTIA book value (l.1+l.5)</b>	9	<b>197 348</b>	<b>381 280</b>	-	-	<b>578 628</b>

Subsidiary STABILITA Servis, s.r.o., merged with parent company as of Jan 01, 2020, which recorded long-term intangible assets in its portfolio and it was transferred to the successor company STABILITA, d.d.s., a.s. as of the merger date. The successor company acquired software of companies APV Sofistar, Softip Profit and Asset Management System in its assets.

### 2) Long-term tangible assets (LTTA) - summary of transactions as of Dec 31, 2021

Assets (gross)	No.	as of 1.1.2021	Increments	Decrements	Transfers	as of 31.12.2021
<b>B.I. LTTA total (l.02 - 07)</b>	1	<b>1 572 725</b>	<b>63 585</b>	<b>25 123</b>	-	<b>1 611 187</b>
1. Right for assets use	2	927 131	4 848	-	-	931 979
2. Indep. and group TA -machines, instr.	3	257 006	8 541	21 552	-	243 995
3. Indep. and group TA - transport means	4	204 852	40 110	-	-	244 962
4. Indep. TA - inventory	5	68 849	-	-	-	68 849
5. Indep. TA (€ 166 -1700)	6	62 631	8 425	3 571	-	67 485
6. Other long-term tangible assets	7	52 256	1 661	-	-	53 917
<b>B.II. Adjustments to LTTA total (l. 09 - 14)</b>	8	<b>(758 042)</b>	<b>(162 854)</b>	<b>(25 123)</b>	-	<b>(895 773)</b>
1. Adjustments to rights for assets use	9	(220 224)	(110 522)	-	-	(330 746)
2. Adjustments to machines, instruments	10	(178 448)	(31 895)	(21 552)	-	(188 791)
3. Adjustments to transport means	11	(180 252)	(16 084)	-	-	(196 336)
4. Adjustments to inventory	12	(64 558)	(1 272)	-	-	(65 830)
5. Adjustments to SHV (€ 166 - 1700)	13	(62 304)	(1 420)	(3 571)	-	(60 153)
6. Adjustments to other long-term t. assets	14	(52 256)	(1 661)	-	-	(53 917)
<b>B.III. LTTA book value</b>	15	<b>814 863</b>	<b>(99 269)</b>	-	-	<b>715 414</b>

## Long-term tangible assets – summary of transactions as of Dec 31, 2020

Assets (gross)	No.	as of 1.1.2020	Increments	Decrements	Transfers	as of 31.12.2020
<b>B.I. LTТА total (I.02 - 07)</b>	<b>1</b>	<b>1 548 902</b>	<b>25 484</b>	<b>(1 661)</b>	-	<b>1 572 725</b>
1. Right for assets use	2	927 131	-	-	-	927 131
2. Indep. and group TA -machines, instr.	3	234 848	22 158	-	-	257 006
3. Indep. and group TA - transport means	4	204 852	-	-	-	204 852
4. Indep. TA - inventory	5	65 782	-	-	-	68 849
5. Indep. TA (€ 166 -1700)	6	62 372	-	-	-	62 631
6. Other long-term tangible assets	7	53 917	-	(1 661)	-	52 256
<b>B.II. Adjustments to LTТА total (I. 09 - 14)</b>	<b>8</b>	<b>(597 031)</b>	<b>(162 672)</b>	<b>(1 661)</b>	-	<b>(758 042)</b>
1. Adjustments to rights for assets use	9	(110 112)	(110 112)	-	-	(220 224)
2. Adjustments to machines, instruments	10	(141 663)	(36 785)	-	-	(178 448)
3. Adjustments to transport means	11	(165 928)	(14 324)	-	-	(180 252)
4. Adjustments to inventory	12	(63 415)	(1 143)	-	-	(64 558)
5. Adjustments to SHV (€ 166 - 1700)	13	(61 996)	(308)	-	-	(62 304)
6. Adjustments to other long-term t. assets	14	(53 917)	-	(1 161)	-	(52 256)
<b>B.III. LTТА book value</b>	<b>15</b>	<b>951 871</b>	<b>(137 188)</b>	-	-	<b>814 683</b>

Abbreviations: LTIA – long-term intangible assets, LTТА – long-term tangible assets, TA – tangible assets

### Method and insurance coverage of long-term tangible 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) Accruals and deferrals – contract procurement cost

