ESET, spol. s r.o.

2021 CONSOLIDATED ANNUAL REPORT

Deloitte.

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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 2021 presented in annex 2 to the accompanying consolidated annual report of the Company, on which we issued an independent auditor's report on 12 April 2022 that forms part of annex 2 to 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 2021 presented in annex 1 to the accompanying consolidated annual report of the Company, on which we issued an independent auditor's report on 26 April 2022 that forms part of annex 1 to 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 2021 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, 21 September 2022

Ing. Peter Longauer, FCCA
Responsible Auditor
Licence UDVA No. 1136

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

This is a translation of the original supplement to the auditor's report issued in the Slovak language to the accompanying annual report translated into the English language.

Dear friends,

Even in 2021, the coronavirus pandemic remained the number one topic. However, unlike the year before, people started focusing on its long-term impact and adjusting to the so-called "new normal". As a company, we focused on helping our employees overcome the pandemic with the least possible negative impact on their physical and mental health. Throughout 2021, we gave employees the opportunity to work from home as much as they wanted, and our regular Health Week event was adapted to focus on the impact of the pandemic on the health of our employees. We provided all our employees with access to free consultations with psychologists, and we reimbursed PCR tests for employees who needed to come to work.

From the perspective of the global economic situation, 2021 was more stable than the year before. Even though many countries had to reimplement anti-pandemic measures of varying strictness, companies were more prepared and markets responded to them better than at the start of the pandemic. Because of this, we managed to avoid last year's quarterly swings in revenue that we experienced in some markets. This is one of the reasons why the ESET Group's consolidated revenue saw a year-on-year increase of 4 % to €548 million.

In 2021, we continued recruiting people and by the end of the year our global number of employees came close to two thousand. We managed to make progress in regard to our planned priorities and innovations. For business customers, we added new functionality to our flagship ESET PROTECT Cloud ecosystem. We prepared a cloud version of our EDR (Endpoint Detection and Response) solution ESET Inspect. We brought the option to also manage iOS devices, thus completing our support of all important platforms. We also significantly improved our ESET LiveGuard technology, which serves as extra protection against targeted attacks. We also focused on improvements in our server protection product line, which was renamed to ESET Server Security. We managed to expand ESET Endpoint Encryption with a new supported platform, namely macOS. In October, we released new versions of our products for home users with Windows OS, specifically ESET Internet Security, ESET NOD32 Antivirus, and ESET Smart Security Premium. Together with these products, we introduced the ESET HOME platform, which replaces the original myESET customer portal. We also released new ESET HOME mobile apps for Android and iOS, which are used for home device security management. We also introduced a new version of ESET Mobile Security for Android.

Even last year, our researchers came up with important findings about complex security threats. At the very beginning of the year, our researchers helped discover a vulnerability of the Microsoft Exchange servers, which came as a shock to the global IT community. In their follow-up research, our colleagues discovered a group of 10 undocumented malware families, which are implemented as malicious extensions for the Internet Information Services (IIS) web server software. These primarily spread by abusing Microsoft Exchange email servers. Our researchers were also among the first to inform about the critical vulnerability Log4Shell, and they provided recommendations on how to fix it. They also helped uncover cyberattacks that abused spyware developed by Candiru, and they discovered another UEFI threat, which they named ESPectre.

In 2021, we organized the third edition of the ESET Science Award for outstanding scientists. What made this edition special was our guest – world-renowned physicist, Nobel prize laureate, and co-producer of the Hollywood movie "Interstellar", Professor Kip Thorne. On this occasion, we also organized Global Science Week in Slovakia. This series of science lectures and discussions also included the science event of the year – a discussion between Professor Kip Thorne and world-renowned astrophysicist Brian Cox. At a very special fundraising dinner with Professor Thorne Slovak entrepreneurs donated €220,000 to provide support to two exceptional Slovak scientists applying for ERC grants. Global Science Week concluded with the ESET Science Award Gala event, which was attended by prestigious personalities from the world of science, as well as Slovak President Zuzana Čaputová and Slovak Prime Minister Eduard Heger.

In November, after several years of preparations, we presented the future form of ESET Campus, our new headquarters. Even for this occasion, we managed to invite a prestigious guest to Slovakia. ESET Campus was presented to the media by world-renowned architect, founder, and director of the prestigious architectural studio BIG, Bjarke Ingels. His team is the one we have tasked with taking our ideas about our future headquarters and turning them into reality.

In the past year, we also finished preparing a change in ESET's global brand proposition, which will be accompanied by a global marketing campaign. Our new brand proposition (Progress. Protected.) was presented on individual markets in early 2022. Our excitement about this change, which we had been preparing for several years, turned into shock after Russian troops invaded Ukraine, an event that shook the entire world. In response to the war, we decided to stop sales of all of ESET's products in Russia and Belarus, withdrawing from these markets. We also gave our Ukrainian business customers the option to upgrade their security solutions to the top tiers, and we also extended licenses for home and business customers that were about to expire. Our researchers helped uncover a whole series of complex cyber threats targeting Ukrainian critical infrastructure. In addition to all this, we also contributed to humanitarian aid. The ESET Foundation created a fund for helping Ukrainian citizens, where it has so far allocated €700,000. Many of our employees in several countries have participated in volunteering activities to help people fleeing the war.

2021 was supposed to be the year when the world would slowly start to recover to its pre-pandemic state. While these expectations were partially fulfilled, the coronavirus is still here with us. Moreover, by the end of the year, we could already see the first indications of threats in the form of economic problems caused by growing inflation rates and an impending war conflict directly in Europe. Making predictions is difficult, especially in regard to the future. However, as a representative of ESET I can proclaim that in every situation we will do our best to mitigate the effects of global crises on our employees, partners, and customers, and we will focus on fulfilling our mission – creating a positive digital future and protecting progress.

Richard Marko
Chief Executive Officer

CONTENTS

1. ESET GROUP PROFILE

Revenues
€548 million

+4 %

Operating result (EBIT)
€86 million

-7 %

Net cash flows from operating activities
€98 million

+10 %

Number of employees

1 930

Number of users

Over
110 mil.

ESET achieving a company's valuation of several billion euros is the result of three key factors: the application of science, which has led to the implementation of visionary technological leaps; a global network of enthusiastic and loyal partners; and luck. Out of these three ingredients, luck is the most important one. Having the luck to form a team of skilled and dedicated people who share a common dream is what turned this miracle into reality.

Anton Zajac
ESET Co-Owner

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

1.1. COMPANY CHARACTERISTICS

ESET is a global leader in the field of digital security and the largest supplier of security solutions in the European Union. It is also the biggest and most reputable IT company in Slovakia.

Its beginnings came in 1987, when Miroslav Trnka and Peter Paško discovered one of the first computer viruses in the world and they decided to write a program that could detect it. This resulted in the very first version of the legendary NOD Antivirus. ESET, spol. s r.o., was founded in 1992 by Miroslav Trnka, Peter Paško, and Rudolf Hrubý, who are still the company's co-owners. They were later joined by Richard Marko, Maroš Grund, and Anton Zajac. The company has been headquartered in Bratislava ever since it was first established.

Since the early 1990s, the company has experienced dramatic growth and expansion to foreign markets, while also establishing a network of exclusive partners, distributors, and its own subsidiaries. Thanks to this network, ESET currently operates in more than 200 countries and territories. Globally, the company employs nearly 2,000 people, spread across 24 offices in 16 countries, out of which 13 are research and development centers.

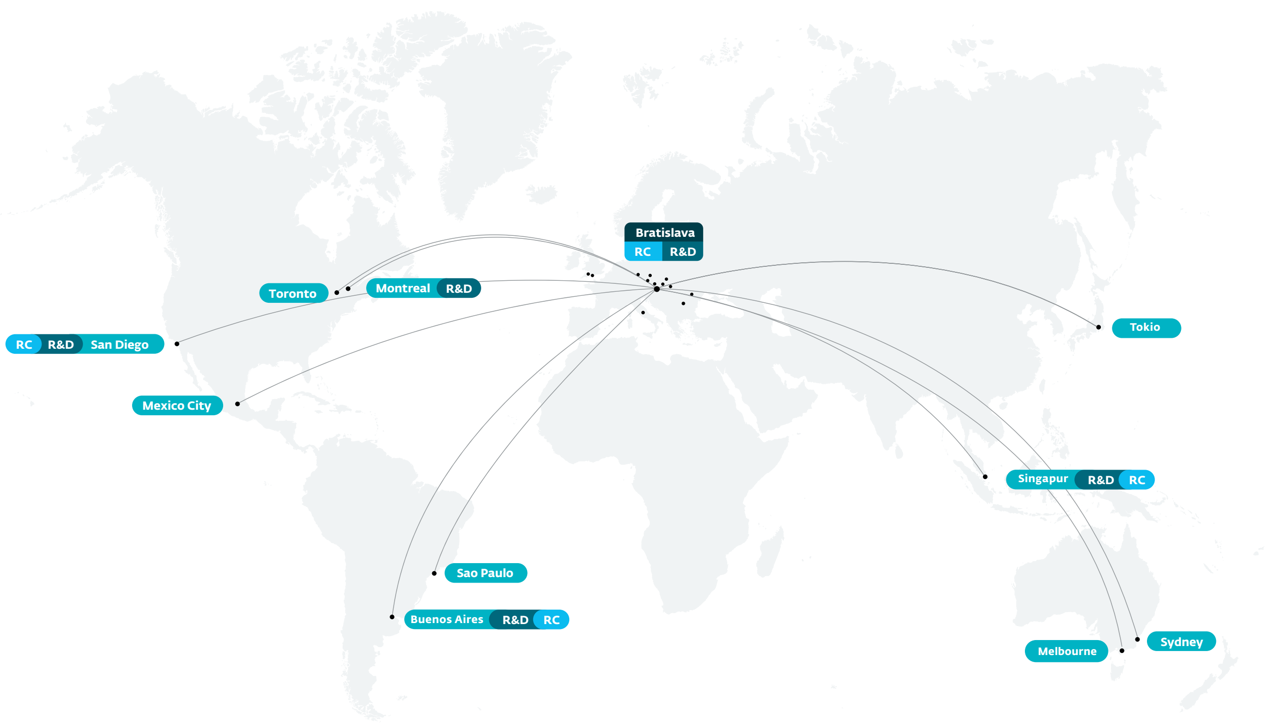
For more than 30 years, ESET has been developing leading-edge software and services focusing on IT security and the protection of businesses, critical infrastructure, and households all over the world from increasingly sophisticated digital threats. Offering a wide range of solutions for endpoints and mobile devices, including services like encryption and two-step authentication, ESET provides its customers with high-performing and easy-to-use products that offer unintrusive protection 24 hours a day. The company's security mechanisms are updated in real time so that users are always safe and companies can operate without interruptions.

We consider education in the field of cyber security and digital skills to be a key activity of ESET's responsible business in every country in which we operate. ESET is a leader in corporate social responsibility in Slovakia. This area is managed by the ESET Foundation, which primarily focuses on providing support in the fields of science, research, and education. Since it was established in 2011, it has supported 612 projects with a total value of €3,434,475*.

* As of 31 December 2021

1.2. ESET GROUP STRUCTURE

The ESET Group comprises of ESET, spol. s r.o. – the parent company headquartered in Slovakia – and all its subsidiaries, which are involved in the distribution of antivirus software, providing services as well as research and development activities (R&D centers).



HQ

Headquarter

- Bratislava (SK)

RC

Regional Center

- Bratislava (SK)
- San Diego (US)
- Buenos Aires (AR)
- Singapur (SG)

Office

Europe

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

Global

- San Diego (US)
- Buenos Aires (AR)
- Singapur (SG)
- Toronto (CA)
- Montreal (CA)
- Melbourne (AUS)
- Sydney (AUS)
- Mexico City (MX)
- Sao Paulo (BR)
- Tokio (JP)

R&D

Research & Development

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

PARENT COMPANY

ESET, spol. s r.o. (SK)
Regional Center (RC) and Research and Development Center (R&D)

SUBSIDIARIES

NAME	CORE BUSINESS	ESTABLISHED	EQUITY PARTICIPATION (%)	
			2021	2020
ESET, LLC	Antivirus software distributor	1999	100 %	100 %
ESET Canada Recherche Inc.	Research and development	2011	100 %	100 %
ESET Canada Inc.	Antivirus software distributor	2015	100 %	100 %
ESET Deutschland GmbH	Antivirus software distributor	2012	100 %	100 %
ESET software spol. s r.o.	Antivirus software distributor	2001	100 %	100 %
ESET Research Czech Republic s.r.o.	Research and development	2012	100 %	100 %
ESET Polska Sp. z o.o.	Research and development	2012	100 %	100 %
ESET SOFTWARE UK Limited (1)	Antivirus software distributor	2016	100 %	100 %
PGNB Limited (2)			100 %	100 %
ESET RESEARCH UK Limited	Research and development	2011	100 %	100 %
ESET Romania S.R.L. (3)	Research and development	2016	100 %	100 %
ESET ITALIA S.r.l.	Antivirus software distributor	2019	100 %	100 %
Nadácia ESET	Foundation	2011	100 %	100 %
ESET ASIA PTE. LTD.	Service provider + Antivirus software distributor	2010	100 %	100 %
ESET Software Australia, PTY, LTD.	Antivirus software distributor	2013	100 %	100 %
ESET Japan Inc. (4)	Service provider	2017	90 %	90 %
ESET LATINOAMERICA S.R.L. (5)	Service provider	2009	100 %	100 %
ESET DO BRASIL MARKETING LTDA (6)	Service provider	2011	100 %	100 %
ESET MÉXICO S. de R.L. de C.V. (7)	Service provider	2017	100 %	100 %

1. ESET SOFTWARE UK Limited is a 100 % subsidiary of the Parent Company as of 30 December 2020.
2. PGNB Limited did not carry out any business activity during the year 2021. In November 2021, an application was submitted for the voluntary deletion of PGNB Limited from the commercial register. PGNB Limited was struck off the UK Commercial Register on 19 April 2022.
3. The Parent Company owns 99.9963 % of the shares and ESET Research Czech Republic s.r.o. owns 0.0037 % of the shares.
4. The parent company owns 90 % of the shares and Canon Marketing Japan Inc. owns the remaining 10 % of the shares.
5. ESET, LLC owns 90 % of the shares and the Parent Company owns the remaining 10 % of the shares.
6. The Parent Company owns 90 % of the shares and ESET, LLC owns the remaining 10 % of the shares.
7. The Parent Company owns 90 % of the shares and ESET, LLC owns the remaining 10 % of the shares.

MANAGEMENT

Richard Marko

ESET co-owner and CEO
Chief Executive Officer

Richard Marko joined ESET in the early 1990s as a software developer while he was still a university student, becoming one of the company's first employees. He gradually became one of the authors of the ESET antivirus system and its scanning engine. In 1998, he became the company's main software architect and in 2008 he became its CTO. In 2011, when ESET's co-founders left their positions in active management, Richard Marko became the company's first global CEO. He is also one of the company's co-owners and a member of the procuration. In an independent survey conducted by PwC and Forbes magazine, he has been voted the most respected CEO of the year three times now.

Palo Luka

Chief Operations Officer

Palo Luka studied software engineering at the Faculty of Electrical Engineering and Information Technology at the Slovak University of Technology. While he was still a student, he started working at ESET as a developer of the second-generation 16-bit NOD antivirus system for MS DOS, sold under the name NOD iCE. In 2008 he joined the company's top management as its Chief Information Officer. From this position, he managed the development of infrastructure and internal systems. Since 2011, he was ESET's Chief Technology Officer, responsible for development and research as well as product and service quality. Since January 2017, he has been the company's Chief Operating Officer. In addition to management, he also focuses on strategic investments.

Juraj Malcho
Chief Technical Officer

Juraj Malcho joined ESET as a computer virus analyst in 2004, when he was still studying at university. Gradually, he came to focus on the recruitment and training of new employees, and he also contributed to the establishment of ESET's Virus Lab, which he led since 2008. In 2011, he became the company's Chief Research Officer. In addition to being responsible for the detection and research of threats, he was also put in charge of the development of key technologies. He moved to his current position of Chief Technology Officer in 2017. He is a member of several research and working groups, including CARO, IEEE ICSG, and AMTSO. He has held lectures at numerous specialized conferences organized by Virus Bulletin, AVAR, and ISOI, and even for NATO.

Ignacio Sbampato
Chief Business Officer

Ignacio Sbampato joined ESET in 2004 as the company's Vice President for Latin America, contributing to the establishment of this regional ESET headquarters, which he later led as its CEO. He also helped establish branches in Argentina, Brazil, and Mexico, while also expanding our network of partners in individual markets in this region. Since 2017, he has been ESET's Chief Business Officer, leading sales, marketing, and customer care all over the world. He has also helped establish ESET branches in Germany, the United Kingdom, Italy, Australia, and Japan.

Martin Balušík
Chief Financial Officer

Martin Balušík is a graduate of accounting and auditing from the Faculty of Economic Informatics at the University of Economics in Bratislava. In early 2019, he joined ESET as its Deputy CFO, only to become the company's Chief Financial Officer a year later. In addition to supervising the financial condition of the company, he also participates in strategic planning and the evaluation of investments across the ESET Group.

Vladimír Paulen
Chief Information Officer

Vladimír Paulen graduated from Clemson University in South Carolina, and in 2004 he joined ESET North America as its Tech Support and IT Manager. He spent seven years in ESET's North American branch, where he later also held the positions of Operations Manager and Vice President of Operations. In 2011, he came to the company's headquarters in Bratislava to work as ESET's Chief Information Officer, a position he has held ever since. His task is supervising the company's IT infrastructure all over the world.

STATUTORY BODY

Rudolf Hrubý

Ing. Peter Paško

Miroslav Trnka

REGISTERED EQUITY CAPITAL STRUCTURE BY PARTNERS IN THE REPORTING PARENT COMPANY

PARTNERS	SHARE IN REGISTERED CAPITAL		SHARE IN VOTING RIGHTS
	EUR	%	%
Miroslav Trnka	31 850	22,750	22,750
Rudolf Hrubý	30 800	22,000	22,000
Peter Paško	30 800	22,000	22,000
Maroš Grund	16 975	12,125	12,125
Richard Marko	16 975	12,125	12,125
Anton Zajac	12 600	9,000	9,000

Equity capital registered in the Commercial Register:	140 000 EUR
Equity capital not registered in the Commercial Register:	-

1.3. VALUES, VISION, AND MISSION

Showing an interest in the things going on in society and promoting values such as decency, ethics, and fairness brings companies prosperity. Systematic philanthropic support and getting involved in public matters gives companies the power to truly influence the progress of society.

Richard Marko

Chief Executive Officer, the ESET CEO in his acceptance speech after receiving the main prize at Via Bona Slovakia

THE ESET 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 that 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 a difference. We believe in ourselves and what we do.

These brand values are based on the vision of the company's founders and co-owners, which has remained unchanged for almost 30 years. ESET's goal is to make sure that everybody can enjoy the breathtaking opportunities that technology offers.

THE ESET VISION

Našim používateľom umožníme využívať celý ich potenciál a možnosti technológií v bezpečnom digitálnom svete.

THE ESET 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.

2. **KEY EVENTS AT ESET IN 2021**

AWARDS

ESET Internet Security recognized with *Outstanding Product* Award by AV-Comparatives

ESET named a "*Strategic Leader*" in AV-Comparatives' EPR test

ESET receives *Top Product* awards for ESET Endpoint Security and ESET Internet Security

ESET recognized as a *Top Player* in Radicati APT Protection Market Quadrant 2021

ESET cements its "*Champion*" status in the Canalys Global Cybersecurity Leadership Matrix 2021

ESET named a "*Challenger*" in Omdia Mobile Security Management Solutions Report

ESET earns **top award** in SE Labs' *Enterprise Endpoint Protection test*

ESET earns a 2021 Tech Cares Award from TrustRadius for its *CSR activities*

ESET named a "*Major Player*" in two Modern Endpoint Security IDC MarketScape reports

CORPORATE NEWS

Cybersecurity Made in Europe

The ECSO "*Cybersecurity Made in Europe*" label is awarded to ESET

ESET Science Award

ESET Science Award Laureates announced, led by Nobel Prize Laureate **Kip Thorne**

ESET brings together experts

ESET brings together experts from European institutions *to jointly address current cyber threats* in ESET European Cybersecurity Day event

ESET CAMPUS

ESET and **BIG-Bjarke Ingels Group** present plans for *ESET Campus*: **innovation and technology hub** in the heart of Europe

3. CORPORATE SOCIAL RESPONSIBILITY AT ESET

In 2021, ESET started preparing its global environmental, social, and governance (ESG) strategy. In cooperation with the Boston College Center for Corporate Citizenship, we conducted a peer review and benchmark analysis of our competition. Based on a survey conducted among internal stakeholders, we identified key areas and programs that will serve as the key pillars of our strategy. In the upcoming period, these topics will be validated by both internal and external stakeholders and used to formulate strategic goals. Creating a long-term global ESG strategy will allow us to track, continuously measure, and improve our company culture, decrease our environmental impact, develop programs focusing on education in the field of cybersecurity, and provide long-term support and development for science, research, and innovation, thus ensuring their positive impact on society. The goal of ESET's ESG strategy is to build a world with strong digital competence.

ESET'S ESG STRATEGY IS DIVIDED INTO FOUR PILLARS:

1. Education
2. Science and research, innovation, and technology
3. Company culture, diversity, and inclusion
4. Environmental sustainability

Volunteering and ethical values are tightly intertwined with all four pillars of this strategy.

BUILDING DIGITALLY RESILIENT WORLD

EDUCATION

- Cyber security awareness
- Digital skills education
- Safer Kids Online

SCIENCE, INNOVATION & TECHNOLOGY

- IT Security technology & data protection, AI
- Science popularization
- Cooperation with scientists and academia
- We Live Security

COMPANY CULTURE & DIVERSITY

- Internal processes and policies (recruitment procedures, career progression, leadership)
- Internal capacity builiding and awareness
- Employee resource groups

ENVIRONMENTAL SUSTAINABILITY

- Energy efficiency
- Waste management
- Carbon footprint
- Employee engagement & volunteering

ETHICS AT THE CORE OF OUR BUSINESS

ESET considers ethics to be the foundation of its business. We have managed to gain the respect of our partners and the general public by being a company with a firm set of ethical values ever since being first established. In addition to upholding moral and ethical standards, we have also implemented numerous rules and guidelines, and we monitor compliance with legislation so that our activities not only comply with the laws of the countries where we operate, but they go beyond what is required.

The values, principles, and company culture we follow on a daily basis are formalized and written down in our Code of Conduct, which has been in effect since 1 January 2019. All employees have been familiarized with its principles by the company CEO. In 2020, we committed to create a custom online training focusing on the principles of our Code of Conduct and ethical business, one that all employees from the Slovak ESET headquarters would undergo. Due to the pandemic crisis of 2020, when we had to prioritize providing the necessary infrastructure, conditions, and support for working from home, we decided to move this goal to 2021 instead. Another goal of ours is the preparation of our Global Code of Conduct, which will unify the ethical principles and company culture of all ESET branches, replacing all existing guidelines on ethical conduct and business throughout the whole ESET Group. The release of our Global Code of Conduct is planned for 2022, and it will be followed by a training session focusing on ethical conduct and compliance for the employees of all ESET Group branches.

We have a zero-tolerance approach to corruption when dealing with employees and contractual partners. We are only interested in working with contractual partners who share the same values. In Slovakia, we have not recorded any incidents of unfair practices or corruption among our employees or business partners. In this context, no employees were dismissed and no business partner contracts were terminated due to corruption in the previous year.

In recent years, ESET has had to deal with attacks from public officials who were spreading falsehoods and disinformation regarding the private activities of ESET's owners, who had contributed to the fight against corruption, transparently endorsed candidates for public offices, and supported independent journalism. In some of these cases, ESET filed defamation charges.

3.1. EDUCATION

At ESET, we consider cybersecurity education and digital skills vital for the development of not only Slovakia, but every country where we operate. By supporting high-quality education, together with long-term and persistent efforts to increase the public's interest in these topics, we try to contribute to a better, innovative, and modern country that will be successful and able to attract talent.

ESET AROUND THE WORLD

SUPPORTING DIGITAL SECURITY EDUCATION

Safer Kids Online (SKO) is a global initiative that is currently active in the United States, Europe, the Middle East, and Asia-Pacific. In 2021, the program included the following countries: Italy, Australia, the Netherlands, Romania, Turkey, Singapore, Germany, the United Kingdom, the United States and Canada, Slovakia, Slovenia, Argentina, Brazil, and New Zealand. An alternative initiative under the title Digipadres has been active in the Latin American region since 2017, and since 2019 it has also been available in Portuguese. It is a platform with resources for children, parents, and teachers that focuses on creating a safer online environment for children. Its website and newsletter include blogs, videos, advice for parents, and expertise, helping children to safely make use of the full potential of the internet. Our ultimate goal is to become a valuable resource, especially for parents and teachers. In many countries including Slovakia, we strive to support communities and schools and multiply the reach of our initiative through direct instruction by teachers. In the coming years, we will continue to localize outputs of this initiative to the other markets where ESET operates

Thanks to its activities in 2021, the Safer Kids Online initiative managed to reach 11 % of all parents with children aged 5 to 15 in the countries where the program was active.

As part of the SKO initiative, in the **United Kingdom** we launched a project that focuses on sponsoring an educational app created in cooperation with the non-profit organization Internet Matters. This cooperation is planned to last a minimum of three years, its goal being to meet the requirements of the new UK national curriculum and also to offer tools that will allow the curriculum content to be effectively distributed to children and their parents. ESET and Internet Matters will use a web application to cover several important topics, such as Online Relationships, Privacy and Security, Online Harassment, and Managing Online Information. This app represents another tangible product with a real educational impact created as part of the Safer Kids Online initiative.

In **Slovenia**, we launched a campaign starring Pika, the daughter of former ski jumping world champion Robert Kranjec. The campaign also took place on Facebook. Every Thursday in July, ESET organized a summer school for 20 children. We also organized a competition for primary school pupils 7 to 9. Selected teams created short videos focusing on the topic of cybersecurity. All these videos were then published on Facebook, and those that received the most likes were rewarded with a snowboarding trip with Žan Košir, one of the best alpine snowboarders. In 2021, two classes with a total of 44 students received this reward.

In **Romania,** back in December 2020 we launched a social media competition with the goal of gaining new followers and increasing the reach of our content. Conducted in cooperation with our media partner Computerblog, in 2021 the initiative gained 381 new followers.

Since October 2020, ESET **Netherlands** has been working with HackShield, a Dutch cybersecurity game, in which children aged 8 to 12 train to become Junior Cyber Agents. In addition to sponsoring the HackShield Foundation, ESET Netherlands also provides its expertise to the project by creating content for this educational game. The game increases children's resilience against online crime and teaches them everything about online security, aiming to raise a generation fluent in cybersecurity.

In 2021, ESET successfully participated in Hackshield, a large event with approximately 500 visitors, allowing us to form 200 new business relationships and launch a successful competition with as many as 64 children competing, which resulted in a total of 6,000 levels played.

The ESET branch in **Australia** has a long-term cooperation with the K-Zone magazine. In October, they conducted an extensive survey focusing on digital security for Safer Kids Online. As many as 2,383 Australian children aged 6 to 13 participated in the survey. The survey measured the children's cyber well-being, their online behavior, their understanding of cyber threats, and their attitudes towards popular social media and games.

In the **North America** region, during Cybersecurity Awareness Month we organized a series of activities and competitions that resulted in more than 260 new followers.

As part of the Digipadres project in Latin America, we were invited to actively participate in two events: "TED Entramar: Teachers to Teachers, Without Borders", where we presented "Practical Advice for a Safe Virtual School" and a workshop titled "I'm a Cybermom", which was organized by Asociación Iberoamericana de Protección de Datos (the Ibero-American Association for Data Protection). We mainly talked about how to prevent digital violence and guide children online.

WE ALSO CREATED NEW CONTENT FOCUSING ON THE FOLLOWING TOPICS:

1. How accessible are various layers of the internet to children?
2. Modern classrooms: How to protect our children from technology?
3. Is technology making you feel distant from your children?
4. Parent sharing: How it influences your children's future
5. Smart watches: How to pick the right one for your children?
6. Are your children gamers?

7. Identity theft also concerns children

8. The danger of false information and how to help children to recognize it

9. Zoom and webcams: How to protect underage children

10. Online harassment: What is cyberbullying and how to stop it

11 Back to school: Allies in your organization

12. How safe are your sons and daughters when gaming?

13. How to create strong passwords?

The Digipadres platform had more than **642,538 sessions** from **783 users**.

ESET ANTIVIRUS TOUR

The most important educational activity in the region of **Latin America** is the ESET Antivirus Tour. Since 2004, our experts on online security in various countries of the region have been organizing a series of free seminars at universities that focus on technology and information systems, the goal being to offer up-to-date information about malware analysis and information security. Since 2004, the project has had more than 10,000 participants at 102 universities in 15 Latin American countries, and the seminars have reached over 90,000 students.

SUPPORTING THE EDUCATION OF CHILDREN IN FOSTER CARE

In the region of **North America**, we have been closely cooperating with the non-profit organization Promises2Kids for several years now. The organization utilizes various means of supporting local foster youths in San Diego County. One of its programs, titled Guardian Scholars, focuses on young people who have already left the foster care system, supporting them throughout their college studies. The children in foster care participating in this program have a more than 80 % success rate in finishing their college studies, compared to a mere 8 % success rate among students from foster care who are not participating. In addition to other recipients of the Guardian Scholarship, ESET sponsored Brooklyn Lopez throughout her entire college studies.

BEZPEČNE NA NETE (SAFE ON THE WEB)

2021 marked the second year when the global Safer Kids Online initiative was implemented in Slovakia through an educational project titled Bezpečne na nete (Safe on the Web) and an online platform of the same name – bezpecnenanete.sk. The main goal of the project is to present online safety topics in an easy-to-understand way, while also producing content and carrying out communication activities to increase awareness about these topics among the Slovak public.

In 2021, in addition to the original target groups (the general population aged 15+, parents, and children), our content also focused on teachers.

THE EDUCATIONAL ACTIVITIES CARRIED OUT AS PART OF THE BEZPEČNE NA NETE PROJECT IN 2021 FOCUSED ON THREE MAIN AREAS :

1. Content creation

Every month, we worked on one large security topic for a general target audience. We brought educational content in the form of articles, interviews with experts, infographics, and podcasts. We also prepared special video series for children, namely Zvieracia galaxia Animália (Animal Galaxy Animalia) and Elias medzi dvomi svetmi (Elias Between Two Worlds). In October, a new section specifically meant for teachers was added to the website. In 2021, we created as many as 118 unique articles as part of the bezpecnenanete.sk platform. This number is even higher if we include the editorial content that was created in addition to the core content as part of the media collaborations mentioned in section 2 and the specialized activities aimed at promoting the educational content mentioned in section 3.

