Seyfor

'17

We see our future
in the cloud

1 July 2016 – 30 June 2017

Content

Key figures[1]

EUR	30 June 2015	30 June 2016	30 June 2017
SALES	25 663 794	30 437 672	43 295 975
SALES y/y		18,6%	42,2%
EBITDA	3 677 781	4 065 061	5 230 871
EBITDA y/y		10,5%	28,7%
Staff costs	12 539 663	15 070 045	20 792 028
Staff costs y/y		20,2%	38,0%
Development costs	2 085 938	2 701 214	3 591 030
Development costs y/y		29,5%	32,9%
Profit before tax	6 550 454	5 395 888	5 239 864
Profit before tax y/y		-17,6%	-2,9%
Assets	52 797 373	26 914 240	71 352 749
Equity	31 920 900	48 408 763	51 262 548
Current liabilities	14 540 491	7 756 796	12 362 631
Non-current liabilities	1 000 130	4 989 324	2 170 317
Employees	378	565	647

[1] Data aggregated for Solitea and its subsidiaries. CDL's fiscal year ran from 1 January 2016 to 31 December 2016. SAOP's fiscal year ran from 1 January 2016 to 31 December 2016. Vema ČR's fiscal year ran from 1 February 2016 to 31 January 2017. Vema SR's fiscal year ran from 1 February 2016 to 31 January 2017. Other companies' fiscal year ran from 1 July 2016 to 30 June 2017.

Company history

2017

Solitea continues to strengthen its brand by renaming CÍGLER SOFTWARE to Solitea Česká republika and J.K.R. to Byznys software. It acquires CDL, a major Microsoft partner and vendor of infrastructure solutions. The company grows by 28% year on year and its turnover exceeds over 39 milion EUR. It has more than 640 employees at the end of 2017.

2016

Solitea enters the Balkan markets by acquiring Saop, the Slovenian SMB market leader. It also begins to present and strengthen its own brand, renaming Aquasoft to Solitea Business Solutions.

2015

Solitea reinforces its leadership in the Czech ERP market by acquiring J.K.R. (currently Byznys software), a traditional Czech developer of SMB ERP systems.

2014

The Solitea group is formed, acquiring Aquasoft and Vema within a month of its foundation to expand its portfolio to include enterprise segment solutions and HR systems.

2013

CÍGLER SOFTWARE acquires Altus software, forming the core of the future group.

1996

Aquasoft, currently Solitea Business Solutions, is founded.

1995

Štěpán Pokorný and Miloš Novák found Altus software.

1992

Pavel Havránek and Vítězslav Kotrs found CDL.

1991

Miroslav Říha, Vladimír Králíček and Luboš Ježek found J.K.R., currently Byznys software.

1990

Martin Cígler founds CÍGLER SOFTWARE, currently Solitea Česká republika.

1988

Saop is founded.

1946

The oldest company in the group, Data Systems Austria, currently JET ERP, is founded.

01

2017 – Strong growth, orientation towards cloud-based solutions, and strengthening of the Solitea brand

Solitea and its subsidiaries increased their sales in fiscal year 2017 by 14.6% [2] over fiscal year 2016. EBITDA was EUR 4,97 milion despite extensive investments in research and development. The growth was partially organic and partially achieved through strategic acquisitions. The excellent results are due to a good economic situation in most markets where Solitea is present as well as to some exceptional opportunities, such as the adoption of the Sales Registration Act in the Czech Republic.

[2] Neither the percentage of growth nor the EBITDA include CDL, which was only acquired on 20 September 2017.

Economy is growing

The year 2016 was very favourable in economic terms in the European Union. All the countries had a positive year-on-year GDP growth for the first time in ten years.

Czech Republic and Slovakia

The condition of the business environment in the Czech Republic and Slovakia is currently positively affected to a great extent by the openness of their economies to foreign investments, by exports and by the availability of venture capital. There is also a positive effect of the end of the Czech National Bank's interventions against the euro. Thanks to the openness of the economies, a positive impression from Europe spreads to the Czech and Slovak region. In both countries, the year-on-year growth in GDP slowed down in comparison to the previous period, but the unemployment rate reached its historical, pre-crisis level. In the Czech Republic, the average unemployment rate was 4.0% in 2016, which is the best number since 1996. While the economy failed to keep up its 4.5% growth from 2015, only growing by 2.4% year on year, it was the third consecutive year that the Czech economy grew at a rate higher than two per cent.

The Slovak economy had the same results in the past three years, growing by 2.5%, 3.8% and 3.3% in 2014 to 2016. Slovakia's unemployment rate is more than twice as high as the Czech Republic's, but its level of 9.6% is the best result since 2008. According to analyses of the National Bank of Slovakia, the decrease in the unemployment rate had a great effect on the increase in nominal wages in Slovakia.

Slovakia's nominal wages growth of 3.3% should accelerate in the next few years, reaching 4.6% with estimated 2% inflation in 2019. Nominal wages have even been growing faster than labour productivity in both countries in the past years, which may be problematic for the two economies in the long run. Businesses are currently 'forced' to offer their employees non-financial benefits in addition to higher wages. The most common perquisites include employee education, flexible working hours and telecommuting. The 2016 average gross wage was EUR 1,007 (CZK 27,220) in the Czech Republic and more than 11% less, namely EUR 889, in Slovakia. The minimum wage also grew in the two countries; it is currently CZK 11,000 (EUR 407) in the Czech Republic and EUR 435 in Slovakia. The situation in both countries is also supported by the monetary policy of the CNB and the ECB, respectively, but the two national banks are currently considering increasing prime rates in the economy.

Austria

Austria's GDP was EUR 349.5 billion, its government deficit according to the Maastricht criteria was 1.9%, its government debt was 84.3% and its unemployment rate was 5.9% in 2016. The Austrian economy is currently in a growth phase with approximately 1.7% growth. The growth is relatively fragile and largely resulting from foreign trade performance.

The Austrian government helps the development of its domestic economy mainly by creating favourable business conditions – reducing bureaucracy, reforming taxes, deregulating and promoting start-ups, as well as taking measures encouraging employment. Digitization remains a priority besides development sustainability.

The crucial agenda in Solitea's area of business is 'Industry 4.0', which, in the field of technology, emphasizes especially the importance of interlinking modern IT with products and processes in manufacturing and logistics. A very important role is also played by 'smart' solutions and services that help improve the quality of life. The Austrian government has identified and defined the greatest challenges, most importantly in the field of investment offensive and economy competitiveness, data protection and security and employment.

Slovenia

Slovenia's economic growth strengthened in 2016, achieving 2.5%. The growth was fuelled by final domestic consumption, especially household consumption, for the first time since 2008. Two factors contributed to increased household consumption: pay increase in the government sector and more than 2% increase in employment. Exports of goods and services increased a little more than in the previous two years. In addition, stronger domestic consumption resulted in increased imports.

Conditions in the labour market in 2016 were better than in the previous year. The registered unemployment rate decreased from 12.3% in 2015 to 11.2% in 2016. The nominal wage increased by 1.8% over 2015 to EUR 1,584 euros, with the minimum wage being EUR 804. The growth in wages was high in public services (3.3%) and lower in the private sector (only 1.3%).

Slovenia became the country with the highest decrease in prices among eurozone countries in 2016. The deflation was primarily affected by foreign factors, most significantly trends in the prices of oil and raw materials in the global market, which decreased the prices of energy products more profoundly than in the eurozone. The reason is a higher share of energy products in domestic consumption than what is the normal average in the eurozone. The contribution of industrial products to inflation is lower than the eurozone average.

Croatia

A positive development in economic activity, started in 2015 after six years of recession, was strengthened during 2016. The real gross domestic product (GDP) growth rate was 2.9% in 2016, which is the highest economic growth since 2007. This is primarily due to increased exports and household consumption. For the third consecutive year, there were positive trends in industrial production and retail turnover. There were also positive trends in the building industry for the first time in seven years in 2016, while tourism had another record-breaking season in a row.

Positive trends persisted in the labour market during 2016. The average unemployment rate was 13.1% in 2016, decreasing by 2.2% from 2015. Wages continued to increase during 2016 as their real growth was stronger than the nominal one due to negative inflation. The average gross monthly wage was HRK 7,752 (EUR 1,040.54) in 2016, which represents nominal growth of 1.9% and real growth of 3.0% over 2015.

Croatia decreased its external debt in 2015 and continued to do so during 2016, with the banking sector contributing the most to the debt decrease. At the end of 2016, its total gross external debt was EUR 41.7 billion, i.e. 91.4% of GDP.

Serbia

Serbia's economy is based on services, with the tertiary sector accounting for two-thirds of its total gross domestic product and operating on free market principles. Its nominal GDP was USD 37.745 billion in 2016, which is USD 5,376 per capita. The real GDP growth was 2.8% over the previous year in 2016 although a GDP growth of 1.75% was planned.

The unemployment rate was 13.8% in the third quarter of 2016. The gross average wage was RSD 63,474 (EUR 528) and the net average wage was RSD 46,097 (EUR 385) in 2016.

Historically, Serbia struggled with high inflation, especially in the 1980s and 1990s. There was a period of hyperinflation in 1992 and 1993, lasting 25 months in total; the monthly inflation rate was an unbelievable 313 million per cent. The inflation rate has stabilized since the beginning of 2000 and has been relatively low in recent years.

Strong growth in all segments for our solutions

Both of our cloud-based solutions for the sole trader and small business segment achieved double-digit growth. MiniMAX, distributed in Slovenia, Croatia and Serbia, increased its revenues by 16.7% to EUR 1.75 million, reinforcing its leading position in the Slovenian market. iDoklad was still free in the Czech Republic in fiscal year 2016, but we made it a paid product in Slovakia starting from 1 June 2016. We think it is great success that 31% of active users in Slovakia took out a subscription to iDoklad. In addition, the number of customers in the Czech Republic and Slovakia increased by 40% year on year – iDoklad had more than 150,000 opened accounts as at 30 June 2016.

In the SMB segment, the revenues of all ERP products grew, with the highest growing ERP system being Money S4/S5, which grew by 12% in the Czech Republic and Slovakia. We also had high growth in HR cloud-based solutions provided by Vema. The V4 Cloud service had a high growth of more than 70% and payroll outsourcing grew by 21%.

Our retail and POS segment grew most significantly in the Czech Republic due to the Sales Registration Act. Thanks to our Profi Účtenka app, in particular, we became number two in the market in terms of POS solution users. Profi Účtenka is now used by 20,000 users.

Our biggest success in the enterprise segment was winning a contract for the creation of an information system for the Finnish customs (Tulli) worth more than EUR 22 million. We are building here on our success with customs systems for the Czech Republic, Serbia and Turkey. When completed successfully, the Finnish contract will bring us to the very top in the field in Europe and pave our way to markets in other European countries in the future.

Investing in the future

Investments in product development and innovation are key factors for Solitea's success. The company's long-term strategy is to gradually launch a multi-tenant cloud-based ERP system, highly customizable for internal corporate processes and customer requirements, in the European market by 2025. We want to also offer our own cloud-based ERP system after 2025. This vision is supported by the current global trends in IT as well as the actual results of our cloud-based products, which have the highest growth in Solitea's entire portfolio. We believe that the world of ERP will undergo huge changes in the next few years and that is why we are investing in technologies such as machine learning or artificial intelligence today. We established decentralized developer centres across the whole group and started developing our cloud-based ERP system Solitea C1 at the end of fiscal year 2016. In fiscal year 2017, we developed the system core ready for the extreme loads that can be expected from multi-tenant operation by multiple SMB companies. Investments in the development of new cloud-based solutions already account for 32% of our total development costs.

Acquisitions

We were also successful in acquisitions. We completed the acquisition of CDL in September 2017, less than three months after the end of the past fiscal year. Solitea's turnover has thus exceeded EUR 39 million and CDL gives us access to Microsoft's crucial cloud-based technologies that are being launched – in particular the Dynamic 365 information system for which we hope to become a major Central European partner. CDL is also the vendor of MS CRM and MS SharePoint, which we previously had to outsource. As an infrastructure vendor, CDL is opening up new opportunities for us because we expect to deal with infrastructure for enterprise customers for our upcoming cloud-based information system Solitea C1.

We continue to see acquisition growth as one of the paths to the Solitea group's further development and we are actively looking for companies that can aptly complement our portfolio or regional presence.

Building the Solitea brand

We began working intensively on a strategy for brands within the Solitea group in the autumn of 2015. Marketing became the driver of forthcoming changes. A number of companies that Solitea acquired a share in had a weak marketing strategy. Moreover, most of them promoted individual product brands in their communication while keeping the business name somewhat in the background – their marketing budgets did not allow promoting both at the same time. As a result, we saw brand strategy as an opportunity for faster growth. The objective was to use the Solitea brand along with individual product brands.

To this end, we began bringing the Solitea brand to the foreground in the spring of 2016. The first step in the strategy was renaming Aquasoft to Solitea Business Solutions in June 2016. This was a crucial step for promoting the Solitea brand in the Czech market – the company won the competition for a contract for an information system for the Finnish customs (Tulli) worth more than EUR 23,5 million in December 2016. This was a record-breaking export of a Czech company's IT technology to be used abroad, which raised awareness of the existence of Solitea not only among the Czech IT community.

We completed the brand change before the end of fiscal year 2017. We renamed J.K.R. to Byznys software, according to the name of their main product, in the spring of 2017. In June, we renamed CÍGLER

SOFTWARE to Solitea Česká republika (Solitea Slovensko). We added the strapline 'by Solitea' to product logos. This makes us more comprehensible to our customers, and synergistic marketing helps us be more visible to find new business opportunities.

Synergies, expertise sharing and talent management

We are learning to take advantage of the group's internal synergistic effects. Uniform brand management or the consolidation of development units and joint development of cloud-based ERP software are just the tip of the iceberg. We organize joint training for sales staff, consultants and developers, and we share business, legal and technological expertise. This allows us to develop and seize more business opportunities faster than other companies in the markets where we operate. This also makes us an attractive strategic partner for acquisitions.

For the time being, we think it would be counterproductive to combine our subsidiaries into a bigger whole in (at least) individual countries – the homely atmosphere in the companies makes us not only more flexible in management but also more competitive in the labour market. Finding and keeping the right talents is a key element of Solitea's success. We strive to provide our employees with a pleasant environment for creative work; we help them with their education and personal development. It is one of the reasons why we can successfully compete with multinational companies and why Solitea is considered an attractive employer.

Opportunities ahead

We cannot predict how long the current economic growth is going to last. Nevertheless, we can see excellent opportunities in the market segments where we are present at the moment. We expect a strong growth in demand for SaaS solutions, so we will keep making every effort to develop and launch innovations leading in this direction. It is difficult to foresee and plan all possible events in a changing world with strong competition. However, a strong, adaptable and competent organization can accommodate itself well to changes in technologies and market developments. This is the reason why we innovate and want to be a top employer in the region – only this will allow us to grow and flourish in the years to come.

Martin Cígler / **CEO**

CZECH REPUBLIC

The Charles Bridge is one of the oldest bridges in the country.
It is a symbol not only of Prague and the Vltava River,
but also the symbol of stability. Not even long centuries
took its beauty away.

Stability

We operate in an ever-changing environment, ranging from changes of legislation to new technologies. Thanks to our long-term vision we manage to remain strong and reliable even in rapidly growing fields.

02

Solitea cloud-based solutions

Cloud-based services are on the rise. Businesses and institutions are more and more aware of their benefits and advantages. There is no need to invest in necessary infrastructure and platforms and bear the administration and maintenance costs. Other considerable advantages include transparent costs, access from anywhere at any time, user friendliness or collaboration support.

Consultancy firm IDC estimates that the enterprise application segment will grow to 201.7 million dollars worldwide at an annual growth rate of 6.6% by 2019. In the short term, medium-sized and large businesses will mostly keep running their key applications internally. However, the general trend favours an increasingly widespread adoption of the cloud. New modern applications with an intuitive user interface allow businesses to respond agilely to market developments and customer preferences and even introduce new business models.

Enter cloud

It is now certain that cloud-based architecture will be as revolutionary for software applications as the arrival of Microsoft Windows. Historically, technologies were often designed to untie people's hands and do some tasks faster. To support administrative processes, work more efficiently and aid in decision-making, information systems will rapidly take advantage of opportunities offered by new technologies, such as machine learning, big data or artificial intelligence.

Businesses need to find a way to stay competitive. They will need to improve and speed up their internal business processes. This is the reason behind Solitea's vision: we want to provide our customers with solutions that will allow them to achieve world-class efficiency in data processing and business process management. It does not matter whether they are a small business or a large corporation.

Welcome to the future

Software will play an increasingly large strategic role in business. As a manner of software development, distribution and usage, the cloud changes the paradigm and customary ways. It allows businesses to work with data in a new way, simplifies their communication, and brings them a competitive advantage. Personnel costs account for an increasingly large portion of companies' total costs, and automation of key business processes can reverse the trend.

Solitea wants to take part in this and be a market leader in cloud-based enterprise information software. We are the SOHO market leader in the regions where we operate and we would like to achieve the same position in the SMB segment.

iDoklad

iDoklad is the most popular online invoicing service in the Czech market. This is evidenced by the fact that about 160,000 sole traders and small business owners have created an account for it to date. Although the real number of active users remains lower, iDoklad is deservedly considered the market leader in the field.

iDoklad is a progressive cloud-based service that belongs to the category of modern SaaS business models since becoming a paid service (on 1 June 2017) and can be used in freemium mode. The freemium mode offers free-of-charge use with limited functionality under a Free account. Three subscription plans are offered by iDoklad for users requiring more advanced functions. iDoklad is actively used by about 35,000 entities today, approximately 40% of which use some of the paid subscription plans.

iDoklad accommodates the needs of its potential users in many ways. New users have a two-month trial period to try out all the functions and identify those they will actually use in order to choose the right subscription plan. In addition, every customer purchasing any of the subscription plans has a 30-day period during which they can ask for a refund.

iDoklad makes life easier for business owners, who will appreciate the automation of certain actions such as periodic billing, automatic reminders, interconnection with their accountant's software or payment matching with their bank. Another, no less important benefit is having excellent records of supporting documents and being able to quickly prepare outputs for accounting, whether double-entry or single-entry. Other useful functions of iDoklad include a mobile app, which is built on Xamarin and allows the user to perform the most needed invoicing-related actions anywhere, such as out of their office.

