



# Wealth Effect Management

Annual Report 2023



WEALTH EFFECT  
MANAGEMENT



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# Letter of the Chairman of the Board of Directors

Dear clients, partners, and colleagues:  
Every year — and indeed, every day, week, and month — offers us a chance to review and assess our approach to wealth management:

Are we delivering good results?  
Is client trust and satisfaction rising?  
Is the volume of assets under our management growing, thus serving as a tangible proof of our client's trust?

In a way, the answers to these questions validate our approach, one that views asset management as a lifelong commitment.

It's a key perspective that, in reality, shapes every aspect of our work — e.g. how we make decisions, what we focus on, what we say "yes" and "no" to, and where we invest our time, attention, and effort.

Before I say anything else, I must begin with a note of gratitude. I am grateful for your loyalty and trust, and for the opportunity to demonstrate what it means to be committed to caring for your assets for a lifetime. Your trust is crucial to us, and we greatly appreciate it. The best way we can express our gratitude is through our results, our care, and our commitment to constantly improve.

We will continue striving to be the relevant choice for investors, especially those seeking lifelong commitment. That is, those who trust us with their investments to the extent that they don't feel the need to sell their portfolios and instead prefer investing in securities over unregulated instruments.

So allow me to summarise 2023 and highlight the key events that occurred throughout the year.

## Market stabilisation and results for the year 2023

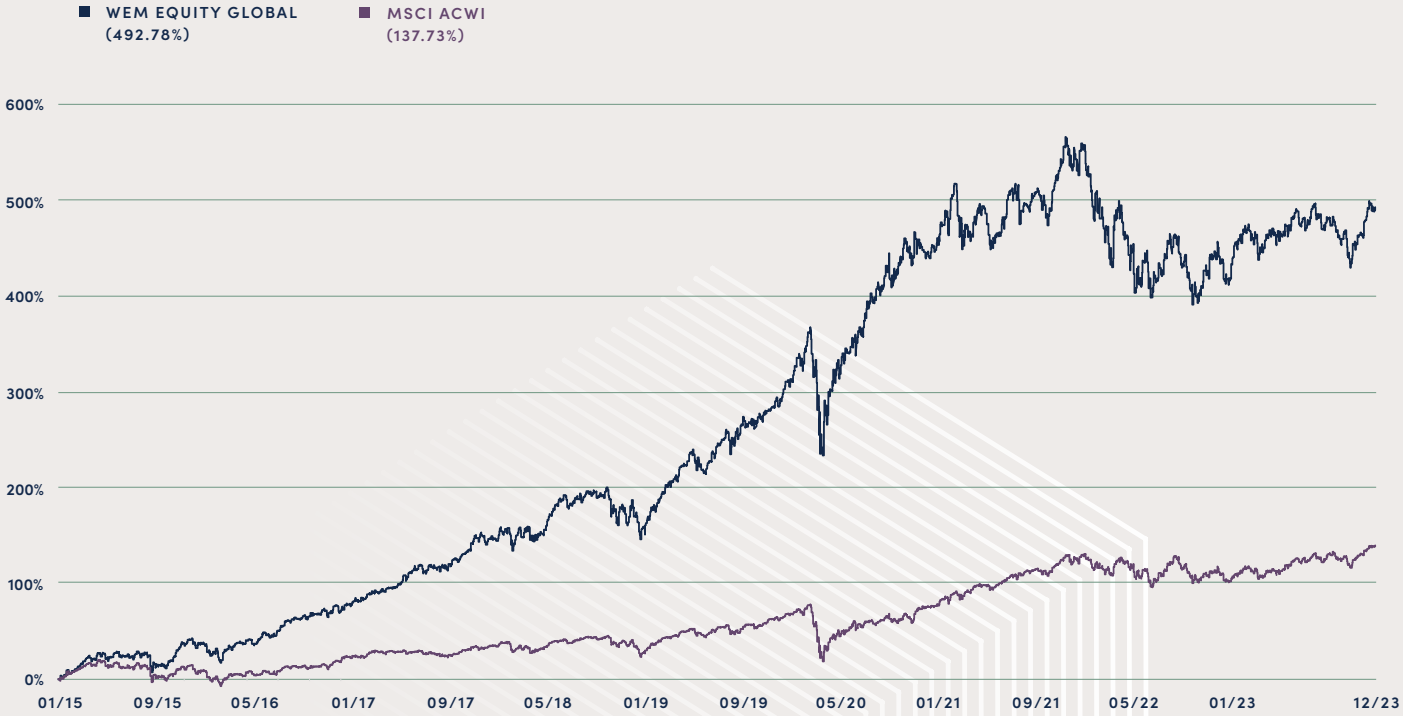
Following the challenges of 2022, widely regarded as one of the toughest years in financial markets, 2023 witnessed a notable rebound, much to the satisfaction of investors across the board.

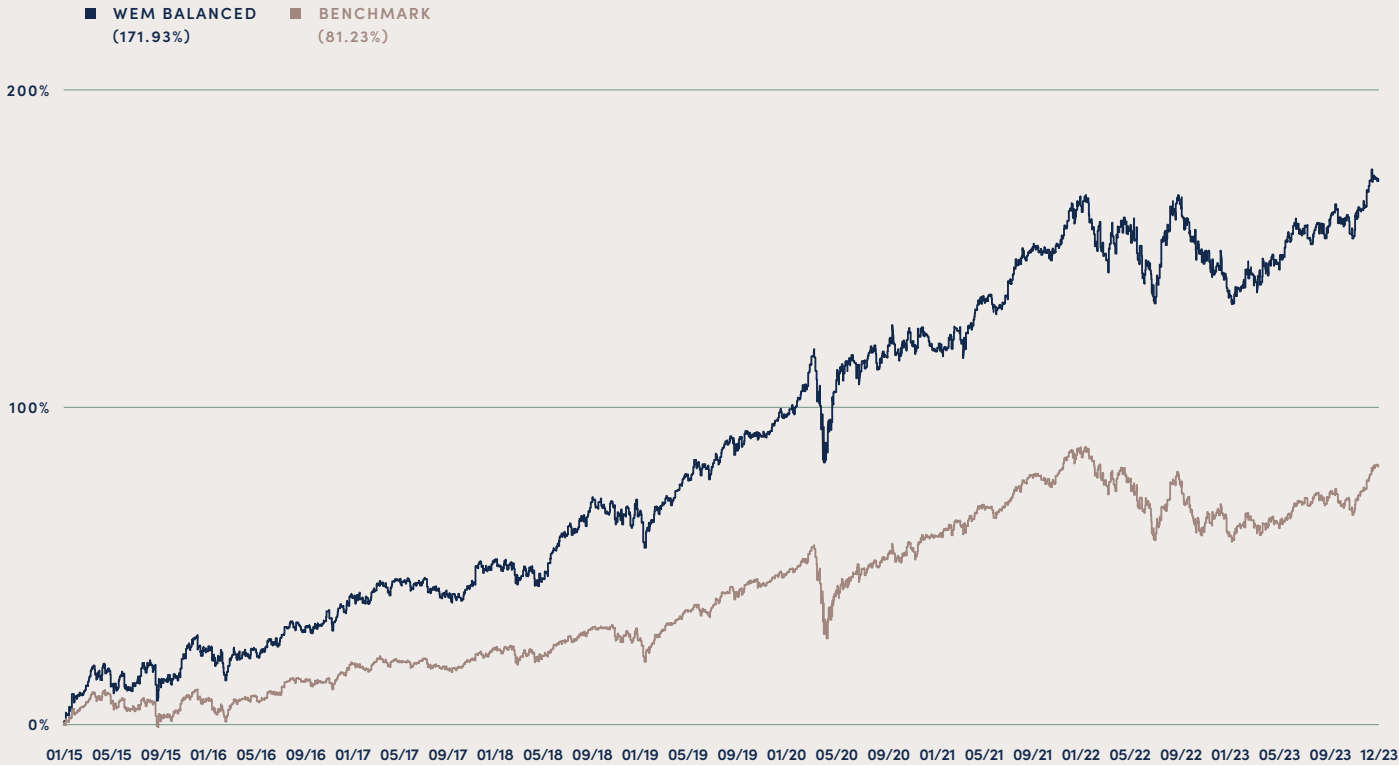
During this year, the spotlight was primarily on the work of the major central banks, whose actions shaped the dynamics of financial markets, particularly through interventions in interest rate policies. There was also much discussion about whether we can expect a "hard landing" or "soft landing" — in other words, whether the economy is facing a stronger or weaker recession.

Given the swift efforts of central banks to rein in inflation and stabilise it within the desired range of 2 — 3%, the current outlook appears promising. Other indicators contributing to an optimistic mood include the unemployment rate and consumer spending (i.e. household consumption).

Since financial markets typically react in advance, the response was evident as early as the last quarter of 2023, when markets had already partially factored in the rhetoric of central banks and their announced potential reduction of key interest rates in 2024. While the timing of this step remains unclear, our assumption is that it will not occur before the summer of 2024.

