CETIN a.s.

Consolidated Annual Report 2022

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Appendices

Note:

CETIN a.s. is also hereinafter referred to as “**CETIN**”
CETIN and its hereinafter specified subsidiaries are hereinafter also referred to as “**CETIN group**”.

A word of introduction from the Chairman of the Board

Ladies and gentlemen,

CETIN’s performance in 2022 met the planned targets, achieving objectively positive results. This was despite the dynamic development of energy prices and economic uncertainty caused by events in Ukraine.

Thanks to the development of mobile network services, the growth in the number of fixed internet access services on the upgraded access network and demand for connectivity services, our company has continued to grow.

CETIN is continuously focusing on and investing in ensuring interoperability, physical and cyber security and reliability of the communications infrastructure, which is a critical element for the further development of the digitisation of services, industrial applications and the digitalisation of the country’s processes.

Another of the important projects in 2022 in the Czech Republic was the major modernisation of the radio access mobile network and its supplementation with the next generation 5G technology. As part of this project, end-of-life equipment is being replaced with new Ericsson technologies. The project will continue in the coming years.

Integrating social and environmental aspects into CETIN’s daily activities (ESG) has been an integral part of our work. CETIN organised a range of initiatives to support sales activities in order to ensure adequate return on investment.

We ensured that all of our networks operated flawlessly and seamlessly, helping businesses, educational institutions, individuals and entire communities to function in the face of a massive shift of activities within Czech society to the online environment following the coronavirus crisis.

As Chairman of the Board of Directors of CETIN, I would like to thank all our partners, customers and communities in which we carry out our activities and, last but not least, our employees for their work and commitment during the last year. Their daily work significantly helps the whole society.

Juraj Šedivý

Chairman of the Board of Directors, CETIN a.s

Company profile

Basic information about the company

Trade name:	CETIN a.s.
Legal form:	joint stock company (in Czech: akciová společnost)
Registered office of the company:	Českomoravská 2510/19, Libeň, 190 00 Praha 9
Company registration number:	04084063
Commercial Court:	Municipal Court in Prague, file B 20623
Date of foundation:	1 June 2015
Registered capital:	CZK 3,102,200,670

Presentation of the Company

CETIN’s mission is to build, operate and modernise a reliable, secure and fast telecommunications infrastructure. This is a prerequisite for further digitisation of the Czech economy and increasing its competitiveness.

CETIN not only owns and operates the largest network in the Czech Republic, but is also a wholesale provider of electronic telecommunications services. It offers its services under the same conditions to all operators and internet access providers, which then serve their end customers through CETIN’s infrastructure. CETIN's technology networks are available to 99.6% of Czech households.

CETIN’s infrastructure includes both fixed and mobile networks, across the whole range of specific products – from network access, xDSL and FTTH/FTTB connection to IP TV, voice services and data services for business customers to data centre lease. CETIN also provides international voice and data services through physical network nodes (POPs) in London, Vienna, Bratislava, Frankfurt and Hong Kong, working with more than 200 telecom operators worldwide.

As operator of the largest communications infrastructure in the Czech Republic, CETIN invests billions of Czech crowns annually in the development of this infrastructure. CETIN’s nationwide network includes approximately 20 million km of metallic cable pairs and 65,000 km of fibre-optic cables throughout the Czech Republic. During 2022, CETIN continued to build FTTH connections, which led to a further increase in the average speed of the access network. That increased to the existing 202 Mbitps. Through more than 20 business partners in the Czech Republic, CETIN offers connection speeds of 50 Mbitps and above to almost 89% of households connected to CETIN network.

In 2022, CETIN continued to develop 5G technology in its mobile access network. Last year, CETIN continued a project of complete modernisation of the technologies used in its mobile network. This project will ensure the deployment of state-of-the-art technologies, including 5G. The modernisation is making the mobile network more efficient and increasing its overall capacity, which will enable further improvement in the quality of the services provided.

In 2022, CETIN consolidated its position as the infrastructure of first choice for developers, partners and, indirectly, end customers in development projects. CETIN is building the highest number of connections in modern history, using passive FTTH technology, i.e. fibre to the home. This allows end customers to connect at gigabit speeds.

