



ESET, spol. s r.o.

**2023 CONSOLIDATED
ANNUAL REPORT**

ESET, spol. s r.o.

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

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

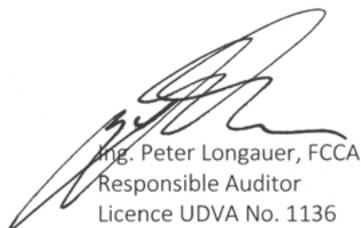
We have audited the separate financial statements of ESET, spol. s r.o. (the "Company") as at 31 December 2023 presented in annex 2 to the accompanying consolidated annual report of the Company, on which we issued an independent auditor's report on 3 May 2024 that forms part of annex 2 to the Company's 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 2023 presented in annex 1 to the accompanying consolidated annual report of the Company, on which we issued an independent auditor's report on 3 May 2024 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 Presented in the Annual Report" of the independent auditor's reports specified above, in our opinion:

- Information presented in the Company's consolidated annual report prepared for 2023 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, 16 October 2024



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,

in terms of the company's goals, this past year was a positive one for ESET. As planned, we managed to innovate our products, while also successfully working on educational projects such as the ESET Science Award and the STARMUS Festival. We also made progress in the preparations of our future headquarters – ESET Campus. The company also performed well in terms of economic results. We managed to increase our revenues by 5% to a total of €632 million, while our profit reached €66 million.

In the past year, we successfully introduced key changes to our offering for both home and business customers. Our goal was to strengthen their protection and simplify the selection and subsequent management of the chosen security solution. We introduced brand new subscription models for households – ESET HOME SECURITY with three different plans: Essential, Premium, and Ultimate. These plans provide customers with convenient and personalized protection for all the devices they use in the digital world.

In the business segment, we revamped our unified security management platform titled ESET PROTECT, bringing a number of new features such as the Vulnerability & Patch Management tool for patching vulnerabilities, as well as the revamped ESET Inspect XDR module, which is powered by artificial intelligence. This technology helps with detection correlation. It evaluates detections, sorts them into groups, and automatically displays them, which significantly reduces the time needed for processing each incident and increases the efficiency of security teams.

Another important strategic step was ESET's response to the global shortage of IT security specialists by strengthening our managed detection and response (MDR) services, where corporate security management is handled by our experts. Customers who require uninterrupted protection can rely on our services, which include 24/7 monitoring and prompt incident response. Our specialized teams also provide support to companies that do not have their own security teams, ensuring comprehensive protection and expert assistance. Many cybersecurity analysts predict that managed detection and response (MDR) services will grow by more than 50% annually, which is the highest growth rate among all types of security services. For instance, Gartner claims that the MDR adoption rate, which already reached 67% in 2022, will continue to grow. The main drivers of adoption include the currently growing number of threats, the increasing complexity of cybersecurity solutions, and the shortage of experienced and qualified security specialists. At the end of 2023, we already registered a threefold increase in revenue in the managed services category, and with the latest innovations in our managed detection and response service offerings, We are well-prepared to continue leveraging this growth.

Among our other successes from last year, I must also mention our cooperation with the Dutch company KPN, a large European TELCO operator that has implemented our ESET NetProtect solution for DNS-level protection. Our ESET Threat Intelligence reports, which provide customers with detailed analyses of the most recent global cyber threats, have also been performing very well. Our publications on topics like the Ebury botnet and the Grandoreiro takedown were widely covered by the global media, and our research was the most cited in the entire field of cybersecurity.

In 2023, our number of employees grew by 137 globally, reaching a total of 2,318 on 31 December. The largest headcount growth was recorded in the Corporate Solutions division, which was established at the end of 2022. As we needed to strengthen its capacity, we recruited 29 new colleagues to this division last year. Together with the new division, our segment of comprehensive solutions for corporate clients recorded the highest year-on-year growth of 28%.

There were also changes in the company's senior management. In 2023, we established the new Marketing, Communications, and Digital Commerce Division. Mária Trnková, who had joined the company in 2016 and held various marketing positions during her tenure at ESET, took up the position in June. Her exceptional skills and her commitment to drive innovation make her the perfect fit for the role. On the other hand, our long-time colleague Ignacio Sbampato left his position as Chief Business Officer by mutual agreement. Ignacio has played a key role in the growth and success of our company. He has managed to build a strong foundation that we will continue to build on. In 2024, he was succeeded as ESET's CBO by Pavol Balaj.

In the past year, we also managed to make progress in projects not directly related to our products. Although the STARMUS Festival of Science and Arts did not take place until May 2024, preparations for its realization took place virtually throughout the entire year of 2023. Thanks to this initiative, we welcomed a number of world-renowned personalities to Slovakia last year – Nobel Prize winners Emmanuelle Charpentier and Michel Mayor, innovator and entrepreneur Tony Fadell, and world-famous music legend – French composer and musician Jean-Michel Jarre. They all came to Slovakia to help promote not just the festival itself, but especially its key message: that it's time to focus on the future of our planet and acknowledge that science and innovation offer the answers to humanity's most pressing questions.

Last autumn, we continued our tradition of honoring the best scientists working in Slovakia at the ESET Science Award ceremony. Last year's committee was chaired by Michel Mayor – the previously mentioned Nobel Prize winner, Swiss astrophysicist, and discoverer of the first exoplanets. The ceremony was also attended by President Zuzana Čaputová, under whose auspices the awards had been organized ever since its inception. As her presidential mandate has now ended, the event was a symbolic farewell for both her and us, and I would like to thank her very much for her support and efforts to popularize Slovak science.

Last year, we also made progress in the preparations of ESET Campus, our future headquarters. The most significant and visible piece of news was the start of demolition works on the site of the former military hospital at Patrónka, where our new headquarters will be located.

Toward the end of this successful year, we were hit with sad news. At the age of 69, our colleague and friend Rudolf Hrubý, who had been part of ESET's story from the very beginning, passed away unexpectedly. His approach to work and his humanity greatly shaped ESET for many years, and I believe that building on his legacy will bring success to our company in the future.



Richard Marko
Chief Executive Officer

A handwritten signature in blue ink, appearing to read 'Richard Marko', written over a light grey, rounded rectangular background.

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1. ESET GROUP PROFILE

+5%

€632 mil.

Revenues

-6%

€94 mil.

Adjusted earnings before interest, taxes, depreciation, and amortization (EBITDA)

15%

Adjusted EBITDA margin

-3%

€85 mil.

Operating result (EBIT)

13%

EBIT margin

-12%

€106 mil.

Net cash flows from operating activities

17%

Operating margin of net cash flows

2,318

Number of employees

> 110 mil.

Number of users



At ESET, we integrate research and technology with security. We work on creating a safe digital environment for everyone. However, I firmly believe that our role is about more than just the development of technology. We protect the progress that we make as humanity. We believe it is science that brings us this progress. It offers solutions to many of humanity's challenges. Our work on protecting people from cyber threats is just one example of what the scientific community is doing to protect our health, advance technological progress, and educate people around the world.



Richard Marko
Chief Executive Officer, ESET

1.1 COMPANY CHARACTERISTICS

ESET, spol. s r.o. (hereinafter also referred to as "**the company**", "**ESET**" or "**ESET company**"), 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 awarded Slovak IT company.

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. 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.

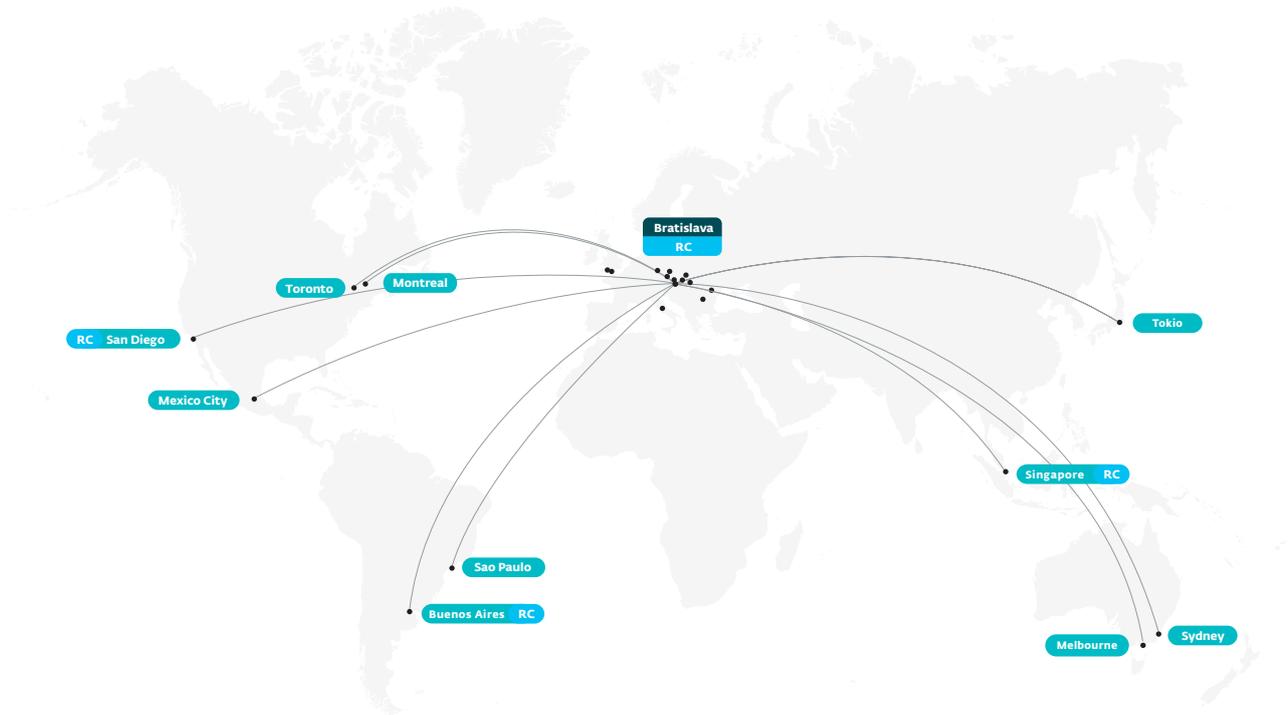
Since the early 1990s, the company has experienced dramatic growth and expansion to foreign markets, while also establishing a network of exclusive partners, distributors, and its own subsidiaries. Thanks to this network, ESET currently operates in more than 200 countries and territories. Globally, the company employs more than 2,000 people, spread across 24 offices in 16 countries, out of which 10 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.

ESET stands at the forefront of cybersecurity, earning recognition for its ethical business practices and dedication to driving positive change in society. Since 2023, the company has adopted environmental, social, and governance (ESG) principles that integrate cybersecurity education, research, science, and innovation into its core efforts, while also integrating diversity, equity, and inclusion (DEI), along with environmental sustainability. ESET champions increasing diversity within the tech industry, with a special focus on empowering girls and women to explore and pursue careers in cybersecurity. The company cultivates a culture of diversity, equity, and inclusion, striving to create a workplace that respects and uplifts everyone, regardless of gender, race, or background. ESET is equally committed to environmental action, promoting sustainability, and taking proactive steps to measure and reduce its carbon footprint. In its humanitarian outreach, since the onset of the war, ESET has contributed over €1.27 million in direct aid to Ukraine through its foundation, including financial donations to organizations such as the Integra Foundation, UNICEF Ukraine, and the city of Bratislava, as well as direct support for Ukrainian families in Slovakia. By balancing its efforts between advancing cybersecurity education and research partnerships, promoting an inclusive workplace, protecting the environment, and providing humanitarian aid, ESET implements a comprehensive approach to ESG, catalyzing positive impact internally and across the broader global community.

1.2 ESET GROUP STRUCTURE

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



HQ

Headquarter

Bratislava (SK)

RC

Regional Center

Bratislava (SK)

San Diego (US)

Buenos Aires (AR)

Singapore (SG)

Office

Europe

Bratislava (SK)

Košice (SK)

Žilina (SK)

Brno (CZ)

Jablonec nad Nisou (CZ)

Prague (CZ), 2 branches

Jena (DE)

Munich (DE)

Krakow (PL)

Bournemouth (GB)

Taunton (GB)

Milan (IT)

Iași (RO)

R&D

Research & Development

Bratislava (SK)

Košice (SK)

Žilina (SK)

Brno (CZ)

Jablonec nad Nisou (CZ)

Prague (CZ)

Krakow (PL)

Taunton (GB)

Montreal (CA)

Iași (RO)

HQ – Parent company
ESET, spol. s r.o. (SK)

Regional center (RC) and research & development center (R&D)

Subsidiaries

Name	Core business	Established	Equity participation (%)	
			2023	2022
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	Antivirus software distributor	2016	100%	100%
ESET RESEARCH UK Limited	Research and development	2011	100%	100%
ESET Romania S.R.L. ¹	Research and development	2016	100%	100%
ESET ITALIA S.R.L.	Antivirus software distributor	2019	100%	100%
The ESET Foundation	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. ²	Service provider	2017	90%	90%
ESET LATINOAMERICA S.R.L. ³	Service provider	2009	100%	100%
ESET DO BRASIL MARKETING LTDA ⁴	Service provider	2011	100%	100%
ESET MÉXICO S. de R.L. de C.V. ⁵	Service provider	2017	100%	100%

¹ ESET, spol. s r.o., owns 99.9963% of the shares, and ESET Research Czech Republic s.r.o. owns the remaining 0.0037%.

² The parent company owns 90% of the shares and Canon Marketing Japan Inc. owns the remaining 10%.

³ ESET, LLC owns 90% of the shares and the parent company owns the remaining 10%.

⁴ The parent company owns 90% of the shares and ESET, LLC owns the remaining 10%.

⁵ The parent company owns 90% of the shares and ESET, LLC owns the remaining 10%.

MANAGEMENT

Richard Marko

ESET co-owner and 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 co-owners and serves as the company's statutory representative. 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. In 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 AMTSSO. 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. From 2017 until October 2023, he served as ESET's Chief Business Officer, leading sales, marketing, and customer care all over the world. He also helped to 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.



Peter Škodný

Chief Corporate Solutions Officer

Peter Škodný graduated from the Faculty of Electrical Engineering (now known as the Faculty of Electrical Engineering and Information Technology) at the Slovak University of Technology in Bratislava in the late 1980s. He started working at ESET in October 2022, joining the newly formed Corporate Solutions division as the Chief Corporate Solutions Officer. He is responsible for the development and operation of this division, which focuses on the sales and delivery of solutions to large enterprises. Before that, he spent almost 30 years at Accenture, where he held important management positions on a regional level and he was also responsible for multinational customers.



Mária Trnková

Chief Marketing Officer

Mária Trnková is a graduate of the University of Economics in Bratislava. She joined ESET in 2016 as the EMEA Channel Marketing Manager. Over the following seven years, her career progressed through various roles within the company's marketing division until – in 2023 – she became the head of the newly created Marketing, Communications, and Digital Business Division. Its role is strengthening the company's marketing support in all segments in order to improve the brand's position on the global market.

STATUTORY BODY



Rudolf
Hrubý*



Peter
Paško



Miroslav
Trnka

* On 14 December 2023, Rudolf Hrubý passed away, leaving his position as statutory representative vacant. Richard Marko became a new statutory representative on 16 December 2023.

Registered equity capital structure by partners in the reporting parent company

Partners	Share in registered capital	Share in voting rights	
	EUR	%	%
Miroslav Trnka (statutory representative)	31,850	22.750	22.750
The heirs of the deceased partner Rudolf Hrubý**	30,800	22.000	22.000
Peter Paško (statutory representative)	30,800	22.000	22.000
Maroš Grund	16,975	12.125	12.125
Richard Marko (statutory representative)	16,975	12.125	12.125
Anton Zajac	12,600	9.000	9.000

Equity capital registered in the Commercial Register: €140,000

Equity capital not registered in the Commercial Register: –

** The partner Rudolf Hrubý died on 14 December 2023 and the inheritance proceedings in this matter had not finished as of 31 December 2023.

The supervisory board

(effective since 1 January 2022)



Maroš
Grund

Matej
Bošňák
chair



Anton
Zajac



1.3 VALUES, VISION, AND MISSION

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

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



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. INNOVATION AND TECHNOLOGY

Innovation is at the center of technological development and all the products that ESET brings to its customers. In 2023, ESET's R&D continued to develop new products and systems for protection against security threats. ESET project progressed in the application and research of machine learning and artificial intelligence. We continued to develop a model for rapid automated analysis and Threat Intelligence, enabling us to respond to new threats earlier and more effectively. New methods and algorithms will make it possible to increase data processing so that the resulting information can be considered representative, while also making it possible to identify data for which further processing has no potential to yield new information.

In 2023, we continued developing new algorithms capable of automatically and more effectively identifying malware and distinguishing it from other software.

ESET continues its research and development in the field of cloud and reputation services, which primarily includes the application of knowledge and methods from the fields of database systems, software engineering, statistics, and machine learning. Our cloud infrastructure system allows us to reduce the time needed to respond to new threats and also it reduces the likelihood of false positives. Cloud solutions for protection against cyber threats are developed not only in Bratislava but also at our R&D centers in Brno and Prague.

When it came to developing algorithms that can detect and stop more than 97% of active ransomware (malicious code used for extortion) before it encrypts five files, ESET's labs conducted in-depth analyses of numerous new ransomware families in the past year.

ESET is also continuing its ongoing collaborations with partners from the medical environment and technical universities.

2.1 HOME PRODUCTS

ESET's new offer for 2023 includes three subscription plans within our new ecosystem – ESET HOME Security Essential, ESET HOME Security Premium, and ESET HOME Security Ultimate. The subscription plans provide comprehensive protection from the basic to the highest level of security, covering the complex digital security and privacy needs of both individuals and households. ESET HOME Security subscriptions are available on all common operating systems – Windows, macOS, Android, and iOS.

ESET HOME Security Essential is an entry-level subscription tier with protection features such as improved modern endpoint security and multi-layer protection, as well as additional tools that further enhance the users' ability to protect themselves against various threats. It also includes the Safe Banking & Browsing feature, designed to protect users' sensitive data, and Network Inspector, a tool that provides information about the security of the user's router and displays what devices are connected to its network. The improved browser protection function (compatible with Chrome, Edge, and Firefox) provides a new Browser Cleanup extension that lets you regularly or manually delete your browser's cookies, history, and much more.

The middle tier, **ESET HOME Security Premium**, extends the feature set further by adding other security features, such as the Password Manager, which protects and stores users' passwords and personal data. This includes an accurate automatic form-filling feature, saving users time when filling out web forms. Meanwhile, the Secure Data function boosts their privacy protection with powerful encryption of files and removable media, preventing data theft in the event of USB or laptop loss and ensuring secure collaboration and data sharing. ESET HOME Security Premium also includes ESET LiveGuard, a cloud-based protection tool specifically designed to mitigate never-before-seen threats.

ESET HOME Security Ultimate is the most advanced subscription tier, which provides complex all-in-one protection and introduces a brand-new VPN service, as well as the Identity Protection service (available to subscribers in the United States). This feature is also complemented by a browser extension (Browser Privacy & Security) to ensure that the user's browsing is protected. The plan also includes the Metadata Cleanup function, which removes metadata from pictures uploaded to Chrome, Firefox, and Edge on Windows. Then there is the Website Settings Review function, which allows users to easily review and change permissions granted to websites.

In 2023, we prepared **ESET HOME** for our new ESET HOME Security consumer offering, which requires customers to create an ESET HOME account. As part of this process, we also created a space for activating the new Identity Protection (USA) and ESET VPN features, which protect the privacy and identity of our customers with Ultimate subscriptions. These changes have also made it easier to activate and manage ESET Password Manager. Another step forward was simplifying the activation and installation of ESET Mobile Security and ESET Cyber Security by eliminating the need for users to enter an activation key after downloading them from ESET HOME, and the applications are now automatically activated with the selected subscription. ESET Mobile Security even automatically connects to your ESET HOME account, where it sends important information about the protection of your device. By optimizing and adopting new technologies, we have managed to reduce the loading times of the ESET HOME login and registration pages to just a few seconds. We have also started automatically removing longer expired subscriptions from customer accounts.

In 2023, we implemented a number of important upgrades to our new **ESET NetProtect** DNS product, which protects customers from accessing malicious web domains and runs directly on the ISP's network without the need to install software on endpoint devices. One of these improvements was extending customer protection for those who wish to be protected both on their fixed home networks and away from home, specifically by releasing the ESET NetProtect Go mobile app for Android and iOS. Customers with this app are also protected on public Wi-Fi networks or when roaming, just like they are at home. The numerous improvements that we implemented included time-based filtering, explicit content filtering, as well as an improved end-customer portal and ISP administration portal. The NetProtect solution can be easily integrated directly into the customer's infrastructure, as either an on-premises or a cloud solution. Our most notable collaborations of 2023 included the commercial launch of the ESET NetProtect solution together with KPN, a major Dutch telecommunications company that added ESET NetProtect to its offering to its residential customers.

2.2 PRODUCTS FOR BUSINESS CUSTOMERS

In 2023, ESET PROTECT Cloud was renamed to ESET PROTECT, while also adding a number of useful features for administrators. Let's start with the ESET Vulnerability & Patch Management feature, introduced in July 2023, which gives our customers a detailed view of vulnerabilities on their network, along with the option to patch selected vulnerabilities directly from our console. This feature was initially added to our endpoint solutions for Windows, and we are gradually bringing it to other platforms. Our MSP customers have also received an upgrade in the form of a new Managed Customers section that shows an overview of all managed customers. In addition to this, we have modified the Dashboard and Reports sections, making it possible to filter data for a specific managed customer. Our customers using ESET Services can now make use of the MDR Report feature and the ability to send a notification if an incident is created in ESET Inspect. During the year, we also worked on additional features for those of our customers who are using ESET MDR, aiming to introduce these new features to customers in 2024. We also improved the product in terms of integrations, expanded the information that customers can send to their SIEM tools via Syslog, and introduced a new REST API for customers who are interested in integrating ESET PROTECT into a wider ecosystem of security products. In addition to the features mentioned above, each new version of ESET PROTECT also brought other improvements, such as the ability to turn on ESET LiveGuard with a quick setting in the "Set up protection" menu and the ability to download ESET LiveGuard behavioral reports. Other improvements included sending notifications in the form of webhooks, a new dashboard for customers with ESET Cloud Office Security, the aggregation of detections based on common attributes, the addition of time intervals in dynamic groups, and many more.

In 2023, ESET PROTECT was renamed to ESET PROTECT On-Prem and it received several new features. MSP administrators received a new Managed Customers section, which makes it easier to view and manage all customers. MSP administrators can also filter reports for individual customers. A data filter has been added to the Dashboard section, making it easier to manipulate data with respect to individual managed customers. Users can download the ESET LiveGuard Advanced behavioral report for a better understanding of threats. A new client task has also been created to check for product updates, ensuring that users always have the latest version of the software. Moreover, time-based rules have been added to dynamic groups, offering more control over group management. Support for Windows Server Core 2022 is now also included, providing compatibility with in-demand server systems. Additionally, detections can now be grouped by common attributes, making it easier to understand threats. To enhance the provision of services, an MDR report template has been added, improving the generation of reports for the offices and partners that provide ESET services.

We have introduced an update to ESET Full Disk Encryption, which has brought significant improvements and new features. This update simplifies maintenance with automatic updates, freeing up administrators' time for more important tasks. We have also improved the pre-launch authentication screen, focusing on improving the user interface to minimize accidental lock-outs and simplify the password and data recovery processes. Additionally, we now support mouse controls on the pre-launch authentication screen, which improves usability and user experience. Finally, we have revamped the main user interface, giving it a modern look and feel that is in line with ESET's current portfolio. This update aimed to streamline day-to-day administration tasks for both users and administrators. These enhancements were also included in an update to ESET Endpoint Encryption, albeit without automatic updates, as ESET Endpoint Encryption is already capable of those.

OUR PRODUCT LINE FOR BUSINESS CUSTOMERS WITH WINDOWS OS

ESET Endpoint Antivirus/Security

As part of our ongoing commitment to deliver innovation and improvements, we have introduced version 11 of ESET Endpoint Antivirus/Security for Windows. This update introduces a premium upgrade to the ESET Vulnerability & Patch Management features, one that's primarily intended for cloud-based remote management solutions, while also focusing on operational usability and maintenance as it increases the availability of automatic updates.

Targeting small and medium-sized businesses, ESET Vulnerability & Patch Management is code built into the endpoint that offers intuitive access to patching Windows operating systems and applications, now with the ability to ensure the availability of disk space. The new version also includes support for Azure Code Signing, which increases the security and compatibility of certificates. The components used to connect to the ongoing modernization of ESET PROTECT HUB licensing systems have also been upgraded. The update addresses many end-of-life scenarios and provides the user (as well as the administrator) with clear and timely communication regarding operating system compatibility, the scope of technical support, the availability of alternative versions, etc. Other improvements include support for Intel® Threat Detection Technology for next-generation CPUs, enabling more effective defense against persistent ransomware attacks, secure export of configurations, improved audit trail tracking, and management of non-standard USB devices. The update also comes with always-on browser protection for enhanced security when working with websites.

Vulnerability & Patch Management

In 2023, we introduced ESET Vulnerability & Patch Management, a new layer of protection that actively monitors vulnerabilities in operating systems and commonly used applications. We introduced a wide range of filtering options that help to effectively identify the most vulnerable points in the network. The solution also enables seamless automated or manual patching of vulnerable endpoints across the entire network from our central ESET PROTECT console. In 2023, we also started work on expanding support to other platforms such as Windows Server, Linux, and macOS, with the ambition to roll it out in 2024.

ESET Endpoint Security for macOS

For our customers using macOS, we continued narrowing the gap between the previous and the new product. We added advanced settings and changed visual elements to make the app feel consistent with other macOS apps, while also reflecting our brand values. On the release day of the new version of macOS, we were able to release both the old and the new versions of the app to support this operating system.

FOR CUSTOMERS USING LINUX

The latest updates to Server Security for Linux and Endpoint Antivirus for Linux come with several significant enhancements that improve security and expand compatibility. Both products now feature web access protection that monitors HTTP and HTTPS communications, thus increasing the security of online interactions. Advanced machine learning in the form of a powerful cloud-based detection engine has also been added to both products, further enhancing their threat detection capabilities. Botnet Protection is another new feature that protects systems from malicious networks, so-called bot-nets. The new kernel module scanning feature offers a deeper system scan to detect potential threats. In terms of compatibility, Server Security for Linux now supports Alma Linux 8 & 9, Rocky Linux 8 & 9, and Debian 12, while Endpoint Antivirus for Linux has added support for RHEL 9 and Linux Mint 21. Moreover, Server Security for Linux now includes a new product installation package with a minimum number of modules, which reduces the size of the installation package and makes the installation process faster and less resource-intensive. These additions underscore our commitment to comprehensive protection, advanced threat detection, and user-friendly design.

When it came to **Cloud Mobile Device Management and ESET Endpoint Security for Android** in 2023, in addition to integration with Microsoft Intune, we also added integration with another major third-party endpoint management solution – VMware’s Workspace ONE. This gives our customers more options for how to connect their existing solutions with ours, making it easy to deploy ESET’s security solution on their corporate mobile devices. Last year, the ESET Endpoint Security for Android app introduced support for Android 14, while also undergoing several changes to its visuals and text in order to make it even easier for end users to work with the app. As part of our ESET PROTECT mobile device management solution, we added several tools for administrators, such as the ability to preset the default Wi-Fi network on mobile endpoints.

In version 10.0, our **server products** designed for the Windows Server operating systems (Server Security, SharePoint Security, Mail Security Exchange/Domino) – ESET Server Security and ESET Security for SharePoint Server – added support for ESET Bridge, which enables customers to manage network traffic more efficiently and ensure that updates and other services are fast and reliable. It’s an important tool for securing operations in larger networks and branch offices with limited connectivity. Additionally, we have introduced the so-called minimal installer, which has the benefit of a significantly smaller installation file size. We have also improved On-Demand scans to allow the scanning of password-protected storage, and we have expanded options for setting up scheduled scans called Timeouts.

In our email server protection products, we have released the last fully supported version for the Domino platform, focusing on minor changes to the GUI, rule improvements, and various small enhancements. The product will reach the end of its life cycle on 31 July 2026.

We have also made similar changes to Mail Security for Exchange. In addition to the same modifications as we have implemented for our other server products, we have added the option to quarantine files within ESET Cluster and made various minor changes to the quarantine feature as well. We have also added support for SHA 256, which we would like to gradually introduce to each of our products, thus rolling out support for this hash function.

LIVEGUARD

Last year, we primarily focused on various improvements on our side to make our systems faster and more efficient. We rolled out a long-awaited solution for our customers that makes our interface as similar to the customer's interface as possible. Since malware can also spread through documents, we provided customer protection by providing document scans. Last but not least, we worked on a feature for our more demanding customers that allows them to easily see how exactly we evaluated their submitted samples.

When it comes to the **availability of cloud products** for business customers, more accurate measurement and resolution of technical incidents improved our monthly availability to 99.5%, which is in line with market standards. In the U.S. market, we launched a pilot version of Premium Support Ultimate to gauge demand for a paid compensation option that would cover potential issues with the availability of our cloud solutions. Which can be particularly useful for large customers as well as customers in regulated industries. Additionally, in order to be more transparent about the availability of cloud products, we implemented a process for the timely communication of planned downtime to our partners and customers.

As part of our **product lifecycle management**, we improved our end-of-life policy to increase the clarity, predictability, and transparency of the support rules for our products, thus also making it easier for customers to adopt their newest versions as soon as possible. To make it even easier for customers to upgrade to newer versions, we added communication of support status and its end date directly into the products, which will help administrators schedule updates and ultimately provide a higher level of protection. We are continuously striving to improve our product portfolio so that it represents the offer of the future, which is why we have decided to phase out support for ESET Mail Security for IBM Lotus Domino and focus our attention on more modern email protection solutions.

In 2023, the **ESET Cloud Office Security** team worked on a number of features to improve and simplify the product for existing users. One such feature was the addition of a dark mode toggle for users who simply prefer a dark theme. We have also added a product navigator, which ESET's customers are already familiar with from other products. They use it to navigate between the products they have already purchased. For new and future Enterprise customers, ESET Cloud Office Security has started to support tenants with tens of thousands of users, including on the front end, where the filtering and lazy-loading functions have been improved. However, clearly, the most anticipated new feature of ESET Cloud Office Security in 2023 was its integration with Google Workspace. This was first released in early access during the summer, and after debugging it was fully released at the end of November. Since then, customers have been able to use ESET Cloud Office Security to protect their emails in Google Gmail and files in Google Drive.

In 2023, **ESET Business Account** and **ESET MSP Administrator** officially classified as reaching their end of life, but we were already working on a new and improved product that would natively incorporate all the features of these older systems, along with other enhancements.

In 2023, we introduced a new customer portal in **ESET Threat Intelligence**. As part of this change, we released several new features, such as a new user interface supporting single sign-on across ESET services, the introduction of new metadata to data feeds, and the brand new APT report – Monthly Digest feature. A major milestone was the launch of an official partnership with Microsoft, announcing the integration of ETI with Microsoft Azure Sentinel. We also started to work on a number of major changes and partnerships to be unveiled in 2024.

In **ESET Secure Authentication**, we worked on the stability and security of the product, and we also worked on a new cloudified version of our solution, to be launched in 2024.

In **ESET Inspect**, our primary focus last year was to improve the console user experience and reduce the amount of information presented, which our users had found overwhelming. We added the option to create Incidents – visual representations of what has happened. For our customers using the cloud version, we even developed a system that creates these Incidents on its own. We were also able to add a module that allows us to deliver new rules for detecting the latest threats as soon as they are discovered. Last but not least, we focused on improving the robustness and performance of our solution.

In terms of **services**, last year we managed to launch a pilot version of the new ESET Premium Support Ultimate service in North America, which includes guaranteed availability of our cloud solutions. We also managed to launch the long-awaited ESET MDR service for the SMB segment, which provides non-stop protection on top of our XDR platform. We expanded the availability of our service portfolio to other countries, namely the Czech Republic and the Nordics. We gradually started to use Incident Creator to deliver ESET Detection and Response Ultimate, which will allow us to streamline the delivery of the service.

In 2023, we made good progress in our efforts to improve **integrations**. Many of our customers use multiple security tools and technologies, with interoperability and automation with third parties playing a key role in their work. Significant improvements to the API offerings for our cloud products enabled our customers to create custom API-based and log-based integrations. We successfully built initial technological partnerships, with plans to invest heavily and refine our integration initiative in the coming years.

2.3 CUSTOMER CARE

In 2023, the ESET Group continued to consolidate and align procedures and processes, which yielded a number of positive results. Over the course of the year, the customer support staff processed a total of 240,219 requests, including 125,804 calls, 46,580 chat interactions, and 67,835 emails. This represents an overall increase of around 7%.

The main goal for 2023 was to improve the quality of services and increase customer satisfaction with our services. Here, we managed to increase the rate of high customer satisfaction to 88% across the ESET Group, with satisfaction rates in the UK and Slovakia reaching 93–95%. We also achieved a significant improvement in our response time to email requests, which dropped from 22 hours to 16 hours, which meant that we achieved our target of being able to respond by the next working day. The improvement in quality was also reflected in the overall resolution time, which decreased from 3.8 to 2.25 days. These positive changes also contributed to an increased Net Promoter Score (NPS) after contacting customer support, which reflects the willingness of customers to recommend ESET products to their friends. Across the entire ESET Group, the value rose from 65 in 2022 to 67 in 2023, while in the UK and Slovakia we reached a score of 84 in a range between –100 and 100. The improved perception of our service and product quality was mainly driven by improvements in the US in the second half of 2023.

3. KEY EVENTS AT ESET IN 2023

CORPORATE NEWS

THE WAR IN UKRAINE

The ESET Foundation [donates an additional €500,000](#) to help people affected by the war in Ukraine. This brings the total allocated for this purpose to €1,270,000 for the years 2022 and 2023

ESET SCIENCE AWARD

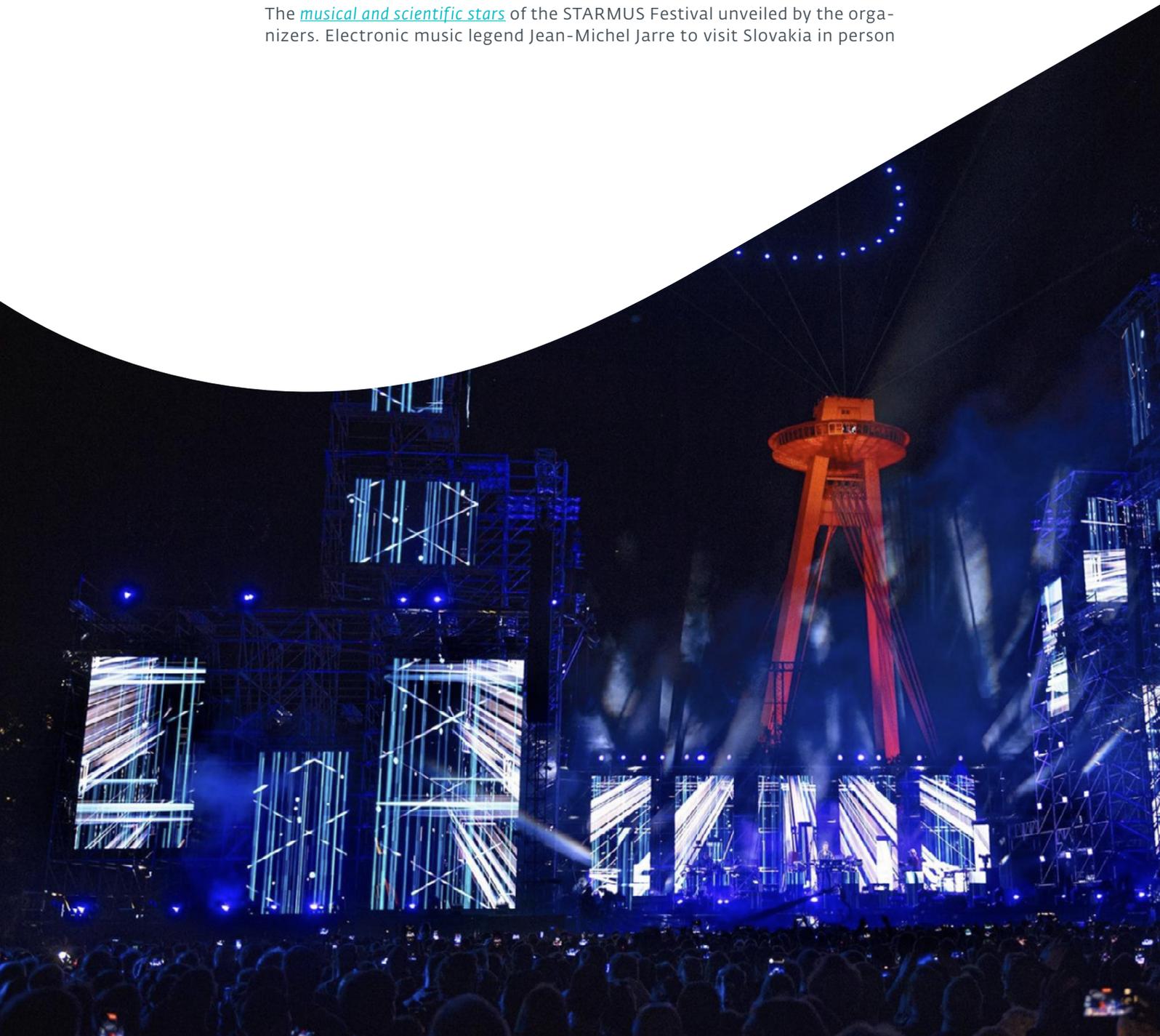
The fifth edition of the ESET Science Award [announces its laureates](#). The Outstanding Scientist in Slovakia category goes to Igor Lacík.

ESET CAMPUS

[Demolition works](#) and preparations for future construction begin on the site of the future ESET Campus

STARMUS

The [musical and scientific stars](#) of the STARMUS Festival unveiled by the organizers. Electronic music legend Jean-Michel Jarre to visit Slovakia in person



AWARDS

FORRESTER

ESET [named a "Notable Vendor"](#) in renowned XDR landscape report
ESET is a "Notable Vendor" in the [endpoint security market](#)

AV-COMPARATIVES

ESET [awarded highest score](#) of all vendors in AV-Comparatives prevention and reaction test

ESET tops the performance and malware protection tests for consumer products and [receives Advanced+ awards](#)

ESET [receives the Approved Windows Security Product award](#) from the renowned independent testing company AV-Comparatives

GARTNER

Companies rate security solutions, ESET peer-recognized as a [Customers' Choice](#) in the Gartner® Peer Insights™ report

KUPPINGERCOLE

ESET among ["overall leaders"](#) in MDR according to KuppingerCole

RADICATI

ESET named ["top player"](#) in prestigious Radicati report for the fourth year in a row

IDC

Prestigious organization recognizes ESET as a vendor who ["shaped the year"](#) in modern endpoint security

FORRESTER®



Gartner®

KUPPINGERCOLE
ANALYSTS

THE RADICATI GROUP, INC.
A TECHNOLOGY MARKET RESEARCH FIRM

IDC

4. CORPORATE SOCIAL RESPONSIBILITY AT ESET

ESET is aware of its global impact on communities and the environment. Throughout its existence, the company has gained extensive experience in implementing projects and promoting socially responsible practices. In 2023, we continued to prepare a unified global 2030 ESG Strategy. This strategy, which builds on the successes of our previous activities, is an important basis for the introduction of transparent reporting of sustainability information in line with the European Sustainability Reporting Standards (ESRS). In 2023 we started preparations for the first ESG report inspired by these standards.

Our global 2030 ESG Strategy was prepared following an analysis that allowed us to identify existing weaknesses and shortcomings in the ESG area and then strategically plan future actions to address them. The analysis also helped ESET to gain a comprehensive picture of its internal processes, procedures, innovations, and activities related to each ESG pillar.

In 2023, we conducted a carbon footprint calculation for the ESET Group, which focused on the primary sources of environmental impacts of all our branches, and we proposed measures to mitigate these impacts. Our ESG Strategy establishes a structured framework for future ESG activities, promoting consistent action on ESG matters across all of the ESET Group's branches.

