ESET, spol. s r.o.

2019 CONSOLIDATED ANNUAL REPORT

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ESET, spol. s r.o.

SUPPLEMENT TO THE INDEPENDENT AUDITOR'S REPORT
to Section Report on Information Disclosed in the Annual Report

To the Partners and Executives of ESET, spol. s r.o.:

We have audited the separate financial statements of ESET, spol. s r.o. (the "Company") as at 31 December 2019 disclosed on pages 80 – 133 of the accompanying consolidated annual report of the Company, on which we issued an independent auditor's report on 8 April 2020 that is disclosed on pages 81 – 82 of the Company's consolidated annual report. We have also audited the consolidated financial statements of ESET, spol. s r.o. and its subsidiaries (the "Group") as at 31 December 2019 disclosed on pages 44 – 79 of the accompanying consolidated annual report of the Company, on which we issued an independent auditor's report on 6 May 2020 that is disclosed on pages 45 – 46 of the Company's consolidated annual report. We have prepared this supplement in accordance with Article 27 (6) of Act No. 423/2015 Coll. on Statutory Audit and on Amendment to and Supplementation of Act No. 431/2002 Coll. on Accounting, as amended (hereinafter the "Statutory Audit Act").

Based on the performed procedures described in section "Report on Information Disclosed in the Annual Report" of the independent auditor's reports specified above, in our opinion:

- Information disclosed in the Company's consolidated annual report prepared for 2019 is consistent with its separate and consolidated financial statements for the relevant year; and
- The consolidated annual report includes information pursuant to Act No. 431/2002 Coll. on Accounting, as amended.

Furthermore, based on our understanding of the Group and its position obtained during our audits of the separate financial statements and the consolidated financial statements, we are required to disclose whether material misstatements were identified in the consolidated annual report. There are no findings that should be reported in this regard.

Bratislava, 19 November 2020

Ing. Wolda K. Grant, FCCA
Responsible Auditor
Licence SKAu No. 921

On behalf of
Deloitte Audit s.r.o.
Licence SKAu No. 014

This is an English language translation of the original Slovak language document.

Ladies and gentlemen,

For ESET, 2019 was successful in terms of finance as well as product and service innovations offered to our customers. We successfully completed important brand awareness and corporate social responsibility activities.

For the first time in its history, the consolidated revenue of the ESET Group crossed the €500 million threshold by recording a 7 % year-on-year increase, while Earnings Before Interest and Tax (EBIT) increased by 4 % to €82 million.

We are constantly working to improve our products and services, and to bring innovative products to the market. Version 13 of our flagship product for home users—ESET Internet Security—which was released in October includes numerous performance optimisations and improved financial transaction and home network protection features.

Our home and business products now include a special security layer with advanced machine learning. This further improves our detection capabilities, as demonstrated by the most recent detection test results.

We strive to reinforce our position in the business sector by advancing our small- and medium-business products. We have released a new on-premise version of the ESET Security Management Center (ESMC 7.1). This version supports new security products intended for Linux and MacOS, includes MSP functionality, and integrates the ESET Full Disk Encryption solution. We have also released a new version of the ESET Cloud Administrator (ECA 1.2) which integrates ESET Full Disk Encryption as an optional add-on and a new Microsoft Azure based cloud backend.

By signing a three-year cooperation contract, ESET became the official partner of the German football club Borussia Dortmund. This is the first activity of its kind outside the Slovak Republic, the main objective of which is to raise awareness of the ESET brand. Brand awareness has also been improving thanks to the numerous awards received in 2019. We are most proud of receiving the PC Magazine Readers' Choice Award for the best home security suites in 2019, and multiple awards from independent test organizations such as AV-Comparatives, Virus Bulletin, MRG Effitas, AV-TEST and SE Labs for our home and business solutions. ESET is also a proud Google Play Store partner that participates in protecting its users as part of the App Defense Alliance.

In terms of corporate social responsibility, in October the ESET Foundation in collaboration with the ESET CSR team and several other teams and individuals successfully organized the first ESET Science Award. This award aims to honour figures of Slovak science whose contributions to scientific research are significant both at the local and international level. In November, ESET submitted the first Corporate Social Responsibility Report that maps its corporate social responsibility activities in Slovakia in 2018.

I believe that all the activities ESET successfully implemented in 2019 helped fulfil our vision–to enable everyone to enjoy their own full potential and that of their technology in a secure digital world.

Martin Balušík
Chief Financial Officer, ESET

CONTENTS

1. ESET GROUP PROFILE

Revenues
€504 million

+7%

Earnings Before Interest and Tax (EBIT)
€82 million

+4%

Cash flow from operating activities
€91 million

+30%

Number of employees

1 684

Number of users

Over
110 mil.

When we founded ESET in 1992, it was clear to us that our product is successful and third parties are interested in selling it. That was the first year when I and Miro Trnka each earned our first million. This we reinvested back into the company and technology with the aim to establish ESET as the go-to partner for larger companies too. When we later decided to expand internationally because the Slovak market was small, America was the place to start. And if you can make it there, you can make it anywhere and clearly be good enough for everyone.

Peter Paško
ESET co-founder and co-owner

* The ESET Group comprises of the parent company ESET, spol. s r.o. headquartered in Slovakia and all its subsidiaries listed in section 1.2.

1.1. HISTORY

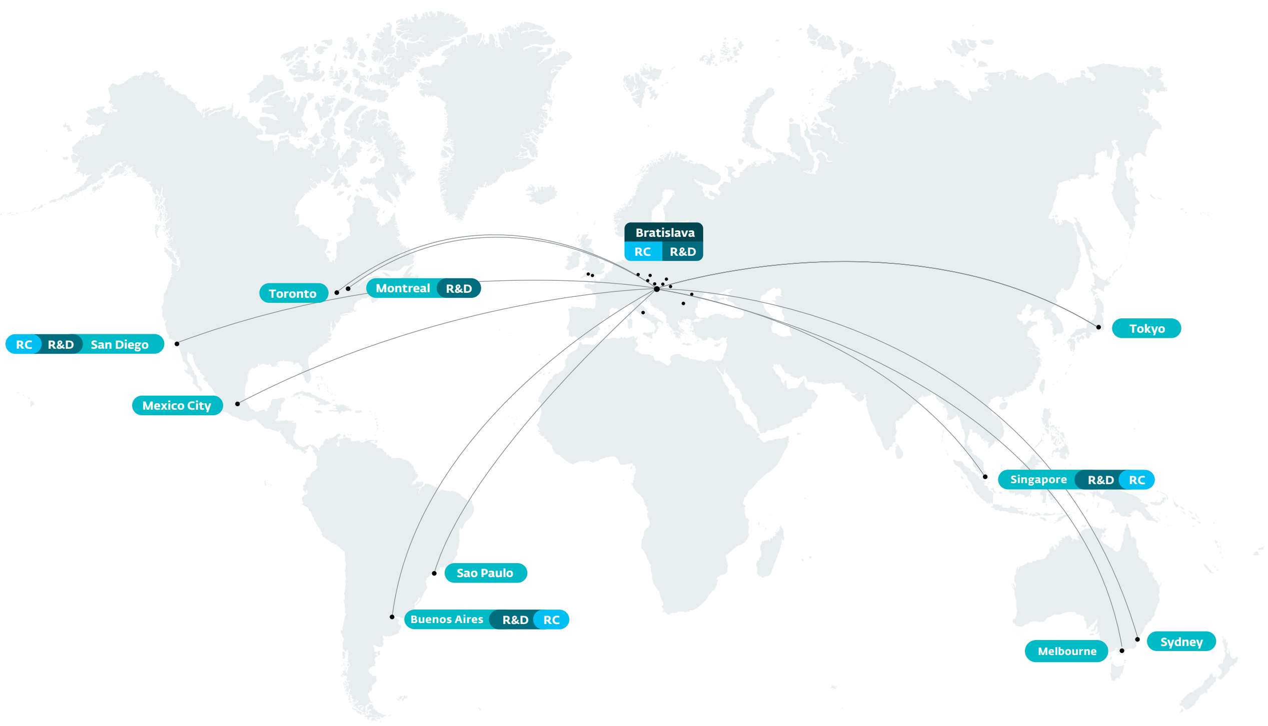
ESET, spol. s r.o. (hereinafter also referred to as the “Company” or “ESET”) is a Slovak IT security company founded in 1992 by Miroslav Trnka, Peter Paško, and Rudolf Hrubý. It is headquartered in Bratislava with local branches in Žilina and Košice. Its main business is the development of software used to protect computers, computer networks, and other devices from malware, and the sale of licences to use this software.

Since its establishment, ESET has seen enormous growth and expansion to foreign markets. The company began growing and became a global success following the first 100 % result in tests performed by the prestigious British Virus Bulletin in 1998. The company then built a network of exclusive partners and distributors for most foreign markets along with regional branches in North America (1999), Latin America (2004), Asia-Pacific (2010), and local branches in the Czech Republic (2001), Brazil (2011), Germany (2013), Australia (2013), Great Britain (2016), Japan (2017), Canada (2017), and Italy (2019). Thanks to this network of distributors and branches, ESET has operations in more than 200 countries and territories worldwide, and nearly 1,700 employees in 24 branches, thirteen of which are research and development centres.

In 2016, ESET became the first company to receive 100 awards for the same product from the prestigious British Virus Bulletin. This proves that an antivirus program created somewhere in a block of flats in the former Czechoslovakia can become one of the best security solutions in the market. Its high efficiency and stability keep fulfilling the original vision of its creators—to make market-leading technology available to everyday users.

1.2. ESET GROUP STRUCTURE

The ESET Group comprises the parent company ESET, spol. s r.o. headquartered in Slovakia and all its subsidiaries involved in the distribution of antivirus software, service provision, and research and development activities (R&D centres).



HQ

Headquarter

Bratislava (SK)

RC

Regional Center

Bratislava (SK)
San Diego (US)
Buenos Aires (AR)
Singapore (SG)

Office

Europe

Bratislava (SK)
Prague (CZ), 2 offices
Jablonec nad Nisou (CZ)
Jena (DE)
Munich (DE)
Krakow (PL)
Taunton (GB)
Bournemouth (GB)
Iași (RO)
Žilina (SK)
Brno (CZ)
Milano (IT)
Košice (SK)

Global

Sao Paulo (BR)
Sydney (AU)
Toronto (CA)
Montreal (CA)
Mexico City (MX)
Tokyo (JP)
Melbourne (AUS)
San Diego (US)
Buenos Aires (AR)
Singapore (SG)

R&D

Research & Development

Bratislava (SK)
Praha (CZ)
Košice (SK)
Krakow (PL)
Žilina (SK)
Iași (RO)
Brno (CZ)
Taunton (GB)
San Diego (US)
Buenos Aires (AR)
Singapore (SG)
Montreal (CA)
Jablonec nad Nisou (CZ)

PARENT COMPANY

ESET, spol. s r.o. (SK)

Regional Centre (RC) and Research and Development Centre (R&D)

SUBSIDIARIES

NAME	CATEGORY	PROPERTY PARTICIPATION %		CORE BUSINESS
		2018	2019	
ESET, LLC (US)	Regional Centre (RC)	100 %	100 %	Antivirus Software Distributor
ESET software spol. s r.o. (CZ)		100 %	100 %	Antivirus Software Distributor
ESET LATINOAMERICA S.R.L. [1] (AR)	Regional Centre (RC)	100 %	100 %	Service Provider
ESET ASIA PTE. LTD. (SG)	Regional Centre (RC)	100 %	100 %	Service Provider and Antivirus Software Distributor
ESET Canada Recherche Inc. (CA)	Research and Development Centre (R&D)	100 %	100 %	Research & Development
ESET DO BRASIL MARKETING LTDA[2] (BR)		100 %	100 %	Service Provider
ESET Polska Sp. z o.o. (PL)	Research and Development Centre (R&D)	100 %	100 %	Research & Development
ESET Deutschland GmbH (DE)		100 %	100 %	Antivirus Software Distributor
ESET Research Czech Republic, s.r.o. (CZ)	Research and Development Centre (R&D)	100 %	100 %	Research & Development
ESET Software Australia, PTY, LTD. (AUS)		100 %	100 %	Antivirus Software Distributor
ESET RESEARCH UK Limited [3] [4] (UK)	Research and Development Centre (R&D)	100 %	100 %	Research & Development
ESET Canada Inc. (CA)		100 %	100 %	Antivirus Software Distributor
PGNB Limited (UK)		100 %	100 %	[5]
ESET SOFTWARE UK Limited [6] [7] (UK)		100 %	100 %	Antivirus Software Distributor
ESET Romania S.R.L. [8] [9] (RO)	Research and Development Centre (R&D)	100 %	100 %	Research & Development
ESET MÉXICO S. de R.L. de C.V. [10] (MX)		100 %	100 %	Service Provider
ESET Japan Inc. [11] (JP)		90 %	90 %	Service Provider
ESET ITALIA S.r.l. [12] (IT)			100 %	Service Provider Antivirus Software Distributor
ESET Foundation (SK)		100 %	100 %	Foundation

1. ESET, LLC owns 90 % of the shares and the parent company owns the remaining 10 % of shares.
2. The parent company owns 90 % of the shares and ESET, LLC owns the remaining 10 % of shares.
3. In January 2019, ESET RESEARCH UK Limited changed from a DESLock distributor to an R&D centre.
4. In April 2019, ESET RESEARCH UK Limited changed its name. The original name was DESLock Limited.
5. In 2019, PGNB Limited did not perform any business activities.
6. ESET SOFTWARE UK Limited is a wholly owned subsidiary of PGNB Limited.
7. In April 2019, ESET SOFTWARE UK Limited changed its name. The original name was QNH Limited.
8. ESET, spol. s r.o. owns 99.9963 % and ESET Research Czech Republic s.r.o. owns 0.0037 %.
9. In August 2018, ESET Romania S.R.L. changed its name. The original name was ESET Research and Development S.R.L. he parent company owns 90 % and ESET, LLC owns the remaining 10 %.
10. ESET Japan Inc. was established in November 2017 as wholly owned by the parent company. From April 2018 the parent company owns 90 % and Canon IT Solutions Inc. owns the remaining 10 %. In January 2019, Canon IT Solutions Inc. transferred its 10 % share in ESET Japan Inc. to Canon Marketing Japan Inc. ESET Japan Inc. has changed its address in September 2018. Its original address Akasaka K-Tower 4F, 2-7, Motoakasaka 1-chome, Minato-ku, Tokyo, Japan, has changed to 2-16-4 Konan, Minato-ku, Tokyo 108-0075, Japan.
11. ESET ITALIA S.r.l. was established in February 2019 as wholly owned by the parent company. It commenced its distribution activities in September 2019.

Throughout 2018, the company run the following foreign organizational unit which had formerly focused on research and development:

Company name: ESET, spol. s r.o., Sp. Z o.o. Oddział w Polsce
Registered office: Jasnogórska 9, 31-462 Krakow
Reg. No.: 120 683 500

The assets and liabilities of this organizational unit are posted directly in the company accounts. Most of the assets and liabilities of the organizational unit in Poland were transferred to ESET POLSKA SPÓŁKA Z OGRANICZONA ODPOWIEDZIALNÓSCIA on 21 December 2012. By a resolution of the partners dated 5 November 2018, the organizational unit was dissolved on 31 December 2018. The organizational unit underwent a liquidation which was completed on 28 December 2018. The organizational unit was stricken off the Commercial Register on 19 April 2019.

REGISTERED EQUITY CAPITAL STRUCTURE BY PARTNERS OF THE REPORTING PARENT COMPANY

PARTNERS	SHARE IN REGISTERED CAPITAL		SHARE IN VOTING RIGHTS
	IN THOUSANDS OF EUROS	%	%
Rudolf Hrubý	31	22,000	22,000
Peter Paško	31	22,000	22,000
Miroslav Trnka	32	22,750	22,750
Richard Marko	17	12,125	12,125
Maroš Grund	17	12,125	12,125
Anton Zajac	12	9,000	9,000

Equity capital registered in the Commercial Register	€140 thousand
Equity capital not registered in the Commercial Register	–

STATUTORY BODY

Rudolf Hrubý
Executive Director

Ing. Peter Paško
Executive Director

Ing. Miroslav Trnka
Executive Director

1.3. VALUES, VISION AND MISSION

For three decades we've been helping people to protect their digital worlds. From a small, dynamic company we've grown into a global brand with over 110 million users in 200 countries and territories. Many things have changed, but our core aspirations, philosophy and values remain the same—to help build a more secure digital world where everyone can truly Enjoy Safer Technology.

Richard Marko
Chief Executive Officer, ESET

ESET'S VALUES

COURAGE

We don't take the easy way. We constantly push boundaries and are determined to make a difference.

INTEGRITY

We encourage honesty and fairness in everything we do. We have an ethical approach to business.

RELIABILITY

People need to know they can count on us. We work hard to live up to our promises, and to build trust and rapport.

PASSION

We're passionate, driven and determined to make difference. We believe in ourselves and what we do.

These brand values are based on the vision of its founders and owners, and have remained steadfast for almost 30 years. ESET's goal is to ensure everybody can enjoy the breathtaking opportunities that technology offers.

ESET'S VISION

We will enable everyone to enjoy the full potential of themselves and their technology in a secure digital world.

ESET's mission

Working with ethical and passionate people, we are building a safer technology environment for everyone to enjoy. We are doing this through education and our commitment to research and development.

Our pledge

We believe in technology—and we want to make sure that you can enjoy it in safety. For more information visit *enjoysafertechnology.com*.

2. KEY EVENTS AT ESET IN 2019

11. 1. 2019

ESET partners world-wide initiative **No More Ransom**

15. 2. 2019

ESET Mobile Security wins in the prestigious **Stiftung Warentest** in Germany

26. 2. 2019

IDC MarketScape names **ESET a Major Player in mobile threat management**

19. 3. 2019

ESET wins PC Magazine's Readers' **Choice Award for the best security solution**

9. 4. 2019

Chief Executive Officer of ESET **Richard Marko wins the title of Most Respected CEO for the third time**

26. 4. 2019

ESET partners with Chronicle, a member of the Alphabet Group

31. 5. 2019

ESET Internet Security **wins AV-Comparatives and Virus Bulletin awards**

1. 7. 2019

ESET becomes a 2019 Canalys Cybersecurity Leadership Matrix Champion

23. 7. 2019

ESET releases **a new version of its Linux server protection suite**

20. 8. 2019

ESET becomes the official **partner of the German football club Borussia Dortmund**

27. 8. 2019

ESET named only challenger in the 2019 **Gartner Magic Quadrant for Endpoint Protection Platforms for the second consecutive year**

19. 9. 2019

KuppingerCole Analysts Executive Report: **ESET a top performer**

18. 10. 2019

ESET Science Award recognizes its **first laureates**

23. 10. 2019

ESET releases **new versions of its security suites for home users**

7. 11. 2019

ESET becomes **founding member of App Defense–a Google alliance that proactively protects mobile apps in the Google Play Store**

8. 11. 2019

ESET releases first **Corporate Social Responsibility Report**

13. 11. 2019

ESET releases **full disk encryption** as add-on to its remote management consoles for business endpoints

6. 12. 2019

Gartner Peer Insights 2019 named **ESET as the customers' choice** for endpoint protection platforms

14. 12. 2019

ESET launches the **Bezpečne na nete (Safely on the Net)** educational project

3. CORPORATE SOCIAL RESPONSIBILITY AT ESET

In 2018, we initiated extensive dialogue with our key partners, customers, employees, and non-profit organizations that aimed to define the key elements of our corporate social responsibility. In 2019, we completed this process and discussions with our stakeholders produced four key topics for our corporate social responsibility: **Ethics at the Core of our Business, Safer Technologies, Satisfied Employees, and A Better Slovakia.**

3.1. ETHICS AT THE CORE OF OUR BUSINESS

Our values, principles, and corporate culture are firmly anchored in the Code of Conduct. This formalizes our expectations towards employees and suppliers and represents our public commitment to honesty and transparency with regard to the business, public administration, and environmental protection. The Code of Conduct came into effect on 1 January 2019, and each employee was familiarised with its principles by the company CEO. We will prepare the global Code of Conduct in 2021 to unify the principles of ethics and corporate culture for all ESET branches.

In Slovakia, there wasn't a single case of corruption associated with our employees or business partners. Hence no employees were dismissed or no business partner contracts were terminated due to corruption in 2019. In 2019, there wasn't a single case of malpractice or corruption associated with our employees or business partners.

In 2019, ESET faced attacks from multiple public figures disseminating fake news and disinformation regarding the private activities of ESET's owners in combating corruption, the transparent endorsement of candidates for public office, and support for independent journalism. In some cases, ESET filed defamation and libel charges.

3.2. SAFER TECHNOLOGIES

WHAT WE CREATED IN 2019

We continue to expand our product portfolio and improve our existing products to provide maximum protection for customers of all types. Frequently requested data protection and data leak prevention features were promptly implemented in our advanced functional solution for sensitive data encryption and protection. Improvements were also implemented in our existing products, which now offer several new features and enhanced performance.

The newly released **ESET Full Disk Encryption** tool helps businesses secure internal data and prevent data leaks through system disk, partition, or entire drive encryption. It protects sensitive data stored on business computers and laptops from unauthorized access in the event of device loss or theft. This tool also reduces the risk of sensitive data leaks which represent a potential threat to business continuity, and supports compliance with data protection regulations such as the European General Data Protection Regulation (GDPR).

ESET Full Disk Encryption can be managed with existing remote management consoles, specifically the **ESET Cloud Administrator** cloud console and the **ESET Security Management Center** on-premise console. These enable the deployment and activation of ESET Full Disk Encryption on business computers and laptops with just a single click. Following this deployment, IT administrators can securely monitor and manage data stored on company devices from a single security console. ESET Full Disk Encryption is an add-on compatible with devices running Windows and fully compatible with security console features such as Groups, Policies, Roles, and Reports. Improvements were also made to the cloud security console for small and medium business remote management–ESET Cloud Administrator.

In 2019, ESET introduced new and improved versions of its existing products, e.g. **ESET File Security for Linux**, which was released in its seventh generation.

This solution offers advanced protection for business servers, network file storages, and multi-purpose servers by eliminating all types of threats, including viruses, and providing real-time management of access to server data.

ESET File Security for Linux version 7.0 introduces numerous technical improvements such as ESET LiveGrid® integration which improves security using the reputation and feedback functionality, and compatibility with leading 64-bit Linux server distributions. ESET File Security for Linux is one of the few solutions on the market to include a structured graphical web interface for IT administrators, which ESET customers know from other ESET products.

ESET Enterprise Inspector is a solution for the detection of advanced threats categorized as an Endpoint Detection and Response (EDR) solution. This solution was improved to include several new features and a new user interface. The new menu design now matches the graphical interface of the ESET Security Management Center console to simplify control. This enables all administrators using ESET management consoles to have the same user experience regardless of console used.

HOME PRODUCTS

ESET Internet Security, ESET NOD32 Antivirus and **ESET Smart Security Premium** 2020 edition.

The new series of products include a special security layer of advanced machine learning and multiple enhanced technologies that focus on financial transactions and the protection of home devices.

The new security layer ensures a more targeted detection of malware and malicious applications by using several machine learning algorithms. This provides improved user protection from new and zero-day threats that arise daily. ESET has been involved in machine learning since 1998. This special detection layer is directly integrated in the detection engine of our products and further improves the security of devices—even those with limited internet access. ESET regularly checks and updates machine learning algorithms to provide optimal protection for digital devices.

MORE IMPROVEMENTS IN THIS VERSION:

- The improved **Connected Home Monitor** feature is used to detect vulnerabilities, weak passwords, and malware on all devices connected to a user's home router.
- The improved **Anti-Phishing** functionality protects against the theft of personal data and credentials. Most recently it also focuses on homoglyph attacks in which attackers create phishing websites where the address looks similar or optically identical to the legitimate website. This is done by replacing characters in addresses with ones from different alphabets that look similar.
- Improved **Banking & Payment Protection.**
- Improved **ESET Secure Data** encryption allows users to encrypt data on their devices or the contents of their removable media.
- Improved **Password Manager.**

HOME PRODUCTS

ESET Mobile Security for Android

ESET Mobile Security provides state-of-the-art protection for Android based smartphones and tablets. It offers reliable protection from viruses, Trojans, ransomware, and other types of malware that may misuse sensitive data or encrypt data. Proactive Anti-Theft technology helps a device be located in the case of loss or theft. The product is available both free of charge and as a paid version that includes several premium features.

IN 2019, WE INTRODUCED THE FOLLOWING IMPROVEMENTS:

- New feature: **Connected Home Monitor**. Offers a simple and reliable method to monitor a home network. It identifies all devices connecting to a home network and automatically checks for vulnerabilities. Potential vulnerabilities are also detected on the router.
- New feature: **USB On-The-Go Scan**. Each connected USB device is scanned to prevent malware from gaining access to a smartphone.
- **Proactive Anti-Theft**. Activates when suspicious behaviour is detected. After a set number of failed unlock attempts (PIN, pattern, password) or when an untrusted SIM card is inserted, the device locks and a photo taken by the phone camera is automatically uploaded to my.eset.com.

Other applications for home users include **ESET Parental Control for Android** and the macOS series of products, such as **ESET Cyber Security and ESET Cyber Security Pro**, and also come with optimizations, user interface improvements, and improved compatibility with the latest OS versions.

CUSTOMER CARE

We offer solutions for consumers (B2C) and businesses (B2B). Our products have been designed to have minimal impact on hardware performance while optimizing ease of installation. Our complimentary and highly-qualified customer support is available to all customers in their local language.

In 2019, we protected over 110 million users with our products in over 200 countries and territories. Our customer support in Slovakia processed almost 6,000 enquiry tickets in the consumer and business segments.

We also receive feedback through quality surveys, which provide insights into possible security solutions and information about potential customer security issues.

In 2019, we expanded our global Safer Kids Online initiative to Slovakia by launching a long-term educational project targeted at all internet users—*bezpecnenanete.sk*. This helps users recognize and protect themselves from everyday risks of the digital world. To educate users about this issue, we partnered the SME newspaper in the Click podcast, and supported the publication of the book Spojení navždy ("Forever Connected"—raising kids in the digital age) by Zuzana Gránska.

SUPPLIERS

In Slovakia we purchased products and services from 798 suppliers in 2019, which is 431 less than in 2018. Our highest cost purchases included office rental, software and hardware, marketing communication (partnership with Borussia Dortmund), and telecommunication services.

3.3. SATISFIED EMPLOYEES

ESET's success is thanks to its employees. Their expertise, diligence, enthusiasm, and persistence help us achieve our goals. For us it is extremely important to attract skilful employees who will be satisfied and motivated at ESET.

This is the philosophy we follow in creating good working conditions and opportunities for further development. We want to know what people consider important, and their satisfaction with various aspects of their work life. We nurture their talent and support innovative solutions. Exceptional performance and innovations deserve a fair reward. Our remuneration system is based on fair treatment of employees regardless of age or gender.

In 2019, we hired 118 new full-time employees in Slovakia, which is 13.5 % of the average number of ESET employees in 2019.

ESET, SPOL. S R.O.:
NUMBER OF ESET EMPLOYEES IN SLOVAKIA ON 31 DECEMBER 2019: 890.

GENDER

WOMEN: **197**
MEN: **693**
TOTAL: **890**

WOMEN
22,13 %

MEN
77,87 %

REGION

BRATISLAVA: **832**
KOŠICE: **46**
ŽILINA: **12**
TOTAL: **890**

BRATISLAVA
93,48 %

KOŠICE
5,17 %

ŽILINA
1,35 %

AGE

25 AND YOUNGER: **57**
26–30: **202**
31–40: **459**
41–50: **140**
51 AND OLDER: **32**
TOTAL: **890**

25 AND YOUNGER
6,40 %

26–30
22,70 %

31–40
51,57 %

41–50
15,73 %

51 AND OLDER
3,60 %

FULL-TIME EMPLOYMENT

WOMEN: **180**
MEN: **670**
TOTAL: **850**

WOMEN
21,25 %

MEN
78,75 %

PART-TIME EMPLOYMENT

WOMEN: **17**
MEN: **23**
TOTAL: **40**

WOMEN
42,50 %

MEN
57,50 %

EMPLOYMENT RELATIONSHIP

WOMEN: **189**
MUŽI: **679**
TOTAL: **868**

WOMEN
21,77 %

MUŽI
78,23 %

AGREEMENTS ON WORK PERFORMED OUTSIDE EMPLOYMENT RELATIONSHIP

WOMEN: **8**
MEN: **11**
TOTAL: **19**

WOMEN
42,11 %

MEN
57,89 %

COLLECTIVE AGREEMENT

0

ESET GROUP

NUMBER OF ESET GROUP EMPLOYEES ON 31 DECEMBER 2019: 1 684.

GENDER

WOMEN: **419**
MEN: **1 265**
TOTAL: **1 684**

WOMEN
24,88 %

MEN
75,12 %

AGE

25 AND YOUNGER:	**120**
26–30:	**369**
31–40:	**801**
41–50:	**276**
51 AND OLDER:	**118**
TOTAL:	**1 684**

25 AND YOUNGER
7,13 %

26–30
21,91 %

31–40
47,57 %

41–50
16,39 %

51 AND OLDER
7,00 %

REGION

TOTAL: **1 684**

SINGAPUR
1,60 %

AUSTRALIA
1,01 %

BRAZIL
0,77 %

CANADA TORONTO
1,13 %

CANADA MONTREAL
0,48 %

CZECH REP. (RESEARCH)
4,63 %

CZECH REP. PRAHA
3,80 %

GERMANY
5,82 %

UK (RESEARCH)
0,83 %

ITALY
0,66 %

JAPAN
0,48 %

ARGENTINA
5,11 %

MEXICO
0,77 %

USA
11,52 %

POLAND
4,39 %

ROMANIA
0,59%

SLOVAKIA
52,85 %

UK BOURNEMOUTH
3,56 %

PART-TIME EMPLOYMENT

WOMEN: **36**
MEN: **44**
TOTAL: **80**

WOMEN
45,00 %

MEN
55,00 %

FULL-TIME EMPLOYMENT

WOMEN: **383**
MEN: **1 218**
TOTAL: **1 601**

WOMEN
23,92 %

MEN
76,08 %

We value diversity and respect employees of different nationalities, sexual orientations, and individuals with autism spectrum disorders. There has never been any discrimination in our company and 26 % of our middle managers are women. In 2020, our plan is to join the Diversity Charter—an initiative by responsible businesses to promote diversity in all forms in our work environment.