# Progress in our flagship WEM portfolios

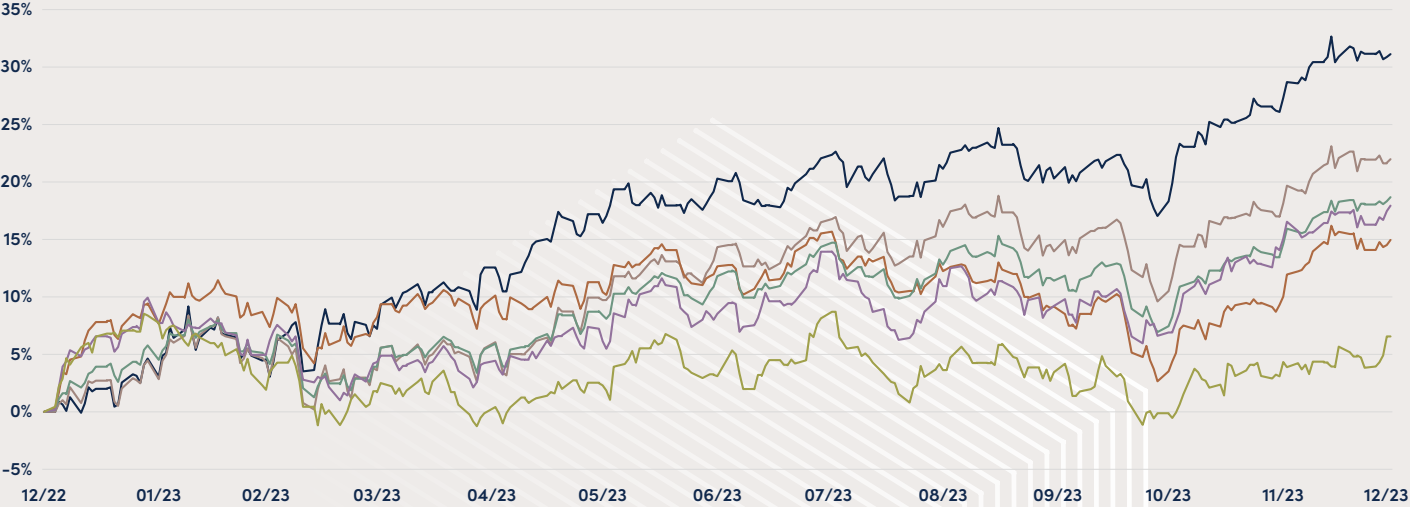




### WEM Equity portfolios

2023 Results in EUR

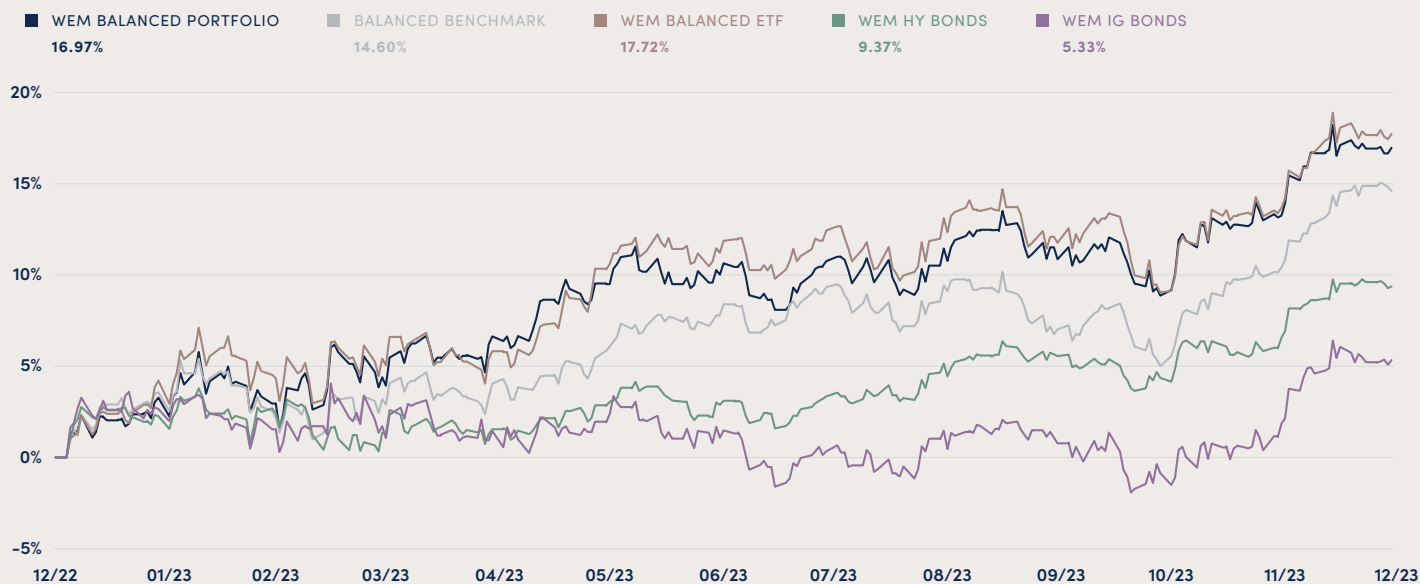
■ WEM EQUITY US 31.12%  
 ■ S&P 500 21.98%  
 ■ WEM EQUITY GLOBAL 14.96%  
 ■ MSCI ACWI 18.68%  
 ■ WEM EMERGING MARKETS 17.94%  
 ■ MSCI EMERGING MARKETS 6.60%



Source: WEM, Bloomberg Professional Terminal; 30.12.2022 – 29.12.2023; Total Return in EUR (gross)

## WEM Balanced/Conservative portfolios

2023 Results in EUR



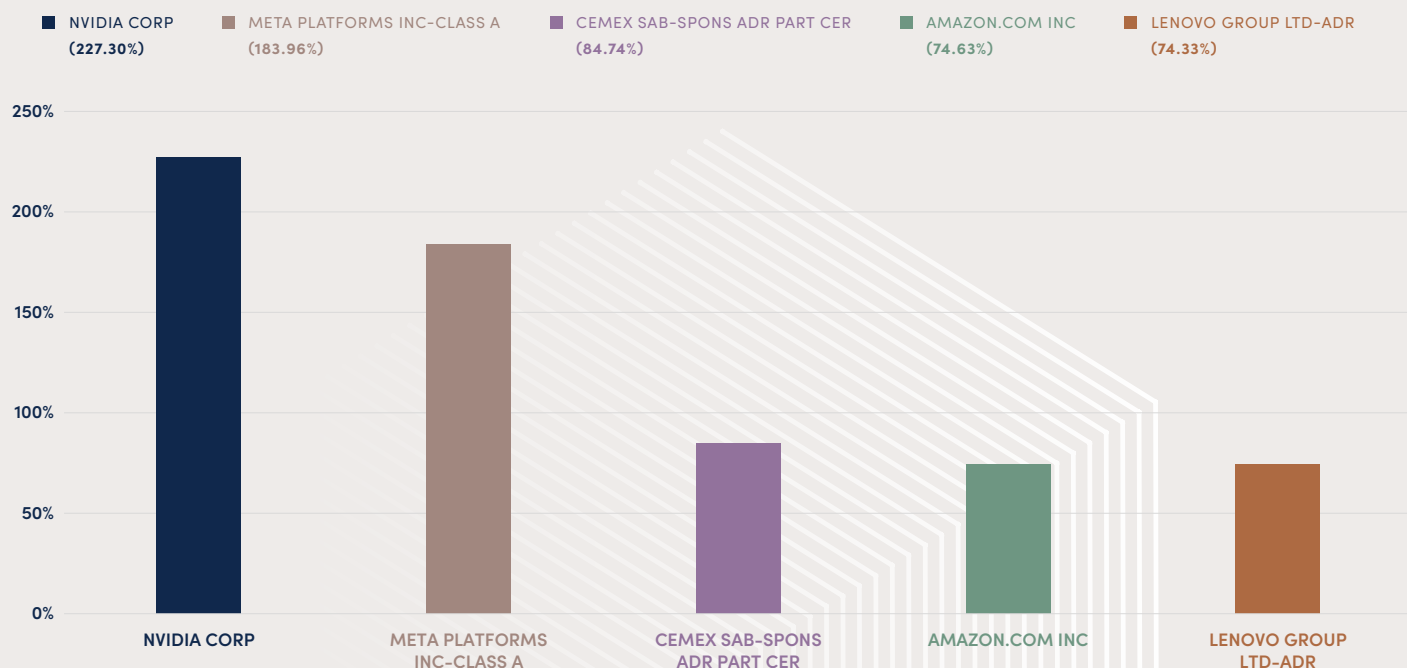
Source: WEM, Bloomberg Professional Terminal; 30.12.2022 – 29.12.2023; Total Return in EUR (gross)

## Our market exposure

Considering our approach and perspective, our market exposure remains broadly diversified. Throughout 2023, our portfolios consisted of a total of 175 securities, including 63 stocks and 97 ETFs. Additionally, in 2023, we created and purchased 15 structured products and investment certificates.