There is an increasing trend for using communication over an API. It allows iDoklad to cooperate with a number of other services and can be easily integrated into the user's 'business ecosystem'. We have therefore published a catalogue this year where users can find such add-ons categorized in one place.

iDoklad keeps up with market developments and the needs of its existing and potential users. Its growth is driven by an experienced team of developers who understand the product to the smallest details. iDoklad runs on Microsoft Azure, which enables the service to grow in the future.

miniMAX

The miniMAX service provides comprehensive cloud-based accounting, including a payroll module. The service is the leader in the Slovenian market and is also provided in Croatia and Serbia. It is aimed at sole traders and small businesses and has a strong position among accountancy service providers. More than 30,000 businesses use miniMAX to keep their accounts.

A mobile app allows communication between a client and an accountancy firm. Entrepreneurs can use the app to display key information about their business and the current status of invoicing or to enter costs on their mobile phone. Everything is synced automatically with their files in the accountancy firm.

Vema V4 Cloud

All Vema products are architecturally adapted to running as either on--premises or cloud-based solutions. The two solutions are identical in terms of user experience. This allows customers to choose whether they will use the products locally or whether they will take advantage of services offered by Vema V4 Cloud, which has been run by Vema since 2005.

The Vema V4 Cloud service is used by approximately 1,100 customers in the Czech Republic and Slovakia. Cloud users range from the smallest customers with a few employees to the largest customer having 8,000 employees.

Altus Portal

Altus Portal is an intuitive enterprise intranet system that keeps business documents in perfect order, enables approving records online and allows workflow-based activity management. Its typical purchase price ranges from EUR 1.200 to EUR 80.000. Altus Portal can be interconnected with Altus Vario, Money S4 and Money S5. The system is used by businesses in the Czech Republic, with a Czech and an English version available.

The portal offers easy searching, document versioning and permissions-based access to documents. You can append an electronic signature to important documents, standards or regulations in Altus Portal. You can always keep track of whom a document should be signed by and when, and send reminders to sign it. An electronic signature becomes an inseparable part of the signed document as encrypted information and is preserved even if the signer is no longer a system user.

The solution includes a workflow that allows individual process steps, deadlines and competent persons to be easily defined. Altus Portal will take care of process management, coping with delegation to a defined deputy or with multiple people in a single step. When going through a process, you can approve, reject or cancel the steps and add comments all the time.

All data and documents stored in Altus Portal are encrypted right in the database. Access is only possible with defined privileges to keep the documents safe. Altus Portal can be run in any internet browser with no need to install a client station.

28,6 %

↑

28,6% year-on-year growth EBITDA

03

Solitea software for SMBs

With a turnover of EUR 38,3 million in the SMB segment, Solitea is a market leader in all countries where it is present. Its quick growth has been partly organic but largely due to recent acquisitions of CDL, Saop and J.K.R. (currently Byznys software).

By automating business processes, we help our customers enhance their growth and profitability. Solitea provides both all-in-the-box accounting systems for smaller businesses and highly scalable ERP systems for corporations for which having a custom-tailored solution for their internal business processes is crucial. The full range of Solitea's portfolio is complemented by DMS, BI and workflow solutions.

ERP systems

Our offering in the segment of ERP systems includes solutions for smaller businesses, mostly from the commercial and services segment (Money S4, iCenter), as well as solutions for medium-sized businesses and manufacturing firms (Altus Vario, Byznys, iCenter, JET ORBIT, Money S4, Money S5, Microsoft Dynamics NAV). We also hold a strong position in information systems for the public sector (iCenter, Vema Ekos). Taking advantage of more than 25 years of experience with the development and implementation of ERP systems, we now share expertise throughout the Solitea group. The result is our customers' satisfaction with implementation and quantifiable savings.

Accounting software

With iCenter, JET REWE, miniMAX and Money S3, we are a leader in the accounting software market in Czechia, Slovakia and Slovenia and hold a strong position in other Balkan countries and Austria. Our software is used by tens of thousands of small businesses. We benefit from the high functionality of our software combined with a comfortable user interface.

A major portion of our customers are accountancy firms and their clients. Very often, they collaborate in a hybrid mode, where the client uses some of our cloud-based solutions (iDoklad, miniMAX) and the accountancy firm runs accounting software (Money, Vario, Byznys, miniMAX). This allows even the smallest clients to communicate with their accountant online, often through a mobile app. This mode saves the accountancy firm time, as it does away with the creation of initial records. And small business owners can keep track of their business online.

Human resources management systems

We have a strong position in providing payroll systems and human resources management systems in the Czech Republic and Slovakia. With its functionalities, VEMA HR caters for the needs of small business customers or customers from the non-profit segment as well as large corporations and government bodies.

Altus Vario

An ERP system for small and medium-sized businesses. It has 1,600 users in the Czech Republic. Its typical price ranges from EUR 1.200 to EUR 20.000.

Altus Vario is an enterprise system from the 'all-in-one ERP/CRM system' category, designed to handle all business agendas, from purchases and sales of goods to production and service management to accounting, payroll and human resources. The user has all business and financial information well arranged in a single application and can see its interrelations, available with just a few mouse clicks. A single system is comfortable for the user and means lower administration costs. Altus Vario is a modular system, with the user making use of just those modules that the company needs.

Vario features extensive functionalities, which allow it to be adapted to any requirement and business process. There are many add-ins and add-ons available to address specific needs.

While highly variable, the system maintains compatibility with international standards. The user environment has a look and feel similar to Microsoft Office to enable users to work intuitively and efficiently in a familiar environment. The data formats and application interfaces comply with the most widely used standards; data can be exported and imported for analysis and publishing through Office.

Altus Vario allows almost any of its features to be configured by the user; the economic modules can have an unlimited number of books with records in arbitrarily defined numerical series, an unlimited number of warehouses is available in warehouse management and the number of accounting entities is also unlimited, which comes in handy not only for accountancy firms. All modules allow designing custom reports with extensive options for calculating and formatting analysed data. Naturally, there are regular updates to ensure that the records and books are in compliance with the latest Czech and EU legislation.

Byznys

A robust ERP system for medium-sized companies and large corporations, featuring a wide range of available modules. Its typical price is EUR 20.000 to EUR 80.000. The software is used by 1,050 customers in the Czech Republic and Slovakia.

The Byznys enterprise information system is designed for the segment of medium-sized and large organizations. It is a comprehensive business management tool for businesses that wish to consolidate their business agendas into a single tool to get an aid for monitoring their complete economic agendas. The Byznys ERP software offers a solution for monitoring, planning and managing all key business processes at all levels of business architecture. With its variability, it can provide a solution within a single module or interconnect with other specialized systems.

Thanks to its unique data model design and the experience of implementation teams, Byznys allows an extremely high level of customization with no need for programming. This results in surprisingly fast system deployment.

With the range of available modules and high variability in deployment, Byznys can address the needs of organizations from varied lines of business – from commercial companies to accountancy firms and logistic and transport companies, to manufacturing companies operating in various industries. Byznys can provide a solution to companies having extensive and specific requirements for functionalities as well as businesses that need to process large amounts of data due to the nature of their operations. The system will save them significant costs by setting up automatic workflows for key processes.

Byznys is an efficient tool for production management in most industries. Its comprehensive solution for production management is not industry-specific; rather, it is a universal system that can be modified relatively easily. It can be used to automate production management in different industries, such as the machinery, electrical and electronics, paper and furniture industries, prefabrication or the foundry industry. It is well suited to both unit and serial production and supports custom manufacturing. It ensures transparency and automation of all production processes in relation to supporting activities (trade, design, technology, etc.).

Byznys is also a tool suitable for the building industry and for managing development projects. It covers a wide range of operations in the building industry – from design firms, suppliers and building contractors or subcontractors to developers.

Companies providing transportation-related services use Byznys for planning and subsequently billing their transport services. The Byznys Transport module is driven by such businesses' needs and offers them support tools aimed to optimize their internal processes in terms of job processing. The system has many functions designed for the industry, from the scheduling of individual transports according to specifications to complex reporting for a company or its business partners.

Byznys ERP is a tool suitable not only for keeping a company's own accounts and related agendas but also for outsourced accounting by specialized accountancy firms. This agenda can be processed thanks to a multi-version company system, which is provided to accountancy firms at highly favourable prices.

Money S3

Money S3 is the second most widely used accounting software in the Czech Republic, holding a similar position in Slovakia. Its paid version is used by more than 23,000 businesses, ranging from sole traders to small and medium-sized companies. Another 90,000 entities use the free version of the system.

Money S3 is an on-premises solution and, like iDoklad, it can be used in freemium mode. The free version features all the functions and full legal compliance and there is no time limit to its use. Paid bundles remove some limitations of the free version – the user can have an unlimited number of warehouse transactions or ledger entries. Moreover, paid bundle users have access to customer support, which is one of the cornerstones of user satisfaction with Money S3.

A big advantage of Money S3 is its ease of use, as its user interface resembles that of MS Outlook. Another advantage is the comprehensiveness of the system. Its functionalities address the needs of users using either single-entry or double-entry bookkeeping. They include, for example, a chart of accounts, bank and petty cash, closing operations, home banking or financial statements. The system also offers functionalities required for asset records, warehouse management and purchase orders or basic payroll and HR functions.

Another major advantage of the system is its modularity. Optional modules allow customizing the system to meet the requirements of users with different needs. Modules can be combined in favourably priced packages, addressing even the complex needs of merchants running both online and brick-and-mortar stores. They can also analyse their data to get a more comprehensive view of their accounts or warehouse management.

Money S4 & Money S5 ERP systems

Money S4 and Money S5 are advanced ERP systems that are used by almost a thousand companies mostly from the SMB segment in the Czech and Slovak markets. They offer a solution for businesses that wish to fully master their internal processes and make efficient use of their resources. The Money ERP systems benefit especially commercial companies, to which they provide sufficient functionalities for modern management.

Money S4 is an enterprise system especially suitable for companies that would appreciate customized, comprehensive economic software at an affordable price. Money S4 offers tools for financial, cost and management accounting, customer and supplier records, payment automation, e-commerce or asset records. The system has a number of functionalities that are either included in its core or can be purchased as various optional functional modules. The most interesting functionalities include a cloud-based tool for enterprise document management – the Money portal – or a tool for business data analytics – Microsoft Power BI.

Users buy a basic Money S4 licence covering the core and can purchase additional modules to support their business. When businesses grow over time and start needing some customized functionalities, they can switch to Money S5 simply by changing their licensing terms to begin enjoying all advantages offered by the programmable ERP system.

Money S5 is an ERP system that will be appreciated especially by companies having demanding customization requirements. Its deployment in a company is preceded by detailed analysis of internal requirements and processes. Users can customize all parts of the system to custom-tailor, for example, their business processes, management outputs or integration with other systems run by the company. The software is intended for companies working with hundreds of thousands of records, or more, per year.

In addition, the Money S5 ERP system offers the same functionality as its younger sister Money S4.

iCenter

An ERP system designed for small and medium-sized businesses and public authorities. It currently has more than 15,000 customers in Slovenia, Croatia and Serbia. iCenter puts emphasis on the quality of customer support, attended to by almost forty employees, and continuous development of a high number of functions.

With its variability, it can be used by both commercial companies and the public sector. iCenter offers many advanced functionalities, especially for warehouse management, business intelligence and document management. Last but not least, iCenter focuses on process automation with the aim of making work easier and faster.

JET REWE

JET REWE is one of the longest used solutions by JET ERP Betriebsgesellschaft mbH. More than 500 clients in German-speaking countries have at their disposal a sophisticated system for bookkeeping, cost accounting or investment and asset economy. The system is used by corporations consolidating more than ten businesses as well as by small companies with a single employee.

Even in its basic version, the software serves as an efficient financial tool for all levels of company management. Additional modules are available to meet specific requirements for the automation and specialization of operating procedures.

JET REWE is used in industry, commerce, tourism, hospitals, theatres, public benefit services and welfare. An industry-specific solution for building operations takes into account the specifics of how interim and final invoices are prepared, resulting from the special position that the building industry has in Austrian law.

JET ORBIT a JET BI

JET ORBIT is a robust ERP system used by companies with 50 to 500 employees in Austria and nine more European countries. The software helps in industrial sectors such as the food, machinery, wood and metalworking industries as well as in the electrical and electronics industry, waste management and wholesale. The system has more than 1,000 active users.

JET ORBIT is an exceptionally flexible solution supporting even complex production processes regardless of whether it is serial production or custom or complex-formula manufacturing.

The broad range of application for the ERP software is based on four extensive modules (Production, Warehouse Management System, Procurement, Sales), many manufacture-specific interfaces and the integration of JET ORBIT with other solutions offered by JET ERP Betriebsgesellschaft mbH.

JET ORBIT incorporates many tried-and-tested interfaces to all kinds of systems such as CAD or various warehouse and logistics systems. Jet Business Intelligence, an integrated solution based on Qlik technology, allows users, ranging from management to finance to sales and marketing, to collect and analyse various data easily, interactively and intuitively, to relevantly answer various ad hoc questions and to efficiently share their results with others.

JET DMS

JET DMS is a document management system that can be deployed as a fully integrated solution with JET REWE, JET ORBIT and JET BI or fully independently by means of interfaces with third-party solutions.

JET DMS is used by more than 300 clients in German-speaking countries but also, for example, by a multinational corporation that uses the software in all of its offices in more than 80 countries.

JET DMS is a centralized system that, besides systematic document storage and management, integrates individual processes such as document creation, processing or versioning. The solution is deployed in industry, wholesale and hospitals, but also in power plants, companies managing residential buildings or social services. With its flexibility and efficiency, JET DMS is suitable for both large and small companies.

A new feature from the last year is automatic text recognition, which is offered under the name of JET ECM (Enterprise Content Management). Thanks to the software, documents such as invoices, delivery notes and customs documents automatically and quickly get to the responsible processors in the right departments. Users stay informed about the current status of processing of any document at all times. JET ECM represents a modern tool for automating diverse processes in companies.

Vema Ekos

An ERP system best suited to budgetary and subsidized organizations. It is used by 1,200 clients; its typical price ranges from EUR 400 to EUR 1.200.

Vema Ekos offers a set of applications to handle a wide range of economic and logistic agendas. This integrated ERP software can deal with the complete agenda of, in particular, budgetary and subsidized organizations of all sizes.

Being developed for almost three decades, this economic system offers a reliable and comprehensive company management solution. This results in a coherent system that covers the full business agenda of organizations of all types and sizes with mutually co-operating applications. One of its main advantages is continuous technology development and regular incorporation of constant legislative changes.

Vema Ekos offers, for example, tools for financial, cost and management accounting, customer and supplier records, cashless payment automation and asset records, including the use of barcodes.

The system is designed specifically for budgetary and subsidized organizations. As such, it supports the specifics of this segment, such as the creation of all accounting and financial statements for budgetary and subsidized organizations, direct communication with the Central State Accounting Information System and the Treasury Integrated Information System, budget monitoring and the handling of subsidies and grants in multi-source funding.

A comprehensive solution can make use of conversion modules that address, for example, online communication with banks, outputs required by government bodies or communication with barcode readers in assets or warehouses.

Vema HR

Vema's HR system supports all valid versions of wage-related legislation, which makes it suitable for organizations of all types and sizes in the Czech Republic and Slovakia alike. Vema HR currently has about 6,600 clients and its typical price is EUR 800 – EUR 13.700.

Vema HR offers a comprehensive solution to support processes in human resources management. It provides its users with a wide range of functionalities for payroll processing and human resources, from recruitment to the complex agenda of employee education to regular employee performance appraisal. All of that is supported by a number of automated functions, such as personnel event monitoring, online communication with authorities and online approval within defined processes (workflow).

Great emphasis is placed on high system performance and maximum data security. Vema has therefore developed a proprietary database system which meets, in combination with an adequately configured security model, the strictest requirements of its users.

Customers can choose from several packages. The Complete Payroll package includes comprehensive payroll processing, statistical reporting in relation to the industry concerned, keeping of records of employee changes in time series, handling of multiple concurrent employment relations, means for annual tax clearance and many outputs such as for accounting, pension funds or banks. The Personnel

System package extends the functionality of the previous package with means for personnel management, personnel document management and personnel event monitoring and reporting. The third package, Comprehensive Human Resources Management, extends the functionality to include selection procedures, job classification and the creation of organizational structures, education and e-learning, employee appraisal and holiday scheduling and approval. The two bigger packages include the Personnel Portal offering all employees permissions-based access to personnel data.

In addition to the fundamental functionalities included in any of the three basic packages, Vema delivers add-on applications and modules for various areas of human resources management, such as an attendance system, benefit management, allowance records, business travel records or a link to the insolvency register.

Customers can get all Vema HR applications by purchasing a licence and running them on their own IT infrastructure, or use the services of Vema V4 Cloud where all Vema products are available. A number of customers also take advantage of our payroll outsourcing service.

Cooperation

*We don't play solo, we build on strong teams.
Together we learn from success and mistakes and
we know that this is the only way to achieve fast,
yet sustainable development. We inspire each other
and others to find the courage within ourselves
to realize our plans.*

SLOVAKIA

The cooperation of thousands of bees
gives rise to amazing products. Slovak honey
products are among the best in the world.

