

# CERTICON ANNUAL REPORT FOR 2022



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Tax ID No.: CZ25083341

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Municipal Court in Prague in Section B, file 4355.

Banking connection: 6042009/2700

# Introduction

Dear shareholders, business partners, employees and friends,

Although very difficult, 2022 was nevertheless another successful year for CertiCon a.s. The company still had to contend in part with problems brought on by another surge of the pandemic crisis. CertiCon was nonetheless completely stable in its operations and modest growth continued in all important parameters.

In recent years, CertiCon a.s. has operated as an internationally respected company providing its customers a wide range of services in software design, development, and testing, including of mobile and embedded systems.

CertiCon's work today thus continues to be grounded especially in three types of activities:

- a) co-sourcing in the area of software design, development, and testing, which is distinguished by its great flexibility in deploying the company's capacities and by high-quality work;
- b) its proprietary, in-house research; and
- c) development of its own proprietary products and services.

CertiCon's employees are focused on leading-edge technologies in such areas as clouds, mobile computing systems, multi-agent systems, embedded systems, and artificial intelligence systems. They endeavour always to combine SW and HW solutions to best advantage and thereby to create substantial added value.

The company succeeded during 2022 in stabilizing and even expanding its business activities with existing longtime partners (Medtronic, Frequentis, and Bosch), substantially broadening its developing cooperation with the Czech branch of the German ZF Engineering and with Cit-Con, s.r.o., and continuing in long-term cooperation with Airbus Group. The year 2022 brought stabilization in the company's activities abroad, in both the USA and the EU. We achieved overall service and product sales totalling CZK 762 million, which is an increase by about CZK 54 million over 2021. Meanwhile, total operating revenue rose to ca CZK 784.1 million, which represents nearly an 8.4% gain over 2021.

In 2022, CertiCon a.s. supported its efforts in developing, selling, and distribution of its most significant proprietary product CertiConVis by establishing the CCVis, s.r.o. subsidiary. CertiCon a.s. continued to support development of its proprietary products, in particular the EPIQA product for optimization of planning and scheduling processes. The company sees long-term promise and business potential in the development of its own proprietary products.

CertiCon a.s. substantially concentrated the activities of its Applied Research Department on matters related to its proprietary products, and particularly concerning the product CertiConVis. As is apparent, our research is oriented to machine learning and especially to industrial applications of neural networks and other artificial intelligence tools. In coming months, artificial intelligence-based systems will play a decisive role not only in our research but also in the area of proprietary products development. In developing new artificial intelligence algorithms, we cooperate with CIIRC of the Czech Technical University, in 2022 also as members of the National Centre of Competence – Cybernetics and Artificial Intelligence.

Together with Deutsche Telecom and Trix Connection, CertiCon a.s. is preparing for its extensive involvement in the European IPCEI project within the field of cloud data storage. The company should secure the development of a platform for optimizing data flow and computing capacity, especially with regard to the economic aspects of data storage and processing.

From a sector viewpoint, CertiCon a.s. is focused in the long term on the automotive industry, medical technologies, and life-critical applications in communications and transport. Its activities are directed most of all to software for life-critical applications. In this area, CertiCon a.s. is positioned as a leading provider of consulting, outsourcing, and especially co-sourcing services in the Czech Republic. This has been documented, for example, in publications by CzechInvest, a state agency supporting business and investments, as well as by the company's representation of the Czech Republic through lectures at international forums.



A stabilizing factor is the company's continuously developing ECDL (European Computer Driving Licence) activities, carried out in close cooperation with the Czech Society for Cybernetics and Informatics.

In supporting the Czech Technical University Media Lab Foundation, CertiCon a.s. is partnering with an organization that aims to assist the best students at Czech technical universities to work on high-level research projects. In return, among the expected benefits for CertiCon a.s. will be access to the results as well as to young experts who will be crucial for achieving new and innovative solutions in future.

CertiCon a.s. substantially supports also the non-profit organization Institut Equilibrium, z.ú., the activities of which are directed to clarification of the current situation in the Czech Republic as well as prospective trends in the development of Czech society.

Successful implementation of the quality management system in compliance with ISO 9001:2000 and the ISO 13485:2003 quality management system for development of medical devices fundamentally influences the company's internal operations and perceptions among its customers. ISO 13485:2003 certification has been shown to further enhance CertiCon's competitiveness in the SW and HW segment.

In addition to its high quality standards, another factor unquestionably contributing to CertiCon's international business success is the competitive level of its services. This is achieved especially by continuous education and raising the employees' qualifications through professional training and language courses. Also of no small importance is its close cooperation with top universities, both domestically within the National Competence Centre – Cybernetics and Artificial Intelligence and abroad through submitting solutions of EU research projects. CertiCon a.s. has strengthened its connection, too, with the prestigious Austria-based Christian Doppler system of research laboratories in cooperation with the Vienna University of Technology. CertiCon a.s. is a part of two laboratories financed by the Christian Doppler Research Association. Collaboration was strengthened with the excellent New Technologies for the Information Society research unit at the Faculty of Applied Technology, University of West Bohemia in Pilsen, and the CIIRC at Czech Technical University. Expert cooperation was bolstered also with the Technical University of Ostrava and University of Ostrava. Very important is our direct connection with the Mayo Clinic in the USA.

We dedicated extraordinary attention to the processes of managing the growing company. Already for the third year, a matrix management structure has been rigorously implemented throughout the company. CertiCon's management is aware that all the achievements described above have been made possible by the active contributions from all the company's employees. The matrix structure has enabled even better human resources management through the introduction of line managers. This management system proved to be efficient also during the pandemic.

CertiCon a.s. is continuously seeking capable, dynamic, highly qualified professionals. To facilitate this, it operates branches outside of Prague, in Czech regional cities. A new branch that was opened in Olomouc in 2018 was enlarged during 2022. After necessary reconstruction, the Prague branch is already fully occupying additional space on the sixth floor of the Blox building. A new branch in Pardubice has also been opened. At the end of the year, we established the subsidiary CertiCon – SK, s.r.o. having its registered office in the university city of Žilina.

A great deal of work was done by line managers and especially the human resources department in recruiting new employees and dealing with employees' social and personal challenges.

Being aware of its corporate social responsibility, CertiCon has decided to support certain sports and cultural events. Although opportunities for collective teambuilding activities were still very limited in 2022, we also support our employees in their sports, cultural, and social activities.

As confirmed by positive evaluations from key partners, we are committed to ensuring our customers' satisfaction. I hope and believe they will continue to view CertiCon a.s. as a stable, enduring, and reliable partner. Our longtime ambition remains to be a Czech company doing high-quality work in areas demanding high professional qualifications and based on research cooperation with universities. We strive to be a company where employees are satisfied in their work and will envisage their own growth and future prospects. We endeavour to see all share our values and vision for the company, and that includes our vision for social responsibility. We make every effort to remain strongly focused not only on customer satisfaction but also on the satisfaction of our own employees. We want them to pride themselves in the fact that, through

their efforts, they contribute to building a unique company with strong technological capacities and capabilities.

I believe that once again in 2023 our employees will fulfil the main mission of our company as expressed in the slogan: "Connecting information technology with the real world to make a better life for all of us!" We believe that with the employees' proactive contributions we will overcome all the post-coronavirus crises and also the associated economic crises.

I look forward to another successful year, albeit in an increasingly challenging economic environment!

Prague, 14 June 2023



Prof. Ing. Mladimír Mařík, DrSc., dr. h. c.  
Chairman of the Board of Directors

# Contacts

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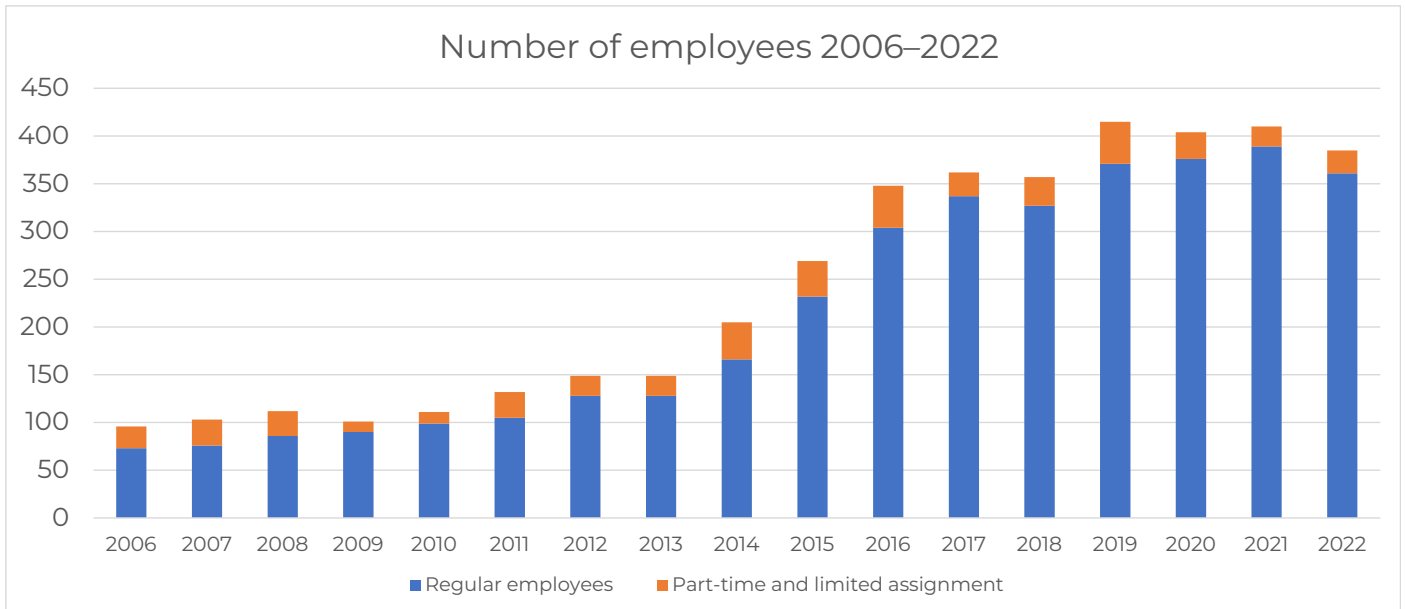
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Poštová 1  
010 08 Žilina

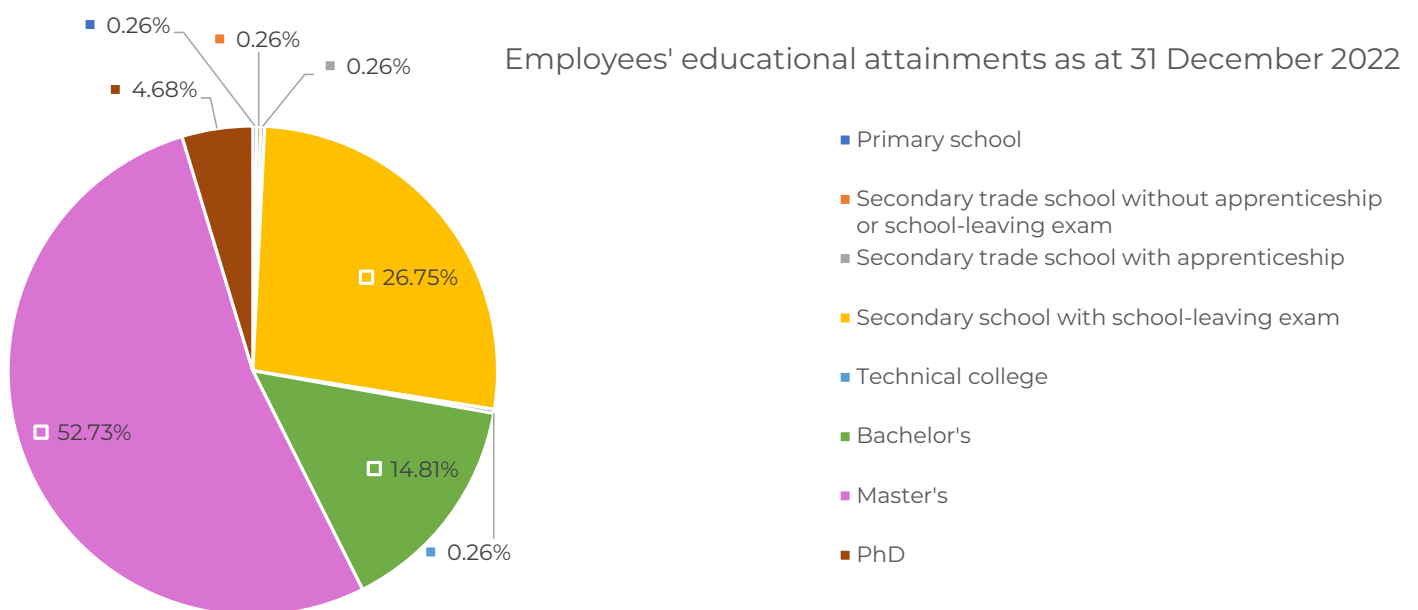
Tel: +421 918 645 756

# The Company's Organization and Personnel

Personnel working for CertiCon as at 31 December 2022 totalled 385. With respect to type of contractual relationship, as at that date there were 361 regular employees under employment contract and 24 personnel under agreements outside an employment relationship (so-called "part-time limited workers" and "limited assignment workers"). The average annual recorded number of personnel was 373. Development in the number of employees through recent years is shown in the bar graph. As can be seen, there was a slight decrease in 2022.



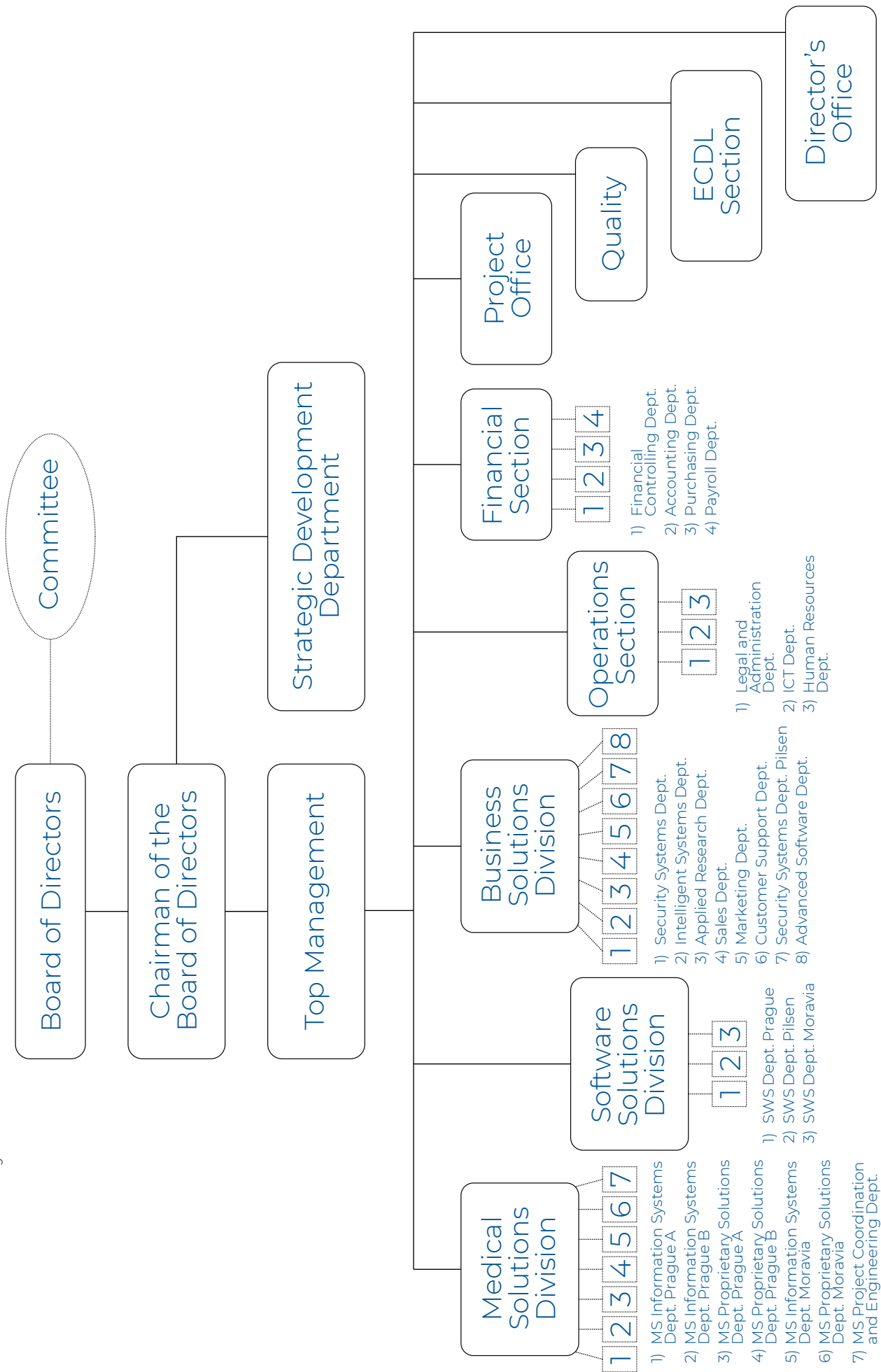
A long-term priority aim of the company is to concentrate capacities for accumulating top-notch technological know-how and therefore to employ in particular highly qualified, individually trained professionals. Such orientation is confirmed by statistics as to the highest levels of educational attainment among the employees and management. As shown in the pie chart, 72% of employees have university educations (Bachelor's degree and higher).