We have also laid the foundations for an employee resource group (ERG) program that will promote experience sharing and capacity building among our employees, thus enhancing the capacity needed for raising awareness and increasing capacity in areas related to the core pillars of our ESG strategy.

We continued preparing and implementing activities in other ESG pillars and finalized a draft of our global Code of Ethics and Integrity, which aims to ensure compliance with the latest ethical standards and harmonize the application of ethical principles across all of ESET's subsidiaries.

Our mission under ESET's ESG strategy is to build a digitally resilient world and our aim is to empower individuals to use technology for progress, prosperity, and the realization of their full potential. We are firmly committed to improving our management in the area of sustainability, making decisions based on quality data, minimizing risks, and increasing our competitiveness in order to maintain the trust of our employees, partners, and customers.

ESET'S ESG STRATEGY

Our 2030 ESG Strategy establishes a structured framework for our activities in four pillars and two cross-cutting areas. It promotes consistent action on all ESG-related issues across all our subsidiaries. It enables us to track and continuously measure our efforts to reduce the environmental impact of our operations and build a corporate culture based on diversity, equity, and inclusion. It also helps us to develop cybersecurity education programs and to support science, research, and innovation, thus multiplying our positive impact on society. Our 2030 ESG Strategy is based on specific goals, intentions, and key performance indicators (KPIs). In 2023, we finalized details of the ESG strategy and laid the foundations for addressing environmental, social, and governance (ESG) challenges, as well as topics that have been a long-term priority for ESET and its CSR activities.

ESET ESG STRATEGY IS DIVIDED INTO FOUR PILLARS

Cybersecurity Education

- Cybersecurity Awareness & Trainings
- Expert Volunteering
- Empowering Girls and Women in Cybersecurity



Research, Science & Innovation

- Increasing Interest in Cybersecurity Career
- Science Popularisation
- Collaborations for Innovations
- Cybersecurity Culture External & Internal



Company Culture Diversity, Equity, Inclusion

- Attracting, Retaining & Developing Diverse Talent
- Employee Engagement and Inclusion
- DEI Internal Awareness & External Communication



Environmental Sustainability

- Sustainable Facilities
- Energy Efficiency & HW
- Travel & Transport
- Data Accuracy
- Employee Awareness



BUILDING THE ORGANISATIONAL STRUCTURE OF ESG

In 2023, regular quarterly meetings of ESET's ESG Global Working Group continued to ensure better coordination and closer cooperation on ESG matters between ESET's headquarters and its subsidiaries. At regular meetings, country representatives and managers together with the company's senior management commented on, refined, and guided the preparation of the ESG strategy and the implementation of its different areas, and they arranged the implementation of the activities through their local teams.

THE STRUCTURE OF ESET'S ESG GLOBAL WORKING GROUP

SK	Lenka Surotchak	Global CSR/ESG Director	SK
	Ivana Raslavská	Senior CSR Specialist	SK
	Lucia Marková	CSR Manager	SK
	Pavol Holéczi	President of EMEA Region	SK
	Patrik Ostrihoň	Senior Manager of Network Defense Technologies/Technical Fellow	SK
	Tomáš Gruchala	Software Engineer III/Team Coordinator	SK
EMEA excl. SK	Martin Mojžiš	Operations Manager	CZ
	Juraj Ferenc	Country Manager CZ	CZ
	Holger Suhl	Country Director DACH	DE
	Malcolm Tuck	Country Manager UK ¹	UK
	Duncan Hume	Senior Manager of Encryption Solutions	UK
	Andrei Ciubotaru	Director of Endpoint Security/ Operations Manager	RO
	Fabio Buccigrossi	Country Manager Italy	IT
NORAM	Łukasz Wojdała	Operations Manager	PL
	Brent McCarty	President of NORAM ²	US
	Bob Bonneau	Country Manager Canada	CA
LATAM	Jean-Ian Boutin	Director of Threat Research	CA
	Federico Perez Acquisto	Chief Operations Officer LATAM	AR
	Marcelo Carnero	Director of FinanceHR and Sustainability LATAM	AR
	Danielle Novais	Country Manager Brazil	BR
APAC	Luis Vázquez	Country Manager Mexico	MX
	Parvinder Walia	President APAC Region	SG
	Hiroya Kuroda	Country Manager Japan	JP

¹ until July 2023

² until May 2024

In April 2023, the Sustainability Task Force was established at the ESET parent company. The main role of this task force – consisting of top executives and managers in the fields of HR, internal security, and procurement – is to guide the implementation of the ESG strategy and to approve important milestones in its implementation. This group is also tasked with supporting the global ESG team in setting up processes to ensure reliable and regular ESG reporting in line with the European Sustainability Reporting Standards and aligning key activities with ESET's business priorities.

THE STRUCTURE OF ESET'S SUSTAINABILITY TASK FORCE

- Palo Luka, COO
- Martin Balušík, CFO
- Michal Krištúfek, CLO
- Miloš Olejník, Director of Procurement and Operations
- Jana Hoang, Chief Human Resources Officer
- Mária Trnková, CMO
- Peter Škodný, CCSO
- Juraj Malcho, CTO
- Daniel Chromek, CISO
- Vladimír Paulen, CIO
- Ignacio Sbampato, CBO (until October 2023)

By gradually establishing a decision-making and implementation structure for ESG, we are paving the way for the effective implementation of our 2030 ESG strategy and for transparent disclosure of sustainability information in line with European legislation.

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 established. In addition to upholding moral and ethical standards, we monitor compliance with legislation so that our activities go beyond what is required by the laws of the countries where we operate.

In 2023, we finalized and implemented the ESET Group's comments on the **global Code of Conduct and Integrity**, which unifies the ethical principles and company culture at all of ESET's subsidiaries. It is based on ESET's values and it reflects our culture of integrity and the high standards that we follow. The main goal of the global Code of Conduct and Integrity is to define how to achieve mutual respect and trust within work and business environments throughout ESET, as well as in relation to our partners. The standards it sets forth should be applied in various interconnected areas of life, thus creating a global and sustainable culture of integrity. These areas include people, society, external relations, and the planet.

We expect the Code of Ethics and Integrity to be approved and implemented at ESET's subsidiaries in the first half of 2024. The document will be binding for all employees of the ESET Group. This global code obliges employees to prevent all forms of discrimination and defines the procedure that should be followed when reporting violations of the ethical principles defined in the code. ESET employs a zero-tolerance approach to corruption when dealing with employees and contractual partners. We are only interested in working with contractual partners who share similar values.

ESET'S REACTION TO THE CRISIS IN UKRAINE

The military attack on Ukraine in February 2022 was met with strong reactions and condemnation all over the world. At ESET, we have been affected by these events as well. We are aware of the difficult situation in which our neighboring country finds itself, as well as its effects on our customers, partners, and colleagues in Ukraine. Without delay, we reacted to this situation by stopping the sales of our products in Russia and Belarus. ESET has played a significant role in the cybersecurity of Ukraine, and it has also achieved global impact by protecting users around the world from cyberattacks. Almost immediately after the outbreak of the conflict, we upgraded our security solutions provided to vulnerable organizations in the conflict zone, the neighboring state administrations, as well as organizations in countries that were involved in the international response and could become targets of cyberattacks.

Simultaneously, **the ESET Foundation** – the philanthropic arm of ESET – provided significant aid to Ukrainian citizens by setting up a Ukraine relief fund. Throughout 2022, ESET and individual donors donated a total of €770,000 to help Ukraine and its citizens. **In 2023, the sum was increased to €1,270,000.** This money was used to support non-profit organizations doing humanitarian work directly in Ukraine and to set up a system of financial support for Ukrainian refugees and the ESET employees housing them. In 2023, a major part of the funds allocated for assisting Ukraine was donated to the INTEGRA Foundation, which used the funds for direct humanitarian assistance in Ukraine, namely for transporting humanitarian aid to Ukraine; distributing food, water, and sanitary supplies; and social protection.

ESET's mission is the protection and creation of a safer digital world by providing unique telemetry solutions along with its expertise. We perform security research for several global and European organizations that try to solve and mitigate cybersecurity threats resulting from the war in Ukraine. Our researchers are constantly monitoring digital threats related to the ongoing conflict.

We are aware that as a global cybersecurity company headquartered in Slovakia, an EU country, we have the opportunity to express our solidarity in more ways than just financial and security aid. Therefore, we helped our Ukrainian business partners move to offices in Slovakia and offered them a new home. To help our colleagues from Ukraine and their families, our employees have continued to provide them refuge in their own homes.

4.1 CYBERSECURITY EDUCATION

We believe that cybersecurity education is key to helping people benefit from the full potential of technology while ensuring their digital safety. By sharing our expertise with vulnerable groups and society in general, we strengthen people's digital resilience, increase interest in these topics, and contribute to a better, innovative, and modern world.

HOW WE CREATE A SAFER WORLD

After a thorough mapping of educational initiatives across ESET offices, we proposed a global educational strategy that builds on successful educational activities and projects around the world. The strategy takes a systematic approach to establishing ESET as a global leader with a positive impact on society by enhancing cybersecurity literacy and empowering underrepresented groups via targeted educational initiatives.

The goal of this approach **is to build a foundation for the future, where cybersecurity is embraced by all regardless of their background or gender.**

The strategy focuses on **3 main areas** where ESET can achieve a bigger impact given our main business:

- **Cybersecurity Awareness**
- **Cybersecurity Training**
- **Partnerships and Collaborations**

CYBERSECURITY AWARENESS – SAFER KIDS ONLINE

We spread awareness about the safety of the youngest and most vulnerable among us. [Safer Kids Online \(SKO\)](#) is our global platform with resources for children, parents, and teachers, focusing on creating a safer online environment for children.

In 2023, we covered **topics that were most in demand among parents and guardians**, such as oversharing, social media, grooming, parental control, body-shaming, cyberbullying, hate speech, etc. Additionally, we prepared a comprehensive handbook that helps teachers and parents develop the competence to handle online threats, an interactive workbook full of exercises for children aged 6 to 11, and many other practical pieces of content.

The global Safer Kids Online platform is currently active in the US, Canada, Europe, Latin America, and the Asia-Pacific region.

Many people deal with issues related to children and their online environment daily. Experts agree that the best way to avoid concerns is through communication and trust between parents and children. The Czech SKO team developed **Conversation Cards to help raise awareness about important cyber safety issues**, facilitate open communication about technology between parents and children, and educate each other. The cards are available free of charge and have also been distributed to experts and professionals. Since launching the campaign in August 2023, we have recorded around 500 downloads, and the number continues to rise. SKO in the Czech Republic is part of the [dvojklik.cz](#) website.

The Lotta & Emil handbook has been a popular source for German teachers, parents, and guardians. In 2023, the German SKO team developed a **second handbook, this time focusing on the safer use of smartphones and in-app purchases**. More than 2,000 handbooks were distributed to schools, doctor's offices and hospitals, toy shops, cell phone stores, etc.

> **6.8 mil.**

total visits on the SKO
websites in 2023

45%

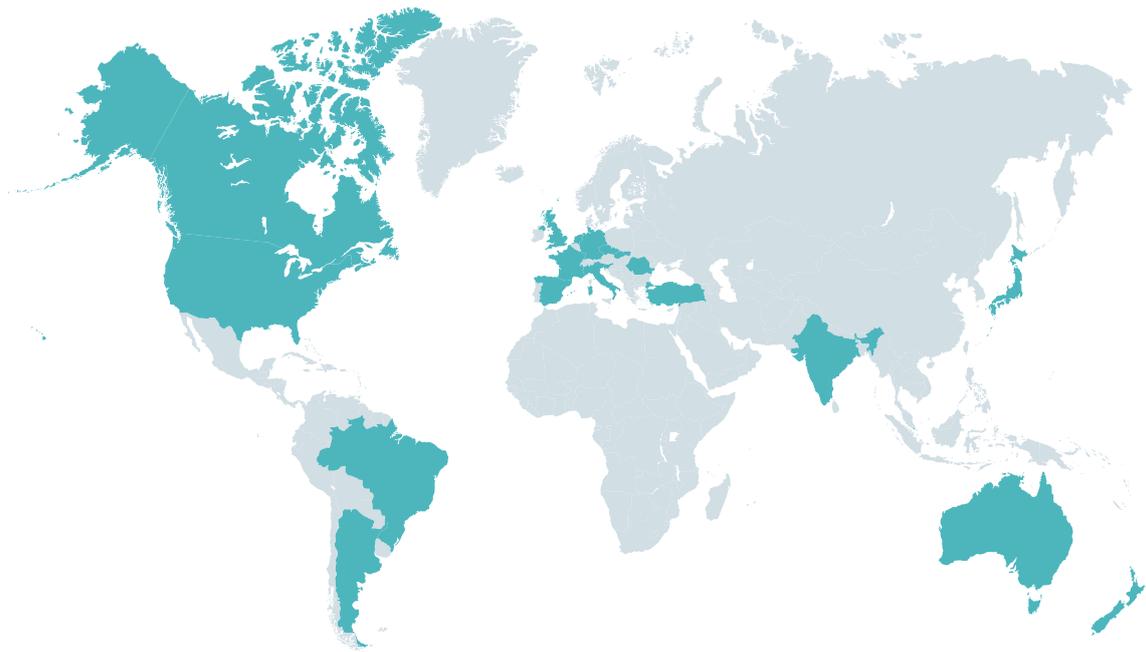
annual increase
in total visits

> **28,000**

downloads of handbooks and other
materials for parents, guardians,
and teachers in 2023

> **18%**

of all visits in 2023 were
engaged visits



Last year, Safer Kids Online was also present at the biggest expo for children – **KID EXPO in Paris**. There, our team of experts introduced parents and their children to the topic of online safety. Everything was done in a fun and playful way. Interactive tables with educational quizzes, games focusing on spotting fake news, meet-and-greets with influencers, and more were met with great success.



Safer Kids Online and ESET experts at the KID EXPO in Paris.
Photo: ESET

In Slovakia, SKO is part of the [Bezpečne na nete](#) project.. It is a long-term project aimed at all internet users that provides the public with information about digital security, practical advice on how to protect themselves from the latest threats, and interesting facts from the world of technology. During 2023, we worked on a **new section for seniors and their families** who want to teach their loved ones about the pitfalls of the digital world and protect them. It is scheduled to be published in Q1 2024.

On top of that, in late 2022 we launched an educational portal focusing on corporate cybersecurity – [Bezpečne vo firme](#). It provided IT staff, managers, and ordinary employees with practical and specialized content delivered in simple language and designed to strengthen the cybersecurity of organizations. As part of our special Top 10 Threats project, each month we took an in-depth look at the various threats and challenges companies are facing. The website was visited by almost 85,000 users over the course of the year. We also worked on preparing a free version of an online training course for employees, which we are launching in the first half of 2024.

In Latin America, Safer Kids Online is represented by the **Digipadres and Digipais platforms**. We have been able to build a solid network of **allied organizations (consisting of 40 partners in 2023)**, which helps us expand the coverage and reach of our platforms to more parents, educators, and children. Additionally, these alliances allow us to expand and strengthen our relationship with the community in general. Many partner organizations have their own existing initiatives around our common vision, and in many cases, a very productive synergy that generates co-branded initiatives has developed.

CYBERSECURITY TRAININGS

We encourage our experts to share their valuable know-how on digital security with the world. By connecting our experts with local communities, we can enhance their cybersecurity literacy and skills. **ESET experts regularly train teachers, primary and high school students, parents, and the wider public** in topics such as mobile device security, digital identity, passwords and updates, hoaxes and fake news, malware, AI, and social engineering.

School Visits (Slovakia)

Each year, we invite primary and secondary school students to visit our headquarters in Bratislava. Our experts introduce ESET, provide cybersecurity training, and showcase our excellent research. In 2023, we hosted more than 500 children and young adults at our headquarters in Bratislava. Our colleagues in Košice, Slovakia, delivered 22 regional training sessions for approximately 440 participants.

Digital Skills (Slovakia)

Since 2019, ESET has been part of the Digital Skills initiative organized by Business Leaders Forum (BLF). In this annual project, ESET's experts provide digital skills trainings to teachers. In 2023, around 100 teachers were trained during 5 training sessions.

> **165,000**

external participants received cybersecurity trainings from our experts

> **30,000**

hours of trainings delivered in 2023

> **13,000**

training sessions delivered in 2023



One of the Mini Tech MBA sessions during sunset in Bratislava. Photo: Mária Kopecká

Digital Competence Coordinator (Slovakia)

The Digital Competence Coordinator program is meant for primary school teachers, and it is based on the need to increase the digital literacy and competence of teachers, allowing them to make more effective use of modern technology when teaching. In 2023, nearly 178 teachers were trained by ESET's experts. We also contributed €5,000 to ensure that the program can carry out its activities. The Digital Competence Coordinator program regularly hosts educational events for teachers, where they can attend lectures on digital security.

Mini Tech MBA (Slovakia)

ESET co-creates the content of this unique educational program that focuses specifically on women in IT. In May 2023, we hosted and trained two study groups consisting of 30 participants in total. The visits are a valuable source of practical information on cybersecurity, enabling the participants to learn more about the company, its culture, its employees, and vacancies.

So far, about 200 Mini Tech MBA participants have attended visits at ESET, and 7 of them have found career opportunities in our company.

Security Girl (Slovakia)

For several years now, the Slovak NGO *Aj Ty v IT* and ESET have been creating and educating a community of high school security ambassadors, so-called Security Girls. These Security Girls then share their newly gained knowledge with their communities. ESET brings high-quality learning content and experience to the project, and Security Girls come to our offices for training.

> 3

years in Slovakia

> 60

fully trained
Security girls

> 1,600

peers taught by Security Girls
during 94 training sessions

Vodafone PLAYzone Arena Cybersecurity Trainings (Czech Republic)

In cooperation with Vodafone PLAYzone Arena in the Czech Republic, we delivered 8 training sessions on digital security for children between the ages of 13 and 15. Out of 188 participants, almost 80% rated the training as good or very good, and all the participants declared they had learned something new.

BVB Safer Kids Camp (Germany)

In cooperation with BVB KidsClub and BVB Learning Center, ESET organized a one-day event called Safer Kids Camp for children aged 9–14 and their parents. ESET's security experts prepared an event jam-packed with interactive activities and they delivered two workshops for children (one on fake news and one on phishing) and a workshop for parents, which included a cybercrime expert as a guest speaker.

SaferKidsOnline Tour (Italy)

In 2023, we organized 3 half-day events for children aged 6 to 10 that mainly took place in Italian primary schools. The main goal of the SaferKidsOnline Tour events was to increase the importance of digital security for children and young people, using sports as the main driver of communication. During each event, children could play 3 different sports games, each focusing on a different digital security message. For example, in one of these games, children had to run around a dedicated area to collect letters, numbers, and symbols, which were then used to create the correct (i.e. the strongest) password. After the games, each child was given a brochure with important digital security tips.



Our colleague Michal delivering cybersecurity training in Vodafone PLAYzone Arena." Photo credit: Vodafone PLAYzone Arena

Academia ESET (Latin America)

Academia ESET is the largest e-learning platform focusing on digital security in Latin America. The platform offers both free and paid courses that have allowed more than 160,000 users to learn more about how to be safer when using the internet and other technology.

Workshop at the Jurong Regional Library (Singapore)

ESET's Safer Kids Online platform has been providing free cybersecurity resources to parents and children in the APAC region since 2020, drawing over 2 million website visits. Last year, ESET President for Asia-Pacific and Japan, Parvinder Walia, led a workshop in a regional library in Singapore, speaking with more than 25 parents and children about online gaming addiction. He emphasized the importance of balanced screen time and staying safe online. In addition, the parents learned the importance of open and constructive parent-child conversations.



Parvinder delivering cybersecurity workshop at Jurong Regional Library in Singapore.
Photo: ESET

Girl Scouts (US)

In cooperation with the San Diego Cyber Center of Excellence (CCOE), Girl Scouts San Diego, Booz Allen Hamilton, First Citizens Bank, and San Diego State University, ESET hosted 2 interactive workshops for 110 San Diego girl scouts aged 8–10. The girls learned how to stay safe and keep information private online. Best of all, the girls were armed with a toolkit to teach and encourage their families, friends, and communities to be more cyber-savvy and secure online.

Greater Than Tech Workshop (US)

In collaboration with local NGO Greater Than Tech and other cyber businesses in the region, we participated in this event aimed at girls aged 14–21. During the workshop, participants learned about cybersecurity basics, safeguards, and coding. Different career options were also introduced.

PARTNERSHIPS AND COLLABORATIONS

We support local communities with a focus on vulnerable groups. We form partnerships with educational institutions and other organizations to develop initiatives supporting our main goal – to help people benefit from the full potential of technology, while ensuring their digital safety.



Girls attending one of Greater Than Tech workshops. Photo credit: Greater Than Tech

<p>> 360,000 members of vulnerable groups participating in initiatives supported by ESET</p>	<p>> 4,700 activities organized in collaboration with ESET (trainings, discussions, visits, etc.)</p>	<p>> 158,000€ donated by ESET to support cybersecurity education worldwide</p>
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Girl's Day (Slovakia)

GIRL'S DAY is a nationwide event organized as part of International Girls in ICT Day, which connects IT companies and organizations with female secondary school students all over Slovakia to motivate them to study computer science, build their careers, and start businesses in this industry. It has been organized by the Aj Ty v IT NGO since 2014. Girl's Day took place on 27 April 2023 and was attended by more than 890 girls all over Slovakia. ESET supported the event by donating €2,000.



Girl's Day 2023 at ESET organized by Aj Ty v IT NGO. Every training at our HQ in Bratislava includes not only valuable knowledge, but also a traditional photo with a view.
Photo: ESET

Slovensko.Digital (Slovakia)

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. In 2023, ESET continued to support the association by donating €10,000.

AFC Bournemouth (UK)

ESET UK is the title sponsor of the Safer Kids Online program, delivered to local schools by the AFC Bournemouth Community Trust. The classroom-based sessions are designed to help teach children about the importance of staying safe online, and they do so in an engaging way through interactive workshops and fun activities. During the 2022/2023 season, more than 70 sessions were delivered to over 2,000 pupils. The partnership also has the added advantage of bringing Premier League footballers to share their experiences with the children. For Internet Safety Day 2023, midfielder Joe Rothwell joined the Safer Kids Online school sessions.



AFC Bournemouth's midfielder, Joe Rothwell, joined a group of children from St James' Church of England Primary Academy to mark Safer Internet Day 2023
Source: AFC Bournemouth

The Police Presidium of the Czech Republic

In the Czech Republic, ESET has a fruitful cooperation with the state's crime prevention department. ESET contributes its expertise and know-how to prepare materials suitable for different target groups. In 2023, the Police Presidium of the Czech Republic organized 4,305 discussions and lectures, which reached more than 198,000 people. The usual audience includes primary and secondary school students. A new feature of last year was training the adult population in the most common fraudulent practices perpetrated via the internet.

The IT Fitness Test (Czech Republic)

In 2023, ESET Czech Republic sponsored prizes for [the IT Fitness Test](#) – the largest digital skills test for primary and secondary school students and teachers in Central Europe (Slovakia, Czechia, Poland, and Hungary). The respondents are tested on their practical knowledge of the internet, digital security, computer systems, complex tasks, office tools, collaboration tools, and social media. In 2023, around 150,000 students and teachers were tested. The sponsorship will continue in 2024.

Argentina Cibersegura (Latin America)

Argentina Cibersegura is ESET's important long-term partner in Latin America. The organization holds talks in educational, sports, and governmental institutions, as well as in companies, with the aim of raising awareness about a safer digital world. In 2023, more than 300 such activities were carried out, reaching more than 8,000 participants. They continued to disseminate the #NoalGrooming (NoToGrooming) and #MiRedSegura (MySafeNetwork) campaigns and held the annual educational event #PensandoLaEducaciónDigital (Thinking About Digital Education), in which education professionals were provided with tools to teach about digital citizenship in the classroom.

#LatinaGeeks (US)

The main mission of #LatinaGeeks is to educate and empower Latinas by sharing technical knowledge, business skills, and entrepreneurship resources through hands-on workshops, strategic partnerships, and community events. In 2023, ESET partnered with #LatinaGeeks to participate in 2 events with approximately 200 attendees – the #LatinaGeeks Women in Tech Festival in San Diego and an ESET panel interview titled *Don't Let a Lack of Soft Skills Hold You Back From the Career You Deserve*.

First meeting of the year of Argentina Cibersegura Volunteers at ESET Latinoamérica. Photo credit: Argentina Cibersegura



4.2 RESEARCH, SCIENCE, AND INNOVATION IN THE CONTEXT OF SOCIAL RESPONSIBILITY

As a global leader in cybersecurity, ESET maintains a strong commitment to research, science, and innovation as part of its sustainability strategy for technology, science, and innovation. In addition to leveraging its know-how to develop new technologies and products, ESET is also engaged in a number of activities and partnerships that have a positive impact on society. These activities make experts better informed, promote cybersecurity career development with an emphasis on women, and translate into university lectures, prestigious events, and scientific awards, as well as many other activities aimed at promoting research, science and innovation. With 10 research and development centers around the world, ESET is home to hundreds of digital security experts. Their efforts enable ESET to promote awareness, innovation, and cutting-edge expertise in cybersecurity with the goal of creating a secure digital world.

Our 10 R&D centers are home to hundreds of digital security experts. We consider scientific knowledge an important value that moves all societies forward. As an expert authority in the field of digital security, we feel an obligation to educate our customers and the public about online threats.



Angel HSU receiving the ESET Women in Cybersecurity scholarship in North America

INCREASING YOUNG PEOPLE'S INTEREST IN CAREERS IN CYBERSECURITY AND RELATED SECTORS

Nowadays, with cybersecurity becoming a key area in the digital world, it is important to support and encourage young talent – and especially women – to get involved in this sector.

Women in Cybersecurity Scholarships

The Women in Cybersecurity Scholarships program aims to increase young women's interest in cybersecurity, reduce the gender gap, and address the industry's talent shortage. In 2023, ESET awarded five scholarships in the US, Canada, and Australia.



Minister Clare O'Neil, Shradha Angrish, and Parvinder Wallia, ESET Australia.

In North America, the eighth year of the program awarded scholarships to two American women, Angelina Xu and Angel Yin-Hua Hsu, and two Canadian women, Jane Zeng and Zafina Mahmood. They received a total of \$30,000 for their academic excellence and commitment to cybersecurity.

In Australia, Shradha Angrish from the University of Adelaide received a \$5,000 scholarship, which was presented to her by Clare O'Neil, Minister for Home Affairs and Cyber Security, on International Women's Day. Angrish, who was studying Engineering and Mathematical and Computer Science at the time, was recognized for her contributions to STEM and research on digital privacy.

The program will expand to the UK in 2024.

<p>5</p> <p>cybersecurity scholarships for women awarded in 2023</p>	<p>3</p> <p>countries where the Women in Cybersecurity (WinC) scholarship program is implemented</p>	<p>\$35,000</p> <p>awarded</p>
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Night of Chances

This year, we once again took part in the Night of Chances event, which took place at the Faculty of Electrical Engineering and Information Technology of the Slovak University of Technology in Bratislava (FEI STU). Students and attendees could learn about the connection between cybersecurity and AI, together with information about the field of cloud technologies. All attendees had the opportunity to talk to us about career opportunities, and our colleagues from the Technology Division told them about the technologies we use the most at ESET. Those attendees who were feeling competitive were treated to logic puzzles, as well as puzzles focusing on fine motor skills and patience, while the more tech-savvy attendees could also enjoy technical challenges, with the most skillful ones receiving bundles of ESET

merch. More than 400 students attended the Night of Chances event, and more than 30% of them came from FEI STU. ESET was represented by the entire Talent Acquisition & Employer branding team from our headquarters, while technical workshops and discussions with students were led by our colleagues from the Core Research and Threat Detection subdivision.



At the ESET booth, attendees could try their hand at solving various puzzles

RAISING AWARENESS AND KNOWLEDGE OF CYBERSECURITY RESEARCH

From a global perspective, ESET's research is among the most cited cybersecurity research among competing companies. A significant portion of media coverage of global cybersecurity research quotes or draws on ESET's findings. In 2023, research from ESET's labs was covered by journalists from The New York Times, The Washington Post, The Wall Street Journal, The Guardian, Wired, Reuters, Le Monde, TechCrunch, Forbes, Der Spiegel, and many other major media outlets from both Slovakia and abroad.

ESET's experts are among the most cited in the world. What's more, at the prestigious Virus Bulletin 2023 conference, our researcher Martin Smolár received the Péter Szőr Award for the best cybersecurity research for his discovery of the BlackLotus UEFI bootkit.

WeLiveSecurity

ESET manages the global platform [WeLiveSecurity](#), where the company publishes information about our research from around the world, along with the latest findings on different types of malware and trends in internet security. The platform provides information about international internet security and insights from ESET's security community, built on the expertise of ESET's researchers. With teams in Slovakia, the United States, Canada, Germany, and Argentina, the WeLiveSecurity team operates globally and brings the latest information about security trends.

WeLiveSecurity (WLS) KPIs

162

Threat Reports,
APT Activity Reports,
and similar **research
documents** published
by ESET Research.

1,527

awareness blog posts
published on WLS, Digital
Security Guide, and the
corporate blog.

23,997

quotations in
online media
coverage of **ESET
Research**

Key statistics for WeLiveSecurity (WLS) content on social media per year

453,216,650

Impressions

410,521

Likes

393

Comments

426

Shares

294,986,790

Reach

916,279

Link Clicks

ESET Security Days

Each year, the prestigious ESET Security Days conference brings together leading experts in cybersecurity. In 2023, ESET continued to organize the ESET Security Days security conference on both a local and international level. The Security Days conference that took place in Bratislava in May 2023 discussed how the topic of cybersecurity affects every business and how legislation (which is gradually affecting more and more companies) is responding to this. The event also included a discussion about the state of digital security in times of active cyber warfare associated with the Russian aggression in Ukraine, as well as a discussion about the latest expert recommendations. The speakers also focused on the topic of raising awareness of cybersecurity in companies.



ESET Security Days, 16 May 2023

ESET European Cybersecurity Day

ESET European Cybersecurity Day (EECD) shares ESET's expertise, latest research, and insights on emerging threats and policy changes in cybersecurity, tailored for professionals in the public sector, government institutions, CERTs, defense agencies, and highly regulated industries.

In 2023, EECD was held twice. The first event, titled *Protecting Critical Infrastructure against Cyber Threats*, took place in Warsaw in May, focusing on resilience and lessons learned from supporting Ukraine's cyber defenses. The second event, titled *Protecting Europe's Digital Frontiers*, was held in Athens in November and looked at Europe's cyber threat landscape and challenges. The event agendas featured prominent speakers from several CERTs (including SK-CERT and EU-CERT), ENISA, officials from ministries of digital governance and foreign affairs, the European Commission, as well as experts from Microsoft, Thales Group, and Mastercard.

Altogether, we received 860 registrations, with 378 participants joining online and 104 participants attending the events in Athens and Warsaw in person.

Since 2020, EECD has served as a platform for collaboration and information sharing between the public and private sectors. Throughout the year, ESET also organizes local EECD roadshows that focus on regional market priorities and foster local engagement with the public sector.



EECD Warsaw, 10 May 2023

POPULARIZING SCIENCE AND RESEARCH

STARMUS Festival

In 2023, ESET committed to provide financial and organizational support for STARMUS VII, a unique global festival of science and music that aims to bring together the world's most brilliant minds in Bratislava, Slovakia, in May 2024. In 2024, we welcomed world-class scientists, artists, astronauts, and technological innovators to the stage to share breakthrough discoveries, reflect on pressing questions, and inspire new generations of scientists and researchers.

ESET SCIENCE AWARD

The main theme of the fifth edition of the ESET Science Award, which aims to recognize outstanding scientists, was *Science without Borders*. The evening of Thursday 12 October marked the fifth time that the ESET Science Award was presented to exceptional personalities of Slovak science and education. The award honors scientists active in Slovakia and highlights their efforts and scientific activities that extend into other areas of life.



Pictured: Winners of the 2023 ESET Science Award From the left: Matej Baláž, Daniela Ostatníková, Igor Lacík.
Photo: Linda Kisková Bohušová

The award in the Outstanding Scientist in Slovakia category went to Igor Lacík, who works at the Polymer Institute of the Slovak Academy of Sciences, where he and his team are successfully finding applications for polymer materials in the treatment of diabetes. The award in the Outstanding Scientist in Slovakia Under the Age of 35 category went to Matej Baláž, who works at the Institute of Geotechnics of the Slovak Academy of Sciences in Košice and focuses on solvent-free chemistry, so-called mechanochemistry. The award in the Outstanding Academic in Slovakia category went to Daniela Ostatníková, Head of the Institute of Physiology and Vice-Dean for International Relations at the Faculty of Medicine of Comenius University in Bratislava, who conducts research on the causes of autism.

The Slovak public also chose their winner by voting in the 2023 People's Choice Award. The largest number of votes went to Professor Daniela Ježová, who works at the Institute of Experimental Endocrinology at the Biomedical Center of the Slovak Academy of Sciences, as well as at the Faculty of Medicine of Comenius University. Her research focuses on the effects of hormones and their roles in coping with pressure in stressful situations.

In 2023, the ESET Science Award ceremony was once again organized under the auspices of Slovak President Zuzana Čaputová. Since 2023, the European Commission's Representation in Slovakia has taken over the patronage of the award.

An Excellent International Jury

The awards ceremony was also attended by an international jury, which was tasked with selecting the winners of two categories: *Outstanding Scientist in Slovakia Under the Age of 35* and the main category of *Outstanding Scientist in Slovakia*. This year, the international committee was chaired by astrophysicist and Nobel laureate Michel Mayor, who, together with Didier Queloz, discovered 51 Pegasi – the first exoplanet (i.e. planet outside the solar system). He and his team are credited with discovering a large portion of all known exoplanets in the Milky Way.

Other members of the international committee included German researcher and professor Anne Leriche, Italian oncologist Maria Grazia Valsecchi, Switzerland-based professor of automated control Dominique Bonvin, and Czech biochemist Jan Konvalinka.

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

The ESET Science Award ceremony was also attended by several other important personalities from the world of international science who are helping to increase awareness about Slovak science. These were the ambassadors of our award: Ruzena Bajcsy, robotics and artificial intelligence pioneer at the University of California, Berkeley; Michal Valko, a renowned expert on AI research who works in the prestigious Paris-based laboratory DeepMind; and Pavel Cheben, a world-renowned expert on integrated optics, silicon photonics, nanophotonics, and biophotonic sensors who works at the National Research Council in Canada.

A special ambassador for 2023 was Garik Israelian, astrophysicist at Instituto de Astrofísica de Canarias (IAC) and co-founder of the STARMUS Festival, which he would be bringing to Bratislava in collaboration with ESET in May 2024.

The ESET Science Award for outstanding scientists also offered a follow-up to the regular Scientific Discussion of the Year format. In 2021, ESET hosted a discussion featuring world-renowned physicist Kip Thorne and British science popularizer Brian Cox, which was followed by a discussion between Israeli biochemist Ada Yonath and neuroscientist Tomáš Hromádek from the Slovak Academy of Sciences in 2022. This year, ESET organized a discussion between Nobel laureate and astrophysicist Michel Mayor, astrophysicist and STARMUS Festival founder Garik Israelian, and science popularizer David Eicher. The three of them talked about the possibilities of discovering intelligent life beyond our planet, solar system, and galaxy.



From the left: Garik Israelian, Michel Mayor, and David Eicher discussing the topic "Can We Detect Intelligent Life in the Universe?"
Photo: Linda Kisková Bohušová

BUILDING A STRONG INTERNAL CULTURE OF CYBERSECURITY

ESET understands the importance of educating its employees about cybersecurity. That's why we strive to raise awareness of the importance of this topic and teach our employees how to avoid sophisticated cases of social engineering and disinformation campaigns. The priority for building a security culture at ESET in 2023 was a paradigm shift from non-conceptual entertainment content to strategically planned educational activities that visibly reduce security risks arising from human behavior. Both the quantity and quality of project activities were increased and metrics were defined to track their long-term contribution to the company's security culture. Employees have been mastering key security concepts on an intensified basis through gamification methods and hands-on training.

Awareness

19

internal articles on information security posted

8

editions of the Information Security Survey (monthly since May 2023)

Training

6

webinars for technical employees organized

2

workshops for technical employees organized

9

internal social engineering campaigns run

Culture

44%

participation rate in the Information Security Survey (44% of the employees participating in at least one edition)

14

employees signed up to become ESET security ambassadors

PARTNERSHIPS AND COLLABORATIONS WITH THE SCIENTIFIC AND ACADEMIC COMMUNITY

Partnerships in the fields of research, science, and innovation are key to developing the collaborations, technologies, and products we bring to our customers. We have hundreds of digital security experts working in our research and development centers, constantly pushing the boundaries of what is possible. Additionally, ESET organizes lectures with the aim of preparing new generations of cybersecurity professionals.

RESEARCH PROJECTS

KInIT

KInIT's research into clustering algorithms has shed light on the behavior and limitations associated with clustering PE files, utilizing both ESET's and publicly available datasets like [BODMAS](#) or [EMBER](#). This comparative analysis has revealed that the number of clusters and the size of datasets are critical factors for clustering performance, highlighting BIRCH and K-Means as superior methods. While these findings have not been directly integrated into current products, they have enriched our understanding and may inform future developments in data clustering strategies.

Collaboration With the Clinic of Children's Pneumology and Phthysiology in Bratislava, Slovakia.

In 2023, we worked with the Clinic of Children's Pneumology and Phthysiology in Podunajské Biskupice in Bratislava, Slovakia. Our experts contributed their expertise in machine learning, data modeling, and statistics, while the medical part of the research was handled by the clinic. We are currently collaborating on two research projects. For both of them, our goal is to support research in Slovak healthcare and the early diagnosis of diseases in neonatal patients using AI methods. As numerous studies have shown (e.g. IBM's Watson project), it is very important for research to be done on local data, as healthcare data is very specific and varies from region to region. Therefore, if we want to have well-functioning models to facilitate the work of our experts, they must be trained on data from our region. Another important factor is the fact that there are few highly specialized centers (such as the Clinic of Children's Pneumology and Phthysiology), and if we had a well-functioning model we would be able to automate data analysis to some extent and ensure quality care in all regions of Slovakia.

The first project focuses on using machine learning methods to determine the risk of respiratory syndrome diseases in preterm infants. Early diagnosis is crucial for these children in order to predict the need for different therapies and improve their quality of life.

The second project focuses on the machine vision-assisted examination of sonographic images of the lungs of neonatal patients. Existing studies in this area suffer from a fundamental flaw, as they rely on the Lung Ultrasound Score (LUS) determined by a human physician. However, it often happens that not only are the scores given by two different physicians very different, but even the scores given by one physician examining two different scans of the same patient are very different. That is why it's very difficult to train such a model using machine learning. What we offer is a completely new way of scoring images, one that eliminates the subjectivity of scoring and determines the score without the help of a doctor.

We are honored to be able to contribute with our know-how in order to facilitate the work of the leading experts running the Clinic of Children's Pneumology and Phthysiology – head of the clinic MUDr. Zuzana Rennerová and chief physician MUDr. Iveta Neuschlová. We plan to present the results of our joint research at scientific conferences in Slovakia and abroad, and we would be happy if they could help to facilitate and speed up future diagnostics in medical practice, not just in Slovakia, but also abroad.

Cooperation with École Polytechnique de Montréal, Canada

In 2023, ESET Canada Recherche Ltee. actively sought opportunities for research collaboration with local universities in Montreal. In addition to hiring an intern, we explored governmental programs to facilitate joint research projects with university professors. After engaging with potential professors to understand their research interests, we began working on a grant with École Polytechnique de Montréal. Although we are still in the early stages of project definition, we are confident that the collaboration will bring interesting results and provide graduate students with valuable training to become future threat researchers. Additionally, ESET Canada researchers conducted several seminars in 2023 to raise awareness about cybersecurity among university students.

4

lectures and training sessions delivered at **École Polytechnique de Montréal**, Canada

2

young people enrolled in **the internship program** in 2023

Cooperation With the Federal Police of Brazil

In 2023, ESET also partnered with the Federal Police of Brazil in an international operation targeting the Grandoreiro botnet. ESET contributed with a technical analysis and statistical information, as well as the known domain names of the control servers and IP addresses. Thanks to a flaw in the Grandoreiro network protocol, ESET's researchers were able to identify what victims the cybercriminals were targeting.

