Annual Report

ICZ N.V. as of December 31, 2020

ICZ N.V.
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KPMG Audit
Document to which our report
1956139/21W00175484AVN dated
31 March 2021
also refers.
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Opening Statement

Dear Shareholders, Business Partners, Colleagues,

At the beginning of the year the situation looked positive and it seemed that ICZ could achieve its budget. Unfortunately, the world was hit by the Covid-19 pandemic at the beginning of the year and since March the markets in countries where ICZ operates have been heavily hit by lockdowns. While the impact of lockdowns on the IT sector has not been generally that bad our ALES division suffered a lot due to its dependency on air traffic financing. Some other divisions have had problems due to lack of cooperation from the side of customers.

At the end the result is not satisfactory and means changes in ICZ structure have to be made. At the end of the year the decision had been made to merge the Private and Infrastructure divisions. Two personal changes on the positions of directors of sections took place at the beginning of the year 2021. We hope these changes will bring more dynamics both in the Healthcare and DMS division.

The result of the group was also affected by some provisions we have created against potential liabilities.

2020 overview

As in all previous years ICZ Group continues to invest in strategic products to keep up with the rapidly evolving market. The ICZ AMIS*HD® healthcare system has been finalized and successfully implemented in the first hospital. As the amount of money invested into this product is rather high, we expect significant returns over the two upcoming years.

The territorial expansion as planned was practically stalled due to the pandemic lockdowns.

ICZ Slovakia has improved over the year 2020 but still has not reached the budget.

The Infrastructure division of ICZ has further improved its performance and reached the budget as planned. We hope it will successfully grow after the merge with the Private division.

The ICZ Security division, despite not being able to close a large project, they have been working on for some time has reached the budget.

The ICZ Group has continued to be active in charity and has been pursuing this activity through a special vehicle - its foundation Nadační fond ICZ. Due to the pandemic lockdowns ICZ was not able to organize the auction that generates income for charity. The decision has been made to organize the auction online at the beginning of the year 2021 but this will most likely not achieve the same results as usual.

2021 outlook

The ICZ Group plans to consolidate in 2021 and be back to a sound profit again. This year's plans are to a certain extent dependant on the situation regarding the world pandemic restrictions.

Pavel Rosendorf, Chief Executive Officer of ICZ N.V.

Amsterdam, 31 March 2021

P. Rosendorf

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1 Directors' Report for 2020

1.1 General Information

Company Profile

ICZ Group belongs among the leading CEE suppliers of the integrated software and infrastructure solutions market. Its portfolio consists of tailor-made application software products, services, and solutions to meet the needs of all areas of information and communication technology. Being based on a wide spectrum of platforms and technologies, the offered services are vendor independent. The Group offer includes the custom-made application development, featured by information protection and security projects. The establishing unit, ICZ a.s. company, started its operations on the Czech IT Market in 1997 and since then acquired and successfully integrated more than 30 companies.

Within the broader spectrum of company solutions, ICZ Group manages a wide service portfolio beginning from the classic information systems delivery up to the entire network overhauls, including interdepartmental systems on the basis of outsourcing and managed services. The ICZ's customers come primarily from the governmental sector, healthcare, telecommunications, transportation, utilities, defence, finance, manufacturing & logistics and the solutions do cover the following branches: applications software, system integrations, security, communications, infrastructure, document administration and procedure. Consulting and analytic services are an integral part of the offering, as well.

History and Development

The main operating company ICZ a.s., a joint stock company – established and operating under the laws of the Czech Republic – was incorporated on July 21, 1997. The business of ICZ a.s. was focused on system integration, network design and complex integrated IT solutions, in that period.

From 1998 through 2001, ICZ a.s. gradually acquired and merged with 14 small and medium-sized Czech IT services companies expanding its range of solutions into the data network security, healthcare applications, card management, warehouse logistics, application development, web design & applications and network design. ICZ a.s. started its operations in the Slovakia in 2001.

In 2002, a foreign financial investor became a 35-per-cent shareholder in ICZ a.s. in order to provide the company with new funds to boost ICZ a.s. further strategic growth.

In 2002 and 2003, ICZ a.s. acquired and integrated through mergers further three companies engaged in network design and hardware & software resale. ICZ a.s. also acquired 100 per cent shares in S.ICZ a.s. as a result of these mergers.

In 2003 and 2004, ICZ a.s. enriched its ERP portfolio by becoming a part of the Oracle Partner Network and increasing its spectrum of solutions to include the Oracle E-Business Suite and became the sole partner of Primavera Systems Inc. products (PM solution) in the Czech Republic, too.

In 2005, the acquisition of Expert & Partner engineering CZ, a.s. and its subsidiary Expert & partner engineering spol. s r.o. enabled ICZ a.s. to expand its spectrum with network solutions. Thanks to this acquisition, ICZ a.s. became the largest partner of Cisco Systems in the Czech Republic. Late 2005, ICZ a.s. acquired EXPRIT spol. s.r.o., including its 90%-owned subsidiary Exprit s.r.o., a Slovak IT services company focusing mainly on document management solutions.

In 2006, ICZ a.s. expanded its portfolio into telecommunications field with concentration on the voice communication infrastructure, voice portals, voice detection systems and contact centres.

In 2007, more other companies, namely Amaio Technologies, a.s., a Czech entity focused on the Java based applications development, furthermore Informa MS, s.r.o., a Slovakia-based company developing a hospital information software and also the remaining 10 per cent of Exprit s.r.o. (renamed to ICZ Slovakia s.r.o.) were acquired. In September, ICZ a.s. merged Expert & partner engineering, spol. s r.o. into Expert & Partner engineering CZ, a.s. In addition, ICZ a.s. has expanded its portfolio with a new Consulting Services Division, September 2007, as well.

In October 2007, the ICZ N.V. was established and incorporated in the Netherlands as a public company with limited liability (N.V.). On the basis of a sale and purchase agreement, 100 per cent of the ICZ a.s. shares were acquired by ICZ N.V., in November 2007.

In 2008, a new entity, D.ICZ Slovakia a.s., was established. Further on, ICZ a.s. has taken over 100% ownership of a Czech company ALES, s.r.o., while D.ICZ Slovakia has taken over 100% ownership of ALES a.s., in Slovakia. These two companies together became the leading supplier of the ATM systems and some other special products for both civil and military customers. The companies operated in the region of Central and Eastern Europe and had a branch in Dubai, too.

In December 2008, ICZ a.s. has acquired 100% ownership of DELINFO, spol. s r.o, a company specialized on development and implementation of special command as well as special geographic information systems, especially for the Czech and Slovak Army.

In November 2009, ICZ a.s. moved into new headquarters premises in Prague. In that year, the Oracle E-Business Suite and Primavera Systems solutions were removed from the portfolio.

In May 2010, ICZ N.V. has agreed to purchase back 311 866 of its own shares from a financial investor. The transaction was accomplished successfully in July 2010.

In July 2011, ICZ N.V. has agreed to purchase back 467 800 of its own shares from a financial investor. The transaction was successfully concluded in September 2011.
In the same year, ICZ Group established two new branch offices abroad. The first opening took place in Banja Luka, Bosnia And Herzegovina in November; the other one was in Kiev, Ukraine in December.

In June 2012, ICZ N.V. has agreed to purchase back 779 666 of its own shares from a financial investor. The transaction was successfully concluded in July 2012. In November, the branch office in Kiev, Ukraine has moved into new premises and changed its seat, accordingly.

In 2013, ICZ Group took measures to boost its own effectiveness, namely: partial staff restructuring aiming to operation costs reduction, administrative simplification, internal transfer pricing and project controlling implementation.

In 2014, the steps adopted during previous year brought fruit and continued in effort to reduce the cost of the abroad operation. The Ukrainian office in Kiev was restructured, that of UAE in Dubai was decided to be sold; however, the transaction was not finalized by the year-end, yet.

In 2015, ICZ N.V. changed its seat. The sale of the UAE office was successfully concluded. In October 2015, ICZ N.V. has agreed to purchase back 3 912 of its own shares from a small shareholders. The transaction was successfully concluded in December 2015.

To enrich relevant capabilities connected to the running WIM project, a company Bezpečná ulice a.s. was acquired by Amaio Technologies, a.s., in 2016. Apart from that, a new entity within the ICZ Group was established in 2016, too, namely the Nadační fond ICZ, endowment fund. In July 2016, the business premises in České Budějovice were moved into new location in the city.

In December 2017, a new company ICZ Invest a.s. solely owned by ICZ N.V., with a focus onto foreign operations, was established. In 2017, the company Bezpečná ulice a.s. merged with its former mother Amaio Technologies, a.s., completely. During the year, two properties, namely the buildings in Strakonice (Czech Republic) and Košické Olšany (Slovakia) were sold, completely.

In March 2018, the HQs of D.ICZ Slovakia a.s. moved from Bratislava to Trenčín, to share the seat together with daughter ALES a. s. and sister ICZ Slovakia a. s. as well. In December, the ICZ Group decided to exclude the private sector activities into newly established PRIVATE section.

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In June 2019, the implementation of the ICZ OSIRIS® in Budějovický Budvar logistics centre was awarded 2nd place in the European Logistics Project of the Year and also declared as the best Czech logistics project at the SpeedCHAIN conference. The Defence section of ICZ Group represented by S.ICZ, ALES and DELINFO, received the Golden IDET award for its exhibit "Common operational picture of command and control systems for land and air forces with the highest level of communication protection" at the arms fair IDET, held in Brno in May. ICZ Group completed the acquisition of two companies at the end of 2019. It is SIKS a.s., which ensures the digitization of documents and employs people with disabilities, and E.ICZ a.s, which is a provider of communication solutions for the exchange of medical images.

In 2020 was newly established the ICZ Holding a.s. company for further strategic development of the Group. During the year ICZ actively contributed in fight against Covid-19 pandemic creating the e-form request for testing and vaccination register module for Czech authorities.

Quality and Reliability Assessment

Name of the company	Certificate
ICZ a.s.	ISO 9001
	ISO 13485
	ISO 20000-1
	ISO 27001
	AQAP 2110
	AQAP 2210
	NBÚ CR "Confidential"
	Facility Security Clearance Certificate "NATO Confidential"
S.ICZ a.s.	ISO 9001
	ISO 27001
	AQAP 2110
	AQAP 2210
	NBÚ CR "Secret / Top Secret"
	Facility Security Clearance Certificate "NATO Secret"
Expert & Partner engineering CZ, a.s.	ISO 9001
	ISO 14001
	ISO 27001
ICZ Slovakia a. s.	ISO 9001
ALES a. s.	ISO 9001
	AQAP 2110
	NBÚ SR "Secret"
ALES, s.r.o.	ISO 9001
	ISO 27001
	AQAP 2110
	NBÚ CR "Confidential / Secret"
	Facility Security Clearance Certificate "NATO Secret"

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Name of the company	Certificate
DELINFO, spol. s.r.o.	ISO 9001
	ISO 27001
	AQAP 2110
	NBÚ CR "Secret"
	Facility Security Clearance Certificate "NATO Secret"

Partnerships with Technology Providers

ICZ enjoys long lasting partnerships with major reputable international technology providers. As a part of these relationships it disposes of ability to constantly raise the qualification level within the partnership programs they provide. The 2020 partnership levels are indicated in the chart below:

Company	Partnership Level
Cisco	Gold Certified Partner
Computer Associates	Enterprise Solution Partner
CyberArk	Partner
DELL EMC	Gold Partner
F5	Registered Partner
Flowmoon	Silver Partner
GreyCortex	Partner
Hewlett Packard	Silver Partner
CheckPoint	4★Partner
IBM	Reseller
Microfocus	Business Partner
Microsoft	Microsoft Gold Partner (4x Gold, 1x Silver)
Oracle	Gold Partner
Symantec	Silver Partner
VMware	Enterprise Solution Provider
Zabbix	Certified Partner

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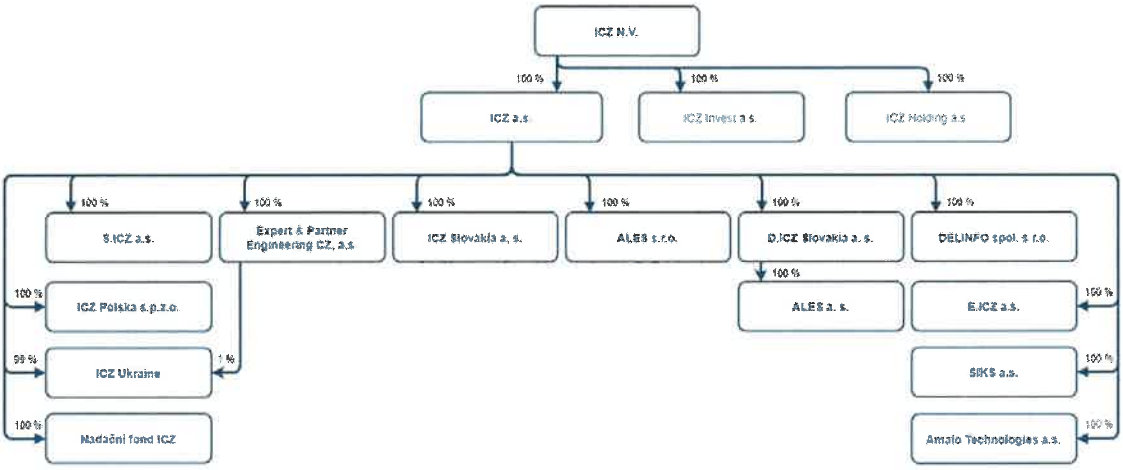
Organizational Structure

ICZ N.V. is the parent company of the main operating company ICZ a.s., which, directly or indirectly, owns the subsidiaries shown on the chart below. In none of the subsidiaries is the power of voting rights different than the portion of ownership interest as presented below.



Impact of COVID-19 pandemic in 2020

ICZ Group was not primarily active in the sectors most affected by the COVID-19 pandemic therefore ICZ business was not affected directly by the pandemic related closures. The nature of ICZ business is such that normal office work can be in principle fully replaced by home office. All ICZ internal processes are fully electronic so operation of the back office remained smooth and continuous. As indirect exposures of anti-pandemic restrictions on ICZ business were: decrease of foreign business due to travel restrictions and decrease of revenues due to postponement or slowdown of projects. The most material effect of the COVID-19 pandemic appeared to be for ICZ a.s. (sections Healthcare, DMS and Private) and for ALES (deliveries of applications for air traffic control). In total the impact of COVID-19 on budgeted revenues for 2020 represents CZK 271 145 thousands (15% of the budget). On the other hand, there was also positive exposure in rising demand for digitalization and cyber security in both public and commercial sectors.

ICZ Group immediately implemented measures to decrease the impact of the COVID-19 pandemic, with the primary intent to ensure financial stability of the Group and to protect its employees. Among these measures were: home office - (on average 80% of employees worked from home during last 12 months); safe working environment – disinfection, protective equipment, increased frequency of cleaning; ongoing analysis and evaluation of potential use of government support measures; monthly analysis of the impact of the pandemic on ICZ business and each section/entity in the form of a detailed report and strict management of Working Capital and of cash-flow. As a result of these measures ICZ Group maintained full employment, kept cash-flow stable, increased backlog for 2021 by 10% and ensured minimal spread of COVID-19 in the workplace.

Targets for 2020 and their Fulfilment

The following targets were set for 2020:

- **Continuing foreign activities expansion.** Foreign trade has been severely affected by anti-pandemic global restrictions on travel and movement. A number of promising projects for 2020 have been postponed or suspended by contracting authorities. Nevertheless, certain activities took place, such as the sale of consoles (tables / workplaces) to air traffic control for HungaroControl in Hungary or service work for Sakaeronavigatsia, air traffic control in Georgia. Initial negotiations has been started with Saudi Arabian Military Industries regarding the development of the Battle Management System.
- **Continuing product portfolio modernization.** This ongoing task is performed every year on a relatively wide scale and 2020 was no exception. During the year, the following products or solutions of ICZ a.s. were modernized or newly developed. In the *healthcare segment*, an internal testing department was created, which will contribute to accelerating the development and modernization of products for healthcare facilities. Furthermore, the development of the *AVD system*, an automated reporting system using artificial intelligence, was started. For the ICZ military offer, the basic functionality of the prototype application *HROZBA* to *ICZ DELINFOS®* was completed with the use of artificial intelligence for the creation of a heatmap with the evaluation of the threat degree to the crew of a vehicle moving in unknown terrain. The development of the new product *ICZ LETVIS® NC2S (C2 - Command and Control)* intended for the Armies of the Czech Republic and the Slovak Republic was approved and started. The development of image recording software and voice communication system for *ICZ LETVIS® SIM* was completed, together with the completion of the development of *ICZ LETVIS® MST (Multi-Sensor Tracker)*. In the area *of security products and solutions*, closer cooperation with Microsoft on development activities was initiated, and the portfolio and capabilities in the area of hybrid cloud solutions were also significantly expanded. In the area of solutions for *public administration*, the Central Register of Drivers and the Register of Road Vehicles applications were developed in the sense of providing information through the Citizen's Portal for Individuals. The DMS section completed the key module Bulk Conversion Mail for *ICZ e-spis®* and the development of the File Sharing module was completed in the area of Traffic Offense Automation. Especially for the private sector, the *ICZ Promis* product was developed in 2020, intended for production management, and the development of the new *ICZ Risk*Guide* and *ICZ Audit*Guide* products for internal audit and risk assessment was completed. For the area of *logistics*, a variant of the *ICZ Osiris Lite* product was introduced, intended for warehousing in medium-sized and smaller companies. Preparations for the launch of the *Security Operational Center (SOC)* service continued in the portfolio of solutions in the field of IT infrastructure.
- **The middle-management development programme.** From January to June 2020, a total of 147 employees in all managerial positions, as well as in project manager positions and all employees from business positions were purposefully trained in economic and process knowledge in the form of an internal tailor-made program called Economic and Process Minimum, created in cooperation with the CFO of the ICZ Group. Another large-scale educational project was the ICZ Group Management Development Program, which was launched in May 2020 and lasted until October 2020. The intention was to prepare individualized and, above all, targeted management development based on a detailed individual diagnosis of development needs. A total of 92 managers at all levels of management within the entire ICZ Group were included in the program. In this period, an individual assessment center (AC) was implemented for each participant in the form of online psychodiagnostics, individual consultations with each program participant focused on feedback from the AC and creating individual development plans for each, including recommendations for specific development activities and areas. The ICZ Group will continue in the Management Development Program in 2021, when specific development activities will be implemented either individually or in groups.