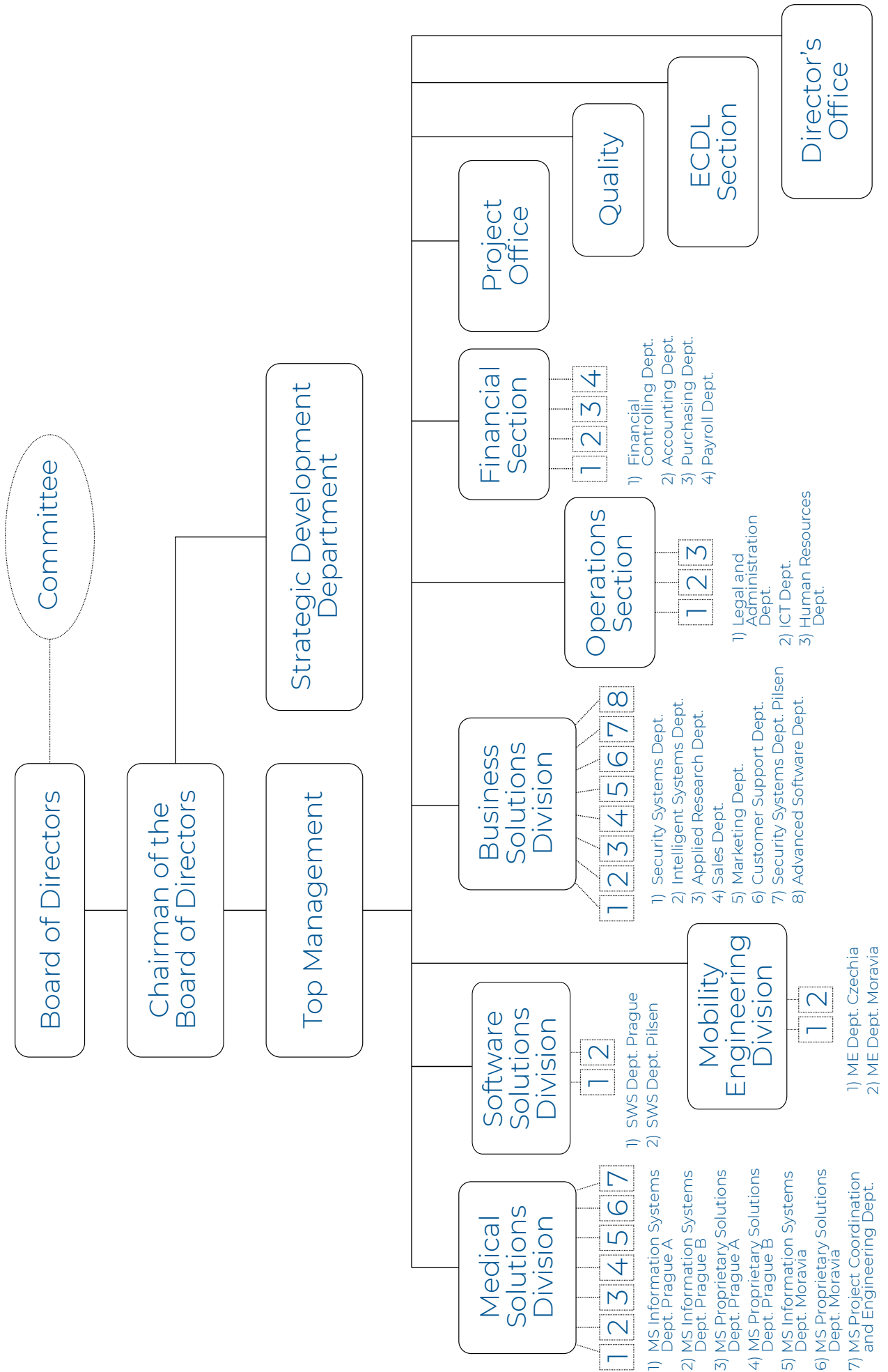
# ORGANIZATIONAL STRUCTURE – LINE CONFIGURATION

valid from 1 January 2022 to 31 October 2022

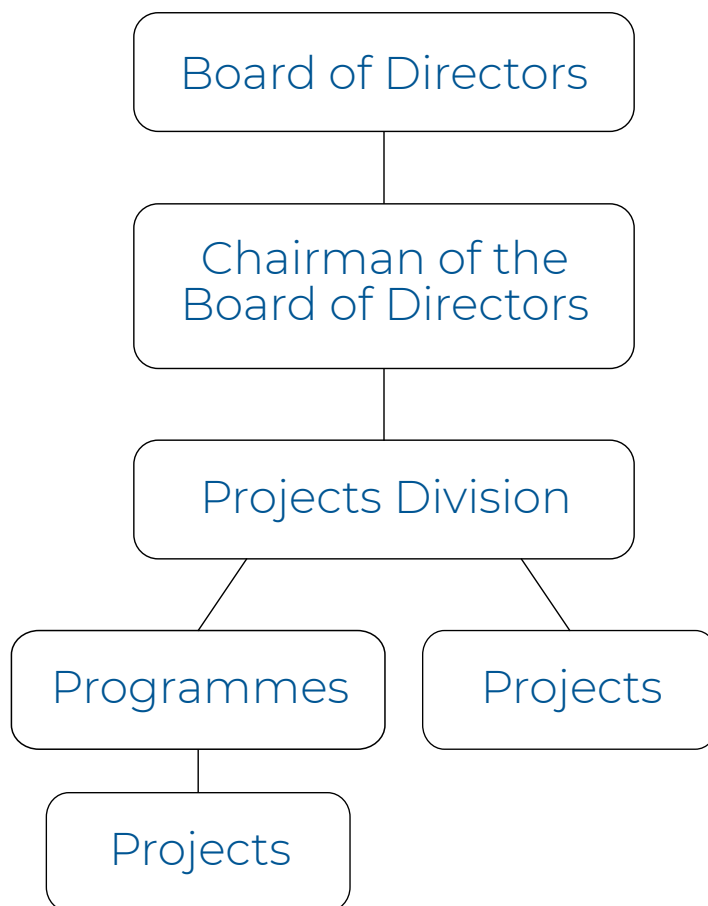


# ORGANIZATIONAL STRUCTURE – LINE CONFIGURATION

valid from 1 November 2022 to 31 December 2022



## Organizational structure valid in 2022 (project-based structure)



# Quality Management Systems

CertiCon a.s. has implemented quality management systems in accordance with ČSN EN ISO 9001:2016, ČSN EN ISO 14001:2016, ČSN EN ISO 13485:2016, and ČSN EN ISO 45001.

During 2022, preparations for TISAX® certification were underway. It is our goal to receive the certification for “Trusted Information Security Assessment Exchange with focus on the automotive area”. At the end of 2022, the tender for the auditor was conducted and preparations of the contractual documentation and for the joint opening meeting began.

## QUALITY MANAGEMENT SYSTEMS ISO 9001:2016 AND ISO 13485:2016 MEDICAL DEVICES

Process management in accordance with ISO 9001 has been an integral part of CertiCon's operations ever since 2006. The company has a clearly defined context. It knows the needs, requirements, and expectations of all stakeholders – including customers – that may impact the organization's performance.

The ISO 13485 quality control system in developing medical devices has been implemented in the company since 2011. At the core of this standard is compliance with law and with relevant technical standards in order to ensure maximum possible safety of the developed medical devices.

The implemented quality management system's compliance with requirements of the ISO 9001 and ISO 13485 standards was most recently confirmed by an external certification audit conducted in May 2020 by the EZÚ testing institute and verified by a surveillance audit from EZÚ in July 2022.

All the system's requirements of the company are reasonable and fully supported by CertiCon's management. Compliance with the requirements of ISO 9001 and ISO 13485 is checked annually by means of internal project audits or audits of parts of the company's system of organizational units.



**The scope of ISO 9001 certification** covers design, research and development, testing, software diagnostics, and supply of software products and electronic circuitry, including technical support and provision of related services, consulting services, and outsourcing services.

**The scope of ISO 13485 certification** covers design, research and development, testing, and software and electronic circuitry diagnostics (in the Active Medical Devices area), including related consulting and outsourcing services.

## ISO 45001:2018 OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT SYSTEMS AND ISO 14001:2016 ENVIRONMENTAL MANAGEMENT SYSTEMS

Environmental protection and occupational health and safety are inseparable aspects of CertiCon's fulfilling its corporate social responsibility. The company has established procedures not only for handling chemicals but also for separating waste. This applies to the headquarters in Prague as well as to the branches in Pilsen, Ostrava, and Olomouc.

The implemented quality management system's compliance with requirements of the ISO 14001 and ISO 45001 standards was verified by an external certification audit from EZÚ in 2022.

All the system's requirements of the company are reasonable with regard to the company's activities. Compliance with the requirements of ISO 14001 and ISO 45001 is checked annually by internal audits of projects or parts of the company's system of organizational units. Moreover, a compliance check is carried out by the external company CIVOP.



CertiCon a.s. contributes actively to environmental protection. It separates paper, plastic, beverage cartons, end-of-life electrical appliances and devices, and batteries at all its branches. In the Prague branch, there is a system for collection of waste light bulbs and elements as well as sorting of metal waste.

There were no serious occupational health and safety injuries or accidents during 2022, nor were there any significant near accidents.

**The scope of ISO 14001 and ISO 45001 certification** covers activities to the same extent as did ISO 9001 certification.

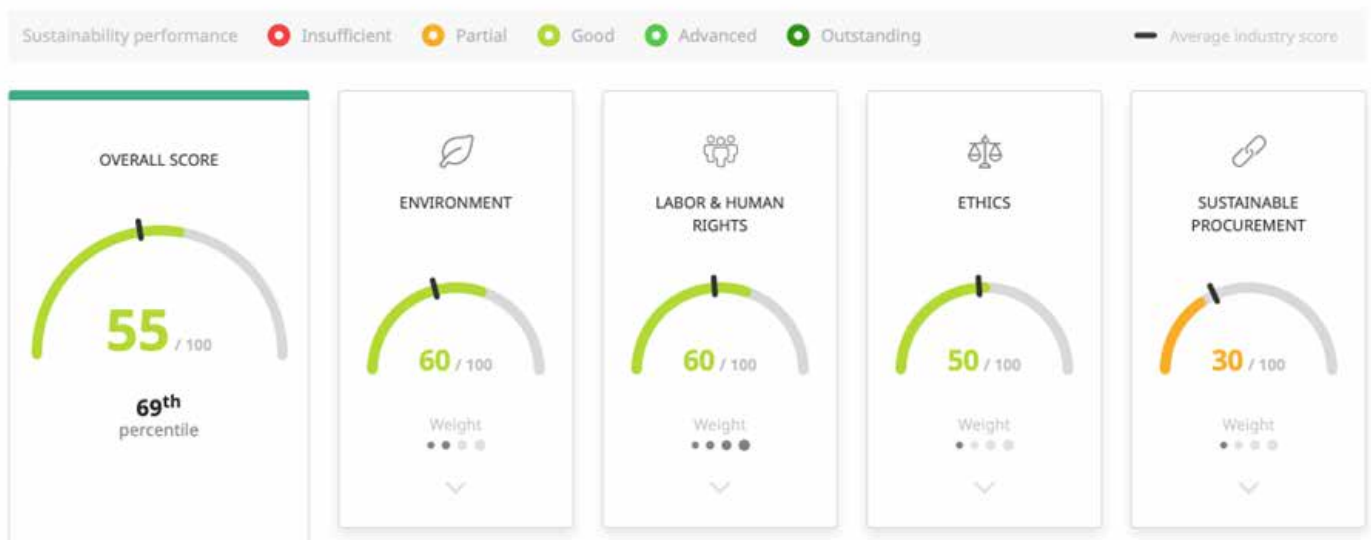


# EcoVadis

In 2022, on the basis of a request from its customer Medtronic, CertiCon a.s. was self-assessed on the EcoVadis portal, a provider of sustainability and corporate social responsibility assessments.

This assessment was conducted in 4 areas – environment, labour and human rights, ethics, and sustainable purchasing. In this assessment, CertiCon a.s. achieved an overall score of 55% and a ranking in the 69th percentile, which according to the customer’s statement, is one of the highest. A repetition of this assessment will, thus, be required by the customer only after 3 years.

CertiCon a.s. also takes away some recommendations from the evaluation and findings that it will propose to incorporate into its internal procedures in the coming years as part of its quality-related processes – in particular, regular reporting of individual metrics.



# The Company's Principal Activities

CertiCon a.s. has long been focused on analysis, design, creation, and testing of software; design, verification, and testing of integrated circuits; and research activities especially in intelligent systems to support decision-making and management. An all-embracing motto pertaining to the company's activities is to provide services with high added value to its long-term customers, doing so comprehensively across the entire life cycle of a product or service. The company is grounded in its own research potential, which was systematically built up during 2015–2021, and on the knowledge of its employees. Such efforts demand in particular qualified experts, superior equipment, and well-managed processes for continuously adopting into practice the fruits of research and development. This strategy is substantially reflected in the cost structure, wherein personnel expenses, hardware and software costs, and outlays on applied research and development constitute the majority of expenditure items.

The principal services customers are foreign European and US firms operating internationally. Domestically, the state administration and municipalities are the main customers. In recent years, however, Czech private firms (ProfConsult, Passengera) as well as Czech branches of international firms (IBM, Asekol, ZF, Ingersoll Rand) have begun to feature among domestic customers.

Medtronic (USA), Robert Bosch (UK, Germany), and Frequentis (Austria) remained the largest foreign customers during 2022.

REVENUES BY GEOGRAPHICAL AREA



A large proportion of domestic activities consists in organizing the ECDL concept in the Czech Republic along with technical IT support of this concept in the Czech Republic and Slovakia.

Domestically, the company focuses on such large state administration customers as the General Directorate of Customs (Ministry of Finance) and customers from the private sector, such as IBM Česká republika.

**Research activities**, including participation in applied research within projects co-financed by the Czech Republic and European Union, comprise a considerable part of CertiCon's activities.

CertiCon a.s. has been a full member of the prestigious Christian Doppler Laboratory "Software Engineering Integration for Flexible Automation Systems" in Austria since 1 January 2010, and, together with the Vienna University of Technology and the Austrian firm Logi.cals, it is participating in developing a general tool for design and implementation of SCADA systems. The Laboratory's activities, including CertiCon's participation, are co-financed by the Austrian government. Since 2017, CertiCon a.s. has been a member of another Christian Doppler Laboratory, "Model-Integrated Smart Production".

An indispensable component of technological development on the one hand and **support of technology transfer** on the other is cooperation with the ČVUT Media Lab Foundation, wherein CertiCon a.s. is among the founding partners. So, too, is **support to individual start-up companies**. CertiCon a.s., along with its parent company SynergyCon, a.s., has established a long-term strategy for cooperation with start-ups as well as for supporting them with expertise and investment.



SWdevelopment



SWtesting



ASICdesing



AppliedResearch

## TECHNICAL DEVELOPMENT – PRODUCTS

**CertiConVis (CCV)** – video analytic software for real-time or recorded image analysis from a camera system.

In 2022, we were able to continue in strengthening our recurring licence sales, not least in collaboration with our key partners, VDT and M2C. In addition to further intensifying sales of CCV licenses for retail parks with M2C, sales to smaller cities in the Czech Republic (Bílina, Most, Kadaň, etc.) as well as to larger cities (Ústí nad Labem) and larger commercial customers (University Hospital Ostrava) have been successful.

Regarding development of the modular version of CCV (modular platform), which is implementable also in the cloud environment, intensive education of the market about the advantages of this modular platform was carried out through our partners and we succeeded to establish contact with specialists from the Microsoft Marketplace platform, whose feedback on the possibility of implementing this version of the CCV product into its platform was very positive. The complete BD development agenda for this version of CCV was subsequently handed over to representatives of the CCVis s.r.o. subsidiary in the second half of 2022 for further continuation.

Moreover, as part of activities to establish longer-term B2B cooperation, a major project to implement our Computer Vision skills (based on experience from the MultiCameraTracking solution) in the form of custom VA module development for M2C was agreed in 2022.

A major organizational change relating to the CCV product was also initiated in 2022. We decided to completely transfer the CCV product to the subsidiary CCVis s.r.o. in order to streamline the entire process of bringing the product to market. In the first phase, it was possible in 2022 to build the basic structures of this subsidiary and to put together a complete development team within the new company. Meanwhile, the sales activities have so far remained within the parent company's responsibility and are planned to be transferred in 2023.

**EPIQA** – online multi-agent production scheduling system.

In 2022, cooperation continued in supplying to the main partner, Airbus Industries. During the year, our team worked, for example, on tasks having significant impact on the scheduling algorithm itself. A number of algorithmically complex checks were added to make it much easier for the user to find the reasons why a solution could not be found for specific data, and the ability to enter staff time availability was expanded.

In addition, the functionality for entering production line schedules and defining the line production flow has been significantly expanded. Now EPIQA can handle production scheduling for production operations involving multiple lines and with dozens of line stations.

A new component has been added to the solution to automate the entire scheduling process from data import to result export. Until now, the individual steps had been initiated by the user.

Technical improvements were also made to the entire system. The server part is gradually being modified to integrate the web client with the aim of removing the desktop client in 2023.