Item	31.12.2021	31.12.2020
Status at the beginning of year	3 595 585	3 254 444
Contract procurement cost paid during the year	456 321	505 714
Clearing in cost account during the year	(214 252)	(164 573)
<b>Status at the end of year</b>	<b>3 837 654</b>	<b>3 595 585</b>

### 4) Non-trade financial assets mandatorily evaluated in real value through Profit and Loss Statement

Item	31.12.2021	31.12.2020
PL BNP Paribas LU0325598752	5 600 705	-
PL revaluation	(15 101)	-
<b>Total:</b>	<b>5 585 604</b>	<b>-</b>

During year 2021, the company acquired allotment certificates of the open share fund BNPP ENHANCED BOND 6M CAP in its assets as financial assets. As of

Dec 31, 2021 the financial assets was classified on the Level 1 in the terms of hierarchy of methods of identifying and publishing real value of financial tools, and its quoted market price was determined from the active markets for identical financial tools. Revaluation to real value is included in the Profit and Loss Statement as a net profit/ loss from financial transactions for the period in which they occurred.

### 5) Receivables resulting from deferred income tax

Item	31.12.2021	31.12.2020
Deferred tax - tax receivables	139 512	182 910
<b>Total</b>	<b>139 512</b>	<b>182 910</b>

Deferred tax receivable 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 2021 refers to € 139 512.

Calculation of the deferred tax receivable is presented in the following table:

Item	31.12.2021	31.12.2020
Temporary differences between assets book value and tax base, thereof:		
deductible		
taxable	(44 426)	(38 120)
Temporary differences between liabilities book value and tax base, thereof:		
deductible	708 768	909 118
taxable	708 768	909 118
Subtotal:	664 342	870 998
Income tax rate (in %)	21	21
Deferred tax receivable	139 512	182 910
Tax receivable for previous period	182 910	177 314
Deferred tax income/ cost)	(43 398)	5 596
<b>Deferred tax receivable</b>	<b>139 512</b>	<b>182 910</b>

## 6) Cash and cash equivalent

Item	31.12.2021	31.12.2020
Domestic/ foreign cash register	5 443	4 094
Valuables	34 894	19 958
Operating accounts	1 272 780	618 893
Wage account	229 076	635 294
Non-allocated payments acc.	118 383	110 214
<b>Total:</b>	<b>1 660 576</b>	<b>1 388 453</b>

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 Dec 31, 2021.

## 7) Receivables from the banks

Item	31.12.2021	31.12.2020
TV in ČSOB 50170605	-	1 004 115
TV in ČSOB 122511691	-	3 300 000
<b>Total:</b>	<b>-</b>	<b>4 304 115</b>

The maturity date of the term deposit in the amount of € 1 004 115 was on June 05, 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 was on Dec 05, 2021 with zero interest rate p. a. The company didn't prolong the term deposits and purchased the allotment certificates of BNP Paribas, describe in item 4) of the Remarks.

## 8) Receivables from other debtors

Item	31.12.2021	31.12.2020
Receivable from CF adm.	345 596	329 990
Receivable from PF adm.	15 655	14 201
Receivable from SCF administration and capitalization	51 641	34 110
Receivable from IF adm.	5 584	3 308
<b>Total:</b>	<b>418 476</b>	<b>381 609</b>

Receivables apply to rewards for the funds administration and capitalization as of December 31, 2021.

## 9) Structure of other short- term assets

Item	31.12.2021	31.12.2020
Provided domestic advances	40 937	8 575
Cost of future periods	54 058	29 933
Income of future periods	-	143
Material on stock	2 190	1 935
Other receivables	5 201	13 412
<b>Total:</b>	<b>102 386</b>	<b>53 998</b>

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, and commercials for the winter season January – March 2022. The cost also includes the maintenance and upgrade of the server for 2022. 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 5,201 EUR represent outstanding assessments of the saving scheme participants as of Dec 31, 2021.

## 10) Liabilities from leasing

Item	31.12.2021	31.12.2020
Liabilities from leasing	610 925	717 017
<b>Total:</b>	<b>610 925</b>	<b>717 017</b>

The item „interest-bearing liabilities“ represents the value of the liability – payment of leasing pursuant to IFRS 16 Leasing in contact points Košice and Bratislava. Total value after applied discount refers to € 610,925 as of Dec 31, 2021.