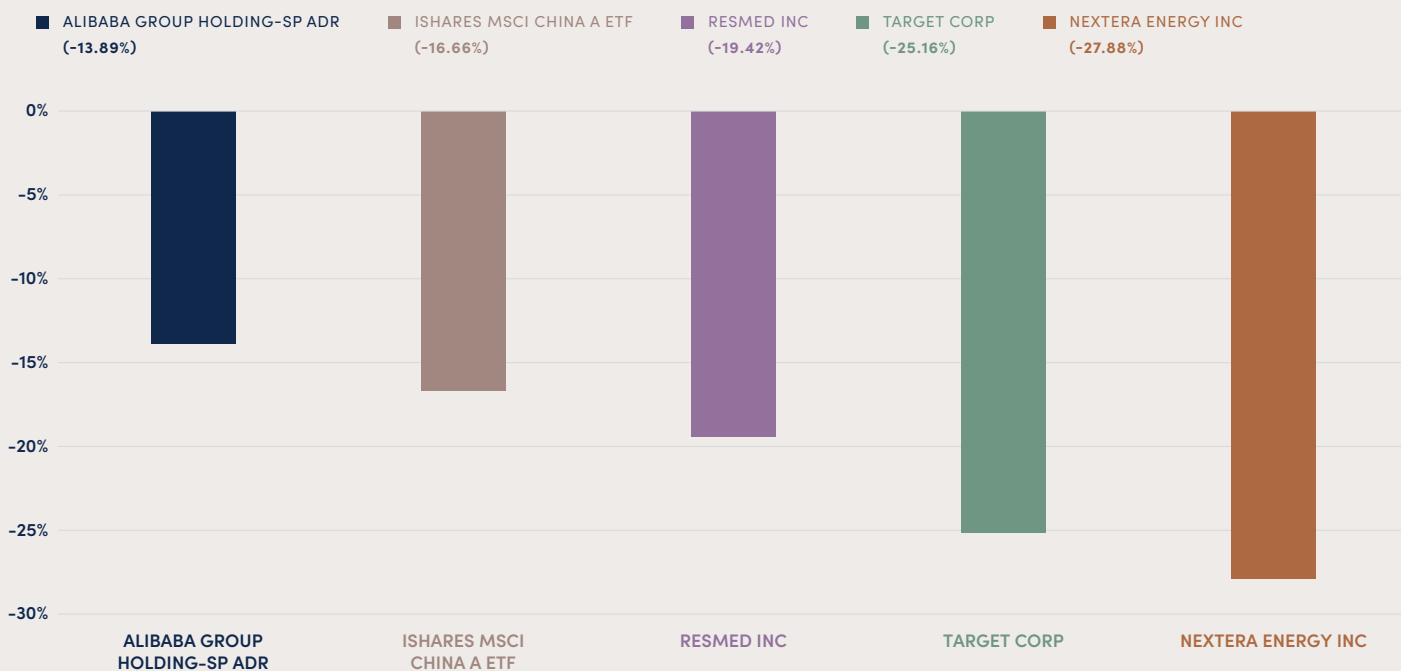
## Best performers

Total return in EUR



## The worst performers

Total return in EUR



## Impact on the economy

While our primary focus lies within financial markets at WEM, we maintain a keen interest in the broader economic landscape, notably in private equity and real estate sectors.

The private equity sector, in particular, faced unprecedented challenges, witnessing a significant downturn in capital inflows over the past decade. Similarly, the real estate market experienced a cautious sentiment among buyers and investors, adopting a wait-and-see approach amid uncertainties. Following years of upward price trends, affordability became a pressing issue for most potential buyers due to elevated interest rates. These high interest rates are, moreover, expected to continue throughout 2024. This will favour investors with "cash-on-hand" liquidity, enabling them to acquire assets below market value.

Nonetheless, this scenario also presents compelling opportunities that we are committed to leverage within our solutions to benefit our clients.

## Foreign expansion

Expanding into foreign markets not only reflects our long-term strategy but also serves as a natural progression of our efforts, representing the culmination of our endeavours.

Our initial foray into international expansion occurred in the Bulgarian market back in 2015. However, our current focus is predominantly directed towards western markets, where we perceive greater potential for growth. With the continual enhancement of the quality and scope of our services, we are confident in our ability to establish a strong presence in these markets and deliver value to all stakeholders involved. Among our international ventures is Monaco, where we have successfully forged partnerships with esteemed banks and collaborators, allowing us to extend our investment solutions and services to foreign clientele, including Slovaks living abroad. Looking ahead, our sights are set on expanding our operations to Prague and London.



## Development of wealth management services

I firmly believe that the key to lifelong client satisfaction lies in our unwavering commitment to continuous progress across all fronts. Thus, a significant portion of our efforts in 2023 was dedicated to advancing our wealth management services.

Our focus was notably on family succession and family office services, with a primary emphasis on establishing proper legal structures. This approach ensures asset protection and facilitates their seamless transfer.

Additionally, in terms of family wealth management, we observed a growing demand for guidance on transitioning family businesses to the next generation or considering potential sales, which necessitates thorough company evaluations. In response to this demand, we introduced the WEM Private Fund subclass tailored to the "Succession" theme. In practice, this will entail creating an integrated ecosystem where our clients can access all the necessary services and tools under one roof. Assisting clients in preserving and transferring their wealth to future generations epitomises our commitment to lifelong support in its truest sense.

## IT

The IT sector stands as one of our pivotal areas, exerting an immeasurable influence on our entire operation. A notable achievement in 2023 was our attainment of complete autonomy from external suppliers for software development.

By the beginning of 2023, we had fully migrated to our own systems, which we continue to develop further. Our autonomy and complete oversight of development and direction empower us to deliver optimal service to our clients —

whilst also guaranteeing the requisite flexibility and capacity to address any internal or partner-related demands.

## Development of B2B

As a natural progression of our autonomy in the IT domain, we've managed to foster collaborations within the B2B segment. Throughout 2023, we established several such partnerships, predominantly those requiring tailor-made IT solutions and an individualistic approach.

Another noteworthy development in the B2B realm is the inception of our Flip platform — an integrated solution catering to financial firms, intermediaries, and investment experts. Flip serves as a comprehensive tool for client management and securities trading, including offering access to our WEM portfolios renowned for their exceptional performance history.

## Our goals

Our goals and areas of focus for the year 2024 can be summed up in 5 points:

1. Stable and exceptional results
2. Responsible conduct and fiduciary responsibilities
3. Thorough risk assessments
4. Further realisation of our vision
5. Continuous improvement

### Goal 1: Stable and exceptional results

Our primary objective remains steadfast: to consistently deliver stable and exceptional results to our clients. We openly aspire to exceed market performance in selected equity portfolios — an ambition we have consistently realised over the long term. In 2023, our WEM Equity US portfolio notably outperformed the S&P 500 index by 9.14%. Since 2017, this impressive figure has reached 50.52%.

At the same time, we place increasing emphasis on assisting investors in safeguarding themselves from making poor investment decisions — occasionally, our guidance can safeguard 100% of their investment. In situations where a single misstep could jeopardise everything for our clients, this assistance becomes even more crucial.

### **Goal 2: Responsible conduct and fiduciary responsibilities**

The second goal and primary area of focus is maintaining steadfast responsibility towards our work, results, and clients, and adhering to fiduciary duties. This responsibility is significant, yet it's bolstered by our core attitude: a genuine passion for our work.

This passion not only drives our resolute handling of trust but also fuels our pursuit of continuous improvement, approaching every task with appropriate self-reflection and an eagerness to enhance our practices.

Even after more than 16 years, my personal dedication remains unwavering, if not stronger than ever before. And this unwavering dedication underscores my fundamental attitude and commitment, upon which our investors can wholeheartedly rely.

### **Goal 3: Thorough risk assessments**

Accurate risk assessment is crucial not only in the context of investing in diverse assets but also especially in the effective management of our business.

As such, the majority of our decisions are not made unilaterally but rather involve input from multiple stakeholders. Key investment decisions are therefore made collectively, and although some managerial decisions are made by an individual authority, the input and perspectives of others are still taken into account.

### **Goal 4: Further realisation of our vision**

The penultimate and considerably more intricate objective of ours entails advancing and materialising our vision. This vision gradually manifests into distinct steps, projects, services, and products, forming an interconnected ecosystem akin to a living organism.

Just as our self-sufficiency in the IT realm catalysed the inception of the B2B platform Flip, various other concepts and initiatives are steadily evolving. These endeavours complement one another, weaving together seamlessly with both existing implementations and those still in progress.

### **Goal 5: Continuous improvement**

The conclusion naturally leads us to where we aim to be at the end of 2024. Our objective is straightforward, though certainly challenging: To be better than we were last year. In everything.

This encompasses not only the volume of assets under management and client base growth, but also portfolio performance, service quality, and knowledge advancement.

This is us. This is the essence of WEM. We firmly believe that through diligent effort, incremental progress, and year-by-year dedication, we will realise our vision and goals. Ultimately, what matters at the end of the day is a satisfied investor.

And that's you.

Respectfully,




**Peter Štadler**  
CEO & Chairman of the Board  
Wealth Effect Management

## COMPANY PROFILE

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Business name:	Wealth Effect Management o.c.p., a. s.
Registered office:	Sky Park Offices, Bottova 2A, 811 09 Bratislava
Company Identification No.:	51 127 113
Registered with:	Companies Register held at City Court Bratislava III, section: Sa, insert no. 6652/B
Phone no.:	+421 2 321 185 85
WEB:	www.wem.sk
E-mail:	office@wem.sk
Date of Registration:	20 September 2017
Board of Directors:	Bc. Peter Štadler, Chairman of the Board of Directors Position created on: 20 September 2017 Mgr. Matej Baššovanský, member of the Board of Directors Position created on: 18 May 2020
Supervisory Board:	Ing. Michal Kováč, Member of the Supervisory Board Position created on: 20 September 2017 Ing. Norbert Gálik, Member of the Supervisory Board Position created on: 13 December 2021 Eva Jahelka Filipp, Member of the Supervisory Board Position created on: 08 April 2020
Shareholder structure:	Bc. Peter Štadler – 85% Ing. Michal Kováč – 5% Mgr. Matej Baššovanský – 5% Ing. Norbert Gálik – 2.5% Eva Jahelka Filipp – 2.5%

## SCOPE OF BUSINESS

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1. receipt and forwarding client's order regarding one or more financial instruments in relation to the following financial instruments:

- a) convertible securities,
- b) money market instruments,
- c) securities or shares of collective investment entities,
- d) options, swaps, forwards and other derivatives related to securities, currencies, interest rates or yields or other derivative instruments, financial indices or financial rates that can be settled by delivery or in cash,