In addition to the work for this key partner, selection of suitable market segments for the implementation of EPIQA within global markets was carried out in line with the company's stated global objective. Selection of suitable leads in the identified market segments and subsequent outreach to them, including the delivery of updated marketing materials, also took place. These efforts have brought interest in implementing a PoC for a large German shipyard, Thyssen Krupp Marine Systems, which could ultimately make for a very interesting large project, if EPIQA takes off.

**Q-Rune** – solution/product for communication and remote access control within buildings and premises.

In 2022, development was underway of a new product in the company's portfolio, a system with the trade name Q-Rune for remote control of access to facilities.

It is a digital access control system independent of a facility's infrastructure.

The users are connected by reading a QR code and then calling up a menu offering such options as doorbells panel, security desk, access points to the facility, etc.

The system will find its application especially in apartment buildings. It will allow the user to connect with incoming people via the system's interface anytime and anywhere, and thus remotely allowing them to enter.

The system is also suitable for large building complexes where it will make it possible for a security guard to be anywhere in the field and still remain reachable, talk remotely with visitors, let them into the premises, etc. The solution can be combined with existing HW doorbells and access control systems.

Last but not least, the system is suitable for office buildings where it can be used as an automated receptionist with SIP client support. Once loaded, a list of companies in the building is displayed and it is possible, for example, to remotely open garage doors, unlock entrances, turnstiles, etc.

We plan to produce the first functional version in early 2023 and then test the market's interest in practice.

## SUBSIDY PROJECTS IN 2022

### **NCK** – National Centre of Competence – Cybernetics and Artificial Intelligence

This was an extension of the second stage of a project supported by the Technology Agency of the Czech Republic. CertiCon a.s. had participated in this project since 2019. CIIRC, Czech Technical University, and the Academy of Sciences were cooperating partners in the project. The second stage of the project was eventually extended by one year, and it was completed at the end of 2022. The project's objective was to develop a camera system consisting of several cameras with overlapping fields of vision. The camera system identifies person-type objects in the scene, captures their trajectories and estimates directions of their views. In relation to this, a number of necessary support functions have been developed for camera calibration, data annotation, etc. Part of the technology was used to create a multicamera tracking system aimed at online solutions for retail research and analysis. Parts of the system were used in the development of a custom solution for M2C (Innolytics project). In cooperation with M2C, the project was deployed in pilot operation at the turn of 2022. Negotiations are currently underway with some of the original NCK partners to offer know-how and software tools for the creation of urban studies.

## MOST SIGNIFICANT FOREIGN REFERENCES

- **Robert Bosch** (UK) – British branch of a leading European supplier of systems for automotive companies' after-sales service. Cooperation is focused on developing, implementing, and testing software for after-sales service of leading global car brands.
- **Medtronic Inc.** (USA, MN) – a global producer and leader in medical electronics. Our cooperation centres upon services for design and implementation of life-critical software.
- **Frequentis GmbH** (Austria) – a company with an important position on the market for digital systems and devices using the TETRA telecommunications standard for air traffic control. Frequentis has a 30% market share worldwide in the voice communication segment and is a renowned technology leader. Cooperation focuses mainly on developing and integrating software for the operationally critical GSM-R and Air Traffic Control applications.
- **Airbus Group** (Germany) – a world leader in aviation technology. Our cooperation is directed especially to smart production planning and scheduling in resolving complicated assembly procedures.

## MOST SIGNIFICANT DOMESTIC REFERENCES, INCLUDING SLOVAKIA

- **Ministry of Finance of the Czech Republic – General Directorate of Customs** – In addition to customs duties, it also administers selected taxes and fees. Cooperation focuses especially on information systems for tax administration and their integration within the EU.
- **Czech Society for Cybernetics and Informatics** – a non-profit organization popularizing cybernetics, informatics, and related disciplines. It is an ECDL (computer literacy certification) pioneer and the ECDL licence holder for the Czech Republic. CertiCon a.s. is the supplier and operator of an information system for administration and management of ECDL testing in the Czech Republic.
- **Slovak Society for Computer Science** – a non-profit organization popularizing computer science and related fields. It is a pioneer in the ECDL (European Computer Driving Licence) concept and holder of the ECDL licence for Slovakia. CertiCon a.s. is the supplier and operator of the information system for administration and management of ECDL testing in Slovakia.
- **IBM Česká republika spol. s r.o.** – a world-leading IT company. CertiCon a.s. is supplier for the design and implementation of software solutions for a number of customers.
- **ZF Engineering Plzeň s.r.o.** – the Pilsen Branch is one of eight important developmental branches of ZF Friedrichshafen AG. CertiCon a.s. provides services especially in developing embedded SW for control units in the automotive area and furthermore cooperates on developing supporting SW instruments on the Java platform.



# Report on Business Activities and Situation Analysis

CertiCon is a joint-stock company primarily oriented towards comprehensive services in custom design, development, diagnostics, and verification of software, as well as design, verification, and testing of analogue and digital integrated circuitry for challenging applications in information technologies, medical electronics, telecommunication technology, computer vision, and devices for industrial control and decision-making. Modern mobile and cloud applications also are at the centre of its attention.

The company directs its work mainly to fields requiring high-level expertise, knowledge of technologies and processes, flexibility, ability to craft new solutions, and utilization of the potential for proprietary applied research in order to implement solutions. It does not, therefore, limit itself to a specific industrial sector, but focuses primarily on foreign corporate customers seeking solutions with high added-value content based on modern technologies and employing the latest scientific knowledge and research findings, particularly in the areas of cybernetics and artificial intelligence. CertiCon a.s. has substantial capacities in the areas of modern user interfaces and mobile applications. The company also has become a preferred supplier of mobile technologies for the US firm Medtronic Inc. CertiCon is one of the few Czech companies to develop modular software systems utilizing service-oriented architecture, which is of special importance for the development of industrial management, planning, and scheduling systems in accordance with the Industry 4.0 philosophy.

CertiCon places foremost emphasis on developing market-leading, comprehensive systems using innovative, object-oriented software technologies and distributed systems architectures, multi-agent systems, and client/server applications. It is newly orienting itself towards cloud solutions. In the software area, CertiCon offers both comprehensive services taking in the full software development life cycle as well as individual services in areas ranging from consulting, feasibility studies, software architecture designs, analyses and needs specifications to actual implementation and maintenance of software systems (including the necessary training). Prominent customers are listed in the references.

CertiCon a.s. has built considerable capacities in the area of software verification and testing and is progressively switching to automated testing. Its own SW testing methodology serves as a model for implementation of testing in other companies. The employees provide lectures and courses for other experts.

This majority activity in software solutions is complemented by activities in design and testing of integrated circuits and development of embedded solutions.

The most important orders are covered by framework agreements on long-term cooperation. The company continues to expand its circle of customers and the range of services it provides.

Activities in designing, developing, and hosting systems for intranet and internet applications (information systems based on the SQL database system, remote access to an application through the internet, security mechanisms) comprise the technical basis for the majority of CertiCon's activities on the domestic market.

In 2022, the company maintained its prestigious position as software solutions supplier for the Ministry of Finance of the Czech Republic – General Directorate of Customs.

CertiCon a.s. offers four products of its own on the market. Among these, especially CertiConVis – a product of CertiCon's proprietary research in security systems based on signals from industrial cameras – has a strong potential for mass application on domestic and foreign markets. This is a key product from which the company expects to earn high returns on investment in coming years. Concurrently with developing the product, therefore, we have established a sales and service base for this product and initiated negotiations with several prominent system integrators, platform owners, and municipalities. We intend to deliver security solutions to the latter directly. We already have successfully implemented prestigious reference projects.

The company has continued working on technologically and technically sophisticated projects in high-tech areas as part of its research and development activities. This orientation has been successful, and CertiCon's management intends to continue in this direction in future.

Cooperation with universities, and particularly within co-organized research projects and using shared laboratories, provides access to the latest scientific knowledge and research findings, which are then applied in commercial projects. The company intends to develop research further in the European space and to expand commercial activities in the US as well as in the Czech Republic and Europe.

CertiCon's challenges during 2022 related in part to the pandemic situation, which made cooperation among team members, searching for new customers, and transfer of know-how more difficult, and in part to the labour market situation, which made it impossible to diminish fluctuations. The pressure for increased salaries, supported by some of the media, as well as effects of operations of foreign companies and foreign investments into start-ups were truly enormous and irrational. The company's management responded adequately to this pressure as conditions allowed, and turnover was maintained within reasonable limits.

CertiCon's overriding aim is to continue concentrating its capacities for accumulating cutting-edge technological know-how and thus to employ especially highly qualified and individually trained and directed experts.

The company achieved a number of successes in 2022, not only in technology areas but also with respect to marketing and sales.

The volume of services provided to domestic customers increased to 25%, primarily thanks to ZF. The monetary volume of services exported expressed in crowns decreased by about 3% in absolute value and so the share of exports fell to 75%.

An important factor was further stabilization of our company's longtime customers. Long-term contracts with top foreign technology partners provide CertiCon with financial stability and the necessary economic support for managed growth.

CertiCon a.s. was evaluated by Dun & Bradstreet, a worldwide leading provider of business information, and given its highest possible rating ("Top Rating"). The detailed business report may be obtained from Dun & Bradstreet. CertiCon a.s. is registered under DUNS: 36-690-9096.

CertiCon a.s. cooperates closely, too, with its affiliate ProTyS, a.s. That firm is oriented mainly towards research and development of software systems for real-time industrial control. CertiCon a.s. has 10% ownership in this company.

In 2020, CertiCon a.s. acquired a 10% stake also in Datis s.r.o.

Moreover, CertiCon a.s. is an important co-owner (70% stake) of HydroCon a.s., which reconstructs and automatizes small hydroelectric power plants. In 2014, HydroCon put into service at Hluboká nad Vltavou an entirely reconstructed 300 kW small hydroelectric power plant.

During 2022, the company's headquarters and branch offices were located in leased premises of the Blox building in the vicinity of Vítězné náměstí in Prague 6 (the lessor is ČMN Blox s.r.o.), in The Orchard office complex in Ostrava (the lessor is BHS Orchard s.r.o.), in the modern RCO office building in Olomouc, and in premises of the Business Centre Hamburk in Pilsen. Premises in the centre of Pardubice are leased from a private landlord.

CertiCon a.s. has sufficient cash at its disposal. The company meets all its obligations to all its suppliers and employees in a due and timely manner. A bank loan from UniCredit bank was fully repaid in 2022. CertiCon a.s. has no debts or loans.

# Key Economic Indicators from 2022

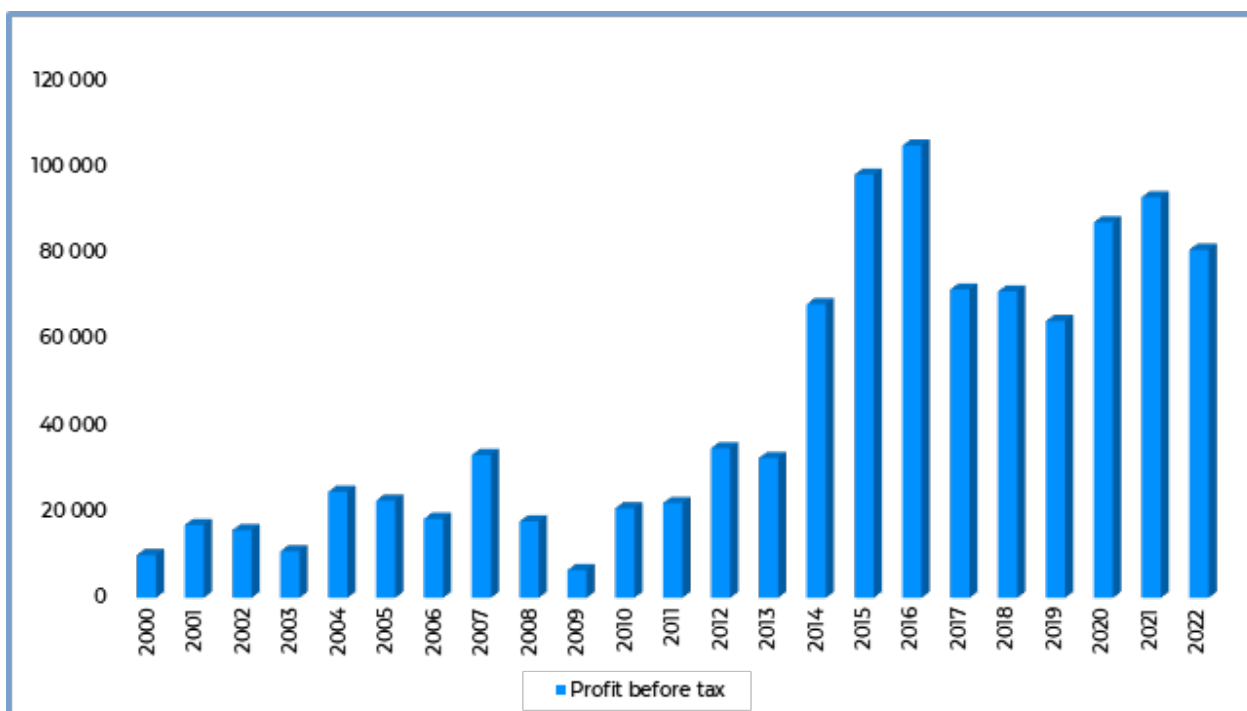
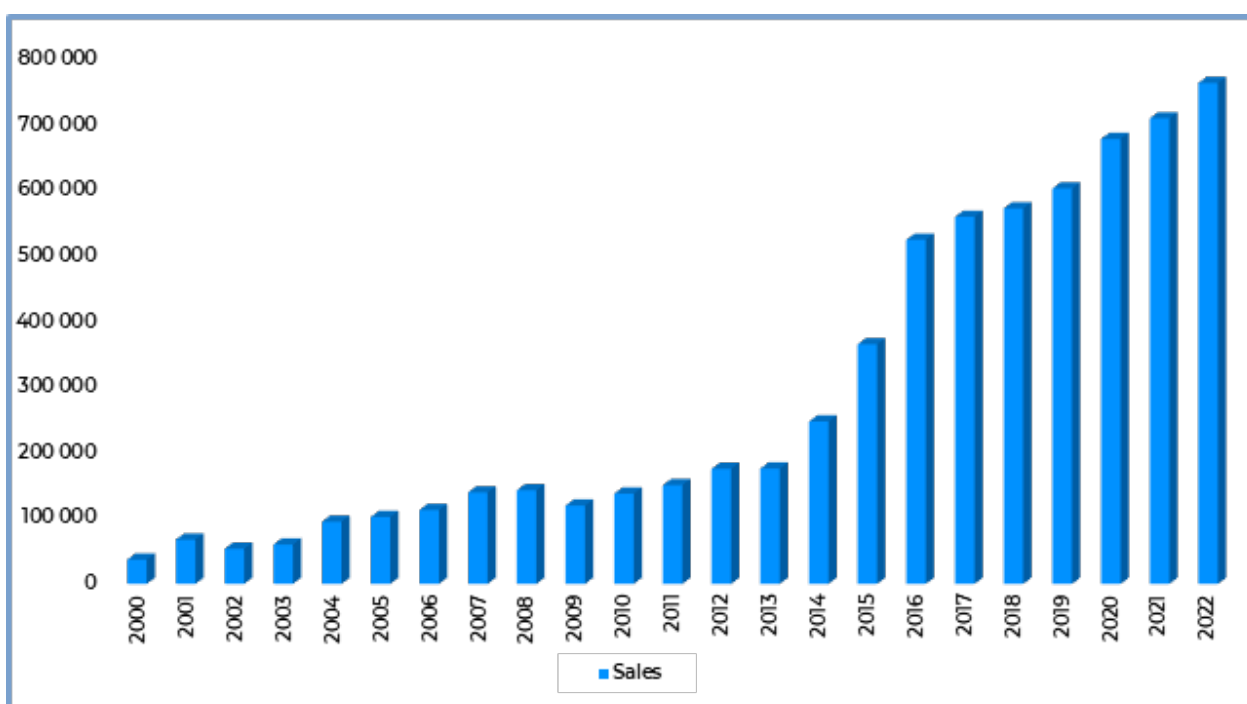
Basic information has been presented already in the Introduction and in the Report on Business Activities. It also is summarized unambiguously in the graphs below. In the year just ended, sales revenues increased by about 8%.

Short-term accounts receivable balances consist of receivables both due and past due. Those amounts had been paid as at the date of compiling the financial statements.