With its experienced staff and extensive infrastructure, CETIN offers efficient, reliable and secure wholesale telecommunications services throughout the Czech Republic. CETIN’s more than 2,200 employees are dedicated to enabling its customers to deploy their networks efficiently and quickly, and to ensuring their operation and availability throughout the Czech Republic. They manage large projects for operators and telecommunications service providers to guarantee their partners efficient deployment of infrastructure, which is among the best in its class.

CETIN group consists of CETIN a.s. and its subsidiaries CETIN Finance B.V. and CETIN služby s.r.o. In 2022, the majority of CETIN group's services were provided in the Czech Republic. The permanent establishments in Germany and Austria in particular made it possible to operate access points abroad in order to provide international transit services to foreign operators. The Parent Company of CETIN is CETIN Group N.V, which belongs to a group comprised of PPF Group N.V. and its subsidiaries.

Attestations

Certificate of Facility Security Clearance. Level of classification SECRET. This certificate allows the facility to have access to classified information, which is originated or released by the facility, according to Section 20(1) of Act No. 412/2005 Coll., on the Protection of Classified Information and Security Eligibility.

The National Cyber and Information Security Authority (NÚKIB) issued to CETIN with an Information System Certificate for processing classified information up to the SECRET level. This system enables CETIN to fully process information in electronic form.

Investment grade credit rating Baa2 with negative outlook (from 25 March 2022), awarded by the international rating agency, Moody's. Investment grade credit rating BBB, awarded (from 9 December 2021) and affirmed (on 7 November 2022) by the international rating agency, Fitch Ratings.

Certificates

Quality management system according to ISO 9001:2015

Environmental management system according to ISO 14001:2015

Health and safety management system according to ISO 45001:2018 standard

Information security system according to ISO 27001:2013

Energy management systems according to ISO 50001:2018 standard.

Information System Certificate pursuant to § 46 of Act No.412/2005 Coll. on the Protection of Classified Information and Security Capability - verification and approval of the information system for handling classified information up to and including the classification level SECRET

Company bodies and senior management

Board of Directors

Ing. Juraj Šedivý	Member of the Board of Directors, from 1 January 2019, Chairman of the Board of Directors from 8 January 2019
Ing. Filip Cába	Member of the Board of Directors from 1 January 2019, Vice-Chairman of the Board of Directors from 8 January 2019
Mgr. Michal Frankl	Member of the Board of Directors from 1 June 2015
Ing. Martin Škop	Member of the Board of Directors from 1 September 2020

Supervisory Board

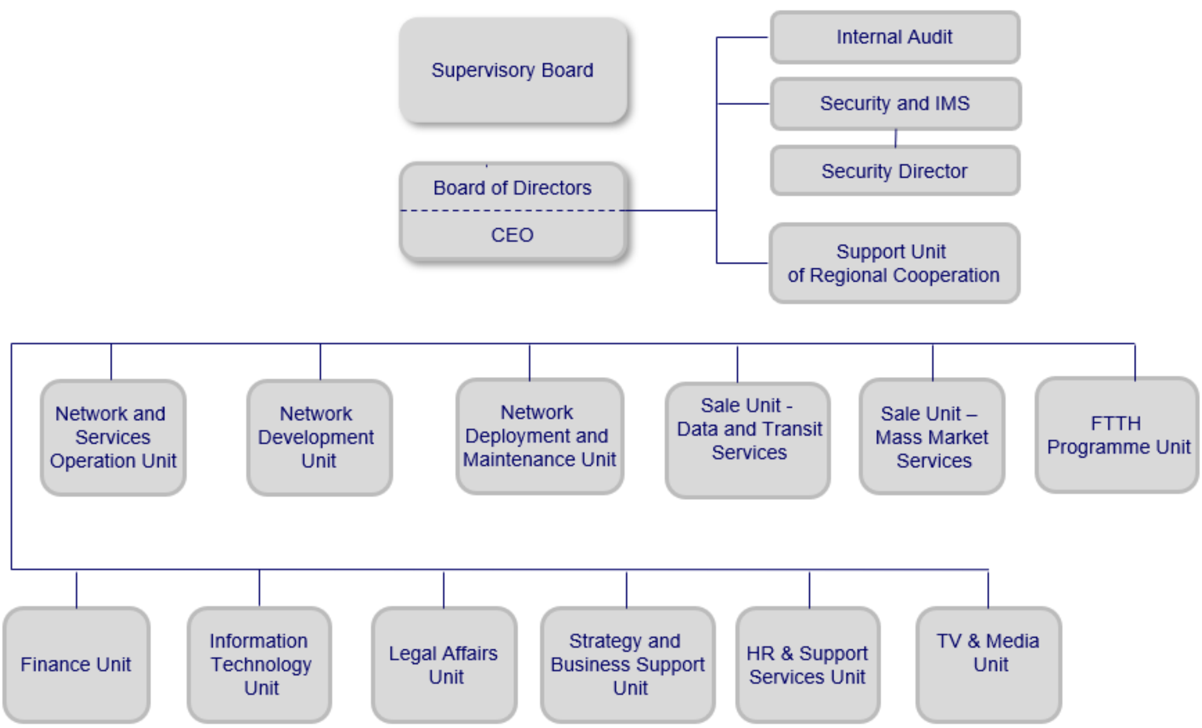
Ing. Martin Vlček	Member of the Supervisory Board from 1 January 2019, Chairman of the Supervisory Board from 8 February 2019
Ing. Petr Slováček	Member of the Supervisory Board from 1 January 2019, Vice-Chairman of the Supervisory Board from 8 February 2019
Lubomír Vinduška	Member of the Supervisory Board from 23 January 2019