2. execution of client's order on their account in relation to the following financial instruments:

- a) convertible securities,
- b) money market instruments,
- c) securities or shares of collective investment entities,
- d) options, swaps, forwards and other derivatives related to securities, currencies, interest rates or yields or other derivative instruments, financial indices or financial rates that can be settled by delivery or in cash,

3. portfolio management in relation to the following financial instruments:

- a) convertible securities,
- b) money market instruments,
- c) securities or shares of collective investment entities,
- d) options, swaps, forwards and other derivatives related to securities, currencies, interest rates or yields or other derivative instruments, financial indices or financial rates that can be settled by delivery or in cash,

4. investment consulting in relation to the following financial instruments:

- a) convertible securities,
- b) money market instruments,
- c) securities or shares of collective investment entities,
- d) options, swaps, forwards and other derivatives related to securities, currencies, interest rates or yields or other derivative instruments, financial indices or financial rates that can be settled by delivery or in cash,

■ ■ ■

5. allocation of financial instruments without a fixed obligation in relation to the following financial instruments:

- a) convertible securities,
- b) money market instruments,
- c) securities or shares of collective investment entities,
- d) options, swaps, forwards and other derivatives related to securities, currencies, interest rates or yields or other derivative instruments, financial indices or financial rates that can be settled by delivery or in cash,

6. custody and management of financial instruments on the client's account, including custody administration, and related services, especially funds management and financial pledges in relation to the following financial instruments:

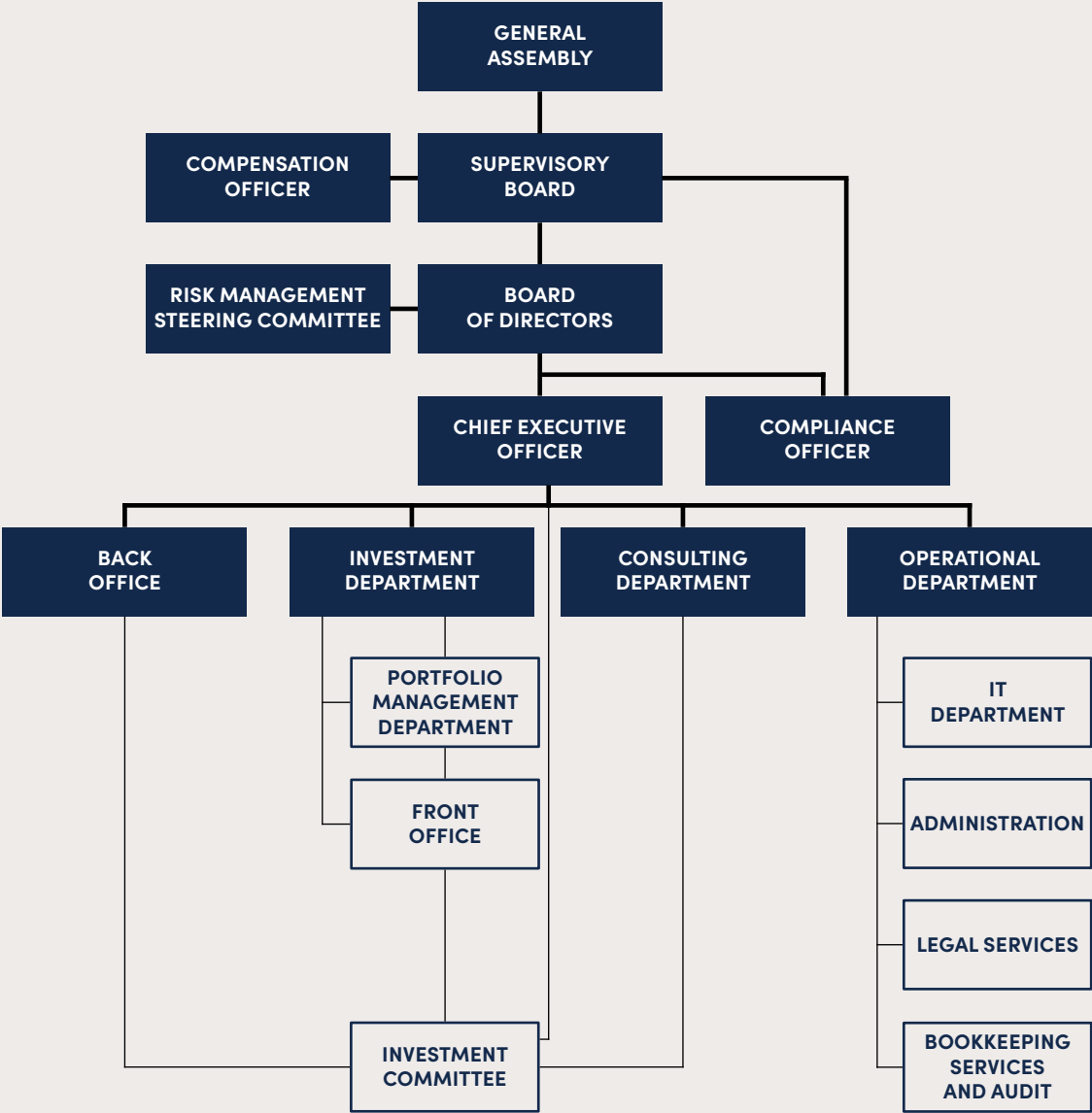
- a) convertible securities, b) money market instruments,
- c) securities or shares of collective investment entities,
- d) options, swaps, forwards and other derivatives related to securities, currencies, interest rates or yields or other derivative instruments, financial indices or financial rates that can be settled by delivery or in cash,

7. consulting services in the field of capital structure and business strategy as well as provision of consulting and services regarding merge, fusion, transformation or division of a company or purchase of an enterprise,

8. execution of trades with foreign exchange values, as far as these are related to the provision of investment services,

9. performance of an investment survey and financial analysis or other form of general recommendation related to trades with financial instruments.

# ORGANIZATIONAL STRUCTURE



## REPORT ON BUSINESS ACTIVITIES IN 2023

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### **Information on the Balance Sheet and the Profit and Loss Statement**

The business and economic activity of the company achieved the specified targets regarding the results for clients in 2023, by appreciating their assets. The company recorded a profit in 2023.

### **Overview of received bank loans and other types of loans**

The company did not receive any bank loans or other loans in 2023.

### **Information on issued and outstanding securities**

As of the date of the financial statements, the company records two unpaid investment certificates it issued. One set matures in 2024, whilst the other matures in 2025.

### **Information on issued bonds**

Since its establishment till the date of the financial statements, the company has not issued any bonds.

### **Profit or loss before tax and information on distribution of profit or information on settlement of loss**

In 2023, the company achieved profit before tax in the amount of EUR 26,154 (EUR 21,250 after tax) that is expected to be transferred to the following account – Retained earnings or accumulated losses from previous years, after the financial statements are approved by the general assembly.

### **Return on assets**

The company's return on assets was positive in 2023, as it achieved profit.

### **Description of the nature of an activity and geographical location**

The company focuses on investment services of portfolio management and services that can be directly related to this service, such as custody administration of financial instruments, including the administration of funds.

The company operates in the Slovak Republic and upon the right to freely provide services without setting up a branch office in Bulgaria (since 28 December 2017). The company has no organizational unit abroad.

**Revenue**

The company provided investment services throughout the entire year of 2023. The revenue for the observed period amounted to EUR 648,160.

**Employees**

The number of staff employed full time equals 5 employees as of the date of financial statements.

**Income tax**

Income tax for 2023 amounts to EUR 5,264.

**Received subsidies**

The company did not receive any subsidies from public resources in 2023.



# INDEPENDENT AUDITOR'S REPORT

## INDEPENDENT AUDITOR'S REPORT

### FINANCIAL STATEMENTS AND ANNUAL REPORT

31.12.2023

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**Wealth Effect Management o.c.p., a.s.**  
Bottova 2A  
811 09 Bratislava – mestská časť Staré Mesto  
Slovak Republic

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## INDEPENDENT AUDITOR'S REPORT

To the Shareholders, Supervisory Board and Board of Directors of Wealth Effect Management o.c.p., a.s.

### REPORT ON THE FINANCIAL STATEMENTS

#### Opinion

We have audited the financial statements of Wealth Effect Management o.c.p., a.s. (the "Company"), which comprise the balance sheet as at 31 December 2023, and the income statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2023, and its financial performance for the year then ended in accordance with the Act on Accounting No. 431/2002 Coll. as amended (the "Act on Accounting").

#### Basis for Opinion

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

#### Responsibilities of Management

Management is responsible for the preparation of the financial statements to give a true and fair view in accordance with the Act on Accounting, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

(1)

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

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

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

### Report on Information Disclosed in the Annual Report

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

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

We evaluated whether the Company's annual report includes information whose disclosure is required by the Act on Accounting.

Based on procedures performed during the audit of the financial statements, in our opinion:

- Information disclosed in the annual report prepared for 2023 is consistent with the financial statements for the relevant year; and
- The annual report includes information pursuant to the Act on Accounting.

Furthermore, based on our understanding of the Company and its position, obtained in the audit of the financial statements, we are required to disclose whether material misstatements were identified in the

(2)

annual report, which we received prior to the date of issuance of this auditor's report. There are no findings that should be reported in this regard.

Bratislava, 9 April 2024

**D. P. F., spol. s r. o.**  
Černicová 6, 831 01 Bratislava, Slovakia  
SKAU licence No. 140

**Marcel Petras**  
Statutory auditor  
SKAU licence No. 869

Commercial Register of the City Court  
Bratislava III, Section Sro, Insert No. 23006/B

**Translation note:**

This version of our report is a translation from the original, which was prepared in Slovak, to the accompanying financial statements translated into English. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.