BENEFITS PROVIDED TO OUR EMPLOYEES:

- Meal allowances beyond the legally—required limit and fully covered by the employer
- Contribution towards commuting to and from work
- Supplementary pension savings scheme
- Sick days, home office
- Referral bonus for recommending a suitable candidate for a vacancy
- Wedding bonus and other benefits in the event of childbirth and during parental leave for both mothers and fathers
- Loyalty scheme with seniority bonuses
- Sports and relaxation activities
- ESET Week of Health
- soft drinks and fruit available every day free of charge, informal breakfast meetings
- Employee Family Day, "Žranica", St. Nicolas Party, Christmas party, and teambuilding events

Employees receive financial bonuses for exceptional performance and innovation, with standout talents receiving the Medal of Honour. In 2019 two of our employees have received this award, and a new Volunteer Medal award was added.

EMPLOYEE SATISFACTION AND MOTIVATION SURVEY

We want to know what our employees consider important, and how they are satisfied with different aspects of their work life. In 2019, 77 % of employees participated in our survey. The survey was conducted in cooperation with an external agency which ranked ESET among the best employers in Slovakia in the Overall Employee Loyalty index with 76 points. The best result was recorded for overall atmosphere within the company and second best for Corporate Social Responsibility. The survey also identified some improvement opportunities to be considered in 2020.

3.4. BETTER SLOVAKIA

We are aware of our impact on society, which is why we feel compelled to participate in activities for the benefit of our country, help in its development, and share our success. We sincerely care about Slovakia's prosperity. Our main priorities are support of education, science and research, because only with well-educated people who are socially aware, can our country stand a chance of moving forward. We support the commitment and involvement of our employees in volunteering and we organize charitable activities.

SUPPORT OF EDUCATION, SCIENCE, AND RESEARCH

Our activities are primarily aimed at improving computer science teaching with a focus on internet security. Our technology experts volunteer for educational activities. They tutor teachers across Slovakia to teach these subjects in a playful manner at elementary schools, and how to master the basics of programming and internet security using the Digital Skills platform which is part of the Business Leaders Forum (BLF). For more information about this initiative, see section We Support Commitment and Volunteering. Toward the end of 2019, we partnered the "AJ ty v IT" association to prepare content for the pilot project "Security Girls" for high school students. In 2019, our top experts spent 549 hours teaching at the ESET Research Centre at STU (Slovak Technical University).

ESET introduced the **ESET Science Award** to recognize exceptional individuals in Slovak science. The award is presented by the ESET Foundation with the objective of highlighting the achievements of Slovak scientists and supporting their social standing as well as the status of Slovak science within the international scientific research community. The award is granted under the auspices of the President of the Slovak Republic, Zuzana Čaputová, with Forbes magazine recognising the successful first awards as one of the key positive news stories in 2019.

At the beginning of 2019, we partnered with 2muse to map how science and scientists are perceived in Slovakia. The survey found very little awareness of science and scientists in Slovakia. Up to 90 % of the respondents considered science very important for the development and prosperity of society, and up to 78 % agreed that scientific knowledge impacts their opinions. Yet 91 % of respondents could not name any contemporary Slovak scientific figure, and up to two thirds couldn't recall any Slovak scientific accomplishment.

Laureates of the first award were introduced at a ceremony at the Slovak Philharmonic building on 18 October 2019. Following a rigorous assessment, the prestigious international jury chaired by Nobel Prize winner in Physiology and Medicine, Erwin Neher, selected the laureates. The jury also included experts such as physician Ursula Keller, mathematician László Lovász, biologist Carl-Philipp Heisenberg, and artist and technologist Christopher Csíkszentmihályi. The winner in the main category Outstanding Individual Contributor was **chemist Ján Tkáč** and in the category Exceptional Young Scientist under 35 Years Old was, **biologist Ľubomíra Tóthová**. Representatives of Slovak universities then selected the laureate in the Outstanding Academic category. Their choice was **Tomáš Vinař** whose field of expertise is **bioinformatics**.

The awards were positively received both by experts and the general public, and the ESET Science Award ranked **second in the Corporate Communications category** of the **PROKOP 2019** competition organized by the Public Relations Association of the Slovak Republic.

ESET was the only private sector representative to join the workforce preparing the National Declaration on Reinforcement of Research Integrity in Slovakia, which is part of the SK4ERA project (Horizontal support of Slovakia's involvement in the European Research Area) organized by the Slovak Centre of Scientific and Technical Information (CVTI SR). Its task is to define, in collaboration with representatives of CVTI SR, the Slovak Academy of Sciences and major Slovak universities, the research ethics and integrity codex for research institutes, and establish specific standards and other supporting structures.

Since 2019 the ESET Foundation has launched an annual call for proposals, the main objective of which is to support the promotional activities in science and research in Slovakia. In 2019 the foundation allocated €30,000 for this activity.

Photograph from the ceremony, Source: ESET Science Award

STRONG CIVIC SOCIETY

Our philanthropic activities are covered by the ESET Foundation which, in collaboration with non-governmental organizations, strives to build a better civic society. Civic society is the basis of all successful countries. The task of the third sector is to defend public interest, supervise the efficient use of public resources, and promote equal rights for all. Our involvement in this area is purely as transparent financial contributions to non-profit organizations to avoid the undermining of their independence. ESET, as a member, supports the Fund for a Transparent Slovakia, and the ESET Foundation directly supported organizations such as Via Iuris, the Fair Play Alliance, SGI (Slovak Governance Institute), INESS, and the Institute of Active Citizenship. Special attention is paid to the SLOVENSKO.DIGITAL association.

WE SUPPORT THE COMMITMENT AND VOLUNTEERING OF OUR EMPLOYEES

In January 2019, we officially launched the Employee Volunteer Program (EVP). Our employees can spend up to eight hours a year doing manual volunteer work, and up to eight hours a month doing expert volunteer work.

In 2019, 160 volunteers joined the EVP and delivered 2,450 hours of volunteer work. Of them, 39 were expert volunteers that delivered 1,200 hours of expert volunteer work.

As a member of the Business Leaders Forum (BLF), ESET and several other companies are actively involved in the Digital Skills initiative where our expert volunteers teach digital skills to computer science teachers throughout Slovakia. Two of our employees have prepared a Digital Security Handbook, which is used as methodical material for computer science teachers. In 2019, we trained 1,066 teachers from 439 Slovak elementary schools. Our expert volunteers received overwhelmingly positive feedback from training participants.

We provide special support to the SLOVENSKO.DIGITAL association, where in 2019 eight of our experts joined projects such as Navody. Digital, Red Flags and Better e-Government and spent 151 hours doing volunteer work as part of the EVP-contributing to a transparent and open assessment of IT projects in Slovakia.

2019 was the third year of our general partnership with the dobrakrajina.sk donor platform. Every year we participate in the Our City project and donations to good-will. With our Employee Volunteer Programme, we took part in the BLF round table to help share best practices.

Twice a year, we announce an Employee Grant Programme which supports the involvement of our employees in projects they joined as volunteers. In 2019, the ESET Foundation allocated €45,700 for employee projects and supported 27 projects.

In 2019, ESET joined the **#Giving Tuesday** campaign in Slovakia for the third time. This successful campaign culminated before Christmas, when during a charity breakfast our employees donated to the Omama project. The ESET Foundation matched the amount donated by our employees, resulting in €6,611 for selected Giving Tuesday projects.

IN 2019, WE ALSO LAUNCHED A SERIES OF INSPIRATIONAL LECTURES AND DEBATES FOR EMPLOYEES CALLED 5 MINUTES TO 4 WHERE GUEST SPEAKERS ADDRESS TOPICS SUCH AS:

- Albert Einstein and the path to the relativity theory
- It's OK not to be OK
- All you ever wanted to know about radioactivity and nuclear power plants but never asked
- Climate change
- Discussion with ESET owners
- Water without plastic
- Ask your parents 89 (Spýtaj sa vašich 89)
- Discussion with robotics legend Prof. Ružena Bajcsy

RAISING ENVIRONMENTAL AWARENESS

Even though ESET doesn't have any significant impact on the environment, we still strive to do our best to minimize our environmental footprint, educate ourselves, and be a role model. And that's why environmental protection is integral to all our activities.

Our CSR strategy and objectives for upcoming years now include environmental activities which aim to mitigate climate change.

OUR STRATEGY FOCUSES ON:

- Waste separation and reduction
- Reducing energy consumption
- Reducing CO_2 emissions

We support the project Cycling to work and healthy lifestyles. In 2019, the company bike-sharing scheme was joined by 48 employees with 255 rides.

In the Employee Satisfaction and Motivation Survey, 90 % of employees expressed support for environmental protection measures despite having to accept certain inconveniences as a result. We no longer purchase bottled still water, instead using tap drinking water. Data from analysis of the water helped us to convince our employees as well as using a clear communication strategy. Our company events now only use biodegradable materials. We have started the cooperation with the Institute of Circular Economy aimed at measuring the environmental impact of our activities and measures for further waste reduction.

When considering the architectural design of ESET's future HQ and campus at Patrónka, the ecological aspect was a priority. We consider green buildings to be a new development in this area.

Photo from a clean-up by our eco ambassadors at Janko Kráľ Park

3.5. OUR GOALS

ASSESSMENT OF 2019 FULFILMENT OF OUR 2018 CSR GOALS:

AREA

ETHICS AT THE CORE OF OUR BUSINESS

GOAL

Our Code of Conduct now applies to all employees (direct CEO communication)

PROGRESS TOWARD OUR GOALS IN 2019

Goal Achieved.

Communicated by our CEO via e-mail in January 2019.

GOAL

Raise awareness of ways to report Code of Conduct violations

PROGRESS TOWARD OUR GOALS IN 2019

Goal Achieved.

Reporting is regulated in the Code of Conduct.

AREA

SAFER TECHNOLOGIES

GOAL

Training course about how to teach IT security basics to children, for up to 1,000 teachers of over 70 elementary schools in district towns as part of the Digital Skills initiative (in collaboration with other BLF companies)

PROGRESS TOWARD OUR GOALS IN 2019

Goal Achieved.

1,066 teachers from 439 Slovak schools took the training course.

GOAL

Analysis of cyber-security knowledge among the general population, identification of weaknesses, and preparation of activities to raise awareness

PROGRESS TOWARD OUR GOALS IN 2019

Goal Postponed.

In the preparatory stage we defined the survey concept and scope, which will be conducted in 2020–2021.

The ESET Foundation supported the IVO survey: "Cybersecurity Through the Eyes of the Internet Population".

GOAL

Publish a book on raising kids in the digital era

PROGRESS TOWARD OUR GOALS IN 2019

Goal Achieved.

The book: Forever Connected by Zuzana Gránska had a print run of 4,000 copies.

It was distributed by book stores in Slovakia, through the publisher's electronic distribution channels (eduworld.sk), and via ESET marketing and communication activities (employees, events, social network competitions)—some 1,000 copies were sold in 2019.

In 2020, we plan to distribute around 10,000 copies of the book to ESET customers.

AREA

SATISFIED EMPLOYEES

GOAL

Employee satisfaction survey including satisfaction with benefits and internal communication

PROGRESS TOWARD OUR GOALS IN 2019

Goal Achieved.

77 % of our employees participated in the survey. The best result was recorded for overall company atmosphere and second best result for corporate social responsibility, where 89 % of employees were satisfied or very satisfied with ESET's CSR activities and the communication thereof.

GOAL

Introduction of an internal mentoring system

PROGRESS TOWARD OUR GOALS IN 2019

Goal Postponed.

Due to other high priority projects in relation to Learning & Development, the internal mentoring system's introduction was postponed to 2021.

GOAL

Series of lectures and discussions (5 minutes to 4)

PROGRESS TOWARD OUR GOALS IN 2019

Goal Achieved.

8 lectures and discussions were held.

AREA

BETTER SLOVAKIA

GOAL

Launch of a special grant program promoting science and research

PROGRESS TOWARD OUR GOALS IN 2019

Goal Achieved.

Within the Grant Program of Popularization of Science and Research, we have supported 9 projects.

GOAL

The first year of the ESET Science Award had an international jury

PROGRESS TOWARD OUR GOALS IN 2019

Goal Achieved.

The ESET Foundation announced the laureates of the first year of the ESET Science Award in a ceremony on 18 October 2019. The international jury chaired by a Nobel Prize winner guaranteed a thorough and independent evaluation.

GOAL

Our volunteers contributed over 500 hours for the Digital Skills expert volunteer program

PROGRESS TOWARD OUR GOALS IN 2019

Goal Achieved.

890 volunteer hours and 21 expert volunteers.

OBLASŤ

GREEN WORLD

GOAL

Measurement of our activities' environmental impact (measurement of CO_2 emissions, energy consumption, and waste produced)

PROGRESS TOWARD OUR GOALS IN 2019

Goal Postponed.

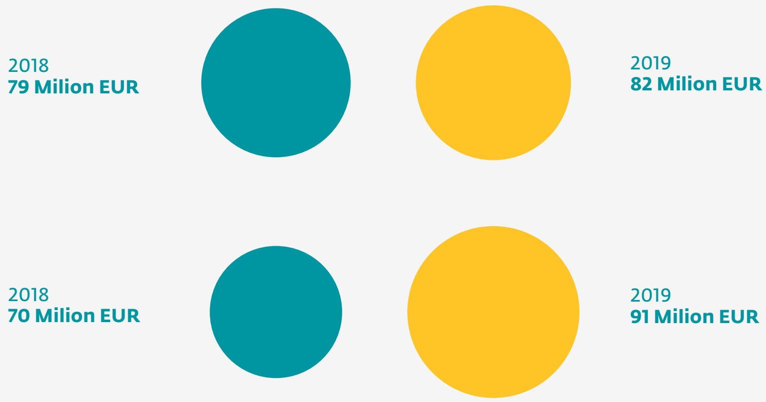
The start of measurements was delayed due to the clarification of cooperation details and the availability of involved parties. The objective was postponed to the first half of 2020.

4. 2019 FINANCIAL RESULTS

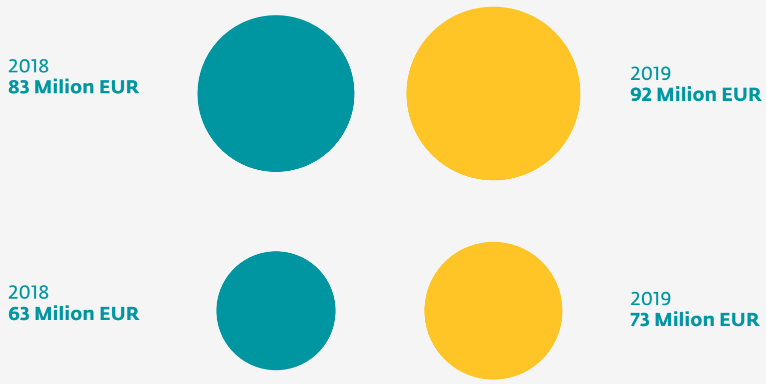
The ESET Group has been achieving a very positive development in key financial indicators for a long time, namely in billings and revenues, primarily from the provision of end user licences and services. In subsequent years, the company plans to continue with this positive development by releasing new versions and updates of ESET products for home consumers, as well as complex solutions and services for large businesses and organizations. In the future, the ESET Group plans to expand its branch network and enter new markets.

	CONSOLIDATED FINANCIAL STATEMENTS IN MILLION EUR			SEPARATE FINANCIAL STATEMENTS IN MILLION EUR		
INDICATOR	2018	2019	↑↓	2018	2019	↑↓
Revenues	473	504	7 %	485	527	9 %
Earnings Before Interest and Tax (EBIT)	79	82	4 %	83	92	11 %
Net cash flow from operating activities	70	91	30 %	63	73	16 %

EARNINGS BEFORE INTEREST AND TAX (EBIT)



NET CASH FLOW FROM OPERATING ACTIVITIES



The difference in presented absolute values as well as relative changes of financial indicators in the Separate Financial Statements and the Consolidated Financial Statements are due to the fact that the Consolidated Financial Statements of the ESET Group were prepared according to the International Financial Reporting Standards (IFRS), while the Separate Financial Statements of the parent company ESET were prepared according to the Slovak legislation. This unlike reporting frameworks create a precondition for different recognition and presentation of individual elements in the Consolidated and Separate financial statements. Of these the most significant are revenues (IFRS 15 Revenue from Contracts with Customers) and leases (IFRS 16 Leases).

In 2019, the revenues of the ESET Group rose from €473 to €504 million, which represents an increase of 7 % in comparison to the previous accounting period. In contrast with the ESET parent company, the revenues rose from €485 to €527 million in 2019, which represents an increase of 9 % comparable with the growth of the consolidated financial indicators.

The ESET Group is operationally efficient from the long-term perspective, i.e. it achieves a positive development in profitability. In 2019, the operating result of the ESET Group rose from €79 to €82 million, which represents an increase of 4 % in comparison to the previous accounting period. In 2019, the operating result of the ESET parent company rose from €83 to €92 million, which represents an increase of 11 % comparable to the trend visible in the Consolidated Financial Statements.

This level of profitability increases the tax burden, whereby the total expenses of the ESET Group on income tax due in 2019 represent almost €23 million, of which the total expenses of the ESET parent company represent €19 million.

In 2019, the net cash flow from operating activities of the ESET Group increased from €70 million to €91 million, which represents an increase of 30 %. In 2019, the net cash flow from operating activities of the ESET parent company increased from €63 million to €73 million, which represents an increase of 16 %. The high liquidity of the ESET Group is further boosted by both the cash and cash equivalent balance of €60 million at the end of 2019 as well as by the absence of loans, which contributes to a strong dividend policy.

RESEARCH & DEVELOPMENT

In 2019, similar to prior years, the ESET parent company did not receive any donations, investment grants, or other financial subsidies from the Slovak or other governments. The ESET parent company, as a research and development centre, utilised the benefits provided by the Income Tax Act (Section 30c of the Act) and applied an R&D cost deduction from the tax base of €6,448,085.21. In 2019, the following products (described in more detail in Section 3.2) were introduced as part of R&D activities:

- ESET Full Disk Encryption
- ESET File Security for Linux
- ESET Enterprise Inspector
- Home Products: ESET Internet Security, ESET NOD32 Antivirus and ESET Smart Security Premium 2020

DISTRIBUTION OF PROFIT

As per a resolution of the shareholders at the Management Board meeting on 21 May 2020, all shareholders approved the Separate Financial Statements and the Consolidated Financial Statements of ESET. The net profit of €77,702,398 enumerated in the Separate Financial Statements will be transferred to the Retained Earnings as undistributed net profit in the amount of €77,702,398.

SUBSEQUENT EVENTS

As of the date of the Annual Report, there were no significant events that took place after the end of the accounting period as of 31 December 2019 that required a significant modification of the information presented in the Separate or Consolidated Financial Statements as of 31 December 2019.

At the end of 2019, the first reports on the Coronavirus (COVID-19) began to appear from China. At the beginning of 2020, the virus spread throughout the world with strong negative impacts. As a result, ESET immediately adopted preventive measures to ensure business continuity while ensuring maximum health protection. In early March 2020, all international business trips were immediately suspended, preventive hygienic measures were introduced in all operations supported by online trainings, at first voluntary and then compulsory home office was introduced for most employees at branches worldwide. All work that did not require physical presence at the workplace was carried out from home.

The company has a Pandemic Flu Business Continuity Plan which is regularly reviewed. This plan enables the company to provide services even in the event of a long-term critical situation, while taking into account the resolutions and instructions of the relevant state bodies.

As part of combating the coronavirus in Slovakia, parent company ESET, spol. s r.o. provided a grant of €300,000 to the ESET Foundation. These funds were used to prepare the diagnostic PCR test to detect the SARS-CoV-2 virus, which causes COVID-19. Through the ESET Foundation, ESET spol. s r.o. supported the development of the first 100,000 tests. The COVID-19 tests developed by Slovak scientists were registered by the State Institute for Drug Control, so completing their development and production.

ESET also led the funding and coordination of activities related to the registration and manufacture of the tests. "The development of these tests proves that Slovak science can produce cutting-edge products to address national issues. Hence our long support for science. Our involvement in the development of these Slovak coronavirus tests presented us with an interesting challenge, because we have always been detecting virtual viruses," explains ESET CEO, Richard Marko.

As the global IT security leader, ESET introduced measures to help the national centres of cybersecurity across EU countries (EU CERT) when mitigating the impact of cyberthreats during the COVID-19 pandemic. As a security solution provider headquartered in the EU, ESET focuses on partnering with organizations throughout the EU to ensure that its citizens are protected and safe in the online world. ESET offers the CERTs residing in EU countries which receive funding from public resources free access to the ESET Threat Intelligence information and data channels for six months. They can use this resource to protect the general public and infrastructure in the respective countries. This offer also includes access to ESET information about malicious domains, URL addresses, malware, and botnets.

ESET's management continues to monitor the situation and potential implications of the coronavirus, with the aim to take all possible steps to mitigate negative impact on activities and employees.

Any negative impact or future exchange rate losses will be included by the accounting unit in its accounts and the 2020 financial statements. Such potential loss has no impact on the Financial Statements issued on 31 December 2019.

5. **ANNEXES**

CONSOLIDATED FINANCIAL STATEMENTS AND THE INDEPENDENT AUDITOR'S REPORT AS OF 31 DECEMBER 2019

ESET, spol. s r.o.

INDEPENDENT AUDITOR'S REPORT AND CONSOLIDATED FINANCIAL STATEMENTS (PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS AS ADOPTED BY THE EU)

For the year ended 31 December 2019

This is an English language translation of the original Slovak language document.

Deloitte.

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ESET, spol. s r.o.

INDEPENDENT AUDITOR'S REPORT

To the Partners and Executives of ESET, spol. s r.o.:

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of ESET, spol. s r.o. and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2019, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2019, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) as adopted in the European Union (EU).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the provisions of Act No. 423/2015 Coll. on Statutory Audit and on Amendment to and Supplementation of Act No. 431/2002 Coll. on Accounting, as amended (hereinafter the "Act on Statutory Audit") related to ethical requirements, including the Code of Ethics for Auditors that are relevant to our audit of the consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS as adopted in the EU, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 is not a guarantee that an audit conducted in accordance with International Standards on Auditing 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 consolidated financial statements.

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As part of an audit in accordance with International Standards on Auditing, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group'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 consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Report on Information Disclosed in the Consolidated Annual Report

The statutory body is responsible for information disclosed in the consolidated annual report prepared under the requirements of the Act on Accounting No. 431/2002 Coll. as amended (the "Act on Accounting"). Our opinion on the consolidated financial statements stated above does not apply to other information in the consolidated annual report.

In connection with the audit of consolidated financial statements, our responsibility is to gain an understanding of the information disclosed in the consolidated annual report and consider whether such information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit of the consolidated financial statements, or otherwise appears to be materially misstated.

As at the issuance date of the auditor's report on the audit of consolidated financial statements, the consolidated annual report was not available to us.

When we obtain the consolidated annual report, we will assess whether the Group's annual report includes information whose disclosure is required under the Act on Accounting, and based on procedures performed during the audit of the consolidated financial statements, we will express an opinion on whether:

- Information disclosed in the consolidated annual report prepared for 2019 is consistent with the consolidated financial statements for the relevant year; and
- The consolidated annual report includes information pursuant to the Act on Accounting.

Furthermore, we will disclose whether material misstatements were identified in the consolidated annual report based on our understanding of the Group and its position, obtained in the audit of the consolidated financial statements.

Bratislava, 6 May 2020

Ing. Wolda K. Grant, FCCA
Responsible Auditor
Licence SKAu No. 921

On behalf of
Deloitte Audit s.r.o.
Licence SKAu No. 014

This is an English language translation of the original Slovak language document.

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019
(in thousands EUR)

	Note	2019	2018
Revenues from the provision of software	8	503 958	472 622
Services	9	(304 178)	(291 255)
Personnel expenses	10	(102 655)	(92 773)
Depreciation		(13 880)	(8 234)
Other operating (expenses)/income, net		(1 566)	(1 345)
Finance income	11	4 064	3 552
Finance costs	12	(2 467)	(2 989)
Profit before tax		83 276	79 578
Income tax	13	(18 229)	(17 530)
PROFIT FOR THE YEAR		**65 047**	**62 048**
OTHER COMPREHENSIVE INCOME			
Items that may be reclassified subsequently to profit or loss:			
Foreign exchange differences on translating foreign operations into the reporting currency		(1 609)	(1 805)
TOTAL COMPREHENSIVE INCOME		**63 438**	**60 243**
Profit attributable to:			
Owners of the parent company		65 043	62 042
Minority interests		4	6
Total profit for the period		**65 047**	**62 048**
Other comprehensive income attributable to:			
Owners of the parent company		(1 573)	(1 807)
Minority interests		(36)	2
Total other comprehensive income for the period		**(1 609)**	**(1 805)**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 DECEMBER 2019
(in thousands EUR)

	Note	*31 December 2019*	*31 December 2018*
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	14	69 787	40 683
Intangible assets	15	4 612	6 579
Other assets		2 859	2 620
Deferred tax asset	18	54 026	48 949
Total non-current assets		131 284	98 831
CURRENT ASSETS			
Cash and cash equivalents	17	59 922	72 967
Trade and other receivables	16	43 031	48 565
Income tax assets		796	1 092
Inventories		479	644
Total current assets		104 228	123 268
TOTAL ASSETS		**235 512**	**222 099**
EQUITY AND LIABILITIES			
EQUITY			
Registered capital		140	140
Equity reserves		1 477	2 355
FX revaluation reserves		(4 429)	(4 162)
Retained earnings		(54 144)	(24 946)
Equity attributable to the owners of the parent company in total		(56 956)	(26 613)
Minority interest		10	42
Total equity		(56 946)	(26 571)
NON-CURRENT LIABILITIES			
Deferred income, net	22	68 828	62 321
Other non-current liabilities	20	29 087	5 705
Provisions for liabilities	21	1 345	1 127
Deferred tax liability	18	-	-
Total non-current liabilities		99 260	69 153
CURRENT LIABILITIES			
Trade and other payables	19	30 681	29 384
Deferred income, net	22	161 008	149 708
Provisions for liabilities	21	153	135
Current income tax		1 356	290
Total current liabilities		193 198	179 517
TOTAL EQUITY AND LIABILITIES		**235 512**	**222 099**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019
(in thousands EUR)

	Registered Capital	*Equity Reserves*	*Foreign Currency Translation Reserve*	*Financial Investment*	*Retained Earnings*	*Total (Owners of the Parent Company)*	*Minority Interest*	*Total*
Balance at 31 December 2017	140	2 052	(2 355)	-	(63 437)	(63 600)	-	(63 600)
Net profit for the year	-	-	-	-	62 042	62 042	6	62 048
Allocation to reserves from profit	-	303	-	-	(303)	-	-	-
Dividends paid	-	-	-	-	(32 750)	(32 750)	-	(32 750)
Impact of IFRS 15	-	-	-	-	9 282	9 283	-	9 283
Hyperinflationary restatement	-	-	-	-	219	219	-	219
Other comprehensive income, net	-	-	(1 807)	-	-	(1 807)	36	(1 771)
Balance at 31 December 2018	**140**	**2 355**	**(4 162)**	**-**	**(24 946)**	**(26 613)**	**42**	**(26 571)**
Net profit for the year	-	-	-	-	65 043	65 043	4	65 047
Allocation to reserves from profit	-	60	-	-	(60)	-	-	-
Dividends paid	-	-	-	-	(94 000)	(94 000)	-	(94 000)
Hyperinflationary restatement	-	(938)	1 306	-	(181)	187	-	187
Other comprehensive income, net	-	-	(1 573)	-	-	(1 573)	(36)	(1 609)
Balance at 31 December 2019	**140**	**1 477**	**(4 429)**	**-**	**(54 144)**	**(56 956)**	**10**	**(56 946)**

A minority interest is attributable to a 10% share in ESET Japan Inc. (a subsidiary); the share is held by Canon Marketing Japan Inc.

Hyperinflationary restatement is recognised in accordance with the requirements of IFRS as regards the subsidiary, ESET LATINOAMERICA S.R.L., for individual items of assets, liabilities, equity, expenses and revenues that are measured at ARS due to the hyperinflation in Argentina.

The Group recognises negative equity due to differences between the Slovak accounting regulations and IFRS. Dividends are paid out annually based on the comprehensive income/loss reported in the separate financial statements of the Parent Company, which are presented in accordance with the Slovak accounting regulations. Negative equity has resulted from accumulated differences between the comprehensive income/loss under the separate financial statements and the consolidated financial statements and from thus paid dividends for previous accounting periods.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019
(in thousands EUR, if not stipulated otherwise)

	2019	*2018*
Cash flows from operating activities		
Profit before tax	83 276	79 578
Non-cash transactions affecting profit/loss from ordinary activities before income tax:		
Interest charged to expenses	565	15
Interest charged to income	(758)	(344)
Profit from the sale of assets	124	(20)
Depreciation	13 880	8 234
Change in revenue accruals/deferrals	23 140	9 987
Change in provisions for liabilities	236	249
Foreign exchange differences	(3 784)	(1 134)
Other non-cash items	216	817
	116 895	97 382
Effect of changes in working capital		
(Increase)/decrease in inventories	165	256
(Increase)/decrease in trade and other receivables	(798)	(11 103)
Increase/(decrease) in trade and other payables	(4 186)	2 363
	112 076	88 898
Cash flows from operating activities		
Income tax paid	(21 335)	(19 402)
Interest received	758	344
Interest paid	(564)	(15)
Net cash flows from operating activities	**90 935**	**69 825**
Cash flows from investing activities		
Acquisition of non-current assets	(5 502)	(6 845)
Proceeds from the sale of assets	98	39
Net cash flows from investing activities	**(5 404)**	**(6 806)**
Cash flows from financing activities		
Expenditures for finance lease	(6 337)	(328)
Dividends paid	(94 000)	(32 750)
Income from subscribed shares and ownership interests	-	34
Net cash flows from financing activities	**(100 337)**	**(33 044)**
Net increase/(decrease) in cash and cash equivalents	**(14 806)**	**29 975**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE REPORTING PERIOD	72 967	42 014
EFFECT OF FOREIGN EXCHANGE DIFFERENCES	1 761	978
CASH AND CASH EQUIVALENTS AT THE END OF THE REPORTING PERIOD	**59 922**	**72 967**

(in thousands EUR, if not stipulated otherwise)

1. COMPANY'S DESCRIPTION

1.1. General Information

The consolidated financial statements for the year ended 31 December 2019 were prepared by ESET, spol. s r. o. (hereinafter the "Parent Company") and its subsidiaries (together the "Group") in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union (the "EU"). The reporting currency of the Group is the euro (EUR). The consolidated financial statements were prepared under the going-concern assumption.