## 11) Reserve for loyalty program

Item	31.12.2021	31.12.2020
Reserve for loyalty program	630 147	616 912
<b>Total:</b>	<b>630 147</b>	<b>616 912</b>

Reserves for loyalty program represent the balance of long- term reserve creation described in item B7). It is created once per a year from the contributions of the saving scheme participants, and its amount depends on the monthly contribution of each participant.

## 12) Trade liabilities

Item	31.12.2021	31.12.2020
Domestic suppliers:	57 493	60 866
<b>Total:</b>	<b>57 493</b>	<b>60 866</b>

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 € 22 193, the costs of software for servicing activities in amount of € 20 557, and liabilities towards Telecom in the amount of € 6 051.

## 13) Other short- term liabilities and reserves

Item	31.12.2021	31.12.2020
Other liabilities (non-allocated payments account)	123 181	123 626
Social Fund	12 366	27 995
Short- term reserves	87 911	314 197
Other short- term liabilities	425 050	87 904
Liabilities towards health insurance companies	175 385	63 775
Expenses of future periods	1 700	1 077
<b>Total:</b>	<b>825 593</b>	<b>618 574</b>

Total value of short- term liabilities and reserves consists of the items contained in the table above. The non-allocated payments account represents an integral part of the liabilities resulting from sent but yet pending payment structure as of the date of the Final Accounts preparation. The difference in short- term reserve status corresponding to € 226 thsd. (year 2021: € 88 thsd.; year 2020: € 314 thsd.) resulted from the accounted employees and statutory bodies rewards conferred because of favorable economic performance reached by the company in 2021. Similarly, the difference was recorded in the line „Other short- term liabilities“ in the amount of € 337 thsd. (year 2021: € 425 thsd. and year 2020: € 88 thsd.).



Creation of and drawing from Social Fund (SF) in years 2021 and 2020:

Item	2021	2020
SF status at the beginning of year:	27 995	21 104
Creation of Social Fund	19 641	39 221
Use - catering	(27 654)	(24 521)
Use - other	(7 616)	(7 809)
Social Fund status at the end of year:	12 366	27 995

Pursuant to the Social Fund Act, a part of the Social Fund is created obligatorily and carried on the Cost account, and another part of the Social Fund is created as an optional/ voluntary contribution, also carried on the Cost account, and the item is not included in the basis serving for calculation of the income tax. Pursuant to the Social Fund Act, money from the Social Fund is drawn for health, social, recreational and other needs of employees as stated above in the table.

#### 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 € 1 814 286 in 12 months of 2021. Tax liability occurs by means of mutual setting off the advances paid in the amount of € 1169 535 and the due tax in the amount of € 348 789, resulting in the tax duty in the amount of € 179 254.

#### 15) Registered capital (RC)

Registered capital of the company as of 31/12/2021 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 SRC shareholders

Share on RC as of 31.12.2021	"% share on RC as of 31.12.2021"	Share on RC as of 31.12.2020	"Share on RC as of 31.12.2020"
<b>Železnice SR</b>			
917 316	55,26	917 316	55,26
<b>Lorea Investment Limited</b>			
501 718	30,22	501 718	30,22
<b>U. S. Steel Košice, s.r.o.</b>			
154 314	9,30	154 314	9,30
<b>Železiarne Podbrezová a.s.</b>			
-	-	85 822	5,17
<b>IAD Investments, správ.spol.a.s.,</b>			
85 822	5,17	-	-
<b>Szabo Marek</b>			
830	0,05	830	0,05
<b>Total:</b>			
<b>1 660 000</b>	<b>100</b>	<b>1 660 000</b>	<b>100</b>

Shareholder's rights of the shareholder - company Železiarne Podbrezová, a.s., corresponding to 5.17 % of the whole stock, were transferred on December 14, 2021.

#### 15a) Funds created from profit

Total value of the reserve fund as of 31 December 2021 amounted to EUR 332,000 (€ 332,000 as of Dec 31, 2020), 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 2020, on May 25, 2021. Dividends to shareholders were not paid.

#### 16) Retaining profit

Retained profit of the company in the total amount of EUR 6 749 516 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.

#### 17) Post tax profit/ loss of current fiscal period

Profit for the current accounting period is the economic result after deducting the income tax. As of December 31, 2021, the company earned a net profit after tax of EUR 1 422 099, and the General Assembly decides on its allocation.