Executive management

Status as of 31 December 2022:

Ing. Martin Škop	Chief Executive Officer from 1 September 2020
Radek Myška	Director, Network and Services Operation Unit from 1 November 2021
Ing. Vladimír Filip	Director, Network Development Unit from 1 June 2015
Ing. Josef Šikýř	Director, Sales Unit - Data and Transit Services from 1 September 2021
Ing. Katarína Vániková	Director, Sales Unit - Mass Market Services the from 1 September 2020
Ing. Jan Menclík	Director, Finance Unit from 1 June 2022
Ing. Petr Holý Ph.D.	Director, Information Technology Unit from 19 April 2021
Mgr. Ľubomír Bubelíny, Ph.D.	Director, Legal Affairs Unit from 1 October 2018
Mgr. Michal Frankl	Director, Business Support from 1 June 2015
Bc. Milena Synáčková	Director, Human Resources and Support Services Unit from 1 July 2015
Ing. David Sýkora	Director, FTTH programme from 1 September 2020
Ran Yanay	Director, TV & Media unit from 15 October 2019
Jan Žďárský	Director, Network Deployment and Maintenance Unit from 19 April 2021

Company organisation structure



Board of Directors' report on business activities

The company's business activities

CETIN group comprises CETIN a.s. and its subsidiaries CETIN Finance B.V. and CETIN služby s.r.o. In addition to its subsidiaries, CETIN has registered permanent establishments in Austria and Germany. In 2022, the major part of CETIN's services were provided through communication networks and related assets in the Czech Republic. The permanent establishments in Germany and Austria have allowed CETIN to operate access points abroad in order to provide international transit services to foreign operators. The subsidiary CETIN Finance B.V. based in the Netherlands issued Eurobonds and provides financing for CETIN. The subsidiary CETIN služby s.r.o. did not generate any business activity in 2022.

CETIN only provides wholesale telecommunication infrastructure services to other telecommunication operators. CETIN does not provide services directly to end users.

CETIN divides its business activities into two segments – provision of national network services and international transit services. These two segments operate in different markets; the services are largely provided via different assets, and their business models, profitability and investment demands are fundamentally different.

The national network services primarily consist of mobile network services, mass fixed-line network services – network access service, xDSL, FTTH/FTTB, IPTV and voice service, data services, data centres and other services. Their main customers are service providers in the Czech telecommunications market. These services yield gross margins at industry standard level, which CETIN reinvests in the development of network infrastructure for the provision of these services.

The international transit services primarily consist of the transmission of international voice traffic for operators from all over the world. This type of service is characterised by considerable revenues with a very low margin, although only minimum operating and capital costs are required.

A significant source of CETIN's revenues and profits in 2022 were three major contracts with O2 Czech Republic a.s.: a contract on the provision of mobile network services, a contract on access to the public fixed-line telecommunication network, and a contract on the provision of data centre services. These contracts represent a long-term obligation on the part of O2 Czech Republic a.s. to use CETIN's services, and CETIN's commitment to the agreed service levels and their improvement.