The consolidated financial statements of the Group for the year ended 31 December 2019 were prepared pursuant to Article 22 of Act No. 431/2002 Coll. on Accounting, as amended, for the reporting period from 1 January 2019 until 31 December 2019.

The Parent Company was incorporated on 17 September 1992 by registration in the Commercial Register (Commercial Register of the District Court Bratislava I, Section: Sro, Insert No.: 3586/B).

Seat of the Parent Company:

Einsteinova 24
Bratislava
851 01
Identification number (IČO): 31333532
Tax identification number (DIČ): 2020317068
VAT identification number (IČ DPH): SK2020317068

At present, the owners of the Parent Company are the following individuals:

Structure of the Registered Capital by the Partners of the Reporting Parent Company

Owners	*Share in Registered Capital*		*Voting Rights*
	EUR ´000	*%*	*%*
Rudolf Hrubý	31	22.000	22.000
Peter Paško	31	22.000	22.000
Miroslav Trnka	32	22.750	22.750
Richard Marko	17	12.125	12.125
Maroš Grund	17	12.125	12.125
Anton Zajac	12	9.000	9.000

Registered capital registered in the Commercial Register:	EUR 140 thousand
Registered capital not registered in the Commercial Register:	-

1.2. Scope of Activities

The Group develops software solutions providing immediate and comprehensive protection against constantly-evolving computer security threats. At present, the Group deals with the development of innovative security solutions focusing on the proactive detection of malware and the protection against computer crime and software piracy. Key products designed for households are ESET Internet Security and ESET NOD32 Antivirus. ESET Endpoint Security and ESET Endpoint Antivirus with the option of remote administration through ESET Remote Administrator are designed for companies. The Group also develops security solutions for servers, mobile devices and the Mac OS X and Linux platforms. The Group operates in the following geographic regions: North and South America; Europe, the Middle East and Africa (hereinafter "EMEA"), Australia and Asia.

1.3. Employees

The number of the Group's employees for the year ended 31 December 2019 was 1 684, of which executive management: 31 (for the year ended 31 December 2018: 1 588, of which executive management: 31).

The Group's full-time equivalent was 1 647 as at 31 December 2019 (for the year ended 31 December 2018: 1 550).

2. NEW INTERNATIONAL FINANCIAL REPORTING STANDARDS AND CHANGES IN ESTIMATES

2.1. Application of New and Revised International Financial Reporting Standards

The Group has adopted all of the new and revised standards and interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB that have been endorsed for use in the European Union (hereinafter the "EU") and that are relevant to its operations and effective for annual periods beginning on 1 January 2019.

The following new standards, amendments to the existing standards and new interpretation issued by the International Accounting Standards Board and adopted by the EU are effective for the current reporting period:

- **IFRS 16 "Leases"** – adopted by the EU on 31 October 2017 (effective for annual periods beginning on or after 1 January 2019),

  The standard introduces changes to lease accounting. Significant changes in the standard are related to lease accounting by lessees. Lessees are no longer required to distinguish between operating lease and finance lease. Leased assets (representing the right to use identified assets over the lease term) and a lease liability (representing the obligation to pay lease payments) will be recognised for all leases, except for short-term leases and leases of low-value assets. Lease accounting by lessors remains unchanged. Details of the new requirements are provided in Note 3. The impact of the standard on the financial statements is described below.

  The Group applied IFRS 16 "Leases" with effect from 1 January 2019. The initial application is described in more detail in Section 4. Changes to Accounting Principles and Methods below

- **Amendments to IFRS 9 "Financial Instruments"** – Prepayment Features with Negative Compensation – adopted by the EU on 22 March 2018 (effective for annual periods beginning on or after 1 January 2019),

- **Amendments to IAS 19 "Employee Benefits"** – Plan Amendment, Curtailment or Settlement – adopted by the EU on 13 March 2019 (effective for annual periods beginning on or after 1 January 2019),

- **Amendments to IAS 28 "Investments in Associates and Joint Ventures"** – Long-term Interests in Associates and Joint Ventures – adopted by the EU on 8 February 2019 (effective for annual periods beginning on or after 1 January 2019),

- **Amendments to various standards due to "Annual Improvements to IFRS Standards (2015 – 2017 Cycle)"** resulting from the annual IFRS improvement project (IFRS 3, IFRS 11, IAS 12 and IAS 23) primarily with a view to removing inconsistencies and clarifying wording – adopted by the EU on 14 March 2019 (effective for annual periods beginning on or after 1 January 2019),

- **IFRIC 23 "Uncertainty over Income Tax Treatments"** – adopted by the EU on 23 October 2018 (effective for annual periods beginning on or after 1 January 2019).

The adoption of these amendments to the existing standards has not led to any material changes in the Group's financial statements, except for the impact of the new IFRS 16 "Leases" described in the financial statements.

At the date of authorisation of these financial statements, the following new standard, amendments to the existing standard, and the interpretation issued by IASB and adopted by the EU are not yet effective:

- **Amendments to IAS 1 "Presentation of Financial Statements" and IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors"** – Definition of Material – adopted by the EU on 29 November 2019 (effective for annual periods beginning on or after 1 January 2020),

- **Amendments to References to the Conceptual Framework in IFRS Standards** – adopted by the EU on 29 November 2019 (effective for annual periods beginning on or after 1 January 2020),

- **Amendments to IFRS 9 "Financial Instruments", IAS 39 "Financial Instruments: Recognition and Measurement" and IFRS 7 "Financial Instruments: Disclosures"** – Interest Rate Benchmark Reform – adopted by the EU on 15 January 2020 (effective for annual periods beginning on or after 1 January 2020).

The Group has elected not to adopt these new standards, amendments to the existing standards and interpretations in advance of their effective dates. The Group anticipates that the adoption of these standards, amendments to the existing standards and the interpretation will have no material impact on the financial statements of the Group in the period of initial application.

New standards and amendments to the existing standards issued by IASB but not yet adopted by the EU

At present, IFRS as adopted by the EU do not significantly differ from regulations adopted by the International Accounting Standards Board (IASB), except for the following new standards, amendments to the existing standards and new interpretation, which were not endorsed for use in the EU as at the reporting date (effective dates stated below are for IFRS in full):

- **IFRS 17 "Insurance Contracts"** (effective for annual periods beginning on or after 1 January 2021),
- **Amendments to IFRS 3 "Business Combinations" –** Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2020 and to asset acquisitions that occur on or after the beginning of that period),
- **Amendments to IAS 1 "Presentation of Financial Statements"** – Classification of Liabilities as Current or Non-Current (effective for annual periods beginning on or after 1 January 2022),
- **IFRS 14 "Regulatory Deferral Accounts"** (effective for annual periods beginning on or after 1 January 2016) – the European Commission has decided not to launch the endorsement process of this interim standard and to wait for the final standard,
- **Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures"** – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture and further amendments (effective date deferred indefinitely until the research project on the equity method has been concluded).

The Group expects that the adoption of these new standards and amendments to the existing standards will have no material impact on the financial statements of the Group in the period of initial application.

Hedge accounting for a portfolio of financial assets and liabilities whose principles have not been adopted by the EU remains unregulated.

According to the Group's estimates, the application of hedge accounting to a portfolio of financial assets or liabilities pursuant to **IAS 39 "Financial Instruments: Recognition and Measurement"** would not significantly impact the financial statements if applied as at the reporting date.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1. Basis of Accounting

The consolidated financial statements have been prepared in accordance with IFRS as adopted by the European Union (hereinafter the "EU"). IFRS as adopted by the EU do not significantly differ from IFRS as issued by the International Accounting Standards Board (IASB).

The consolidated financial statements are prepared under the historical cost convention, except for the revaluation of certain financial instruments. The principal accounting policies adopted are detailed below. The accompanying consolidated financial statements reflect certain adjustments and reclassifications not recorded in the accounting records of certain Group companies in order to conform the Slovak statutory and other financial statements to financial statements prepared in accordance with IFRS as adopted by the EU.

a) Business Combinations

Subsidiaries

Those business undertakings in which ESET spol. s r.o., directly or indirectly, has an ownership interest of usually higher than one half of the voting rights or otherwise controls the operations are considered subsidiary undertakings (subsidiaries) and have been fully consolidated. Subsidiaries are consolidated as of the date on which ESET spol. s r.o. acquires control and are no longer consolidated as of the date when such control ceases.

All transactions, balances, and profits and losses on transactions within the Group have been eliminated upon consolidation.

b) Goodwill

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net amount of the acquired identifiable assets and the liabilities assumed as at the acquisition date. If, after reassessment, the net amount of the acquired identifiable assets and liabilities assumed as at the acquisition date exceeds the sum of the transferred consideration, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

The Group assesses indicators of an impairment of goodwill annually, or more frequently when there is an indication that the goodwill may be impaired. When assessing impairment of goodwill, the Group assesses the following indicators:
- Negative development in the industry;
- Decrease in the market value; and
- Growth of sales slower than estimated.

Any impairment loss for goodwill is recognised directly in comprehensive income. An impairment loss recognised for goodwill is not reversed in subsequent periods.

c) Financial Instruments

Financial assets and liabilities are recognised on the Group's balance sheet when the Group as a contractual party is subject to the provisions concerning the given financial instrument.

d) Trade Receivables

Trade receivables are stated at the expected realisable value, net of provisions for debtors in bankruptcy or restructuring proceedings, and net of provisions for overdue bad and doubtful receivables where risk exists that they will not be settled by the debtor in full or in part.

The Group applied an expected loss model when assessing provisions for financial assets. The simplified approach was based on the use of a matrix for the calculation of provisions that determined the extent of impairment for groups of receivables based on the number of days until their settlement. The historical loss rate applied in the calculation of provisions also reflected future-focused information. The applied expected loss model had no significant impact on the amount of provisions for financial assets.

e) Property, Plant and Equipment and Non-current Intangible Assets

Property, plant and equipment and non-current intangible assets (hereinafter "non-current assets") are recognised at acquisition cost less accumulated depreciation. The acquisition cost includes all of the cost incurred with respect to placing non-current assets into service for intended use.

Items of non-current tangible and intangible assets that are worn out or disposed of for another reason are derecognised from the statement of financial position at the net book value. Any gain or loss resulting from such wear and tear or disposal is recognised in the statement of comprehensive income.

All items of property, plant and equipment are depreciated using the straight-line method based on the asset's estimated useful life. Depreciation charges are recognised in the income statement so that non-current assets are depreciated over the remaining useful life up to the amount of the estimated residual value. The useful lives of non-current assets can be summarised as follows:

	Estimated Useful Lives in Years	***Depreciation Method***
Software	2 – 4	Straight-line
Structures and technical improvements of premises	Up to the expiration of the lease contract	Straight-line
Fixtures and fittings	Up to the expiration of the lease contract	Straight-line
Plant and machinery	3 – 5	Straight-line
Transportation means	4 – 5	Straight-line

At each reporting date, an assessment is made as to whether there is any indication that the realisable value of the Group's non-current assets is below their carrying amount. When such an indication occurs, the realisable value of the asset, being the higher of the asset's fair value less costs to sell and the present value of future cash flows ("value-in-use"), is estimated. Any impairment loss provision is recognised in full in the income statement in the year in which the impairment occurs. The discount rates used to calculate the present value of the future cash flows reflect the current market assessments of the time value of money and the risks specific to the asset. In the event that a decision is made by the Group to abandon an investment project in progress or significantly to postpone its planned completion date, the Group assesses its potential impairment and a provision is recorded, if appropriate.

Expenditures relating to an item of non-current assets after being placed into service increase the carrying amount of the asset when the Group may expect future economic benefits, in excess of the original assessed standard of performance. All other expenditures are treated as repairs and maintenance and are expensed in the period in which they are incurred.

f) Research and Development

Costs incurred in the research and development of software products are recognised in expenses (Services) as incurred until technological feasibility is established. Research and development costs include the salaries and benefits of researchers, supplies and other expenses incurred for research and development efforts. As technological feasibility of the product is determined once the product is available for general release to customers, the conditions for capitalisation of research and development costs are not met, and thus, such costs are expensed by the Group.

g) Inventories

Inventories are stated at the lower of cost and net realisable value. The cost of raw materials and other inventories includes the acquisition price and the related incidental costs, and the cost of inventories developed internally includes raw materials, other direct costs and production overheads.

h) Cash and Cash Equivalents

Cash and cash equivalents consist of cash in hand and cash in bank, and highly-liquid securities with an insignificant risk of changes in value and original maturities of three months or less from the date of issue.

i) Provisions for Liabilities

A provision is recognised when the Group has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are re-assessed at each reporting date and are adjusted to reflect the current best estimate. The amount of the provision is the present value of the risk-adjusted expenditures expected to be required to settle the obligation; these expenditures are determined using the estimated risk-free interest rate as a discount rate. Where discounting is used, the carrying amount of the provision increases in each period to reflect the unwinding of the discount by the passage of time.

j) Revenue Recognition

The Group recognises revenue from the provision of software resulting mainly from licence fees and support services under contractual arrangements with end users.

The Parent Company provides end customers and partners in Slovakia, and partners in the EMEA region, APAC, Brazil, Russia and South Africa with the right to use the antivirus software. Eset Software spol. s r.o. (subsidiary) has concluded an agreement with the Parent Company on the distribution of products in the Czech Republic. ESET, LLC. (subsidiary) distributes ESET products primarily in the USA and the LATAM region (except for Brazil). ESET Deutschland GmbH (subsidiary) distributes products on the German, Austrian, Swiss and Croatian markets. ESET Software Australia, PTY, Ltd. (subsidiary) undertakes distribution activities in Australia and ESET ASIA primarily in the APAC region. ESET Software UK Limited (subsidiary) distributes products in the UK and Malta. ESET Canada Inc. (subsidiary) undertakes distribution activities on the Canadian market. ESET ITALIA S.r.l. (subsidiary) launched its activities on the Italian market.

Sales are made directly or indirectly. The direct sales are mainly represented by Internet sales via the ESET website to end customers. Indirect sales are mainly made through independent distributors and resellers who contribute to total sales in the greatest extent.

Based on a detailed analysis of contractual arrangements, the rights and obligations of all members of the distribution chain, the Group unified the gross revenue recognition method as of 1 January 2015. The Group assessed and applied IFRS 15 principles consistently with IAS 18 "Revenue". In 2019, the Group continued its project of increasing the accuracy of historical data on revenues, which increased the accuracy of the recognition of global contracts with customers.

The Group recognises 100% of revenues from sales from ESET products and services made by the Group's distributors and resellers in revenues. The fees for activities performed by the distributors and resellers are recognised in expenses. Such expenses are recognised from the moment of revenue recognition and are deferred in the same way as the corresponding revenue.

As a member of the ESET Technology Alliance, the Group also sells third-party products. When doing so, the Group acts as an agent and revenues are recognised in the net amount of consideration.

The Group recognises revenues from the provision of licences to use the antivirus software as follows: each customer is required to pay a fee for the right to use the software during a specified period. At the moment the licence is activated by an end customer, the revenue is deferred over the licence validity period. In addition to revenues from the sale of antivirus software, the Group also recognises revenues from the sale of encryption software. When analysing such revenues, the Group identified two primary contractual performance obligations which were measured by the Group separately using the five-step model under IFRS 15. The first performance obligation represents delivery of an encryption key used by a customer to secure their end-user devices. The Group recognises this portion of revenue as a lump sum at the moment of the sale to the end customer. The second performance obligation of the contract includes support and maintenance provided to the end customer over a specified period. The revenue from such performance is deferred over the specified period. Revenues from the sale of third-party products – members of the ESET Technology Alliance are recognised as a lump-sum at the moment of a sale to an end customer or business partner. In the current year, the proportionate amount of revenue is recognised as "revenue from the provision of software" in the consolidated statement of comprehensive income.

The Group also distributes license products in the form of registration keys and a series of registration keys – batches, when a time mismatch occurs between the distributor's billing and activation by the end-user. At the moment of a sale, the Group incurs a contractual liability, which is recognised in deferred income. At the moment of licence activation by the end user, the Group recognises revenue which is deferred over the licence validity term.

The generated revenue attributable to the sold and non-activated registration keys is estimated by the Group based on the historical development of the activation of licenses from the respective batch. Such revenue is recognised by the Group over the term of a contractual liability in individual reporting periods. Significant differences may arise in the amount and timing of revenues for a certain period if management applies different judgments or different estimates. Such estimates impact the "Deferred income" in the consolidated statement of financial position and the "Revenues from the provision of software" in the consolidated statement of comprehensive income.

End users may return ESET products, subject to limitations, via distributors and resellers or may ask the ESET Group directly for a refund within a reasonably-short period from the date of purchase. The Group estimates and recognises a refund liability based on historical experience by decreasing revenues. The amount of the refund liability is immaterial.

The Group has identified the main types of contract modifications and recognises revenues in accordance with IFRS 15 requirements. The main types of contract modifications over the contract term include the extension of the license validity term, addition or reduction of requirements, products and services, when the Group accounts for a contract modification on a prospective basis. In the event of a price change or product return by an agreed time limit, the Group cumulatively adjusts recognised revenues. If a contract modification is made after the termination of a contract's validity, the Group recognises such contract modification as a separate contract.

k) Mandatory Social Insurance and Pension Security

The Group is required to make contributions to various mandatory government insurance schemes, together with contributions by employees. Social security expenses are charged to the consolidated statement of comprehensive income in the same period as the related wages and salaries.

l) Leases

A lease is a contract under which the right to use an asset (the underlying asset) over a certain period of time is transferred in exchange for consideration.

A finance lease is a lease that transfers all of the risks and rewards incidental to the ownership of an asset (economic substance of value). The accounting treatment of leases is not dependent on which party is the legal owner of the leased asset. An operating lease is a lease other than a finance lease.

Before 2018, the lease of property, plant and equipment was classified as a finance lease or operating lease. An operating lease was recognised directly through profit or loss over the lease term. As of 1 January 2019, in respect of an operating lease, the lessee recognises a right-of-use asset (lease asset) and the related lease liability. Each lease payment is divided into the payment of a lease liability and the accrued financial interest expense. Finance costs are recognised directly through profit or loss over the lease term. Right-of-use assets are depreciated on a straight-line basis over the shorter of the useful life of the assets, or the lease term.

Lease assets and lease liabilities are primarily measured at their present values. The present value of lease liabilities comprises:

- Fixed payments less any lease incentives receivable;
- Variable lease payments (based on an index);
- The exercise price of an option to extend the lease (if reasonably certain);
- Penalties for early termination (if reasonably certain);
- Amounts payable under residual value guarantees.

Lease payments are discounted using a weighted average interest rate, which is the interest rate that the lessee would have to pay if it had to borrow the funds necessary to obtain an asset of a similar value in a similar economic environment under similar conditions.

Right-of-use assets are initially measured at cost, which comprises:

- The amount of the initial measurement of a lease liability;
- Initial direct costs;
- Lease payments less lease incentives before the commencement date of a lease;
- An estimate of costs of disposal/restoring to the original condition.

Payments for short-term lease contracts, lease contracts for low-value assets and lease contracts for other assets excluded from the scope of IFRS 16 due to materiality are recognised on a straight-line basis over the lease term as an expense of the current year included in the statement of comprehensive income. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise leases of assets with a value of up to EUR 5 thousand, such as printers, coffee machines and water dispenser stands. Other assets excluded from the scope of IFRS 16 due to materiality are leases of cars and data storage.

m) Income Tax

Income taxes of the Parent Company are calculated on accounting profit as determined under Slovak accounting procedures after adjustments for certain items for taxation purposes using the income tax rate of 21%. Subsidiaries' income taxes are calculated on accounting profit as determined under accounting procedures effective in the subsidiary's country of domicile using the income tax rate valid in the respective country.

(in thousands EUR, if not stipulated otherwise)

n) Deferred Income Tax

Deferred income tax is recognised, using the liability method, for all temporary differences arising between the net tax value and the net book value of assets and liabilities. Deferred tax is calculated at the tax rates that are expected to apply for the period when the asset is expected to be realised or the liability settled. Deferred tax is recognised in the consolidated statement of comprehensive income, except when it relates to items credited or charged directly to equity, in which case the deferred tax is also recognised in equity.

The valid income tax rates are as follows:

Country	*2020*	*2019*	*2018*
Slovakia	21%	21%	21%
USA – federal tax	21%	21%	21%
– California state tax (effective tax rate – **1.14%** in FY19, **1.09%** in FY18)	8.84%	8.84%	8.84%
Czech Republic	19%	19%	19%
Argentina	30%	30%	30%
Singapore	17%	17%	17%
Poland	19%	19%	19%
Germany	31.58%	31.58%	31.73%
UK	19%	19%	19%
Canada	26.5%	26.5%	26.5%
Australia	26%	27.5%	27.5%
Brazil**	24%	24%	24%
Romania	16%	16%	1%*
Mexico	30%	30%	30%
Italy***	28%	-	-
Japan	23.2%	23.2%	23.4%

** A special scheme applies to small businesses (ie micro businesses – turnover less than EUR 1 million), which are taxed using a tax rate of 1% or 3% (tax rate of 3% applies to businesses with no employees).*
*** In addition to the statutory corporate income tax rate of 15%, a 10% tax is applied to annual income exceeding BRL 240 000 and 9% social security income tax applied on adjusted net income (20% for financial institutions).*
**** Italian legal entities are subject to corporate income tax of 24% and a regional production tax of 3.9%.*

Major temporary differences arise as a result of differences between the carrying amount and tax value of deferred income. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised.

Deferred income tax is recognised on temporary differences arising on financial investments in subsidiaries, associates and joint ventures, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not be realised in the foreseeable future.

o) Transactions in Foreign Currencies

Assets and liabilities denominated in a foreign currency are translated to euros using the reference exchange rate determined and announced by the European Central Bank (hereinafter the "ECB") on the date preceding the transaction date and also on the reporting date. Advances received and made in a foreign currency are not translated as at the reporting date. For foreign currency purchases and sales in euros, and upon transfers of funds from the account established in a foreign currency to the account established in euros and from the account established in euros to the account established in a foreign currency, the exchange rates at which these amounts were purchased or sold were applied. If the sale or purchase is not performed with a commercial bank, the reference exchange rate determined and announced by the ECB on the date preceding the transaction settlement date is used.

On consolidation, the assets and liabilities of foreign subsidiaries are translated at the ECB exchange rates prevailing on the reporting date. Revenues and expenses are translated at the average exchange rates for the relevant period. Foreign exchange differences, if any, are included in equity classified as foreign exchange translation reserve. Such reserve is dissolved in the consolidated statement of comprehensive income as at the moment the financial investment in a subsidiary is disposed of.

Expenses and revenues, items of assets, liabilities and equity of foreign subsidiaries in a functional currency which is hyperinflationary are translated using the ECB's rate prevailing as at the reporting date. Resulting differences from the consolidation of capital are included in equity as retained earnings or accumulated loss from previous years.

(in thousands EUR, if not stipulated otherwise)

4. CHANGES IN ACCOUNTING PRINCIPLES AND METHODS

The Group applies the new standard IFRS 16 "Leases" ("IFRS 16") as adopted by the EU with effect from 1 January 2019 using a modified retrospective approach consistently for all types of lease contracts, except for items of low value and operating leases terminating within 12 months. The Group analysed all main lease contracts and assessed their impact on the disclosures in the financial statements. Based on materiality, the Group only applied the new standard IFRS 16 "Leases" to the lease of office premises. Leases of cars, data storage, beverage vending machines and office equipment were assessed in terms of their materiality as low-value assets and the recognition exemption under IFRS 16 was applied to such assets. The application of the transition to IFRS 16 related to lease contracts through a modified retrospective approach represents a change to the accounting policy. This change to the accounting policy does not restate comparable data in the statement of financial position. The cumulative effect of the initial application of IFRS 16 represents the restatement of the opening balance of retained earnings as at 1 January 2019 in the consolidated statement of changes in equity. The application of IFRS 16 has a significant impact on the disclosures in the financial statements as at 1 January 2019. The total impact of the application of IFRS 16 is shown in the tables below.

Upon the initial application of IFRS 16, the Group applied the following practical expedients:

- Application of a single discount rate for the whole portfolio of leases with similar characteristics;
- Measurement of a lease asset in the amount of a lease liability adjusted for prepaid or accrued lease payments and incentives from the lessor;
- Recognition of operating leases with a residual lease term of less than 12 months as at 1 January 2019 as short-term;
- Exclusion of the initial direct costs for the measurement of right-of-use assets (lease asset) at the date of initial application;
- Use of a retrospective approach when determining the lease term if the contract contains options to extend or to terminate the lease;
- Legacy lease assessments under IAS 17 and IFRIC 4 of whether the contract contains a lease.

As a result of the adoption of IFRS 16, the Group recognises lease liabilities in relation to leases that were previously classified as operating leases under IAS 17 "Leases". Under IFRS 16, lease liabilities are measured at the present value of future lease payments discounted using the weighted average lessee's incremental borrowing rate as at 1 January 2019. As at 1 January 2019, the weighted average lessee's incremental borrowing rate was 2.443%.

When applying IFRS 16, the Group used a modified approach with a cumulative effect. The Group did not restate comparable data and disclosed data for the previous period, which is in compliance with IAS 17.

The Group performed a detailed assessment of lease contracts (as regards their lease term and amount of lease payments) and their modifications, based on which a lease liability of EUR 19 839 thousand and right-of-use assets of EUR 16 472 thousand are recognised as at 1 January 2019 (the initial estimated disclosure in the financial statements as at 31 December 2018 amounted to EUR 22 932 thousand). As a result of the reassessment of lease contracts as regards disclosures as at 31 December 2018, the initial amounts of the lease liability and the right-of-use assets differ as at 1 January 2019. The explanation of change in lease liabilities as at 1 January 2019 and right-of-use assets as at 1 January 2019 when compared to the original disclosures is provided in the tables below:

Lease liabilities as at 31 December 2018 (in EUR '000)

Obligations under an operating lease disclosed as at 31 December 2018	22 932
Adjustments related to the reassessment of lease contracts	(2 944)
Adjustments related to the assessment of an interest rate	(148)
Discounted operating lease liabilities as at 1 January 2019	19 839

Right-of-use assets as at 31 December 2018 (in EUR '000)

Right-of-use assets as at 31 December 2018	22 932
Adjustments related to the reassessment of lease contracts*	(6 461)
Right-of-use assets as at 1 January 2019	16 472

**Right-of-use assets recognised as at 31 December 2018 were decreased following the detailed assessment of all lease contracts by EUR 6 461 thousand as at 1 January 2019. The total amount of adjustments resulted from the following assessments:*

- *Decrease in the measurement of right-of-use assets by accruals of uneven lease payments and incentives from lessors in the amount of EUR 4 103 thousand;*
- *The application of an exemption under IFRS 16 for short-term leases of up to one year (inclusive) resulted in a decrease in right-of-use assets by EUR 1 614 thousand;*
- *The application of an exemption under IFRS 16 for other assets (cars) resulted in a decrease in right-of-use assets by EUR 368 thousand;*
- *Other adjustments resulting from the assessment of lease contracts (exclusion of unidentifiable parts of lease contracts, reassessment of a lease term, etc) in the amount of EUR 376 thousand.*

(in thousands EUR, if not stipulated otherwise)

A right-of-use asset (lease asset) is recognised in the amount a lease liability adjusted for prepaid lease payments, accrued lease payments and incentives provided by lessors. The Group identified lease contracts to which the exemption under IFRS 16 is applied: total lease liabilities from the lease of low-value assets as at 1 January 2019 amount to EUR 46 thousand (initial disclosure: EUR 44 thousand), total lease liabilities from short-term leases amount to EUR 681 thousand (initial disclosure: EUR 211 thousand). The total amount of other assets excluded from the scope of IFRS 16 due to materiality is EUR 464 thousand. Low-value assets include leases of assets with a value of up to EUR 5 thousand (printers, coffee machines, water dispenser stands). Short-term leases are leases of up to 1 year inclusive, and other assets excluded from the scope of IFRS 16 due to materiality mainly comprise leases of cars and data storage.

Restatement of disclosures in the financial statements due to the implementation of IFRS 16 as at 1 January 2019:

Assessment of lease liabilities under IFRS 16 as at 1 January 2019 in EUR '000

Operating lease liabilities as at 1 January 2019 discounted using the weighted average interest rate	19 839
Of which:	
gross operating lease liabilities as at 1 January 2019	*20 260*
(-) Advance payments	-
(-) Accrued expenses (prepaid lease payments)	*(421)*
Lease liabilities as at 1 January 2019	19 839
Of which:	
Current	*6 309*
Non-current	*13 530*

Assessment of right-of-use assets under IFRS 16 as at 1 January 2019 in EUR '000

Right-of-use assets as at 1 January 2019	16 472
Of which:	
gross right-of-use assets	*20 260*
(-) Accruals of uneven lease payments	*(2 345)*
(-) Incentives from lessors	*(1 444)*
(-) Other adjustments	-
Right-of-use assets as at 1 January 2019	16 472

Right-of-use assets under IFRS 16 in EUR '000

	31 Dec 2019	*1 Jan 2019*
Recognised right-of-use assets apply to the following types of assets:		
Buildings	29 691	16 472
Equipment	-	-
Motor vehicles	-	-
Total	**29 691**	**16 472**

Retained earnings as at 1 January 2019 in respect of IFRS 16 in EUR '000

The change in the accounting policy under IFRS 16 has an impact on the following items of the financial statements as at 1 January 2019.