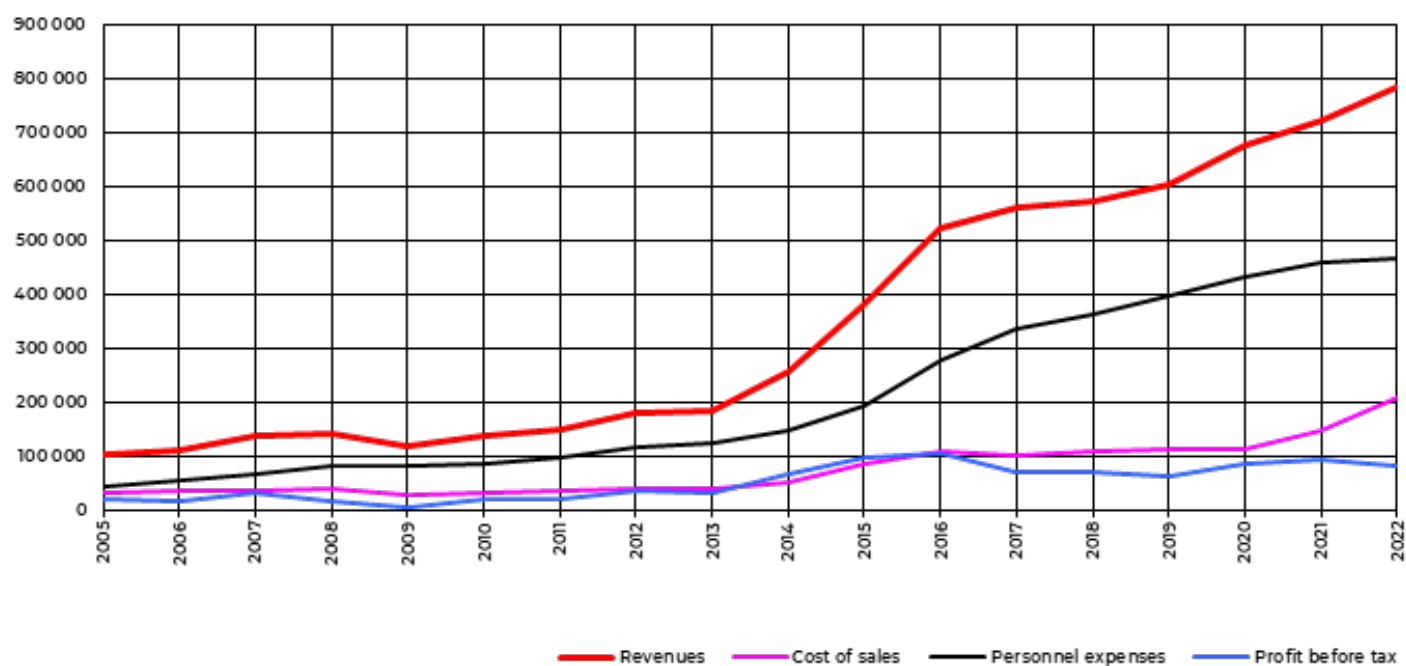
Short-term accounts payable balances consist primarily of trade payables and unpaid wages for December 2022, inclusive of insurance contributions. All reported payables had been settled as at the date of compiling the financial statements.

Provisions totalling CZK 12,337,000 were drawn during 2022, and new provisions totalling CZK 8,701,000 were created (see the attached financial statements).

The following graphs show the development of selected financial and performance indicators (in CZK thousands) for the period 2000–2022:



## Development of key performance indicators during 2005 – 2022 in CZK '000



Detailed data is presented in the financial statements, which constitute an integral part of this Annual Report.

# Outlook for 2023

Our outlook for 2022 had proceeded from cautiously optimistic assumptions and anticipated the company's further stabilization and development. CertiCon achieved its main business objective of growing its turnover and sales. We succeeded gradually to concentrate resources and capacities for our own research and development with the aim of growing the percentage share of our own products' sales within total revenues in future. Despite the persisting pandemic, unfavourable exchange rate changes, investments into proprietary research, and the extremely unstable labour market situation, we managed to maintain profitability at a very respectable level.

The management is aware that the company is growing quickly, and it is adopting specific measures for corresponding changes in CertiCon's structure and in its management methods. In 2023, further strengthening of the matrix management structure can be expected. Also, there will be increasing autonomy of the individual divisions to ensure effective management of a continuously growing company that is operating in a highly turbulent economic environment. With support of the services unit, which was strengthened in 2022, sale volumes of proprietary products will grow. More vigorous promotion of proprietary products and their growing sales constitute one of the company's key goals for 2023. Autonomous subsidiaries will be supported and they will serve for supporting proprietary products.



From an economic perspective, we proceed from a view that the economic situation in the US and EU is developing not too positively in 2023. Impacts of the coronavirus crisis, war in Ukraine, as well as of disproportionate rise of energy prices are to be expected. It is also necessary to count upon fluctuations in, or unhealthy and inadequate appreciation of, the crown exchange rate, and we stand ready to address these with economizing measures, by revising contracts with our customers, and potentially also utilizing efficient financial instruments. Rising energy prices and consequent increase in the prices of a number of services may present a serious problem for profitability.

CertiCon a.s. thus enters the coming period as a stable company, with long-term experience in its business relationships with foreign entities and in providing services to EU member states, and with modestly optimistic expectations. The main business objectives for 2023 are to achieve sales from commercial activities exceeding CZK 790 million and total revenues around CZK 810 million, all that with minimal decrease in profitability. This can be facilitated in particular by developing sales of proprietary products, offers to assist in implementing Industry 4.0 within Czech businesses, and also by providing innovative solutions based on artificial intelligence to our existing long-standing clients. The company will fully concentrate on quality of work, quality of all processes, and quality of products. Quality is our main differentiator in rather demanding markets.

We expect to be successful during 2023 in further extending cooperation with existing long-term partners and expanding activities particularly in developing software for sophisticated life-critical and mission-critical applications by developing long-term partnerships and co-sourcing. We also anticipate growth in contracts for the automotive industry despite a crisis in this industrial segment. We expect heightened effort in completing and distributing proprietary products based



on our own research and development. Among other goals, an objective is to boost the volume of research and development work not financed by public funds.

We also intend to continue supporting or creating promising start-up companies and teams, as well as to support activities of the ČVUT Media Lab Foundation and the Institut Equilibrium, z.ú.

The company's activities in implementing state-of-the-art ECDL concepts in the Czech Republic will be expanded further.

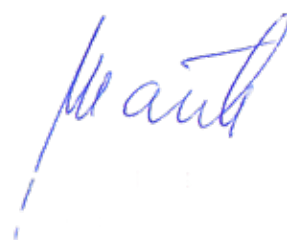
CertiCon a.s. will undertake to implement audits focused not only on financial activities but particularly on organizational, managerial, and research activities. We have, of course, implemented data protection pursuant to EU's GDPR. A group subordinated directly to the respective director is focused on strengthening computer and system security. The objective is to support the company's all-round development by pursuing modern organizational and managerial approaches and with the aim to maximize management effectiveness in upholding security principles.

In the IT area, we have undertaken a substantial modernization of infrastructure, and specifically the construction of a back-up server room at the new Pilsen premises within the Hamburk building at a cost of CZK 15 million. It will be further developed. In 2023, development and implementation of the remaining ERP modules will be completed. Already in routine operation, the system is nevertheless still being improved.

Our company's fundamental value remains in the expert and human quality of our employees, their abilities to respond to customers' requirements, and their abilities to think independently and creatively about optimal solutions and innovative processes. That is why we shall continue also to devote extraordinary attention to the education and training of our staff, in fact doing so even more than in the past, especially after they return to their teams and workplaces. We will rigorously implement agile management in production and development projects while directly connecting into the agile practices of our customers. We also are counting upon stabilization of personnel and an increase in the qualifications of employees at all our branches, cautious growth in the number of IT professionals, and efforts to optimize capacities in non-production professions.

To strengthen and secure staffing in 2023, we count on supporting our subsidiary CertiCon SK in Žilina, and we stand ready to help in the field of human resources methodology, testing methodology, and software development in the form of training and internships.

Further capacity strengthening is represented by CIT-Con, s.r.o., a company created last year, in which SynergyCon, a.s. has a majority share. CIT-Con, s.r.o., operates mainly in Slovakia and supports our projects with ZF.



# Additional Information

Other specific information as required by Section 21 (2) of Act No. 563/1991 Coll.:

## RESEARCH AND DEVELOPMENT ACTIVITIES

The main scope of business activities at CertiCon a.s. is development of life-critical and mission-critical applications tailored to the needs of its customers. The company conducts applied research and development for its own needs as part of domestic and foreign grant projects. We anticipate extensive tendering of additional projects within the European research space, especially in connection with the upcoming participation in the IPCEI project related to cloud technologies.

## ENVIRONMENTAL PROTECTION ACTIVITIES

Given the nature of its business activities, CertiCon a.s. in no way adversely affects the environment. Internally, the company complies with the proper disposal of waste through entities authorized to undertake such activities. CertiCon a.s. discharges its obligation to collect and utilize packaging materials waste through EKO-KOM, a company authorized by the Ministry of the Environment for jointly fulfilling the obligation to collect and utilize packaging materials waste.

## EVENTS AFTER THE BALANCE SHEET DATE

Material events as at the Annual Report date having influence on the company's profitability are discussed within the notes to the financial statements, which constitute a part of this Annual Report.

## BRANCHES OR OTHER PARTS OF A BUSINESS ESTABLISHED ABROAD

CertiCon a.s. has not established any branch or other part of a business abroad.

## ACQUIRING OF OWN SHARES

CertiCon a.s. did not acquire any of its own shares in 2022.

### **Report on Relations between the Controlling, Controlled and Related Entities for 2022**

prepared in accordance with provisions of Sections 82 et seq. of Act No. 90/2012 Coll., on Business Corporations and Cooperatives (the Business Corporations Act)

### **Section I. – Structure of relations between the controlling entity and the controlled entity and between the controlled entity and other entities controlled by the same controlling entity**

#### **Controlled Entity:**

Business name: CertiCon a.s.  
Registered office: Evropská 2758/11, 160 00 Prague 6  
Company ID Number: 25083341

#### **Controlling Entity:**

Business name: SynergyCon a.s.  
Registered office: Václavské nám. 808/66, 110 00 Prague 1  
Company ID Number: 24764264  
100% share in the controlled entity

#### **Related Entities (other entities controlled by the Controlling Entity):**

Business name: EnergyCon s.r.o.  
Registered office: Evropská 2758/11, 160 00 Prague 6  
Company ID Number: 24247065

Business name: Passengera s.r.o.  
Registered office: Evropská 2758/11, 160 00 Prague 6  
Company ID Number: 04276515

Business name: EMBITRON s.r.o.  
Registered office: House No. 290, 303 00 Vochoz  
Company ID Number: 26361175

Business name: CIT-Con s.r.o.  
Registered office: Evropská 2758/11, 160 00 Prague 6  
Company ID Number: 14047039

Business name: CIT-Con SK s.r.o.  
Registered office: Vyšehradská 12, Bratislava – Petržalka 851 06  
Company ID Number: 52332942

#### **Related Entities (subsidiaries and associates):**

Business name: HydroCon a.s.  
Registered office: Evropská 2758/11, 160 00 Prague 6  
Company ID Number: 24808202  
Owned share: 70%

Business name: ProTyS, a.s.  
Registered office: Evropská 2758/11, 160 00 Prague 6  
Company ID Number: 63077795  
Owned share: 10%

Business name: Datis s.r.o.  
Registered office: Chvalova 1577/12, 130 00 Prague 3  
Company ID Number: 27630790  
Owned share: 10%

Business name: Health Helm, Inc.  
Registered office: 51 Melcher Street, Boston, Massachusetts, 02210, USA  
Company ID Number: N/A  
Owned share: 13.78%

As at 19 December 2022, Health Helm, Inc. terminated its operations.

Business name: CCVis s.r.o.  
Registered office: Evropská 2758/11, Dejvice, 160 00 Prague 6  
Company ID Number: 14327341  
Owned share: 100%

Business name: CertiCon SK s.r.o.  
Registered office: Poštová ulica 1, 010 08 Žilina, Slovak Republic  
Company ID Number: 54474400  
Owned share: 70%

#### **Section II. – The controlled entity’s role in relations among entities stated in Section I**

The controlled entity’s role in the business group is to provide services in software design, development, and testing. The entities stated in Section I operate independently but may utilize the research and development capacity of the controlled entity.

#### **Section III. – Method and means of control**

Decisive influence is exerted in particular by appointing and recalling members of the

statutory body and of the supervisory body in accordance with valid legal regulations and the company's Articles of Association, as well as by presence and voting at the company's General Meetings.

**Section IV. – Overview of acts effected during the most recent accounting period at the initiative or in the interest of the controlling entity or of entities controlled by the controlling entity (relating to assets exceeding 10% of the controlled entity's shareholders' equity as determined according to the most recent financial statements)**

In 2022, the controlling company decided on paying out a dividend totalling CZK 50,000,000 to the benefit of the controlling entity.

During 2022, no other acts were effected at the initiative or in the interest of the controlling entity relating to assets exceeding 10% of the controlled entity's shareholder's equity.

**Section V. – Overview of mutual contracts between the controlled entity and the controlling entity or between controlled entities**

In the year ending 31 December 2022, no contracts were in force between the controlling and controlled entities.

During the year ending 31 December 2022, three (3) contracts with the associate ProTyS, a.s. were in force. These were a sublease contract (as amended by three valid annexes) and two contracts for the provision of consulting services. The contracts were concluded under standard market conditions.

In addition, during the year ending 31 December 2022, one (1) contract with the subsidiary HydroCon a.s. was in force. This was a sublease contract (as amended by a valid annex). The contract was concluded under standard market conditions.

In addition, during the year ending 31 December 2022, three (3) contracts with the associate Datis s.r.o. were in force. These were a sublease contract (as amended by a valid annex), one non-disclosure agreement, and one framework agreement on providing services. The contracts were concluded under standard market conditions.

In addition, during the year ending 31 December 2022, one (1) contract with the affiliate Health Helm, Inc. was in force. This was a framework agreement on providing software development services. The contract was concluded under standard market conditions.

In addition, during the year ending 31 December 2022, two (2) contracts with the affiliate EnergyCon s.r.o. were in force. These were a sublease contract (as amended by two valid annexes) and a contract on provision of consulting services. The contracts were concluded under standard market conditions.

In addition, during the year ending 31 December 2022, four (4) contracts with the affiliate Passengera s.r.o. were in force. These were a sublease contract (as amended by six valid annexes), one non-disclosure agreement, one contract on non-exclusive use of business premises (as amended by a valid annex), and one framework agreement on providing services (as amended by two valid annexes). The contracts were concluded under standard market conditions.

In addition, during the year ending 31 December 2022, four (4) contracts with the affiliate EMBITRON s.r.o. were in force. These included a contract on provision of consulting services (as amended by two valid annexes), a contract on non-exclusive use of business premises (as amended by a valid annex), a sublease contract (as amended by two valid annexes), and a purchase contract on the sale of a passenger car. The contracts were concluded under standard market conditions.

In addition, during the year ending 31 December 2022, three (3) contracts with the affiliate CIT-Con s.r.o. were in force. These were a framework contract for work (as amended by two

valid annexes), a sublease contract, and a lease contract relating to movable assets (as amended by three valid annexes). The contracts were concluded under standard market conditions.

In addition, during the year ending 31 December 2022, seven (7) contracts with the affiliate CCVis s.r.o. were in force. These included a non-disclosure and confidentiality agreement, an agreement on providing services, a framework agreement on providing services, sublease contract I (as amended by four valid annexes), sublease contract II., a lease contract relating to movable assets (as amended by five valid annexes), and an agreement on providing additional paid in capital. The contracts were concluded under standard market conditions.

In addition, during the year ending 31 December 2022, five (5) contracts with the affiliate CertiCon SK s.r.o. were in force. These include a framework contract on business cooperation, two loan contracts, a lease contract relating to movable assets (as amended by a valid annex), and an agreement on providing services. The contracts were concluded under standard market conditions.

For reasons of trade secrecy, the values of performance and consideration in relation to the contracts stated above are not provided.

#### **Section VI. – Assessment of whether a controlled entity incurred any detriment, and assessment of its settlement pursuant to Sections 71 and 72**

During the year ending 31 December 2022, none of the affiliated companies incurred detriment related to relationships between related entities.

#### **Section VII. – Assessment of advantages and disadvantages, specification of risks**

All of the company's contractual relationships with related entities were concluded under customary contractual conditions. The contractual consideration agreed and provided corresponded to the conditions of customary business relationships, and the company incurred no detriment, substantial risk, or disadvantage from these contractual relationships.

This report was prepared by the Board of Directors as the statutory body of the controlled entity on the basis of data known to Members of the Board of Directors as persons acting with due managerial care.

Prague, 30 March 2023

  
Prof. Ing. Vladimír Mařík, DrSc., dr. h. c.  
Chairman of the Board of Directors



# Basic Data about the Company

## HEADQUARTERS AND OTHER PREMISES

### Headquarters:

Prague 6, The Blox, Evropská 2758/11 (registered on 12 March 2015)

### Other premises:

Pilsen, Hamburk Business Center, U Prazdroje 2807/8  
Ostrava, The Orchard III, Hornopolní 3322/34  
Olomouc, RCO, Jeremenkova 40B  
Pardubice, Třída Míru 62

## INFORMATION ABOUT SHARES

**Share capital:** CZK 10,000,000, fully paid up

**Shares:** 100 ordinary, registered shares in documentary form, each with a nominal value of CZK 100,000  
The shares are not publicly traded.