### Items description in Profit and Loss Statement

#### 1) Net interest revenues

Item	31.12.2021	31.12.2020
Revenues from interest and similar revenues	22	746
Cost of interest and similar cost		
<b>Net revenues from interest</b>	<b>22</b>	<b>746</b>

The item „net revenues from interest“ refers to revenues from interest on the term deposits on bank accounts.

#### 2) Net profit / loss from rewards and commissions

Item	31.12.2021	31.12.2020
Reward for funds administration	4 789 078	4 272 534
Reward for funds assets capitalization	1 191 113	16 360
Reward for severance pay	56 686	76 968
Reward for transfer	72	136
Cost of rewards and commissions	(214 252)	(164 573)
<b>Net profit or loss from rewards and commissions</b>	<b>5 822 697</b>	<b>4 201 425</b>

Revenue item refers to the reward that the company is entitled to pursuant to Act 650/2004 Coll., particular rewards are described in the table above. Item „cost of reward and commissions“ includes also cost of mediation for which the company accounts for accruals and deferrals since January 01, 2018.

### 3) Net profit/ loss from financial assets revaluation

Item	31.12.2021	31.12.2020
Profit from revaluation BNP Paribas	5 110	-
Loss from revaluation BPN Paribas	(20 211)	-
Profit/ loss from revaluation BNP Paribas	(15 101)	

Revaluation of the allotment certificate as of December 31, 2021 resulted in loss in the amount of € 15,101.

### 4) Other revenues

Item	31.12.2021	31.12.2020
Other revenues	8 388	52 444

The item "Other revenues" in 2020 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.

### 5) General administrative cost

Item	31.12.2021	31.12.2020
General administrative cost, thereof:	(4 001 720)	(3 508 543)
Personnel cost	(2 292 832)	(2 044 622)
Depreciations of tangible and intangible assets	(256 214)	(255 069)
Other cost	(1 452 674)	(1 208 852)

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

### 6) Personnel cost

The item Personnel costs in the amount of EUR 2 292 832 represents wage costs, a more detailed breakdown of which is provided in the following table:

Item	31.12.2021	31.12.2020
Wage cost and agreements	(1 250 882)	(1 215 628)
Rewards for Top Management members (monthly, annual)	(275 038)	(122 564)
Rewards for Supervisory Board members	(84 466)	(94 485)
Social security cost	(517 732)	(471 774)
Employee trainings	(24 606)	(6 775)
Contribution to plant catering	(33 799)	(32 832)
Contribution to supplemental retirement savings	(78 039)	(70 093)
Compensation of income in case of long- term sick leave	(1 047)	(1 541)
Other social cost	-	-
Obligatory creation of Social Fund	(13 509)	(10 252)
Severance pay	(13 715)	(18 678)
<b>Total:</b>	<b>(2 292 832)</b>	<b>(2 044 622)</b>

### 7) Depreciations of tangible and intangible assets

Item	31.12.2021	31.12.2020
Depreciations of LTTA	(50 671)	(50 905)
Depreciations of LTIA	(95 021)	(94 052)
Depreciations of assets - leasing	(110 522)	(110 112)
Total:	(256 214)	(255 069)

### 8) Other cost

Item	31.12.2021	31.12.2020
Material consumption	(156 715)	(143 913)
Services (purchased outputs), thereof:	(1 159 574)	(940 725)
x cost of technical provision	(432 752)	(294 262)
x rental	(67 870)	(61 277)
x Final Accounts audit	(24 404)	(25 701)
x other ascertaining auditor services	-	-
x tax consultations	(6 000)	(6 000)
x other non-auditor services	-	-
x legal services and consultations	(24 236)	(13 261)
x advertisement cost	(287 136)	(256 722)
x other provided services	(317 176)	(283 502)
Other taxes and charges	(40 840)	(14 331)
Insurance of assets	(7 758)	(7 507)
Creation of long- term reserves for loyalty program	(61 962)	(62 593)
Other operating cost	(25 825)	(39 783)
<b>Total:</b>	<b>(1 452 674)</b>	<b>(1 208 852)</b>

Cost of auditor services refers to cost of Individual Final Accounts and Annual Report audit as of December 31, 2021. Company Deloitte Audit s.r.o. didn't provide any other services to our company during year 2021.

