Separate financial statements of Atende S.A. for the year ended December 31st, 2019

Contents

1. Separate statement of financial position

ASSETS	Note	as at December 31st, 2019	as at December 31st, 2018
Non-current assets		**59,838**	**65,072**
Tangible fixed assets	10	18,985	19,792
Intangible assets	12	4,642	5,167
Right-of-use assets	11	8,891	-
Investments in subordinates	13	15,904	23,387
Assets measured at fair value through other comprehensive income	15	80	80
Other financial assets	19	295	527
Deferred income tax assets	6	473	1,053
Assets from contracts with customers	1	1,132	2,366
Other non-current assets	14	9,436	12,700
Current assets		**97,400**	**103,288**
Inventories	16	6,062	9,893
Assets from contracts with customers	1	9,810	3,293
Trade receivables	17	47,917	47,399
Other receivables	18	242	319
Other financial assets	19	10,563	2,036
Prepayments	20	10,237	23,536
Cash and cash equivalents	21	12,569	16,812
TOTAL ASSETS		**157,238**	**168,360**

(All amounts are presented in PLN thousands, unless specified otherwise)

EQUITY AND LIABILITIES	Note	as at December 31st, 2019	as at December 31st, 2018*
Equity		**67,256**	**61,196**
Share capital	22	7,269	7,269
Supplementary capital from share premium	23	14,753	14,753
Other capital	24	31,178	28,495
Profit or loss for the current period		14,056	10,679
Long-term liabilities		**20,442**	**21,367**
Credits and loans	25	11	2,079
Other financial liabilities	26	3,142	5,696
Lease liabilities	32	6,354	219
Provision for pensions and similar benefits	33	786	741
Other long-term liabilities	27	180	85
Liabilities from contracts with customers	1	9,969	12,547
Short-term liabilities		**69,540**	**85,797**
Credits and loans	25	2,879	7,999
Other financial liabilities	26	3,742	4,071
Lease liabilities	32	2,675	389
Liabilities from contracts with customers	1	12,306	25,752
Trade liabilities	28	31,765	31,544
Provision for pensions and similar benefits	33	188	75
Current income tax liabilities	6	2,950	248
Other short-term liabilities	29	13,035	15,719
TOTAL EQUITY AND LIABILITIES		**157,238**	**168,360**

*Restated data – for a description of changes, see Section 9 "Changes in accounting principles (policy)"

(All amounts are presented in PLN thousands, unless specified otherwise)

2. Separate statement of comprehensive income

	Note	2019	2018*
Sales revenue	1.2	**225,657**	**208,243**
Cost of products, services, goods and materials sold	3	185,989	166,884
Gross profit on sales		**39,668**	**41,359**
Other operating revenue	4	317	900
General and administrative costs	3	33,310	33,273
Other operating expenses	4	293	893
Operating profit		**6,382**	**8,093**
Finance income	5	15,813	6,369
Finance costs	5	4,608	2,293
Profit before tax		**17,587**	**12,169**
Income tax	6	3,531	1,490
Net profit		**14,056**	**10,679**
Net profit per share (in PLN)	7		
Basic earnings for the financial period		0.39	0.29
Diluted earnings for the financial period		0.39	0.29
Net profit		**14,056**	**10,679**
Other comprehensive income that will be reclassified to profit or loss upon satisfying certain conditions		-	-
Other comprehensive income that will not be reclassified to profit or loss in the subsequent periods		-	-
Total comprehensive income		**14,056**	**10,679**

*Restated data – for a description of changes, see Section 9 "Changes in accounting principles (policy)"

(All amounts are presented in PLN thousands, unless specified otherwise)

3. Separate cash flow statement

	2019	2018
OPERATING ACTIVITIES		
Profit before tax	17,587	12,169
Total adjustments:	(4,595)	(2,527)
Amortisation and depreciation	7,105	3,662
Foreign exchange gains (losses)	3	(233)
Interest and shares in profits (dividends)	(5,276)	(4,615)
Gain (loss) on investing activities	(6,548)	(47)
Other adjustments	121	(1,294)
Change in working capital:	(22,808)	(75,301)
Inventories	3,831	22
Receivables	(5,627)	27,115
Liabilities/provisions	(21,012)	(103,438)
Change in other assets	16,467	5,075
Cash flows from operating activities	6,020	(61,583)
Income tax (paid) / reimbursed	(248)	(2,445)
Net cash flows from operating activities	**6,404**	**(64,029)**
INVESTING ACTIVITIES		
Inflows	15,925	7,492
Disposal of intangible and tangible fixed assets	27	1,694
Disposal of financial assets	8,000	
Dividends and shares in profits	5,856	4,911
Repayment of loans granted	2,042	887
Outflows	9,128	8,221
Purchase of intangible and tangible fixed assets	4,862	4,491
Expenditure on financial assets	4,266	3,725
Other investment outflows	-	5
Net cash flows from investing activities	**6,797**	**(729)**
FINANCING ACTIVITIES		
Inflows	3,237	20,699
Credits and loans	1,910	12,459
Proceeds from financing assignment of claims	669	8,000
Proceeds from financing via leaseback	632	-
Other financial inflows	26	240
Outflows	20,682	19,666
Dividend and other payments to shareholders	7,996	7,995
Repayments of credits and loans	9,098	10,159
Payment of lease liabilities	2,584	705
Interest	649	298
Other financial outflows	355	509
Net cash flows from financing activities	**(17,444)**	**1,033**
TOTAL NET CASH FLOWS	**(4,243)**	**(63,725)**
Balance sheet change in cash, including	(4,243)	(63,725)
– change in cash due to foreign exchange differences	-	-
Cash as at the beginning of the period	16,812	80,537
Cash as at the end of the period	**12,569**	**16,812**

Additional notes to the cash flows from operating activities are presented in Note 46.

(All amounts are presented in PLN thousands, unless specified otherwise)

4. Statement of changes in individual equity

	Share capital	Supplementary capital from share premium	Other capital	Retained financial result	Profit or loss for the current period	Total equity
			2019			
Equity as at January 1st, 2019	**7,269**	**14,753**	**28,495**	**10,679**	**-**	**61,196**
Transactions with owners:	-	-	2,683	(10,679)	-	(7,996)
- Net profit distribution	-	-	2,683	(2,683)	-	-
- Dividend payout	-	-	-	(7,996)	-	(7,996)
Total comprehensive income	-	-	-	-	14,056	14,056
- Net profit	-	-	-	-	14,056	14,056
Equity as at December 31st, 2019	**7,269**	**14,753**	**31,178**	**-**	**14,056**	**67,256**
			2018			
Equity as at January 1st, 2018	**7,269**	**14,753**	**30,552**	**5,938**	**-**	**58,512**
Transactions with owners:	-	-	(2,057)	(5,938)	-	(7,995)
- Dividend payout	-	-	(425)	(7,570)	-	(7,995)
- Settlement of retained earnings			(1,632)	1,632		
Total comprehensive income	-	-	-	-	10,679	10,679
- Net profit	-	-	-	-	10,679	10,679
Equity as at December 31st, 2018	**7,269**	**14,753**	**28,495**	**-**	**10,679**	**61,196**

(All amounts are presented in PLN thousands, unless specified otherwise)

5. General information

5.1. Core operations

Atende S.A. with its registered office in Warsaw at Plac Konesera 10a, 03-736 Warsaw (until November 25th, 2018 at ul. Ostrobramska 86, 04-163 Warsaw), registered at the District Court for the capital city of Warsaw, 13th Commercial Division of the National Court Register under KRS No: 0000320991, Share capital: PLN 7,268,668.80 paid in full, Tax ID No (NIP): 954-23-57-358, Statistical ID No (REGON): 276930771, is the parent company of the Atende Capital Group (the "Group", the "Capital Group", the "Atende Group"). As of May 28th, 2012, the Company has been listed on the Warsaw Stock Exchange.

As at December 31st, 2019, the core operations of Atende S.A. include:

- activities relating to software and IT consultancy;
- repair, maintenance and installation of machinery and equipment;
- construction works related to erection of civil and naval engineering facilities;
- sale of computers, peripheral equipment and software;
- other professional, research and technical activities (specialised design activities).

5.2. Composition of the Company's governing and supervising bodies

As at December 31st, 2019, the Company was managed by the Management Board composed of the following five members:

- Roman Szwed — President of the Management Board,
- Iwona Bakuła — Vice-President of the Management Board,
- Jacek Forysiak — Vice-President of the Management Board,
- Szymon Stępczak — Vice-President of the Management Board,
- Jacek Szczepański — Vice-President of the Management Board.

As at December 31st, 2019, there were no changes in the composition of the Management Board as compared to December 31st, 2018.

As at December 31st, 2019, the Supervisory Board had the following members:

- Patrycja Buchowicz — Chairperson of the Supervisory Board,
- Jan Madey — Member of the Supervisory Board,
- Michał Markowski — Member of the Supervisory Board,
- Maciej Matusiak — Member of the Supervisory Board,
- Monika Mizielińska-Chmielewska — Member of the Supervisory Board.

On December 11th, 2019, Mr Michał Markowski submitted his resignation from the Supervisory Board, effective as of December 31st, 2019. Paweł Małyska was appointed as a new member of the Supervisory Board on January 10th, 2020.

5.3. Approval of the financial statements

These separate financial statements were authorised for publication by the Management Board of the parent company on March 31st, 2020.

5.4. Representations of the Management Board

These statements were drafted with the use of accounting standards, according to the International Financial Reporting Standards as approved by the European Union, hereinafter referred as "EU IFRS", and insofar as required by the Regulation of the Minister of Finance of March 29th, 2018 concerning current and periodical information disclosed by issuers of securities and conditions for recognition as equivalent of information whose disclosure is required under the laws of a non-member state (Journal of Laws of 2018, item 757). The statements cover the period from January 1st until December 31st, 2019 and a comparative period from January 1st until December 31st, 2018.

Until the date of preparation of the separate financial statements for 2019, no events had occurred that were not — and that should have been — included in the books of account for the reporting period. Also, these financial statements do not include any major events regarding previous years.

The statements have been prepared on the assumption that the Company will continue as a going concern in the foreseeable future. As at the date of approval of these financial statements, no circumstances are found indicating a threat to the Company's continued operation in the period of 12 months after the balance sheet date.

These separate financial statements of the Company should be read jointly with the consolidated financial statements approved for publication by the Management Board and published at the same date as the separate financial statements in order to obtain complete information about the Group's material and financial standing as at December 31st, 2019 and the financial result for the period from January 1st to December 31st, 2019, in accordance with EU IFRS.

These separate financial statements have been audited by an independent statutory auditor. The statutory auditor's report is attached as an appendix to this report.

6. New standards and interpretations that were published but are not yet effective

A number of new Standards, amendments to Standards and Interpretations are not yet mandatorily effective for annual periods ending December 31st, 2019 and have not been applied in preparing these financial statements.

The following standards, amendments to applicable standards and interpretations have not been adopted by the European Union and are not effective as at January 1st, 2019.

1. Standard: IFRS 14 "Regulatory Deferral Accounts"
   Description of changes: Accounting and disclosure principles for regulatory deferral accounts.
   Effective date: The current version of the standard will not be applicable in the EU.
2. Standard: IFRS 10 "Consolidated Financial Statements" and IAS 28 "Associates"
   Description of changes: Guidelines for the sale or contribution of assets between an investor and its joint venture or associate.
   Effective date: not specified
3. Standard: IFRS 3 "Business Combinations"
   Description of changes: Clarification of the definition of a "business".
   Effective date: January 1st, 2020
4. Standard: Amendments to the Conceptual Framework.
   Description of changes: unification of the Conceptual Framework.
   Effective date: January 1st, 2020
5. Standard: IFRS 17 "Insurance Contracts"
   Description of changes: A new approach defining the recognition of revenue, profits or losses during the period of provision of insurance services.
   Effective date: January 1st, 2021
6. Standard: IAS 1 "Presentation of financial statements" and IAS 8 "Accounting policies, changes in accounting estimates and errors"
   Description of changes: Application of the concept of materiality in the process of preparing financial statements.
   Effective date: January 1st, 2020
7. Standard: IFRS 9 „Financial Instruments", IFRS 7 „Financial Instruments: disclosures" and IAS 39 "Financial Instruments"
   Description of changes: introduction of temporary exemptions from the application of certain hedge accounting requirements, requirement to disclose additional information on hedging relationships.
   Effective date: January 1st, 2020

The Company intends to adopt the above-mentioned new standards, amendments to standards and interpretations of the IFRS published by the International Accounting Standards Board but not yet effective as at the reporting date, when they become effective.

Impact of new regulations on future financial statements of the Company.

Other standards and their changes should have no significant impact on future financial statements of the Company.

7. Description of the accounting principles (policy), including the methods of valuation of assets and liabilities, as well as income and expense

The accounting policies presented below have been applied with respect to all the reporting periods presented in the Company's financial statements, except for the initial application of IFRS 16, as described in Section 9.

The separate financial statements were prepared based on the historical cost principle, except for financial instruments measured at fair value through profit or loss.

Subsidiaries

A subsidiary is an entity that is controlled by a parent entity. Control occurs where the parent entity:

- has power over the investee,
- is exposed to, or has rights to, variable returns from its involvement with the investee,
- has the ability to use its power over the investee to affect the returns generated by the investee.

Shares in subsidiaries are measured at purchase price less impairment losses.

Intangible assets

Intangible assets include assets that lack physical substance, are identifiable and can be reliably measured, and which will result in the flow of economic benefits to the entity in the future. Intangible assets are initially recognised at acquisition price or cost of production.

Intangible assets created as a result of development work are recognised in the statement of financial position where the following conditions are met:

- from the technical point of view, the intangible asset can be completed so that it can be sold or used;
- it is possible to demonstrate the intention to complete the asset as well as to use and sell it;
- the asset is fit for use or sale;
- the manner in which the asset will generate future economic benefits is known;
- technical and financial resources required to complete development works and to use and sell the asset are provided;
- it is possible to reliably determine the expenditure incurred during development works.

The expenditure incurred during research work and expenditure that does not meet the aforementioned conditions is recognised as cost in the separate statement of comprehensive income at the date it was incurred, under general and administrative expense.

Rates adopted for amortisation of intangible assets reflect their predicted useful life. The Company does not have intangible assets with indefinite useful life. Intangible assets with definite useful lives are amortised on a straight-line basis. The useful lives for individual intangible assets are as follows:

- software licenses 2 years
- development works 3 – 5 years
- trademarks 5 years
- copyrights 5 years

Intangible assets are tested for impairment where there are circumstances indicating impairment; while for intangible assets in development the potential impairment is determined at every balance sheet date. The effects of impairment of intangible assets are recognised as other operating expenses, and amortisation of intangible asset is recognised as costs of core business.

As at the balance sheet date, intangible assets are measured at cost less amortisation charges and any recognised impairment loss.

Tangible fixed assets

Tangible fixed assets include fixed assets and expenditure for fixed assets under construction which the entity intends to use in its activities and for administrative purposes over a period longer than one year, and which will cause future economic benefits to flow to the entity. Fixed asset expenditure includes the incurred investment expenditure as well as expenditure incurred in relation to the future supplies of machinery, equipment and services related to the construction of fixed assets (advance payments).

Fixed assets and fixed assets under construction are initially recognised at acquisition price or production cost.

Fixed assets include important specialist replacement parts that function as elements of a fixed asset. Significant components, including intangible ones, are also recognised as separate fixed asset items.

Rates adopted for the depreciation of fixed assets, including components and specialist replacement parts, reflect their predicted useful life. Fixed assets are depreciated using the declining balance method or the straight-line method. The useful lives for individual fixed asset items are as follows:

- buildings and structures from 10 to 40 years
- machinery and equipment from 4 to 10 years
- vehicles from 5 to 7 years
- other fixed assets from 4 to 10 years

Own land is not subject to depreciation.

Fixed assets and fixed assets under construction are tested for impairment where there are circumstances indicating impairment; for fixed assets under construction in the development stage, potential impairment is determined at every balance sheet date. The effects of impairment of fixed assets and fixed assets under construction are recognised as other operating expenses.

As at the balance sheet date, fixed assets and fixed assets under construction are measured at cost less accumulated depreciation and any recognised impairment loss.

Financial assets

Financial assets are classified by the Company into the following categories:
- Financial assets measured at amortised cost,
- Financial assets measured at fair value through profit or loss,
- Financial assets measured at fair value through other comprehensive income,
- hedging financial instruments.

Assets are classified upon initial recognition. Financial assets are classified into relevant category depending on the business model for managing a given group of assets and on the characteristics of contractual cash flows from a given financial asset.

The Company classifies trade receivables (except for receivables under factoring agreements), assets from contracts with customers, loans granted, other financial receivables, cash and cash equivalents as assets measured at amortised cost.

Financial assets measured at amortised cost, excluding trade receivables and assets from contracts with customers, are initially recognised at fair value plus directly attributable transaction costs. Trade receivables whose maturity does not exceed 12 months from the date of origination and are not sold under factoring agreements are not discounted and are measured at their nominal value. As at the balance sheet date, such assets are measured at amortised cost, using the effective interest rate method, less impairment losses.

Financial assets measured at fair value through other comprehensive income are initially recognised at fair value plus directly attributable transaction costs. As at the balance sheet date, they are measured at fair value. Assets measured at fair value through other comprehensive income include debt instruments held to collect contractual cash flows from principal and interest, as well as from their sale.