2. Communication and cooperation with the media

We used ESET's own channels for distribution, such as its social media profiles, as well as widely targeted paid formats (online/offline advertising and native formats).

The strength of our communication activities lay in our continuous cooperation with several media outlets in Slovakia, which brought one specific topic from the Bezpečne na nete platform to their readers every month, presenting it in their unique editorial style. A total of 11 media outlets published almost 130 media outputs. In 2021, the bezpecnenanete.sk portal itself had more than 165,000 unique visitors. Our supporting social media activities for the Bezpečne na nete initiative had a total organic reach of more than 1 million users and a paid reach of 2 million unique users.

3. Supporting educational content

In October 2021, we launched a special section for teachers on the Bezpečne na nete portal. In addition to articles, this section also includes comprehensive educational materials that have been prepared by ESET experts in cooperation with experts on psychology and teaching with the goal of contributing to a better education about digital threats. Together with the Digital Security Handbook for primary school teachers, teachers can also make use of practical exercises that will teach students about the pitfalls of the digital era in an interactive form. In order to allow as many teachers and students as possible to make use of these educational materials, ESET also distributed physical copies of the handbook and exercises to all primary schools and eight-year grammar schools in Slovakia.

Until November 2021, we continued to work with the SME daily on a specialized podcast titled Klik (Click), where we collaborated with the editors and used attractive content to present one security topic every month. Not only did the podcast include guest experts from ESET, but also professionals from a variety of other fields.

After providing financial support and our expertise to help publish a book titled Viete, čo robia vaše deti? Veľká príručka rodiča (Do You Know What Your Children Are Doing? The Big Handbook for Parents) in 2020, in 2021 we provided follow-up support with communication surrounding the book. We also provided a 50 % discount for this well-produced book to customers who had bought ESET's home security products.

SUPPORTING TEACHERS IN THE AREA OF DIGITAL SKILLS

In 2021, as a member of the **Digital Skills** initiative organized by Business Leaders Forum (BLF), we and other partners continued to show Slovak teachers how to teach digital skills.

The Digital Skills project

In 2021, ESET's experts helped organize three Code.org trainings (with as many as 1,700 teachers trained since 2016) and three Digital Security trainings (with a total of 1,400 teachers trained since 2019).

In August 2020, we launched a pilot project of **digital competence coordinators at schools**, with the goal of improving the digital maturity of schools and making more effective use of digital technology in the educational process. As one of the project partners, ESET organizes trainings on digital security.

The Digital Competence Coordinator project

In 2021, a total of 181 participants attended trainings led by expert volunteers from ESET.

COOPERATION WITH UNIVERSITIES

Since 2015, ESET has been working with the Slovak Technical University in Bratislava and Comenius University in Bratislava. The **ESET Research Center** has top ESET experts teaching subjects such as Reverse Engineering and Programming in C++, which are available to students of three faculties (FIIT and FEI at the Slovak Technical University, FMFI at Comenius University). In 2021, our experts spent a total of 336 hours remotely teaching Programming in C++. In the winter semester of the 2021/2022 academic year, 8 experts from ESET helped with the other course, Reverse Engineering Fundamentals.

As part of our cooperation with the Faculty of Business Management at the University of Economics in Bratislava, as a leader in ethical management among Slovak universities, our financial division helps to prepare lectures for the Corporate Controlling course at the university. In the summer semester, second-year master's students could take this elective directly at the ESET headquarters, thus enabling them to see a modern, practice-oriented system of corporate controlling.

In 2020, ESET joined the **ENLIGHT** university network as one of two associated partners of Comenius University. The ENGLIGHT network has received support from European Universities, an initiative of the European Commission. It is part of the wider Erasmus+ program and its goal is to support the formation of "European universities", a term referring to universities that will enable students to gain a university education by combining studies in several EU member states. The network connects nine universities from nine different countries all over Europe.

ENLIGHT's mission is to create new models and methods of education and research with the goal of solving global challenges. The project examines the complex issues of sustainability that many cities and communities are currently facing.

In 2021, ESET identified 5 challenges in regard to "the digital revolution and the impacts of digitization", out of which the project coordinators selected one challenge and initiated further discussion about it on a global level. In May 2022, an event titled ENLIGHT European Dialogue will take place in the Swedish city of Uppsala, where associated partners and academicians from partner universities will look for global solutions to these issues.

SUPPORTING KEY PROJECTS IN EDUCATION

ESET is an active member of the **Slovensko.Digital** association, which aims to simplify the state's digital services and make the use of public resources for these services more transparent and efficient. Expert volunteers from ESET are helping with the digitization of public administration processes through two projects – Návody.Digital and Red Flags. The Návody.Digital project aims to help people navigate the confusing complex of e-government services by creating simple manuals. The Red Flags project focuses on systematically evaluating computerization projects in public administration and identifying critical spots and potential risks.

Slovensko.Digital

In 2021, activities organized by the Slovensko.Digital association as part of the Red Flags and Návody.Digital projects received the help of 7 expert volunteers from ESET, who spent more than 102 hours in total volunteering.

Led by mentors, the **First Lego League** (FLL) is the most accessible worldwide competition in the field of robotics. The program is based on challenges with various topics, aiming to engage children and young people aged 4 to 16 in research, problem solving, programing, and technical skills. The goal is to get as many children and young people as possible excited about science, technology, and mathematics (STEM). In the upcoming period, the project will primarily focus on increasing the number of teams, including teams from disadvantaged environments and regions, as well as eliminating the barriers that prevent potential new teams from participating in the competition.

ESET supports the First Lego League in Slovakia through the ESET Foundation. In 2021, the provided financial support was used to buy LEGO sets for schools and educational organizations. Sets were donated to 66 school teams, and 34 sets were used to develop and organize regional tournaments. In 2021, ESET's own First Lego League team suspended its activities due to the pandemic, but it aims to participate in the tournament in the 2022/23 school year.

3.2. SCIENCE AND RESEARCH, INNOVATION, AND TECHNOLOGY

3.2.1. SCIENCE AND RESEARCH

The support and popularization of science is one of the key topics that ESET also focuses on through its foundation. For the third year in a row, the main pillar of this area has been the **ESET Science Award**, an annual award for outstanding scientists in Slovakia that raises awareness about the benefits that excellent scientists bring to Slovakia and the international community, while also showing the public the irreplaceable importance and impact of scientific work. The project's activities – organized throughout the year and culminating in the award ceremony in October – aim to popularize science and research, while also highlighting the work of outstanding scientists in Slovakia. Every year, we also support science through regular calls for grants aimed at the scientific community. In 2021, we established a new endowment fund that focuses on supporting science in Slovakia.

ESET SCIENCE AWARD

The ESET Science Award serves to recognize the work of leading-edge scientists who are symbols of excellence in science both in Slovakia and on an international scale. Their scientific work and results are beneficial for various parts of society. **The third ESET Science Award ceremony took place on Saturday, 16 October 2021 in the Slovak Philharmonic in Bratislava**. Once again, the ceremony served as a link between art and science, providing both an intellectual and an artistic experience. What made it possible for the event to run smoothly even during the COVID-19 pandemic was the fact that all anti-pandemic measures in place were followed. This edition marked the first time the event was broadcast by the RTVS public broadcasting service, thus even allowing TV spectators to be part of the ceremony. A recording of the ceremony can be found on the award's website.

In 2021, ESET Science Award was once again organized under the auspices of Slovak President Zuzana Čaputová. The awards ceremony was attended by the Slovak president, Slovak Prime Minister Eduard Heger, foreign ambassadors, and other important representatives of the government, science, and academia.

Laureates in three categories – **Outstanding Scientist in Slovakia, Outstanding Scientist in Slovakia Under the Age of 35**, and **Outstanding Academic in Slovakia** – were selected based on a demanding evaluation process that took into account a whole complex of criteria, such as the contribution of their scientific research to society, measurable scientometric data and scientific performance, participation in significant international research projects, making Slovak science and research more prominent abroad, or – in the case of university teachers – their teaching skills, teaching innovations, and student feedback.

The award in the main category – **Outstanding Scientist in Slovakia** – for 2021 went to **Ján Dusza**, who works at the Institute of Materials Research of the Slovak Academy of Sciences in Košice, where he focuses on researching and developing progressive ceramic materials. The award in the **Outstanding Scientist in Slovakia Under the Age of 35** category went to **Ladislav Valkovič**. He conducts research at the Institute of Measurement Science of the Slovak Academy of Sciences in Bratislava, as well as at the Oxford Center for Clinical Magnetic Resonance Research at Oxford University, working on the development and application of non-invasive methods of measuring tissue metabolism using magnetic resonance imaging. The **Outstanding Academic in Slovakia** award went to **Jozef Zajac** from the Faculty of Manufacturing Technologies at the Technical University in Košice, whose main area of scientific research is progressive manufacturing technologies, including the possibilities and ways of using them in practice.

Winners of the 2021 ESET Science Award From left to right: Jozef Zajac, Ján Dusza, Ladislav Valkovič. Photo: Linda Kisková Bohušová

AN EXCELLENT INTERNATIONAL JURY

After last year's online announcement of the winners, this year the ceremony was attended in person by a complete and exclusive international jury. The jury selected laureates in two categories: Outstanding Scientist in Slovakia and Outstanding Scientist in Slovakia Under the Age of 35

For the second year in a row now, the jury was headed by **Professor Kip Thorne**, a world-renowned expert on gravitational physics and astrophysics, **who had received the Nobel Prize in Physics in 2017 for the first direct detection and observation of gravitational waves**.

Other members of the international jury were also internationally known scientists – biologist **Fiona Watt**, the director of the Center for Stem Cells and Regenerative Medicine at King's College in London; chemist and philanthropist **Hana Dvořáková**, who has helped create one of the most effective drugs against HIV and currently works at the University of Chemistry and Technology in Prague; **Ralf Riedel**, professor of inorganic chemistry at the Institute of Materials Science at the Technical University of Darmstadt; and **Tibor Krisztin**, a professor of mathematics at the Bolyai Institute of the University of Szeged.

The laureate in the Outstanding Academic in Slovakia category was selected by a committee consisting of representatives of Slovak universities.

During the ESET Science Award ceremony, Slovakia was also visited by several other important personalities from the world of international science, who also help increase awareness about Slovak science all over the world. These were the ambassadors of our award: **Michal Valko**, a renowned expert on AI research who works in the prestigious Paris-based laboratory DeepMind; **Pavel Cheben**, a world-renowned expert on integrated optics, silicon photonics, nanophotonics, and biophotonic sensors who works at the National Research Council in Canada; husband-and-wife duo **Hana and Dalimil Dvořák**, founders of the Experientia Foundation, which supports young scientists working with organic chemistry. Due to the pandemic, the first ambassador of the award, a legend in robotics and AI from the University of California, Berkeley, Professor **Ruzena Bajcsy** had to watch the ESET Science Award ceremony online.

SCIENCE WEEK SLOVAKIA

Before the Science Week event, we organized a writing competition with the topic: "Is science the solution to all of humanity's challenges?" Almost 80 people submitted short essays presenting their opinions. The winning essay was selected by the head of the international committee for the 2021 ESET Science Award and laureate of the Nobel Prize in Physics, Professor Kip Thorne.

We kicked off Science Week with a press conference where Professor Kip Thorne met with talented young physicists. On 12 October, Science Week continued with a scientific discussion on the topic: **"Is science the solution to all of humanity's challenges?" w**Professor Thorne discussed this topic in the historical building of the Slovak National Theater in Bratislava together with famed **Professor Brian Cox**, physicist, English science popularizer, and star host of BBC series and science shows. This discussion was livestreamed to the public and watched by people all over the world. Anyone, anywhere in the world could ask questions.

Kip Thorne and Brian Cox discussing: Is science the solution to all of humanity's challenges? Photo: Linda Kisková Bohušová

Professor Thorne received the Grand Gold Medal at the Comenius University in Bratislava. On this occasion, the scientific community could listen to his lecture titled **My profound relationship with the curved universe: from black holes and wormholes to time travel and gravitational waves**. After the lecture, professors Kip Thorne and Brian Cox held a gala lunch with members of the academia and the scientific community.

THE ESET FOUNDATION'S ENDOWMENT FUND FOR SUPPORTING SCIENCE

ESET and its owners realize how important science is for the country's progress. **Connecting private donors with outstanding scientists** is a new and much-needed format of supporting science and research in Slovakia. Therefore, in late 2021, the ESET Foundation established the Endowment Fund for Supporting Science.

The creation of this fund is a continuation of our previous activities aimed at supporting science, and it brings us another useful tool for developing the science and research ecosystem. Its goal is to support groundbreaking projects of Slovak scientists that can contribute to significant scientific results and increase their competitiveness within the international scientific community. The endowment fund strives to connect individual private donors and responsible companies with exceptional scientists active in Slovakia.

Individual donors to this endowment fund were given the opportunity to have a discussion with astrophysics legend and Nobel Prize laureate Professor Kip Thorne. At this first fundraising event organized by the ESET Foundation's Endowment Fund for Supporting Science, ESET's co-founders and other successful Slovak entrepreneurs contributed with a total sum of €220,000.

Afterwards, the endowment fund was used to support two leading-edge scientists whose research may yield them prestigious ERC grants: Mgr. Martin Venhart, PhD. from the Institute of Physics of the Slovak Academy of Sciences, and Mgr. Miroslav Baláž, PhD. from the Biomedical Research Center of the Slovak Academy of Sciences. Support from the endowment fund will help them become competitive in the demanding international environment.

ETHICS IN SCIENCE AND RESEARCH

Back in 2019, ESET joined a working group established by the Slovak Center of Scientific and Technical Information (CVTI SR) as part of the SK4ERA project with the goal of preparing a national document reflecting the current needs of scientific culture and integrity. After the process had been slowed down by the pandemic, in October 2021 a signing ceremony took place at the Bratislava Castle, adopting the Declaration on Strengthening Scientific Integrity in Slovakia. By signing the document, 30 signatories pledged to follow the outlined ethical standards. The event was organized under the auspices of Slovak President Zuzana Čaputová.

In 2022, the implementation of these standards will become an integral part of the evaluation process for the ESET Science Award.

3.2.2. INNOVATION

Last year, we continued strengthening our cooperation with the **Kempelen Institute of Intelligent Technologies (KInIT**). Our cooperation was primarily successful in regard to classifying binary files, as well as online threats. We also fostered our cooperation in **researching machine learning applications with the Technical University in Ostrava**. When applying and researching machine learning and artificial intelligence, we do not just limit our activities to computer security, but we also try to utilize our expertise in the field of medicine. We successfully cooperated with the National Institute of Children's Diseases, in particular with the Clinic of Children's Pneumology and Phthisiology. The results of this cooperation were also presented at a conference organized by the British Machine Vision Association in Manchester. We also started a successful professional collaboration with the Clinic of Obstetrics and Gynecology at the General University Hospital in Prague.

3.2.3. TECHNOLOGY

PRODUCTS FOR BUSINESS CUSTOMERS

In 2021, we increased the frequency of adding new functions to our flagship product for business customers – **ESET PROTECT Cloud**, our console for managing corporate endpoints. In the first half of the year, we brought the option to also manage iOS devices, thus completing our support of all the relevant platforms. We increased the maximum number of devices connected to one console to 25,000, which came as a pleasant change for many large customers. We also brought support for automatic endpoint updates with the goal of simplifying device management, while also always providing the newest functionality. We significantly **improved support for ESET Dynamic Threat Defense** (an extra layer of protection against targeted attacks) in the console by providing a simpler way to turn on the functionality, the option for new customers to try out this layer, and a dedicated control panel for this function. Last but not least, we significantly simplified the way protection is first applied to endpoints, thus making the console easy to use even for the smallest customers.

In addition to all this, throughout the year we also brought many smaller improvements and performance optimizations.

Our product line for business customers with Windows OS – ESET Endpoint Antivirus/Security – came with a long-prepared change in the way the whole app and product are updated. It is a significant change, since version 9 the product is now pre-configured to dynamically install new versions, as long as the administrator wishes to allow this function, of course. In a business environment, great emphasis was placed on finding a balance between stability and the release of updates, as well as specific requirements – administrators can now make use of a more reliable installation method, and even automate the whole process, which has a key impact on the regular maintenance of the product and the time consumption associated with it. In a time when remote work was especially important, we focused on special protection for remote access (RDP – remote desktop and the SMB protocol), as well as the resilience of these services against password guessing, something that often used to be a function only offered by specialized tools and firewalls. With the arrival of Windows 11, we also tried to offer full support for this updated operating system. The Windows operating system, but this time using the new ARM processor architecture, is also related to another development in our business solutions, which have entered a new segment and now offer fully native support along with remote management. This allows customers to try a new category of devices without having to compromise on security since they can make use of services from a tried-and-tested supplier.

In **ESET Endpoint Security for macOS**, we focused on supporting the new macOS 11 operating system, which comes with a significant change in how apps interact with the system itself. We also continued developing a new generation of our products for macOS, based on the microservice architecture, which opens several possibilities for improving our products for the macOS platform more quickly and efficiently. Our first next-gen product will be released in March 2022.

Customers using endpoints running Linux can now make use of an integration with ESET LiveGuard designed to mitigate new threats, and we developed the Secure Boot mechanism, which focuses on authenticating and securing the trustworthiness of code launched using firmware. We also focused on improving the app, which now offers the option to view the state of new updates.

In 2021, we also focused on improvements in our **server protection product line**. We changed the name of ESET File Security products and gave them a more fitting title: **ESET Server Security**. Our security products for Windows Server and the SharePoint platform were updated with the new Micro Program Component Updates technology, which makes it possible to automatically distribute product updates if new security packages are available, without the need for any user interaction. We also brought the new Network Isolation function, which gives users the option to isolate a server from the network in certain critical situations as a preventive measure. We also added support for the new Windows Server 2022 operating system, as well as the new version of SharePoint Subscription Edition. Similarly to our product for endpoints, ESET Server Security for Linux also received integration with ESET LiveGuard. We also developed protection for containers that can detect threats and suspicious activities in Docker containers, blocking them in real time.

In mid-2021, we integrated **ESET Dynamic Threat Defense (EDTD)** with our other products on the Linux platform. Towards the end of the year, we added support for ESET Cloud Office Security and ESET Smart Security Premium. In our ESET PROTECT console, we expanded the dashboards, which now provide a better overview of how EDTD is being used around the world. We also provide users with more information about the way our cloud analysis functions and how potentially dangerous samples are evaluated by the individual detection layers.

When it comes to the world of encryption, in 2021 we focused on several topics. In November 2021, we managed to add **macOS as a new supported platform for ESET Endpoint Encryption**, where users can utilize the native FileVault2 encryption method. We released Client for macOS endpoints, and we also brought compatibility with Client for macOS to our Server product. In ESET Full Disk Encryption, we added automatic module updates, the option to run an installer with a predefined password and keyboard map, as well as the ability to generate passwords to reset encryption directly in the ESET PROTECT console. Last but not least, we added a long-requested function that allows users to repeat the encryption process with one click directly in the ESET PROTECT console.

When it comes to our EDR (Endpoint Detection and Response) tool **ESET Inspect**, 2021 was mainly about the implementation of our long-term visions – whether it was the development of a cloud version, which will allow us to meet the needs of newly available customers, or analyzing and planning the next evolutionary step – XDR (Extended Detection and Response). Both of these directions and our work on them bore fruit in 2022. However, we also brought new, improved functions for our existing on-premise solution, providing version 1.6 to our customers. This version introduced a variety of functions, such as an environment for incident management and better options for setting user privileges – both with the goal of improving cooperation in teams of cybersecurity professionals. Other significant improvements focused on the database system and reducing the feeling of being overwhelmed by too many detections by implementing automation and intelligent systems. Other things worth mentioning include our successes in ratings by analytics companies and our excellent results in independent tests.

2021 could be considered the first year when **we launched the sale of our service offer**. Having learned from pilot programs in Germany and the Netherlands, we were willing to launch the sale of our services in these two countries on a national scale. We were able to deliver monitored security services (and others) to our customers and we received positive feedback. Since we make use of our local branches and partners when providing services, we focused on providing better training to these entities in order to secure the highest quality of services possible. Internally, we made great progress in developing an IT portal for our services, which will allow ESET to ensure more efficient cooperation with branches and partners, who, in return, will be able to work with customers better, thus ensuring an even greater added value for our service customers. We also started preparing our technical capabilities and capacity in order to be able to launch our service offer in France, America, Japan, and the United Kingdom. The launch, which is planned for 2022, will also serve as a test of our portfolio.

When it comes to cloud security, we **successfully integrated ESET Cloud Office Security (ECOS) with ESET LiveGuard Advanced** (originally known as ESET Dynamic Threat Defense), which gave our customers the option to better protect their email accounts from advanced threats. We also added protection to the collaboration and communication platforms Microsoft Teams and SharePoint Sites. Lastly, we added the option to generate reports to ECOS. With every new version, we utilized feedback from our partners and users to improve the functions available in the management console.

In 2021, we improved access management, user management, and settings for ESET Business Account and our security platforms, which can be activated in ESET Business Account. The ESET MSP Administrator portal received the option to activate ESET PROTECT Cloud, as well as new types of products that IT and security service providers can use to protect their customers. The ESET MSP Administrator console now includes the option to upgrade or downgrade one's product type without needing to reactivate it on endpoints, as well as improvements of the ESET MSP Administrator API.

In late 2021, we added **APT reports as a new service in ESET Threat Intelligence**. In these reports, our research team provides our customers with comprehensive information about the newest advanced threats, their technical analysis, and a summary of their activities.

In ESET Secure Authentication, we improved the activation method and addressed further issues that we learned about from customer feedback.

HOME PRODUCTS

We published the **2022 editions** of our flagship home products: **ESET Internet Security, ESET NOD32 Antivirus**, and **ESET Smart Security Premium**. With the goal of effectively responding to the requirements of home product users and offering them high-level protection, we integrated ESET LiveGuard into ESET Smart Security Premium. The ESET LiveGuard function offers an additional proactive layer of protection against never-before-seen types of threats. Moreover, ESET Internet Security and ESET Smart Security Premium received improvements to the Banking & Payment Protection function. We placed particular focus on secure access to web-based crypto wallets and online banking sites in order to offer the best protection possible to our customers when they are managing their finances. Eventually, we also launched all of our flagship products for end users with Windows OS and ARM64 processors, which we did using our beta channel.

In 2021, we introduced the **ESET HOME portal**, which replaced the original myESET customer portal. Together with the portal, we also released new ESET HOME mobile apps for Android and iOS. This new product came with a well-thought-out UI, license management, and account settings, while preserving access to the Anti-Theft, Parental Control, and Password Manager services. A new addition was the option to connect Windows and Android devices to the user account. Thanks to this change, users now have the option to check the state of protection of their devices from a single place and receive notifications about changes in the state of their security. We also expanded login options, now allowing users to login using their Google and Apple accounts. Another improvement that we implemented was the option to connect Windows devices to the user's account using a QR code or remotely directly from ESET HOME. We strengthened the security of ESET HOME accounts by implementing the detection of passwords that have leaked online from other services and accounts. Users also got easier access to license management, such as extending their license or changing the card used for payments.

In **ESET Mobile Security for Android**, in 2021 we focused on improving the user environment for customers. The main change was simplifying the home screen and making it easier to navigate, providing customers with all the information they need about the state of their device's security in the Security Report section. A natural addition was support for Android 12, the newest version of the operating system. In autumn, as we changed the name of our ESET HOME portal, the app also received a simple social login function, allowing users to login using their Google or Apple ID. New security functions included anti-phishing protection for selected social apps, such as Facebook, Instagram, Messenger, and Facebook Lite.

Optimizations and improvements in the user interface and compatibility with the newest operating systems were also brought to other apps from the home user segment – ESET Parental Control for Android, ESET Smart TV Security for Google/Android TV, as well as the macOS product family: ESET Cyber Security and ESET Cyber Security Pro. In the case of ESET Cyber Security and ESET Cyber Security Pro, other than maintaining compatibility with the newest macOS, we also began active work on a new version of these products (v7), which will bring a new UI and various changes and improvements from the original v6, as well as compatibility with ARM processors.

CUSTOMER CARE

In 2021, our technical support in Slovakia processed 4,994 tickets. Out of these, 1,138 came from business customers and 3,856 came from the consumer segment. Over the same period, our technical support department answered 8,863 phone inquiries. On a global level, we are continuing to integrate support systems, which has allowed us to track these numbers in other countries as well. In Germany, our technical support processed 30,550 tickets (out of which 14,104 came from business customers and 16,446 came from the consumer segment) and answered 19,650 phone inquiries. In the United Kingdom, our technical support processed 24,466 tickets (out of which 11,356 came from business customers and 13,110 came from the consumer segment) and answered 24,732 phone inquiries. In Italy, our technical support processed 9,427 tickets (out of which 4,388 came from business customers and 5,039 came from the consumer segment) and answered 4,098 phone inquiries.

3.3. COMPANY CULTURE, DIVERSITY, EQUITY, AND INCLUSION

ESET's success stems from people, their diversity and talent, and the innovations that can be fully developed and realized thanks to a company culture built on strong values. As a global company and an ambassador of the Diversity Charter, in May 2021 ESET organized a diversity celebration to mark **Diversity Day**. CEO Richard Marko held a speech emphasizing the need to give all employees equal opportunities to grow within the company, the company's efforts to attract diverse talent from various backgrounds, ESET's global presence, and the importance of fostering a company culture that supports women in STEM fields both within the company as well as in external partner organizations.

ESET AROUND THE WORLD

In 2021, ESET North America organized the sixth edition of the **ESET Women in Cybersecurity Scholarship** program, which supports exceptional women who have decided to study cybersecurity and build their careers in this field. Scholarships of 5,000 USD (20,000 USD in total) were awarded to four exceptional women studying information security, thus helping to address the underrepresentation of women in the field of cybersecurity. This year, the program also expanded to Canada, where another scholarship of 5,000 USD was awarded.

ESET SLOVAKIA

EMPOWERING GIRLS IN IT

We joined forces with the Aj Ty v IT organization, providing our expertise in digital security for **Security Girl**, a project focusing on increasing awareness about online security. The project is aimed at girls aged 15 to 19, and its main goal is to offer them sufficient education in digital security, allowing them to protect themselves and their data. Each of the girls then passes on this newly gained knowledge to her peers, creating a community where people give each other advice and support one another. These "security girls" serve as ambassadors of safe online behavior, organize meetings, explain the core principles of online safety, and point out risks. Last but not least, they improve their communication and presentation skills, helping them develop their inner motivation and confidence. The pilot edition of the Security Girls project successfully kicked off in an online form in October 2020. Currently, we have 3 active security girls. The second edition started in September 2021, with the whole project planned to run until August 2022.

Security Girls

Security Girls – In the first phase, 15 schools all over Slovakia participated in the project by holding initial security workshops. At these workshops, we trained almost 200 girls studying at secondary schools, some of whom will later become security girls themselves. The final selection of security girls and their subsequent follow-up trainings will take place in February and March 2022. The follow-up trainings will be led by expert volunteers from the ranks of ESET's cybersecurity experts.

One of our regular collaborations with **Mini Tech MBA, a program that helps women enter the world of IT**, moved online, allowing the attendees of this education program to attend popular lectures on digital security. The instructors help attendees understand the main challenges and solutions in the field of personal and business security. The program bore its first fruit when several of its former attendees chose ESET for their future careers.

Mini Tech MBA

This IT-focused educational program for women organizes regular workshops on digital security, which are led by expert volunteers from the ranks of ESET's cybersecurity experts.

Every year, ESET attends **Girls Day**, an event organized as part of the International Girls in ICT Day celebrations. Its goal is to present the world of IT and modern technology to girls at secondary schools and show them what options they have for studying IT or working in the sector. In Slovakia, it has been organized by the Aj Ty v IT civic association since 2014. On this day, ESET opens its doors to girls, allowing them to see the dynamically developing world of information technology with their own eyes and consider potential future careers in the sector. In 2021, the Girls Day celebrations were planned for 22 April, but due to the epidemiological situation the event had to be broadcast online from the studio.

BEST EMPLOYER OF 2021

We are proud that we finished first in the IT and Telecommunications category of the Najzamestnávateľ best employer survey conducted by Profesia for the third consecutive time. We are thankful that our employees and supporters continue to view us as an attractive employer. Even more so considering the fact that we all mainly worked from home for the second year in a row. We are thankful that our employees and supporters continue to view us as an attractive employer.

COVID-19

In 2021, our work life, which continued to be influenced by the pandemic, once again underwent significant changes. Our working group tasked with managing the impacts of the pandemic dynamically reacted to current work challenges associated with the pandemic. Working conditions and the option of working from the office were adapted to the pandemic waves as they came and went.

A current topic that we reflected upon was the availability of vaccinations. We tried to help our employees navigate the large amounts of information about vaccination and provide answers to their questions by organizing two discussions with experts. In the follow-up employee survey, which was conducted with the goal of finding out the vaccination rate against COVID-19 in our Slovak branch, as many as 92 % of the employees who filled out the survey stated that they were vaccinated. The results helped us evaluate the risks of working at the office and implement better preventive measures.

BENEFITS OFFERED TO EMPLOYEES

Health care – Health care packages were added to our Cafeteria benefit system. Employees could choose from several packages from various providers, and we are continuing to expand and adapt our offer. During the seven months of 2021 that this benefit was available, 7 % of our employees made use of it.

Despite the difficult times, our system of benefits continued without any changes or restrictions. We focused on making our communication with employees more effective, making benefit requests simpler, and improving the availability of detailed information for every benefit.

Employee events – The situation did not allow us to organize any of our popular events for employees. We realized that online communication when working from home cannot replace real-world human contact, so we increased our teambuilding budgets, at least allowing colleagues from the same teams to meet, as long as strict epidemiological measures were followed. Personal meetings proved very effective at building trust and cooperation.

Learning & Development

The Seduo learning platform – From March to December 2021, more than 53 % of our employees made use of the opportunity to attend e-learning courses at the Seduo.sk platform. In total, our colleagues spent approximately 2,045 hours learning via this platform, and they attended more than 2,660 courses. The most popular topics included Personal Efficiency, Authenticity, and Effective and Assertive Communication, as well as English language courses.

The Leaders League program – When it came to the development of management skills among our experienced leaders, the greatest addition was a 10-month leadership program titled Leaders League. The first group started the program in September 2021. This program is customized based on our competence model and in cooperation with our managers and HR business partners. It consists of 360-degree feedback at the start of the program, which we plan to repeat after 12 months in the program. Furthermore, it includes 8 group training modules, an initial and final workshop, and individual coaching sessions. The first group consists of 8 department managers from various divisions of our company.