### 9) Income tax

Struct. of the due and deferred income tax as of 31.12.2021:

Item	31.12.2021	31.12.2020
Income tax - due-	(348 789)	(169 535)
Income tax - deferred	(43 398)	5 595
<b>Total:</b>	<b>(392 187)</b>	<b>(163 940)</b>

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.

### 10) 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	31.12.2021	31.12.2020
Post- tax profit/ loss	1 422 099	582 132
Number of shares	50 000	50 000
<b>Basic profit per a share</b>	<b>28,44</b>	<b>11,64</b>

Item	31.12.2021		31.12.2020	
	Tax basis in EUR	Tax in EUR	Tax basis in EUR	Tax in EUR
Pre - tax profit/ loss	1 814 286		746 072	
thereof theoretical tax	21%	381 000	21%	156 675
Permanent differences increasing tax basis	53 271	11 187	34 595	7 265
Permanent differences decreasing tax basis	0	0	0	0
Effect of change at tax basis	0	0	0	0
Other	0	0	0	0
Loss redemption	0	0	0	0
<b>Total:</b>	<b>1 867 557</b>	<b>392 187</b>	<b>780 667</b>	<b>163 940</b>
<b>Due tax:</b>		348 789		169 535
<b>Deferred tax:</b>		43 398		(5 595)
<b>Total recorded tax:</b>		<b>392 187</b>		<b>163 940</b>

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.

### E) Overview of conditional assets and liabilities

Receivables from future credits, loans, and guaranties:

- as of 31/ 12/ 2021 the company did not provide any loan, guaranty and has no receivables from future loans.

Provided securing:

- the company didn't secure any real - estate, bonds or other assets

Receivables from spot transactions, forward transactions and fixed operation with options:

- as of 31/ 12/ 2021 the company has no liabilities arising from derivative transactions

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

- the company administers 4 supplemental retirement funds whose net assets value as of Dec 31, 2021 and Dec 31, 2020 was as follows:

Item	NAV as of 31.12.2021	NAV as of 31.12.2020
Stabilita contributory d.d.f.	347 746 614	331 733 426
Stabilita payout d.d.f.	31 390 756	28 457 412
Stabilita share contributory d.d.f.	45 588 867	34 669 343
Stabilita index contributory d.d.f.	5 914 237	1 505 994
<b>Total assets in funds:</b>	<b>430 640 474</b>	<b>396 366 175</b>

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/ 2021 the company has no liabilities arising from derivative transactions

### F) Information on allied parties

Allied 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.

Structure of assets and liabilities in relation to the allied parties:

Item	31.12.2021	31.12.2020
Liabilities towards statutory representatives and Supervisory Board	228 132	80 308
<b>Total:</b>	<b>228 132</b>	<b>80 308</b>

Liabilities in relation to the allied parties refer to rewards to the allied parties during year 2021.

Summary of the company transactions with the allied parties:

Item	31.12.2021	31.12.2020
Wages and rewards for statutory representatives and Supervisory Board	359 504	217 049
<b>Total</b>	<b>359 504</b>	<b>217 049</b>

The table contains summary of the company transactions with the allied parties during year 2021.

### G) Reasonability of own sources

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	31.12.2021	31.12.2020
Own company sources	x	x
Basic own sources	10 700 128	9 284 161
Additional own sources	0	0
Deductible items	543 918	578 628
<b>Total own sources:</b>	<b>10 156 210</b>	<b>8 705 533</b>

Indicators of own sources reasonability:

Limit of own sources pursuant to: § 33 clause 3 item a) of the DDS Act	1 866 583	1 767 062
Limit of own sources pursuant to: § 33 clause 3 item b) of the DDS Act	918 279	939 570
<b>Own sources are reasonable</b>	<b>áno</b>	<b>áno</b>

### H) Risk management

As of 31 December 2021, the Company had all the funds deposited in the current account with the depositary and in the form of standard allotment certificates - ETF. Within the monitored period, the company decided to deposit its partial funds in debenture ETF - BNPP ENHANCED BONDS 6M CAP, ISIN:LU00325598752 because of negative interest rates offered on the monetary market. The invest-

ment is aimed at ensuring conservative investment with high liquidity level. The acquired fund strategy refers to combination of low interest sensibility, ESG investments and high liquidity, all aimed at reaching higher revenues compared to monetary market. Risk indicator reached value 2 with duration of approx. 2, i.e. short-term debenture investments with composite rating corresponding to BBB with bonds holding in non-investment range up to 20 % of the fund assets value. The fund can invest also in foreign currencies up to max. 5 %.