Gains and losses – both on measurement and realisation – arising from these assets are recognised in other comprehensive income, except for dividend income and impairment losses. This group of assets includes shares held by the Company in other entities.

All other assets (including trade receivables transferred for factoring and derivative instruments) are classified as assets measured at fair value through profit or loss.

Gains and losses on financial assets classified as measured at fair value through profit or loss are recognised in the profit or loss in the period in which they arise (including interest and dividend income).

All financial assets are removed from accounting records when the rights to receive benefits from a given asset expire or have been transferred and the Company has transferred virtually all benefits and risks related to the asset.

Financial assets are recognised as current assets unless their maturity exceeds 12 months from the balance sheet date; in such a case, they are recognised as fixed assets.

Hedge accounting

The Company did not apply hedge accounting in the periods covered by the financial statements.

Inventories

Inventories are assets held for sale in the ordinary course of business, assets in the production process for sale and materials and supplies that are consumed in production or during the provision of services. Inventories include materials, goods, finished products and production in progress. Materials and goods are initially measured at acquisition price. At the balance sheet date, materials and goods are measured according to the prudence principle, i.e. these categories are measured at the lower of acquisition price or realisable sales value.

Finished products and production in progress are initially measured at actual cost of production or purchase price. At the balance sheet date, finished products and production in progress are measured according to the prudence principle.

Inventory expenditure is based on detailed identification in respect of items allocated for specific projects or, according to FIFO method, in respect of remaining inventories; costs are recognised in the cost of goods sold. Write-downs on inventories resulting from prudent valuation as well as write-downs on slow-moving goods and their reversals are recognised in the cost of goods sold.

Trade and other receivables

Receivables are initially recognised at the amount of remuneration specified in agreements with customers. Where normal payment deadlines are applied, as accepted in the market for similar transactions, fair value is deemed to be their face value arising at the date on which the revenue is recognised.

As at the balance sheet date, trade receivables are measured at amortised cost with the effective interest rate method, according to the prudence principle. The value of receivables is written down according to the probability of them being received, by recognising an impairment loss on receivables:

- from debtors in liquidation or bankruptcy — up to the amount of receivables not covered by a guarantee;
- from debtors where a bankruptcy petition has been dismissed — 100% of the amount of receivables;
- disputed receivables or receivables that are overdue and their payment is not probable – up to the amount of receivables not covered by a guarantee;
- receivables equivalent to the amounts added back to receivables – up to those amounts;
- receivables that are overdue or not overdue, but it is highly probable that they will not be collected — 100% of the receivables.

Impairment losses on receivables and their reversals are charged to other operating expense and operating income, respectively. Receivables in foreign currencies are recognised in accounting records and measured at the balance sheet date according to the principles described in the "Foreign Currency Transactions" section.

Receivables whose maturity exceeds 12 months are recognised as "other non-current assets" in the balance sheet.

Prepayments and accruals

Prepayments comprise expenses incurred which will not be accounted for as deferred costs. Prepayments are initially recognised in the amount of costs incurred. At the balance sheet date, they are measured according to the prudence principle. Prepayments are recognised in profit or loss over time or according to the value of performances, depending on their nature. Where expenses are settled more than 12 months after the balance sheet date, some of the assets are recognised as "other fixed assets" in the balance sheet.

Cash and cash equivalents

Cash includes cash in hand and cash in bank accounts, including cash held in bank deposits. Cash equivalents include short-term, highly liquid investments, easily convertible into specified amounts of cash and subject to insignificant risks of changes in value, including interest due on bank deposits. Cash and cash equivalents are measured at face value. Cash and cash equivalents in foreign currencies are recognised in accounting records and measured at the balance sheet date according to the principles described in the "Foreign Currency Transactions" section. For the purposes of cash flow statement, cash and cash equivalents are defined in the same manner as for the purposes of their recognition in the statement of financial position.

Bank credits and loans

Bank credits and loans are recognised at amortised cost using the effective interest rate method. Authorised overdrafts for which no repayment schedules have been set are an exception. For such credits, the costs related to obtaining them and other fees are charged to financial expenses during the period when they are incurred. In other cases, financial expenses, including the fees due on repayment or redemption and the direct costs of contracting credits, are recognised in profit or loss of the current period using the effective interest rate method and constitute an increase to the book value of the instrument, accounting for the repayments made during the current period.

Trade and other liabilities

Liabilities are commitments to provide a performance, resulting from past events, whose value has been determined in a fair manner and which will consume the Company's already existing or future assets.

Liabilities are initially recognised at fair value. Where normal payment deadlines are applied, as accepted in the market for similar transactions, fair value is deemed to be their face value arising at the date on which the liability is recognised. As at the balance sheet date, liabilities are measured at amortised cost and recognised in the statement of financial position as long- and short-term liabilities.

Other liabilities include accruals. Such items include liabilities due for goods or services that have been received or provided, but have not been paid for, invoiced or formally agreed with the supplier, including the amounts due to employees, e.g. for outstanding leaves or bonuses. Despite the fact that in such cases the amount or date of payment for such liabilities has to be estimated, the degree of uncertainty is usually much lower than for provisions, and therefore such items are classified as liabilities.

Liabilities in foreign currencies are recognised in books and measured at the balance sheet date according to the principles described in the "Foreign Currency Transactions" section.

Provisions

Provisions are established where the Company is under a legal or constructive obligation resulting from past events and where it is probable that the settlement of this obligation will necessitate an outflow of resources constituting economic benefits and where the amount of this obligation can be reliably estimated, but the amount of this obligation or the date when it becomes due is not certain. Where the effect of the value of money in time is material, the amount of provision is determined through the discounting of forecast future cash flows to present value, with the use of a discount rate reflecting the current market evaluations of the value of money in time and the risks specific to the liability in question. Increases in provisions based on the discounting method over time are recognised as borrowing costs.

If the Company expects that the costs included in the provision will be reimbursed in any manner, the reimbursement is recognised as a separate asset when, and only when, it is certain that reimbursement will be received.

Provisions for specific risks are only established where the outflow of economic benefits from the entity is probable and the estimate may be conducted in a reliable manner.

As concerns employee benefits, the Company is not a party to any wage bargaining agreements or collective employment agreements. Moreover, the Company does not participate in any pension schemes managed directly by the Company or by external funds. The costs of employee benefits include salaries payable according to the terms and conditions of employment contracts concluded with individual employees and the costs of pension benefits (retirement severance pay) payable to employees pursuant to the Labour Code provisions at the end of their employment period. Short-term employee benefit liabilities are measured according to general principles. Long-term benefits are estimated using actuarial methods.

Foreign currency transactions

Economic operations expressed in foreign currencies are recognised in financial statements as at the date on which they are conducted at the following exchange rates:

- the exchange rate actually applied at that date, resulting from the nature of the operations — for foreign exchange sale or purchase transactions and receivables or liabilities payments;
- the average exchange rate determined for the currency in question by the National Bank of Poland at the date in question unless another exchange rate was specified in the customs declaration or another document which is binding for the entity — for other operations.

Assets and liabilities items expressed in foreign currencies are measured as at the balance sheet date according to the average exchange rate for the currency in question published by the National Bank of Poland for the balance sheet date. Foreign exchange differences arising from the settlement of transactions expressed in foreign currencies as well as arising from the balance sheet valuation of assets and liabilities items expressed in foreign currencies and concerning the Company's core business (operations) are recognised as financial expense and income. Foreign exchange gains and losses are offset before presentation in financial statements.

The average exchange rates used to value the foreign exchange positions held by the Company in the periods included in the present financial statements were as follows:

Currency	Average NBP rate as at December 31st, 2019	Average NBP rate as at December 31st, 2018
EUR	4.2585	4.3000
USD	3.7977	3.7597

Leases

Leases are recognised in accordance with the principles set out in IFRS 16 applicable to reporting periods beginning on or after January 1sr, 2019 (the effect of application of the standard on the financial statements is presented in Section 9 "Changes in accounting policies").

<u>The Company as a lessee</u>

For leases where the Company is a lessee, right-of-use assets and lease liabilities are recognised.

The initial recognition of right-of-use assets includes:

(i) the amount of the initial lease liability,
(ii) lease payments made until the inception of the lease, less any so-called lease incentives,
(iii) direct initial costs incurred, and

(All amounts are presented in PLN thousands, unless specified otherwise)

(iv) an estimate of the costs that will be incurred in connection with future disassembly and removal of the leased asset.

Lease liabilities are initially measured at the present value of lease payments outstanding at that date. Lease payments are discounted using the lessee's incremental borrowing rate (see Section 9 "Changes in accounting principles (policy)" for principles of determining these rates). Following initial recognition, right-of-use assets are measured using the cost model, i.e. the value of the right-of-use is reduced by depreciation and impairment losses, if any.

Right-of-use assets are depreciated on a straight-line basis. If the lease transfers ownership of the underlying asset to the Company by the end of the lease term or if the cost of the right-of-use asset reflects that the Company will exercise a purchase option, the Company depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Company depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

After the commencement date, lease liabilities are measured by:

(i) increasing the carrying amount to reflect interest on the lease liability;
(ii) reducing the carrying amount to reflect the lease payments made; and
(iii) recognising adjustments resulting from changes in leases and/or their assessments, if any.

The Company also applied the following simplifications permitted by the standard:

- o non-recognition of lease assets and liabilities for low-value assets with a unit value of the equivalent of USD 5 thousand or less,
- o non-recognition of lease assets and liabilities for leases with a term of less than 12 months. Payments under the aforementioned leases are recognised as an expense in the period in which they are incurred.

Right-of-use assets and lease liabilities are presented in separate items of assets and liabilities in the statement of financial position. In addition, a lease liability is presented broken down into the short-term and long-term portion.

Sale and leaseback transactions

In the event of transactions where Company transfers an asset to another entity (the buyer-lessor) and leases that asset back from the buyer-lessor, then – depending on whether the transaction can be classified as a sale in accordance with IFRS 15 or not – the Company accounts for such transaction in the manner described below.

If the transfer of an asset satisfies the requirements of IFRS 15 to be accounted for as a sale of the asset, then – if the Company is:

a) the seller-lessee, it measures the right-of-use asset arising from the leaseback at the proportion of the previous carrying amount of the asset that relates to the right of use retained by the seller-lessee and recognises only the amount of any gain or loss that relates to the rights transferred to the buyer-lessor.
b) the buyer-lessor, it accounts for the purchase of the asset applying applicable standards, and for the lease applying the lessor accounting requirements set out in IFRS 16 and presented below.

If the fair value of the consideration for the sale of an asset does not equal the fair value of the asset, or if the payments for the lease are not at market rates, the Company makes the following adjustments to measure the sale proceeds at fair value:

a) any below-market terms are accounted for as a prepayment of lease payments;
b) any above-market terms are accounted for as additional financing provided by the buyer-lessor to the seller-lessee.

Any potential adjustment are measured on the basis of the more readily determinable of:

a) the difference between the fair value of the consideration for the sale and the fair value of the asset;
b) the difference between the present value of the contractual payments for the lease and the present value of payments for the lease at market rates.

If the transfer of an asset does not satisfy the requirements of IFRS 15 to be accounted for as a sale of the asset, the Company acting as:

a) the seller-lessee continues to recognise the transferred asset and other financial liabilities from the leaseback;
b) the buyer-lessor does not recognise the transferred asset and recognises a financial asset equal to the transfer proceeds. It accounts for the financial asset applying IFRS 9.

The Company as a lessor

Leases where the Company is the lessor are classified as operating or finance leases, depending on the economic substance of the concluded lease agreement. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Assets resulting from leases classified as finance leases are recognised in the statement of financial position as receivables in the amount representing the present value of lease payments due (fixed or variable depending on the index or premium), discounted at the interest rate applicable to a particular lease. These receivables are reduced by lease incentives, if any, payable.

Underlying assets in finance leases are presented in the statement of financial position broken down into short-term and long-term portions. Lease payments are apportioned between the principal and the interest portion so as to produce a constant rate of return on the investment. The interest portion of payments is recognised in the statement of comprehensive income as financial income.

In the case of operating leases, lease payments are recognised as income on a straight-line basis.

Principles effective until December 31st, 2018Until December 31st, 2018, the Company applied the accounting policies for leases as set out in IAS 17. In accordance with these policies, a lease was classified as a finance lease if provisions of the agreement transfered substantially all potential benefits and risks resulting from the use of subject matter of the lease to the lessee . All other types of leases were classified as operating leases.

Assets under finance leases were treated as the Company's assets and are carried at the lower of their acquisition-date fair value or the present value of the minimum lease payments. The liability arising towards the lessor was presented in the balance sheet under other financial liabilities. Lease payments were apportioned between the interest and the principal, so that the interest rate on outstanding liability remained fixed. Interest expenses were classified in the statement of comprehensive income as financial expenses.

Assets leased under finance lease agreements were reported as long-term and short-term financial assets. Lease payments were apportioned between the principal and the interest portion so as to produce a constant rate of return on the investment. The interest portion of payments was recognised in the statement of comprehensive income as financial income.

Operating lease payments were recognised as an expense in the current period's profit or loss over the lease term on a straight-line basis. Received and outstanding benefits as an incentive to conclude an operating lease agreement were recognised in the current period's profit or loss over the lease term on a straight-line basis.

Government grants

Government grants are recognised initially as deferred income at fair value, when there is reasonable assurance that the grants will be received and that the Company will comply with any conditions attached to the grants. Subsequently, the grants are recognised as profit or loss and disclosed in other income, on a systematic basis over the useful life of the asset. Grants received as compensation for costs already incurred by the Company are recognised as profit or loss and disclosed in other operating income.

Impairment

As at each balance sheet date, the Company reviews the carrying value of fixed assets to look for any indication that an asset may be impaired. If there is an indication that an asset may be impaired, then the asset's recoverable amount is estimated in order to determine the potential impairment loss. Where an asset does not generate cash flows that are largely independent of cash flows from other assets, the analysis is conducted for the group of cash flow generating assets to which the asset in question belongs. The recoverable amount is determined as the higher of the following two values: the fair value reduced by sales costs or the value in use, which corresponds to the present value of estimated future cash flows discounted at a rate that reflects current market assessments of time value of cash and risks specific to the given asset (if any).

Where the recoverable amount is lower than net book value of an asset or group of assets, the book value is reduced to match the recoverable amount. The resulting loss is charged to expenses in the period during which impairment occurred.

Goodwill is tested for impairment annually.

Where impairment is reversed, net value of an asset is increased to match the newly estimated recoverable amount, which cannot be higher, however, than net value of this asset which would have been determined, if the impairment had not been recognised in previous periods. Impairment reversal is recognised as adjustment to expenses in the period during which reasons for impairment ceased to exist. Impairment loss for goodwill cannot be reversed.

Balances from contracts with customers (assets and liabilities)

For contracts with customers, when either party to a contract has performed, the Company presents the contract in the statement of financial position as a contract asset or a contract liability, depending on the relationship between the Company's performance and the customer's payment. The Company presents any unconditional rights to consideration (invoiced amounts) separately as a receivable.

If a customer pays consideration, or the Company has a right to an amount of consideration that is unconditional (i.e. a receivable), before the Company transfers a good or service to the customer, the Company presents the contract as a contract liability when the payment is made or the payment is due (whichever is earlier). A contract liability is an entity's obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer.

If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, the Company presents the contract as a contract asset, excluding any amounts presented as a receivable. A contract asset is the Company's right to consideration in exchange for goods or services that the Group has transferred to a customer.

Revenue

The Company recognises sales revenue (revenue from contracts with customers) when (or as) the Company satisfies a performance obligation by transferring a promised good or service (i.e. an asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset. The amount of revenue to be recognised in a given period is determined at the level of the contract with customer.

For individual contracts, the Company identifies performance obligations, i.e. promises in a contract with a customer to transfer to the customer a good or service (or a bundle of goods or services) that is distinct. For multi-component contracts (e.g. implementation contract comprising the development of a design, supply of equipment, construction of infrastructure, installation, conducting trainings on the implemented solution, functional testing, post-implementation services), the following circumstances are taken into account when determining the ability to consider a good or service as separately identifiable:

a) provision by the Company of significant services of integrating the good or service with other goods or services promised in the contract into a bundle of goods or services that represent the combined output for which the customer has contracted (in other words, the Company is using the good or service as an input to produce or deliver the combined output specified by the customer);
b) the good or service does not significantly modify or customise another good or service promised in the contract;
c) the good or service is not highly dependent on, or highly interrelated with, other goods or services promised in the contract.

If a promised good or service is not distinct, the Company combines that good or service with other promised goods or services until it identifies a bundle of goods or services that is distinct. In some cases, that would result in the Company accounting for all the goods or services promised in a contract as a single performance obligation.

Interest income is recognised on a cumulative basis relating to the main amount due, using the effective interest rate method .

Dividend income is recognised when the shareholders' right to receive payment is established.

The Company does not recognise a significant financing component if the period between payment and performance of a contractual obligation is shorter than one year. In other cases, a significant financing component is not separated if the impact on the level of revenues recognized under the agreement does not exceed 5%.

General and administrative costs

General and administrative costs include expenses related to all of the Company's activities. These include remuneration, plus overheads, of managers of the Company and employees of departments not directly involved in production, office maintenance costs, taxes and charges, advertising and representation costs, employee training costs, and costs related to occupational health and safety.