Cooperation with T-Mobile Czech Republic a.s. and Vodafone Czech Republic a.s. is being extended. The successful development of these business relationships and thus the provision of wholesale electronic communications services to all major retail telecommunications operators in the Czech Republic confirm CETIN's position as a successful independent wholesale operator.

Products and services

Mobile network services – CETIN is the main provider of mobile network services for O2 Czech Republic a.s. It also operates the mobile network for T-Mobile Czech Republic a.s. in half the country through a shared network. The lease of transmission station capacity is a secondary source of income.

Mass fixed-line network services – CETIN primarily offers services under equal conditions to all operators in the Czech market, involving access to the fixed-line network for the vast majority of housing units in the country, together with related voice services, xDSL or fibre broadband internet access FTTH (broadband, FBB), IPTV paid television, local-loop unbundling (VULA and LLU) and technology collocation.

Data services – CETIN provides data services to operators which are primarily intended for end-users from the corporate sphere or for use for the own needs of operators and internet providers. Data services are provided on metallic, optical and radio access technology in a wide range of service configurations, transmission capacities, and additional services.

International transit services – CETIN provides international operators from all over the world with the transmission of international voice traffic.

Other services – this category includes the lease of dark fibres, housing in data centres, national interconnection services, support services for roaming, forced network transfers, duct hire and other associated services and Tv platform services.

Commented financial results

This section provides comments on CETIN group's financial results in 2022. For detailed information, see the Consolidated Financial Statements for the financial year ended on 31 December 2022 in the following sections of this Annual Report.

Revenues, costs and profit

CETIN group's total revenues amounted to CZK 18.9 billion in 2022. Total operating costs reported by CETIN group were CZK 9.7 billion, with the major part represented by the cost of sales in the international transit segment. CETIN group reported a total of CZK 1.5 billion in payroll costs. Other significant cost items were the costs of leasing and operating real estate, and costs associated with the maintenance and operation of networks.

The earnings before interest, taxes, depreciation and amortisation (EBITDA) amounted to CZK 9.2 billion in 2022, with the predominant part of the profit coming from the national network services segment. CETIN group's profit after tax was CZK 2.9 billion in 2022.

Fixed tangible assets

Reduced by depreciation and other adjustments during the year, the net value of land, buildings and equipment required for CETIN's operations was CZK 47.9 billion as of 31 December 2022.

Cash and debt

In 2016, CETIN's subsidiary CETIN Finance B.V. issued Eurobonds in the total amount of CZK 7.9 billion and EUR 625 million, with maturities of 1 year (CZK 3 billion), 5 years (EUR 625 million), and 7 years (CZK 4.9 billion). As at 31 December 2022, the outstanding tranche of Eurobonds amounts to CZK 4.9 billion. The bonds are admitted for trading on the Euronext Dublin. Should CETIN Finance B.V. default on the bond related liabilities, CETIN will be obliged to meet the liabilities as a guarantor.

As of 31 December 2022, CETIN had an intra-group loan of EUR 625 million provided by CETIN Group N.V.

For detailed information on loans and bonds, see Note 17 of the Notes on the Financial Statements included herein.

Profit distribution and other payments to shareholders

The sole shareholder approved on 3 March 2022 the statutory financial statements for the year ended 31 December 2021 and approved the distribution of dividends of CZK 1,850 million from profit for the year ended 31 December 2021. The payment was made in three instalments. The first instalment in the amount of CZK 963 million was paid on 31 March 2022, the second instalment in the amount of CZK 450 million was paid on 30 September 2022 and the third instalment in the amount of CZK 437 million was paid on 15 December 2022.

Contribution to the social fund was approved in the amount of CZK 3,4 million.

The remaining part of the profit for 2021 in the amount of CZK 721 million was approved to be transferred to the account of retained earnings of previous years.

Capital expenditure

In 2022, CETIN group spent CZK 5.4 billion on capital expenditure. These investments were mainly channelled into the development of the telecommunication infrastructure. The main investment projects included the continued modernisation of the fixed-line network with FTTC, FTTH and FTTB technology, strengthening the capacity of mobile networks and increasing its density, and replacing older technologies with current ones.