	Change	*31 Dec 2019*	*1 Jan 2019*
Property, plant and equipment	-	40 683	40 683
Right-of-use assets	16 472	-	16 472
Deferred tax	-	48 949	48 949
Lease liabilities	(19 839)	-	19 839
Incentives from lessors	1 444	1 444	-
(-) Accruals of uneven lease payments	2 345	2 345	-
Accrued expenses (prepaid lease payments)	(421)	421	-

The total impact of the change in the accounting policy on retained earnings as at 1 January 2019 owing to the application of IFRS 16 is EUR 0.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the process of applying the Group's accounting policies, as described in Note 3, the Group has made the following decisions concerning uncertainties and estimates that have a significant impact on the amounts recognised in the financial statements. There is a significant risk of material adjustments in future periods relating to such matters, including the following:

- The Group derives a substantial portion of its revenues from system security and network security solutions. The market in which the Group operates is highly competitive and rapidly changing. Significant technological changes, changes in customer requirements, and the emergence of competitive products with new capabilities or technologies could adversely affect the operating results.
- The Group sells its antivirus product through intermediaries such as distributors, resellers and others. The top ten distributors accounted for 42% of revenues in 2019 and 41% of revenues in 2018.
- A significant portion of revenues and net income is derived from international sales. Fluctuations of the euro against foreign currencies, changes in local regulatory or economic conditions, piracy, or non-performance by distributors or partners could adversely affect the operating results.
- The Group regularly reviews the collectability and creditworthiness of its distributors and resellers to determine an appropriate provision for receivables. The uncollectible accounts could exceed the current or future provisions. Receivables are written off on a case by case basis, considering the probability whether the amounts can be collected. At 31 December 2019 and 2018, the provision for receivables amounted to EUR 2 594 thousand and EUR 2 671 thousand, respectively.
- The Group maintains a significant portion of cash balances and all of its short-term investments with two financial institutions. The Group invests with financial institutions that have high quality credit; under an internal policy, ESET limits the amount of deposit exposure to any one financial institution.
- The Group applies accounting policy relating to deferred income over the licence validity period in accordance with IFRS. Given the comprehensiveness of the portfolio and the number of active licences, the Group determines some revenues from licences which are deferred using estimates. A change in judgments used to calculate these estimates could have a material impact on the financial statements. Other information related to revenue recognition in the Group is stated in Note 3.1 j) Revenue Recognition.

(in thousands EUR, if not stipulated otherwise)

6. GROUP STRUCTURE

Consolidated Subsidiaries

The consolidated subsidiaries as at 31 December 2019:

Name	***Seat***	***Ownership Share %***		***Principal activity***
Subsidiaries		***2019***	***2018***	
ESET, LLC	610 West Ash Street, Suite 1700, San Diego, CA 92101, USA	100%	100%	Antivirus software distributor
ESET software spol. s r.o.	Praha 7 - Classic 7 Business Park, Jankovcova 1037/49, 170 00 Prague 7, Czech Republic	100%	100%	Antivirus software distributor
ESET LATINOAMERICA S.R.L. (1)	1270 Juan Diaz de Solis, 2nd Floor, Vicente Lopez, Buenos Aires CP: B1638BHF, Argentina	100%	100%	Service provider
ESET ASIA PTE. LTD.	3 Anson Road Springleaf Tower #12-01/02, Singapore 079909, Singapore	100%	100%	Service provider + Antivirus software distributor
ESET Canada Recherche Inc. (2)	473, Rue Sainte-Catherine Quest, Bureau 300, Montreal QC, H3B 1B1, Canada	100%	100%	Research and development
ESET DO BRASIL MARKETING LTDA (3)	Rua Verbo Divino, 2.001, Cjts 1407/1410 Chácara Santo Antônio São Paulo/SP – Brazil Zip 04.719-002	100%	100%	Service provider
ESET Polska Sp. z o.o. (4)	Jasnogórska 9, 31 – 358 Kraków, Poland	100%	100%	Research and development
ESET Deutschland GmbH	Spitzweidenweg 32, 07743 Jena, Germany	100%	100%	Antivirus software distributor
ESET Research Czech Republic s.r.o. (5)	U Přehrady 3204/61, Mšeno nad Nisou, 466 02 Jablonec nad Nisou, Czech Republic	100%	100%	Research and development
ESET Software Australia, PTY, LTD.	Level 3, 50 Yeo Street, Neutral Bay NSW 2089, Sydney, Australia	100%	100%	Antivirus software distributor
ESET RESEARCH UK Limited (3) (4)	3 Heron Gate Office Park Hankridge Way, Taunton, Somerset TA1 2LR, United Kingdom	100%	100%	Research and development
ESET Canada Inc.	44 Chipman Hill Suite 1000, Saint John NB, E2L 2A9, Canada	100%	100%	Antivirus software distributor
Nadácia ESET	Einsteinova 24 851 01 Bratislava, Slovak Republic	100%	100%	Foundation
PGNB Limited	5th Floor Holland House, 20 Oxford Road, Bournemouth, Dorset, BH8 8EZ, United Kingdom	100%	100%	(5)
ESET SOFTWARE UK Limited (6) (7)	5th Floor Holland House, 20 Oxford Road, Bournemouth, Dorset, BH8 8EZ, United Kingdom	100%	100%	Antivirus software distributor
ESET Romania S.R.L. (8) (9)	Strada Palas Nr. 7D-7E, Cladirea United Business Center 3 (Corp C2), Etaj 2, Spatiul C2S9, Municipiul Iaşi, Judet Iaşi, Romania	100%	100%	Research and development
ESET MÉXICO S. de R.L. de C.V. (10)	Av. Paseo de la Reforma 250 – Office 981 A-B-C-D-, Colonia Juárez, Delegación Cuauhtémoc, Ciudad de México, Mexico	100%	100%	Service provider
ESET Japan Inc. (11) (12)	2-16-4 Konan, Minato-ku, Tokyo 108-0075, Japan	90%	90%	Service provider
ESET ITALIA S.r.l. (13)	Francesco Richnini 6 CAP, 20 122 Milan, Italy	100 %		Service provider Antivirus software distributor

(1) 90% of the shares are held by ESET, LLC and 10% are held by the Parent Company.
(2) 90% of the shares are held by the Parent Company and 10% are held by ESET, LLC.

(in thousands EUR, if not stipulated otherwise)

(3) In January 2019, ESET RESEARCH UK Limited changed its principal activity from DESLock software distributor to research and development.
(4) ESET RESEARCH UK Limited changed its business name in April 2019. The original name of the company was DESLock Limited.
(5) PGNB Limited carried out no business activities in 2019.
(6) ESET SOFTWARE UK Limited is a 100% subsidiary of PGNB Limited.
(7) ESET SOFTWARE UK Limited changed its business name in April 2019. The original name of the company was QNH Limited.
(8) 99.9963% of the shares are held by ESET, spol. s r.o. and 0.0037% are held by ESET Research Czech Republic s.r.o.
(9) Change of the business name of ESET Romania S.R.L. – August 2018; original business name: ESET Research and Development S.R.L.
(10) 90% of the shares are held by the Parent Company and 10% are held by ESET, LLC.
(11) ESET Japan Inc. was established in November 2017 and 100% is held by the Parent Company. Since April 2018, 90% has been held by the Parent Company and 10% by Canon IT Solutions Inc. In January 2019, Canon IT Solutions Inc. transferred its 10% share in ESET Japan Inc. to Canon Marketing Japan Inc.
(12) Change of the address of ESET Japan Inc. – September 2018; original address: Akasaka K-Tower 4F, 2-7, Motoakasaka 1-chome, Minato-ku, Tokyo, Japan.
(13) ESET ITALIA S.r.l. was established in February 2019 and 100% is held by the Parent Company. The company launched its distribution activity in September 2019.

The Group had an organisational unit in the Republic of Poland: ESET, spol. s r. o., Sp. Z o.o. Oddział w Polsce, ul. Pilotów 2, 31-462 Krakow. Based on the shareholders' decision of 5 November 2018, the organisational unit was dissolved as at 31 December 2018 and entered into liquidation, which was completed on 28 December 2018.The organisational unit was deleted from the Polish Business Register on 19 April 2019.

DESlock Limited registered under No. 078 75 689 is exempt from the obligation to have its separate financial statements audited by an auditor under section 479A of the Companies Act 2006.

Under the contract for transfer of intellectual property rights concluded on 20 December 2018 between the Parent Company and DESLock Limited, the transfer of the rights to the DESLock encryption software was agreed. The Parent Company became the new owner of the DESLock encryption software as at 1 January 2019. The subsidiary, DESLock Limited, was transformed into a branch providing R&D services.

Based on the shareholders' decision dated 22 March 2017, a subsidiary was established in Mexico for product marketing and distribution under the name ESET MÉXICO S. de R.L. de C.V. on 13 December 2017. On 24 January 2019, the Governing Board of the Parent Company decided to increase the registered capital of the subsidiary.

Based on a shareholders' decision of 18 October 2017, the Parent Company decided to acquire a 100% ownership interest in the registered capital of ESET Japan Inc. established and registered in Japan, which was acquired as at 21 November 2017. Subsequently, the Parent Company's shareholders decided to increase the registered capital of ESET Japan Inc. and transfer some ESET Japan Inc. shares to Canon IT Solution Inc. in order to establish a joint venture in Japan. As at 1 April 2018, the registered capital of Eset Japan Inc. was increased and was owned by Eset spol. s r.o. (90.00%) and Canon IT Solutions (10.00%) as at the same date. In January 2019, Canon IT Solutions Inc. transferred its 10% share to Canon Marketing Japan Inc.

7. ACQUISITION OF A BUSINESS

The Group acquired no investments in subsidiaries in 2019 and 2018.

8. REVENUES FROM THE PROVISION OF SOFTWARE

	2019	*2018*
Revenues from the provision of end user licenses and services	503 958	472 622
Total	**503 958**	**472 622**

Other operating revenues in the amount of EUR 1 338 thousand (2018: EUR 1 208 thousand) are presented in the consolidated statement of comprehensive income under Other operating (expenses)/revenues, net.

(in thousands EUR, if not stipulated otherwise)

In 2019, the Group continued its project of making historical data on revenues more accurate, which increased the accuracy of the recognition of global contracts with customers. The Group also identified non-material errors in the consolidated financial statements prepared as at 31 December 2018. The total impact of errors on the profit/(loss) after tax in the Group's consolidated financial statements as at 31 December 2018 would be a decrease by EUR 3 000 thousand. Due to the identified non-material errors, the Group corrected errors of previous reporting periods with an impact on individual items of assets, liabilities, expenses and revenues in 2019 in accordance with IFRS. The Group recognised incorrectly accrued revenues from global contracts in previous years, which resulted in a decrease of revenues from the provision of software in 2019 by EUR 3 430 thousand. The Group also clarified its relationships with distributors in Australia resulting in a decrease in revenues from the provision of software in 2019 of EUR 793 thousand.

9. SERVICES

	2019	*2018*
Costs of services provided	248 335	234 017
Advertising and promotion expenses	24 664	21 070
Rent	4 016	9 149
Internet, data services, IT services	11 082	9 925
Accounting, economic, legal and audit services	6 902	8 111
Travel expenses	3 886	3 835
Other	5 293	5 148
Total	**304 178**	**291 255**

As a result of the increase of the accuracy of historical data on revenues and the correction of non-material errors in the consolidated financial statements prepared as at 31 December 2018, as described in Note 8 above, the Group adjusted the corresponding costs of services provided resulting in a total decrease of costs in 2019 in the amount of EUR 741 thousand.

10. PERSONNEL EXPENSES

	2019	*2018*
Wages and salaries	77 845	70 431
Health and social security insurance payments	20 137	18 079
Other personnel and social expenses	4 673	4 263
Total	**102 655**	**92 773**

11. FINANCE INCOME

	2019	*2018*
Foreign exchange gains	3 209	3 147
Interest income	758	344
Other	97	61
Total	**4 064**	**3 552**

12. FINANCE COSTS

	2019	*2018*
Bank fees	123	120
Foreign exchange losses	1 892	2 023
Interest expense	565	707
Other	(113)	139
Total	**2 467**	**2 989**

(in thousands EUR, if not stipulated otherwise)

13. INCOME TAX

13.1. Income tax recognised in the statement of comprehensive income

	2019	*2018*
Current income tax	(22 710)	(20 485)
Deferred income tax – (income)	4 481	2 955
Total income tax for the year	**(18 229)**	**(17 530)**

As a result of the increased accuracy of historical data on revenues and the correction of non-material errors in the consolidated financial statements prepared as at 31 December 2018, as described in Note 8 above, the Group adjusted the corresponding deferred tax expenses resulting in a total decrease of deferred tax expenses in 2019 in the amount of EUR 482 thousand.

13.2. Reconciliation of the effective income tax rate recognised in the statement of comprehensive income

	2019	*2018*
Profit before income tax	83 276	79 578
Income tax at statutory tax rate of 21% (2018: 21%)	17 488	16 712
Tax effect of permanent differences	(368)	1 242
Impact of different tax rates of the subsidiaries in other jurisdictions	(123)	(145)
Effect of an unrecognised deferred tax asset	1 127	(403)
Effect of change of deferred tax rate	27	134
Other	78	(10)
Total income tax for the year	**18 229**	**17 530**

(in thousands EUR, if not stipulated otherwise)

14. PROPERTY, PLANT AND EQUIPMENT

	Land and Buildings, Structures – Construction Modifications	*Plant, Machinery & Equipment*	*Other Tangible Assets*	*Total*
Cost				
At 1 January 2018	18 243	23 998	19 294	61 535
Additions	1 052	15	4 411	5 478
Disposals	(129)	(1 552)	(4)	(1 685)
Transfers	1 071	3 278	(4 511)	(162)
Effects of exchange rate	166	45	(4)	207
At 31 December 2018	**20 403**	**25 784**	**19 186**	**65 373**
At 1 January 2019	20 403	25 784	19 186	65 373
Additions from the initial application of IFRS 16 as at 1 Jan 2019	16 472	-	-	16 472
Additions	19 878	3 031	750	23 659
Disposals	(496)	(1 205)	-	(1 701)
Transfers	10	158	(168)	-
Effects of exchange rate	105	34	1	140
At 31 December 2019	**56 372**	**27 802**	**19 769**	**103 943**
Accumulated Depreciation and Impairment				
At 1 January 2018	6 008	16 046	(13)	22 041
Additions	1 475	2 895	-	4 370
Disposals	(105)	(1 632)	-	(1 737)
Transfers	18	(180)	-	(162)
Effects of exchange rate	106	72	-	178
At 31 December 2018	**7 502**	**17 201**	**(13)**	**24 690**
At 1 January 2019	7 502	17 201	(13)	24 690
Additions	7 238	3 797	-	11 035
Disposals	(480)	(1 201)	-	(1 681)
Transfers	20	5	-	25
Effects of exchange rate	98	(11)	-	87
At 31 December 2019	**14 378**	**19 791**	**(13)**	**34 156**
Net Book Value				
At 31 December 2018	12 901	8 583	19 199	40 683
At 31 December 2019	**41 994**	**8 011**	**19 782**	**69 787**

The Group recognises acquisitions of property, plant and equipment placed into service in 2018 as additions in 2019. The acquisitions of property, plant and equipment from preceding periods, which were placed into service in 2019, are classified as transfers.

In 2019, the Group performed a review of non-current assets with respect to the recoverability of amounts. No indicators of impairment were identified. Also, a review of the useful lives of depreciated assets was performed. The depreciation period has not changed compared to 2018.

The total amount of the damage liability insurance and the insurance of other risks related to property, plant and equipment and non-current intangible assets within the Group is EUR 76 556 thousand as at 31 December 2019.

As at 31 December 2019, the Group recognised assets representing right-of-use assets in accordance with IFRS 16 as "Buildings, Structures – Construction Modifications". Detailed information on lease contracts and right-of-use assets is provided in Note 25 below.

Additions to buildings, structures – construction modifications include an addition to the right-of-use assets in the amount of EUR 18 804 thousand resulting from the modification of lease contracts during 2019 and hyperinflationary adjustment to the right-of-use assets in the amount of EUR 301 thousand.

As at 31 December 2019, the Group recognises items of assets acquired under a finance lease that were previously classified as finance leases as part of non-current tangible assets. As at 31 December 2019, the net book value of such assets amounted to EUR 39 thousand (2018: EUR 48 thousand).

The Group has no assets pledged. The Group has no assets with a restricted right to handle such assets.

(in thousands EUR, if not stipulated otherwise)

15. INTANGIBLE ASSETS

	Software	*Valuable Rights*	*Goodwill*	*Other*	*Non-Current Intangible Assets in Acquisition*	*Total*
Cost						
At 1 January 2018	6 187	790	1 769	12 364	148	21 258
Additions	680	-	-	2	913	1 595
Disposals	(349)	-	-	-	27	(322)
Transfers	107	-	-	334	(441)	-
Exchange differences	(39)	(1)	-	(49)	(32)	(121)
At 31 December 2018	**6 586**	**789**	**1 769**	**12 651**	**615**	**22 410**
At 1 January 2019	6 586	789	1 769	12 651	615	**22 410**
Additions from the initial application of IFRS 16	-	-	-	-	-	-
Additions	122	-	-	894	292	1 308
Disposals	(2)	-	-	(262)	-	(264)
Transfers	(77)	-	-	487	(410)	-
Exchange differences	26	2	-	401	(37)	392
At 31 December 2019	**6 655**	**791**	**1 769**	**14 171**	**460**	**23 846**
Accumulated Depreciation and Impairment						
At 1 January 2018	4 894	750	-	6 499	-	12 143
Depreciation charge	1 576	6	-	2 526	-	4 108
Disposals	(359)	-	-	-	-	(359)
Transfers	-	-	-	-	-	-
Exchange differences	(19)	-	-	(42)	-	(61)
At 31 December 2018	**6 092**	**756**	**-**	**8 983**	**-**	**15 831**
At 1 January 2019	6 092	756	-	8 983	-	15 831
Depreciation charge	428	6	-	2 718	150	3 302
Disposals	(22)	-	-	(262)	-	(284)
Transfers	3	-	-	-	-	3
Exchange differences	23	2	-	357	-	382
At 31 December 2019	**6 524**	**764**	**-**	**11 796**	**150**	**19 234**
Net Book Value						
At 31 December 2018	494	33	1 769	3 668	615	6 579
At 31 December 2019	**131**	**27**	**1 769**	**2 375**	**310**	**4 612**

The Group recognises acquisitions of non-current intangible assets placed into service as additions in 2019. The acquisitions of non-current intangible assets from preceding periods, which were placed into service in 2019, are classified as transfers.

The Group acquired goodwill that is annually subject to impairment testing under IAS 36 by the acquisition of Datsec in Germany and PGNB Limited and ESET SOFTWARE UK (formerly QNH Limited Group) in the UK.

When assessing the impairment of goodwill, the Group analyses the following indicators:

- Negative development in the industry;
- Decrease in the market value; and
- Growth of sales slower than estimated.

Based on the above criteria, the Group concluded that goodwill was not impaired as at 31 December 2019.

16. TRADE AND OTHER RECEIVABLES

	2019	*2018*
Trade receivables	38 329	43 716
Other receivables and other assets	7 296	7 520
Less: provision for doubtful receivables	(2 594)	(2 671)
Trade and other receivables, net	**43 031**	**48 565**

(in thousands EUR, if not stipulated otherwise)

A summary of the ageing structure of the Group's trade receivables:

	2019	*2018*
Overdue receivables	**7 146**	**14 572**
of which:		
Overdue by up to 30 days	*1 931*	*7 081*
Overdue between 30 – 90 days	*1 366*	*1 325*
Overdue by more than 90 days	*3 849*	*6 166*

The average maturity period of receivables from the sale of software is 30 days. The Group recorded a provision mainly for doubtful trade receivables of its subsidiaries ESET spol. s r.o., ESET Canada Inc. and ESET ASIA PTE. LTD. in the amount of EUR 2 594 thousand (2018: EUR 2 671 thousand).

A summary of the ageing structure of the Group's trade receivables excluding receivables of the subsidiaries, for which provisions were recorded:

	2019	*2018*
Receivables, for which provisions were recorded	**6 969**	**6 093**
of which:		
Due	*2 912*	*2 844*
Overdue by up to 30 days	*196*	*599*
Overdue between 30 – 90 days	*31*	*28*
Overdue by more than 90 days	*3 830*	*2 622*

The Group has developed a system that is uniformly used to assess the creditworthiness of customers. When determining the recoverability of trade receivables, the Group considers their creditworthiness as at the reporting date. The creditworthiness of customers is also assessed when deciding on a new customer. The Group performs the assessment of doubtful receivables based on historical experience and on management analysis.

The Group regularly assesses credit risk associated with its customers based on their financial position. In the case of default, the customer's access to the updated software version can be in certain cases restricted or cancelled, which makes the software unusable.

A summary of the ageing structure of the Group's overdue trade receivables, for which no provisions were recorded:

	2019	*2018*
Overdue receivables, for which no provisions were recorded:	**3 089**	**11 323**
Of which:		
Overdue by up to 30 days	*1 735*	*6 481*
Overdue by between 30 and 90 days	*1 334*	*1 298*
Overdue by more than 90 days	*20*	*3 544*

The Group records a substantial amount of trade receivables with no or minimal credit risk. The carrying amount of receivables approximates their fair value.

17. CASH AND CASH EQUIVALENTS

	2019	*2018*
Cash on hand	268	62
Bank accounts	58 885	72 871
Bank term deposits	769	34
Total cash	**59 922**	**72 967**

The Group invests free cash in bank term deposits (overnights, money market funds). The carrying amounts of these financial assets approximate their fair value.

(in thousands EUR, if not stipulated otherwise)

18. DEFERRED TAX ASSET AND DEFERRED TAX LIABILITY

18.1. Deferred Tax Balances

	2019	2018
Deferred asset	54 026	48 949
Deferred liability	-	-
Total	**54 026**	**48 949**

18.2. Deferred Tax Assets/(Liabilities) Comprise:

	Balance at 1 Jan 2019	Charged Through Equity	Charged to Profits/ Losses*	Recognised in Other Comprehensive Income	Balance at 31 Dec 2019
Deferred income	46 667	-	3 486	569	50 722
Other	2 282	-	987	35	3 304
Total	**48 949**	**-**	**4 473**	**604**	**54 026**

	Balance at 1 Jan 2018	Charged Through Equity (Impact of IFRS 15) *	Charged to Profits/ Losses	Recognised in Other Comprehensive Income	Balance at 31 Dec 2018
Deferred income	46 777	(2 619)	1 854	655	46 667
Other	1 137	-	1 101	44	2 282
Total	**47 914**	**(2 619)**	**2 955**	**699**	**48 949**

** There were no adjustments to the deferred tax as at 1 January 2019 in respect of the initial application of IFRS 16. The impact of IFRS 16 is an amount of EUR 168 thousand and is recognised as revenue for the current year.*

As at 31 December 2019, the Group did not recognise a deferred tax asset in the amount of EUR 4 209 thousand (2018: EUR 3 028 thousand) relating mainly to temporary differences from the possibility of carrying forward tax paid abroad by the subsidiary, ESET LLC. The Group does not anticipate that it will be able to carry forward tax paid abroad by tax deduction.

As a result of increased accuracy of the historical data on revenues and the correction of non-material errors in the consolidated financial statements prepared as at 31 December 2018, as described in Note 8 above, the Group adjusted the corresponding deferred tax asset by increasing it by EUR 482 thousand as at 31 December 2019.

19. TRADE AND OTHER PAYABLES

	2019	2018
Trade payables	5 811	4 152
Employee benefits liabilities	7 488	7 717
Social security liabilities	2 364	2 120
Other tax liabilities	2 920	3 254
Obligations under finance lease	6 623	33
Other payables	5 475	12 108
Total	**30 681**	**29 384**
Of which:		
Liabilities within maturity	*30 042*	*28 781*
Overdue liabilities	*639*	*603*

The Group has rules under which liabilities must be paid by their maturity. Other payables are primarily related to accrued expenses.

(in thousands EUR, if not stipulated otherwise)

20. OTHER NON-CURRENT LIABILITIES

	2019	2018
Accrued expenses	-	2 569
Obligations under finance lease	25 921	8
Other non-current liabilities	3 166	3 128
Total	**29 087**	**5 705**

Other non-current liabilities primarily comprise a fund from profit designated for the bonuses to selected employees, which is regulated by the bonus scheme rules. Accrued expenses in 2018 are primarily related to the recognition of rent for office premises over the term of the lease on a straight-line basis. The expenses were credited to obligations under finance lease in accordance with the initial application of IFRS 16 as at 1 January 2019.

An overview of the ageing structure of non-current financial liabilities for the Group:

	2019	2018
Maturity of 1 to 5 years	22 663	3 136
Maturity over 5 years	6 423	-

21. PROVISIONS FOR LIABILITIES

	2019	2018
Short-term provisions for liabilities	153	135
Long-term provisions for liabilities	1 345	1 127
of which:		
Maturity up to 5 years	*465*	*413*
Maturity over 5 years	*880*	*714*

The provisions for liabilities include a provision for employee benefits that was created in connection with an employee loyalty benefit.

22. DEFERRED INCOME, NET

	2019	2018
Opening balance	212 029	212 586
Effect of IFRS 15 as at 1 Jan 2018	-	(11 902)
The adjustments were made in 2019.	2 566	-
Deferred income for the current year	318 011	295 311
Released to revenues for the current year	(293 380)	(275 594)
Accrued expenses for the current year	(153 159)	(146 123)
Released to expenses for the current year	141 085	134 740
Effect of FX differences	2 682	3 012
Closing balance	**229 836**	**212 029**
Of which:		
Deferred income – current, net	*161 008*	*149 708*
Deferred income – non-current, net	*68 828*	*62 321*

Deferred income, net presented in the consolidated statement of financial position represents the difference between deferred income of the Group from the sale of ESET products and services and deferred expenses for services of distributors and resellers.

In 2019, the Group continued its project of increasing the accuracy of historical data on revenues, which increased the accuracy of the recognition of global contracts with customers. The Group also identified non-material errors in the consolidated financial statements prepared as at 31 December 2018. Due to the identified non-material errors, the Group corrected errors of previous reporting periods with an impact on individual items of assets, liabilities, expenses and revenues in 2019 in accordance with IFRS. The total impact of the recognised errors on deferred income, net in the Group's consolidated statement of financial position as at 31 December 2019 is an increase of EUR 2 566 thousand. In previous years, the Group incorrectly recognised deferred income and accrued expenses related to global contracts that resulted in an increase of deferred income, net in the amount of EUR 3 406 thousand. The Group also clarified its relationships with distributors in Australia that resulted in a decrease of deferred income, net in the amount of EUR 839 thousand.

The Group applied a modified retrospective approach as the transition method to the new standard IFRS 15. The Group recognised the impact of the initial application of IFRS 15 as at 1 January 2018 in equity and in "Deferred income" and "Deferred tax asset". This impact results from a project of making more accurate historical data on revenues from contracts open at the IFRS 15 application date, and from the application of a five-step revenue recognition model as described in more detail in Note 3. 1 j) Revenue Recognition. Prior to the IFRS 15 application, the Group used significant management judgments and estimates to determine revenue to be recognised in individual reporting periods.

23. CONTINGENT LIABILITIES

Tax returns of the Parent Company remain open and may be subject to review over a five-year period. The fact that a certain period or tax return related to this period has been subject to review does not eliminate the possibility of this period being subject to a further review during the five-year period. Accordingly, as at 31 December 2019, the Parent Company's tax returns for 2015 to 2019 remain open and may be subject to review.

24. LITIGATION

FINJAN Inc.

The Parent Company and its subsidiaries is currently a party to four legal disputes with FINJAN.

a. In litigation in which Eset, spol. s r.o. and its subsidiary, Eset LLC, are the defendant, FINJAN Inc. took legal action against both companies due to an alleged breach of six patents registered in the US by FINJAN Inc.
b. Litigation in which ESET, spol. s r.o. and ESET LLC seek the invalidity of the '305 patent registered in the United States of America by FINJAN Inc.
c. In litigation in which Eset, spol. s r.o. and its subsidiary, Eset Deutschland GmbH, are the defendant, FINJAN Inc. took legal action against both companies due to an alleged breach of a patent registered by FINJAN Inc.
d. In litigation before a court in Munich between FINJAN Inc. as the defendant and ESET spol. s r.o. as the plaintiff regarding the invalidity of a patent for the alleged breach of which FINJAN Inc. took legal action at a court in Dusseldorf against ESET, spol. s r.o. and ESET Deutschland GmbH. In November 2018, the first-instance court ruled on the invalidity of a patent of FINJAN Inc.; an appeal by FINJAN Inc. is expected.

The outcome of litigations in Germany is mutually-dependent. The litigation on patent infringement is currently stayed until a ruling in the dispute concerning patent invalidity is issued. Given the ruling of the first-instance court in favour of the Group, the current situation is very favourable. It is currently uncertain as to when the litigations will be completed.

The hearing was held in the USA in March 2020, but the hearing was terminated early due to the coronavirus. The relevant courts are currently closed and it is uncertain as to when and whether the hearing will be rescheduled. As the conditions for provisioning are not met in any of these litigations, the Group did not record any provisions for potential losses as at 31 December 2019.

Enigma Software Group USA LLC

The Group, or its subsidiaries, was a party to the following legal dispute with Enigma Software Group USA LLC. in 2019.

a. Against ESET Deutschland GmbH regarding PUA – potentially unwanted application (RegHunter detections). In 2018, the court refused to issue an interim measure in favour of Enigma. In its written ruling delivered in 2019, the court ruled in favour of ESET, spol. s r.o. Enigma did not appeal against the ruling and the legal dispute is ended. Therefore, the Group recorded no provision for potential losses as at 31 December 2019.

NSS Labs

In September 2018, a legal action was brought in the US by NSS Labs against the subsidiary ESET LLC, and another 50 companies, including AMTSO, concerning an agreement on software testing. AMTSO is an association of antivirus companies and testing companies aimed to create common standards. All parties to the dispute are the AMTSO members. In 2019, NSS Labs withdrew its filing and the legal dispute ended. As the legal dispute ended, the Group recorded no provision for potential losses as at 31 December 2019.

(in thousands EUR, if not stipulated otherwise)

25. COMMITMENTS

25.1. Lease

The Group leases various office premises and contracts are usually concluded for a definite period with the option to extend or shorten the lease term based on individually agreed contractual terms. Lease contracts are negotiated separately and comprise various contractual terms. Lease contracts do not impose an obligation to meet covenants and leased assets cannot be used as collateral.