Selling costs are not reported separately by the Company in the statement of comprehensive income due to their insignificance. Some of them – mainly advertising costs – are included in general and administrative costs. Costs that are directly related to the sale of goods and products, such as costs of forwarding services, insurance or packaging, are included in the cost of products and services, goods and materials sold.

Taxation

Mandatory charges on the financial result include current tax (CIT) and deferred tax.

Current tax expense is calculated on the basis of taxable profit (tax base) for a given fiscal year. Tax profit (loss) differs from accounting profit (loss) before tax due to the exclusion of taxable revenue and costs that are not tax-deductible as well as cost and revenue items that will never be subject to tax. Tax expense is calculated based on the tax rates applicable to the fiscal year in question.

Deferred tax is calculated as tax to be paid or returned in the future based on differences between the carrying values of assets and liabilities and the corresponding tax values used to calculate the tax base.

The deferred tax provision is established for all positive temporary differences subject to taxation, while a deferred tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses or tax credits can be utilised by the Company. The deferred tax asset or deferred tax provision are not recognised where a temporary difference arises from the initial recognition of goodwill or from the initial recognition of another asset or liability in a transaction that does not affect either the taxable or the accounting profit.

The value of deferred tax assets is subject to analysis at every balance sheet date, and where the expected future taxable profit is not sufficient to realise the asset or part thereof, it is written down.

Deferred tax is calculated using tax rates that will be applicable at the time when the asset is realised or the liability becomes due. Deferred tax is recognised in the current period's profit or loss, except for cases where it is related to items recognised in other comprehensive income or equity. In the latter case, the deferred tax is also charged or credited directly to equity. In the balance sheet, income tax assets and liabilities are offset to the extent the liability is payable to the same tax office.

The Company offsets the deferred tax assets and provisions and presents the result of such offsets in the balance sheet assets or liabilities, respectively.

Functional currency and presentation currency

a) Functional and presentation currency

The items included in the financial statements are measured in the currency of the basic business environment in which the Company carries out its operations ("functional currency"). The financial statements are presented in Polish zlotys (PLN) — the Company's functional and presentation currency.

b) Transactions and balances

Transactions expressed in foreign currencies are translated into the functional currency according to the exchange rate applicable at the transaction date. FX gains and losses on settlement of these transactions and balance sheet valuation of monetary assets and liabilities expressed in foreign currencies are recognised in the current period's profit or loss unless they are deferred as equity, where they are qualified to be recognised as securities of cash flows and shares in net assets.

8. Important values based on professional judgement and estimates

8.1. Professional judgement

In the process of applying the accounting principles (policy) to the issues discussed below — except for the accounting estimations — the professional judgement of the management was of the greatest significance.

Revenue recognition: determining the timing of satisfaction of performance obligations

For performance obligations that the Company satisfies over time (implementation services), the progress towards complete satisfaction of a performance obligation is determined with reference to the project work budget, in accordance with the proportion of costs incurred by the balance sheet date to the budgeted costs. In the Company's assessment, the approach adopted most accurately reflects the value of works completed for the customer as at the balance sheet date.

For services of standing ready to provide support services, revenue is recognised on a straight-line basis over the period of service.

For performance obligations satisfied at a point in time, the Company recognises revenue upon the transfer of control which is considered to be the moment when the Company obtains a present right to payment for the performance of the obligation.

Revenue recognition: determining the transaction price and the amounts allocated to performance obligations

Due to the specific nature of services provided by the Company, consideration received for the performance of a contract is negotiated each time on an individual basis, taking account of the project budget covering internal and external costs that the Company will have to incur in relation to the implementation of the project, and the expected margin for the performance of a contract.

A significant variable consideration in contracts concluded by the Company is a variable consideration based on the time of the Company employees' work (consideration according to a hourly rate). In such cases, the Company recognises revenue in the amount that the Group has the right to invoice upon the completion of the service.

The nature of contracts and methods of determination of the transaction price also affect the manner of determining individual selling prices of promised goods or services, used to allocate the transaction price to individual performance obligations. Where a contract does not contain separate prices that would be allocated to individual performance obligations, the Company estimates individual selling prices based on expected costs plus a margin or based on the residual value.

Impairment of investments in subordinated entities

Impairment tests of investments in subordinated entities are carried out when there are indications of potential impairment. The assessment of the existence of any indication represents significant judgement by the management.

Leases

Application of IFRS 16 requires the use of judgements relating, among other things, to the determination of the lease term which may differ from the contractual term of the lease and issues relating to the purchase of the leased asset, if such a possibility exists. Due to the absence of economic reasons indicating the use of the option to extend the lease, the Company assumed that the contractual period is the same as the lease term.

8.2. Uncertainty of estimates

Discussed below are the key assumptions concerning the future and other key sources of estimation uncertainty as at the balance sheet date that involve a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Deferred tax asset

The Company recognises a deferred tax asset on the basis of the assumption that taxable profit shall be achieved in the future, against which the deferred tax asset can be utilised. The decrease in the tax results in the future could make this assumption unjustified.

Fair value of financial instruments

The fair value of financial instruments for which no active market exists is assessed by means of appropriate valuation methods. The Company applies professional judgement in selecting appropriate methods and assumptions.

Revenue recognition

The Company applies the percentage of completion method in accounting for long-term contracts. This method requires the Company to estimate the proportion of works completed thus far to all the services to be performed.

Depreciation and amortisation rates

Depreciation and amortisation rates are determined based on the anticipated economic useful lives of tangible fixed assets, right-of-use assets and intangible assets. The economic useful lives are reviewed annually by the Company based on current estimates. Any such assessment is connected with uncertainty as to the future business environment, technology changes and market competition, which may change the assessment of the useful life of right-of-use assets.

In 2019 and 2018, amortisation and depreciation rates were not changed.

Value of assets

As at each balance sheet date, it is assessed whether objective evidence of impairment of an asset or a group of assets exists. If such evidence exists, an estimated, recoverable value of the asset is determined and an impairment loss is recognised, equal to the difference between the recoverable and the carrying amount. Impairment loss is recognised in the current period's profit or loss.

The Company updates the value of receivables, according to the probability of them being received, by recognising an impairment loss.

The Company updates the value of inventories, according to the obtainable net sales prices, by recognising a revaluation write-down.

The Company holds shares in subsidiaries which are tested for impairment on an annual basis. The tests are conducted using the discounted future cash flow method, taking into account cash flows budgeted by Management Boards of individual companies. The weighted average cost of capital calculated for the Company is used as the discount rate applied in the calculation of the current value of these cash flows. The tests are subject to high risk due to the need to adopt many estimated variables (discount rates, future cash flows).

Accruals and provisions

The Company recognises accruals when:

- it is under a performance obligation resulting from past events,
- it is probable that the fulfilment of this obligation will cause the utilisation of future assets of the Company,
- the amount of the performance can be estimated in a credible manner.

The amount of provisions for pensions, disability benefits and years of service awards depends on a number of factors which are determined using actuarial methods based on a number of assumptions, such as:

- projected rate of increase in remuneration based on which future benefits are measured,
- likelihood of achieving an entitlement to a years of service award, one-off severance payment on retirement or disability
- discount rate.

Any changes in these assumptions will affect the amount of the provision.

Leases

Application of IFRS 16 requires the use of estimates related, among other things, to the determination of the discount rate used to measure lease liabilities. These estimates are accompanied by uncertainty and risk of adjustment to the carrying amount of right-of-use assets and lease liabilities in the following financial year.

9. Changes in accounting principles (policy)

The International Accounting Standards Board approved the following new standards and interpretations effective as of January 1st, 2019:

1. Standard: Amendments to IAS 28.
   Description of changes: Amendments concerning the measurement of long-term investments in associates.
2. Standard: Amendments to IAS 19.
   Description of changes: Amendments concerning defined benefit plans.
3. Standard: Amendments to IFRS 9 Financial Instruments
   Description of changes: Amendments concerning prepayment features with negative compensation.
4. Standard: IFRS 16 Leases.
   Description of changes: The standard eliminates the classification of leases as either operating lease or finance lease. All contracts which meet the criteria of lease will be recognised as finance lease.
5. Annual improvements to IFRS (2015–2017 cycle).
   Description of changes: A set of amendments concerning:
   IFRS 3 – measurement of previously held interests in joint operations;
   IFRS 11 – absence of measurement of previously held interests in joint operations;
   IFRS 12 – tax consequences of dividends;
   IAS 23 – borrowing costs of asset placed in service.
6. Standard: IFRIC 23 Uncertainty over Income Tax Treatments – interpretation.
   Description of changes: Guidelines for the determination of income and tax base, tax rates, tax losses carried forward and unused tax credits.

The new IFRS 16 "Leases", effective as of January 1st, 2019, changed principles for the recognition of contracts which meet the criteria of a lease. The main change is to eliminate the classification of leases as either operating leases or finance leases (from the lessee's perspective). All contracts which meet the criteria of lease are now recognised as finance lease.

The Company applied a simplified approach whereby comparative figures are not restated. Lease liabilities under agreements treated as operating leases until December 31st, 2018 were recognised at the discounted unpaid lease amounts, assets were measured at the amount equal to the lease liability. The Company also applied the following simplifications permitted by the standard:

- non-recognition of lease assets and liabilities for low-value assets with a unit value of the equivalent of USD 5 thousand or less,
- non-recognition of lease assets and liabilities for leases with a term of less than 12 months.

Assets used and lease liabilities related to them are presented in the following items of the statement of financial position: Right-of-use assets and Lease liabilities. Following the application of IFRS 16, the Company's total assets increased by PLN 9,253 thousand as at January 1st, 2019, as compared to total assets as at December 31st, 2018. Recognition of the right-of-use assets in respect of office space, worth PLN 7,026 thousand, had the greatest impact on the Company's financial statements. Other agreements concern passenger cars and office space where the Company's branches are located. Additionally, agreements concerning perpetual usufruct of land, in respect of which the Company pays fees in exchange for using the land, were also presented as lease agreements under IFRS 16.

The agreements recognised are concluded for a definite or indefinite period of time with a specified notice period. Other lease terms used to estimate the value of lease liabilities were as follows:

- real property – 65 months;
- vehicles – 3-4 years;
- perpetual usufruct – 71 years.

The lessee's incremental borrowing rates used to estimate the value of lease liabilities ranged from 0.75% to 10.0%. Differences in rates resulted from taking into account the following factors:

- currency of the agreement;
- term of the agreement.

The Company also identified lease agreements of indefinite term with several months' notice period, classified as short-term leases, and lease agreements of computer hardware and office equipment whose unit value is lower than USD 5 thousand, classified as leases of low-value assets.

Clarification of main differences between the amounts of future payments disclosed in Note 39 to the Financial Statements for 2018 and the amount of lease liabilities disclosed as at January 1st, 2019.	
The amount of future minimum lease payments under non-cancellable operating leases, as disclosed in Note 39 to the Separate financial statements of Atende S.A. for 2018.	14,683
- cars	1,549
- office premises	13,134
Finance lease liabilities recognised as at December 31st, 2018	608
Adjustments	
- exemptions from recognition of short-term leases and underlying assets of low initial value	(1,559)
- right of perpetual usufruct of land	985
- service charges and common areas	(4,393)
- other	132
Lease liabilities as at December 31st, 2018, after adjustments	10,456
Discount	1,171
Lease liabilities as at January 1st, 2019	9,285
- including: effect of application of IFRS 16	8,677

For the purposes of the annual report, the Company re-examined the leases signed and made the following adjustments concerning right-of-use assets:

- the discount rate used in the measurement of the right of perpetual usufruct of land was revised;
- the transfer of fixed assets to right-of-use assets used under leaseback agreements was adjusted.

As a result, carrying amounts of fixed assets, right-of-use assets, lease liabilities and other financial liabilities as at January 1st, 2019 were adjusted as compared to those presented in the semi-annual report. The tables below present the values of adjustments to individual items:

- in the statement of financial position

-	As at December 31st, 2018 – figures reported as at June 30th, 2019	change	As at December 31st, 2018 (restated)*
Long-term liabilities	**5,915**	**-**	**5,915**
Lease liabilities	1,337	(1,118)	219
Other financial liabilities	4,578	1,118	5,696
Short-term liabilities	**4,460**	**-**	**4,460**
Lease liabilities	861	(472)	389
Other financial liabilities	3,599	472	4,071

(All amounts are presented in PLN thousands, unless specified otherwise)

- in the tables of changes in fixed assets and right-of-use assets

	Gross carrying amount as at January 1st, 2019 – figures reported as at June 30th, 2019	change	Gross carrying amount as at January 1st, 2019 (restated)
Fixed assets	**12,442**	**919**	**13,361**
Right of perpetual usufruct of land	-	-	-
Machinery and equipment	12,442	919	13,361
Right-of-use assets	**2,561**	**(1,249)**	**1,312**
Right of perpetual usufruct of land	886	(330)	556
Machinery and equipment	1,675	(919)	756

To ensure better presentation, the Company reclassified a portion of social security costs from general and administrative costs to costs of products and services sold. The changes are presented in the table below:

	Figures reported as at December 31st, 2018	change	As at December 31st, 2018 (restated)
Costs of sales	164,929	1,955	166,884
Gross profit on sales	43,314	(1,955)	41,359
General and administrative costs	35,228	(1,955)	33,273

10. Detailed notes and explanations

Note 1. Revenue from contracts with customers, balances related to contracts

In accordance with IFRS 15, revenue from contracts with customers (sales revenue) is recognised when (or as) the Company satisfies a performance obligation. Significant accounting principles adopted in this respect were disclosed in the description of the adopted accounting principles.

In 2019, the share of one client exceeded 10% of total sales revenue earned by Atende. Revenue from the Cyberspace Resource Centre of the Armed Forces (formerly the ICT System Management Centre of the Ministry of National Defence) amounted to PLN 25.4 million, which accounts for 11% of the Company's sales. In 2018, the share of two clients exceeded 10% of total sales revenue earned by Atende. Revenue from the ICT Systems Management Centre of the Ministry of National Defence amounted to PLN 37.2 million, which accounts for 17.9% of the Company's sales and revenue from T-Mobile amounted to PLN 22.7 million, which accounts for 10.9% of the Company's sales

Sales revenue and total revenue

	2019	2018
Continuing operations		
Sales of goods and materials	120,675	112,859
Sales of products and services	104,982	95,384
Sales revenue	**225,657**	**208,243**
Other operating revenue	317	900
Finance income	15,813	6,369
TOTAL revenue	**241,787**	**215,512**

(All amounts are presented in PLN thousands, unless specified otherwise)

	2019	2018
Structure of revenue by product lines		
Supply of equipment	120,675	112,859
Implementation, integration and other services	8,992	9,971
Support and maintenance services	83,224	71,056
Specialist services	8,689	10,150
Other services	4,077	4,207
Sales revenue	**225,657**	**208,243**
Disaggregation of revenue by the manner of satisfaction of performance obligations		
Revenue recognised upon satisfaction	159,001	155,922
Revenue recognised in the course of satisfaction	66,656	52,321
Sales revenue	**225,657**	**208,243**

Supply of equipment covers all groups of IT equipment – data transmission devices, devices used to secure data during storage, processing or transmission, equipment used to secure access to IT systems, servers, mass storage systems, personal computers, peripherals and various auxiliary equipment. They also include passive network elements and components of technical support infrastructure – power, air conditioning and ventilation systems, physical security and surveillance systems. Revenue from such services is recognised upon delivery of the equipment. Terms of payment for the performance of works are agreed on a case-by-case basis in an agreement with the customer.

Implementation and integration services are comprehensive IT services covering various elements (e.g. supply of equipment, construction of infrastructure, installation and configuration) that make up custom IT solutions for individual customers. Revenue from such services is recognised in accordance with the stage of completion of works. Terms of payment for the performance of works are agreed on a case-by-case basis in an agreement with the customer.

Support and maintenance services are provided by employees of the Company and consist in supporting the maintenance of solutions implemented by the Company or other solutions used by customers (the Company's standing ready to provide support services). Revenue from such services is recognised – depending on the nature of the service – on a one-off basis or a straight-line basis over the period of providing such services (the period of provision of these services often extends to several years). For settlements based on the number of hours actually worked, revenue is recognised based on amounts that the Company has the right to invoice. Payment terms are agreed on a case-by-case basis in an agreement with the customer.

Specialist services include the development of expert opinions, technical designs and consultancy at all stages of customers' investment projects. Revenue from such services is recognised on a one-off basis upon confirmation of their proper performance or in accordance with the stage of completion of works. Payment terms are agreed on a case-by-case basis and regulated by provisions of a contract with the Customer.

Balances related to contracts with customers

	31.12.2019	31.12.2018
Long and short term trade receivables	48,090	47,667
Assets from contracts with customers	10,942	5,659
Liabilities from contracts with customers	22,275	38,299

Assets from contracts with customers represent the Company's rights to receive consideration for satisfied performance obligations that have not been invoiced as at the balance sheet date. Assets from contracts with customers become trade receivables when the right to consideration becomes unconditional (upon invoicing). In the Company's operations, such assets arise in the case of projects where revenue is determined based on the stage of completion of works and projects where the right to invoice such revenue under contracts concluded arises after the recognition of revenue.