1.2 Product Portfolio

The ICZ Group focuses its business on providing complex IT solutions, which typically involve a wide range of products and services that we supply on a regular basis to our customers. Thanks to its long-term experience and broad market approach, ICZ Group is able to cover the whole project life cycle of complex IT projects mainly by using our own highly qualified professionals or, where needed, by subcontracting partners with whom we have experience and a long-term business relationship. Our approach towards our customers is to lead and accompany them throughout the entire process and to render our services along the value chain from consultancy services to maintenance and up-selling activities and further development.

IT Security

IT security is ICZ Group's core competence and it is an integral part of all solutions and services offered. From this point of view, the portfolio covers complex security-oriented IT solutions ranging from infrastructure to applications and their integration.

In terms of the ICZ Group, the core security services are provided by S.ICZ a.s. Having been granted a "Top Secret" level certification by the National Security Office, S.ICZ a.s. is the only IT services company on the Czech IT market able to participate in sensitive projects demanding that level of confidentiality. Further, both ICZ a.s. and S.ICZ a.s. are ISO 27001 certified. A number of the ICZ Group consultants are qualified and certified experts (CISA – Certified Information Systems Auditor, CISM – Certified Information Systems Manager, CISSP – Certified Information Systems Security Professional) with classified information clearance and extensive local and international experience, including participation in NATO projects.

S.ICZ a.s. performs development, manufacturing and implementation of its own HW and SW cryptographic and security products, both for classified information and commercial use.

The Group's projects and solutions cover the following areas:

- Security Integration
- Information Security Management System (ISMS)
- Trustworthy Computing Platform®
- Identity and Access Management
- Secure Communication Infrastructure
- Cyber Defense
- Classified Information Systems

IT Infrastructure

The ICZ Group Infrastructure portfolio covers both Information and Communication Technology (ICT) and Security services and solutions. The offering is built on strong architectural pillars of reliable technologies. Broad range of services and technology as well as related tasks like consultancy, planning, designing, implementation, monitoring and operation are included.

The following listing is a summary of selected solutions being offered:

- Enterprise Networks infrastructure including Service Provider and Wireless Networks
- Data Center technologies, Disaster Recovery, Virtualization and cloud systems
- Enterprise, Service Provider and Industrial (SCADA) Network Security
- Next-Generation Firewalls and Anti-X systems

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- Supervisory and Performance Management Systems
- Unified Communication, Video and Team Collaboration Solutions
- Advanced security – SoC, SIEM, PAM; NetFlow based analytics

Applications and Industry Solutions

Applications and industry solutions are typically the most visible part of the ICZ Group portfolio. The group provides a wide range of applications and industry solutions in the following areas:

Applications and industry solutions for the government and public sectors

- Support of administrative processes; *ICZ DESA®, ICZ VEZA®*
- National registries
- Document Management Systems (DMS); *ICZ e-spis®*

Applications and industry solutions for the healthcare sector

- Hospital and/or Management Information System (HIS, MIS); *ICZ AMIS*HD®*
- Picture Archiving and Communication System (PACS); *ICZ AMIS*PACS®, ICZ ePACS®*
- Business Intelligence - Solutions and Services
- Clinical Process Information Systems; *ICZ CliQuest®, ICZ AZD®, ICZ ISAC®*
- Diagnosis Related Group (DRG) Systems Support
- Regional Healthcare Information Systems
- eHealth Solutions

Defence Solutions

- Air Command and Control Systems (C2)
- Integration of Civil and Military Air Traffic Control Services
- Ground Forces Tactical Command and Control Systems; *ICZ DELINFOS®*
- Sensor Integration and Interoperability standards implementation
- Virtual Simulation Training for Military, Police, Firefighter and Rescue personnel

Traffic Management Solutions

- Air Traffic Management Systems; *ICZ LETVIS®*
- Simulators for Air Traffic Controller's Training
- Radar / Surveillance Data Analysis and Format Conversion Systems
- Consoles and Special Furniture for Air Traffic Control

Enterprise Application Solutions

- Customer Relationship Management
- Warehouse Logistics (WMS) and Automatic Data Capture (ADC); *ICZ OSIRIS®, ICZ KRONOS®*
- Enterprise Content Management (document digitization, workflow, archiving, etc.)
- Enterprise application for banking sector
- Traffic issues (Weight-In-Motion (WIM), parking and traffic offenses surveillance, etc.)

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Services

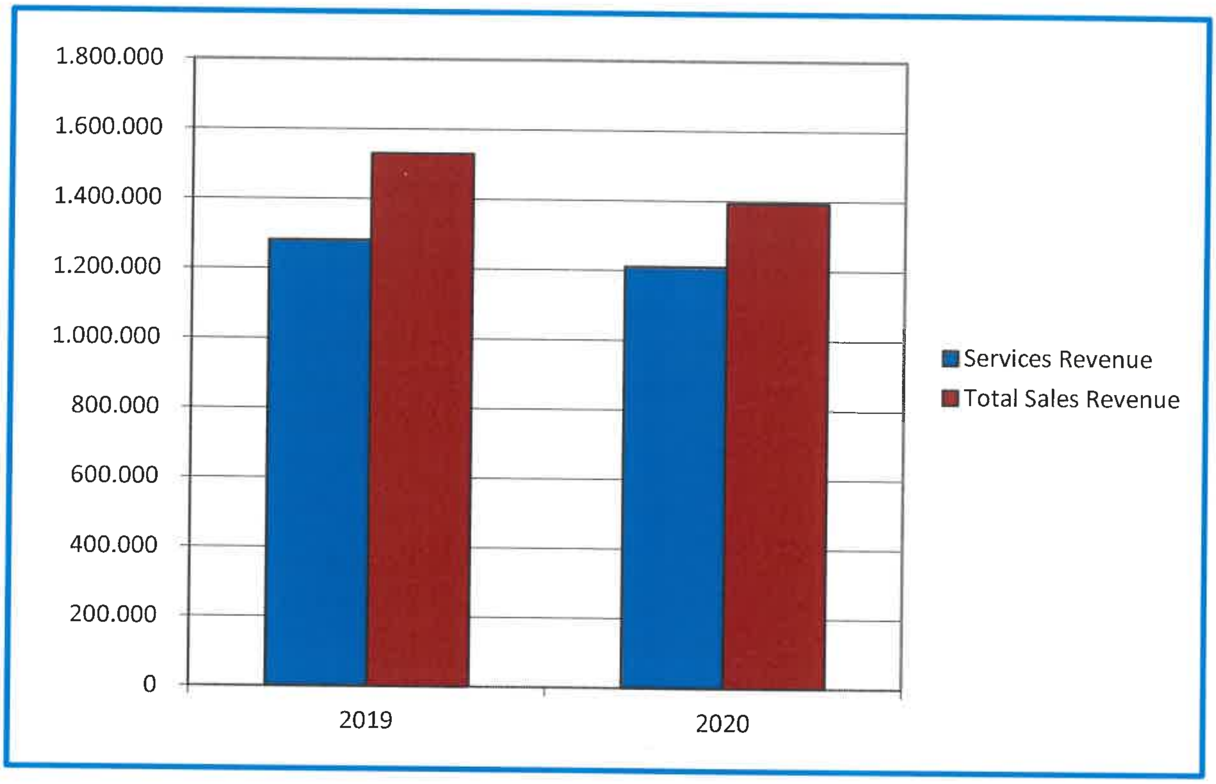
ICZ Group renders a broad range of services when delivering our solutions to our customers. The range of services does include:

- System Integration
- Customer Application Development
- Support and Installation
- Outsourcing
- ICT Consulting and Analyses
- IT Training and Education

1.3 Financial Performance in 2020

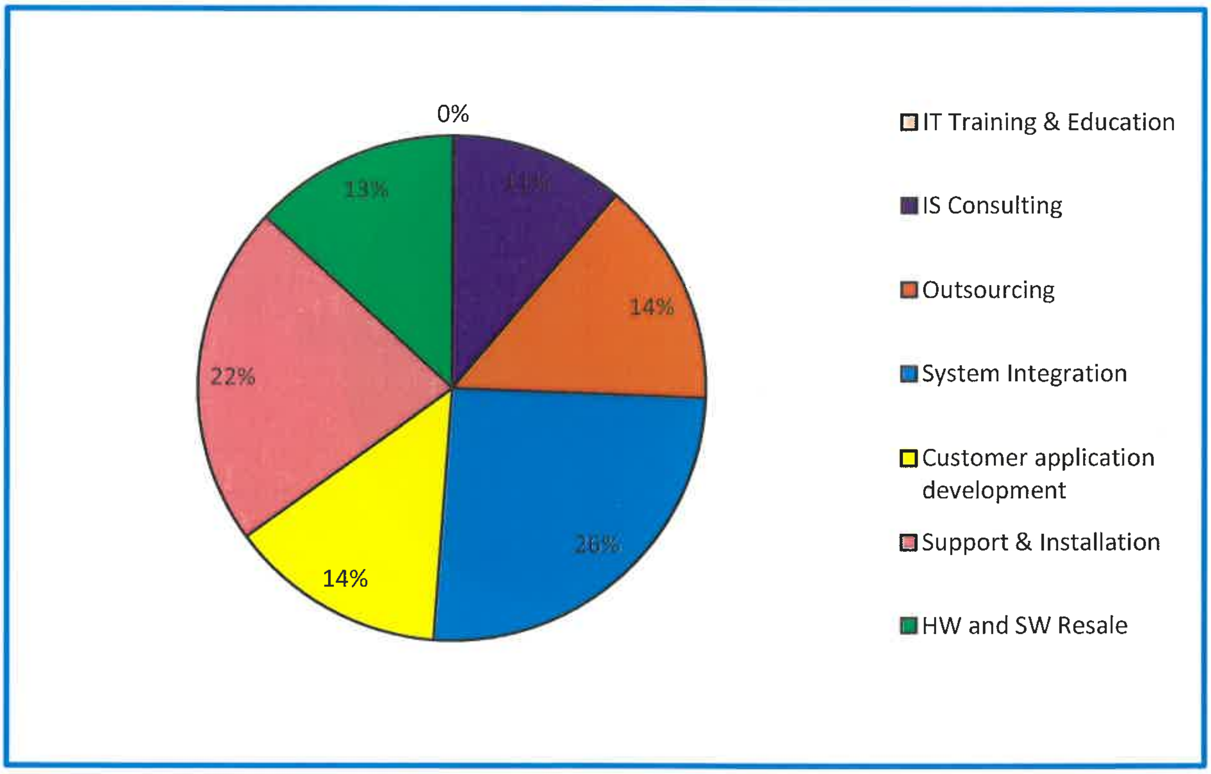
Sales

Reaching CZK 1 393 274 thousands in the year end December 31, 2020, the *total sales revenue* decreased by 8,9% as compared to CZK 1 529 741 thousands in the year end December 31, 2019. The sales *revenue from services* decreased from CZK 1 280 796 thousands in the year ending December 31, 2019 by 5,5% to CZK 1 210 146 thousands in the year ending December 31, 2020.



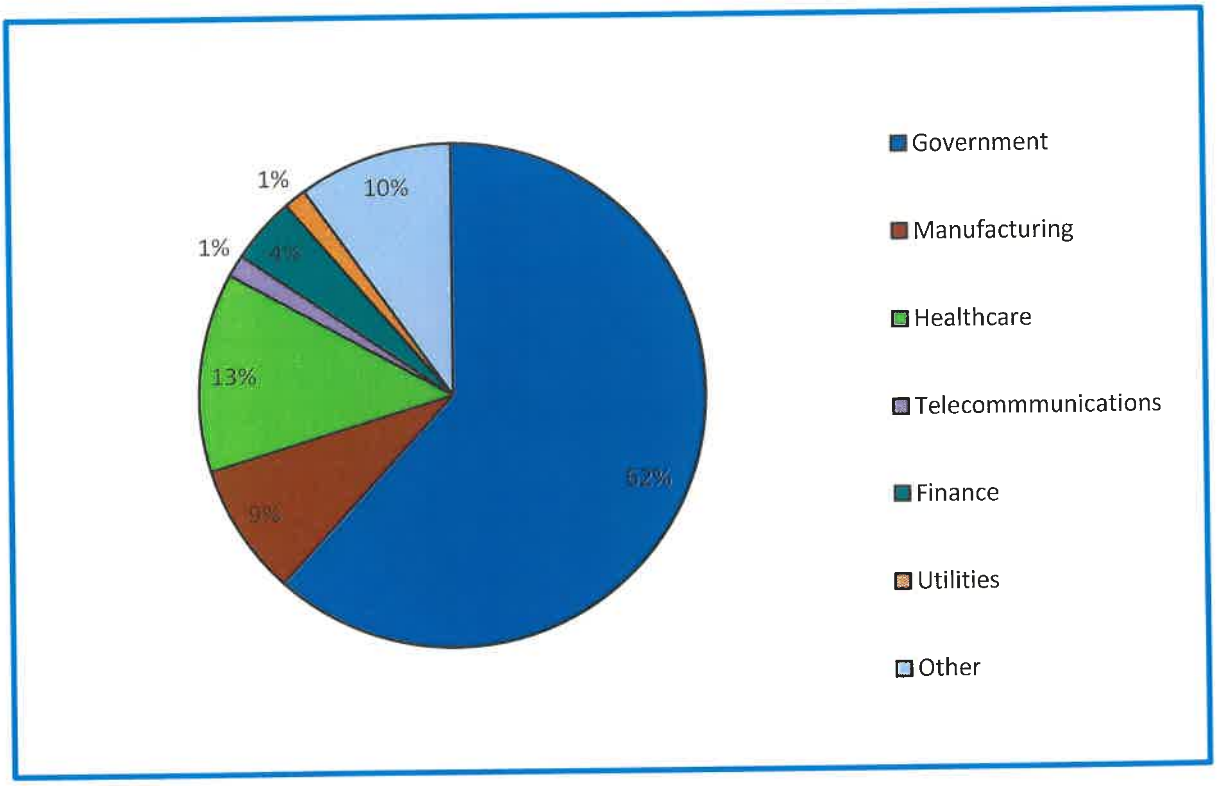
The following table shows the horizontal breakdown of 2019 and 2020 sales revenue by the ICZ's main service areas:

SALES in thousand CZK	2019	2020
IT Training and Education	1 600	1 639
IS Consulting	174 014	153 955
Outsourcing	220 885	200 975
Systems Integration	404 938	356 326
Customer Application Development	205 344	192 863
Support and Installation	274 015	304 388
Sales revenue from services	**1 280 796**	**1 210 146**
Resale of hardware and software	248 945	183 128
Total sales revenue	**1 529 741**	**1 393 274**



The following table shows the vertical breakdown of 2019 and 2020 sales revenue by the main customer groups:

SALES in thousand CZK	2019	2020
Government	822 066	861 284
Manufacturing	145 771	118 051
Healthcare	136 386	178 106
Telecommunication	35 452	19 728
Finance	128 862	59 338
Utilities	12 295	20 080
Other	248 909	136 687
Total sales revenue	**1 529 741**	**1 393 274**