360-degree feedback – With the goal of offering development to our senior managers, we made use of 360-degree feedback, which allows us to gain an overview of how the managers' skills and behavior are viewed by their colleagues, superiors, and direct reports. Based on this comprehensive feedback, we prepared individual development plans for these managers, relying on management coaching sessions and other development activities.

Well-being activities

Inspirational workshops and well-being webinars – Even in 2021, we tried to inspire our colleagues and provide them with support in difficult times. We organized 6 inspirational workshops and 4 well-being webinars. The topics that were discussed included Creativity From the Perspective of Neuroscience, Critical Thinking and the Illusion of Rationality, and Feedback and Radical Openness, all led by experienced coaches and trainers. We placed focus on the mental well-being and needs of our employees, and we also organized well-being webinars to complement our existing Mind & Soul program. The topics discussed included Empowerment and Taking Responsibility for Your Emotions and Needs, as well as Anxiety – A Modern-Day Illness. All of them were led by qualified and experienced psychologists, which was something that the attendees viewed as beneficial. They also appreciated the form of online webinars, which were relatively short (2 or 4 hours), but offered a good theoretical foundation, as well as room for asking practical questions.

Sporting events – Even despite the unfavorable pandemic situation in 2021, we managed to support our employees participating in the two most popular sporting events in Bratislava. In early autumn, our colleagues ran the Telekom Nightrun and ČSOB Marathon wearing ESET colors.

Health Weeks – In the spring and autumn months, as part of the Health Weeks event, our colleagues could attend interesting online webinars focusing on various physical and mental health topics led by experts and doctors from the relevant areas. Altogether, we organized a total of 16 online webinars in this period.

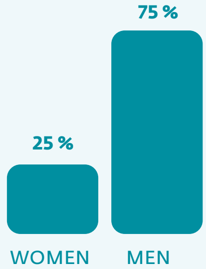
Internal Communication – Email Digest Concept

As our company grows, so does the amount of information we need to provide to our employees using internal communication. A key tool and storage space for internal communication is our intranet, where we publish company-related news and information. With the goal of making this information easier to access and navigate for our employees, we created a daily and weekly news summary that they can receive through email digests.

TOTAL NUMBER OF ESET SLOVAKIA EMPLOYEES AS OF 31 DECEMBER 2021: 1,100

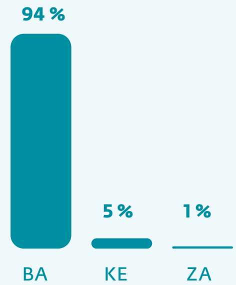
GENDER

WOMEN: **280**
MEN: **820**
TOTAL: **1,100**



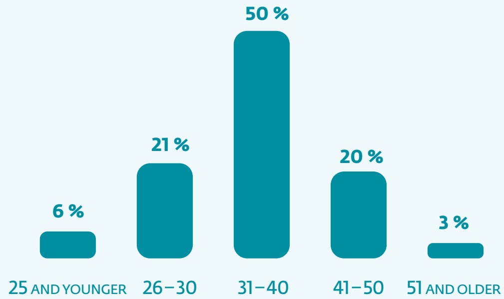
REGION

BRATISLAVA: **1,039**
KOŠICE: **50**
ŽILINA: **11**
TOTAL: **1,100**



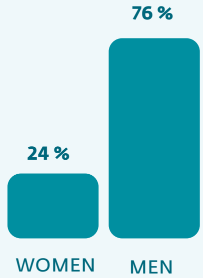
AGE

25 AND YOUNGER:	**65**
26 – 30:	**230**
31 – 40:	**550**
41 – 50:	**218**
51 AND OLDER:	**37**
TOTAL:	**1, 100**



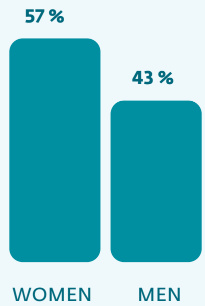
FULL-TIME EMPLOYMENT

WOMEN: **262**
MEN: **808**
TOTAL: **1,070**



PART-TIME EMPLOYMENT

WOMEN: **17**
MEN: **13**
TOTAL: **30**



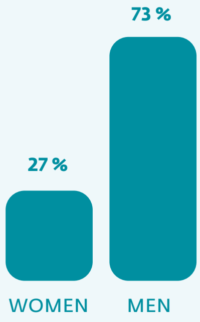
WORK PERFORMED OUTSIDE AN EMPLOYMENT RELATIONSHIP

WOMEN: **5**
MEN: **6**
TOTAL: **11**

TOTAL NUMBER OF THE ESET GROUP EMPLOYEES AS OF 31 DECEMBER 2021: 1,930

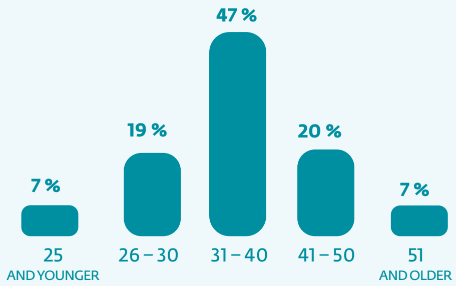
GENDER

WOMEN:	**523**
MEN:	**1,407**
TOTAL:	**1,930**



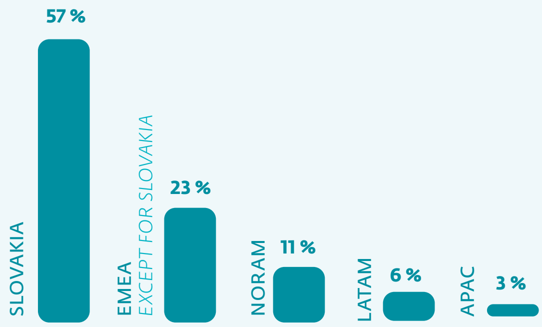
AGE

25 AND YOUNGER:	**139**
26 – 30:	**369**
31 – 40:	**900**
41 – 50:	**384**
51 AND OLDER:	**138**
TOTAL:	**1,930**



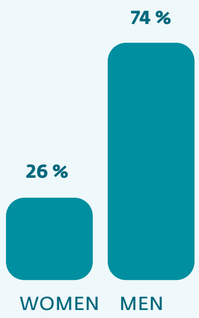
REGION

SLOVAKIA:	**1,100**
EMEA *(except for Slovakia):*	**447**
NORAM:	**218**
LATAM:	**115**
APAC:	**50**



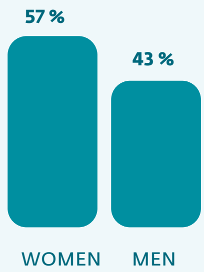
FULL-TIME EMPLOYMENT

WOMEN:	**480**
MEN:	**1,374**
TOTAL:	**1,854**



PART-TIME EMPLOYMENT

WOMEN:	**43**
MEN:	**33**
TOTAL:	**76**



3.4. SUSTAINABILITY AND THE ENVIRONMENT

ESET set the goal to reduce its environmental impact already in 2018. Back then, the company identified three main areas of focus for the following years:

- energy efficiency
- waste management and recycling
- employee environmental awareness

Then in 2019, we started regularly monitoring our energy consumption and waste production in cooperation with the Institute of Circular Economy (INCIEN). In 2021, we continued evaluating the environmental impact of our activities while also fine-tuning the measurement parameters for both our Slovak headquarters and our branches all over the world.

The upcoming **Global Code of Conduct and Integrity** will also include ESET's stance towards **environmental protection and sustainability**. In the upcoming years, we will be setting our global environmental, social, and governance (ESG) strategy, which will be based on data collected at all ESET branches. Our plan is to use our measurement and evaluation of this data to – among other things – work on the systematic and long-term reduction of the environmental impact of our activities.

CARBON FOOTPRINT CALCULATION FOR 2021

In 2020, we conducted the first quantitative and qualitative evaluation of ESET's environmental sustainability and circularity. The main goal of the qualitative evaluation, which was conducted as a questionnaire survey, was to get an overview of our activities and direction in this area. The quantitative analysis was conducted by calculating our carbon footprint, which included all significant sources of emissions.

With the goal of continuously improving our evaluation of our environmental impact, in comparison with the previous years, we have expanded the scope of the calculation by adding more items to the list of so-called optional emissions. These now include the energy consumption of employees working from home, since 2021 was marked by limited access to our offices. In the following period, we will expand our carbon footprint measurements to also include other ESET branches in Slovakia and abroad.

The methodology for calculating our carbon footprint was based on the international GHG Protocol, which is currently the most common tool that companies use for calculating their production of greenhouse gas emissions.

The GHG Corporate Standard divides the direct and indirect emissions into three Scopes, requiring companies to take into account all sources of emissions in Scope 1 and Scope 2 (so-called "mandatory emissions"). Scope 3 concerns so-called "optional emissions".

The analysis of our carbon footprint included all sources of emissions from Scope 1 and Scope 2, as well as selected significant items from Scope 3 that impact our overall emissions, in line with the requirements of the GHG Protocol. Our emission calculation was based on the ESET headquarters, located in two administrative buildings in Bratislava.

- **SCOPE 1 (direct emissions)**
  – fuel consumption in company vehicles, natural gas (for heating), coolants
- **SCOPE 2 (indirect emissions from energy purchases)**
  – electricity consumption in offices
- **SCOPE 3 (other indirect emissions)**
  – electricity consumption in external data centers; business trips; the purchase of electronic equipment, cars, textiles, and other goods; building renovations; waste; water consumption; paper consumption; household energy consumption when working from home

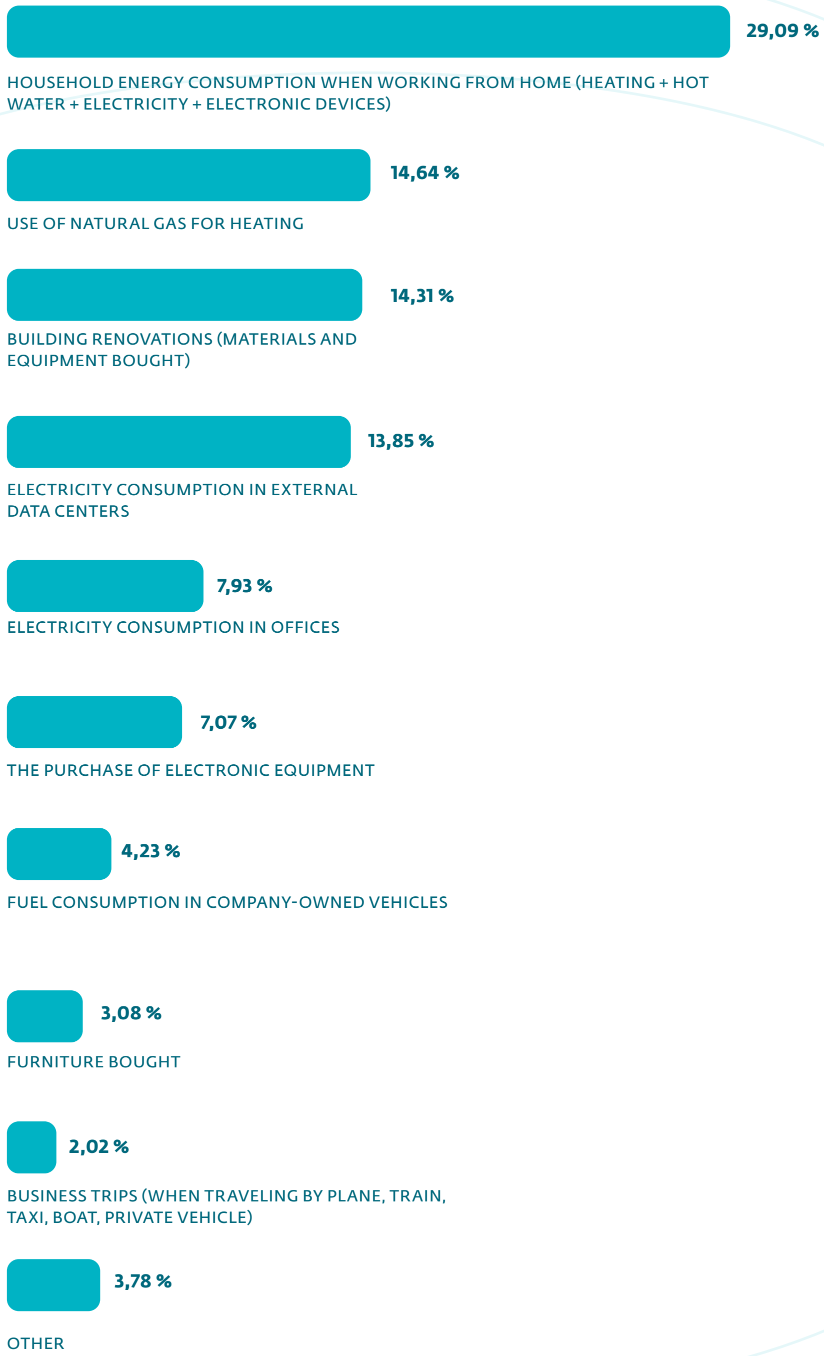
ESET's total carbon footprint (Scope 1, Scope 2, Scope 3) for 2021: 2,116.07 t CO_2e

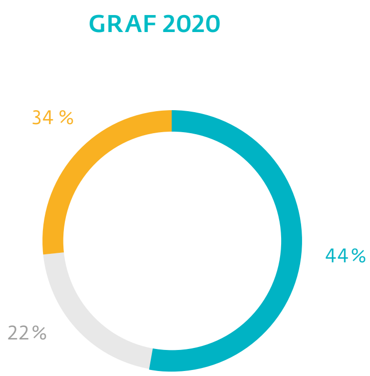
INDICATOR (t CO_2e)	2019	2020	2021	↑↓
Carbon footprint (only mandatory emissions in Scope 1 and Scope 2)	1 002,8	529,3	584,27	10,4 %
Carbon footprint per employee (mandatory emissions only)	1,21	0,56	0,56	0 %
Total carbon footprint (mandatory and optional emissions in Scope 1, Scope 2, and Scope 3)	1 338,3	801,9	2 116,07	n/a
Carbon footprint per employee (total emissions including optional)	1,61	0,85	2,04	n/a

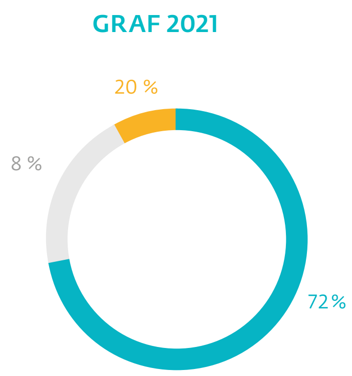
The main findings of our quantitative analyses of 2021:

- In 2021, the monitored operations saw a significant increase in emissions, which **was caused by expanding our collection of indirect emissions listed under Scope 3**, which is also reflected in the graph with the percentage distribution of emissions between individual sources of emissions. The carbon footprint of mandatory emissions per employee remained unchanged from 2020.
- The largest share of emissions consisted of household energy consumption when working from home, amounting to 29.09 %. On average, ESET employees worked from home 16.08 days per month..
- Building emissions were 507.47 t CO2e, making up almost 24 % of the emissions and presenting only a 0.82 % increase from 2020.
- 2021 was another year that saw a significant increase in energy consumption at data centers, specifically by 45.8 %, which indicates further increases in data usage.
- A significant share of emissions was caused by office renovations, along with the associated purchases of materials and equipment, as well as the production of construction waste. This category had a 14.66 % share in the total emissions.

ITEMS ORDERED BY THEIR IMPACT ON THE OVERALL CARBON FOOTPRINT







- Scope 1 – Direct emissions
- Scope 2 – Indirect emissions from energy consumption
- Scope 3 – Other indirect emissions

ESET CAMPUS – ON THE WAY TOWARDS CARBON NEUTRALITY

In 2021, we presented our concept for the ESET CAMPUS project. The concept is the result of our almost two-year collaboration with the winner of our international call for a concept architect – the renowned architectural studio BIG-Bjarke Ingels Group. In just a few years, ESET CAMPUS will transform the Patrónka neighborhood in Bratislava into an epicenter of technological innovation, science, and research. The urban planning aspect of this project incorporates a natural respect towards the neighborhood, while also making full use of the existing natural environment, as well as its proximity to the Železná Studnička forest park. The defining principles of the proposed architectural solution include environmental design, flexibility, and carbon-neutral building operation.

Our ambition of carbon neutrality is reflected in all aspects of the proposal – design, execution, and choice of construction techniques and materials, as well as the future operation of the campus. The project team places great emphasis on energy efficiency, the options of using various types of renewable energy, and potentially even producing our own energy.

ESET CAMPUS will transform the former Military Hospital into a living space that will turn this part of the city into an epicenter of innovation and creativity within Bratislava. In addition to the new ESET headquarters and the company's global science and research center, the campus with an area of 55,000 m2 will create an inspiring environment for IT and tech companies and startups, connecting them with tech-focused universities. Moreover, the campus will offer a wide range of other useful services and shops, and high-quality public spaces, and also partially serve a residential function in the form of co-living, primarily meant for interns and employees. Importantly, the campus will include sports infrastructure and an auditorium, with many of these spaces being available for the general public to use.

EMPLOYEE AWARENESS ABOUT SUSTAINABILITY

In 2021, ESET continued to support its employees to actively engage in the areas of sustainable development and environmental footprint reduction. In 2017, a group of volunteer eco-ambassadors was formed, which has been carrying out a variety of promotional and educational activities on this topic ever since. Our team of eco-ambassadors consists of ESET Slovakia employees from various departments of our Bratislava headquarters. This volunteer group meets once a month to propose sustainable solutions, primarily aiming to minimize waste production.

THE ECO-AMBASSADORS' MAIN ACTIVITIES IN 2021 INCLUDED:

- Organizing activities that helped increase awareness about the need for environmental protection.
- Motivating other employees to actively participate in creating a more eco-friendly corporate culture.
- A regular eco-blog.
- In 2021, our eco-ambassadors organized an internal challenge called the "ECO Home Office Challenge", which ran for two weeks and provided ESET employees with plentiful inspiration and tips on how to minimize waste in the household and reduce one's personal carbon footprint. As many as 170 employees and their households participated in the challenge, and 95.5 % of them considered the topics and tips useful.
- In the middle of May 2021, our eco-ambassadors launched a campaign that aimed to increase awareness about recycling at work among ESET employees. The campaign also included a quiz titled "Where to sort your waste?", which was taken by 126 employees.
- After a suggestion from our eco-ambassadors, ESET donated 500 plates to Vagus, a civic association working with homeless people. Previously, these plates had been used as decoration at the ESET WORLD event.
- In 2022, our team of eco-ambassadors will work with dedicated Facilities and CSR departments, focusing on creating an in-company solution to accommodate the new system of deposits on plastic bottles and metal cans.

ECO Cleanup – On 10 November 2021, we organized the ECO Cleanup event in the Janko Kráľ Park, where 19 ESET volunteers helped clean up the immediate surroundings of their workplace. They managed to fill up 52 bags of waste during the event

Our City – In June, 128 ESET volunteers participated in Our City, a country-wide volunteering event. Altogether, they spent a total of 460 hours doing various activities, primarily focusing on environmental protection and the renovation of public spaces.

THE BIKE TO WORK INITIATIVE

It has been a tradition for several years now that ESET motivates its employees to ride their bicycles to work, thus supporting a healthy lifestyle and reducing our carbon footprint. Even though most of us still worked from home in 2021, we managed to make use of more eco-friendly modes of transport (especially bicycles) 1,272 times in total. In June alone, we used them to travel as much as 11,385 km.

3.5. OUR GOALS

The goal of ESET's ESG strategy is to build a world with strong digital competencies. In 2022, a long-term global ESG strategy will be created. It will define specific long-term goals and enable ESET to track, measure, and improve things in regard to developing its corporate culture and reducing its environmental impact. It will serve as a continuation of existing goals in these areas, as well as programs focusing on cybersecurity education, science support, research, and technology. Ethics and volunteering serve as cornerstones that support all of these areas.

ETHICS

GOAL

Preparing an online training session on ethical business and the principles encompassed in the Code of Conduct

STATE OF GOAL IN 2021

Goal achieved partially.

The goal to establish the content of the code of conduct training and have all employees of ESET Slovakia attend the training was achieved partially. We performed a comparison of our existing regional codes of conduct and used it to prepare the first draft of our Global Code of Conduct and Integrity. The associated training that will take place after the code of conduct is published has been moved to 2022/2023.

GOAL FOR 2022

The Global Code of Conduct and Integrity will be harmonized and implemented at all ESET branches. By implementing it, every branch will commit to follow the principles of ethics and integrity.

In 2022, we will prepare a pilot online training focusing on ethics and integrity. This training will have its pilot implementation in 2023, when it will be attended by employees of ESET Slovakia.

VOLUNTEERING

GOAL

Having our employees participate in expert or manual volunteering

STATE OF GOAL IN 2021

Goal not achieved.

We planned to have 20 % of our employees participating in expert or manual volunteering, which we failed to achieve. Only 17 % of our employees participated in the employee volunteering program. This is an increase compared to the year before, but just like last year, the relatively low engagement rate was determined by the pandemic, which still limited options for volunteering activities.

GOAL FOR 2022

The goal will stay set at 20 % of all employees, but on a global level. We will improve internal communication focusing on volunteering activities, increase our offer of volunteering activities for employees, and monitor our employees' engagement in volunteering activities on a global level.

EDUCATION, SCIENCE, RESEARCH, INNOVATION, AND TECHNOLOGY

GOAL

An analysis of online security awareness among the general population, identifying weak points, and preparing activities aimed at raising awareness

STATE OF GOAL IN 2021

Goal met and exceeded.

The continuation of the Bezpečne na nete project (bezpecnenanete.sk) as an activity that aims to improve awareness about online security, providing support in regard to content and communication, and expanding the project content by adding a section for teachers, including relevant communication activities for this target group – goal met and exceeded.

In addition to articles published on this platform, where teachers can find comprehensive educational materials, all primary schools and eight-year grammar schools in Slovakia also received the print edition of the Digital Security Handbook for Primary School Teachers.

GOAL FOR 2022

Continue improving the content published at bezpecnenanete.sk, our communication activities, and our collaboration with media outlets in Slovakia. Make use of quality content and continue localizing the know-how of our global Safer Kids Online project in countries where ESET operates, while also focusing on the evaluation of its impact.

GOAL

Creating a set of educational and communication activities to raise awareness about cybersecurity

STATE OF GOAL IN 2021

Goal achieved.

Providing support and professional assistance to the Security Girls project by creating plans for the kick-off trainings and providing three follow-up trainings for selected "security girls". Goal achieved. In 2021, 15 schools all over Slovakia participated in the project. We trained almost 200 girls studying at secondary schools, some of whom will later become security girls themselves. Follow-up trainings for selected security girls will take place in March/April 2022.

GOAL FOR 2022

When working on projects aiming to increase awareness about cybersecurity, we will place special emphasis on monitoring the impact of our collaborations on both a global and a local level. Especially in 2022, we will focus on activities that help women and children get involved with cybersecurity.

COMPANY CULTURE, DIVERSITY, EQUITY, AND INCLUSION

GOAL

Conducting the second annual employee satisfaction survey

STATE OF GOAL IN 2021

Goal achieved.

In the second half of 2021, we modified the questionnaire used for our employee satisfaction survey, focusing on the topics identified in 2019, while also setting up and testing the data collection environment. The second edition of the survey was launched as planned, in January 2022.

GOAL FOR 2022

As part of the second edition of our satisfaction survey (planned for January 2022), we will continue to analyze the results and identify improvement areas. Afterwards, we will organize workshops, where we will co-create solutions to achieve improvements in the identified areas. We will continue with their implementation in 2023.

GOAL

Implementing an internal mentoring system

STATE OF GOAL IN 2021

Goal achieved partially.

Creating a mentoring program for new managers and launching it in the first half of 2022. In 2021, we created the concept of a mentoring program for our team of coordinators, complete with materials and a communication plan. The mentoring program will be ready for launch in the first half of 2022.

GOAL FOR 2022

Carrying out the pilot version of our mentoring program and collecting participant feedback in order to improve the program and prepare it for company-wide implementation.

GOAL

Identifying top talent for key positions

STATE OF GOAL IN 2021

Goal achieved partially

By the end of 2021, we created criteria to be used to identify key positions and employee potential. In the second half of 2022, we will continue by designing this process in cooperation with regional HR departments.

GOAL FOR 2022

Finalizing the criteria for talent identification and designing a global talent management concept, i.e. working with various employee groups according to their performance, their potential, and the needs of the company.

GOAL

Improvements in the performance evaluation system

GOAL FOR 2022

Proposing improvements in the system of employee performance management based on a survey conducted among employees and managers, implementing a new competence model, and implementing development goals as a part of performance management.

GOAL

Setting benchmarks and awareness activities in diversity, equity, and inclusion (DEI)

GOAL FOR 2022

Conducting a qualitative and quantitative survey in DEI, while also setting up a roadmap, goals, and KPIs for all ESET branches. Organize Diversity Week celebrations to commemorate World Day for Cultural Diversity for Dialogue and Development. Establishing the ESET Diversity Council with the goal of making the planning and execution of DEI activities more efficient at all ESET branches.

ENVIRONMENTAL SUSTAINABILITY

GOAL

Measuring the environmental impact of our activities with the goal of collecting input data and implementing quick changes in order to decrease our carbon footprint

STATE OF GOAL IN 2021

Goal achieved partially.

At our headquarters in Slovakia, we collected data for the 2021 Carbon Report, which was expanded again to include further optional emissions. While we managed to achieve our planned reduction in the consumption of paper and bottled water, this was mainly due to the fact that working from home had become the norm.

In 2021, we also decreased our environmental impact through our team of employee eco-ambassadors, who increased employee awareness about environmental topics in their campaign.

GOAL FOR 2022

Continuing to increase environmental awareness among our employees, cooperate with the Facilities and CSR departments to create a solution for the deposit return system for plastic bottles and metal cans.

GOAL

Drawing up a global report focusing on carbon footprint reduction

STATE OF GOAL IN 2021

Goal postponed.

The goal of "Creating a roadmap that will present individual measures to reduce our carbon footprint by 2027 and their implementation, focusing on our main sources of emissions" was postponed: In connection with the announced EU taxonomy for sustainable activities, we will focus on this goal in 2022, after metrics have been set in the wider context of the global ESG strategy.

GOAL FOR 2022

Setting up a global system of sustainability measurement and reporting as one of the pillars of our ESG strategy. The created roadmap for reducing CO_2 emissions will focus on our main sources of emissions:

A. Coolants

B. Heat consumption

C. Energy consumption in offices

D. Mixed municipal waste

The prepared technological and urban planning proposal of our new campus – the future ESET headquarters – will include solutions to make the operation of the complex as carbon neutral as possible.

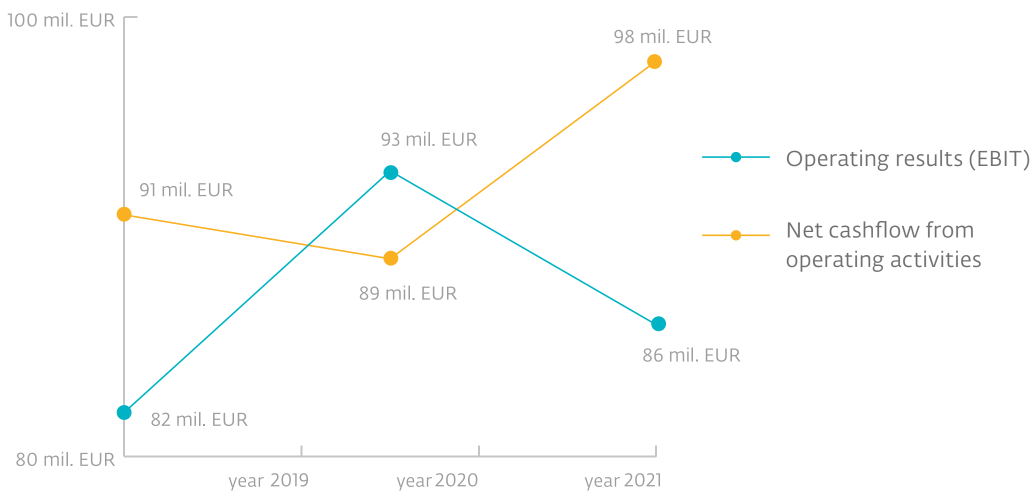
4. 2021 FINANCIAL RESULTS

In the long run, the ESET Group has been experiencing very positive development in its key financial indicators, which include billings and revenues, primarily from the provision of end-user licenses and services. In the following period, the ESET Group plans to maintain such a positive trend in these key financial indicators by publishing new versions and updates for its home products, as well as its comprehensive security products and services for medium-sized companies and large organizations. In the future, the ESET Group plans to expand its product portfolio, with a focus on cloud security and offering services to business customers.

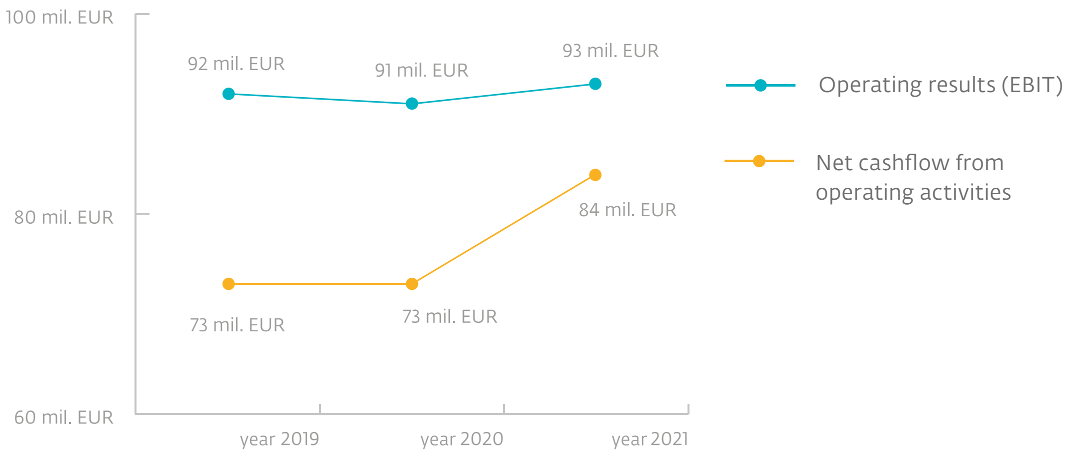
When evaluating its financial situation and performance, the ESET Group follows the changes in its key financial indicators, which primarily include sales and revenues from the provision of end-user licenses and services, as well as operating result (EBIT) and net cash flows from operating activities. When interpreting the ESET Group's financial situation and performance, the attention is focused both on traditional and alternative financial indicators. Despite the general economic conditions, which have been influenced by factors such as the global pandemic or the war conflict in Ukraine, the ESET Group has been experiencing positive development in these key financial indicators from both a short-term and a long-term perspective. In the upcoming period, the ESET Group expects sales and revenues to grow by more than 10 %, thanks to a focus on new products and its providing service offer.