Liabilities from contracts with customers represent consideration received or unconditionally payable from performance obligations that have not been satisfied as at the balance sheet date (or have been partially satisfied). In the Company's operations, such assets arise primarily in the case of implementation and maintenance projects.

(All amounts are presented in PLN thousands, unless specified otherwise)

Significant changes in assets and liabilities from contracts with customers are presented in the following table.

	2019		2018	
	Assets from contracts with customers	Liabilities from contracts with customers	Assets from contracts with customers	Liabilities from contracts with customers
Revenue recognised in the current period that was included in the opening balance of the liability from contract.	-	(27,264)	-	(23,100)
Increase due to prepayments from Customers for a performance obligation	-	11,238	-	16,600
Change in contract assets following the classification of the consideration as unconditional	3,151	-	7,931	-
Change arising from a change in the measure of service progress	-	-	-	-

Note 2. Operating segments and markets

Pursuant to IFRS 8.4, the entity presents data concerning its operating segments in the consolidated financial statements of the Atende Group for 2019.

Sales revenue — detailed geographical structure

	2019		2018	
	Value	Share	Value	Share
Country	222,813	98.74%	206,537	99.18%
Exports, including:	2,844	1.26%	1,706	0.82%
- European Union	2,844	1.26%	1,706	0.82%
- other	-	-	-	-
Total	**225,657**	**100%**	**208,243**	**100%**

Note 3. Operating costs

Costs by type

	2019	2018
Amortisation and depreciation	7,105	3,662
Materials and energy consumption	2,262	2,184
External services, including:	77,747	71,943
- costs related to short-term leases	4	-
- costs related to low-value leases	119	-
- costs relating to variable lease payments not included in the measurement of lease liabilities;	606	-
Taxes and fees	652	788
Payroll	28,797	27,793
Social security and other benefits	5,450	4,634
Other costs by type	3,146	3,265
Total costs by type, including:	**125,159**	**114,269**
General and administrative expenses (negative amount)	(33,310)	(33,273)
Manufacturing cost of sold products and services	**91,849**	**80,996**
Value of goods and materials sold	94,140	85,888
Cost of products, goods and materials sold	**185,989**	**166,884**

In 2019, the share of one supplier exceeded 10% of total supply. The value of orders for Cisco International Limited amounted to PLN 107.5 million, which translates into 66.5% of the Company's supply (in 2018: PLN 91.4 million and 45.3%, respectively).

(All amounts are presented in PLN thousands, unless specified otherwise)

Costs of depreciation and amortisation, and impairment losses recognised in the statement of comprehensive income

	2019	2018
Items included in cost of sales:	**951**	**624**
Depreciation of fixed assets	915	605
Amortisation of intangible assets	36	19
Depreciation of right-of-use assets	-	-
Items included in general and administrative expenses:	**6,154**	**3,038**
Depreciation of fixed assets	1,946	1,647
Amortisation of intangible assets	1,531	1,391
Depreciation of right-of-use assets	2,677	-
Total amortisation and depreciation	**7,105**	**3,662**

Depreciation of fixed assets, amortisation of intangible assets and depreciation of right-of-use assets is based on the principles presented in the description of adopted accounting principles.

Personnel costs

	2019	2018*
Payroll	28,797	27,793
Social security and other benefits	5,287	4,589
Cost of retirement benefits	163	45
The total cost of employee benefits, including:	**34,247**	**32,427**
Items included in cost of sales	18,073	16,741
Items included in general and administrative expenses	16,174	15,686

*Restated

Payroll costs include salaries payable according to the terms and conditions of employment contracts concluded with individual employees. Payroll costs also include bonuses and paid leave.

Social insurance costs include pension, disability and accident insurance benefits as well as contributions to the Guaranteed Benefit Fund (*Fundusz Gwarantowanych Świadczeń Pracowniczych*) and Labour Fund (*Fundusz Pracy*). In 2019, those contributions amounted to 19.48% of the contribution calculation base determined pursuant to applicable provisions of law, in 2018 — 19.48%.

Pension benefit costs include retirement severance paid to employees pursuant to the labour law. The Company is not party to any pension schemes or collective employment agreements that would entail other regulations in this regard. Long-term benefits are estimated using actuarial methods.

The Company is obliged to establish the Enterprise Social Benefit Fund. Charges to this fund are recognised as operating expense of the Company and the money allocated to the fund has to be blocked in a separate bank account. In the financial statements, the fund assets and liabilities are presented in net amount. Due to the nature of the fund operations, its assets and liabilities are equal. As at December 31st, 2019, the Company Social Benefit Fund amounted to PLN 37 thousand and as at December 31st 2018 — to PLN 36 thousand.

Other employee benefits include training in order to improve employee skills, healthcare and other benefits stipulated in the labour law.

Note 4. Costs of contracts with customers and other operating revenue and expenses

Incremental costs of obtaining a contract

Due to the nature of costs of obtaining contracts incurred by the Company, such costs cannot be unambiguously allocated to contracts concluded, and therefore they cannot be reliably linked to revenue earned from contracts concluded. Therefore, such costs are recognised as an expense when incurred.

(All amounts are presented in PLN thousands, unless specified otherwise)

Costs to fulfil contracts

Costs incurred in connection with the fulfilment of contracts concluded with Customers are covered by IAS 2 Inventories in the Company, and thus the Company does not recognise an asset resulting from incurring costs to fulfil a contract in accordance with IFRS 15.95.

Other operating revenue

	2019	2018
Reversal of accruals	150	174
Reversal of impairment losses on assets	-	258
Awarded penalties, fines and damages	94	197
Profit on sale of fixed assets	41	261
Grants	12	-
Other	20	10
Total	**317**	**900**

Other operating expenses

	2019	2018
Penalties and fines	58	169
Recognition of accruals and provisions	46	302
Donations and sponsorship	121	175
Recognition of impairment losses on assets	1	187
Liquidation of fixed assets	65	58
Other	2	2
Total	**293**	**893**

Recognition of impairment losses on assets

	2019	2018
Receivables	1	-
Intangible assets	-	187
Total	**1**	**187**

Note 5. Financial income and expenses

Finance income

	2019	2018
Interest income	172	289
Gain on disposal of shares and other securities	9,678	-
Dividends received	5,856	4,911
Valuation of financial instruments	47	1,114
Surplus of FX gains	-	-
Other	60	55
Total	**15,813**	**6,369**

(All amounts are presented in PLN thousands, unless specified otherwise)

Finance costs

	2019	2018
Interest expense	580	250
Surplus of FX losses	23	1,435
Valuation of financial instruments	205	47
Bank commissions	355	509
Interest expense on leases	297	51
Impairment losses on shares	3,148	-
Other	-	1
Total	**4,608**	**2,293**

Disclosure of income, expense, gains or losses, by financial instruments category

2019	Shares in subsidiaries	Financial assets measured at fair value through profit or loss	Financial assets measured at amortised cost	Financial liabilities measured at fair value through profit or loss	Financial liabilities measured at amortised cost	Total
Gain on disposal of shares and other securities	9,678	-	-	-	-	9,678
Gains / losses from measurement at fair value	-	47	-	(205)	-	(158)
Impairment losses on shares	(3,148)					(3,148)
Interest income/expense	-	-	172	-	(877)	(705)
Dividend income	5,856	-	-	-	-	5,856
Foreign exchange gains/losses	-	-	-	-	(23)	(23)
Interest income/expense	-	-	-	-	(295)	(295)
Total profit/loss	**12,386**	**47**	**172**	**(205)**	**(1,195)**	**11,205**

2018	Shares in subsidiaries	Financial assets at fair value through profit or loss*	Loans granted and own receivables	Financial liabilities measured at fair value through profit or loss	Other financial liabilities	Total
Gains / losses from measurement at fair value	-	1,114	-	(47)	-	1,067
Interest income/expense	-	-	289	-	(301)	(12)
Dividend income	4,911	-	-	-	-	4,911
Foreign exchange gains/losses	-	-	-	-	(1,435)	(1,435)
Cost of bank commissions	-	-	-	-	(455)	(455)
Total profit/loss	**4,911**	**1,114**	**289**	**(47)**	**(2,191)**	**4,076**

* classified as held for trading

Note 6. Income tax and deferred income tax

Current tax expense is calculated on the basis of applicable tax regulations. Pursuant to these regulations, tax profit (loss) is distinguished from accounting net profit (loss) due to the exclusion of non-taxable revenue and costs that are not tax-deductible. Tax expense is calculated based on the tax rates applicable to the fiscal year in question. Since 2004, the rate applicable pursuant to amended regulations has amounted to 19%. Current regulations do not provide for any differences in tax rates during future periods.

With respect to income tax, the Company is subject to general regulations. Both the tax and balance sheet years coincide with calendar years.

(All amounts are presented in PLN thousands, unless specified otherwise)

Income tax reported in the statement of comprehensive income

	2019	2018
Current income tax	2,950	248
Concerning the financial year	2,950	248
Deferred income tax	581	1,242
Related to recognition and reversal of temporary differences	581	1,242
Tax expense reported in the statement of comprehensive income	**3,531**	**1,490**

Income tax recognised in the statement of comprehensive income is a difference between deferred income tax provision and assets as at the end and beginning of reporting periods.

Differences between the nominal and effective tax rates

	2019	2018
Profit before tax	17,587	12,169
Statutory tax rate	19%	19%
Tax at the statutory rate	3,342	2,312
Dividend	(1,113)	(933)
Cost of sale of shares in Sputnik Software sp. z o.o.	567	111
Impairment losses on shares in Atende Medica sp. z o.o.	598	-
Other permanent tax differences	137	
Tax reported in the statement of comprehensive income	3,531	1,490
Effective tax rate	**20.10%**	**12.20%**

Due to temporary differences between the tax base and the profit (loss) recognised in the financial statements, deferred tax is established. The deferred income tax as at December 31st, 2019 results from items shown in the table below.

Deductible temporary differences giving rise to the creation of a deferred tax asset	31.12.2018	Increases / (decreases)	31.12.2019
Provision for years of service awards and retirement severance pays	816	158	974
Accruals and deferred income	4,936	(862)	4,074
Revaluation of FX contracts (cash flow hedges) to fair value	47	158	205
Inventories	1,865	124	1,989
Receivables	4,269	1,628	5,897
Liabilities from contracts with customers	37,350	(15,212)	22,138
Total deductible temporary differences	**49,283**	**(14,006)**	**35,277**
Tax rate	19%	19%	19%
Deferred tax assets	**9,364**	**(2,661)**	**6,703**

Taxable temporary differences giving rise to the creation of a deferred tax provision	31.12.2018	Increases / (decreases)	31.12.2019
Tangible fixed assets and intangible assets	9,579	387	9,966
Prepayments and accruals	28,502	(16,677)	11,825
Revaluation of financial assets available for sale to fair value	-	59	59
Assets from contracts with customers	5,659	5,282	10,941
Total taxable temporary differences	**43,740**	**(10,949)**	**32,791**
Tax rate	19%	19%	19%
Deferred tax provision	**8,311**	**(2,081)**	**6,230**

(All amounts are presented in PLN thousands, unless specified otherwise)

Deductible temporary differences giving rise to the creation of a deferred tax asset	31.12.2017	Increases / (decreases)	31.12.2018
Provision for years of service awards and retirement severance pays	781	35	816
Accruals and deferred income	7,727	(2,791)	4,936
Revaluation of FX contracts (cash flow hedges) to fair value	1,114	(1,067)	47
Inventories	2,036	(171)	1,865
Receivables	664	3,605	4,269
Liabilities from contracts with customers	44,799	(7,449)	37,350
Total deductible temporary differences	**57,121**	**(7,838)**	**49,283**
Tax rate	19%	19%	19%
Deferred tax assets	**10,853**	**(1,489)**	**9,364**

Taxable temporary differences giving rise to the creation of a deferred tax provision	31.12.2017	Increases / (decreases)	31.12.2018
Tangible fixed assets and intangible assets	8,301	1,278	9,579
Prepayments and accruals	27,422	1,080	28,502
Assets from contracts with customers	9,319	(3,660)	5,659
Total taxable temporary differences	**45,042**	**(1,302)**	**43,740**
Tax rate	19%	19%	19%
Deferred tax provision	**8,558**	**(247)**	**8,311**

Net deferred tax asset/provision

	31.12.2019	31.12.2018
Deferred tax asset	6,703	9,364
Deferred tax provision	6,230	8,311
Net deferred tax assets/provision	**473**	**1,053**

The provisions on VAT, CIT, PIT or social security contributions frequently change, often resulting in the absence of any established regulations or legal precedents for reference. The regulations in effect tend to be unclear, thus leading to differences in opinions as to legal interpretation of tax regulations, both between state authorities and between state authorities and enterprises. Tax settlements as well as other settlements (including those related to customs duties or foreign currencies) may be inspected by authorities which are competent to impose significant penalties. Any additional liabilities resulting from such inspections need to be paid with interest. Consequently, the tax risk in Poland is higher than in countries with more mature tax systems.

Tax settlements may be inspected over a period of five years. In effect, the amounts disclosed in the financial statements may be changed at a later date after they are finally determined by tax authorities.

Note 7. Earnings per share

Basic earnings per share are calculated by dividing the net profit for the period attributable to ordinary Company shareholders by the weighted average number of ordinary shares issued that are outstanding during the period.

Diluted earnings per share are calculated by dividing the net profit attributable to ordinary shareholders (after deducting interest on the convertible redeemable preference shares) by the weighted average number of ordinary shares outstanding during the year (adjusted for the impact of dilutive options and dilutive redeemable preference shares convertible to ordinary shares).

(All amounts are presented in PLN thousands, unless specified otherwise)

Number of shares issued

	2019	2018
Weighted average number of shares recognised for the purposes of calculation of basic earnings per share (in units)	36,343,344	36,343,344
Effect of dilution of the number of ordinary shares	-	-
Weighted average number of ordinary shares recognised for the purposes of calculation of diluted earnings per share (in units)	36,343,344	36,343,344

The calculation of earnings per share — assumptions

	2019	2018
Net profit	14,056	10,679
Net profit attributable to ordinary shareholders used for calculating diluted earnings per share	14,056	10,679
Effect of dilution	-	-
Profit recognised for the purposes of calculating the value of the diluted earnings per share	14,056	10,679
Basic/diluted earnings per share (PLN)	0.39	0.29

In the period between the balance sheet date and the date of preparation of these financial statements, no other transactions were concluded involving ordinary shares or potential ordinary shares.

Note 8. Dividends proposed or declared until the date of approval of the financial statements

On June 3rd, 2019, the Ordinary General Meeting of Atende S.A. adopted a resolution on distribution of profit. Pursuant to the resolution, the Ordinary General Meeting decided to allocate the amount of PLN 7,995,535.68 from the Company's net profit for 2018, amounting to PLN 10,679,072.12, to the payment of dividend. This means that the value of dividend per one share is PLN 0.22 (PLN 0.22 in the previous year). In accordance with the resolution of the Ordinary General Meeting of the Company, the deadline to determine the right to dividend was July 2nd, 2019. The date of dividend payment was set for July 18th, 2019. The dividend covered all 36,343,344 shares of the Company.

Financial year ended	Dividend from ordinary shares [1]		
	Payout date	Value (PLN)	Value per share (PLN)
31.12.2018	18.07.2019	7,995,536	0.22
31.12.2017	10.07.2018	7,995,536	0.22
31.12.2016	14.07.2017	7,268,669	0.20
31.12.2015	14.07.2016	6,541,802	0.18
31.12.2014	23.06.2015	5,451,502	0.15
31.12.2013	29.07.2014	5,451,502	0.15
31.12.2012	31.07.2013	2,907,468	0.08

[1] Interim dividend was not paid

Note 9. Fair value

As at the balance sheet dates in 2019 and 2018, the Company held financial instruments recognised at fair value in the statement of financial position. The Company applies the following hierarchy for determining and disclosing the fair value of financial instruments by measurement method:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – methods based on factors that have a significant effect on the recorded fair value which are based on observable market data;
- Level 3 – methods based on factors that have a significant effect on the recorded fair value which are not based on observable market data.

(All amounts are presented in PLN thousands, unless specified otherwise)

The fair value hierarchy level to which fair value measurement is classified is determined based on the lowest level input that is significant to fair value measurement in its entirety. For this purpose, the significance of the inputs used is evaluated by reference to the total fair value measurement. If the fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, the measurement is classified as Level 3. The assessment of whether particular inputs used for measurement are important for the whole of the fair value measurement requires judgement, taking into account factors specific to the asset or liability.

In 2019 and 2018, there were no transfers between Level 1 and Level 2 fair value measurements, nor any of the instruments were moved from/to Level 3 fair value measurements.

The Company does not introduce derivatives to accounting books as at the date of acquisition. As at the balance sheet date, they are measured on the basis of information concerning their fair value received from banks.