A further investigation conducted by the Federal Police of Brazil in 2024 led to the identification and arrest of the persons controlling the botnet. The operation targeted individuals believed to be high up in the Grandoreiro botnet hierarchy. The Spanish police later announced that they had arrested 133 people linked to Grandoreiro over a period of two years. The Spanish police's operation is directly tied to the Brazilian one, where ESET played a key role. The Spanish police estimates that in Spain alone, victims lost more than €5 million. According to Spain's Caixa Bank, the damage caused by Latin American banking Trojans amounts to €110 million.

ACADEMIC PARTNERSHIPS, LECTURES, AND PRESENTATIONS

Eastern European Machine Learning Summer School

In alignment with our mission to promote research, science, and modern technologies in Slovakia and the V4 countries, ESET supported the Eastern European Machine Learning (EEML) Summer School held between 10 July and 15 July 2023 at the Technical University of Košice. EEML, established six years ago by DeepMind researchers Doina Precup, Razvan Pascanu, and Viorica Patraucean, aims to support Eastern European students in the field of AI.

In 2023, an event organized by scientists from DeepMind – the Google research laboratory for artificial intelligence – and ESET showcased young talent with the primary goal of attracting students from Slovakia and abroad, creating opportunities for learning and gaining experience. The event provided financial support to various groups of students, making it accessible to young people from diverse backgrounds and social situations. The participants included 156 students from 38 countries, who had the opportunity to learn from 23 top experts from 20 different institutions and companies all over the world. The lectures covered topics such as deep learning, computer vision, natural language processing, ethics in machine learning, and the application of machine learning in medicine and robotics. Attendance peaked at 231 attendees on some days, exceeding initial expectations.

The selection of students was balanced, with half hailing from Eastern Europe and the other half from various parts of the world. This approach facilitated networking and potential future cooperation among participants. Notable Slovak researchers working abroad, including Michal Valko, Jana Košecká, and Peter Richtárik, were invited to lecture, further motivating students



An evening poster session in the university library, where selected participants had the opportunity to present their projects to fellow attendees, mentors, speakers, journalists, and other visitors.

and supporting our educational mission. Košice was chosen as the venue to demonstrate ESET's commitment to the development of all regions in Slovakia. By organizing this event, we aim to position ESET and Slovakia favorably in the eyes of the younger generation, encouraging them to stay and contribute to the country's growth rather than seek opportunities abroad.

14

lectures

5

tutorials

3

panel discussions

3

industry keynotes

- and numerous project discussions and presentations
- 2 local partners
- 5 sponsors

Cooperation With FIIT STU and FMFI UK

During the summer months, ESET's headquarters hosted two interns from the Faculty of Informatics and Information Technologies at the Slovak Technical University in Bratislava (FIIT STU) who were involved in cloud research tasks. In the winter semester of the 2023/2024 academic year, we facilitated a course at FIIT STU. The subject focused on application programming in C++. Like in the previous years, we offered three seminars. We had a total of 42 students, three of whom were from the Faculty of Mathematics, Physics, and Informatics at the Comenius University in Bratislava (FMFI UK). The biggest challenge in the winter semester was the use of large language models (LLMs), which prompted us to change the concept of short homework assignments to in-class work in conjunction with a large semester project.

2

C++ course delivered at FIIT STU consisting of a 2-hour lecture and three 2-hour seminars every week

2

young people enrolled in the **internship program** in 2023

2

cybersecurity **partnerships with expert institutions** (FMFI UK, FIIT STU) ongoing

We also continued teaching our *Introduction to Reverse Engineering* course, which was open to students of Comenius University, as well as FIIT STU and FEI STU. The lectures were held online and were given by multiple experts, each covering their own area of expertise. The hands-on lab sessions then took place in the ESET Research Lab at FIIT STU. Out of the initial 15 students enrolled, 10 remained throughout the semester and finished the course successfully. Even though some of the students had previous experience with the area of cybersecurity prior to enrolling in the course, they nevertheless found the course challenging enough to expand their view of this field.

9

lectures held by multiple experts for the Introduction to Reverse Engineering course, with each block consisting of a lecture and lab sessions taking approximately 3 hours.

1

student enrolled in **an internship** related to the reverse engineering course in the summer and autumn of 2023.

3

We supervised and/or provided expert consulting for **three diploma theses** related to reverse engineering in 2023.

Cybersecurity Course at the AGH University of Krakow

In 2023, the ESET R&D office in Krakow, Poland (ESET POLSKA sp. z o.o.), started preparations for a new subject titled *Threat Detection and Analysis* in cooperation with the Faculty of Computer Science, Electronics, and Telecommunications at the AGH University of Krakow. The subject will become part of a master's degree program in cybersecurity aimed at training competent professionals in the broad field of digital data security, securing computer networks, and protecting users of information systems. The study program includes subjects addressing various aspects of cybersecurity, presenting possible practical applications, developing technical competence and soft skills, supporting entrepreneurship and the organization of teamwork, as well as conducting research and development work to create innovations. Six ESET experts from the ESET R&D office in Krakow – namely Marcin Hartung, Krzysztof Zubek, Michał Maciejewski, Dominik Tamiołto, Krzysztof Korolczuk, and Dariusz Iwański – will hold lectures for the subject and provide cybersecurity expertise starting with the winter semester in October 2024.

Cooperation With the Faculty of Information Technology at the Czech Technical University in Prague

In 2023, our R&D offices in the Czech Republic continued our commitment to collaboration in the field of cybersecurity, sharing our expertise and knowledge with the next generation of cybersecurity professionals. In cooperation with the Faculty of Information Technology at the Czech Technical University in Prague, we provided consultancy in the area of cybersecurity, specifically related to the topic of working with security software.

Our colleagues from the Czech office participated in the Night of Chances, an all-night career networking event dedicated to university students. At this event, they organized two workshops, providing students with practical insights into the world of cybersecurity.

Our commitment to nurturing young talent was further demonstrated through our internship program. In 2023, we welcomed two interns into our Virus Lab and Cloud Services teams.

Cyber Security Academy

ESET's R&D office in Iasi, Romania, organized the 3rd edition of the Cyber Security Academy from April to August 2023 and the 4th edition from October to December 2023. Each edition lasted eight weeks. Altogether 53 students from the National Aviation University and the National University of Kyiv-Mohyla Academy learned about MITM, ARP spoofing, and obfuscation techniques. Of these, 26 students graduated, and the 12 most successful graduates were offered professional internships at ESET.

Cyber Security Academy 4th edition

- 28 students started
- 15 graduates
- out of 6 selected students, 2 made use of the internship program



Cyber Security Academy 3rd edition

- 25 started the course
- 11 graduates
- 6 qualified for internship

The Technical University of Moldova in partnership with EMA – Development and Mobility Agency, as well as ESET, opened a new round of the successful Cyber Security Academy program, which is financed by SlovakAid. The program consists of three modules (soft skills, English language, and hard skills) and an internship at ESET either in Slovakia or in Romania. After successfully completing all the modules, six students in the final year of their bachelor's or master's degree programs will be offered an internship lasting 1 to 3 months. The internship can be completed either in Slovakia or in Romania, it starts between March and May 2024 and covers living costs of up to €1,000 per month.

Antivirus Tour in Latin America

Security specialists tour various countries and visit different universities to provide up-to-date information to students of programs primarily related to technology and information systems.

2

training courses
delivered at
universities

8

young people
enrolled in the
**internship
program** in 2023

3

cybersecurity **partnerships
with expert institutions**

(the Technical University
of Moldova, the National
Aviation University, and the
National University of Kyiv-
Mohyla Academy)

Among their usual activities, we emphasize participation in these events:

[Nerdearla](#)

international conference focused on science and technology content.

[H4ck3d](#)

security event organized by the University of Palermo in Argentina.

[INCIBE GT](#)

security event that presents technological and cybersecurity topics from a scientific perspective.

[2nd Cyber Affairs Summit Conference](#)

international conference aimed at discussing and sharing knowledge about the challenges and advancements in the field of cybersecurity.

[CyberSec LATAM](#)

Santa Fe congress aimed at promoting awareness and understanding of the current cybersecurity challenges in Latin America.

[Virus Bulletin](#)

international conference presenting research on computer threats.

Additionally, activities open to the general public were organized to communicate how important information security has become in recent years.

> 4,000

attendees

98

security events
and universities

13

countries in Latin
America

> 100,000

Since 2004, ESET LATAM has reached
more than 100,000 students

www.giraantivirus.com

4.3 COMPANY CULTURE, DIVERSITY, EQUITY, AND INCLUSION

In 2023, we continued to deliver on our commitment to build a strong company culture that reflects our values and promotes diversity, equity, and inclusion. Our efforts focused on a number of key areas, including development for our female employees, promoting their health and well-being, improving internal communication, and strengthening global connections between our headquarters and our subsidiaries. Systematic HR management activities and the upcoming Global Diversity, Equity, and Inclusion Strategy are helping us to create an inclusive and supportive work environment where everyone feels valued and respected.

By the end of 2023, the Czech leaders of ESET software and ESET Research started to activate the Diversity Charter membership for both ESET subsidiaries in the Czech Republic. While diversity has always been a significant aspect of the company's DNA, the European Diversity Charter offers a new opportunity for supporting diversity among EU members. ESET aims to implement a broader approach to diversity, exploring new perspectives across various areas to enhance ESET's employer brand, business practices, and relationships with partners. The ESET headquarters has been a member of the Diversity Charter since 2020.

Our company is made up of more than 2,300 employees representing 45 different nationalities. The European region has the largest share of our workforce, with 82% of our company working there. Then comes the North American region with 9%, the Latin American region with 6%, and the Asia-Pacific region with 3%. Just under a third of our workforce is made up of women. Management makes up 19% of our business, 21% of which is women, predominantly in the Sales and Customer Care divisions. Women make up 12.5% of our senior management. More than 7% of our employees are over the age of 51, with the overall average age ranging between 31 and 40.

ESET is also sensitive to societal tensions and legal shortcomings when it comes to protecting LGBTQ+ rights, which is why our company has joined the Slovak Corporate Call to Action, an initiative that addresses the rise of hate speech and the lack of legal support for the LGBTQ+ community in Slovakia. The events of October 2022 and violent attacks on the LGBTQ+ community highlight the urgent need to address discrimination and enforce legal protections. That is why on 24 October 2023, ESET and other Slovak companies jointly presented a study titled *The Economic Benefits of LGBTI+ Inclusion in Slovakia*, which shows that LGBTQ+ inclusion can be an important driver of economic activity in Slovakia and that discrimination against queer people incurs social and financial costs for society.



AWARDS IN CORPORATE CULTURE AND HUMAN RESOURCES

In 2023, ESET Slovakia once again took part in the **Najzamestnávateľ** (lit. “**Best Employer**”) survey conducted by Profesia. Just like previously, ESET ranked among the top five employers in Slovakia in the IT and Telecommunications category. We are incredibly pleased with the support of the public and our employees, which reinforces our belief that ESET is an exceptional company.

In the NORAM region, 2023 saw Hope McCluskey recognized in the Power 100 – Women of the Channel ranking by CRN. Similarly, Samantha Serpa was recognized in the CRN Rising Star list. We also entered the CRN Women of the Year Awards with three entries (individual and company) and were a finalist in the Gender Parity Award, which awards companies that develop employee talent and focus on workforce diversity. Lastly, we always compete in SC Magazine’s DEI Awards, as well as San Diego Business Journal’s Cybersecurity Awards, which also focus on DEI. However, we didn’t manage to secure a win in either of these two competitions in 2023.

DIVERSITY, EQUITY, AND INCLUSION

Our Diversity, Equity, and Inclusion Strategy

As a global company and an ambassador of the Diversity Charter, ESET started preparing its Global Diversity, Equity, and Inclusion Strategy in 2023, building on the important findings of the Diversity, Equity & Inclusion Survey conducted at the end of 2022. Between January and March, the results of the survey were presented country-by-country at ESET’s subsidiaries. Then, a meeting of the DEI Council that took place in April laid the foundations for a new strategic direction in this area. As part of this strategy, we have committed to creating a diverse and inclusive company culture to ensure that diverse experiences and unique viewpoints enable us to be more innovative, effective, and creative. Our strategic commitment to diversity, equity, and inclusion (DEI) focuses on attracting, retaining, and developing diverse talent, promoting inclusion and engagement through employee resource groups (ERGs), and raising internal and external awareness of DEI topics.



The main pillars of the strategy

The value of DEI for business

ESET strives to attract, retain, and develop diverse talent. We understand the value that diverse perspectives bring to our organization, and we actively work to create an inclusive and thriving workforce.



Employee engagement and inclusion

ESET promotes engagement through **employee resource groups** (ERGs). These groups provide a platform where employees can network, share their expertise, and contribute to initiatives that are aligned with the principles of ESET’s ESG strategy. ERGs play a key role in welcoming diverse groups of people, thus fostering a workplace where people feel accepted. In this way, they contribute to creating an environment where all individuals have the opportunity to achieve personal and professional success.



DEI awareness and communication

The principles of DEI are part of our internal and external communication, emphasizing our commitment to a workplace culture that respects diversity, equity, and inclusion. Every year, we organize campaigns such as Women's Day, Diversity Week, and Diversity Awareness Month to highlight and celebrate diverse perspectives.

Diversity, Equity, and Inclusion Council

We actively support members of **ESET's Diversity, Equity, and Inclusion Council**, which is made up of a diverse team across our offices around the world, to share ideas and provide support to the global ESG team. The different perspectives and ideas brought by its members play an important role in shaping a more diverse and inclusive future at ESET. In 2023, the Diversity, Equity, and Inclusion Council grew to a 26-member team representing all of ESET's subsidiaries and our partner company ESET Netherlands.

ESET's Diversity, Equity, and Inclusion Council:

- creates an overarching, authentic, and unique vision for DEI that has a global reach and drives ESET's business objectives;
- works on planning DEI activities and strategies until 2030 using available research and data;
- helps to collect data and publish reports that are created on an annual basis;
- helps to integrate DEI objectives into ESET's culture, policies, and practices;
- leads and guides the diversity management process with respect to the policies and procedures employed to achieve ESET's DEI Strategy;
- communicates with internal and external stakeholders to achieve recognition and become a DEI leader in the cybersecurity industry.

In 2023, members were actively involved in developing the strategy and communication outputs of Diversity Week and Diversity Awareness Month. In the same year, we also started preparations for DEI reporting in line with the European Sustainability Reporting Standards.

Promoting Employee Engagement Through Employee Resource Groups (ERGs) and Committees

As part of the World Day for Cultural Diversity for Dialogue and Development and European Diversity Month, ESET established an employee resource group program. This program was created to support and connect colleagues who share common interests, personal stories, or life situations. It also contributes to achieving the objectives of our 2030 ESG Strategy. Our North American subsidiary has several active employee resource groups, including the Diversity Council, the Wellness Committee, WoW (Women of the Workplace), the Financial Literacy Group, and the Green Team.

Until now, ESET's headquarters only had one employee group, the so-called Eco Ambassadors. This year, three new employee resource groups were established to promote well-being, diversity, equity, and inclusion. These groups are **Women's Progress. Supported.**, **LGBTQ+ & Allies**, and **Be-well**. In 2023, **123 employees** were active in employee resource groups. Our employee resource groups have set goals, established a framework for internal communication, and they meet on a regular basis to share experiences, develop communication campaigns, and participate in various company activities – both internal and public.

The implementation of ESET's DEI Strategy is supported by the company's open culture, which allows for different levels of employee engagement, respecting their personal interests and capacities. Our goal for the future is to systematically support employee resource groups and encourage employee engagement in order to channel their activities toward improving internal policies and processes related to our internal company culture and DEI, and to create business resource groups.

ESET's efforts to promote an open communication culture (a so-called "speak up culture") consist of three phases. The first phase involves interest groups, which are networks of individuals who share the same interests and meet to carry out informal activities related to topics that they are interested in. The second phase is employee resource groups (ERGs), which are formal groups supported by ESET that focus on building their members' capacities in specific areas related to the core pillars (objectives) of ESET's ESG strategy. The third phase involves business resource groups (BRGs), which, in addition to the above, should also focus on business changes in the future (improving internal processes and programs or improving products and services), bringing new ideas and concepts that drive change in ESET's internal processes and culture.

We supported the Be-well employee resource group with activities aimed at building capacity in the field of DEI. Women's Progress. Supported. had pro bono consultations with Zuzana Gergeľová from Beelong to gain a better understanding of the principles and process of building employee resource groups. We supported the employee resource group LGBTQ+ & Allies in their initiative and participation in the Bratislava Pride parade.

Our **sustainability committees in the LATAM region**, coordinated by Sustainability and Diversity Lead Carolina Kaplan, have implemented activities to raise awareness and sensitivity, and foster ownership of our Diversity and Non-Discrimination Policy. The **Inclusion and Diversity Committee**, sponsored by Director of Marketing María Belén Roel, focused on issues related to disability, gender, and vulnerable populations. Key accomplishments include a socialization campaign for our Diversity and Non-Discrimination Policy, participation in Entrelatam, a workshop on microaggressions organized in cooperation with the Encontrarse en la Diversidad Foundation, and the organization of ESET Diversity Week and Diversity Awareness Month. Additionally, the committee held a workshop on inclusive communication and collaborated with the BA Migrante program to organize a workshop on migration, human rights, and intercultural communication.

The **Community Relations Committee**, sponsored by Director of Finance, HR, and Sustainability Marcelo Carnero, emphasized building and maintaining relationships with civil society organizations. Major initiatives included four volunteering activities under the *Conectate, entra en acción* program, regional participation in the Empujar project, and an internal talk on digital violence in collaboration with Argentina Cibersegura for International Women's Day. Finally, the **Environmental Affairs Committee**, led by Director of Corporate Communication Andrés Tamburi, dedicated activities to sustainable practices and natural resource conservation. Achievements encompass the continuation of the Eco Cambio Campaign, the launch of a new waste sorting initiative, carbon footprint measurement, waste metrics generation in the Argentina office, and participation in Cleaning Week and Environment Week organized by the headquarters. Altogether 30 employees participated actively in the LATAM sustainability committees.

Our colleagues at a morning yoga session organized by the Be-well employee resource group



The **DACH Diversity Council** at the ESET office in Germany, established in mid-2022, comprised nine members in 2023, with six women and three men. These members represent a diverse cross-section of the organization, coming from five different teams and departments, ensuring a wide range of perspectives and expertise within the council.

Information and Communication Activities in the Field of DEI

We kicked off the year by publishing the results of our first-ever Global Diversity, Equity, and Inclusion Survey. As part of [Diversity Week](#), we presented various activities related to DEI. During this week, our colleagues had the opportunity to increase their awareness and capacity by participating in various activities.

Employees had the opportunity to participate in two interactive webinars led by Andrej Juriga, managing director of Cultural Bridge. We organized a staff breakfast at our headquarters, where we informally introduced our new employee resource groups. This introduction was accompanied by a speech from Richard Fekete, a non-profit and start-up specialist from Slovenská sporiteľňa.

We published a podcast that focused on experience sharing within the corporate sector. The video podcast featured Lucia Skraková, D&I Lead at Accenture Slovakia. We published an interview with Shradha Angrish, winner of the Women in Cybersecurity scholarship from ESET Australia. We also organized a webinar about neurodiversity with Anna Podlesná from the Profesia job portal.

To mark the start of Diversity Awareness Month, we celebrated the diverse backgrounds, experiences, and perspectives that make our workplace special. Diversity Awareness Month is an opportunity for us to deepen our understanding and recognize our employees' unique contributions to our company.

We published a video titled *Stronger Together: The Power of Employee Resource Groups* and motivated our employees who share common identities and motivations to come together and engage in cultivating both their communities and our workplace. These groups reinforce ESET's commitment to promoting diversity, equity, and inclusion while actively championing positive initiatives to change our working environment for the better.

We introduced a program for supporting employee resource groups, which provides employees with an overview of existing employee resource groups at ESET's headquarters and its North American subsidiaries. This program also enables employees to join these groups or start their own.

We also prepared a **diversity quiz** to immerse our employees in these topics and provide insight into how other colleagues think about these issues. The quiz topics were selected based on feedback to open-ended questions from the Diversity, Equity, and Inclusion Survey.

At ESET, we recognize and celebrate the invaluable contributions of the women who have dedicated their professional lives to our company. In an industry traditionally dominated by men, female perspectives and talents are essential for company growth and innovation. One of the remarkable women working at ESET is Danielle Novais, Country Manager of ESET Brazil. Through interviews conducted by **Women in Tech**, we celebrated her accomplishments, shared her story, and inspired the next generation of female leaders.

EMPLOYEE TRAINING AND DEVELOPMENT

In 2023, more than **1,020 of our employees** made use of the opportunity to take e-learning courses on the LinkedIn Learning platform. In total, our colleagues spent approximately **2,631 hours** learning via this platform, and they attended more than **11,178 courses**. The most popular topics included critical thinking, AI, Agile Foundation, and communication.

Training and development for ESET leaders

Another key area is the provision of development programs and activities for leaders at different levels of management, where we focus on addressing a variety of developmental needs. In 2023, we conducted **6 development programs**, which were attended by a total of **93 managers**. Over the course of the year, **9 managers received** individual coaching.

Employee training and development

In 2023, we organized several activities aimed at developing our employees' soft skills. We organized **24 open training sessions** focusing on topics such as effective communication, negotiation, managing conflict and difficult conversations, problem-solving, creativity, presentation skills, feedback, effective meetings, personal effectiveness, and stress management.

In March 2023, we held an internal development conference called Development Week, which was attended by more than **1,500 employees**. Development Week aimed to offer tips and inspiration to employees in order to help them expand their knowledge and acquire new skills.

Language learning

In 2023, 11.8% of our employees in Slovakia were learning foreign languages. Our colleagues spent 4,907.5 hours learning languages, 95.1% of them attending English language courses and 4.9% attending courses in other foreign languages (Russian, German, and Slovak for foreigners). The courses mainly focused on IT and technical topics, business English, and everyday communication. The lessons were aimed at strengthening, maintaining, and renewing our employees' qualifications, while also improving and developing their language skills.

Our colleagues at our other subsidiaries can also make use of language learning opportunities. In 2023, 15% of our employees at ESET Software CZ made use of language learning opportunities. Meanwhile, as many as 87% of our employees at our Italian subsidiary participated in language learning activities. At our Latin American subsidiaries, 50% of our employees made use of our language learning offer in 2023. Our colleagues in this region spent 1,000 hours on language learning.

EMPLOYEE BENEFITS

Like every year, in 2023 we continued to offer a variety of benefits to our employees. As we introduced a number of changes focusing on work-life balance to our benefits offering in Slovakia the year before, we kept the offer unchanged in 2023. However, we brought a variety of exciting new benefits to our employees in our subsidiaries around the world. In the United Kingdom, dental care is currently a hot topic, so we decided to offer our employees insurance that covers most of the costs associated with dentist visits. Another initiative worth mentioning is our support for alternative modes of commuting for our employees in Germany, who can receive a bicycle allowance. Meanwhile, our employees in Australia get a 50% discount on gym memberships.

Team-Building and Family Activities

In 2023, we organized popular events for our employees in Slovakia, giving us another opportunity to get together and have fun. The first one was the cheerful Family Day, where we went on a fairy-tale journey together with our employees' children. Two weeks later, we continued with our unconventional, but no less legendary Žranica event, which revolved around the theme of travel and discovery. In December, we enjoyed a pleasant St. Nicholas Day party and we wrapped up 2023 at the movie theater, where the ESET Vision for the Future event took place.

Our colleagues from our subsidiaries can also enjoy various team-building events and Christmas parties, where people can get to know each other better and have a good time together.

ESET DACH	<ul style="list-style-type: none">○ June 2023 – Health Day and summer party in the office (including family members)○ December 2023 – Christmas party for all employees (without family members)
ESET CZ RESEARCH	<ul style="list-style-type: none">○ June 2023 – Family Day○ June 2023 – Žranica○ December 2023 – Christmas party○ Conventional team building
ESET CZ SOFTWARE	<ul style="list-style-type: none">○ June 2023 – Roof party: a summer barbecue party on the roof○ October 2023 – “Utužovák”: weekend team-building activities○ December 2023 – Christmas party
ESET Poland	<ul style="list-style-type: none">○ June 2023 – Žranica○ June 2023 – Family Day
APAC	<ul style="list-style-type: none">○ Regional team building (Singapore, Japan, Australia)
LATAM at the regional level	<ul style="list-style-type: none">○ Year-end party
ESET Argentina	<ul style="list-style-type: none">○ 19th anniversary of ESET Latin America○ Quarterly lunches by area○ Team-building activities by area (a recreational activity outside the office aimed at strengthening bonds)○ Monthly birthday celebrations○ In-person lunches for new hires
ESET Mexico	<ul style="list-style-type: none">○ Birthday celebrations○ Quarterly lunches to review results and objectives
ESET Brazil	<ul style="list-style-type: none">○ Children's Day celebration○ Birthday celebrations

Well-Being Activities

Workshops and Webinars

Even in 2023, we tried to inspire our colleagues and provide them with support in difficult times. We organized 2 inspirational and 8 well-being webinars. The inspirational workshops were led by experienced coaches and instructors, who presented topics such as interactive meetings and leadership of the future. We placed focus on the well-being and psychological needs of our employees, and we also organized well-being webinars to complement our existing, comprehensive Employee Assistance Program. The topics covered included anxiety, impostor syndrome, parenting, feedback, body positivity, and relationships.

Sporting Events

We regularly support our employees at various running events. Last year, our colleagues had the opportunity to represent ESET at popular races such as the ČSOB Bratislava Marathon, the Devín–Bratislava National Run, Telekom Night Run, and the Košice Peace Marathon.

Health Week

In autumn, we regularly organize Health Week, an event during which employees can undergo various medical examinations (ranging from vision measurement to carpal tunnel sonography) on the company's premises. Throughout this week, we offer our employees a number of interesting lectures and workshops on a variety of health topics led by qualified experts. Our employees can also support a good cause by donating blood to those who need it directly in the office and under professional supervision. We have organized Health Week every year since 2011.

INTERNAL COMMUNICATION

In addition to the tried-and-tested concept of Online Review Meeting presentations, during which our senior executives share updates for individual divisions, we have added a regular Segment Performance Review Meeting, in which our segment vice presidents present the priorities and performance of individual segments.

To increase awareness, engagement, and employee pride in the company, we have established an internal quiz format that highlights innovations and successes across the company, as well as individual divisions.

We've also used games to communicate our global sponsorship activities, namely our support for the German football team Borussia Dortmund and the Canadian hockey team Calgary Flames.

This year, we also continued with our concept of presenting company news during a community breakfast, which proved to be very effective.

We have also launched an intranet platform titled **How to Handle Challenging Situations**, where we provide employees with recommendations on how to recognize and respond to such situations.

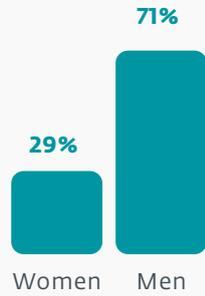
To keep our employees better informed, we have established a monthly newspaper titled ESET Press, where we share the most important information for that particular month. It features news from all divisions, as well as our international subsidiaries. The internal newspaper is available either online, where it can be accessed by all our employees across the world, or in hard copy at our headquarters.

TOTAL NUMBER OF ESET SLOVAKIA EMPLOYEES AS OF 31 DECEMBER 2023: 1,367

GENDER



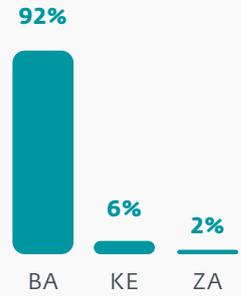
Women: **396**
Men: **971**
Total: **1,367**



REGION



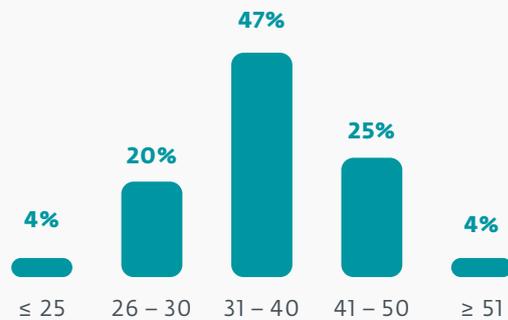
Bratislava: **1,263**
Košice: **81**
Žilina: **23**
Total: **1,367**



AGE



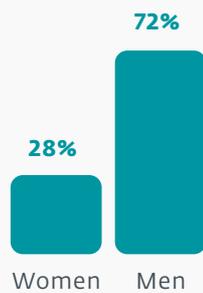
≤ 25: **56**
26 – 30: **271**
31 – 40: **645**
41 – 50: **335**
≥ 51: **60**
Total: **1,367**



FULL-TIME EMPLOYMENT



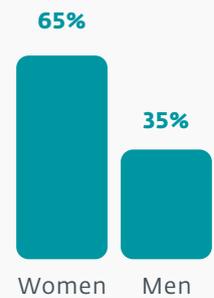
Women: **368**
Men: **956**
Total: **1,324**



PART-TIME EMPLOYMENT



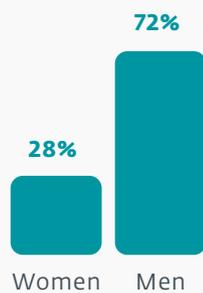
Women: **28**
Men: **15**
Total: **43**



EMPLOYMENT RELATIONSHIP



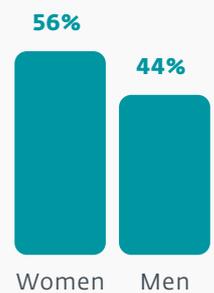
Women: **368**
Men: **956**
Total: **1,324**



WORK PERFORMED OUTSIDE AN EMPLOYMENT RELATIONSHIP



Women: **28**
Men: **15**
Total: **43**

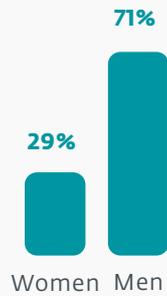


TOTAL NUMBER OF THE ESET GROUP'S EMPLOYEES AS OF 31 DECEMBER 2023: 2,318

GENDER



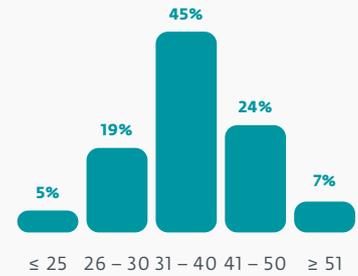
Women: **682**
Men: **1,636**
Total: **2,318**



AGE



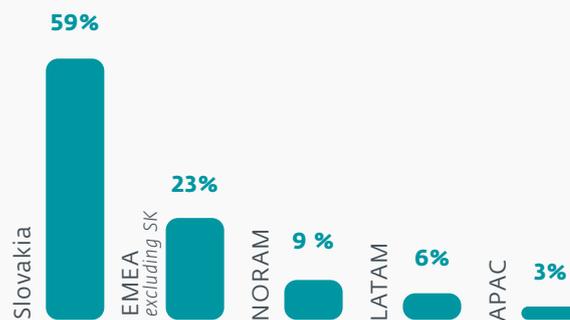
≤ 25: **111**
26 – 30: **443**
31 – 40: **1,037**
41 – 50: **561**
≥ 51: **166**
Total: **2,318**



REGION



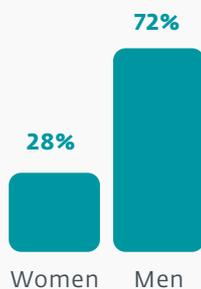
Slovakia: **1,367**
EMEA:
(excluding SK) **539**
NORAM: **220**
LATAM: **134**
APAC: **58**
Total: **2,318**



FULL-TIME EMPLOYMENT



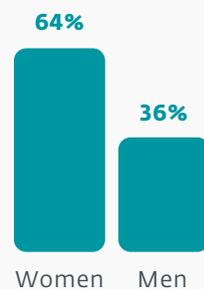
Women: **628**
Men: **1,605**
Total: **2,233**



PART-TIME EMPLOYMENT



Women: **54**
Men: **31**
Total: **85**



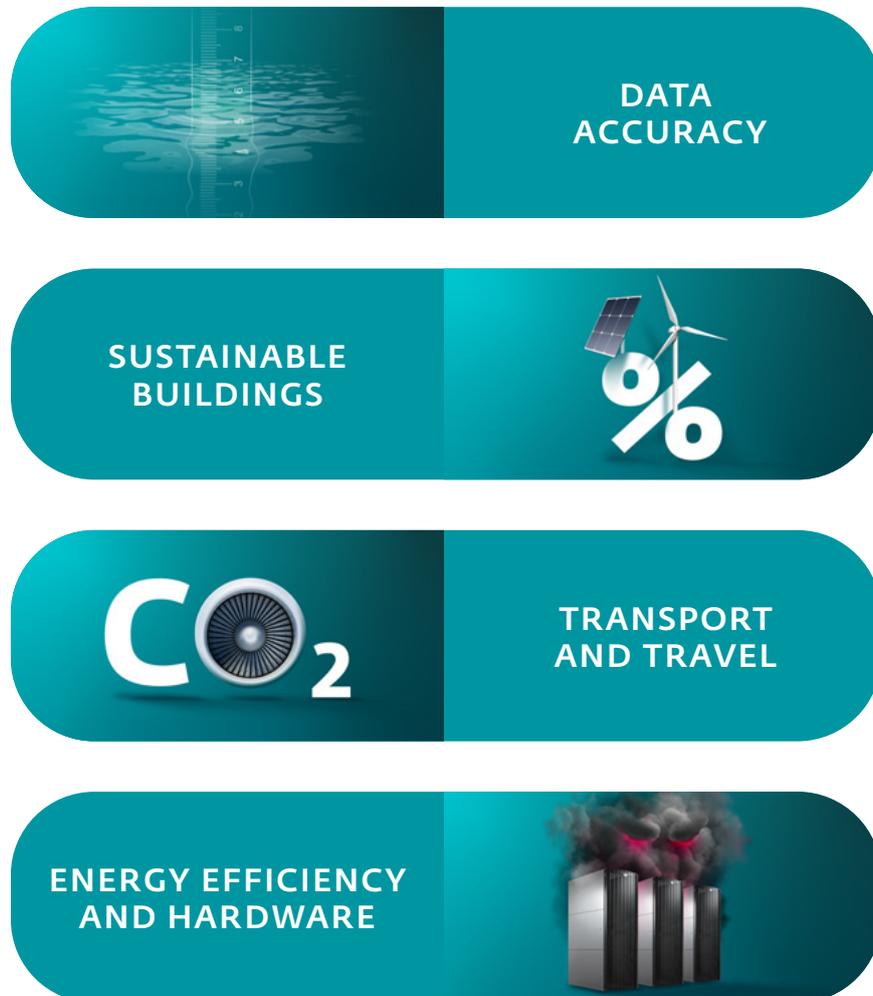
4.4 ENVIRONMENTAL SUSTAINABILITY

At ESET, we understand how important it is to reduce the environmental impact of our everyday activities. We believe that sustainable progress based on industry-leading environmental standards will contribute to the success of our company and the communities we protect.

ESET'S ENVIRONMENTAL STRATEGY

The draft of ESET's environmental strategy was created in 2023. It was based on **the first global carbon footprint measurement, conducted in 2022** in line with the GHG Protocol. Intensive data collection was carried out at 21 ESET sites (out of a total of 24 sites), covering both direct and indirect GHG emissions under Scopes 1, 2, and 3 of the GHG Protocol. Based on the measurements, we published our [Carbon Footprint Report](#), which presents an overview of the greenhouse gases emitted across our value chain and identifies the main contributors to emissions.

Our global environmental strategy targets our largest sources of emissions and focuses on 4 main areas:



ENVIRONMENTAL SUSTAINABILITY COUNCIL

February 2023 saw the first meeting of **the Environmental Sustainability Council, ESET's global advisory body**, which consists of representatives from ESET's headquarters and subsidiaries. The council's main task is to align policies, share experiences, prepare and collect data for measuring the company's global carbon footprint, and implement concrete solutions for environmental protection. By the end of 2023, the council had 27 active members representing all of ESET's subsidiaries and all the regions where ESET operates.

The Environmental Sustainability Council's Strategic Goals:

- Set up a global process for carbon footprint measurement, which will form the basis of ESET's unified, global environmental sustainability strategy
- Collect global carbon footprint data, while improving the quality of the data collected
- Identify opportunities for alignment and experience sharing
- Implement ESET's environmental sustainability strategy and individual measures at a local level
- Raise awareness of the topic among employees

In 2023, members were actively involved in the preparation of the strategy and communication outputs for ESET's global campaigns. That same year also saw the start of preparations for reporting in line with the European Sustainability Reporting Standards.

ENVIRONMENTAL ACTIVITIES FOR EMPLOYEES

ESET has long supported active employee involvement in environmental protection and environmental footprint reduction. We see education and raising awareness of this issue as important factors that contribute to positive social change. In 2023, we launched our first global campaigns in cooperation with the Environmental Sustainability Council.

Global Campaigns

Earth Day, which takes place on 22 April every year, was celebrated by conducting ESET's first ever **global mapping of environmental measures** and the introduction of the Environmental Sustainability Council.

In June, we participated in **World Environment Day**. Throughout the whole week, employees had the opportunity to learn more about reducing their carbon footprint; hear their colleagues' stories in the first episode of our internal podcast series focusing on the environment; and be inspired by tips on books, documentaries, and podcasts. We also offered a webinar in cooperation with the Eco Ambassadors employee resource group and a discussion about the planned ESET Campus, which was attended by more than 230 people in total. More than 200 employees participated in the Planet. Protected. Challenge.

Employee Resource Groups

The Eco Ambassadors employee resource group was established in 2017. Their aim is to raise awareness about the need to minimize waste. Its members meet once a month and propose sustainable solutions to avoid wasting resources, create less waste, and recycle waste both at work and at home.

In 2023, they organized a regular cleanup at the Janko Král' Park, which is right next to ESET's headquarters in Bratislava. In cooperation with the Global People department, they opened the topic of greener and more local

gifts for employees, and prepared a list of specific ideas. Together with the Facilities department, they developed a shared lunch container project at ESET and they tested it in our largest office kitchenettes.

During the global campaign marking World Environment Day, they contributed by organizing a webinar on sustainable living, and throughout the year they mobilized their colleagues during new employee onboarding, as well as via a Viva Engage group.

The Latin America region has a so-called **Environmental Affairs Committee**, which is involved in sustainability matters and consists of 8 members. In 2023, the group continued with the Eco Cambio (Eco Change) campaign, which aims to spread awareness about ecology and waste minimization. They also organized Cleaning Week, an event focused on digital cleanups. During this week, our colleagues from Argentina, Brazil, and Mexico had the opportunity to participate in digital cleanups, as well as cleanups of their physical offices. The event also included an educational session on digital waste.

Volunteering

Every year, ESET Slovakia participates in the **Our City (Naše mesto)** volunteering event. In June 2023, as many as **199 ESET volunteers** signed up for these activities, mostly focusing on environmental protection and public space renewal, totaling approximately 800 hours of work.

ESET's employees are involved in various environmental projects throughout the year. In 2023, they dedicated an additional **73.5 hours** to various organizations working in environmental protection.

ESET's Buenos Aires office helped plant trees (including seed preparation, native tree planting, and replanting) to help restore ecosystems and foster people's relationship with nature. The ESET Brazil team met at a local community park to plant trees and organize a lecture on environmental issues.

Our Mexico City office assisted in organizing a fundraiser for local non governmental organizations that seek to improve the lives of cats and dogs that have been abandoned, abused, or left to live in the streets, while also raising awareness about animal protection and promoting responsible adoption. On another occasion, ESET's volunteers helped clean and improve an animal shelter.

DATA ACCURACY

Quality data is the basis for a responsible and transparent environmental strategy. Our aim in this area is to **ensure the accuracy and completeness of the data that goes into the calculation of emissions and our decision-making**. Following this strategy, we aim to primarily focus on establishing an internal control system and introducing more effective global tools.

Carbon Footprint Measurement



The carbon footprint is a tool that allows us to measure the amount of greenhouse gases emitted into the atmosphere as a result of human activity. Our goal is to understand the main sources of emissions in ESET's activities and value chain, focus on the areas that have the greatest impact, and find solutions to minimize them. At ESET, we have been measuring our carbon footprint since 2019. The first Global Carbon Footprint Report covered our emissions for 2022.