Cash flows

CETIN group's operating cash flow amounted to CZK 9.2 billion in 2022. After working capital changes and income tax paid, the net cash flows from operating activities amounted to CZK 8.1 billion. Net cash flows used in investment activities amounted to CZK 5.4 billion, mainly comprising investments in network infrastructure development.

The cash flows used in financing activities principally consisted of coupon repayment, payments of interest from the intra-group loan of CZK 0.3 billion, a dividend payment of CZK 1.85 billion and expenses related to interest and lease payments of CZK 0.8 billion.

In total, the net cash position thus decreased by CZK 0.3 billion in 2022. The cash flows from CETIN group's operating activities were mainly used for investment in development of the telecommunications infrastructure (CZK 5.4 billion) and for payments to shareholders and bondholders (CZK 2.18 billion).

Information about own shares

CETIN did not acquire its own shares in 2022.

Outlook for the forthcoming period

In the period ahead, CETIN will continue to focus on further modernising and developing its telecommunications infrastructure and improving the efficiency of its operations. In the business area, CETIN will maintain and improve the satisfaction of its existing customers with the services it provides, while actively seeking to attract new customers in both business segments. CETIN expects to continue to maintain its position in the Czech telecommunications market through the best and largest networks, attractive products and services with favourable prices, and neutrality towards all operators in the market. In the international voice transit segment, CETIN uses its access points abroad and develops cooperation with both existing and new business partners from all over the world.

Investments in the modernisation of fixed networks will be directed in the coming years towards the construction of FTTH (fibre to the home) networks, which will enable CETIN to improve its competitive position with the ability to offer stable high-speed internet to the home with a speed of 1 Gbps. The construction of a fibre optic infrastructure for business customers will also continue. CETIN will continue with its complete modernisation of the technologies used in its mobile access network, including 5G technology.

In its operations, CETIN will continue to focus on improving the efficiency of its operating model, increasing automation, projects aimed at saving energy consumption, increasing flexibility in delivering services to customers and enhancing customer satisfaction.

In its financial performance, CETIN expects modest revenue growth in mobile services and fixed internet services, which will offset the expected continued decline in interest in fixed voice services in part of the domestic market. In the international voice transit market, CETIN will, in the medium term partially offset the decline in the overall market for traditional inter-country voice calls and the increasing influence of European regulation by focusing on non-European regions and operators. Continued increases in capital expenditures for the development and modernisation of the critical telecommunications infrastructure will not significantly impact CETIN's ability to generate stable free cash flow in future periods.

Telecommunications market in the Czech Republic

In 2022, CETIN continued with projects for the complete upgrade (5G) of the mobile network operated for O2 Czech Republic and for building fibre optic FTTH access networks. T-Mobile Czech Republic a.s. and Vodafone Czech Republic a.s. announced their plan for the joint deployment of FTTH connections for up to a million households, with another part of the agreement enabling mutual access to existing connections. Further market consolidation occurred in the electronic communications network market as Telco Pro Services, a.s. and PODA a.s. acquired smaller local providers.

The development of regulation and associated legislation

The Amendment to Act 127/2005 Coll. on electronic communications ("Electronic Communications Act") transposing Directive (EU) 2018/1972 of the European Parliament and of the Council of 11 December 2018 establishing the European Electronic Communications Code came into force on 1 January 2022, followed by respective ordinances and regulations.

The Czech Telecommunications Office ("CTO") has continued with the new round of market reviews. Following the completion of the review of the market A/2/07.2022-13 – dedicated wholesale capacity, a new General Measure has been adopted by the CTO, which declares this market fully competitive. The CTO also completed the process of amending the General Measure Analysis of the Market A/1/04.2020-3 – call termination in public telephone networks in fixed location, removing the significant market power status from CETIN as CETIN ceased to provide the termination service in the preceding year. Reviews of market 1 (wholesale local access provided at a fixed location) and market 3b (wholesale central access in a fixed location for mass market services) are still underway.

CETIN complies with regulatory obligations imposed on it as a result of adopted analyses and measures; in the case of market 2 until their withdrawal as a result of the aforementioned deregulation. These include the obligation to provide access in the relevant markets for fixed call termination, local access at a fixed location, the market for services with central access at a fixed location for mass-market products, and the market for wholesale high-quality data services under the terms and conditions set by the remedy decisions.