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Profit from Operations

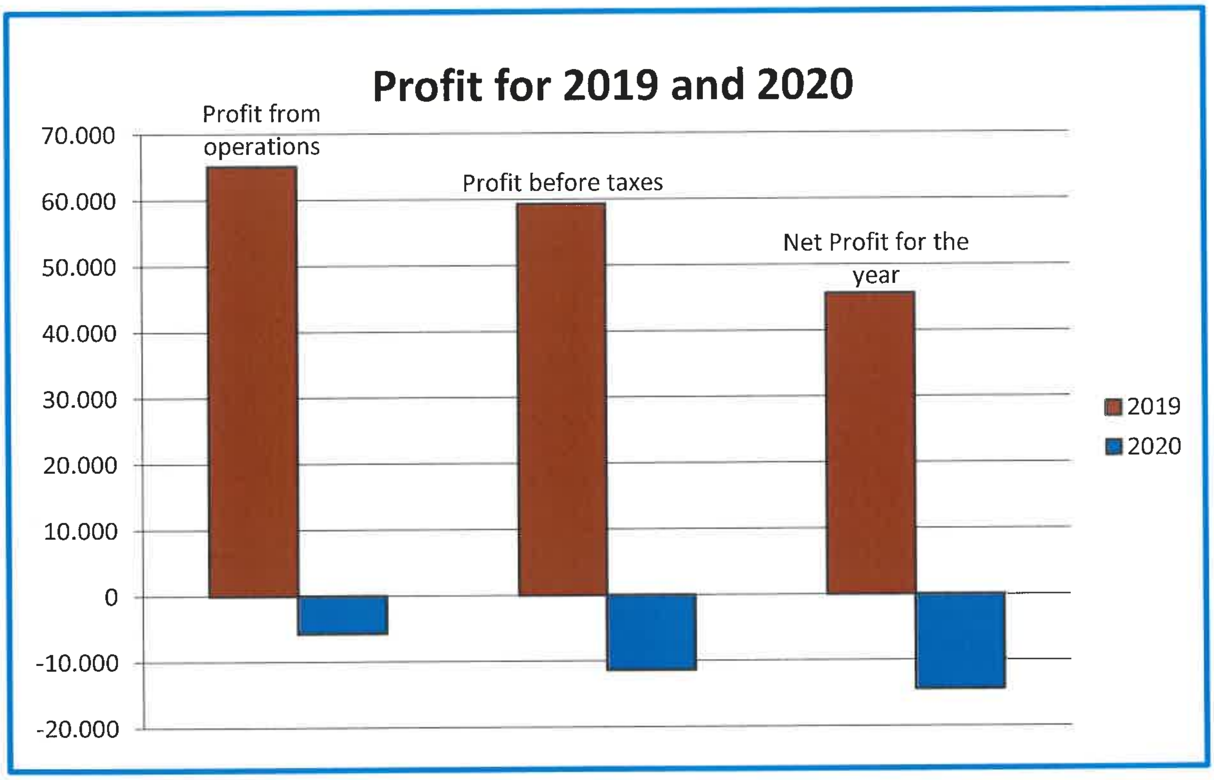
In 2020, the Group's loss from operations was CZK -5 720 thousands compared to the profit from operations of CZK 65 098 thousands as achieved in 2019.

Profit before Taxes

There was a loss before CZK -11 404 thousands in 2020, compared to the profit of CZK 59 286 thousands in 2019.

Net Profit from the Year

The Group's net loss decreased to CZK -14 406 thousands compared to the net profit of CZK 45 604 thousands in 2019.



The chart above shows a '2020 vs. 2019' comparison of the profit and loss acc. to the previous articles.

Cash and Liquidity

Cash and cash equivalents slightly decreased from CZK 193 007 thousands as of the year end 2019 to CZK 177 724 thousands as of the year end 2020, what means 8%, in fact.
The equity to total assets ratio was 32% as of 31 December 2020 as compared to 31,1% as of 31 December 2019.

Activities in Research and Development

In addition to the third party software that ICZ Group provides as a part of its solutions, the main engagement is in the development of own software. The development can take forms of localization or customization of existing software packages by adding new functionalities and/or modules, or developing completely new software solutions.

The following table shows the cost of our internally developed software solutions over the last two years:

Year	2019	2020
Costs (in thousand CZK)	27 950	41 082

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1.4 Selected Financial Information (Key Figures)

The selected financial data provided below have been derived from, and should be read in conjunction with the consolidated financial statements of ICZ N.V. for the years ended December 31, 2020 and December 31, 2019.

	2019	2020	2019(1) (2)	2020(1) (2)
	In CZK thousand	In CZK thousand	In EUR thousand	In EUR thousand
Sales revenue	**1 529 741**	**1 393 274**	**59 588**	**52 688**
Gross profit	**712 931**	**665 297**	**27 771**	**25 159**
Earnings before interest, taxes, depreciation and amortization (EBITDA (3))	**159 326**	**95 005**	**6 206**	**3 593**
Depreciation	71 678	73 271	2 792	2 771
Amortization	22 550	27 454	878	1 038
Impairment	-	-	-	-
Profit/(loss) from operations	**65 098**	**-5 720**	**2 536**	**-216**
Profit/(loss) before taxes	**59 286**	**-11 404**	**2 309**	**-431**
Income tax expense / (benefit)	**13 682**	**3 002**	533	114
Profit/(loss) for the year	**45 604**	**-14 406**	**1 776**	**-545**
Net cash	**193 007**	**177 724**	**7 596**	**6 772**
Equity	**360 110**	**345 735**	**14 172**	**13 173**
Total assets	**1 156 773**	**1 080 010**	**45 524**	**41 151**

(1) The balance sheet for the year ended December 31, 2020 has been converted at the CZK/EUR rate prevailing at the end of respective period as announced by the Czech National Bank. The rate used for the balance sheet for the year ended December 31, 2020 was CZK 26,245 = EUR 1,00 and for the year ended December 31, 2019 was CZK 25,410 = EUR 1,00.

(2) The consolidated income statement has been converted at the CZK/EUR average rate for the years 2020 and 2019. The rate used for the consolidated income statement for the year 2020 was CZK 26,444 = EUR 1,00 and for the year 2019 was CZK 25,672 = EUR 1,00.

(3) EBITDA includes Revenue, Consumed materials, products and services and Change in inventories of finished goods and work in progress, Labour costs, Other operating income and expenses.

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Ratios

	2019	2020
Gross margin	46,6%	47,8%
EBITDA margin	10,4%	6,8%
EBIT (4) margin	4,3%	-0,4%
Profit before tax margin	3,9%	-0,8%
Net profit margin	3,0%	-1,0%
Net cash to equity	53,6%	51,4%
Equity to total assets	31,1%	32,0%

(4) EBIT equals profit/(loss) from operations

1.5 Profit/Loss Treatment

According to the Articles of Association of ICZ N.V. the treatment of financial profit or loss is as follows:

- Each year, the Executive Board will determine, with the approval of the Supervisory Board, which part of the profit will be transferred to the reserves. The part of the profit remaining after the reservation above will be distributed as dividend on the Shares.
- Distributions on Shares may be made only up to the amount of the Distributable Equity.
- Distribution of profit will take place after the adoption of the annual accounts evidencing that such distribution is permitted.
- The Executive Board may decide to pay interim dividend on Shares. That resolution will be subject to the approval of the Supervisory Board.
- In calculating the amount of any distribution, the Shares held by the Company in its own capital will not be counted.
- Articles 2:103 2:104 and 2:105 of the Netherlands Civil Code will furthermore apply to distributions to Shareholders.

1.6 Post-Balance-Sheet Events

ICZ Holding a.s., a joint-stock company established and existing under the laws of the Czech Republic, with its registered office at Na hřebenech II 1718/10, Nusle, 140 00 Prague, 4, Czech Republic, ID. No.: 097 02 652, registered with the Commercial Register kept by Municipal Court in Prague, Reg. No.: B 25851 („ICZ HO") as of the date of issue of this annual report is in the process of a cross-border merger by acquisition with decisive date 1.1.2021 („Merger") with ICZ N.V., a public company (naamloze vennootschap) organized under the laws of the Netherlands, with its registered office at Strawinskylaan 403, Unit 2 WTC, Tower A, 4th floor, 1077XX Amsterdam, the Netherlands, registered with the Business Register in the Netherlands, registration number: 34284333 („ICZ NV"). As part of the Merger, ICZ NV is as the target Company and ICZ HO is as the acquiring Company. The completion (effectiveness) of the Merger is to take place by the end of 2021, with ICZ NV being dissolved without liquidation on the effective date of the Merger and all of ICZ NV's assets and liabilities being transferred to ICZ HO.

1.7 Employee Relations

As of December 31, 2020, ICZ Group had 600 employees in employment relationship of which 477 were located in the Czech Republic, 122 in the Slovak Republic and 1 in the Netherlands. Additionally, 17 employees work on the 'Agreement to complete job' basis and 63 employees on the 'Agreement to perform work' basis.

The following table shows the slight increase of our employees in employment relationship by function as of December 31, 2020:

Function	Number 2019	Number 2020
Management	36	36
Administration	87	86
Project management	32	30
Software development	168	169
Other experts	218	226
Sales	32	35
Services	12	13
Manual workers	4	5
Total	**589**	**600**

ICZ Group is continuously driven by strategy considering that employees are providing the essential talent, professionalism and energy to fulfil long-term vision, business goals and ambitions. Strategic vision of ICZ Group in the area of human resources is to build long-term partnership with employees based on professional relationship full of respect, confidence, mutual communication, respect for equal opportunities and possibility of professional and career development. The Group strategy puts its focus on both growing revenues and improving productivity while growing employees' professionalism.

Human Resources Policy. The fundamental priorities of Human Resources Strategy have not changed from previous years and are permanently focused on following issues:

- build a depth of professional capability and managerial skills;
- build a performance culture with strong project management orientation;
- build an open, flexible and diverse organisation.

Diversity as a permanent part of employment policy. In 2018, ICZ Group joined the European Charter of Diversity. Signatories include significant international companies committed to developing such corporate culture, which builds on mutual respect and appreciation of individual talent. ICZ Group supports all activities that promote diversity with emphasis on a fair recruitment and choice of employees, their access to education and career progress, performance evaluation and adequate remuneration as well as on personal and family situation.

Corporate culture and employee needs. The development of corporate culture, analysis of the needs and satisfaction of employees have become a regular part of specific activities during the calendar year. In particular, bilateral communication between management and employees is supported, and at the same time partial activities are planned and implemented to support

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belonging and corporate culture in company's divisions. In 2020, due to the development of the epidemiological situation and the impact on the work regime of employees, all necessary technical and technological means for remote and online communication were implemented within the ICZ Group.

Innovation and Creativity. Also in 2020, the ICZ Group supported activities aimed at developing innovation and creativity. As part of this effort, the third year of an internal competition called "Idea of 2020" was announced, to which all employees of the company could contribute with their ideas for new solutions or products from any area of ICZ's operations. The third year brought a total of 23 innovative ideas, while steps are being taken for the winning idea to gradually implement it.

Employer branding and talent attracting. In 2020, the ICZ Group continued, as part of an ongoing internal project to further increase the attractiveness of the ICZ Group as an employer, with a broad focus on various groups of IT professionals. Thanks to specifically targeted activities in the field of HR marketing, the ICZ Group managed to achieve a wider awareness of the ICZ Group as an attractive employer not only for young IT workers, but also experienced IT professionals.

Learning and development. In 2020, it continued its activities mainly online in the form of the so-called Center for Internal Education, which supports the principle of a "self-learning society" and which has already become an integral part of education and development of ICZ Group employees. The center prepares internal courses for employees focusing on both technical skills and so-called soft skills. In 2020, a total of 30 internal courses were held under the guidance of internal lecturers with a total of 254 employees.

Another important priority in the development of knowledge was special IT courses for already certified IT experts focused on deepening knowledge and skills in specific areas (Programming Languages, Architecture, Cyber Security). Similarly, ICZ Group continued in tailor-made skills programs for Key Account Managers accompanied with practical workshops for project managers to share best practice.

Throughout 2020, the planned certification and professional development of employees in the positions of Project Managers also took place in parallel. Increasing the professional level of work of Project Managers is a long-term and necessary goal of the ICZ Group company with a concrete impact not only on the competencies of these key employees, but also on the project management of customer orders. In 2020, a total of 30 employees in project management were certified, including 13 IPMA certifications at various levels, 9 certifications of various PRINCE2 levels, and 8 ITIL Foundation certifications.

Compliance courses are also an integral part of the training in order to increase the awareness of all employees about the legal and ethical limits of business conduct and behavior in the process of public procurement and protection of competition.

During January - June 2020, a total of 147 employees in all managerial positions, as well as in project manager positions and all employees from business positions in the field of economic and process knowledge were trained in the form of an internal tailor-made program called Economic and Process Minimum, which have been established in cooperation with the CFO of the ICZ Group.

Another large-scale educational project was the ICZ Group Management Development Program, which was launched in May 2020 and lasted until October 2020. The intention was to prepare individualized and, above all, targeted management development based on detailed individual diagnostics of development needs. A total of 92 managers at all levels of management within the entire ICZ Group were included in the program. In this period, an individual assessment center (AC) was implemented for each participant in the form of online psychodiagnostics, individual consultations with each program participant focused on feedback from the AC and creating individual development plans for each, including recommendations for specific development activities and areas. The ICZ Group will continue in the Management Development Program in 2021, when specific development activities will be implemented either individually or in groups.

As employees' knowledge and skills need to be continuously and profoundly developed, ICZ will provide professional development to its employees on the highest possible professional basis in the coming years as part of its training strategy, with all courses based on current needs and long-term perspectives.

Well-Being. In 2020, the ICZ Group also paid great attention, especially to the care of a healthy and safe working environment and working conditions, in all companies of the Group and at all company branches. The concept of a favorable working environment and a balanced working life due to the epidemiological situation, supplemented by an emphasis on maximum safety and prevention, represents a long-term vision for all employees of the company.

Remuneration and motivation. Wage policy and bonus system based on the multi-component principle - the basic salary, the variable part (both paid monthly) and the incentive bonus (paid annually) - proved its worth over the years and remained unchanged in 2020.

ICZ Group is convinced, that due to continuously increasing qualifications, expertise and competencies of its employees, the evolving quality of the working environment, equal working conditions, good internal communication, a high level of social responsibility and the active involvement of employees in all business processes, the Group potential will grow constantly.

1.8 Management Policy and Remuneration of Executive Board and Supervisory Board

Executive Board

The Executive Board is responsible for the day-to-day management of our operations under the supervision of the Supervisory Board. The Executive Board is required to keep the Supervisory Board in a timely manner informed in order to allow the Supervisory Board to carry out its task, consult with the Supervisory Board on important matters and submit certain important decisions to the Supervisory Board for its approval.

Supervisory Board

The Supervisory Board is responsible for overseeing the running of the Company as conducted by the Executive Board and the Company's general business affairs. The Supervisory Board shall assist the Executive Board by giving advice. In performing its duties, the Supervisory Board is required to act in the interests of the Issuer and its associated business as a whole. The members of the Supervisory Board are not, however, authorized to represent us in dealings with third parties.

The remuneration of the Executive Board and the Supervisory Board of ICZ N.V. amounted to 63 200 EUR in 2020 (63 200 EUR in 2019).

The Executive Board consists of the following members, currently:

Name	Age	Position	Member since	Term
Pavel Rosendorf	66	Chief Executive Officer	October 6, 2014	unlimited
Bohuslav Cempírek	59	Executive Officer	October 6, 2014	unlimited
Zdenek Jirkovec	67	Executive Officer	October 6, 2014	unlimited

The Supervisory Board is currently composed of the following members:

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Name	Age	Position	Member since	Term
Jan Muller	70	Member	July 1, 2008	unlimited
Miloš Marek	81	Member	June 18, 2014	unlimited
Anna Hausenblasová	41	Member	June 18, 2014	unlimited

1.9 Expected Course of Business in the Following Year (Goals for 2021)

Expected impact of COVID-19 pandemic in 2021

At the time of this writing the world (and the Czech Republic in particular) is still affected by the COVID-19 pandemic and its impact on economic life. We expect that the pandemic outbreak will be over by the end of Q2-2021 and the economy will recover quickly. We are closely monitoring the day to day developments and impacts on our business and take appropriate measures. Given the type of our business the impact on us is not as heavy as we can see in other types of business or territories. Our analysis shows that the impact on our economic results shall be limited and not worse than the impact in 2020. We can expect a further economic slowdown, however, our group is financially stable and even in case of revenues or profit being lower than originally planned for 2021 we believe the impact on the group's business won't be pervasive.