The 2023 Carbon Footprint Report will be published on the company website.

SUSTAINABLE BUILDINGS

ESET has more than 2,000 employees all over the world. Although we lease our office space, **we feel a responsibility to use it economically and sustainably**. Our commitment to sustainable buildings involves increasing the share of renewable energy and using resources in our offices in a smart and efficient way.



Renewable energy

We believe that the use of renewable energy helps create demand for more sustainable technologies. The company's branches and headquarters operate in rented buildings, which means that it is more difficult to have influence over electricity suppliers. **Renewable energy is purchased across 5 ESET branches** in Romania, Italy, United Kingdom (2 branches) and Canada.



Efficient energy use

As a software company, our work relies on electricity. We are aware of the limits of our planet, which is why we aim to implement measures that promote the efficient use of resources. Up to 80% of our offices make use of LED lighting and 50% also use motion sensors for extra savings. Most of our offices set shared electronics to standby when not in use and then shut them down completely after business hours. **Seven of the buildings used by ESET have BREEAM, LEED, or other sustainability certifications.**



Cooling and heating

Most of our offices automate their cooling and heating through timers, thermostats, and zoning. Whenever the spaces are unoccupied, all buildings have their cooling and heating systems turned off or turned down to a minimum. The vast majority of our offices perform regular maintenance of heating and cooling equipment.



Shared workspaces

Our offices in Argentina, Romania, and the German city of Jena have had a shared desk policy in place since 2022, which not only reduces the cost of office space and furniture, but also our consumption of electricity or gas for heating and cooling the offices. In 2023, ESET's headquarters in Bratislava also started to implement shared workspaces.



Waste recycling

We sort waste and recycle it at all our branches. Depending on local regulations and possibilities, we sort paper, plastics, glass, and organic waste, as well as returnable cans and PET bottles. At our office in Taunton, UK, recycling is handled by a third-party company that collects mixed waste, sorts it, and disposes of it in an eco-friendly way – in this particular situation, this is a more cost-effective solution. At six of our branches, we also have bins for batteries and other small electronic waste. Recycling bins are usually accompanied by posters or other materials that inform people how to sort waste properly.



Reducing paper consumption

All branches are making an effort to significantly minimize their paper consumption. **Globally, we prefer electronic signatures for contracts**, Non-disclosure agreement, and agreements, except for contracts where this is not recommended due to local legislation. In 2022, our global carbon footprint of purchased paper was only 6.7 tons of CO₂e, which is about 0.01% of the emissions we produced that year. Back in 2019, paper purchases in Slovakia still accounted for 109 tons of CO₂e.

ESET CAMPUS – ON THE WAY TOWARD CARBON NEUTRALITY

The planned ESET Campus in Bratislava will meet the highest environmental standards. **Our ambition to achieve carbon neutrality is reflected in all aspects of the project** – its design, execution, 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 possibility of using different types of renewable energy sources, and potentially even on producing our own energy.

In 2023, preparatory work was carried out on the site, which involved the removal of the original buildings. As much as **97.98% of the 38,816 tons of waste was recycled**. Currently, preparatory work for optimizing the routing of technical infrastructure is being carried out. In addition to working on the permit processes, we continue to work on ensuring that within the constraints of current legislation, ESET Campus achieves a minimal carbon footprint during construction and – most importantly – that it is carbon-neutral during its operation. For this purpose, we are specifying technical and structural solutions and the use of construction materials.

We are gradually preparing for the next phase of the project – the lease of retail space and the remaining office space. This process includes interiors and fit-outs for both ESET and all other tenants. To achieve this, we will be adding workplace specialists to our team to ensure that ESET Campus provides all its users with the ideal environment for both efficient work and quality relaxation, which is a must if we want to help people fully concentrate on their work performance.

TRANSPORT AND TRAVEL

ESET is a responsible and transparent company – **our carbon footprint includes optional data about our employees' commutes to work and about their work from home**. In this area, we plan to focus on introducing new best practices for our fleet, business travel, and employee engagement.

Bike to Work



For several years now, ESET has been promoting the use of bicycles for commuting to work. In addition to shared bicycles, which are available to all employees at the Bratislava headquarters, we also participate in the annual Bike to Work campaign. In 2022, other ESET offices joined the headquarters in this initiative for the first time, including ones in the Czech Republic, Poland, Singapore, and the United States. **130 employees participated in the campaign, using greener transport a total of 2,431 times**. In the month of June, they covered 15,173 kilometers by bicycle and on foot.

ENERGY EFFICIENCY AND HARDWARE

As an IT company, we depend on hardware, so we take good care of it. In this area, we want to focus on **energy-efficient IT equipment, reducing e-waste, and using sustainable data centers.**



Hardware purchasing

Whenever possible, our branches purchase **IT equipment with low energy consumption**. Some employees, such as developers, need specific IT equipment that does not have low-power alternatives yet. Most of our hardware is sourced from manufacturers whose products are Energy Star certified.



Retired hardware

Retired hardware is handled in several different ways. Some of our branches give employees the option to buy off retired hardware with the goal of extending its use. We also donate hardware to NGOs, charities, schools, universities, and kindergartens. Only after all these options have been exhausted do we send hardware for recycling. In 2023, we sold or donated 496 pieces of personal hardware to our employees, which represents 99% of all retired hardware in Slovakia. **Globally, 51% of retired personal hardware was sold to employees, while 5% was donated** to NGOs, schools, and other entities, thus extending its lifespan.



Data centers

Data centers and server rooms are an essential part of our business. Although the amount of data we store increases with each passing year, which increases our energy consumption, **100% of the energy used by our data centers and included in our carbon footprint calculation comes from renewable sources**. The calculation covered the 4 most important data centers out of the total 5 external data centers that we use.

5. 2023 FINANCIAL RESULTS

In the long term, the ESET Group has consistently achieved positive growth in billings and revenues, as well as solid results in other key financial indicators. These solid results primarily stem from the provision of end-user licenses and services. Moving forward, the ESET Group plans to sustain this upward trajectory by releasing new versions and updates for its home products, as well as comprehensive security solutions tailored for medium-sized companies and large organizations. Additionally, the ESET Group aims to expand its product portfolio, with a strategic focus on cloud security and offerings for business customers.

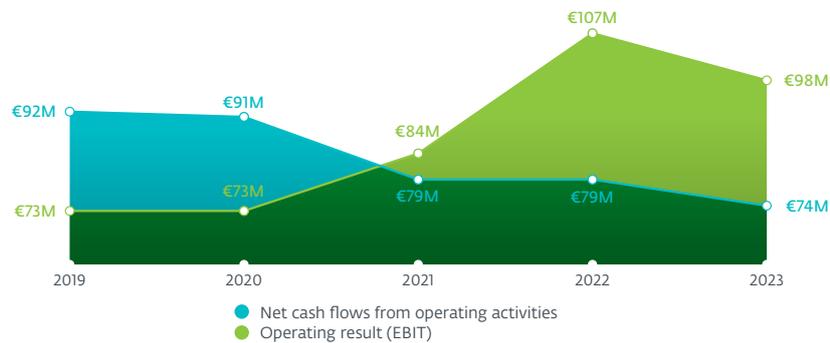
When assessing its financial position and performance, the ESET Group closely monitors key financial indicators. These include billings and revenues derived from end-user licenses and services; adjusted earnings before interest, taxes, depreciation, and amortization (adjusted EBITDA); as well as the operating result (EBIT) and net cash flows from operating activities. The evaluation of the ESET Group's financial situation and performance considers both traditional and alternative (non-IFRS) financial indicators. Despite the prevailing economic challenges – such as the conflicts in Ukraine or Israel, the energy crisis, and high inflation – the ESET Group has demonstrated positive growth and solid results in these key financial indicators from both a short-term and a long-term perspective. Looking ahead, the ESET Group anticipates a 10% increase in billings and revenues under fixed exchange rates, underscoring its strong financial position and performance even amidst the ongoing global economic uncertainty.

Indicator	CONSOLIDATED FINANCIAL STATEMENTS IN MILLION EUR			SEPARATE FINANCIAL STATEMENTS IN MILLION EUR		
	2022	2023	↑↓	2022	2023	↑↓
Revenues	601	632	5%	589	632	7%
Adjusted EBITDA	100	94	-6%	85	81	-5%
Operating result (EBIT)	88	85	-3%	79	74	-6%
Net cash flows from operating activities	120	106	-12%	107	98	-8%

Consolidated financial statements



Separate financial statements



The consolidated financial statements of the ESET Group, along with the separate financial statements of the ESET parent company for 2023, were prepared in accordance with the International Financial Reporting Standards adopted by the European Union (IFRS).

In 2023, the ESET Group's revenues rose from €601 million to €632 million, which represents an increase of 5% in comparison to the previous accounting period. The ESET parent company's revenues also rose, from €589 million to €632 million, which represents an increase of 7% over the same period. This growth in revenues aligns with the increase observed in the consolidated financial indicator.

The relatively slower year-on-year increase in the ESET Group's revenues, compared to the growth of the ESET parent company's revenues, can be primarily attributed to exchange rate fluctuations, the use of which differs between consolidated and separate financial statements if they are measured in accordance with IFRS. The absolute difference between the consolidated and separate financial statements is also reflected in deferred income, which will have a proportionate impact on revenues recognized in the upcoming period.

The adjusted earnings before interest, taxes, depreciation, and amortization (adjusted EBITDA) are an important alternative financial indicator measuring the ESET Group's operating performance, which is described in more detail under the consolidated financial statements. In 2023, the ESET Group's adjusted EBITDA declined from €100 million to €94 million, namely due to personnel expenses, which represents a decrease of 6% in the year-over-year comparison. The ESET parent company's adjusted EBITDA also declined, from €85 million to €81 million, which represents a decrease of 5% over the same time. The adjusted EBITDA margin as the proportion of adjusted EBITDA relative to revenues for the ESET Group stood at 15%, while the ESET parent company achieved 13% in 2023.

From a long-term perspective, the ESET Group has consistently demonstrated operational efficiency, i.e. it has a positive financial result determining its level of profitability. The ESET Group's operating result (EBIT) remained strong despite a slight decrease in 2023, mostly driven by personal expenses. It declined from €88 million to €85 million, which represents a decrease of 3% in comparison with the previous accounting period.

The ESET parent company's operating result (EBIT) also declined, from €79 million to €74 million, which represents a decrease of 6% over the same period. In 2023, both the ESET Group and the ESET parent company maintained a solid EBIT margin, which represents the proportion of operating result (EBIT) relative to revenues. Specifically, the ESET Group reached an EBIT margin of 13%, while the ESET parent company achieved a comparable EBIT margin of 12%.

This level of profitability increases the tax burden, whereby the ESET Group's total expenses on income tax due and deferred represented almost €19 million in 2023, out of which the total expenses of the ESET parent company represented over €15 million. The majority of these expenses within the ESET Group stem from the release of the ESET parent company's deferred tax asset as a result of its transition to IFRS prior to 2022 and the alignment of revenue recognition, which is described in more detail under the separate financial statements.

In 2023, the ESET Group's net cash flows from operating activities declined from €120 million to €106 million. Despite a decrease of 12%, the ESET Group maintained healthy cash flows from its core business operations. Over the same period, the ESET parent company's net cash flows from operating activities also declined, from €107 million to €98 million, which represents an annual decrease of 8%. Both the ESET Group and the ESET parent company also maintained a solid operating net cash flows margin in 2023, which represents the proportion of operating net cash flows relative to revenues. Specifically, the ESET Group achieved an operating net cash flows margin of 17%, while the ESET parent company achieved a comparable operating net cash flows margin of 16%.

The ESET Group's high liquidity was further boosted by a cash and cash equivalents balance of €67 million, as well as a term deposits balance of €134 million at the end of 2023. Additionally, the absence of loans historically contributed to the company's 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 2023. As a research and development center, the ESET parent company plans to utilize the benefits provided by the Income Tax Act (Section 30c of the Act) and apply an R&D cost deduction of €8,877,267.86 for 2023. In 2023, the ESET parent company also additionally applied R&D cost deductions for 2022. In 2023, the products that are described in more detail in Section 2. Innovation and Technology were introduced as part of R&D activities.

DISTRIBUTION OF PROFIT

The company's ordinary general meeting that took place on 23 May 2024 approved the separate financial statements of the ESET parent company and the consolidated financial statements of the ESET Group for 2023. At the same time, the ordinary general meeting approved that the net profit of the company for 2023 after taxation reported in the separate financial statements of the company for 2023 in the amount of €64,292,379 in total, will be distributed as follows:

- a) part of the company's profit for 2023 in the amount of €40,000,000 will be distributed among the shareholders in proportion to their shares in the company as of 30 June 2024;

- b) part of the company's profit for 2023 in the amount of €23,892,379 will be distributed among the shareholders in proportion to their shares in the company as of 31 August 2024; and
- c) the remaining part of the company's profit for 2023 in the amount of €400,000 will be transferred to the social fund.

As per the per rollam resolution of the shareholders from 15 December 2023, the shareholders approved the that part of the net profit of the company for 2022 transferred to the Retained earnings account in the amount of €7,474,669.78 will be distributed among the company's shareholders in proportion to their shares in the company as of 31 January 2024.

SUBSEQUENT EVENTS

The inheritance proceedings for the late partner Rudolf Hrubý were completed on 7 March 2024. Rudolf Hrubý's share in the parent company was inherited by Elena Hrubá and Ján Hrubý, each receiving an equal share. On 28 March 2024, the heirs were registered as joint shareholders in the Commercial Register of the Slovak Republic. Ján Hrubý was registered as their representative.

Between 31 December 2023 and the day when the annual report was prepared, no other events took place that would significantly impact the group's assets and liabilities.

6. EU TAXONOMY

Pursuant to Regulation (EU) 2020/852 of 18 June 2020 (known as the “Taxonomy Regulation”) and Commission Delegated Regulation (EU) 2021/2139 of 4 June 2021 (hereinafter also referred to as the “Delegated regulation” or the “Delegated act”) that determine the conditions under which economic activities can be considered as substantially contributing to objectives, the following applies.

An economic activity that is *eligible* for the Taxonomy is an economic activity that is included and described in the Delegated Acts, regardless of whether that economic activity meets some or all the environmental criteria set out in those Delegated Acts. An economic activity is considered *aligned* with the Taxonomy if it is classified as environmentally sustainable, substantially contributes to one or more environmental objectives, and complies with “technical screening criteria” established by the European Commission through delegated acts. At the same time, this economic activity must not cause significant harm to one or more environmental objectives defined in the EU Taxonomy Regulation:

- Climate change mitigation
- Climate change adaptation
- Sustainable use and protection of aquatic and marine resources
- Transition to a circular economy
- Pollution prevention and reduction
- Protection and restoration of biodiversity and ecosystems.

In addition, these economic activities must be carried out in compliance with minimum social guarantees, the so-called “minimum safeguards”.

ESET Group is required to disclose the share of its revenue, its capital expenditure (CapEx), and certain operational expenses (OpEx) for the 2023 financial year resulting from economic activities considered eligible and aligned in terms of the objectives of mitigation and adaptation to climate change.

The 2023 financial year is already the second year of Taxonomy disclosures reporting for ESET Group. The Directorate-General for Financial Stability, Financial Services, and Capital Markets Union published the text of Commission Delegated Regulation (EU) 2023/2486 of 27 June 2023 supplementing Regulation (EU) 2020/852⁶ of the European Parliament and of the Council.

This supplement made no deletions from Article 10 of Delegated Regulation (EU) 2021/2178⁷, which means that the original obligation requiring ESET Group to pursue an alignment analysis of the first two objectives remains valid. The amendment to Delegated Regulation (EU) 2021/2178 triggered a deletion of paragraph 5 in Article 8, phasing out the 12-month grace period for considering the remaining four objectives following their publication. On the other hand, Commission Delegated Regulation (EU) 2023/2486 of 27 June 2023, which came into effect on 1 January 2024, introduced the obligation to pursue a Taxonomy eligibility analysis that considers the complete set of Taxonomy objectives.

Therefore, the ESET Group pursued an eligibility analysis of the complete set of activities clustered into 16 sectors, also embracing new activities introduced along with criteria sets representing the remaining four Taxonomy objectives. The complete set of criteria being represented by all Taxonomy objectives was considered during the subsequent detailed alignment analysis.

⁶ Commission Delegated Regulation (EU) [2023/2486](#) of 27 June 2023.

⁷ Commission Delegated Regulation (EU) [2021/2178](#) of 6 July 2021.

6.1 ELIGIBLE ACTIVITIES

A taxonomy-eligible economic activity is an economic activity defined in point (5) of Article 1 of the Disclosures Delegated Act⁸. The definition of a taxonomy-eligible economic activity is also described in the delegated acts adopted pursuant to Article 10(3), Article 11(3), Article 12(2), Article 13(2), Article 14(2), and Article 15(2) of Regulation (EU) 2020/852.

In its notice⁹, the European Commission provides further clarification on eligibility: According to Article 1(5) of the Disclosures Delegated Act, an economic activity is eligible irrespective of whether it meets any or all of the technical screening criteria laid down in the Climate Delegated Act (and future delegated acts). Therefore, the fact that an economic activity is Taxonomy-eligible does not give any indication of the environmental performance or sustainability of that activity.

The ESET Group conducted a detailed analysis of all its activities. This analysis, carried out by the Finance department, business line experts, and facility managers, led to the identification of the following eligible activities for the year ending 31 December 2023:

8.1. Data processing, hosting, and related activities

The ESET Group has been continuously reporting activity 8.1. as eligible for the second year in a row. It involves investments into the group's own server, storage, and data center hardware located in data centers in Slovakia and abroad. This economic activity is considered a transitional activity that substantially contributes to climate change mitigation as referred to in Article 10(2) of Regulation (EU) 2020/852.

7.7. Acquisition and ownership of buildings

This activity is defined as buying real estate and exercising ownership of that real estate, and is based on the principle of applying the economic ownership of buildings according to IFRS 16 Leases. The delegated act directly refers to IFRS 16, according to which we reported the right-of-use assets. ESET and its consolidated entities (defined in Section 1.2.) make use of rented premises. The ESET Group has been reporting this activity for the second year in a row.

3.3. Demolition and wrecking of buildings and other structures

The inclusion of activity 3.3. among eligible activities was triggered by the evolution of the ESET Campus project. Demolition and wrecking activities on the construction site are capitalized and will be finished and put into use in the 2024 financial year. The total duration of the demolition and wrecking activity was 9 months.

The ESET Group has analyzed its activities in line with the original Taxonomy Regulations and their further amendments, especially Regulation (EU) 2023/2485¹⁰ and Regulation (EU) 2023/2486¹¹.

Analytical outcomes were also supported by the official Commission Notice on the interpretation and implementation of certain legal provisions of the EU Taxonomy Regulation from June 2023¹² and October 2023¹³.

⁸ Commission Delegated Regulation (EU) [2021/2178](#) of 6 July 2021.

⁹ Commission [Notice](#) on the interpretation of certain legal provisions of the Disclosures Delegated Act under Article 8 of EU Taxonomy Regulation on the reporting of eligible economic activities and assets.

¹⁰ Commission Delegated Regulation (EU) [2023/2485](#) of 27 June 2023.

¹¹ Commission Delegated Regulation (EU) [2023/2486](#) of 27 June 2023.

¹² Commission Notice [2023/C 211/01](#) on the interpretation and implementation of certain legal provisions of the EU Taxonomy Regulation and links to the Sustainable Finance Disclosure Regulation.

¹³ Commission Notice [C/2023/305](#) on the interpretation and implementation of certain legal provisions of the Disclosures Delegated Act under Article 8 of EU Taxonomy Regulation.

Based on information in the above-mentioned regulations and their interpretations, the ESET Group decided to list neither Taxonomy activity 8.2. *Computer programming, consultancy, and related activities* nor activity 8.2. *Data-driven solutions for GHG emissions reductions* among eligible activities due to prevailing market cases when businesses from the ICT sector similar to the ESET Group¹⁴ opted for the latter activity. The ESET Group, however, does not have the option to opt for the Data-driven solutions for GHG emissions reductions activity due to the fact that there is no protective software solution marketed by the ESET Group that contributes toward GHG emissions reductions.

¹⁴ The similarity in this case means that other ICT businesses use IFRS 15 to report their revenues from the provision of software, mainly from license fees and support services, like the ESET Group does.

6.2 METHODOLOGY EXPLANATIONS

The ESET Group regularly reviews developments in EU Taxonomy application, whether it is represented by implemented sectoral practices or official notices published by the European Commission. A higher degree of clarity was provided by the Commission Notices on the interpretation of certain legal provisions of the Disclosures Delegated Act published in October 2022¹⁵ and October 2023¹⁶. Both notices tend to clarify the provisions already contained in the applicable Taxonomy legislation. Thanks to the higher degree of certainty derived from these notices, the ESET Group implemented the following methodological changes:

CALCULATION OF OPEX

- The commission notice reconfirms the approach (point No. 33 of C/2023/305) that OpEx categories added to the numerator should also (simultaneously) be accounted for in the denominator of the OpEx KPI. In practical terms, this means that the total OpEx denominator presented for the 2022 financial year would differ if the OpEx numerator was disclosed. In other words, the OpEx denominator is extended as well by adding categories to the OpEx numerator during the alignment phase.
- A further clarification was provided in relation to the thematic definition of eligible OpEx. According to Commission Notice C/2023/305, maintenance, repair, and any other direct expenditures in the denominator of the OpEx KPI relate principally to physical assets. However, maintenance and repair or other direct costs could also be relevant for intangible assets (e.g. right-of-use assets and software). This additional explanation assures us that we can add IT equipment maintenance to the OpEx denominator.
- In relation to a more detailed distinction between OpEx categories (the inclusions/exclusions table published in Commission Notice 2022/C 385/01, point No. 12), we are not considering petrol costs (as they have the characteristics of fluids needed to operate an asset) and utilities.

CALCULATION OF CAPEX

- Electric vehicles: An exemption for leases was applied to CapEx related to electric vehicles that were not capitalized based on the materiality principle. The ESET Group will make an effort to revert from the recognition of payments for electric vehicles leases as an OpEx expense in future periods in order to be able to include them in the EU Taxonomy eligibility and alignment calculations.

¹⁵ [COMMISSION NOTICE 2022/C 385/01](#).

¹⁶ [COMMISSION NOTICE C/2023/305](#).

6.3 ALIGNED ACTIVITIES

The ESET Group conducted a detailed technical criteria screening and a consecutive analysis of all assets and facilities that are related to CapEx additions linked to activities 8.1. *Data processing, hosting, and related activities*, 7.7. *Acquisition and ownership of buildings*, and 3.3. *Demolition and wrecking of buildings and other structures*.

This analysis led to the identification of the following aligned activities for the year ending 31 December 2023:

Activity 8.1. Data processing, hosting, and related activities

The assessment of technical criteria comprised storage, servers, and data center hardware located in Slovakia and other countries. The criteria were mostly represented by topics of energy efficiency, circular economy, climate risks, water impact, and GHG emission intensity.

Activity 7.7. Acquisition and ownership of buildings

Right-of-use assets related to this activity are represented by capitalized aggregation of lease payments, including lease payments already paid and reduced by any lease incentives related to new rented premises in 2023 or rented premises modified during the 2023 financial year under IFRS 16 Leases. The technical criteria assessment included topics of energy efficiency and climate risks.

Activity 3.3. Demolition and wrecking of buildings and other structures

Criteria that were checked in relation to this activity mostly fell under the circular economy area, other criteria tackled topics of climate risks and environmental impacts, including impact on water.

SUBSTANTIAL CONTRIBUTION CRITERIA

Contribution to climate change mitigation objective

Activity 8.1. *Data processing, hosting, and related activities* of the ESET Group contributes 100% to the *Climate change mitigation objective*. The activity is labeled a transitional activity, its contribution toward climate change mitigation is therefore expected.

- Server, storage, and data center hardware that was evaluated as being in line with the substantial contribution criteria was located in data center buildings that demonstrated a good energy efficiency standard¹⁷ and were assessed as being in line with good practices as defined by the European Code of Conduct on Data Center Energy Efficiency. Such a standard was regularly verified by a third party, and verification was always triggered by energy efficiency certification renewal processes¹⁸. Refrigerants used in data rooms with taxonomy-aligned equipment were either equipped with a refrigerant whose global warming potential (GWP) did not exceed 675 or the cooling system was water-based (CRAH).

¹⁷ EPA (Environmental Protection Agency) Energy Star Benchmarking or EU Climate Neutral Data Center Pact.

¹⁸ ISO 50001:2018 and ISO 14001:2015.

Contribution to the climate change adaptation objective

Activity 7.7. *Acquisition and ownership of buildings* contributes 100% to the *Climate change adaptation* objective. Aligned CapEx additions were represented by leases of the ESET Group's rented premises reported under IFRS 16, and substantial contribution criteria were evaluated in cooperation with landlords.

- All cases labeled as aligned consisted of either in-house climate risk and vulnerability assessments or assessments backed up with state-of-the-art science for vulnerability and risk analysis and related methodologies. All aligned cases demonstrated three basic phases (risk screening, risk assessment,¹⁹ and the presentation of adaptation measures).

Contribution to the transitioning to a circular economy objective

Activity 3.3. *Demolition and wrecking of buildings and other structures* contributes 100% to the *Transition to a circular economy* objective. For the purpose of Taxonomy reporting, the ESET Group considers demolition and wrecking a one-time project that represents a phase before a more extensive construction project. The demolition and wrecking project (hereinafter referred to as the "demolition project") has a limited lifespan of two years.

- The demolition project has a 97.98% re-use and recycling rate. The operator of the activity conducted a pre-demolition audit in line with the EU Construction and Demolition Waste Management Protocol and used the concept checklist inspired by the protocol. Measures defined by the EU Taxonomy were discussed with the ESET Group prior to the start of the demolition or wrecking activity.

"DO NO SIGNIFICANT HARM" CRITERIA

The EU Taxonomy requires businesses to assess and confirm that pursuing a selected activity causes no harm to the other remaining objectives, with the exception of the objective to which the business aims to contribute with the activity. The ESET Group is disclosing the results of this assessment of "do no significant harm" (DNSH) criteria for each activity as confirmation that no harm was caused in the remaining areas defined by other objectives²⁰.

Activity 8.1. Data processing, hosting, and related activities

Climate change adaptation – Alignment with the DNSH criterion was done at the data center level. A climate risk and vulnerability assessment was carried out with respect to the specific geographic conditions of the data center's location, assessing the climate risk exposure criterion. Overall, the use of climate projections, area resolution, and risk screening and assessment were informed by the most recent scientific studies available for locally specific areas.

Water – Tracking of the impact on water and the implementation of preventative and adaptation measures is embedded in the data center owner's strategy. Water risk is calculated, and the calculation is supported with scientific and objective metrics²¹.

Circular economy – The IT equipment in the data center is owned by the ESET Group, which bears the responsibilities resulting from this ownership. ESET Slovakia has an official waste management procedure in place, ensuring maximal recycling at the end of life of IT equipment in line with the Slovak Act on Waste²². The centralized procedure of electronic waste collection in Slovakia follows the requirements of the WEEE directive and sets up a waste treatment plan for 2023 and consecutive annual periods.

¹⁹ Derived from the expected lifespan of buildings, 10 to 30-year climate projection scenarios were considered.

²⁰ In some cases, DNSH criteria are not disclosed for all five remaining objectives.

²¹ Water stress by [Aquaduct tool](#).

²² Act No. [79/2015](#) Coll. on waste transposing Directive [2012/19/EU](#) on waste electrical and electronic equipment (WEEE)

Activity 7.7. Acquisition and ownership of buildings

Climate change mitigation – All rented buildings representing CapEx additions under IFRS 16 in 2023 that were aligned with the Taxonomy technical criteria had the required energy performance certification.

Activity 3.3. Demolition and wrecking of buildings and other structures

Climate change mitigation – Materials that trigger emissions of greenhouse gases and ozone-depleting substances were handled in a way that ensures their reuse or destruction in line with the Taxonomy technical criteria.

Climate change adaptation – a limited climate risk and vulnerability assessment was realized for a specific geographic area in Bratislava using an Environmental Impact Assessment document as a basis for climate risk screening. Due to a project lifespan of a maximum of 9 months, the alignment with RCP/SSP scenarios and a comparison against 2030/2050 climate projections would not be adequate. The full risk assessment with gridded data of different resolutions from 10×10 meters to 0.1°×0.1° aggregated at the municipal level will be realized in relation to the subsequent ESET Campus project, which immediately replaces and elaborates on this initial investment into demolition activities.

Water – Water-related risk assessments were carried out in the project's Environmental Impact Assessment.

Pollution prevention – Measures are taken to reduce noise, dust, and pollutant emissions during demolition and wrecking works.

Biodiversity – An Environmental Impact Assessment was carried out in relation to the demolition project. The overall project is not located in biodiversity-sensitive areas.

6.4 MINIMUM SAFEGUARDS

In all its business activities, the ESET Group considers the complete set of minimum safeguard formation documents²³.

ESET spol. s r.o. had a valid Code of Ethics in place. Some branches of the ESET Group adhered to their own ethical codes in accordance with local principles and applicable regulations. Throughout the year, the group was in the process of commenting on and approving policies for a new Global Code of Ethics and Integrity based on these company principles: fairness and equality; legality and compliance; respect for human dignity; diversity, equity, and inclusion; freedom and democracy; protection of the environment; integrity and accountability for mistakes; fostering innovation and creativity; and lifelong learning.

The ESET Group's Code of Ethics and Integrity (hereinafter also referred to as the "Code of Ethics") was published in May 2024. Updates to the Global Policy on the Procurement of Goods and Services (hereinafter also referred to as the "Procurement Policy") were published in January 2024. The updates and amendments to the above-mentioned strategic documents strengthen the ESET Group's commitment to minimum safeguard key topics already defined in the 2022 annual report. This strategic documentation contains following the key topics of minimum safeguards:

Human rights

Commitment to basic human rights is outlined in the Code of Ethics and Integrity. ESET has a global compliance hotline for reporting violations of the law and its Code of Ethics and Integrity. In addition to these reports, ESET also handles whistleblowing complaints. These complaints are managed both globally and locally, in accordance with the specific legislation of each country. The procedure ensures that any ethical or legal concerns within the organization are addressed promptly and appropriately.

Anti-corruption

In its Code of Ethics and Integrity, the ESET Group is committed to ethical business and business partnerships. Under no circumstances shall the group engage in unfair business practices, any form of bribery, or corruption.

Taxation

The ESET Group complies with fiscal law in all the countries where it operates. All tax risks are closely monitored by the Legal, Tax, and Finance departments.

Fair competition

The principles of fair competition are outlined in the Procurement Policy (namely in the parts devoted to conflicts of interests) and in the External Relationships section of the Code of Ethics and Integrity

Legal monitoring

The ESET Group accepts whistleblowing complaints. Any area of human rights can be subject to a complaint. Reports of violations of the law or the Code of Ethics and Integrity can be submitted by e-mail. The whistleblower is protected against discrimination or any kind of retaliation in association with their report of a Code of Ethics and Integrity violation, but notifications can also be made anonymously.

²³ OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, including all principles and rights set out in the International Labor Organization's Declaration on Fundamental Principles and Rights at Work and the International Bill of Human Rights.

6.5 DETAILS ON THE TAXONOMY PERFORMANCE INDICATORS

ELIGIBLE AND ALIGNED TURNOVER

The proportion of economic activities eligible for or (further) aligned with the Taxonomy in total consolidated revenues of the ESET Group is calculated as the portion of consolidated revenues from services related to economic activities eligible for or aligned with the Taxonomy (numerator) divided by consolidated revenues (denominator), in each case for the year ending 31 December 2023.

The denominator of the "revenues" indicator is based on the ESET Group's consolidated revenues and amounts to €632,000 thousand in 2023.

As outlined in the Eligible Activities chapter, no revenue-generating activity was labeled eligible by the ESET Group in the 2023 financial year. Consequently, there are no Taxonomy-aligned revenues. Taxonomy-eligible revenues amount to 0% of the total consolidated revenues, based on €0 of consolidated net revenues from Taxonomy-eligible business activities. The share of Taxonomy-aligned revenues reached 0% of our total consolidated revenues.

The breakdown of our turnover KPIs eligible for and aligned with the Taxonomy by economic activity is shown in the following table:

Economic activities	Year		Substantial contribution criteria						DNSH ("do no significant harm") criteria										
	Code	Turnover	Proportion of turnover for 2023	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Minimum safeguards	Proportion of Taxonomy-aligned (A.1) or eligible (A.2) Turnover, 2022	Category: enabling activity	Category: transition activity
		In thousand EUR	%	Y; N; N/ EL	Y; N; N/ EL	Y; N; N/ EL	Y; N; N/ EL	Y; N; N/ EL	Y; N; N/ EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)																			
Of which enabling																		E	—
Of which transitional																		—	T
A.2. Taxonomy-eligible but not environmentally sustainable activities (Taxonomy non-aligned activities)																			
Turnover of Taxonomy-eligible but environmentally unsustainable activities (Taxonomy non-aligned activities) (A.2)																—	0.00%	—	—
A. Turnover of Taxonomy-eligible activities (A.1 + A.2)		0	0.0%													—	0.00%	—	—
B. TAXONOMY NON-ELIGIBLE ACTIVITIES																			
Turnover of Taxonomy non-eligible activities (B)		632,001	100.0%																
TOTAL (A + B)		632,001																	

TAXONOMY-ELIGIBLE AND ALIGNED CAPITAL EXPENDITURES (CAPEX)

The selection of capital expenditures from Taxonomy-eligible activities was based on an analysis of the complete set of Taxonomy activities clustered into 16 sectors, which also embraced new activities introduced along with criteria sets representing the remaining four Taxonomy objectives. The ESET Group thus identified three eligible activities resulting in capital expenditures. Capital expenditures are related to these activities when the acquired output or an individual measure meets the activity description presented in the Taxonomy Delegated Act²⁴. The capital expenditures that were considered included owned (legal ownership) and leased (economic ownership) assets.

The CapEx KPI is defined as follows: CapEx eligible for or aligned with the Taxonomy (numerator) divided by the total consolidated CapEx (denominator) of the ESET Group.

Total capital expenditures include acquisitions of property, plant, equipment, and intangible assets during the financial year, before depreciation and revaluations, including those resulting from revaluations and impairments, and excluding changes in fair value. This includes expenditures accounted in accordance with IAS and IFRS as specified by the Taxonomy Delegated Act²⁵. Acquisitions resulting from business combinations are also considered. Goodwill is not included in CapEx as it is not defined as an intangible asset under IAS 38 Intangible Assets.

As a result, ESET's total consolidated CapEx is €18,870 thousand in 2023.

The CapEx amount for 7.7. *Acquisition and ownership of buildings* is also the result of our centralized monitoring of new or modified real estate lease agreements under IFRS 16 (lease additions) and the calculation of the corresponding right-of-use assets in accordance with IFRS 16 Leases. Right-of-use assets related to buildings were represented by the 2023 additions that met the technical criteria for eligibility, i.e. 100% of the ESET Group's total real estate additions. However, not all of these buildings met the Taxonomy technical criteria requirements, and based on that the ESET Group reported Taxonomy alignment on 1.5% of all new real estate leases for 2023.

The CapEx amount for 8.1. *Data processing, hosting, and related activities* is the result of centralized monitoring of storage, server, and data center hardware purchases. This way, the ESET Group was able to assess the value of the 2023 purchases that met the eligibility criteria, i.e. 100% of the group's total storage and server equipment purchases. Not all of these purchases met the Taxonomy technical criteria requirements, so the ESET Group is reporting taxonomy alignment on 0.1% of our new additions (purchases) for 2023.

The CapEx amount for 3.3 *Demolition and wrecking of buildings and other structures* is the result of the monitoring of capital expenditures resulting from direct demolition and wrecking ("demolition project"). CapEx additions that were linked to the demolition project indirectly (e.g. expenditures for architectural and consulting services) did not meet the eligibility criteria for activity 3.3 *Demolition and wrecking of buildings and other structures*. All direct purchases met the Taxonomy technical criteria requirements, so the ESET Group is reporting Taxonomy alignment on 6.1% of our new purchases for 2023.

²⁴ Every activity description contains a recommendation referring to a specific NACE classification code. The reference to the NACE classification code is always illustrative and the business is given a certain degree of freedom when considering how to match the acquired output or individual measure with the activities set up by the Taxonomy.

²⁵ IAS 16, IAS 38, IAS 40, IAS 1, and IFRS 16 specified by Commission Delegated Regulation (EU) [2021/2178](#) of 6 July 2021

As a result, for the 2023 financial year, the shares of Taxonomy-eligible and Taxonomy-aligned CapEx amount to 54.5% and 7.7% of our total consolidated CapEx, respectively, which amounts to €10,280 thousand of Taxonomy-eligible CapEx and €1,444 thousand of Taxonomy-aligned CapEx.

The breakdown of our Taxonomy-eligible and Taxonomy-aligned CapEx KPIs by economic activity is shown in the tables below:

Economic activities	Year			Substantial contribution criteria						DNSH ("do no significant harm") criteria						Minimum safeguards			
	Code	CapEx	Proportion of CapEx for 2023	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Minimum safeguards	Proportion of Taxonomy-aligned (A.1) or eligible (A.2) CapEx, 2022	Category: enabling activity	Category: transition activity
		In thousand EUR	%	Y; N; N/ EL	Y; N; N/ EL	Y; N; N/ EL	Y; N; N/ EL	Y; N; N/ EL	Y; N; N/ EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Acquisition and ownership of buildings	7.7	279	1.5%	N	Y	N/A	N/A	N/A	N/A	Y	N	N	N	N	N	Y	11.40%		
Data processing, hosting, and related activities	8.1	17	0,1%	Y	N	N/A	N/A	N/A	N/A	N	Y	Y	N	Y	N	Y	0.40%		T
Demolition and wrecking of buildings and other structures	3.3 (CE)	1,149	6.1%	N/A	N/A	N/A	N/A	Y	N/A	Y	Y	Y	Y	Y	Y	Y			
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		1,444	7.7%														11.70%		
Of which enabling		0																E	—
Of which transitional		17																—	T
A.2. Taxonomy-eligible but not environmentally sustainable activities (Taxonomy non-aligned activities)																			
Acquisition and ownership of buildings	7.7	4,387	23.2%														17.80%	—	—
Data processing, hosting, and related activities	8.1	3,300	17.5%														12.30%	—	—
Demolition and wrecking of buildings and other structures	3.3 (CE)	1,149	6,1%															—	—
CapEx of Taxonomy eligible but environmentally unsustainable activities (Taxonomy non-aligned activities) (A.2)		8,835	46.8%														30.20%	—	—
A. CapEx of Taxonomy eligible activities (A.1 + A.2)		10,280	54.5%															—	—
B. TAXONOMY NON-ELIGIBLE ACTIVITIES																			
CapEx of Taxonomy non-eligible activities (B)		8,591	45.5%																
TOTAL (A + B)		18,870	100%																

TAXONOMY-ELIGIBLE AND ALIGNED OPERATING EXPENSES (OPEX)

Total operating expenses (OpEx) in the Taxonomy correspond to non-asset costs related to research and development, building renovation measures, short-term leases, maintenance and repair, and any other direct expenses related to the routine maintenance of property, plant, and equipment.

Section 1.1.3.2 in Annex I to Article 8(2) of the Taxonomy Regulation²⁶ allows for a certain degree of flexibility in the reporting of the OpEx KPI where the OpEx is not considered material for the business model of a non-financial business.

The assessment of OpEx under this definition led to the conclusion that these expenses are not material in relation to ESET's consolidated OpEx and the ESET Group's business model. The group's purpose is the development of intellectual products while residing in rented premises. Therefore, the ESET Group has no operational expenses related to the maintenance of machinery and its own premises.