04

Solitea solutions for the public sector and enterprise customers

Solitea is a partner for large corporations and the commercial sector. We have an ambition to advance our position of a preferred partner for such solutions that enable constant development of 'digital' companies in the countries where we are present. In e-Government, Solitea focuses on supporting the performance of specific agendas by public bodies. Enterprise customers and the public sector account for 23% of Solitea's revenue today.

eGovernment

Our portfolio of solutions for public bodies features systems for conducting administrative procedures, handling electronic dossiers, applications for legal compliance or running statutory registers. Our key competences include comprehensive solutions for higher efficiency of customs proceedings as well as e-Health systems.

Custom-tailored software solutions

Solitea helps public and private entities design, develop, upgrade and maintain software. As part of this strategy, Solitea develops custom-tailored software solutions and implements commercial products. Our software helps customers increase work productivity and the level of digitization, automation and integration of internal business processes. Solitea then provides the services needed to maintain and further develop the complete solution. This allows our customer to achieve greater efficiency and profitability.

Collaboration with customers

Agile development principles and close collaboration with customers are Solitea's fundamental principle for the development of custom-tailored software solutions. With our professional skills using the latest technologies, tools and development methods, we strive to achieve as much added value as possible in our software. Many of our solutions have an impact on the whole society and affect the competitiveness of enterprises.

ERP & HR solutions

All Vema products are designed to meet the needs of customers from both the commercial sector and the public sector. Our Personnel System, for example, includes full support for the Civil Service Act or specialized statistics; Ekos has all means for budget monitoring and reporting and for budget spending in compliance with legislative requirements. Accordingly, our customers include organizations such as the Office of the Government, the Ministry of Finance or the General Financial Directorate. Our customers also include almost 2,000 schools and most large hospitals.

VEMA solutions are designed to be run by large customers, whether public or private. The largest of our customers has 16,000 employees.

Business intelligence

We have optimal solutions for specialists, teams and entire companies. Microsoft's latest BI platform allows us to create efficient solutions ranging from simple self-service reports for monitoring basic performance indicators to building robust data warehouses, including predictive analysis systems.

CMS, Microsoft SharePoint

We are a leading vendor of intranet portal solutions based on Microsoft SharePoint, even for large corporations with many thousands of users. In addition to implementation using our proprietary platform, we offer custom development, which has provided customers with hundreds of often highly specific solutions to their needs. We have a proprietary application addressing issues associated with controlled documents, often used in ISO management, or design documents, which require the implementation of more complex processes than those included in the standard SharePoint functionality. It also includes integration of the SharePoint environment with other applications where DMS or workflows are implemented as part of an intranet.

Microsoft Dynamics CRM on premises

Microsoft Dynamics CRM – a customer relationship management solution – improves the efficiency of business processes and helps reduce the cost of their operation. Client relationship management provides all necessary information about every customer and helps automate business processes. The final effect of customer relationship management using Microsoft Dynamics CRM is enhanced customer satisfaction and improved customer loyalty. Microsoft Dynamics CRM enables comprehensive management of customer relationships, providing the tools and functions needed to create and maintain a full overview of customer interactions – from the initial contact to contracts and sales to after-care in all basic areas, be it sales, marketing or service.

Microsoft Dynamics CRM Online newly in Dynamics 365

At the end of 2016, the very successful Microsoft Dynamics CRM product became part of Microsoft Dynamics 365, which represents a new generation of business applications in the cloud. Microsoft Dynamics 365 represents a combination of an ERP system, a CRM system and other useful applications in an online environment. The Microsoft Dynamics CRM Online technology lives on, offers its customers everything it used to and keeps growing under the Microsoft Dynamics 365 brand.

Microsoft Dynamics 365 consists of smart applications designed to be deployed individually and independently according to specific customer needs. The platform routinely cooperates with Office365 and SharePoint but it also allows integration with third-party solutions.

Microsoft Dynamics NAV

A world-class ERP system solution by Microsoft. Solitea has implemented it for approximately 120 customers in the Czech Republic and Slovakia and is one of Microsoft's TOP 3 partners in the region.

Microsoft Dynamics NAV is an integrated, localized software solution for ERP systems for medium-sized organizations, with functionalities covering business activities in logistics, finances, manufacturing and optionally human resources. It is quick to implement and easy to configure and use.

Microsoft Dynamics NAV features help managers identify and quickly respond to new opportunities for profit. Microsoft Dynamics NAV provides information about the condition of a business at all times. Business and financial information is always up-to-date and linked to all sales and marketing information. The system helps understand what business figures mean to better manage the business. It allows spotting new trends and discovering new business opportunities. It is successfully deployed in international environments.

Microsoft Dynamic AX

Today's most advanced ERP platform by Microsoft. Solitea uses it to implement robust solutions in the banking sector and large corporations with extensive customization requirements.

Microsoft Dynamics AX is a complex information system for the management of medium-sized and large organizations. It helps enhance their productivity and competitiveness by consolidating and standardizing key business processes. It can provide an overview of all financial and accounting data, information about customer interactions, contains tools to support marketing, simplifies basic administration in HR and contains many other functionalities for modern enterprise management.

€43,3
(mil.)

↑

Revenues of the Solitea group
in 2017

05

Solitea
POS & retail
software

The world of retail changes rapidly because purchases and sales are subject to technological advancement, trends and changes in customer behaviour. Retailers need new tools, know-how and partners that will allow them to stay competitive and ensure hassle-free shopping for their customers. Artificial intelligence, big data and, last but not least, legislative changes come into play in the retailing process.

Profi Účtenka

The POS app for iOS, Android and Windows with 20,000 users can be downloaded for free from Apple Store, Google Play and Microsoft Store.

The app is Solitea's response to the Sales Registration Act in the Czech Republic. It allows easily making out a receipt and submitting it (online or in batches) to the financial authority server. It supports printing receipts on WiFi or Bluetooth printers.

The app has basic POS functionality. It allows refunds and handles price lists and discounts. It is comfortable to use and features a nice user interface, which makes it one of the most popular POS apps in the Czech Republic. App monetization is indirect – issued receipts can be archived in iDoklad with a paid subscription plan.

Prodejna SQL

Prodejna SQL is a robust PC POS system designed for a wide range of premises, from small shops and stylish boutiques with a single or a few POS terminals to large stores and chain stores. It can be used anywhere maximum work ergonomics and excellent sales support functions (discounts, loyalty cards, price promotions) are required.

Its modular architecture and scalability make Prodejna SQL an excellent choice for deployment in retail chains that require centralized data management and remote monitoring of all stores down to the POS level.

SAOPNET POS

A simple, free, online POS solution with emphasis on quick registration and immediate usability. Its key features are simple use by untrained staff, a comfortable user interface and optional synchronization with the popular miniMAX accounting solution. It can also run without an internet connection. The solution has been awarded a prize for innovation and its excellent user interface by the Slovenian Chamber of Business and Industry.

06

Solitea infrastructure solutions

ICT infrastructure is one of the most important strategic resources that every organization must manage. The quality of information and communications technology (ICT) systems is crucial to the collection, analysis and dissemination of information throughout the organization. Solitea's ICT infrastructure solutions aim to deliver (or otherwise provide) and then also maintain such ICT infrastructure so that it is reliable, available and operable at all times and allows trouble-free operation of all important applications. Today, this goes far beyond on-premises solutions; cloud-based services are becoming more and more suitable for selected tasks, additionally offering simple performance scalability while preserving all of the above-mentioned fundamental characteristics of well-designed ICT infrastructure.

On-premises ICT infrastructure

Any IT solution (even when utilizing the cloud) includes a part that must be on premises, at least in the area of user workstations, barcode equipment for warehouse systems, data communications, security, etc. In addition, there might be other reasons to run some ICT subsystems on your own – such as applications that are not transferable to the cloud, security requirements or technical aspects in production connection. In such a case, delivering and keeping custom on-premises solutions operable is indispensable.

Data centres

Comprehensive construction and operation of enterprise data centres with either standard or high-availability design (geographical clusters) involve a suite of state-of-the-art technologies: servers and disk arrays (HPE), backbone ToR and SAN switches (HPE and Cisco), virtualization platforms (VMware and Microsoft), as well as a wealth of technological equipment – power supplies, surge protectors, uninterruptible power supplies and motor-generators, security and fire alarm systems, air-conditioning and automatic extinguishing solutions. We have ample experience with reconstructing data centres in service as well as with engineering, including risk analysis.

Data storage

Data storage includes a range of primary data repositories with up to several MIOPS, related replication and high-availability solutions, secondary repositories for D2D backups and, last but not least, tape libraries for offline backups and archiving on WORM media. We have experience with backing up very large solutions in full service with no impact on user comfort. We can also satisfy requirements for data storage solutions with guaranteed retention for the implementation of records management. Technologically, this involves mostly (but not only) subsystems made by HPE or EMC; in terms of software, we prefer Arcserve and Veeam platforms.

Software for infrastructure services

This area includes server operating systems and database environments (especially by Microsoft), application (RDS) and desktop (VDI) virtualization and operations and configuration management. Another major area comprises team collaboration solutions based on MS Exchange and Skype for Business and their integration with other vendors' elements (videoconferencing solutions and telephone exchanges).

Corporate software licensing

Proper licensing for large corporations is a rather complicated matter, where thorough knowledge and experience with vendors' licensing schemes may result in significant cost savings while duly complying with the licensing terms. Deliveries of such licences are often in the order of millions of dollars; therefore, we provide consulting in all phases of the process, including the verification of registrations with vendors or consolidation of licence agreements and records. To this end, we very often use automated, centralized software inventory management and audit tools.

Data communications

We have decades of experience with building very large LANs (thousands or tens of thousands of ports), especially on industrial campuses and in large-distance metropolitan area networks. We are able to take care of the complete construction of cable lines, active elements (especially HPE and Cisco), diagnostics and operations management. An extensive area of activities comprises wireless network solutions to interconnect locations and especially to cover sites, including complex industrial environments and logistic centres with mobile warehousing elements. In the area of WANs, we are generally the client's interface with selected operators when designing, negotiating the conditions, configuring and making operating arrangements for connection between locations over either dedicated or packet-switched, usually MPLS lines.

Security solutions

In an era of ever-increasing breach risks, security is an indispensable part of IT infrastructure. Our offer includes all standard categories, such as identity verification (directory systems, multifactor authentication, certificates, etc.), network health protection according to 802.1X, interface protection using NGFW, UTM and gateways and, naturally, protection against malware. Our main partners in this field are McAfee, WatchGuard and Cisco.

Endpoint workstations

We deliver complete equipment for endpoint workstations in office and industrial settings, including endpoint PC workstations, laptops, thin clients and various mobile elements, printers, including enterprise-class, high-performance MFC systems. Specialized solutions for industry, for example, include multiscreen control room systems and barcode solutions – from readers and tablets to printers and necessary consumables. Our full range of products for monitoring especially in industrial environments includes camera and CCTV systems with ample experience with their practical deployment. Our main partners in this field are HP, Zebra, XEROX and AXIS.

Outsourcing of infrastructure services

A major activity is the outsourcing of infrastructure services, where we take care of the operability of ICT systems, including support for manufacturing environments with 24/7 operation. We

provide substantial guarantees under a negotiated SLA for complying with operational parameters and dealing with both scheduled and unscheduled events. We act as the primary interface both when a company does not have any local IT at all (then we are often a partner for centralized IT at headquarters abroad) and when acting as second-line support providing specialized services or addressing ad hoc needs.

Studies and projects

Using our proprietary OI2 methodology (based on ITIL/GIMM and Uptime Institute recommendations), we carry out differential status analysis and prepare recommendations for further ICT development to meet companies' needs. We are also often engaged to prepare investment plans and consulted during the implementation of standards of the ISO 27000 series and on matters of Business Continuity.

646

↑

We have 646 motivated employees in our companies.

The highest mountain of the Austrian Alps Großglockner

majestically rises up to 3,798 metres above sea level.

Respect

*Responsible approach to people, companies and
the environment we live in. This is the essence of our
approach to business. We would never be where
we are today without respect towards customers,
business partners and employees.*

07

Solitea management

Martin Cígler / Chief Executive Officer

Martin founded CÍGLER SOFTWARE in January 1990 and led it to become one of the most respected
and innovative information system producers in the Czech Republic and Slovakia.
He became IT Personality of the Year in 2007. He was at the birth of the Solitea group in 2013,
took part in all its acquisitions and led the company to exceed a 1 billion threshold in turnover.

Michal Rybovič / M&A

Michal makes good use of his experience in the field, which he gathered as a partner of Sandberg Capital. He participated in the foundation of Solitea, took part in all of its major acquisitions and is involved in all decisions that might impact its financial results.

Dagmar Novotná / Chief Financial Officer

Dagmar has been with the company almost since its inception. Tapping her long experience, she takes care of economic management not only at Solitea Česká republika but also for the whole group controlled by Solitea, a.s. She takes pleasure in managerial reports and financial statements, which allows her to effectively predict financial threats and opportunities. In spite of her many years of practice, she does not consider her work to be routine and can take on challenges coming from stakeholders.

Miroslav Říha / Chief Technology Officer

Miroslav started his career as the leader of a software development team for the manufacture of machinery. He was a co-founder of J.K.R., currently Byznys software, which became a leading ERP system producer in the Czech Republic over time. In the company, he took care of product strategy and development management for the Byznys system. He always considered the users' views to be a priority in the products he was behind, emphasizing progressive procedures and methods in the field. He has been Solitea's CTO since July 2017 and is responsible for synergy between the group's ERP systems, among other things.

Lukáš Krifta / Chief Marketing Officer

Lukáš started his career as an account manager focusing on retail at an online marketing agency. In 2011 he switched sides and became CÍGLER SOFTWARE's marketing manager. He has been in charge of marketing for the whole Solitea group since 2016. He is the person behind the preparation of a single brand and unified promotional activities for all group members.

Štěpán Pokorný / Cloud ERP Project Director

Taking advantage of his experience in IT gathered at Abakus Distribution, Štěpán co-founded Altus software in 1995, becoming its CTO and bearing responsibility for the development of its popular product Altus Vario. He was Altus's CEO from December 2013 and the company managed to improve its business performance and win contracts in competition with large corporations under his leadership. He returned to a technology position in the summer of 2016 and is now responsible for the development of a new cloud-based ERP system.

Pavel Havránek / Chief Information Officer

Pavel has 30 years of experience in ICT and for more than 25 years he led the ICT delivery division of CDL SYSTEM, which he co-founded. With his experience and well-known ability to follow things through, he intends to support the operation of internal systems in the group and its members starting from 2018.

Martin Kudrna / Chief Executive Officer, Byznys software

Martin gathered professional experience when he spent almost 20 years in Europe and overseas. When he returned home, he started doing business in Czech IT; he successfully led a major manufacturer of telematic systems for seven years. Since January 2017, he devotes his time with pleasure and for pleasure, in his own words, to radically accelerating the development of Byznys software, formerly J.K.R.

Tomáš Loukota / Chief Operating Officer, Solitea Česká republika

Tomáš started his career in technical support for an ERP system specifically designed for wholesalers and distributors. He has been with Solitea Česká republika since 1999, working his way from a technical support operator to Chief Sales Officer and later Chief Operating Officer. He is behind the successful business strategy for launching a new ERP system, Money S5, and today he makes good use of his highly pro-customer approach in the company.

Viktor Pieš / Chief Operating Officer,
Solitea Slovensko

After graduating from the University of Economics in Bratislava, Viktor gathered experience in the advertising and pharmaceutical industries. He joined Solitea Slovensko in 2015 as an ERP system division manager. He became the Chief Operating Officer in 2017. During his career at Solitea, he used his training in management and his practical experience in sales and management to advance the company's development. His current task is to reinforce Solitea's position in the Slovak market.

Jan Tomíšek / Chief Executive Officer,
Vema

Jan used his technological skills obtained at the Department of Computer Science, Brno University of Technology, and became a co-founder and director of Vema Computers and Systems in 1995. He was the head of Vema's services division from 2000 and was behind its venturing into the world of the cloud in 2006. He has been making use of his experience as the CEO of Vema since 2016 and his goal is to reinforce the company's position in the Czech and Slovak markets.

Peter Vilém / Chief Operating Officer,
Vema Slovensko

Peter collected his first experience with IT during the implementation of a CAD system at Tesla Bratislava. He has directly worked in IT for more than 26 years, focusing on the implementation of information systems for some time. He has been Vema's Chief Operating Officer since 2009 and is responsible for the company's activities in the Slovak market.

Klára Cerovská / Chief Executive Officer,
Altus software

Klára joined Altus software in 2009, being its Chief Sales Officer from 2013 and making use of her experience as the Chief Executive Officer since 2017. She previously led a team responsible for the sale of peripherals and consumables at TechData Distribution. She studied at the Faculty of Mathematics and Physics, Charles University.

Petr Franc / Chief Executive Officer,
Solitea Business Solutions

Petr is a manager with more than 20 years of experience in ICT. He has been with Solitea Business Solutions (formerly Aquasoft) since 2002; as its CEO, he is now responsible for efficient company operations, including defining and achieving key strategic goals.

Petra Šinigoj / Chief Executive Officer,
Saop

Petra Šinigoj began her career in the company Saop as a student more than 20 years ago. First, she worked in the Sales and Support Department and, later on, took over the management of the Support Department. Further on, she took part in development of the first Slovenian cloud software called Minimax and became the product manager of this solution. When SAOP took decision to develop new generation of products, she took over the role of the product manager as well until being appointed as a director of the company in 2017.

Vítězslav Kotrs / Chief Executive Officer,
CDL SYSTEM

Vítězslav began doing business in IT 25 years ago when he co-founded CDL. In 1997 he was at the birth of its ERP division, which offers Microsoft's information systems. Under his leadership, CDL grew to become an IT company with a turnover of more than EUR 7,8 million, having many interesting customers not only for ERP and CRM software but also for ICT and SharePoint.