## COMPANY BODIES

### BOARD OF DIRECTORS

**Chairman:** Prof. Ing. Vladimír Mařík, DrSc., dr. h. c.

**Vice-chairman:** Ing. Karel Kraus, MBA

**Member:** Prof. Ing. Josef Psutka, CSc.

### SUPERVISORY BOARD

**Chairman:** Doc. Ing. Jiří Lažanský, CSc.

**Member:** Prof. RNDr. Olga Štěpánková, CSc.

**Member:** Ing. Michal Paulíček, from 25 June 2018

# Extract from the Commercial Register

This extract was electronically signed by "MĚSTSKÝ SOUD V PRAZE" on 4 April 2023 at 11:05:52 am. EPVid:/62Tqmcy+39nqTWvyLISCg

## Extract

from the Commercial Register, maintained  
by the Municipal Court in Prague  
Section B, file 4355

*This extract is a translation from  
the Czech original.*

<b>Date of incorporation:</b>	20 November 1996
<b>File designation:</b>	B 4355 maintained by the Municipal Court in Prague
<b>Company:</b>	CertiCon a.s.
<b>Headquarters:</b>	Evropská 2758/11, Dejvice, Postal Code 160 00, Prague 6
<b>Identification number:</b>	250 83 341
<b>Legal form:</b>	Joint-stock company
<b>Subject of business:</b>	Production, trade and services not listed in Annexes 1 to 3 of the Trade Licensing Act

<b>Statutory body – Board of Directors:</b>	
<b>Chairman of the Board of Directors:</b>	
	Prof. Ing. VLADIMÍR MAŘÍK, DrSc., date of birth: 25 June 1952
	Na Křemínku 664/2, Slivenec, 154 00 Prague 5
	Date of assuming office: 25 June 2018
	Date of assuming membership: 25 June 2018
<b>Vice-Chairman of the Board of Directors:</b>	
	Ing. KAREL KRAUS, MBA, date of birth: 27 August 1964
	Velká Skála 678/2, Troja, 181 00 Prague 8
	Date of assuming office: 25 June 2018
	Date of assuming membership: 25 June 2018
<b>Member of the Board of Directors:</b>	
	Prof. Ing. JOSEF PSUTKA, CSc., date of birth: 20 February 1951
	Plaská 1346/55, Bolevec, 323 00 Pilsen
	Date of assuming membership: 25 June 2018
<b>Manner of transacting:</b>	On behalf of the Board of Directors, the Chairman or Vice-Chairman act externally in the name of the company.
<b>Company Secretary:</b>	
	Ing. PAVEL MAREK, date of birth: 29 September 1968 Prague 9 – Prosek, Litoměřická 405/9, Postal Code 19000
	The Company Secretary is authorized to act independently on behalf of the company.
<b>Supervisory Board:</b>	
<b>Chairman of the Supervisory Board:</b>	
	Doc. Ing. JIŘÍ LAŽANSKÝ, CSc., date of birth: 3 March 1947
	Třeboradická 1075/47, Kobylisy, 182 00 Prague 8
	Date of assuming office: 25 June 2018
	Date of assuming membership: 25 June 2018
<b>Member of the Supervisory Board:</b>	
	Prof. RNDr. OLGA ŠTĚPÁNKOVÁ, CSc., date of birth: 23 December 1949
	Lukešova 1612/73, Krč, 142 00, Prague 4
	Date of assuming membership: 25 June 2018
<b>Member of the Supervisory Board:</b>	
	Ing. MICHAL PAULÍČEK, date of birth: 22 March 1982 Na záhonech 1482/65, Michle, 141 00 Prague 4
	Date of assuming membership: 25 June 2018
<b>Shares:</b>	100 common bearer shares in documentary form, each with a nominal value of CZK 100,000
<b>Share capital:</b>	CZK 10,000,000
	Paid-up: 100%
<b>Other information:</b>	
	The registered capital is fully paid up.  The business corporation wholly conforms to law by proceeding according to Section 777(5) of Act No. 90/2012 Coll., on Business Corporations and Cooperatives.

Data valid as at: 4 April 2023 03:51

# Financial Statements

## BALANCE SHEET full version

As at  
31 December 2022  
(in CZK thousands)

CertiCon a.s.  
Company ID 250 83 341

Evropská 2758/11, Dejvice  
160 00 Prague 6

		31 December 2022			31 December 2021
		Gross	Adjustment	Net	Net
	<b>TOTAL ASSETS</b>	<b>506 478</b>	<b>180 660</b>	<b>325 818</b>	<b>305 266</b>
<b>B.</b>	<b>Fixed assets</b>	<b>282 951</b>	<b>180 540</b>	<b>102 411</b>	<b>102 463</b>
<b>B.I.</b>	<b>Intangible fixed assets</b>	<b>150 018</b>	<b>104 857</b>	<b>45 161</b>	<b>47 012</b>
B.I.1.	Intangible research and development outputs	106 316	88 882	17 434	28 222
B.I.2.	Valuable rights	6 512	5 289	1 223	1 303
<i>B.I.2.1.</i>	<i>Software</i>	<i>6 422</i>	<i>5 199</i>	<i>1 223</i>	<i>1 303</i>
<i>B.I.2.2.</i>	<i>Other valuable rights</i>	<i>90</i>	<i>90</i>		
B.I.4.	Other intangible fixed assets	5 450	5 450		189
B.I.5.	Advances provided on intangible fixed assets and intangible fixed assets under construction	31 740	5 236	26 504	17 298
<i>B.I.5.2.</i>	<i>Intangible fixed assets under construction</i>	<i>31 740</i>	<i>5 236</i>	<i>26 504</i>	<i>17 298</i>
<b>B.II.</b>	<b>Tangible fixed assets</b>	<b>96 410</b>	<b>75 683</b>	<b>20 727</b>	<b>29 624</b>
B.II.1.	Land and buildings	17 677	9 409	8 268	10 763
<i>B.II.1.2.</i>	<i>Buildings</i>	<i>17 677</i>	<i>9 409</i>	<i>8 268</i>	<i>10 763</i>
B.II.2.	Individual tangible movable assets and sets of tangible movable assets	78 733	66 274	12 459	18 861
<b>B.III.</b>	<b>Long-term financial assets</b>	<b>36 523</b>		<b>36 523</b>	<b>25 827</b>
B.III.1.	Equity investments in subsidiaries and associates	27 312		27 312	23 127
B.III.2.	Loans and credits to subsidiaries and associates	6 511		6 511	
B.III.5.	Other securities and investments	2 700		2 700	2 700
<b>C.</b>	<b>Current assets</b>	<b>201 963</b>	<b>120</b>	<b>201 843</b>	<b>170 921</b>
<b>C.I.</b>	<b>Inventories</b>	<b>249</b>		<b>249</b>	<b>570</b>
C.I.1.	Material	52		52	92
C.I.3.	Finished products and merchandise	197		197	478
<i>C.I.3.1.</i>	<i>Finished products</i>	<i>43</i>		<i>43</i>	<i>324</i>
<i>C.I.3.2.</i>	<i>Merchandise</i>	<i>154</i>		<i>154</i>	<i>154</i>
<b>C.II.</b>	<b>Receivables</b>	<b>152 888</b>	<b>120</b>	<b>152 768</b>	<b>111 363</b>
C.II.1.	Long-term receivables	5 786		5 786	7 338
<i>C.II.1.4.</i>	<i>Deferred tax asset</i>	<i>2 293</i>		<i>2 293</i>	<i>3 664</i>
<i>C.II.1.5.</i>	<i>Other receivables</i>	<i>3 493</i>		<i>3 493</i>	<i>3 674</i>
<i>C.II.1.5.2.</i>	<i>Long-term advances made</i>	<i>3 493</i>		<i>3 493</i>	<i>3 674</i>
C.II.2.	Short-term receivables	147 102	120	146 982	104 025
<i>C.II.2.1.</i>	<i>Trade receivables</i>	<i>144 741</i>	<i>120</i>	<i>144 621</i>	<i>102 697</i>
<i>C.II.2.4.</i>	<i>Other receivables</i>	<i>2 361</i>		<i>2 361</i>	<i>1 328</i>
<i>C.II.2.4.3.</i>	<i>Tax receivables due from state</i>	<i>2 141</i>		<i>2 141</i>	<i>1 153</i>
<i>C.II.2.4.4.</i>	<i>Short-term advances made</i>	<i>220</i>		<i>220</i>	<i>159</i>
<i>C.II.2.4.6.</i>	<i>Sundry receivables</i>				<i>16</i>
<b>C.IV.</b>	<b>Cash and equivalents</b>	<b>48 826</b>		<b>48 826</b>	<b>58 988</b>
C.IV.1.	Cash on hand	479		479	351
C.IV.2.	Cash at bank	48 347		48 347	58 637
<b>D.</b>	<b>Accruals and deferrals</b>	<b>21 564</b>		<b>21 564</b>	<b>31 882</b>
D.1.	Deferred expenses	17 998		17 998	30 839
D.3.	Accrued income	3 566		3 566	1 043

		31 December 2022	31 December 2021
	<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>325 818</b>	<b>305 266</b>
<b>A.</b>	<b>Equity</b>	<b>189 295</b>	<b>162 258</b>
<b>A.I.</b>	<b>Share capital</b>	<b>10 000</b>	<b>10 000</b>
A.I.1.	Share capital	10 000	10 000
<b>A.III.</b>	<b>Funds from profit</b>	<b>4 760</b>	<b>5 029</b>
A.III.1.	Reserve fund	2 000	2 000
A.III.2.	Statutory and other funds	2 760	3 029
<b>A.IV.</b>	<b>Retained earnings (accumulated losses) (+/-)</b>	<b>96 697</b>	<b>56 197</b>
A.IV.1.	Undistributed earnings or unsettled losses	96 697	56 197
<b>A.V.</b>	<b>Profit or loss for the current period (+/-)</b>	<b>77 838</b>	<b>91 032</b>
<b>B.+C.</b>	<b>Liabilities and provisions</b>	<b>127 291</b>	<b>132 590</b>
<b>B.</b>	<b>Provisions</b>	<b>11 630</b>	<b>16 338</b>
<b>B.IV.</b>	<b>Other provisions</b>	<b>11 630</b>	<b>16 338</b>
<b>C.</b>	<b>Liabilities</b>	<b>115 661</b>	<b>116 252</b>
<b>C.I.</b>	<b>Long-term liabilities</b>		<b>201</b>
C.I.9.	Other liabilities		201
C.I.9.3.	Sundry liabilities		201
<b>C.II.</b>	<b>Short-term liabilities</b>	<b>115 661</b>	<b>116 051</b>
C.II.2.	Payables to lending institutions		31 489
C.II.4.	Trade payables	31 622	8 721
C.II.8.	Other liabilities	84 039	75 841
C.II.8.1.	Payables to partners	40 000	30 000
C.II.8.3.	Payables to employees	26 706	28 486
C.II.8.4.	Payables to social security and health insurance	12 179	12 378
C.II.8.5.	Taxes and subsidies due to state	4 154	4 975
C.II.8.6.	Estimated payables	1 000	
C.II.8.7.	Sundry liabilities		2
<b>D.</b>	<b>Accruals and deferrals</b>	<b>9 232</b>	<b>10 418</b>
D.1.	Accrued expenses	2 324	915
D.2.	Deferred income	6 908	9 503

**PROFIT AND LOSS ACCOUNT**  
structured by the nature of expense method

CertiCon a.s.  
Company ID 250 83 341

Year ended  
31 December 2022  
(in CZK thousands)

Evropská 2758/11, Dejvice  
160 00 Prague 6

		Year ended 31 December 2022	Year ended 31 December 2021
<b>I.</b>	<b>Sales of goods and services</b>	<b>761 930</b>	<b>707 983</b>
<b>II.</b>	<b>Merchandise sales</b>	<b>143</b>	<b>113</b>
<b>A.</b>	<b>Cost of sales</b>	<b>208 106</b>	<b>147 793</b>
A.1.	Cost of merchandise	120	92
A.2.	Materials and energy	8 041	7 428
A.3.	Services	199 945	140 273
<b>B.</b>	<b>Change in internally produced inventory</b>		<b>30</b>
<b>C.</b>	<b>Own work capitalized</b>	<b>-17 174</b>	<b>-24 656</b>
<b>D.</b>	<b>Personnel expenses</b>	<b>466 039</b>	<b>459 828</b>
D.1.	Wages and salaries	342 556	339 722
D.2.	Social security, health insurance, and other expenses	123 483	120 106
D.2.1.	Social security and health insurance expenses	116 639	114 494
D.2.2.	Other personnel expenses	6 844	5 612
<b>E.</b>	<b>Depreciation, amortization, and impairments</b>	<b>26 049</b>	<b>30 326</b>
E.1.	Depreciation, amortization, and impairments of fixed assets	30 458	30 206
E.1.1.	Depreciation, amortization, and permanent impairments of fixed assets	30 458	30 206
E.3.	Adjustments to values of receivables	-4 409	120
<b>III.</b>	<b>Other operating income</b>	<b>8 735</b>	<b>5 614</b>
III.1.	Sales of fixed assets	445	2
III.3.	Miscellaneous operating income	8 290	5 612
<b>F.</b>	<b>Other operating expenses</b>	<b>7 307</b>	<b>6 653</b>
F.3.	Taxes and fees	143	168
F.4.	Provisions and adjustments relating to operating activities and complex deferred expenses	-4 708	-1 012
F.5.	Miscellaneous operating expenses	11 872	7 497
<b>*</b>	<b>Operating profit or loss</b>	<b>80 481</b>	<b>93 736</b>
<b>IV.</b>	<b>Income from long-term financial assets</b>	<b>125</b>	<b>1 200</b>
IV.1.	Income from equity investments	125	1 200
<b>VI.</b>	<b>Interest income and similar income</b>	<b>91</b>	
VI.1.	Interest income and similar income from subsidiaries and associates	91	
<b>I.</b>	<b>Adjustments to values and provisions relating to financial activities</b>	<b>-16 563</b>	<b>426</b>
<b>J.</b>	<b>Interest expense and similar expenses</b>	<b>388</b>	<b>948</b>
J.2.	Other interest expense and similar expenses	388	948
<b>VII.</b>	<b>Other financial income</b>	<b>13 117</b>	<b>8 284</b>
<b>K.</b>	<b>Other financial expenses</b>	<b>29 316</b>	<b>9 020</b>
<b>*</b>	<b>Profit or loss from financial operations</b>	<b>192</b>	<b>-910</b>
<b>**</b>	<b>Profit or loss before tax</b>	<b>80 673</b>	<b>92 826</b>
<b>L.</b>	<b>Income tax</b>	<b>2 835</b>	<b>1 794</b>
L.1.	Income tax due	1 464	1 744
L.2.	Income tax deferred	1 371	50
<b>**</b>	<b>Profit or loss from ordinary activities after tax (+/-)</b>	<b>77 838</b>	<b>91 032</b>
<b>***</b>	<b>Profit or loss for the current period (+/-)</b>	<b>77 838</b>	<b>91 032</b>
<b>*</b>	<b>Net turnover for the current period</b>	<b>784 141</b>	<b>723 194</b>

**STATEMENT OF  
CHANGES IN EQUITY**

CertiCon a.s.  
Company ID 250 83 341

Year ended  
31 December 2022  
(in CZK thousands)

Evropská 2758/11, Dejvice  
160 00 Prague 6

	Share capital	Statutory and other funds	Other reserve funds	Cumulated profit or loss from previous years	TOTAL EQUITY
<b>Balance at 31 December 2020</b>	<b>10 000</b>	<b>3 119</b>	<b>2 000</b>	<b>106 197</b>	<b>121 316</b>
Profit shares paid out				-50 000	-50 000
Payments from capital funds and other movements		-90			-90
Profit or loss for the current period				91 032	91 032
<b>Balance at 31 December 2021</b>	<b>10 000</b>	<b>3 029</b>	<b>2 000</b>	<b>147 229</b>	<b>162 258</b>
Profit shares paid out				-50 000	-50 000
Allocations to funds		532		-532	
Payments from capital funds and other movements		-801			-801
Profit or loss for the current period				77 838	77 838
<b>Balance at 31 December 2022</b>	<b>10 000</b>	<b>2 760</b>	<b>2 000</b>	<b>174 535</b>	<b>189 295</b>

# CASH FLOW STATEMENT

Year ended  
31 December 2022  
(in CZK thousands)

CertiCon a.s.  
Company ID 250 83 341

Evropská 2758/11, Dejvice  
160 00 Prague 6

		Year ended 31 December 2022	Year ended 31 December 2021
<b>P.</b>	<b>Opening balance of cash and cash equivalents</b>	<b>58 988</b>	<b>84 639</b>
	<b><i>Cash flows from main activity (operating activity)</i></b>		
Z.	Profit or loss from operating activities before tax	80 673	92 826
A.1.	Adjustments for non-cash operations	20 993	29 060
A.1.1.	Depreciation and amortization	30 458	30 206
A.1.2.	Change in adjustments and provisions	-25 680	-892
A.1.3.	Profit or loss from sale of fixed assets	-445	-2
A.1.4.	Dividends and like income		-1 200
A.1.5.	Net interest expense	297	948
A.1.6.	Adjustments for other non-cash operations	16 363	
<b>A.*</b>	<b>Net operating cash flow before changes in working capital</b>	<b>101 666</b>	<b>121 886</b>
A.2.	Change in working capital	-7 255	-23 788
A.2.1.	Change in accounts receivable, accruals, and deferrals	-28 039	-34 381
A.2.2.	Change in accounts payable, accruals, and deferrals	20 463	10 376
A.2.3.	Change in inventories	321	217
A.2.4.	Change in current financial assets		
<b>A.**</b>	<b>Net cash flow from operations before tax</b>	<b>94 411</b>	<b>98 098</b>
A.3.	Interest paid	-388	-948
A.4.	Interest received	91	
A.5.	Income tax paid from ordinary operations	-2 024	-1 253
A.6.	Dividends and like income received		1 200
<b>A.***</b>	<b>Net operating cash flows</b>	<b>92 090</b>	<b>97 097</b>
	<b><i>Cash flows from investing activities</i></b>		
B.1.	Fixed assets expenditures	-23 896	-47 085
B.2.	Proceeds from fixed assets sold	445	2
B.3.	Loans and credits to related parties	-6 511	
<b>B.***</b>	<b>Net investment cash flows</b>	<b>-29 962</b>	<b>-47 083</b>
	<b><i>Cash flows from financing activities</i></b>		
C.1.	Change in payables from financing	-31 489	-35 575
C.2.	Impact of changes in equity	-40 801	-40 090
C.2.1.	Cash increase in share capital		
C.2.2.	Capital payments to partners		
C.2.3.	Additional cash contributions made by partners		
C.2.4.	Settlement of loss by partners		
C.2.5.	Direct payments by debit from funds	-801	-90
C.2.6.	Profit shares paid out	-40 000	-40 000
<b>C.***</b>	<b>Net financial cash flows</b>	<b>-72 290</b>	<b>-75 665</b>
<b>F.</b>	<b>Net increase or decrease in cash and cash equivalents</b>	<b>-10 162</b>	<b>-25 651</b>
<b>R.</b>	<b>Closing balance of cash and cash equivalents</b>	<b>48 826</b>	<b>58 988</b>



# CertiCon a.s.

## Notes to the Financial Statements as at 31 December 2022

*Prepared in accordance with § 18 of Act No. 563/1991 Coll., on Accounting, and § 39 of Decree No. 500/2002 Coll.*

### **1. Reporting entity**

Company Name:	<b>CertiCon a.s.</b>
Registered Office:	<b>160 00 Prague 6 – Evropská 2758/11</b>
Legal Form:	<b>Joint-stock company</b> Company ID No.: <b>25083341</b>
Subject of Business:	<b>Production, Trade, and Services not Listed in Appendices 1–3 of the Trade Licensing Act</b>
Incorporation date:	<b>20 November 1996 by entry into the Commercial Register maintained by the Municipal Court in Prague, Section B, file 4355.</b>

In addition to its headquarters, the company has four branches, which are located in Pilsen at Hamburk Business Center, U Prazdroje 2807/8; in Ostrava at The Orchard, Hornoplní 3322/34; in Olomouc at RCO – Regional Centre Olomouc, Jeremenkova 40B; and in Pardubice at tř. Míru 62. Furthermore, the accounting entity has a permanent tax-paying operation in Austria.