The breakdown of our Taxonomy-eligible and Taxonomy-aligned OpEx KPIs by economic activity is shown in the tables below:

²⁶ Commission Delegated Regulation (EU) [2021/2178](#) of 6 July 2021

Economic activities	Year		Substantial contribution criteria						DNSH ("do no significant harm") criteria										
	Code	OpEx	Proportion of OpEx for 2023	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Minimum safeguards	Proportion of Taxonomy-aligned (A.1) or eligible (A.2) OpEx, 2022	Category: enabling activity	Category: transition activity
	In thou- sand EUR		%	Y: N; N/ EL	Y: N; N/ EL	Y: N; N/ EL	Y: N; N/ EL	Y: N; N/ EL	Y: N; N/ EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)	0	0.0%																	
Of which enabling																		E	—
Of which transitional																		—	T
A.2. Taxonomy-eligible but not environmentally sustainable activities (Taxonomy non-aligned activities)																			
Activity 1	0	0.0%																	
Activity 2	0	0.0%																	
OpEx of Taxonomy eligible but environmentally unsustainable activities (Taxonomy non-aligned activities) (A.2)																—	0.00%	—	—
A. OpEx of Taxonomy-eligible activities (A.1 + A.2)	0	0.0%														—	0	—	—
B. TAXONOMY NON-ELIGIBLE ACTIVITIES																			
OpEx of Taxonomy non-eligible activities (B)	3,039	100.0%																	
TOTAL (A + B)	3,039																		

7. ANNEXES

**ANNEX 1:
CONSOLIDATED FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT
AS OF 31 DECEMBER 2023**

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 2023

ESET, spol. s r.o.

INDEPENDENT AUDITOR'S REPORT

To the Partners, Supervisory Board 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 2023, 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 material accounting policy information.

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 2023, 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.

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited ("DTTL"), its global network of member firms, and their related entities (collectively, the "Deloitte organization"). DTTL (also referred to as "Deloitte Global") and each of its member firms and related entities are legally separate and independent entities, which cannot obligate or bind each other in respect of third parties. DTTL and each DTTL member firm and related entity is liable only for its own acts and omissions, and not those of each other. DTTL does not provide services to clients. Please see www.deloitte.com/sk/en/about to learn more.

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.

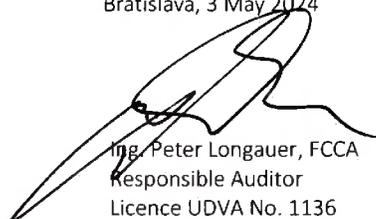
As at the issuance date of the auditor's report on the audit of consolidated financial statements, the consolidated annual report was not available to us.

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 2023 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, 3 May 2024



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

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



**CONSOLIDATED FINANCIAL STATEMENTS
PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING
STANDARDS AS ADOPTED BY THE EU
For the year ended 31 December 2023**

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**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2023
(in thousands EUR)**

	Note	2023	2022
Revenues from the provision of end-user licences and services	8	632 001	600 745
Services	9	(365 857)	(349 526)
Personnel expenses	10	(168 574)	(146 636)
Depreciation		(13 561)	(11 873)
Loss allowances		(1 210)	(2 488)
Other operating (expenses)/income, net	11	2 332	(2 061)
Profit/loss from the liquidation of a subsidiary		-	(1)
Finance income	12	3 825	4 879
Finance costs	13	(4 556)	(1 255)
Profit before tax		<u>84 400</u>	<u>91 784</u>
Income tax	14	(18 603)	(23 567)
PROFIT FOR THE YEAR		<u>65 797</u>	<u>68 217</u>
OTHER COMPREHENSIVE INCOME			
Items that may be reclassified subsequently to profit or loss:			
<i>Foreign exchange differences on translating foreign operations into the reporting currency</i>			
		1 497	(3 954)
<i>Of which: Foreign exchange differences reclassified to profit or loss – profit/loss from the disposal of a subsidiary</i>			
		-	(17)
Items that may not be reclassified subsequently to profit or loss:			
<i>Gains (+)/losses (-) on the revaluation of defined benefit plans, net of tax</i>			
	25	(17)	5
TOTAL COMPREHENSIVE INCOME		<u>67 277</u>	<u>64 268</u>
Profit attributable to:			
Owners of the parent company		65 789	68 207
Minority interests		8	10
Total profit for the period		<u>65 797</u>	<u>68 217</u>
Other comprehensive income attributable to:			
Owners of the parent company		1 487	(3 943)
Minority interests		(7)	(6)
Total other comprehensive income for the period		<u>1 480</u>	<u>(3 949)</u>



**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 DECEMBER 2023
(in thousands EUR)**

	<i>Note</i>	31 December 2023	31 December 2022
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	16	56 761	51 360
Right-of-use assets	24	24 043	24 464
Intangible assets	17	2 772	3 559
Other assets		3 368	3 111
Capitalised contract costs	18	86 022	83 912
Deferred tax asset	22	34 460	45 508
Total non-current assets		<u>207 426</u>	<u>211 914</u>
CURRENT ASSETS			
Cash and cash equivalents	21	67 285	118 400
Term deposits	21	134 000	5 000
Trade and other receivables	19	23 404	15 551
Income tax assets		4 164	180
Capitalised contract costs	18	175 756	169 239
Inventories		283	339
Total current assets		<u>404 892</u>	<u>308 709</u>
TOTAL ASSETS		<u>612 318</u>	<u>520 623</u>
EQUITY AND LIABILITIES			
EQUITY			
Registered capital		140	140
Share premium		740	740
Legal reserve fund		167	166
Other capital funds		708	1 003
FX translation reserve		(7 414)	(9 890)
Revaluation reserve – actuarial gains and losses		(12)	5
Retained earnings		11 733	(42 855)
<i>Equity attributable to the owners of the parent company in total</i>		<u>6 062</u>	<u>(50 691)</u>
<i>Minority interest</i>		69	68
Total equity		6 131	(50 623)
NON-CURRENT LIABILITIES			
Deferred income	26	157 730	153 259
Non-current lease liabilities	24	17 905	18 900
Other non-current liabilities		805	498
Provisions	25	10 877	8 561
Deferred tax liability	22	28	35
Total non-current liabilities		<u>187 345</u>	<u>181 253</u>
CURRENT LIABILITIES			
Trade and other payables	23	69 368	60 767
Deferred income	26	339 316	320 374
Current lease liabilities	24	7 240	6 550
Provisions	25	1 802	1 747
Current income tax		1 116	555
Total current liabilities		<u>418 842</u>	<u>389 993</u>
TOTAL EQUITY AND LIABILITIES		<u>612 318</u>	<u>520 623</u>



**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023
(in thousands EUR)**

	<i>Registered Capital</i>	<i>Share Premium</i>	<i>Legal Reserve Fund</i>	<i>Other Capital Funds</i>	<i>Foreign Currency Translation Reserve</i>	<i>Revaluation Reserve – Actuarial Gains/Losses</i>	<i>Retained Earnings</i>	<i>Total (Owners of the Parent Company)</i>	<i>Minority Interest</i>	<i>Total</i>
Balance at 31 December 2021	140	740	154	693	(6 209)	-	(32 826)	(37 308)	64	(37 244)
Net profit for the year	-	-	-	-	-	-	68 207	68 207	10	68 217
Allocation to reserve funds from profit	-	-	12	155	-	-	(167)	-	-	-
Dividends paid	-	-	-	-	-	-	(78 164)	(78 164)	-	(78 164)
Hyperinflationary restatement	-	-	-	155	327	-	35	517	-	517
Other items of comprehensive income/loss for the period (actuarial gains/losses)	-	-	-	-	-	5	-	5	-	5
Other comprehensive income, net	-	-	-	-	(4 008)	-	60	(3 948)	(6)	(3 954)
Balance at 31 December 2022	140	740	166	1 003	(9 890)	5	(42 855)	(50 691)	68	(50 623)
Net profit for the year	-	-	-	-	-	-	65 789	65 789	8	65 797
Allocation to reserve funds from profit	-	-	1	85	-	-	(86)	-	-	-
Dividends paid	-	-	-	-	-	-	(11 075)	(11 075)	-	(11 075)
Hyperinflationary restatement	-	-	-	(380)	972	-	(40)	552	-	552
Other items of comprehensive income/loss for the period (actuarial gains/losses)	-	-	-	-	-	(17)	-	(17)	-	(17)
Other comprehensive income, net	-	-	-	-	1 504	-	-	1 504	(7)	1 497
Balance at 31 December 2023	140	740	167	708	(7 414)	(12)	11 733	6 062	69	6 131

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 share premium in relation to the acquisition of a subsidiary, ESET, LLC.

Other capital funds comprise cumulative profits/losses of a subsidiary, ESET LATINOAMERICA S.R.L., which are transferred from Retained earnings in compliance with local legislation.

In previous reporting periods, the Group recognised negative equity due to differences between Slovak accounting regulations and IFRS and the fact that historically the Parent Company paid out dividends based on comprehensive income recognised in the separate financial statements of the Parent Company. As of the 2022 reporting period, the Parent Company prepares its separate financial statements in accordance with the IFRS Accounting Standards and pays out dividends based on comprehensive income recognised in its separate financial statements prepared in accordance with the IFRS Accounting Standards.



**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2023
(in thousands EUR, unless stated otherwise)**

	2023	2022
Cash flows from operating activities		
Profit before tax	84 400	91 784
Non-cash transactions affecting profit/loss from ordinary activities before income tax:		
Interest charged to expenses	788	737
Interest charged to income	(3 762)	(866)
Profit from the sale of assets	(93)	(55)
Depreciation	13 561	11 873
Loss allowances	1 210	2 488
Change in expense accruals	(3 243)	(637)
Change in provisions	2 288	354
Foreign exchange differences	750	(2 637)
Other non-cash items	401	373
	<u>96 300</u>	<u>103 414</u>
Effect of changes in working capital		
(Increase)/decrease in inventories	56	102
(Increase)/decrease in trade and other receivables	(13 283)	(5 988)
(Increase)/decrease in capitalised costs of obtaining a contract	(10 850)	(18 200)
Increase/(decrease) in trade and other payables	4 985	4 540
Increase/(decrease) in deferred income*	37 778	43 139
	<u>114 986</u>	<u>127 007</u>
Cash flows from operating activities		
Income tax paid	(11 730)	(6 988)
Interest received	3 762	870
Interest paid	(788)	(741)
Net cash flows from operating activities	106 230	120 148
Cash flows from investing activities		
Acquisition of non-current assets	(10 793)	(10 602)
Proceeds from the sale of assets	146	66
Term deposits other than cash and cash equivalents	(129 000)	(5 000)
Net cash flows from investing activities	(139 647)	(15 536)
Cash flows from financing activities		
Expenditures for finance lease	(7 397)	(7 280)
Dividends paid**	(9 430) **	(78 164)
Net cash flows from financing activities	(16 827)	(85 444)
Net increase/(decrease) in cash and cash equivalents	(50 244)	19 168
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE REPORTING PERIOD	118 400	96 650
EFFECT OF FOREIGN EXCHANGE DIFFERENCES	(871)	2 582
CASH AND CASH EQUIVALENTS AT THE END OF THE REPORTING PERIOD	67 285	118 400

* *Deferred income from contracts with customers comprises contract liabilities.*

** *A share of dividends approved for payment by the decision of the Management Board of 21 December 2023 in the amount of EUR 1 645 thousand was paid on 25 January 2024.*



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023
(in thousands EUR, unless stated otherwise)**

1. COMPANY'S DESCRIPTION

1.1. General Information

The consolidated financial statements for the year ended 31 December 2023 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 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 2023 were prepared pursuant to Article 22 of Act No. 431/2002 Coll. on Accounting, as amended, for the reporting period from 1 January 2023 until 31 December 2023.

The Parent Company was incorporated on 17 September 1992 by registration in the Business Register (Business Register of the City Court Bratislava III (formerly 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 individuals stated below.

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

Shareholders	Share in Registered Capital		Voting Rights %
	EUR '000	%	
Heirs of the deceased shareholder – 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 Business Register:			EUR 140 thousand
Registered capital not registered in the Business Register:			-

* The shareholder Rudolf Hrubý died on 14 December 2023 and as at 31 December 2023 the inheritance proceedings were not completed.

Supervisory Board of the Parent Company

The Supervisory Board is composed of the individuals listed below.

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



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023
(in thousands EUR, unless stated otherwise)**

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 2023 was 2 318, of which executive management: 31 (for the year ended 31 December 2022: 2 181, of which executive management: 32).

The Group's full-time equivalent was 2 253 as at 31 December 2023 (for the year ended 31 December 2022: 2 058).

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 2023.

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:

- **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 IFRS 17 "Insurance Contracts": Initial Application of IFRS 17 and IFRS 9 – Comparative Information of a Transaction** adopted by the EU on 8 September 2022 (effective for annual periods beginning on or after 1 January 2023),
- **Amendments to IAS 1 "Presentation of Financial Statements" and IFRS Practice Statement 2: Disclosure of Accounting Policies** adopted by the EU on 2 March 2022 (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 adopted by the EU on 2 March 2022 (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 adopted by the EU on 11 August 2022 (effective for annual periods beginning on or after 1 January 2023),
- **Amendments to IAS 12 "Income Taxes"** – International Tax Reform – Pillar Two Model Rules (effective for annual periods beginning on or after 1 January 2023).

The adoption of these amendments to the existing standards has not led to any material changes to the Company'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 IFRS 16 "Leases": Lease Liability in a Sale and Leaseback** (effective for annual periods beginning on or after 1 January 2024).

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:

- **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 2024),
- **Amendments to IAS 1 "Presentation of Financial Statements"** – Non-current Liabilities with Covenants (effective for annual periods beginning on or after 1 January 2024),
- **Amendments to IAS 7 "Statement of Cash Flows" and IFRS 7 "Financial Instruments"** – Disclosures: Supplier Finance Arrangements (effective for annual periods beginning on or after 1 January 2024),
- **Amendments to IAS 21 "The Effects of Changes in Foreign Exchange Rates"** – Lack of Exchangeability (approved by the IASB and effective for annual periods beginning on or after 1 January 2025).

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.

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").

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) Goodwill

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.

b) 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.



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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(in thousands EUR, unless stated otherwise)**

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 resellers are recognised on a net basis as receivables from or payables to distributors and resellers where this has been contractually agreed. The settlement of receivables and payables on a net basis is agreed with selected distributors and resellers 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 resellers (liabilities representing compensation for activities performed by distributors and resellers). Even though contract assets constitute a contractual claim against end customers and liabilities represent a performance obligation towards distributors and resellers, their settlement on a net basis is contractually agreed upon in distribution contracts with distributors and resellers.

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.

During the current and immediately preceding reporting periods, the Group primarily recognised the following financial instruments:

- Trade receivables (see Note 3.1 (c))
- Cash and cash equivalents (see Note 3.1 (f))
- Foreign exchange gains and losses (see Note 3.1 (l))

c) Trade Receivables

Trade receivables (which do not comprise a significant financing component) are measured at the transaction price upon the initial recognition and subsequently at amortised costs, less a loss allowance for debtors in bankruptcy proceedings, restructuring proceedings and less a loss allowance for doubtful and uncollectible overdue receivables where there is a risk that the debtor will not pay them fully or partially.

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 the expected credit loss model (ECL model) when assessing loss allowances for financial assets. The ECL model is described in Note 19.2 Expected Credit Losses.

For trade receivables, the Group takes into consideration lifetime expected credit losses (simplified approach), and all trade receivables are recognised in Stage 2 or Stage 3. When assessing the allowance for an expected credit loss on financial assets in line with IFRS 9 Financial Instruments, the Group classified the respective portion of trade and other receivables recognised as current assets into three stages.

The Group defines the individual stages in line with IFRS 9 Financial Instruments as follows:

- Stage 1: Other receivables for which the Group takes into account expected credit losses over the next 12 months and does not record higher credit risk;
- Stage 2: Other receivables for which the Group records significantly higher credit risk and all trade receivables for which it takes into account life time expected credit losses;
- Stage 3: Trade and other receivables for which there is objective evidence of their impairment and a portion of trade receivables showing possible signs of default.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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When categorising financial assets into individual stages, the Group primarily monitors the status of overdue trade and other receivables and the solvency of its business partners in default. The Group also takes into account extraordinary events which are significant for the classification of trade and other receivables into individual stages. For the Group, extraordinary events include, e.g. court decisions in pending legal disputes, significant events in international politics and other unforeseen events which have a material impact on the maturity or recoverability of the Group's trade and other receivables.

Additional information on the applied expected credit loss model (ECL model) are presented in Note 19.2 Expected Credit Losses.

d) 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.

All items of property, plant and equipment are depreciated using the straight-line method based on the asset's estimated useful life.

The useful lives of non-current assets applied in 2023 can be summarised as follows:

	<i>Estimated Useful Lives in Years</i>	<i>Depreciation Method</i>
Software	1.01 – 10	Straight-line
Structures and technical improvements of premises	The shorter of the useful life and the expiration of the lease contract	Straight-line
Fixtures and fittings	5 – 15	Straight-line
Plant and machinery	2 – 8	Straight-line
Transportation means	6	Straight-line

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

Non-current intangible assets with a cost of EUR 2 400 or less are recognised in expenses in the reporting period in which they are placed into service. Such assets are kept in sub-ledger records.

Non-current tangible assets (except for IT assets – see paragraph below) with a cost of EUR 1 700 or less are expensed when placed into service.

IT assets with a cost of EUR 500 or less are expensed when placed into service. Computers, laptops, mobile phones and monitors are capitalised by the Group regardless of their cost.

e) Research and Development

Development 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.

Based on criteria under IAS 38, the Group did not capitalise any development costs incurred in the current or immediately preceding reporting periods.



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f) Cash, Cash Equivalents and Term Deposits

The Group presents term deposits with a maturity of 3 to 12 months as current financial assets, separately from cash and cash equivalents.

The Group assessed the credit risk related to cash, cash equivalents and term deposits as immaterial, and did not account for expected credit losses (ECL model).

g) 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.

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 Parent Company provides end customers and partners in Slovakia, and partners in the EMEA region, APAC, Brazil 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.

The Group sells its product through intermediaries such as distributors, resellers and others. The top ten distributors accounted for 40% of total sales in 2023 and 40% of sales in 2022.

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 paid by end users for ESET products and services carried out by Group distributors and resellers or directly the Group via direct channels. Compensation for activities performed by distributors and resellers is a distribution network margin, which is initially capitalised as the cost of contract acquisition and amortised in costs 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.



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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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 returnable, 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. The Group individually assesses the recognition of revenues for returnable batches. The Group continuously estimates revenues from unactivated licence keys, which are adjusted on a monthly basis by the actual amount of activated or refunded licence keys.

For prepaid batches of registration keys sold since 1 June 2023, the Group updated the return policy so that each prepaid batch of registration keys is deemed returnable under certain conditions. Revenues from non-activated licence keys are realised at the moment of expiration of a prepaid batch.

Primarily in the NORAM region, the Group uses another type of prepaid batch of registration keys for sale via a consignment warehouse. Supplied licence keys are invoiced when sold by the distributor to the end customer. The Group recognises revenues from these prepaid batches based on activations of batch licences by end customers. Given the high level of activations by end customers shortly after the distributor's billing, revenues from non-activated registration keys are recognised at the end of the contractual liability (at batch expiration). All rights and obligations under prepaid batches are settled on the batch expiration date.

End users may return ESET products, subject to limitations, via distributors and resellers or may ask the Group directly for a refund within a reasonably short period from the date of purchase. The Group estimates the amount of a refund liability based on historical experience. The Group considers the amount of a refund liability to be immaterial, given its amount, and as a result, it did not recognise this liability as at 31 December 2023 and 31 December 2022.

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.

In 2021, the Group set up a new Corporate Solutions division to provide ESET products and services tailored to specific business needs. The Group enters into complex contractual relations requiring an individual assessment under IFRS 15. When accounting for these complex transactions, the Group applies its judgment, particularly as regards:

- Identification of distinct goods and services or a group of distinct goods and services;
- Probability of exercising options;
- Estimate of variable consideration.



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h) Short-term and Long-term Employee Benefits

The Group recognised provisions for the following types of employee benefits as at 31 December 2023 and 31 December 2022:

- Provision for management and key personnel bonuses;
- Provision for retirement payments;
- Provision for loyalty bonus;
- Provision for loyalty vacation days;
- Liabilities from a long-term employee benefit plan.

Provisions for 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 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.

As the used actuarial assumptions have a material impact on the measurement of provisions for long-term employee benefits, the Group conducted a sensitivity analysis of these provisions to a change in the most significant actuarial assumptions in Note 25 Provisions.

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

With effect from 1 August 2022, the Group created a long-term employee benefit scheme in the USA (hereinafter the "Deferred Compensation & Incentive Plan"). The scheme complies with the definition of Other long-term employee benefits under IAS 19. The scheme is defined as a non-qualified deferred compensation plan, which allows a selected group of management employees to defer compensation payments on a pre-tax basis and accumulate payments to be taxed in future periods. The Group has a contractual obligation to employees registered in the scheme and has established a separate investment plan to match the obligation, which includes life insurance and other investments.

Responsibility for scheme governance – including investment decisions and contribution schedule – lies jointly with ESET, LLC (the subsidiary) and the Board of Trustees. The Board of Trustees must be composed of the representatives of ESET, LLC (the subsidiary) and scheme participants in line with the scheme rules.

As at 31 December 2023, 9 employees were registered in the scheme.

i) Leases

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.

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.

Lease payments are discounted using a weighted average interest rate¹, 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.

¹ The Group uses a weighted average interest rate to discount lease payments, as the interest rates indicated by selected contract banks are not set separately for the Parent Company or the subsidiaries, but for the ESET Group as a whole (see Note 24 Leases).



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j) 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.

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 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.

k) Deferred Tax

The valid income tax rates used to determine the amount of current and deferred tax are as follows:

Country	2024	2023	2022
Slovakia	21%	21%	21%
USA – federal tax	21%	21%	21%
– California state tax (average effective tax rate for all states – 3.49% in 2023; 3.33% in 2022)	8.84%	8.84%	8.84%
Czech Republic	21%	19%	19%
Argentina	35% ****	35% ****	30%
Singapore	17%	17%	17%
Poland	19%	19%	19%
Germany	31.58%	31.58%	31.58%
UK	25%	19% / 25% *	19%
Canada	26.5%	26.5%	26.5%
Australia	25%	25%	25%
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%

* For the taxation period until 31 March 2023, the applicable tax rate is 19%. For the taxation period from 1 April 2023, 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%.

**** Taxable income from ARS 14 301 209.21 up to ARS 143 012 092.08 is taxed by a fixed tax in the amount of ARS 3 575 302.30 + 30% of the amount exceeding ARS 14 301 209.21. Taxable income exceeding ARS 143 012 092.08 is taxed by a fixed tax in the amount of ARS 42 188 567.16 + 35% of the amount exceeding ARS 143 012 092.08. Tax rates stated in the line "Argentina" represent actually applied rates for the respective taxation periods.

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.

l) 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.

Foreign exchange gains and losses are presented on a net basis and recognised as profit or loss in the consolidated statement of comprehensive income, except for foreign exchange gains and losses from financial instruments which are measured at fair value through profit or loss in line with IFRS 9 Financial Instruments.



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m) Subsidies

The Group recognises subsidies for expenses and income on a gross basis, ie in Other operating (expenses)/income, net. Received subsidies are presented separately from the related expenses.

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 regularly reviews the collectability and creditworthiness of its distributors and resellers to determine an appropriate loss allowance for receivables. Loss allowances for receivables are created in accordance with the rules described in Note 19.2 Expected Credit Losses. As at 31 December 2023, the loss allowance for trade and other receivables amounted to EUR 8 939 thousand. As at 31 December 2022, the loss allowance for receivables and the loss allowance for contract assets amounted to EUR 6 882 thousand and EUR 920 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 g), 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 (g) Revenue from contracts with customers.
- The Group enters into complex contractual relationships that require an individual assessment under IFRS 15 (see Note 3.1. (g)).

In 2023, the Group concluded a contract for a substantial consideration for a two-year term. The contract includes an option to extend the contractual rights and obligations by two years. Based on information available as at the reporting date, the Group does not expect the customer to exercise this option. Given that the Group has no previous experience providing such specific solutions to customers, it identified a number of uncertainties preventing the Group from recognising revenue using percentage of contract completion. Due to a substantial degree of uncertainty and a considerable technical limitation, the Group recognised revenue on an accrual basis considering the contract billing arrangements.

- 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 2023 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.



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- 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 Group allocates goodwill recognised from the acquisition of a subsidiary, ESET SOFTWARE UK Limited, and goodwill recognised by a subsidiary, ESET Deutschland GmbH, to CGUs, which represent the business activities of these subsidiaries. As at 31 December 2023, the Group determined the recoverable amount of CGUs using an EBITDA multiplier. The EBITDA multiplier was determined by an expert in Economics and Management and Industrial Property (hereinafter the "Expert") based on the adjusted industrial average of companies whose nature of activities and service portfolio were very similar to the business activities of the subsidiaries defined as CGUs. As the EBITDA multiplier value has a significant impact on the determination of the recoverable amount of the respective CGUs and the result of impairment testing, the Group performed a sensitivity analysis of the recoverable amount to a change in the EBITDA multiplier (see Note 17 Intangible Assets).

- The Group monitors external impairment indicators, primarily hyperinflation (211.4% in the current reporting period) and macroeconomic instability in Argentina, which may have an impact on the measurement of the assets of ESET Latinoamerica S.R.L. (subsidiary) and receivables of ESET, LLC (subsidiary).

The Group considered the materiality of assets owned via the subsidiary, ESET Latinoamerica S.R.L. (non-current assets of EUR 407 thousand; trade and other receivables of EUR 138 thousand), and assessed it as immaterial. Based on this assessment, the Group did not calculate the recoverable amount of assets in the subsidiary, ESET Latinoamerica S.R.L., and did not recognise a loss allowance for such assets.

Loss allowances for receivables owned via the subsidiary, ESET, LLC, are created based on the rules described in Note 19.2 Expected Credit Losses.

- 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 applied actuarial assumptions and the sensitivity analysis of the amount of the provision to a change thereto are stated in Note 25 Provisions.



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6. GROUP STRUCTURE

The consolidated subsidiaries as at 31 December 2023:

Name	Seat	Ownership Share %		Principal activity
		2023	2022	
Subsidiaries				
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 Ouest, 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.	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	3th Floor Ocean 80, Holdenhurst Road, Bournemouth, BH8 8AQ, United Kingdom	100%	100%	Antivirus software distributor
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. ⁽¹⁾	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.	Level 20, 111 Pacific Highway, North Sydney NSW 2060, Sydney, Australia	100%	100%	Antivirus software distributor
ESET Japan Inc. ⁽²⁾	2-16-4 Konan, Minato-ku, Tokyo 108-0075, Japan	90%	90%	Service provider
ESET LATINOAMERICA S.R.L. ⁽³⁾	1270 Juan Diaz de Solis, 2nd Floor, Vicente Lopez, Buenos Aires CP: B1638BHF, Argentina	100%	100%	Service provider
ESET DO BRASIL MARKETING LTDA ⁽⁴⁾	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. ⁽⁵⁾	Av. Paseo de la Reforma 250 – Office 981 A-B-C-D-, Colonia Juárez, Delegación Cuauhtémoc, Ciudad de México, Mexico	100%	100%	Service provider

(1) 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.

(2) 90% of the shares are held by the Parent Company and the remaining 10% are held by Canon Marketing Japan Inc.

(3) 90% of the shares are held by ESET, LLC and the remaining 10% are held by the Parent Company.

(4) 90% of the shares are held by the Parent Company and the remaining 10% are held by ESET, LLC.

(5) 90% of the shares are held by the Parent Company and the remaining 10% are held by ESET, LLC.



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7. ACQUISITION OF A BUSINESS

The Group acquired no investments in subsidiaries in 2023 and 2022.

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

	2023	2022
Revenues from the provision of end user licenses and services	632 001	600 745
Total	632 001	600 745

Additional information on the remaining expected contract performance is stated in Note 26 Deferred Income and Note 20 Contract Assets and Offsetting of Financial Assets and Liabilities. The majority of non-current deferred income will be released to revenues in 2024 and 2025. In addition to the above factors, the future amount of actual revenues from the provision of end-user licences and services will be affected by future sales.

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

	2023	2022
EMEA ⁽¹⁾	363 281	328 577
APAC ⁽²⁾	124 582	124 331
NORAM ⁽³⁾	92 949	98 024
LATAM ⁽⁴⁾	45 229	43 431
Global sales	5 960	6 382
Total	632 001	600 745

(1) EMEA region represents the countries of Europe and South Africa

(2) APAC region represents the countries of Asia-Pacific

(3) NORAM region represents the countries of North America

(4) LATAM region represents the countries of South America

9. SERVICES

	2023	2022
Costs of obtaining a contract	294 132	285 702*
Advertising and promotion expenses	25 793	27 702
Rent	5 390	4 325
Internet, data services, IT services	20 095	16 603*
Accounting, economic, legal and audit services	8 252	5 620
Travel expenses	3 084	2 180
Other	9 111	7 394
Total	365 857	349 526

* The amount of the costs of obtaining a contract presented in the financial statements for the period ended 31 December 2022 also included the costs of fulfilling a contract. Such costs for 2022 were not material (EUR 347 thousand). Due to an increase in business activities, such costs became material and since 2023 they have been presented separately under Internet, data services, IT services. The comparable costs for 2022 are adjusted accordingly. Costs of fulfilling contracts with customers usually include externally procured IT services.

10. PERSONNEL EXPENSES

	2023	2022
Wages and salaries	126 207	110 257
Health and social security insurance payments	33 836	28 901
Other personnel and social expenses	8 531	7 478
Total	168 574	146 636

The increase in wages and salaries is due an increased headcount (2023: 2 318; 2022: 2 181) and employee salary increases due to higher inflation in 2023.



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11. OTHER OPERATING (EXPENSES)/INCOME, NET

	2023	2022
Income from subsidies	4 719	-
Other operating income	839	1 516
Other taxes and fees	(540)	(610)
Other operating expenses	(2 686)	(2 967)
Total	2 332	(2 061)

In 2023, the Group recognised income from subsidies to retain employees in relation to COVID-19 for the 2021 period at ESET, LLC (subsidiary) in the amount of EUR 3 885 thousand and a subsidy for R&D activities of ESET Polska Sp. Z o.o. (subsidiary) for the 2019, 2022 and 2023 periods in the amount of EUR 834 thousand. Due to legislative changes in Poland, the Group may claim R&D expenses over the income tax base by offsetting them against other tax liabilities. Subsidies are only recognised when it is reasonably certain that the Group has complied with the related terms and conditions and these subsidies will be received.

12. FINANCE INCOME

	2023	2022
Foreign exchange gains, net	-	3 969
Interest income	3 762	866
Other	63	44
Total	3 825	4 879

13. FINANCE COSTS

	2023	2022
Bank fees	82	158
Foreign exchange losses	3 188	-
Interest expense	788	737
Other	498	360
Total	4 556	1 255

The total amount of interest expense amounted to EUR 788 thousand (2022: EUR 737 thousand), out of which interest expense from lease liabilities stated in Note 24 Leases represents amount of EUR 721 thousand (2022: EUR 695 thousand).

14. INCOME TAX

14.1. Income Tax Recognised in Profit/Loss for the Year

	2023	2022
Current income tax	8 375	5 464
Deferred income tax	10 228	18 103
Total income tax for the year	18 603	23 567

14.2. Reconciliation of the Effective Income Tax Rate Recognised in the Statement of Comprehensive Income

	2023	2022
Profit before income tax	84 400	91 784
Income tax at statutory tax rate of 21% (2022: 21%)	17 724	19 275
Tax effect of permanent differences	1 808	3 127
Impact of different tax rates of the subsidiaries in other jurisdictions	164	2 077
Effect of an unrecognised deferred tax asset	(767)	18
Effect of change of deferred tax rate	(1 049)	(902)
Inflationary restatement	-	(1)
Adjustments recognised in relation to the current tax for the preceding reporting periods	723	(37)
Other	-	10
Total income tax for the year	18 603	23 567



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14.3. Income Tax Recognised Through Other Comprehensive Income

	2023	2022
Gains (+)/losses (-) on the revaluation of defined benefit plans	(17)	5
Deferred income tax recognised through other comprehensive income	(5)	-

15. ADJUSTED EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION AND AMORTISATION (ADJUSTED EBITDA)

Adjusted EBITDA represents profit from recurring operations before taxes, interest, amortisation and depreciation adjusted for other income and expenses as disclosed in the reconciliation below, primarily dividend income, income/(expenses) from financing operations representing foreign exchange gains/losses and interest income/(expense). Company management uses such adjusted EBITDA to manage Company performance.

The adjusted EBITDA represents an alternative performance measure that is not defined under IFRS.

	2023	2022
Profit for the Year	65 797	68 217
Depreciation of right-of-use assets	7 616	6 942
Amortisation and depreciation of non-current tangible and non-current intangible assets	5 945	4 931
Other operating (expenses)/income, net	(4 315)	451
Income tax	18 603	23 567
Interest expense and foreign exchange losses	3 976	738
Finance income	(3 820)	(4 879)
Adjusted EBITDA	93 802	99 967

16. PROPERTY, PLANT AND EQUIPMENT

	<i>Land and Buildings, Structures – Construction Modifications</i>	<i>Plant, Machinery & Equipment</i>	<i>Other Tangible Assets</i>	<i>Total</i>
Cost				
At 1 January 2022	24 798	31 051	23 928	79 777
Additions	1 421	4 757	4 341	10 518
Disposals	(33)	(1 285)	(5)	(1 323)
Transfers	460	341	(810)	(9)
Effects of exchange rate	181	169	6	357
At 31 December 2022	26 826	35 034	27 459	89 319
At 1 January 2023	26 826	35 034	27 459	89 319
Additions	2 945	6 170	2 160	11 275
Disposals	(1 953)	(2 691)	(3)	(4 647)
Transfers	103	262	(365)	-
Effects of exchange rate	(399)	(732)	(14)	(1 145)
At 31 December 2023	27 522	38 043	29 237	94 802
Accumulated Depreciation and Impairment				
At 1 January 2022	10 739	23 736	-	34 475
Additions	1 797	2 695	-	4 492
Disposals	(31)	(1 288)	-	(1 319)
Transfers	(8)	-	-	(8)
Effects of exchange rate	158	161	-	319
At 31 December 2022	12 656	25 303	-	37 959
At 1 January 2023	12 656	25 303	-	37 959
Additions	1 871	3 628	-	5 500
Disposals	(1 953)	(2 692)	-	(4 645)
Transfers	-	-	-	-
Effects of exchange rate	(274)	(498)	-	(772)
At 31 December 2023	12 300	25 741	-	38 041
Net Book Value				
At 31 December 2022	14 170	9 731	27 459	51 360
At 31 December 2023	15 222	12 302	29 237	56 761

The Group recognises acquisitions of property, plant and equipment placed into service in the same



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financial year as additions in 2023. The acquisitions of property, plant and equipment from preceding periods, which were placed into service in 2023, are classified as transfers.

In 2023, 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.

As at 31 December 2023, the insurance of property, plant and equipment and non-current intangible assets within the Group totals EUR 79 197 thousand (31 December 2022: EUR 57 822 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.

17. INTANGIBLE ASSETS

	<i>Software</i>	<i>Valuable Rights</i>	<i>Goodwill</i>	<i>Other</i>	<i>Non-current Intangible Assets in Acquisition</i>	<i>Total</i>
Cost						
At 1 January 2022	10 626	780	1 660	7 283	154	20 503
Additions	899	-	-	-	43	942
Disposals	(1 613)	(199)	(13)	-	-	(1 825)
Transfers	120	-	-	(15)	(96)	9
Exchange differences	(48)	2	(58)	101	(23)	(25)
At 31 December 2022	9 984	583	1 590	7 368	78	19 603
At 1 January 2023	9 984	583	1 590	7 368	78	19 603
Additions	92	-	-	-	-	92
Disposals	(451)	-	-	(46)	(71)	(568)
Transfers	5	-	-	-	(7)	(2)
Exchange differences	(218)	-	20	150	-	(48)
At 31 December 2023	9 412	583	1 610	7 472	-	19 077
Accumulated Amortisation and Impairment						
At 1 January 2022	8 589	769	-	7 281	-	16 639
Additions	797	3	-	3	-	803
Disposals	(1 268)	(193)	-	(13)	-	(1 474)
Transfers	24	-	-	(16)	-	8
Exchange differences	(35)	2	-	101	-	68
At 31 December 2022	8 107	582	-	7 356	-	16 044
At 1 January 2023	8 107	582	-	7 356	-	16 044
Additions	811	-	-	-	3	814
Disposals	(451)	-	-	(46)	(3)	(500)
Transfers	-	-	-	-	-	-
Exchange differences	(204)	-	-	150	-	(54)
At 31 December 2023	8 263	582	-	7 460	-	16 305
Net Book Value						
At 31 December 2022	1 877	1	1 590	13	78	3 559
At 31 December 2023	1 149	1	1 610	12	-	2 772



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The Group recognises acquisitions of non-current intangible assets placed into service in the same financial year as additions in 2023. The acquisitions of non-current intangible assets from preceding periods, which were placed into service in 2023, are classified as transfers.

Software includes purchased software licences used in the Group's business and encryption software obtained by the acquisition of subsidiaries. Other items of intangible assets primarily include a customer list obtained by the acquisition of subsidiaries.

The Group acquired goodwill that is annually subject to impairment testing under IAS 36 by the acquisition of Datsec in Germany and a subsidiary, ESET SOFTWARE UK 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.

The Group allocates the goodwill arising upon acquisition of the subsidiary, ESET SOFTWARE UK Limited, and the goodwill recognised by the subsidiary, ESET Deutschland GmbH, to CGUs which represent the business of these subsidiaries. The recoverable amount of goodwill calculated using the EBITDA multiplier is higher than its carrying amount, therefore the Group concluded that the above goodwill is not impaired as at 31 December 2023.

The EBITDA multiplier value has a substantial impact on the calculation of the recoverable amount of the CGU and on the result of an impairment test, therefore the Group carried out a sensitivity analysis of the recoverable amount to a change in the EBITDA multiplier as follows:

CGU ESET SOFTWARE UK Limited		10% decrease in EBITDA	25% decrease in EBITDA
Carrying amount of CGU including goodwill	1 915		
Recoverable amount of CGU	26 467	23 963	20 208
EBITDA multiplier	19.7	17.73	14.78
CGU ESET Deutschland GmbH		10% decrease in EBITDA	25% decrease in EBITDA
Carrying amount of CGU including goodwill	2 319		
Recoverable amount of CGU	57 156	51 865	43 928
EBITDA multiplier	19.7	17.73	14.78

18. CAPITALISED CONTRACT COSTS

	2023	2022
Balance as at 1 January	253 151	231 638
Capitalised contract costs	298 838	298 752
Amortised in expenses of the current year	(287 988)	(280 552)
Effect of FX differences	(2 223)	3 313
Balance as at 31 December	261 778	253 151
<i>of which:</i>		
<i>Current capitalised costs of obtaining a contract</i>	<i>175 296</i>	<i>169 052</i>
<i>Non-current capitalised costs of obtaining a contract</i>	<i>85 832</i>	<i>83 861</i>
<i>Current capitalised costs to fulfil a contract</i>	<i>460</i>	<i>187</i>
<i>Non-current capitalised costs to fulfil a contract</i>	<i>190</i>	<i>51</i>

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 revenues from the provision of end-user licences.

The costs to fulfil a contract relate to technical support provided to customers by third-party distributors (distributors which are not part of the Group).

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



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19. TRADE AND OTHER RECEIVABLES

19.1. Trade and Other Receivables

	2023	2022
Trade receivables	14 492	10 136
Other financial receivables	3 558	4 116
Other non-financial receivables and other assets	14 084	8 003
Contract assets	209	1 098
Less: loss allowance for contract assets	-	(920)
Less: loss allowance for doubtful receivables	(8 939)	(6 882)
Trade and other receivables, net	23 404	15 551

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. Contingent receivables are disclosed in Note 27 Contingent Assets and Liabilities.

Other financial and non-financial receivables and other assets primarily comprise prepaid expenses, tax assets and claims awarded to the Group by courts as a result of litigation.

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

	2023	2022
Overdue trade and other receivables	16 680	11 616
<i>of which:</i>		
<i>Overdue by up to 30 days</i>	2 886	2 419
<i>Overdue between 30 - 90 days</i>	2 805	2 009
<i>Overdue by more than 90 days</i>	10 989	7 188

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

	2023	2022
Trade and other receivables, for which loss allowances were recorded	13 758	9 701
<i>of which:</i>		
<i>Due</i>	50	1 149
<i>Overdue by up to 30 days</i>	712	549
<i>Overdue between 30 - 90 days</i>	2 014	870
<i>Overdue by more than 90 days</i>	10 982	7 133

	2023	2022
Loss allowances for trade and other receivables	(8 939)	(7 802)
<i>of which:</i>		
<i>Due</i>	(45)	(1 029)
<i>Overdue by up to 30 days</i>	(232)	(5)
<i>Overdue between 30 - 90 days</i>	(503)	(23)
<i>Overdue by more than 90 days</i>	(8 159)	(6 745)

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.