Jürgen Donaubauer / Chief Operating Officer,
JET ERP Betriebsgesellschaft mbH

Jürgen has vast experience in ERP solutions, process optimization and expert consulting for the segment of finance and taxes. At JET ERP, he is responsible for finances, technical infrastructure and expansion of the portfolio of services in logistics and business consulting in Austria, Germany, Switzerland and the Czech Republic.

System

We bring order to chaos. We offer effective management solutions to companies. We accelerate working with human resources. In short, we offer a comprehensive solution based on the needs of our customers. Our systems are clear, simple and intuitive.
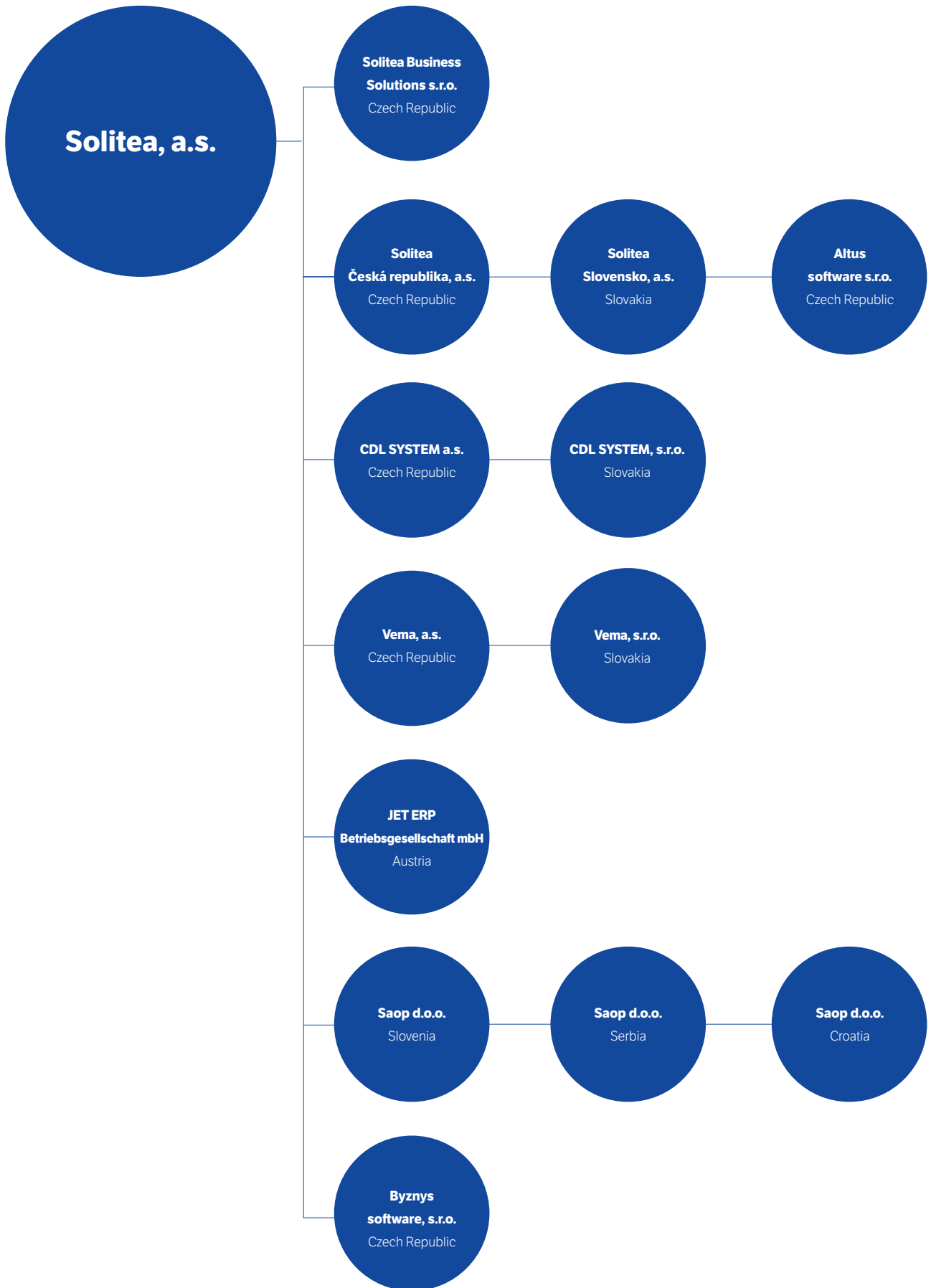
SLOVENIA

The longest cave system in Slovenia is located near the village of Postojna. Water has been forming the system with incredible endurance for thousands of years.

08

Solitea group structure

At the end of fiscal year 2017 (from 1 July 2016 to 30 June 2017), the Solitea group comprised seven major companies. Some of them have their regional subsidiaries. Solitea acquired CDL in September 2017. As of 31 December 2017, the Solitea group consists of:

- ▶ **Altus software:** ERP, workflow & CMS systems. Czech Republic.

- ▶ **Byznys software** (J.K.R. until June 2017): ERP systems. Czech Republic and Slovakia.

- ▶ **CDL SYSTEM:** ERP systems, Microsoft CRM & SharePoint, infrastructure. International presence.

- ▶ **JET ERP:** accounting & ERP systems, production management, BI & DMS. International presence.

- ▶ **Solitea Česká republika, Solitea Slovensko** (CÍGLER SOFTWARE until 30 September 2017): accounting, ERP & POS solutions, both on-premises and cloud-based. Czech Republic and Slovakia.

- ▶ **Saop:** accounting & ERP systems. Slovenia, Serbia and Croatia.

- ▶ **Solitea Business Solutions:** enterprise segment, large custom IT projects, Microsoft Power BI, SharePoint & CRM. International presence.

- ▶ **Vema:** HR systems Czech Republic and Slovakia

Solitea, a.s.

Solitea Business Solutions s.r.o.
Czech Republic

Solitea Česká republika, a.s.
Czech Republic

Solitea Slovensko, a.s.
Slovakia

Altus software s.r.o.
Czech Republic

CDL SYSTEM a.s.
Czech Republic

CDL SYSTEM, s.r.o.
Slovakia

Vema, a.s.
Czech Republic

Vema, s.r.o.
Slovakia

JET ERP Betriebsgesellschaft mbH
Austria

Saop d.o.o.
Slovenia

Saop d.o.o.
Serbia

Saop d.o.o.
Croatia

Byznys software, s.r.o.
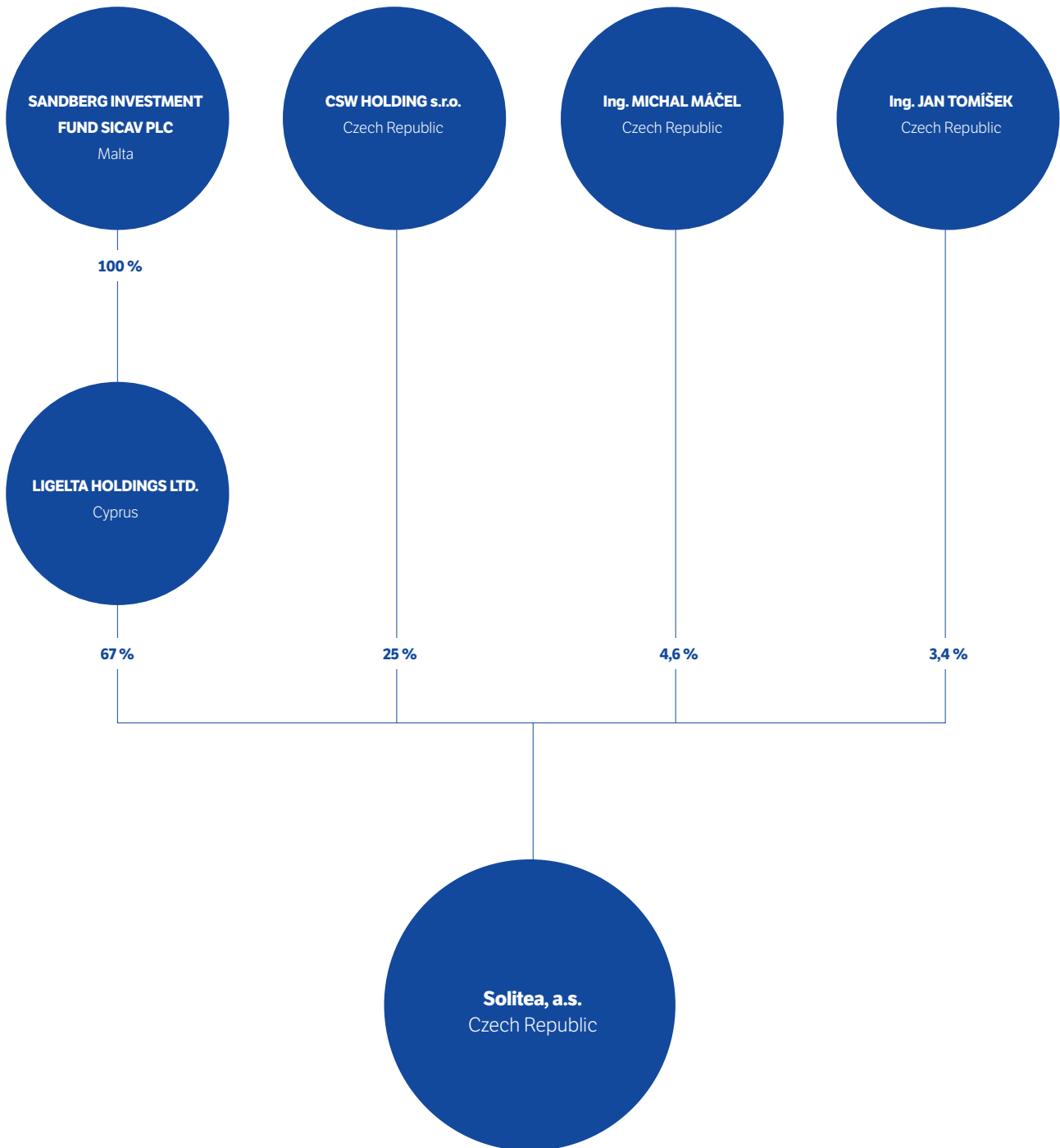Czech Republic

09

Solitea
ownership
structure

Solitea is owned by Czech and Slovak individuals and legal entities. 67% is held by a Sandberg Capital fund, 25% is held by CSW Holding, an investment company, and 8% is held by two former owners of Vema.

SANDBERG INVESTMENT
FUND SICAV PLC
Malta

CSW HOLDING s.r.o.
Czech Republic

Ing. MICHAL MÁČEL
Czech Republic

Ing. JAN TOMÍŠEK
Czech Republic

100 %

LIGELTA HOLDINGS LTD.
Cyprus

67 %   25 %   4,6 %   3,4 %

Solitea, a.s.
Czech Republic

Sandberg Capital

is a management company authorized by the National Bank of Slovakia to establish and manage domestic and foreign alternative investment funds. Sandberg Capital's portfolio currently includes investments in IT, agriculture, telecommunications, education and retail. The value of the assets it manages exceeds EUR 200 million. The company is owned by Martin Fedor and manages the assets of both institutional investors and individual investors, including Martin Fedor.

CSW Holding

is an investment company wholly owned by Martin Cígler, the former owner of CÍGLER SOFTWARE and the founder and CEO of Solitea. In addition to investments in the IT sector, the company invests in real property through its subsidiary Office Buildings.

10

Geographic presence

At the end of fiscal year 2017, we had offices in six countries, serving customers from 21 countries in Europe.

Asia

CUSTOMER:

China
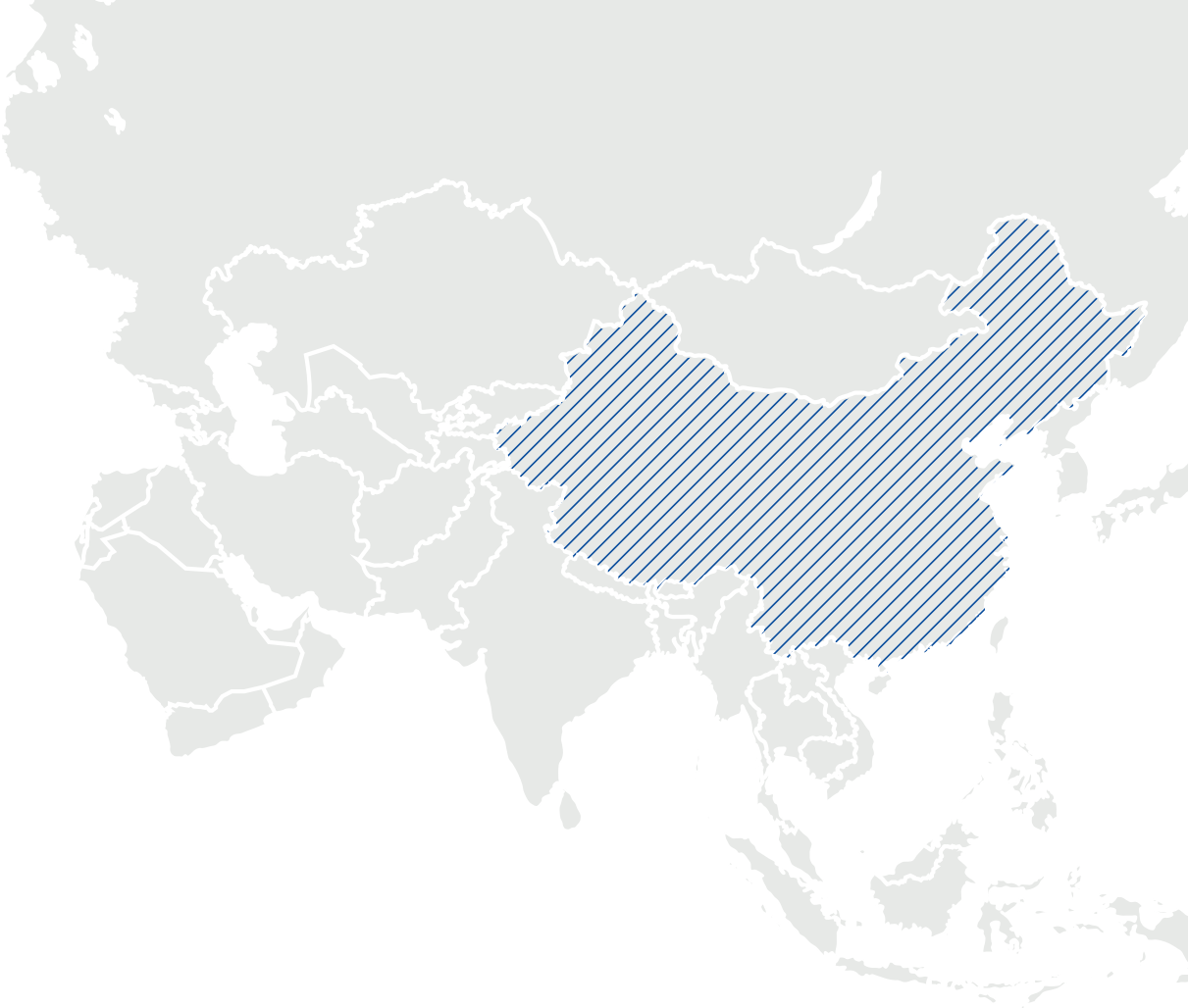
America

CUSTOMER:

USA
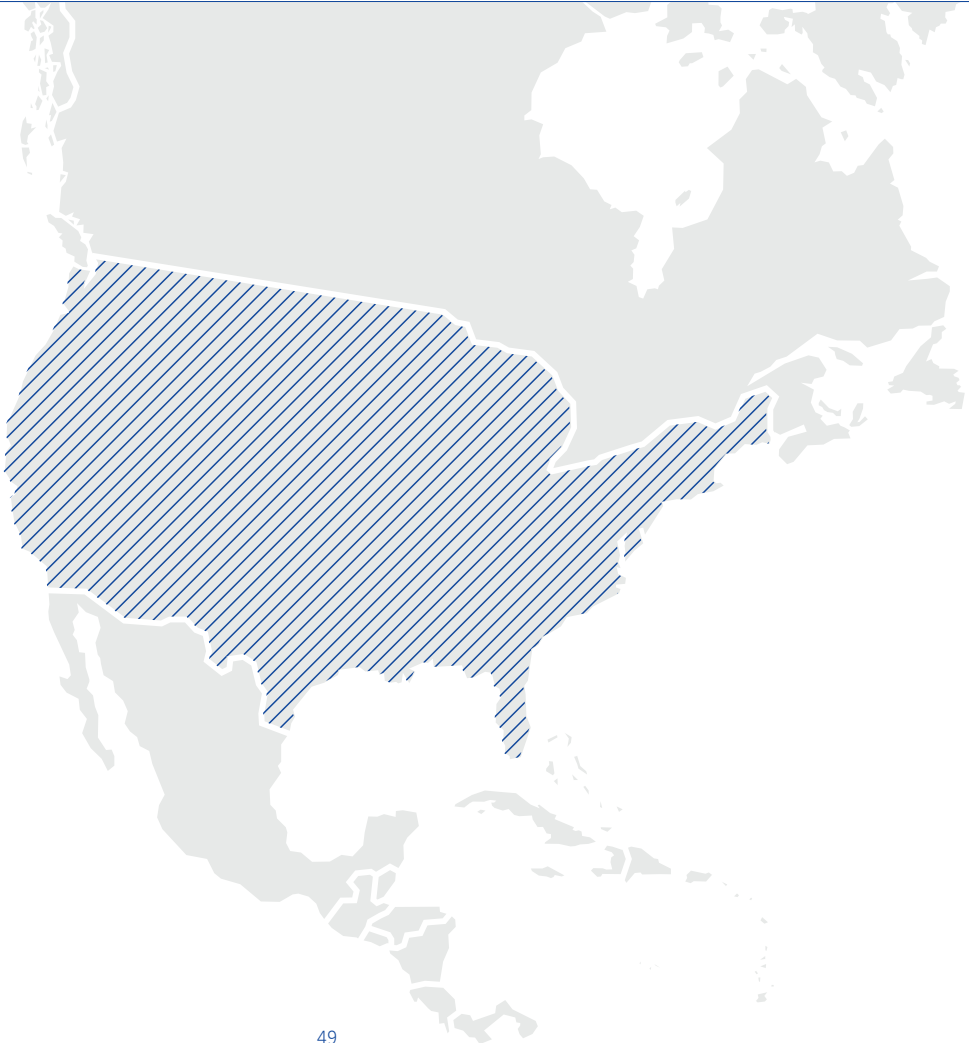
Europe
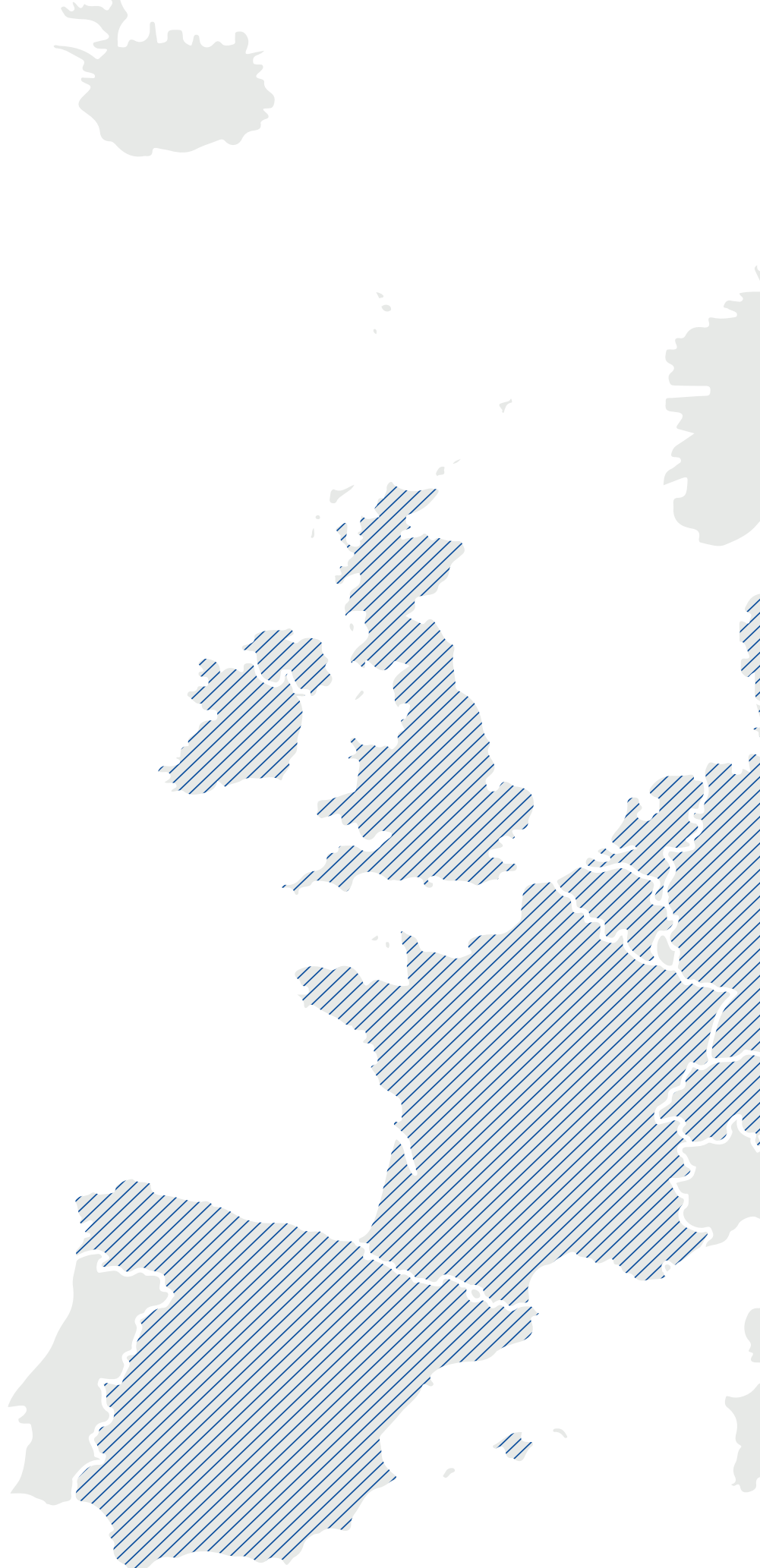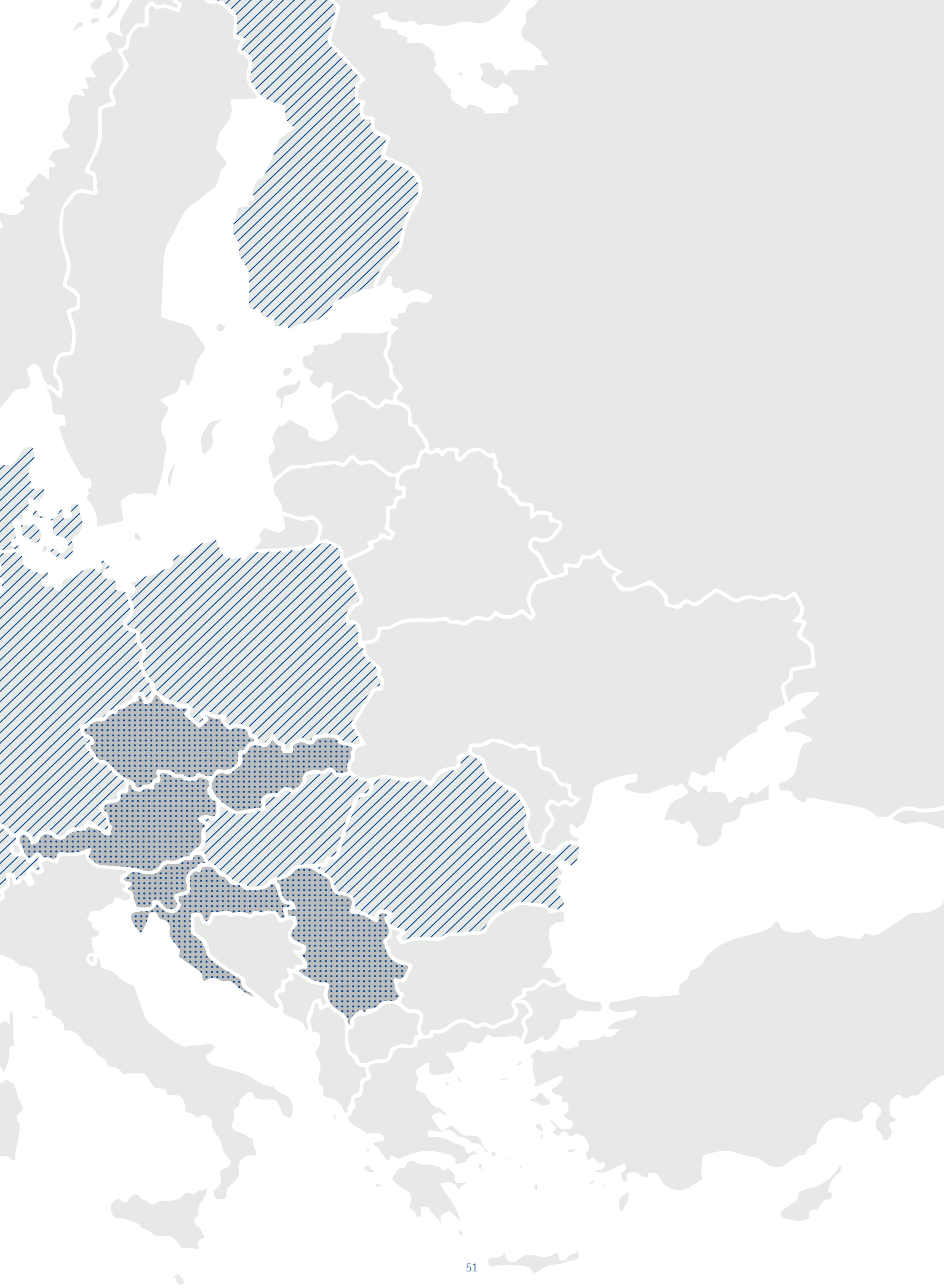
CROATIA

To have the power to move things forward quickly.
To deal with what is really needed. Not to waste time
on nonsense. That is power.

Performance

We are not solo players, we build on strong teams. We learn both from successes and mistakes, and we know that only learning will allow us to grow fast and continuously. We inspire. Ourselves, each other and others as well; to help anyone find the courage to bring their plans to life.

11

Solitea, selected financial information

EUR	30 June 2015	30 June 2016	30 June 2017
SALES	114 610	327 184	725 343
SALES y/y		185,5%	121,7%
EBITDA	-129 886	45 907	91 108
EBITDA y/y		-135,3%	98,5%
Staff costs	15 746	69 800	127 105
Staff costs y/y		343,3%	82,1%
Development costs	0	0	0
Development costs y/y			
Profit before tax	3 146 298	2 133 255	1 222 993
Profit before tax y/y		-32,2%	-42,7%
Assets	38 417 587	5 644 458	45 608 578
Equity	25 308 108	37 426 400	38 195 535
Current liabilities	11 787 544	2 847 121	5 855 582
Non-current liabilities	107 638	4 477 908	1 398 237
Employees	1	3	5

Balance sheet

Date:

as at 30. 06. 2017

Business name:

Solitea a.s.

Registered office:

Drobného 555/49, Brno 602 00

In thousands CZK

Ident.	ASSETS	Line	Current accounting period			Previous account. period
			Gross	**Adjustments**	**Net**	**Netto**
	TOTAL ASSETS (A.+B.+C.+D.)	**001**	**+1 165 962**	**-1 575**	**+1 164 387**	**+1 144 103**
B.	Fixed assets (B.I.+...+B.III.)	003	+1 117 089	-1 575	+1 115 514	+1 106 137
B.I.	Intangible assets (B.I.1.+...+B.I.x.)	004	+213	-127	+86	+125
B.I.2.	Valuable rights (patents, copyrights, trademarks and brands) (B.I.2.1.+B.I.2.2.)	006	+213	-127	+86	+125
B.I.2.1.	Software (accounts 013, (-)073, (-)091AÚ)	007	+213	-127	+86	+125
B.II.	Tangible fixed assets (B.II.1+...+B.II.x)	014	+4 777	-1 448	+3 329	+3 507
B.II.2.	Machinery, equipment, vehicles, fixtures and fittings (accounts 022, (-)082, (-)092AÚ)	018	+4 777	-1 448	+3 329	+3 507
B.III.	Financial assets (B.III.1+...+B.III.x)	027	+1 112 099		+1 112 099	+1 102 505
B.III.1.	Investments in subsidiaries (accounts 043, 061, (-)096AÚ)	028	+1 112 099		+1 112 099	+1 102 505
C.	Current assets (C.I.+C.II.+C.III.+C.IV.)	037	+48 829		+48 829	+37 966
C.II.	Receivables (C.II.1+C.II.2.)	046	+40 301		+40 301	+3 921
C.II.2.	Short-term receivables (C.II.2.1.+...+C.II.2.x.)	057	+40 301		+40 301	+3 921
C.II.2.2.	Receivables from controlling entities (accounts 351AÚ, (-)391AÚ)	059	+13 255		+13 255	+3 921
C.II.2.4.	Other Receivables (C.II.2.4.1.+...+C.II.2.4.6.)	061	+27 046		+27 046	
C.II.2.4.4.	Short-term advances (accounts 314AÚ, (-)391AÚ)	065	+5		+5	
C.II.2.4.6.	Other receivables (accounts 335, 371, 373, 374, 375, 376, 378,(-)391AÚ)	067	+27 041		+27 041	
C.IV.	Cash and bank accounts (C.IV.1+...+C.IV.x.)	071	+8 528		+8 528	+34 045
C.IV.1.	Cash (accounts 211, 213, 261)	072	+4		+4	
C.IV.2.	Bank accounts (accounts 221, 261)	073	+8 524		+8 524	+34 045
D.	Prepayments and accrued income (D.1+...+D.x.)	074	+44		+44	
D.3.	Accrued income (accounts 385)	077	+44		+44	

Ident.	LIABILITIES	Line	Current accounting period	Previous account. period
			Net	Netto
	TOTAL LIABILITIES AND EQUITY (A.+B.+C.+D.)	**001**	**+1 164 387**	**+1 144 103**
A.	Equity (A.I.+A.II.+A.III.+A.IV.+A.V.+A.VI.)	002	+975 132	+955 496
A.I.	Subscribed capital (A.I.1.+...+A.I.x.)	003	+814 000	+814 000
A.I.1.	Subscribed capital (accounts 411 nebo 491)	004	+814 000	+814 000
A.II.	Share premium and capital reserves (A.II.1.+...+A.II.x.)	007	-4 698	+6 752
A.II.1.	Share premium (accounts 412)	008	+6 128	+6 128
A.II.2.	Capital reserves (A.II.2.1.+...+A.II.2.5.)	009	-10 826	+624
A.II.2.2.	Valuation differences from revaluation of assets and liabilities (accounts (+/-)414)	011	-10 826	+624
A.IV.	Retained earnings (A.IV.1.+...+A.IV.x.)	018	+134 743	+80 325
A.IV.1.	Retained earnings of previous years (accounts 428)	019	+134 743	+80 325
A.V.	Profit / loss of current accounting period (Assets - A.1.-A.II.-A.III.-A.IV -B.-C.-D.-A.VI)	022	+31 087	+54 419
B.+C.	Liabilities (B.+C.)	024	+185 190	+186 956
C.	Payables (C.I.+C.II.)	030	+185 190	+186 956
C.I.	Long-term liabilities (C.I.1.+...+C.I.x.)	031	+35 697	+114 321
C.I.6.	Payables - controlling or controlled entity (accounts 471)	039	+3 018	+77 778
C.I.8.	Deferred tax liabilities (accounts 481)	041	+179	+43
C.I.9.	Other payables (C.I.9.1.+...+C.I.9.3.)	042	+32 500	+36 500
C.I.9.3.	Other payables (accounts 372, 373, 377, 379, 474, 479)	045	+32 500	+36 500
C.II.	Short-term Liabbilities (C.II.1.+...+C.II.x.)	046	+149 493	+72 635
C.II.4.	Trade payables (accounts 321, 325)	052	+3 538	+2 858
C.II.6.	Payables - controlling or controlled entity (accounts 361)	054	+140 672	+28 027
C.II.8.	Other payables (C.II.8.1.+...+C.II.8.7.)	056	+5 283	+41 750
C.II.8.2.	Short-term borrowings (accounts 249)	058	+0	+37 068
C.II.8.3.	Payables to employees (accounts 331, 333)	059	+142	+83
C.II.8.4.	Payables to social security and health insurance (accounts 336)	060	+91	+54
C.II.8.5.	Government - tax payables and subsidies (accounts 341, 342, 343, 345, 346, 347)	061	+1 046	+520
C.II.8.7.	Other payables (accounts 372, 373, 377, 379)	063	+4 004	+4 025
D.	Accruals and deferred income (D.1.+...+D.x.)	064	+4 065	+1 651
D.1.	Accrued expenses (accounts 383)	065	+4 065	+1 651

Profit and loss statement

Date:

as at 30. 06. 2017

Business name:

Solitea a.s.