(3)

# FINANCIAL STATEMENTS

of a securities broker as of 31 December 2023

(in whole euros)

<b>Tax registration number</b>	<b>Financial statements</b>	<b>Financial statements</b>	<b>For the period</b>
2 1 2 0 6 0 3 3 7 5	<input checked="" type="checkbox"/> - ordinary	<input type="checkbox"/> - approved	from 0 1
	<input type="checkbox"/> - extraordinary		to 1 2
	<input type="checkbox"/> - interim		2 0 2 3
			2 0 2 3

<b>Company identification number</b>			<b>Preceding period year</b>
5 1 1 2 7 1 1 3			from 0 1
			to 1 2
			2 0 2 2
			2 0 2 2

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**Attachments to the financial statements**

Balance sheet (ÚČ OCP 1-04)       Profit and loss statement (ÚČ OCP 2-04)       Notes (ÚČ OCP 3-04)

**Business name of a securities broker**

W e a l t h   E f f e c t   M a n a g e m e n t   o . c . p  
 . ,   a . s .

**Registered office of a securities broker, street and house number**

B r a t i s l a v a ,   B o t t o v a   2 A

**Business Register and file number**

M e s t s k ý   s ú d   B r a t i s l a v a   l l l  
 o d d i e l :   S a ,   v l o ž k a   č í s l o :   6 6 5 2  
 / B

**ZIP CODE**

8 1 1 0 9

**Municipality**

B r a t i s l a v a

**Phone number**

0 2 / 3 2 1 1 8 5 8 5

**Fax number**

/

**Email address**

**Business Register and file number**

Prepared on: <b>31.1.2024</b>	Signature of the securities broker's statutory body member: <b>Bc. Peter Štadler – Chairman of the Board</b>
Approved on:	

## Balance Sheet

in euros for 12 months of 2023  
of a securities broker who does not proceed pursuant to Section 17a par. 3 of Act No. 431/2002 Coll. on Accounting as amended

Designation	Item	Note no.	Current accounting period	Preceding accounting period
a	b	c	1	2
x	Assets		x	x
1.	Cash and cash equivalents	F.A.1	195,152	153,629
2.	Receivables to clients	F.A.2.a)	328,040	381,759
a)	from provided investment services, ancillary services and investment activities		153,471	108,447
b)	from loans provided to clients		174,569	273,312
3.	Securities for trading			
4.	Derivatives			18,410
5.	Securities for sale		1,357,057	1,426,940
6.	Underwritten securities for distribution			
7.	Receivables to banks			
a)	from reverse repo trades			
b)	other current			
c)	non-current			
8.	Loans and			
a)	reverse repo trades			
b)	other current			
c)	non-current			
9.	Shares in registered capital of subsidiary accounting entities and affiliated accounting entities			
a)	in accounting entities from the financial sector			
b)	other accounting entities			
10.	Purchase of tangible and intangible assets			
11.	Intangible assets			3,532
12.	Tangible assets		10,723	17,710
a)	non-depreciated			
a).1.	lands			
a).2.	other			
b)	depreciated		10,723	17,710
b).1.	buildings			
b).2.	other		10,723	17,710
13.	Tax receivables		28,493	9,288
14.	Other assets		827	737
	<b>Assets total</b>		<b>1,920,292</b>	<b>2,012,005</b>

Designation	Item	Note no.	Current accounting period	Preceding accounting period
a	b	c	1	2
<b>x</b>	<b>Equity and liabilities</b>		<b>x</b>	<b>x</b>
<b>I.</b>	<b>Liabilities</b> (total of items 1 to 9)		<b>1,601,118</b>	<b>1,714,081</b>
<b>1.</b>	Liabilities to banks due on demand			
<b>2.</b>	Liabilities to clients		1,450,000	1,590,000
<b>3.</b>	Other liabilities to banks			
a)	from repo trades			
b)	other current			
c)	non-current			
<b>4.</b>	Liabilities from securities sold short from repo trades			
<b>5.</b>	Derivatives			7,555
<b>6.</b>	Liabilities from loans and from repo trades			
a)	from repo trades			
b)	other current			
c)	non-current			
<b>7.</b>	Other liabilities	F.B.2	140,486	81,614
<b>8.</b>	Subordinated financial liabilities			
<b>9.</b>	Tax liabilities		10,632	34,912
a)	Income tax payable			20,818
b)	VAT		10,094	13,481
c)	Deferred tax liability			
d)	Payroll tax		538	613
<b>II.</b>	<b>Equity</b> (total of items 10 to 16)		<b>319,174</b>	<b>297,924</b>
<b>10.</b>	Registered capital, of which		150,000	125,000
a)	underwritten registered capital		150,000	125,000
b)	receivables to shareholders (x)			
<b>11.</b>	Share premium x/(x)			
<b>12.</b>	Funds from valuation differences x/(x)			
a)	from valuation of securities for sale x/(x)			
b)	other x/(x)			
<b>13.</b>	Funds created from profit after tax		27,970	19,112
a)	statutory reserve fund		27,970	19,112
b)	reserve fund for own shares			
c)	other reserve funds			
<b>14.</b>	Retained earnings or accumulated losses from previous years x/(x)		119,954	65,230
<b>15.</b>	Profit or loss in approval process x/(x)			
<b>16.</b>	Profit or loss for the accounting period x/(x)		21,250	88,582
	<b>Equity and liabilities</b>		<b>1,920,292</b>	<b>2,012,005</b>

# Profit and Loss Statement

in euros for 12 months of 2023

of a securities broker who does not proceed pursuant to Section 17a par. 3 of Act No. 431/2002 Coll. on Accounting as amended

Designation	Item	Note no.	Current accounting period	Preceding accounting period
a	b	c	1	2
1.	Income from fees and commissions	F.1.	648,160	570,365
2.	Income from interest on loans provided as part of the provision of investment services		8,819	5,015
a.	Costs related to fees and commissions		373,338	278,553
3.b.	Net creation of provisions for liabilities from investment services, investment activities and ancillary services			
<b>I.</b>	<b>Net profit or loss from the provision of investment services, ancillary activities and ancillary services</b>		<b>283,641</b>	<b>296,827</b>
4.c.	Profit/loss from operations with securities			
5.d.	Profit or loss from derivatives		6,645	3,410
6.e.	Profit/loss from operations with foreign exchange and with assets and liabilities denominated in foreign currency			
7.f.	Profit/loss from interest on investment instruments			
<b>II.</b>	<b>Trading profit or loss</b>		<b>6,645</b>	<b>3,410</b>
8.	Income from interest and similar income		73,884	42,085
9.	Revenue from registered capital deposits			
10.g.	Profit/loss from the sale of other assets and from the transfer of assets			
11./h.	Profit/loss from net reversal of devaluation/devaluation of assets and from depreciated assets			
12.	Revenue from the cancellation of provisions for other liabilities			
13	Other operating income		4,254	45
i.	personnel costs	F.i.	87,974	74,978
i.1.	wage and social costs		87,974	74,978
i.2.	other personnel costs			
j.	Costs of creating provisions for other liabilities		6,696	7,431
k.	Depreciation		11,247	10,487
k.1.	depreciation of tangible assets		7,715	6,630
k.2.	depreciation of intangible assets		3,532	3,857
l	devaluation of assets			
l.1.	devaluation of tangible assets			
l.2.	devaluation of intangible assets			
m	Other operating costs	F.m.	217,161	134,951
n	Financing costs		18,832	7,586
n.1.	Interest expenses and similar expenses		10,051	
n.2.	taxes and fees	F.n.2.	8,781	7,586
14./o.	Share on profit or loss in subsidiary accounting entities and affiliated accounting entities			



Designation	Item	Note no.	Current accounting period	Preceding accounting period
<b>A.</b>	<b>Profit or loss for the accounting period before tax</b>		<b>26,514</b>	<b>111,754</b>
p.	Income tax		5,264	23,172
p.1.	income tax payable		11,076	28,968
p.2.	income tax deferred		(5,812)	(5,796)
<b>B.</b>	<b>Profit or loss for the accounting period after tax</b>		<b>21,250</b>	<b>88,582</b>

## Notes

to the ordinary financial statements prepared as of 31 December 2023 (in whole euros)

### A. GENERAL INFORMATION ON SECURITIES BROKER

#### 1. Basic information on the company:

Business name:	Wealth Effect Management o.c.p., a. s.
Registered office:	Bottova 2A, 811 09 Bratislava, registered with: Companies Register held at City Court Bratislava III., section: Sa, insert no. 6652/B
Company Identification No.:	51 127 113
Tax ID:	2120603375
VAT ID:	SK2120603375
Phone No.:	+421 2 321 185 85
Web:	www.wem.sk
E-mail:	frontoffice@wem.sk
Date of Registration:	20 September 2017
Legal form:	joint stock company
Registered capital:	EUR 150,000

Wealth Effect Management o.c.p., a. s. is registered with Companies Register held at the City Court Bratislava III., section: Sa, insert no. 6652/B. The company provides investment and additional services upon the Decision of Národná banka Slovenska (National Bank of Slovakia), financial market supervision department, file no.: NBS1-000-007-562 to č.z. (reg.no.): 100-000-051-478 dated 21 July 2017 that entered into force on 17 August 2017.