The average maturity period of receivables from software sales is 30 days. In the current reporting period, the Group primarily recorded a loss allowance for receivables from Future Time S.r.l. in the amount of EUR 4 602 thousand, a loss allowance for receivables from I-SET Software LLC in the amount of EUR 1 625 thousand, a loss allowance for receivables from distributors in Argentina in the amount of EUR 1 155 thousand and a loss allowance for receivables from distributors in the APAC region in the amount of EUR 747 thousand. In 2022, the Group primarily recorded a loss allowance for receivables from Future Time S.r.l. in the amount of EUR 4 852 thousand, a loss allowance for receivables from I-SET Software LLC in the amount of EUR 988 thousand and a loss allowance for receivables from distributors in the APAC region in the amount of EUR 1 651 thousand.



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Detailed information on the loss allowance for contract assets in the amount of EUR 920 thousand recognised by the Group in the immediately-preceding reporting period is provided in Note 20 Contract Assets and Offsetting Financial Assets and Liabilities.

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

	2023	2022
Trade and other receivables overdue, for which no loss allowances were recorded:	2 972	3 064
<i>of which:</i>		
Overdue by up to 30 days	2 174	1 870
Overdue by between 30 and 90 days	791	1 139
Overdue by more than 90 days	7	55

The carrying amount of receivables approximates their fair value.

19.2. Expected Credit Losses

The categorisation of financial instruments into stages in accordance with IFRS 9 "Financial Instruments" is presented in the table below:

	2023			
	Stage 1	Stage 2	Stage 2	Stage 3
Trade and other financial receivables	824	3 730	997	12 708
Expected credit losses		General Loss Allowance	Specific Loss Allowance	Specific Loss Allowance
<i>Within maturity</i>		0%	0%	100%
<i>Overdue by up to 30 days</i>		0%	4%	43%
<i>Overdue between 30 – 90 days</i>		0%	11%	27%
<i>Overdue by more than 90 days</i>		51%	59%	75%

	2022			
	Stage 1	Stage 2	Stage 2	Stage 3
Trade and other financial receivables and contract assets	1 894	6 485	1 130	5 841
Expected credit losses		General Loss Allowance	Specific Loss Allowance	Specific Loss Allowance
<i>Within maturity</i>		2%	25%	100%
<i>Overdue by up to 30 days</i>		0%	100%	0%
<i>Overdue between 30 – 90 days</i>		0%	100%	0%
<i>Overdue by more than 90 days</i>		67%	100%	100%

The Group assesses the expected credit losses (ECL model) from trade and other receivables as follows:

Type of Loss Allowance	Stage	Within Maturity							
			0 – 30	31 – 60	61 – 90	91 – 180	181 – 270	271 – 365	365+
General	2					30%	50%	80%	100%
Specific*	2					Receivable amount over EUR 150 000 **			
Specific*	3					Receivable amount over EUR 50 000 ***			
Specific*	2					Litigation, military conflict, etc.			
Specific*	3					Litigation, military conflict, etc.			

- * The amount of the specific loss allowance is determined based on an individual assessment of the respective receivables.
- ** The assessment of a specific loss allowance relates to all trade and other receivables from a business partner, where at least EUR 150 000 is overdue by more than 30 days.
- *** The assessment of a specific loss allowance relates to all trade and other receivables from a business partner, where at least EUR 50 000 is overdue by more than 90 days.



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The Group applied the above assessment of expected credit losses for the first time in the current reporting period. The Group assessed the impact of the new ECL model on the immediately-preceding reporting period as immaterial.

The Group assesses input parameters for expected credit losses (ECL model) from trade and other receivables, which primarily include the historical credit loss rate and a forecast of future economic conditions. For trade receivables and contract assets, the Group considers lifetime expected credit losses. For other receivables classified as Stage 1, the following 12-month period is considered. As regards other receivables classified as Stage 2 and Stage 3, the Group considers lifetime expected credit losses. When determining the historical credit loss rate in 2023, the Group took into account a 3-year period (2020 – 2022), for which the amount of written-off trade and other receivables was immaterial.

Stage 1

The Group considered expected credit losses from other receivables to be immaterial in the current and immediately preceding reporting periods and thus no expected credit losses were recognised.

Stage 2

The Group classifies as Stage 2 primarily trade receivables from companies of which none represented a significant portion of financial assets in Stage 2 in 2023. In 2022, a significant portion of financial assets classified as Stage 2 included trade and other receivables from distributors in the APAC region.

Stage 3

The Group classifies as Stage 3 other receivables where there is objective evidence of their impairment, and all trade receivables from a business partner if at least EUR 50 000 is overdue by more than 90 days. In 2023, a significant portion of financial assets classified as Stage 3 included trade and other receivables from Future Time, I-SET Software and distributors in the APAC region and Argentina. As at 31 December 2022, the Group classified trade and other receivables from Future Time as Stage 3.

20. 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.

	2023	2022
Balance as at 1 January	15 007	11 457
Additions of contract assets	14 514	15 007
Disposals of contract assets*	(15 007)	(11 457)
Balance as at 31 December	14 514	15 007

* 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.

Offset financial assets and financial liabilities are presented in the table below:

	2023	2022
Contract assets	14 305	13 909
Trade receivables	2 138	1 797
Trade payables	16 443	15 706

Details regarding financial assets not subject to offsetting are presented below:

	2023	2022
Contract assets, gross	14 514	15 007
Offsetting of contract assets	(14 305)	(13 909)
Contract assets not offset	209	1 098
Loss allowance for contract assets not offset	-	(920)
Contract assets, net	209	178



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In the immediately-preceding reporting period, the Group created a loss allowance in the amount of EUR 920 thousand for the portion of not offset contract assets in the amount of EUR 1 098 thousand. Contract assets in the amount of EUR 920 thousand represented a contractual entitlement to a consideration by the Group from the business partner, I-SET Software LLC, for the transfer of the right to use software during a certain period before the maturity date of the receivable. As at 31 December 2022, the Group evaluated the likelihood of recoverability of these contract assets as low and created a 100% loss allowance.

Contract assets not offset as at 31 December 2022 were classified as trade receivables as at 31 December 2023, as the contractual right to consideration became unconditional.

21. CASH, CASH EQUIVALENTS AND TERM DEPOSITS

21.1. Cash and Cash Equivalents

	2023	2022
Cash on hand	8	9
Bank accounts	38 483	65 295
Bank deposits and other cash equivalents	28 794	53 096
Total	67 285	118 400

The Group invests free cash in bank term deposits (overnights, money market funds). The carrying amounts of these financial assets approximate their fair value. The Group classifies bank deposits as cash and cash equivalents, provided their maturity period does not exceed 3 months.

21.2. Term Deposits

The Group presents term deposits with a maturity of 3 to 12 months as current financial assets, separately from cash and cash equivalents:

	2023	2022
Term deposits	134 000	5 000
Total	134 000	5 000

22. DEFERRED TAX ASSET AND DEFERRED TAX LIABILITY

22.1. Deferred Tax Balances

	2023	2022
Deferred tax asset	34 460	45 508
Deferred tax liability	(28)	(35)
Total	34 432	45 473



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Deferred tax assets/(liabilities) broken down by temporary differences:

	Balance at 1 Jan 2023	Charged Through Equity	Charged to Profits/ Losses	Recognised in Other Comprehensive Income	Balance at 31 Dec 2023
Deferred income	71 760	-	(17 915)	(1 214)	52 631
Capitalised costs of obtaining a contract	(40 970)	-	11 347	475	(29 148)
Right-of-use assets	(5 265)	-	(315)	104	(5 476)
Lease liabilities	5 549	-	214	(99)	5 664
Tax loss	6 351	-	(3 972)	-	2 379
Deduction of R&D expenses	1 260	-	(744)	36	552
Provisions	2 500	-	625	(5)	3 120
Other	4 288	5	532	(115)	4 710
Total	45 473	5	(10 228)	(818)	34 432

	Balance at 1 Jan 2022	Charged Through Equity	Charged to Profits/ Losses	Recognised in Other Comprehensive Income	Balance at 31 Dec 2022
Deferred income	106 598	-	(36 367)	1 529	71 760
Capitalised costs of obtaining a contract	(50 022)	-	9 716	(664)	(40 970)
Right-of-use assets	(4 763)	-	(506)	4	(5 265)
Lease liabilities	4 855	-	696	(2)	5 549
Tax loss	-	-	6 351	-	6 351
Deduction of R&D expenses	252	-	1 013	(5)	1 260
Provisions	1 624	-	863	13	2 500
Other	4 122	-	130	36	4 288
Total	62 666	-	(18 104)	911	45 473

Deferred tax assets/(liabilities) in Other primarily include deferred tax on temporary differences arising from the difference between the tax value and carrying amount of non-current tangible and intangible assets, trade and other receivables and other payables.

As at 31 December 2023, the Group did not recognise a deferred tax asset in the amount of EUR 5 430 thousand (2022: EUR 6 123 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.

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23. TRADE AND OTHER PAYABLES

	2023	2022
Trade payables	9 522	8 039
Liabilities from distribution commissions	26 248	24 859
Employee benefits liabilities	13 839	13 172
Social security liabilities	4 421	3 751
Other tax liabilities	6 032	3 792
Other payables	9 306	7 154
Total	69 368	60 767
<i>of which:</i>		
<i>Liabilities within maturity</i>	68 872	60 338
<i>Overdue liabilities</i>	496	429

	2023	2022
Overdue liabilities	496	429
<i>of which:</i>		
<i>Overdue by up to 30 days</i>	416	237
<i>Overdue between 30 - 90 days</i>	66	47
<i>Overdue by more than 90 days</i>	14	145

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

24. 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

	2023	2022
At 1 January	24 464	26 531
Additions	7 504	4 735
Disposals	-	(2)
Depreciation	(7 527)	(6 865)
Exchange rate effects	(398)	65
At 31 December	24 043	24 464

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

	2023	2022
Buildings	23 986	24 422
Equipment	2	5
Motor vehicles	55	37
Total	24 043	24 464



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Lease liabilities in EUR '000

	2023	2022
At 1 January	25 450	27 922
Additions	7 365	4 552
Disposals	-	-
Accrued interest expense*	720	693
Lease payments	(8 009)	(7 811)
Exchange rate effects	(381)	94
At 31 December	<u>25 145</u>	<u>25 450</u>
<i>of which:</i>		
<i>Current lease liabilities</i>	7 240	6 550
<i>Non-current lease liabilities</i>	17 905	18 900
<i>of which:</i>		
<i>Non-current lease liabilities falling due in 1-5 years</i>	16 755	17 704
<i>Non-current lease liabilities falling due in over 5 years</i>	1 150	1 196

* Interest expense from lease liabilities recognised in the consolidated statement of comprehensive income for 2023 is higher by EUR 1 thousand due to the recognition of an inflation adjustment without an impact on the amount of the lease liability.

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 2022: 2.588%
- At 31 December 2022: 2.630%
- At 31 December 2023: 3.084%

Lease liabilities under IFRS 16 in EUR '000 and discount

	31 Dec 2023	31 Dec 2022
Lease liabilities net of discount	26 544	27 258
Discount	(1 399)	(1 808)
Lease liabilities after discounting	<u>25 145</u>	<u>25 450</u>
Weighted average interest rate	3.084%	2.630%

The Group leases office premises. 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 lease liabilities from unused options stated in lease contracts, which may be exercised by the Group in the future, amount to EUR 3 191 thousand (2022: EUR 28 562 thousand) and contingent liabilities due to future variable payments related to such options amount to EUR 653 thousand (2022: EUR 4 741 thousand).

Estimated future variable lease payments arising from lease contracts capitalised under IFRS 16 total EUR 8 976 thousand and have the following maturity structure:

	31 Dec 2023
Falling due in up to 1 year	2 498
Falling due in 1-5 years	6 076
Falling due in over 5 years	402
Total	<u>8 976</u>

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Profit/(loss) as at 31 December 2023 in respect of IFRS 16 in EUR '000

	31 Dec 2023	31 Dec 2022
Depreciation of right-of-use assets	(7 527)	(6 865)
<i>of which:</i>		
<i>Buildings</i>	(7 482)	(6 821)
<i>Equipment</i>	(3)	(12)
<i>Motor vehicles</i>	(42)	(13)
Interest expense from lease liabilities	(720)	(695)
Expenses relating to low-value assets	(29)	(29)
Expenses relating to short-term leases	(619)	(564)
Expenses relating to other assets excluded from the scope of IFRS 16	(482)	(448)
Expenses relating to variable lease payments	(2 569)	(1 880)

The breakdown of the total amount of variable lease payments recognised in the consolidated statement of comprehensive income for the year ended 31 December 2023 is as follows:

	2023	2022
Rent	2 533	1 851
Other operating expenses	36	37

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 December 2023 amount to EUR 21 thousand, total lease liabilities from short-term leases amount to EUR 308 thousand. The total amount of other assets excluded from the scope of IFRS 16 due to materiality is EUR 881 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 2023	31 Dec 2022
Falling due in up to 1 year	708	433
Falling due in 1 to 5 years	502	281
Falling due in over 5 years	-	-
Total	1 210	714

25. PROVISIONS

	2023	2022
Current provisions	1 802	1 747
Non-current provisions	10 877	8 561
<i>of which:</i>		
<i>Maturity in up to 5 years</i>	4 842	3 058
<i>Maturity over 5 years</i>	6 035	5 503
Total	12 679	10 308



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Provisions categorised by type are presented below:

	2023	2022
Provision for restoration of leased assets to their original condition	134	67
of which:		
Current provisions	-	-
Non-current provisions	134	67
Provision for management and key personnel bonuses	2 006	2 565
of which:		
Current provisions	638	1 036
Non-current provisions	1 368	1 529
Provision for retirement payments	303	216
of which:		
Current provisions	19	38
Non-current provisions	284	178
Provision for loyalty bonus	3 258	3 017
of which:		
Current provisions	251	236
Non-current provisions	3 007	2 781
Provision for loyalty vacation days	6 477	4 317
of which:		
Current provisions	615	437
Non-current provisions	5 862	3 880
Deferred Compensation & Incentive Plan, net	9	125*
Other provisions	492	-
of which:		
Current provisions	283	-
Non-current provisions	209	-
Total	12 679	10 308

* Data for the immediately-preceding reporting period represents the amount of liabilities from other long-term benefits. The assets of EUR 124 thousand for 2022 are recognised separately in Other assets. The net liabilities for 2022 amount to EUR 1 thousand.

Provisions include provisions for employee benefits, provisions for the restoration of leased assets to their original condition and other provisions. The provisions for employee benefits were created in connection with an employee loyalty bonus and employee loyalty vacation days, bonuses to Group management and key personnel, retirement payments, and the Deferred Compensation & Incentive Plan in the USA.



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The change in the net present value of assets/liabilities from the provision of employee benefits is presented in the table below:

	Post- employment Benefits	Other Long- term Benefits
Present value of liabilities as at 1 January	216	10 024
Changes in provided benefits	-	-
Current service cost	65	3 086
Interest expense	7	343
Benefit plan contributions – employees	-	-
Actuarial (gains) losses due to other changes	15	(36)
Actuarial (gains) losses due to changes in assumptions of which:	17	717
Actuarial (gains) losses due to changes in demographic assumptions	27	347
Actuarial (gains) losses due to changes in financial assumptions	(10)	370
Benefits paid	(17)	(1 845)
Income on benefit plan assets	-	-
Past service cost	-	-
Other	-	-
Amounts recognised in the statement of profit or loss	55	2 265
Amounts recognised in other comprehensive income	31	-
Present value of liabilities as at 31 December	303	12 289
Present value of assets as at 1 January	-	124
Exchange rate effects	-	(14)
Interest income	-	39
Actuarial gains (losses) net of interest income	-	39
Benefit plan contributions – employees	-	-
Benefit plan contributions – employer	-	393
Benefits paid	-	-
Administrative expenses, other fees, insurance costs	-	(43)
Present value of assets as at 31 December	-	539
Present value of assets as at 31 December	-	539
Present value of liabilities as at 31 December	303	12 289
Present value of (assets)/liabilities as at 31 December	303	11 750

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

Number of employees as at 31 December	2 318
Weighted average turnover rate	8.91% p.a.
Weighted average increase in wages and salaries	3.96% p.a.
Weighted average discount rate	4.12% p.a.

The sensitivity analysis of the provisions for employee benefits to a change in material assumptions is presented below:

	Present Value of the Provision	Sensitivity to Change in Discount Rate		Sensitivity to Change in Average Wages and Salaries		Sensitivity to Change in Turnover	
		+100 Basis Points	-100 Basis Points	+100 Basis Points	-100 Basis Points	+10%	-10%
31 Dec 2023							
Loyalty vacation days	6 477	6 010	6 941	6 979	5 968	6 003	6 972
Retirement payments	303	234	320	320	233	239	312
Loyalty bonus	3 258	2 999	3 504	-	-	3 007	3 503
Management and key personnel bonuses	2 006	1 957	2 057	-	-	-	-
Deferred Compensation & Incentive Plan	606	549	668	-	-	-	-



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	Present Value of the Provision	Sensitivity to Change in Discount Rate		Sensitivity to Change in Average Wages and Salaries		Sensitivity to Change in Turnover	
		+100 Basis Points	-100 Basis Points	+100 Basis Points	-100 Basis Points	+10%	-10%
	31 Dec 2022						
Loyalty vacation days	4 318	4 015	4 664	4 656	4 009	4 020	4 651
Retirement payments	216	188	251	251	187	189	248
Loyalty bonus	3 141	2 785	3 276	-	-	2 818	3 234
Management and key personnel bonuses	2 565	2 507	2 626	-	-	-	-

As at 31 December 2023 and 31 December 2022, the Group carried out a sensitivity analysis of the actuarial assumptions which were used in the calculation of the present value of a liability related to different types of provisions and also had a material impact on the amount of these liabilities.

26. DEFERRED INCOME

	2023	2022
Balance as at 1 January	473 633	425 866
Consideration for services to be provided in the future	651 564	635 771
Released to revenues for the current year	(623 202)	(595 860)
<i>of which:</i>		
Released deferred income included in the opening balance	(314 310)	(297 764)
Effect of FX differences	(4 949)	7 856
Balance as at 31 December	<u>497 046</u>	<u>473 633</u>
<i>of which:</i>		
Current deferred income	339 316	320 374
Non-current deferred income	157 730	153 259

"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".

The difference between the current portion of deferred income as at 31 December 2022 and the deferred income released in 2023 and included in the opening balance is represented by customer contract modifications.

27. CONTINGENT ASSETS AND LIABILITIES

27.1 Contingent Assets

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.

As at 31 December 2023, the Group records contingent receivables amounting to EUR 70 379 thousand (31 December 2022: EUR 60 962 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 after 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.

27.2 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 2023, the Parent Company's tax returns for 2019 to 2023 remain open and may be subject to review.

The Group identified future contingent lease liabilities from unused options stated in lease contracts, which may be exercised in the future, in the total amount of EUR 3 191 thousand and contingent liabilities due to future variable payments related to such options in the amount of EUR 653 thousand.



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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28. LITIGATION

FINJAN Inc.

The Parent Company and its subsidiaries were parties to three legal disputes with FINJAN Inc. in the preceding reporting period.

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. New litigation for patent invalidity (the original litigation ended in 2022) involving ESET, spol. s r.o. as the plaintiff and FINJAN Inc. as the defendant. FINJAN Inc. took legal action with regard to an alleged breach of this patent in the above litigation.

In September 2023, the Group won litigation under paragraph 1. The Parent Company, ESET, spol. s r.o., applied for reimbursement of legal representation costs, which is only granted exceptionally in the US, and this application was refused. The Parent Company also applied for reimbursement of the costs of the court proceedings, which was granted by the court's decision on 31 January 2024, and the costs of the court proceedings were subsequently paid by FINJAN Inc.

In January 2024, the court dismissed the action under paragraph 2 and ordered FINJAN Inc. to reimburse ESET, spol. s r.o. for its legal representation costs. FINJAN Inc. failed to lodge an appeal by the statutory deadline, and therefore the litigation is finally concluded.

Due to the termination of the litigation under paragraph 2, the Group withdrew the action under paragraph 3 on 28 February 2024.

Future Time S.r.l.

In February 2022, the Arbitration Court of the Slovak Chamber of Commerce and Industry issued an award dismissing 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.

Future Time S.r.l. entered into liquidation on 11 November 2022. In April 2023, an Italian court recognised the arbitral award of the Slovak Chamber of Commerce and Industry and it thus became automatically enforceable. The Parent Company is the sole creditor, as a result of which it was paid assets totalling EUR 275 thousand as part of the liquidation, of which EUR 250 thousand was paid at the end of 2023. The Group partially reversed the loss allowance created for the receivable in an amount equalling the received asset. The Group evaluates the likelihood of the recoverability of the remaining portion of the receivables as very low and did not reverse loss allowances for the receivables in question (see Note 19 Trade and Other Receivables).

29. COMMITMENTS

As at 31 December 2023, the Group had concluded no significant contracts for the purchase of non-current tangible and intangible assets.

30. COSTS OF AUDIT SERVICES

	2023	2022
Costs of auditing financial statements	443	395
Other assurance audit services	4	-
Tax services	22	177
Other non-audit services	38	52

The costs of auditing financial statements in the current reporting period included the costs of the Group auditor and the costs of local statutory auditors in the UK in the amount of EUR 33 thousand (2022: EUR 29 thousand).

Tax services in the current reporting period primarily included advisory related to a withholding tax in India, the tax return preparation in relation to an equalization levy in India, and tax return preparation in the USA, Canada, Singapore and Argentina. Tax services in the immediately-preceding reporting period primarily included the tax return preparation in the USA, Canada, Singapore, Argentina and the UK, VAT advisory in Indonesia, and the tax return preparation in relation to a top-up tax in India.

Other non-audit services in the current and immediately-preceding reporting periods primarily included costs of accounting services provided by the local statutory audit firm in the UK.

31. RELATED PARTIES

Identification of Related Parties

As stated in the following overview, in accordance with IAS 24 Related Party Disclosures, the Group identified that it is a related party to the following entities:

1. Members of Senior Management of the Parent Company and subsidiaries, shareholders of the Parent Company (Note 1.1) and members of the Supervisory Board.
2. Other related parties in terms of capital or personnel.

Group 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 Parent Company, have been eliminated on consolidation and are not disclosed in this Note.

31.1. Trading Transactions

Transactions with related parties under point 2 are presented below:

	2023	2022
Borrowing received from a minority owner	-	20
Liability from an approved contribution for the Kempelen Institute of Intelligent Technologies	600	600
Costs of contributions for Kempelen Institute of Intelligent Technologies	1 000	1 000

31.2. Transactions with Parent Company Shareholders, Members of Senior Management and the Supervisory Board

	2023	2022
Short-term employee benefits	9 247	8 496
Other long-term employee benefits	1 139	1 586
Employment termination benefits	289	47
Total	10 675	10 129

32. FINANCIAL RISK MANAGEMENT

The difference between the net book value and fair value of cash and cash equivalents, trade receivables and payables and other current receivables and payables is not material.

32.1. Risk Management

The Group is exposed to various financial risks such as market risk (mainly, foreign exchange risk), liquidity risk and credit 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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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32.2. 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.

The following items of assets and liabilities are denominated in a currency other than the functional currency that is material to the Group (in EUR '000):

	2023							
	USD	SGD	CZK	PLN	CAD	GBP	JPY	AUD
Other non-current assets	123	219	107	173	21	-	218	56
Trade and other receivables	5 979	54	61	14	128	1 053	12	93
Cash and cash equivalents	12 777	507	4 201	2 514	2 013	4 586	3 452	501
Non-current lease liabilities	1 346	-	643	-	165	376	322	1 693
Non-current provisions	325	-	453	268	14	175	1	32
Trade and other payables	13 233	203	1 626	728	585	708	2 879	2 237
Current lease liabilities	1 310	-	243	-	93	304	192	169
	2022							
	USD	SGD	CZK	PLN	CAD	GBP	JPY	AUD
Other non-current assets	194	112	109	160	22	-	-	115
Trade and other receivables	4 219	3	104	6	202	777	246	69
Cash and cash equivalents	16 610	116	7 928	1 898	2 686	4 488	3 355	589
Non-current lease liabilities	226	-	832	-	262	450	-	1 930
Non-current provisions	7	-	617	160	-	-	-	16
Trade and other payables	16 007	70	2 026	864	607	1 156	2 170	385
Current lease liabilities	1 566	-	224	-	88	237	100	164
Current provisions	-	-	-	-	-	-	-	-

The Group also has assets and liabilities denominated in the Argentinian peso, Brazilian real, Canadian dollar, Romanian leu, Mexican peso and Swiss franc, which are immaterial to the Group. 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.

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

	Exchange Rate at 31 Dec 2023	Exchange Rate Appreciation by 10%	Exchange Rate Depreciation by 10%
EUR / USD	1.1050	1.2155	0.9945
EUR / CZK	24.7240	27.1964	22.2516
EUR / JPY	156.3300	171.9630	140.6970
EUR / GBP	0.8691	0.9560	0.7821
EUR / PLN	4.3395	4.7735	3.9056
EUR / AUD	1.6263	1.7889	1.4637
EUR / BRL	5.3618	5.8980	4.8256
EUR / SGD	1.4591	1.6050	1.3132
EUR / CAD	1.4642	1.6106	1.3178
EUR / ARS*	894.423	983.8653	804.9807
EUR / RON	4.9756	5.4732	4.4780
EUR / MXN	18.7231	20.5954	16.8508
EUR / CHF	0.9260	1.0186	0.8334

**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 recognised in the consolidated statement of comprehensive income would be as follows:

	Depreciation of the Exchange Rate by 10%	Appreciation of the Exchange Rate by 10%
EUR / USD	(235)	287
EUR / CZK	(121)	148
EUR / JPY	(26)	32
EUR / GBP	(368)	450
EUR / PLN	(152)	186
EUR / AUD	135	(165)
EUR / BRL	22	(26)
EUR / SGD	(52)	64
EUR / CAD	(117)	143
EUR / ARS*	(7)	8
EUR / RON	(1)	2
EUR / MXN	11	(13)
EUR / CHF	(37)	45

**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.

32.3. Exchange Rates

Currency	Average Exchange Rate for 2023	Exchange Rate as at 31 Dec 2023	Average Exchange Rate for 2022	Exchange Rate as at 31 Dec 2022
EUR / USD	1.08130	1.1050	1.0530	1.0666
EUR / CZK	24.00430	24.7240	24.5659	24.1160
EUR / JPY	151.99030	156.3300	138.0274	140.6600
EUR / GBP	0.86980	0.8691	0.8528	0.88693
EUR / PLN	4.54200	4.3395	4.6861	4.6808
EUR / AUD	1.62880	1.6263	1.5167	1.5693
EUR / BRL	5.40100	5.3618	5.4399	5.6386
EUR / SGD	1.45230	1.4591	1.4512	1.4300
EUR / CAD	1.45950	1.4642	1.3695	1.4440
EUR / ARS*	341.98600	894.4230	139.6450	188.3940
EUR / RON	4.94670	4.9756	4.9313	4.9495
EUR / MXN	19.18300	18.7231	21.1869	20.8560
EUR / CHF	0.97180	0.9260	1.0047	0.9847

*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.

32.4. Liquidity Risk

Liquidity risk is the risk that the Group will not be able to settle its financial liabilities when due. The Group manages the liquidity risk by ensuring sufficient liquidity to settle its liabilities when due.

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. At the end of the reporting period, the Group had demand deposits in the amount of EUR 67 285 thousand (2022: EUR 118 400 thousand) and 3-month to 12-month term deposits in the amount of EUR 134 000 thousand (2022: EUR 5 000 thousand), which are expected to rapidly generate cash flows to manage the liquidity risk.

The majority 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 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.

The following tables present the maturity of financial assets and liabilities based on contractual non-discounted payments:

2023

Financial Assets	Net Book Value	Expected Cash Flows				
		Total	On Demand	Up to 1 Year	Up to 5 Years	Over 5 Years
Cash and cash equivalents	67 285	67 285	67 285	-	-	-
Bank deposits	134 000	134 000	-	134 000	-	-
Trade and other receivables*	9 320	9 320	7 786	1 534	-	-
Contingent receivables*	70 379	70 379	-	70 379	-	-
Other non-current assets**	2 547	2 675	-	-	2 132	543

* The On Demand category represents overdue receivables. For more information on contingent receivables, see Note 27.1 Contingent Assets.

** The difference between the net book value of other non-current assets and the related expected cash flows represents non-current receivables discounted to their present value. The Group only includes other non-current assets that are part of financial assets in other non-current assets.

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2023

Financial Liabilities	Net Book Value	Expected Cash Flows				
		Total	On Demand*	Up to 1 Year	Up to 5 Years	Over 5 Years
Trade and other payables	58 915	58 915	496	58 419	-	-
Lease liabilities**	25 145	26 544	-	7 733	17 624	1 187
Other non-current liabilities	805	805	-	-	805	-

*Liabilities payable on demand represent overdue liabilities.

**The difference between the net book value of lease liabilities and the related expected cash flows represents a future interest expense included in lease instalments.

2022

Financial Assets	Net Book Value	Expected Cash Flows				
		Total	On Demand	Up to 1 Year	Up to 5 Years	Over 5 Years
Cash and cash equivalents	118 400	118 400	118 400	-	-	-
Bank deposits	5 000	5 000	-	5 000	-	-
Trade and other receivables*	7 548	7 548	4 843	2 705	-	-
Contingent receivables*	60 962	60 962	-	60 962	-	-
Other non-current assets**	2 284	2 418	-	86	1 838	494

* The On Demand category represents overdue receivables. For more information on contingent receivables, see Note 27.1 Contingent Assets.

**The difference between the net book value of other non-current assets and the related expected cash flows represents non-current receivables discounted to their present value. The Group only includes other non-current assets that are part of financial assets in other non-current assets.

2022

Financial Liabilities	Net Book Value	Expected Cash Flows				
		Total	On Demand*	Up to 1 year	Up to 5 years	More than 5 Years
Trade and other payables	56 975	56 975	429	56 546	-	-
Lease liabilities**	25 450	27 258	-	7 234	18 785	1 239
Other non-current liabilities	518	518	-	-	518	-

*Liabilities payable on demand represent overdue liabilities.

**The difference between the net book value of lease liabilities and the related expected cash flows represents a future interest expense included in lease instalments.

32.5. Credit Risk

Credit risk is a risk arising from the possible inability or unwillingness of a debtor to settle its payables. The Group manages credit risk appropriately, primarily by applying an individual approach to its major business partners. The Group regularly monitors the payment discipline of its business partners.

Most of the Group's revenues are generated from cooperation with long-term foreign partners that have an excellent record as regards long-term payment discipline. As regards credit risk, the Group categorises its customers as follows:

1. Business partners – their payment discipline is monitored on a weekly basis. To date, the payment discipline of this group of partners has been excellent, except for partners with whom cooperation has been terminated.
2. End customers – credit risk is mitigated automatically. If a customer fails to pay an issued invoice within 14 days of purchasing a licence, a credit note is automatically issued and the licence is deactivated.
3. Resellers – credit risk is managed using a short maturity period of issued invoices. If an invoice is unpaid when due, a reminder is sent automatically and non-cooperating partners are suspended from ordering licences. The access of such a partner is restored after documenting the settlement of all overdue invoices.

The expected percentage of credit losses and the loss allowance for receivables are described in Note 18 Trade and Other Receivables.



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33. CAPITAL MANAGEMENT

The Group manages capital to ensure that it is able to continue as a going concern. To achieve this, the Group uses its equity. The amount of the Group's own funds is optimised in relation to the distribution thereof. The Group takes into consideration future investment needs when managing its own capital.

34. OTHER INFORMATION

34.1. Military Conflict in Ukraine

During 2022, the Company decided to end the sale of products to new customers in Russia and Belarus to make clear its position and support for Ukraine and its people.

This issue had an impact on the carrying amount of the Group's receivables as at 31 December 2023. In the light of the above situation and sanctions against the Russian Federation, the Group created a loss allowance for trade receivables from I-SET Software LLC in the total amount of EUR 1 626 thousand.

In 2023, the Group provided humanitarian aid in the amount of EUR 500 thousand via the ESET Foundation. This amount was used to support non-profit humanitarian organisations working in Ukraine, and to set up a system of financial assistance for Ukrainian refugees and ESET employees providing them with accommodation.

34.2. Creation of New Companies

In March 2023, the Parent Company's shareholders approved a plan for creating two new companies which will not be part of the Group:

- ESET Science Campus company;
- A holding company via which shareholders will hold their shares in the newly-created ESET Science Campus company.

Both newly-created companies will be linked with the Parent Company in terms of personnel (via the shareholders of the Parent Company). The future transactions between the Group and the newly-created companies above will represent transactions with related parties.

After creating the above companies, the Parent Company plans to transfer the ESET Science Campus project in the amount of EUR 35 700 thousand to the new ESET Science Campus company.

In March 2023, Parent Company shareholders also approved a change to the legal form of the Parent Company from a limited liability company to a joint-stock company.

Based on the evaluation of the current status and development of analyses and preparation work for the project, the Group does not expect the formation of the new companies stated above and the transfer of the ESET Science Campus project will take place in 2024.

The Group concluded that as at 31 December 2023 the plan for transferring the ESET Science Campus project to a new company did not meet the requirements of IFRS 5 Non-current Assets Held for Sale and Discontinued Operations for presentation as a separate line item in the separate statement of financial position.

34.3. Environmental, Social and Governance as Part of Responsible Business Conduct

The Group considers environmental, social and governance (ESG) to be a part of responsible business conduct. The Group is beginning implementation of a global ESG strategy and aligning internal processes related to ESG strategy implementation, monitoring and reporting in line with ESRS (European Sustainability Reporting Standards). As of 2022, in accordance with EU Regulation 2080/852 of 18 June 2020 ("Taxonomy Regulation") and Commission Delegated Regulation (EU) 2021/2139 of 4 June 2021, on behalf of the Group, the Parent Company examines all economic activities eligible under the Taxonomy that are typical professional IT services activities. The Group is preparing to assess the Group's financial risks and opportunities related to sustainability in 2024.

As part of the environmental aspects, the Group has begun assessing the impact of climate change on the financial statements. For the financial statement items, the Group will assess the potential impairment of recognised assets and the origin of liabilities due to climate change. At this stage, no significant impact of climate change on the Group's financial statements has been identified.



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35. EVENTS AFTER THE DATE OF THE STATEMENT OF FINANCIAL POSITION

The inheritance proceedings for the deceased shareholder Rudolf Hrubý ended on 7 March 2024. Elena Hrubá and Ján Hrubý became equal heirs to the business share in the Parent Company. On 28 March 2024, the heirs were entered in the Business Register of the Slovak Republic as the shareholders.

In 2023, the Management Board of the Parent Company approved dividends totalling EUR 11 075 thousand. The Parent Company paid out a share of the approved dividends in the amount of EUR 1 645 thousand on 25 January 2024. The remaining part of dividends of EUR 9 430 thousand was paid during 2023.

On 22 February 2024, the Parent Company's Management Board approved a three-year contingent financial commitment of EUR 3 000 thousand for the Kempelen Institute of Intelligent Technologies for application for a grant from the European Commission.

The details of the current status of the Group's ongoing litigations are provided in Note 28 Litigation.

In addition to the above, no other events occurred after 31 December 2023 that would have a material impact on the Group's financial position or operations.

36. 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:	2 318

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



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	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:	ESET SOFTWARE UK Limited
Registered office :	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:	Business Register of the District Court Bratislava I, Section: Sro, Insert No.: 3586/B

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



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Executives of the consolidating company as at 31 December 2023:

Rudolf Hrubý*;
Peter Paško; and
Miroslav Trnka.

* The executive was changed on 4 January 2024. Mr Hrubý was replaced by Mr Richard Marko as executive.

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

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:

	2023	2022
Balance at 1 January	252	235
+ Creation debited to expenses	942	747
- Drawing	(840)	(731)
- Transfer to funds from profit	-	-
Balance at 31 December	354	252

Prepared on:

3 May 2024

**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:**

Approved on:

3 May 2024

ANNEX 2:
**SEPARATE FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT AS OF
31 DECEMBER 2023**

ESET, spol. s r.o.

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

For the year ended 31 December 2023

ESET, spol. s r.o.

INDEPENDENT AUDITOR'S REPORT

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

REPORT ON THE AUDIT OF THE SEPARATE FINANCIAL STATEMENTS

Opinion

We have audited the separate financial statements of ESET, spol. s r.o. (the "Company"), which comprise the separate statement of financial position as at 31 December 2023, and the separate statement of comprehensive income, the separate statement of changes in equity and the separate statement of cash flows for the year then ended, and notes to the separate financial statements, including material accounting policy information.

In our opinion, the accompanying separate financial statements give a true and fair view of the financial position of the Company as at 31 December 2023, and its financial performance and its 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 Separate 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 separate 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 Separate the Financial Statements

Management is responsible for the preparation and fair presentation of the separate 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 separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate 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 Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the separate 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 separate 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.

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited ("DTTL"), its global network of member firms, and their related entities (collectively, the "Deloitte organization"). DTTL (also referred to as "Deloitte Global") and each of its member firms and related entities are legally separate and independent entities, which cannot obligate or bind each other in respect of third parties. DTTL and each DTTL member firm and related entity is liable only for its own acts and omissions, and not those of each other. DTTL does not provide services to clients. Please see www.deloitte.com/sk/en/about to learn more.

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 separate 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 separate 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 separate financial statements, including the disclosures, and whether the separate 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 No. 431/2002 Coll. as amended (the "Act on Accounting"). Our opinion on the separate financial statements stated above does not apply to other information in the annual report.

In connection with the audit of separate 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 separate financial statements or our knowledge obtained in the audit of the separate financial statements, or otherwise appears to be materially misstated.

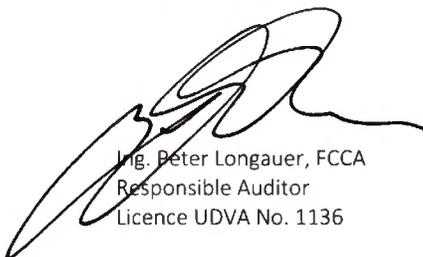
As at the issuance date of the auditor's report on the audit of separate financial statements, the annual report was not available to us.

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 separate financial statements, we will express an opinion on whether:

- Information disclosed in the annual report prepared for 2023 is consistent with the separate 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 separate financial statements.