Shares: **100 ordinary registered shares in dematerialized form, each with a nominal value of CZK 100,000.**

Persons and entities holding equity in the company:

By a decision from 26 September 2016, the company's General Meeting changed the form of all shares issued by the company from certificate form to dematerialized form.

Information regarding individuals and legal entities having decisive influence on the accounting entity:  
SynergyCon a.s., Company ID No. 24764264 – 100%.

Consolidated financial statements of the broadest and narrowest group of accounting units to which the company as a consolidated accounting unit belongs are prepared by SynergyCon a.s., having its seat at Václavské náměstí 808/66, Prague 1 – Nové Město, Czech Republic.

### **Changes in and Amendments to the Commercial Register:**

There were no changes in the Commercial Register during 2022.

## **Statutory and Supervisory Bodies of the Company:**

### **Board of Directors:**

Chairman: Prof. Ing. Vladimír Mařík, DrSc., dr. h. c.  
Vice-Chairman: Ing. Karel Kraus, MBA  
Member: Prof. Ing. Josef Psutka, CSc.

### **Supervisory Board:**

Chairman: Doc. Ing. Jiří Lažanský, CSc.  
Member: Prof. RNDr. Olga Štěpánková, CSc.  
Member: Ing. Michal Paulíček

## **Organizational Structure**

The company is managed under a matrix management structure. The basic organizational tree is the line management structure wherein each employee belongs to a single organizational line department and has a single line manager. The additional organizational tree is a project-based structure operating on the principle of creating goal-directed groups (programmes, projects, groups). In this project-based structure, each employee may be a part of “n” project-based groups and may have “n” managers (programme and project managers).

## **Basic Line Management Structure**

The company’s management structure has three levels:

- a) The Board of Directors – determines the strategy of the organization.
- b) The top management comprises directors of divisions and sections as well as selected departments who are responsible for the running of the organization as a whole. The top management is directed by the Chairman of the Board of Directors.
- c) The middle-level management comprises department managers who ensure fulfilment of tasks and goals defined by the top management. The middle management level is directed by the top management.

## **Basic Structure of Project-based Management**

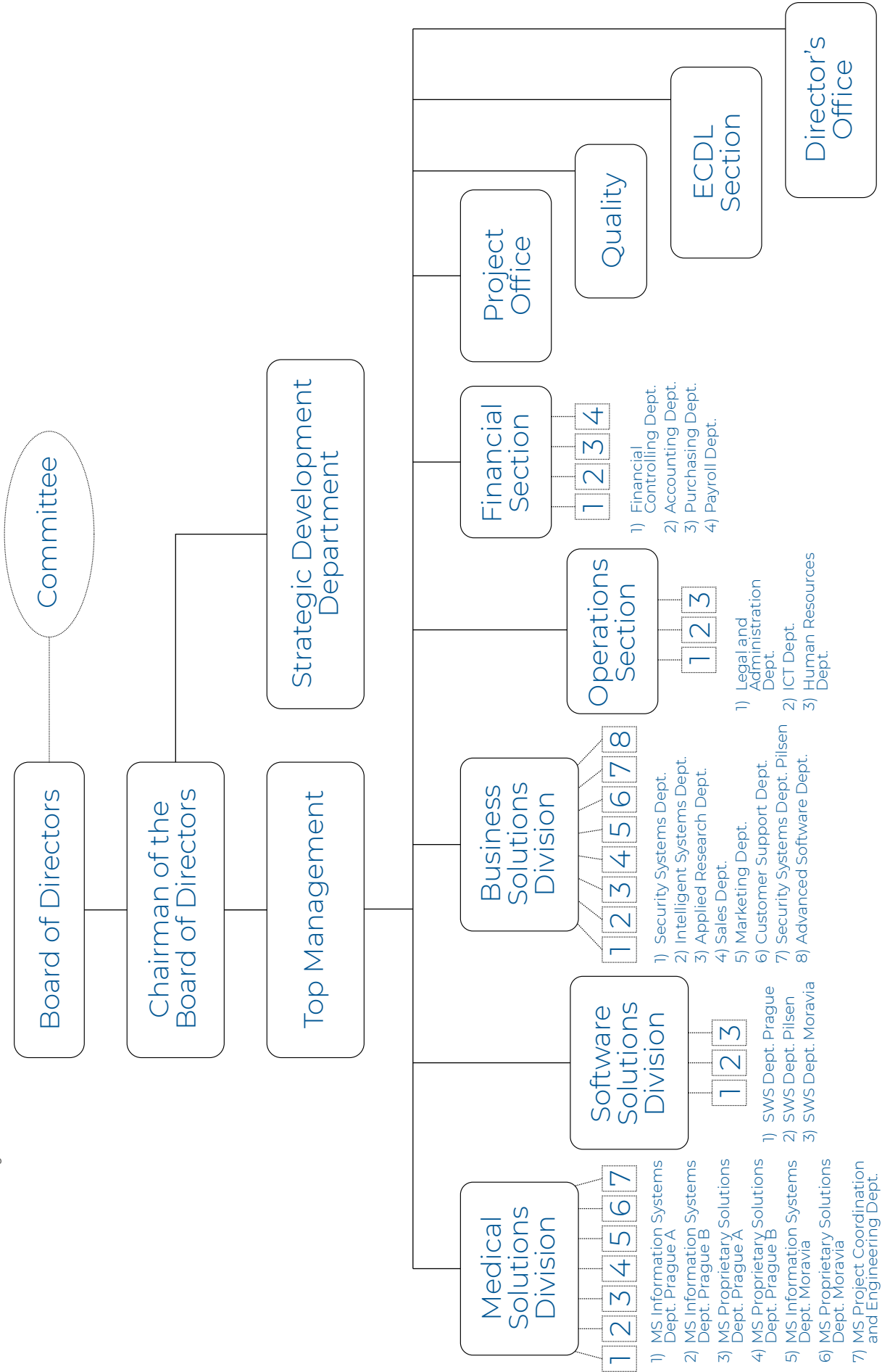
The project-based structure operating on the principle of creating project-based groups (programmes, projects, groups, and other specialized groups) has three levels:

- a) Project-based division – a specific division responsible for carrying out selected programmes and projects. A division director is responsible for achieving objectives of the respective project-based division.
- b) Programme – consists in a group of projects. An appointed programme manager directed by the respective project-based division director is responsible for managing the programme and achieving its objectives.
- c) Project – a basic implementation unit. An appointed project manager directed by a superior programme manager or alternatively directly by the project-based division director is responsible for managing the project and achieving its objectives.

**Organizational structure valid from 1 January 2022 to 31 October 2022 (line structure)**  
 Change: Creation of “MS Project Coordination and Engineering Department” within the Medical Solutions Division

## ORGANIZATIONAL STRUCTURE – LINE CONFIGURATION

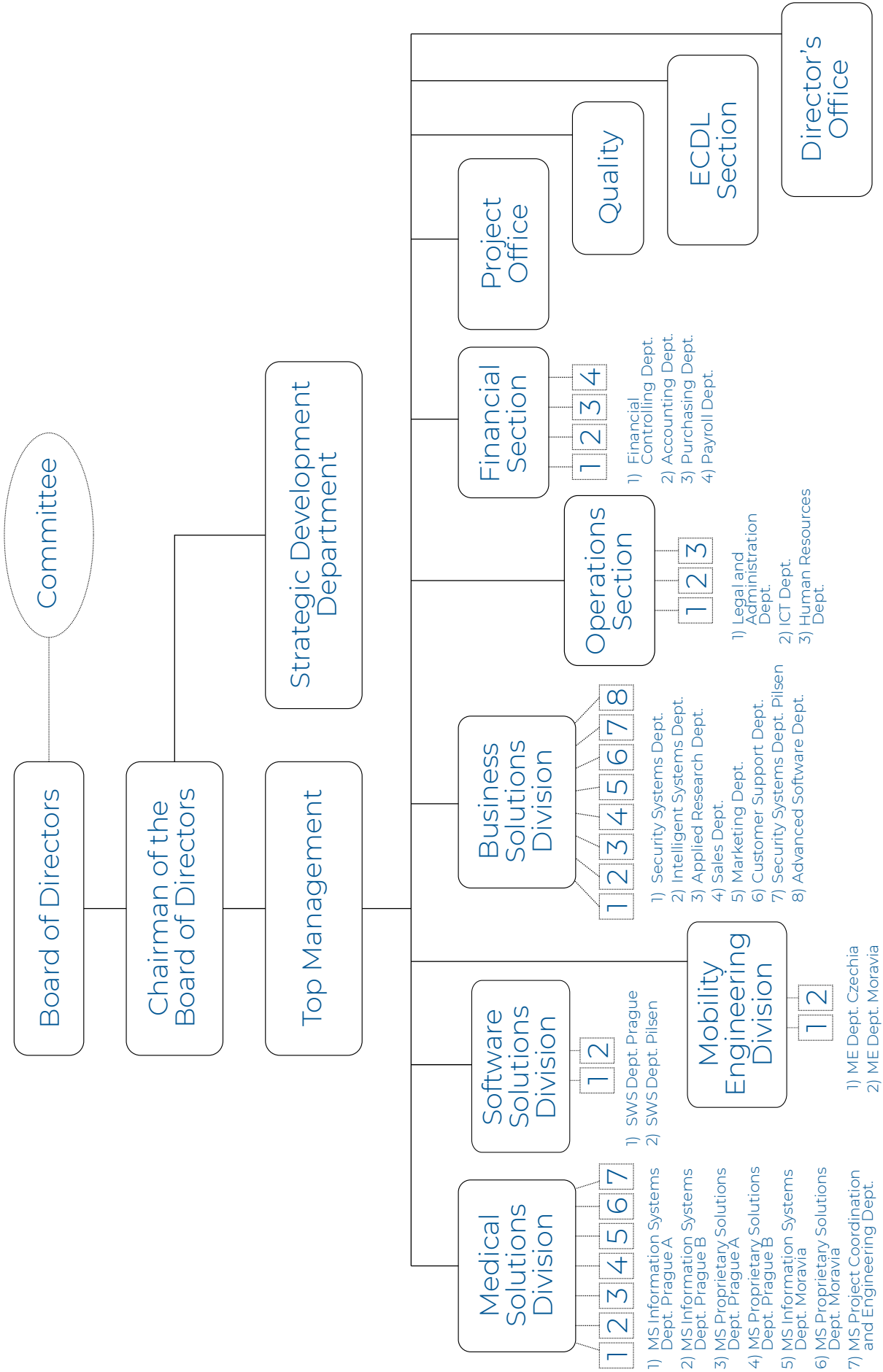
valid from 1 January 2022 to 31 October 2022



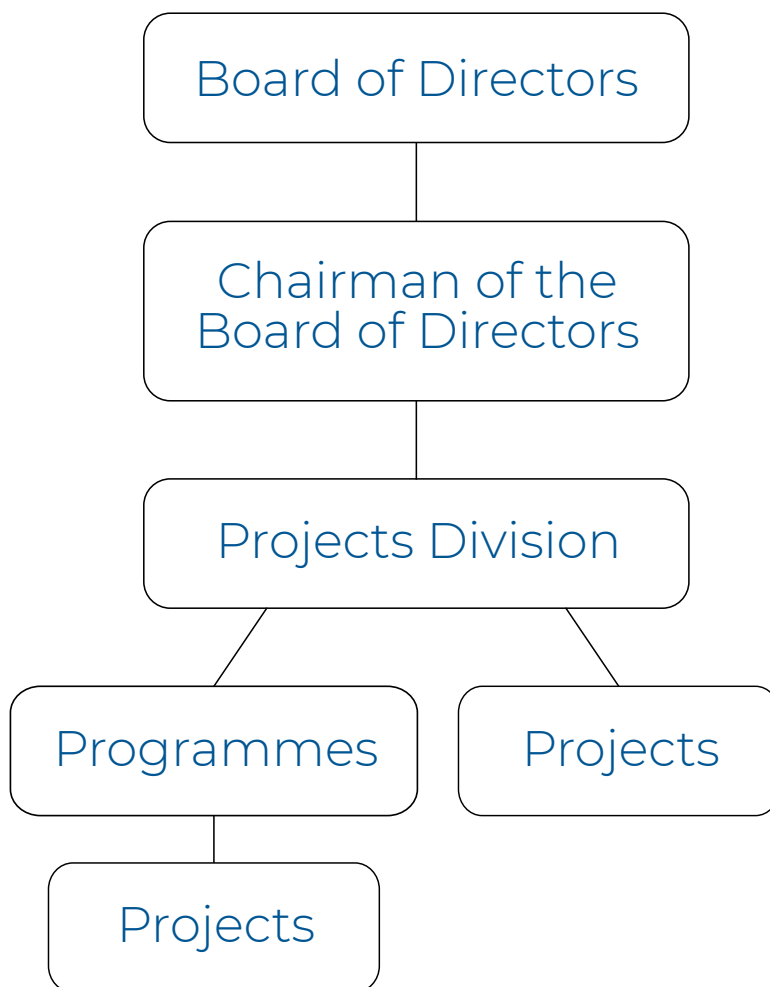
**Organizational structure valid from 1 November 2022 to 31 December 2022 (line structure)**  
 Change: Creation of a new Mobility Engineering Division

# ORGANIZATIONAL STRUCTURE – LINE CONFIGURATION

valid from 1 November 2022 to 31 December 2022



**Organizational structure valid from 1 January 2022 to 31 December 2022 (project-based structure)**



## **2. Basis of accounting, accounting principles, and valuation and depreciation policies**

- a/ The company's accounting is maintained and the financial statements were prepared in accordance with Act No. 563/1991 Coll., on Accounting, as amended; Decree No. 500/2002 Coll., implementing certain provisions of Act No. 563/1991 Coll. for accounting units that are entrepreneurs keeping accounts in a double-entry bookkeeping system, as amended; and Czech Accounting Standards for Entrepreneurs, as amended.

The accounting respects general accounting principles, in particular the historical-cost convention, the accruals principle, the prudence concept, and the going-concern assumption.

The information in these notes is based on accounting records of the accounting unit and other documents at the disposal of the accounting entity. The notes include only information significant for assessing the financial, property, and income situation of the company from the perspective of external users.

Information in these financial statements is expressed in CZK thousands.

- b/ **Departures** from the policies determined in accordance with § 7 (5) of the Accounting Act were not applied. There occurred no changes to the accounting principles and methods applied.

- c/ **Valuation** of individual assets and liabilities is made using the methods defined in § 25 of the Accounting Act.

- d/ **Tangible fixed assets** are assets with useful lives exceeding 1 year and value greater than CZK 80,000 in each individual case.

Any cost of fixed asset improvements exceeding CZK 80,000 for the taxation period increases the acquisition cost of the related tangible fixed asset.

Purchased tangible fixed assets are stated at acquisition cost.

Tangible fixed assets developed internally are valued at direct costs plus indirect costs directly attributable to the internal production of those assets (production overheads).