Registered office:

Drobného 555/49, Brno 602 00

In thousands CZK

Ident.	PROFIT AND LOSS STATEMENT	Line	Values in accounting period	
			Current accounting period	Previous account. period
I.	Sales of goods and services (accounts 601, 602)	001	+18 401	+8 197
II.	Sales of goods (accounts 604)	002	+71	
A.	Consumption from production (A.1.+...+A.x.)	003	+12 889	+5 240
A.1.	Costs of goods sold (accounts 504)	004	+72	
A.2.	Consumption of material and energy (accounts 501, 502, 503)	005	+57	+17
A.3.	Services (accounts 511, 512, 513, 518)	006	+12 760	+5 223
D.	Staff costs (D.1.+...+D.x.)	009	+3 245	+1 782
D.1.	Wages and salaries (accounts 521, 522, 523)	010	+2 422	+1 330
D.2.	Social security and health insurance costs and other costs (D.2.1.+D.2.2.)	011	+823	+452
D.2.1.	Social security and health insurance costs (accounts 524, 525, 526)	012	+823	+452
E.	Adjustment of values in operating activities (E.1.+...+E.x.)	014	+927	+647
E.1.	Adjustment of values of Intangible and tangible assets (E.1.1.+E.1.2.)	015	+927	+647
E.1.1	Adjustment of values of Intangible and tangible assets - permanent (accounts 551, 557)	016	+927	+647
III.	Other operating income (III.1.+...+III.x.)	020	+2	
III.3.	Other operating income (accounts 644, 646, 647, 648, 697)	023	+2	
F.	Other operating expenses (F.1.+...+F.x.)	024	+15	+3
F.5.	Other operating expenses (accounts 543, 544, 545, 546, 547, 548, 549, 597)	029	+15	+3
*	Profit/loss from operating activities (+/-) (I.+I.x.+II.+II.x.+III.x.-A.-B.-C.-D.-E.-F.)	030	+1 398	+525
IV.	Revenues from long-term investments (IV.1.+...+IV.x.)	031	+29 201	+60 137
IV.1.	Revenues from investments in subsidiaries (accounts 661, 665)	032	+29 201	+60 137
VI.	Interest income and similar income (VI.1.+...+VI.x.)	039	+44	

VI.2.	Other interest income and similar income (accounts 662, 665)	041	+44	
J.	Interest expense and similar expenses (J.1.+...+J.x.)	043	+2 217	+5 806
J.1.	Interest expense and similar expenses in subsidiaries (accounts 562)	044	+1 277	+4 063
J.2.	Other interest expense and similar expenses (accounts 562)	045	+940	+1 743
VII.	Other financial revenues (accounts 661, 663, 664, 666, 667, 668, 669, 698)	046	+3 062	+156
K.	Other financial expenses (accounts 561, 563, 564, 565, 566, 567, 568, 569, 598)	047	+265	+550
*	Profit/loss from financial activities (IV.+V.+VI.+VII.-G.-H.-I.-J.-K.)	048	+29 825	+53 937
**	Profit/loss before tax (*)	049	+31 223	+54 462
L.	Income tax (L.1.+...+L.x.)	050	+136	+43
L.2.	- Deferred (accounts 592)	052	+136	+43
**	Profit/loss after tax (** - L.)	053	+31 087	+54 419
***	Profit/loss for the period (** - M.)	055	+31 087	+54 419
*	Netto turnover for the period (I.+II.+III.+IV.+V.+VI.+VII.)	056	+50 781	+68 490

Cashflow statements

Ident.	CASH FLOW STATEMENTS	Line	Values in accounting period	
			Current accounting period	Previous account. period
P.	Cash and cash equivalents at beginning of accounting period	001	+34 045	+2 573

CASH FLOW FROM ORDINARY ACTIVITES

Ident.	CASH FLOW STATEMENTS	Line	Current accounting period	Previous account. period
Z.	Profit/loss before taxation	002	+31 223	+54 462
A.1.	Adjustments for non-cash transactions (A.1.1.+...+A.1.6.)	003	-26 101	-53 684
A.1.1.	Depreciation of fixed assets (except of net book value of fixed assets sold, depreciation of adjustment for assets acquisition (+/-)	004	+927	+647
A.1.4.	Dividends received	007	-29 201	-60 137
A.1.5.	Net interest expense (+) (except of capitalized interest) and interest income (-)	008	+2 173	+5 806
A*	Net cash flow from operating activities before tax and changes in working capital (Z + A.1.)	010	+5 122	+778
A.2.	Change in non-financial items of working capital (A.2.1.+...+A.2.4.)	011	+42 626	-258 809
A.2.1.	Increase/decrease in trade and other receivables, including prepayments and accrued income (+/-)	012	-36 429	-592
A.2.2.	Increase/decrease in trade payables, including accruals and deferred income (+/-)	013	+79 055	-258 217
A**	Net cash flow from operating activities before taxes (A*+ A.2.)	016	+47 748	-258 031
A.3.	Interest paid, excl. capitalized interests	017	-2 434	-5 240
A.7.	Profit-sharing and dividends received	021	+29 201	+60 137
A***	Net cash flow from operating activities (A**+ A.3.+ A.4.+ A.5.+ A.7.)	022	+74 515	-203 134

CASH FLOW FROM INVESTICION ACTIVITES

Ident.	CASH FLOW STATEMENTS	Line	Current accounting period	Previous account. period
B.1.	Costs associated with acquisition of fixed assets	023	-21 272	-130 924
B***	Net cash flow from investing activities (B.1.+ B.2.+ B.3)	026	-21 272	-130 924

CASH FLOW FROM FINANTIAL ACTIVITES

C.1.	Net effect of changes in long-term liabilities and short-term liabilities, belonging to the financial activities area, to cash and cash equivalents	027	-78 760	+111 530
C.2.	Net effect of changes in equity on cash and cash equivalents, share profits or possibly legal reserve including advances paid for this increase (+)	028		+254 000
C.2.1.	Increase in cash and cash equivalents due to increases in registered capital, share premium, and capital reserves including advances paid. (+)	029		+254 000
C***	Net cash from financing activities (+) (C.1.+ C.2.)	035	-78 760	+365 530
F.	Net increase/decrease in cash and cash equivalents (A***+ B***+ C***)	036	-25 517	+31 472
R.	Cash and cash equivalents at end of period (P+F)	037	+8 528	+34 045

12

Summarised
closing financial
statement

Company description

Soleta, a. s. (hereinafter "the company" only) is a joint-stock company, registered seat in Brno, Drobného 555/49, Czech Republic, company identification number 01572377. The company is registered in the Commercial Register maintained by the Regional Court in Brno, file B, section 7072.

The main subject of business activities include:

- ▶ Production, trade and services not listed in Annexes 1 to 3 of the Trade and Licensing Act
- ▶ Management of own property
- ▶ Property, residential and non-residential premises rentals

The company is the parent company of the Soleta group and the attached closing financial statement is prepared as a separate statement. According to Czech accounting regulations a consolidated financial statement is prepared by the parent company Soleta, a.s. and is available at the following address: Brno, Drobného 555/49.

In 2016–2017 no changes were made to the company record in the Commercial Register. Shareholders owning more than 20% of the registered capital:

LIGELTA HOLDINGS LTD
registered office Kyriakou Matsi, 16, EAGLE HOUSE 8th Avenue, Agioi Omologites, 1082, Nicosia, Republic of Cyprus, 67% share

CSW HOLDING S.R.O.
registered office Brno, Drobného 555/49, postcode 602 00, Czech Republic, 25% share

Basic principles used in the preparation of the closing financial statement

The accompanying separate financial statements (non-consolidated) has been prepared in accordance with Act No. 563/1991 Coll., the Accounting Act, as amended (hereinafter the "Accounting Act" only) and in line with the implementation Decree No. 500/2002 Coll., which implements certain provisions of Act No. 563/1991 Coll., the Accounting Act, as amended, and applies to accounting entities that utilise double-entry accounting system, as amended, in the version valid for 2016 and 2015 (hereinafter referred to as the "Implementing Decree on the Accounting Act"). Under the Accounting Act, the company is required to issue a consolidated financial statement, whereas this consolidated financial statement is to be prepared in accordance with accounting regulations valid in the Czech Republic.

General accounting principles, accounting methods and their changes and deviations

The valuation methods used by the company to prepare the financial statements for 2016 and 2017 are as follows:

a) Intangible fixed assets
Intangible fixed assets are measured based on costs that include the purchase cost and expenses to it.

Intangible fixed assets produced by the company are valued by their own cost, which includes direct material and wage costs and overhead production costs.

Depreciation and amortisation:
Depreciation is calculated based on the acquisition cost and the expected useful life of the asset. The depreciation plan is updated in the course of the use of the intangible fixed assets based on the expected useful life. The estimated service life is established as follows:

Intangible fixed assets - software is amortised for 36 months. The cost of technical improvements of intangible fixed assets increases their cost. Repairs and maintenance are included in costs.

b) Tangible fixed assets
Tangible fixed assets are evaluated based on cost, which includes the acquisition cost, freight costs, customs duties and other related costs.

Tangible fixed assets over 10 thousand CZK in 2016 and 2017 are amortised over 24 months.

The cost of technical improvements to tangible fixed assets increases their cost. Repairs and maintenance are included in costs.

Depreciation and amortisation:
Depreciation is calculated based on the acquisition cost and the estimated useful life of the asset. The depreciation and amortisation plan is updated in the course of the use of the tangible fixed assets based on the expected useful life. The estimated useful life is determined as follows: Hardware (server, projector, etc.) 36 months. Disk arrays

84 months. Small fixed assets are amortised over 24 months from the date of its inclusion.

c) Financial assets

The company does not own any current financial assets. Fixed financial assets are equity investments. Shares and securities are valued at acquisition prices, which include the cost of acquisition and direct costs.

Fixed financial assets are evaluated based on their acquisition cost. Shares in controlled entities acquired in foreign currency were converted into CZK as of the date of the issuance of the financial statements using the CNB exchange rate and the exchange difference is reported on the equity line - valuation differences from the revaluation of assets and liabilities.

Based on a contract for the sale and purchase of 100% of shares of Vema, a.s. and based on items 3.3 and 3.5 the purchase price may increase. This increase depends on the fulfilment of certain conditions in the future and will be quantified depending on the future data. Therefore, in the following periods, this may become a liability for the company.

Based on the sale and purchase contract for 100% of shares of J.K.R. spol. s r.o. (now Business software) the obligation defined under Section 8.1 to ensure division of the company in the course of the year 2018 in the form of a detachment/split of the training centre allowing sellers to acquire ownership of all shares in the split company for a purchase price of CZK 27 500 thousand.

d) Monetary assets

Monetary assets consist of valuables, cash and bank account balances.

e) Inventories

The company does not account any inventories.

f) Receivables

Receivables are valued at their nominal value at their inception. Valuation of doubtful debts is reduced by adjusting the cost for their acquisition based on individual assessment of individual debtors and the age structure of receivables.

Estimated accounts are valued on the basis of expert estimates and calculations.

Receivables and estimated active accounts are split into short-term (maturity up to 12 months - including 12-month maturity) and long-term (maturity over 12 months), whereas short-term receivables are payable within one year after the balance sheet date.

g) Derivatives

The Company has not entered into any derivative transactions in the current or past financial year.

h) Equity capital

The registered capital of the company is reported in the amount registered in the Commercial Register maintained by the Regional Court. Any increase or decrease in the registered capital, based on a decision of the general meeting (that was not registered as of the date of the financial statements preparation), is reported as a change in the registered capital. Deposits in excess of the registered capital shall be reported as premium.

Under the company Articles of Association, the company does not create a reserve fund from profit or contributions of the shareholders above the value of the deposits.

i) Foreign resources

The company creates funds to cover losses and risks in cases where the title, amount and timing of the performance may be determined with a high degree of probability, while adhering to material and time constraints.

Fixed and current liabilities are reported in nominal values.

Fixed and current liabilities due to credit institutions are reported in their nominal values. Certain fixed liabilities to credit institutions that are due within one year of the balance sheet date are also considered current liabilities.

Estimated accounts payable are valued on the basis of expert estimates and calculations. They are divided into short-term and long-term.

Contingent liabilities (if any) that are not reported in the balance sheet due to high uncertainty when determining their amounts, title or performance dates are described in paragraph 3c.

j) Leasing

The Company has no lease agreements.

k) Foreign exchange operations

Assets and liabilities denominated in foreign currencies are reported in Czech crowns using the exchange rate valid at the date of their origination and monetary assets existing as of the date of the balance sheet were valued using the exchange rate valid at 30 June published by the Czech National Bank.

Realized and unrealized foreign exchange profits and losses are accounted for in the financial income or financial cost of the current year.

l) Use of estimates

The preparation of the financial statements requires the company management to use estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the financial statements and in the reported amounts of income and cost over the reporting period. The company management has made these estimates and assumptions on the basis of all available and relevant information. However, as it may be seen from the nature of the estimate, the actual future valuesmay differ from these estimates.

m) Revenues and cost accounting

Revenues and costs are accrued based on time, i.e. these are included in the period to which they relate in terms of time.

n) Income tax

Income tax cost is calculated using the applicable tax rate on accounting profit increased or decreased by permanent or temporary non-taxable cost a   d non-taxable revenues (e.g. profit shares in controlled entities, creation and settlement of other reserves and adjustment entries, representation cost, the difference between accounting and tax depreciation, etc.). Also tax-base reducing items (donations), deductible items (tax loss, project development costs, research) and income tax rebates are taken into consideration.

Deferred tax liability reflects the tax effect of the temporary differences between residual values of assets and liabilities in terms of accounting and the determination of the income tax base while taking into account the period of realisation.

o) Subsidies / Investment incentives

The Company has not received any investment incentives or subsidies.

p) Emission allowances

The Company does not own or trade any emission allowances.

q) Subsequent events

The effect of events that occurred between the balance sheet date and the date of preparation of the financial statements is reported in the financial statements if these events provide additional information about facts that existed as of the balance sheet date.

In the event that important events occurred between the preparation of the balance sheet date which represent consequences occurred after the balance sheet date then these events are described in Annex to the financial statements but are not reported in the financial statements.

r) Mutual settlement

In the current or previous period, the Company did not carry out any significant cross-clearing or settlements

s) Changes in accounting methods

There has been no change in accounting policies and methods in the current or previous period.

t) Deviation from accounting methods

There were no deviations from accounting methods in the current or previous period.

u) Adjustment of errors of previous years

No adjustments of previous period errors were made in the current or previous periods.

13

Holding
companies

Altus software

Altus software has been present in the Czech market since 1995 and part of the Solitea group since 2013. With more than 2,000 implementations of Altus Vario, it is one of the most important local vendors of ERP systems for small and medium-sized businesses. It has a strong presence in the manufacturing segment. Its customers include

Woodcote, a building materials distribution company, Bandi Vamos, a producer of men's suites, or Dobrovský, a bookseller and distributor. The Altus Vario ERP system fuelled the growth of Czech e-commerce leaders such as Alza or Notino. Altus also delivers Altus Portal, a document management system with advanced workflow.

Altus software, selected financial information

EUR	30 June 2015	30 June 2016	30 June 2017
SALES	1 382 178	1 451 743	1 467 842
SALES y/y		5,0%	1,1%
EBITDA	215 237	203 721	94 242
EBITDA y/y		-5,4%	-53,7%
Staff costs	902 585	949 706	1 041 167
Staff costs y/y		5,2%	9,6%
Development costs	411 007	418 175	527 419
Development costs y/y		1,7%	26,1%
Profit before tax	193 655	181 003	75 754
Profit before tax y/y		-6,5%	-58,1%
Assets	688 797	698 120	640 384
Equity	196 827	161 379	79 671
Current liabilities	146 808	176 459	181 786
Non-current liabilities	0	0	0
Employees	33	37	35

Altus software had sales of EUR 1,46 million and EBITDA of EUR 94,2 thousand in 2017. It recorded the biggest increase in the sales of licences and income from maintenance. By contrast, there was a slight decrease in implementation services.

Its main product continues to be the Altus Vario ERP system, which was newly adopted by an additional 65 businesses in the past year. The new Vario users are mostly manufacturing and commercial companies, very often with a specific focus and processes, which appreciate and make use of Vario's comprehensiveness and variability as well as easy connection to external systems.

We upgraded the Altus Portal intranet system and simplified its user interface. Its Money Portal version now serves the first users.

In the last quarter, we completed the largest implementation of Altus Vario in history, delivered during initial system deployment to Dobrovský. The company uses Vario for its comprehensive management of book distribution, from sales agendas and pricing management to inventory records, including consignment sales and the related specifics. The company also operates retail outlets, where a retail module is implemented. Naturally, the whole solution is connected to external WMS and B2B/B2C systems.

Besides this big implementation, we carried out six major implementations with budgets ranging from EUR 12.000 to EUR 60.000. The deployment of a workshop management system or the Maintenance module is already required as standard by manufacturing companies, while commercial companies require interconnection with an e-shop or the implementation of managed warehouses. EDI communication

was the most widely implemented add-on solution for both new and existing customers in this year.

We not only took care of Vario development and evolution in relation to mandatory legislation, represented most significantly by extensive work on issues associated with the Sales Registration Act and the incorporation of all wage-related changes, but we also make sure that Vario is innovated and extended with new functionalities. We began working on tighter interconnection between Altus Vario and Altus Portal, aiming to provide Vario users with simple and efficient access to key Altus Portal functionalities.

We introduced industry-specific add-on solutions such as Mobile Merchant and Mobile Service, Retention Bonds and Retention Money, Payment Terminal for online communication with Vario, or Sales Promotions and Custom Discounts for easy and efficient configuration and creation of special offers.

Revenue is generated from income from regular maintenance of Vario, implementation and development work and the sale of licences. We can still rely on a stable base of partner companies, which delivered Vario to 26 smaller customers and generate about 30% of total income.

The reliability and quality of provided services is our priority, relied upon by more than 2,000 customers. Together with our clients, we seek refined solutions that allow them to redirect their energy from their day-to-day agenda to what is crucial to their success.

Klára Cerovská / CEO, Altus software s.r.o.

250
(thous.)

↑

Our IT solutions are used by 250 thousand
clients in 21 countries

Byznys software

Byznys software (operating as J.K.R. until June 2017) is a leading Czech developer of robust ERP systems. It has delivered its Byznys class of ERP systems to the Czech and Slovak markets since 1991; its main product is the Byznys VR ERP system. The company's typical customers are medium-sized businesses and large corporations that require an individual solution for their internal business processes. Byznys VR is also very popular among manufacturing companies.

Byznys software, selected financial information[3]

EUR	31 December 2015	30 June 2016	30 June 2017
SALES	3 606 424	1 596 906	3 646 808
SALES y/y		-55,7%	128,4%
EBITDA	214 649	40 854	378 770
EBITDA y/y		-81,0%	827,1%
Staff costs	2 087 152	1 089 033	2 300 705
Staff costs y/y		-47,8%	111,3%
Development costs	786 369	453 075	827 732
Development costs y/y		-42,4%	82,7%
Profit before tax	-401 293	-284 332	-224 324
Profit before tax y/y		-29,1%	-21,1%
Assets	2 677 282	2 919 624	2 580 494
Equity	1 804 034	1 519 702	1 145 045
Current liabilities	326 479	540 071	541 481
Non-current liabilities	0	255 386	241 285
Employees		91	85

[3] The 2016 figures are for a shortened period of 6 months.

At the end of marketing year 2017, we at Byznys software were able to happily report successful fulfilment of set business targets, good spirits and enthusiasm to work further.

The end of fiscal year 2017 was also the last day for Byznys software to operate under the name J.K.R. On the basis of management's decision, the company was renamed to Byznys software with effect from 1 July 2017. We primarily consider the renaming a step towards simpler and more comprehensible external communication. We are taking it to express a connection between the company and its key product.