Considering the above described investment, the company assets face the following risks:

**Credit risk** - is mainly the risk resulting from worsened financial position, when the company couldn't continue fulfilling its commitments, or worsened market perception of counterparty credibility, which would further cause decrease of bonds market value and thereby generate loss for the investing company. Within the risk management the company pursues the credibility of its depositary, SLSP, where all of its funds are deposited, and concurrently the development of the mentioned ETF, whose credit profile has reached lower rating within the investment range.

**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. Associated currency risk could result from EFT holding.

**Interest rate risk** - i.e. the risk of a change in the financial instrument in response to changes in market interest rates. Because of acquisition of debenture EFT, the company faced rather significant interest risk with adverse effect because of interest rate increase during the monitored period.

**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. Accordingly, the company acquired high - liquidity financial tool that can be traded at any time at standard market conditions.

The following table contains analysis of particular active Balance Sheet items payability:

**Liquidity position of financial and non-financial assets as of Dec 31, 2021**

Assets	0-1mos.	1-3 mos.	3m-1ry.	1-5 yrs.	above 5 y.	N/A	Total:
Long- term intangible assets	-	-	-	-	-	543 918	543 918
Long- term tangible assets	-	-	-	-	-	715 414	715 414
Contract accruals and deferrals	-	-	-	-	-	3 837 654	3 837 654
Deferred income tax	-	-	-	-	-	139 512	139 512
Cash and cash equivalents	1 660 576	-	-	-	-	-	1 660 576
Bonds	5 585 604	-	-	-	-	-	5 585 604
Receivables from clients	418 476	-	-	-	-	-	418 476
Tax receivables	-	-	-	-	-	-	0
Other short - term assets	-	102 386	-	-	-	-	102 386
<b>Total:</b>	<b>7 664 656</b>	<b>102 386</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5 236 498</b>	<b>13 003 540</b>

**Liquidity position of financial and non-financial assets as of Dec 31, 2020**

Assets	0-1mos.	1-3 mos.	3m-1ry.	1-5 yrs.	above 5 y.	N/A	Total:
Long-term intangible assets	-	-	-	-	-	578 628	578 628
Long-term tangible assets	-	-	-	-	-	814 683	814 683
Contract accruals and deferrals	-	-	-	-	-	3 595 585	3 595 585
Investments in affiliate co.	-	-	-	-	-	-	-
Deferred income tax	-	-	-	-	-	182 910	182 910
Cash and cash 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
<b>Total:</b>	<b>1 770 062</b>	<b>53 998</b>	<b>4 304 115</b>	<b>0</b>	<b>0</b>	<b>5 171 806</b>	<b>11 299 981</b>

**Liquidity position of financial and non-financial assets as of Dec 31, 2021 according to time till payment deadline**

Liabilities	0-1mos.	1-3 mos.	3m-1ry.	1-5 yrs.	above 5 y.	N/A	Total:
Trade liabilities	57 493	-	-	-	-	-	57 493
Interest bearing liabilities	-	-	-	-	610 925	-	610 925
Reserves and other liabilities	536 670	243 641	45 137	-	-	630 292	1 455 740
Income tax	-	179 254	-	-	-	-	179 254
Subscribed registered capital	-	-	-	-	-	1 660 000	1 660 000
Funds created from profit	-	-	-	-	-	832 000	832 000
Other capital funds	-	-	-	-	-	36 513	36 513
Ev. differences in subsidiaries	-	-	-	-	-	-	0
Retained profit	-	-	-	-	-	6 749 516	6 749 516
Current fiscal period - profit	-	-	-	-	-	1 422 099	1 422 099
<b>Total:</b>	<b>594 163</b>	<b>422 895</b>	<b>45 137</b>	<b>-</b>	<b>610 925</b>	<b>11 330 420</b>	<b>13 003 540</b>