- e/ **Intangible fixed assets** are assets with useful lives exceeding 1 year and value greater than CZK 60,000 in respect of start-up costs on an individual basis.

Purchased intangible fixed assets are stated at acquisition cost.

Intangible fixed assets developed internally are valued at direct costs plus indirect costs directly attributable to the internal production of those assets (production overheads).

- f/ **Research and development**

Research and development costs are incurred with the view of obtaining completely new technical knowledge that may lead to improvement of products or entire processes in future the economic utilization of which, however, is not yet clear. These costs are recognized in the profit and loss account for the period in which they were incurred.

Each grant project is from the accounting point of view recorded in a separate cost centre up to the level of differentiation between the company's own contribution and grant support. The percentage amount of grant support and own contribution is specified by contract. Costs on the level of support equal the grant received. Costs on the level of own investment are activated for the entire project period if all the following conditions are met. When the project is finished, tangible and/or intangible assets are put into use and depreciated or amortized across the time of the project's assumed duration.

Conditions for activation of the company's own contribution:

A. The project is feasible – there must be a real chance that a tangible or intangible product or article will be created.

B. The product will create a benefit in the form of sales or help to the company internally.

C. The company endeavours to sell the final product, use it internally, or generate sales from operation of the product and its provision to customers.



- D. The company endeavours to complete the final product.
- E. The company has the possibility to value the product at its own costs.

g/ Depreciation or amortization of fixed assets for accounting purposes is carried out according to the method established by the depreciation and amortization plan. Straight-line accounting depreciation or amortization is used and is reported on a monthly basis. The depreciation or amortization period is determined according to the useful lives of fixed assets as follows:

Intangible fixed assets:	- software, intangible assets in use	36 months
	- audio-visual work	18 months
Individual movable assets:	- computers, office technology	36 months
	- other devices and equipment, vehicles	60 months
	- technical improvements of real property	72 months

- h/ **Receivables** are stated upon their origination at nominal value, which is subsequently reduced by adjustments.
- i/ **Adjustments** to asset accounts are created if an asset's accounting value is substantially different from its market value. The depreciation of fixed assets for accounting purposes determined in the depreciation and amortization plan reflects the wear and tear on such assets.
- j/ **Merchandise inventories** are accounted for using method B upon the purchase for each specific order. Purchased inventories are valued at acquisition cost.
- k/ **Liabilities** are stated at their nominal values. The company classifies as short-term that portion of long-term liabilities, bank loans, and financial assistance payable in less than 1 year from the balance sheet date.
- l/ **Cash and cash equivalents** are stated at their nominal values.
- m/ **Long-term financial assets** principally consist of loans with maturities exceeding 1 year, equity investments, securities and equity investments available for sale, and debt securities with maturities exceeding 1 year held to maturity.  
As at the balance sheet date, equity investments are valued at acquisition cost less adjustments.
- n/ **Revenues** are recognized as at the date when services are rendered or goods received or delivered and accepted by the customer or at the date when title has passed to the customer. They are reported net of discounts and VAT.

Revenues are recognized on an accrual basis (i.e. in the period to which they relate).

- o/ **Use of estimates** – Preparation of the financial statements requires management to make estimates and assumptions that influence the reported values of assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses in the current period. The company's management believes that the estimates and assumptions used will not differ markedly from the actual values in the succeeding accounting periods.
- p/ **Government grants** for offsetting costs are recognized as other operating and financial income over the period necessary to match them with costs relating to the defined purpose. Grants received to acquire intangible and tangible fixed assets and technical improvements and grants towards interest expenses included in the acquisition cost are deducted in reporting their acquisition costs or internal costs.

- q/ **Foreign currency translation** is carried out during the accounting period and as at 31 December using the foreign exchange rate announced by the Czech National Bank as at the specific date.
- r/ A **derivative** is a financial instrument meeting the following conditions:
- Its fair value changes in response to changes in an interest rate (i.e. an underlying asset).
  - In comparison to other types of contracts that would react similarly to changes in market conditions, it requires little or no initial investment.
  - The contract will be settled at a future date while the period from concluding the transaction until its settlement is longer than in the case of a spot transaction.

The company has concluded a swap derivative contract to hedge the interest rate of a loan. Derivatives are reported on the balance sheet at fair value. Positive fair values of derivatives are recorded as assets in the line item "Other Assets". Negative fair values of derivatives are recognized in liabilities at line item "Other liabilities". The fair value of financial derivatives is determined as the present value of expected cash flows ensuing from these transactions. With a view to the derivatives' maturity, they are classified as long term.

At the balance sheet date, derivatives are subsequently measured at fair value. Changes in fair value of derivatives classified for fair value hedging are also recognized in financial expenses and incomes along with an appropriate change in fair value of the hedged asset or liability relating to the risk being hedged, because the company does not apply the hedge accounting rules (no hedging documentation is drawn up).

- s/ **Income tax** for the current period consists of tax payable and change in deferred tax. Tax payable consists of estimated tax calculated from the tax base using the tax rate valid as at the first day of the accounting period and all additional charges and refunds from previous periods.

The company creates an income tax liability in light of the fact that the time of compiling the financial statements is similar to that of establishing the amount of the tax obligation. The company therefore does not create income tax provisions.

On the balance sheet, the income tax liability is decreased by income tax advances paid and is recognized in the line item "Taxes and subsidies due to state". In case of an outstanding receivable, that is recorded in line item "Tax receivables due from state".

Deferred tax arises from all temporary differences between accounting and tax values of assets and liabilities or other temporary differences (tax loss) using the tax rate expected to be valid for the period in which the tax liability or receivable will be applied.

A deferred tax asset is recorded only in cases when it is probable that it will be applied in subsequent accounting periods.

t/ **Provisions**

Provisions for unused vacation are created as at the balance sheet date based on an analysis of unused vacation for the given accounting period and average wage expenses inclusive of costs for social security and health insurance according to individual employees.

Provisions for bonuses inclusive of costs for social security and health insurance are created based on internal rules.

u/ **Leased assets**

The company recognizes leased assets by including lease payments into expenses on a straight-line basis over the term of the lease.

- v/ **Cash flow statement** – The statement was prepared using the indirect method. Cash equivalents consist of current liquid assets that can easily and readily be converted into an amount of cash that is known in advance.

Cash and cash equivalents can be broken out as follows:

(in CZK thousands)

	31 Dec 2022	31 Dec 2021
Cash on hand and cash in transit	479	351
Bank accounts	48,347	58,637
Current account debit balance included in current bank loans	0	0
Cash equivalents included in current financial assets	0	0
<b>Total cash and cash equivalents</b>	<b>48,826</b>	<b>58,988</b>

w/ **Consolidation** – In accordance with the provisions of § 22aa of Act No. 563/1991 Coll., on Accounting, the financial statements of the company and all its consolidated accounting units are included into the consolidated financial statements of the company SynergyCon a.s., having its seat at Václavské náměstí 808/66 Prague 1 – Nové Město, Czech Republic. Its consolidated financial statements will be published in accordance with § 22aa (2c) and § 21a of Act No. 563/1991 Coll., on Accounting.

### **3. Equity investments or contract-based ownership interests in other companies**

At 17 December 2009, the company purchased 50 bearer shares in the nominal value of CZK 10,000 of ProTyS, a.s., Company ID No. 63077795, for CZK 5,000,000, which constituted a 20% ownership interest. At 22 December 2014, a contract on transfer of the shares of ProTyS a.s. was concluded, and, on its basis, 25 shares were sold and the company's ownership interest in ProTyS a.s. decreased. The total nominal value of the ownership share as at 31 December 2022 is CZK 2,500,000 (31 December 2021: CZK 2,500,000).

At 15 June 2012, the company purchased 210 registered shares in certificate form in the nominal value of CZK 100,000 of HydroCon a.s., Company ID No. 24808202, which constitute a 70% ownership interest. The total nominal value of the ownership share as at 31 December 2022 is CZK 23,127,000 (31 December 2021: CZK 23,127,000).

At 15 April 2016, the company bought 588,228 shares of the US company Health Helm Inc. in the amount of USD 511,856. At 1 December 2016, CertiCon a.s. increased its ownership share by another 150,156 shares valued at USD 159,165. In 2017, the company purchased shares in the amount of USD 83,525. Total nominal value of the ownership stake as at 31 December 2021 was USD 754,546, and stated in Czech crowns it was CZK 16,563,000 as at 31 December 2021. The company had created an adjustment to this investment equal 100% of its nominal value.

As at 19 December 2022, Health Helm Inc. terminated its operations; the equity interest was derecognized and the adjustment previously created was dissolved at that date. The total value of the interest as at 31 December 2022 is CZK 0 (31 December 2021: CZK 16,563,000).

At 14 January 2020 a contract on transferring a partial ownership share of Datis s.r.o. was concluded. Transferred to CertiCon a.s. was a 10% share in Datis s.r.o., the accounting value of which is CZK 200,000. Total value of the share as at 31 December 2022 is CZK 200,000 (31 December 2021: CZK 200,000).

At 16 February 2022, a memorandum of association establishing CCVis s.r.o., of which CertiCon a.s. has 100% ownership, was signed by notarial deed. Entry into the Commercial Register was made on 8 March 2022. The registered capital of CCVis s.r.o. totals CZK 100,000. During 2022, agreements on providing additional paid in capital were concluded and the value of the ownership holding was increased by these additions in the amount of CZK 4,000,000. The total value of the ownership share as at 31 December 2022 is CZK 4,100,000 (31 December 2021: CZK 0).

As at 15 March 2022, the new company CertiCon SK s.r.o. was entered into the Commercial Register of the District Court of Žilina. CertiCon a.s. has an ownership share of 70%. The total value of the share as at 31 December 2022 is EUR 3,500 (31 December 2021: EUR 0), stated in Czech crowns it is CZK 84,000 as at 31 December 2022 (31 December 2021: CZK 0).

Company	Registered office	Equity investment at net book value	Ownership percentage at 31 Dec 2022	Shareholders' equity at 31 Dec 2022	Profit/loss for 2022
HydroCon a.s.	Evropská 2758/11, 160 00 Prague 6	CZK 23,127,000	70%	CZK 21,240,000	CZK -815,000
ProTyS, a.s.	Evropská 2758/11, 160 00 Prague 6	CZK 2,500,000	10%	CZK 28,093,000	CZK 6,782,000
Health Helm Inc.	51 Melcher Street, Boston, MA 02210	CZK 0	0%	USD 0	USD 0
Datis s.r.o.	Chvalova 1577/12, 130 00 Praha 3	CZK 200,000	10%	CZK 3,279,000	CZK 122,000
CCVis s.r.o.	Evropská 2758/11, 160 00 Prague 6	CZK 4,100,000	100%	CZK 2,005,000	CZK -2,095,000
CertiCon SK s.r.o.	Poštová ulica 1, 010 08 Žilina	CZK 84,000	70%	EUR -126,000	EUR -131,000

Company	Registered office	Equity investment at net book value	Ownership percentage at 31 Dec 2021	Shareholders' equity at 31 Dec 2021	Profit/loss for 2021
HydroCon a.s.	Evropská 2758/11, 160 00 Prague 6	CZK 23,127,000	70%	CZK 22,055,000	CZK 163,000
ProTyS, a.s.	Evropská 2758/11, 160 00 Prague 6	CZK 2,500,000	10%	CZK 22,953,000	CZK 7,098,000
Health Helm Inc.	51 Melcher Street, Boston, MA 02210	0 tis. Kč	13,78%	USD -803,000	USD -68,000
Datis s.r.o.	Chvalova 1577/12, 130 00 Prague 3	CZK 200,000	10%	CZK 3,157,000	CZK 954,000

#### 4. Fixed assets

##### Intangible Fixed Assets (IFA)

##### Acquisition cost

	Starting balance	Additions	Disposals	Transfers	Ending balance
Intangible results of R&D	101,809	8,564	4,057	0	106,316
Software	5,804	618	0	0	6,422
Valuable rights	90	0	0	0	90
Other IFA	5,450	0	0	0	5,450
Advances provided and IFA under construction	22,534	9,206	0	0	31,740
<b>Total 2022</b>	<b>135,687</b>	<b>18,388</b>	<b>4,057</b>	<b>0</b>	<b>150,018</b>
<b>Total 2021</b>	<b>115,289</b>	<b>27,410</b>	<b>7,012</b>	<b>0</b>	<b>135,687</b>

## Adjustments and amortization

(in CZK thousands)

	Starting balance	Additions	Disposals	Transfers	Ending balance	Adjustments	Book
Intangible results of R&D	73,587	19,352	4,057	0	88,882	0	17,434
Software	4,501	698	0	0	5,199	0	1,223
Valuable rights	90	0	0	0	90	0	0
Other IFA	5,261	189	0	0	5,450	0	0
Advances provided and IFA under construction	0	0	0	0	0	5,236	26,504
<b>Total 2022</b>	<b>83,439</b>	<b>20,239</b>	<b>4,057</b>	<b>0</b>	<b>99,621</b>	<b>5,236</b>	<b>45,161</b>
<b>Total 2021</b>	<b>69,558</b>	<b>20,893</b>	<b>7,012</b>	<b>0</b>	<b>83,439</b>	<b>5,236</b>	<b>47,012</b>

Intangible fixed assets comprise software, copyrights (logo), audio-visual work, and results of research and development. Additions to intangible fixed assets and classifications for their use in 2022 were:

- SW licences for CZK 618,000,
- proprietary products CCV and EPIQA for CZK 8,564,000

## Tangible Fixed Assets (TFA)

### Acquisition cost

(in CZK thousands)

	Starting balance	Additions	Disposals	Transfers	Ending balance
Buildings	17,677	0	0	0	17,677
Tangible movables and sets of tangible movables	78,908	1,322	1,497	0	78,733
<b>Total 2022</b>	<b>96,585</b>	<b>1,322</b>	<b>1,497</b>	<b>0</b>	<b>96,410</b>
<b>Total 2021</b>	<b>78,101</b>	<b>19,675</b>	<b>1,191</b>	<b>0</b>	<b>96,585</b>

### Adjustments and depreciation

(in CZK thousands)

	Starting balance	Additions	Disposals	Transfers	Ending balance	Adjustments	Book
Buildings	6,914	2,495	0	0	9,409	0	8,268
Tangible movables and sets of tangible movables	60,047	7,724	1,497	0	66,274	0	12,459
<b>Total 2022</b>	<b>66,961</b>	<b>10,219</b>	<b>1,497</b>	<b>0</b>	<b>75,683</b>	<b>0</b>	<b>20,727</b>
<b>Total 2021</b>	<b>58,839</b>	<b>9,313</b>	<b>1,191</b>	<b>0</b>	<b>66,961</b>	<b>0</b>	<b>29,624</b>

Tangible fixed assets comprise IT equipment, devices, vehicles, office furniture (furnishing new office spaces), and technical improvements to leased real property.

Additions to tangible fixed assets in 2022 were:

- IT hardware with acquisition cost of CZK 709,000,
- office furniture with acquisition cost of CZK 614,000

A physical inventory-taking as at 31 December 2022 was made at all workplaces and no differences were found between the physical situation and the accounting records.

## Assets under Pledge or Encumbered by Lien

Except for the collateral stated in Notes 7 and 8, no assets of the company were encumbered by lien or subject to easement.

## **Assets Maintained Off-Balance Sheet**

In 2022, transactions related to import of components from the US company Medtronic were recorded to off-balance sheet accounts.

These were components and devices necessary for software development for Medtronic. We did not become their owners and did not pay for them. In accordance with the contract on cooperation, if the owner (Medtronic) requests that these components be returned, CertiCon a.s. is obliged to do so or to destroy them.

The balance of the off-balance sheet account "Assets held for safekeeping" was CZK 10,049,000 as at 31 December 2022 (CZK 8,106,000 as at 31 December 2021).

## **Third-party Assets Maintained on the Balance Sheet**

The company holds no third-party assets.

## **Leased Assets and Assets under Lease**

The company leases moveable assets – computing and small office technology. Revenues for 2022 were CZK 182,000 (CZK 0 in 2021).

The company did not have any assets during 2022 or 2021 that had been acquired by financial leasing.

The company concluded an operating lease contract during 2019 with the lessor UniCredit Fleet Management, s.r.o. The subject of the lease was a Mazda passenger car, for duration of 48 months, with lease beginning 2 July 2019. The monthly lease payment exclusive of VAT is CZK 11,000.

The company concluded a framework agreement on motor vehicles lease in 2020 with the lessor ARVAL CZ s.r.o. The subject of lease was a long-term lease of motor vehicles for indefinite period. As at 31 December 2022, the company had leased 6 vehicles based on this agreement, monthly lease payment for all vehicles was CZK 78,000 exclusive of VAT.

As at 31 December 2021, the company had leased 5 vehicles based on this agreement, monthly lease payment for all vehicles was CZK 66,000 exclusive of VAT.

Total annual costs related to vehicles lease were CZK 989,000 in 2022 (CZK 954,000 in 2021).

The company leases office space for all its branches for defined time periods (expiration of individual contracts ranges between 2025 and 2027). Total annual expenses for these leases were CZK 62,138,000 in 2022 (CZK 58,091,000 in 2021).

The company leases IT technology and office equipment. Total annual costs for these were CZK 9,849,000 in 2022 (CZK 4,965,000 in 2021).