Class of assets / liabilities	Date of measurement	Total	Fair value determined on the basis of:		
			prices quoted in an active market Level 1	relevant observable data Level 2	relevant non-observable data Level 3
Liabilities measured at fair value					
Derivatives					
- forward contract – USD	31.12.2019	203	-	203	-
- forward contract – EUR	31.12.2019	2	-	2	-

Class of assets / liabilities	Date of measurement	Total	Fair value determined on the basis of:		
			prices quoted in an active market Level 1	relevant observable data Level 2	relevant non-observable data Level 3
Liabilities measured at fair value					
Derivatives					
- forward contract – USD	31.12.2018	47	-	47	-

Note 10. Tangible fixed assets

The ownership structure of tangible assets

	31.12.2019	31.12.2018
Own assets	18,985	18,084
Assets used under rental, tenancy or other similar agreements, including lease agreements	-	1,708
Total	**18,985**	**19,792**

Tangible fixed assets whose legal ownership is subject to restrictions and which constitute collateral for liabilities

	31.12.2019	31.12.2018
- assets which constitute collateral for own credits and loans	12,345	12,842
- assets used under a finance lease agreement	-	1,708
The carrying amount of tangible fixed assets which are subject to limited disposal or which constitute collateral	**12,345**	**14,550**

(All amounts are presented in PLN thousands, unless specified otherwise)

Amounts of contractual obligations for the acquisition of tangible fixed assets in the future

None.

Changes in fixed assets (by type) — for the period from January 1st, 2019 to December 31st, 2019

2019	Buildings and structures	Machinery and equipment	Vehicles	Other fixed assets	Fixed assets under construction	**Total**
Gross carrying amount as at December 31st, 2018	17,209	14,522	586	1,175	144	33,636
Reclassification to right-of-use assets	-	1,161	135	-	-	1,296
Gross carrying amount as at January 1st, 2019	17,209	13,361	451	1,175	144	32,340
Increases due to:	2,138	869	-	-	2,659	5,666
- acquisition of fixed assets	-	2	-	-	2,625	2,627
- transfer from fixed assets under construction	2,138	612	-	-	-	2,750
- acquisition of ownership at the end of a lease	-	184	-	-	-	184
- other	-	71	-		34	105
Decreases due to:	-	745	-	2	2,783	3,530
- disposal	-	115	-	2	-	117
- liquidation	-	625	-	-	-	625
- transfer to fixed assets	-	-	-	-	2,750	2,750
- other	-	5	-	-	33	38
Gross carrying amount as at December 31st, 2019	**19,347**	**13,485**	**451**	**1,173**	**20**	**34,476**
Accumulated depreciation as at December 31st, 2018	3,695	9,507	277	365	-	13,844
Reclassification to right-of-use assets	-	405	101	-	-	506
Accumulated depreciation as at January 1st, 2019	3,695	9,102	176	365	-	13,338
Increases due to:	958	1,647	94	161	-	2,860
- depreciation	958	1,647	94	161	-	2,860
- acquisition of ownership at the end of a lease	-	-	-	-	-	-
Decreases due to:	-	675	-	32	-	707
- liquidation	-	576	-	-	-	576
- disposal	-	98	-	32	-	130
- other	-	1	-	-	-	1
Accumulated depreciation as at December 31st, 2019	**4,653**	**10,074**	**270**	**494**	**-**	**15,491**
Net carrying amount as at December 31st, 2019	**14,694**	**3,411**	**181**	**679**	**20**	**18,985**

Impairment losses in 2019

None.

(All amounts are presented in PLN thousands, unless specified otherwise)

Changes in fixed assets (by type) — for the period from January 1st, 2018 to December 31st, 2018

2018	Buildings and structures	Machinery and equipment	Vehicles	Other fixed assets	Fixed assets under construction	**Total**
Gross carrying amount as at January 1st, 2018	16,666	12,201	1,011	597	806	31,281
Increases due to:	880	2,964	-	654	3,285	7,783
- acquisition of fixed assets	-	10	-	639	2,540	3,189
- own manufacture	-	-	-	-	219	219
- concluded lease agreements	-	919	-	-	526	1,445
- transfer from fixed assets under construction	880	2,035	-	15	-	2,930
Decreases due to:	337	643	425	76	3,947	5,428
- disposal	67	367	425	57	1,017	1,933
- liquidation	270	276	-	19	-	565
- transfer to fixed assets	-	-	-	-	2,930	2,930
Gross carrying amount as at December 31st, 2018	**17,209**	**14,522**	**586**	**1,175**	**144**	**33,636**
Accumulated depreciation as at January 1st, 2018	3,406	8,382	480	358	-	12,626
Increases due to:	619	1,425	150	58	-	2,252
- depreciation	619	1,425	150	58	-	2,252
Decreases due to:	330	300	353	51	-	1,034
- liquidation	264	231	-	13	-	508
- disposal	66	69	353	38	-	526
Accumulated depreciation as at December 31st, 2018	**3,695**	**9,507**	**277**	**365**	**-**	**13,844**
Net carrying amount as at December 31st, 2018	**13,514**	**5,015**	**309**	**810**	**144**	**19,792**

Impairment losses in 2018

None.

Fixed assets under construction

1.01.2019	Expenditures incurred in the financial year	Accounting for the expenditure					Impairment losses – closing balance	31.12.2019
		Buildings, premises and civil engineering structures	Plant and machinery	Vehicles	Other fixed assets	Disposal		
144	2,626	2,138	612	-	-	-	-	20

1.01.2018	Expenditures incurred in the financial year	Accounting for the expenditure					Impairment losses – closing balance	31.12.2018
		Buildings, premises and civil engineering structures	Plant and machinery	Vehicles	Other fixed assets	Disposal		
806	3,285	880	2,035	-	15	1,017	-	144

Buildings with the carrying amount of PLN 12,181 thousand as at December 31st, 2019 (as at December 31st, 2018: PLN 12,625 thousand) are covered by a mortgage established to secure the Company's bank credits.

In 2019 and 2018, there were no costs that met the criteria for capitalisation under IAS 23.

(All amounts are presented in PLN thousands, unless specified otherwise)

Note 11. Right-of-use assets

Changes in right-of-use assets (by type) and impairment losses for the period from January 1st, 2019 to December 31st, 2019

2019	Right of perpetual usufruct of land	Buildings and structures	Machinery and equipment	Vehicles	Other fixed assets	**Total**
Gross carrying amount as at December 31st, 2018	-	-	-	-	-	-
Transfer from fixed assets and intangible assets	241	-	756	34	-	1,031
Recognition in accordance with IFRS 16	315	7,026	-	1,336	-	8,677
Gross carrying amount as at January 1st, 2019	556	7,026	756	1,370	-	9,708
Increases due to:	-	-	-	2,075	-	2,075
- concluded lease agreements	-	-	-	2,075	-	2,075
Decreases due to:	-	-	184	300	-	484
- liquidation	-	-	-	300	-	300
- transfer to fixed assets of items acquired after the end of the lease	-	-	184	-	-	184
Gross carrying amount as at December 31st, 2019	**556**	**7,026**	**572**	**3,145**	**-**	**11,299**
Accumulated depreciation as at January 1st, 2019	-	-	-	-	-	-
Increases due to:	7	1,297	170	1,203	-	2,677
- depreciation	7	1,297	170	1,203	-	2,677
Decreases due to:	-	-	-	270	-	270
- liquidation	-	-	-	270	-	270
Accumulated depreciation as at December 31st, 2019	**7**	**1,297**	**170**	**933**	**-**	**2,407**
Net carrying amount as at December 31st, 2019	**549**	**5,729**	**401**	**2,212**	**-**	**8,891**

Right-of-use assets whose legal ownership is subject to restrictions and which constitute collateral for liabilities

Title of liability / limited disposal	31.12.2019	31.12.2018
Right of perpetual usufruct of land	549	-
Total	**549**	**-**

Value and area of land in perpetual usufruct

Address of the property	Land and Mortgage Register or document set No	Lot No	Lot area [m²] as at December 31st, 2019	Value as at December 31st, 2019	Lot area [m²] as at December 31st, 2018	Value as at December 31st, 2018
Mysłowice, ul. Obrzeżna Zachodnia 37	KA1L/000 20997/4	2810/40	8,810	502	8,810	220
Mysłowice, ul. Obrzeżna Zachodnia 37	KA1L/000 20998/1	2840/40	291	16	291	7
Mysłowice, ul. Obrzeżna Zachodnia 37	KA1L/000 20946/2	2838/40 2839/40	570	31	570	14
		TOTAL:	**9,671**	**549**	**9,671**	**241**

(All amounts are presented in PLN thousands, unless specified otherwise)

Note 12. Intangible assets

Changes in intangible assets (by type) — for the period from January 1st, 2019 to December 31st, 2019

2019	Costs of development works	Right of perpetual usufruct of land	Patents and licences	Computer software	Other	Intangible assets under construction	Total
Gross carrying amount as at December 31st, 2018	11,436	321	163	6,161	-	1,481	19,562
Reclassification to right-of-use assets		321					321
Gross carrying amount as at January 1st, 2019	11,436	-	163	6,161	-	1,481	19,241
Increases due to:	1,669	-	-	108	-	1,225	3,002
- acquisitions	-	-	-	20	-	1,225	1,245
- own expenditure – reclassification	1,626	-	-	88	-	-	1,714
- other	43	-	-	-	-	-	43
Decreases due to:	-	-	-	3	-	1,718	1,721
- liquidation				3			3
- own expenditure – reclassification	-	-	-	-	-	1,714	1,714
- other	-	-	-	-	-	4	4
Gross carrying amount as at December 31st, 2019	**13,105**	**-**	**163**	**6,266**	**-**	**988**	**20,522**
Accumulated amortisation as at December 31st, 2018	7,699	79	141	5,488	-	-	13,407
Reclassification to right-of-use assets	-	79	-	-	-	-	79
Accumulated amortisation as at January 1st, 2019	7,699	-	141	5,488	-	-	13,328
Increases due to:	1,234	-	4	329	-	-	1,567
- amortisation	1,234	-	4	329	-	-	1,567
Decreases due to:	-	-	-	3	-	-	3
- liquidation	-	-	-	3	-	-	3
Accumulated amortisation as at December 31st, 2019	**8,933**	**-**	**145**	**5,814**	**-**	**-**	**14,892**
Impairment losses as at January 1st, 2019	**-**	**-**	**-**	**-**	**-**	**988**	**988**
Increases due to:	**-**	**-**	**-**	**-**	**-**	-	-
- impairment	**-**	**-**	**-**	**-**	**-**	-	-
Impairment losses as at December 31st, 2019	**-**	**-**	**-**	**-**	**-**	**988**	**988**
Net carrying amount as at December 31st, 2019	**4,172**	**-**	**18**	**452**	**-**	**-**	**4,642**

Impairment losses in 2019

None

(All amounts are presented in PLN thousands, unless specified otherwise)

Changes in intangible assets (by type) — for the period from January 1st, 2018 to December 31st, 2018

2018	Costs of development works	Right of perpetual usufruct of land	Patents and licences	Computer software	Other	Intangible assets under construction	Total
Gross carrying amount as at January 1st, 2018	10,496	321	163	6,133	-	1,174	18,287
Increases due to:	940	-	-	30	-	1,254	2,224
- acquisitions	-	-	-	30	-	198	228
- other (own expenditure)	940	-	-	-	-	1,056	1,996
Decreases due to:	-	-	-	2	-	947	949
- disposal	-	-	-	-	-	7	7
- liquidation	-	-	-	2	-	-	2
- other	-	-	-	-	-	940	940
Gross carrying amount as at December 31st, 2018	**11,436**	**321**	**163**	**6,161**	**-**	**1,481**	**19,562**
Accumulated amortisation as at January 1st, 2018	6,643	75	137	5,144	-	-	11,999
Increases due to:	1,056	4	4	346	-	-	1,410
- amortisation	1,056	4	4	346	-	-	1,410
Decreases due to:	-	-	-	2	-	-	2
- liquidation	-	-	-	2	-	-	2
Accumulated amortisation as at December 31st, 2018	**7,699**	**79**	**141**	**5,488**	**-**	**-**	**13,407**
Impairment losses as at January 1st, 2018	**-**	**-**	**-**	**-**	**-**	**801**	**801**
Increases due to:	**-**	**-**	**-**	**-**	**-**	187	187
- impairment	**-**	**-**	**-**	**-**	**-**	187	187
Impairment losses as at December 31st, 2018	**-**	**-**	**-**	**-**	**-**	**988**	**988**
Net carrying amount as at December 31st, 2018	**3,737**	**242**	**22**	**673**	**-**	**493**	**5,167**

Impairment losses in 2018

In 2018, impairment losses were recognised in the amount of PLN 187 thousand. They relate to a financial and accounting system which the Company failed to implement.

The ownership structure of intangible assets

	31.12.2019	31.12.2018
Own assets	4,642	5,167
Assets used under rental, tenancy or other similar agreements, including lease agreements	-	-
Total	**4,642**	**5,167**

Intangible assets whose legal ownership is subject to restrictions and which constitute collateral for liabilities

Title of liability / limited disposal	31.12.2019	31.12.2018
Right of perpetual usufruct of land	-	242
Total	**-**	**242**

(All amounts are presented in PLN thousands, unless specified otherwise)

Amounts of contractual obligations for the acquisition of intangible assets in the future

None.

Note 13. Investments in subordinates

Interests in subordinated entities	31.12.2019	31.12.2018
Subsidiaries	15,904	23,387
Total	**15,904**	**23,387**
Subsidiaries of the Issuer's subsidiary*	-	1,949

Impairment tests

Due to worse than projected financial performance of Atende Medica sp. z o.o., Omnichip and Energy Data Lab sp. z o.o., the Management Board of the Company estimated that there were indications of possible impairment of shares in these companies as at December 31st, 2019.

Consequently, the Management Board estimated the recoverable amount of investments in subsidiaries based on the value in use as at December 31st, 2019. The recoverable amount was estimated using the discounted cash flow method based on financial forecasts for 2020–2024. The forecasts are based on budgets for 2020-2022, adjusted for their historical implementation. Forecasts for 2023–2024 are assumed at the level of 2022 and the growth rate after the forecast period – at the level of 0%.

<u>Atende Medica sp. z o.o.</u>

Key assumptions underlying the impairment test of shares in Atende Medica sp. z o.o.:
- generation of positive EBIT in 2020 and maintaining a stable operating profit in the forecast period.
- weighted average cost of capital of 10.1%;

The test assumes an increase in operating profit ("EBIT") by 77% in 2020 compared to 2019, and maintaining a positive EBIT in subsequent years. The assumed growth rate after the projection period is 0%.

The Issuer's Management Board sees no threat to the implementation of the company's budget in 2020, as at the time of the test, as much as 50% of the projected revenue for 2020 was already covered by contracts signed. The subsequent years of the projection were adjusted for the historical implementation rate. Despite the adjustment to the financial projection for 2021–2022, the projected EBIT remains positive, similar to the figure posted in 2019.

As a result of the test, it was found that the recoverable amount of the investment in Atende Medica sp. z o.o. is PLN 3,148 thousand lower than the net carrying amount of shares in that company as at December 31st, 2019. A decrease in EBIT by an average of 10% in each year of the adjusted forecast or an increase in WACC by 0.9 p.p. would result in an increase in the impairment loss by PLN 438 thousand.

The Issuer's Management Board decided to recognise an impairment loss on shares in the accounting records in the amount of PLN 3,148 thousand.

<u>Energy Data Lab sp. z o.o.</u>

Key assumptions underlying the impairment test of shares in Energy Data Lab sp. z o.o.:
- weighted average cost of capital of 10.1%;
- generation of positive EBIT in 2020 and maintaining a stable operating profit in the forecast period.

As at the time of the test, as much as 41% of the projected revenue was already covered by contracts signed.

The values by which the key assumptions have to change in order for the recoverable value of the investment in Energy Data Lab sp. z o.o. to be equal to its net book value are as follows:
- WACC: +4.2 p.p. or
- EBIT at the level of 60% or more throughout the forecast period.

<u>OmniChip sp. z o.o.</u>

Key assumptions underlying the impairment test of shares in Omnichip sp. z o.o.:
- weighted average cost of capital of 10.1%;

(All amounts are presented in PLN thousands, unless specified otherwise)

- generation of positive EBIT in 2020 and maintaining a stable operating profit in the forecast period.

In the first quarter of 2020, the company has already signed a number of contracts which will generate revenue representing 60% of the forecast for the whole year.

The test assumed the weighted average cost of capital of 10.1%; Only after an increase in WACC by 4.4 p.p. will the recoverable amount of the investment be equal to the net carrying amount of shares in this company as at December 31st, 2019. Due to high amounts of depreciation/amortisation over the forecast period, the test is not sensitive to changes in EBIT.

Related entities as at December 31st, 2019

On May 6th, 2019, Atende S.A. purchased 51% of shares in Phoenix Systems sp. z o.o. from Atende Software for PLN 1,986 thousand;

On November 12th, 2019, Atende S.A. purchased 479 shares with a nominal value of PLN 50 each from the shareholder Atende Medica sp. z o.o., representing 2.395% of the share capital of Atende Medica sp. z o.o. for PLN 180 thousand.

On December 27th, 2019, an agreement was concluded between Atende S.A. and STGE sp. z o.o. concerning the sale by Atende S.A. of 60% of shares in Sputnik Software SA for PLN 16.2 million.

As at December 31st, 2019, the Capital Group comprised the following companies:
- Atende Software sp. z o.o.,
- Atende Medica sp. z o.o.,
- TrustIT sp. z o.o.,
- Phoenix Systems sp. z o.o.,
- OmniChip sp. z o.o.,
- Energy Data Lab sp. z o.o.,
- A2 Customer Care sp. z o.o.