Starting from the middle of the fiscal year, we focused primarily on improving and streamlining our internal business processes and made fundamental changes to the organization of our consultants' work as well as to sales and marketing and, last but not least, to how the capabilities and skills of our employees and our products are presented both internally and outside the company.

An important prerequisite for starting the process of change was the preparation of a strategic analysis of the company's future market presence. The strategic analysis and the definition of a new corporate strategy identified matters that need to be addressed prominently. One of the most important areas identified was customer care – communication with customers, deepening relationships and establishing 'business partnerships' based on mutual collaboration and respect. This logically resulted in the creation of a new customer care department led by Jiří Traxler.

The new strategy also necessitated changes in company management. Matěj Štochl, who previously worked very successfully as a sales manager, was appointed the Chief Sales Officer in June. His task for the next years is to put into practice a new sales department concept and substantially develop and enhance the department.
As part of our work on the strategic analysis, we also defined a new

manner of corporate communication. Work on this part was done by our employees with participation by David Geč Creative Studio. Together they created the company's new corporate identity, logo and internal and external communications in general. As mentioned above, the whole process of change also included renaming the company from J.K.R. to Byznys software.

We started and completed major business transactions during fiscal year 2017. They included, among others, the implementation of Byznys at Terno real estate, s.r.o., Avia Motors, s.r.o. and Komix, a.s.

As the software market is highly dynamic and makes it necessary to constantly react to new trends and user needs, we started developing a significantly modernized version of Byznys in 2017. Byznys B6, as it is named, reacts to new trends in UX, design and use and also provides new functions that will make users' everyday work easier. Byznys B6 will gradually supersede our successful Byznys VR ERP system.

As part of the development, we also began working on additional new modules that will significantly extend the marketability of Byznys, including fully fledged access to the system through a web interface, Byznys online. Naturally, we continued incorporating new legislation, including a robust solution for the GDPR.

Byznys software is to undergo further major development under the Solitea group's wing. We will continue to strengthen sales, customer care and our technical departments, improve our processes and definitely make more marketing efforts under our new name.

Our goal remains to provide our customers with perfect tools for their business processes and, most importantly, to take such care of them every day as we would like our partners to take of us.

Martin Kudrna / **CEO, Byznys software, s.r.o**

CDL SYSTEM[4]

CDL SYSTEM was founded in Ústí nad Labem on 1 October 1992. It has offices in Prague (since 2003), Zlín (since 2004) and Bratislava (a subsidiary existing since 2005). CDL currently has about 80 employees and its turnover is about EUR 8 million, with a high share of its own added value. CDL became a member of the Solitea group in September 2017. CDL is engaged in the construction of IT infrastructure, implementation of portal solutions based on MS SharePoint, implementation of information systems (ERP, CRM), and specialized IT services (studies, outsourcing, cloud computing). CDL's goal is to provide the best technologies available in the market. CDL complements such products and technologies with a high standard of accompanying services so that they naturally support its customers' capabilities in their various lines of business. CDL's philosophy is succinctly expressed by its motto: 'You can rely on us'.

CDL System, selected financial information

EUR	31 December 2014	31 December 2015	31 December 2016
SALES	5 752 409	8 025 147	8 391 500
SALES y/y		39,5%	4,6%
EBITDA	208 304	826 596	852 918
EBITDA y/y		296,8%	3,2%
Staff costs	2 749 354	2 994 164	3 221 778
Staff costs y/y		8,9%	7,6%
Development costs	0	0	0
Development costs y/y			
Profit before tax	118 919	701 097	696 788
Profit before tax y/y		489,6%	-0,6%
Assets	2 571 876	3 528 594	3 078 653
Equity	1 026 596	1 372 503	1 063 886
Current liabilities	1 369 996	1 984 254	1 683 314
Non-current liabilities	22 327	34 234	40 776
Employees	72	73	65

[4] CDL only became part of the Solitea group in September 2017.

The growth of the Czech economy and, most importantly, an increase in demand for IT services in the fiscal year ended 2016 (1 January 2016 – 31 December 2016) enabled CDL SYSTEM to achieve the best results in the company's history. The company's operating result was EUR 720 thousand with sales amounting to EUR 8,3 million in fiscal year 2016. There was a crucial increase in revenue from the sale of services (11% year on year). Information system implementations account for approximately 65% of CDL's revenues. The increase in services sales is particularly closely related to the ongoing execution of three big orders concerning the implementation of enterprise information systems.

One large project that we are intensively working on is a project at W.A.G. Payment Solution, which chose Microsoft Dynamics NAV ten years ago. This standard software package, together with necessary customization and an appropriate industry-specific solution (for companies trading in fuels), was implemented by CDL. Many functionalities which were made necessary by the gradual development of services and international expansion of W.A.G. were implemented in the system in collaboration with CDL. The existing solution is now fully maintained by CDL. At the same time, W.A.G. is transforming the current solution into a new architecture that will be based on the latest technologies. Our collaboration continues by implementing dozens of innovation projects every year.

Another large project in the field of information system implementation is the deployment of an industry-specific solution for waste management at Marius Pedersen, a.s. The company has used Microsoft Dynamics NAV 2013 to manage its economic agendas since 2014. The project was implemented by CDL. The implementation is one stage in an extensive project for an enterprise-wide information system that should spread, among other things, customer relationship management and document management, an economic information system, a system for waste management and a management information system. The information system core was upgraded to NAV 2016 before the final stages of the implementation of the industry-specific solution. The industry-specific part of the solution – an extension to Microsoft Dynamics named ENWIS – is being implemented intensively at the moment.

The whole solution is designed as a uniform economic information system with a range of possible integrations with map systems, vehicle tracking systems, weight systems, etc. The use of a standardized international enterprise information system complemented with features covering all important processes in waste management enables very efficient business management with detailed online information on processes running in this specific environment. It maintains high efficiency of activities and prevents cost increases by providing transparent views of all business areas, allowing processes to be managed optimally both individually and using their mutual relations. In addition, CDL participates in the administration and development of an intranet portal based on Microsoft SharePoint for this customer.

The third major project is the implementation of Microsoft Dynamics NAV at LASVIT, a.s. With this implementation of a solution for the management of sales, marketing and production activities, LASVIT obtained a tool that allows covering external sales and implementation processes for highly individualized projects in various parts of the world while maintaining the necessary standardization of internal processes. Company management can keep track of the status of sales opportunities, customers, projects and their implementation in real time. LASVIT sales and production teams use the solution to get faster and better access to necessary information about projects and improve mutual collaboration. CDL built the new solution on Microsoft products, specifically Microsoft Dynamics NAV, Microsoft Dynamics CRM and Microsoft SharePoint.

CDL is also engaged in the building and administration of IT infrastructure; revenue from such activities account for about 25% of its total revenue. Typical customers are large corporations with extensive IT infrastructure that requires professional administration. An example of a large customer from this line of business is Kolbenschmidt. CDL has provided the company with complete outsourcing of IT services since 2007. It became fully responsible for the on-site support of users and endpoint workstations, help desk operation, remote administration of the server environment and cooperation with the IT units of the parent company and its outsourcers. CDL provides SLAs for resolving failures outside standard business hours, consulting on IT system development and the deployment of security procedures and guidelines.

Implementation of portal solutions based on MS SharePoint is becoming an increasingly important area of CDL's activities. Once again, a typical customer here is a large corporation that needs to manage large quantities of documents in its intranet environment. Examples include Unipetrol, a.s. or Metrostav, a.s., for which CDL takes care of the administration and development of their intranet solutions.

CDL has long been concerned with Microsoft technologies. It is the holder of a wide range of Microsoft authorized professional competencies (within the Microsoft Partner Network). CDL has achieved the GOLD (best possible) level in the three most important competencies, namely 'Enterprise Resource Planning', 'Collaboration and Content' and 'Datacenter'. This allows CDL customers to fully rely

on CDL's expertise. CDL is also the holder of six other competencies in addition to the three main competencies, which only confirms CDL's strategic focus on Microsoft products.

IT is currently undergoing transformation into a cloud environment. Microsoft has become a global leader in the field, so it is only logical that CDL is increasingly engaged in it everywhere it is meaningful for customers. There are several projects underway that deploy either a purely cloud-based solution or a hybrid (cloud-based and on-premises) solution. Big developments can be expected especially in cloud-based ERP solutions (Microsoft Dynamics 365) and CDL is preparing intensively for these new technologies. Added value for CDL customers can be not only familiarity with Microsoft's ERP systems but also familiarity with related SharePoint technologies (within Office 365) and, subsequently, ICT technologies (Azure and such).

The company's internal management is based on ISO methodology. It has successfully recertified its quality management system in accordance with EN ISO 9001:2008.

Vítězslav Kotrs / **CEO, CDL SYSTEM, a.s.**

Solitea Česká republika & Solitea Slovensko

Solitea Česká republika (CÍGLER SOFTWARE until 30 September 2017) was founded in 1990, transformed into a joint-stock company in 1999 and founded its subsidiary Solitea Slovensko (CÍGLER SOFTWARE until 30 September 2017). It has been a 100% member of the Solitea group since July 2014. The company's main products are Money S3, an accounting system, Money S4 and Money S5, ERP systems, and iDoklad, a cloud-based invoicing service. The company is also active in the field of POS systems, both by developing its own Prodejna SQL software and Profi Účtenka app and in hardware, being the direct importer of banking printers, all-in-one POS terminals and other equipment.

Solitea Česká republika, selected financial information

EUR	30 June 2015	30 June 2016	30 June 2017
SALES	4 718 371	5 186 604	6 483 275
SALES y/y		9,9%	25,0%
EBITDA	897 454	809 792	1 048 335
EBITDA y/y		-9,8%	29,5%
Staff costs	2 369 369	2 631 532	2 853 545
Staff costs y/y		11,1%	8,4%
Development costs	326 479	494 869	691 735
Development costs y/y		51,6%	39,8%
Profit before tax	899 412	983 118	1 082 805
Profit before tax y/y		9,3%	10,1%
Assets	4 101 528	4 094 164	4 292 871
Equity	1 614 101	1 894 164	2 209 048
Current liabilities	843 165	859 068	603 447
Non-current liabilities	428 476	6 463	0
Employees	95	104	115

Solitea Slovensko, selected financial information

EUR	30 June 2015	30 June 2016	30 June 2017
SALES	1 355 293	1 443 886	1 723 598
SALES y/y	0	5,6%	18,3%
EBITDA	145 586	87 328	82 045
EBITDA y/y		-40,6%	-6,9%
Staff costs	504 351	503 045	582 866
Staff costs y/y		-1,2%	14,8%
Development costs			
Development costs y/y			
Profit before tax	120 668	52 455	40 785
Profit before tax y/y		-56,9%	-23,0%
Assets	595 582	583 612	921 386
Equity	190 737	135 718	176 793
Current liabilities	107 318	112 883	180 342
Non-current liabilities	2 308	2 682	25 744
Employees	22	21	24

Solitea Česká republika achieved a 22% growth in revenue in 2017 and its EBITDA was EUR 1,25 million. These are the highest annual revenue and profit in the company's history. The highest growth was in POS sales, which increased by 160%. The number of customers that created an account for the iDoklad free service exceeded 160,000. The company's financial results in fiscal year 2017 were positively influenced by several factors: economic growth associated with increase in companies' demand for advanced ERP systems, the adoption of the Sales Registration Act in the Czech Republic and the turning of iDoklad into a paid service in Slovakia. The Solitea group was successful both in transferring expertise and starting joint development and in sharing and transferring customers where appropriate.

Cutting costs, optimizing internal business processes and achieving higher labour efficiency are the most common reasons for companies to change their information system. Higher requirements result in increased demand for up-to-date information systems on the one hand, while an increasingly high pressure on the price and level of provided services can be observed on the other hand. Solitea Česká republika has responded to these trends primarily by further improving and expanding its portfolio of products and provided services, increasing the availability of technical support and intensively training its employees. The market has been increasingly affected by a new factor – the cloud. Businesses are looking more into cloud-based solutions for their key processes to optimize and distribute their costs as well as to achieve higher availability and security. Consequently, demand for purely cloud-based services specifically designed for small companies has grown, especially among small businesses and start-ups.

Accordingly, the area we concentrated on the most in the past year was the development of our products and enhancement of provided services. Systematic development took place in all lines of products offered to our customers and business partners as well as in specialized internal applications.

Money S3 remained the company's flagship product in terms of both revenue and profit. This accounting software is one of the most widely used products of its kind in the Czech Republic and Slovakia and its revenue has grown by more than 6% year on year. A wide range of functions together with a modern user interface are the reasons for the popularity of Money S3 among customers. This is manifested in year-on-year increase in the number of subscribers to Updates, the service that accounts for the bulk of revenue from Money S3.

As the ERP segment shows a clear market upturn, our Money S4 and Money S5 ERP systems continued to be the highest growing segment in our offer in fiscal year 2017. The reason behind this is the economic growth, when even smaller companies that used to purchase the Money S3 accounting software newly invest in a fully fledged ERP system.

We launched a number of new functions as well as reflections of legislative developments, such as added functionality according to the Sales Registration Act. We worked hard on user comfort and making users' work easier as well as on support for internal business processes. Added functionalities include an activity calendar for easy planning, a workflow portal or automatic order approvals that allow automating the whole sales process, especially in relation to electronic commerce. In total, there were several hundred small improvements to the Money ERP software enhancing the system's comfort and functionality.

There was a big increase in the number of customers for iDoklad, a cloud-based invoicing service that is the market leader in the Czech Republic and Slovakia. We registered more than 160,000 created accounts at the end of the fiscal period. iDoklad is independent of the operating system or hardware used, needing just an internet browser to run; it is also available as an app for iOS, Android and Windows. In addition to developing its functionalities, we also worked hard on adding functions necessary for turning the service into a paid product in the Czech Republic, which we did in August 2017. The goal is to make iDoklad a profit-making service already in the next fiscal year. The Sales Registration Act was a great opportunity for us which we had long prepared for in both hardware and software. In the end, we managed to estimate very well how much hardware we would sell and our software solutions, especially the Profi Účtenka app, were also successful in the market. In absolute figures, we have about

12,000 customers using our POS solutions, which makes us a TOP 5 provider of POS solutions in the Czech Republic.

Our partner network still generates a significant portion of our company's revenue. The highlight of our collaboration with partners was the Let's Make Money international partner conference, already traditionally held at the Horal Hotel in the Beskids in September 2016. The conference aimed to familiarize our partners with all of our newly launched features and products and to further enhance the level of our partner network and services provided to customers. Partners from the Czech Republic and Slovakia highly appreciated networking, which allowed them to share best practices.

Solitea Česká republika was recertified for the Gold Application Development competency by Microsoft – this is the highest Microsoft certification level and proof of our development team's excellent expertise.

Solitea Česká republika has invested more than EUR 15,6 million in research and development in the past ten years, and this massive investment makes it a market leader. Accordingly, we intend to continue making major investments in the next fiscal year in the development of our ERP systems in order to both develop new functionalities and further optimize the UX and UI. We plan to develop mobile apps and invest in the iDoklad cloud-based solution. We also supported the quality and efficiency of provided services, which we consider crucial to build a positive company image, by gradual internal restructuring of the services department, which we combined into a single unit for all our products. We intend to further develop an individual approach to larger customers, who appreciate it and are willing to invest in premium services.

We need to invest in the future. Using the latest technologies and trends and investing in innovations and the development of new products and solutions are decisive factors of the success for Solitea Česká republika and crucial for our customers' satisfaction. In conclusion, I would like to thank our employees for their active approach to innovation and professional approach to our customers, who are the driver of our work.

Tomáš Loukota / COO, Solitea Česká republika, a.s.
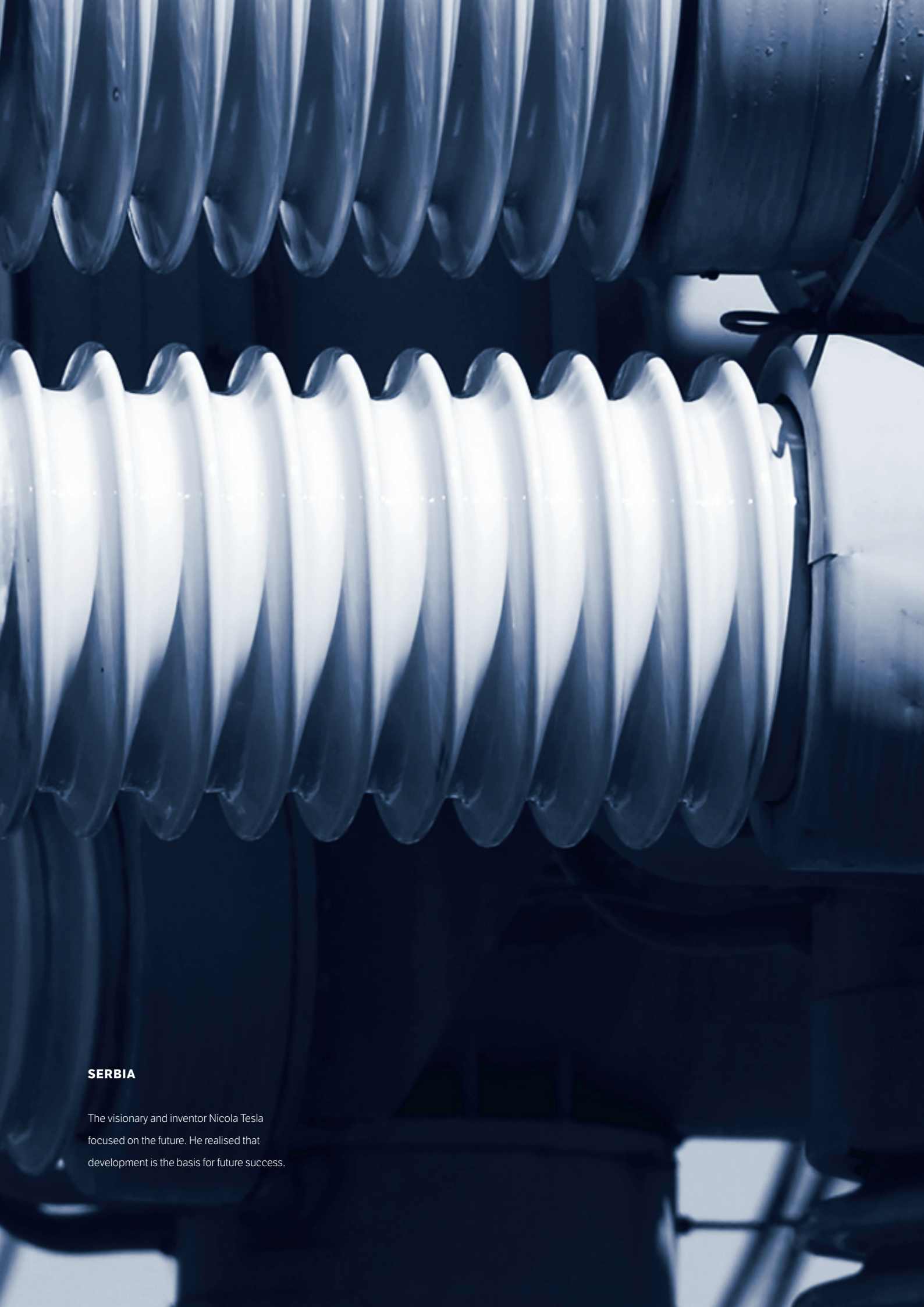
SERBIA

The visionary and inventor Nicola Tesla
focused on the future. He realised that
development is the basis for future success.