Goals for 2021

The overall ICZ Group business strategy remains the same, i.e. to provide customers with bespoke IT solutions according to the highest level of security standards and service quality, while maintaining and improving high productivity through a stable team of highly qualified professionals. Using its deep understanding of the customer's business, ICZ Group is competent to supply versatile IT solutions that do enhance customers' competitiveness and security needs. To accomplish that furthermore, even more effectively, tasks for the coming year are the following:

- **Post-COVID recovery.** After the last years economic slowdown, the goal for 2021 is economic stabilization and improvement. Drivers of the improvement should be full utilization of last year's backlog (including postponed projects) and capturing the growing market demand for digitization and cyber security in the public and commercial sectors in view of the expected quick Czech economy recovery during 2021.
- **Continuing product portfolio modernization.** This goal, as a necessary condition for the long-term development of the company, remains valid. For the year 2021, it is desirable to develop or expand the offer of the company or its subsidiaries by the following items: In the healthcare segment, the development of the AVD system (automated reporting system using artificial intelligence) is planned in cooperation with the University of West Bohemia. For the ICZ offer for air traffic control, the development of a comprehensive system for the analysis of radar sources with the working designation ICZ SDAA NG (CSDA) and a mobile tower with 360 ° display is planned, where instead of a lifting container air traffic pulls out a tower with cameras that shows everything needed for air traffic control operators. In the area of security products and solutions, the possibilities of the LANPCS product and preparations for the new foreign LANPCS RG3 certification will be developed. In the area of document management solutions, the development of the new ICZ e-file G2, including the names register module, will be completed. Products from the field of logistics will be transferred to a cloud solution. The portfolio of solutions in the field of IT infrastructure will be expanded by the full-fledged SOC (Security Operational Center) service.
- **Targeted development of competencies of middle management and employees.** In 2021, the company ICZ a.s. continue to devote to the development of competencies of

middle management and other key experts of the company thanks to the continuation of the Management Development Program, where specific development activities will be implemented either individually or in groups. Even in 2021, the knowledge and skills of employees will be continuously and in depth developed and ICZ will provide its employees with professional development on the highest possible professional basis within the educational strategy, while all courses will be based on current needs and long-term perspectives.

1.10 Risks and Managing the Risks

The management monitors and manages the financial risks relating to the operations through analyzing exposures by degree and magnitude of risks. These risks include market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The management analyses the risks, and policies implemented to mitigate risk exposures, regularly. Please refer to consolidated notes, Note 1.5.32, on further information in respect of risks and managing the risks.

1.11 Identification Data

The ICZ N.V. business address is Strawinskylaan 403, Unit 2 WTC, Tower A, 4th floor, 1077XX Amsterdam, the Netherlands (telephone number +31205752767 and fax number +31205752726.

RSIN 818538636, VAT No. 34284333, Establishment No. 000013747800, www.iczgroup.com

1.12 Companies and Business Premises

Czech Republic:

Company	Address	Contacts
ICZ a.s. (HQ seat)	Na hřebenech II 1718/10 Nusle, 140 00 Praha 4	tel.: +420 222 271 111 fax: +420 222 271 112
ICZ a.s. (business premises)	Londýnské náměstí 856/2 Štýřice, 639 00 Brno	tel.: +420 222 272 111 fax: +420 222 272 112
ICZ a.s. (business premises)	Husova tř. 1373/13 370 05 České Budějovice	tel.: +420 222 273 111 fax: +420 222 273 112
ICZ a.s. (business premises)	Beethovenova 179/2 746 01 Opava	tel.: +420 222 276 511 fax: +420 222 276 512
ICZ a.s. (business premises)	Nám. Míru 2363/10 301 00 Plzeň	tel.: +420 222 275 111 fax: +420 222 275 112
ICZ a.s. (business premises)	Kostnická 646/6 674 01 Třebíč	tel.: +420 222 276 111 fax: +420 222 276 112
S.ICZ a.s. (HQ seat)	Na hřebenech II 1718/10 Nusle, 140 00 Praha 4	tel.: +420 222 271 111 fax: +420 222 271 112
S.ICZ a.s. (business premises)	Husova tř. 1373/13 370 05 České Budějovice	tel.: +420 222 273 111 fax: +420 222 273 112

Company	Address	Contacts
Amaio Technologies a.s. (HQ seat)	Na hřebenech II 1718/10 Nusle, 140 00 Praha 4	tel.: +420 222 271 111 fax: +420 222 271 112
Expert & Partner Engineering CZ, a.s. (HQ seat)	Na hřebenech II 1718/10 Nusle, 140 00 Praha 4	tel.: +420 222 271 111 fax: +420 222 271 112
DELINFO, spol. s.r.o. (HQ seat)	Londýnské náměstí 2/856 Štýřice, 639 00 Brno	tel.: +420 222 272 777 fax: +420 222 272 112
ALES, s.r.o. (HQ seat)	Na hřebenech II 1718/10 Nusle, 140 00 Praha 4	tel.: +420 383 321 105 fax: +420 383 327 768
Nadační fond ICZ (HQ seat)	Na hřebenech II 1718/10 Nusle, 140 00 Praha 4	tel.: +420 222 271 111 fax: +420 222 271 112
ICZ Invest a.s. (HQ seat)	Na hřebenech II 1718/10 Nusle, 140 00 Praha 4	tel.: +420 222 271 111 fax: +420 222 271 112
E.ICZ a.s. (HQ seat)	Na hřebenech II 1718/10 Nusle, 140 00 Praha 4	tel.: +420 222 271 111 fax: +420 222 271 112
SIKS a.s. (HQ seat)	Na hřebenech II 1718/10 Nusle, 140 00 Praha 4	tel.: +420 222 271 111 fax: +420 222 271 112
ICZ Holding a.s. (HQ seat)	Na hřebenech II 1718/10 Nusle, 140 00 Praha 4	tel.: +420 222 271 111 fax: +420 222 271 112

Slovak Republic:

Company	Address	Contacts
ICZ Slovakia a. s. (HQ seat)	Soblahovská 2050 911 01 Trenčín	tel.: +421 326 523 544 fax: +421 326 523 506
ICZ Slovakia a. s. (business premises)	Balkán 505/8 960 01 Zvolen	tel.: +421 455 368 057
ICZ Slovakia a. s. (business premises)	Necpalská 243/30 971 01 Prievidza	
ICZ Slovakia a. s. (business premises)	Vojtecha Tvrdého 790/13 010 01 Žilina	
ICZ Slovakia a. s. (business premises)	Družstevná 5 031 01 Liptovský Mikuláš	
ALES a. s. (HQ seat)	Soblahovská 2050 911 01 Trenčín	tel.: +421 326 582 580 fax: +421 326 521 941
ALES a. s. (business premises)	Popradská 57 040 11 Košice - Západ	tel.: +421 557 998 032 fax: +421 556 717 587
ALES a. s. (business premises)	Družstevná 4 031 01 Liptovský Mikuláš	tel.: +421 445 522 196 fax: +421 445 523 895
ALES a. s. (business premises)	Balkán 505/8 960 01 Zvolen	
D.ICZ Slovakia a. s. (HQ seat)	Soblahovská 2050 911 01 Trenčín	tel.: +421 255 422 385

Poland:

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Company	Address	Contacts
ICZ Polska s.p.z.o. (HQ seat)	ul. Francuska, nr. 34, 40-028 Katowice	

Ukraine:

Company	Address	Contacts
ICZ Ukraine (HQ seat)	Kiyevskiy Shlyakh 1d-2 083 03 Boryspil, Ukraine	Tel: +38 (044) 221-1880 Fax: +38 (067) 231-2832

Amsterdam, March 31, 2021

The Executive Board signatures:

Pavel Rosendorf

Zdenek Jirkovec

Bohuslav Cempírek

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2 Annexes

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CONSOLIDATED FINANCIAL STATEMENTS

Annex No. 2
COMPANY FINANCIAL STATEMENTS

Annex No. 3
OTHER INFORMATION

Annex No. 4
AUDITOR'S REPORT

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1 Consolidated Financial Statements

1.1 Consolidated Statement of Financial Position as at 31 December 2020

(Before appropriation of the result)

ICZ N.V.		2020	2019
	Note	CZK '000	CZK '000
NON-CURRENT ASSETS			
Property, plant and equipment	16	172 197	197 414
Goodwill	17	22 629	22 629
Other intangible assets	18	117 424	98 912
Deferred tax assets	14	12 838	17 282
Long term receivables	19	543	1 195
Financial Investment	20	1 000	1 000
Total non-current assets		**326 631**	**338 432**
CURRENT ASSETS			
Inventories	21	32 118	11 413
Contract assets	5	133 714	185 636
Trade and other receivables	22	265 294	310 194
Current income tax assets	14	12 397	4 582
Other assets	23	132 132	113 509
Cash and cash equivalents	24	177 724	193 007
Total current assets		**753 379**	**818 341**
TOTAL ASSETS		**1 080 010**	**1 156 773**

The notes on pages 36 to 71 are an integral part of these consolidated financial statements.

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ICZ N.V.		2020	2019
	Note	CZK '000	CZK '000
EQUITY			
Issued capital	25	119 790	119 790
Reserves	26	(113 304)	(113 289)
Retained earnings		339 249	353 609
Equity attributable to equity holders of the company		**345 735**	**360 110**
Non-controlling interest		-	-
Total equity		**345 735**	**360 110**
NON-CURRENT LIABILITIES			
Non-current trade accounts	27	1 693	-
Deferred tax liabilities	14	4 336	4 919
Other liabilities	28	62 989	87 314
Total non-current liabilities		**69 018**	**92 233**
CURRENT LIABILITIES			
Contract liabilities	5	167 346	154 294
Trade and other payables	29	363 259	439 220
Current income tax liabilities	14	378	6 290
Other liabilities	30	86 992	82 367
Provisions	31	47 282	22 259
Total current liabilities		**665 257**	**704 430**
TOTAL LIABILITIES		**734 275**	**796 663**
TOTAL EQUITY AND LIABILITIES		**1 080 010**	**1 156 773**

Lease liabilities are presented in caption Other Non-Current liabilities resp. Trade and other payables. More detail in Note 1.5.27 resp. 1.5.29.

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1.2 Consolidated Statement of Comprehensive Income for the Year Ended 31 December 2020

ICZ N.V.		2020	2019
	Note	CZK '000	CZK '000
Revenue	5	1 393 274	1 529 741
Consumed material, products and services	6	(769 118)	(845 719)
Change in inventories of finished goods and work in progress	7	41 141	28 909
Labour cost	8	(568 204)	(554 421)
Depreciation	9	(73 271)	(71 678)
Amortization	9	(27 454)	(22 550)
Negative goodwill		-	2 756
Impairment loss on trade receivables and contract assets	22	2 233	(2 153)
Other operating income	10	16 663	10 640
Other operating expense	11	(20 984)	(10 427)
Profit (loss) from continuing operations		**(5 720)**	**65 098**
Finance costs	12	(5 418)	(6 838)
Finance income (expense)	13	(266)	1 026
Profit (loss) before income tax		**(11 404)**	**59 286**
Income tax (expense) / benefit	14	(3 002)	(13 682)
Profit (loss) for the period		**(14 406)**	**45 604**
Other comprehensive income (expense)			
Items that will never be reclassfied to profit or loss		-	-
Items that are or may be reclassfied to profit or loss			
Foreign operations - foreign currency translation differences		(15)	(1 463)
Other comprehensive income (expense) for the period, net of income tax		**(15)**	**(1 463)**
Total comprehensive income (expense) for the period		**(14 421)**	**44 141**
Profit (loss) attributable to :			
Owners of the company		(14 406)	45 604
Non-controlling interests		-	-
		(14 406)	**45 604**
Total comprehensive income (expense) attributable to:			
Owners of the company		(14 421)	44 141
Non-controlling interests		-	-
		(14 421)	**44 141**
Earnings per share (CZK)		(4,91)	15,53

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1.3 Consolidated Statement of Changes in Equity for the Year Ended 31 December 2020

ICZ N.V.	No. Of shares	Issued capital	Reserves	Currency translation reserve	Retained earnings	Total	Non-controlling interest	Total equity
		CZK '000	CZK '000	CZK '000	CZK '000	CZK '000	CZK '000	CZK '000
Balance at 31 December 2018	**4 500 000**	**119 790**	**(115 159)**	**3 333**	**333 529**	**341 493**	-	**341 493**
Foreign exchange translation	-	-	-	(1 463)	48	(1 415)	-	(1 415)
Dividends	-	-	-	-	(25 572)	(25 572)	-	(25 572)
Net profit (loss) for 2019	-	-	-	-	45 604	45 604	-	45 604
Total comprehensive income for the period	-	-	-	***(1 463)***	***45 604***	***44 141***	-	***44 141***
Balance at 31 December 2019	**4 500 000**	**119 790**	**(115 159)**	**1 870**	**353 609**	**360 110**	-	**360 110**
Foreign exchange translation	-	-	-	(15)	46	31	-	31
Dividends	-	-	-	-	-	-	-	-
Net profit (loss) for 2020	-	-	-	-	(14 406)	(14 406)	-	(14 406)
Total comprehensive income for the period	-	-	-	***(15)***	***(14 406)***	***(14 421)***	-	***(14 421)***
Balance at 31 December 2020	**4 500 000**	**119 790**	**(115 159)**	**1 855**	**339 249**	**345 735**	-	**345 735**

The amount of Dividends per share in the year 2020 was 0,00 CZK.

The notes on pages 36 to 71 are an integral part of these consolidated financial statements.

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1.4 Consolidated Statement of Cash Flows for the Year Ended 31 December 2020

ICZ N.V.	Note	2020 CZK '000	2019 CZK '000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year		(14 406)	45 604
Adjustment for:			
- Income tax expense recognised in profit or loss	14	3 002	13 682
- Depreciation and amortisation of non-current assets	9	100 725	94 228
- Interest income and expenses	12,13	(73)	(69)
- Loss (gain) on the sale of non-current assets	10,11	(126)	(15)
- Increase (decrease) in allowances for assets and provisions	21,22	10 885	9 971
- Other non-cash transactions		(36 329)	(28 081)
Net operating cash flow before changes from operating activities		**63 678**	**135 320**
Changes in:			
- Contract assets and liabilities	5	64 974	(56 296)
- Trade and other receivables	19,22	47 782	(40 541)
- Inventories	21	(21 264)	296
- Other assets	23	(18 623)	(43 082)
- Current liabilities	29,30,31	(52 936)	134 820
- Non current liabilities	27	1 693	-
Cash generated from operating activities		**85 304**	**130 517**
Income taxes paid	14	(12 868)	(18 549)
Net cash generated by operating activities		**72 436**	**111 968**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for non-current assets	16,18	(21 679)	(15 280)
Proceeds from the sale of non-current assets	10	126	15
Interest received	13	331	702
Net cash used in investing activities		**(21 222)**	**(14 563)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of lease liabilities		(66 270)	(59 482)
Interest paid	12	(258)	(633)
Dividends paid		-	(25 572)
Cash generated by (used in) financing activities		**(66 528)**	**(85 687)**
Net effect of currency translation on cash equivalents		**31**	**(1 415)**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**(15 283)**	**10 303**
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD		**193 007**	**182 704**
CASH AND CASH EQUIVALENTS, END OF PERIOD		**177 724**	**193 007**

The notes on pages 36 to 71 are an integral part of these consolidated financial statements.

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1.5 Notes to the Consolidated Financial Statements for the Year Ended 31 December 2020

1.5.1 General Information

ICZ N.V. ("ICZ" or "the Company") is a company that was incorporated in the Netherlands as a public company with limited liability on October 2, 2007. The address of its registered office is at Strawinskylaan 403, Unit 2 WTC, Tower A, 4th Floor, 1077XX Amsterdam, Netherlands. The object of ICZ N.V. is to act as a holding company for the entire group. These consolidated financial statements comprise the Company and its subsidiaries (together referred to as the "Group").

The information about ownership structure of the group is shown in Note 1.5.34. The information about issued capital of ICZ N.V. is shown in Note 1.5.25. The initial issued capital of ICZ N.V. consisting of 45,000 shares with nominal value of EUR 1.00 per share was paid in cash by Bohuslav Cempírek on October 2, 2007. In November 2007, the former shareholders of ICZ a.s. exchanged all their shares of ICZ a.s. for 4,455,000 shares of ICZ N.V. with no significant change in their proportional ownership interests. There was no change in the operations or business of ICZ a.s. and its subsidiaries.

Subsidiaries and non-consolidated entities

The information about group entities is shown in Note 1.5.33.

Nadační fond ICZ, an endowment fund, is not consolidated as the ownership interest is immaterial, both alone and in aggregate to the financial position, performance and cash flows of the Group. The information about Nadační fond ICZ is included in Note 1.5.20. There is no risk associated with the interests in the unconsolidated entity neither has the Group any obligation to provide financial support to the entity.

The changes in the Group are described in Note 1.5.33.

The addresses of registered offices and principal places of business of the Company's subsidiaries (the Group) are described in Note 1.5.33.

The principal activities of the Group are project activities in information systems and system integration, consultancy and advisory activities in information systems, provision of IT advisory services and the development and sale of software (sale of ready-made programs on the basis of contracts with their writers or development of made-to-order programs).

Application of Section 402, Book 2 of the Dutch Civil Code

With reference to the separate profit and loss account of the Company, use has been made of the exemption pursuant to Section 402 of Book 2 of the Netherlands Civil Code.

These financial statements were approved by the Executive Board and authorised for issue effective on March 31, 2021.

Financial reporting period

These financial statements cover the year 2020, which ended at the balance sheet date of 31 December 2020.

Going concern

The financial statements of the Company have been prepared on the basis of the going concern assumption.