#### Scope of the company's activities pursuant to permit by the National Bank of Slovakia:

1. receipt and forwarding client's order regarding one or more financial instruments in relation to the following financial instruments:
  - a) convertible securities,
  - b) money market instruments,
  - c) securities or shares of collective investment entities,
  - d) options, swaps, forwards and other derivatives related to securities, currencies, interest rates or yields or other derivative instruments, financial indices or financial rates that can be settled by delivery or in cash,
2. execution of client's order on their account in relation to the following financial instruments:
  - a) convertible securities,
  - b) money market instruments,
  - c) securities or shares of collective investment entities,

- d) options, swaps, forwards and other derivatives related to securities, currencies, interest rates or yields or other derivative instruments, financial indices or financial rates that can be settled by delivery or in cash,
3. portfolio management in relation to the following financial instruments:
- a) convertible securities,
  - b) money market instruments,
  - c) securities or shares of collective investment entities,
  - d) options, swaps, forwards and other derivatives related to securities, currencies, interest rates or yields or other derivative instruments, financial indices or financial rates that can be settled by delivery or in cash,
4. investment consulting in relation to the following financial instruments:
- a) convertible securities,
  - b) money market instruments,
  - c) securities or shares of collective investment entities,
  - d) options, swaps, forwards and other derivatives related to securities, currencies, interest rates or yields or other derivative instruments, financial indices or financial rates that can be settled by delivery or in cash,
5. allocation of financial instruments without a fixed obligation in relation to the following financial instruments:
- a) convertible securities,
  - b) money market instruments,
  - c) securities or shares of collective investment entities,
  - d) options, swaps, forwards and other derivatives related to securities, currencies, interest rates or yields or other derivative instruments, financial indices or financial rates that can be settled by delivery or in cash,
6. custody and management of financial instruments on the client's account, including custody administration, and related services, especially funds management and financial pledges in relation to the following financial instruments:
- a) convertible securities,
  - b) money market instruments,
  - c) securities or shares of collective investment entities,
  - d) options, swaps, forwards and other derivatives related to securities, currencies, interest rates or yields or other derivative instruments, financial indices or financial rates that can be settled by delivery or in cash,
7. consulting services in the field of capital structure and business strategy as well as provision of consulting and services regarding merge, fusion, transformation or division of a company or purchase of an enterprise,
8. execution of trades with foreign exchange values, as far as these are related to the provision of investment services,
9. performance of an investment survey and financial analysis or other form of general recommendation related to trades with financial instruments.

**Cross-border operation:**

In 2023, the company was authorized to provide investment services, investment activities and ancillary services in Bulgaria and in the Czech Republic, based on the right to freely provide services outside the territory of the Slovak Republic without establishing a branch in EU member countries.

In 2023, the company provided cross-border services in Bulgaria.

**Shareholder structure:**

Serial no.	Shareholder name	Value in EUR Current period	% share on registered capital Current period	% share on voting rights Current period
1.	<b>Bc. Peter Štadler</b> a) number of shares b) nominal value of shares	127,500 850 150	85	85
2.	<b>Ing. Michal Kováč</b> a) number of shares b) nominal value of shares	7,500 50 150	5	5
3.	<b>Mgr. Matej Bašťovanský</b> a) number of shares b) nominal value of shares	7,500 50 150	5	5
4.	<b>Ing. Norbert Gálik</b> a) number of shares b) nominal value of shares	3,750 25 150	2.5	2.5
5.	<b>Eva Jahelka Filipp</b> a) number of shares b) nominal value of shares	3,750 25 150	2.5	2.5

**Company bodies:**

Statutory body

**Bc. Peter Štadler,**

Chairman of the Board of Directors, position created on: 20 September 2017

**Mgr. Matej Bašťovanský,**

member of the Board of Directors, position created on: 18 May 2020

Supervisory Board

**Ing. Michal Kováč,**

member of the Supervisory Board, position created on: 20 September 2017

**Ing. Norbert Gálik,**

member of the Supervisory Board, position created on: 13 December 2021

**Eva Jahelka Filipp,**

member of the Supervisory Board, position created on: 8 April 2020

### **Legal reason for the preparation of the financial statements**

The company's financial statements as of 31 December 2023 are prepared as regular financial statements according to Sec. 18 of Act no. 431/2002 Coll. on Accounting, as amended (hereinafter referred to as the "Accounting Act") for the period from 1 January 2023 to 31 December 2023.

### **2. Business name of the direct parent accounting entity and business name of the parent accounting entity of the entire group:**

The Company is not a subsidiary or parent company of any other company.

## **ACCOUNTING PRINCIPLES AND METHODS USED**

### **1. Continuous operation principle**

The financial statements were prepared on the basis of the assumption of continuous operation of the Company pursuant to Sec. 7 par. 4 of the Accounting Act.

### **2. Basic principles for the preparation of the financial statements**

The company applies accounting principles and accounting methods in accordance with the Accounting Act and pursuant to the relevant regulation of the Ministry of Finance of the Slovak Republic no. 26307/2007-74 of 18 December 2007, which establishes details on the arrangement and designation of financial statements items, the content definition of these items and the scope of data specified from the financial statements for publication, on the framework chart of accounts and accounting procedures for securities brokers and branches of foreign securities brokers and on the amendment and supplementation of certain regulations as amended.

The company keeps accounts based on the accrual principle, which expresses the chronological and material relationship of costs and revenues with the relevant accounting period. Bookkeeping is conducted in monetary units of the Slovak currency, i.e. in euros.

### **3. Use of new accounting principles and new accounting methods**

During the 2023 accounting period, there was no change in the accounting principles and accounting methods used by the company.

#### **4. Method of valuation of individual assets and liabilities by the company**

During the accounting period, the company valued individual components of assets and liabilities as follows:

- cash, valuables, receivables and liabilities are valued at a nominal value in EUR when they arise,
- cash, valuables, receivables and liabilities in foreign currencies are converted to the functional currency at the reference exchange rate determined and announced by the European Central Bank (ECB) on the date preceding the accounting item date, then they are recalculated at the exchange rate determined and announced by the ECB as of the financial statements date.

#### **5. Determination of the accounting item date**

When accounting for securities trading, the accounting item date is the day of execution (agreement) of the trade. The company accounts for the client assets entrusted to the securities broker as part of the provision of investment services by a double entry on the off-balance sheet accounts of the account group 98.

#### **6. Procedures for depreciation of tangible assets or intangible assets.**

The company depreciates small tangible assets with a purchase price of over EUR 300 inclusive for a period of 3 years. The company owns depreciable non-current assets with the purchase price of more than EUR 1,700 inclusive. The company owns non-current intangible assets with a purchase price of more than EUR 2,400 inclusive.

#### **7. Principles and procedures for identifying assets with reduced value**

The company will, on a regular annual basis, review and identify assets with reduced value by assessing its ability to produce future economic benefits to the company in the following periods.

#### **8. Principles and procedures for calculating the amount of adjustments and provisions.**

As part of the regular inventory of assets, the company, if necessary, creates adjustments. Before 31 December 2023, the company was not creating adjustment items. Provisions are liabilities with an uncertain timing or amount. A provision is created if it is likely that there is a liability or obligation that is a result of past events, which may have an uncertain amount or maturity, while a specific creditor or authorized person do not need to be known.

## CASH FLOW STATEMENT

C. Cash flow statement	Current accounting period	Preceding accounting period
<b>Cash flow from operating activities</b>	<b>x</b>	<b>x</b>
Income from received interest, fees and commissions (+)	648,160	570,365
Receivables on interest, fees and commissions (-)	(153,471)	(108,447)
Costs on interest, fees and commissions (-)	(373,338)	(278,553)
Liabilities for interest, fees and commissions (+)	30,653	30,413
Total of side D of financial instruments trading settlement accounts (+)		
Receivables for financial instruments sold (-)		
Total of side D of analytical accounts of the initial record of financial instruments accounts (-)		
Liabilities for the payment of the financial instrument purchase price		
Income from depreciated receivables (+)		
Costs on employees and suppliers (-)	(336,646)	(253,830)
Liabilities to employees and suppliers (+)	120,465	93,668
Increase/decrease in operating assets (-/+)	19,295	6,042
Change in current loans to clients (+/-) on analytical accounts of an initial recording		
Increase/decrease in operating liabilities (+/-)	27,037	30,653
Increase/decrease in client deposits (+/-)		
Increase/decrease in liabilities to suppliers (+/-)	13,665	113,889
Other current liabilities +/-		
Net cash flow from operating activities before tax	31,510	204,200
Income tax paid	45,260	(20,818)
Net cash flow from operating activities	76,770	183,382
<b>Cash flow from investment activity</b>	<b>x</b>	<b>x</b>
Change in non-current assets (-/+)	(10,519)	(3,667)
Liabilities from the acquisition of non-current assets (+)		
Income from the sale and liquidation of non-current assets (+)		
Receivables from the sale and liquidation of non-current assets (-)		
Dividend income (+)		
Dividend receivables (-)		
Income from interest received from deposits and loans (+)	8,819	5,015
Receivables from interest on deposits and loans (-)		
Income from the sale of financial instruments held for sale (+)		
Purchase of financial instruments held for sale (-)		
Decrease/increase in granted loans and deposits (+/-)	(98,743)	(273,312)
Net cash flow from investment activities	(97,043)	(271,964)
<b>Cash flow from financial activity</b>	<b>x</b>	<b>x</b>
Increase/decrease in equity (+/-)	21,250	88,582
Increase/decrease in received non-current loans and financial lease(+/-)		
Interest costs from non-current loans and finance lease (-)		
Liabilities for interest from non-current loans and finance lease (+)		
Dividends paid		
Net cash flow from financial activities	21,250	88,582
<b>Effect of changes in exchange rates on cash in foreign currency</b>		
<b>Net increase/decrease in cash and cash equivalents</b>	<b>41,523</b>	<b>90,947</b>
<b>Cash and cash equivalents at the beginning of the accounting period</b>	<b>153,629</b>	<b>62,682</b>
<b>Cash and cash equivalents at the end of the accounting period</b>	<b>195,152</b>	<b>153,629</b>