State policy and support of high-speed internet access

In the first half of 2022, the European Commission and the Czech Republic concluded a partnership agreement, which oversees the use of European funds in the current budgetary period 2021-2027, including funding for electronic communications networks deployment. The government and the EU Council approved the National Recovery Plan, which should enable the use of funds from the EU's Recovery and Resilience Facility. The share of funds allocated for high-capacity networks is about CZK 5.7 billion.

Following up on the above, the Ministry of Trade and Industry opened a call for projects for Digital high capacity networks from the component no. 1.3 of the National Recovery Plan designed for electronic communications providers with a total allocation of CZK 2.85bn. The purpose of the call is to ensure to the extent possible a quality internet access for households, schools, digital enterprises, public administration and others in remote areas. CETIN has submitted several projects in this call.

Alternative performance measures

In accordance with ESMA guidelines on Alternative Performance Measures, CETIN group provides detailed information on measures that are not commonly reported under IFRS standards.

Consolidated financial statements:

Measure	Definition	Purpose	Reconciliation to financial statements (in CZK million)
EBITDA	Earnings before interest, taxes, depreciation and amortisation	The indicator expresses a business's operating efficiency	Consolidated Statement of total comprehensive income (EBITDA): 2022: CZK 9,229 million 2021: CZK 8,886 million
EBITDA IFRS 16 adjusted	Earnings before interest, taxes, depreciation and amortisation net of impacts of IFRS 16 standard	Enables the comparison of the business's operating efficiency with other companies on the telecommunications market	Consolidated Statement of total comprehensive income (EBITDA) less operating lease costs not included in Expenses in the Consolidated Statement of total comprehensive income (IFRS 16 related costs are included in Depreciation of Assets and Finance Costs) 2022: 9,229 – 857 = CZK 8,372 million 2021: 8,886 – 825 = CZK 8,061 million
Net debt / EBITDA	Ratio of Financial debt minus cash and cash equivalents and Earnings before interest, taxes, depreciation and amortisation (EBITDA)	The indicator shows how many years it would take for a company to pay back its debt	Consolidated statement of total comprehensive income (EBITDA) and Statement of financial position (Cash and Cash equivalent, Financial debt (incl. IFRS 16 liability): 2022 (19,122 + 5,720 – 456) / 9,229 = 2.64 2021: (24,636 + 867 – 740) / 8,886 = 2.79
Free cash flow	Cash flow from operating activities minus cash used in investing activities	The indicator expresses the remaining cash after all necessary operating expenses paid	Consolidated statement of Cash flows (Cash flow from operating activities, cash flow from investing activities): 2022: 8,053 – 5,367 = CZK 2,686 million 2021: 7,382 – 3,948 = CZK 3,434 million

Standalone financial statements:

Measure	Definition	Purpose	Reconciliation to financial statements (in CZK million)
EBITDA	Earnings before interest, taxes, depreciation and amortisation	The indicator expresses a business's operating efficiency	Statement of total comprehensive income (EBITDA): 2022: CZK 9,234 million 2021: CZK 8,890 million

EBITDA IFRS 16 adjusted	Earnings before interest, taxes, depreciation and amortisation net of impacts of IFRS 16 standard	Enables the comparison of the business's operating efficiency with other companies on the telecommunications market	Statement of total comprehensive income (EBITDA) less operating lease costs not included in Expenses in the Statement of total comprehensive income (IFRS 16 related costs are included in Depreciation of Assets and Finance Costs) 2022: 9,234 – 857 = CZK 8,377 million 2021: 8,890 – 825 = CZK 8,065 million
Net debt / EBITDA	Ratio of Financial debt minus cash and cash equivalents and Earnings before interest, taxes, depreciation and amortisation (EBITDA)	The indicator shows how many years it would take for a company to pay back its debt	Statement of total comprehensive income (EBITDA) and Statement of financial position (Cash and Cash equivalent, Financial debt (incl. IFRS 16 liability): 2022: (19,122 + 5,682 – 362) / 9,234 = 2.65 2021: (24,604 + 868 – 631) / 8,890 = 2.79
Free cash flow	Cash flow from operating activities minus cash used in investing activities	The indicator expresses the remaining cash after all necessary operating expenses paid	Statement of Cash flows (Cash flow from operating activities, cash flow from investing activities): 2022: 8,057 – 5,347 = CZK 2,710 million 2021: 7,378 – 3,941 = CZK 3,437 million

Risk management

CETIN is exposed to market, operating, security, financial and global risks. Risks are continually identified by all units and evaluated by the Finance Unit from the perspective of potential financial impacts and the risk probability. Risks that are assessed as significant and current are periodically monitored, and CETIN bodies regularly review these risks and assign tasks to the risk owners to take preventive measures to effectively limit the impact or probability of these risks.