## **5. Trade receivables and trade payables**

Short-term trade receivables not past due as at 31 December 2022 total CZK 142,172,000 (CZK 100,950,000 as at 31 December 2021) and receivables past due total CZK 2,569,000 (CZK 6,276,000 as at 31 December 2021). Adjustments to doubtful receivables as at 31 December 2022 totalled CZK 120,000 (CZK 4,529,000 as at 31 December 2021). In 2022, the company did not create any new adjustment.

The company recorded short-term trade payables past due in the amount of CZK 1,471,000 as at 31 December 2022 (CZK 1,000 as at 31 December 2021). These were fully paid in 2023 (or 2022).

The company records no long-term accounts receivable or payable with payment due dates longer than 5 years.

## **6. Long-term advances made**

Long-term advances as at 31 December 2022 consisted mainly of rental security deposits in the amount of CZK 3,493,000 (CZK 3,448,000 as at 31 December 2021).

Lease contracts for Prague are backed by bank guarantees, and there occurred a change in 2022. A term deposit in the amount of 10% of the value of the bank guarantee was decreased to CZK 1,562,000 (CZK 1,563,000 as at 31 December 2021).



## **7. Off-balance sheet commitments**

As stated in Note 4, transactions related to import of components from the US company Medtronic were recorded to off-balance sheet accounts in 2022. The balance of the off-balance sheet account "Commitment for assets held for safekeeping" totals CZK 10,049,000 as at 31 December 2022 (CZK 8,106,000 as at 31 December 2021).

## **8. Bank loans**

At 26 July 2016, the company concluded a loan contract with UniCredit Bank Czech Republic and Slovakia, a.s. for an authorized overdraft in an amount up to CZK 35,000,000. As a result of the extension of Medtronic's invoice due dates from 30 to 90 days, the credit facility was increased at 23 April 2021 from CZK 35,000,000 to CZK 70,000,000. The company drew upon the credit facility in 2022, specifically CZK 13,900,000 in a period from 8 August 2022 to 16 August 2022 (CZK 0 as at 31 December 2021).

To secure this loan, the company concluded a contract on security assignment of receivables with UniCredit Bank Czech Republic and Slovakia, a.s. on 26 July 2016. On the basis of this contract, the company assigns to the bank all its existing and future receivables from all sub-debtors in an amount up to CZK 35,000,000, or CZK 70,000,000 respectively, plus appurtenances ensuing from the loan contract.

On 15 February 2018, the company concluded a bank loan with UniCredit Bank Czech Republic and Slovakia, a.s. for an amount of EUR 6,000,000, which was drawn in two tranches of EUR 3,000,000 each. The loan was in quarterly repayment (20 instalments) from 29 March 2018. The final instalment was due 30 December 2022. The loan incurred interest at a rate defined as the sum of the 3-month EURIBOR rate plus a premium of 1.3% p.a. The parent company SynergyCon a.s. was a co-creditor and guarantor of the loan.

	31 Dec 2022	31 Dec 2021
Amount payable in less than 1 year	CZK 0	CZK 31,489,000
Amount payable in 1–5 years	CZK 0	CZK 0
Amount payable in longer than 5 years	CZK 0	CZK 0
<b>Total</b>	<b>CZK 0</b>	<b>CZK 31,489,000</b>

To secure the loan, the company issued a blank promissory note to the bank. Further, a lien was issued on the amounts receivable from current accounts of both CertiCon a.s. and SynergyCon a.s., and the aforementioned contract on security assignment of receivables was extended with an amendment also to cover this loan.

## **9. Derivatives**

The company revalued the interest rate swap relating to the bank loan to fair value. Because the loan was repaid, the fair value of the derivative as at 31 December 2022 is CZK 0 (CZK 201,000 as at 31 December 2021).

## **10. Accrued Income**

Accrued income comprises primarily programming work not yet invoiced.

## **11. Deferred Expenses**

Deferred expenses include mainly invoiced services, especially services related to lease of office spaces at Evropská 11, insurance, and SW licences related to future reporting periods.

## **12. Other provisions**

In the 2022 accounting period, a provision was created for payment of bonuses for 2022 to be made in 2023 in the amount of CZK 8,701,000 and a provision for payment of bonuses in the amount of CZK 12,455,000 from 2021 was partially utilized. In 2022, CZK 12,337,000 was utilized and the remaining CZK 118,000 from 2021 will be dissolved in 2023.

An important part of other provisions is also provision for outstanding vacation, which as at 31 December 2022 comes to CZK 2,811,000 (CZK 3,883,000 as at 31 December 2021).

### **13. Income tax**

#### **Income Tax Payable**

Income tax payable for 2022 paid in the Czech Republic totals CZK 929,000 (CZK 824,000 as at 31 December 2021).

Income tax payable for 2022 paid in Austria totals CZK 535,000 (CZK 920,000 as at 31 December 2021).

In 2022, income tax liability totalling CZK 1,464,000 was decreased by income tax advances paid totalling CZK 1,474,000 and the amount receivable of CZK 10,000 was recognized in the line item "Tax receivables due from state".

In 2021, income tax liability totalling CZK 1,744,000 was decreased by income tax advances paid totalling CZK 1,194,000 and the amount payable of CZK 550,000 was recognized in the line item "Taxes and subsidies due to state".

#### **Deferred Taxation**

A deferred tax asset in the amount of CZK 2,293,000 (CZK 3,664,000 as at 31 December 2021) arises from a difference between the accounting and tax net book values of fixed assets of CZK 317,000 (CZK 1,581,000 as at 31 December 2021), provisions for management bonuses and for undrawn vacation totalling CZK 11,630,000 (CZK 16,338,000 as at 31 December 2021), and accounting adjustments in the amount of CZK 120,000 (CZK 4,529,000 as at 31 December 2021).

In compliance with accounting methods stated in Note 2s/, the deferred taxation amount was calculated using a tax rate of 19% (19% also for 2021).

### **14. Employees, personnel expenses, cash and non-cash benefits provided**

	Total	
	Current period	Previous period
Average recalculated number of employees	360	372
<i>of which average recalculated number of managers</i>	<i>11</i>	<i>12</i>
Total personnel expenses, including insurance and social expenses	466,039	459,828

Gross remuneration to board members exclusive of health and social insurance was CZK 14,411,000 in 2022 (CZK 13,384,000 in 2021).

Six members of the executive management use company cars also for private purposes. Therefore, 1% of the vehicles' initial costs is charged monthly to their salaries.

No loans or other remuneration in kind were provided to members of the company's Board of Directors, the Supervisory Board, or the managing bodies.

In accordance with internal regulations, the company contributes regularly to supplementary pension savings and loans for housing purposes for its employees. In 2022, 18 new loans were provided (15 in 2021) in the total amount of CZK 3,260,000 (CZK 2,586,000 in 2021). Repayment of existing loans is being made in accordance with the repayment schedules. A total of CZK 2,460,000 was repaid in 2022 (CZK 2,376,000 in 2021).

### **15. Information on costs for fees to the audit company**

The costs for KPMG's auditing of the 2022 financial statements were CZK 570,000, inclusive of a preliminary audit for 2022 (CZK 510,000 for 2021).

### **16. Equity**

Changes in equity are described in the "Statement of changes in equity" within the financial statements.

The share capital of CZK 10,000,000 comprises 100 shares in the value of CZK 100,000 per share. The share capital has been fully paid up. The company has established a reserve fund from its profits. The reserve fund has been fully paid in and totals 20% of the company's share capital.

The company decided on paying out dividends as described in Note 19.

On the basis of the company's Articles of Association and a resolution of the General Meeting from 29 June 2001, the company established a social motivation fund from its net profits used in providing for the social, cultural, educational, sports, and health needs of its employees in the extent defined by the rules for the use of and drawing from the social motivation fund. In 2022, the fund was replenished by CZK 531,000. In 2021, the fund was not replenished, and its value as at the date of a Decision of the Sole Shareholder did not fall below CZK 3,000,000.

No decision about the distribution of net profit for 2022 had yet been made as at the date of preparing the financial statements.

### **17. Sales of products and services**

Sales of the company's own products and services grew by CZK 53,947,000 as compared to 2021 (shown below in CZK thousands).

Activity	Current period			Previous period		
	Total	Domestic	Foreign	Total	Domestic	Foreign
Sales of own products	0	0	0	45	45	0
Merchandise sales	143	143	0	113	113	0
Sales of services	761,930	195,065	566,865	707,938	121,672	586,266
Other income	22,068	22,068	0	15,098	15,098	0

### **18. Services costs**

Services costs during 2022 consisted primarily of travel expenses in the amount of CZK 4,992,000 (CZK 2,841,000 in 2021); leases of CZK 72,976,000 (CZK 64,011,000 in 2021); building cleaning, security and maintenance of CZK 3,269,000 (CZK 2,870,000 in 2021); other services of CZK 30,558,000 (29,913,000 in 2021); IT services and other overheads related to projects of CZK 78,541,000 (CZK 33,094,000 in 2021); internet, telephones, and postal fees of CZK 4,570,000 (CZK 3,213,000 in 2021); as well as marketing and recruitment of employees of CZK 5,039,000 (CZK 4,331,000 in 2021).

### **19. Transactions with related parties**

In the 2022 accounting period, the following accounting operations were recorded between the majority shareholder SynergyCon a.s. and CertiCon a.s.: Based on profit generated in the previous year, the parent company decided in 2022 on paying out a dividend in the total amount of CZK 50,000,000 (50,000,000 in 2021). As at 31 December 2022, the company is recording a payable in the amount of CZK 40,000,000 reflecting an unpaid share in the company's profit (CZK 30,000,000 as at 31 December 2021).

During the 2022 accounting period, consulting services were invoiced to the related company ProTyS in the total amount of CZK 51,000 exclusive of VAT (CZK 55,000 exclusive of VAT in 2021). In 2022, the company recognized revenues from services rendered to ProTyS, a.s. totalling CZK 819,000 (CZK 785,000 in 2021). In 2022, a dividend was received in the amount of CZK 125,000 (CZK 1,200,000 in 2021).

As at 31 December 2022, the company records liabilities to ProTyS, a.s. totalling CZK 36,000 (CZK 29,000 as at 31 December 2021).

The company records no amounts receivable from or payable to the related company HydroCon a.s. as at 31 December 2022. During 2022, the company recorded revenues for services rendered to HydroCon a.s. in the amount of CZK 199,000 (CZK 192,000 in 2021).

During 2022, the company recorded no revenues from services in relation to Health Helm, Inc. (CZK 0 in 2021).

During the 2022 accounting period, software services were invoiced to the related company Datis s.r.o. in the total amount of CZK 65,000 exclusive of VAT (CZK 1,210,000 exclusive of VAT in 2021). During 2022, the company recorded revenues for services rendered to Datis s.r.o. in the amount of CZK 165,000 (CZK 159,000 in 2021).

The company records no payables to the related company Datis s.r.o. as at 31 December 2022 (CZK 0 as at 31 December 2021). As at 31 December 2022, the company records receivables from the related company Datis s.r.o. in the amount of CZK 66,000 (CZK 16,000 as at 31 December 2021).

During the 2022 accounting period, software services were invoiced to the related company CCVis s.r.o. in the total amount of CZK 9,350,000 exclusive of VAT (CZK 0 exclusive of VAT in 2021). During 2022, the company recorded revenues for services rendered to CCVis s.r.o. in the amount of CZK 963,000 (CZK 0 as at 31 December 2021).

The company records payables to the related company CCVis s.r.o. totalling CZK 3,879,000 as at 31 December 2022 (CZK 0 as at 31 December 2021). As at 31 December 2022, the company records receivables from the related company CCVis s.r.o. in the amount of CZK 100,000 (CZK 0 as at 31 December 2021).

During the 2022 accounting period, software services were invoiced to the related company CertiCon SK s.r.o. in the total amount of CZK 798,000 (CZK 0 in 2021). During 2022, the company recorded revenues for services rendered to CertiCon SK s.r.o. in the amount of CZK 289,000 (CZK 0 as at 31 December 2021).

The company records payables to the related company CertiCon SK s.r.o. totalling CZK 796,000 as at 31 December 2022 (CZK 0 as at 31 December 2021). As at 31 December 2022, the company records receivables from the related company CertiCon SK s.r.o. in the amount of CZK 6,655,000 (CZK 0 as at 31 December 2021). The amount receivable includes a loan in the amount of CZK 6,511,000.

In 2022, the related company CIT-Con s.r.o. invoiced sub-deliveries totalling CZK 54,929,000. On the other hand, we recorded revenues in the amount of CZK 4,419,000 for IT services. As at 31 December 2022, the payables totalled CZK 17,002,000 and receivables totalled CZK 822,000.

No transactions (direct or indirect) were entered into between the reporting entity and the members of its managing and supervisory bodies.

As at 31 December 2022, the company had no pension liabilities to former members of managing, supervisory, or administrative bodies.

## **20. Cash flow statement**

The cash flow statement is a separate annex to the financial statements.

The adjustments for other non-cash transactions mainly consist in writing off of the investment into Health Helm Inc. to other financial costs in the amount of CZK 16,563,000 (see Note 3.)

## **21. Research and development costs**

Research and development costs totalled CZK 91,691,000 (CZK 93,217,000 in 2021).

## **22. Significant post-balance sheet events**

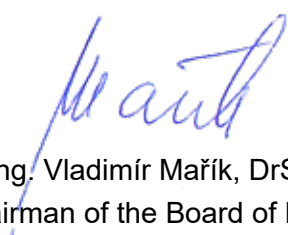
At 31 January 2023, the company concluded with CCVis s.r.o. a contract on providing additional paid-in capital in a non-financial form. This concerns the contribution of CertiConVis know-how in the amount of CZK 10,096,000.

At 1 February 2023, the value of the overdraft facility was reduced from CZK 70,000,000 to CZK 35,000,000.

At 1 March 2023 the Human Resources Department in the Operations Section was dissolved and a separate Human Resources Management Section was created.

As at the date of the financial statements, the company's management is not aware of any other significant subsequent events that would affect the financial statements as at 31 December 2022.

Prepared: 14 June 2023



Prof. Ing. Vladimír Mařík, DrSc., dr. h. c.  
Chairman of the Board of Directors



Ing. Karel Kraus, MBA  
Vice-Chairman of the Board of Directors



## **Independent Auditor's Report to the Shareholder of CertiCon a.s.**

### **Opinion**

We have audited the accompanying financial statements of CertiCon a.s. (hereinafter also the "Company") prepared on the basis of accounting regulations applicable in the Czech Republic, which comprise the balance sheet as at 31 December 2022, and the profit and loss account, statement of changes in equity and cash flow statement for the year ended on 31 December 2022, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information. Data about the Company are stated in Note 1 to these financial statements.

In our opinion, the accompanying financial statements give a true and fair view of the assets, liabilities and owner's equity of the Company as at 31 December 2022, and of its costs and revenues and net income and cash flows for the year ended on 31 December 2022 in accordance with accounting regulations applicable in the Czech Republic.

### **Basis for Opinion**

We conducted our audit in accordance with the Act on Auditors and Auditing Standards of the Chamber of Auditors of the Czech Republic, which are International Standards on Auditing (ISAs), as amended and adjusted by the related application guidelines. Our responsibilities under this law and regulation are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Act on Auditors and the Code of Ethics adopted by the Chamber of Auditors of the Czech Republic and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Other Information**

In compliance with Section 2(b) of the Act on Auditors, the other information comprises the information included in the Annual Report other than the financial statements and auditor's report thereon. The Company's statutory body is responsible for the other information.

Our opinion on the financial statements does not cover the other information. In connection with our audit of the financial statements, however, it is our responsibility to read the other information and, in doing so, consider whether the other information is materially consistent with the financial statements and our knowledge obtained in the audit or otherwise appears to be materially misstated. In addition, we assess whether the other information has been



prepared, in all material respects, in accordance with applicable law or regulation, in particular, whether the other information complies with law or regulation in terms of formal requirements and procedure for preparing the other information in the context of materiality, i.e. whether any non-compliance with these requirements could influence judgements made on the basis of the other information.

Based on the procedures performed, to the extent we are able to assess it, we report that:

- The other information describing the facts that are also presented in the financial statements is, in all material respects, consistent with the financial statements; and
- The other information is prepared in compliance with applicable law or regulation.

In addition, it is our responsibility to report, based on the knowledge and understanding of the Company obtained in the audit, whether the other information contains any material misstatement of fact. Based on the procedures we have performed on the other information obtained, we have not identified any material misstatement of fact.

### **Responsibilities of the Company's Statutory Body and Company's Supervisory Board for the Financial Statements**

The statutory body of the Company is responsible for the preparation and fair presentation of the financial statements in accordance with accounting regulations applicable in the Czech Republic and for such internal control as the statutory body determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

The Supervisory Board is responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

As part of an audit in accordance with the above law or regulation, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or override of the internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of

expressing an opinion on the effectiveness of the Company's system of internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the statutory body.
- Conclude on the appropriateness of the statutory body's use of the going concern basis of accounting, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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. Nevertheless, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with persons entrusted with administration and management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in the internal control system that we identify during our audit.

#### **Statutory Auditor Responsible for Audit**

Ing. Karel Charvát is the statutory auditor responsible for audit of the financial statements of CertiCon a.s. as at 31 December 2022 based on which this independent auditor's report was prepared.

In Prague on 14 June 2023

Audit firm:  
KPMG Česká republika Audit s.r.o.  
Registration no. 71

Statutory auditor:  
Ing. Karel Charvát  
Partner  
Registration no. 2032





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