## STATEMENT OF CHANGES IN EQUITY

### Current accounting period

Items	Share capital	Reserve funds	Valuation funds	Retained earnings	Total
<b>b</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
<b>Balance as of the first day of the accounting period</b>	<b>125,000</b>	<b>19,112</b>		<b>153,812</b>	<b>297,924</b>
Changes in accounting policy					
<b>Adjusted balance as of the first day of the accounting period</b>	<b>125,000</b>	<b>19,112</b>		<b>153,812</b>	<b>297,924</b>
Valuation differences from valuation of securities for sale					
Other valuation differences					
Tax charged on equity items					
<b>Change in net equity excluding profit for the current accounting period</b>	<b>25,000</b>	<b>8,858</b>		<b>33,858</b>	<b>0</b>
Profit or loss for the current accounting period				21,250	21,250
<b>Total change in net equity</b>					
Profit distribution					
Increase/decrease in share capital					
<b>Balance as of the last day of the current accounting period</b>	<b>150,000</b>	<b>27,970</b>		<b>141,204</b>	<b>319,174</b>

### Preceding accounting period

Items	Share capital	Reserve funds	Valuation funds	Retained earnings	Total
<b>b</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
<b>Balance as of the last day of the preceding accounting period</b>	<b>125,000</b>	<b>12,500</b>		<b>71,842</b>	<b>209,342</b>
Changes in accounting policy					
<b>Adjusted balance as of the last day of the preceding accounting period</b>	<b>125,000</b>	<b>12,500</b>		<b>71,842</b>	<b>209,342</b>
Valuation differences from valuation of securities for sale					
Other valuation differences					
Tax charged on equity items					
<b>Change in net equity excluding profit for the current accounting period</b>		<b>6,612</b>		<b>65,230</b>	<b>71,842</b>
Profit or loss for the current accounting period				88,582	88,582
<b>Total change in net equity</b>					
Profit distribution					
Increase/decrease in share capital					
<b>Balance as of the last day of the current accounting period</b>	<b>125,000</b>	<b>19,112</b>		<b>153,812</b>	<b>297,924</b>



## OVERVIEW OF CLIENT ASSETS

Designation	Item	Current accounting period	Preceding accounting period
a	b	1	2
	<b>Client assets</b>		
	Client funds	2,840,074	1,789,609
	Client securities	38,686,582	28,612,204
	Other client financial instruments		
	Client receivables to the market		
	<b>Client assets total</b>	<b>41,526,656</b>	<b>30,401,813</b>
	<b>Liabilities to clients from entrusted assets</b>		
	Liabilities from client funds	2,840,074	1,789,609
	Liabilities from client securities	38,686,582	28,612,204
	Liabilities from management and custody of client securities		
	Client liabilities to the market		
	Liabilities from custody of client securities		
	<b>Liabilities to clients from entrusted assets total</b>	<b>41,526,656</b>	<b>30,401,813</b>

### NOTES TO BALANCE SHEET ITEMS AND PROFIT AND LOSS STATEMENT ITEMS

#### Balance sheet

##### Assets

Line no.	1. EUR Cash and cash equivalents	Current accounting period	Preceding accounting period
1.	Cash and cash equivalents in cash register	34	260
2.	Current accounts	140,696	26,362
3.	Granted loans due on demand and within 24 hours and deposits due within 24 hours		
4.	Receivables for funds within spot operations		
5.	Money market securities with an agreed maturity period of up to three months		
x	Subtotal – balance sheet		
6.	Credit lines for immediate drawing of funds		
7.	Broker account – Interactive brokers	14,272	127,007
8.	Broker account – Broker-KBC	40,000	
	<b>Total</b>	<b>195,002</b>	<b>153,629</b>

Line no.	1. CZK Cash and cash equivalents	Current accounting period	Preceding accounting period
1.	Cash in cash register		
2.	Current accounts	125	
3.	Granted loans due on demand and within 24 hours and deposits due within 24 hours		
4.	Receivables for funds within spot operations		
5.	Money market securities with an agreed maturity period of up to three months		
x	Subtotal – balance sheet		
6.	Credit lines for immediate drawing of funds		
	<b>Total</b>	<b>125</b>	

Line no.	1. USD Cash and cash equivalents	Current accounting period	Preceding accounting period
1.	Cash in cash register		
2.	Current accounts	25	
3.	Granted loans due on demand and within 24 hours and deposits due within 24 hours		
4.	Receivables for funds within spot operations		
5.	Money market securities with an agreed maturity period of up to three months		
x	Subtotal – balance sheet		
6.	Credit lines for immediate drawing of funds		
	Total	25	

Line no.	2.a). Receivables to clients from services provided	Current accounting period	Preceding accounting period
1.	Investment services	153,471	108,447
2.	Ancillary services		
3.	Total	153,471	108,447

Line no.	5. Securities for sale	Current accounting period	Preceding accounting period
1.	Shares		
1.1.	unpledged		
1.2.	pledged in repo trades		
1.3.	pledged		
2.	Share certificates		
2.1.	unpledged		
2.2.	pledged in repo trades		
2.3.	pledged		
3.	Current bonds, such as treasury bills		
3.1.	unpledged		
3.2.	pledged in repo trades		
3.3.	pledged		
4.	Bonds		
4.1.	unpledged	1,357,057	1,426,940
4.2.	pledged in repo trades		
4.3.	pledged		
5.	Bills of exchange		
5.1.	unpledged		
5.2.	pledged in repo trades		
5.3.	pledged		
	Total	1,357,057	1,426,940

## Equity and liabilities

1. Liabilities from loans and repo trades	Balance sheet line	Current accounting period	Preceding accounting period
Liabilities from loans to allow trade execution for clients to purchase financial instruments	I. 6.		
Liabilities from loans received current	I. 6.		
Total			

<b>2. Other liabilities</b>	<b>Balance sheet line</b>	<b>Current accounting period</b>	<b>Preceding accounting period</b>
Liabilities to suppliers	I. 7.	123,980	64,264
Settlement with employees from the employment relationship	I. 7.	5,727	4,624
Liabilities to the Social Insurance Agency	I. 7.	2,373	2,040
Liabilities to health insurance companies	I. 7.	960	825
Short-term provisions for unused vacations including social and health insurance	I. 7.	2,016	2,611
Provision for an audit	I. 7.	3,500	2,900
Provision for bookkeeping	I.	1,180	1,920
Other liabilities	I. 7.		2,430
<b>Total</b>		<b>140,486</b>	<b>81,614</b>

<b>3. Subordinated financial liabilities in EUR</b>	<b>Balance sheet line</b>	<b>Current accounting period</b>	<b>Preceding accounting period</b>
Subordinated debt - principal	8		
Subordinated debt - interest	8		
<b>Total</b>			

## Profit and loss statement

### Revenues

<b>Line no.</b>	<b>1. Revenue from fees and commissions</b>	<b>Current accounting period</b>	<b>Preceding accounting period</b>
1.	Revenue from fees and commissions	648,160	570,365
2.	from investment services	648,160	570,365
3.	from ancillary investment services	0	0

<b>Line no.</b>	<b>8. Interest income and similar income</b>	<b>Current accounting period</b>	<b>Preceding accounting period</b>
1.	Current receivables and loans	8,819	5,015
2.	Current securities	13,867	6,488
3.	Non-current loans		
4.	Non-current securities	60,017	35,597
5.	Financial lease		
	<b>Total</b>	<b>82,703</b>	<b>47,100</b>

<b>Line no.</b>	<b>13. Other operating income</b>	<b>Current accounting period</b>	<b>Preceding accounting period</b>
1.	UPSVaR (COVID19) subsidy	0	0
	<b>Total</b>	<b>0</b>	<b>0</b>

### Costs

<b>Line no.</b>	<b>2. Costs related to fees and commissions</b>	<b>Current accounting period</b>	<b>Preceding accounting period</b>
1.	Market fee		
2.	Investment intermediation	(346,437)	(254,410)
3.	Other costs	(26,901)	(24,143)
	<b>Total</b>	<b>(373,338)</b>	<b>(278,553)</b>

<b>Line no.</b>	<b>i. Personnel costs</b>	<b>Current accounting period</b>	<b>Preceding accounting period</b>
1.	Basic wages	(62,578)	(53,478)
2.	Variable wage component		
3.	Insurance – social and health	(22,026)	(18,706)
4.	Catering	(3,022)	(2,496)
5.	Health care		
6.	Social fund	(348)	(298)
7.	Other personnel costs		
	<b>Total</b>	<b>(87,974)</b>	<b>(74,978)</b>

<b>Line no.</b>	<b>m. Other operating costs</b>	<b>Current accounting period</b>	<b>Preceding accounting period</b>
1.	Reimbursement to the auditor	(3,500)	
2.	Maintenance of real estate and equipment		
3.	IT services	(42,324)	(8,829)
4.	Other services	(136,828)	(90,480)
5.	Bookkeeping services	(12,378)	(13,481)
6.	Rent including utilities	(18,809)	(10,648)
7.	Representation costs	(539)	(1,860)
8.	Material purchased	(2,783)	(4,833)
9.	Value added tax		
	<b>Total</b>	<b>(217,161)</b>	<b>(130,131)</b>