Right-of-use assets in EUR '000

	Land and Buildings, Structures – Construction Modifications
At 1 Jan 2019	16 472
Additions	19 105
Disposals	-
Depreciation	(5 801)
Effects of exchange rate	(85)
At 31 Dec 2019	**29 691**

Profit/(loss) as at 31 December 2019 in respect of IFRS 16 in EUR '000

	31 December 2019	*31 December 2018*
Depreciation of right-of-use assets	(5 801)	-
Of which:		
Buildings	*(5 801)*	-
Equipment	-	-
Motor vehicles	-	-
Interest expense from lease liabilities	(563)	-
Expenses relating to low-value assets	(45)	-
Expenses relating to short-term leases	(666)	-
Expenses relating to other assets excluded from the scope of IFRS 16	(265)	-

The total outflow of cash for leases is presented in a separate line in the consolidated statement of cash flows, page 8.

The Group leases office and operation premises under an operating lease. In several contracts, the Group has an option of extension of the lease contract, one-off termination of the contract by the lessee, or is entitled to terminate the lease contract for any reason or for convenience within a specified notice period. Upon termination of some lease contracts, the Group is also required to remove any modifications made and remedy any damage. Compensations and contractual penalties arising from such provisions of the contracts have no significant impact on the amount of the obligation under finance lease.

As at 31 December 2019, the Group concluded no significant contracts for the purchase of non-current tangible and intangible assets.

26. COSTS OF AUDIT SERVICES

	2019	*2018*
Costs of auditing financial statements	312	328
Other assurance audit services	2	2
Tax advisory	159	173

(in thousands EUR, if not stipulated otherwise)

27. RELATED PARTIES

27.1. Trading transactions

The Group is owned and controlled by individuals (refer to Note 1.1.). There were no transactions between the Group and related parties except for the transactions below:

	2019	*2018*
Transactions with related parties through personal connection	-	-
Borrowing from a minority owner	56	73

The Group's management considers related party transactions to be performed on an arm's length basis.

Balances and transactions between the Parent Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note.

27.2. Compensation of key management personnel

	2019	*2018*
Short-term benefits	6 812	6 732

28. FINANCIAL RISK MANAGEMENT

A summary of categories of financial instruments – balances as at 31 December:

	Carrying Amount		*Fair Value*	
	2019	*2018*	*2019*	*2018*
Assets per the statement of financial position				
Other non-current assets	2 314	1 932	2 314	1 932
Trade and other receivables	36 713	42 273	36 713	42 273
Cash and cash equivalents	59 922	72 967	59 922	72 967
Total	**98 949**	**117 172**	**98 949**	**117 172**
Liabilities per the statement of financial position				
Other non-current liabilities	3 166	3 136	3 166	3 136
Non-current lease liabilities	25 921	-	25 921	-
Long-term provisions for liabilities	1 345	1 127	1 345	1 127
Trade and other payables	21 146	26 129	21 146	26 129
Current lease liabilities	6 615	-	6 615	-
Short-term provisions for liabilities	153	135	153	135
Total	**58 346**	**30 527**	**58 346**	**30 527**

Cash and cash equivalents, trade receivables and trade payables and other current receivables and payables are recognised at carrying amounts that approximate their fair values as they have short-term maturities.

28.1. Risk Management

The Group is exposed to various financial risks such as market risk (mainly, foreign exchange risk) and liquidity risk. As the Group did not draw any loans, it is not exposed to interest rate risk or credit risk. The Group has set rules to manage these exposures; risk management is performed by the Parent Company's finance department and the subsidiaries' finance departments.

28.2. Foreign Exchange Risk

The Group operates on international markets and is exposed to foreign exchange risk inherent in foreign currency transactions when translating them into the functional currency. The risks arise from future transactions, recognised assets and liabilities. The euro is the functional currency of the Parent Company. The Parent Company has subsidiaries, which report in twelve different currencies (Czech koruna, British pound, Polish zloty, Romanian leu, US dollar, Canadian dollar, Singapore dollar, Brazilian real, Argentine peso, Australian dollar, Mexican peso and Japanese yen). The Group does not use any special financial instruments to hedge against foreign exchange risk. The Group relies on natural hedging through adjusting purchases and sales. The exposures are further mitigated through the use of short-term placements in banks.

(in thousands EUR, if not stipulated otherwise)

The following items of assets and liabilities are denominated in a currency other than the functional currency that is material to the Group:

Cash: USD, CZK, PLN, CAD, GBP, JPY
Receivables: USD, CZK, CAD, GBP, JPY
Payables: USD, CZK, PLN, GBP, ARS

The Group also has assets and liabilities denominated in the Brazilian real, Canadian dollar, Romanian leu, Mexican peso, Singapore dollar and Swiss franc. The Parent Company has assets and liabilities denominated primarily in the functional currency – euro, and also in USD, UK pound, Canadian dollar, Japanese yen, CZK, Polish zloty and Brazilian real.

The sensitivity analysis is based on the same assumptions as used internally by the management for financial risk management planning and strategy. This is based on past movements, and on knowledge of and experience in financial markets. These are the movements that are considered to be reasonably possible in the next twelve months:

Movements in EUR/foreign currency exchange rates by 10% would represent the following amounts:

	Exchange Rate at 31 Dec 2019	***Exchange Rate Appreciation by 10%***	***Exchange Rate Depreciation by 10%***
EUR / USD	1.1234	1.2357	1.0111
EUR / CZK	25.4080	27.9488	22.8672
EUR / JPY	121.9400	134.1340	109.7460
EUR / GBP	0.8508	0.9359	0.7657
EUR / PLN	4.2568	4.6825	3.8311
EUR / AUD	1.5995	1.7595	1.4396
EUR / BRL	4.5157	4.9673	4.0641
EUR / SGD	1.5111	1.6622	1.3600
EUR / CAD	1.4598	1.6058	1.3138
EUR / ARS*	67.0900	73.7990	60.3810
EUR / RON	4.7830	5.2613	4.3047
EUR / MXN	21.2202	23.3422	19.0982
EUR / CHF	1.0854	1.1939	0.9769

Based on the sensitivity analysis, if the EUR exchange rate increased/decreased by 10% against these foreign currencies and other variables remained unchanged, the impact on the profit/loss from the translation would be as follows:

	Depreciation of the Exchange Rate by 10%	***Appreciation of the Exchange Rate by 10%***
EUR / USD	(1 764)	2 156
EUR / CZK	(726)	887
EUR / JPY	(390)	477
EUR / GBP	(608)	743
EUR / PLN	(79)	96
EUR / AUD	(49)	60
EUR / BRL	(15)	19
EUR / SGD	5	(6)
EUR / CAD	(183)	224
EUR / ARS*	46	(57)
EUR / RON	(7)	9
EUR / MXN	(9)	11
EUR / CHF	2	(2)

A 10% movement in the exchange rate was used in the analysis since at this level the management is informed about the currency risk and makes decisions.

(in thousands EUR, if not stipulated otherwise)

28.3. Exchange Rates

Currency	*Average Exchange Rate for 2019*	*Exchange Rate as at 31 Dec 2019*	*Average Exchange Rate for 2018*	*Exchange Rate as at 31 Dec 2018*
EUR / USD	1.1190	1.1234	1.1810	1.1450
EUR / CZK	25.6700	25.4080	25.6470	25.7240
EUR / JPY	122.0060	121.9400	130.3960	125.8500
EUR / GBP	0.8780	0.8508	0.8850	0.8945
EUR / PLN	4.2980	4.2568	4.2610	4.3014
EUR / AUD	1.6110	1.5995	1.5800	1.6220
EUR / BRL	4.4130	4.5157	4.3080	4.4440
EUR / SGD	1.5270	1.5111	1.5930	1.5591
EUR / CAD	1.4850	1.4598	1.5290	1.5605
EUR / ARS*	52.8980	67.0900	32.5110	43.0760
EUR / RON	4.7450	4.7830	4.6540	4.6635
EUR / MXN	21.5570	21.2202	22.7050	22.4921
EUR / CHF	1.1120	1.0854	1.1550	1.1269

**As regards the foreign subsidiary in Argentina, whose functional currency is hyperinflationary, all items (assets, liabilities, equity, revenues and expenses) were translated using the ECB's exchange rate valid as at the reporting date. Comparable items presented as data of the previous period were translated into a non-hyperinflationary currency and thus were not adjusted for subsequent changes in price, or subsequent movements in exchange rates.*

28.4. Liquidity Risk

The Group keeps a sufficient volume of cash primarily from its own resources. At the Group level, the management monitors the sufficiency of liquid reserves based on the forecasted cash flows.

The bulk of trade receivables within the Group arise from sales to customers outside of Slovakia. The Group performs a continuous assessment of the customers' creditworthiness and financial standing while no guarantees are required in general. The Group delivers its products in a manner that enables it to limit upgrades of versions and these become less usable.

The Group's deposits that are not covered by any special insurance. In the USA, the insurance is provided by US Federal Deposit Insurance Corporation (FDIC). The management believes that the non-insured portion is placed in financial institutions where no concern regarding their insolvency exists at present.

29. CAPITAL MANAGEMENT

The Group manages capital to ensure that it is able to continue as a going concern. To achieve this, the Company uses its equity. The amount of the Company's own funds is optimised in relation to the distribution thereof.

Equity comprises registered capital, reserve funds and retained earnings from previous years. The capital structure is reviewed semi-annually and, simultaneously, capital risks of individual capital groups are assessed. Based on this review, the capital structure may be adjusted for profit sharing, an increase in the registered capital, etc. As the Group has no loans, it does not present the debt-to-equity ratio.

30. POST-BALANCE SHEET EVENTS

By end of 2019 we were receiving first information regarding COVID-19 infection in China. In first months of 2020 the virus has been spread all around the world including all negative impacts.

ESET, spol. s r.o. and its subsidiaries promptly took preventive measures to continue providing customer services fully working, ensuring the safety and health of our employees and customers. In March 2020 ESET immediately stopped all international business travels, implemented preventive hygienic measures in office environment. Employees were encouraged to working remote from their homes but turned to mandatory mode for almost all employees in all ESET entities. All workforce that doesn't require physical presence at office was transferred to home office environment.

The Group has implemented Pandemic flu business continuity plan that is updated on regular basis. According to the plan, the company is able to deliver customer services also during long-term crisis situation. However this is depending on future decisions and restrictions of government agencies.

(in thousands EUR, if not stipulated otherwise)

By the time of releasing of ESET financial statements for 2019 we haven't experienced any significant decrease of sales. As the situation is fluid and seems to change day to day, it is not possible to estimate any future impacts at this stage.

ESET management is monitoring the situation and is ready to take all possible steps to mitigate any negative impact of COVID-19 infection on ESET company and employees.

From 31 December 2019 up to the preparation date of the financial statements, there were no other events that would have a significant impact on the Group's assets and liabilities.

31. OTHER SUPPLEMENTARY INFORMATION REQUIRED PURSUANT TO SLOVAK LEGISLATION

These disclosures are required by the Slovak legislation beyond the scope of IFRS disclosures – consolidated financial statements. Other required disclosures are included in the previous notes.

Reporting Entity

ESET, spol. s r. o. prepared these consolidated financial statements in line with IFRS, as adopted in the EU, as annual consolidated financial statements pursuant to the Slovak Act on Accounting.

Business name of the consolidating entity:	ESET, spol. s r.o.
Registered seat:	Einsteinova 24, 851 01 Bratislava
Date of establishment:	26 June 1992
Date of incorporation:	17 September 1992
Company ID (IČO):	31 333 532
Tax ID (DIČO):	2020317068
Number of employees in the consolidation group:	1 588

Consolidated entities

Business name:	ESET, spol. s r.o.
Registered seat:	Slovak Republic Parent company
Business name:	ESET software spol. s r.o.
Registered seat:	Czech Republic Subsidiary
Business name:	ESET, LLC,
Registered seat:	California, USA Subsidiary
Business name:	ESET LATINOAMERICA, SRL
Registered seat:	Argentina Subsidiary
Business name:	ESET ASIA PTE. LTD.
Registered seat:	Singapore Subsidiary
Business name:	ESET DO BRASIL MARKETING LTDA
Registered seat:	Brazil Subsidiary
Business name:	ESET POLSKA SPÓŁKA Z OGRANICZONA ODPOWIEDZIALNÓSCIA
Registered seat:	Poland Subsidiary
Business name:	ESET CANADA Recherche Inc.
Registered seat:	Canada Subsidiary
Business name:	ESET Canada Inc.
Registered seat:	Canada Subsidiary

Business name:	ESET Research Czech Republic s.r.o.
Registered seat:	Czech Republic
	Subsidiary
Business name:	ESET DEUTSCHLAND GmbH
Registered seat:	Germany
	Subsidiary
Business name:	ESET SOFTWARE AUSTRALIA PTY, LTD.
Registered seat:	Australia
	Subsidiary
Business name:	ESET RESEARCH UK Limited
Registered seat:	UK
	Subsidiary
Business name:	PGNB LIMITED
Registered seat:	UK
	Subsidiary
Business name:	ESET SOFTWARE UK Limited
Registered seat:	UK
	Subsidiary
Business name:	ESET Romania S.R.L.
Registered seat:	Romania
	Subsidiary
Business name:	Nadácia ESET
Registered seat:	Slovak Republic
	Subsidiary
Business name:	ESET Japan Inc.
Registered seat:	Japan
	Subsidiary
Business name:	ESET MÉXICO S. de R.L. de C.V.
Registered seat:	Mexico
	Subsidiary
Business name:	ESET ITALIA S.r.l.
Registered seat:	Italy
	Subsidiary

Ultimate consolidating company

Business name:	ESET, spol. s r.o.
Registered seat:	Bratislava, Slovak Republic

Consolidating companies where the consolidated financial statements are kept

Business name:	ESET, spol. s r.o.
Registered seat:	Bratislava, Slovak Republic
Address of the Court of Record:	Commercial Register of the District Court Bratislava I., section: Sro, file No.: 3586/B

The reporting entity is not an unlimited liability partner in any company.

Executives of the consolidating company as at 31 December 2019:

Rudolf Hrubý;
Peter Paško; and
Miroslav Trnka.

There was no change up to the preparation date of these consolidated financial statements.

(in thousands EUR, if not stipulated otherwise)

Other data for the Group:

- The Parent Company and subsidiaries have their tangible assets covered by insurance;
- Non-current immovable assets that are not registered in the land register as at the date of authorisation of the financial statements for issue (and is used) – none;
- Assets acquired in privatisation with the specification of their cost – none; and
- Social fund payables, opening balance, creation, drawing, balance at the end of the reporting period for the Company:

	2019	*2018*
Balance at 1 January 2019	84	45
+ Creation debited to costs	289	275
+ Transfer from other funds	-	-
- Drawing	251	236
- Transfer to funds from profit	-	-
Balance at 31 December 2019	**122**	**84**

Prepared on:

5.5.2020

Approved on:

Signature of a Member of the Statutory Body of the Reporting Entity or a Natural Person Acting as a Reporting Entity:

Signature of the Person Responsible for the Preparation of the Consolidated Financial Statements:

Signature of the Person Responsible for Bookkeeping:

SEPARATE FINANCIAL STATEMENTS AND THE INDEPENDENT AUDITOR'S REPORT AS OF 31 DECEMBER 2019

ESET, spol. s r.o.

INDEPENDENT AUDITOR'S REPORT
ON THE AUDIT OF THE FINANCIAL
STATEMENTS AS AT 31 DECEMBER 2019

AND

REPORT ON OTHER LEGAL AND
REGULATORY REQUIREMENTS

This is an English language translation of the original Slovak language document.

Deloitte.

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VAT ID: SK2020325516

ESET, spol. s r.o.

INDEPENDENT AUDITOR'S REPORT

To the Partners and Executives of ESET, spol. s r.o.:

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of ESET, spol. s r.o. (the "Company"), which comprise the balance sheet as at 31 December 2019, and the income statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2019, and its financial performance for the year then ended in accordance with the Act on Accounting No. 431/2002 Coll. as amended (the "Act on Accounting").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards 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 provisions of Act No. 423/2015 Coll. on Statutory Audit and on Amendment to and Supplementation of Act No. 431/2002 Coll. on Accounting, as amended (hereinafter the "Act on Statutory Audit") related to ethical requirements, including the Code of Ethics for Auditors that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with the Act on Accounting, and for such internal control as management 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, management 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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 is not a guarantee that an audit conducted in accordance with International Standards on Auditing 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 International Standards on Auditing, we exercise professional judgment 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 the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company 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.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Report on Information Disclosed in the Annual Report

The statutory body is responsible for information disclosed in the annual report prepared under the requirements of the Act on Accounting. Our opinion on the financial statements stated above does not apply to other information in the annual report.

In connection with the audit of financial statements, our responsibility is to gain an understanding of the information disclosed in the annual report and consider whether such information is materially inconsistent with the financial statements or our knowledge obtained in the audit of the financial statements, or otherwise appears to be materially misstated.

As at the issuance date of the auditor's report on the audit of financial statements, the annual report was not available to us.

When we obtain the annual report, we will assess whether the Company's annual report includes information whose disclosure is required under the Act on Accounting, and based on procedures performed during the audit of the financial statements, we will express an opinion on whether:

- Information disclosed in the annual report prepared for 2019 is consistent with the financial statements for the relevant year; and

- The annual report includes information pursuant to the Act on Accounting.

Furthermore, we will disclose whether material misstatements were identified in the annual report based on our understanding of the Company and its position, obtained in the audit of the financial statements.

Bratislava, 8 April 2020

Ing. Wolda K. Grant, FCCA
Responsible Auditor
Licence SKAu No. 921

On behalf of
Deloitte Audit s.r.o.
Licence SKAu No. 014

UZPODv14_1

Úč POD

FINANCIAL STATEMENTS

of Enterprises in the Double-Entry Bookkeeping System)

Prepared as at 31.12.2019

Figures are rounded on the right, other data are written from the left. Unfilled lines remain blank.
Data are filled in using block letters (as shown below) by a typewriter or a printer machine in black or dark blue.

Á Ä B Č D É F G H Í J K L M N O P Q R Š T Ú V X Ý Ž 0 1 2 3 4 5 6 7 8 9

Tax Registration Number: 2020317068

Identification: 31333532

SK NACE: 62.09.0

Financial Statements: [X] Ordinary [ ] Extraordinary [ ] Interim

Reporting Entity: [ ] Small [X] Large *(Mark with x)*

		Month	Year
For the Period	From	01	2019
	To	12	2019
Immediately-Preceding Period	From	01	2018
	To	12	2018

Accompanying Parts of Finacial Statements

x Balance Sheet (Úč POD 1-01) *(in whole Euros)*
x Income Statement (Úč POD 2-01) *(in whole Euros)*
x Notes (Úč POD 3-01) *(in whole Euros)*

Business Name (Name) of the Reporting Entity

ESET, spol. s r.o.

Seat of the Reporting Entity

Street: Einsteinova
Number: 24

Postal Code: 85101
Municipality: Bratislava

Commercial Register and Number of Entry of the Company

Okresný súd Bratislava I, oddiel: Sro, vložka číslo 3586/B

Phone Number: 0232/244100
Fax Number: 0232/244109

E-mail Address: jana.michalakova@eset.com

Prepared on: 08.04.2020

Approved on: 21.05.2020

Signature of a Member of the Statutory Body of the Reporting Entity or a Natural Person Acting as a Reporting Entity:

Records of the Tax Authority

Place for Registration Number

Presentation Stamp of the Tax Authority

UZPODv14_2

Balance Sheet
Úč POD 1 - 01

DIČ 2020317068

IČO 31333532

Description a	ASSETS b	Line c	Current Reporting Period: 1 Gross - Part 1 / Correction - Part 2	Current Reporting Period: Net 2	Immediately-Preceding Reporting Period: Net 3
	Total assets (l. 02 + l. 33 + l. 74)	01	158389265	136956535	
			21432730		158677861
A.	**Non-current assets (l. 03 + l. 11 + l. 21)**	02	78357754	57705358	
			20652396		54372041
A.I.	**Total non-current intangible assets (l. 04 to l. 10)**	03	10388022	4704389	
			5683633		2137900
A.I.1.	Capitalised development costs (012) - /072, 091A/	04			
2.	Software (013) - /073, 091A/	05	4020655	2263500	
			1757155		
3.	Valuable rights (014) - /074, 091A/	06	63428	26648	
			36780		32992
4.	Goodwill (015) - /075, 091A/	07	337884		
			337884		
5.	Other non-current intangible assets (019, 01X) - /079, 07X, 091A/	08	5722329	2170515	
			3551814		1602247
6.	Non-current intangible assets in acquisition (041) - 093	09	243726	243726	
					50261
7.	Advance payments for non-current intangible assets (051) - /095A/	10			
A.II.	**Total non-current tangible assets (l. 012 tol. 020)**	11	47360182	32391419	
			14968763		32465289
A.II.1.	Land (031) - 092A	12	7102729	7102729	
					7102729
2.	Structures (021) - /081, 092A/	13	5078400	996234	
			4082166		1356735
3.	Separate movable assets and sets of movables (022) - /082, 092A/	14	15486494	4599897	
			10886597		4854387

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Balance Sheet
Úč POD 1 - 01

DIČ 2020317068 | IČO 31333532

Description a	ASSETS b	Line c	Current Reporting Period: 1 Gross - Part 1 / Correction - Part 2	Current Reporting Period: Net 2	Immediately-Preceding Reporting Period: Net 3
4.	Perennial crops (025) - /085, 092A/	15			
5.	Livestock and draught animals (026) - /086, 092A/	16			
6.	Other non-current tangible assets (029, 02X, 032) - /089, 08X, 092A/	17			
7.	Non-current tangible assets in acquisition (042) - 094	18	19692559	19692559	19151438
8.	Advance payments for non-current tangible assets (052) - /095A/	19			
9.	Correction item to acquired assets (+/- 097) +/- 098	20			
A.III.	**Total non-current financial assets (l. 22 to l. 32)**	21	20609550	20609550	19768852
A.III.1.	Shares and ownership interests in group companies (061A, 062A, 063A) - /096A/	22	20589522	20589522	19768852
2.	Shares and ownership interests with a participating interest except for group companies (062A) - /096A/	23			
3.	Other held-for-sale securities and ownership interests (063A) - /096A/	24			
4.	Loans to group companies (066A) - /096A/	25			
5.	Loans within a participating interest except to group companies (066A) - /096A/	26			
6.	Other loans (067A) - /096A/	27			
7.	Debt securities and other non-current financial assets (065A, 069A, 06XA) - /096A/	28			

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Balance Sheet
Úč POD 1 - 01

DIČ 2020317068

IČO 31333532

Description	ASSETS	IndexIC11	Current Reporting Period: Gross - Part 1	Current Reporting Period: Correction - Part 2	Current Reporting Period: Net 2	Immediately-Preceding Reporting Period: Net 3
a	b	c	1			
8.	Loans and other non-current financial assets with remaining maturity of up to one year (066A, 067A, 069A, 06XA) - /096A/	29				
9.	Bank accounts bound for period exceeding one year (22XA)	30				
10.	Non-current financial assets in acquisition (043) - /096A/	31	20028		20028	
11.	Advance payments for non-current financial assets (053) - /095A/	32				
B.	**Current assets (l. 34 + l. 41 + l. 53 + l. 66 + l. 71)**	33	7643318	780334	7565984	10128070 7
B.I.	**Total inventory (l. 35 to l. 40)**	34	187362		187362	258804
B.I.1.	Raw materials (112, 119, 11X) - /191, 19X/	35	187362		187362	258804
2.	Work-in-progress and semi-finished goods (121, 122, 12X) - /192, 193, 19X/	36				
3.	Finished goods (123) - 194	37				
4.	Livestock (124) - 195	38				
5.	Merchandise (132, 133, 13X, 139) - /196, 19X/	39				
6.	Advance payments for inventory (314A) - /391A/	40				
B.II.	**Total non-current receivables (l. 42 + l. 46 to l. 52)**	41	3263020		3263020	2081262
B.II.1	**Total trade receivables (l. 43 to l. 45)**	42	1184086		1184086	849452

Balance Sheet
Úč POD 1 - 01

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Označenie	ASSETS	Line	Current Reporting Period: Gross - Part 1	Current Reporting Period: Correction - Part 2	Current Reporting Period: Net 2	Immediately-Preceding Reporting Period: Net 3
a	b	c	1			
1.a.	Trade receivables from group companies (311A, 312A, 313A, 314A, 315A, 31XA) - /391A/	43				
1.b.	Trade receivables within a participating interest except for receivables from group companies (311A,312A,313A, 314A, 315A, 31XA) - /391A/	44				
1.c.	Other trade receivables (311A, 312A, 313A, 314A, 315A, 31XA) - /391A/	45	1184086		1184086	849452
2.	Net contract value (316A)	46				
3.	Other receivables from group companies (351A) - /391A/	47	947269		947269	
4.	Other receivables within a participating interest except for receivables from group companies (351A) - /391A/	48				
5.	Receivables from partners, members and participants in an association (354A, 355A, 358A, 35XA) - /391A/	49				
6.	Receivables from derivative transactions (373A, 376A)	50				
7.	Other receivables (335A, 336A, 33XA, 371A, 374A, 375A, 378A) - /391A/	51	86266		86266	96266
8.	Deferred tax asset (481A)	52	1045399		1045399	1135544
B.III.	**Total current receivables (l. 54 + l. 58 to l. 65)**	53	40949885	780334	40169551	44181352
B.III.1.	**Total trade receivables (l. 55 to l. 57)**	54	40843538	780334	40063204	40237761
1.a.	Trade receivables from group companies (311A, 312A, 313A, 314A, 315A, 31XA) - /391A/	55	22473703		22473703	17687756
1.b.	Trade receivables within a participating interest except for receivables from group companies (311A, 312A, 313A, 314A, 315A, 31XA) - /391A/	56				

Balance Sheet
Úč POD 1 - 01

DIČ 2020317068 IČO 31333532

Description a	ASSETS b	Line c	Current Reporting Period: Gross - Part 1	Current Reporting Period: Correction - Part 2	Current Reporting Period: Net 2	Immediately-Preceding Reporting Period: Net 3
1.c.	Other trade receivables (311A, 312A, 313A, 314A, 315A, 31XA) - /391A/	57	18369835	780334	17589501	22350005
2.	Net contract value (316A)	58				
3.	Other receivables from group companies (351A) - /391A/	59				3093459
4.	Other receivables within a participating interest except for receivables from group companies (351A) - /391A/	60				
5.	Receivables from partners, members and participants in an association (354A, 355A, 358A, 35XA, 398A) - /391A/	61				
6.	Social security insurance (336A) - /391A/	62				
7.	Tax assets and subsidies /341, 342, 343, 345, 346, 347) - /391A/	63	28172		28172	737257
8.	Receivables from derivative transactions (373A, 376A)	64				
9.	Other receivables (335A, 33XA, 371A, 374A, 375A, 378A) - /391A/	65	78175		78175	112875
B.IV.	**Total current financial assets (l. 67 to l. 70)**	66				
B.IV.1.	Current financial assets in group companies (251A, 253A, 256A, 257A, 25XA) - /291A, 29XA/	67				
2.	Current financial assets excluding current financial assets in group companies (251A, 253A, 256A, 257A, 25XA) - /291A, 29XA/	68				
3.	Treasury stock and treasury shares (252)	69				
4.	Current financial assets in acquisition (259, 314A) - /291A/	70				

Balance Sheet
Úč POD 1 - 01

DIČ 2020317068

IČO 31333532

Description a	ASSETS b	Line c	Current Reporting Period: Gross - Part 1 / Correction - Part 2 (1)	Current Reporting Period: Net 3	Immediately-Preceding Reporting Period: Net 3
B.V.	Financial accounts l. 72 + l. 73	71	32036051	32036051	
					54759289
B.V.1.	Cash on hand (211, 213, 21X)	72	26333	26333	
					35079
2.	Bank accounts (221A, 22X, +/- 261)	73	32009718	32009718	
					54724210
C.	Total accruals and deferrals (l. 75 to l. 78)	74	3595193	3595193	
					3025113
C.1.	Non-current deferred expenses (381A, 382A)	75	367570	367570	
					632260
2.	Current deferred expenses (381A, 382A)	76	3227623	3227623	
					2342436
3.	Non-current accrued income (385A)	77			
4.	Current accrued income (385A)	78			
					50417

Description a	EQUITY AND LIABILITIES b	Line c	Current Reporting Period 4	Immediately-Preceding Reporting Period 5
	TOTAL EQUITY AND LIABILITIES l. 80 + l. 101 + l. 141	79	136956535	158677861
A.	Equity l. 80 + l. 85 + l. 86 + l. 87 + l. 90 + l. 93 + l. 97 + l. 100	80	122106894	139698627
A.I.	Total registered capital (l. 82 to l. 84)	81	140000	140000
A.I.1.	Registered capital (411 or +/- 491)	82	140000	140000
2.	Changes in the registered capital +/- 419	83		
3.	Receivables for subscribed capital (/-/353)	84		
A.II.	Share premium (412)	85		
A.III.	Other capital funds (413)	86		
A.IV.	Legal reserve funds l. 88 + l. 89	87	14000	14000
A.IV.1.	Legal reserve fund and non-distributable fund (417A, 418, 421A, 422)	88	14000	14000
2.	Reserve fund for treasury stock and treasury shares (417A, 421A)	89		

Balance Sheet
Úč POD 1 - 01

DIČ 2020317068 | IČO 31333532

Description a	EQUITY AND LIABILITIES b	Line c	Current Reporting Period 4	Immediately-Preceding Reporting Period 5
A.V.	**Other funds from profit l. 91 + l. 92**	90	4095419	4095418
A.V.1.	Statutory funds (427, 42X)	91		
2.	Other funds (427, 42X)	92	4095419	4095418
A.VI.	**Total revaluation reserves (l. 94 to l. 96)**	93		
A.VI.1	Asset and liability revaluation reserve (+/- 414)	94		
2.	Financial investments revaluation reserve (+/- 415)	95		
3.	Revaluation reserve from fusions, mergers and separations (+/- 416)	96		
A.VII.	**Profit/loss from previous years l. 98 + l. 99**	97	40155077	67311271
A.VII.1.	Retained earnings from previous years (428)	98	40155077	67311271
2.	Accumulated losses from previous years (/-/429)	99		
A.VIII.	**Profit/loss for the current reporting period after taxation /+-/ l. 01 - (l. 81 + l. 85 + l. 86 + l. 87 + l. 90 + l. 93 + l. 97 + l. 101 + l. 141)**	100	77702398	68137938
B.	**Liabilities l. 102 + l. 118 + l. 121 + l. 122 + l. 136 + l. 139 + l. 140**	101	14485118	18202430
B.I.	**Total non-current liabilities (l. 103 + l. 107 to l. 117)**	102	122079	84324
B.I.1.	**Total long-term trade payables (l. 104 to l. 106)**	103		
1.a.	Trade payables to group companies (321A, 475A, 476A)	104		
1.b.	Trade payables within a participating interest except for payables to group companies (321A, 475A, 476A)	105		
1.c.	Other trade payables (321A, 475A, 476A)	106		
2.	Net contract value (316A)	107		
3.	Other payables to group companies (471A, 47XA)	108		
4.	Other payables within a participating interest except for payables to group companies (471A, 47XA)	109		
5.	Other long-term payables (479A, 47XA)	110		
6.	Long-term advance payments received (475A)	111		
7.	Long-term bills of exchange to be paid (478A)	112		
8.	Bonds issued (473A/-/255A)	113		
9.	Social fund payables (472)	114	122079	84324
10.	Other non-current payables (336A, 372A, 474A, 47XA)	115		
11.	Long-term payables from derivative transactions (373A, 377A)	116		
12.	Deferred tax liability (481A)	117		