	CONSOLIDATED FINANCIAL STATEMENTS IN MILLION EUR			SEPARATE FINANCIAL STATEMENTS IN MILLION EUR		
INDICATOR	**2020**	**2021**	**↑↓**	**2020**	**2021**	**↑↓**
Revenue	526	548	4 %	534	564	6 %
Operating result (EBIT)	93	86	-7 %	91	93	2 %
Net cash flow from operating activities	89	98	10 %	73	84	16 %

CONSOLIDATED FINANCIAL STATEMENTS



SEPARATE FINANCIAL STATEMENTS



The differences in the presented absolute numbers as well as the relative changes of financial indicators in the consolidated financial statements in comparison with the separate financial statements are caused by the fact that the ESET Group's consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS), while the separate financial statements of the ESET parent company follow the Slovak legislation. These two reporting frameworks create a precondition for different ways of evaluating and reporting individual elements of the consolidated and separate financial statements. Of these the most significant include revenues (IFRS 15 Revenue from Contracts with Customers), leases (IFRS 16 Leases), or financial instruments and impairment of financial assets (IFRS 9 Financial Instruments).

In 2022, the ESET parent company will have a new obligation to prepare its separate financial statements in accordance with the International Financial Reporting Standards (IFRS), which partially eliminates the precondition stated above and potential differences against the ESET Group's consolidated financial statements due to the same reporting framework.

In 2021, the ESET Group's revenues increased from €526 to €548 million, which represents an increase of 4 % in comparison to the previous accounting period. Over the same period, the ESET parent company's revenues increased from €534 to €564 million, which represents an increase of 6 %, comparable to the growth of this consolidated financial indicator. Since the year-on-year increase in the ESET Group's revenues was relatively slower than the growth of revenues of the ESET parent company, the presented difference in absolute numbers between the consolidated and separate financial statements is reflected in deferred revenues, which will have a positive impact on this consolidated financial indicator in the upcoming period.

From a long-term perspective, the ESET Group is operationally efficient, i.e. it has a positive financial result determining its level of profitability. In 2021, the ESET Group's operating result (EBIT) decreased from €93 to €86 million, which represents a decrease of 7 % in comparison with the previous accounting period. Over the same period, the ESET parent company's operating result (EBIT) increased from €91 to €93 million, which represents an increase of 2 %. The operating result (EBIT) achieved by the ESET Group in 2021 is determined by the relatively slower year-on-year increase in revenues in comparison with the ESET parent company.

This level of profitability increases the tax burden, whereby the ESET Group's total expenses on income tax due in 2021 represent almost €27 million, out of which the total expenses of the ESET parent company represent over €22 million.

In 2021, the ESET Group's net cash flows from operating activities increased from €89 million to €98 million, which represents an increase of 10 %. Over the same period, the ESET parent company's net cash flows from operating activities increased from €73 million to €84 million, which represents an increase of 16 %. The ESET Group's high liquidity is further boosted by both the cash and cash equivalents balance of €97 million at the end of 2021 as well as by the absence of loans contributing to a strong dividend policy.

RESEARCH AND DEVELOPMENT

Similarly to previous years, the ESET parent company did not receive any donations, investment grants, or other financial support from the Slovak or any other government in 2021. As a research and development center, the ESET parent company utilized 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 €7,011,559.78. In 2021, the products that are described in more detail in Section 3.2. were introduced as part of R&D activities.

DISTRIBUTION OF PROFIT

As per the per rollam resolution of the shareholders from 6 June 2022 (outside the general meeting), the shareholders approved the separate financial statements of the ESET parent company, the consolidated financial statements of the ESET Group, and the profit distribution. At the same time, the shareholders decided that the net profit of the company for the year 2021 after taxation, reported in the separate financial statements of the company for the year 2021 in the amount of EUR 84,845,073 in total, will be distributed as follows:

a. part of the company's profit for 2021 – in the amount of €84,545,073 – will be transferred to the Retained earnings account as undistributed net profit, and
b. the remaining part of the company's profit for 2021 – in the amount of €300,000 – will be transferred to the social fund.

On 6 June 2022, the shareholders approved the distribution of retained earnings for 2020 – in the amount of €78,164,453 – in the following way:

a. part of the retained earnings for 2020 – in the amount of €40,000,000 – will be distributed among the shareholders in proportion to their shares in the company by 30 June 2022,
b. part of the retained earnings for 2020 – in the amount of €38,164,453 – will be distributed among the shareholders in proportion to their shares in the company by 30 November 2022.

SUBSEQUENT EVENTS

The ongoing conflict in Ukraine and the associated sanctions against the Russian Federation also have an impact on the ESET Group, namely in the form of lower sales in Ukraine and suspended sales in the Russian Federation. In the future, the long-term impact may influence trade volumes, cash flows, and profitability. In this phase, the ongoing conflict does not have a significant impact on the ESET Group.

As of 1 January 2022, the ESET parent company fulfills the criteria stipulated by Article 17a(2) of Act No. 431/2002 Coll. on Accounting, as amended. As a result, its separate financial statements at 31 December 2022 will be prepared in line with the International Financial Reporting Standards adopted by the European Union (IFRS

EU). The accounting principles used by the ESET Group for financial reporting in line with IFRS EU are listed in the ESET Group's consolidated financial statements.

On 1 January 2022, the ESET parent company fulfilled the conditions listed in Article 2 (15f) of Act No. 423/2015 on Statutory Auditing, as amended, thus becoming a supervised entity in line with the aforementioned law.

In this regard, the parent company ESET, spol. s r.o., established a supervisory board, registered in the Commercial Register since 16 February 2022, effective since 1 January 2022. The supervisory board has the following members: Matej Bošňák (chair), Maroš Grund, Anton Zajac.

Between 31 December 2021 and the day when the financial statements were prepared, no other events took place that would significantly impact the ESET group's assets and liabilities.

5. **ANNEXES**

ANNEX 1: CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT AS OF 31 DECEMBER 2021

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 2021

This is a translation of the original auditor's report issued in the Slovak language to the accompanying financial statements translated into the English language.

Deloitte.

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Register of the District Court Bratislava I
Section Sro, File 4444/B
Company ID: 31 343 414
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 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 2021, 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 2021, 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 and Those Charged with Governance 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.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

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.

This is a translation of the original auditor's report issued in the Slovak language to the accompanying financial statements translated into the English language.

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.

We communicate with those charged with governance about, inter alia, the planned scope and time schedule of the audit and significant audit findings, including all material deficiencies of internal control identified during our audit.

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 2021 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, 26 April 2022

Ing. Peter Longauer, FCCA
Responsible Auditor
Licence UDVA No. 1136

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

CONTENTS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021
(in thousands EUR)

	Note	*2021*	*2020*
Revenues from the provision of end-user licences and services	8	547 513	526 022
Services	9	(317 759)	(307 116)
Personnel expenses	10	(127 875)	(111 493)
Depreciation		(11 832)	(12 439)
Other operating (expenses)/income, net		(3 559)	(2 298)
Finance income	11	4 795	148
Finance costs	12	(1 009)	(5 575)
Profit before tax		90 274	87 249
Income tax	13	(20 953)	(17 082)
PROFIT FOR THE YEAR		**69 321**	**70 167**
OTHER COMPREHENSIVE INCOME			
Items that may be reclassified subsequently to profit or loss:			
Foreign exchange differences on translating foreign operations into the reporting currency		*(5 743)*	*3 765*
TOTAL COMPREHENSIVE INCOME		**63 578**	**73 932**
Profit attributable to:			
Owners of the parent company		69 314	70 154
Minority interests		7	13
Total profit for the period		**69 321**	**70 167**
Other comprehensive income attributable to:			
Owners of the parent company		(5 741)	3 730
Minority interests		(2)	35
Total other comprehensive income for the period		**(5 743)**	**3 765**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 DECEMBER 2021
(in thousands EUR)

	Note	31 December 2021	31 December 2020
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	14	45 302	39 990
Right-of-use assets	23	26 531	27 858
Intangible assets	15	3 864	4 690
Other assets		3 204	2 842
Capitalised costs of obtaining a contract	16	72 506	67 781
Deferred tax asset	20	62 710	55 246
Total non-current assets		214 117	198 407
CURRENT ASSETS			
Cash and cash equivalents	19	96 650	115 555
Trade and other receivables	17	14 879	13 198
Income tax assets		75	3 523
Capitalised costs of obtaining a contract	16	159 132	149 049
Inventories		477	515
Total current assets		271 213	281 840
TOTAL ASSETS		**485 330**	**480 247**
EQUITY AND LIABILITIES			
EQUITY			
Registered capital		140	140
Equity reserves		1 587	1 297
FX translation reserve		(6 209)	(533)
Retained earnings		(32 826)	(24 197)
Equity attributable to the owners of the parent company in total		*(37 308)*	*(23 293)*
Minority interest		64	59
Total equity		(37 244)	(23 234)
NON-CURRENT LIABILITIES			
Deferred income	24	130 280	122 256
Non-current lease liabilities	22	20 928	23 480
Other non-current liabilities		439	178
Provisions for liabilities	23	7 717	4 012
Deferred tax liability	20	44	29
Total non-current liabilities		159 408	149 955
CURRENT LIABILITIES			
Trade and other payables	21	56 362	71 129
Deferred income	24	295 586	275 361
Current lease liabilities	22	6 994	6 387
Provisions for liabilities	23	2 235	220
Current income tax		1 989	429
Total current liabilities		363 166	353 526
TOTAL EQUITY AND LIABILITIES		**485 330**	**480 247**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021
(in thousands EUR)

	Registered Capital	*Equity Reserves*	*Foreign Currency Translation Reserve*	*Retained Earnings*	*Total (Owners of the Parent Company)*	*Minority Interest*	*Total*
Balance at 31 December 2019	140	1 477	(4 429)	(54 144)	(56 956)	10	(56 946)
Net profit for the year	-	-	-	70 154	70 154	13	70 167
Allocation to reserves from profit	-	(125)	-	125	-	-	-
Dividends paid	-	-	-	(40 331)	(40 331)	-	(40 331)
Hyperinflationary restatement	-	(55)	166	(1)	110	-	110
Other comprehensive income, net	-	-	3 730	-	3 730	36	3 766
Balance at 31 December 2020	**140**	**1 297**	**(533)**	**(24 197)**	**(23 293)**	**59**	**(23 234)**
Net profit for the year	-	-	-	69 314	69 314	7	69 321
Allocation to reserves from profit	-	123	-	(123)	-	-	-
Dividends paid	-	-	-	(77 830)	(77 830)	-	(77 830)
Hyperinflationary restatement	-	167	58	17	242	-	242
Other comprehensive income, net	-	-	(5 734)	(7)	(5 741)	(2)	(5 743)
Balance at 31 December 2021	**140**	**1 587**	**(6 209)**	**(32 826)**	**(37 308)**	**64**	**(37 244)**

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 2021
(in thousands EUR, if not stipulated otherwise)

	2021	*2020*
Cash flows from operating activities		
Profit before tax	90 274	87 249
Non-cash transactions affecting profit/loss from ordinary activities before income tax:		
Interest charged to expenses	740	903
Interest charged to income	(111)	(111)
Profit from the sale of assets	5	9
Depreciation	11 832	12 439
Provisions for assets	2 531	936
Change in expense accruals	1 393	(432)
Change in provisions for liabilities	5 721	(375)
Foreign exchange differences	(1 611)	(274)
Other non-cash items	1 922	(83)
	112 696	100 261
Effect of changes in working capital		
(Increase)/decrease in inventories	38	(36)
(Increase)/decrease in trade and other receivables	(11 131)	707
(Increase)/decrease in capitalised costs of obtaining a contract	(9 825)	(4 843)
Increase/(decrease) in trade and other payables	5 029	3 481
Increase/(decrease) in deferred income*	22 942	13 611
	119 749	113 181
Cash flows from operating activities		
Income tax paid	(21 605)	(23 582)
Interest received	108	111
Interest paid	(737)	(904)
Net cash flows from operating activities	**97 515**	**88 806**
Cash flows from investing activities		
Acquisition of non-current assets	(11 268)	(5 538)
Proceeds from the sale of assets	16	211
Net cash flows from investing activities	**(11 252)**	**(5 327)**
Cash flows from financing activities		
Expenditures for finance lease	(6 807)	(6 821)
Dividends paid**	(100 161)	(18 000)
Net cash flows from financing activities	**(106 968)**	**(24 821)**
Net increase/(decrease) in cash and cash equivalents	**(20 705)**	**58 658**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE REPORTING PERIOD	115 555	59 922
EFFECT OF FOREIGN EXCHANGE DIFFERENCES	1 800	(3 025)
CASH AND CASH EQUIVALENTS AT THE END OF THE REPORTING PERIOD	**96 650**	**115 555**

** Deferred income from contracts with customers comprises contract liabilities.*
*** Paid dividends also include a portion of the dividends approved for payment by the decision of the Management Board of 16 December 2020 in the amount of EUR 23 385 thousand, which were paid on 18 January 2021.*

(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 2021 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 2021 were prepared pursuant to Article 22 of Act No. 431/2002 Coll. on Accounting, as amended, for the reporting period from 1 January 2021 until 31 December 2021.

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. 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. The key products for households are ESET Internet Security, ESET NOD32 Antivirus and ESET Smart Security Premium. The Group offers a range of products in the ESET Protect line to its corporate customers, which are continuously improved to enable customers to utilise their full potential and technology capabilities in a secure digital world. The Group develops security solutions for end-user devices, servers, mobile devices, cloud applications, disk encryption, mail security, and endpoint detection and response to attacks with the ability to control them remotely. 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 2021 was 1 930, of which executive management: 33 (for the year ended 31 December 2020: 1 831, of which executive management: 32).

The Group's full-time equivalent was 1 875 as at 31 December 2021 (for the year ended 31 December 2020: 1 756).

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 2021.

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

- **Amendments to IFRS 9 "Financial Instruments", IAS 39 "Financial Instruments: Recognition and Measurement", IFRS 7 "Financial Instruments: Disclosures", IFRS 4 "Insurance Contracts" and IFRS 16 "Leases"** – Interest Rate Benchmark Reform – Phase 2 adopted by the EU on 13 January 2021 (effective for annual periods beginning on or after 1 January 2021),

- **Amendments to IFRS 16 "Leases"** – Covid-19-Related Rent Concessions beyond 30 June 2021 adopted by the EU on 30 August 2021 (effective from 1 April 2021 for annual periods starting, at the latest, on or after 1 January 2021),

- **Amendments to IFRS 4 "Insurance Contracts"** – Extension of the Temporary Exemption from Applying IFRS 9 adopted by the EU on 16 December 2020 (the expiry date for the temporary exemption from IFRS 9 was extended from 1 January 2021 to annual periods beginning on or after 1 January 2023).

The Group applied an exception under the Amendment to IFRS 16 "Leases" related to the recognition of Covid-19-Related Rent Concessions and recognised such reliefs as variable lease payments and included them in "Services" in the consolidated statement of financial position.

The adoption of these amendments to the existing standards has not led to any other material changes to the Group's financial statements.

At the date of authorisation of these financial statements, the following amendments to the existing standards were issued by the International Accounting Standards Board (IASB) and adopted by the EU and are not yet effective:

- **Amendments to IAS 16 "Property, Plant and Equipment"** – Proceeds before Intended Use adopted by the EU on 28 June 2021 (effective for annual periods beginning on or after 1 January 2022),

- **Amendments to IAS 37 "Provisions, Contingent Liabilities and Contingent Assets"** – Onerous Contracts – Cost of Fulfilling a Contract adopted by the EU on 28 June 2021 (effective for annual periods beginning on or after 1 January 2022),

- **Amendments to IFRS 3 "Business Combinations"** – Reference to the Conceptual Framework with amendments to IFRS 3 adopted by the EU on 28 June 2021 (effective for annual periods beginning on or after 1 January 2022),

- **IFRS 17 "Insurance Contracts"** including amendments to IFRS 17 adopted by the EU on 19 November 2021 (effective for annual periods beginning on or after 1 January 2023),

- **Amendments to various standards due to "Annual Improvements to IFRS Standards (2018 – 2020 Cycle)"** resulting from the annual improvement project of IFRS (IFRS 1, IFRS 9, IFRS 16 and IAS 41) primarily with a view to removing inconsistencies and clarifying wording – adopted by the EU on 28 June 2021 (The amendments to IFRS 1, IFRS 9 and IAS 41 are effective for annual periods beginning on or after 1 January 2022. The Amendments to IFRS 16 only relate to an illustrative example, so no effective date is stated.).

The Group has elected not to adopt these amendments to the existing standards 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 the 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 IASB, except for the following new standards and amendments to the existing standards, which were not endorsed for use in the EU as at the date of publication of these financial statements:

- **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 IAS 1 "Presentation of Financial Statements"** – Classification of Liabilities as Current or Non-current (effective for annual periods beginning on or after 1 January 2023),

- **Amendments to IAS 1 "Presentation of Financial Statements"** – Disclosure of Accounting Policies (effective for annual periods beginning on or after 1 January 2023),

- **Amendments to IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors"** – Definition of Accounting Estimates (effective for annual periods beginning on or after 1 January 2023),

- **Amendments to IAS 12 "Income Taxes"** – Deferred Tax related to Assets and Liabilities arising from a Single Transaction (effective for annual periods beginning on or after 1 January 2023),

- **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 other amendments (effective date deferred indefinitely until the research project on the equity method has been concluded),

- **Amendments to IFRS 17 "Insurance Contracts"** – Initial Application of IFRS 17 and IFRS 9 – Comparative Information (effective for annual periods beginning on or after 1 January 2023).

- **IFRS 14 "Regulatory Deferral Accounts"** issued by the IASB on 30 January 2014. This standard is intended to allow entities that are first-time adopters of IFRS, and that currently recognise regulatory deferral accounts in accordance with their previous GAAP, to continue to do so upon transition to IFRS.

- **IFRS 17 "Insurance Contracts"** issued by the IASB on 18 May 2017. The new standard requires insurance liabilities to be measured at a current fulfilment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4 "Insurance Contracts" and related interpretations while it is applied. Amendments to IFRS 17 "Insurance Contracts" issued by the IASB on 25 June 2020 defer the date of initial application of IFRS 17 by two years to annual periods beginning on or after 1 January 2023. Additionally, the amendments introduce simplifications and clarifications of some requirements in the standard and provide additional reliefs when applying IFRS 17 for the first time.

- **Amendments to IFRS 3 "Business Combinations"** – Reference to the Conceptual Framework with amendments to IFRS 3 issued by the IASB on 14 May 2020. The amendments: (a) update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework; (b) add to IFRS 3 a requirement that, for transactions and other events within the scope of IAS 37 or IFRIC 21, an acquirer applies IAS 37 or IFRIC 21 (instead of the Conceptual Framework) to identify the liabilities it has assumed in a business combination; and (c) add to IFRS 3 an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

- **Amendments to IFRS 4 "Insurance Contracts"** – Extension of the Temporary Exemption from Applying IFRS 9 issued by the IASB on 25 June 2020. The amendments change the fixed expiry date for the temporary exemption from applying IFRS 9 "Financial Instruments" stated in IFRS 4 "Insurance Contracts" so that entities will be required to apply IFRS 9 for annual periods beginning on or after 1 January 2023.

- **Amendments to IFRS 9 "Financial Instruments", IAS 39 "Financial Instruments: Recognition and Measurement", IFRS 7 "Financial Instruments: Disclosures", IFRS 4 "Insurance Contracts" and IFRS 16 "Leases"** – Interest Rate Benchmark Reform – Phase 2 issued by the IASB on 27 August 2020.

The changes relate to the modification of financial assets, financial liabilities and lease liabilities, specific hedge accounting requirements, and disclosure requirements applying IFRS 7 to accompany the amendments regarding modifications and hedge accounting:

a) **Modification of financial assets, financial liabilities and lease liabilities –** the IASB has introduced a practical expedient for modifications required by the reform (modifications required as a direct consequence of the IBOR reform and made on an economically equivalent basis). These modifications are accounted for by updating the effective interest rate. All other modifications are accounted for using current IFRS requirements. A similar practical expedient is proposed for lessee accounting applying IFRS 16.
b) **Hedge accounting requirements –** under the amendments, hedge accounting is not discontinued solely due to the IBOR reform. Hedging relationships (and related documentation) must be amended to reflect modifications to the hedged item, hedging instrument and hedged risk. Amended hedging relationships should meet all qualifying criteria to apply hedge accounting, including effectiveness requirements.
c) **Disclosures –** in order to allow users to understand the nature and extent of risks arising from the IBOR reform to which the entity is exposed to and how the entity manages these risks as well as the entity's progress in transitioning from IBORs to alternative benchmark rates, and how the entity is managing this transition, the amendments require that an entity disclose information about:
    - How the transition from interest rate benchmarks to alternative benchmark rates is managed, the progress made at the reporting date, and the risks arising from the transition;
    - Quantitative information on non-derivative financial assets, non-derivative financial liabilities and derivatives that continue to reference interest rate benchmarks subject to the reform, disaggregated by significant interest rate benchmark;
    - If the IBOR reform results in changes to an entity's risk management strategy, a description of these changes and how the entity is managing these risks.
d) The IASB also amended IFRS 4 to require insurers that apply the temporary exemption from IFRS 9 to apply the amendments when accounting for modifications directly required by the IBOR reform.

- **Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures"** – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture issued by the IASB on 11 September 2014. The amendments address a conflict between the requirements of IAS 28 and IFRS 10 and clarify that, in a transaction involving an associate or joint venture, the extent of the gain or loss recognition depends on whether the assets sold or contributed constitute a business.

- **Amendments to IFRS 16 "Leases"** – Covid-19-Related Rent Concessions issued by the IASB on 28 May 2020. The amendments exempt lessees from having to consider individual lease contracts to determine whether rent concessions occurring as a direct consequence of the Covid-19 pandemic are lease modifications and allow lessees to account for such rent concessions as if they were not lease modifications. This applies to Covid-19-related rent concessions that reduce lease payments due on or before 30 June 2021.

- **Amendments to IFRS 16 "Leases"** – Covid-19-Related Rent Concessions beyond 30 June 2021 issued by the IASB on 31 March 2021. The amendments extend by one year the application period of the practical expedient in IFRS 16. The relief was extended by one year to cover rent concessions that only reduce lease payments due on or before 30 June 2022.

- **Amendments to IFRS 17 "Insurance Contracts"** – Initial Application of IFRS 17 and IFRS 9 – Comparative Information issued by the IASB on 9 December 2021. These are narrow-scope amendments to the transition requirements of IFRS 17 for entities that first apply IFRS 17 and IFRS 9 at the same time.

- **Amendments to IAS 1 "Presentation of Financial Statements"** – Classification of Liabilities as Current or Non-current issued by the IASB on 23 January 2020. The amendments provide a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. Amendments to IAS 1 issued by the IASB on 15 July 2020 defer the effective date by one year to annual periods beginning on or after 1 January 2023.

- **Amendments to IAS 1 "Presentation of Financial Statements"** – Disclosure of Accounting Policies issued by the IASB on 12 February 2021. The amendments require entities to disclose their material accounting policies rather than their significant accounting policies and provide guidance and examples to help preparers when deciding which accounting policies to disclose in their financial statements.

- **Amendments to IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors"** – Definition of Accounting Estimates issued by the IASB on 12 February 2021. The amendments focus on accounting estimates and provide guidance on how to distinguish between accounting policies and accounting estimates.

- **Amendments to IAS 12 "Income Taxes"** – Deferred Tax related to Assets and Liabilities arising from a Single Transaction issued by the IASB on 6 May 2021. According to the amendments, the initial recognition exemption does not apply to transactions in which both deductible and taxable temporary differences arise on initial recognition that result in the recognition of equal deferred tax assets and liabilities.

- **Amendments to IAS 16 "Property, Plant and Equipment"** – Proceeds before Intended Use issued by the IASB on 14 May 2020. The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing these items, in profit or loss.

- **Amendments to IAS 37 "Provisions, Contingent Liabilities and Contingent Assets"** – Onerous Contracts – Cost of Fulfilling a Contract issued by the IASB on 14 May 2020. The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract are either the incremental costs of fulfilling that contract, or an allocation of other costs that relate directly to fulfilling contracts.

- **Amendments to various standards due to "Annual Improvements to IFRS Standards (2018 – 2020 Cycle)"** issued by the IASB on 14 May 2020. Amendments to various standards resulting from the annual improvement project of IFRS (IFRS 1, IFRS 9, IFRS 16 and IAS 41) primarily with a view to removing inconsistencies and clarifying wording. The amendments: (a) clarify that a subsidiary which applies paragraph D16(a) of IFRS 1 is permitted to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to IFRSs (IFRS 1); (b) clarify which fees an entity includes when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 when assessing whether to derecognise a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf (IFRS 9); (c) remove from the example the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve a potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in this example (Illustrative Example 13 accompanying IFRS 16); and (d) remove the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique (IAS 41).

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) Principles of Consolidation

The consolidated financial statements include the financial statements of the Parent Company and entities controlled by the Parent Company (by its subsidiaries) prepared as at 31 December on an annual basis. Control is achieved when the Parent Company:

- Has power over its investee;
- Has exposure to, or has rights to, variable returns from its participation in the investee; and
- Has the ability to use the power over the investee to affect the amount of investor's returns.

The Parent Company reassesses whether or not it has control over an investee if facts and circumstances indicate that there have been changes to one or more of the three elements of control listed above.

If the Parent Company has less than a majority of the voting rights of an investee, this is considered to be control over the investee if the voting rights are sufficient to acquire the practical ability to unilaterally direct the relevant activities of the investee. When assessing whether the Parent Company's voting rights in an investee are sufficient to gain control, the Parent Company considers all relevant facts and circumstances, including:

- The extent of the voting rights of the Parent Company in relation to the extent and scope of holdings of other holders of voting rights;
- Potential voting rights of the Parent Company, other holders of voting rights or other parties;
- Rights resulting from other contractual arrangements; and any other facts and circumstances indicating whether or not the Parent Company has the current ability to direct the relevant activities at the time a decision has to be made or not.

Consolidation of a subsidiary begins as of the moment the Parent Company obtains control over the subsidiary and ceases as of the moment the Parent Company loses control over the subsidiary. In particular, the results of subsidiaries generated during the year are included in profit or loss from the date on which the Parent Company gains control until the date on which the Parent Company ceases to control the subsidiary.

Adjustments to the financial statements of subsidiaries are made, if necessary, so that the accounting principles used are in line with the Group's accounting principles.

All intragroup assets and liabilities, equity, revenues, expenses and cash flows relating to transactions among the Group's members are eliminated upon consolidation.

The Parent Company presents non-controlling interests in the consolidated statement of financial position in equity, separately from the equity of the Parent Company's owners. Interests of non-controlling shareholders, which are present ownership interests and entitle their holders to a proportionate share of net assets of the subsidiary upon liquidation, may initially be measured at fair value or at the current proportionate share of ownership instruments recognised in the amounts of identifiable net assets of an acquiree. The choice of measurement method is made on an acquisition-by-acquisition basis. Other non-controlling interests are initially measured at fair value. Subsequently, non-controlling interests are adjusted for the non-controlling interests' share of subsequent changes in the equity of the subsidiary.

Profit or loss and all components of other comprehensive income are attributed to the owners of the Parent Company and to non-controlling interests. The total comprehensive income of the subsidiaries is attributed to the owners of the Parent Company and to the non-controlling interests even if this results in the non-controlling interests having a negative balance.

Changes in the Parent Company's interests in subsidiaries that do not result in a loss of control are accounted for by the Parent Company as equity transactions. The carrying amount of the Parent Company's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the company's owners.

If the Parent Company loses control of a subsidiary, the gain or loss on disposal recognised in profit or loss is calculated as the difference between the aggregate of the fair value of the consideration received and the fair value of any retained interest and the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to such a subsidiary are derecognised as if the Group had directly disposed of the related assets or liabilities of the subsidiary. The fair value of any investment retained in the former subsidiary at the date of loss of control is regarded as the fair value upon initial recognition for subsequent recognition under IFRS 9 when applicable, or as the cost upon initial recognition of an investment in an associate or a joint venture.

b) 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.

The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred. At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date.

If the consideration transferred by the Group in a business combination includes contingent considerations, the contingent considerations are measured at their fair value at the acquisition date and are included as part of the consideration transferred in the business combination. Changes to the fair value of a contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments to goodwill. Measurement period adjustments are adjustments that arise due to additional information obtained during the measurement period (which may not be longer than one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. A contingent consideration classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Other contingent considerations are remeasured to fair value at subsequent reporting dates and changes in fair value are recognised in profit or loss.

c) 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.

For the purpose of impairment testing, goodwill is allocated to all cash-generating units ("CGU") expected to benefit from the synergies of the business combination. CGUs to which goodwill has been allocated are tested for impairment annually, or more frequently if there is an indication that the CGU may be impaired. If the recoverable amount of the CGU is less than the carrying amount of the CGU, the impairment loss is initially allocated to reduce the carrying amount of any goodwill allocated to the CGU and subsequently to the other assets of the CGU pro-rata on the basis of the carrying amount of such assets.

Any impairment loss for goodwill is recognised directly in comprehensive income. An impairment loss recognised for goodwill is not reversed in subsequent periods. Upon disposal of a CGU, the amount of goodwill is included in the determination of the profit or loss on disposal.

d) 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.

Financial assets and financial liabilities are initially measured at fair value, except for trade receivables that do not include a significant financing component and are measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value with changes recognised through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Compensation of financial assets and financial liabilities

Licenses are sold both directly and indirectly. Direct sales are mainly made via the ESET website to end customers. Indirect sales are mainly made via independent distributors and resellers, who make the majority of total sales. For indirect sales, receivables from the fulfilment of contracts with customers and payables to distributors and sellers are recognised on a net basis as receivables from or payables to distributors and sellers where this has been contractually agreed. The settlement of receivables and payables on a net basis is agreed with selected distributors and sellers in distribution contracts.

If the Group satisfies its obligation of contract performance by transferring the software use rights during the specified period to a customer before the maturity of the receivable, the contract claim for a consideration is recognised by the Group as a contract asset. In accordance with IAS 32, the Group offsets contract assets against liabilities to distributors and sellers (liabilities representing compensation for activities performed by distributors and sellers). Even though contract assets constitute a contractual claim against end customers and liabilities represent a performance obligation towards distributors and sellers, their settlement on a net basis is contractually agreed upon in distribution contracts with distributors and sellers.