<b>Line no.</b>	<b>n.1. Interest costs and similar costs</b>	<b>Current accounting period</b>	<b>Preceding accounting period</b>
1.	Current liabilities and received loans		
2.	Issued current securities		
3.	Received non-current loans – subordinated financial liabilities		
4.	Issued non-current securities		
5.	Financial lease		
6.	Bank fees		
	<b>Total</b>		

<b>Line no.</b>	<b>n.2. Taxes and fees</b>	<b>Current accounting period</b>	<b>Preceding accounting period</b>
1.	Value added tax		
2.	Excise duties		
3.	Property taxes		
4.	Local taxes and fees		
5.	Other taxes and fees	(8,781)	(7,586)
6.	Court fees and other fees		
	<b>Total</b>	<b>(8,781)</b>	<b>(7,586)</b>

## OTHER NOTES

### Information on relationships with related entities

Line no.	a). Shares of related entities on registered capital of the securities broker and its subsidiaries and affiliated accounting entities	Current accounting period	Preceding accounting period
1.	Shares on registered capital of the securities broker		
2.	Shares on registered capital of subsidiary accounting entities		
3.	Shares on registered capital of affiliated accounting entities		

Line no.	b). Financial relationships with affiliated persons	Current accounting period	Preceding accounting period
1.	Current receivables	0	0
2.	Non-current receivables		
3.	Current loans	174,569	273,312
3.	Current trade receivables	89,336	35,962
4.	Non-current liabilities		

Line no.	Related entity	Transaction type	Amount in EUR
1.	Wealth Effect Management a.s.	a.	254,583
2.	Wealth Effect Management a.s.	b.	62,779
3.	Wealth Effect Management a.s.	e.	89,336
4.	Wealth Effect Management a.s.	g.	174,569

- a. Volume of received investment services
- b. Volume of received other services
- c. Volume of provided investment services
- d. Balance of receivables
- e. Balance of liabilities
- f. Subordinated debt
- g. Current loans

### 1. Information on events that occurred between the date of the financial statements and the date of preparation of the financial statements.

In relation to the war conflict in Ukraine, the Company's management performed an analysis of the possible effects and consequences on the Company and came to the conclusion that they currently do not have significant adverse effects on the Company (except from rising input prices, especially of fuel, energy, materials, goods and services). The Company's management does not expect a significant threat to the assumption of continuous operation in the near future.

Following the extraordinary general meeting held on 22 March 2024, the transfer of 25 shares of common stock in book-entry form, with a nominal value of EUR 150 per share, from the transferor Bc. Peter Štadler to the transferee Ing. Norbert Gálik was approved.

**2. Corrections of errors of past accounting periods that have such a significant impact on the financial statements of one or more preceding accounting periods that these financial statements would not present a true and fair view of the subject of the securities broker's bookkeeping; in this case, the impact of these changes on equity as of the date of the financial statements is stated.**

No records.

**3. Proposal for distribution of profit or settlement of loss of the current accounting period.**

The company's board of directors intends to propose to the regular general meeting the transfer of the profit for the current accounting period to the account of undistributed profits from previous years.

**4. Average number of employees in the accounting period, number of members of statutory bodies, management bodies, supervisory bodies or other bodies.**

Average number of employees as of 31 December 2023	5 employees
Number of Board of Directors members	2 members
Number of Supervisory Board members	3 members

**5. Costs or revenues that have an impact on the income tax due for the preceding accounting period.**

The company does not record costs or revenues that would affect the income tax due for the preceding accounting period.

**6. Information on employee benefits, on the basis of which employees are entitled to financial instruments issued by a securities broker tied to equity or according to which the amount of the securities broker's obligations to employees depends on the future price of financial instruments, for example, shares or share options issued by the securities broker.**

Employees of the company were not provided such employee benefits by the company.

**7. Earnings per share.**

For the current accounting period, the company achieved a net profit per share of EUR 21.23 (compared to EUR 88.58 per share in the immediately preceding accounting period).

**8. Information on risks.**

The company makes every effort to ensure the best possible result in the provision of investment services, including by preventing possible losses arising from various risks to which the company is or may be exposed in the provision of investment services.

The basic objective of risk management is to identify, measure and limit the extent of possible risks in order to limit losses from unexpected events and thus ensure uninterrupted activity and the provision of investment services for the company's clients.

For the purpose of managing individual risks, before introducing new types of products, providing investment services or ancillary services, and new types of trades with financial instruments, the company considers the following:

- definition of individual risks;
- definition of the possible origination of new, yet not undertaken risks by the company;
- assess the overall impact on the acceptable level of individual risks;
- assess the options for mitigating the risks undertaken;
- inform responsible employees about the risk undertaken in relation to new types of products, provision of investment services or ancillary services, and new types of trades with financial instruments;
- adjust the internal regulations accordingly.

For the purposes of measuring individual risks and the adequacy of individual risks, the company applies two basic measurement methods, namely severity measurement and frequency measurement. In relation to risk measurement, the company also evaluates the method of risk detection.

### **Definition of risks undertaken**

The following classification of risks is not to be understood as exhaustive, while the company has considered the impact on the company's business activity for each risk assessed. The identification of individual risks the company is exposed to and the determination of their significance is based on a comprehensive assessment of the existing and potential risk characteristics of individual trades, products, activities, processes, company systems, estimated financial status of the company and an assessment of the external environment.

#### **● Credit risk**

The credit risk of the contractual party represents a moment of uncertainty accompanying the company's business activity, specifically the risk of loss resulting from the fact that the contractual party will not fulfil its contractual obligations on time and to the full, agreed and expected extent. The strategy of managing and mitigating the credit risk of a contractual party consists mainly in assessing and duly considering the credit quality of a contractual party even before entering into a business relationship, taking into account previous experience with the contractual party, trade volume, the duration of the contractual relationship and in the continuous monitoring of the fulfilment of the contractual party's obligations for the entire duration of the contractual relationship. The definition of limits is also part of the credit risk management system of the contracting party.

#### **● Market risk**

Market risk arises from an unfavourable and unexpected change in the market value of a financial instrument, recorded mainly in the company's non-trading book, due to unexpected market conditions. The main factors in the origination of market risk are economic and market events that adversely and unexpectedly affect the market value of a financial instrument, such as, for example, changes in interest rates, exchange rates, general market liquidity, unfavourable market data. The market risk management system also includes the selection and use of correct procedures to determine the correct estimate of the future development of market risk factors. Indirectly, the company is also exposed to market risk in trades that are not recorded in the non-trading book, in the provision of investment services and ancillary services to the company's clients. Since the company is engaged in the provision of investment services, but in particular portfolio management, it is obliged, in terms of professional care, to identify, measure and manage market risks to which it is exposed in relation to the provision of investment services and ancillary services.

### ● Operational risk

Operational risk is the risk of loss to the company or managed portfolios resulting from inadequate or incorrect internal procedures, human factor and systems failure, or caused by external events, while also including legal risk.

#### **The diversity policy in relation to the selection of members of the management body, its objectives and any relevant operational objectives stipulated in the policy, and the extent to which these objectives have been met.**

The policy of selection and evaluation of members of the management body, applied by the company, determines specific requirements for the process of selection and evaluation of members of the management body. Each candidate or evaluated member of the management body must meet criteria of a personal nature, such as good reputation, professional knowledge and experience, as well as criteria of an objective nature, such as management skills, overall composition of the management body, collective knowledge and experience of the management body, diversity of the management body, time commitment and potential conflicts of interest. Company policy in the area of diversity of the management body is in accordance with the relevant legislation.

#### **Internal capital adequacy assessment system**

Pursuant to Sec. 74c of the Securities Act, a securities broker is obliged to implement proper, effective and complete measures, strategies and procedures for continuous assessment and maintenance of the amount, types and distribution of internal capital and liquid assets that it considers adequate to cover the nature and level of risks, which the securities broker may represent to other entities or to which the securities broker may be exposed to.

The internal capital adequacy assessment system is based on the needs of the company, taking into account the risks undertaken.

Due to the fact that the company has a smaller scope of activity, it can use simpler risk identification and measurements. In this regard, the company took into account facts that have a direct impact on the amount of risk, which is not high due to the scope and complexity of the activities performed, such as the total volume of trades and a smaller number of clients. Also due to the company's orientation on retail clients, while the company does not plan to provide services to a group of interconnected entities or to a small number of substantial clients, whose possible termination of using the company's services would threaten its activity.

The company is obliged to always abide to the following equity requirements, which apply to the fully quantifiable, uniform and standardized elements of each relevant risk, pursuant to Art. 9 par. 1 of the REGULATION (EU) NO. 2033/2019 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL:



$$\frac{\text{Equity Tier 1}}{D} \geq 56\%$$

$$\frac{\text{Equity Tier 1 + additional capital Tier 1}}{D} \geq 75\%$$

$$\frac{\text{Equity Tier 1 + additional capital Tier 1 + capital Tier 2}}{D} \geq 100\%$$

However, the company currently meets the requirements stipulated in Art. 57 par. 3 and 4 of the REGULATION (EU) NO. 2033/2019 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL.”

The calculation of the equity amount and the calculation of the fulfilment of the equity requirements in relation to risk management is conducted by the company always no later than on the 25th day of the month following the month, for which the calculation is made.

The company’s Board of Directors is informed immediately about a possible exceeding of the minimum equity requirements.

#### 9. Accounting entity costs towards auditors for the accounting period.

Line no.	Accounting entity costs towards auditors for the accounting period	Current accounting period	Preceding accounting period
1.	Verification of the financial statements	(3,500)	(2,900)
2.	Assurance audit services		
3.	Related audit services		
4.	Tax advisory		
5.	Other audit services		
	Total	(3,500)	(2,900)