At the time of this writing the world (and the Czech Republic in particular) is still affected by the COVID-19 pandemic and its impact on economic life. We expect that the pandemic outbreak will be over in the second half of 2021 and the economy will recover quickly. We are closely monitoring the day to day developments and impacts on our business and take appropriate measures. Given the type of our business the impact on us is not as heavy as we can see in other types of business or territories. Our analysis shows that the impact on our economic results shall be limited and not worse than the impact in 2020. We can expect a further economic slowdown, however, our group is financially stable and even in case of revenues or profit being lower than originally planned for 2021 we believe the impact on the group's business won't be pervasive.

For an appropriate interpretation of these statutory financial statements, the consolidated financial statements of the Company should be read in conjunction with the separate financial statements, as included under pages 73 to 78.

1.5.2 Significant Accounting Policies

Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and in accordance with Book 2 Title 9 of the Netherlands Civil Code.

Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis. The principal accounting policies are set out below.

These consolidated financial statements are presented in thousands of Czech Crowns ('CZK').

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (together referred as "the Group").

Business combinations

Acquisitions of subsidiaries and businesses are accounted by manner of using the purchase method. The cost of the business combination is measured as the aggregate of the fair values (at the date of exchange) of the present value of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 Business Combinations are recognised at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, which are recognised and measured at fair value less costs to sell.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in profit or loss as other operating income.

Contingent consideration is measured at fair value, with subsequent changes recognised in profit or loss.

The interest of non-controlling shareholders in the acquiree is initially measured at the non-controlling's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

Non-controlling interests

Non-controlling interests represent the portion of profit or loss and net assets not held by the Group and are presented separately in the statement of comprehensive income and within equity in the consolidated statement of financial position, separately from parent shareholders' equity.

Changes in parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e. transaction with owners in their capacity as owners). Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received shall be recognised directly in equity and attributed to the owners of the parent.

Subsidiaries

Subsidiaries are entities controlled by the Company. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. When necessary, the accounting policies of subsidiaries have been changed to align them with the policies adopted by the Group.

Transactions eliminated on consolidation

Any intra-group balances and transactions, any gains and losses or income as well as any expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

Foreign currency

Functional currency

Functional currency of the Company is Euro (EUR). Functional currency of the subsidiaries is Czech Crown, except for ICZ Slovakia a.s., D.ICZ Slovakia a.s. and ALES a.s. whose functional currency is Euro, ICZ Polska Sp. z o.o. whose functional currency is Polish Zloty, ICZ Ukraine whose functional currency is UAH (Ukrainian Hryvnia) and ICZ Bosnia & Herzegovina whose functional currency is BAM (Konvertibilna Marka).

Presentation currency

The Group presentation currency is the Czech Crown (CZK). The Group has selected this presentation currency in order to be in compliance with the users of its financial statements because their economic decisions are based on information expressed in CZK. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the period. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional

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currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to CZK at exchange rates at the reporting date. The income and expenses of foreign operations are translated to CZK at exchange rates approximating the foreign exchange rates ruling at the dates of the transactions.

Foreign exchange differences arising on translation of foreign operations are recognised directly in a separate component of Other comprehensive income – Foreign operations – foreign currency translation difference. When a foreign operation is disposed of, in part or in full, the relevant amount in the translation reserve is transferred to profit or loss.

Cash flows of foreign operations are translated into CZK at exchange rates approximating the foreign exchange rates ruling at the dates of the transactions.

The following exchange rates were used:

31 December 2020	closing rate	average rate for the 12 month period
EUR / CZK	26,245	26,444
PLN / CZK	5,755	5,954
UAH / CZK	0,756	0,853
BAM / CZK	13,419	13,547

31 December 2019	closing rate	average rate for the 12 month period
EUR / CZK	25,410	25,672
PLN / CZK	5,970	5,973
UAH / CZK	0,955	0,897
BAM / CZK	12,992	13,119

Revenue recognition

Contracts with customers

Information about the Group's accounting policies relating to contracts with customers is provided in Note 1.5.5

Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of and identified asset.

As a lessee

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same

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basis as those of property and equipment. In addition, the right-for-use assets is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot by readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the assets leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under the residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain no to terminate early.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property in "property, plant and equipment" and lease liabilities in "trade and other payables" in the statement of financial position.

Short-term leases and leases of low-value assets

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less and leases of low-value assets, including IT equipment. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Government grants

Government grants are recognised initially as deferred income at fair value when there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant. Grants that compensate the Group for expenses incurred are recognised in profit or loss on a systematic basis in the same periods in which the expenses are recognised. Grants that compensate the Group for the cost of an asset are recognised in profit or loss on a systematic basis over the useful life of the asset.

Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the profit or loss except to the extent that it relates to items recognised directly in equity, or in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the first day of the accounting period, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Property, plant and equipment

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the statement of financial position at their cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Properties in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Fixtures and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged by manner of writing-off the cost of assets, other than land and properties under construction, over their estimated useful lives, using the straight-line method.

Subsequent costs

The Group recognises in the carrying amount the cost of replacing part of an item of property, plant and equipment at the time that cost is incurred, if it is probable that the future economic benefits embodied within the item will flow to the Group and the cost of the item can be measured reliably. All other costs are recognised in the profit or loss as expenses at the time they are incurred.

Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Tangible fixed assets costing less than CZK 20 thousand are recognised in profit or loss in the year that they are acquired. Land is not depreciated.

The costs of improving fixed assets increase their acquisition cost. Repairs and maintenance costs are charged directly to profit or loss.

The estimated useful lives are follows:

Category of assets	2020	2019
Buildings and structures	30-50 years	30-50 years
Machinery and equipment	4 years	4 years
Furniture, fixtures and other	2 - 6 years	2 - 6 years

Depreciation methods, useful lives and residual values (if not insignificant) are reviewed at each financial year-end and adjusted if appropriate.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Intangible assets

Intangible assets acquired separately

Intangible assets acquired separately are reported at cost less accumulated amortisation and accumulated impairment losses. Amortisation is charged on a straight-line basis over their estimated useful lives. The estimated useful life, amortisation method and residual values are reviewed at each financial year-end, with the effect of any changes in estimate being accounted for on a prospective basis.

Internally-generated intangible assets - research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is charged to profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

Intangible assets acquired in a business combination

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Intangible assets acquired in a business combination are identified and recognised separately from goodwill where they satisfy the definition of an intangible asset and their fair values can be measured reliably. The cost of such intangible assets is their fair value at the acquisition date.

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

Amortisation

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, unless such lives are indefinite. Intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

Category of assets	**2020**	**2019**
Intangible assets generated internally	3 - 5 years	3 - 5 years

Amortisation methods, useful lives and residual values (if not insignificant) are reviewed at each financial year-end.

Goodwill

Goodwill arising on the acquisition of a subsidiary represents the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Impairment

Financial assets

The Group recognises a loss allowance for expected credit losses ("ECL") on investments in debt instruments that are measured at amortised cost or at FVTOCI, trade and other receivables and contract assets. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group used the simplified approach and always recognises lifetime ECL for trade receivables, contract assets and other receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's analysis of historical credit loss experience and ageing structure, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. The Group has determined the forecasted inflation rate in Czech Republic as the main factor depicting the general economic conditions. Based on the fact that the structure of the financial assets is homogenous the Group utilized the portfolio approach and grouped the financial assets based on the similarity of the credit risk and the maturity date (ageing).

The Group consider a financial asset as credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- the financial asset is overdue more than 180 days;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation (assessment of individual debts in terms of the status of legal proceedings, financial health of the debtor, information provided by legal counsel, etc.)

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Regarding the cash and cash equivalents held at banks the expected credit loss is determined by the rating of respective bank or country (when the bank's rating is note available). The Group doesn't record the allowance to cash and cash equivalents due to its immateriality.

Non-financial assets

The carrying amounts of the Group's assets, other than inventory, construction contracts and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

In respect of the goodwill, the recoverable amount is estimated at each reporting date.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. Impairment losses are recognised in profit or loss.

Impairment losses recognised in respect of the cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units (groups of units) and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro-rata basis.

An impairment loss in respect of the goodwill is not reversed. In respect of the other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for-sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, which continue to be measured in accordance with the Group's other accounting policies. Impairment losses on initial classification as held-for-sale and subsequent gains and losses on remeasurement are recognised in profit or loss.

Once classified as held-for-sale, intangible assets and property, plant and equipment are no longer amortised or depreciated.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs, including an appropriate portion of fixed and variable overhead expenses, are assigned to inventories held by the method most appropriate to the particular class of inventory, with the majority being valued on a first-in-first-out basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Financial instruments

Non-derivative financial instruments

Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Non-derivative financial instruments comprise loans and receivables, cash and cash equivalents, and trade and other payables.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

A financial assets that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Cash and cash equivalents comprise cash balances and call deposits. Cash and cash equivalents in the balance sheet are initially measured at cost with subsequent measurement at amortised cost decreased by a loss allowance according to the IFRS 9 impairment model.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Financial liabilities

Financial liabilities are classified as measured at amortised costs or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised costs using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Trade and other payables are measured at amortised cost.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Offsetting

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Share capital and share premium

Ordinary shares are classified as equity. External costs directly attributable to the issue of new shares and shares options are recognised as a deduction from equity, net of any tax effects.

Repurchase, disposal of share capital (own shares)

When share capital recognized as an equity is repurchased, the amount of the consideration paid, which linked directly attributable costs, net of any tax effects, is recognized as a deduction from equity. Repurchased shares are classified as own shares and are presented in Reserves. When own shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is presented in share premium.

Earnings per share

Basic earnings and diluted earnings per share for each period are calculated equally - by dividing the net profit for a given period by the weighted average number of shares outstanding during that period.

Net financial income (expenses)

Interest income

Interest income comprises interest income on funds invested (bank interest). Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Dividend income

Dividend revenue from investments is recognised when the shareholder's right to receive payment has been established.

Interest expense

Interest expense is recognised in the income statement using the effective interest rate method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

— the gross carrying amount of the financial asset; or

— the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

Other financial income and expenses

Other financial income and expenses comprise foreign exchange gains and losses that are recognised in the statement of comprehensive income and bank charges.

Foreign currency gains and losses are reported on a net basis.

Cash flow statement

Cash flows is presented from operating activities using the indirect method, whereby profit or loss is adjusted for the effects of non-cash transactions, accruals and deferrals, and items of income or expense associated with investing or financing cash flows.

1.5.3 Adoption of new and revised standards

For consolidated financial statements for the year ended 31 December 2020, the Group adopted new or revised standards and interpretations as mentioned below:

- Amendments to References to the Conceptual Framework in IFRS standards
- Revision of IAS 1 and IAS 8 Definition of Material
- Revision of IFRS 3 Definition of a Business
- Revision of IAS 39, IFRS 7, IFRS 9 Interest Rate Benchmark Reform
- Amendment to IFRS 16 COVID-19-Related Rent Concessions

The new standards and interpretations have no material impact on the Group.

List of new EU IFRS Standards, Interpretations and amendments to published Standards that are not yet effective

A number of new Standards, amendments to Standards and Interpretations are not yet mandatorily effective for annual periods beginning on or after 1 January 2020 and have not been applied in preparing these consolidated financial statements. Of these pronouncements, the following will potentially have an impact on the Group's financial statements. The Group plans to adopt these pronouncements when they become effective.

Standards and changes		**Effective from**
Amendment to IAS 39, IFRS 4, IFRS 7, IFRS 9 and IFRS 16	Interest Rate Benchmark Reform – Phase 2	1 January 2021
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Amendments to IFRS 3	Reference to the Conceptual Framework	1 January 2022
	Annual Improvements to IFRS Standards 2018–2020	1 January 2022
Amendments to IAS 1	Classification of Liabilities as Current or Non-current	1 January 2023

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The Group is currently assessing the impact of the application of these standards and amendments. Based on the analyses made to date, the Group estimates that the adoption of the standards and amendments will not have a significant impact on the financial statements in the initial period of application. The Interpretation is effective for annual periods beginning on or after 1 January 2019.

1.5.4 Critical Accounting Judgments and Key of Estimation Uncertainty

The preparation of financial statements in compliance with IFRS requires the management to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making the judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. The actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both the current and future periods.

Critical judgments in applying accounting policies

The following are the critical judgments, apart from those involving estimations (see below), that management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

Revenue recognition

The major judgment with respect to timing of revenue recognition relates to the applicability of over-time revenue recognition for the Group's contracts. The Group performs assessment whether its contracts meet the relevant criteria, primarily whether the Group has an enforceable right to payment including reasonable margin for performance completed to date.

If the criteria for over-time recognition are met, the key judgment applied in over-time revenue recognition is related to the measure of progress of satisfaction of performance obligations of contracts with customers. The Group determines that the cost-based input method provides an appropriate basis to measure the progress of revenue recognition for major revenue streams as the costs attributable to the contract faithfully depict the progress of the Group's performance towards satisfaction of the performance obligations.

Further, some contracts contain multiple performance obligations and professional judgement is required to determine whether the products are distinct or whether there is significant integral element that means that the customer cannot benefit from one performance obligation on its own with available resources.

Transaction price in contracts with customers is in majority cases stated as fixed price for performance obligation with several invoicing milestones. In cases where there are more performance obligations under one contract and transaction price, the price is allocated to particular performance obligations using expected cost plus a margin approach, i.e. forecasting the expected costs of satisfying a performance obligation and then adding an appropriate margin for that good or service.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the date of statement of financial position, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Recoverability of internally-generated intangible assets

During the year, the management considered the recoverability of its internally-generated intangible assets. The projects continue to progress in a very satisfactory manner, and customer reaction has reconfirmed the directors' previous estimates of anticipated revenues from the projects.

Impairment of goodwill

To determine whether the goodwill is impaired or not, it requires to estimate the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value.

Provisions and contingent liabilities

For all litigation and administrative proceedings, it is necessary to estimate the probability of occurrence of the liability, its amount and the moment of its occurrence. Provisions are recognised only when it is probable that the Group will be forced to pay a present obligation in future, and it is possible to reliably estimate is amount. Contingent liabilities are not recognised because their existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not fully within the control of the Group.

1.5.5 Revenue

The Group applies a five-step model to determine when to recognise revenue, and at what amount. The model specifies that revenue should be recognised when (or as) an entity transfers control of goods or services to a customer at the amount to which the Group expects to be entitled. Depending on whether certain criteria are met, revenue is recognised over time, in a manner that depicts the entity's performance, or at a point in time, when control of the goods or services is transferred to the customer.

The group applies to provide qualitative and quantitative disclosures which provide useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer.

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when it transfers control over a good or service to a customer.

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms and the related revenue recognition policies.

Type of revenue	**Nature and timing of satisfaction of performance obligations, including significant payment terms**	**Revenue recognition under IFRS 15**
Implementation of information systems including own and 3rd party licenses. Typically Customer application development, System integration and Goods resale (as part of integrated contract) from the table above	The Group has determined that the customer controls all of the work in progress as the products are being developed. This is because under those contracts the product is made to customer's specification and if a contract is terminated by the customer, then the Group is entitled to reimbursement of the costs incurred to date, including a reasonable margin. Invoices are issued according to contractual terms and are usually payable within 14 - 30 days. Uninvoiced amounts are presented as contract assets.	Revenue is recognized over time, i.e. before the product is delivered to customer. The stage of completion for determining the amount of revenue is based on cost method.
One-off service such as training, consulting, analysis. Typically IS Consulting, Outsourcing and IT Training & Education from the table above	Invoices are generated at that point in time. Invoices are usually payable within 14 - 30 days.	Revenue is recognized at a point in time, i.e. when the service is provided.
One-off HW and 3rd party license delivery (without integration to another contract). Typically Goods resale from the table above	Customers obtain control of goods when it is delivered and have been accepted at their premises. Invoices are generated at that point in time. Invoices are usually payable within 14 - 30 days.	Revenue is recognized at a point in time, i.e. when the goods are delivered and have been accepted by customers at their premises.
Regularly recurrent service [support and maintenance] with recurrent invoicing on the flat fee base. Typically Outsourcing and Support & Installation from the table above	Invoices are typically issued on a monthly basis based on contractual conditions and are usually payable within 14 - 30 days.	The group applies practical expedient to recognize revenue at the amount to which it has a right to invoice, which corresponds directly to the value to customer of the group's performance completed to date.
Regularly recurrent service [support and maintenance] with recurrent invoicing on the work delivered base. Typically IS Consulting, Outsourcing and Support & Installation from the table above	Invoices are typically issued on a monthly basis based on signed attendance sheets and contractual conditions and are usually payable within 14 - 30 days.	The group applies practical expedient to recognize revenue at the amount to which it has a right to invoice, which corresponds directly to the value to customer of the group's performance completed to date.
Regularly recurrent service [support and maintenance] with advance invoicing for a period of time. Typically Support & Installation from the table above	Invoices are typically issued at the beginning of period covering longer time period and are usually payable within 14 - 30 days.	Revenue is recognized over time on straight-line basis as the services are provided.

The group recognizes the Contract asset and Contract liability in its financial statement. Other balances related to contracts with customers (Accrued income in Other assets and Deferred income in Trade and other payables) are also classified to Contract assets and Contract liabilities.