Balance Sheet (Úč POD 1-01) DIČ 2020317068 IČO 31333532

Description a	EQUITY AND LIABILITIES b	Line c	Current Reporting Period 4	Immediately-Preceding Reporting Period 5
B.II.	**Long-term provisions for liabilities l. 119 + l. 120**	118	923395	761632
B.II.1.	Legal provisions for liabilities (451A)	119		
2.	Other provisions for liabilities (459A, 45XA)	120	923395	761632
B.III.	**Long-term bank loans (461A, 46XA)**	121		
B.IV.	**Total current liabilities (l. 123 + l. 127 to l. 135)**	122	11222943	10004087
B.IV.1	**Total trade payables (l. 124 to l. 126)**	123	6474474	6042893
1.a.	Trade payables to group companies (321A, 322A, 324A, 325A, 326A, 32XA, 475A, 476A, 478A, 47XA)	124	3443129	3290915
1.b.	Trade payables within a participating interest except for payables to group companies (321A, 322A, 324A, 325A, 32XA, 475A, 476A, 478A, 47XA)	125		
1.c.	Other trade payables (321A, 322A, 324A, 325A, 326A, 32XA, 475A, 476A, 478A, 47XA)	126	3031345	2751978
2.	Net contract value (316A)	127		
3.	Other payables to group companies (361A, 36XA, 471A, 47XA)	128		
4.	Other payables within a participating interest except for payables to group companies (361A, 36XA, 471A, 47XA)	129		
5.	Payables to partners and participants in an association (364, 365, 366, 367, 368, 398A, 478A, 479A)	130	1772	1891
6.	Payables to employees (331, 333, 33X, 479A)	131	214428	196293 1
7.	Social security insurance payables (336A)	132	153156 4	139335 1
8.	Tax liabilities and subsidies (341, 342, 343, 345, 346, 347, 34X)	133	97062 3	49415 4
9.	Payables from derivative transactions (373A, 377A)	134		
10.	Other payables (372A, 379A, 474A, 475A, 479A, 47XA)	135	100082	108867
B.V.	**Short-term provisions for liabilities l. 137 + l. 138**	136	2212487	7341740
B.V.1.	Legal provisions for liabilities (323A, 451A)	137	1216714	1207807
2.	Other provisions for liabilities (323A, 32X, 459A, 45XA)	138	995773	6133933
B.VI.	**Current bank loans (221A, 231, 232, 23X, 461A, 46XA)**	139	4214	10647
B.VII.	**Short-term financial assistance (241, 249, 24X, 473A, /-/255A)**	140		
C.	**Total accruals and deferrals (l. 142 to l. 145)**	141	364523	776804
C.1.	Non-current accrued expenses (383A)	142		217620
2.	Current accrued expenses (383A)	143	221638	527270
3.	Non-current deferred income (384A)	144	3137	
4.	Current deferred income (384A)	145	139748	31914

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Income Statement
Úč POD 2 - 01

DIČ 2020317068

IČO 31333532

Description a	Item b	Line c	Actual: Current Reporting Period 1	Actual: Immediately-Preceding Reporting Period 2
*	**Net turnover (a portion of Accounting Class 6 under the Act)**	01	526626269	485482987
**	**Total operating revenues (l. 03 to l. 09)**	02	530364364	487586971
I.	Revenues from the sale of merchandise (604, 607)	03	1263	3526
II.	Revenues from the sale of own products (601)	04		
III.	Revenues from the sale of services (602, 606)	05	526625006	485479461
IV.	Changes in inventories (+/- Accounting Group 61)	06		
V.	Own work capitalised (Accounting Group 62)	07		
VI.	Revenues from the sale of non-current intangible assets, non-current tangible assets and raw materials (641, 642)	08	55560	36744
VII.	Other operating revenues (644, 645, 646, 648, 655, 657)	09	3682535	2067240
**	**Total operating expenses (l. 11 + l. 12 + l. 13 + l. 14 + l. 15 + l. 20 + l. 21 + l. 24 + l. 25 + l. 26)**	10	438345236	405009226
A.	Costs of the acquisition of merchandise sold (504, 507)	11	1267	3448
B.	Consumed raw materials, energy and other non-inventory supplies (501, 502, 503)	12	1603729	1556977
C.	Provisions for inventories (+/-) (505)	13		
D.	Services (Accounting Group 51)	14	382092972	355721724
E.	Total personnel expenses (l. 16 to l. 19)	15	46696023	42721718
E.1.	Wages and salaries (521, 522)	16	32908776	30107333
2.	Remuneration of members of company bodies and co-operative (523)	17		
3.	Social insurance expenses (524, 525, 526)	18	11729528	10789797
4.	Social expenses (527, 528)	19	2057719	1824588
F.	Taxes and fees (Accounting Group 53)	20	94088	95279
G.	Amortisation and depreciation, and provisions for non-current intangible and non-current tangible assets (l. 22 + l. 23)	21	4049045	2742299
G.1.	Amortisation and depreciation of non-current intangible and non-current tangible assets (551)	22	4049045	2742299
2.	Provisions for non-current intangible and non-current tangible assets (+/-) (553)	23		
H.	Net book value of non-current assets and raw materials sold (541, 542)	24		1860
I.	Provisions for receivables (+/-) (547)	25	10337	37746
J.	Other operating expenses (543, 544, 545, 546, 548, 549, 555, 557)	26	3797775	2128175
***	**Operating profit or loss (+/-) (l. 02 - l. 10)**	27	92019128	82577745

Income Statement
Úč POD 2 - 01

DIČ 2020317068

IČO 31333532

Description a	Item b	Line c	Actual Current Reporting Period 1	Actual Immediately-Preceding Reporting Period 2
*	**Added value (l. 03 + l. 04 + l. 05 + l. 06 + l. 07) - (l. 11 + l. 12 + l. 13 + l. 14)**	28	1429283 01	128200838
**	**Total revenues from financing activities (l. 30 + l. 31 + l. 35 + l. 39 + l. 42 + l. 43 + l. 44)**	29	664015	4382182
VIII.	Revenues from the sale of securities and ownership interests (661)	30		
IX.	Total revenues from non-current financial assets (l. 32 to l. 34)	31	1771503	1287298
IX.1.	Revenues from securities and ownership interests from group companies (665A)	32	1771503	1287298
2.	Revenues from securities and ownership interests within a participating interest except for revenues from group companies (665A)	33		
3.	Other revenues from securities and ownership interests (665A)	34		
X.	Total revenues from current financial assets (l. 36 to l. 38)	35		
X.1.	Revenues from current financial assets from group companies (666A)	36		
2.	Revenues from current financial assets within a participating interest except for revenues from group companies (666A)	37		
3.	Other revenues from current financial assets (666A)	38		
XI.	Interest income (l. 40 + l. 41)	39	748518	310273
XI.1.	Interest income from group companies (662A)	40	18075	17686
2.	Other interest income (662A)	41	730443	292587
XII.	Foreign exchange gains (663)	42	4121994	2784611
XIII.	Gains on revaluation of securities and revenues from derivative transactions (664, 667)	43		
XIV.	Other revenues from financing activities (668)	44		
**	**Total costs of financing activities (l. 46 + l. 47 + l. 48 + l. 49 + l. 52 + l. 52 + l. 53 + l. 54)**	45	1720852	1479819
K.	Securities and ownership interests sold (561)	46		
L.	Expenses related to current financial assets (566)	47		
M.	Provisions for financial assets (+/-) (565)	48		
N.	Interest expense (l. 50 + l. 51)	49	36	
N.1.	Interest expense for group companies (562A)	50		
2.	Other interest expense (562A)	51	36	
O.	Foreign exchange losses (563)	52	1684200	1445010
P.	Expenses for revaluation of securities and expenses related to derivative transactions (564, 567)	53		
Q.	Other costs of financing activities (568, 569)	54	36616	34809

Income Statement
Úč POD 2 - 01

DIČ 2020317068 IČO 31333532

Description a	Item b	Line c	Actual: Current Reporting Period 1	Actual: Immediately-Preceding Reporting Period 2
***	**Profit/loss from financing activities (+/-) (l. 29 - l. 45)**	**55**	4921163	2902363
****	**Profit/loss for the reporting period before taxation (+/-) (l. 27 + l. 55)**	**56**	9694029 1	8548010 8
R.	Income tax (l. 58 + l. 59)	57	19237893	17342170
R.1.	Current income tax (591, 595)	58	19147747	17599404
2.	Deferred income tax (+/-) (592)	59	90146	-257234
S.	Profit/loss of partnership transferred to partners (+/- 596)	60		
***	**Profit/loss for the reporting period after taxation (+/-) (l. 56 - l. 57 - l. 60)**	**61**	77702398	68137938

NOTES

To the Separate Financial Statements Prepared as at 31 December 2019

in euro

For the Period from	January 2019	to December 2019
For the Immediately-preceding Period from	January 2018	to December 2018

Date of the Company's Incorporation	**Financial Statements**	**Financial Statements**
17 September 1992	x – Ordinary	x – Prepared
	– Extraordinary	– Approved
	– Interim	

Company ID No.	**Tax Registration No.**	**SK NACE Code**
31333532	2020317068	62.09.0

Business Name (Name) of the Company

ESET, spol. s r.o.

Seat of the Company

Einsteinova 24
851 01 Bratislava
Phone Number: 02/32244111

A. GENERAL INFORMATION

1. Business Name and Registered Seat of the Company

ESET, spol. s r.o.
Einsteinova 24
851 01 Bratislava

ESET, spol. s r.o. (the "Company") was established on 26 June 1992 and registered in the Business Register on 17 September 1992 (Business Register of the District Court Bratislava I, Section: Sro, File No.: 3586/B). Company ID No. (IČO): 31333532.

2. Principal Activities of the Company

The Company performs the following activities:
- Purchase and sale of computing equipment, electronics, office equipment and office supplies;
- Provision of software (sale of off-the-shelf software under a contract with the authors or the development of customised software);
- Advisory on computing equipment and automated management systems;
- Purchase of sundry goods for resale and sale under a general trade licence;
- Advertising and promotional activities;
- Graphic text design using computing equipment;
- Performance of extra-curricular educational activities;
- Lease of real estate associated with the provision of other-than-basic lease-related services;
- Lease of movable assets; and
- Mediation activities in trade, services and production.

Unlimited Guarantee

Eset, s.r.o. (hereinafter the "Company") is not an unlimited liability partner.

3. Full-time Equivalent

Item	2019	2018
Full-time equivalent	898	794
Number of employees as at the reporting date	890	855
Of which: managers	34	31

4. Legal Reason for the Preparation of the Financial Statements

The financial statements of the Company as at 31 December 2019 have been prepared as ordinary financial statements in accordance with Article 17 (6) of Act No. 431/2002 Coll. on Accounting as amended for the reporting period from 1 January 2019 to 31 December 2019.

The financial statements have been prepared for general use and information. Information disclosed therein cannot be used for the purposes of any specific users, or for the assessment of individual transactions. Accordingly, users of the financial statements should not rely exclusively on these financial statements when making decisions.

5. Approval Date of the Financial Statements for the Preceding Reporting Period

The financial statements prepared as at 31 December 2018 were approved by the General Meeting on 23 May 2019.

B. INFORMATION ABOUT THE CONSOLIDATION GROUP

The Company is a parent company and is a consolidation group of the following companies:

Name	Seat	Ownership Interest %		Core Business Activity
Subsidiaries		**2019**	**2018**	
ESET, LLC	610 West Ash Street, Suite 1700, San Diego, CA 92101, USA	100%	100%	Antivirus software distributor
ESET software spol. s r.o.	Prague 7 - Classic 7 Business Park, Jankovcova 1037/49 170 00 Prague 7, Czech Republic	100%	100%	Antivirus software distributor
ESET LATINOAMERICA S.R.L. (1)	1270 Juan Diaz de Solis, 2nd Floor, Vicente Lopez, Buenos Aires CP:B1638BHF, Argentina	100%	100%	Service provider
ESET ASIA PTE. LTD.	3 Anson Road, Springleaf Tower, #12-01/02 Singapore 079909, Singapore	100%	100%	Service provider, antivirus software distributor
ESET Canada Recherche Inc.	473, Rue Sainte-Catherine Quest Bureau 300, Montreal QC H3B 1B1, Canada	100%	100%	R&D
ESET DO BRASIL MARKETING LTDA (2)	Rua Verbo Divino, 2.001 Cjts 1407/1410, Chácara Santo Antônio, São Paulo/SP – Brazil, Zip 04.719-002	100%	100%	Service provider
ESET Polska Sp. z o.o.	Jasnogórska 9 31 – 358 Kraków, Poland	100%	100%	R&D
ESET Deutschland GmbH	Spitzweidenweg 32 07743 Jena, Germany	100%	100%	Distributor of antivirus software
ESET Research Czech Republic s.r.o.	U Přehrady 3204/61, Mšeno nad Nisou 466 02 Jablonec nad Nisou Czech Republic	100%	100%	R&D
ESET Software Australia, PTY, LTD.	Level 3, 50 Yeo Street Neutral Bay NSW 2089, Sydney, Australia	100%	100%	Distributor of antivirus software
ESET RESEARCH UK Limited (3)(4)	3 Heron Gate Office Park Hankridge Way, Taunton, Somerset TA1 2LR, Great Britain	100%	100%	R&D
ESET Canada Inc.	44 Chipman Hill Suite 1000, Saint John NB, E2L 2A9, Canada	100%	100%	Distributor of antivirus software
Nadácia ESET	Einsteinova 24 851 01 Bratislava Slovak Republic	100%	100%	Foundation
PGNB Limited	5th Floor, Holland House, 20 Oxford Road, Bournemouth, Dorset, BH8 8EZ UK	100%	100%	(5)
ESET SOFTWARE UK Limited (6)(7)	5th Floor, Holland House, 20 Oxford Road, Bournemouth, Dorset, BH8 8EZ UK	100%	100%	Distributor of antivirus software
ESET Romania S.R.L. (8)(9)	Strada Palas, Nr. 7D-7E Cladirea United Business Center 3, (Corp C2), Etaj 2, Spatiul C2S9, Municipiul Iasi, Judet Iasi, Romania	100%	100%	R&D
ESET MÉXICO S. de R.L. de C.V. (10)	Av. Paseo de la Reforma 250 – Office 981 A-B-C-D-,Colonia Juárez, Delegación Cuauhtémoc, Ciudad de México, México	100%	100%	Service provider

ESET Japan Inc. (11)(12)	2-16-4 Konan, Minato-ku, Tokyo 108-0075, Japan	90%	90%	Service provider
ESET ITALIA S.R.L. (13)	Francesco Richini 6 CAP 20 122 Milan, Italy	100%	-	Service provider, distributor of antivirus software

(1) *ESET, LLC owns 90% of the shares and the parent company owns the remaining 10% of the shares.*
(2) *The parent company owns 90% of the shares and ESET, LLC owns the remaining 10% of the shares.*
(3) *In January 2019, ESET RESEARCH UK Limited changed its core business activity from a DESLock software distributor to R&D.*
(4) *ESET RESEARCH UK Limited changed its business name in April 2019. The company's original name was DESLock Limited.*
(5) *PGNB Limited carried out no business activities in 2019.*
(6) *ESET SOFTWARE UK Limited is a 100% subsidiary of PGNB Limited.*
(7) *ESET SOFTWARE UK Limited changed its business name in April 2019. The company's original name was QNH Limited.*
(8) *ESET, spol. s r.o. owns 99.9963% and ESET Research Czech Republic s.r.o. owns 0.0037%.*
(9) *ESET Romania S.R.L. changed its business name in August 2018. Its original name was ESET Research and Development S.R.L.*
(10) *The parent company owns 90% and ESET, LLC owns the remaining 10%.*
(11) *ESET Japan Inc. was established in November 2017; a 100% share is held by the parent company. The parent company has owned 90% since April 2018. The remaining 10% was owned by Canon IT Solutions Inc until it transferred its 10% share in Eset Japan Inc. to Canon Marketing Japan Inc.*
(12) *ESET Japan Inc. changed its address in September 2018. Its original address was Akasaka K-Tower 4F, 2-7, Motoakasaka 1-chome, Minato-ku, Tokyo, Japan.*
(13) *ESET ITALIA S.r.l. was established in February 2019 and a 100% share is held by the parent company. Distribution activities started in September 2019.*

The Company's voting rights in the above entities is equal to the ownership shares. The Company is not consolidated in the consolidated financial statements of any other company.

Pursuant to Act No. 431/2002 Coll. on Accounting, as amended, the Company is obliged to prepare consolidated financial statements, as it meets the criteria of Article 22 of the Act on Accounting.

The Company prepared the consolidated financial statements as at 31 December 2018 and is also required to prepare consolidated financial statements for the reporting period from 1 January 2019 to 31 December 2019.

The consolidated financial statements are available at the parent company's seat – ESET, spol. s r.o., Einsteinova 24, 851 01 Bratislava, Slovak Republic.

C. INFORMATION ON THE ACCOUNTING PRINCIPLES AND METHODS APPLIED

a) Basis for Preparing Financial Statements

The financial statements were prepared based on the going-concern assumption.

The financial statements, comprising the balance sheet, income statement and notes to the financial statements prepared as at 31 December 2019, were prepared in accordance with the accounting regulations effective in the Slovak Republic and the data disclosed in the financial statements give a true and fair view of the matters subject to the bookkeeping and of the financial position of the Company.

The currency used in the financial statements is the euro ("EUR") and all balances are presented in whole euro, unless specified otherwise.

All comparatives for the previous reporting period, ie as at 31 December 2018, are presented in the financial statements prepared as at 31 December 2019, so that they are comparable with the 2018 disclosures.

Revenues and costs are recognised as earned or incurred under the accrual basis of accounting. All revenues and costs related to the reporting period are used as a basis regardless of their settlement date.

When measuring assets and liabilities, the prudence principle is followed, ie all risks, losses, and impairments related to assets and liabilities and known as at the reporting date are used as a basis.

Non-current and current receivables, payables, loans, and interest-bearing borrowings – receivables and payables are disclosed on the balance sheet as either non-current or current following their residual maturities as at the reporting date. Portions of non-current receivables and portions of non-current payables due within one year from the reporting date are disclosed on the balance sheet as current receivables and current payables as appropriate.

Estimates made – when preparing the financial statements, the Company's management is required to prepare estimates and assumptions that influence the recognised amounts of assets and liabilities, and the disclosure of contingent assets and liabilities as at the reporting date, and the disclosed amounts of revenues and expenses during the year. The actual results may differ from these estimates.

Reported tax – Slovak tax legislation is relatively new, lacks precedents, and is subject to continuous amendments. Since various interpretations of the tax laws and regulations, and the application thereof to various transaction types exist, the amounts disclosed in the financial statements may later change based on the ultimate opinion of the tax authorities.

b) Non-current Intangible and Non-current Tangible Assets

Purchased non-current assets are measured at cost. The cost includes the acquisition price and the related incidental costs (customs duties, transportation costs, assembly, insurance premium, etc).

The Company has prepared a depreciation plan as an underlying document to enumerate depreciation charges and the accumulated depreciation of depreciated assets during their use. Accounting depreciation is calculated based on the cost at which the assets are carried in the accounting books, and is capped at the amount of the cost. Tax depreciation is enumerated in line with the applicable provisions of the Income Tax Act. Non-current tangible assets are depreciated based on the wear and tear of assets, which corresponds to standard conditions for their use.

The Company records assets generated internally. These assets include a video created by the Company's employees, which was measured at own costs.

Accounting and tax depreciation rates for **non-current intangible assets** are equal.
Non-current intangible assets with a cost of EUR 2 400 or less are fully expensed when placed into service as a debit to Account 518. Underlying analytical records are maintained with respect to these assets.

The amortisation period, amortisation method and amortisation rate are presented in the table below:

	Estimated Useful Life	**Amortisation Method**	**Annual Amortisation Rate**
Software, videos	2 / 3	Straight-line	50% / 33.33%
MONO-TH-2009-03	5	Straight-line	20%
Valuable rights in the CR	7	Straight-line	14.3%
Trademarks	10	Straight-line	10%

The accounting depreciation plan for **non-current tangible assets** is determined by an internal regulation. Assets are depreciated starting in the month in which they are placed into service. The Company applies the straight-line depreciation method in its calculations and reflects the estimated useful life of the assets, the intensity of their use and their anticipated wear and tear in the Company's environment when the assets are categorised into depreciation groups and when the depreciation plan is created.

An exception to the depreciation plan is the refurbishment of new office and operation premises in the Aupark Tower at Einsteinova 24, Bratislava, in Digital Park II and III at Einsteinova 25, Bratislava, in the Košice branch located in Aupark, Protifašistických bojovníkov 11, 040 01 Košice, in the Žilina branch located at Námestie Andreja Hlinku 1, Žilina, and fixtures and fittings in the Bratislava premises. The Company prepared a depreciation plan for a period equal to the lease term, ie from 1 May 2008 to 30 June 2027 for the Aupark Tower premises, from 1 August 2017 to 30 June 2027 for the Digital Park II and III premises, from 28 March 2013 to 30 June 2020 for the Aupark Košice premises, and from 1 February 2017 to 10 May 2021 for the Žilina branch premises.

The Company classified the fixtures and fittings of the new premises as a set of movables based on the main functional unit, but did not further distinguish individual types of asset. When new assets are acquired and placed into service, they are depreciated over the remaining lease term.

Non-current tangible assets with a cost of EUR 1 700 or less are fully expensed when placed into service as a debit in full to consumed raw materials, Account 501.

The depreciation period, depreciation method and depreciation rate are presented in the table below:

Accounting Depreciation	Estimated Useful Life	Depreciation Method
Structures and technical improvements	Up to the termination of a lease contract	Straight-line
Fixtures and fittings	Up to the termination of a lease contract	Straight-line
Machinery and equipment	4 years	Straight-line
Transportation means	4 years	Straight-line

c) Securities and ownership interests

Securities and ownership interests are measured at cost including the related incidental costs.

d) Inventories

Inventories are measured at cost. The cost includes the acquisition price of inventory and the related incidental costs (customs duty, transport, insurance premium, etc). The disposal of the same type of inventory is measured on an individual basis (at an individual price).

Provisions for inventories are recorded if it is reasonable to assume that future economic benefits from inventories are lower than the carrying amount, ie in the amount of the difference between the carrying amount and the net realisable value.

The creation of provisions for inventories is credited to the relevant account of the accounting group 19 – Provisions for inventories with the counter-entry debited to Account 505 – Additions to and reversals of provisions for inventories. The reversal of a provision due to the derecognition of inventories from accounting books is debited to the relevant provision account disclosed on the balance sheet with a counter-entry credited to the relevant inventory account. In the event of the full or partial cessation of the reasonable assumption of the impairment of inventories, the reversal of a provision is debited to the relevant provision account disclosed on the balance sheet with the counter-entry credited to Account 505.

The Company does not record inventories generated internally.

e) Receivables

When originated, receivables are measured at their face value. Assigned receivables and receivables acquired through a contribution to the registered capital are measured at a cost, including incidental costs. This measurement is net of provisions for doubtful receivables and bad debts. The Company does not acquire receivables through assignments, or otherwise.

The Company records provisions for receivables where it is reasonable to assume that the debtor will fail to repay them partly or in full, and for doubtful receivables from debtors involved in a dispute concerning their acknowledgment. The Company determines the provisions on an individual basis in the amount that is expected to be recovered in the future. Provisions for receivables are debited to Account 547 – Additions to and reversals of provisions for receivables with a counter-entry credited to Account 391 – Provision for receivables. The provision for receivables upon their derecognition from the accounting books (as a result of recovery, sale or write-off) is reversed with a counter-entry to the relevant receivable account disclosed on the balance sheet. In the event of the cessation of the reasonable assumption of the impairment of receivables, the reversal of the provision is credited to Account 547 with a counter-entry debited to Account 391.

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

g) Deferred expenses and accrued income
Deferred expenses and accrued income are presented in the amount necessary to comply with the accrual principle of accounting, ie at the anticipated face value.

h) Provisions for liabilities
The Company records provisions for liabilities following the prudence principle. Provisions are liabilities of uncertain timing or amount. The Company creates provisions mainly for unused vacation days and the related social security and health insurance payments, audit, unbilled supplies and other known risks and losses related to the Company's business activities. Provisions for liabilities are measured at the expected amount payable.

The provision for liabilities is debited to the relevant expense account to which the liability is related. The use of the provision is credited to the relevant liability account. The cancelation of an unnecessary provision is recorded with an accounting entry opposite to that of the creation of the provision.

i) Payables
When incurred, payables are measured at their face value. When assumed, payables are measured at cost. If it is determined during reconciliation procedures that the actual amount of the payables is lower than the carrying amount, payables are stated at such a newly-identified measurement in the accounting books and financial statements.

j) Current income tax
Pursuant to the Slovak Income Tax Act, current income taxes are determined based on the accounting profits at the rate of 21% after adjustments for certain items for tax purposes.

k) Deferred income tax
Deferred income tax (deferred tax asset and deferred tax liability) is recognised for:

- Temporary differences between the carrying amount of assets and liabilities as disclosed on the balance sheet and their tax base;
- The possibility of carrying forward tax losses to future periods, which is the possibility of deducting the tax losses from the tax base in the future;
- The possibility of transferring unclaimed tax loss deductions and other tax claims to future periods.

The amount of deferred income tax is determined by applying the tax rate applicable in the subsequent reporting period, ie 21%.

l) Accrued expenses and deferred income
Accrued expenses and deferred income are presented in the amount necessary to comply with the accrual principle of accounting, ie at the anticipated face value.

m) Leases
The Company has no assets acquired under a finance lease.

n) Foreign Currency

Assets and liabilities denominated in a foreign currency are translated to euro using the exchange rate determined in the ECB foreign exchange list announced on the date preceding the transaction date, and when preparing the financial statements using the exchange rate applicable on the reporting date. Exchange rate differences are recognised through profit/(loss).

In the accounts of receivables and payables, non-current financial assets and current financial assets. Exchange rate differences are recorded as at the transaction date upon the collection of receivables and the payment of payables with a counter-entry debited to Account 563 – Foreign exchange losses or credited to Account 663 – Foreign exchange gains. Advance payments received and made in a foreign currency are not translated as at the reporting date.

The transformation of the organisational unit's accounting books to Slovak accounting was undertaken using the ECB exchange rate applicable on the last date of the period for which the transformation was made. This transformation is carried out on a monthly basis.

o) Revenues

Revenues from the sale of own outputs and merchandise do not include VAT. They are also decreased by discounts and deductions (rebates, bonuses, discounts, credit notes, etc), regardless of whether the customer was entitled to the discount in advance, or whether the discount was granted subsequently.

Since its establishment, ESET has developed software solutions providing immediate and comprehensive protection against constantly-evolving computer security threats by using innovative security solutions which proactively detect malware and protect against computer crime.

Sales are made directly or indirectly. The direct method is mainly by internet sales via the ESET website to end users. Indirect sales are made via independent distributors and sellers that contribute to the total sales in the greatest extent.

For the purposes of these financial statements, the term "antivirus software" means software to provide digital security, ie traditional antivirus software to secure end users, software to secure computer networks, etc. The Company provides end users and partners in Slovakia and partners in the EMEA region, APAC region, Brazil, Russia and South Africa with the right to use the antivirus software. A subsidiary, Eset Software spol. s r.o., has an agreement with the Company on the distribution of products in the Czech Republic. A subsidiary, ESET, LLC., distributes ESET products mainly in the United States of America and the LATAM region (except Brazil). The newly-established subsidiary, ESET Deutschland GmbH, distributes products on the German market. The subsidiary, ESET Software Australia, PTY, Ltd., carries out distribution activities in Australia and ESET ASIA primarily in the APAC region. The subsidiary, ESET software UK Limited, distributes products in the United Kingdom and Malta. The subsidiary, ESET Canada Inc. carries out distribution activities on the Canadian market. One of our newest branches is Eset ITALIA S.r.l., which operates on the Italian market.

Agreements between the Company and distributors operating under the commission structure require that distributors perform a range of activities in addition to distribution, ie actively searching for customers, promoting the distributed software, providing hotline services for end users, etc. The distributor's remuneration for these activities is calculated from its sales turnover and distributors do not invoice the Company for these activities. The remuneration is specified in the customer invoice as a reduction of the invoiced gross amount. The distributor only pays the Company the resulting amount calculated as the difference between the payment for the granting of the right to use the software and the distributor's remuneration.

Based on a detailed analysis of mutual rights and obligations, the Company started to report revenues, except for revenues from Slovak distributors and resellers, on a gross basis as of 1 January 2012. The Company recognises 100% of revenues generated by the Company's distributors in revenues. The Company recognises a fee for activities performed by distributors in expenses.

The Company recognises revenues from the provision of licences for the use of the antivirus software as follows:

Each end user pays an up-front fee for the right to use the software during a specified period. At the moment of sale to end users or business partners, revenue is recognised in full once the software is delivered, regardless of whether or not the end user installed the software. No portion of the amount is accrued during the period of the licence validity.

End users may return ESET products, subject to various limitations, via distributors and resellers, or may request ESET directly for a refund within a reasonable short period from the date of purchase. ESET currently does not record any provision for such returns based on its historical experience of very low, or no returns by end users.