**Liquidity position of financial and non-financial assets as of Dec 31, 2020 according to time till payment deadline**

Liabilities	0-1mos.	1-3 mos.	3m-1ry.	1-5 yrs.	above 5 y.	N/A	Total:
Trade liabilities	60 866	-	-	-	-	-	60 866
Interest bearing liabilities	-	-	-	-	717 017	-	717 017
Reserves 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 registered capital	-	-	-	-	-	1 660 000	1 660 000
Funds created from profit	-	-	-	-	-	832 000	832 000
Other capital funds	-	-	-	-	-	36 513	36 513
Evaluated differences in subsidiaries	-	-	-	-	-	-	0
Retained profit	-	-	-	-	-	6 173 516	6 173 516
Current fiscal period - profit	-	-	-	-	-	582 132	582 132
<b>Total:</b>	<b>227 141</b>	<b>147 305</b>	<b>315 791</b>	<b>139 459</b>	<b>1 137 462</b>	<b>9 332 823</b>	<b>11 299 981</b>

## I) Leasing – IFRS 16

The company has leased the office premises for limited period at the contact point in Bratislava. Leasing contact was concluded for seven years and for unlimited period at the headquarters in Košice. Ten year leasing period has been considered for purposes of IFRS 16. During the leasing period, the company depreciates the right for the assets use on the cost account.

Leasing related liabilities are recorded in the “Record of Financial Standing”, line 10, as liabilities from leasing.

The table contains overview of liabilities from leasing according to remaining time till deadline:

Liability from leasing	year 2021	year 2020
Less than one year	114 717	114 717
one to five years	343 157	374 013
more than five years	153 051	228 287
<b>Total:</b>	<b>610 925</b>	<b>717 017</b>

The table contains overview of transactions related to leasing, recorded in the profit/ loss:

Liability from leasing	year 2021	year 2020
Cost interest	11 132	7 564
Variable cost not include in the liability from leasing	33 820	31 120
Cost of short- term lease of small tangible assets	0	0

Cost interest related to discounted liabilities from leasing is recorded in the Statement of Profit/ loss, line 8) and represent a part of „other cost“.

## J) Information on the following events

### Change at structure of shareholders

The company shareholder’s structure has changed after December 31, 2021. Shareholder – company IAD Investments, správcovská spoločnosť, a.s.m which owned 2,585 shares as of Dec 31, 2021, corresponding to 5.17 % of the whole stock that the company registered capital has been distributed to, bought out the shares of further two shareholders. On February 17, 2022, shareholder’s rights were transferred from shareholder – company Lorea Investments Limited, corresponding to 30.224 % of the whole stock that the company registered capital has been distributed to; and on February 22, 2022, shareholder’s rights were transferred from shareholder – company U.S.Steel Košice, corresponding to 9.296% of the whole stock that the company registered capital has been distributed to; to company IAD Investments, správ. spol., a.s.. Company IAD Investments, správ. spol., a.s. thus has become a shareholder of company STABILITA, d.d.s., a.s., with total share on the company registered capital and voting rights corresponding to 44.69%.

## Situation on the market

Ongoing war conflict in Ukraine and related sanctions enacted against Russia can affect European and overall global economy. The accounting unit doesn't have any direct expositions against Ukraine, Russia or issuers in these countries.

However, impacts on general economic situation can require revision of certain presumptions and estimations. This can result in significant adjustments of book value of certain assets and liabilities in the following fiscal period because of the need for revision of presumptions and parameters applied to calculation of their value as of December 31, 2021, especially accruals and deferrals of contract procurement cost and reserves for loyalty program, which could require revision in the following fiscal period as a result of current situation. In this phase, the company Top Management isn't able to reliably estimate the consequences since the situation is changing on daily basis.

Long-term continuation of current market situation could adversely affect the revenues from supplemental retirement funds control. Considering a pessimistic scenario that includes stagnating or worsening development of NAV controlled funds till the end of the year, continued war conflict and market uncertainty, we can expect significant drop of the company revenues in year 2022, comparing the planned and real NAV status in the controlled funds.

Any improvement in the market situation during the year, which is of course uncertain, will result in the improvement of unfavorable development of the company revenues. At the moment it is very hard to quantify exact value of the revenues.

Nevertheless, the company has continued to fulfill its obligations as of the date of the Final Accounts preparation and the liabilities' deadline, thus the company continues to apply precondition of uninterrupted activity continuation in the Final Accounts preparation.

Moreover, no events of a special importance had occurred during the period from the final accounts as of Dec 31, 2021 until preparation of the Annual Report.

In Košice, dated March 29, 2022



**JUDr. Marián Melichárek**  
Deputy Chairman of the  
Board of Directors



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



**Ing. Agáta Bachledová**  
Head of Accounting Department



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