The Group continues to closely monitor all new contracts with respect to these areas.

Disaggregation of revenues

The Group considers its business to be one segment in terms of operating segments. However, the Group's revenue can be broken down based on industry practice as:

Sales of Goods and Services by Geographical Region

	Czech Republic		Slovakia		Other		Total	
	2020	2019	2020	2019	2020	2019	2020	2019
Customer application development	179 868	182 927	3 838	22 567	9 157	(150)	192 863	205 344
IS Consulting	148 530	162 584	5 388	8 106	37	3 324	153 955	174 014
Outsourcing	96 787	118 950	96 990	95 086	7 198	6 849	200 975	220 885
Support & Installation	261 462	254 006	42 379	19 218	547	791	304 388	274 015
System Integration	232 448	215 876	84 401	142 411	39 477	46 651	356 326	404 938
IT Training & Education	1 612	1 395	27	205	-	-	1 639	1 600
Total Services	**920 707**	**935 738**	**233 023**	**287 593**	**56 416**	**57 465**	**1 210 146**	**1 280 796**
Goods resale	182 644	238 205	442	2 984	42	7 756	183 128	248 945
Total Revenue	**1 103 351**	**1 173 943**	**233 465**	**290 577**	**56 458**	**65 221**	**1 393 274**	**1 529 741**

Sales of Goods and Services by Buyer's Industry

	Czech Republic		Slovakia		Other		Total	
	2020	2019	2020	2019	2020	2019	2020	2019
Government	672 301	647 651	167 122	171 647	21 861	2 768	861 284	822 066
Healthcare	132 234	118 947	45 448	17 857	424	(418)	178 106	136 386
Telecom.	19 689	35 028	39	424	-	-	19 728	35 452
Manufacturing	74 770	68 312	9 321	15 562	33 960	61 897	118 051	145 771
Utilities	14 679	11 670	5 401	625	-	-	20 080	12 295
Finance	56 830	125 776	2 508	3 086	-	-	59 338	128 862
Other	132 848	166 559	3 626	81 376	213	974	136 687	248 909
Total Revenue	**1 103 351**	**1 173 943**	**233 465**	**290 577**	**56 458**	**65 221**	**1 393 274**	**1 529 741**

The Group is using IDC service structure as a basis for its revenue analysis. IDC is the premier global provider of market intelligence, advisory services, and events for the information technology, telecommunications, and consumer technology markets.

Contract balances

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers

	31 December 2020	31 December 2019
Receivables included in Trade and other receivables	254 289	297 752
Contract asset	133 714	185 636
Contract liability	(167 346)	(154 294)

The contract assets primarily relate to the group's rights to considerations for work completed but not billed at the reporting date from contracts with customers. The contract assets are transferred to receivables when the rights become unconditional, which usually occurs when the group issues an invoice to the customer.

The contract liabilities primarily relate to the received advances or progress invoicing related to contracts with customers for which revenues are recognised over time. Contract liabilities are recognised as revenues at a point of fulfilling the contract liability.

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Significant changes in the contract asset and the contract liabilities balances during the period are as follows.

Contract balance as at 31 December 2018	**(24 954)**
Invoiced to customers	(1 477 839)
Revenue	1 529 741
Other changes (impact of FX differences)	4 394
Contract balance as at 31 December 2019	**31 342**
Invoiced to customers	(1 453 706)
Revenue	1 393 274
Other changes (impact of FX differences)	(4 542)
Contract balance as at 31 December 2020	**(33 632)**

The amount of CZK 84 116 thousand recognised in contract liabilities at the beginning of the period (1 January 2020) has been recognised as revenue for the period ended 31 December 2020.

The amount of revenue recognised in the period ended 31 December 2020 and 2019 from performance obligations satisfied (or partially satisfied) in previous periods is described in the table below.

Reason	**Year 2020**	**Year 2019**
Contract was not signed	12 061	9 780
Change in total revenues	1 804	1 940
Change in total costs	1 435	1 625
Total contract balance as at year end	**15 300**	**13 345**

The following table includes revenue expected to be recognised in the future related to performance obligations that are unsatisfied (or partially unsatisfied) at the reporting date

	2021	**2022**	**2023 and after**	**Total**
Revenues to be recognised	941 578	467 506	448 527	1 857 611

1.5.6 Consumed Material, Products and Services

	31 December 2020	**31 December 2019**
Costs of goods sold	158 404	209 851
Material and energy consumption	48 106	28 334
Services purchased for projects	472 274	495 466
Other Purchased services	90 334	112 068
Total	**769 118**	**845 719**

1.5.7 Change in Inventories of Finished Goods, Work in Progress and Internally generated assets

	31 December 2020	**31 December 2019**
Change in finished goods	-	948
Change in internally generated intangible assets	41 141	27 961
Total	**41 141**	**28 909**

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1.5.8 Labour Cost

	31 December 2020	31 December 2019
Wages, salaries and other employee benefits	429 216	418 744
Mandatory state-managed social and health insurance	138 988	135 677
Total	**568 204**	**554 421**

The Group did not provide any post-employment benefits, share-based payments, or termination benefits.

1.5.9 Depreciation and Amortisation

	31 December 2020	31 December 2019
Depreciation of property, plant and equipment	73 271	71 678
Total depreciation	**73 271**	**71 678**
Amortisation of intangible assets	27 454	22 550
Total amortisation	**27 454**	**22 550**

Research and development costs that do not meet the conditions for recognition under IAS 38 and were immediately expensed in the year 2020 are CZK 7 234 thousand (2019: CZK 4 724 thousand). All development activities are either part of current customer projects, or they are capitalized as other intangible assets.

1.5.10 Other Operating Income

	31 December 2020	31 December 2019
Grants from the state	7 564	2 485
Proceeds from the sale of fixed assets and material	126	15
Sundry operating income	8 973	8 140
Total	**16 663**	**10 640**

Other operating income from grants for the period ended 31 December 2020 consisted of grant which was realized mainly by Slovak entities (COVID compensation CZK 6 163 thousand) and SIKS a.s. (grant for employment of disabled people CZK 1 401 thousand).

1.5.11 Other Operating Expenses

	31 December 2020	31 December 2019
Write-offs of receivables, net of income from the sale of receivables, write-downs of inventory to net realizable value, change in bad debt provision	2 234	1 227
Indirect taxes	419	349
Late payment charges and fines	4 122	636
Sundry operating expenses and change in provisions	14 209	8 215
Total	**20 984**	**10 427**

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1.5.12 Finance Costs

	31 December 2020	31 December 2019
Interest expenses related to leases	4 040	5 114
Interest expenses	258	633
Banking fees	1 120	1 091
Total	**5 418**	**6 838**

1.5.13 Other Finance Income (expense)

	31 December 2020	31 December 2019
Interest income	331	702
Foreign exchange gains (losses) net	(596)	328
Other	(1)	(4)
Total	**(266)**	**1 026**

1.5.14 Income Tax

Tax expense comprises:

	31 December 2020	31 December 2019
Current tax expense	3 610	14 160
Tax adjustment of previous years	(4 469)	-
Deferred tax expense (income)	3 861	(478)
Total tax expense / (benefit)	**3 002**	**13 682**

The tax charge for the year can be reconciled to the profit per the income statement as follows:

	31 December 2020	31 December 2019
Profit before income taxes	(11 404)	59 286
Tax at the statutory rate 19 % (2019 – 19 %)	(2 167)	11 264
Effect of tax rates in foreign jurisdictions	414	434
Other tax benefit	3 220	78
Tax effect of expenses that aren't deductible in determining taxable profit	6 003	1 108
Tax expense/(income) relating to prior periods	(4 468)	798
Tax charge of the year	**3 002**	**13 682**

Most of taxable profit is generated in the Czech Republic and therefore 19,00% of the tax rate is used in the tax reconciliation.
The effect of expenses that aren't deductible comprise permanently tax non-deductible expenses and research and development expenses which decrease the tax base.

The following tax rates were used in individual entities:

	2019	2020	2021
Czech Republic	19	19	19
Netherlands	19	17	17
Slovakia	21	21	21
Poland	9	9	9
Ukraine	18	18	18
Bosnia a Herzegovina	10	10	10

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Deferred tax assets/ (liabilities) arise from the following:

	Property, plant and equipment	Provisions and allowances	Outstanding social security and health insurance	Tax losses brought forward	Other	Total
Balance at 31 Dec 2018	**(5 842)**	**12 846**	**-**	**3 861**	**1 020**	**11 885**
Movement in 2019 (including currency translation effect)	923	(451)	-	(110)	116	478
Deferred tax liability at 31 Dec 2019	(4 919)	-	-	-	-	(4 919)
Deferred tax asset at 31 Dec 2019	-	12 395	-	3 751	1 136	17 282
Balance at 31 Dec 2019	**(4 919)**	**12 395**	**-**	**3 751**	**1 136**	**12 363**
Movement in 2020 (including currency translation effect)	583	(2 522)	-	(1 338)	(584)	(3 861)
Deferred tax liability at 31 Dec 2020	(4 336)	-	-	-	-	(4 336)
Deferred tax asset at 31 Dec 2020	-	9 873	-	2 413	552	12 838
Balance at 31 Dec 2020	**(4 336)**	**9 873**	**-**	**2 413**	**552**	**8 502**

The remaining unrecognised deferred tax assets as at 31 December 2020 amount to CZK 5 185 thousand (2019: CZK 5 703 thousand). It arises from the Tax losses brought forward and can be utilized from 2021 to 2025.

Current tax assets and liabilities

Current income taxes are paid by the Group companies on a non-consolidated basis.

	31 December 2020	**31 December 2019**
Current taxes receivable	12 397	4 582
Current taxes payable	378	6 290

The current taxes receivable includes the advances for corporate income tax which the Group companies paid based on prior years income tax returns, net of income tax expense of companies with a lower tax expense than advances paid. It also includes tax receivables from tax loss of 2020 deductible in previous 2 years (COVID programme).

The current taxes payable include the income tax liability net of advances paid of companies with a higher tax expense than advances paid.

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1.5.15 Earnings per Share

The Company has only one class of ordinary shares which carry no right to fixed income.

Basic and diluted earnings per share are therefore equal.

	31 December 2020	31 December 2019
Profit / (loss) for the period (CZK thousand) attributable to the owners of the company	(14 406)	45 604
Weighted average number of shares (pcs)	2 936 756	2 936 756
Earnings per share (CZK)	**(4,91)**	**15,53**

1.5.16 Property, Plant and Equipment

Cost

	Land, buildings and structures	Machinery and equipment	Furniture, fixtures and other	Right of use (IFRS 16) buildings	Right of use (IFRS 16) cars	Total
Balance at 31 December 2018	**74 730**	**121 372**	**2 586**	**-**	**-**	**198 688**
First implementation of IFRS 16 as of 1. 1. 2019	-	-	-	132 367	52 065	184 432
Currency translation effect	(658)	(87)	(1)	-	-	(746)
Additions	1 362	10 962	678	2 001	19 725	34 728
Disposals	-	9 821	72	-	2 078	11 971
Balance at 31 December 2019	**75 434**	**122 426**	**3 191**	**134 368**	**69 712**	**405 131**
Currency translation effect	(753)	(1 231)	(72)	-	-	(2 056)
Additions	2 541	15 060	188	30 850	8 286	56 925
Disposals	-	8 307	28	14 163	6 072	28 570
Balance at 31 December 2020	**77 222**	**127 948**	**3 279**	**151 055**	**71 926**	**431 430**

Accumulated depreciation and impairment losses

	Land, buildings and structures	Machinery and equipment	Furniture, fixtures and other	Right of use (IFRS 16) buildings	Right of use (IFRS 16) cars	Total
Balance at 31 December 2018	**37 364**	**107 820**	**1 927**	**-**	**-**	**147 111**
Currency translation effect	(324)	(83)	(16)	-	(1)	(424)
Additions	2 741	10 661	298	38 744	19 234	71 678
Disposals	-	9 821	72	-	755	10 648
Balance at 31 December 2019	**39 781**	**108 577**	**2 137**	**38 744**	**18 478**	**207 717**
Currency translation effect	1 003	92	1	-	-	1 096
Additions	2 738	10 180	286	40 088	19 979	73 271
Disposals	-	8 307	28	8 949	5 567	22 851
Balance at 31 December 2020	**43 522**	**110 542**	**2 396**	**69 883**	**32 890**	**259 233**

Depreciation is recorded on line Depreciation in Profit and loss account in the total amount of CZK 73 271 thousand (2019: CZK 71 678 thousand).

Carrying amount

	Land, buildings and structures	Machinery and equipment	Furniture, fixtures and other	Right of use (IFRS 16) buildings	Right of use (IFRS 16) cars	Total
Balance at 31 December 2018	37 366	13 552	659	-	-	51 577
Balance at 1 January 2019 after implementation IFRS16	37 366	13 552	659	132 367	52 065	236 009
Balance at 31 December 2019	35 653	13 849	1 054	95 624	51 234	197 414
Balance at 31 December 2020	33 700	17 406	883	81 172	39 036	172 197

According to IFRS 16 the Group used recognition exception for expenses relating to short-term leases or leases of low-value assets in the total amount of CZK 8 483 thousand (2019: CZK 7 968 thousand).

The Group did not capitalise any borrowing costs during 2020 and 2019.

1.5.17 Goodwill

Balance at 31 December 2018	22 629
Recognised impairment loss	-
Balance at 31 December 2019	22 629
Recognised impairment loss	-
Balance at 31 December 2020	22 629

Goodwill has been allocated for impairment testing purposes to individual cash-generating units. Carrying amounts of goodwill allocated to cash-generating units ("CGU") that are significant individually or in aggregate are as follows:

	2020	2019
ICZ Group excluding ICZ Slovakia a.s.	16 061	16 061
ICZ Slovakia a.s.	6 568	6 568
Total	22 629	22 629

The acquired companies Exprit s.r.o. in the Czech Republic and Bezpečná ulice a.s. were fully integrated into the company ICZ a.s. and its subsidiaries based in the Czech Republic. Therefore the related goodwill is assessed at the CGU of ICZ Group excluding operations of ICZ Slovakia a.s.

Goodwill assigned to ICZ Slovakia a.s. is assessed on the basis of the recoverable amount of this CGU.

The recoverable amounts of both cash-generating units were based on their value in use which use cash flow projections based on financial budgets approved by management covering a three-year period, growth rate of 1% (2019: 1%) and a discount rate of 6,70% per annum for 2020 (2019: 9,77%). This rate was determined on the basis of the calculation of WACC, which took into consideration especially risk-free interest rate, expected market growth of ICT, expected inflation etc. The fair value measurement was categorised as a Level 3 fair value based on the inputs in the valuation technique used.

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The key assumptions used in the estimation of value in use were as follows:

%	2020	2019
Discount rate	6,70%	9,77%
Terminal value growth rate	1,00%	1,00%
Budgeted EBITDA growth rate (average of next 3 years)	1,00%	1,00%

Sensitivity analysis of the value in use as at 31 December 2020.

The crucial elements influencing the value in use of assets within individual units responsible for generating cash flows are: operating profit plus depreciation and amortization (known as EBITDA) and the discount rate.

The effects of impairment sensitivity (whether and if so, what amount would be accounted for) in relation to changes in these factors are presented below:

		EBITDA		
Discount rate	Changes	-5%	0%	5%
	-0,5 p.p	no impact	no impact	no impact
	0,0 p.p	no impact	no impact	no impact
	0,5 p.p	no impact	no impact	no impact

The estimated recoverable amount of the CGU significantly exceeded its carrying amount. Management has identified that there is no reasonably possible change in two key assumptions that could cause the carrying amount to exceed the recoverable amount.

1.5.18 Other Intangible Assets

Cost

	Intangible assets generated internally	Other intangible assets	Total
Balance at 31 December 2018	**439 613**	**53 421**	**493 034**
Currency translation effect	(514)	(88)	(602)
Additions	27 950	2 278	30 228
Disposals	-	2 645	2 645
Balance at 31 December 2019	**467 049**	**52 966**	**520 015**
Currency translation effect	1 521	233	1 754
Additions	41 082	3 890	44 972
Disposals	-	3 244	3 244
Balance at 31 December 2020	**509 652**	**53 845**	**563 497**

Accumulated amortisation and impairment losses

	Intangible assets generated internally	Other intangible assets	Total
Balance at 31 December 2018	**349 907**	**51 591**	**401 498**
Currency translation effect	(211)	(89)	(300)
Corrections	-	-	-
Additions	21 255	1 295	22 550
Disposals	-	2 645	2 645
Balance at 31 December 2019	**370 951**	**50 152**	**421 103**
Currency translation effect	529	231	760
Additions	25 298	2 156	27 454
Disposals	-	3 244	3 244
Balance at 31 December 2020	**396 778**	**49 295**	**446 073**

Carrying amount

	Intangible assets generated internally	Other intangible assets	Total
Balance at 31 December 2018	89 706	1 830	91 536
Balance at 31 December 2019	96 098	2 814	98 912
Balance at 31 December 2020	112 874	4 550	117 424

Intangible assets generated internally represent primarily results of development that meet the conditions noted in respective accounting policy under Note 1.5.2 and Note 1.5.4.