Innovation

We are a group of IT companies and looking forward is in our blood. We invest a significant share of our profit into innovation, which allows us to offer our customers what others still only dream about.

JET ERP Betriesgesellschaft mbH

The origins of JET ERP Betriebsgesellschaft mbH (then part of the Philips group) date back to 1946. Its range of products under the brand name Data Systems Austria currently consists of the JET REWE accounting and financial software, JET ORBIT ERP system, JET DMS document management software and JET BI business intelligence solution. Its clients appreciate not only a high number of multifunction modules offered as standard but also a number of custom-tailored solutions and individual consulting. It provides a remarkable range of industry-specific solutions developed for the machinery, metalworking, food, building, woodworking, chemical, plastics and electrical and electronics industries, tourism and commerce.

JET ERP Betriebsgesellschaft mbH, selected financial information

EUR	31 December 2014	31 December 2015	31 December 2016
SALES	3 281 010	3 174 690	3 581 758
SALES y/y		-4,1%	11,8%
EBITDA	506 799	17 354	-6 958
EBITDA y/y		-96,6%	-140,1%
Staff costs	2 216 087	2 173 173	2 513 768
Staff costs y/y		-1,9%	15,7%
Development costs	1 241 695	1 261 240	1 437 713
Development costs y/y		1,6%	14,0%
Profit before tax	-6 492	-353 895	-225 278
Profit before tax y/y		5351,0%	-36,3%
Assets	1 372 840	1 286 586	1 112 213
Equity	981 569	492 322	265 248
Current liabilities	36 429	367 290	392 043
Non-current liabilities	0	0	0
Employees	28	31	36

The total revenue of JET ERP Betriebsgesellschaft mbH was EUR 3,579,903.19 in accounting year 2016, which was an increase of EUR 405,211.14 over the previous period. The biggest source of revenue is income from maintenance, which accounts for 55.9%, while the sale of products accounts for 22.8% and services account for 21.3%.

The quality and scope of services provided in maintenance contribute to winning a high share of clients. The share of clients with a maintenance contract is 81.7% for JET REWE (financial and accounting software), 80.3% for JET DMS (document management and internal control system) and even 100% for JET ORBIT (ERP software) and JET BI (business intelligence).

The increasing income in 2016 results from new systematic client care and attests to clients' trust in the company's business continuity and further development after the acquisition of a 100% stake by the Solitea group in December 2014. A major aspect for the increase in revenue was internationalization of the company's activities – its solutions were newly deployed in Romania, Poland, Hungary, Slovenia and Croatia.

Updates to all products were introduced late in the first half of 2016, as was this year's innovation – a balance sheet module. Traditional user meetings, organized in five Austrian states, were attended by almost half of all users and presented a new version of JET REWE. A customer satisfaction survey was also conducted in 2016, whose results showed a high level of satisfaction not only with the software (92.7%) but also with the maintenance and consulting services provided (94.1%).

The year 2016 also brought a significant acknowledgement of JET ERP's personnel practices. The company employs 35 men and women of six nationalities, speaking twelve languages and professing six different religions. The team's diversity is also evident from its age structure – the youngest employee is 24, the oldest employee is 72 and the average age is 45. The Austrian Chamber of Commerce therefore nominated JET ERP for the DiversCity Award 2016 for generation management.

Jürgen Donaubauer / **COO, JET ERP Betriebsgesellschaft mbH**

Saop

Saop d.o.o. was established in 1987 and was one of the first companies in the former Yugoslavia to develop its own business software. It was also the first company in the region to offer a cloud-based accounting system. It currently offers three different business solutions: ERP iCenter, intended for the SMB market and the public

sector, miniMAX, an online accounting system intended for accountancy firms, entrepreneurs and small businesses, and Saopnet POS, which is POS system making use of the cloud. Saop's solutions are currently used by more than 30,000 users in Slovenia, Croatia and Serbia.

Saop, selected financial information

EUR	31 December 2014	31 December 2015	31 December 2016
SALES	5 997 109	5 970 841	5 960 274
SALES y/y		-1,4%	-1,1%
EBITDA	1 605 175	1 314 502	1 100 929
EBITDA y/y		-18,9%	-17,0%
Staff costs	2 723 457	2 778 814	2 977 414
Staff costs y/y		1,1%	6,2%
Development costs			
Development costs y/y			
Profit before tax	1 548 028	1 255 716	1 092 793
Profit before tax y/y		-19,6%	-13,8%
Assets	4 172 688	4 527 715	5 379 769
Equity	3 194 060	3 706 677	4 616 956
Current liabilities	923 672	818 990	762 813
Non-current liabilities	8 537	2 048	0
Employees	73	78	79

Saop was acquired by a new owner in 2016, the Solitea group, which currently has operations in the Czech Republic, Slovakia and Austria. We began developing a new joint product, intended for existing and new markets, within the whole group. The product will include state-of-the-art architectures and functionalities, such as intuitive operation, with the device predicting the purpose that the user wants to use it for.

Our goal is to become the leading provider of business solutions in the Adriatic region. Therefore, we invest in state-of-the-art development and continually train our employees. We know that we can be competitive in the market only if we have adequately knowledgeable and skilled staff. We began organizing training courses during business hours because we have consideration for our employees' family lives.

The excellent management of the company is evidenced by a prestigious award given to director Sonja Šinigoj for her exceptional entrepreneurial achievements – the award is also nicknamed an 'Oscar for Economic Achievement'. We also won a gold 'Family Friendly' award.

Saop's innovation in the creation of new products was acknowledged with a silver award from the Slovenian Chamber of Commerce for the development of the Saopnet POS system and a Microsoft award for the development of the product on the Azure platform.

We were surprised by our clients' and users' record-breaking attendance at conferences and seminars in 2016. As a gesture of our gratitude and care for users, our sales teams and support teams visited more than 300 clients right in the field. The visits by administrators only confirmed that personal contact with users is extremely important in an era of digitization.

Saop became engaged in content marketing in Serbia and Croatia, which aims to convert casual website visitors to buyers. The company regularly delivers interesting blog articles, useful content and webinars to systematically maintain relationships with prospective customers. By doing so, it successfully builds trust in its brand name, which results in better product visibility and, consequently, higher sales.

Saop is the provider of information solutions covering the operations of a small, medium-sized or large company or public institution. To improve orientation and migration among various users, the company introduced a new method of rapid product development called 'scrum', which allows better project management, faster development and response to market requirements, which is absolutely indispensable in this highly competitive industry.

We can proudly say that annual independent surveys show that our users' satisfaction is high above the European average.

Petra Šingoj / **CEO, Saop d.o.o.**

Solitea Business Solutions

Solitea Business Solutions is a consulting and software company that has been present in the market since 1996 (operating as Aquasoft until May 2016). Its track record includes over 300 successfully implemented projects. It provides its clients with solutions that exploit the potential of information for their success in business. It is committed to quality, a personal approach and respect to its customers' individuality.

Solitea Business Solutions, selected financial information

EUR	30 June 2015	30 June 2016	30 June 2017
SALES	7 938 819	4 636 364	4 764 003
SALES y/y		-41,6%	2,8%
EBITDA	388 876	267 411	520 133
EBITDA y/y		-31,2%	94,5%
Staff costs	4 782 767	3 038 943	3 196 005
Staff costs y/y		-36,5%	5,2%
Development costs	0	0	0
Development costs y/y			
Profit before tax	190 555	183 097	376 616
Profit before tax y/y	0	-3,9%	105,7%
Assets	3 407 792	3 419 904	3 662 123
Equity	2 074 810	2 081 644	2 275 950
Current liabilities	749 574	921 642	1 119 076
Non-current liabilities	49 992	17 626	72 503
Employees	71	70	76

Solitea Business Solutions (SBS) recorded a 2.3% year-on-year increase in revenue, which amounted to EUR 4,94 million in the past fiscal year. However, the real increase was 31%, because the official figures are substantially affected by a statutory change to the accounting treatment of work in progress, which is not included in operating revenue starting from 2017. Earnings before interest, taxes, depreciation and amortization (EBITDA) increased by 95% year on year to EUR 521 thousand. In addition to deliveries to long-term customers, the company managed to win new major clients in the domestic market and abroad.

Revenue from custom application development accounted for a majority of the total achieved. SBS is the leader in IT support for specific agendas in customs and tax administration. The Customs Administration of the Czech Republic has trusted solutions delivered by SBS for more than 20 years as the company takes care of the operation and development of dozens of large systems as well as minor applications. Modifications relating to a regulation of the European Parliament and of the Council which simplifies the customs procedure and takes other steps towards its unification within the EU were implemented in the past period. Since mid-2016, SBS has been performing a contract with the Serbian customs administration for the development of new client parts of its NCTS (New Computerized Transit System) running at 168 customs offices, where it is used by about 1,300 customs officers and processes more than 200,000 international transport transactions per year. In December 2016, SBS entered into a contract with the Finnish customs Tulli for the creation of a new customs declaration information system. The project, which is worth almost EUR 23,5 million, will be undertaken in 2017 to 2020 and operational support will be provided until 2025.

SBS has also been long engaged in food safety IT support. The company is the vendor of the Integrated Agricultural Register – one of the main purposes of which is meat quality control prior to release to the food chain. The system registers more than 60,000 farmers and millions of farm animals. The system was significantly upgraded last year after more than eight years of operation.

SBS is also the vendor of a specialist information system implementing complete records and support for the State Veterinary Administration's control activities, including the currently trending supervision of animal welfare. As such, these activities concern not only consumer health protection but increasingly also the protection and monitoring of farm animal welfare. Another solution for which operational support and development were provided has helped the Central Institute for Supervising and Testing in Agriculture with integrated plant health control in the country since 2007. The provided systems, Foreign Substances Monitoring and External Quarantine, support the protection of the Czech Republic's territory against harmful organisms, diseases, pests and weeds. They monitor the imports, transits and exports of plants, plant products and other commodities of plant origin from third countries.

SBS has also been long engaged in healthcare. Work on the development of the Central Electronic Prescription Repository for the State Institute for Drug Control started in late 2016. The developed solution will cover the complete prescription of medicines in the Czech Republic starting from 1 January 2018. From that date on, doctors will write out paper prescriptions in a minority of cases, limited by law. The Central Electronic Prescription Repository is the first nationwide e-Health project implemented.

SBS is also the creator of five separate specific ISs and registers operated under the Ministry of Health. For example, SBS delivered and has been further developing and supporting central systems for hospitalization registration, joint replacement registration or registration of patients treated for drug addiction. An information system supporting the registration, selection and monitoring of the course of subsidized projects under the Ministry of Health was put into operation in May 2017. It is currently used by several thousand users applying for support for research projects within the remit of the Ministry of Health. A system for the exchange of information concerning provided healthcare and resulting payment claims, including the agenda of claimed benefit reimbursements, which was built by SBS for the Health Insurance Bureau, has been in operation since 2013. The system is integrated with all Czech health insurance companies and used by more than 700 users today. Its integration with health insurance companies in Slovakia was carried out in 2017. SBS further develops and supports the operation of the Military Health Insurance Company's Integrated Information System. It is currently undergoing major changes, mostly necessitated by changes in legislation concerning the introduction of e-Health or cybersecurity.

Noteworthy projects for commercial customers include the implementation of an ERP system to support back-office processes at J&T Banka, including accounting, invoicing, procurement and sales management, and controlling. A project implementing reporting for the same customer's business units in the Czech Republic and Slovakia was started. SBS experts also began implementing a DMS with the aim of creating a document repository for 'client documentation' at Poštová banka in the first half of 2016.

Work on a project for the Office of the Financial Arbiter of the Czech Republic was underway from September 2016; the project concerns

the delivery of an administrative proceedings and records management system. The system is used for administrative proceedings by dozens of users, with 5,000 dossiers being processed at the moment. The development of an information system for the Chamber of Tax Advisers was started; the new solution will manage the agenda of several thousand tax advisers. This is the first project ever that will be jointly implemented by as many as three Solitea group companies – SBS along with Solitea Česká republika and Vema.

In the next period, SBS will focus on strengthening its positions with existing customers as well as on winning new clients in all market segments in its long-term focus, including pursuit of additional interesting projects abroad. Significant efforts will be made in the field of business intelligence, where SBS wants to become the domestic market leader with solutions based on Microsoft's platform.

Petr Franc / **CEO, Solitea Business Solutions, s.r.o.**

170+
(thous.)

↑

The number of clients using our on-line services
is growing rapidly

Vema

Vema is a leading vendor of human resources management software in the Czech Republic and Slovakia; its products are used by more than 7,200 organizations. It celebrated its 26th anniversary in the autumn of 2016. Following changes to its structure made in 2000, the company operates as Vema, a.s. and has a wholly owned

Slovak subsidiary, Vema, s.r.o. Vema, a.s. has been part of the group of Solitea, a.s. since 2014. Vema's consolidated sales were EUR 5,8 million in the period in question. As of 30 June 2016, the company had 127 employees in the Czech Republic and Slovakia. Vema has a shifted fiscal year, from 1 February 2016 to 31 January 2017.

Vema (Czech Republic), selected financial information

EUR	31 January 2015	31 January 2016	31 January 2017
SALES	5 241 402	4 833 451	4 809 753
SALES y/y		-7,8%	-0,5%
EBITDA	1 362 554	973 012	815 707
EBITDA y/y		-28,6%	-16,2%
Staff costs	931 571	905 562	982 178
Staff costs y/y		-2,8%	8,5%
Development costs	0	0	575
Development costs y/y			
Profit before tax	1 765 727	958 089	857 031
Profit before tax y/y		-45,7%	-10,5%
Assets	3 366 627	2 673 835	2 998 942
Equity	1 109 087	364 003	626 204
Current liabilities	666 549	876 929	795 182
Non-current liabilities	409 283	224 050	386 800
Employees	113	114	110

Vema (Slovakia), selected financial information

EUR	31 December 2014	31 December 2015	31 December 2016
SALES	1 165 586	1 063 155	1 035 964
SALES y/y		-9,6%	-3,4%
EBITDA	220 305	195 567	174 859
EBITDA y/y		-12,1%	-11,4%
Staff costs	548 967	545 784	608 884
Staff costs y/y		-1,5%	10,6%
Development costs			
Development costs y/y			
Profit before tax	215 954	204 950	180 061
Profit before tax y/y		-6,0%	-12,9%
Assets	637 678	604 879	614 064
Equity	322 834	314 451	294 697
Current liabilities	178 587	142 329	161 382
Non-current liabilities	2 108	2 679	3 502
Employees	15	16	17

In February 2016, Michal Máčel left as the company's CEO after 26 years and was replaced by Jan Tomíšek. Organizational changes implemented as of 1 March 2016 also resulted in the biggest management change in the company's history. All previously existing divisions now also have new heads. A separate Sales division was newly created and the changes affected even the middle management.

Vema introduced a new licensing policy in October 2016. A lump sum price paid to purchase applications was replaced with regular monthly payments to be paid throughout product use.

We also introduced stricter checks of the scope of licence use in early 2016, which resulted in the total number of personal numbers processed by the Wages application increasing by 7,000, reversing a steadily declining trend observable in the past years.

The number of organizations processed in the Vema cloud increased by more than 400 entities during the period in question, reaching 1,066.

The Civil Service Act was fully incorporated in Vema's HR applications in late 2015. The solution includes a robust interface connected to the government's civil service information system. We will continue to develop this segment in accordance with legislative changes and the needs of our customers to which the Act applies.

Vema offers its clients a new Mobile Payslip service since June 2016, which sends payslips to employees' mobile phones. Apps for both dominant platforms, iOS and Android, are available in addition to the necessary server infrastructure.

The payroll outsourcing service grew by more than 20% during the period in question. Vema now processes the wages of almost 4,200 employees for its customers.

Jan Tomíšek / CEO, Vema, a.s.

We improve businesses and the lives of people. We are the solution, We are Solitea.

We bring successful IT companies together.
The results of our work are helping in almost every
company, institution, and organisation in Central
Europe.

Seyfor