Bratislava, 3 May 2024



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

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



**SEPARATE FINANCIAL STATEMENTS
PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING
STANDARDS AS ADOPTED BY THE EU
For the year ended 31 December 2023**

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**SEPARATE STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2023
(in thousands EUR)**

	Note	2023	2022
Revenues from the provision of end-user licences and services	7	631 694	589 070
Services	8	(459 883)	(425 773)
Personnel expenses	9	(89 776)	(75 170)
Depreciation		(7 477)	(6 696)
Other operating (expenses)/income, net		377	141
Loss allowances	16, 18	(1 207)	(2 554)
Finance income	10	7 929	9 657
Finance costs	11	(2 022)	(652)
Profit before tax		<u>79 634</u>	<u>88 024</u>
Income tax	12	<u>(15 342)</u>	<u>(18 052)</u>
PROFIT FOR THE YEAR		64 292	69 973
OTHER COMPREHENSIVE INCOME			
Items that may not be reclassified subsequently to profit or loss:			
<i>Gains (+)/losses (-) on the revaluation of defined benefit plans, net of tax</i>	24	<u>(18)</u>	<u>5</u>
TOTAL COMPREHENSIVE INCOME		64 274	69 978
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	13	80 683	85 167



**SEPARATE STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 DECEMBER 2023
(in thousands EUR)**

	<i>Note</i>	<i>31 December 2023</i>	<i>31 December 2022</i>
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	14	50 473	44 825
Right-of-use assets	23	13 689	14 448
Intangible assets	15	1 479	2 192
Financial investments in subsidiaries	16	20 554	20 537
Other assets		2 182	2 298
Capitalised contract costs	17	110 385	107 469
Deferred tax asset	21	10 757	23 932
Total non-current assets		209 519	215 701
CURRENT ASSETS			
Cash and cash equivalents	20	44 928	93 160
Term deposits		134 000	5 000
Trade and other receivables	18, 19	11 486	8 367
Income tax assets		3 678	-
Capitalised contract costs	17	235 571	223 038
Inventories		95	126
Total current assets		429 757	329 691
TOTAL ASSETS		639 276	545 392
EQUITY AND LIABILITIES			
EQUITY			
Registered capital		140	140
Legal reserve fund		14	14
Revaluation reserve – actuarial gains and losses	24	(13)	5
Retained earnings		64 292	11 075
Total equity		64 434	11 234
NON-CURRENT LIABILITIES			
Deferred income	25, 19	149 742	143 623
Non-current lease liabilities	23	10 708	11 868
Other non-current liabilities		782	494
Provisions	24	8 751	7 250
Total non-current liabilities		169 983	163 235
CURRENT LIABILITIES			
Trade and other payables	22, 19	76 245	63 211
Deferred income	25, 19	323 355	303 050
Current lease liabilities	23	3 826	3 155
Provisions	24	1 434	1 506
Total current liabilities		404 860	370 923
TOTAL EQUITY AND LIABILITIES		639 276	545 392



**SEPARATE STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023
(in thousands EUR)**

	<i>Registered Capital</i>	<i>Legal Reserve Fund</i>	<i>Revaluation Reserve – Actuarial Gains/Loss es</i>	<i>Retained Earnings</i>	<i>Total</i>
Balance at 1 January 2022	140	14	-	19 266	19 420
Net profit for the year	-	-	-	69 973	69 973
Other items of comprehensive income/loss for the period (actuarial gains/losses)	-	-	5	-	5
Allocation to reserve funds from profit	-	-	-	-	-
Dividends paid	-	-	-	(78 164)	(78 164)
Balance at 31 December 2022	140	14	5	11 075	11 234
Net profit for the year	-	-	-	64 292	64 292
Other items of comprehensive income/loss for the period (actuarial gains/losses)	-	-	(18)	-	(18)
Allocation to reserve funds from profit	-	-	-	-	-
Dividends paid	-	-	-	(11 075)	(11 075)
Balance at 31 December 2023	140	14	(13)	64 292	64 434



**SEPARATE STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2023
(in thousands EUR, unless stated otherwise)**

	2023	2022
Cash flows from operating activities		
Profit before tax	79 634	88 024
Non-cash transactions affecting profit/loss from ordinary activities before income tax:		
Interest charged to expenses	505	459
Interest charged to income	(2 935)	(581)
Profit from the sale of assets	(44)	6
Dividends and other shares of profit charged to income	(4 994)	(5 275)
Depreciation	7 477	6 696
Change in loss allowances	1 207	2 554
Change in expense accruals	(2 844)	(1 678)
Change in provisions	1 429	374
Foreign exchange differences	757	(2 621)
Other non-cash items	(54)	(29)
	80 139	87 929
Effect of changes in working capital		
(Increase)/decrease in inventories	32	119
(Increase)/decrease in trade and other receivables	(8 652)	(3 195)
(Increase)/decrease in capitalised costs of obtaining a contract	(15 450)	(31 374)
Increase/(decrease) in trade and other payables	7 342	(1 482)
Increase/(decrease) in deferred income*	38 142	56 901
	101 552	108 896
Cash flows from operating activities		
Income tax paid	(5 840)	(2 058)
Interest received	2 935	581
Interest paid	(505)	(459)
Net cash flows from operating activities	98 143	106 961
Cash flows from investing activities		
Acquisition of non-current assets	(8 969)	(9 412)
Dividend income	4 994	5 275
Proceeds from the sale of assets	55	-
Term deposits other than cash and cash equivalents	(129 000)	(5 000)
Expenditures for borrowings provided to a group entity	(217)	-
Proceeds from borrowings provided to a group entity	90	213
Net cash flows from investing activities	(133 046)	(8 923)
Cash flows from financing activities		
Expenditures for finance lease	(3 160)	(2 774)
Dividends paid**	(9 430)	(78 164)
Proceeds from borrowings received	19	18
Net cash flows from financing activities	(12 572)	(80 921)
Net increase/(decrease) in cash and cash equivalents	(47 475)	17 117
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE REPORTING PERIOD	93 160	73 423
EFFECT OF FOREIGN EXCHANGE DIFFERENCES	(757)	2 621
CASH AND CASH EQUIVALENTS AT THE END OF THE REPORTING PERIOD	44 928	93 160

* Deferred income from contracts with customers comprises contract liabilities.

** A share of dividends approved for payment by the decision of the Management Board of 21 December 2023 in the amount of EUR 1 645 thousand was paid on 25 January 2024.



**NOTES TO THE SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023
(in thousands EUR, unless stated otherwise)**

1. COMPANY'S DESCRIPTION

1.1. General Information

The separate financial statements for the year ended 31 December 2023 were prepared by ESET, spol. s r. o. (hereinafter the "Company") in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union (the "EU"). The reporting currency of the Company is the euro (EUR). The separate financial statements were prepared under the going-concern assumption.

The separate financial statements for the period from 1 January 2023 to 31 December 2023 were prepared under International Financial Reporting Standards ("IFRS") as adopted by the EU, in accordance with Article 17a (2) of Act No. 431/2002 Coll. on Accounting ("Act on Accounting").

Under Act No. 431/2002 Coll. on Accounting, as amended, the Company is obliged to prepare consolidated financial statements, as the requirements of Article 22 of the Act are met. The Company prepared its consolidated financial statements as at 31 December 2022 and has the same obligation for the reporting period from 1 January 2023 to 31 December 2023. The consolidated financial statements are available at the parent company's registered office – ESET, spol. s r.o., Einsteinova 24, 851 01 Bratislava, Slovak Republic.

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

Seat of the Company:

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

As at 31 December 2023, the owners of the Company are the individuals stated below:

Structure of the Registered Capital by Partners

Shareholders	Share in Registered Capital		Voting Rights
	EUR '000	%	
Heirs of the deceased shareholder, 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: -

* The shareholder Rudolf Hrubý died on 14 December 2023 and as at 31 December 2023 the inheritance proceedings were not completed.

The Supervisory Board is composed of the individuals listed below.

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



**NOTES TO THE SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023
(in thousands EUR, unless stated otherwise)**

1.2. Scope of Activities

The Company develops software solutions providing immediate and comprehensive protection against constantly-evolving computer security threats. The Company 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 Company 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 Company 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 Company 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 Company's employees for the year ended 31 December 2023 was 1 367, of which executive management: 13 (for the year ended 31 December 2022: 1 277, of which executive management: 12).

The Company's full-time equivalent was 1 336 as at 31 December 2023 (for the year ended 31 December 2022: 1 231).

2. NEW INTERNATIONAL FINANCIAL REPORTING STANDARDS AND CHANGES IN ESTIMATES

2.1. Application of New and Revised International Financial Reporting Standards

The Company 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 2023.

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:

- **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 IFRS 17 "Insurance Contracts": Initial Application of IFRS 17 and IFRS 9 – Comparative Information of a Transaction** adopted by the EU on 8 September 2022 (effective for annual periods beginning on or after 1 January 2023),
- **Amendments to IAS 1 "Presentation of Financial Statements" and IFRS Practice Statement 2: Disclosure of Accounting Policies** adopted by the EU on 2 March 2022 (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 adopted by the EU on 2 March 2022 (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 adopted by the EU on 11 August 2022 (effective for annual periods beginning on or after 1 January 2023),
- **Amendments to IAS 12 "Income Taxes"** – International Tax Reform – Pillar Two Model Rules (effective for annual periods beginning on or after 1 January 2023).

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

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023
(in thousands EUR, unless stated otherwise)**

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 IFRS 16 “Leases”: Lease Liability in a Sale and Leaseback** (effective for annual periods beginning on or after 1 January 2024).

The Company has elected not to adopt these amendments to the existing standards in advance of their effective dates. The Company 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 Company 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:

- **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 2024),
- **Amendments to IAS 1 “Presentation of Financial Statements”** – Non-current Liabilities with Covenants (effective for annual periods beginning on or after 1 January 2024),
- **Amendments to IAS 7 “Statement of Cash Flows” and IFRS 7 “Financial Instruments”** – Disclosures: Supplier Finance Arrangements (effective for annual periods beginning on or after 1 January 2024),
- **Amendments to IAS 21 “The Effects of Changes in Foreign Exchange Rates”** – Lack of Exchangeability (approved by the IASB and effective for annual periods beginning on or after 1 January 2025).

The Company 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 Company in the period of initial application.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1. Basis of Accounting

The separate financial statements have been prepared in accordance with IFRS as adopted by the European Union.

The separate 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.

a) Financial Investments in Subsidiaries

As at 31 December 2023, the Company identified external indicators of impairment of financial investments and performed an impairment test for selected financial investments (see Note 16 Financial Investments in Subsidiaries).

b) Financial Instruments

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

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 made via third-party distributors and resellers (distributors/resellers not part of the Group) and related-party distributors and resellers (subsidiaries). For indirect sales, receivables from the fulfilment of contracts with customers and payables to distributors and resellers are recognised on a net basis as receivables from or payables to distributors and resellers where this has been contractually agreed. The settlement of receivables and payables on a net basis is agreed with selected distributors and resellers in distribution contracts.

If the Company 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 Company as a contract asset. In accordance with IAS 32, the Company offsets contract assets against liabilities to distributors and resellers (liabilities representing compensation for activities performed by distributors and resellers). Even though contract assets constitute a contractual claim against end customers and liabilities represent a performance obligation towards distributors and resellers, their settlement on a net basis is contractually agreed upon in distribution contracts with distributors and resellers.

The Company 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.

During the current and immediately-preceding reporting periods, the Company primarily recognised the following financial instruments:

- Trade receivables (see Note 3.1 (c))
- Cash and cash equivalents (see Note 3.1 (f))
- Foreign exchange gains and losses (see Note 3.1 (l))

c) Trade Receivables

Trade receivables (which do not comprise a significant financing component) are measured at the transaction price upon the initial recognition and subsequently at amortised costs, less a loss allowance for debtors in bankruptcy or restructuring proceedings and less a loss allowance for doubtful and uncollectible overdue receivables where there is a risk that the debtor will not pay them fully or partially.

The Company 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 Company 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 Company applies the expected credit loss model (ECL model) when assessing loss allowances for financial assets. The ECL model is described in Note 18.2 Expected Credit Losses.

For trade receivables, the Company takes into consideration lifetime expected credit losses (simplified approach), and all trade receivables are recognised in Stage 2 or Stage 3.

When assessing the allowance for an expected credit loss on financial assets in line with IFRS 9 Financial Instruments, the Company classified the respective portion of trade and other receivables recognised as current assets into three stages.

The Company defines the individual stages in line with IFRS 9 Financial Instruments as follows:

Stage 1: Other receivables for which the Company takes into account expected credit losses over the next 12 months and does not record higher credit risk

Stage 2: Other receivables for which the Company records significantly higher credit risk or trade receivables for which it takes into account life time expected credit losses

Stage 3: Trade and other receivables for which there is objective evidence of their impairment and a portion of trade receivables showing possible signs of default.

When categorising financial assets into individual stages, the Company primarily monitors the status of overdue trade and other receivables and the solvency of its business partners in default. The Company also takes into account extraordinary events which are significant for the classification of trade and other receivables into individual stages. For the Company, extraordinary events include, eg court decisions in pending legal disputes, significant events in international politics and other unforeseen events which have a material impact on the maturity or recoverability of the Company's trade and other receivables.

Additional information on the applied expected credit loss model (ECL model) are presented in Note 18.2 Expected Credit Losses.

d) 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.

All items of property, plant and equipment are depreciated using the straight-line method based on the asset's estimated useful life. The useful lives of non-current assets can be summarised as follows:

	<i>Estimated Useful Lives in Years</i>	<i>Depreciation Method</i>
Software	2 – 10	Straight-line
Right-of-use assets	Up to the termination of a lease contract	Straight-line
Technical improvements of premises to right-of-use assets	2 – 10	Straight-line
Fixtures and fittings	5 – 15	Straight-line
Plant and machinery	2 – 8	Straight-line
Transportation means	6	Straight-line

The Company depreciates right-of-use assets on a straight-line basis up to the termination of the contract.

Non-current intangible assets with a cost of EUR 2 400 or less are recognised in expenses in the reporting period in which they are placed into service. Such assets are kept in sub-ledger records.

Non-current tangible assets (except for IT assets – see paragraph below) with a cost of EUR 1 700 or less are expensed when placed into service.

IT assets with a cost of EUR 500 or less are expensed when placed into service. Computers, laptops, mobile phones and monitors are capitalised by the Company regardless of their cost.

e) Research and Development

Development 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 Company 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 separate statement of comprehensive income when incurred.

Based on the criteria under IAS 38, the Company did not capitalise any development costs incurred in the current or immediately-preceding reporting periods.

f) Cash, Cash Equivalents and Term Deposits

The Company presents term deposits with a maturity of 3 to 12 months as current financial assets, separately from cash and cash equivalents.

The Company assessed the credit risk related to cash, cash equivalents and term deposits as immaterial, and did not account for expected credit losses (ECL model).

g) Revenues from Contracts with Customers

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

Sales are made directly or indirectly. Direct sales primarily comprise internet sales to end customers via the ESET website. Indirect sales are made via independent distributors and resellers (distributors/resellers who are not Group members) and related-party distributors and resellers (subsidiaries).

The Company provides end customers and partners in Slovakia, and partners in the EMEA region, APAC, Brazil and South Africa with the right to use the antivirus software. Eset Software spol. s r.o. (subsidiary) has concluded an agreement with the 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



**NOTES TO THE SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023
(in thousands EUR, unless stated otherwise)**

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.

The Company sells its product via intermediaries, ie distributors, resellers, etc. Company sales within the Group (see Note 6 Information on Financial Investments in Subsidiaries) accounted for 52% of the Company's total sales (2022: 51% of total sales). The top ten third-party distributors accounted for 38% of total sales in 2023 and 38% of sales in 2022.

Based on a detailed analysis of contractual arrangements, rights and obligations of all members of the distribution chain, the Company applies the gross revenue recognition method. During the contract period, the Company recognises revenues in the amount paid by end users for ESET products and services carried out by Company distributors and resellers or directly the Company via direct channels. Compensation for activities performed by distributors and resellers is a distribution network margin, which is initially capitalised as the costs of obtaining a contract and amortised in costs over the term of the licence in proportion to the amount of recognised licencing revenues.

The costs of obtaining a contract relate to the commissions paid to distributors and resellers for the acquisition of licence agreements with end customers. Distribution commissions are expenses that the Company would not incur if the contract were not obtained. The Company 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 Company as a member of the ESET Technology Alliance also sells products of other companies that are not the Company's subsidiaries. In this case, the Company 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 Company 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 Company 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 an accrual 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 Company also recognises revenues from the sale of encryption software. When analysing such revenues, the Company identified two primary contractual performance obligations which were measured by the Company 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 Company 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 an accrual 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 separate statement of comprehensive income.

If the customer pays the consideration or the receivable is due before the Company grants the customer the right to use the software for a specified period, the Company 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 Company's obligation to transfer to the customer the right to use the software for a specified period, for which the Company has received consideration from the customer, or such consideration is due. The Company recognises contract liabilities in the line Deferred income in the separate statement of financial position.

The Company also distributes license products in the form of registration keys and a series of registration keys – batches, for 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 Company incurs a contract liability, which it recognises in deferred income. At the moment of licence activation by the end user, the Company recognises revenue which is deferred over the licence validity term.

If a prepaid batch of registration keys is not returnable, the Company proceeds as follows: The generated revenue attributable to the sold and non-activated registration keys is estimated by the Company based on the historical development of the activation of licenses from the respective batch. Such revenue is recognised by the Company 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 separate statement of financial position and the "Revenues from the provision of end user licences and services" in the separate statement of comprehensive income. The Company individually assesses the recognition of revenues for refundable batches. The Company continuously estimates revenues from non-

activated licence keys, which are adjusted on a monthly basis by the actual amount of activated or refunded licence keys.

For prepaid batches of registration keys sold since 1 June 2023, the Company updated the return policy so that each prepaid batch of registration keys is deemed refundable under certain conditions. Revenues from non-activated licence keys are realised at the moment of expiration of a prepaid batch.

Primarily in the NORAM region, the Company uses another type of a prepaid batch of registration keys for sale via a consignment warehouse. Supplied licence keys are invoiced when sold by the distributor to the end customer. Given the high level of activations by end customers shortly after the distributor's billing, revenues from non-activated registration keys are recognised at the end of the contractual liability. The Company recognises revenues from these prepaid batches based on activations of batch licences by end customers. Given the high level of activations by end customers shortly after the distributor's billing, revenues from non-activated registration keys are recognised at the end of the contractual liability (at batch expiration). All rights and obligations under prepaid batches are settled on the batch expiration date.

End users may return ESET products, subject to limitations, via distributors and resellers or may ask the Company directly for a refund within a reasonably short period from the date of purchase. The Company considers the amount of a refund liability to be immaterial, given its amount, and as a result, it did not recognise this liability as at 31 December 2023 and 31 December 2022.

The Company 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 Company 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 Company cumulatively adjusts recognised revenues. If a contract modification is made after the termination of a contract's validity, the Company recognises such contract modification as a separate contract.

In 2021, the Company set up a new Corporate Solutions division to provide ESET products and services tailored to specific business needs. The Company enters into complex contractual relations requiring an individual assessment under IFRS 15. When accounting for these complex transactions, the Company applies its judgment, particularly as regards:

- Identification of distinct goods and services or a group of distinct goods and services;
- Probability of exercising options;
- Estimate of variable consideration.

h) Short-term and Long-term Employee Benefits

The Company recognised provisions for the following types of employee benefits as at 31 December 2023 and 31 December 2022:

- Provision for management and key personnel bonuses;
- Provision for retirement payments;
- Provision for loyalty bonus;
- Provision for loyalty vacation days.

Provisions for long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by employees up to the reporting date. The final amount of the provision 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 Company's liabilities.

As the used actuarial assumptions have a material impact on the measurement of provisions for long-term employee benefits, the Company conducted a sensitivity analysis of these provisions to a change in the most significant actuarial assumptions in Note 25 Provisions.

i) Leases

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.

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 Company applied the above practical expedient. For contracts that contain a lease component and one or more additional



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lease or non-lease components, the Company includes fixed payments and variable payments (based on an index) in additional lease or non-lease components when measuring a lease liability.

Lease payments are discounted using a weighted average interest rate¹, 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.

j) Income Tax (Current)

Income taxes of the 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%.

k) Deferred Tax

To determine the amount of deferred income tax, the tax rate applicable in the subsequent reporting period was applied, ie 21%.

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.

l) 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.

Foreign exchange gains and losses are presented on a net basis and recognised as profit or loss in the separate statement of comprehensive income, except for foreign exchange gains and losses from financial instruments which are measured at fair value through profit or loss in line with IFRS 9 Financial Instruments.

4. CHANGES IN ACCOUNTING PRINCIPLES AND METHODS

There were no changes to the Company'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 Company's accounting policies, as described in Note 3, the Company 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 Company regularly reviews the collectability and creditworthiness of its distributors and resellers to determine an appropriate loss allowance for receivables. The uncollectible accounts could exceed the current or future loss allowances. Loss allowances for receivables are created in accordance with the rules described in Note 18.2 Expected Credit Losses. As at 31 December 2023, the loss allowance for trade and other receivables and the loss allowance for other non-current assets amounted to EUR 7 019 thousand and EUR 65 thousand, respectively. The loss allowance for contract assets amounted to EUR 0 as at 31 December 2023. As at 31 December 2023, the loss allowance for receivables and the loss allowance for contract assets amounted to EUR 5 007 thousand and EUR 920 thousand, respectively.
- The Company 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 Company determines some revenues from licences related to non-refundable prepaid batches of registration keys (as described in Note 3.1 (g)), 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 Company is stated in Note 3.1 (g) Revenue from contracts with customers.

¹ The Company uses a weighted average interest rate to discount lease payments, as the interest rates indicated by selected contract banks are not set for the Company but for the ESET Group as a whole (see Note 7).



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- The Company enters into complex contractual relationships that require an individual assessment under IFRS 15 (see Note 3.1 (g)).

In 2023, the Company concluded a contract for a substantial consideration for a two-year term. The contract includes an option to extend the contractual rights and obligations by two years. Based on information available as at the reporting date, the Company does not expect the customer to exercise this option. Given that the Company has no previous experience providing such specific solutions to customers, it identified a number of uncertainties preventing the Company from recognising revenue using percentage of contract completion. Due to a substantial degree of uncertainty and a considerable technical limitation, the Company recognised revenue on an accrual basis considering the contract billing arrangements.

- The Company 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 Company will not exercise this option. The Company also records lease contracts that include an option to extend or terminate a contract. The Company exercises judgment when assessing whether it is reasonably certain that the Company will or will not exercise an option to extend or terminate a lease. This means that the Company 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 Company 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 Company applied the incremental borrowing rate to the entire lease contract portfolio based on their lease term. The incremental borrowing rate is the rate the Company 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 2023 in a similar economic environment, under similar conditions, with similar collateral. Based on the above, the Company applied the estimate when determining the incremental borrowing rate, as it takes into account the interest rate the Company would have applied and would have to pay if it had to obtain funds necessary to acquire right-of-use assets.
- 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 applied actuarial assumptions and the sensitivity analysis of the amount of the provision to a change thereto are stated in Note 24 Provisions.
- As at 31 December 2023, the Company performed an impairment test of financial investments in ESET SOFTWARE UK Limited and ESET Deutschland GmbH (subsidiaries). The Company determined the recoverable amount of the financial investments in ESET SOFTWARE UK Limited and ESET Deutschland GmbH using an EBITDA multiplier. The EBITDA multiplier was determined by an expert in Economics and Management and Industrial Property (hereinafter the "Expert") based on the adjusted industrial average of companies whose nature of activities and service portfolio were very similar to the business activities of the Company. As the EBITDA multiplier value has a significant impact on the determination of the recoverable amount of the respective financial investments and the result of impairment tests, the Company performed a sensitivity analysis for the recoverable amount to a change in the EBITDA multiplier (see Note 16 Financial Investments in Subsidiaries).

The Company chose a specific approach for the financial investment in ESET Latinoamerica S.R.L. as described in Note 16 Financial Investments in Subsidiaries.



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6. INFORMATION ON FINANCIAL INVESTMENTS IN SUBSIDIARIES

The Group consists of the parent company, ESET, spol. s r.o., and its subsidiaries included in the consolidated financial statements.

As at 31 December 2023 and 31 December 2022, the Company recorded the following financial investments in subsidiaries.

Name	Seat	Ownership Share %		Principal Activity
		2023	2022	
Subsidiaries				
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 Ouest, 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.	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	3rd Floor Ocean 80, Holdenhurst Road, Bournemouth, BH8 8AQ, United Kingdom	100%	100%	Antivirus software distributor
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. ⁽¹⁾	Strada Palas Nr. 7D-7E, Cladirea United Business Center 3 (Corp C2), Etaj 2, Spatiul C2S9, Municipiul Iasi, Judet Iasi, 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 #32-02, Singapore 079909, Singapore	100%	100%	Service provider + Antivirus software distributor
ESET Software Australia, PTY, LTD.	Level 20, 111 Pacific Highway, North Sydney NSW 2060, Sydney, Australia	100%	100%	Antivirus software distributor
ESET Japan Inc. ⁽²⁾	2-16-4 Konan, Minato-ku, Tokyo 108-0075, Japan	90%	90%	Service provider
ESET LATINOAMERICA S.R.L. ⁽³⁾	1270 Juan Diaz de Solis, 2nd Floor, Vicente Lopez, Buenos Aires CP: B1638BHF, Argentina	100%	100%	Service provider
ESET DO BRASIL MARKETING LTDA ⁽⁴⁾	Rua Verbo Divino, 2.001, Cjts 1407/1410, Chácara Santo Antônio, São Paulo / SP – Brazil, Zip 04.719-002	100%	100%	Service provider



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Name	Seat	Ownership Share %		Principal Activity
		2023	2022	
Subsidiaries				
ESET MÉXICO S. de R.L. de C.V. ⁽⁵⁾	Av. Paseo de la Reforma 250 – Office 981 A-B-C-D-, Colonia Juárez, Delegación Cuauhtémoc, Ciudad de México, Mexico	100%	100%	Service provider

⁽¹⁾ 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.

⁽²⁾ 90% of the shares are held by the Parent Company and the remaining 10% are held by Canon Marketing Japan Inc.

⁽³⁾ 90% of the shares are held by ESET, LLC and the remaining 10% are held by the Parent Company.

⁽⁴⁾ 90% of the shares are held by the Parent Company and the remaining 10% are held by ESET, LLC.

⁽⁵⁾ 90% of the shares are held by the Parent Company and the remaining 10% are held by ESET, LLC.

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

	2023	2022
Revenues from the provision of end-user licenses and services	631 694	589 070
Total	631 694	589 070

Additional information on the remaining expected contract performance is stated in Note 27 Deferred Income and Note 21 Contract Assets and Offsetting of Financial Assets and Liabilities. The majority of non-current deferred income will be released to revenues in 2025 and 2026. In addition to the above factors, the future amount of actual revenues from the provision of end-user licences and services will be affected by future sales.

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

	2023	2022
EMEA	363 701	328 122
APAC	124 730	122 512
NORAM	92 584	92 002
LATAM	45 668	40 930
Global sales	5 011	5 504
Total	631 694	589 070

¹ EMEA region represents the countries of Europe and South Africa

² APAC region represents the countries of Asia-Pacific

³ NORAM region represents the countries of North America

⁴ LATAM region represents the countries of South America

8. SERVICES

	2023	2022
Costs of obtaining a contract	385 543	366 685
Advertising and promotion expenses	5 784	6 610
Rent	2 958	2 337
Internet, data services, IT services	17 390	12 685
Accounting, economic, legal and audit services	5 553	1 963
Travel expenses	1 065	650
Purchased intragroup services	35 636	29 048
Other	5 954	5 794
Total	459 883	425 773

In the immediately-preceding reporting period, the costs of purchased IT services in the amount of EUR 413 thousand were recognised as "Costs of obtaining a contract". In the current reporting period, these costs are recognised as "Internet, data services, IT services". As a result, the Company adjusted the comparable data for the immediately-preceding reporting period.



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9. PERSONNEL EXPENSES

	2023	2022
Wages and salaries	62 611	52 234
Health and social security insurance payments	23 021	19 227
Other personnel and social expenses	4 143	3 709
Total	89 776	75 170

The increase in wages and salaries is due an increased headcount (2023: 1 367; 2022: 1 277) and employee salary increases in 2023.

In the immediately-preceding reporting period, the costs of the supplementary pension scheme in the amount of EUR 1 215 thousand were recognised as "Health and social security insurance payments". In the current reporting period, the costs of the supplementary pension scheme are recognised as "Other personnel and social expenses". As a result, the Company adjusted the comparable data for the immediately-preceding reporting period.

10. FINANCE INCOME

	2023	2022
Foreign exchange gains, net	-	3 771
Interest income	2 912	581
Dividends received from subsidiaries	4 994	5 275
Other	23	29
Total	7 929	9 657

11. FINANCE COSTS

	2023	2022
Bank fees	19	37
Foreign exchange losses, net	1 498	-
Interest expense	505	459
Other	-	156
Total	2 022	652

The total amount of interest expense amounted to EUR 505 thousand (2022: EUR 459 thousand), of which interest expense from lease liabilities stated in Note 25 Leases amounts to EUR 438 thousand (2022: EUR 417 thousand).

12. INCOME TAX

12.1. Income Tax Recognised in Profit/Loss for the Year

	2023	2022
Current income tax	2 162	651
Deferred income tax	13 180	17 401
Total income tax for the year	15 342	18 052

12.2. Reconciliation of the Effective Income Tax Rate Recognised in Profit/Loss for the Year

	2023	2022
Profit before income tax	79 634	88 024
Income tax at statutory tax rate of 21% (2022: 21%)	16 723	18 485
Tax effect of permanent differences	(1 381)	(433)
Tax for the previous period recognised in profit or loss	-	-
Total income tax for the year	15 342	18 052

12.3. Income Tax Recognised Through Other Comprehensive Income

	2023	2022
Gains (+)/losses (-) on the revaluation of defined benefit plans	(23)	5
Deferred income tax recognised through other comprehensive income	(5)	-



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**13. ADJUSTED EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION AND AMORTISATION
(ADJUSTED EBITDA)**

Adjusted EBITDA represents profit from recurring operations before taxes, interest, amortisation and depreciation adjusted for other income and expenses as disclosed in the reconciliation below, primarily dividend income, income/(expenses) from financing operations representing foreign exchange gains/losses and interest income/(expense). Company management uses such adjusted EBITDA to manage Company performance.

The adjusted EBITDA represents an alternative performance measure that is not defined under IFRS.

	2023	2022
Profit for the Year	64 292	69 973
Depreciation of right-of-use assets	3 459	2 993
Amortisation and depreciation of non-current tangible and non-current intangible assets	4 018	3 703
Other operating (expenses)/income, net	(502)	(355)
Income tax	15 342	18 052
Interest expense and foreign exchange losses	2 830	3 311
Finance income	(8 756)	(12 508)
Adjusted EBITDA	80 683	85 167

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14. PROPERTY, PLANT AND EQUIPMENT

	<i>Land and Buildings, Structures – Construction Modifications</i>	<i>Plant, Machinery & Equipment</i>	<i>Other Tangible Assets</i>	<i>Total</i>
Cost				
At 1 January 2022	15 188	17 832	23 442	56 462
Additions	848	3 525	4 245	8 618
Disposals	-	(191)	(5)	(196)
Transfers	67	252	(320)	-
At 31 December 2022	16 103	21 419	27 361	64 884
Accumulated Depreciation and Impairment				
At 1 January 2022	4 969	13 012	-	17 981
Additions	632	1 637	-	2 269
Disposals	-	(191)	-	(191)
Transfers	-	-	-	-
At 31 December 2022	5 601	14 458	-	20 059
At 1 January 2023	5 601	14 458	-	20 059
Additions	869	2 447	-	3 316
Disposals	(198)	(795)	-	(994)
Transfers	-	-	-	-
At 31 December 2023	6 272	16 110	-	22 382
Net Book Value				
At 31 December 2022	10 502	6 962	27 361	44 825
At 31 December 2023	12 035	9 406	29 032	50 473

The Company recognises acquisitions of property, plant and equipment placed into service in the same financial year as additions in 2023. The acquisitions of property, plant and equipment from preceding periods, which were placed into service in 2023, are classified as transfers.

In 2023, the Company 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. Compared with 2022, the depreciation period remains unchanged.

As at 31 December 2023, the insurance of property, plant and equipment and non-current intangible assets within the Company totals EUR 34 557 thousand (31 December 2022: EUR 30 089 thousand). Through insurance, the Company also covers other business-related risks, including damage liability insurance. The insurance of other insured risks within the Company totals EUR 47 057 thousand as at 31 December 2023 (31 December 2022: EUR 42 789 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 Company is continually replacing and expanding its technical and office equipment to ensure the continuity of its business activities.

Other tangible assets primarily include real estate for the Company's new headquarters and campus under preparation.

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



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15. INTANGIBLE ASSETS

	Software	Valuable Rights	Goodwill	Non-current Intangible Assets in Acquisition	Total
Cost					
At 1 January 2022	7 674	41	338	96	8 148
Additions	798	-	-	5	803
Disposals	(941)	(6)	-	-	(948)
Transfers	96	-	-	(96)	-
At 31 December 2022	7 626	35	338	5	8 004
At 1 January 2023	7 626	35	338	5	8 004
Additions	-	-	-	-	-
Disposals	(15)	-	-	-	(15)
Transfers	5	-	-	(5)	-
At 31 December 2023	7 617	35	338	-	7 989
Accumulated Amortisation and Impairment					
At 1 January 2022	5 278	37	-	-	5 315
Additions	1 411	3	-	-	1 414
Disposals	(912)	(6)	-	-	(918)
Transfers	-	-	-	-	-
At 31 December 2022	5 777	34	-	-	5 812
At 1 January 2023	5 777	34	-	-	5 812
Additions	713	-	-	-	713
Disposals	(15)	-	-	-	(15)
Transfers	-	-	-	-	-
At 31 December 2023	6 476	35	-	-	6 511
Net Book Value					
At 31 December 2022	1 849	-	338	5	2 192
At 31 December 2023	1 141	-	338	-	1 479

The Company recognises acquisitions of non-current intangible assets placed into service in the same financial year as additions in 2023. The acquisitions of non-current intangible assets from preceding periods, which were placed into service in 2023, are classified as transfers.

Software primarily comprises the Global E-Store tool for selling products to end customers, and encryption software.

16. FINANCIAL INVESTMENTS IN SUBSIDIARIES

16.1. Financial Investments in Subsidiaries

Subsidiary	Ownership Interest in %	31 Dec 2023	31 Dec 2022
ESET software spol. s r.o.	100	8	8
ESET, LLC	100	27	27
ESET ASIA PTE. LTD	100	76	76
ESET Canada Recherche Inc.	100	384	384
ESET Polska Sp. z o.o.	100	1 488	1 488
ESET DO BRASIL MARKETING LTDA	100	2	2
ESET LATINOAMERICA, Sociedad de Responsabilidad Limitada	100	110	93
ESET Research Czech Republic s.r.o.	100	1 300	1 300
Nadácia ESET	100	7	7
ESET Deutschland GmbH	100	1 950	1 950
ESET SOFTWARE Australia PTY	100	1	1
ESET Canada Inc.	100	64	64
ESET RESEARCH UK Limited	100	1 348	1 348
ESET SOFTWARE UK Limited	100	13 292	13 292
ESET Romania S.R.L.	100	60	60
ESET Japan Inc.	90	320	320
ESET MEXICO S. de R.L. de C.V.	100	18	18
ESET ITALIA S.r.l.	100	100	100
Total		20 554	20 537

16.2. Impairment Test of the Financial Investments in ESET SOFTWARE UK Limited a ESET Deutschland GmbH

As at 31 December 2023 and 31 December 2022, the Company reassessed the existence of impairment indicators for financial investments and identified an external impairment indicator, primarily in the form of an increase in interest rates in Slovakia and abroad.

Due to the existence of impairment indicators, the Company tested material financial investments (ESET SOFTWARE UK Limited and ESET Deutschland GmbH) for impairment. As the recoverable amount of both financial investments calculated using the EBITDA multiplier is higher than their carrying amount, the Company concluded that the above financial investments were not impaired as at 31 December 2023 and 31 December 2022.

The EBITDA multiplier value has a substantial impact on the calculation of the recoverable amount of the given financial investments and on the result of an impairment test; therefore, the Company carried out a sensitivity analysis for the recoverable amount to a change in the EBITDA multiplier as follows:

2023

EBITDA multiplier	Change	Recoverable Amount ESET SOFTWARE UK Limited	Recoverable Amount ESET Deutschland GmbH
14.78x	-25%	14 917	36 254
15.76x	-20%	15 816	38 383
16.75x	-15%	16 715	40 512
17.73x	-10%	17 614	42 641
18.72x	-5%	18 513	44 769
19.70x	0%	19 412	46 898
20.69x	5%	20 311	49 027
21.67x	10%	21 210	51 156
22.66x	15%	22 109	53 284
23.64x	20%	23 008	55 413
24.63x	25%	23 907	57 542

2022

EBITDA multiplier	Change	Recoverable Amount ESET SOFTWARE UK Limited	Recoverable Amount ESET Deutschland GmbH
12.83x	-25%	11 361	21 087
13.68x	-20%	11 995	22 266
14.54x	-15%	12 630	23 445
15.39x	-10%	13 265	24 623
16.25x	-5%	13 899	25 802
17.10x	0%	14 534	26 981
17.96x	5%	15 168	28 159
18.81x	10%	15 803	29 338
19.67x	15%	16 438	30 517
20.52x	20%	17 072	31 695
21.38x	25%	17 706	32 874

16.3. Impairment Test of the Financial Investment in ESET LATINOAMERICA, Sociedad de Responsabilidad Limitada

As at 31 December 2023, the Company recognised a loss allowance for the financial investment in ESET LATINOAMERICA, Sociedad de Responsabilidad Limitada (hereinafter "ESET LATAM") in the amount of EUR 47 thousand due to external impairment indicators, primarily hyperinflation (211.4% in the current reporting period) and macroeconomic instability in Argentina.

The Company assessed the materiality of the financial investment in ESET LATAM (EUR 147 thousand gross), and evaluated it as immaterial. Based on this evaluation, rather than calculating the recoverable amount of the financial investment in ESET LATAM, the Company created a loss allowance in accordance with a loss allowance for trade and other receivables.

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17. CAPITALISED CONTRACT COSTS

	2023	2022
Balance as at 1 January	330 507	299 133
Capitalised contract costs	401 591	397 688
Amortised contract costs in expenses of the current year	(386 142)	(366 313)
Balance as at 31 December	345 956	330 507
<i>Of which:</i>		
<i>Current capitalised costs of obtaining a contract</i>	<i>234 146</i>	<i>222 635</i>
<i>Non-current capitalised costs of obtaining a contract</i>	<i>109 599</i>	<i>107 179</i>
<i>Current capitalised costs to fulfil a contract</i>	<i>1 425</i>	<i>403</i>
<i>Non-current capitalised costs to fulfil a contract</i>	<i>786</i>	<i>290</i>

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 revenues from the provision of end-user licences.

The costs to fulfil a contract relate to technical support provided to customers by third-party distributors (distributors which are not part of the Group) and related-party distributors (subsidiaries).

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

18. TRADE AND OTHER RECEIVABLES

18.1. Trade and Other Receivables

	2023	2022
Trade receivables	5 564	4 279
Other financial receivables	4 276	4 307
Other non-financial receivables and other assets	8 665	4 788
Contract assets	-	920
Less: loss allowance for contract assets	-	(920)
Less: loss allowance for doubtful receivables	(7 019)	(5 007)
Trade and other receivables, net	11 486	8 367

The Company 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. Contingent receivables are disclosed in Note 26 Contingent Assets and Liabilities.

Other financial and non-financial receivables and other assets primarily comprise prepaid expenses, tax assets, receivables from invoiced expenses within the Group and claims awarded to the Company by courts as a result of litigation.

A summary of the ageing structure of the Company's trade and other receivables:

	2023	2022
Overdue trade and other receivables	8 280	6 519
<i>of which:</i>		
<i>Overdue by up to 30 days</i>	<i>555</i>	<i>365</i>
<i>Overdue between 30 – 90 days</i>	<i>64</i>	<i>334</i>
<i>Overdue by more than 90 days</i>	<i>7 661</i>	<i>5 820</i>

A summary of the ageing structure of the Company's trade and other receivables, for which loss allowances were recorded:

	2023	2022
Trade and other receivables, for which loss allowances were recorded	7 668	5 983
<i>of which:</i>		
<i>Due</i>	<i>-</i>	<i>989</i>
<i>Overdue by up to 30 days</i>	<i>1</i>	<i>-</i>
<i>Overdue between 30 – 90 days</i>	<i>10</i>	<i>-</i>
<i>Overdue by more than 90 days</i>	<i>7 657</i>	<i>4 994</i>



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	2023	2022
Loss allowances for trade and other receivables	(7 019)	(5 926)
<i>Of which:</i>		
<i>Due</i>	-	(989)
<i>Overdue by up to 30 days</i>	(1)	-
<i>Overdue between 30-90 days</i>	(4)	-
<i>Overdue by more than 90 days</i>	(7 014)	(4 937)

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

The Company 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.

The average maturity period for receivables from software sales is 30 days. In the current reporting period, the major items recognised by the Company included a loss allowance for a receivable from Future Time S.r.l. in the amount of EUR 4 602 thousand and a loss allowance for a receivable from I-SET Software LLC in the amount of EUR 1 625 thousand. In 2022, the main item recognised by the Company was a loss allowance for a receivable from Future Time S.r.l. in the amount of EUR 4 852 thousand.

Detailed information on the loss allowance for a contract asset in the amount of EUR 920 thousand recognised by the Company in the immediately-preceding reporting period is provided in Note 19 Contract Assets and Offsetting Financial Assets and Liabilities.