The Group only undertakes compensation if it currently has the legally enforceable right to compensate the recognised amounts and the intention to either settle the asset and the liability on a net basis, or realise the asset and settle the liability simultaneously.

e) 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 only recognises receivables which represent an unconditional right to a consideration. Receivables are recognised when an unconditional amount of the consideration is enforceable or falls due. Consideration is deemed enforceable before the maturity of the receivable if the Group satisfied its contractual performance obligation by transferring the software use rights during a part of the contract period to a customer. In such a case, the contract claim to a consideration is recognised as a contract asset. Subsequently, when the maturity date is reached, the contract asset is reclassified as a receivable, unless a consideration was paid by the customer.

The Group applies an expected loss model when assessing provisions for financial assets. The simplified approach is based on the use of a matrix for the calculation of provisions that determines 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 reflects forward looking information. The applied expected loss model has no significant impact on the amount of provisions for financial assets.

f) 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 cost less accumulated depreciation and amortisation, and accumulated impairment losses. Cost includes all expenses directly attributable to placing the Non-current Assets into service for their intended purpose.

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at fair value as at the acquisition date. Subsequently, they are recognised at cost less accumulated amortisation and accumulated impairment losses on the same basis as intangible assets acquired separately.

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. Land is not depreciated. The depreciation of assets begins when the assets are ready for their intended use. 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

The estimated useful lives, net book values and the depreciation method are reviewed at the end of each reporting period, and the effect of changes, if any, in estimates is recognised on a prospective basis.

Right-of-use assets are depreciated over the shorter of the lease term and the useful life of the right-of-use assets.

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.

g) Research and Development

R&D expenses for software products are recognised in expenses (Services) in the actual amount, unless they meet the capitalisation criteria under IAS 38. R&D expenses include salaries and benefits of researchers, supplies and other expenses incurred in connection with R&D work. The Group undertakes R&D continuously. R&D results tend to have a short useful life without further development and continuous improvement. When R&D expenses are incurred, it is generally not possible to determine the possibility of the technical completion of the development for its use and sale. For a portion of development expenses for minor or major upgrades or other changes to software functions, the criteria are not met as the product's design or functionalities are not substantially new. Such expenses are therefore recognised as an expense in the consolidated statement of comprehensive income when incurred.

h) 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.

i) 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.

j) Provisions for Liabilities

A provision is recognised when the Group has a present obligation (legal or constructive non-contractual) 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.

k) Revenues from Contracts with Customers

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) undertakes distribution 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.

The Group sells its product through intermediaries such as distributors, resellers and others. The top ten distributors accounted for 41% of sales in 2021 and 42% of sales in 2020.

Upon the initial application of IFRS 15, the Group evaluated and applied the principles of this standard, and analysed and refined the recognition of contracts with customers. The Group continues to improve historical data on revenues and evaluates all new sales methods.

Based on a detailed analysis of contractual arrangements, rights and obligations of all members of the distribution chain, the Group applies the gross revenue recognition method. During the contract period, the Group recognises revenues in the amount of revenues from the sale of ESET products and services generated by distributors and resellers of the Group. Remuneration for the activities performed by distributors and resellers is initially capitalised as the cost of contract acquisition and amortised as expenses over the term of the licence in proportion to the amount of recognised licencing revenues.

The cost of contract acquisition is related to the commissions paid to distributors and resellers for the acquisition of licence agreements with end customers. Distribution commissions are expenses that the Group would not incur if the contract were not acquired. The Group also incurs other costs necessary to make sales, but these costs would be incurred even if the customer chose not to conclude the contract and would therefore not be capitalised.

The Group as a member of the ESET Technology Alliance also sells products of other companies. In this case, the Group acts as an agent and recognises revenues in the amount of the portion of the consideration received from the end customer which belongs to the Group for its services as an agent. Compensation for the activities performed by distributors and resellers when selling products of other companies is recognised in expenses.

The Group **recognises revenues from the provision of licences to use the antivirus software and associated support services** as follows: each customer is required to pay a fee for the right to use the software during a specified period. Revenue is recognized on accruals basis over the licence term from the moment of licence activation by the end customer. 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 recognised on accruals basis 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 corresponding amount of revenue is recognised as "revenue from the provision of end user licences and services" in the consolidated statement of comprehensive income.

If the customer pays the consideration or the receivable is due before the Group grants the customer the right to use the software for a specified period, the Group presents the contract as a contract liability. Initial recognition takes place when the payment is made or the receivable is due, whichever occurs first. A contract liability is the Group's obligation to transfer to the customer the right to use the software for a specified period, for which the Group has received consideration from the customer, or such consideration is due. The Group recognises contract liabilities in the line Deferred income in the consolidated statement of financial position.

The Group also distributes license products in the form of registration keys and a series of registration keys – batches, in case of which a time mismatch occurs between the distributor's billing and activation by the end-user. At the moment of receipt of consideration from the distributor, or at the moment the distributor's invoice becomes due (whichever occurs first), the Group incurs a contract liability, which it recognises 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.

If a prepaid batch of registration keys is not refundable, the Group proceeds as follows: 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 end user licences and services" 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.

l) 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.

m) Short-term and Long-term Employee Benefits

The Group recognises all forms of consideration provided by the Group in exchange for services rendered by employees, or for termination of employment, as employee benefit obligations. These liabilities are recognised in the period in which the Group received the services provided by the employees.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date.

Estimated employee benefit obligations are included in the line Provisions for liabilities in the consolidated statement of financial position.

n) Leases

The Group applies the IFRS 16 when assessing leases. The Group assesses whether a contract contains a lease at the inception of the contract. The Group acts as a lessee for all existing lease contracts. In respect of leases, 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.

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.

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

- Application of a single discount rate for the entire 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 an initial assessment of the lease term applied as at 1 January 2019 if the contract contains options to extend or to terminate the lease. The initial assessment of the lease term was applied if there was no change in the assessment (significant event within the control of the lessee affecting the initial assessment), revision of the assessment (exercise of an initially unconsidered option or non-exercise of an initially considered option) or a contract modification.

Practical expedients applied at the initial application of IFRS 16 have an impact on the reported financial results and financial position also in 2021.

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.

Variable lease payments that do not depend on an index or rate are not included in the measurement of a lease liability and right-of-use assets. The related payments are recognised as an expense in the relevant period on an accrual basis and are included in the line "Services" in the consolidated statement of comprehensive income.

As a practical expedient, IFRS 16 permits a lessee to not separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group applied the above practical expedient. For contracts that contain a lease component and one or more additional lease or non-lease components, the Group includes fixed payments and variable payments (based on an index) in additional lease or non-lease components when measuring a lease liability.

Rent concessions in the form of rent holidays, and rent reductions as a direct consequence of the COVID-19 pandemic were not considered to be modifications of the lease contract, but instead were recognised as part of variable lease payments if the following conditions were met:

- Changes to lease payments result in a revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- Any reduction in lease payments only affects payments originally due on or before 30 June 2022;
- There is no substantive change to other terms and conditions of the lease.

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.

Lease liabilities are presented by the Group as Non-current lease liabilities and Current lease liabilities in the consolidated statement of financial position. Subsequently, lease liabilities are measured by increasing the carrying amount by interest expense (reflecting the effective interest rate) and reducing the carrying amount by lease payments made.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use asset) if:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change to the assessment of the exercise of a purchase option. In such a case, the lease liability is measured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or changes to expected payments under a guaranteed residual value. In such a case, the lease liability is measured by discounting the revised lease payments using an unchanged discount rate (unless the change to the lease payments is due to a change in a floating interest rate, in which case a revised discount rate is applied).
- A lease contract is modified and the lease modification is not accounted for as a separate lease. In such a case, the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

During the year, the Group presented modifications of lease contracts in line with the above procedure.

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 disposal costs/restoration costs.

o) 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)

The Group recognises an estimated income tax liability where the determination of a tax liability is uncertain, but it is likely that there will be an outflow of funds to the tax office in the future. Provisions for liabilities are measured at the best estimate of the amount that the Group expects will be payable to the tax office. Such an assessment is based on the judgment of the Group's tax experts and on previous experience with such activities, and in some cases on the advice of an independent specialist tax advisor.

p) 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	***2022***	***2021***	***2020***
Slovakia	21%	21%	21%
USA – federal tax	21%	21%	21%
– California state tax (effective tax rate – **0.86%** in FY21, **1.17%** in FY20)	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%	31.58%
UK*	19%	19%	19%
Canada	26.5%	26.5%	26.5%
Australia	25%	26% **	26%
Brazil***	24%	24%	24%
Romania	16%	16%	16%
Mexico	30%	30%	30%
Italy****	27.9%	27.9%	27.9%
Japan	23.2%	23.2%	23.2%

** Tax rate applicable to the taxation period until 31 March 2023. For the taxation period from 1 April 2023, the applicable tax rate is 25%.*
*** Tax rate applicable to the taxation period from 1 July 2020 to 30 June 2021. For the taxation period from 1 July 2021 to 30 June 2022, the applicable tax rate is 25%.*
**** 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 and capitalised costs of obtaining a contract. 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.

The Group offsets deferred tax assets and deferred tax liabilities if there is a legal right to offset current tax assets against current tax liabilities and these deferred tax assets and deferred tax liabilities are related to income taxes collected by the same tax authority and the Group intends to settle its current tax assets and liabilities on a net basis.

q) 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. Goodwill and fair value adjustments resulting from the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and are also translated at the ECB's exchange rate valid at the reporting date. 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.

4. CHANGES IN ACCOUNTING PRINCIPLES AND METHODS

There were no changes to the Group's accounting principles and methods during the reporting period.

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.
- 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 2021 and 2020, the provision for receivables amounted to EUR 5 227 thousand and EUR 2 644 thousand, respectively.
- 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 related to non-refundable prepaid batches of registration keys (as described in Note 3.1 k), 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 k) Revenue from contracts with customers.
- The Group determines the lease term as a non-terminable lease term together with the periods covered by the option to extend the lease when it is reasonably likely that they will be exercised, or periods to which the option to terminate the lease applies, when it is reasonably certain that the Group will not exercise this option. The Group has a number of lease contracts that include an option to extend or terminate contracts. The Group exercises judgment when assessing whether it is reasonably certain that the Group will or will not exercise an option to extend or terminate a lease. This means that the Group takes into account all relevant economic incentives when assessing the possibility of exercising an option to extend or terminate a lease. After the inception date of a lease, the Group reassesses the lease term when a significant event or change in circumstances occurs that is under its control and that will impact its ability to exercise or not exercise an option to extend or terminate a lease.
- Under IFRS 16, lease liabilities are measured at the present value of future lease payments discounted using the weighted average of the lessee's incremental borrowing rate. Given that the implicit interest rate of a lease cannot be readily determined, the Group applied the incremental borrowing rate to the entire lease contract portfolio based on their lease term. The incremental borrowing rate is the rate the Group would pay if it borrowed the funds necessary to acquire right-of-use assets with a similar value as right-of-use assets recognised at 31 December 2021 in a similar economic environment, under similar conditions, with similar collateral. Based on the above, the Group applied the estimate when determining the incremental borrowing rate, as it takes into account the interest rate the Group would have applied and would have to pay if it had to obtain funds necessary to acquire right-of-use assets.

- The reported goodwill is tested for impairment annually by the Group. An impairment exists when the carrying amount of assets, or of a cash generated unit (CGU), exceeds their recoverable amount, which is the higher of their fair value reduced by costs of sale, and value in use. Fair value reduced by costs of sale is calculated from available data on binding sale transactions undertaken under standard market conditions for similar assets, or observable market prices reduced by additional costs of sale of an asset. The calculation of value in use is based on a model of the present value of future cash flows (“DCF model”). Cash flows are derived from the budget for the next three years and do not include major future investments which increase the output of assets of the tested CGU. The recoverable amount is sensitive to the discount rate used for the DCF model and to expected future cash inflows and the growth rate used for extrapolation purposes.

- The costs of long-term employee benefits are measured at their present value using actuarial estimates. Actuarial estimates include various assumptions which may differ from the actual future development. These assumptions include determining the discount rate, future increases of salaries, employee turnover and the estimated time of retirement. Given the complexity of the measurement and its long-term nature, the amount of the employee benefit obligation is very sensitive to changes in such assumptions. All assumptions are reassessed at each reporting date.

  The discount rate is the parameter that is most subject to change. When determining the appropriate discount rate, management takes into account interest rates on corporate bonds in the currencies corresponding to the currencies of the employee benefit obligations. In countries with no active market for corporate bonds, bank bond rates are taken into account. Discount rates correspond to the estimated time for the settlement of employee benefit obligations.

(in thousands EUR, if not stipulated otherwise)

6. GROUP STRUCTURE

Consolidated Subsidiaries

The consolidated subsidiaries as at 31 December 2021:

Name	***Seat***	***Ownership Share %***		***Principal activity***
Subsidiaries		***2021***	***2020***	
ESET, LLC	610 West Ash Street, Suite 1700, San Diego, CA 92101, USA	100%	100%	Antivirus software distributor
ESET Canada Recherche Inc.	473, Rue Sainte-Catherine Quest, Bureau 300, Montreal QC, H3B 1B1, Canada	100%	100%	Research and development
ESET Canada Inc.	44 Chipman Hill Suite 1000, Saint John NB, E2L 2A9, Canada	100%	100%	Antivirus software distributor
ESET Deutschland GmbH	Spitzweidenweg 32, 07743 Jena, Germany	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 Research Czech Republic s.r.o. (1)	Palachovo náměstí 799/5, Starý Lískovec, 625 00 Brno, Czech Republic	100%	100%	Research and development
ESET Polska Sp. z o.o.	Jasnogórska 9, 31 – 358 Kraków, Poland	100%	100%	Research and development
ESET SOFTWARE UK Limited (2) (3)	3th Floor Ocean 80, Holdenhurst Road, Bournemouth, BH8 8AQ, United Kingdom	100%	100%	Antivirus software distributor
PGNB Limited (4) (5)	3th Floor Ocean 80, Holdenhurst Road, Bournemouth, BH8 8AQ, United Kingdom	100%	100%	(6)
ESET RESEARCH UK Limited	3 Heron Gate Office Park, Hankridge Way, Taunton, Somerset, TA1 2LR, United Kingdom	100%	100%	Research and development
ESET Romania S.R.L. (7)	Strada Palas Nr. 7D-7E, Cladirea United Business Center 3 (Corp C2), Etaj 2, Spatiul C2S9, Municipiul Iași, Judet Iași, Romania	100%	100%	Research and development
ESET ITALIA S.r.l.	Via Campo Lodigiano 3, 20122 Milan, Italy	100%	100%	Antivirus software distributor
Nadácia ESET	Einsteinova 24, 851 01 Bratislava, Slovak Republic	100%	100%	Foundation
ESET ASIA PTE. LTD.	3 Anson Road, Springleaf Tower #12-01/02, Singapore 079909, Singapore	100%	100%	Service provider + Antivirus software distributor
ESET Software Australia, PTY, LTD. (8)	Level 20, 111 Pacific Highway, North Sydney NSW 2060, Sydney, Australia	100%	100%	Antivirus software distributor
ESET Japan Inc. (9)	2-16-4 Konan, Minato-ku, Tokyo 108-0075, Japan	90%	90%	Service provider
ESET LATINOAMERICA S.R.L. (10)	1270 Juan Diaz de Solis, 2nd Floor, Vicente Lopez, Buenos Aires CP: B1638BHF, Argentina	100%	100%	Service provider
ESET DO BRASIL MARKETING LTDA (11)	Rua Verbo Divino, 2.001, Cjts 1407/1410, Chácara Santo Antônio, São Paulo / SP – Brazil, Zip 04.719-002	100%	100%	Service provider
ESET MÉXICO S. de R.L. de C.V. (12)	Av. Paseo de la Reforma 250 – Office 981 A-B-C-D-, Colonia Juárez, Delegación Cuauhtémoc, Ciudad de México, Mexiko	100%	100%	Service provider

(1) ESET Research Czech Republic s.r.o. changed its registered office in January 2021. Its original registered office was at U Přehrady 3204/61, Mšeno nad Nisou, 466 02 Jablonec nad Nisou, Czech Republic.
(2) ESET SOFTWARE UK Limited changed its registered office in September 2021. Its original registered office was at 5th Floor Holland House, 20 Oxford Road, Bournemouth, Dorset, BH8 8EZ, United Kingdom.
(3) ESET SOFTWARE UK Limited is a 100% subsidiary of the Parent Company as of 30 December 2020.
(4) In November 2021, an application was filed for a voluntary deletion of PGNB Limited from the Companies Register. PGNB

(in thousands EUR, if not stipulated otherwise)

Limited was deleted from the Companies Register on 19 April 2022.
(5) PGNB Limited changed its registered office in September 2021. Its original registered office was at 5th Floor Holland House, 20 Oxford Road, Bournemouth, Dorset, BH8 8EZ, United Kingdom.
(6) PGNB Limited carried out no business activities in 2021. In 2020, PGNB Limited sold its 100% share in its subsidiary, SOFTWARE UK Limited, to the Parent Company.
(7) 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.
(8) ESET Software Australia, PTY, LTD. changed its registered office in October 2021. Its original registered office was at Level 3, 50 Yeo Street, Neutral Bay NSW 2089, Sydney, Australia.
(9) 90% of the shares are held by the Parent Company and the remaining 10% are held by Canon Marketing Japan Inc.
(10) 90% of the shares are held by ESET, LLC and the remaining 10% are held by the Parent Company.
(11) 90% of the shares are held by the Parent Company and the remaining 10% are held by ESET, LLC.
(12) 90% of the shares are held by the Parent Company and the remaining 10% are held by ESET, LLC.

In 2020, the Group changed its internal structure as follows: the Parent Company acquired a 100% share in ESET Software UK Limited from the original owner, its subsidiary – PGNB Limited. PGNB Limited carried out no business activities in 2021. In 2021, the Group began the liquidation of PGNB Limited. PGNB Limited was deleted from the Companies Register in the United Kingdom on 19 April 2022.

7. ACQUISITION OF A BUSINESS

The Group acquired no investments in subsidiaries in 2021 and 2020.

8. REVENUES FROM THE PROVISION OF END-USER LICENCES AND SERVICES

	2021	*2020*
Revenues from the provision of end user licenses and services	547 513	526 022
Total	**547 513**	**526 022**

Revenues from the provision of end-user licenses and services by sales region:

	2021	*2020*
EMEA	303 589	288 591
APAC	114 129	108 601
NORAM	87 803	86 794
LATAM	36 700	35 330
Global sales	5 292	6 706
Total	**547 513**	**526 022**

9. SERVICES

	2021	*2020*
Costs of obtaining a contract	262 116	256 037
Advertising and promotion expenses	26 441	23 785
Rent	3 395	3 709
Internet, data services, IT services	14 631	12 317
Accounting, economic, legal and audit services	5 440	6 345
Travel expenses	441	705
Other	5 295	4 218
Total	**317 759**	**307 116**

10. PERSONNEL EXPENSES

	2021	*2020*
Wages and salaries	97 274	85 609
Health and social security insurance payments	27 185	22 775
Other personnel and social expenses	3 416	3 109
Total	**127 875**	**111 493**

Wages and salaries increased due to an increase in employees (1 930 in 2021, 1 831 in 2020) and due to an extension of the employee benefit scheme and bonuses to the Group's management key personnel and the related creation of a provision for employee benefits (see Note 23) by EUR 5 478 thousand.

(in thousands EUR, if not stipulated otherwise)

11. FINANCE INCOME

	2021	2020
Foreign exchange gains, net	4 660	-
Interest income	108	111
Other	27	37
Total	**4 795**	**148**

12. FINANCE COSTS

	2021	2020
Bank fees	142	124
Foreign exchange losses, net	-	4 566
Interest expense	740	903
Other	127	(18)
Total	**1 009**	**5 575**

13. INCOME TAX

13.1. Income tax recognised in the statement of comprehensive income

	2021	2020
Current income tax	(26 622)	(20 082)
Deferred income tax – (income)	5 669	3 000
Total income tax for the year	**(20 953)**	**(17 082)**

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

	2021	2020
Profit before income tax	90 274	87 299
Income tax at statutory tax rate of 21% (2020: 21%)	18 958	18 333
Tax effect of permanent differences	1 300	(2 054)
Impact of different tax rates of the subsidiaries in other jurisdictions	(452)	(560)
Effect of an unrecognised deferred tax asset	1	1 559
Effect of change of deferred tax rate	199	(25)
Other	947	(171)
Total income tax for the year	**20 953**	**17 082**

"Other" primarily includes additional tax related to previous reporting periods, which is recognised in the profit/loss of this reporting period.

(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 2020	20 875	27 802	19 769	68 446
Additions	1 577	3 121	1 010	5 708
Disposals	(262)	(1 991)	(4)	(2 257)
Transfers	64	203	(267)	-
Effects of exchange rate	(545)	(989)	(22)	(1 556)
At 31 December 2020	**21 709**	**28 146**	**20 486**	**70 341**
At 1 January 2021	21 709	28 146	20 486	70 341
Additions	2 799	3 557	3 951	10 307
Disposals	(569)	(1 352)	(142)	(2 063)
Transfers	360	34	(394)	-
Effects of exchange rate	499	666	27	1 192
At 31 December 2021	**24 798**	**31 051**	**23 928**	**79 777**
Accumulated Depreciation and Impairment				
At 1 January 2020	8 571	19 792	(13)	28 350
Additions	1 310	3 880	143	5 333
Disposals	(199)	(1 990)	13	(2 176)
Transfers	-	-	-	-
Effects of exchange rate	(359)	(796)	(1)	(1 156)
At 31 December 2020	**9 323**	**20 886**	**142**	**30 351**
At 1 January 2021	9 323	20 886	142	30 351
Additions	1 505	3 739	-	5 244
Disposals	(534)	(1 345)	(142)	(2 021)
Transfers	106	(106)	-	-
Effects of exchange rate	339	562	-	901
At 31 December 2021	**10 739**	**23 736**	**-**	**34 475**
Net Book Value				
At 31 December 2020	12 386	7 260	20 344	39 990
At 31 December 2021	**14 059**	**7 315**	**23 928**	**45 302**

The Group recognises acquisitions of property, plant and equipment placed into service in the same financial year as additions in 2021. The acquisitions of property, plant and equipment from preceding periods, which were placed into service in 2021, are classified as transfers.

In 2021, 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 2020.

As at 31 December 2021, the insurance of property, plant and equipment and non-current intangible assets within the Group totals EUR 43 045 thousand (31 December 2020: EUR 43 046 thousand). Through insurance, the Group also covers other business-related risks, including damage liability insurance. The insurance of other insured risks within the Group totals EUR 59 378 thousand as at 31 December 2021 (31 December 2020: EUR 34 840 thousand).

Land and buildings, structures – construction modifications mainly include land and technical improvement of leased office premises. Movements in this category of assets relate to construction modifications of leased office premises.

Machinery, equipment and other items mainly include IT equipment, such as disk arrays, servers and other IT equipment and office equipment. The Group is continually replacing and expanding its technical and office equipment to ensure the continuity of its business activities.

Other tangible assets mainly include real estate for the planned project of the new headquarters and campus of the Group.

The Group has no assets under lien. The Group has no assets with restricted handling.

(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 2020	6 655	791	1 769	14 171	460	23 846
Additions	109	-	-	1 289	251	1 649
Disposals	(340)	-	-	(493)	(181)	(1 014)
Transfers	-	-	-	96	(96)	-
Exchange differences	(252)	(6)	(181)	(458)	(22)	(919)
At 31 December 2020	**6 172**	**785**	**1 588**	**14 605**	**412**	**23 562**
At 1 January 2021	6 172	785	1 588	14 605	412	23 562
Additions	1 396	8	-	-	115	1 519
Disposals	(1 179)	(23)	-	(3 215)	(359)	(4 776)
Transfers	4 118	-	-	(4 110)	(8)	-
Exchange differences	119	10	72	3	(6)	198
At 31 December 2021	**10 626**	**780**	**1 660**	**7 283**	**154**	**20 503**
Accumulated Depreciation and Impairment						
At 1 January 2020	6 524	764	-	11 796	150	19 234
Depreciation charge	154	6	-	1 147	9	1 316
Disposals	(340)	-	-	(493)	(156)	(989)
Transfers	-	-	-	-	-	-
Exchange differences	(230)	(5)	-	(451)	(3)	(689)
At 31 December 2020	**6 108**	**765**	**-**	**11 999**	**-**	**18 872**
At 1 January 2021	6 108	765	-	11 999	-	18 872
Depreciation charge	692	17	-	1 339	-	2 048
Disposals	(1 179)	(23)	-	(3 215)	-	(4 417)
Transfers	2 846	-	-	(2 846)	-	-
Exchange differences	122	10	-	4	-	136
At 31 December 2021	**8 589**	**769**	**-**	**7 281**	**-**	**16 639**
Net Book Value						
At 31 December 2020	64	20	1 588	2 606	412	4 690
At 31 December 2021	**2 037**	**11**	**1 660**	**2**	**154**	**3 864**

The Group recognises acquisitions of non-current intangible assets placed into service in the same financial year as additions in 2021. The acquisitions of non-current intangible assets from preceding periods, which were placed into service in 2021, are classified as transfers.

Software primarily includes items acquired by the acquisition of subsidiaries, and purchased software. Other items of intangible assets primarily include a customer list obtained by the acquisition of subsidiaries.

As a result of the planned transition to a new asset records module and preparation of the Parent Company for the transition to bookkeeping under International Financial Reporting Standards from 1 January 2022, the Group reassessed the method of recording intangible assets. Opening balances of assets recorded as at 1 January 2021 as "Other" totalling EUR 4 110 thousand were transferred to "Software". Opening balances of accumulated depreciation totalling EUR 2 846 thousand were also transferred from "Other" to "Software". The Group continues with the implementation of a new asset records module at its subsidiaries in 2022.

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 2021.

(in thousands EUR, if not stipulated otherwise)

The Group adjusted incorrect values of decreases in cost and accumulated depreciation in “Other” for 2020 by a decrease of EUR 3 135 thousand. In connection with this correction, the Group also increased FX differences by EUR 76 thousand. As a result, the carrying amount of cost and accumulated depreciation recognised in “Other” as at 31 December 2020 increased by EUR 3 059 thousand. The total impact of the adjustment on the net book value of non-current intangible assets is zero as at 31 December 2020.

16. CAPITALISED COSTS OF OBTAINING A CONTRACT

	2021	*2020*
Balance as at 1 Jan	216 830	217 075
Capitalised costs of obtaining a contract	157 202	149 326
Amortised in expenses of the current year	(147 378)	(144 483)
Effect of FX differences	4 984	(5 088)
Balance as at 31 Dec	**231 638**	**216 830**
Of which:		
Current capitalised costs of obtaining a contract	159 132	149 049
Non-current capitalised costs of obtaining a contract	72 506	67 781

The costs of obtaining a contract are related to the commissions paid to distributors and resellers for the acquisition of licence agreements with end customers and are amortised in expenses over the licence term in proportion to the amount of recognised licencing revenues.

There was no impairment loss in connection with the capitalised costs of obtaining a contract.

17. TRADE AND OTHER RECEIVABLES

	2021	*2020*
Trade receivables	10 082	8 988
Other receivables and other assets	10 024	6 854
Less: provision for doubtful receivables	(5 227)	(2 644)
Trade and other receivables, net	**14 879**	**13 198**

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

	2021	*2020*
Overdue receivables	**9 651**	**8 891**
of which:		
Overdue by up to 30 days	*2 501*	*2 621*
Overdue between 30 – 90 days	*1 545*	*1 572*
Overdue by more than 90 days	*5 605*	*4 698*

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 5 227 thousand (2020: EUR 2 644 thousand).

(in thousands EUR, if not stipulated otherwise)

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

	2021	*2020*
Receivables, for which provisions were recorded	**8 700**	**4 989**
of which:		
Due	*2 237*	*85*
Overdue by up to 30 days	*234*	*270*
Overdue between 30 – 90 days	*733*	*33*
Overdue by more than 90 days	*5 496*	*4 601*

	2021	*2020*
Provisions for receivables	**(5 227)**	**(2 644)**
Of which:		
Due	*(1 542)*	*(42)*
Overdue by up to 30 days	*(8)*	*(18)*
Overdue between 30–90 days	*(17)*	*(27)*
Overdue by more than 90 days	*(3 660)*	*(2 557)*

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.

In 2021, in addition to a provision for trade receivables, the Group also created a provision for other receivables within maturity in the amount of EUR 1 507 thousand (2020: EUR 0 thousand).

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

	2021	*2020*
Overdue receivables, for which no provisions were recorded:	**3 188**	**3 987**
Of which:		
Overdue by up to 30 days	*2 267*	*2 351*
Overdue by between 30 and 90 days	*812*	*1 540*
Overdue by more than 90 days	*109*	*96*

The carrying amount of receivables approximates their fair value.

18. CONTRACT ASSETS AND OFFSETTING FINANCIAL ASSETS AND LIABILITIES

When the Group satisfies its obligation of contract performance by transferring software use rights during the specified period to a customer before the maturity of the receivable, a contract claim for a consideration is recognised by the Group as a contract asset.

	2021	*2020*
Balance as at 1 Jan	8 725	9 849
Additions of contract assets	11 457	8 725
Disposals of contract assets*	8 725	9 849
Balance as at 31 Dec	**11 457**	**8 725**

** Disposals of contract assets by reclassification to receivables at the maturity date, or when payment is received.*

In accordance with IAS 32, the Group offsets receivables and contract assets with payables to distributors and resellers. See Note 3 for additional information about the applied accounting principle.

(in thousands EUR, if not stipulated otherwise)

Offset financial assets and financial liabilities

	2021	2020
Contract assets	11 457	8 725
Trade receivables	1 361	1 120
Trade payables	12 818	9 845

As at 31 December 2021, the Group records contingent receivables amounting to EUR 57 737 thousand (31 December 2020: EUR 49 893 thousand). These receivables are not recoverable and due at the end of the reporting period, but the Group expects them to fall due on average within 30 days of the end of the reporting period. A portion of receivables from distributors and resellers will be settled on a net basis upon maturity as contractually agreed in the distribution agreements with distributors and resellers.