Company name, legal form, city where the head office is located	Value of shares at acquisition price	Revaluation adjustments	Net book value of shares	Percentage of shares held	Percentage of votes held
Direct subsidiaries of the Issuer					
Atende Software sp. z o.o. Warsaw, ul. Ostrobramska 86	5,977	-	5,977	100%	100%
Atende Medica sp. z o.o. Warsaw, Al. Wilanowska 313	6,971	(3,148)	3,823	70%	70%
TrustIT Sp. z o.o. Łódź, ul. Wróblewskiego 18/103	506	-	506	100%	100%
Energy Data Lab sp. z o.o. Warsaw, ul. Smolna 32 lok.17	2,001	-	2,001	75.3%	75.3%
A2 Customer Care Sp. z o.o. Wrocław, ul. Ostrowskiego 7	360	-	360	60%	60%
OmniChip sp. z o.o. Warsaw, ul. Ostrobramska 86	1,232	-	1,232	55%	55%
Phoenix Systems sp. z o.o. Warsaw, ul. Ostrobramska 86	2,005	-	2,005	51%	51%
Total	**19,052**	**(3,148)**	**15,904**		

Related entities as at December 31st, 2018

On May 11th, 2018, Atende purchased 55% of shares in OmniChip from Atende Software for the amount of PLN 1,220 thousand.

On March 2nd, 2018, the share capital of Energy Data Lab sp. z o.o. was increased from PLN 144 thousand to PLN 244 thousand. Atende S.A. acquired 600 shares with the nominal value of PLN 60 thousand

As at December 31st, 2018, the Capital Group comprised the following companies:
- Atende Software sp. z o.o.,
- Atende Medica sp. z o.o.,
- Sputnik Software sp. z o.o.,
- TrustIT sp. z o.o.,
- Phoenix Systems sp. z o.o.,

(All amounts are presented in PLN thousands, unless specified otherwise)

- OmniChip sp. z o.o.,
- Energy Data Lab sp. z o.o.,
- A2 Customer Care Sp. z o.o.

Company name, legal form, city where the head office is located	Value of shares at acquisition price	Revaluation adjustments	Net book value of shares	Percentage of shares held	Percentage of votes held
		Direct subsidiaries of the Issuer			
Atende Software sp. z o.o. Warsaw, ul. Ostrobramska 86	5,977	-	5,977	100%	100%
Atende Medica sp. z o.o. Warsaw, Al. Wilanowska 313	6,789	-	6,789	67.51%	68%
Sputnik Software sp. z o.o. Poznań, ul. Górecka 30	6,522	-	6,522	60%	60%
TrustIT Sp. z o.o. Łódź, ul. Wróblewskiego 18/103	506	-	506	100%	100%
Energy Data Lab sp. z o.o. Warsaw, ul. Smolna 32 lok.17	2,001	-	2,001	60%	60%
A2 Customer Care Sp. z o.o. Wrocław, ul. Ostrowskiego 7	360	-	360	60%	60%
Omnichip Sp. z o.o. Warsaw, ul. Ostrobramska 7	1,232		1,232	55%	55%
Total	**23,387**	**-**	**23,387**		
		Indirect subsidiaries of the Issuer			
Phoenix Systems sp. z o.o. Warsaw, ul. Ostrobramska 86	1,949	-	1,949	51%	51%
Total	**1,949**	**-**	**1,949**		

(All amounts are presented in PLN thousands, unless specified otherwise)

The results of related companies

	Equity	Share capital	Value of assets	Non-current assets	Current assets	Value of liabilities	Sales revenue	Net profit (loss)
31.12.2019/2019 r.1								
Atende Software sp.z o.o.	20,293	500	36,240	22,350	13,890	15,806	30,221	3,734
Sputnik Software sp.z o.o. 2	13,382	250	23,823	14,078	9,745	9,758	23,284	3,249
Atende Medica sp.z o.o.	3,528	1,000	10,453	5,700	4,753	6,925	10,431	437
Phoenix Systems sp.z o.o.	2,369	242	6,665	4,320	2,345	4,297	2,646	47
OmniChip sp.z o.o.	965	200	2,663	2,038	625	1,697	944	(339)
TrustIT sp.z o.o.	654	100	910	78	832	257	4,179	152
Energy data Lab sp.z o.o.	(375)	194	442	252	190	818	626	(124)
A2 Customer Care sp.z o.o.	1,466	600	3,217	279	2,938	1,751	4,030	583
31.12.2018/ 2018r.1								
Atende Software sp.z o.o.	20,764	500	27,720	14,961	12,759	6,956	23,676	3,414
Sputnik Software sp.z o.o.	13,533	250	20,253	11,878	8,375	6,720	28,727	3,420
Atende Medica sp.z o.o.	3,248	1,000	9,127	5,632	3,495	5,879	12,829	147
Phoenix Systems sp.z o.o.	2,323	242	4,586	2,831	1,755	2,263	1,997	34
OmniChip sp.z o.o.	1,304	200	1,736	533	1,203	432	957	(179)
TrustIT sp.z o.o.	487	100	685	1	684	198	2,742	68
Energy data Lab sp.z o.o.	(210)	244	461	378	83	671	57	(285)
A2 Customer Care sp.z o.o.	882	600	1,124	89	1,035	242	1,878	59

[1] Balance sheet data as at the last day of the financial year, results for the entire financial year.
[2] Company consolidated until the day of sale.

Note 14. Other non-current assets

	31.12.2019	31.12.2018
Trade receivables	173	268
Long-term prepayments	9,263	12,432
TOTAL	**9,436**	**12,700**

Note 15. Assets measured at fair value through other comprehensive income

	31.12.2019	31.12.2018
Shares in companies not listed on the stock exchange	80	80
TOTAL	**80**	**80**

Note 16. Inventories

Inventories are measured at the acquisition cost or manufacturing cost which are not higher than their net realisable value as at the balance sheet date. Net realisable value is the estimated selling price in the ongoing course of business, less estimated costs of completion and the costs necessary to make the sale.

(All amounts are presented in PLN thousands, unless specified otherwise)

	31.12.2019	31.12.2018
Materials for manufacturing purposes	3,265	3,291
Semi-finished products and work in progress	4,512	3,626
Goods	1,328	5,899
Gross inventories	**9,105**	**12,816**
Revaluation write-down on inventories	3,043	2,923
Net inventories	**6,062**	**9,893**

Inventories pledged as collateral

A registered pledge is established on inventories up to PLN 9,000 thousand as collateral for an authorised overdraft at BZ WBK (as at December 31st, 2018: PLN 9,000 thousand).

Inventories in the period from January 1st to December 31st, 2019

	Materials	Semi-finished products and work in progress	Goods	Total
Value of inventories recognised as an expense in the period	272	69,169	94,840	164,281
Inventories write-downs recognised as an expense in the period	206	-	13	219
Inventories write-downs reversed in the period	99	-	-	99

Inventories in the period from January 1st to December 31st, 2018

	Materials	Semi-finished products and work in progress	Goods	Total
Value of inventories recognised as an expense in the period	623	61,098	85,990	147,711
Inventories write-downs recognised as an expense in the period	166	-	-	166
Inventories write-downs reversed in the period	565	-	51	616

Changes in inventories revaluation write-downs

	Revaluation write-downs for materials	Revaluation write-downs on goods	Total inventories revaluation write-downs
As at January 1st, 2019	2,844	79	2,923
Increases, including:	206	13	219
- recognition of write-downs	206	13	219
Decreases, including:	99	-	99
- use of write-downs	71	-	71
- reversal of write-downs	28	-	28
As at December 31st, 2019	**2,951**	**92**	**3,043**
As at January 1st, 2018	3,243	130	3,373
Increases, including:	166	-	166
- recognition of write-downs	166	-	166
Decreases, including:	565	51	616
- use of write-downs	105	-	105
- reversal of write-downs	460	51	511
As at December 31st, 2018	**2,844**	**79**	**2,923**

(All amounts are presented in PLN thousands, unless specified otherwise)

Determining inventories revaluation write-downs is based on the principles presented in the description of adopted accounting principles. Inventories write-downs are reversed when inventories to which the given write-down relates are sold or the circumstances due to which the write-down was made no longer exist. The cost of inventories write-downs as well as their reversal are recognised in the current period's profit or loss as part of the cost of goods sold.

Inventory expenditure is based on detailed identification in respect of items allocated for specific projects or, according to FIFO method, in respect of remaining inventories; costs are recognised in the cost of goods sold. Write-downs on inventories resulting from prudent valuation as well as write-downs on slow-moving goods and their reversals are recognised in the cost of goods sold.

Note 17. Trade receivables

	31.12.2019	31.12.2018
Trade receivables	47,917	47,399
- from related entities	149	124
- from other entities	47,768	47,275
Impairment losses	472	473
Gross trade receivables	**48,389**	**47,872**

Trade receivables do not bear interest, and they are usually payable within 14 to 120 days.

The fair value of trade and other receivables does not differ significantly from their book values recorded in the balance sheet. The Company has a policy to sell only to verified customers. As a result, the management believes that this reduces credit risk over the level resulting from doubtful debts allowance for the trade receivables of the Company.

As at December 31st, 2019, trade receivables in the amount of PLN 472 thousand (December 31st, 2018: PLN 473 thousand) were deemed non-performing and were covered by an impairment loss. Changes in impairment losses on receivables were as follows:

Change in impairment losses on trade receivables*

	31.12.2019	31.12.2018
RELATED ENTITIES		
Impairment losses on trade receivables as at the beginning of the period	-	-
Impairment losses on trade receivables from related entities as at the end of the period	**-**	**-**
OTHER ENTITIES		
Impairment losses on trade receivables as at the beginning of the period	402	659
Increase, including:	-	3
- impairment losses on overdue and disputable receivables	-	3
Decreases, including:	-	260
- reversal of impairment losses in relation with repayment of receivables	-	260
- use of impairment losses	-	-
- reclassification of impairment losses in connection with bringing receivables before the court	-	-
Impairment losses on trade receivables from other entities as at the end of the period	**402**	**402**
Total impairment losses on trade receivables as at the end of the period	**402**	**402**

* without impairment losses on receivables under litigation

Trade receivables under litigation

	31.12.2019	31.12.2018
Trade receivables brought before the court	70	71
Impairment losses on disputable receivables	70	71
Net value of trade receivables under litigation	-	-

(All amounts are presented in PLN thousands, unless specified otherwise)

Note 18. Other receivables

	31.12.2019	31.12.2018
Other receivables, including:	242	319
- from tax, excluding corporate income tax	149	109
- advances for deliveries	34	162
- deposits	37	37
- other	22	11
Impairment losses	-	-
Other gross receivables	**242**	**319**

Other receivables brought before the court — none.

Note 19. Other financial assets

	31.12.2019	31.12.2018
Lease receivables	527	741
Receivables under loans	2,131	1,822
Receivables from sale of shares in Sputnik Software sp. z o.o.	8,200	-
Total other financial assets, including:	**10,858**	**2,563**
- long-term	295	527
- short-term	10,563	2,036

Note 20. Short-term prepayments and deferred expenses

	31.12.2019	31.12.2018
Property insurance	252	393
Prepaid maintenance and training costs	9,760	22,900
Other prepayments	225	243
Prepaid expense:	**10,237**	**23,536**

Note 21. Cash and cash equivalents

	31.12.2019	31.12.2018
Cash in hand and at bank:	**3,073**	**4,196**
- cash in hand	11	8
- bank accounts	3,062	4,188
Other cash:	**9,496**	**12,616**
- short-term deposits with maturities of up to 3 months	9,496	12,616
Total	**12,569**	**16,812**

Cash at bank earns interest at floating interest rates based on daily bank deposit interest rates. Short-term deposits are made for varying periods of between one day and one month depending on the immediate cash requirements of the Company, and earn interest at the respective short-term deposit interest rates. The fair value of cash and cash equivalents equals their carrying value.

Cash at the disposal of the entity, not shown in the balance sheet item	31.12.2019	31.12.2018
Cash at the Company Social Benefits Fund	37	33
Available, unused cash under the working capital credit	29,769	31,299
Total	**29,806**	**31,332**

(All amounts are presented in PLN thousands, unless specified otherwise)

Note 22. Share capital

	31.12.2019	31.12.2018
Number of shares	36,343,344	36,343,344
Face value of shares (PLN)	0.20	0.20
Share capital	**7,269**	**7,269**

Share capital — structure

Series/issue type of shares	Type of shares preference	Type of limitations of rights to shares	Number of shares	Face value	Value of series / issue according to face value in PLN	Means of coverage of capital	Registration date
A	N/A	N/A	1,524,000	0.20	304,800	shares in KLK sp. z o.o.	5.01.2009
B	N/A	N/A	1,143,000	0.20	228,600	shares in KLK sp. z o.o.	5.01.2009
C	N/A	N/A	2,266,865	0.20	453,373	acquisition of ATM Systemy Informatyczne sp. z o.o.	3.01.2011
D	N/A	N/A	31,409,479	0.20	6,281,896	transfer of a part of the assets of ATM S.A. as the Organised Part of the Enterprise	25.04.2012
Total			**36,343,344**		**7,268,669**		

Shareholders

Notices provided in accordance with Article 69 of the Act of July 29th, 2005 on public offer (...) reveal that the following shareholders have at least 5% of the total number of votes at the Company's general meeting:

	Number of shares	Share in the number of votes at the General Meeting
Roman Szwed together with the related entity Spinoza Investments Sp. z o.o. S.K.A.[1]	11,956,958	32.90%
Nationale-Nederlanden OFE[2]	6,000,000	16.51%
PKO BP Bankowy OFE[3]	3,333,615	9.17%
Other	15,052,771	41.42%
Total	36,343,344	100%

[1] Spinoza Investments Sp. z o.o. S.K.A. is an entity controlled in 100%, directly and indirectly (through Spinoza Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych), by Roman Szwed.
[2] Based on notification to General Meeting of May 23rd, 2018
[3] Based on notification to General Meeting of June 3rd, 2019

Change in share capital

	2019	2018
Opening balance of share capital	7,269	7,269
Increases	-	-
Closing balance of share capital	**7,269**	**7,269**

(All amounts are presented in PLN thousands, unless specified otherwise)

Note 23. Supplementary capital from share premium

Supplementary capital from share premium of PLN 15,741 thousand, which was reduced by a deferred tax provision in the amount of PLN 988 thousand in respect of the difference between the carrying amount and tax value of fixed assets contributed to the Company as the Organised Part of the Enterprise.

Note 24. Other capital

	31.12.2019	31.12.2018
Supplementary capital	31,178	28,495
TOTAL	**31,178**	**28,495**

Change in other capital

	Supplementary capital	Revaluation reserve	Reserve capital	Total
1.01.2019	**28,495**	**-**	**-**	**28,495**
Increases in the period	2,683	-	-	2,683
- Settlement of profit for 2018	2,683	-	-	2,683
31.12.2019	**31,178**	**-**	**-**	**31,178**
1.01.2018	**30,552**	**-**	**-**	**30,552**
Decreases in the period	2,057	-	-	2,057
- Coverage of retained earnings	1,632	-	-	1,632
- Dividend payout	425	-	-	425
31.12.2018	**28,495**	**-**	**-**	**28,495**

Note 25. Credits and loans

	31.12.2019	31.12.2018
Bank credits	706	1,412
Loans	2,184	8,666
Total credits and loans, including:	**2,890**	**10,078**
- long-term	11	2,079
- short-term	2,879	7,999

The maturity structure of credits and loans

	31.12.2019	31.12.2018
Short-term credits and loans	2,879	7,999
Long-term credits and loans	11	2,079
- payable between 1 and 3 years	11	2,079
- payable between 3 and 5 years	-	-
Total credits and loans	**2,890**	**10,078**

Average interest rates on credits

	31.12.2019	31.12.2018
Authorised overdrafts	2.70%	2.69%
Investment credits	2.59%	2.59%

(All amounts are presented in PLN thousands, unless specified otherwise)

Credits and loans — as at December 31st, 2019

December 31st, 2019	Base credit value	Utilisation		Interest	Repayment date	Collateral
		Short-term portion	Long-term portion			
Santander Bank Polska S.A. (authorised overdraft)	6 000*	-	-	WIBOR 1M plus bank margin	31.07.2020	- registered pledge on inventories up to the amount of PLN 9,000 thousand; - assignment of receivables under the insurance contract relating to the pledged asset. - blank promissory note with promissory note declaration;
mBank SA (authorised overdraft)	25 000*	-	-	WIBOR O/N plus bank margin	18.06.2020	- contractual joint mortgage on properties up to the amount of PLN 42,500 thousand; - blank promissory note with promissory note declaration.
ING Bank Śląski S.A. (authorised overdraft)	2,000	-	-	WIBOR 1M plus bank margin	15.04.2020	- blank promissory note with promissory note declaration - power of attorney to dispose of funds on all accounts maintained by the Bank.
mBank SA (investment credit)	6,000	706	-	WIBOR 1M plus bank margin	31.12.2020	- contractual joint mortgage on a property is included in the amount of PLN 42,500 thousand indicated above; - blank promissory note with promissory note declaration; - assignment of future receivables from property tenants.
Loan from DLL	392	131	11	-	25.01.2021	Own blank promissory note with promissory note declaration;
Loan from DLL	1,900	961	-	-	15.02.2020	Own blank promissory note with promissory note declaration;
Loan from DLL	383	191	-	-	15.05.2020	Own blank promissory note with promissory note declaration;
Loan from DLL	235	78	-	-	25.03.2020	Own blank promissory note with promissory note declaration;
Loan from DLL	860	287	-	-	25.04.2020	Own blank promissory note with promissory note declaration;
Loan from DLL	1,050	525	-	-	25.06.2020	Own blank promissory note with promissory note declaration;
TOTAL	**43,820**	**2,879**	**11**	**-**	**-**	**-**

* Overdraft facility available to Atende S.A. and subsidiaries

In 2019, there were no credits and loans in foreign currencies.