The most significant items recorded as of the year end are internally generated SW:

- e-spis G2 (Document Management System) in carrying amount of CZK 25 194 thousands and remaining amortization period of 5 years
- AMIS*HD (Hospital and/or Management Information System) in carrying amount of CZK 24 138 thousands and remaining amortization period of 3 years
- Letvis (Ait Traffic Management System) of the net carrying amount of CZK 17 612 thousands and remaining amortization period of 3 years

The Group develops software that is sold to the customers.

Other intangible assets contains predominantly other purchased software.

1.5.19 Long term Receivables

Balance at 31 December 2020	1-5 years	5+ years	Total
Trade and other receivables	543	-	543
Total	**543**	**-**	**543**

Balance at 31 December 2019	1-5 years	5+ years	Total
Trade and other receivables	1 195	-	1 195
Total	**1 195**	**-**	**1 195**

1.5.20 Financial Investment

In 2016, the ICZ a.s. company established an endowment fund named Nadační fond ICZ. Its mission is supporting of various charitable activities and generally beneficial goals. The deposit to its capital was CZK 1 000 thousand. Nadační fond ICZ is not consolidated due to immateriality.

1.5.21 Inventories

	31 December 2020	31 December 2019
Material	706	1 238
Products	2 196	2 196
Goods	32 391	10 595
Total gross inventory	35 293	14 029
Write-downs to net realisable value	(3 175)	(2 616)
Total	**32 118**	**11 413**

Write-downs of inventory to net realisable value during the period ended 31 December 2020 and 2019 in the amount of CZK 559 thousand and CZK (113) thousand, respectively, have been recognised in other operating expenses.

The cost of inventories recognised as an expense during the period ended 31 December 2020 and 2019 was CZK 158 404 thousand and CZK 209 851 thousand, respectively.

1.5.22 Trade and Other Receivables

	31 December 2020	31 December 2019
Trade receivables	254 289	297 752
Short term advances paid	6 543	4 013
Other receivables	17 377	23 574
Gross short-term receivables	278 209	325 339
Allowances	(12 915)	(15 145)
Total	**265 294**	**310 194**

Trade receivables ageing

	31 December 2020	31 December 2019
Receivables before due	237 726	278 871
Receivables overdue less than 180 days	*13 145*	*15 781*
Receivables overdue more than 180 days	*3 418*	*3 100*
Total receivables overdue	16 563	18 881
Total receivables	**254 289**	**297 752**

Change of allowances

	31 December 2020	31 December 2019
Change in allowances to Trade receivables	(2 230)	5 151
Total change in allowances	**(2 230)**	**5 151**

The average credit period on sales of goods is 37 days.

The Group uses the simplified approach and always recognises lifetime ECL for trade receivables, contract assets and other receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's analysis of historical credit loss experience and ageing structure, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. The Group has determined the forecasted inflation rate in Czech Republic as the main factor depicting the general economic conditions. Based on the fact that the structure of the financial assets is homogenous the Group utilized the portfolio approach and grouped the financial assets based on the similarity of the credit risk and the maturity date (ageing).

The Group considers a financial asset as credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- the financial asset is overdue more than 180 days
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation (assessment of individual debts in terms of the status of legal proceedings, financial health of the debtor, information provided by legal counsel, etc.)

Write off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial assets in its entirety or a portion thereof.

1.5.23 Other Current Assets

	31 December 2020	31 December 2019
Deferred expenses	131 402	113 509
Estimated receivables	730	-
Total	**132 132**	**113 509**

Deferred expenses in 2020 and 2019 primarily include prepaid expenses for engagements.

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1.5.24 Cash and Cash Equivalents

For the purposes of the cash flow statement, cash and cash equivalents include cash on hand and in banks. Cash and cash equivalents at the end of the financial year as shown in the cash flow statement can be reconciled to the related items in the statement of financial position as follows:

	31 December 2020	31 December 2019
Cash and current accounts with banks	177 724	193 007
Total current financial assets	**177 724**	**193 007**

All cash and cash equivalents are readily available as at 31 December 2020.

1.5.25 Issued Capital

The authorised share capital of ICZ N.V. is EUR 20 million and is divided into 20 million shares with a nominal value of EUR 1 each. As of 31 December 2020, the Company has issued 4 500 000 shares with nominal value of EUR 1.00 each amounting to EUR 4 500 000 (CZK 119 790 thousand).

1.5.26 Reserves

	31 December 2020	31 December 2019
Additional paid in capital	78 960	78 960
Own shares	(193 058)	(193 058)
Other reserves	794	809
Total	**(113 304)**	**(113 289)**

In October 2015, ICZ N.V. agreed to purchase back 3 912 of its own shares from minority shareholders for EUR 47 thousands (equivalent of CZK 1 268 thousands). The transaction was successfully concluded in December 2015. Own shares are presented as a decrease of reserves.

In June 2012, ICZ N.V. agreed to purchase back 779 666 of its own shares from a financial investor CEE IT Holdings (Luxembourg) S.A. for EUR 2 500 thousands (equivalent of CZK 63 500 thousands). The transaction was successfully concluded in July 2012. Own shares are presented as a decrease of reserves.

In July 2011, ICZ N.V. agreed to purchase back 467 800 of its own shares from a financial investor CEE IT Holdings (Luxembourg) S.A. for EUR 3 000 thousands (equivalent of CZK 77 400 thousands). The transaction was successfully concluded in September 2011.

In May 2010, ICZ N.V. has agreed to purchase back 311 866 of its own shares from a financial investor CEE IT Holdings (Luxembourg) S.A. for EUR 2 000 thousands (equivalent of CZK 50 890 thousands). The transaction was successfully concluded in July 2010.

Other reserves include Translation reserves and other capital funds.

1.5.27 Non-current trade payables

Balance at 31 December 2020	1-5 years	5+ years	Total
Non-current trade accounts	1 693	-	1 693
Total	**1 693**	-	**1 693**

Balance at 31 December 2019	1-5 years	5+ years	Total
Total	-	-	-

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1.5.28 Other Non-current liabilities

	31 December 2020	31 December 2019
Operating lease long term - IFRS 16	62 989	87 314
Total	**62 989**	**87 314**

1.5.29 Trade and Other Payables

	31 December 2020	31 December 2019
Trade accounts	237 980	283 849
Payables to employees	24 520	23 505
Social security and health insurance payables	15 269	14 590
Tax payables (other than corporate income taxation)	30 994	26 662
Operating lease obligations	54 475	57 284
Other short-term payables	21	33 330
Total	**363 259**	**439 220**

Trade accounts payable typically fall due for settlement within 14 - 60 days.

The non-bank loan (reported under Other short-term payables) was drawn in 2019. The entire amount was repaid in 2020. The loan beared an interest of 1.7% p. a.

Trade accounts ageing

	31 December 2020	31 December 2019
Trade accounts before due	224 087	273 003
Trade accounts overdue less than 180 days	*13 884*	*10 844*
Trade accounts overdue more than 180 days	*9*	*2*
Total Trade accounts overdue	13 893	10 846
Total Trade accounts	**237 980**	**283 849**

1.5.30 Other Liabilities

Other current liabilities

	31 December 2020	31 December 2019
Estimated liabilities - Projects costs	41 484	24 394
Estimated liabilities - Labour costs	38 444	48 543
Other	7 064	9 430
Total	**86 992**	**82 367**

Estimated liabilities – project costs contain mostly expected billing from suppliers. Estimated liabilities – labour costs contain primarily accruals for outstanding vacation including security and health insurance, employee bonuses.

1.5.31 Provisions

	31 December 2020	31 December 2019
Provisions - Legal disputes	47 282	22 259
Total	**47 282**	**22 259**

As of 31 December 2020, the Group is involved in some claims. The Group has provisioned for the potential future outflow from them.

1.5.32 Financial Instruments

The Group manages its capital to ensure that entities in the Group are able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from 2007.

The Company and its subsidiaries are not subject to externally imposed capital requirements.

Financial risk management objectives

The management of the Group monitors and manages the financial risks relating to the operations of the Group through analysing exposures by degree and magnitude of risks. These risks include market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk.

The management analyses the risks, and policies implemented to mitigate risk exposures, regularly.

Foreign currency risk management

The Group is exposed to currency risk to a limited extent as a predominant part of transactions are denominated in Czech crowns. The entity uses no currency hedging instruments.

The carrying amount of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date is as follows:

31 December 2020

The CZK thousand equivalents of assets and liabilities in foreign currencies are as follows:	EUR	USD	Total
Short-term receivables	59 794	17 597	77 391
Cash	40 092	578	40 670
Other assets	3 898	22	3 920
Total assets	**103 784**	**18 197**	**121 981**
Short-term payables	53 337	30 552	83 889
Accruals and other liabilities	38 595	-	38 595
Total liabilities	**91 932**	**30 552**	**122 484**

31 December 2019

The CZK thousand equivalents of assets and liabilities in foreign currencies are as follows:	EUR	USD	Total
Short-term receivables	43 515	3 893	47 408
Cash	27 599	12 614	40 213
Other assets	4 657	334	4 991
Total assets	**75 771**	**16 841**	**92 612**
Short-term payables	57 427	60 585	118 012
Accruals and other liabilities	8 541	-	8 541
Total liabilities	**65 968**	**60 585**	**126 553**

Foreign currency sensitivity

The Group is mainly exposed to EUR and USD currencies. The following table details the Group's sensitivity to a 10% increase and decrease of CZK against the relevant foreign currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. A positive number indicates an increase in profit if CZK weakens against the relevant currency.

in CZK thousand equivalents	31 December 2020	31 December 2019
EUR	1 185	980
USD	(1 236)	(4 374)
Total	**(51)**	**(3 394)**

Interest rate risk management

The Group is exposed to interest rate risk to a limited extent due to an insignificant use of short-term financial instruments. The entity uses no interest hedging instruments.

Other price risks

The Group doesn't have any financial assets and liabilities that are exposed to price risk.

Credit risk management

Credit risk refers to the risk that counterparty might default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed monthly and approved by management.

Trade receivables consist of a large number of customers, spread across diverse industries. Ongoing credit evaluation is performed on the financial condition of accounts receivable and, where appropriate, credit guarantee insurance cover is purchased.

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The carrying amount of financial assets recorded in the financial statements, grossed up for any allowances for losses, represents the Group's maximum exposure to credit risk without taking account of the value of any collateral obtained.

For information about the expected credit losses refer to Note 1.5.22.

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Executive Board, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Included in Note 1.5.35 is a listing of additional undrawn facilities that the Group has at its disposal to further reduce liquidity risk.

Liquidity risk tables

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	5+ years	Total
31 December 2020						
Trade and other payables	171 540	131 462	4 069	3 385	-	310 456
Non-financial liabilities - Current income tax liabilities	220	158	-	-	-	378
Operating lease obligations - IFRS16	3 361	8 053	43 061	62 989	-	117 464
Other liabilities	85 916	1 076	-	-	-	86 992
Non-interest bearing	**261 037**	**140 749**	**47 130**	**66 374**	**-**	**515 290**
31 December 2019						
Trade and other payables	189 704	158 018	884	-	-	348 606
Non-financial liabilities - Current income tax liabilities	-	-	6 290	-	-	6 290
Operating lease obligations - IFRS16	3 466	8 966	44 852	87 314	-	144 598
Other liabilities	103 752	874	-	-	-	104 626
Non-interest bearing	**296 922**	**167 858**	**52 026**	**87 314**	**-**	**604 120**

The following table details the Group's expected maturity for its non-derivative financial assets. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the Group anticipates that the cash flow will occur in a different period.

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	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	5+ years	Total
31 December 2020						
Trade and other receivables	111 123	141 278	5 806	1 087	-	259 294
Non-financial assets - Current income tax assets	10 543	1 873	(19)	-	-	12 397
Other assets	730	-	-	-	-	730
Non-interest bearing	**122 396**	**143 151**	**5 787**	**1 087**	**-**	**272 421**
31 December 2019						
Trade and other receivables	149 708	154 118	2 355	1 195	-	307 376
Non-financial assets - Current income tax assets	-	-	4 582	-	-	4 582
Non-interest bearing	**149 708**	**154 118**	**6 937**	**1 195**	**-**	**311 958**

Apart from the table above the Group has receivables from Contract assets of 133 714 where it is not possible clearly specify due dates which are typically 1-12 months.

Fair value of financial assets and liabilities

A number of the Group´s accounting policies and disclosures require the measurement of fair value, both financial and non-financial assets and liabilities.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

Fair values are categorized, in accordance with the requirements of IFRS 13, into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

(1) Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities

(2) Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

(3) Level 3: valuation techniques for which the lowest level input that is significant to the fair value measurement is observable.

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair values of level 3.

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1.5.33 Subsidiaries

Details of the Company's subsidiaries at 31 December 2020 were as follows:

Name of the company	Registered office	Ownership interest
ICZ a.s.	Na hřebenech II 1718/10, Praha 4	100%
S.ICZ a.s.	Na hřebenech II 1718/10, Praha 4	100%
Expert & Partner engineering CZ, a.s.	Na hřebenech II 1718/10, Praha 4	100%
DELINFO, spol. s r.o.	Londýnské náměstí 856/2, Brno	100%
ALES, s.r.o.	Na hřebenech II 1718/10, Praha 4	100%
Amaio Technologies, a.s.	Na hřebenech II 1718/10, Praha 4	100%
D.ICZ Slovakia a.s.	Soblahovská 2050, Trenčín	100%
ALES a.s.	Soblahovská 2050, Trenčín	100%
ICZ Slovakia a.s.	Soblahovská 2050, Trenčín	100%
ICZ Polska Sp.z o.o.	Ul. Fransuska, nr. 34, 40-028 Katowice	100%
ICZ Ukraine	Kiyevskiy Shlyakh 1d-2, Boryspil, Ukraine	100%
ICZ Invest a.s.	Na hřebenech II 1718/10, Praha 4	100%
SIKS a.s.	Na hřebenech II 1718/10, Praha 4	100%
E.ICZ a.s.	Na hřebenech II 1718/10, Praha 4	100%
ICZ Holding a.s.	Na hřebenech II 1718/10, Praha 4	100%
Nadační fond ICZ	Na hřebenech II 1718/10, Praha 4	100%

Proportion of voting power held equals the proportion of ownership interest.
The principal activities of the subsidiaries match the principal activities of the parent company except for Nadační fond ICZ, a charity organization.
ICZ Holding a.s. was established as of 25 November 2020.
ICZ BH was closed during the year 2020.

ICZ Polska Sp. z o.o. ceased its activities during 2004. Similarly, ICZ Ukraine is dormant entities.

1.5.34 Related Party Transaction

The following table shows individuals and legal entities with an equity interest greater than 20 percent and the amount of their equity interest:

Shareholder	Ownership percentage 31 Dec 2020	Ownership percentage 31 Dec 2019
Jitka Rosendorfová	47,66%	47,66%
ICZ N.V. (Note 26)	34,74%	34,74%
Other (individuals)	17,60%	17,60%
Total	**100,00%**	**100,00%**

The voting power held by the shareholders matches their holdings of the issued share capital of the Company.

Transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

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Compensation of key management personnel

The remuneration of directors and other members of key management during the year was as follows:

	31 December 2020	31 December 2019
Short-term benefits (remuneration)	48 145	47 493
Total	**48 145**	**47 493**

Members of the management can use Company cars for private purposes.

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

The remuneration described above was fully paid within a year except following amounts which was recognized in other payables.

	31 December 2020	31 December 2019
Short-term benefits (remuneration) payables	2 848	2 703
Total	**2 848**	**2 703**

Other related party transactions

Jitka Rosendorfová, a major shareholder of the Company, has been employed by ICZ a.s. Her remuneration for 2020 and 2019 amounted to CZK 1 181 thousand and CZK 876 thousand, respectively.

Bohuslav Cempírek, who is a member of the Executive Board of ICZ N.V., 1 % shareholder of ICZ N.V. and Chief Executive Officer of ICZ a.s., subscribed 45,000 shares of ICZ NV at nominal value of EUR 1 per share, paid in cash in total amount of EUR 45 000, on October 2, 2007. These shares represent 1% of issued shares of ICZ N.V. as of 31 December 2019 and 31 December 2020.

1.5.35 Financing Facilities

Financing facilities

The Group has unsecured bank overdraft facility, reviewed annually and payable at call as follows:

	31 December 2020	31 December 2019
Amount used for covering bank guarantees	34 239	29 243
Amount unused	130 761	135 757
Total	**165 000**	**165 000**

1.5.36 Contingent Liabilities and Contingent Assets

ICZ a.s. and its subsidiaries have provided performance bonds for public sector projects upon customer's request. The performance bonds are in form of a bank guarantee and are not recorded in the statement of financial position. As of 31 December 2020, they have provided performance bonds in a form of bank guarantees totalling CZK 17 700 thousand and EUR 29 thousand (2019: CZK 11 810 thousand, EUR 68 thousand and USD 54 thousand). Furthermore, ICZ a.s. has provided rent related bank guarantee in the amount EUR 601 thousand (2019: EUR 570 thousand).