D. CHANGES IN ACCOUNTING PRINCIPLES AND ACCOUNTING METHODS

There were no changes in accounting principles or accounting methods in the reporting period.

E. DATA DISCLOSED ON THE ASSETS SIDE OF THE BALANCE SHEET

1. Non-current Intangible and Non-current Tangible Assets

A summary of the movements in non-current intangible and non-current tangible assets for the current reporting period is presented in the tables below:

	Current Reporting Period							
Non-current Intangible Assets	**Capitalised Development Cost**	**Software**	**Valuable Rights**	**Goodwill**	**Other Non-current Intangible Assets**	**Non-current Intangible Assets in Acquisition**	**Advance Payments Made for Non-current Intangible Assets**	**Total**
a	b	c	d	e	f	g	h	i
Initial Measurement								
Opening Balance	-	**1 002 655**	**63 428**	**337 884**	**4 608 587**	**502 661**	-	**6 515 215**
Additions		3 018 000	-	-	889 101	227 976	-	**4 136 077**
Disposals		-	-	-	-262 269	-	-	**-262 269**
Transfers		-	-	-	486 910	-486 910	-	-
Closing Balance	-	**4 020 655**	**63 428**	**337 884**	**5 722 329**	**243 726**	-	**10 388 022**
Accumulated Depreciation								
Opening Balance	-	**1 002 655**	**30 436**	**337 884**	**3 006 340**	-	-	**4 377 315**
Additions		754 500	6 343	-	807 743	-	-	**1 568 586**
Disposals		-	-	-	- 262 269	-	-	**- 262 269**
Closing Balance	-	**1 757 155**	**36 780**	**337 884**	**3 551 814**	-	-	**5 683 633**
Provisions								
Opening Balance	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Closing Balance	-	-	-	-	-	-	-	-
Net Book Value								
Opening Balance	-	-	**32 992**	-	**1 602 247**	**502 661**	-	**2 137 900**
Closing Balance	-	**2 263 500**	**26 648**	-	**2 170 515**	**243 726**	-	**4 704 389**

Non-current Tangible Assets	**Current Reporting Period**								
	Land	**Structures**	**Separate Movable Assets and Sets of Movables**	**Perennial Crops**	**Livestock and Draught Animals**	**Other Non-current Tangible Assets**	**Non-current Tangible Assets in Acquisition**	**Advance Payments Made for Non-current Tangible Assets**	**Total**
a	b	c	d	e	f	g	h	i	j
Initial Measurement									
Opening Balance	**7 102 729**	**4 956 538**	**14 152 481**	-	-	-	**19 151 438**		**45 363 186**
Additions	-	121 862	1 711 571	-	-	-	583 486	-	2 415 919
Disposals	-	-	- 410 309	-	-	-	-9 615	-	-419 924
Transfers	-	-	32 750	-	-	-	-32 750	-	-
Closing Balance	**7 102 729**	**5 078 400**	**15 486 494**	-	-	-	**19 692 559**	-	**47 360 182**
Accumulated Depreciation									
Opening Balance	-	**3 599 803**	**9 298 094**	-	-	-	-	-	**12 897 897**
Additions		482 363	1 998 812	-	-	-	-	-	2 481 175
Disposals		-	-410 309	-	-	-	-	-	-410 309
Closing Balance		**4 082 166**	**10 886 597**	-	-	-	-	-	**14 968 763**
Provisions									
Opening Balance	-	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-
Closing Balance	-	-	-	-	-	-	-	-	-
Net Book Value									
Opening Balance	**7 102 729**	**1 356 735**	**4 854 387**	-	-	-	**19 151 438**	-	**32 465 289**
Closing Balance	**7 102 729**	**996 234**	**4 599 897**	-	-	-	**19 692 559**	-	**32 391 419**

Additions to intangible assets mainly comprise a transfer of IPR Deslock as at 1 January 2019 in the amount of EUR 3 018 000, the development of the Salesforce project in the amount of EUR 343 402, the Global eStore project in the amount of EUR 118 121, purchase of new licences at a total cost of EUR 199 414, the right to use videos and photographs in the amount of EUR 87 406, the launch of a Safer Kids online project in the amount of EUR 22 500, the purchase of videos in the total amount of EUR 40 086, webpage development in the amount of EUR 4 580. The amount of additions to intangible assets was also impacted by technical improvements to the QlikView tool in the amount of EUR 59 646 and technical improvements to other intangible assets totalling EUR 13 946.

Disposals of intangible assets comprise the disposal of the MONO-TH webpage in the amount of EUR 125 682, the V7 microsite webpage in the amount of EUR 63 595, licences in the amount of EUR 59 267, and videos totalling EUR 13 725.

Additions to structures mainly comprise construction modifications at the Žilina branch premises, the Digital Park Bratislava premises and the Aupark Tower Bratislava premises in the amount of EUR 18 203, EUR 77 507 and EUR 26 153, respectively.

In 2019, additions to separate movable assets and sets of movables comprise the acquisition of passenger cars in the total amount of EUR 361 568. The bulk of additions comprises the purchase of new servers, disk arrays, switches, racks and other IT equipment at a total cost of EUR 1 325 182. Another significant item was the acquisition of fixtures and fittings totalling EUR 24 821.

Disposals of separate movable assets and sets of movables primarily include the disposal of passenger cars sold at a total cost of EUR 389 735 and the disposal of fixtures and fittings totalling EUR 20 574.

A summary of the movements in non-current intangible and non-current tangible assets for the immediately-preceding reporting period is presented in the tables below:

Non-current Intangible Assets	Immediately-preceding Reporting Period							
	Capitalised Development Cost	**Software**	**Valuable Rights**	**Goodwill**	**Other Non-current Intangible Assets**	**Non-current Intangible Assets in Acquisition**	**Advance Payments Made for Non-current Intangible Assets**	**Total**
a	b	c	d	e	f	g	h	i
Initial Measurement								
Opening Balance	-	**1 003 275**	**63 428**	**337 884**	**4 274 484**	**79 873**	-	**5 758 944**
Additions		-	-	-	-	756 891	-	**756 891**
Disposals		- 620	-	-	-	-	-	- **620**
Transfers		-	-	-	334 103	- 334 103	-	-
Closing Balance	-	**1 002 655**	**63 428**	**337 884**	**4 608 587**	**502 661**	-	**6 515 215**
Accumulated Depreciation								
Opening Balance	-	**1 003 275**	**24 093**	**337 884**	**2 374 737**	-	-	**3 739 989**
Additions		-	6 343	-	632 083	-	-	**638 426**
Disposals		- 620	-	-	- 480	-	-	- **1 100**
Closing Balance	-	**1 002 655**	**30 436**	**337 884**	**3 006 340**	-	-	**4 377 315**
Provisions								
Opening Balance	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Closing Balance	-	-	-	-	-	-	-	-
Net Book Value								
Opening Balance	-	-	**39 335**	-	**1 899 747**	**79 873**	-	**2 018 955**
Closing Balance	-	-	**32 992**	-	**1 602 247**	**502 661**	-	**2 137 900**

Non-current Tangible Assets	Immediately-preceding Reporting Period								
	Land	**Structures**	**Separate Movable Assets and Sets of Movables**	**Perennial Crops**	**Livestock and Draught Animals**	**Other Non-current Tangible Assets**	**Non-current Tangible Assets in Acquisition**	**Advance Payments Made for Non-current Tangible Assets**	**Total**
a	b	c	d	e	f	g	h	i	j
Initial Measurement									
Opening Balance	**7 102 729**	**3 990 515**	**11 237 787**	-	-	-	**19 293 930**		**41 624 961**
Additions		-	-	-	-	-	4 107 655	-	4 107 655
Disposals		-	- 365 083	-	-	-	- 4 347	-	- 369 430
Transfers	-	966 023	3 279 777	-	-	-	- 4 245 800	-	-
Closing Balance	**7 102 729**	**4 956 538**	**14 152 481**	-	-	-	**19 151 438**	-	**45 363 186**
Accumulated Depreciation									
Opening Balance	-	**3 219 041**	**7 937 726**	-	-	-	-	-	**11 156 767**
Additions	-	380 762	1 729 730	-	-	-	-	-	2 110 492
Disposals	-	-	- 369 362	-	-	-	-	-	- 369 362
Closing Balance	-	**3 599 803**	**9 298 094**	-	-	-	-	-	**12 897 897**
Provisions									
Opening Balance	-	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-
Closing Balance	-	-	-	-	-	-	-	-	-
Net Book Value									
Opening Balance	**7 102 729**	**771 474**	**3 300 061**	-	-	-	**19 293 930**	-	**30 468 194**
Closing Balance	**7 102 729**	**1 356 735**	**4 854 387**	-	-	-	**19 151 438**	-	**32 465 289**

The Company does not record any non-current intangible or non-current tangible assets under lien or with restricted handling on the part of the Company.

Non-current tangible assets are insured against theft and natural hazards. In 2019, the Company had the following concluded assets insurance contracts:

Insurance Company	Insurance Period	Type of Insurance Coverage	Annual Insurance Premium	Insured Amount of Assets
Generali Slovensko poisťovňa, a.s.	1.1.2011 – ongoing	Motor hull insurance of car fleet	29 977	1 208 050
Generali Slovensko poisťovňa, a.s.	2013 – ongoing	MTPL insurance of vehicle fleet	5 550	
Generali Slovensko poisťovňa, a.s.	1.1.2019 – 1.1.2020	Travel insurance	3 240	200 000
Allianz - Slovenská poisťovňa, a.s.	1.1.2019 – 31.12.2019	Building insurance against all risks - CAR	2 188	2 330 000
Allianz - Slovenská poisťovňa, a.s.	1.1.2019 – 31.12.2019	Damage liability insurance	10 307	5 000 000
Allianz - Slovenská poisťovňa, a.s.	1.1.2019 – 31.12.2019	Insurance of assets of legal entities and sole proprietors	4 820	up to 11 408 301
Colonnade Insurance S.A.	2.1.2017 – 3.1.2022	GAP insurance of vehicles	700	100 000
Marsh Europe	1.1.2019 – 31.12.2019	Personal insurance of statutory representatives	30 185	10 000 000
Marsh Europe	25.2.2019 – 31.12.2019	Event Insurance	2 228	2 300 000
TOTAL			**89 195**	

*The amount represents an insured amount, not the amount of insured assets.

2. Research and Development Activities

In 2019, the Company recognised costs of research and development and applied tax relief pursuant to the provisions of the Income Tax Act. Information on the amount of costs to which the relief was applied is presented in the table below:

Item	Current Reporting Period
Research and development costs	6 448 085

3. Non-current Financial Assets

A summary of movements on non-current financial assets accounts for the current reporting period is presented in the table below:

Non-current Financial Assets	Current Reporting Period							
	Shares & Ownership Interests in Subsidiaries	**Shares & Ownership Interests in Associates**	**Other Non-current Securities & Ownership Interests**	**Other Non-current Financial Assets**	**Loans with Maturity of Up To One Year**	**Non-current Financial Assets in Acquisition**	**Advance Payments for Non-current Financial Assets**	**Total**
a	b	c	d	e	f	g	h	i
Initial Measurement								
Opening Balance	**19 768 852**	**-**	**-**	**-**	**-**	**-**	**-**	**19 768 852**
Additions	820 672	-	-	-	-	20 028	-	840 700
Disposals	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-
Closing Balance	**20 589 522**	**-**	**-**	**-**	**-**	**20 028**	**-**	**20 609 550**
Accumulated Depreciation								
Opening Balance	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Closing Balance	-	-	-	-	-	-	-	-
Provisions								
Opening Balance	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Closing Balance	-	-	-	-	-	-	-	-
Carrying Amount								
Opening Balance	**19 768 852**	**-**	**-**	**-**	**-**	**-**	**-**	**19 768 852**
Closing Balance	**20 589 522**	**-**	**-**	**-**	**-**	**20 028**	**-**	**20 609 550**

Additions to non-current financial assets primarily comprise foreign exchange gains/losses resulting from assets revaluation as at 31 December 2019.

A summary of movements in non-current financial assets for the immediately-preceding reporting period is presented in the table below:

Non-current Financial Assets	Immediately-preceding Reporting Period							
	Shares & Ownership Interests in Subsidiaries	Shares & Ownership Interests in Associates	Other Non-current Securities & Ownership Interests	Other Non-current Financial Assets	Loans with Maturity of Up To One Year	Non-current Financial Assets in Acquisition	Advance Payments for Non-current Financial Assets	Total
a	b	c	d	e	f	g	h	i
Initial Measurement								
Opening Balance	**19 014 428**	-	-	**190 361**	-	-	-	**19 204 789**
Additions	442 632	-	-	-	-	311 792	-	754 424
Disposals	-	-	-	**- 190 361**	-	-	-	- 190 361
Transfers	311 792	-	-	-	-	- 311 792	-	-
Closing Balance	**19 768 852**	-	-	-	-	-	-	**19 768 852**
Accumulated Depreciation								
Opening Balance	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Closing Balance	-	-	-	-	-	-	-	-
Provisions								
Opening Balance	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Closing Balance	-	-	-	-	-	-	-	-
Carrying Amount								
Opening Balance	**19 014 428**	-	-	**190 361**	-	-	-	**19 204 789**
Closing Balance	**19 768 852**	-	-	-	-	-	-	**19 768 852**

Information on the structure of non-current financial assets:

Business Name and Seat of the Entity where the Company has Placed Non-current Financial Assets	Current Reporting Period							
	Share in Registered Capital in %	Share in Voting Rights in %	Foreign Currency	Value of Equity in a Foreign Currency	Value of Equity in EUR**	Profit/(Loss) of the Entity where the Company has Placed Non-current Financial Assets in EUR**	Carrying Amount of Non-current FA in EUR	Amount of a Borrowing Provided in EUR
a	b	c	d	e	f	g	h	j
Subsidiaries				EQUITY TOTAL	EUR EQUITY TOTAL	PROFIT FOR PERIOD		
Eset software spol. s r.o.	100	100	CZK	10 695 441	420 948	385 473	7 872	
ESET LLC.	100	100	USD	8 583 461	7 640 610	745 403	26 512	
ESET ASIA PTE. LTD.	100	100	USD	2 961 111	2 635 847	280 011	82 713	
ESET Canada Research	100	100	CAD	993 117	680 311	72 271	411 015	
ESET POLSKA	100	100	PLN	11 227 511	2 637 547	868 469	1 593 803	
ESET DO BRASIL MARKETING LTDA	90	90	BRL	293 653	65 029	29 688	3 488	
ESET LATINOAMERICA, Sociedad de Responsabilidad Limitada	10	10	ARS	31 807 760	474 106	36 483	30	
ESET Research Czech republic s.r.o.	100	100	CZK	79 707 827	3 137 115	644 564	1 342 451	
Nadácia ESET	100	100	EUR	163 937	163 937	69 829	6 638	
ESET Deutschland GmbH	100	100	EUR	2 423 150	2 423 150	533 406	1 950 265	
ESET SOFTWARE Australia PTY	100	100	AUD	85 856	53 677	20 611	750	
Eset Canada Inc.	100	100	CAD	552 455	378 446	73 746	68 503	
Eset Research UK (DESlock)	100	100	EUR	1 473 199	1 731 546	2 784 880	1 347 956	
Eset Software UK (QNH/PGNB)	100	100	GBP	1 774 238	2 085 376	368 320	13 254 560	
ESET Romania	100	100	RON	850 489	177 815	64 880	60 708	
ESET Japan Inc.	90	90	JPY	57 008 170	467 510	42 333	332 131	516 439
ESET MÉXICO S. de R.L. de C.V.	100	100	MXN	516 642	24 347	1 703	127	200 922
ESET Italia	100	100	EUR	130 205	130 205	30 205	100 000	130 256
Total Non-current Financial Assets	**x**	**x**	**x**	**x**	**25 327 521**	**x**	**20 589 522**	**847 617**

*Profit/loss of ESET LLC is stated before income tax.
**Use of the ECB exchange rate applicable as at 31 December 2019 for the translation of equity and profit/loss into EUR

The Company does not record any non-current financial assets under lien or with restricted handling by the Company.

4. Inventories

As at 31 December 2019, the Company recorded the following inventories:

	Current Reporting Period			Immediately-preceding Reporting Period		
Inventories in EUR	Raw Materials	Merchandise	Total	Raw Materials	Merchandise	Total
Slovak Republic	187 362	-	187 362	258 804	-	258 804
Total	**187 362**	**-**	**187 362**	**258 804**	**-**	**258 804**

Purchased promotional items, and materials for commercial packages are recorded as inventories in stock. The Company created no provisions for inventories during the reporting period.
The Company records no inventories under lien or with restricted handling by the Company.

5. Receivables

Information on the ageing structure of receivables as at 31 December 2019:

Item	**Within Maturity**	**Overdue**	**Total Receivables**
a	b	c	d
Non-current Receivables			
Trade receivables from group companies	-	-	-
Trade receivables within a participating interest except for receivables from group companies	-	-	-
Other trade receivables	1 184 086	-	1 184 086
Other receivables from group companies	947 269		947 269
Receivables from partners, members and participants in an association	-	-	-
Other receivables	86 266	-	86 266
Total Non-current Receivables	**2 217 621**	**-**	**2 217 621**
Current Receivables			
Trade receivables from group companies	14 596 124	7 877 579	22 473 703
Trade receivables within a participating interest except for receivables from group companies	-	-	-
Other trade receivables	17 136 875	1 232 960	18 369 835
Other receivables from group companies	-	-	-
Receivables from partners, members and participants in an association	-	-	-
Social insurance	-	-	-
Tax assets and subsidies	28 172	-	28 172
Receivables from derivative transactions	-	-	-
Other receivables	78 175	-	78 175
Total Current Receivables	**31 839 346**	**9 110 539**	**40 949 885**

The Company records advance payments made in a total amount of EUR 1 184 086 related to the lease of office premises and parking spaces as non-current receivables. These advance payments are made to the lessors as a deposit which totals several times the monthly rent. Unless the Company violates the contractual terms and conditions, the deposits will be used for the settlement of the last monthly rents when the lease terminates.

The Company also categorised borrowings provided to employees based on their residual maturity. In accordance with the contractual terms and conditions, the Company recognised borrowings with maturities exceeding 1 year in the total amount of EUR 86 266 as non-current receivables. The remaining portion of borrowings to employees represents current receivables based on their residual maturity.

The Company records other receivables from subsidiaries totalling EUR 947 269 as at 31 December 2019. Such receivables were recognised as current in 2018. Under new contractual terms and conditions, the receivables are recognised as non-current as at 31 December 2019.
The Company records trade receivables from group companies in the amount of EUR 22 473 703.

Information on the ageing structure of receivables as at 31 December 2018:

Item	Within Maturity	Overdue	Total Receivables
a	b	c	d
Non-current Receivables			
Trade receivables from group companies	-	-	-
Trade receivables within a participating interest except for receivables from group companies	-	-	-
Other trade receivables	849 452	-	849 452
Other receivables from group companies	-	-	-
Receivables from partners, members and participants in an association	-	-	-
Other receivables	96 266	-	96 266
Total Non-current Receivables	**945 718**	-	**945 718**
Current Receivables			
Trade receivables from group companies	8 869 480	9 018 276	17 887 756
Trade receivables within a participating interest except for receivables from group companies	-	-	-
Other trade receivables	17 761 738	5 649 550	23 411 288
Other receivables from group companies	3 093 459	-	3 093 459
Receivables from partners, members and participants in an association	-	-	-
Social insurance	-	-	-
Tax assets and subsidies	737 257	-	737 257
Receivables from derivative transactions	-	-	-
Other receivables	112 875	-	112 875
Total Current Receivables	**30 574 809**	**14 667 826**	**45 242 635**

Information on the development of provisions for receivables:

Receivables	**Opening Balance**	**Creation**	**Reversal Owing to the Cessation of Justifiability**	**Reversal Owing to the Derecognition of Assets**	**Closing Balance**
a	b	c	d	e	f
Trade receivables	1 061 283	43 115	32 778	291 286	780 334
Receivables from subsidiaries and the parent company	-	-	-	-	-
Other intercompany receivables	-	-	-	-	-
Receivables from partners, members and participants in an association	-	-	-	-	-
Other receivables	-	-	-	-	-
Total Receivables	**1 061 283**	**43 115**	**32 778**	**291 286**	**780 334**

In 2019, the Company created provisions for receivables for which it identified a risk of default. This primarily applies to receivables from Sakri IT Solutions Pvt Ltd India in the amount of EUR 37 797 and Initec Latvia OU in the amount of EUR 4 646, and receivables from other customers in the amount of EUR 672. Provisions were created according to the rules stipulated by the Income Tax Act.

The Company has written off for tax purposes and cancelled the remaining portion of the provision for receivables from ESS Distribution Pvt Ltd India in the amount of EUR 176 293 and from Protagon inteligencia in the amount of EUR 68 755. The Company has partially written off for tax purposes and cancelled the provision for receivables from Districomp and other customers in the amount of EUR 43 458 and EUR 2 780, respectively.

The Company reversed a provision for receivables from Sakri IT Solutions Pvt Ltd India totalling EUR 32 778 due to its payment.

The Company also analysed overdue receivables. The Company did not create any provisions for receivables paid after the reporting date. The Company did not create provisions for receivables from ESET Group companies.

The Company has no receivables secured by a lien or other form of security, nor does it have any receivables under lien or receivables with restricted handing on the part of the Company.

6. Deferred Tax Asset

The calculation of a deferred tax asset is shown in the table below:

Item	Current Reporting Period	Immediately-preceding Reporting Period
Temporary differences between the carrying amount of assets and the tax base:	**4 978 089**	**5 407 354**
Tax-deductible	4 978 089	5 407 354
Taxable	0	0
Temporary differences between the carrying amount of liabilities and the tax base:	**0**	**0**
Tax-deductible	0	0
Taxable	0	0
Possibility of carrying forward the tax loss	**0**	**0**
Possibility of transferring unclaimed tax deductions		
Income tax rate (in %)	**21**	**21**
Deferred tax asset	**1 045 399**	**1 135 544**
Claimed tax asset:		
Recognised as a decrease in costs	0	-257 234
Recognised in equity	0	0
Deferred tax liability	0	0
Change in the deferred tax liability:	**0**	**0**
Recognised as an expense	**90 146**	0
Recognised as an expense	90 146	0
Recognised in equity	0	0

7. Current Financial Assets

Information on current financial assets:

Item	Current Reporting Period	Immediately-preceding Reporting Period
Cash on hand, stamps and vouchers	26 333	35 079
Bank accounts – current	32 009 718	54 724 210
Bank accounts – term deposits	-	-
Cash in transit	-	-
Total	**32 036 051**	**54 759 289**

The Company may freely dispose of the funds in its bank accounts.

The Company does not own non-current financial assets in the form of equity or debt securities or in another form. The Company has no non-current financial assets under lien or with restricted handling on the part the Company. The current financial assets are valued at their face value. The Company created no provisions for current financial assets.

8. Deferred Expenses and Accrued Income

Information on significant items of deferred expenses and accrued income:

Item	Current Reporting Period	Immediately-preceding Reporting Period
Non-current deferred expenses, of which:	**367 570**	**632 260**
IT support	272 128	396 258
Warranty service	996	11 461
Certification expenses	0	493
Licences	91 349	223 622
Domains	195	387
Services	2 903	39
Current deferred expenses, of which:	**3 227 623**	**2 342 436**
Licences	1 607 808	919 849
Rent	44 252	42 262
IT support	693 475	461 534
Services	404 963	120 342
Membership fees	21 137	24 170
Certification expenses	719	1 560
Insurance	23 910	47 427
Warranty service	1 604	7 087
Conference fees	187 734	624 253
Air tickets	40 737	49 675
Domains	1 845	1 481
Other	199 441	42 796
Non-current accrued income, of which:	**0**	**0**
Current accrued income, of which:	**0**	**0**
Credit note	0	0

F. DATA DISCLOSED ON THE LIABILITIES SIDE OF THE BALANCE SHEET

1. Equity

Information on the distribution of the accounting profit for the 2018 calendar year:

Item	**Immediately-preceding Reporting Period**
Accounting Profit	**68 137 938**
Distribution of Accounting Profit	**Current Reporting Period**
Allotment to the legal reserve fund	-
Allotment to statutory and other funds	-
Allotment to the social fund	-
Allotment to increase the registered capital	-
Settlement of a loss from previous years	-
Transfer to retained earnings from previous years	34 137 938
Distribution of share in profit to partners	34 000 000
Other	-
TOTAL	**68 137 938**

2. Proposal for Distribution of Accounting Profit or Settlement of Loss for 2019

Profit after taxation for the reporting period ended 31 December 2019 was EUR 77 702 398. A proposal to distribute the profit to the partners based on their shares will be submitted to the Company's Management Board for approval.

3. Provisions for Liabilities

Information on the structure of provisions for liabilities as at 31 December 2019:

Item	**Current Reporting Period**				
	Opening Balance	**Creation**	**Use**	**Cancellation**	**Closing Balance**
a	b	c	d	e	f
Long-term Provisions for Liabilities	**761 632**	**923 395**	**761 632**	-	**923 395**
Short-term Provisions for Liabilities, of which:	**7 341 740**	**2 212 487**	**7 341 740**	-	**2 212 487**
Provision for unused vacation days	893 348	899 936	893 348	-	**899 936**
Provision for social security insurance related to unused vacation days	314 459	316 778	314 459	-	**316 778**
Provision for earn-out of an investment in UK	4 844 883	-	4 844 883	-	-
Provision for loyalty	68 652	93 069	68 652	-	**93 069**
Provision for audit	120 700	113 820	120 700	-	**113 820**
Provision for withholding tax	178 261	225 535	178 261	-	**225 535**
Provision for bonuses	20 250	345 622	20 250	-	**345 622**
Provision for other services	901 187	217 727	901 187		**217 727**

In 2019, the Company created a long-term provision for employee loyalty bonuses in the amount of EUR 923 395.

In 2019, the Company created a provision for unused vacation days and related insurance payments and contributions paid by the employer for its employees in the Slovak Republic in the amount of EUR 1 216 714 (2018: EUR 1 207 807). The increase in provisions was due to an increased number of employees (2019: 890, 2018: 855).

The Company also created a short-term provision for an employee loyalty bonus in the amount of EUR 93 069.

In 2019, the Company created a provision for withholding tax of EUR 225 535.

In addition to a provision for other services in the amount of EUR 217 727, as at 31 December 2019, the Company also created a provision for bonuses and related insurance payments and contributions paid by the employer in the amount of EUR 345 622.

Information on the structure of provisions for liabilities as at 31 December 2018:

Item	Immediately-preceding Reporting Period				
	Opening Balance	Creation	Use	Cancellation	Closing Balance
a	b	c	d	e	f
Long-term Provisions for Liabilities	**5 259 438**	**761 632**		**5 259 438**	**761 632**
Short-term Provisions for Liabilities, of which:	**3 479 520**	**7 341 741**	**3 479 521**	-	**7 341 740**
Provision for unused vacation days	733 368	893 349	733 369	-	**893 348**
Provision for social security insurance related to unused vacation days	258 145	314 459	258 145	-	**314 459**
Provision for earn-out of an investment in UK	1 885 167	4 844 883	1 885 167	-	**4 844 883**
Provision for loyalty	46 131	68 652	46 131	-	**68 652**
Provision for audit	130 132	120 700	130 132	-	**120 700**
Provision for withholding tax	223 025	178 261	223 025	-	**178 261**
Provision for a fine for not employing disabled persons	-	20 250	-	-	**20 250**
Provision for other services	203 552	901 187	203 552		**901 187**

4. Liabilities

Information on liabilities as at 31 December 2019:

The Company does not record any payables secured by a lien or other form of security.

Item	Liabilities with Residual Maturity of Over 5 Years	Liabilities with Residual Maturity of Between 1 and 5 Years	Total Liabilities
a	b	c	d
Non-current Liabilities			
Trade payables to group companies	-	-	-
Trade payables within a participating interest except for payables from group companies	-	-	-
Other trade payables	-	-	-
Other payables to group companies			
Payables to partners, members and participants in an association	-	-	-
Other liabilities	-	122 079	122 079
Total Non-current Liabilities	-	**122 079**	**122 079**
Item	**Liabilities with Residual Maturity of Up to 1 Year Inclusive**	**Overdue Liabilities**	**Total Liabilities**
Current Liabilities			
Trade payables to group companies	3 443 129	-	3 443 129
Trade payables within a participating interest except for payables from group companies	-	-	-
Other trade payables	2 961 934	69 411	3 031 345
Other payables to group companies			-
Payables to partners, members and participants in an association	1 772	-	1 772
Social security insurance and employees	3 675 992	-	3 675 992
Tax liabilities and subsidies	970 623	-	970 623
Payables from derivative transactions	-	-	-
Other liabilities	100 082	-	100 082
Total Current Liabilities	**11 153 532**	**69 411**	**11 222 943**

Information on liabilities as at 31 December 2018:

Item	Liabilities with Residual Maturity of Over 5 Years	Liabilities with Residual Maturity of Between 1 and 5 Years	Total Liabilities
a	b	c	d
Non-current Liabilities			
Trade payables to group companies	-	-	-
Trade payables within a participating interest except for receivables from group companies	-	-	-
Other trade payables	-	-	-
Other payables to group companies	-	-	-
Payables to partners, members and participants in an association	-	-	-
Other liabilities	-	84 324	84 324
Total Non-current Liabilities	**-**	**84 324**	**84 324**
Item	**Liabilities with Residual Maturity of Up to 1 Year Inclusive**	**Overdue Liabilities**	**Total Liabilities**
Current Liabilities			
Trade payables to group companies	2 920 724	370 191	3 290 915
Trade payables within a participating interest except for receivables from group companies	-	-	-
Other trade payables	2 745 214	6 764	2 751 978
Other payables to group companies			-
Payables to partners, members and participants in an association	1 891	-	1 891
Social security insurance and employees	3 356 282	-	3 352 282
Tax liabilities and subsidies	494 154	-	494 154
Payables from derivative transactions	-	-	-
Other liabilities	108 867	-	108 867
Total Current Liabilities	**9 627 132**	**376 955**	**10 004 087**

5. Social Fund

Information on social fund payables:

Item	Current Reporting Period	Immediately-preceding Period
Initial balance of the social fund	**84 324**	**45 116**
Creation of the social fund debited to costs	289 146	274 649
Creation of the social fund from profit	-	-
Other creations in the social fund	-	-
Total creation of the social fund	**289 146**	**274 649**
Drawing from the social fund	**251 391**	**235 441**
Closing Balance	**122 079**	**84 324**

In 2019, the Company created the social fund using the following resources:
- A monthly allotment in the amount of 1% of gross wages and salaries recognised for payment to employees for a calendar year; and

Drawing of the social fund in 2019:
- Contribution for employees' meals.