A summary of the ageing structure of overdue trade and other receivables, for which no loss allowances were recorded:

	2023	2022
Trade and other receivables overdue, for which no loss allowances were recorded:	612	1 526
<i>Of which:</i>		
<i>Overdue by up to 30 days</i>	554	365
<i>Overdue by between 30 and 90 days</i>	54	334
<i>Overdue by more than 90 days</i>	4	827

The carrying amount of receivables approximates their fair value.

18.2. Expected Credit Losses

The categorisation of financial instruments into stages in accordance with IFRS 9 "Financial Instruments" is presented in the table below:

	Stage 1	2023 Stage 2	Stage 3
Trade receivables and other financial receivables	1 586	658	7 594
		General Loss Allowance	Specific Loss Allowance
<i>Within maturity</i>		0%	0%
<i>Overdue by up to 30 days</i>		0%	49%
<i>Overdue between 30 - 90 days</i>		0%	56%
<i>Overdue by more than 90 days</i>		83%	92%
		2022 Stage 2	Stage 3
Trade receivables, other financial receivables and contract assets	2 085	1 580	5 841
		General Loss Allowance	Specific Loss Allowance
Expected credit losses			
<i>Within maturity</i>		0%	100%
<i>Overdue by up to 30 days</i>		0%	0%
<i>Overdue between 30 - 90 days</i>		0%	0%
<i>Overdue by more than 90 days</i>		17%	100%

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The Company assesses the expected credit losses (ECL model) from trade and other receivables as follows:

Type of Loss Allowance	Stage	Within Maturity					91 –	181 –	271 –	365+
			0 – 30	31 – 60	61 – 90	180	270	365		
General	2					30%	50%	80%	100%	
Specific*	2					Receivable amount over EUR 150 000 **				
Specific*	3					Receivable amount over EUR 50 000 ***				
Specific*	2					Litigation, military conflict, etc.				
Specific*	3					Litigation, military conflict, etc.				

* The amount of the specific loss allowance is determined based on an individual assessment of the respective receivables.

** The assessment of a specific loss allowance relates to all trade and other receivables from a business partner, where at least EUR 150 000 is overdue by more than 30 days.

*** The assessment of a specific loss allowance relates to all trade and other receivables from a business partner, where at least EUR 50 000 is overdue by more than 90 days.

The Company applied the above assessment of expected credit losses for the first time in the current reporting period. The Company assessed the impact of the new ECL model on the immediately-preceding reporting period as immaterial.

The Company assesses input parameters for expected credit losses (ECL model) from trade and other receivables, which primarily include the historical credit loss rate and a forecast of future economic conditions. For trade receivables and contract assets, the Company considers lifetime expected credit losses. For other receivables classified as Stage 1, the following 12-month period is considered. As regards other receivables classified as Stage 2 and Stage 3, the Company considers lifetime expected credit losses. When determining the historical credit loss rate in 2023, the Company took into account a 3-year period (2020 – 2022), for which the amount of written-off trade and other receivables was immaterial.

Stage 1

The Company considered expected credit losses from other receivables to be immaterial in the current and immediately preceding reporting periods and thus no expected credit losses were recognised.

Stage 2

The trade and other receivables specified above are categorised in Stage 2. The bulk of receivables categorised in this Stage are trade and other receivables overdue by more than 90 days, for which a loss allowance has been created.

In this category, the Company also classifies trade receivables for which the Company takes into consideration lifetime expected credit losses.

Stage 3

The trade and other receivables specified above are categorised in Stage 3. The bulk of receivables categorised in this Stage are trade and other receivables from Future Time S.r.l. and I-SET Software LLC.

As at 31 December 2022, the Company categorised the trade and other receivables from Future Time S.r.l. in this Stage.



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19. CONTRACT ASSETS AND OFFSETTING FINANCIAL ASSETS AND LIABILITIES

When the Company 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.

	2023	2022
Balance as at 1 January	22 752	18 625
Additions of contract assets	23 845	22 752
Disposals of contract assets*	<u>(22 752)</u>	<u>(18 625)</u>
Balance as at 31 December	<u>23 845</u>	<u>22 752</u>

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

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

Offset financial assets and financial liabilities are presented in the table below:

	2023	2022
Contract assets	23 845	21 833
Trade receivables	397	310
Trade payables	24 243	22 143

Details regarding financial assets not subject to offsetting are presented below:

	2023	2022
Contract assets, gross	23 845	22 752
Offsetting of contract assets	<u>(23 845)</u>	<u>(21 833)</u>
Contract assets not offset	-	920
Loss allowance for contract assets not offset	-	<u>(920)</u>
Contract assets, net	<u>-</u>	<u>-</u>

In the immediately-preceding reporting period, the Company created a 100% loss allowance in the amount of EUR 920 thousand for the portion of not offset contract assets in the amount of EUR 920 thousand. Contract assets in the amount of EUR 920 thousand represented a contractual entitlement to a consideration by the Company from the business partner, I-SET Software LLC, for the transfer of the right to use software during a certain period before the maturity date of the receivable. As at 31 December 2022, the Company evaluated the likelihood of recoverability of these contract assets as low and created a 100% loss allowance.

Contract assets not offset as at 31 December 2022 were classified as trade receivables as at 31 December 2023, as the contractual right to consideration became unconditional.

20. CASH, CASH EQUIVALENTS AND TERM DEPOSITS

20.1. Cash and Cash Equivalents

	2023	2022
Bank accounts	17 708	41 230
Bank deposits and other cash equivalents	<u>27 220</u>	<u>51 930</u>
Total	<u>44 928</u>	<u>93 160</u>

The Company invests free cash in bank term deposits (overnights, money market funds). The carrying amounts of these financial assets approximate their fair value. The Company classifies bank deposits as cash and cash equivalents, provided their maturity period does not exceed 3 months.

In the immediately-preceding reporting period, the Company recognised bank deposits (overnights) totalling EUR 5 242 thousand as "Bank accounts". In the current reporting period, the Company recognised such bank deposits as "Bank deposits and other cash equivalents". As a result, the Company adjusted the comparable data for the immediately-preceding reporting period.



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20.2. Term Deposits

The Company presents term deposits with a maturity of 3 to 12 months as current financial assets, separately from cash and cash equivalents:

	2023	2022
Term deposits	134 000	5 000
Total	134 000	5 000

21. DEFERRED TAX ASSET AND DEFERRED TAX LIABILITY

21.1. Deferred Tax Balances

	2023	2022
Deferred tax asset, gross	17 832	45 450
Deferred tax liability, gross	(7 075)	(21 518)
Deferred tax asset, net	10 757	23 932

Deferred tax assets/(liabilities) broken down by temporary differences:

	<i>Deferred Tax Asset (+)/Deferred Tax Liability (-) as at 1 Jan 2023</i>	<i>Charged to Profits/ Losses</i>	<i>Recognised in Other Comprehensive Income</i>	<i>Deferred Tax Asset (+)/Deferred Tax Liability (-) as at 31 Dec 2023</i>
Deferred income	30 162	(22 737)	-	7 424
Capitalised costs of obtaining a contract	(18 487)	14 279	-	(4 208)
Right-of-use assets	(3 031)	164	-	(2 867)
Lease liabilities	3 154	(103)	-	3 051
Non-current tangible and intangible assets	982	(312)	-	670
Provisions	2 264	385	5	2 654
Tax loss	6 351	(3 972)	-	2 379
Deduction of R&D expenses	879	(879)	-	-
Other	1 657	(5)	-	1 652
Total	23 932	(13 180)	5	10 757

	<i>Deferred Tax Asset (+)/Deferred Tax Liability (-) as at 1 Jan 2022</i>	<i>Charged to Profits/ Losses</i>	<i>Recognised in Other Comprehensive Income</i>	<i>Deferred Tax Asset (+)/Deferred Tax Liability (-) as at 31 Dec 2022</i>
Deferred income	98 824	(68 663)	-	30 162
Capitalised costs of obtaining a contract	(61 526)	43 039	-	(18 487)
Right-of-use assets	(3 059)	28	-	(3 031)
Lease liabilities	3 171	(17)	-	3 154
Non-current tangible and intangible assets	1 257	(274)	-	982
Provisions	1 845	419	-	2 264
Tax loss	-	6 351	-	6 351
Deduction of R&D expenses	-	879	-	879
Other	821	837	-	1 657
Total	41 333	(17 401)	-	23 932

As at 31 December 2023 and 31 December 2022, the Company did not record unrecognised deferred tax assets.



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22. TRADE AND OTHER PAYABLES

	2023	2022
Trade payables	11 861	8 295
Distribution liabilities	47 743	43 426
Employee benefits liabilities	5 130	4 486
Social security liabilities	2 979	2 428
Other tax liabilities	1 625	919
Other payables	6 906	3 657
Total	76 245	63 211
<i>Of which:</i>		
<i>Liabilities within maturity</i>	76 219	62 398
<i>Overdue liabilities</i>	26	391

	2023	2022
Overdue liabilities	26	194
<i>Of which:</i>		
<i>Overdue by up to 30 days</i>	25	80
<i>Overdue between 30 – 90 days</i>	1	6
<i>Overdue by more than 90 days</i>	-	108

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

23. LEASES

The Company 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

	2023	2022
At 1 January	14 448	14 566
Additions	2 700	2 875
Disposals	-	-
Depreciation	(3 459)	(2 993)
At 31 December	13 689	14 448

Recognised right-of-use assets apply to the buildings in which the Company operates.

Lease liabilities in EUR '000

	2023	2022
At 1 January	15 024	14 941
Additions	2 671	2 857
Disposals	-	-
Accrued interest expense	438	417
Lease payments	(3 598)	(3 191)
At 31 December	14 534	15 024
<i>Of which:</i>		
<i>Current lease liabilities</i>	3 826	3 155
<i>Non-current lease liabilities</i>	10 708	11 868
<i>Of which:</i>		
<i>Non-current lease liabilities falling due in 1-5 years</i>	10 380	11 868
<i>Non-current lease liabilities falling due in over 5 years</i>	328	-

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

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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 31 December 2022: 2.77%
- At 31 December 2023: 3.03%

Lease liabilities under IFRS 16 in EUR '000 and discount

	2023	2022
Lease liabilities net of discount	15 432	15 985
Discount	(897)	(961)
Lease liabilities after discounting	14 534	15 024
Weighted average interest rate	3.03%	2.77%

The Company leases primarily business premises and data centres under an operating lease. The Company has the option to exercise an expansion option to expand the leased premises, 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 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 amount of the finance lease liability.

Contingent lease liabilities from unused options stated in lease contracts, which may be exercised by the Company in the future, amount to EUR 0 thousand (2022: EUR 1 141 thousand) and contingent liabilities due to future variable payments related to such options amount to EUR 0 thousand (2022: EUR 385 thousand).

Estimated future variable lease payments arising from lease contracts capitalised under IFRS 16 total EUR 5 848 thousand and have the following maturity structure:

	2023	2022
Falling due in up to 1 year	1 602	953
Falling due in 1-5 years	4 126	3 286
Falling due in over 5 years	120	-
	5 848	4 239

Profit/(loss) as at 31 December 2023 in respect of IFRS 16 in EUR '000

	2023	2022
Depreciation of right-of-use buildings	3 459	2 993
Interest expense from lease liabilities	438	417
Expenses relating to low-value assets	11	9
Expenses relating to short-term leases	314	370
Expenses relating to variable lease payments	1 577	967

The breakdown of the total amount of variable lease payments recognised in the separate statement of comprehensive income for the year ended 31 December 2023 is as follows:

	2023	2022
Rent	1 577	967

The Company 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 2023 amount to EUR 2 thousand (2022: EUR 2 thousand), total lease liabilities from short-term leases amount to EUR 78 thousand (2022: EUR 55 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. 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.



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

	2023	2022
Falling due in up to 1 year	78	57
Falling due in 1 to 5 years	-	-
Falling due in over 5 years	-	-
	<u>78</u>	<u>57</u>

24. PROVISIONS

Employee benefits are recognised in the statement of financial position as follows:

	2023	2022
Current provisions	1 434	1 506
Non-current provisions	8 751	7 250
<i>Of which:</i>		
<i>Maturity up to 5 years</i>	3 682	2 479
<i>Maturity over 5 years</i>	5 069	4 772
Total	<u>10 185</u>	<u>8 757</u>

	2023	2022
Provision for management and key personnel bonuses	2 006	2 565
<i>Of which:</i>		
<i>Current provisions</i>	638	1 036
<i>Non-current provisions</i>	1 368	1 529
Provision for retirement payments	275	216
<i>Of which:</i>		
<i>Current provisions</i>	19	38
<i>Non-current provisions</i>	256	178
Provision for loyalty bonus	2 563	2 220
<i>Of which:</i>		
<i>Current provisions</i>	165	130
<i>Non-current provisions</i>	2 398	2 090
Provision for loyalty vacation days	4 898	3 755
<i>Of which:</i>		
<i>Current provisions</i>	380	302
<i>Non-current provisions</i>	4 518	3 453
Other provisions	443	-
<i>Of which:</i>		
<i>Current provisions</i>	233	-
<i>Non-current provisions</i>	210	-
Total	<u>10 185</u>	<u>8 757</u>

The provisions include a provision for employee benefits and other provisions. The provision for employee benefits was created in connection with employee loyalty benefits and employee loyalty vacation days, a provision for bonuses to the Company's management and key personnel and a provision for retirement payments.



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The change in the present value of the employee benefit obligation is presented in the table below:

	Post-employment Benefits		Other Long-term Benefits	
	2023	2022	2023	2022
Present value of obligations as at 1 January	216	-	8 540	8 388
Changes in provided benefits	-	-	-	-
Current service cost	37	214	1 539	3 001
Interest expense	7	8	265	78
Benefit plan contributions – employees	-	-	-	-
Actuarial (gains) losses due to other changes	15	5	(39)	88
Actuarial (gains) losses due to changes in assumptions	17	(11)	719	(38)
<i>Of which:</i>	-	-	-	-
Actuarial (gains) losses due to changes in demographic assumptions	26	19	290	142
Actuarial (gains) losses due to changes in financial assumptions	(10)	(30)	429	(170)
Benefits paid	(17)	-	(1 556)	(2 978)
Income on benefit plan assets	-	-	-	-
Past service cost	-	-	-	-
Other	-	-	-	-
Amounts recognised in the statement of profit or loss	35	222	927	152
Amounts recognised in other comprehensive income	23	(5)	-	-
Present value of obligations as at 31 December	275	216	9 467	8 540

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

	2023	2022
Weighted average turnover rate	7.45%	8.13%
Weighted average increase in wages and salaries	3% – 5%*	9.00%
Weighted average discount rate	3.39% – 4.31%	3.38% – 3.62%

*Anticipated wage growth is 5% in 2024 and 3% in subsequent years.

The sensitivity analysis of the provisions to a change in material assumptions is presented below:

	Present Value of the Provision	Sensitivity to Change in Discount Rate		Sensitivity to Change in Average Wages and Salaries		Sensitivity to Change in Turnover	
		+100 Basis Points	-100 Basis Points	+100 Basis Points	-100 Basis Points	+10%	-10%
31 Dec 2023							
Work anniversary - Loyalty vacation days	4 898	4 541	5 307	5 335	4 510	4 595	5 233
Retirement payments	275	236	323	322	235	241	314
Loyalty bonus	2 563	2 365	2 790	x	x	2 394	2 749
Management and key personnel bonuses	2 006	1 957	2 057	x	x	x	x
31 Dec 2022							
Work anniversary - Loyalty vacation days	3 755	3 485	4 063	4 062	3 482	3 504	4 035
Retirement payments	216	188	251	251	187	189	248
Loyalty bonus	2 220	2 041	2 424	x	x	2 079	2 377
Management and key personnel bonuses	2 565	2 507	2 626	x	x	x	x

As at 31 December 2023 and 31 December 2022, the Company carried out a sensitivity analysis of the actuarial assumptions which were used in the calculation of the present value of a liability related to different types of provisions and also had a material impact on the amount of these liabilities.



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25. DEFERRED INCOME

	2023	2022
Balance as at 1 January	446 673	395 394
Consideration for services to be provided in the future	666 167	643 576
Released to revenues for the current year	(639 743)	(592 296)
<i>Of which: released deferred income included in the opening balance</i>	<u>(297 872)</u>	<u>(270 668)</u>
Balance as at 31 December	<u>473 097</u>	<u>446 673</u>
<i>Of which:</i>		
<i>Current deferred income</i>	323 355	303 050
<i>Non-current deferred income</i>	149 742	143 623

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

The difference between the current portion of deferred income as at 31 December 2022 and the deferred income released in 2023 and included in the opening balance is represented by customer contract modifications.

26. CONTINGENT ASSETS AND LIABILITIES

26.1. Contingent Assets

The Company only recognises as assets on the balance sheet receivables which represent an unconditional right to a consideration. Receivables are recognised when an unconditional amount of the consideration is enforceable or falls due.

As at 31 December 2023, the Company records contingent receivables from the sale of licences and services amounting to EUR 98 105 thousand (31 December 2022: EUR 86 392 thousand). These receivables are not recoverable and due at the end of the reporting period, but the Company expects them to fall due on average within 30 days after 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.

26.2. Contingent Liabilities

Tax returns of the 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 2023, the Parent Company's tax returns for 2017 to 2023 remain open and may be subject to review.

In the current reporting period, the Company did not identify any future contingent lease liabilities arising from unexercised options in lease agreements. In the immediately-preceding reporting period, the Company identified contingent lease liabilities from unexercised options stated in lease contracts, which may be exercised in the future, in the total amount of EUR 1 141 thousand and contingent liabilities due to future variable payments related to such options in the amount of EUR 385 thousand.



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27. LITIGATION

FINJAN Inc.

In the preceding period, the Company and its subsidiaries were a party to three litigations with FINJAN Inc.

1. 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. 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. New litigation for patent invalidity (the original litigation ended in 2022) involving ESET spol. s r.o. as the plaintiff and FINJAN Inc. as the defendant. FINJAN Inc. took legal action with regard to an alleged breach of this patent in the above litigation.

In September 2023, the Company won litigation under paragraph 1. ESET, spol. s r.o. applied for reimbursement of legal representation costs, which is only granted exceptionally in the US, and this application was refused. The Company also applied for reimbursement of the costs of the court proceedings, which was granted by the court's decision on 31 January 2024, and the costs of the court proceedings were subsequently paid by FINJAN Inc.

In January 2024, the court dismissed the action under paragraph 2 and ordered FINJAN Inc. to reimburse ESET, spol. s r.o. for its legal representation costs. FINJAN Inc. failed to lodge an appeal by the statutory deadline, and therefore the litigation is finally concluded.

Due to the termination of the litigation under paragraph 2, the Company withdrew the action under paragraph 3 on 28 February 2024.

Future Time S.r.l.

In February 2022, the Arbitration Court of the Slovak Chamber of Commerce and Industry issued an award dismissing the action of Future Time S.r.l. in its entirety, partially acknowledged the Company's counterclaims, and ordered both parties to pay certain costs of the proceedings.

Future Time S.r.l. entered into liquidation on 11 November 2022. In April 2023, an Italian court recognised the arbitral award of the Slovak Chamber of Commerce and Industry and it thus became automatically enforceable. The Company is the sole creditor, as a result of which it was paid assets totalling EUR 275 thousand as part of the liquidation, of which EUR 250 thousand was paid at the end of 2023. The Company partially reversed the loss allowance created for the receivable in an amount equalling the received asset. The Company evaluates the likelihood of the recoverability of the remaining portion of the receivables as very low and did not reverse loss allowances for the receivables in question (see Note 18 Trade and Other Receivables).

28. COMMITMENTS

As at 31 December 2023, the Company had concluded no significant contracts for the purchase of non-current tangible and intangible assets.

29. COSTS OF AUDIT SERVICES

	2023	2022
Costs of auditing financial statements	229	236
Tax services	8	16
Other non-audit services	1	3

Tax services in the current reporting period primarily comprised advisory on withholding tax in India and the tax return preparation in relation to an equalization levy in India. Tax services in the immediately-preceding reporting period primarily comprised VAT advisory in Indonesia and the preparation of a tax return for a top-up levy in India.



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30. RELATED PARTIES

Identification of Related Parties

As stated in the following overview, in accordance with IAS 24 Related Party Disclosures, the Company identified that it is a related party to the following entities:

1. Members of Senior Management of the Company, shareholders of the Company and members of the Supervisory Board (Note 1.1);
2. Subsidiaries (a list of subsidiaries is presented in Note 7);
3. Other related parties in terms of personnel.

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

30.1. Transactions with Company Shareholders, Members of Senior Management and Supervisory Board

Transactions with natural persons under point 1 above are presented below:

	2023	2022
Short-term employee benefits	4 256	2 896
Other long-term employee benefits	416	1 460
Employment termination benefits	51	34
Total	4 722	4 390



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30.2. Transactions with Other Related Parties

Transactions with related parties under points 2 and 3 above applicable to the separate statement of comprehensive income are presented below:

2023 Company Name	Revenues from the Provision of End-user Licences and Services*	Costs of Obtaining a Contract	Other Income	Other Expenses	Dividends Received
ESET SOFTWARE UK Limited (QNH)	27 941	16 725	190	1 320	500
ESET Deutschland GmbH	66 542	39 441	2 167	622	1 149
ESET POLSKA Sp.z o.o.	-	-	274	7 896	422
ESET Research Czech Republic s.r.o.	-	-	307	12 682	1 485
ESET RESEARCH UK Limited (DESlock)	-	-	55	1 362	175
ESET Canada Recherche Inc.	-	-	54	1 734	82
ESET Japan Inc.	2	-	40	2 049	-
ESET ITALIA S.r.l.	23 792	13 390	120	113	303
ESET ASIA PTE. LTD.	30 221	21 155	107	1 718	-
ESET Canada Inc.	13 545	8 178	100	-	201
ESET Romania S.R.L.	-	-	51	1 097	63
ESET, LLC	127 241	87 550	1 241	5 684	-
ESET MÉXICO S. de R.L. de C.V.	8	-	49	86	-
ESET software spol. s r.o.	27 059	13 016	142	1 097	558
Nadácia ESET	-	-	38	1 460	-
ESET DO BRASIL MARKETING LTDA	2	-	32	1 818	-
ESET Software Australia, PTY, LTD.	6 061	4 402	83	112	57
ESET LATINOAMERICA, S.R.L.	22	-	119	171	-
Other related parties	-	-	-	1 000	-
Total	322 436	203 857	5 167	42 021	4 994

*Revenues from the provision of end-user licences and services from sales made via subsidiaries.



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2022 Company Name	Revenues from the Provision of End-user Licences and Services*	Costs of Obtaining a Contract	Other Income	Other Expenses	Dividends Received
ESET SOFTWARE UK Limited (QNH)	25 945	15 529	200	1 059	762
ESET Deutschland GmbH	51 135	33 806	1 919	63	1 263
ESET POLSKA Sp.z o.o.	-	-	434	5 714	409
ESET Research Czech republic s.r.o.	-	-	196	9 694	810
ESET RESEARCH UK Limited (DESlock)	-	-	58	1 548	225
ESET Canada Recherche Inc.	-	-	48	1 507	71
ESET Japan Inc.	2	-	45	2 348	-
ESET ITALIA S.r.l.	19 940	10 865	130	-	263
ESET ASIA PTE. LTD.	29 404	20 681	129	1 261	465
ESET Canada Inc.	13 349	7 840	102	-	435
ESET Romania S.R.L.	-	-	59	962	58
ESET, LLC	123 035	84 409	751	2 494	-
ESET MÉXICO S. de R.L. de C.V.	5	-	46	-	-
ESET software spol. s r.o.	24 802	12 045	90	317	400
Nadácia ESET	-	-	48	1 235	-
ESET DO BRASIL MARKETING LTDA	1	-	34	1 558	65
ESET SOFTWARE UK Limited (PGNB)*	-	-	-	-	-
ESET Software Australia, PTY, LTD.	6 374	5 030	91	-	51
ESET LATINOAMERICA, S.R.L.	16	-	106	-	-
Other related parties	-	-	-	1 000	-
Total	294 009	190 207	4 488	30 759	5 275

*A loss allowance for the financial investment in and dividends received from PGNB Limited are recognised in the separate statement of comprehensive income on a net basis (see Note 11 Profit/Loss from Liquidation of a Subsidiary).

**Revenues from the provision of end-user licences and services from the sales made via subsidiaries.



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Transactions with related parties under points 2 and 3 above applicable to the separate statement of financial position are presented below:

2023 Company Name	Receivables	Payables	Current Deferred Income*	Non-current Deferred Income*	Current Capitalised Contract Costs	Non-current Capitalised Contract Costs
ESET SOFTWARE UK Limited (QNH)	7	3 527	9 887	2 866	8 235	3 012
ESET Deutschland GmbH	853	3 942	39 174	20 083	25 052	13 931
ESET POLSKA Sp.z o.o.	4	1 260	-	-	-	-
ESET Research Czech republic s.r.o.	8	1 892	-	-	-	-
ESET RESEARCH UK Limited (DESlock)	4	151	-	-	-	-
ESET Canada Recherche Inc.	-	366	-	-	-	-
ESET Japan Inc.	88	202	-	-	-	-
ESET ITALIA S.r.l.	6	4 393	9 296	7 336	8 393	5 930
ESET ASIA PTE. LTD.	43	3 548	16 415	8 671	14 308	7 601
ESET Canada Inc.	11	1 559	6 289	3 268	5 041	2 680
ESET Romania S.R.L.	9	153	-	-	-	-
ESET, LLC	69	9 303	60 655	23 824	51 608	21 727
ESET MÉXICO S. de R.L. de C.V.	154	(5)	-	-	-	-
ESET software spol. s r.o.	6	2 879	16 286	8 419	9 654	5 034
Nadácia ESET	0	(14)	-	-	-	-
ESET DO BRASIL MARKETING LTDA	16	232	-	-	-	-
ESET Software Australia, PTY, LTD.	6	419	2 788	897	2 307	836
ESET LATINOAMERICA, S.R.L.	414	(13)	-	-	-	-
Other related parties	-	600	-	-	-	-
Total	1 698	34 395	160 788	75 364	124 597	60 752

*Deferred income from the provision of end-user licences and services from sales made via subsidiaries.



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2022 Company Name	Receivables	Payables	Current Deferred Income*	Non-current Deferred Income*	Current Capitalised Costs of Obtaining a Contract	Non-current Capitalised Costs of Obtaining a Contract
ESET SOFTWARE UK Limited (QNH)	-	2 234	10 086	3 168	7 655	2 868
ESET Deutschland GmbH	725	2 869	29 602	17 568	21 337	12 481
ESET POLSKA Sp.z o.o.	-	1 406	-	-	-	-
ESET Research Czech republic s.r.o.	-	397	(1)	(1)	-	-
ESET RESEARCH UK Limited (DESlock)	-	311	-	-	-	-
ESET Canada Recherche Inc.	-	-	-	-	-	-
ESET Japan Inc.	-	213	-	-	-	-
ESET ITALIA S.r.l.	9	4 046	7 595	3 032	6 806	3 255
ESET ASIA PTE. LTD.	12	3 253	16 246	9 159	14 025	7 989
ESET Canada Inc.	9	1 969	6 134	2 705	5 006	2 458
ESET Romania S.R.L.	-	109	-	-	-	-
ESET, LLC	-	7 343	63 022	25 211	51 654	22 066
ESET MÉXICO S. de R.L. de C.V.	188	(2)	(1)	-	-	-
ESET software spol. s r.o.	-	3 939	13 257	7 770	8 663	5 087
Nadácia ESET	-	-	-	-	-	-
ESET DO BRASIL MARKETING LTDA	16	102	1	-	-	-
ESET SOFTWARE UK Limited (PGNB)	-	-	-	-	-	-
ESET Software Australia, PTY, LTD.	9	505	2 772	917	2 530	960
ESET LATINOAMERICA, S.R.L.	278	7	-	(12)	-	-
Other related parties	-	600	-	-	-	-
Total	1 247	29 298	148 712	69 518	117 677	57 164

*Deferred income from the provision of end-user licences and services from sales made via subsidiaries.



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31. FINANCIAL RISK MANAGEMENT

The difference between the net book value and fair value of cash and cash equivalents, trade receivables and payables and other current receivables and payables is not material.

31.1. Risk Management

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

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

31.2. Foreign Exchange Risk

The Company 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 Company. The Company does not use any special financial instruments to hedge against foreign exchange risk. The Company relies on natural hedging through adjusting purchases and sales. The exposures are further mitigated through the use of short-term placements in banks.

The following items of assets and liabilities are denominated in a currency other than the functional currency that is material to the Company (in EUR '000):

	2023					
	USD	CZK	PLN	CAD	GBP	JPY
Cash and cash equivalents	6 657	1 748	217	473	2 213	3 235
Trade and other payables	14 826	4 787	1 260	1 987	3 691	2 868
	2022					
	USD	CZK	PLN	CAD	GBP	JPY
Cash and cash equivalents	8 392	3 724	848	824	1 581	3 073
Trade and other payables	14 692	4 803	2 811	642	2 912	2 507

The Company also has assets and liabilities denominated in the Brazilian real, Romanian leu, Argentinian peso and Australian dollar, which are immaterial to the Company.

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:

Currency	Average Exchange Rate for 2023	Exchange Rate as at 31 Dec 2023	Average Exchange Rate for 2022	Exchange Rate as at 31 Dec 2022
EUR/USD	1.0813	1.1050	1.0530	1.0666
EUR/CZK	24.0043	24.7240	24.5659	24.1160
EUR/JPY	151.9903	156.3300	138.0274	140.6600
EUR/GBP	0.8698	0.8691	0.8528	0.88693
EUR/PLN	4.5420	4.3395	4.6861	4.6808
EUR/AUD	1.6288	1.6263	1.5167	1.5693
EUR/BRL	5.4010	5.3618	5.4399	5.6386
EUR/CAD	1.4595	1.4642	1.3695	1.4440
EUR/RON	4.9467	4.9756	4.9313	4.9495



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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 translation gains/losses recognised in the separate statement of comprehensive income would be as follows:

31 Dec 2023	Exchange Rate Appreciation by 10%	Exchange Rate Depreciation by 10%
EUR/USD	666	(815)
EUR/CZK	276	(338)
EUR/PLN	95	(116)
EUR/CAD	137	(167)
EUR/GBP	134	(164)
EUR/JPY	(42)	51
EUR/ARS	-	-
EUR/AUD	37	(46)
EUR/RON	14	(17)
EUR/BRL	42	(52)

31 Dec 2022	Exchange Rate Appreciation by 10%	Exchange Rate Depreciation by 10%
EUR/USD	558	(683)
EUR/CZK	98	(120)
EUR/PLN	178	(218)
EUR/CAD	117	(143)
EUR/GBP	124	(152)
EUR/JPY	(51)	63
EUR/ARS	(1)	1
EUR/AUD	46	(56)
EUR/RON	42	(52)
EUR/BRL	39	(47)

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.

31.3. Liquidity Risk

Liquidity risk is the risk that the Company will not be able to settle its financial liabilities when due. The Company manages the liquidity risk by ensuring sufficient liquidity to settle its liabilities when due.

The Company keeps a sufficient volume of cash primarily from its own funds. The management monitors the sufficiency of liquid reserves based on the forecasted cash flows.

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

The Company's deposits are not covered by any special insurance. The management believes that the non-insured portion is placed in financial institutions where no concern regarding their insolvency exists at present.

The following tables present the maturity of financial liabilities and assets based on contractual non-discounted payments:

2023	Net Book Value	Expected Cash Flows				
		Total	On Demand	Up to 1 Year	Up to 5 Years	Over 5 Years
Financial Assets						
Cash and cash equivalents	44 928	44 928	44 928	-	-	-
Bank deposits	134 000	134 000	-	134 000	-	-
Trade and other financial receivables*	2 821	2 821	1 242	1 578	-	-
Contingent assets*	98 105	98 105	-	98 105	-	-
Other non-current assets**	1 462	1 575	-	-	1 498	78

*The On Demand category represents overdue receivables. For more information on contingent receivables, see Note 26.1 Contingent Assets.

**The difference between the net book value of other non-current assets and the related expected cash flows represents non-current receivables discounted to their present value. The Company only includes other non-current assets that are part of financial assets in other non-current assets.

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2022

Financial Assets	Net Book Value	Expected Cash Flows				
		Total	On Demand	Up to 1 Year	Up to 5 Years	Over 5 Years
Cash and cash equivalents	93 160	93 160	93 160	-	-	-
Term deposits	5 000	5 000	-	5 000	-	-
Trade and other receivables*	3 736	3 736	1 581	2 154	-	-
Contingent assets*	86 392	86 392	-	86 392	-	-
Other non-current assets**	1 543	1 677	-	-	1 677	-

*The On Demand category represents overdue receivables. For more information on contingent receivables, see Note 26.1 Contingent Assets.

**The difference between the net book value of other non-current assets and the related expected cash flows represents non-current receivables discounted to their present value. The Company only includes other non-current assets that are part of financial assets in other non-current assets.

2023

Financial Liabilities	Net Book Value	Expected Cash Flows				
		Total	On Demand*	Up to 1 year	Up to 5 years	More than 5 Years
Trade and other payables	73 266	73 266	26	73 240	-	-
Lease liabilities**	14 534	15 432	-	4 214	10 877	341
Other non-current liabilities	782	782	-	-	782	-

*Liabilities payable on demand represent overdue liabilities.

**The difference between the net book value of lease liabilities and the related expected cash flows represents a future interest expense included in lease instalments.

2022

Financial Liabilities	Net Book Value	Expected Cash Flows				
		Total	On Demand*	Up to 1 year	Up to 5 years	More than 5 Years
Trade and other payables	63 211	63 211	194	63 017	-	-
Lease liabilities**	15 024	15 985	-	3 530	12 454	-
Other non-current liabilities	494	494	-	-	494	-

*Liabilities payable on demand represent overdue liabilities.

**The difference between the net book value of lease liabilities and the related expected cash flows represents a future interest expense included in lease instalments.

31.4. Credit Risk

Credit risk is a risk arising from the possible inability or unwillingness of a debtor to settle its payables. The Company manages credit risk appropriately, primarily by applying an individual approach to its major business partners. The Company regularly monitors the payment discipline of its business partners.

Most of the Company's revenues are generated from cooperation with long-term foreign partners that have an excellent record as regards long-term payment discipline. As regards credit risk, the Company categorises its customers as follows:

1. Foreign business partners – their payment discipline is monitored on a weekly basis. To date, the payment discipline of this group of partners has been excellent, except for partners with whom cooperation has been terminated.
2. Subsidiaries – at the level of subsidiaries, management monitors their relationships with business partners and regularly evaluates induced insolvency of the subsidiaries.
3. Slovak end customers – credit risk is mitigated automatically. If a customer fails to pay an issued invoice within 14 days of purchasing a licence, a credit note is automatically issued and the licence is deactivated.
4. Slovak resellers – credit risk is managed using a short maturity period of issued invoices. If an invoice is unpaid when due, a reminder is sent automatically and non-cooperating partners are suspended from ordering licences. The access of such a partner is restored after documenting the settlement of all overdue invoices.

The expected percentage of credit losses and the loss allowance for receivables are described in Note 20 Trade and Other Receivables.



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32. CAPITAL MANAGEMENT

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

33. OTHER INFORMATION

33.1. Military Conflict in Ukraine

In 2022, the Company decided to end the sale of products to new customers in Russia and Belarus to make clear its position and support for Ukraine and its people.

This issue had an impact on the carrying amount of the Company's receivables as at 31 December 2023. In the light of the above situation and sanctions against the Russian Federation, the Company created a loss allowance for trade receivables from I-SET Software LLC equalling the total receivable amount of EUR 1 625 thousand.

In 2023, the Company provided humanitarian aid in the amount of EUR 500 thousand via the ESET Foundation. This amount was used to support non-profit humanitarian organisations working in Ukraine, and to set up a system of financial assistance for Ukrainian refugees and ESET employees providing them with accommodation.

33.2. Creation of New Companies

In March 2023, Company shareholders approved a plan for creating two new companies which will not be part of the Group:

- ESET Science Campus company;
- A holding company via which shareholders will hold their shares in the newly-created ESET Science Campus company.

Both newly-created companies will be linked with the Company in terms of personnel (via the shareholders of the Company). The future transactions between the Company and the newly-created companies above will represent transactions with related parties.

After creating the above companies, the Company plans to transfer the ESET Science Campus project in the amount of EUR 35 700 thousand to the new ESET Science Campus company.

In March 2023, Company shareholders also approved a change to the legal form of the Company from a limited liability company to a joint-stock company.

Based on the evaluation of the current status and development of the analyses and preparation work for the project, the Company does not expect the formation of the new companies stated above and the transfer of the ESET Science Campus project will take place in 2024.

The Group concluded that the plan for transferring the ESET Science Campus project to a new company did not meet the requirements of IFRS 5 Non-current Assets Held for Sale and Discontinued Operations for presentation as a separate line item in the separate statement of financial position as at 31 December 2023.

33.3. Environmental, Social and Governance as Part of Responsible Business Conduct

ESET considers environmental, social and governance (ESG) to be a part of responsible business conduct. ESET is beginning implementation of a global ESG strategy and aligning internal processes related to ESG strategy implementation, monitoring and reporting in line with ESRS (European Sustainability Reporting Standards). As of 2022, in accordance with EU Regulation 2080/852 of 18 June 2020 ("Taxonomy Regulation") and Commission Delegated Regulation (EU) 2021/2139 of 4 June 2021, on behalf of the Group, the Company examines all economic activities eligible under the Taxonomy that are typical professional IT services activities. ESET is preparing to assess the Company's financial risks and opportunities related to sustainability in 2024.

As part of the environmental aspects, the Company has begun assessing the impact of climate change on the financial statements. For the financial statement items, the Company will assess the potential impairment of recognised assets and the origin of liabilities due to climate change. At this stage, no significant impact of climate change on the Company's financial statements has been identified.



**NOTES TO THE SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023
(in thousands EUR, unless stated otherwise)**

34. EVENTS AFTER THE DATE OF THE STATEMENT OF FINANCIAL POSITION

The inheritance proceedings for the deceased shareholder Rudolf Hrubý ended on 7 March 2024. Elena Hrubá and Ján Hrubý became equal heirs to the business share. On 28 March 2024, the heirs were entered in the Business Register of the Slovak Republic as the shareholders.

In 2023, the Management Board of the Company approved dividends totalling EUR 11 075 thousand. The Company paid out a share of the approved dividends in the amount of EUR 1 645 thousand on 25 January 2024. The remaining part of dividends of EUR 9 430 thousand was paid during 2023.

On 22 February 2024, the Company's Management Board approved a three-year contingent financial commitment of EUR 3 000 thousand for the Kempelen Institute of Intelligent Technologies for application for a grant from the European Commission.

In April 2024, the Company made a commitment to continue providing support to its subsidiary, ESET RESEARCH UK Limited, in connection with software development and other activities related to software development up to EUR 2 000 thousand. The Company made the commitment to this support to demonstrate the ability of the subsidiary, ESET RESEARCH UK Limited, to continue as a going concern for a period of 12 months following the approval of its separate financial statements prepared as at 31 December 2023.

The details of the current status of the Company's ongoing litigations are provided in Note 27 Litigations.

In addition to the above, no other events occurred after 31 December 2023 that would have a material impact on the Company's financial position or operations.

35. OTHER SUPPLEMENTARY INFORMATION REQUIRED PURSUANT TO SLOVAK LEGISLATION

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

R&D expenses

In 2023, the Company recognised research and development expenses and applied a tax credit pursuant to the Income Tax Act. The tax credit of EUR 4 197 thousand to which the Company was entitled in the immediately-preceding reporting period was applied in the current reporting period. Information on the amount of expenses eligible for tax credit is presented in the table below:

	2023	2022
R&D expenses	8 877	4 194

Social fund payables, opening balance, creation, drawing, balance at the end of the reporting period for the Company

	2023	2022
Balance at 1 January	252	235
+ Creation debited to expenses	942	747
- Drawing	(840)	(731)
- Transfer to funds from profit	-	-
Balance at 31 December	354	252

Prepared on:

3 May 2024

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 Separate Financial Statements:

Signature of the Person Responsible for Bookkeeping:

Approved on:

3 May 2024