(All amounts are presented in PLN thousands, unless specified otherwise)

Credits and loans — as at December 31st, 2018

December 31st, 2018	Base credit value	Utilisation		Interest	Repayment date	Collateral
		Short-term portion	Long-term portion			
Santander Bank Polska S.A. (authorised overdraft)	6 000*	-	-	WIBOR 1M plus bank margin	31.07.2018	- registered pledge on inventories up to the amount of PLN 9,000 thousand; - assignment of receivables under the insurance contract relating to the pledged asset.
mBank SA (authorised overdraft)	25 000*	-	-	WIBOR O/N plus bank margin	30.05.2018	- contractual joint mortgage on properties up to the amount of PLN 42,500 thousand; - blank promissory note with promissory note declaration.
ING Bank Śląski S.A. (authorised overdraft)	2,000	-	-	WIBOR 1M plus bank margin	25.04.2019	- blank promissory note with promissory note declaration - power of attorney to dispose of funds on all accounts maintained by the Bank.
mBank SA (investment credit)	6,000	706	706	WIBOR 1M plus bank margin	31.12.2020	- contractual joint mortgage on a property is included in the amount of PLN 42,500 thousand indicated above; - blank promissory note with promissory note declaration; - assignment of future receivables from property tenants.
Loan from DLL	1,300	217	-	-	15.04.2019	Own blank promissory note with promissory note declaration;
Loan from DLL	4,780	821	-	-	15.04.2019	Own blank promissory note with promissory note declaration;
Loan from DLL	161	54	-	-	15.12.2019	Own blank promissory note with promissory note declaration;
Loan from DLL	603	226	-	-	15.07.2019	Own blank promissory note with promissory note declaration;
Loan from DLL	1,025	273	-	-	15.06.2019	Own blank promissory note with promissory note declaration;
Loan from DLL	392	131	142	-	25.01.2021	Own blank promissory note with promissory note declaration;
Loan from DLL	1,900	939	961	-	15.02.2020	Own blank promissory note with promissory note declaration;
Loan from DLL	600	200	-	-	25.04.2019	Own blank promissory note with promissory note declaration;
Loan from DLL	383	191	192	-	15.05.2020	Own blank promissory note with promissory note declaration;
Loan from DLL	900	450	-	-	25.06.2019	Own blank promissory note with promissory note declaration;
Loan from DLL	760	380	-	-	25.06.2019	Own blank promissory note with promissory note declaration;
Loan from DLL	448	224	-	-	25.06.2019	Own blank promissory note with promissory note declaration;
Loan from DLL	1,002	501	-	-	25.12.2019	Own blank promissory note with promissory note declaration;
Loan from DLL	960	480	-	-	25.12.2019	Own blank promissory note with promissory note declaration;
Loan from DLL	235	156	78	-	25.03.2020	Own blank promissory note with promissory note declaration;
Loan from DLL	400	400	-	-	15.10.2019	Own blank promissory note with promissory note declaration;
Loan from DLL	756	756	-	-	25.11.2019	Own blank promissory note with promissory note declaration;
Loan from DLL	184	184	-	-	25.11.2019	Own blank promissory note with promissory note declaration;
Loan from DLL	3,540	710	-	-	10.01.2019	Own blank promissory note with promissory note declaration;
TOTAL	**59,329**	**7,999**	**2,079**	**-**	**-**	**-**

* Overdraft facility available to Atende S.A. and subsidiaries

In 2018, there were no credits and loans in foreign currencies.

(All amounts are presented in PLN thousands, unless specified otherwise)

Note 26. Other financial liabilities

	31.12.2019	31.12.2018*
Leaseback	1,652	1,590
Liabilities from financing assignment of claims	5,027	8,130
Liabilities under forward contracts	205	47
Total financial liabilities	**6,884**	**9,767**
- long-term	3,142	5,696
- short-term	3,742	4,071

*Restated data – for a description of changes, see Section 9 "Changes in accounting principles (policy)"

Note 27. Other long-term liabilities

	31.12.2019	31.12.2018
Long-term trade liabilities	101	85
Accruals	79	-
Total	**180**	**85**

Note 28. Trade liabilities

	31.12.2019	31.12.2018
Trade liabilities	**31,765**	**31,544**
- to related entities	235	868
- to other entities	31,530	30,676

Note 29. Other liabilities

Other short-term liabilities

	31.12.2019	31.12.2018
Liabilities from other taxes, duties, social security and other insurance, with the exception of corporate income tax	8,982	10,048
- VAT	7,955	9,126
- personal income tax	418	356
- social security contributions (ZUS)	609	566
Other liabilities	58	682
Accruals	3,995	4,989
- due to employee leaves	1,099	1,061
- due to bonuses	1,795	3,395
- due to uninvoiced costs	1,101	533
- other	-	-
Total other liabilities	**13,035**	**15,719**

Note 30. Social assets and liabilities of the Company Social Benefits Fund

The Act on Company Social Benefits Fund of March 4th, 1994, as amended, requires the companies that employ more than 20 full-time employees to establish a Company Social Benefits Fund. The Company operates such a Fund and makes periodical charges to it in the amount agreed upon with the representatives of the workforce. The Fund does not own tangible fixed assets. The Fund's purpose is to subsidise the Company's social activity, loans to employees and other social expenditure.

The Company has netted the assets of the Fund with the liabilities to the Fund, as these are not separate assets of the Company.

(All amounts are presented in PLN thousands, unless specified otherwise)

Analysis of assets, liabilities and costs of the Fund and the net balance

	31.12.2019	31.12.2018
Loans granted to employees	-	2
Cash	37	33
Liabilities towards the Fund	37	35
Net balance	**-**	**-**
Contributions to the Fund in the reporting period	**126**	**115**

Note 31. Contingent liabilities and collateral established on assets

Collateral established on assets	31.12.2019	31.12.2018
Credit repayment collateral	51,500	51,500
Collateral established on assets — total	**51,500**	**51,500**

As at December 31st, 2019:

- the amount of PLN 51,500 thousand is made up of the following items:
  - PLN 42,500 thousand — mortgage securing the debt due to a bank overdraft facility and investment loan taken out by Atende S.A. from mBank S.A.;
  - PLN 9,000 thousand — registered pledge on inventories under the bank overdraft facility extended by Santander Bank Polska S.A. (formerly: BZ WBK – Bank Zachodni WBK SA).

As at December 31st, 2018:

- the amount of PLN 51,500 thousand is made up of the following items:
  - PLN 42,500 thousand — mortgage securing the debt due to a bank overdraft facility and investment loan taken out by Atende S.A. from mBank S.A.;
  - PLN 9,000 thousand — registered pledge on inventories under the bank overdraft facility extended by Santander Bank Polska S.A. (formerly: BZ WBK – Bank Zachodni WBK SA).

Guarantees and sureties granted	31.12.2019	31.12.2018
Liabilities due to bank guarantees granted largely as a security for performance of trade contracts	8,698	11,293
Surety for the repayment of a lease liability	3,227	1,908
Bank credit sureties granted to third parties	4,300	3,800
Total contingent liabilities	**16,225**	**17,001**

As at December 31st, 2019:

- PLN 8,698 thousand — the value of tender guarantees and guarantees of proper contract performance, the guarantee principal is Atende S.A.;
- PLN 4,300 thousand — overdraft surety for Atende Medica sp. z o.o., Energy Data Lab sp. z o.o., A2CC sp. z o.o. and Omnichip Sp. z o.o.;
- PLN 3,227 thousand — surety granted by Atende S.A. for the repayment of liabilities under operating lease agreements concluded by TrustIT sp. z o.o.

As at December 31st, 2018:

- PLN 11,293 thousand — the value of tender guarantees and guarantees of proper contract performance, the guarantee principal is Atende S.A.;
- PLN 3,800 thousand — overdraft surety for Atende Medica sp. z o.o. and Energy Data Lab sp. z o.o.;
- PLN 1,908 thousand — surety granted by Atende S.A. for the repayment of liabilities under an operating lease agreement concluded by TrustIT sp. z o.o.

(All amounts are presented in PLN thousands, unless specified otherwise)

Note 32. Receivables and liabilities arising from long- and short-term leases

Lease receivables

	31.12.2019	
	Gross lease investment	Present value of payments
Within 1 year	266	232
In the period from 1 to 5 years	310	295
Total gross lease investment	**576**	**527**
Future interest income	49	X
Present value of minimum lease payments, including:	**576**	**527**
- short-term	266	232
- long-term	310	295

	31.12.2018	
	Gross lease investment	Present value of payments
Within 1 year	266	214
In the period from 1 to 5 years	576	527
Total gross lease investment	**842**	**741**
Future interest income	101	x
Present value of minimum lease payments, including:	**741**	**741**
- short-term	266	214
- long-term	576	527

Lease liabilities

	31.12.2019		31.12.2018	
	Minimum payments	Present value of payments	Minimum payments	Present value of payments
Within 1 year	2,841	2,675	393	389
In the period from 1 to 5 years	6,222	6,044	219	219
In the period of more than 5 years	889	310	-	-
Total minimum lease payments	**9,952**	**9,029**	**612**	**608**
Future interest expense	923	x	4	x
Present value of minimum lease payments, including:	**9,029**	**9,029**	**608**	**608**
- short-term	-	2,675	-	389
- long-term	-	6,354	-	219

The agreements provide neither for contingent rents nor any subleases. Most agreements include a clause concerning the purchase option at a contractual price lower than the fair value of the leased asset. The agreements do not impose any constraints on the lessee apart from the payment of liabilities arising from lease instalments and the general terms and conditions concerning the proper use of leased assets. The lease agreements were concluded in PLN for the periods ranging from 36 to 65 months; perpetual usufruct for 99 years.

(All amounts are presented in PLN thousands, unless specified otherwise)

Note 33. Provision for pensions and similar benefits

	31.12.2019	31.12.2018
Provisions for pensions and similar benefits	**974**	**816**
- for pensions and disability benefits	397	309
- for years of service awards	577	507
Total, of which:	**974**	**816**
- long-term	786	741
- short-term	188	75

Specification	- years of service awards	Severance pay on retirement and disability	Total
As at January 1st, 2019	**507**	**309**	**816**
Current service costs	53	34	87
Interest expense	14	8	22
Benefits paid	(51)	(6)	(57)
Actuarial (gains)/losses, including:	54	52	106
- from changes in financial assumptions	*27*	*38*	*65*
- other	*27*	*14*	*41*
As at December 31st, 2019	**577**	**397**	**974**

Specification	- years of service awards	Severance pay on retirement and disability	Total
As at January 1st, 2018	**484**	**297**	**781**
Current service costs	48	32	80
Interest expense	13	8	21
Benefits paid	(83)	(9)	(92)
Actuarial (gains)/losses, including:	45	(19)	26
- from changes in financial assumptions	*6*	*8*	*14*
- other	*39*	*(27)*	*12*
As at December 31st, 2018	**507**	**309**	**816**

Liabilities were determined using the projected unit credit method. The value of future liabilities was calculated with the use of the method of accumulated future benefits, taking into account the forecast growth of remuneration based on which the future benefits are calculated. The likelihood of achieving an entitlement to a years of service award, one-off severance payment on retirement or disability was also taken into account. The discount rate of 2.00% and long-term annual remuneration growth rate of 3.25% were assumed. The variability of these probabilities as well as of the applied discount rate by +/-0.25% would, together, cause a change in the provision by +/- PLN 25 thousand.

As concerns employee benefits, the Company is not a party to any wage bargaining agreements or collective employment agreements. Moreover, the Company does not participate in any pension schemes managed directly by the Company or by external funds. The costs of employee benefits include salaries payable according to the terms and conditions of employment contracts concluded with individual employees and the costs of pension benefits (retirement severance pay) payable to employees pursuant to the Labour Code provisions at the end of their employment period. Short-term employee benefit liabilities are measured according to general principles. Long-term benefits are estimated using actuarial methods.

Note 34. Financial risk management objectives and policies

The Company's principal financial instruments comprise bank credits, loans, finance leases, hire purchase commitments and cash. The main purpose of these financial instruments is to raise funds for the Company's operations. The Company also uses other financial instruments, including trade receivables and liabilities, which arise directly in the course of its operations.

(All amounts are presented in PLN thousands, unless specified otherwise)

The Company also carries out transactions involving derivatives, primarily forward contracts. The purpose of these transactions is to manage the currency risk arising in the course of the Company's activity and from the financing sources it uses. It is the Company's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the Company's financial instruments are interest rate risk, liquidity risk, foreign currency risk and credit risk. The Management Board reviews and agrees on the policies for managing each of these risks. The policies are summarised below. The Company also monitors the market price risk arising from all financial instruments.

Degree of exposure to market risk

Interest rate risk

The Company's exposure to the risk caused by interest rate fluctuations concerned credits, primarily: investment credits and overdrafts.

Investment credit interest rate is based on the variable WIBOR 1M rate. In 2019, the average interest rate was 2.59% (in 2018: 2.59%). In the case of an increase in average interest rates by 1 percentage point, the cost of credit in 2019 would increase by PLN 11 thousand, and in the case of a fall — it would be lower by PLN 11 thousand.

Overdraft interest rate is based on the variable WIBOR O/N or WIBOR 1M rate. In 2019, the average interest rate was 2.70% (in 2018: 2.69%).

The following table sets out the carrying amount of the Company's financial instruments that are exposed to interest rate risk.

	31.12.2019	31.12.2018
Variable interest rate		
Interest-bearing credits and loans	(706)	(1,412)
Other financial liabilities – leases	(9,029)	(608)
Other financial liabilities – leaseback	(1,652)	(1,590)
Cash in current accounts	3,073	4,188
Cash in bank deposits	9,496	12,616
Total	**1,183**	**13,194**
Fixed interest rate		
Interest-bearing credits and loans	(2,184)	(8,666)
Liabilities from assignment of claims	(5,027)	(8,584)
Finance lease receivables	527	741
Loans granted	2,131	1,822
Total	**(4,553)**	**(14,687)**

Interest on financial instruments classified as floating rate is revalued at intervals of less than one year. Interest on financial instruments classified as fixed rate is fixed until the maturity of the instrument. The other financial instruments of the Company that are not included in the tables above are non-interest bearing and are therefore not subject to interest rate risk.

Currency risk

The Company is exposed to the risk of movements in currency exchange rates because, as part of its operations, it uses imported ICT equipment. Equipment purchase costs depend on currency exchange rates in relation to PLN, in particular on USD and EUR exchange rates. In order to reduce the risk, the Company uses currency risk hedging instruments, e.g. forward transactions. In accordance with the company's policy, at least 90% of currency transactions are hedged. The variety of hedging measures diversifies the exchange rate risk. In the Issuer's opinion, the above measures result in a substantial reduction of the possible impact of adverse exchange rate changes on the financial performance of the Issuer.

(All amounts are presented in PLN thousands, unless specified otherwise)

The carrying amount of the Company's assets and liabilities in foreign currencies as at the balance sheet date concerns trade receivables and cash. These amounts are as follows:

	Trade liabilities as at December 31st, 2019		Trade receivables as at December 31st, 2019		Cash 31.12.2019		Lease liabilities 31.12.2019	
	CUR	PLN	CUR	PLN	CUR	PLN	CUR	PLN
Currency – EUR	(54)	(232)	24	100	0	0	(1,463)	(6,230)
Currency – USD	(5,732)	(21,767)	697	2,648	111	422	-	-

If the exchange rate had increased by 10% in relation to the exchange rate from the balance sheet valuation for EUR, USD, with all other variables remaining at a constant level, the Company's net result for the twelve-month period ended December 31th, 2019 would have been lower by PLN 2,506 thousand on account of assets and liabilities denominated in EUR and USD.

	Trade liabilities as at December 31st, 2018		Trade receivables as at December 31st, 2018		Cash 31.12.2018	
	CUR	PLN	CUR	PLN	CUR	PLN
Currency – EUR	139	597	14	61	62	268
Currency – USD	3,707	13,938	316	1,187	358	1,345

If the exchange rate had increased by 10% in relation to the exchange rate from the balance sheet valuation for EUR, USD, with all other variables remaining at a constant level, the Company's net result for the twelve-month period ended December 31th, 2018 would have been lower by PLN 1,167 thousand on account of assets and liabilities denominated in EUR and USD.

Credit risk

Credit risk is the risk of a counterparty defaulting on its obligations, thus exposing the Company to financial losses. The Company mitigates credit risk by concluding transactions only with creditworthy undertakings. Before cooperation is initiated, internal preliminary verification procedures are conducted. Moreover, since receivable amounts are monitored on an ongoing basis, the Company's exposure to risks of receivables becoming uncollectible is insignificant.