The main market risks include public regulation, market environment consolidation and price erosion. Operating risks primarily refer to failures of the network infrastructure, services and critical systems, natural disasters. The area of operational risks includes mainly cybernetic attacks, and information leaks and infringement (frauds). Financial risks mainly include the credit risk associated with customer receivables and the risk of currency exchange rate fluctuations. Details of financial risks are disclosed in Note 17 of the Notes to the Consolidated Financial Statements included herein.

The global risk is the effect of potential ineffective public relations management by PPF on the reputation and perceived social responsibility of CETIN as part of PPF, which could lead to actual negative consequences both economic and operational.

Unlike in 2021 when the potential negative impact of the COVID-19 pandemic on CETIN's economic activities was included among actual risks and regularly assessed, in 2022, the impact of the COVID-19 pandemic was considered only a potential risk, which did not bring any negative effects thanks to the measures.

The war in Ukraine and sanctions against Russia might indirectly affect on CETIN in the future, mainly through disruption of the supply chain and macroeconomic factors. CETIN will continue to closely follow the developments, anticipate possible risks and will have mitigating solutions available.

A specific part of CETIN’s risk management system is the area of information security and information technology in the context of the ISO/IEC 27000 series and Act No. 181/2014 Coll., on Cyber Security and on Amendment of Related Acts (the Cyber Security Act), as amended. CETIN actively uses a risk management system pursuant to international standard ISO 27001, which involves annual full-scale analysis of operating risks and Business Impact Analysis. In 2022, these analyses resulted in a risk catalogue, with links to threats and measures aimed at risk minimisation and management according to the respective areas. In June 2022, the relevance of the analysis results were verified during the annual Integrated Management System (IMS) certification audit. The chosen methodology and the risk assessment system passed the audit without any significant deviations from the ISO/IEC 27001 standard being identified. As CETIN operates a critical infrastructure component, it also provides related risk assessment and conducts a regular cyber security audit of the information and communication system according to Decree No. 82/2018 Coll.

Corporate social responsibility

CETIN has long supported selected cultural, social and environmental projects. CETIN's active participation is considered an integral part of business.

As usual, in 2022 CETIN was a technological partner of the Prague Spring International Music Festival. CETIN was also among the most important partners of the Summer Shakespeare Festival. In addition, CETIN financially supported the newly established cultural and creative project Composer Summit Prague 2022, which focuses on music in audiovision, its creation and background. In its first year it has already become one of the largest events of its kind in Europe and has received a lot of positive responses both from star guests from all over the world and from participants and the professional public.

CETIN was a partner of the Adapterra Awards which reward the best examples of climate change adaptation. CETIN also financially supported the Josef Vavroušek Environmental Award which looks for and honours those who continue the legacy of Josef Vavroušek, an environmental visionary and pioneer of the concept of sustainable living.

CETIN continued to be involved in the Planting The Future environmental campaign. On Czechoslovak Independence Day it provided financial and physical support by planting 91 trees on the Sir Nicholas Winton Avenue in Račiněves near Roudnice. CETIN continued to support the planting of trees with another project. As part of partnership with the Běhej lesy (Run Through The Forests) races CETIN supported not only the health of our employees but also the health of Czech forests, specifically by planting 450 trees on behalf of CETIN runners.

Employees’ voluntary involvement in the global Movember event, organised in the Czech Republic under the umbrella of the Men Against Cancer Foundation, is another example of CETIN´s social responsibility. A total of 130 contributors supported men’s health prevention and the amount of CZK 240,645 raised, also thanks to a donation of CZ 114,323 from CETIN, is higher than last year.