6. Bank Loans

The Company does not have any bank loans.

7. Accrued Expenses and Deferred Income

Item	Current Reporting Period	Immediately-preceding Reporting Period
Non-current accrued expenses, of which:	**-**	**217 620**
Rent for Aupark Tower until 2020	-	217 620
Current accrued expenses, of which:	**221 638**	**527 270**
Sales bonuses		
Rent for Aupark Tower until 2020	221 638	527 270
Non-current deferred income, of which:	**3 137**	**-**
24/7 support	3 137	-
Revenues from the sale of services – EMEA	-	-
Current deferred income, of which:	**139 748**	**31 914**
24/7 support	-	-
Revenues from the sale of services – EMEA	139 748	31 914

G. REVENUES

1. Revenues from the Sale of Services and Merchandise

Information on the structure of revenues from the sale of services and merchandise by geographical segment:

Country	NOD32 / ESS		Consulting Services**		Economic Software		Sale of Merchandise		Other		Total	
	Current Reporting Period	Immediately-preceding Reporting Period	Current Reporting Period	Immediately-preceding Reporting Period	Current Reporting Period	Immediately-preceding Reporting Period	Current Reporting Period	Immediately-preceding Reporting Period	Current Reporting Period	Immediately-preceding Reporting Period	Current Reporting Period	Immediately-preceding Reporting Period
a	b	c	d	e	f	g	j	k	l	m	n	o
Slovak Republic	17 821 868	16 102 043	261 851	272 758	-	-	1 263	3 526	8 565	8 737	**18 093 547**	**16 387 064**
Czech Republic	23 627 630	19 273 566	316 826	236 797	-	-	-	-	2 437	-	**23 946 893**	**19 510 363**
USA	132 132 064	122 353 798	46 956	216 987	-	-	-	-	1 625	-	**132 180 645**	**122 570 785**
EMEA*	195 280 694	182 582 508	336 893	31 700	-	-	-	-	812	-	**195 618 399**	**182 614 208**
LATAM	3 420 169	3 248 952	2 071	-	-	-	-	-	-	-	**3 422 240**	**3 248 952**
APAC	80 988 852	68 537 322	-	-	-	-	-	-	177 590	-	**81 166 442**	**68 537 322**
Germany***	38 898 178	36 426 376	23 677	34 306	-	-	-	-	-	-	**38 921 854**	**36 460 682**
Asia	29 291 954	26 193 747	21 546	4 280	-	-	-	-	9 029	-	**29 322 529**	**26 198 026**
Australia	3 953 669	9 955 533	50	52	-	-	-	-	-	-	**3 953 719**	**9 955 585**
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-	-
Total	**525 415 078**	**484 673 845**	**1 009 870**	**796 880**	-	-	**1 263**	**3 526**	**200 058**	**8 737**	**526 626 269**	**485 482 987**

Note:
*The EMEA region includes countries in Europe and South Africa.
**Revenues from consulting services are increased by revenues from security audits.
***Germany is included in the DACH region.

Revenues from the sale of services mainly include revenues from the granting of the right to use the antivirus software to third and related parties.

Revenues from the sale of services by parties to which services were provided in 2019 are presented in the table below:

Item	Current Reporting Period	Immediately-preceding Reporting Period
Revenues from the sale of services to third parties	279 716 297	257 286 200
Revenues from the sale of services to related parties	246 908 708	228 193 261
Total	**526 625 005**	**485 479 461**

2. Changes in Inventories Developed Internally

The Company does not develop inventories internally.

3. Capitalisation of Costs

The Company did not perform any capitalisation of costs in 2019 and in previous years.

4. Other Operating Revenues, Revenues from Financing Activities and Revenues of Extraordinary Scope or Occurrence

Item	Current Reporting Period	Immediately-preceding Reporting Period
Other material items of operating revenues, of which:	**3 738 095**	**2 103 984**
Revenues from reinvoicing of expenses	3 299 461	1 970 285
Expected refund of foreign VAT – 2019	32 963	33 535
Proceeds from the sale of non-current TA and IA	55 560	36 744
Insurance benefits	17 840	21 566
Fines and penalties	-	8 997
Write-off of statute-barred liabilities	-	-
Other operating revenues	332 271	32 857
Revenues from financing activities, of which:	**6 642 015**	**4 382 182**
Foreign exchange gains, of which:	*4 121 994*	*2 784 611*
Foreign exchange gains as at the reporting date	2 719 710	730 783
Other material items of revenues from financing activities, of which:	*2 520 021*	*1 597 571*
Interest on intercompany loans	18 075	17 686
Interest on bank accounts	730 443	292 587
Dividends from Eset Software, spol. s r.o.	314 831	301 369
Dividends from Eset Latam	20 447	72 952
Dividends from Eset Polska	703 070	881 353
Dividends from Eset Romania	-	31 624
Dividends from Research CZ	559 857	-
Dividends from Canada Inc.	173 298	-
Extraordinary revenues, of which:	-	-

5. Net Turnover

Item	Current Reporting Period	Immediately-preceding Reporting Period
Revenues from own products		
Revenues from the sale of services	526 625 006	485 479 461
Revenues from merchandise	1 263	3 526
Revenues from construction contracts	-	-
Revenues from real estate for sale	-	-
Other revenues related to ordinary activities	-	-
Total Net Turnover	**526 626 269**	**485 482 987**

The Company's net turnover in the period from 2015 to 2019 is based on an amendment to Act No. 333/2014 Coll. on Accounting, and is in line with Income Statement line 01.

H. EXPENSES

1. Costs of Services Provided and Material Items of Other Expenses

Item	Current Reporting Period	Immediately-preceding Reporting Period
Costs of services provided, of which:	**382 092 972**	**355 721 724**
Cost of the audit firm, of which:	*183 500*	*192 700*
Costs of auditing separate financial statements	49 450	58 650
Other assurance audit services	134 050	134 050
Related audit services	-	-
Tax advisory services	-	-
Other non-audit services	-	-
Other material items of costs of provided services, of which:	*381 909 472*	*355 529 024*
Costs of distributors' activities	333 724 743	312 174 534
Costs of advertising and marketing communication	8 697 214	9 247 865
Costs of rent	3 433 554	3 132 985
Costs of Internet and data services	303 497	313 990
Contractors' services	23 986 983	19 716 027
Translations of localisation texts	488 835	615 043
Entertainment expenses	889 212	781 807
Software services	972 054	1 151 193
Travel expenses	1 138 500	1 257 223
Purchase of low-value software, low-value non-current IA, licences, domains	1 835 399	1 554 852
Economic, legal and other advisory services	1 350 102	1 282 240
IT services	3 133 729	2 440 949
Other services	1 955 651	1 860 316
Other material items of operating expenses, of which:	**54 647 269**	**47 727 077**
Depreciation/amortisation charges for non-current TA and non-current IA	4 049 045	2 742 299
Taxes and fees	162 047	95 900
Other expenses	3 740 152	2 167 160
Total personnel expenses:	**46 696 025**	**42 721 718**
Wages and salaries	32 879 977	30 078 533
Other expenses for dependent activities	28 800	28 800
Social insurance	8 093 374	7 444 960
Health insurance	3 636 154	3 344 837
Social security	2 057 720	1 824 588
Finance costs, of which:	**1 720 852**	**1 479 819**
Foreign exchange losses, of which:	*1 684 200*	*1 445 010*
Foreign exchange losses as at the reporting date	1 505	804 888
Other material items of finance costs, of which:	*36 652*	*34 809*
Bank charges	36 652	34 809
Other costs	-	-
Expenses of extraordinary scope or occurrence, of which:	-	-

I. INCOME TAX

The reconciliation of accounting profit/loss and the income tax base is presented in the table below:

Item	Current Reporting Period			Immediately-preceding Reporting Period		
	Tax Base	Tax	Tax in %	Tax Base	Tax	Tax in %
Profit/loss prior to taxation, of which:	96 940 291	X	x	85 480 109	X	x
Theoretical tax	x	20 357 461	21	x	17 950 823	21
Tax non-deductible expenses	5 593 287	1 174 590	21	5 324 779	1 118 204	21
Revenues exempt from taxation	-5 789 701	-1 215 837	21	-3 675 779	-771 914	21
Effect of unrecognised deferred income tax	x	x	X	x	x	X
Tax loss carried forward	x	x	X	-99 291	-20 851	X
Change in the tax rate						
Other	-5 134 862	-1 078 466	**21**	-4 448 056	-934 092	**21**
Total	91 609 014	19 237 893	21	82 581 762	17 342 170	21
Current income tax	**x**	**19 147 747**	**x**	**x**	**17 599 404**	**x**
Deferred income tax	**x**	**90 146**	**x**	**x**	**-257 234**	**x**
Total Income Tax	**x**	**19 237 893**	**21**	**x**	**17 342 170**	**21**

J. OFF-BALANCE SHEET ACCOUNTS

The Company does not lease any other assets (leasing, other type of lease) to or from any entities. The Company leases paved areas for motor vehicle parking located at the former hospital area of Nemocnica svätého Michala, Cesta na Červený most 1, Bratislava. The lease agreement is concluded for an indefinite period with effect from 1 October 2019.

K. OTHER ASSETS AND OTHER LIABILITIES

Corporate social responsibility is a priority for the Company and it considers corporate philanthropy to be a significant part of its corporate culture. In 2011, the Company established Nadácia (Foundation) to support and promote publicly-beneficial activities, primarily the development of education, science, training, physical education and sports, the development and protection of spiritual and cultural values and other activities. In 2019, Nadácia provided contributions to individuals and legal entities in an amount exceeding EUR 384 000.

1. Contingent Liabilities and Contingent Assets

Tax returns remain open and may be subject to review over a five-year period. The fact that a certain period or tax return related to this period has been subject to review does not eliminate the possibility of this period being subject to a further review during the five-year period. Accordingly, as at 31 December 2019, the Company's tax returns for 2015 to 2019 remain open and may be subject to review.

The Company leases office and operation premises under an operating lease. In several contracts, the Company has an option of one-off termination of the contract by the lessee, or is entitled to terminate a lease contract for any reason or for convenience within a specified notice period. Upon termination of the contracts, the Company is also required to remove any modifications made and remedy any damage. Compensations and contractual penalties arising from such provisions of the contracts have no significant effect on the financial statements.

2. Other Financial Obligations

The Company has no other financial obligations recorded in the bookkeeping that must be disclosed in the balance sheet.

3. Litigation

FINJAN Inc.

The Company and its subsidiaries are currently a party to four litigations with FINJAN.

a. In a litigation in which Eset, spol. s r.o. and its subsidiary, Eset LLC are the defendant, FINJAN Inc. took legal action against both companies for alleged breach of six patents registered in the US by FINJAN Inc.
b. A litigation in which ESET, spol. s r.o. and ESET LLC seek the invalidation of a '305 patent registered in the US by FINJAN Inc.
c. In a litigation in which Eset, spol. s r.o. and its subsidiary, Eset Deutschland GmbH, are the defendant, FINJAN Inc. took legal action against both companies due to an alleged breach of a patent registered by FINJAN Inc.
d. A litigation before a court in Munich between FINJAN Inc. as the defendant and ESET spol. s r.o. as the plaintiff regarding the invalidity of a patent, with regard to which FINJAN Inc. took legal action before the Court in Dusseldorf against ESET, spol. s r.o. and ESET Deutschland GmbH. In November 2018, the first-instance court decided that the patent of FINJAN Inc. is invalid. An appeal from FINJAN Inc. may be expected.

The outcome of litigations in Germany is mutually-dependent. The litigation on patent infringement is currently stayed until a ruling in the dispute concerning patent invalidity is issued. As the first-instance court decided in favour of the Company, the current situation is very favourable. It is currently uncertain as to when the litigations will be completed. The hearing regarding the US dispute was held in March 2020, but had to be cancelled early due to the Coronavirus outbreak. As the relevant courts are currently closed, it is uncertain when and if the hearing will take place.
As none of these litigations meets the conditions for creation of a provision according to Article 19 of the Accounting Procedures, the Company recorded no provision for potential losses as at 31 December 2019.

Enigma Software Group USA LLC

The Company, and/or its subsidiaries, were a party to the following litigation with Enigma Software Group USA LLC in 2019.

Against ESET Deutschland GmbH regarding PUA – potentially unwanted application (detection of RegHunter). In 2018, the court declined to issue an interim measure in favour of Enigma. In the written decision delivered in 2019, the court ruled in favour of ESET, spol. s r.o. Enigma did not appeal and the litigation is complete. Therefore, the Company recorded no provision for potential losses as at 31 December 2019.

NSS Labs

In September 2018 in the USA, NSS Labs took legal steps against the subsidiary ESET LLC and other companies, including the AMTSO association, as regards an agreement for software testing. AMTSO is an association of antivirus and testing companies, which seeks to agree on common standards. All parties to the litigation are members of AMTSO. In 2019, NSS Labs dropped the charges; thus, the litigation ended.

As this litigation ended, the Company recorded no provision for potential losses as at 31 December 2019.

L. INCOME AND BENEFITS OF THE MEMBERS OF THE STATUTORY BODIES

Type of Income, Benefit	Amount of Income, Benefits of Current Members of			Amount of Income, Benefits of Former Members of		
	b			c		
	Statutory Bodies	Supervisory Bodies	Other Bodies	Statutory Bodies	Supervisory Bodies	Other Bodies
	Part 1 – Current Reporting Period			Part 1 – Current Reporting Period		
a	Part 2 – Immediately-preceding Reporting Period			Part 2 – Immediately-preceding Reporting Period		
Monetary income	28 800	x	x	x	x	x
	28 800	x	x	x	x	x
In-kind income	3 730	x	x	x	x	x
	3 730	x	x	x	x	x
Monetary advance payments	x	x	x	x	x	x
	x	x	x	x	x	x
In-kind advance payments	x	x	x	x	x	x
	x	x	x	x	x	x
Loans provided	x	x	x	x	x	x
	x	x	x	x	x	x
Guarantees issued	x	x	x	x	x	x
	x	x	x	x	x	x
Other	x	x	x	x	x	x
	x	x	x	x	x	x

The Company only pays income to the members of the statutory bodies for activities performed for the Company during the reporting period. In-kind income includes luncheon vouchers, the number of which corresponds to the number of working days in the relevant calendar year.

M. ECONOMIC RELATIONS OF THE COMPANY WITH RELATED PARTIES

In the reporting period, the Company did not perform any related-party transactions (except for transactions with subsidiaries):

The Company carried out transactions with its subsidiaries during the reporting period, which are listed in the table on the following page:

Comments:

Transaction Type Code:	1	Purchase of merchandise and services
	2	Sale of merchandise
	3	Provision of services
	5	Purchase/sale of licences
	8	Borrowings
	11	Dividends paid

The Company performed the following transactions with its subsidiaries during the reporting period:

Subsidiary	Transaction Type Code	Transaction Value	
		Current Reporting Period	Immediately-preceding Reporting Period
a	b	c	d
Eset software spol. s r.o.	3	342 637	245 356
Eset software spol. s r.o. – sale of licences	5	11 773 201	9 615 093
Eset software spol. s r.o.	11	314 831	301 369
Eset software spol. s r.o.	1	-	1 210
Eset software spol. s r.o.	2	443	325
ESET Research	3	50 137	44 902
ESET Research	2	597	245
ESET Research	1	5 973 961	5 221 582
ESET Research - sale of licences	5	81 979	79 648
ESET Research	11	559 857	-
ESET, LLC.	3	260 101	488 655
ESET, LLC.	1	4 603 300	6 076 350
ESET, LLC. – sale of licences	5	33 110 900	28 085 938
ESET, LLC.	2	1 069	1 125
ESET ASIA PTE. LTD.	1	3 947 278	3 516 682
ESET ASIA PTE. LTD.	3	35 050	3 938
ESET ASIA PTE. LTD. – sale of licences	5	9 906 495	8 506 881
ESET Canada Inc.	3	22 621	1 397
ESET Canada Inc.	1	0	26 266
ESET Canada Inc. – sale of licences	5	4 434 744	3 183 287
ESET CANADA Recherche Inc.	1	1 129 258	1 092 096
ESET CANADA Recherche Inc.	2	108	
ESET CANADA Recherche Inc	3	8 495	4 000
ESET CANADA Recherche Inc. – sale of licences	5	30 931	25 095
ESET CANADA Recherche Inc. – interest on borrowing	8	-	3 774
ESET DO BRASIL MARKETING LTDA	1	1 070 785	785 680
ESET DO BRASIL MARKETING LTDA	11	-	72 932
ESET Polska sp. z o.o.	1	5 455 903	5 246 470
ESET Polska sp. z o.o.	2	368	12 254
ESET Polska sp. z o.o.	3	27 380	33 584
ESET Polska sp. z o.o. - sale of licences	5	114 343	92 865
ESET Polska sp. z o.o.	11	703 070	881 354
ESET Deutschland GmbH	3	1 390 894	42 073
ESET Deutschland GmbH	2	558	533
ESET Deutschland GmbH - sale of licences	5	10 329 031	10 563 487
ESET Deutschland GmbH	1	1 000	197 051
ESET Software Australia Pty Ltd	3	12 057	15 467
ESET Software Australia Pty Ltd - sale of licences	5	82 038	1 009 208
ESET Software Australia Pty Ltd	1	0	887
ESET LATAM	2	565	326
ESET LATAM	5	32 933	14 800
ESET LATAM	3	792	-
ESET LATAM	11	20 447	-
Eset Research UK Limited (DESlock)	3	6 415	14 556
Eset Research UK Limited (DESlock) – purchase of licences	5	22 181	2 225 213
Eset Research UK Limited (DESlock) – interest on borrowing	8	-	5 899
Eset Research UK Limited (DESlock)	2	19	279
Eset Research UK Limited (DESlock)	1	1 246 158	
ESET Romania	1	728 705	567 876
ESET Romania	2	41	70
ESET Romania	3	23 082	24 149
ESET Romania	5	7 281	6 665
ESET Romania	11	-	31 624
ESET Software UK (QNH)	2	-	312
ESET Software UK (QNH)	3	139 298	6 417
ESET Software UK (QNH) – sale of licences	5	8 505 368	8 198 455

ESET Japan Inc.	1	2 381 538	1 278 166
ESET Japan Inc.	3	19 045	3 091
ESET Japan Inc.	5	4 084	1 154
ESET Japan Inc. – interest on borrowing	8	16 180	7 482
ESET Japan Inc. – borrowing provided	8	500 259	484 717
Eset Italia	1	410 423	-
Eset Italia	5	359 476	-
Eset Italia - interest on borrowing	8	256	-
Eset Italia - borrowing	8	130 000	-
Eset Mexico	3	1 215	-
Eset Mexico	5	13 452	-
Eset Mexico - interest on borrowing	8	640	-
Eset Mexico - borrowing	8	200 282	-

N. EVENTS THAT OCCURRED BETWEEN THE REPORTING DATE AND THE DATE ON WHICH THE FINANCIAL STATEMENTS WERE AUTHORISED FOR ISSUE

From 31 December 2019 up to the preparation date of the financial statements, there were no such events that would have a significant impact on the Company's assets and liabilities.

At the end of 2019, information on the coronavirus (COVID-19) in China was published for the first time. In early 2020, the virus spread globally and had a significant negative impact.

ESET, spol. s r.o. immediately took preventive measures to provide fully-fledged services while protecting the health of its employees and customers. In early March 2020, international business travel was suspended with immediate effect, preventive hygienic measures supported by online training courses were implemented and home office was activated first on a voluntary basis and later on a mandatory basis for most employees of our branches worldwide. All work activities that did not require the physical presence of employee were transferred to the home office regime.

The Company has a Pandemic Flu Business Continuity Plan in place, which is regularly updated. In line with the plan, the Company is able to continue to provide its services during a long-term crisis, while taking into consideration the decisions and regulations of the competent public authorities.

At the time of the publication of these financial statements, Company management not registered a significant drop in sales. As the situation is constantly changing, it is not possible to predict future impacts.

Company management will continue monitoring the potential impact and will take all possible steps to avert any negative impacts on the Company and its employees.

The Company will recognise any negative impacts and/or future foreign exchange losses in its accounting books and financial statements for 2020. Potential losses do not have an impact on the financial statements as at 31 December 2019.

O. CHANGES IN EQUITY

On 23 May 2019, the Management Board of ESET, spol. s r.o. decided to approve the profit of EUR 68 137 938 for the current reporting period. It also approved the distribution of an undistributed portion of the 2018 profit. The Management Board decided to pay dividends to the shareholders in the amount of EUR 34 000 000 and to transfer the remaining portion of an undistributed 2018 profit of EUR 34 137 938 to Retained earnings from previous years.

On 7 March 2019, the Management Board elected to pay dividends to employees without an interest in the registered capital from the undistributed portion of the 2016 profit in the amount of EUR 439 420. Under Resolution No. 3/2019 of 5 December 2019, the shareholders also approved the distribution of the undistributed portion of the 2017 profit. Outside the General Meeting, the shareholders also elected to pay dividends to the shareholders in the amount of EUR 60 000 000.

During 2019, the Company identified material errors in the separate financial statements as at 31 December 2018 and the separate financial statements as at 31 December 2017.

The overall effect of the errors on the profit/loss after taxation in the Company's separate financial statements as at 31 December 2018 would be a decrease by EUR 492 thousand. As a result of the identified errors, the Company made corrections to the errors of previous reporting periods through equity in Retained earnings of previous years in line with Slovak accounting legislation. The overall effect of the error in the income statement on expenses in line *Services (account group 51)* would be a decrease by EUR 3 761 thousand and on revenues in line *Revenues from the sale of services (602, 606)* it would be a decrease by EUR 4 384 thousand. Due to these adjustments, the income tax would decrease by EUR 131 thousand.

The overall effect of the errors on the profit/loss after taxation in the Company's separate financial statements as at 31 December 2017 would be a decrease by EUR 183 thousand. As a result of the identified errors, the Company made corrections to the errors of previous reporting periods through equity in Retained earnings of previous years in line with Slovak accounting legislation. The overall effect of the error in the income statement on expenses in line *Services (account group 51)* would be a decrease by EUR 1 529 thousand and on revenues in line *Revenues from the sale of services (602, 606)* it would be a decrease by EUR 1 761 thousand. Due to these adjustments, the income tax would decrease by EUR 49 thousand.

Equity will be adjusted for the decrease in income tax after filing amended tax returns for 2017 and 2018.

Equity Item	Current Reporting Period				
	Opening Balance	**Additions**	**Disposals**	**Transfers**	**Opening Balance**
a	b	c	d	e	f
Registered capital	140 000	-	-	-	**140 000**
Treasury shares and treasury stock	-	-	-	-	-
Change in the registered capital	-	-	-	-	-
Amounts receivable for subscribed capital	-	-	-	-	-
Share premium	-	-	-	-	-
Other capital funds	-	-	-	-	-
Legal reserve fund (non-distributable fund) from capital contributions	-	-	-	-	-
Revaluation reserve from the revaluation of assets and liabilities	-	-	-	-	-
Revaluation reserve from capital contributions	-	-	-	-	-
Revaluation reserve from fusions, mergers and separations	-	-	-	-	-
Legal reserve fund	14 000	-	-	-	**14 000**
Non-distributable fund	-	-	-	-	-
Statutory funds and other funds	4 095 418		-	-	4 095 418
Retained earnings of previous years	67 311 271	-	-854 712	-26 301 482	40 155 077
Accumulated loss from previous years	-	-	-	-	-
Profit/loss for the current reporting period	68 137 938	77 702 398		-68 137 938	77 702 398
Paid dividends	-	-	-94 439 420	94 439 420	-
Other equity items	-	-	-	-	-
Account 491 – Sole proprietor's equity	-	-	-	-	-
Total	**139 698 627**	**77 702 398**	**-95 294 132**	-	**-122 106 893**

In 2018, there were changes in equity due to the distribution of a profit of EUR 65 506 503 for the current reporting period. The amount of EUR 65 506 503 was transferred to Retained earnings of previous years. Based on a decision of the Company's Management Board dated 21 June 2018, the distribution of profit after taxation and the distribution of the undistributed portion of the 2016 profit were approved. The Management Board elected to pay dividends to the shareholders in the amount of EUR 32 750 000.

Equity Item	**Immediately-preceding Reporting Period**				
	Opening Balance	**Additions**	**Disposals**	**Transfers**	**Opening Balance**
a	b	c	d	e	f
Registered capital	140 000	-	-	-	**140 000**
Treasury shares and treasury stock	-	-	-	-	-
Change in the registered capital	-	-	-	-	-
Amounts receivable for subscribed capital	-	-	-	-	-
Share premium	-	-	-	-	-
Other capital funds	-	-	-	-	-
Legal reserve fund (non-distributable fund) from capital contributions	-	-	-	-	-
Revaluation reserve from the revaluation of assets and liabilities	-	-	-	-	-
Revaluation reserve from capital contributions	-	-	-	-	-
Revaluation reserve from fusions, mergers and separations	-	-	-	-	-
Legal reserve fund	14 000	-	-	-	**14 000**
Non-distributable fund	-	-	-	-	-
Statutory funds and other funds	4 095 418	-	-	-	**4 095 418**
Retained earnings of previous years	34 554 768	-	-	32 756 503	**67 311 271**
Accumulated loss from previous years	-	-	-	-	-
Profit/loss for the current reporting period	65 506 503	68 137 938	-	-65 506 503	**68 137 938**
Paid dividends	-	-	- 32 750 000	32 750 000	-
Other equity items	-	-	-	-	-
Account 491 – Sole proprietor's equity	-	-	-	-	-
Total	**104 310 689**	**68 137 938**	**-32 750 000**	-	**139 698 627**

P. CASH FLOW STATEMENT AS AT 31 DECEMBER 2019 – CASH FLOW

The cash flow statement is included in Table 1 in the Appendix.

Cash is defined as cash on hand, equivalents of cash equivalents, cash in current bank accounts, overdraft facilities, and part of the balance of the cash-in-transit.

Cash equivalents are defined as current financial assets that are readily convertible at an amount of cash known in advance for which there is no risk of a significant change in their value in the next three months from the reporting date.

The Company used the indirect method of presenting cash flows from operations.

Table 1 - Cash Flow Statement

Item	Description	Actual amount in EUR	
		Current Reporting Period	Previous Reporting Period
Cash flows from operating activities			
Z/S	**Profit/loss from ordinary activities before income tax (+/-)**	**96 940 291**	**85 480 107**
A.1.	**Non-cash transactions affecting profit/loss from ordinary activities before income tax (+/-)**	**(6 405 355)**	**(2 752 164)**
	Amortisation and depreciation of non-current intangible and tangible assets (+)	4 049 045	2 742 299
	Change in provisions for liabilities (+/-)	(4 937 379)	(1 390 009)
	Change in provisions for assets (+/-)	10 337	37 746
	Change in expense and revenues accruals (+/-)	(982 361)	(1 020 359)
	Dividends and other profit sharing charged to revenues (-)	(1 771 503)	(1 287 299)
	Interest charged to income (-)	(173 174)	(299 017)
	Foreign exchange gain/loss quantified to cash and cash equivalents as at the reporting date (-/+)	(1 575 078)	(1 016 322)
	Profit/loss on sales of non-current assets except for those assets considered as cash equivalents (+/-)	(55 560)	(34 885)
	Other non-cash items (+/-)	(969 682)	(484 318)
A.2.	**Effect of changes in working capital on profit/loss from ordinary activities**	**112 438**	**(3 605 856)**
	Change in receivables from operations (-/+)	(652 285)	(4 994 460)
	Change in payables from operations (+/-)	693 281	1 355 893
	Change in inventories (-/+)	71 442	32 711
	Cash flow from operating activities, except for income and expenditures listed separately in other sections of the cash flow statement (+/-), (total Z/S+A.1.+A.2.)	**90 647 374**	**79 122 087**
	Interest received (+)	155 102	292 587
	Income tax paid (-/+)	(18 003 763)	(16 152 213)
A.	**Net cash flow from operating activities**	**72 798 713**	**63 262 460**
Cash flow from investing activities			
	Expenditures for acquisition of non-current intangible assets (-)	(1 188 055)	-
	Expenditures for acquisition of non-current tangible assets (-)	(2 854 328)	(4 860 516)
	Expenditures for acquisition of long-term securities and shares in other entities except for securities considered cash equivalents and securities available for sale or trading securities (-)	(100 000)	88
	Income on sale of non-current intangible assets (+)	55 560	36 745
	Expenditures for non-current borrowings provided by the Company to another entity that is a member of the consolidation group (-)	(353 810)	(263 376)
	Income on repayment of non-current borrowings provided by the Company to another entity that is a member of the consolidation	-	190 361
	Interest received (+)	18 072	6 431
	Dividends and other profit sharing received (+)	1 771 503	1 287 299
B.	**Net cash flow from investing activities**	**(2 651 058)**	**(3 602 968)**
Cash flows from financing activities			
C.1.	**Cash flows in equity**	-	-
C.2.	**Cash flows arising on non-current and current payables from financing activities**	**(6 556)**	**(17 754)**
	Repayment of loans (-)	(6 437)	(17 757)
	Income on borrowings received (+)	-	3
	Repayment of borrowings (-)	(119)	-
	Dividends and other profit sharing paid (-)	(94 439 420)	(32 750 000)
C.	**Net cash flows from financing activities**	**(94 445 972)**	**(32 767 754)**
D.	**Net increase or net decrease in cash and cash equivalents (+/-) (aggregate A+B+C)**	**(24 298 315)**	**26 891 740**
E.	Cash and cash equivalents at the beginning of the reporting period	54 759 288	26 851 228
F.	Cash and cash equivalents at the end of the reporting period prior to reflecting foreign exchange gains/losses quantified as at the reporting date (+/-)	30 460 971	53 742 966
G.	Foreign exchange gains/losses quantified to cash and cash equivalents as at the reporting date (+/-)	1 575 076	1 016 320
H.	**Cash and cash equivalents at the end of the reporting period adjusted for foreign exchange gains/losses quantified as at the reporting date (+/-) (total of D + E + G)**	**32 036 049**	**54 759 288**