As concerns the Company's financial assets, including cash, deposits and investments in assets available for sale, the Company's risk is directly related to the other party's inability to pay, and the maximum exposure to this risk equals the carrying value of the instrument in question.

As at December 31st, 2019, financial asset impairment write-downs came to PLN 472 thousand (as at December 31st, 2018, they amounted to PLN 473 thousand.) These write-downs concern own receivables from other undertakings, of which PLN 70 thousand are receivables currently under litigation, and PLN 402 thousand are receivables likely to prove uncollectible according to the Company estimates (as at December 31st, 2018: PLN 71 thousand and PLN 402 thousand respectively).

As at December 31st, 2019 and December 31st, 2018, no financial asset items were present whose repayment terms had been renegotiated.

No significant security has been established for the benefit of the Company arising from financial assets held by the Company.

(All amounts are presented in PLN thousands, unless specified otherwise)

Financial assets by age

	Total	Non-overdue	Overdue for				
			< 60 days	60–90 days	90–180 days	180–360 days	> 360 days
31.12.2019							
Trade receivables	48,562	46,145	1,912	30	1	2	472
Impairment losses	(472)	-	-	-	-	-	(472)
Assets from contracts with customers	10,942	10,942	-	-	-	-	-
Impairment losses	-	-	-	-	-	-	-
Lease receivables	527	527	-	-	-	-	-
Other receivables	8,200	8,200	-	-	-	-	-
Cash and cash equivalents	12,569	-	-	-	-	-	-
Loans granted	2,131	2,131	-	-	-	-	-
31.12.2018							
Trade receivables	48,140	45,864	956	816	25	9	470
Impairment losses	(473)	-	-	-	-	(3)	(470)
Assets from contracts with customers	5,659	5,659	-	-	-	-	-
Impairment losses	-	-	-	-	-	-	-
Lease receivables	741	741	-	-	-	-	-
Cash and cash equivalents	16,812	-	-	-	-	-	-
Loans granted	1,822	1,822	-	-	-	-	-

Liquidity risk

The Company monitors the risk of a shortage of funds by using a periodical liquidity planning tool. This tool takes into account maturity dates, both of investments and financial assets (e.g. accounts receivable, other financial assets) and forecast cash flows from operating activity.

The Company's objective is to maintain a balance between continuity and flexibility of funding through the use of various sources such as bank overdrafts, bank credits, loans, and leases.

The following table sets out the carrying amount of the Company's financial instruments that are exposed to liquidity risk, divided into particular age categories, based on undiscounted payments.

(All amounts are presented in PLN thousands, unless specified otherwise)

	Total	up to 3 months	from 3 to 12 months	from 1 to 5 years	> 5 years
31.12.2019					
Interest-bearing credits and loans	2,922	1,491	1,420	11	-
Trade liabilities	31,866	31,759	7	100	-
Liabilities from assignment of claims	5,211	935	2,143	2,133	-
Other liabilities	13,081	2,192	2,615	7,384	890
- accruals on account of to uninvoiced costs	1,180	1,101	-	79	-
- leases	9,952	721	2,120	6,222	889
- leaseback	1,743	165	495	1,083	-
- derivatives	205	205	-	-	-
- inflows	15,582	15,582	-	-	-
- outflows	15,787	15,787	-	-	-
31.12.2018					
Interest-bearing credits and loans	10,191	3,281	4,800	2,110	-
Trade liabilities	31,629	31,537	7	85	-
Liabilities from assignment of claims	8,584	955	2,868	4,761	-
Other liabilities	2,872	817	673	1,382	-
- accruals on account of to uninvoiced costs	533	533	-	-	-
- leases	612	108	285	219	-
- leaseback	1,680	129	388	1,163	
- derivatives	47	47	-	-	-
- inflows	10,003	10,003	-	-	-
- outflows	10,050	10,050	-	-	-

Note 35. Information on financial instruments

Financial assets and liabilities by category (in accordance with IFRS 9)

	31.12.2019	31.12.2018
Financial assets		
Financial assets measured at amortised cost	81,931	72,701
Financial assets measured at fair value through other comprehensive income	80	80
Financial liabilities		
Financial liabilities measured at amortised cost	51,670	53,228
Financial liabilities measured at fair value through profit or loss *	205	47

* classified as held for trading

Taking into account the nature and specific features of the financial instrument categories presented above, the following classes of instruments have been distinguished within individual groups:

(All amounts are presented in PLN thousands, unless specified otherwise)

	31.12.2019	31.12.2018
Financial assets measured at amortised cost		
Trade receivables and assets from contracts with customers	59,032	53,326
Cash and cash equivalents	12,569	16,812
Other receivables	8,200	-
Loans granted	2,131	1,822
Lease receivables	527	741
Total	**81,931**	**72,701**
Financial liabilities measured at amortised cost		
Liabilities due to credits and loans	2,890	10,078
Trade liabilities	31,866	31,629
Accruals due to uninvoiced costs	1,180	533
Lease liabilities	9,029	608
Leaseback liabilities	1,652	1,590
Liabilities from financing assignment of receivables	5,027	8,130
Other liabilities	26	660
Total	**51,670**	**53,228**

Hedges

In 2019 and 2018, the Company did not apply hedge accounting.

Note 36. Capital management

The Company's main long-term objective when managing capital is to maintain a good credit rating and safe capital ratios that can support the Company's operating activities and increase its value for shareholders.

The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, or issue new shares. In 2019 and 2018, there were no changes to the Company's objectives, policies and processes for managing capital.

The Company uses external capital (interest-bearing liabilities) to optimise the structure and cost of capital raising.

As at December 31st, 2019 and December 31st, 2018, the Company's equity amounted to PLN 67,256 thousand and PLN 61,196 thousand respectively and accounted for 42.8% and 36.3% of total equity and liabilities respectively. The Company paid out dividend in the amount of PLN 7,996 thousand in 2019 and in the amount of PLN 7,995 thousand in 2018 (see: Statement of changes in separate equity).

Ratios used by the Company in capital management are as follows: net debt/EBITDA, debt to equity ratio. Net debt is calculated as interest-bearing liabilities less cash and cash equivalents. Debt to equity ratio is calculated as interest-bearing liabilities to equity.

	31.12.2019	31.12.2018
Interest-bearing credits and loans	2,890	10,078
Lease liabilities	9,029	608
Leaseback liabilities	1,652	1,590
Other interest-bearing financial liabilities	5,027	8,130
Cash and cash equivalents	(12,569)	(16,812)
Net debt	6,029	3,594
EBITDA*	13,487	11,755
Equity	67,256	61,196
Net debt / EBITDA	**0.44**	**0.31**
Debt to equity ratio	0.28	0.33

* EBIDTA = operating profit + amortisation/depreciation

(All amounts are presented in PLN thousands, unless specified otherwise)

Note 37. Information concerning related undertakings

Related entity	Sales of goods to related entities		Sales of services to related entities		Purchases of goods from related entities		Purchases of services from related entities	
	2019	2018	2019	2018	2019	2018	2019	2018
Subsidiaries								
Atende Software sp. z o.o.	-	-	665	1,555	-	-	3	3
Sputnik Software sp. z o.o.	-	10	193	181	-	-	-	-
Atende Medica sp. z o.o.	73	3	141	118	-	-	-	-
TrustIT sp. z o.o.	-	-	25	8	72	44	2,262	1,142
Phoenix Systems sp. z o.o.	-	-	4	3	-	-	-	-
Energy Data Lab sp. z o.o.	-	-	7	11	-	-	59	-
A2 Customer Care sp. z o.o.	-	2	21	16	-	-	-	1,325
OmniChip sp. z o.o.	-	-	35	1	12	-	-	-
Total	**73**	**15**	**1,091**	**1,893**	**84**	**44**	**2,324**	**1,996**

Related entity	Receivables from related entities		including overdue receivables		Liabilities towards related entities		Loans granted to related entities	
	2019	2018	2019	2018	2019	2018	2019	2018
Subsidiaries								
Atende Software sp. z o.o.	65	49	-	-	-	-	-	-
Sputnik Software sp. z o.o.*	-	6	-	-	-	-	-	-
Atende Medica sp. z o.o.	52	65	25	53	-	-	581	1,360
TrustIT sp. z o.o.	-	-	-	-	235	237	-	-
Phoenix Systems sp. z o.o.	1	-	-	-	-	-	1,017	-
Energy Data Lab sp. z o.o.	1	1	-	-	17	-	196	140
A2 Customer Care sp. z o.o.	3	3	-	-	-	631	-	-
OmniChip sp. z o.o.	27	-	-	-	-	-	337	322
Total	**149**	**124**	**25**	**53**	**252**	**868**	**2,131**	**1,822**

* As at December 31st, 2019, Sputnik Software sp. z o.o. is not a related party of Atende S.A.

In 2019 and 2018, the transactions with related undertakings did not involve any revaluation write-downs. No receivables were written off.

The Company also grants sureties to related entities, as described in Note 31.

Also Spinoza Investments Sp. z o.o. S.K.A. is an undertaking related to the Issuer — it is controlled in 100%, directly and indirectly (through Spinoza Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych), by Roman Szwed. In 2019 and 2018, the Issuer and Spinoza Investments sp. z o.o. S.K.A. were not involved in any business operations.

Other entities related to the Company include members of managing and supervisory bodies, and persons who are their close family members (i.e. a partner and children, the partner's children and persons dependent on the member or his or her partner) as well as other businesses in which members of the parent undertaking's Management Board perform management duties or are shareholders. In 2019 and 2018, the Issuer and these entities were not involved in any business operations.

(All amounts are presented in PLN thousands, unless specified otherwise)

Note 38. Remuneration of key management personnel of Atende S.A.

The key management personnel at Atende S.A. include members of the Management Board and Supervisory Board.

Remuneration of the Management Board Members	Basic and other remuneration	
	2019	2018
Roman Szwed, President of the Management Board	751	615
Iwona Bakuła, Vice-President of the Management Board	672	530
Jacek Forysiak, Vice-President of the Management Board	658	528
Szymon Stępczak, Vice-President of the Management Board	667	528
Jacek Szczepański, Vice-President of the Management Board	668	531
TOTAL	**3,415**	**2,732**

Remuneration of Members of the Supervisory Board	Basic and other remuneration	
	2019	2018
Patrycja Buchowicz, Chairperson of the Supervisory Board	59	50
Jan Madey, Member of the Supervisory Board	42	34
Michał Markowski, Member of the Supervisory Board	42	34
Monika Mizielińska-Chmielewska, Member of the Supervisory Board	42	34
Maciej Matusiak, Member of the Supervisory Board	42	34
TOTAL	**227**	**186**

The above remuneration constitute short-term employee benefits.

Note 39. Employment

Average number of employees

	2019	2018
Management Board	5	5
Administration	40	39
Sales Department	46	52
Production Division	116	107
Other	4	4
Total	**211**	**207**

Staff turnover

	2019	2018
Number of recruited employees	25	25
Number of employees made redundant	25	22
Total	**0**	**3**

Note 40. Information concerning seasonality or periodicity of operations

The seasonality of sales is a characteristic feature of the ICT sector in which the Issuer operates. The fourth quarter of the calendar year is the main period of increased revenue. It is caused by enterprises' increased expenditure on modernisation of technological infrastructure during this period.

(All amounts are presented in PLN thousands, unless specified otherwise)

Note 41. Lawsuits

The Company is not a party in any material lawsuits.

Note 42. Tax settlements

As at December 31st, 2019 (and December 31st, 2018), there were no inspections or tax proceedings pending in respect of the Company.

Note 43. Waste electrical and electronic equipment

On October 21st, 2005, a major part of the provisions of the Waste Electric and Electronic Equipment (WEEE) Act came into force. The Act obliges entities which put electronic and electric equipment on the market (manufacturers and importers), among others, to organise and finance such operations as picking up waste electric and electronic equipment from collection points, processing, recovering, recycling, and neutralising such waste. As of January 1st, 2009, the entities marketing household equipment are obliged to ensure collection of waste equipment from households.

In order to estimate the provision, the Company needs the following data: the number of kilograms of historical waste electrical and electronic equipment to be collected by the Company and the number of kilograms of new electrical and electronic equipment remaining to be collected by the Company. The reports required by the Ministry of the Environment do not distinguish between new and historical WEEE.

Taking into account the organisation of the collection and the WEEE collection reporting system, the Company is unable to estimate the amount of WEEE to be collected to fulfil its obligations under the Waste Electrical and Electronic Equipment Act. Consequently, the Company did not make any provision for liabilities relating to historical WEEE nor new WEEE collection.

The Company does not exclude the possibility of reviewing its position, if different binding interpretations of the Act are presented or if the practical application of the Act indicates a different accounting approach to the obligation of disposal of used equipment.

Note 44. Events after the balance sheet date

According to the assessment of the Company's Management Board, the COVID-19 pandemic and the related market situation will adversely affect the financial performance of the Company in 2020. At the same time, given the unprecedented nature of the current situation, including the unpredictable length of the further duration of the epidemic risk, the scale of all administrative restrictions, their economic impact, both during and after the end of the epidemic threat, it is not possible to estimate the scale of this impact at the time of publication of these financial statements.

The Company's Management Board has identified the major risks associated with the pandemic. These are: deterioration of the financial standing of the Company's clients, creation of payment bottlenecks at business partners, reduction or delay of IT projects by the Company's clients, delays in the execution of orders by suppliers, postponement of orders and execution, and fluctuations in exchange rates.

The Company is taking steps to minimize the negative effects of the pandemic. Expenditures, including investments, which are not essential for the continuation of operations have been postponed. In addition, the Company prepares scenarios of cost-saving measures, depending on the current and anticipated effects of the pandemic. A positive factor in the current situation is the year-end balance of cash and available undrawn credit lines.

The Company follows all safety, health and hygiene guidelines recommended by the Chief Sanitary Inspectorate and other state institutions. First of all, direct contacts of employees inside and outside the organization have been limited, remote communication methods are widely used, more office workers perform their duties remotely. The Company's priority is to maintain business continuity and ensure the safety of the Company's employees and stakeholders. The Company's Management Board monitors the impact of the pandemic on its operations on an ongoing basis.

Note 45. Information on transactions with the entity auditing the financial statements

	2019	2018
- in respect of the audit of annual financial statements and consolidated financial statements	172	120
- in respect of other certification services, including the review of financial statements and consolidated financial statements	76	32
TOTAL	**248**	**152**

Note 46. Notes to the cash flow statement

	31.12.2019	31.12.2018
Cash in the balance sheet	12,569	16,812
Total cash and cash equivalents recognised in the cash flow statement	12,569	16,812

(All amounts are presented in PLN thousands, unless specified otherwise)

	2019	2018
Amortisation and depreciation:	**7,105**	**3,662**
- amortisation of intangible assets	1,567	1,410
- depreciation of tangible fixed assets	2,861	2,252
- depreciation of right-of-use assets	2,677	-
Interest and share in profit (dividends) are composed of:	**(5,276)**	**(4,615)**
- interest paid on finance leases	70	50
- interest paid on credits	95	63
- interest paid on loans granted	483	185
- interest received	(68)	(2)
- dividends received	(5,856)	(4,911)
Profit (loss) on investment activities results from:	**(6,548)**	**(47)**
- revenue from sale of tangible fixed assets	(660)	(1,724)
- net value of tangible fixed assets sold	619	1,433
- net value of liquidated fixed assets	65	58
- revaluation of fixed assets	-	187
- other investment income	(43)	-
- gain on sale of shares in Sputnik Software	(9,677)	-
- valuation of shares in Atende Medica sp. z o.o.	3,148	-
Change in inventories results from the following items:	**3,831**	**22**
- balance sheet change in inventories	3,831	22
Change in receivables results from the following items:	**(5,629)**	**27,115**
- change in short-term receivables resulting from the balance sheet:	(6,958)	28,285
- trade receivables	(518)	23,679
- assets from contracts with customers	(6,517)	4,705
- other receivables	77	(100)
- change in long-term receivables resulting from the balance sheet	1,329	(1,170)
- trade receivables	95	(125)
- assets from contracts with customers	1,234	(1,045)
Change in liabilities, except for financial liabilities, results from the following items:	**(21,011)**	**(103,438)**
- change in short-term liabilities resulting from the balance sheet	(16,257)	(89,777)
- change in long-term liabilities resulting from the balance sheet	(925)	(6,430)
- adjustment by the change in liabilities on account of credits and loans	7,188	(2,301)
- adjustment for the change in liabilities arising from the acquisition of tangible fixed assets	616	(190)
- adjustment for the change in lease liabilities	(8,483)	(740)
- adjustment for the change in liabilities arising from financing the assignment of claims	(448)	(6,197)
- adjustment for change in current income tax liabilities	(2,702)	2,197
The value of the "other adjustments" item results from:	**121**	**(1,294)**
- settled portion of the assignment of claims	(222)	(1,802)
- commission paid on loans and guarantees	355	509
- received grants	(12)	-

Warsaw, March 31st, 2020

Roman Szwed	Iwona Bakuła	Jacek Forysiak	Szymon Stępczak	Jacek Szczepański
President of the Management Board	Vice-President of the Management Board	Vice-President of the Management Board	Vice-President of the Management Board	Vice-President of the Management Board

Marzena Kuśnierz

Person preparing the financial statements

(All amounts are presented in PLN thousands, unless specified otherwise)