19. CASH AND CASH EQUIVALENTS

	2021	2020
Cash on hand	9	39
Bank accounts	82 547	78 736
Bank deposits and other cash equivalents	14 094	36 780
	96 650	**115 555**

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

20. DEFERRED TAX ASSET AND DEFERRED TAX LIABILITY

20.1. Deferred Tax Balances

	2021	2020
Deferred tax asset	62 710	55 246
Deferred tax liability	(44)	(29)
Total	**62 666**	**55 217**

Deferred Tax Assets/(Liabilities) Comprise:

	Balance at 1 Jan 2021	Charged Through Equity	Charged to Profits/ Losses	Recognised in Other Comprehensive Income	Balance at 31 Dec 2021
Deferred income	98 855	-	4 991	2 752	106 598
Capitalised costs of obtaining a contract	(47 062)	-	(1 932)	(1 028)	(50 022)
Other	3 424	-	2 610	56	6 090
Total	**55 217**	**-**	**5 669**	**1 780**	**62 666**

	Balance at 1 Jan 2020	Charged Through Equity	Charged to Profits/ Losses	Recognised in Other Comprehensive Income	Balance at 31 Dec 2020
Deferred income	97 314	-	4 275	(2 734)	98 855
Capitalised costs of obtaining a contract	(46 592)	-	(1 524)	1 054	(47 062)
Other	3 304	-	244	(124)	3 424
Total	**54 026**	**-**	**2 995**	**(1 804)**	**55 217**

(in thousands EUR, if not stipulated otherwise)

As at 31 December 2021, the Group did not recognise a deferred tax asset in the amount of EUR 5 746 thousand (2020: EUR 5 304 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.

21. TRADE AND OTHER PAYABLES

	2021	***2020***
Trade payables	33 007	26 354
Employee benefits liabilities	10 221	8 703
Social security liabilities	3 057	2 924
Other tax liabilities	3 726	3 057
Other payables	6 351	30 091
Total	**56 362**	**71 129**
Of which:		
Liabilities within maturity	*55 380*	*70 323*
Overdue liabilities	*982*	*806*

	2021	***2020***
Overdue liabilities	**982**	**806**
Of which:		
Overdue by up to 30 days	*682*	*532*
Overdue between 30 – 90 days	*155*	*125*
Overdue by more than 90 days	*145*	*149*

In 2020, other liabilities include liabilities from dividends approved but unpaid at the end of the year in the amount of EUR 23 383 thousand. Liabilities from unpaid dividends were settled in January 2021.

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

22. LEASES

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 may not be used as collateral.

Right-of-use assets in EUR '000

	2021	***2020***
At 1 January	27 858	29 691
Additions	4 569	5 088
Disposals	(22)	(18)
Depreciation	(6 349)	(6 191)
Exchange rate effects	475	(712)
At 31 December	**26 531**	**27 858**

Recognised right-of-use assets apply to the following types of assets:

	2021	***2020***
Buildings	26 463	27 808
Equipment	-	-
Motor vehicles	68	50
	26 531	**27 858**

(in thousands EUR, if not stipulated otherwise)

Lease liabilities in EUR '000

	2021	*2020*
At 1 Jan 2021	29 867	32 544
Additions	4 415	4 850
Disposals	(21)	(18)
Accrued interest expense	726	902
Lease payments	(7 532)	(7 723)
Exchange rate effects	467	(688)
At 31 Dec 2021	**27 922**	**29 867**
Of which:		
Current lease liabilities	*6 994*	*6 387*
Non-current lease liabilities	*20 928*	*23 480*
Of which:		
Non-current lease liabilities falling due in 1-5 years	*19 124*	*21 489*
Non-current lease liabilities falling due in over 5 years	*1 804*	*1 991*

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

Under IFRS 16, lease liabilities are measured at the present value of future lease payments discounted using the weighted average of the lessee's incremental borrowing rate. The weighted average interest rate used to recalculate the present value of future lease payments is as follows:

- At 1 January 2020: 2.510%
- At 31 December 2020: 2.679%
- At 31 December 2021: 2.588%

Lease liabilities under IFRS 16 in EUR '000

	31 Dec 2021	*31 Dec 2020*
Lease liabilities net of discount	32 037	32 308
Discount	(4 115)	(2 441)
Lease liabilities after discounting	**27 922**	**29 867**
Weighted average interest rate	**2.59%**	**2.68%**

The Group leases office and operation premises under an operating lease. In several contracts, the Group has the possibility to exercise an option to extend a lease contract, 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 some 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 effect on the amount of the finance lease liability.

Contingent future lease liabilities from unused options stated in lease contracts, which may be exercised by the Group in the future, amount to EUR 25 559 thousand (2020: EUR 24 929 thousand) and contingent liabilities due to future variable payments related to such options amount to EUR 3 211 thousand (2020: EUR 3 674 thousand).

Estimated future variable lease payments arising from lease contracts capitalised under IFRS 16 total EUR 6 263 thousand and have the following maturity structure:

	31 Dec 2021
Falling due in up to 1 year	1 291
Falling due in 1-5 years	4 155
Falling due in over 5 years	817
	6 263

(in thousands EUR, if not stipulated otherwise)

Profit/(loss) as at 31 December 2021 in respect of IFRS 16 in EUR '000

	31 Dec 2021	*31 Dec 2020*
Depreciation of right-of-use assets	(6 349)	(6 191)
Of which:	-	-
Buildings	*(6 318)*	*(6 181)*
Equipment	-	-
Motor vehicles	*(31)*	*(10)*
Interest expense from lease liabilities	(726)	(902)
Expenses relating to low-value assets	(3)	(43)
Expenses relating to short-term leases	(811)	(617)
Expenses relating to other assets excluded from the scope of IFRS 16	-	(389)
Expenses relating to variable lease payments	(1 090)	(1 262)

The breakdown of the total amount of variable lease payments recognised in the consolidated statement of comprehensive income for the year ended 31 December 2021 is as follows:

	2021	*2020*
Rent	1 055	1 226
Internet, data services, IT services	-	1
Other operating expenses	35	35

The amount of COVID-19-related rent concessions in the form of reduced rent for which all the conditions above were met is recognised as part of variable lease payments in the amount of EUR 72 thousand.

The Group identified lease contracts to which an exemption under IFRS 16 is applied: Total future minimum lease liabilities from the lease of low-value assets as at 31 January 2021 amount to EUR 29 thousand, total lease liabilities from short-term leases amount to EUR 196 thousand. The total amount of other assets excluded from the scope of IFRS 16 due to materiality is EUR 578 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, and other assets excluded from the scope of IFRS 16 due to materiality mainly comprise leases of cars and data storage. Lease liabilities from the lease of other assets excluded from the scope of IFRS 16 due to materiality comprise future minimum lease payments to the lessor of such assets in the amount of the basic rent and the related fixed expenses.

A summary of future lease payments to which IFRS 16 was not applied (leased low-value assets, short-term leases, other assets):

	31 Dec 2021
Falling due in up to 1 year	531
Falling due in 1 to 5 years	272
Falling due in over 5 years	-
	803

23. PROVISIONS FOR LIABILITIES

	2021	*2020*
Short-term provisions for liabilities	2 235	220
Long-term provisions for liabilities	7 717	4 012
of which:		
Maturity up to 5 years	3 023	2 930
Maturity over 5 years	4 694	1 082

The provisions for liabilities include a provision for employee benefits that was created in connection with employee loyalty benefits and employee loyalty vacation days, a provision for bonuses to the Group's management key personnel and a provision for restoration of leased assets to the original condition. In 2021, the Group extended the employee benefit scheme to include additional loyalty benefits and loyalty vacation days.

(in thousands EUR, if not stipulated otherwise)

Provisions for liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date. The final amount of the provision for liabilities reflects key parameters, primarily turnover and the expected increase in wages and salaries. The discount rate used to calculate the present value of the liability is derived from the yield curve of high-quality bonds with a maturity approximating the terms of the Group's liabilities at the reporting date.

The following actuarial assumptions were used when calculating provisions for long-term employee benefits:

Number of employees as at 31 December	1 930
Weighted average turnover rate	9.44% p.a.
Weighted average increase in wages and salaries	3.31% p.a.
Weighted average discount rate	1.54% p.a.

24. DEFERRED INCOME

	2021	***2020***
Balance as at 1 Jan	397 617	391 403
Consideration for services to be provided in the future	324 310	320 250
Released to revenues for the current year	(309 208)	(301 016)
Effect of FX differences	13 147	(13 020)
Balance as at 31 Dec	**425 866**	**397 617**
Of which:		
Current deferred income	295 586	275 361
Non-current deferred income	130 280	122 256

"Deferred income" in the consolidated statement of financial position includes deferred income of the Group from the sale of ESET products and services, also referred to as "contract liabilities".

25. 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 2021, the Parent Company's tax returns for 2017 to 2021 remain open and may be subject to review.

The ESET Group identified contingent future lease liabilities from unused options stated in lease contracts, which may be exercised in the future, in the total amount of EUR 25 559 thousand and contingent liabilities due to future variable payments related to such options in the amount of EUR 3 211 thousand.

26. LITIGATION

FINJAN Inc.

The Parent Company and its subsidiaries are currently a party to three legal disputes with FINJAN as at 31 December 2021.

1. 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.
2. 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.
3. ESET spol. s r.o. is involved in litigation as the plaintiff regarding patent invalidity with FINJAN Inc. as the defendant. This is a patent with regard to which FINJAN Inc. took legal action due its breach, in the litigation above.

(in thousands EUR, if not stipulated otherwise)

As at 31 December 2021, proceedings continue under paragraph 2, which were suspended in 2018 pending a ruling on the invalidity of the patent of FINJAN Inc. On 13 April 2021, in proceedings under paragraph 3, the Bundesgerichthof (German Supreme Court) revoked the patent court's ruling on the invalidity of the patent of FINJAN Inc. in November 2018 and ruled that the patent remains unchanged. These proceedings only remain open with respect to a ruling on the amount of the costs of the proceedings to be paid by the Group to FINJAN Inc.

In the US litigation (paragraph 1), the proceedings continued with a discovery stage in February 2021, the fact-related part of which was completed. In March 2021, based on an earlier petition of the Group, the court ruled on the invalidity of five of the six patents in these proceedings. At the end of March, the court permitted FINJAN Inc. to file a motion for reconsideration, via which this company seeks a change of the court's ruling. The motion was dismissed by a judge in May 2021. FINJAN Inc. appealed against this decision to the Federal Court of Appeal. In addition, the court ruled on the separation of proceedings on the '305 patent from other patents. The proceedings on the '305 patent were adjourned until a ruling on other patents is issued, including appellate proceedings.

A hearing on the appeal filed by FINJAN Inc. with the Federal Court of Appeals will be held on 3 May 2022. A ruling of the Federal Court of Appeals is expected in the period after the hearing.

As none of these litigations meets the conditions for the creation of a provision, the Group did not record a provision for potential losses as at 31 December 2021.

Future Time S.r.l.

In January 2021, the former Italian distributor, Future Time S.r.l., exercised its monetary claims by a letter due to the termination of a distribution contract. As at 31 December 2021, the Group records a provision for receivables from the debtor, Future Time S.r.l. Future Time S.r.l. exercised its claims at the Court of Arbitration of the Slovak Chamber of Commerce and Industry.

In 2021, the Group submitted its comments on the arguments presented by Future Time S.r.l. and brought its own claims. In autumn 2021, oral hearings were held at the Court of Arbitration of the Slovak Chamber of Commerce and Industry, at which the action was partially withdrawn by Future Time S.r.l. A closing hearing was held in December 2021 and the award was delivered to the Group in February 2022. The court dismissed the action of Future Time S.r.l. in its entirety, partially acknowledged the Group's counterclaims and ordered both parties to pay certain costs of the proceedings.

When analysing the impact of the above award on the financial statements prepared as at 31 December 2021, the Group also reflected the likelihood of the payment of the claims granted based on the award.

27. COMMITMENTS

As at 31 December 2021, the Group had concluded no significant contracts for the purchase of non-current tangible and intangible assets.

28. COSTS OF AUDIT SERVICES

	2021	***2020***
Costs of auditing financial statements	367	304
Other assurance audit services	6	-
Tax services	143	117

29. RELATED PARTIES

29.1. 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:

	2021	***2020***
Transactions with related parties through personal connection	-	-
Borrowing from a minority owner	32	54

(in thousands EUR, if not stipulated otherwise)

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.

29.2. Compensation of key management personnel

	2021	*2020*
Short-term benefits	6 737	7 134
Other long-term benefits	2 115	859

30. FINANCIAL RISK MANAGEMENT

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

	Carrying Amount		*Fair Value*	
	2021	*2020*	*2021*	*2020*
Assets per the statement of financial position				
Other non-current assets	2 543	2 440	2 543	2 440
Trade and other receivables	7 633	8 660	7 633	8 660
Cash and cash equivalents	96 650	115 555	96 650	115 555
Total	**106 826**	**126 655**	**106 826**	**126 655**
Liabilities per the statement of financial position				
Other non-current liabilities	438	178	438	178
Non-current lease liabilities	20 928	23 481	20 928	23 481
Long-term provisions for liabilities	7 717	4 012	7 717	4 012
Trade and other payables	52 636	68 074	52 636	68 074
Current lease liabilities	6 994	6 387	6 994	6 387
Short-term provisions for liabilities	2 235	219	2 235	219
Total	**90 948**	**102 351**	**90 948**	**102 351**

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.

30.1. 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 recognises lease liabilities under IFRS 16, which are discounted using the weighted average incremental borrowing rate of the lessee, which is in essence a fixed rate. A potential change to this rate upon the modification of a lease contract will not affect the agreed future cash flows, but rather will impact the measurement of the lease liabilities in the consolidated statement of financial position. 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.

The Group maintains cash balances and short-term investments with a number of financial institutions. The Group invests with highly-rated financial institutions. The Group has no significant interest-bearing assets with a floating interest rate, other than cash balances in bank accounts.

30.2. 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, JPY
Payables: USD, CZK, PLN, CAD, GBP, JPY, ARS, AUD

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 and Polish zloty.

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 2021	***Exchange Rate Appreciation by 10%***	***Exchange Rate Depreciation by 10%***
EUR / USD	1.1326	1.2459	1.0193
EUR / CZK	24.8580	27.3438	22.3722
EUR / JPY	130.3800	143.4180	117.3420
EUR / GBP	0.8403	0.9243	0.7563
EUR / PLN	4.5969	5.0566	4.1372
EUR / AUD	1.5615	1.7177	1.4054
EUR / BRL	6.3101	6.9411	5.6791
EUR / SGD	1.5279	1.6807	1.3751
EUR / CAD	1.4393	1.5832	1.2954
EUR / ARS*	116.1930	127.8123	104.5737
EUR / RON	4.9490	5.4439	4.4541
EUR / MXN	23.1438	25.4582	20.8294
EUR / CHF	1.0331	1.1364	0.9298

**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.*

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	(1 081)	1 322
EUR / CZK	(393)	480
EUR / JPY	(348)	426
EUR / GBP	(818)	1 000
EUR / PLN	(85)	104
EUR / AUD	175	(214)
EUR / BRL	14	(17)
EUR / SGD	(21)	25
EUR / CAD	(391)	478
EUR / ARS*	57	(70)
EUR / RON	(8)	10
EUR / MXN	6	(8)
EUR / CHF	(9)	12

**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.*

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.

The Group is also exposed to foreign exchange differences when converting items of the balance sheets and income statements of foreign subsidiaries to the Group's presentation currency, ie EUR. The resulting exchange rate differences are included in equity as a foreign exchange translation reserve.

(in thousands EUR, if not stipulated otherwise)

30.3. Exchange Rates

Currency	*Average Exchange Rate for 2021*	*Exchange Rate as at 31 Dec 2021*	*Average Exchange Rate for 2020*	*Exchange Rate as at 31 Dec 2020*
EUR / USD	1.1830	1.1326	1.1420	1.2271
EUR / CZK	25.6400	24.8580	26.4550	26.2420
EUR / JPY	129.8770	130.3800	121.8460	126.4900
EUR / GBP	0.8600	0.84028	0.8900	0.89903
EUR / PLN	4.5650	4.5969	4.4430	4.5597
EUR / AUD	1.5750	1.5615	1.6550	1.5896
EUR / BRL	6.3780	6.3101	5.8940	6.3735
EUR / SGD	1.5890	1.5279	1.5740	1.6218
EUR / CAD	1.4830	1.4393	1.5300	1.5633
EUR / ARS*	112.9810	116.1930	82.1920	103.4330
EUR / RON	4.9210	4.9490	4.8380	4.8683
EUR / MXN	23.9850	23.1438	24.5190	24.4160
EUR / CHF	1.0810	1.0331	1.0710	1.0802

**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.*

30.4. 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 COVID-19 pandemic had no significant financial impact on the Group and does not represent an increased liquidity risk.

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.

31. 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. The Group takes into consideration future investment needs when managing its own capital.

32. COVID-19 IMPACT ON THE GROUP

2021 was marked by restrictions and measures related to the continuing COVID-19 pandemic and the spread of new mutations of the virus.

ESET, spol. s r.o. and its subsidiaries continued in preventive measures to provide fully-fledged services, while protecting the health of its employees and customers. The Company continued with preventive hygienic measures supported by online training courses and home office for most employees of its branches worldwide. All workforce that does not 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.

At the time of the publication of these financial statements, Group management did not register a significant decline in sales, reduced ability of distributors to pay receivables, or an impact on the Group's ability to pay its liabilities in connection with the COVID-19 pandemic. Given the emergence and spread of new COVID-19 virus mutations, the pandemic situation is continuously changing, and it is therefore not possible to predict future impacts. However, the Group does not expect a decrease in the value of its assets or significant losses.

(in thousands EUR, if not stipulated otherwise)

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

33. POST-BALANCE SHEET EVENTS

Information about the Company's pending litigation is presented in Note 26. Litigation.

Establishment of the Parent Company's Supervisory Board from 1 January 2022

As at 1 January 2022, the Parent Company fulfilled the conditions stipulated in the Act on Statutory Audit and became an entity subject to oversight (large corporation).

On the basis of the fulfilment of the above conditions, the Parent Company became obliged to set up a supervisory board or an audit committee. The Parent Company fulfilled its obligation and established the supervisory board as of 1 January 2022 comprising the following members:

First name and surname	***Position***	***Date of Appointment***
Ing. Matej Bošňák	Chairman of the Supervisory Board	1 January 2022
Ing. Maroš Grund	Member of the Supervisory Board	1 January 2022
RNDr. Anton Zajac	Member of the Supervisory Board	1 January 2022

Obligation of the Parent Company to prepare separate financial statements in accordance with International Financial Reporting Standards as adopted by the EU (IFRS EU).

As of 1 January 2022, the Parent Company fulfils the conditions of Slovak legislation and as at 31 December 2022 it will prepare separate financial statements for the first time in accordance with International Financial Reporting Standards as adopted by the EU (IFRS EU).

Military Conflict in Ukraine

The ongoing military conflict in Ukraine and the related sanctions targeted against the Russian Federation may have an impact on the Group. The Group identified revenues from sales to customers from the Russian Federation and Ukraine and assessed that revenues from these sales to customers accounted for 5% of net turnover for 2021. As at 31 December 2021, the Group recorded no assets, liabilities, expenses or revenues denominated in Russian roubles.

In view of the above, the Group also ended the sale of products to new customers in Russia and Belarus with effect from 8 March 2022.

This may result in assumptions and estimates requiring revisions which may lead to material adjustments to the carrying amount of assets and liabilities in the next financial year. Management expects that this may affect the assumptions and estimates used when determining the amount of receivables from already-made sales to customers from the Russian Federation, provisions for long-term employee benefits due to the further development of actuarial assumptions and other estimates required to prepare the financial statements. At this stage Company management is not able to reliably estimate the impact as events are unfolding day-by-day.

The long-term impact may also affect trading volumes, cash flows, and profitability.

From 31 December 2021 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.

(in thousands EUR, if not stipulated otherwise)

34. 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 office:	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:	1 930

Consolidated entities

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

Business name:	ESET RESEARCH UK Limited
Registered office:	UK
	Subsidiary
Business name:	PGNB LIMITED
Registered office:	UK
	Subsidiary
Business name:	ESET SOFTWARE UK Limited
Registered offic :	UK
	Subsidiary
Business name:	ESET Romania S.R.L.
Registered office:	Romania
	Subsidiary
Business name:	Nadácia ESET
Registered office:	Slovak Republic
	Subsidiary
Business name:	ESET Japan Inc.
Registered office:	Japan
	Subsidiary
Business name:	ESET MÉXICO S. de R.L. de C.V.
Registered office:	Mexico
	Subsidiary
Business name:	ESET ITALIA S.r.l.
Registered office:	Italy
	Subsidiary

Ultimate consolidating company

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

Consolidating companies where the consolidated financial statements are kept

Business name:	ESET, spol. s r.o.
Registered office:	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 2021:

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:

	2021	*2020*
Balance at 1 January 2021	178	122
+ Creation debited to expenses	379	344
+ Transfer from other funds	-	-
- Drawing	322	288
- Transfer to funds from profit	-	-
Balance at 31 December 2021	**235**	**178**

Prepared 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:***
26 April 2022			
Approved on:			
26 April 2022			

ANNEX 2: SEPARATE FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT AS OF 31 DECEMBER 2021

ESET, spol. s r.o.

INDEPENDENT AUDITOR'S REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2021

AND

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

This is a translation of the original auditor's report issued in the Slovak language to the accompanying financial statements translated into the English language.

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

Tel: +421 2 582 49 111
deloitteSK@deloitteCE.com
www.deloitte.sk

Registered in the Business
Register of the District Court Bratislava I
Section Sro, File 4444/B
Company ID: 31 343 414
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 2021, 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 2021, 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 and Those Charged with Governance for the Financial Statements

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.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but 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.

This is a translation of the original auditor's report issued in the Slovak language to the accompanying financial statements translated into the English language.

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.

We communicate with those charged with governance about, inter alia, the planned scope and time schedule of the audit and significant audit findings, including all material deficiencies of internal control identified during our audit.

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 2021 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, 12 April 2022

Ing. Peter Longauer, FCCA
Responsible Auditor
Licence UDVA No. 1136

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

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Úč POD

FINANCIAL STATEMENTS

of Enterprises in the Double-Entry Bookkeeping System)

Prepared as at 31 . 12 . 2021

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 Ě F G H Í J K L M N O P Q R Š T Ů V X Ý Ž 0 1 2 3 4 5 6 7 8 9

Tax Registration Number: 2020317068	Financial Statements: [X] Ordinary; [ ] Extraordinary; [ ] Interim	Reporting Entity: [ ] Small; [X] Large (vyznačí sa x)
Identificatio: 31333532		
SK NACE: 62 . 09 . 0		

		Month	Year
For the Period	From	01	2021
	To	12	2021
Immediately-Preceding Period	From	01	2020
	To	12	2020

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: 02/32244100

Fax Number: 02/32244109

E-mail Address: martin.balusik@eset.com

Prepared on: 31 . 03 . 2021	Approved on: 06 . 06 . 2022	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

MF SR č. 18009/2014

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	239332684	195367960	
			43964724		212320059
A.	Non-current assets (l. 03 + l. 11 + l. 21)	02	106048191	65495122	
			40553069		70552422
A.I.	Total non-current intangible assets (l. 04 to l. 10)	03	15625200	6472319	
			9152881		4490704
A.I.1.	Capitalised development costs (012) - /072, 091A/	04	185000		
			185000		
2.	Software (013) - /073, 091A/	05	12123774	3543498	
			8580276		1509000
3.	Valuable rights (014) - /074, 091A/	06	71109	21388	
			49721		20305
4.	Goodwill (015) - /075, 091A/	07	337884		
			337884		
5.	Other non-current intangible assets (019, 01X) - /079, 07X, 091A/	08			
					2602320
6.	Non-current intangible assets in acquisition (041) - 093	09	2907433	2907433	
					359079
7.	Advance payments for non-current intangible assets (051) - /095A/	10			
A.II.	Total non-current tangible assets (l. 012 to l. 020)	11	56462361	38481370	
			17980991		33072508
A.II.1.	Land (031) - 092A	12	7102729	7102729	
					7102729
2.	Structures (021) - /081, 092A/	13	8085520	3116291	
			4969229		1353594
3.	Separate movable assets and sets of movables (022) - /082, 092A/	14	17832369	4820607	
			13011762		4520834

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	23441743	23441743	
					20095351
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	33960630	20541433	
			13419197		32989210
A.III.1.	Shares and ownership interests in group companies (061A, 062A, 063A) - /096A/	22	33960630	20541433	
			13419197		32989210
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	[illegible]	Current Reporting Period: Gross - Part 1 / 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			
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	128588197	125176542	
			3411655		139146538
B.I.	Total inventory (l. 35 to l. 40)	34	245193	245193	
					227034
B.I.1.	Raw materials (112, 119, 11X) - /191, 19X/	35	245193	245193	
					227034
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	4865275	4865275	
					3394189
B.II.1	Total trade receivables (l. 43 to l. 45)	42	1186362	1186362	
					1185037

Balance Sheet Úč POD 1 - 01

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Desig-nation	ASSETS	Line	Current Reporting Period: Gross - Part 1 / Correction - Part 2	Current Reporting Period: Net 2	Immediately-Preceding Reporting Period: Net 3
a	b	c	1	2	3
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	1186362	1186362	
					1185037
2.	Net contract value (316A)	46			
3.	Other receivables from group companies (351A) - /391A/	47	522210	522210	
					746583
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) -	49			
6.	Receivables from derivative transactions (373A, 376A)	50			
7.	Other receivables (335A, 336A, 33XA, 371A, 374A, 375A, 378A) - /391A/	51			
					9599
8.	Deferred tax asset (481A)	52	315703	315703	
					145297
B.III.	**Total current receivables (l. 54 + l. 58 to l. 65)**	53	5005495 8	4664330 3	
			341165 5		4325121 9
B.III.1.	**Total trade receivables (l. 55 to l. 57)**	54	4747668 0	4557226 6	
			190441 4		4019903 3
1.a.	Trade receivables from group companies (311A, 312A, 313A, 314A, 315A, 31XA) - /391A/	55	2761959 6	2761959 6	
					2392766 3
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 1: Gross - Part 1 / 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	19857084	17952670	
			1904414		16271370
2.	Net contract value (316A)	58			
3.	Other receivables from group companies (351A) - /391A/	59			
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,	61			
6.	Social security insurance (336A) - /391A/	62			
7.	Tax assets and subsidies /341, 342, 343, 345, 346, 347) - /391A/	63	391710	391710	
					2887562
8.	Receivables from derivative transactions (373A, 376A)	64			
9.	Other receivables (335A, 33XA, 371A, 374A, 375A, 378A) - /391A/	65	2186568	679327	
			1507241		164624
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			

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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 3	Immediately-Preceding Reporting Period: Net 3
B.V.	Financial accounts l. 72 + l. 73	71	73422771	73422771	
					92274096
B.V.1.	Cash on hand (211, 213, 21X)	72			
					26586
2.	Bank accounts (221A, 22X, +/- 261)	73	73422771	73422771	
					92247510
C.	Total accruals and deferrals (l. 75 to l. 78)	74	4696296	4696296	
					2621099
C.1.	Non-current deferred expenses (381A, 382A)	75	566402	566402	
					262554
2.	Current deferred expenses (381A, 382A)	76	3144345	3144345	
					2132587
3.	Non-current accrued income (385A)	77			
4.	Current accrued income (385A)	78	985549	985549	
					225958

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	195367960	212320059
A.	Equity l. 89 + l. 85 + l. 86 + l. 87 + l. 90 + l. 93 + l. 97 + l. 100	80	164468825	158352738
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	1305299	2331887
A.V.1.	Statutory funds (427, 42X)	91		
2.	Other funds (427, 42X)	92	1305299	2331887
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	78164453	77702398
A.VII.1.	Retained earnings from previous years (428)	98	78164453	77702398
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	84845074	78164453
B.	**Liabilities l. 102 + l. 118 + l. 121 + l. 122 + l. 136 + l. 139 + l. 140**	101	29541131	53144529
B.I.	**Total non-current liabilities (l. 103 + l. 107 to l. 117)**	102	235104	177619
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	235104	177619
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	6370771	1155814
B.II.1.	Legal provisions for liabilities (451A)	119		
2.	Other provisions for liabilities (459A, 45XA)	120	6370771	1155814
B.III.	Long-term bank loans (461A, 46XA)	121		
B.IV.	Total current liabilities (l. 123 + l. 127 to l. 135)	122	18401810	49269172
B.IV.1	Total trade payables (l. 124 to l. 126)	123	11312091	7079908
1.a.	Trade payables to group companies (321A, 322A, 324A, 325A, 326A, 32XA, 475A, 476A, 478A, 47XA)	124	4761625	3225092
1.b.	Trade payables within a participating interest except for payables to group companies (321A, 322A, 324A, 325A, 326A, 475A, 476A, 478A, 47XA)	125		
1.c.	Other trade payables (321A, 322A, 324A, 325A, 326A, 32XA, 475A, 476A, 478A, 47XA)	126	6550466	3854816
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		13292000
5.	Payables to partners and participants in an association (364, 365, 366, 367, 368, 398A, 478A, 479A)	130	1709	23384534
6.	Payables to employees (331, 333, 33X, 479A)	131	2740872	2791025
7.	Social security insurance payables (336A)	132	2034609	1989193
8.	Tax liabilities and subsidies (341, 342, 343, 345, 346, 347, 34X)	133	2025940	678867
9.	Payables from derivative transactions (373A, 377A)	134		
10.	Other payables (372A, 379A, 474A, 475A, 479A, 47XA)	135	286589	53645
B.V.	Short-term provisions for liabilities l. 137 + l. 138	136	4502604	2532078
B.V.1.	Legal provisions for liabilities (323A, 451A)	137	1773636	1899112
2.	Other provisions for liabilities (323A, 32X, 459A, 45XA)	138	2728968	632966
B.VI.	Current bank loans (221A, 231, 232, 23X, 461A, 46XA)	139	30843	9846
B.VII.	Short-term financial assistance (241, 249, 24X, 473A, /-/255A)	140		
C.	Total accruals and deferrals (l. 142 to l. 145)	141	1358003	822792
C.1.	Non-current accrued expenses (383A)	142		
2.	Current accrued expenses (383A)	143	269147	54301
3.	Non-current deferred income (384A)	144	153299	258920
4.	Current deferred income (384A)	145	935557	509571

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Income Statement Úč POD 2 - 01

DIČ 2020317068 IČO 31333532

Description	Item	Line	Actual: Current Reporting Period	Actual: Immediately-Preceding Reporting Period
a	b	c	1	2
*	**Net turnover (a portion of Accounting Class 6 under the Act)**	01	56448201 1	534052287
**	**Total operating revenues (l. 03 to l. 09)**	02	571637176	537826200
I.	Revenues from the sale of merchandise (604, 607)	03	508	137483
II.	Revenues from the sale of own products (601)	04		
III.	Revenues from the sale of services (602, 606)	05	564481503	533914804
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	2055015	164290
VII.	Other operating revenues (644, 645, 646, 648, 655, 657)	09	5100150	3609623
**	**Total operating expenses (l. 11 + l. 12 + l. 13 + l. 14 + l. 15 + l. 20 + l. 21 + l. 24 + l. 25 + l. 26)**	10	478508793	446567470
A.	Costs of the acquisition of merchandise sold (504, 507)	11	508	136870
B.	Consumed raw materials, energy and other non-inventory supplies (501, 502, 503)	12	1967164	1867768
C.	Provisions for inventories (+/-) (505)	13		
D.	Services (Accounting Group 51)	14	395270320	379513580
E.	Total personnel expenses (l. 16 to l. 19)	15	67014740	54047020
E.1.	Wages and salaries (521, 522)	16	47889689	38619240
2.	Remuneration of members of company bodies and co-operative (523)	17		
3.	Social insurance expenses (524, 525, 526)	18	17172812	13717055
4.	Social expenses (527, 528)	19	1952239	1710725
F.	Taxes and fees (Accounting Group 53)	20	258863	137215
G.	Amortisation and depreciation, and provisions for non-current intangible and non-current tangible assets (l. 22 + l. 23)	21	4591474	4300265
G.1.	Amortisation and depreciation of non-current intangible and non-current tangible assets (551)	22	4591474	4300265
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	2052915	143047
I.	Provisions for receivables (+/-) (547)	25	1720997	2446525
J.	Other operating expenses (543, 544, 545, 546, 548, 549, 555, 557)	26	5631812	3975180
***	**Operating profit or loss (+/-) (l. 02 - l. 10)**	27	93128383	91258730

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	16724401 9	152534069
**	**Total revenues from financing activities (l. 30 + l. 31 + l. 35 + l. 39 + l. 42 + l. 43 + l. 44)**	29	27042212	10831737
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	21347472	8892804
IX.1.	Revenues from securities and ownership interests from group companies (665A)	32	21347472	8892804
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	58047	134097
XI.1.	Interest income from group companies (662A)	40	25912	33722
2.	Other interest income (662A)	41	32135	100375
XII.	Foreign exchange gains (663)	42	5636693	1804836
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	14643704	7438878
K.	Securities and ownership interests sold (561)	46		
L.	Expenses related to current financial assets (566)	47		
M.	Provisions for financial assets (+/-) (565)	48	12544545	
N.	Interest expense (l. 50 + l. 51)	49	3878	27
N.1.	Interest expense for group companies (562A)	50		
2.	Other interest expense (562A)	51	3878	27
O.	Foreign exchange losses (563)	52	2059211	7404381
P.	Expenses for revaluation of securities and expenses related to derivative transactions (564, 567)	53		
Q.	Other costs of financing activities (568, 569)	54	36070	34470

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	12398508	3392859
****	**Profit/loss for the reporting period before taxation (+/-) (l. 27 + l. 55)**	56	105526891	94651589
R.	Income tax (l. 58 + l. 59)	57	20681818	16487136
R.1	Current income tax (591, 595)	58	22385551	16894707
2	Deferred income tax (+/-) (592)	59	-1703733	-407571
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	84845073	78164453

NOTES

To the Separate Financial Statements Prepared as at 31 December 2021

in euro

For the Period from	January 2021	to December 2021
For the Immediately-preceding Period from	January 2020	to December 2020

Date of the Company's Incorporation
17 September 1992

Financial Statements
x – Ordinary
– Extraordinary
– Interim

Financial Statements
x – Prepared
– Approved

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

1. 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.