On 7 December 2020, ICZ a.s. received a decision from the Czech Office for the Protection of Competition ("Office") in the matter of proceedings on a possible violation of the Act on the Protection of Competition in connection with a public tender. Based on this decision, a fine of CZK 26,867 thousand was imposed on ICZ a.s.. However, the decision is not yet final and effective. ICZ a.s. strongly disagrees with the Office's decision and has filed an appeal against it and is prepared to file an administrative action eventually. As no further decision of the Office can be foreseen, there is uncertainty about how this process will continue, and therefore on the balance sheet date, the management is not able to reliably estimate its impact on the Group.

1.5.37 Post Balance Sheet Events

ICZ Holding a.s., a joint-stock company established and existing under the laws of the Czech Republic, with its registered office at Na hřebenech II 1718/10, Nusle, 140 00 Prague, 4, Czech Republic, ID. No.: 097 02 652, registered with the Commercial Register kept by Municipal Court in Prague, Reg. No.: B 25851 („**ICZ HO**") as of the date of issue of this annual report is in the process of a cross-border merger by acquisition with decisive date 1.1.2021 („**Merger**") with ICZ N.V., a public company (*naamloze vennootschap*) organized under the laws of the Netherlands, with its registered office at Strawinskylaan 403, Unit 2 WTC, Tower A, 4th floor, 1077XX Amsterdam, the Netherlands, registered with the Business Register in the Netherlands, registration number: 34284333 („**ICZ NV**"). As part of the Merger, ICZ NV is as the target Company and ICZ HO is as the acquiring Company. The completion (effectiveness) of the Merger is to take place by the end of 2021, with ICZ NV being dissolved without liquidation on the effective date of the Merger and all of ICZ NV's assets and liabilities being transferred to ICZ HO.

2 Company Financial Statements

2.1 Company Balance Sheet as at December 31, 2020

Before the result appropriation

(Expressed in EUR 1 000)

	Note	2020	2019
ASSETS			
NON-CURRENT ASSETS			
Investments	3	10 461	12 473
Total non-current assets		**10 461**	**12 473**
CURRENT ASSETS			
Trade and other receivables	4	3 538	2 477
Deferred income tax receivables		-	28
Other assets		3	4
Cash and cash equivalents	5	23	25
Total current assets		**3 564**	**2 534**
TOTAL ASSETS		**14 025**	**15 007**
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' Equity	**6**		
Issued capital		4 500	4 500
Share premium		7 178	7 178
Own shares		(7 547)	(7 547)
Translation reserve		475	918
Retained earnings		9 872	8 096
Net result for the year		(545)	1 776
Equity attributable to equity holders of the company		13 933	14 921
NON-CURRENT LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	7	23	22
Other liabilities	7	69	64
Total current liabilities		**92**	**86**
TOTAL LIABILITIES		**92**	**86**
TOTAL EQUITY AND LIABILITIES		**14 025**	**15 007**

The notes on pages 73 to 78 are an integral part of these company financial statements.

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Document to which our report
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also refers.
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2.2 Company Income Statement for the Year Ended December 31, 2020

(Expressed in EUR 1 000)

	Note	2020	2019
Share in results from participating interests, after taxation		(585)	1 702
Other result after taxation		40	74
NET RESULT FOR THE YEAR		**(545)**	**1 776**

The notes on pages 73 to 78 are an integral part of these company financial statements.

2.3 Notes to the Accounts

2.3.1 General

ICZ N.V. is a public limited liability company, incorporated under the laws of The Netherlands on October 02, 2007, having its registered seat in Amsterdam, The Netherlands. The Company mainly acts as a holding and finance company and has its office address at Strawinskylaan 403, WTC, Tower A, 4th floor, 1077XX, Amsterdam, The Netherlands.

The current accounting period started on January 1, 2020 and ended on December 31, 2020.

The comparative accounting period started on January 1, 2019 and ended on December 31, 2019.

The company financial statements are part of the 2020 financial statements of ICZ N.V.

The description of the Company's activities and the group structure, as included in the notes to the consolidated financial statements, also applies to the company financial statements.

2.3.2 Significant Accounting Policies

The company financial statements have been prepared in accordance with the requirements as set forth in Title 9, Book 2 of the Netherlands Civil Code.

For the principles for the recognition and measurement of assets and liabilities and determination of the results for its company financial statements, ICZ applies the possibility of article 2:362, paragraph 8 of the Dutch Civil Code. This means that the principles for the recognition and measurement of assets and liabilities and determination of results ("accounting policies") of the company financial statements of ICZ N.V. are the same as those applied for the consolidated financial statements under IFRS as adopted by the European Union. For details reference is made to the notes to the consolidated financial statements on pages 37 to 48. The investments in subsidiaries are stated applying the equity method as of when control can be exercised over the subsidiaries' operational and financial activities. Dividends from investments are recorded as deduction of the investment in the year they are declared.

Assets and liabilities are stated at face value unless indicated otherwise.

Participating interests in group companies

Participating interests in group companies are accounted for in the company financial statements according to the equity method. Refer to the basis of consolidation accounting policy in the consolidated financial statements.

Result of participating interests

The share in the result of participating interests consists of the share of the Company in the result of these participating interests. Results on transactions involving the transfer of assets and liabilities between the Company and its participating interests and mutually between participating interests themselves, are eliminated to the extent that they can be considered as not realised.

2.3.3 Investments

31 December 2020 *(Expressed in EUR 1 000)*

	ICZ a.s.	ICZ Invest a.s.	ICZ Holding a.s.	Total
%	100	100	100	
Beginning of the year	12 399	74	-	12 473
New shares	-	-	112	112
Net result of the year	(581)	(2)	(2)	(585)
Dividend received	(1 096)	-	-	(1 096)
Translation adjustment	(441)	(2)	-	(443)
End of the year	**10 281**	**70**	**110**	**10 461**

All companies are part of Group as stated in note 1.5.33 . Their addresses are in the same note.

2.3.4 Receivables

(Expressed in EUR 1 000)

	31 December 2020	31 December 2019
Current receivables	3 528	2 470
VAT	8	5
Other receivables	2	2
Total	**3 538**	**2 477**

Current receivables include the receivables from group undertakings:

(Expressed in EUR 1 000)

	31 December 2020	31 December 2019
ICZ Cashpooling	3 503	2 468
Other IC receivables	25	2
Total	**3 528**	**2 470**

2.3.5 Cash at Banks

(Expressed in EUR 1 000)

	31 December 2020	31 December 2019
KBC Bank Nederland N.V. – current account (immediately accessible)	23	25
Total	**23**	**25**

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2.3.6 Shareholders' Equity

The Company's authorised share capital amounts to EUR 20 000 000 divided into 20 000 000 ordinary shares of EUR 1 each. At the balance sheet date a total of 4 500 000 ordinary shares were issued and fully paid.

In October 2015, ICZ N.V. agreed to purchase back 3 912 of its own shares from minority shareholders for EUR 47 thousands (equivalent of CZK 1 268 thousands). The transaction was successfully concluded in December 2015.

In June 2012, ICZ N.V. agreed to purchase back 779 666 of its own shares from a financial investor CEE IT Holdings (Luxembourg) S.A. for EUR 2 500 thousands (equivalent of CZK 63 500 thousands). The transaction was successfully concluded in July 2012.

In July 2011, ICZ N.V. agreed to purchase back 467 800 of its own shares from a financial investor CEE IT Holdings (Luxembourg) S.A. for EUR 3 000 thousands (equivalent of CZK 77 400 thousands). The transaction was successfully concluded in September 2011.

In May 2010, ICZ N.V. agreed to purchase back 311 866 of its own shares from a financial investor CEE IT Holdings (Luxembourg) S.A. for EUR 2 000 thousands (equivalent of CZK 50 890 thousands). The transaction was successfully concluded in July 2010.

Movements in shareholders' equity are as follows:

(Expressed in EUR 1 000)

	Issued and fully paid share capital	Share premium	Own shares	Translation reserve	Retained earnings	Net result for the year	Total
31.12.2018	**4 500**	**7 178**	**(7 547)**	**821**	**7 447**	**1 649**	**14 048**
Profit current accounting period	-	-	-	-	-	1 776	1 776
Appropriation of result	-	-	-	-	1 649	(1 649)	-
Differences from revaluation of foreign consolidated companies	-	-	-	97	-	-	97
Dividend distribution	-	-	-	-	(1 000)	-	(1 000)
31.12.2019	**4 500**	**7 178**	**(7 547)**	**918**	**8 096**	**1 776**	**14 921**
Profit current accounting period	-	-	-	-	-	(545)	(545)
Appropriation of result	-	-	-	-	1 776	(1 776)	-
Differences from revaluation of foreign consolidated companies	-	-	-	(443)	-	-	(443)
Dividend distribution	-	-	-	-	-	-	-
31.12.2020	**4 500**	**7 178**	**(7 547)**	**475**	**9 872**	**(545)**	**13 933**

Unappropriated result

Appropriation of profit of 2019

The financial statements for the reporting year 2019 have been adopted by the General Meeting on 29. 4. 2020. The General Meeting has adopted the appropriation of profit after tax as proposed by the Board of Management.

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Proposal for profit appropriation 2020

The General Meeting of Shareholders will be asked to approve the following appropriation of the 2020 profit (loss) after tax: the net result will be allocated to the retained earnings based on final decision of the shareholders during the General Meeting. This proposal has not been reflected in the accompanying annual accounts.

Reconciliation of shareholders' equity and net result per the consolidated financial statements with shareholders' equity and net result per the company financial statements:

	31 December 2020	31 December 2019
Shareholders' equity according to the consolidated balance sheet (in CZK '000)	**345 735**	**360 110**
Closing exchange rate	26,245	25,410
Translation into EUR	13 173	14 172
Translation difference	760	749
Shareholders' equity according to the separate balance sheet (in EUR '000)	**13 933**	**14 921**

	31 December 2020	31 December 2019
Net result according to the consolidated profit and loss account (in CZK '000)	**(14 406)**	**45 604**
Average rate for the 12-month period	26,444	25,672
Translation into EUR	(545)	1 776
Net result according to the separate profit and loss account (in EUR '000)	**(545)**	**1 776**

As stipulated by the Article 2.362 (Title 9, Book 2 of the Netherlands Civil Code), different presentation currencies are used for consolidated financial statements and standalone financial statements in view of nature of the operations of the Group.

The foreign exchange rate is based on the historical rates and this results in a translation difference.

The reconciliation of the equity has been performed to disclose the translation of equity expressed in CZK in the consolidated financial statement into the presentation currency of standalone financial statements which is EUR.

2.3.7 Other Liabilities and Accrued Expenses

(Expressed in EUR 1 000)

	31 December 2020	31 December 2019
Account payable	8	14
Payable salary expense	10	6
Accrued expenses	69	64
Other	5	2
Total	**92**	**86**

The company has no liabilities to group undertakings.

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2.3.8 Provision for Corporate Tax

The corporate tax is based on the fiscal result, taking into account that certain income and expenses as reported in the profit and loss account are exempted from taxation.

2.3.9 Directors and Employees

The Company has one employee and three executive directors. The Company has three supervisory directors. (2019: the same)

The remuneration of the Executive Board amounted to EUR 31 600 in 2020 (EUR 31 600 in 2019).

The remuneration of the Supervisory Board amounted to EUR 31 600 in 2020 (EUR 31 600 in 2019).

2.3.10 Related Party Transaction

In 2020 the Company provided management services to its subsidiaries for the total fee of EUR 286 700 (EUR 253 065 in 2019) and incurred interest income of EUR 43 791 (EUR 44 694 in 2019) related to intercompany cash-pooling.

The outstanding balances with the related parties are disclosed in the notes 2.3.4 and 2.3.7. For the information about the dividends received and paid refer to notes 2.3.3 and 2.3.6 respectively.

All outstanding balances with these related parties are priced on an arm's length basis and are to be settled in cash within two months of the end of the reporting period. None of the balances is secured. No expense has been recognised in the current year or prior year for bad of doubtful debts in respect of amounts owed by related parties.

2.3.11 Audit Fees

With reference to Section 2:382a(1) and (2) of the Netherlands Civil Code, the following fees for the financial year have been charged by KPMG Accountants NV to the Company, its subsidiaries and other consolidated entities:

(Expressed in EUR 1 000)

	2020	**2019**
KPMG Accountants N.V.	40	33
KPMG Czech Republic	82	85
KPMG Slovakia	21	22
Total KPMG	**143**	**140**

2.3.12 Contingent Liabilities

From 2013 ICZ N.V. provided a corporate guarantee to secure any claims up to CZK 165 million arising from the loan granted to the ICZ a.s. until the fulfilment of obligations arising from the loan.

2.3.13 Post Balance Sheet Events

ICZ Holding a.s., a joint-stock company established and existing under the laws of the Czech Republic, with its registered office at Na hřebenech II 1718/10, Nusle, 140 00 Prague, 4, Czech Republic, ID. No.: 097 02 652, registered with the Commercial Register kept by Municipal Court in Prague, Reg. No.: B 25851 („**ICZ HO**") as of the date of issue of this annual report is in the process

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of a cross-border merger by acquisition with decisive date 1.1.2021 („**Merger**") with ICZ N.V., a public company (*naamloze vennootschap*) organized under the laws of the Netherlands, with its registered office at Strawinskylaan 403, Unit 2 WTC, Tower A, 4th floor, 1077XX Amsterdam, the Netherlands, registered with the Business Register in the Netherlands, registration number: 34284333 („**ICZ NV**"). As part of the Merger, ICZ NV is as the target Company and ICZ HO is as the acquiring Company. The completion (effectiveness) of the Merger is to take place by the end of 2021, with ICZ NV being dissolved without liquidation on the effective date of the Merger and all of ICZ NV's assets and liabilities being transferred to ICZ HO.

Amsterdam, 31 March 2021

The Executive Board

P. Rosendorf

Z. Jirkovec

B.Cempírek

The Supervisory Board

J. Muller

A. Hausenblasova

M. Marek

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3 Other Information

3.1 Provisions in the Articles of Association governing the appropriation of profit

Subject to the provision under Dutch law that no dividends can be declared until all losses have been recovered, profits are at the disposal of the Annual General Meeting of Shareholders in accordance with the Company's Articles of Incorporation.

3.2 Independence auditor's report

The independence auditor's report is set out on the next page.

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4 Auditor's Report

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also refers.
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KPMG

Independent auditor's report

To: the General Meeting and the Supervisory Board of ICZ N.V.

Report on the audit of the accompanying annual report

Our opinion

We have audited the annual report 2020 of ICZ N.V., based in Amsterdam, the Netherlands. The annual report include the consolidated financial statements and the Company financial statements.

In our opinion:

— the accompanying consolidated financial statements give a true and fair view of the financial position of ICZ N.V. as at 31 December 2020 and of its result and its cash flows for the year 2020 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.

— the accompanying Company financial statements give a true and fair view of the financial position of ICZ N.V. as at 31 December 2020 and of its result for the year 2020 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The consolidated financial statements comprise:

1 the statement of financial position as at 31 December 2020;

2 the following consolidated statements for the year 2020: the statement of comprehensive income, changes in equity and cash flows; and

3 the notes comprising a summary of the significant accounting policies and other explanatory information.

The Company financial statements comprise:

1 the Company balance sheet as at 31 December 2020;

2 the Company income statement for the year 2020, and

3 the notes comprising a summary of the significant accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

We are independent of ICZ N.V. in accordance with the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the 'Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands.

Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Report on the other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

— director's report;

— other information pursuant to Part 9 of Book 2 of the Dutch Civil Code;

Based on the following procedures performed, we conclude that the other information:

— is consistent with the financial statements and does not contain material misstatements;

— contains the information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is less than the scope of those performed in our audit of the financial statements .

The Executive Board is responsible for the preparation of the other information, including the director's report, in accordance with Part 9 of Book 2 of the Dutch Civil Code, and other information pursuant to Part 9 of Book 2 of the Dutch Civil Code.

Description of the responsibilities for the financial statements

Responsibilities of the Executive Board and the Supervisory Board for the financial statements

The Executive Board is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the Executive Board is responsible for such internal control as the Executive Board determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to errors or fraud.

As part of the preparation of the financial statements, the Executive Board is responsible for assessing the Company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the Executive Board should prepare the financial statements using the going concern basis of accounting unless the Executive Board either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. The Executive Board should disclose events and circumstances that may cast significant doubt on the Company's ability to continue as a going concern in the financial statements. The Supervisory Board is responsible for overseeing the Company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not have detected all material errors and fraud during our audit.

Misstatements can arise from fraud or errors and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgement and have maintained professional scepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included among others:

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

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities or operations. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities or operations for which an audit or review had to be carried out on the complete set of financial information or specific items.

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

Amstelveen 31 March 2020

KPMG Accountants N.V.

G.L. Brewster RA
Partner