3. Unlimited Guarantee

The Company is not an unlimited liability partner.

4. Full-time Equivalent

Item	2021	2020
Full-time equivalent	1 088	982
Number of employees as at the reporting date	1 100	1 004
Of which: managers	45	36

5. Legal Reason for the Preparation of the Financial Statements

The financial statements of the Company as at 31 December 2021 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 2021 to 31 December 2021.

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.

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

The financial statements prepared as at 31 December 2020 were approved by the General Meeting of Shareholders on 11 June 2021.

2. 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		*2021*	*2020*	
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. (11)	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, Singapur	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 (12)	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%	Antivirus software distributor
ESET Research Czech Republic s.r.o. (1)	Palachovo náměstí 799/5, Starý Lískovec, 625 00 Brno, Czech Republic	100%	100%	R&D
ESET Software Australia, PTY, LTD. (9)	Level 20, 111 Pacific Highway, North Sydney NSW 2060, Sydney, Australia	100%	100%	Antivirus software distributor
ESET RESEARCH UK Limited	3 Heron Gate Office Park, Hankridge Way, Taunton, Somerset, TA1 2LR, United Kingdom	100%	100%	R&D
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 [4], [5], [6]	3th Floor Ocean 80, Holdenhurst Road, Bournemouth, BH8 8AQ, United Kingdom	100%	100%	
ESET SOFTWARE UK Limited [2], [3]	3th Floor Ocean 80, 3th Floor, Holdenhurst Road, Bournemouth, BH8 8AQ, United Kingdom	100%	100%	Antivirus software distributor
ESET Romania S.R.L. [7]	Strada Palas Nr. 7D-7E, Cladirea United Business Center 3 (Corp C2),Etaj 2, Spatiul C2S9, Municipiul Iași, Judet Iași, Romania	100%	100%	R&D
ESET MÉXICO S. de R.L. de C.V. [13]	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. [10]	2-16-4 Konan, Minato-ku, Tokyo 108-0075, Japan	90%	90%	Service provider
ESET ITALIA S.r.l. [8]	Via Campo Lodigiano 3, 20122 Milan, Italy	100%	100%	Antivirus software distributor

(1) ESET Research Czech Republic s.r.o. changed its registered office in January 2021. Its original registered office was at U Přehrady 3204/61, Mšeno nad Nisou, 466 02 Jablonec nad Nisou, Czech Republic.
(2) ESET SOFTWARE UK Limited changed its registered office in September 2021. Its original registered office was at 5th Floor Holland House, 20 Oxford Road, Bournemouth, Dorset, BH8 8EZ, United Kingdom.
(3) ESET SOFTWARE UK Limited is a 100% subsidiary of the parent company as of 30 December 2020.
(4) In November 2021, an application was filed for a voluntary deletion of PGNB Limited from the Companies Register. PGNB Limited had not been deleted from the Companies Register by December 2021.
(5) PGNB Limited changed its registered office in September 2021. Its original registered office was at 5th Floor Holland House, 20 Oxford Road, Bournemouth, Dorset, BH8 8EZ, United Kingdom.
(6) PGNB Limited carried out no business activities in 2021. In 2020, PGNB Limited sold its 100% share in its subsidiary, SOFTWARE UK Limited, to the parent company.
(7) 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.
(8) ESET ITALIA S.r.l. changed its registered office in March 2020. The original registered office was at Francesco Richini 6 CAP, 20.122 Milan, Italy.
(9) ESET Software Australia, PTY, LTD. changed its registered office in October 2021. Its original registered office was at Level 3, 50 Yeo Street, Neutral Bay NSW 2089, Sydney, Australia.
(10) 90% of the shares are held by the parent company and the remaining 10% are held by Canon Marketing Japan Inc.
(11) 90% of the shares are held by ESET, LLC and the remaining 10% are held by the parent company.
(12) 90% of the shares are held by the parent company and the remaining 10% are held by ESET, LLC.
(13) 90% of the shares are held by the parent company and the remaining 10% are held by ESET, LLC.

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 2020 and is also required to prepare consolidated financial statements for the reporting period from 1 January 2021 to 31 December 2021.

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

3. INFORMATION ON THE ACCOUNTING PRINCIPLES AND METHODS APPLIED

1. 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 2021, 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, i.e. as at 31 December 2020, are presented in the financial statements prepared as at 31 December 2021, so that they are comparable with the 2020 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, i.e. 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.

2. 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 2023 for the Aupark Košice premises, and from 1 February 2017 to 10 May 2021 for the Žilina branch premises.

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

3. Securities and ownership interests

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

The Company creates a provision for non-current financial assets, provided that at the balance sheet date it is reasonable to assume impairment of non-current financial assets compared to their carrying amounts. If the Company identifies such indicators of impairment, it creates a provision equalling the positive difference between the carrying amount of the non-current financial assets and their anticipated future economic benefits.

When created, the provision is debited to Account 565 – Creation and reversal of provisions for financial assets with a counter-entry credited to Account 096 – Provisions for non-current financial assets.

As at 31 December 2021, the Company identified the reasonable indicators of impairment as regards its subsidiary, ESET SOFTWARE UK Limited (PGNB), for which a provision was calculated and recorded. More information is disclosed in **Note 5. *Data Disclosed on the Assets Side of the Balance Sheet, Section 3. Non-current Financial Assets.***

4. 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, i.e. 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.

5. 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.

6. Cash, stamps and vouchers

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

7. Deferred expenses and accrued income

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

8. 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.

The Company creates legal provisions for unused vacation days, including related social security and health insurance payments and other provisions for audit, employee bonuses, withholding tax, loyalty bonus and other services.

The Company's liability from long-term employee benefits (loyalty bonus) is an estimate of the future value of benefits that employees have earned for work performed in the current and previous periods.

The liability is calculated using the projected unit credit method and is discounted to its present value. The discount rate used to calculate the present value of the liability is derived from the yield curve of high-quality bonds with a maturity approximating the terms of the Company's liabilities at the reporting date.

The following actuarial assumptions were used when calculating provisions for long-term employee benefits:

Employee turnover	8.8%
Average increase in wages and salaries	3%
Discount rate	0.54% to 1.67% according to average time to benefit maturity

Where the discount method is used, an increase in the provision due to the time factor is recognised as interest expense.

9. 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.

10. 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.

11. 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, i.e. 21%.

12. Accrued expenses and deferred income

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

13. Leases

The Company has no assets acquired under a finance lease.

14. 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.

15. 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, i.e. 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). A subsidiary, ***ESET Deutschland GmbH***, distributes products in german speaking countries (Germany, Austria, Switzerland) and on Croatian market. The subsidiary, ***ESET Software Australia, PTY, LTD.***, carries out distribution activities in Australia and ***ESET ASIA PTE. LTD.*** 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, i.e. 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 (distributors, resellers), revenue is recognised on a one-off basis 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 software use.

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. Due to immateriality, ESET currently does not record any provision for such returns based on its historical experience of very low returns by end users.

The Company recognises revenues from the provision of other support services in the period in which they were provided.

4. CHANGES IN ACCOUNTING PRINCIPLES AND ACCOUNTING METHODS

There were no changes to the Company's accounting principles and methods during the reporting period, except as stated below.

Based on the change to the accounting policy, the Company decided to recognise a provision for management and key personnel bonuses in 2021. Detailed information on provisions for liabilities is presented in **Note 6. Data Disclosed on the Liabilities Side of the Balance Sheet, Section (c) Provisions for Liabilities**.

5. 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:

Non-current Intangible Assets	Current 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	-	4 020 655	63 428	337 884	7 044 455	359 080	-	11 825 502
Additions	-	1 249 979	7 681	-	-	2 548 353	-	3 806 013
Disposals	-	- 6 315	-	-	-	-	-	- 6 315
Transfers	185 000	6 859 455	-	-	- 7 044 455	-	-	-
Closing Balance	185 000	12 123 774	71 109	337 884	-	2 907 433	-	15 625 208
Accumulated Depreciation								
Opening Balance	-	2 511 655	43 122	337 884	4 442 136	-	-	7 334 797
Additions		1 817 800	6 599	-	-	-	-	1 824 399
Disposals	-	- 6 315	-	-	-	-	-	- 6 315
Transfers	185 000	4 257 136	-	-	- 4 442 136	-	-	-
Closing Balance	185 000	8 580 276	49 721	337 884	-	-	-	9 152 881
Provisions								
Opening Balance	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Closing Balance	-	-	-	-	-	-	-	-
Net Book Value								
Opening Balance	-	1 509 000	20 306	-	2 602 319	359 080	-	4 490 705
Closing Balance	-	3 543 498	21 388	-	-	2 907 433	-	6 472 319

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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	5 787 461	16 010 696	-	-	-	20 095 352	-	48 996 238
Additions	-	2 298 059	2 531 152				5 479 908	-	10 309 119
Disposals	-		-709 479				-2 133 517	-	-2 842 996
Transfers	-							-	-
Closing Balance	7 102 729	8 085 520	17 832 369	-	-	-	23 441 743	-	56 462 361
Accumulated Depreciation									
Opening Balance	-	4 433 867	11 489 862	-	-	-	-	-	15 923 729
Additions		535 362	2 231 014	-	-	-	-	-	2 766 376
Disposals			-709 114	-	-	-	-	-	-709 114
Closing Balance		4 969 229	13 011 762	-	-	-	-	-	17 980 991
Provisions									
Opening Balance	-	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-
Closing Balance	-	-	-	-	-	-	-	-	-
Net Book Value									
Opening Balance	7 102 729	1 353 594	4 520 834	-	-	-	20 095 352	-	33 072 509
Closing Balance	7 102 729	3 116 291	4 820 608	-	-	-	23 441 743	-	38 481 371

Additions to intangible assets primarily comprise the development of the Salesforce project in the amount of EUR 316 683 and the Global eStore project in the amount of EUR 488 317, the development of the Business Planning Tool in the amount of EUR 101 522, the purchase of new licences at a total cost of EUR 179 609, rights to use videos and photographs in the amount of EUR 50 655, the upgrade of a new attendance system in the amount of EUR 15 710, and the upgrade of the Global Performance Tool in the amount of EUR 81 670. The amount of additions to intangible assets was also impacted by technical improvements to other non-current assets in the amount of EUR 12 772 and creation of a website for the Campus project in the amount of EUR 3 042. The Company invested the amount of EUR 7 681 in the registration of the ESET ScienceAward trademark.

In 2021, the Company disposed of the Virtualization of existing Xtelesis HW – SW vidyo intangible assets in the amount of EUR 6 314.

As a result of the planned transition to a new asset records module and preparation for the transition to bookkeeping under International Financial Reporting Standards as adopted by the EU (IFRS EU) from 1 January 2022, it was necessary to review the method of recording intangible assets. The opening balances of assets recorded as at 1 January 2021 in Account 019 as other non-current intangible assets totalling EUR 7 044 455 were reposted to Account 013 in the total amount of EUR 6 859 455 and to Account 012 in an amount of EUR 185 000. Opening balances of accumulated amortisation of assets recorded as other non-current intangible assets in the total amount of EUR 4 442 136 were transferred from Account 079 to Account 072 in the amount of EUR 185 000 and to Account 073 in the amount of EUR 4 257 136. Assets whose classification was reassessed primarily comprise software which the Company originally recorded as other non-current intangible assets.

Additions to structures primarily comprise extensive construction modifications at Bratislava branches – Aupark Tower, and improvements to premises at Digital Park in the amount of EUR 2 091 049 and EUR 196 973, respectively. The Company also refurbished its Košice branch at a cost of EUR 10 037.

In 2021, additions to separate movable assets and sets of movables represented technical improvements to the existing IT assets in the amount of EUR 716 007, placing new IT assets into service in the amount of EUR 1 125 965, and the bulk of the purchased new equipment comprised the purchase of new servers, disk arrays, video conference equipment, racks, and other IT equipment. The Company also acquired new fixtures and fittings for the newly-refurbished premises at a total cost of EUR 599 019 and two new vehicles at a cost of EUR 88 991. Other tangible assets represent purchases in the amount of EUR 5 616.

Disposals of separate movable assets and sets of movables primarily comprise the disposal of IT assets (switches, disk arrays, old video conference equipment, etc) in the amount of EUR 371 634, a presentation stand in the amount of EUR 299 604, and fixtures and fittings totalling EUR 38 574. Disposals of non-current tangible assets in acquisition in the amount of EUR 2 133 517 primarily comprise the disposal of the non-current tangible assets in acquisition, for which a contribution from the lessor was provided.

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	-	4 020 655	63 428	337 884	5 722 329	243 726	-	10 388 022
Additions		-	-	-	1 288 959	236 625	-	1 525 584
Disposals		-	-	-	-62 785	-25 320	-	-88 105
Transfers		-	-	-	95 952	-95 952	-	-
Closing Balance	-	4 020 655	63 428	337 884	7 044 455	359 080	-	11 825 502
Accumulated Depreciation								
Opening Balance	-	1 757 155	36 780	337 884	3 551 814	-	-	5 683 633
Additions		754 500	6 343	-	953 107	-	-	1 713 950
Disposals		-	-	-	-62 785	-	-	-62 785
Closing Balance	-	2 511 655	43 122	337 884	4 442 136	-	-	7 334 797
Provisions								
Opening Balance	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Closing Balance	-	-	-	-	-	-	-	-
Net Book Value								
Opening Balance	-	2 263 500	26 648	-	2 170 515	243 726	-	4 704 389
Closing Balance	-	1 509 000	20 306	-	2 602 319	359 080	-	4 490 705

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	7 182 729	5 078 400	15 486 493	-	-	-	19 692 559	-	47 360 181
Additions	-	706 784	2 061 501	-	-	-	659 863	-	3 428 148
Disposals	-		-1 631 763	-	-	-	-160 328	-	-1 792 091
Transfers	-	2 277	94 465	-	-	-	-96 742	-	-
Closing Balance	7 182 729	5 787 461	16 010 696	-	-	-	20 095 352	-	48 996 238
Accumulated Depreciation									
Opening Balance	-	4 082 166	10 886 597	-	-	-	-	-	14 968 763
Additions		351 701	2 235 028	-	-	-	-	-	2 586 729
Disposals		-	-1 631 763	-	-	-	-	-	-1 631 763
Closing Balance		4 433 867	11 489 862	-	-	-	-	-	15 923 729
Provisions									
Opening Balance	-	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-
Closing Balance	-	-	-	-	-	-	-	-	-
Net Book Value									
Opening Balance	7 182 729	996 234	4 599 896	-	-	-	19 692 559	-	32 391 418
Closing Balance	7 182 729	1 353 594	4 520 834	-	-	-	20 095 352	-	33 072 509

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 2021, 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	28 434	1 208 050
Generali Slovensko poisťovňa, a.s.	2013 – ongoing	MTPL insurance of vehicle fleet	4 884	
Generali Slovensko poisťovňa, a.s.	1.1.2021 – 31.12.2021	Travel insurance	1 965	200 000
Allianz - Slovenská poisťovňa, a.s.	1.1.2021 – 31.12.2021	Building insurance against all risks - CAR	1 785	2 330 000
Allianz - Slovenská poisťovňa, a.s.	1.1.2021 – 31.12.2021	Damage liability insurance	12 591	5 000 000
Allianz - Slovenská poisťovňa, a.s.	1.1.2021 – 31.12.2021	Insurance of assets of legal entities and sole proprietors	5 409	Up to 11 408 301
Colonnade Insurance S.A.	2.1.2017 – 3.1.2022	GAP insurance of vehicles	653	100 000
Marsh Europe	1.1.2021 – 31.12.2021	Personal insurance of statutory representatives	24 148	5 000 000
TOTAL			79 869	

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

2. Research and Development Activities

In 2021, 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	Immediately-preceding Reporting Period
Research and development costs	7 011 560	6 452 067

Research and development costs are recognised in expenses in the reporting period in which they were incurred in line with Article 37 Measure of the Ministry of Finance of the Slovak Republic No. 23054/2002-92.

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	32 989 210	-	-	-	-	-	-	32 989 210
Additions	971 420							971 420
Disposals								
Transfers								
Closing Balance	33 960 630							33 960 630
Accumulated Depreciation								
Opening Balance	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Closing Balance	-	-	-	-	-	-	-	-
Provisions								
Opening Balance	-	-	-	-	-	-	-	-
Additions	13 419 197	-	-	-	-	-	-	13 419 197
Disposals	-	-	-	-	-	-	-	-
Closing Balance	13 419 197	-	-	-	-	-	-	13 419 197
Carrying Amount								
Opening Balance	32 989 210	-	-	-	-	-	-	32 989 210
Closing Balance	20 541 433	-	-	-	-	-	-	20 541 433

Additions to non-current financial assets comprise foreign exchange differences due to the revaluation of assets as at 31 December 2021. In 2021, the Company took steps to liquidate PGNB Limited. PGNB Limited will be deleted from the Companies Register of the United Kingdom in 2022. The Company created a provision for a share in PGNB Limited (a subsidiary) in the amount of EUR 13 419 917 (100% of the carrying amount of the share as at 31 December 2021) after the payment of dividends, which led to a decrease in its equity due to the planned liquidation of the company and its deletion from the Companies Register in 2022.

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	**20 589 522**	-	-	-	-	**20 028**	-	**20 609 550**
Additions	-	-	-	-	-	13 292 000	-	13 292 000
Disposals	-912 340	-	-	-	-	-	-	-912 340
Transfers	13 312 028	-	-	-	-	-13 312 028	-	-
Closing Balance	**32 989 210**	-	-	-	-	-	-	**32 989 210**
Accumulated Depreciation								
Opening Balance	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Closing Balance	-	-	-	-	-	-	-	-
Provisions								
Opening Balance	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Closing Balance	-	-	-	-	-	-	-	-
Carrying Amount								
Opening Balance	**20 589 522**	-	-	-	-	**20 028**	-	**20 609 550**
Closing Balance	**32 989 210**	-	-	-	-	-	-	**32 989 210**

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	i
Subsidiaries								
Eset software spol. s r.o.	100	100	CZK	10 621 608	427 291	383 045	8 046	
ESET LLC.	100	100	USD	235 137	207 608	188 765	26 512	
ESET ASIA PTE. LTD.	100	100	USD	2 580 985	2 278 814	112 521	82 042	
ESET Canada Research	100	100	CAD	693 786	482 030	63 241	416 869	
ESET POLSKA	100	100	PLN	9 310 064	2 025 292	553 245	1 875 886	
ESET DO BRASIL MARKETING LTDA	90	90	BRL	631 773	100 121	35 583	2 496	
ESET LATINOAMERICA, Sociedad de Responsabilidad Limitada	10	10	ARS	101 171 726	870 721	159 067	17	
ESET Research Czech republic s.r.o.	100	100	CZK	81 221 626	3 267 424	871 852	1 372 184	
Nadácia ESET	100	100	EUR	350 570	350 570	302 388	6 638	
ESET Deutschland GmbH	100	100	EUR	2 453 537	2 453 537	603 814	1 950 265	
ESET SOFTWARE Australia PTY	100	100	AUD	75 797	48 541	48 062	768	
Eset Canada Inc.	100	100	CAD	683 964	475 206	205 589	69 478	
ESET RESEARCH UK Limited (DESlock)	100	100	GBP	510 448	1 083 505	227 621	1 347 956	
ESET SOFTWARE UK Limited (PGNB)	100	100	GBP	-489	-582	-497 260	860	
ESET SOFTWARE UK Limited (QNH)	100	100	GBP	1 070 405	1 273 867	481 820	13 292 000	
ESET Romania	100	100	RON	923 653	186 634	63 582	58 832	
ESET Japan Inc.	100	100	JPY	82 438 192	632 292	68 706	310 630	289 826
ESET MÉXICO S. de R.L. de C.V.	100	100	MXN	1 941 470	83 887	58 167	19 982	232 384
ESET India	100	100	EUR	[illegible]	[illegible]	[illegible]	100 000	
Total Non-current Financial Assets	x	x	x	x	[illegible]	x	20 541 435	522 210

**Use of the ECB exchange rate applicable as at 31 December 2021 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 2021, 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	245 193	-	245 193	227 034	-	227 034
Total	**245 193**	**-**	**245 193**	**227 034**	**-**	**227 034**

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 2021:

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	1 186 362	-	1 186 362
Other receivables from group companies	522 210	-	522 210
Receivables from partners, members and participants in an association	-	-	-
Other receivables	-	-	-
Total Non-current Receivables	**1 708 572**	**-**	**1 708 572**
Current Receivables			
Trade receivables from group companies	24 859 804	2 759 792	27 619 596
Trade receivables within a participating interest except for receivables from group companies	-	-	-
Other trade receivables	16 704 303	3 152 781	19 857 084
Other receivables from group companies	-	-	-
Receivables from partners, members and participants in an association	-	-	-
Social insurance	-	-	-
Tax assets and subsidies	391 710	-	391 710
Receivables from derivative transactions	-	-	-
Other receivables	2 186 569	-	2 186 569
Total Current Receivables	**44 142 386**	**5 912 573**	**50 054 959**

As non-current receivables, the Company records advance payments made in the total amount of EUR 1 186 362 related to the lease of office premises and parking spaces. 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.

As at 31 December 2021, the Company records other non-current receivables from subsidiaries totalling EUR 522 210.

The Company records trade receivables from group companies in the amount of EUR 27 619 596.

The Company's other current receivables primarily comprise an awarded claim from litigation against Future Time S.r.l. in the gross amount of EUR 2 153 202 (Information on the litigation is presented in **Note 11. Other Assets and Other Liabilities, Section 3. Litigations**).

Information on the ageing structure of receivables as at 31 December 2020:

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	1 185 037	-	1 185 037
Other receivables from group companies	746 583		746 583
Receivables from partners, members and participants in an association	-	-	-
Other receivables	9 599	-	9 599
Total Non-current Receivables	**1 941 219**	-	**1 941 219**
Current Receivables			
Trade receivables from group companies	20 493 428	3 434 235	23 927 663
Trade receivables within a participating interest except for receivables from group companies	-	-	-
Other trade receivables	15 140 792	3 622 384	18 763 176
Other receivables from group companies	-	-	-
Receivables from partners, members and participants in an association	-	-	-
Social insurance	-	-	-
Tax assets and subsidies	2 887 562	-	2 887 562
Receivables from derivative transactions	-	-	-
Other receivables	164 624	-	164 624
Total Current Receivables	**38 686 406**	**7 056 619**	**45 743 025**

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	2 491 806	1 727 509	666	806 992	3 411 656
Receivables from subsidiaries and the parent company	-	-	-	-	-
Other intercompany receivables	-	-	-	-	-
Receivables from partners, members and participants in an association	-	-	-	-	-
Other receivables	-	-	-	-	-
Total Receivables	**2 491 806**	**1 727 509**	**666**	**806 992**	**3 411 656**

In 2021, the Company created provisions for receivables for which it identified a risk of default. This primarily applies to receivables from Future Time S.r.l. and Initec Latvia OU. Provisions for other receivables were created according to the rules stipulated by the Income Tax Act.

The Company wrote off for tax purposes and cancelled the remaining portion of a provision for receivables from Sakri IT Solutions Pvt Ltd and Microsoft Corporation in the amount of EUR 86 506 and EUR 5 399, respectively.

The Company also cancelled a provision for a receivable from Future Time S.r.l. in the amount of EUR 715 087, as the Court of Arbitration of the Slovak Chamber of Commerce and Industry did not acknowledge the Company's claim to this amount and the receivable was derecognised from the accounting books as at 31 December 2021 (Information on the litigation is presented in **Note 11. Other Assets and Other Liabilities, Section 3. Litigations**).

The Company reversed a provision for receivable from other customers totalling EUR 667 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:	**5 523 052**	**4 696 856**
Tax-deductible	5 523 052	4 696 856
Taxable	0	0
Temporary differences between the carrying amount of liabilities and the tax base:	**9 508 867**	**2 222 049**
Tax-deductible	9 508 867	2 222 049
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	**3 156 703**	**1 452 970**
Claimed tax asset during the reporting period:	**- 1 703 733**	**-407 571**
Recognised as a decrease in costs	- 1 703 733	-407 571
Recognised in equity	0	0
Deferred tax liability	0	0
Change in the deferred tax liability:	**0**	**0**
Recognised as an expense	0	0
Recognised in equity	0	0

The Company adjusted the presentation of certain data for the immediately-preceding reporting period to ensure the comparability of data presented in the table above.

7. Current Financial Assets

Information on current financial assets:

Item	Current Reporting Period	Immediately-preceding Reporting Period
Cash on hand, stamps and vouchers	-	26 586
Bank accounts – current	73 422 771	80 747 510
Bank accounts – term deposits	-	11 500 000
Cash in transit	-	-
Total	**73 422 771**	**92 274 096**

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:	**566 402**	**262 554**
IT support	246 344	195 436
Warranty service	0	0
Certification expenses	340	905
Licences	316 534	58 965
Domains	0	100
Services	2 283	7 148
Current deferred expenses, of which:	**3 144 345**	**2 132 587**
Licences	1 091 586	706 878
Rent	502 394	59 993
IT support	461 479	532 272
Services	63 055	238 093
Membership fees	613 875	19 923
Certification expenses	801	2 805
Insurance	20 543	30 287
Warranty service	0	0
Conference fees	311 443	485 423
Air tickets	12 232	332
Domains	0	1 877
Other	66 937	54 704
Non-current accrued income, of which:	**0**	**0**
Current accrued income, of which:	**985 549**	**225 958**
Google deals	241 287	225 958
I-SET deal	692 683	0
Other	51 579	0

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

a. Equity

Information on the distribution of the accounting profit for the 2021 calendar year:

Item	Immediately-preceding Reporting Period
Accounting Profit	78 164 453
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	78 164 453
Distribution of share in profit to partners	-
Other	-
TOTAL	78 164 453

b. Proposal for Distribution of Accounting Profit or Settlement of Loss for 2021

Profit after taxation for the reporting period ended 31 December 2021 was EUR 84 845 073. A proposal to distribute the profit to the shareholders based on their shares will be submitted to the Company's Board of Directors and General Meeting for approval.

c. Provisions for Liabilities

Information on the structure of provisions for liabilities as at 31 December 2021:

Item	Current Reporting Period				
	Opening Balance	Tvorba	Opening Balance	Zrušenie	Opening Balance
a	b	c	d	e	f
Long-term Provisions for Liabilities	**1 155 814**	**6 370 771**	**1 155 814**	-	**6 370 771**
Provision for employee loyalty bonus	1 155 814	2 044 156	1 155 814	-	2 044 156
Provision for loyalty vacation	-	3 136 546	-	-	3 136 546
Provision for management and key personnel bonuses	-	1 190 069	-	-	1 190 069
Short-term Provisions for Liabilities, of which:	**2 532 078**	**1 301 929**	**2 532 078**	-	**4 502 604**
Provision for unused vacation days	1 400 919	1 301 929	1 400 919	-	1 301 929
Provision for social security insurance related to unused vacation days	493 123	458 279	493 123	-	458 279
Provision for employee loyalty bonus	127 804	163 706	127 804	-	163 706
Provision for loyalty vacation	-	257 637	-	-	257 637
Provision for management and key personnel bonuses	-	483 393	-	-	483 393
Provision for audit	99 740	207 286	99 740	-	207 286
Provision for withholding tax	124 626	192 530	124 626	-	192 530
Provision for bonuses	5 070	846 163	5 070	-	846 163
Provision for other services	280 796	591 680	280 796	-	591 680

In 2021, the Company created a long-term provision for an employee loyalty bonus in the amount of EUR 2 044 156 (2020: EUR 1 155 814). Based on a change to the internal guidelines, the Company also created a non-current portion of the provision for loyalty vacation days in the amount or EUR 3 136 546 and a non-current portion of the provision for Company management and key personnel bonuses in the amount of EUR 1 190 069.

In 2021, the Company created a provision for unused vacation days and the related social and health insurance payments and contributions paid by employers for their employees in the Slovak Republic in the amount of EUR 1 760 208 (2020: EUR 1 894 042).

The Company also created a short-term provision for an employee loyalty bonus in the amount of EUR 163 705 (2020: EUR 127 804).
Based on a change to the internal guidelines, the Company also created a current portion of the provision for loyalty vacation days in the amount or EUR 257 637 and a current portion of the provision for Company management and key personnel bonuses in the amount of EUR 483 393.

In 2021, the Company created a provision for withholding tax of EUR 192 530 (2020: EUR 124 626).

In addition to a provision for other services in the amount of EUR 591 680 (2020: EUR 280 796), as at 31 December 2021 the Company also created a provision for performance bonuses and related social and health insurance payments and contributions paid by the employer in the amount of EUR 846 163 for December 2021, which will be paid in 2022 (2020: EUR 5 070).

Information on the structure of provisions for liabilities as at 31 December 2020:

Item	Current Reporting Period				
	Opening Balance	Creation	Use	Cancellation	Closing Balance
a	b	c	d	e	f
Long-term Provisions for Liabilities	**923 395**	**1 155 814**	**923 395**	-	**1 155 814**
Short-term Provisions for Liabilities, of which:	**2 212 487**	**2 532 078**	**2 212 487**	-	**2 532 078**
Provision for unused vacation days	899 936	1 400 919	899 936	-	**1 400 919**
Provision for social security insurance related to unused vacation days	316 778	493 123	316 778	-	**493 123**
Provision for loyalty	93 069	127 804	93 069	-	**127 804**
Provision for audit	113 820	99 740	113 820	-	**99 740**
Provision for withholding tax	225 535	124 626	225 535	-	**124 626**
Provision for bonuses	345 622	5 070	345 622	-	**5 070**
Provision for other services	217 727	280 796	217 727	-	**280 796**
Provision for other services	901 187	217 727	901 187		**217 727**

d. Liabilities

Information on liabilities as at 31 December 2021:

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	-	235 104	235 104
Total Non-current Liabilities	**-**	**235 104**	**235 104**
Item	**Liabilities with Residual Maturity of Up to 1 Year Inclusive**	**Overdue Liabilities**	**Total Liabilities**
Current Liabilities			
Trade payables to group companies	4 184 771	576 854	4 761 625
Trade payables within a participating interest except for payables from group companies	-	-	-
Other trade payables	6 159 928	390 538	6 550 466
Other payables to group companies	-	-	-
Payables to partners, members and participants in an association	1 709	-	1 709
Social security insurance and employees	4 775 481	-	4 775 481
Tax liabilities and subsidies	2 025 940	-	2 025 940
Payables from derivative transactions	-	-	-
Other liabilities	286 589	-	286 589
Total Current Liabilities	**17 434 418**	**967 932**	**18 401 810**

Information on liabilities as at 31 December 2020:

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	-	177 619	177 619
Total Non-current Liabilities	-	**177 619**	**177 619**
Item	**Liabilities with Residual Maturity of Up to 1 Year Inclusive**	**Overdue Liabilities**	**Total Liabilities**
Current Liabilities			
Trade payables to group companies	2 965 092	260 000	3 225 092
Trade payables within a participating interest except for receivables from group companies	-	-	-
Other trade payables	3 743 825	110 991	3 854 816
Other payables to group companies	13 292 000		13 929 000
Payables to partners, members and participants in an association	23 384 534	-	23 384 534
Social security insurance and employees	4 780 218	-	4 780 218
Tax liabilities and subsidies	678 867	-	678 867
Payables from derivative transactions	-	-	-
Other liabilities	53 645	-	53 645
Total Current Liabilities	48 898 181	370 991	49 269 172

e. Social Fund

Information on social fund payables:

Item	Current Reporting Period	Immediately-preceding Period
Initial balance of the social fund	**177 620**	**122 079**
Creation of the social fund debited to costs	379 579	344 418
Creation of the social fund from profit	-	-
Other creations in the social fund	-	-
Total creation of the social fund	**379 579**	**344 418**
Drawing from the social fund	**322 095**	**288 877**
Closing Balance	**235 104**	**177 620**

In 2021, the Company created the social fund using the following resources:

1. 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 2021:

2. Contribution for employees' meals.

f. Bank Loans

The Company does not have any bank loans.

g. Accrued Expenses and Deferred Income

Item	Current Reporting Period	Immediately-preceding Reporting Period
Non-current accrued expenses, of which:	-	-
Rent	-	-
Current accrued expenses, of which:	**269 147**	**54 301**
Sales bonuses		
Rent for Aupark Tower until 2022	269 147	54 301
Non-current deferred income, of which:	**153 299**	**258 920**
24/7 support		
Revenues from the sale of services – EMEA	153 299	258 920
Current deferred income, of which:	**935 557**	**509 571**
24/7 support	-	-
Revenues from the sale of services – EMEA	935 557	509 571

7. 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	Licences (NOD32 / ESS)		Consulting Services**		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
a	b	c	d	e	j	k	l	m	n	o
Slovak Republic	17 726 115	17 299 572	393 161	324 088	508	137 483	15 459	17 392	18 135 243	17 778 535
Czech Republic	23 455 513	21 357 970	14 669	280 030	-	-		-	23 470 182	21 638 000
NORAM***	92 096 964	90 348 038		-	-	-		-	92 096 964	90 348 038
EMEA*	222 458 316	206 685 257	1 499 183	34 340	-	-	5 645	29 125	223 963 144	206 748 722
LATAM	38 223 295	34 830 250	-	-	-	-		-	38 223 295	34 830 250
APAC	82 004 725	83 172 700	12 542	-	-	-		-	82 017 267	83 172 700
Germany ***	47 095 360	42 913 257	-	-	-	-		11 250	47 095 360	42 924 507
Asia	34 440 187	32 026 025	-	-	-	-		-	34 440 187	32 026 025
Australia	5 040 367	4 585 510	-	-	-	-		-	5 040 367	4 585 510
Other	-	-	-	-	-	-		-	-	-
Total	562 540 844	533 218 578	1 919 556	638 458	508	137 483	21 104	57 767	564 482 011	534 052 287

Note:
*The EMEA region includes countries in Europe and South Africa.
**Due to changes in the hierarchical structure of products, revenues categorised in the preceding reporting period as "Licences" were recategorised as "Consulting services" in 2021. Consulting services primarily comprise services from contracts with global and corporate customers.
*** The "NORAM" category was presented as "USA" in the preceding reporting period.

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 2021 are presented in the table below:

Item	Current Reporting Period	Immediately-preceding Reporting Period
Revenues from the sale of services to third parties	288 319 437	279 390 656
Revenues from the sale of services to related parties	276 162 575	254 524 148
Total	**564 482 011**	**533 914 804**

Revenues from the sale of services to unrelated parties comprise the sale of licences directly to end customers and the sale through a network of distributors and resellers outside the ESET Group. The sale of licences by the ESET Group's distributors and/or subsidiaries is recognised in the line "Revenues from the sale of services to related parties".

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 2021 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:	**7 155 165**	**3 773 914**
Revenues from reinvoicing of expenses	4 424 860	3 115 762
Expected refund of foreign VAT	0	2 113
Proceeds from the sale of non-current TA and IA	2 055 015	164 290
Insurance benefits	20 267	20 520
Fines and penalties	250 199	298 559
Write-off of statute-barred liabilities	0	0
Other operating revenues	404 824	172 669
Revenues from financing activities, of which:	**27 042 122**	**10 831 736**
Foreign exchange gains, of which:	*5 636 692*	*1 804 836*
Foreign exchange gains as at the reporting date	2 378 641	0
Other material items of revenues from financing activities, of which:	*21 405 520*	*9 026 900*
Interest on intercompany loans	25 913	33 722
Interest on bank accounts	32 135	100 375
Dividends from Eset Canada Inc.	136 719	162 348
Dividends from Eset Canada Research	150 958	163 068
Dividends from Eset LLC	3 251 735	4 212 138
Dividends from Eset Software, spol. s r.o.	382 458	370 756
Dividends from Eset Research CZ	428 082	1 087 653
Dividends from Eset Polska	499 473	977 754
Dividends from Eset Mexico	46 108	1 195
Dividends from Eset Brasil		21 621
Dividends from Eset Software UK	1 278 803	385 888
Dividends from Eset Research UK	388 215	837 432
Dividends from PGNB	13 302 150	-
Dividends from Eset Romania	44 993	63 578
Dividends from Eset Italy	166 362	24 473
Dividends from Eset Deutschland	585 173	533 405
Dividends from Eset Australia	68 231	51 495
Dividends from ESET Asia	618 011	-
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	564 481 503	533 914 804
Revenues from merchandise	508	137 483
Revenues from construction contracts	-	-
Revenues from real estate for sale	-	-
Other revenues related to ordinary activities	-	-
Total Net Turnover	**564 482 011**	**534 052 287**

The Company's net turnover in the period from 2015 to 2021 is based on an amendment to Act No. 333/2014 Coll. on Accounting, and is in line with Income Statement line 01.

8. 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:	**395 270 320**	**379 513 581**
Cost of the audit firm, of which:	*207 286*	*175 020*
Costs of auditing separate financial statements	63 640	61 000
Other assurance audit services	143 646	114 020
Related audit services		-
Tax advisory services	4 750	-
Other non-audit services		-
Other material items of costs of provided services, of which:	*395 058 284*	*379 338 561*
Costs of distributors' activities	347 245 096	334 327 916
Costs of advertising and marketing communication	5 475 832	7 733 526
Costs of rent	3 699 367	3 866 280
Costs of Internet and data services	207 874	352 893
Contractors' services	25 084 009	21 975 704
Translations of localisation texts	425 259	446 874
Entertainment expenses	94 952	166 413
Software services	3 981 150	3 498 120
Travel expenses	110 427	263 343
Purchase of low-value software, low-value non-current IA, licences, domains	3 198 021	2 311 697
Economic, legal and other advisory services	1 504 719	1 328 715
IT services	1 350 267	1 220 063
Membership fees	1 102 577	452 907
Other services	1 578 735	1 394 111
Other material items of operating expenses, of which:	**81 270 802**	**65 049 253**
Depreciation/amortisation charges for non-current TA and non-current IA	4 591 474	4 300 265
Taxes and fees	258 863	138 973
Other expenses	9 405 725	6 562 995
Total personnel expenses:	*67 014 740*	*54 047 019*
Wages and salaries	47 860 889	38 590 440
Other expenses for dependent activities	28 800	28 800
Social insurance	11 433 601	9 464 768
Health insurance	4 671 228	4 252 287
Social security	3 020 223	1 710 725
Finance costs, of which:	**14 643 704**	**7 438 878**
Provision for financial investment	12 544 545	-
Foreign exchange losses, of which:	*2 059 211*	*7 404 381*
Foreign exchange losses as at the reporting date	-	3 069 928
Other material items of finance costs, of which:	*39 948*	*34 497*
Bank charges	36 070	34 470
Other costs	3 878	27
Expenses of extraordinary scope or occurrence, of which:		-

9. 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:	105 526 891	x	x	94 651 588	x	x
Theoretical tax	x	22 160 647	21	x	19 876 833	21
Tax non-deductible expenses	15 723 939	3 302 027	21	2 099 814	440 961	21
Revenues exempt from taxation	-21 436 840	-4 501 736	21	-8 993 180	-1 888 568	21
Effect of unrecognised deferred income tax	X	x	x	x	x	x
Tax loss carried forward	X	x	x	x	x	x
Change in the tax rate			1			1
Other	-5 773 873	-279 120	x	-9 248 048	-1 942 235	x
Total	94 040 117	20 681 818	21	78 510 174	16 487 137	21
Current income tax	x	**22 385 551**	x	x	**16 894 707**	x
Deferred income tax	x	**-1 703 733**	x	x	**-407 571**	x
Total Income Tax	x	**20 681 818**	**21**	x	**16 487 136**	**21**

10.OFF-BALANCE SHEET ACCOUNTS

In 2021, the Company did not record any information in off-balance sheet accounts.

11.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 2021, Nadácia provided contributions to individuals and legal entities in an amount exceeding EUR 206 385. In 2021, the Company provided contributions to Nadácia ESET (ESET Foundation) totalling EUR 745 060.

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 2021, the Company's tax returns for 2017 to 2021 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.

As at 31 December 2021, the Company and its subsidiaries were a party to three litigations with FINJAN, Inc.

1. 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.
2. 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.
3. ESET, spol. s r.o. is involved in litigation as the plaintiff regarding patent invalidity with FINJAN Inc. as the defendant. This is a patent with regard to which FINJAN Inc. took legal action due its breach, in the litigation above.

As at 31 December 2021, proceedings continue under paragraph 2, which were suspended in 2018 pending a ruling on the invalidity of the patent of FINJAN Inc. On 13 April 2021, in proceedings under paragraph 3, the Bundesgerichthof (German Supreme Court) revoked the patent court's ruling on the invalidity of the patent of FINJAN Inc. in November 2018 and ruled that the patent remains unchanged. These proceedings only remain open with respect to the ruling on the amount of the costs of the proceedings.

In the US litigation (paragraph 1), the proceedings continued with a discovery stage in February 2021, the fact-related part of which was completed. In March 2021, based on an earlier petition of the Company, the court ruled on the invalidity of five of the six patents in these proceedings. At the end of March, the court permitted FINJAN Inc. to file a motion for reconsideration, via which FINJAN Inc. seeks a change of the Court's ruling. The motion was dismissed by a judge in May 2021. FINJAN Inc. appealed against this decision to the Federal Court of Appeal. In addition, the court ruled on the separation of proceedings on the '305 patent from other patents. The proceedings on the '305 patent were adjourned until a ruling on other patents is issued, including appellate proceedings.

A hearing on the appeal filed by FINJAN Inc. with the Federal Court of Appeals is expected in 2022.

As none of these litigations meet the conditions for creating provisions under Article 19 of the Accounting Procedures, the Company recorded no provision for potential losses as at 31 December 2021.

Future Time S.r.l.

In January 2021, the former Italian distributor, Future Time S.r.l., exercised its monetary claims by a letter due to the termination of a distribution contract. As at 31 December 2021, the Company records a provision for receivables from the debtor Future Time S.r.l. Future Time S.r.l. exercised its claims at the Court of Arbitration of the Slovak Chamber of Commerce and Industry.

In 2021, the Company submitted its comments on the arguments presented by Future Time S.r.l. and brought its own claims. In autumn 2021, oral hearings were held at the Court of Arbitration of the Slovak Chamber of Commerce and Industry, at which the action was partially withdrawn by Future Time S.r.l. A closing hearing was held in December 2021 and the award was delivered to the Company in February 2022. The court dismissed the action of Future Time S.r.l. in its entirety, partially acknowledged our counterclaims and ordered both parties to pay certain costs of the proceedings.

When analysing the impact of the above award on the financial statements prepared as at 31 December 2021, the Company also reflected the likelihood of the payment of the claims granted based on the award.

On the basis of the received award, the Company also derecognised a receivable of EUR 715 087 from Future Time S.r.l., as the court did not recognise this claim of the Company.

12. 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	3 765	x	x	x	x	x
	3 765	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 above table in the line "Monetary income" comprises remuneration paid to the statutory representatives in relation to their office of the Company's statutory representatives during the reporting period. Non-monetary income comprises issued meal vouchers corresponding with the number of business days in the calendar year.

In 2021, the Company's Board of Directors decided on the payment of dividends to shareholders. All the Company's statutory representatives are also shareholders. Information about paid dividends is presented in ***Note 16. Changes in Equity***.

13. ECONOMIC RELATIONS OF THE COMPANY WITH RELATED PARTIES

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	Revenue from the sale of licences/ expense from the sale of licences
	8	Borrowings
	11	Dividends received

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.	2	75 322	3 115
ESET software spol. s r.o.	3	452 805	325 781
ESET software spol. s r.o. – Revenue from the sale of licences	5	22 952 896	21 341 882
ESET software spol. s r.o. – Expense from the sale of licences	5	11 535 285	10 499 139
ESET software spol. s r.o.	11	382 458	370 756
ESET software spol. s r.o.	1	94 450	
ESET Research Czech Republic s.r.o.	1	8 015 929	6 604 470
ESET Research Czech Republic s.r.o.	2	149 220	12 909
ESET Research Czech Republic s.r.o.	3	-	34 015
ESET Research Czech Republic s.r.o. – Revenue from the sale of licences	5	-	84 927
ESET Research Czech Republic s.r.o.	11	428 082	1 087 653
ESET, LLC	1	2 364 910	2 574 082
ESET, LLC	2	1 066 953	715
ESET, LLC	3	170 937	116 616
ESET, LLC – Revenue from the sale of licences	5	113 566 748	112 964 673
ESET, LLC – Expense from the sale of licences	5	77 016 931	77 681 364
ESET, LLC	11	3 251 735	4 212 138
ESET, LLC	dar	442	
ESET ASIA PTE. LTD.	1	1 210 311	1 552 016
ESET ASIA PTE. LTD.	2	92 942	3 011
ESET ASIA PTE. LTD.	3	57 608	42 608
ESET ASIA PTE. LTD. – Revenue from the sale of licences	5	28 232 583	26 287 224
ESET ASIA PTE. LTD. – Expense from the sale of licences	5	19 805 662	18 620 925
ESET ASIA PTE. LTD.	11	618 011	
ESET Canada Inc.	3	4 707	14 326
ESET Canada Inc. – Revenue from the sale of licences	5	13 163 086	12 402 067

ESET Canada Inc. – Expense from the sale of licences	5	7 598 167	7 021 186
ESET Canada Inc.	11	287 677	162 348
ESET Canada Recherche Inc.	1	1 207 775	1 104 987
ESET Canada Recherche Inc.	2	32 513	2 848
ESET Canada Recherche Inc.	3	-	9 083
ESET Canada Recherche Inc. – Revenue from the sale of licences	5	-	25 240
ESET Canada Recherche Inc.	11	-	163 068
ESET DO BRASIL MARKETING LTDA	1	1 152 918	953 571
ESET DO BRASIL MARKETING LTDA	3	3 084	107 566
ESET DO BRASIL MARKETING LTDA – Revenue from the sale of licences	5	-	16 608
ESET DO BRASIL MARKETING LTDA	11	-	23 716
ESET DO BRASIL MARKETING LTDA	2	21 919	
ESET DO BRASIL MARKETING LTDA	8P	47 950	
ESET Polska sp. z o.o.	1	6 325 074	5 886 516
ESET Polska sp. z o.o.	2	213 872	18 711
ESET Polska sp. z o.o.	3	398	34 000
ESET Polska sp. z o.o. – Revenue from the sale of licences	5	-	123 971
ESET Polska sp. z o.o.	11	499 473	977 754
ESET Deutschland GmbH	1	0	-
ESET Deutschland GmbH	2	2 033 840	5 947
ESET Deutschland GmbH	3	223 983	904 877
ESET Deutschland GmbH – Revenue from the sale of licences	5	46 863 896	43 040 654
ESET Deutschland GmbH – Expense from the sale of licences	5	31 489 351	30 890 802
ESET Deutschland GmbH	11	585 173	533 406
ESET Software Australia Pty Ltd	1	-	3 575
ESET Software Australia Pty Ltd	3	7 850	31 177
ESET Software Australia Pty Ltd – Revenue from the sale of licences	5	5 018 677	4 619 198
ESET Software Australia Pty Ltd – Expense from the sale of licences	5	3 817 666	3 546 580
ESET Software Australia Pty Ltd	11	68 231	51 496
ESET Software Australia Pty Ltd	2	78 355	
ESET LATINOAMERICA S.R.L.	2	80 506	401
ESET LATINOAMERICA S.R.L.	3	28 670	16 113
ESET LATINOAMERICA S.R.L.	5	-	47 693
ESET RESEARCH UK Limited (DESlock)	1	1 573 527	1 293 719
ESET RESEARCH UK Limited (DESlock)	2	45 111	6 387
ESET RESEARCH UK Limited (DESlock)	3	398	3 589
ESET RESEARCH UK Limited (DESlock) – Revenue from the sale of licences	5	0	25 627
ESET RESEARCH UK Limited (DESlock)	11	388 215	837 432
ESET Romania	1	715 581	648 861
ESET Romania	2	42 478	1 832
ESET Romania	3	0	23 253
ESET Romania	5	-	16 387
ESET Romania	11	44 993	63 578
ESET SOFTWARE UK (QNH)	2	174 265	629
ESET SOFTWARE UK (QNH)	3	229 849	26 700
ESET SOFTWARE UK (QNH) – Revenue from the sale of licences	5	24 862 730	21 343 155

ESET SOFTWARE UK (QNH) – Expense from the sale of licences	5	14 846 275	12 912 063
ESET SOFTWARE UK (QNH)	11	1 278 303	385 888
ESET SOFTWARE UK (QNH)	1	493 689	
ESET Japan Inc.	1	2 132 663	2 458 813
ESET Japan Inc.	3	11 037	16 047
ESET Japan Inc..	5	-	18 537
ESET Japan Inc. – Interest on borrowing	8	9 094	15 672
ESET Japan Inc. – Borrowing provided	8P	198 601	482 232
ESET Japan Inc..	2	33 363	
ESET ITALIA S.r.l.	1	-	122 368
ESET ITALIA S.r.l.	2	102 022	18 909
ESET ITALIA S.r.l.	3	42 687	36 659
ESET ITALIA S.r.l.. – Revenue from the sale of licences	5	20 345 437	12 972 088
ESET ITALIA S.r.l.. – Expense from the sale of licences	5	10 719 379	6 907 536
ESET ITALIA S.r.l. – Interest on borrowing	8	-	1 903
ESET ITALIA S.r.l.– Borrowing provided	8	-	130 000
ESET ITALIA S.r.l.	11	166 362	24 473
ESET MÉXICO S. de R.L. de C.V.	2	21 208	118
ESET MÉXICO S. de R.L. de C.V.	3	4 169	3 410
ESET MÉXICO S. de R.L. de C.V.	5	0	14 494
ESET MÉXICO S. de R.L. de C.V. – Interest on borrowing	8	16 828	14 990
ESET MÉXICO S. de R.L. de C.V. – Borrowing provided	8P	-	183 381
ESET MÉXICO S. de R.L. de C.V.	11	46 108	1 195
Nadácia ESET (ESET Foundation)	3	41 317	20 323
Nadácia ESET (ESET Foundation)	2	42 354	
Nadácia ESET (ESET Foundation)	dar	700 000	850 000
PGNB	11	13 302 150	

14.OTHER INFORMATION

Impact of the COVID-19 Pandemic on the Company

2021 was marked by restrictions and measures related to the continuing COVID-19 pandemic and the spread of new mutations of the virus.

ESET, spol. s r.o. continued to take preventive measures to provide fully-fledged services, while protecting the health of its employees and customers. The Company continued with preventive hygienic measures supported by online training courses and home office for most employees of our branches worldwide. All work activities that did not require the physical presence of employees in the office 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.

Liquidation of the subsidiary, PGNB Limited

At the end of 2020, the Company placed into service an acquired share in ESET SOFTWARE UK Limited (a subsidiary) in the amount of EUR 13 292 000, which arose upon the acquisition of a 100% share from the former owner PGNB Limited (a subsidiary), with its registered office at 5th Floor, Holland House, 20 Oxford Road, Bournemouth, Dorset, United Kingdom. In 2021, the Company took steps to liquidate PGNB Limited. PGNB Limited will be deleted from the UK Companies Register in 2022.

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

From 31 December 2021 up to the preparation date of the financial statements, there were no such events, other than those described below, that would have a significant impact on the Company's assets and liabilities.

Information about the Company's pending litigation is presented in Note 11 OTHER ASSETS AND OTHER LIABILITIES.

Establishment of the Company's Supervisory Board from 1 January 2022

On 1 January 2022, the Company fulfilled the conditions stipulated in Article 2 (15) (f) of Act No. 423/2015 on Statutory Audit and became an entity subject to oversight (a large corporation).

On the basis of the fulfilment of the above conditions, the Company became obliged to set up a supervisory board or an audit committee pursuant to Article 34 (1) of Act No. 423/2015 on Statutory Audit. The Company fulfilled its obligation and established the supervisory board as of 1 January 2022 composed of the following members:

First name and surname	Position	Date of Appointment
Ing. Matej Bošňák	Chairman of the Supervisory Board	1 January 2022
Ing. Maroš Grund	Member of the Supervisory Board	1 January 2022
RNDr. Anton Zajac	Member of the Supervisory Board	1 January 2022

Obligation to prepare consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the EU (IFRS EU)

As of 1 January 2022, the Company meets the criteria under Article 17a (2) of Act No. 431/2002 Coll. on Accounting and will prepare separate financial statements in accordance with International Financial Reporting Standards as adopted by the EU (IFRS EU) as at 31 December 2022. The accounting principles used by the ESET Group for financial reporting purposes in accordance with IFRS EU are set out in the ESET Group's consolidated financial statements.

Military Conflict in Ukraine

The ongoing military conflict in Ukraine and the related sanctions targeted against the Russian Federation may have an impact on the Company. The Company identified revenues from sales to customers from the Russian Federation and Ukraine and assessed that revenues from these sales to customers accounted for 5% of net turnover for 2021. As at 31 December 2021, the Company recorded no assets, liabilities, expenses or revenues denominated in Russian roubles.

In view of the above situation, the Company also ended the sale of products to new customers in Russia and Belarus from 8 March 2022 to make clear its position and support for Ukraine and its people.

This may result in assumptions and estimates requiring revisions which may lead to material adjustments to the carrying amount of assets and liabilities in the next financial year. Management expects that this may affect the assumptions and estimates used when determining the amount of receivables from sales to customers from the Russian Federation, provisions for long-term employee benefits due to the further development of actuarial assumptions and other estimates required to prepare the financial statements. At this stage, Company management is unable to reliably estimate the impact as events are unfolding day-by-day.

The long-term impact may also affect trading volumes, cash flows, and profitability.

Other

The Company will recognise any negative impacts and/or future foreign exchange losses in its accounting books and financial statements for 2022. Potential losses do not have an impact on the financial statements as at 31 December 2021.

16.CHANGES IN EQUITY

At a meeting held on 11 June 2021, the Board of Directors of ESET, spol. s r.o. decided on the approval of the profit/loss for the current reporting period in the amount of EUR 78 164 453. The Board of Directors decided to transfer the 2020 retained profit in the amount of EUR 78 164 453 to Retained earnings from previous years.

At a meeting held on 11 June 2021, the Board of Directors decided on the payment of shares in profit in the amount of EUR 77 830 087 to shareholders under the Memorandum of Association by 30 November 2021. Dividends were paid on 22 June 2021 and 28 September 2021.

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	2 331 887		-1 026 588	-	1 305 299
Retained earnings of previous years	77 702 398	127 689	-	334 366	78 164 453
Accumulated loss from previous years	-	-	-	-	-
Profit/loss for the current reporting period	78 164 453	84 845 073		-78 164 453	84 845 073
Paid dividends	-	-	-77 830 087	77 830 087	-
Other equity items	-	-	-	-	-
Account 491 – Sole proprietor's equity	-	-	-	-	-
Total	**158 352 738**	**84 972 762**	**- 78 856 675**	-	**164 468 825**

Changes in equity for 2020:

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		-1 763 531	-	2 331 887
Retained earnings of previous years	40 155 077	-	175 900	37 371 421	77 702 398
Accumulated loss from previous years	-	-	-	-	-
Profit/loss for the current reporting period	77 702 398	78 164 453		-77 702 398	78 164 453
Paid dividends	-	-	-40 330 977	40 330 977	-
Other equity items	-	-	-	-	-
Account 491 – Sole proprietor's equity	-	-	-	-	-
Total	122 106 893	78 164 453	-41 918 608	-	158 352 738

17. CASH FLOW STATEMENT AS AT 31 DECEMBER 2021 – 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 (+/-)**	**105 526 891**	**94 651 588**
A.1.	**Non-cash transactions affecting profit/loss from ordinary activities before income tax (+/-)**	**846 928**	**(313 933)**
	Amortisation and depreciation of non-current intangible and tangible assets (+)	4 591 474	4 300 265
	Change in provisions for liabilities (+/-)	7 185 482	546 450
	Change in provisions for assets (+/-)	14 265 542	2 446 525
	Change in expense and revenues accruals (+/-)	(1 539 986)	1 409 082
	Dividends and other profit sharing charged to revenues (-)	(21 347 472)	(8 892 804)
	Interest charged to income (-)	(25 913)	(73 842)
	Foreign exchange gain/loss quantified to cash and cash equivalents as at the reporting date (-/+)	(1 896 153)	(198 297)
	Profit/loss on sales of non-current assets except for those assets considered as cash equivalents (+/-)	(2 100)	(21 243)
	Other non-cash items (+/-)	(383 947)	169 931
A.2.	**Effect of changes in working capital on profit/loss from ordinary activities**	**(3 114 624)**	**(1 591 427)**
	Change in receivables from operations (-/+)	(7 667 686)	(2 696 095)
	Change in payables from operations (+/-)	4 571 220	1 145 689
	Change in inventories (-/+)	(18 159)	(39 672)
	Change in current financial assets except for those included in cash and cash equivalents (-/+)	-	(1 349)
	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.)	**103 259 194**	**92 746 228**
	Interest received (+)	-	40 120
	Income tax paid (-/+)	(19 043 846)	(20 045 059)
A.	**Net cash flow from operating activities**	**84 215 348**	**72 741 289**
Cash flow from investing activities			
	Expenditures for acquisition of non-current intangible assets (-)	(3 806 013)	(1 570 869)
	Expenditures for acquisition of non-current tangible assets (-)	(10 228 908)	(3 340 321)
	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 (-)	(96 768)	912 574
	Income on sale of non-current intangible assets (+)	-	164 290
	Income on sale of non-current tangible assets (+)	2 055 015	-
	Income on repayment of non-current borrowings provided by the Company to another entity that is a member of the consolidation group (+)	224 373	200 686
	Interest received (+)	25 913	33 722
	Dividends and other profit sharing received (+)	8 055 472	8 892 804
B.	**Net cash flow from investing activities**	**(3 770 917)**	**5 292 886**
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**	**20 999**	**5 571**
	Income on loans (+)	20 999	5 634
	Repayment of borrowings (-)	-	(63)
	Dividends paid and other profit sharing (-)	(101 212 912)	(18 000 000)
C.	**Net cash flows from financing activities**	**(101 191 913)**	**(17 994 429)**
D.	**Net increase or net decrease in cash and cash equivalents (+/-) (aggregate A+B+C)**	**(20 747 479)**	**60 039 748**
E.	Cash and cash equivalents at the beginning of the reporting period	92 274 096	32 036 051
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 (+/-)	71 526 618	92 075 799
G.	Foreign exchange gains/losses quantified to cash and cash equivalents as at the reporting date (+/-)	1 896 153	198 297
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)**	**73 422 771**	**92 274 096**

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