The last activity promoting social responsibility in 2022 was the involvement of CETIN and its employees in the Advent Running initiative. Sixty-six employees took part in regular running between 1st and 25th December and for every kilometre they ran CETIN agreed to donate CZK 15 to benefit children with disabilities. The employees ran a total of 5,839 km and raised CZK 87,600 for a good cause.

Research and development

In its research and development activities, CETIN works with the most prominent technical university in the Czech Republic – the Czech Technical University in Prague. The joint project office of the Department of Telecommunications Technology (Faculty of Electrical Engineering, Czech Technical

University) and CETIN provides a forum for addressing pressing issues of cybernetic security. The main objective remains the continued implementation of unique methodology for identifying network threats, the increase in network robustness, and the ongoing improvement of the methodology. 2022 saw the continued improvement and development of other system components of a system supporting security management and Integrated management system (IMS) with unique methodology to evaluate the actual operational risks to CETIN.

The cooperation between academia and business professionals results in significant synergies, as the success of proposed solutions requires both theoretical expertise and practical experience in finance, legislation, business and operations. The objective of the Faculty of Electrical Engineering (Czech Technical University) is to carry out scientific and research activities and train professionals for practical applications in modern telecommunications networks operated by CETIN. This cooperation provides them with access to outputs from systems operating in a real environment and to current professional practice tasks. It enables CETIN employees to become familiar with the latest scientific processes and findings in telecommunications.

CETIN group did not report any research and development activities in 2022 in terms of IFRS accounting standards.

Non-financial information

The consolidated annual report also contains non-financial information pursuant to Section 32g of Act 563/1991, on Accounting, particularly information on environmental protection and industrial relations.

Environmental protection

CETIN is aware of the importance of preserving a healthy and undamaged environment for current and future generations. Therefore, it has included the reduction of negative effects on the environment in its strategy and daily activities, as it also declares in its Environmental Policy and Energy Policy, at the level of CETIN group, it shares priorities and commitments in the field of ESG.

Since its establishment in 2015, CETIN has implemented an environmental management system in accordance with the international standard ISO 14001 as part of an integrated management system. In 2016, CETIN obtained a certificate for the energy management system according to the international standard ISO 50001. The validity of both certificates has been repeatedly confirmed by the Certification Audit of the independent certification company TUV NORD Czech, most recently in June 2022.

Risks, or products and services, which could have negative impacts

CETIN, in accordance with the international standard ISO 14001, has established environmental aspects, i.e. elements of the organisation's activities, products or services that may affect the environment, both for normal operation and for emergency and emergency situations.

Significant real environmental aspects (for normal operation)

- electricity consumption;
- purchased heat consumption;
- gas and liquid fuel consumption for the production of heat;
- fuel consumption;
- water consumption;
- emissions into the air from stationary sources;
- the production and collection of hazardous waste;
- the production and collection of waste;
- the production of wastewater;

- the use of equipment with controlled substances and fluorinated greenhouse gases.

Potential environmental aspects (risks)

- the escape of refrigerants (damaging the ozone layer and fluorinated greenhouse gases);
- the escape of natural gas;
- the leakage of fuels;
- the escape of harmful substances into water and soil;
- the escape of waste and emissions from fire;
- the escape of contaminated waste and emissions through floods.

Measures applied and care procedures

In 2022, the goals leading to the reduction of negative impacts on the environment were primarily focused on:

- energy optimisation
- reduction of electronic waste and its ecological disposal
- reducing emissions of greenhouse gases and harmful substances into the air, for example by changing the cooling media in air conditioning units
- by recycling operational waste

Projects aimed at replacing technologies with more modern ones are still ongoing in CETIN, which gradually bring significant energy savings.

Key performance indicators and results of applied measures

In the Energy Policy, CETIN is committed to increasing the energy efficiency of CETIN's products and services, ensuring the availability of relevant information and resources necessary to achieve energy goals and target values, and ensuring compliance with other requirements. Due to the large number of buildings (administrative and technological buildings, mobile network base stations) that CETIN uses throughout the Czech Republic, the use of energy is primarily monitored in establishments with significant consumption, i.e. where the consumption of electrical energy associated with the operating technology for the realisation of products and services is greater than 30,000 kWh/year. Technologies operated are fixed telecommunications network, mobile network and data centres. The last update of the Energy Policy carried out in 2021 also includes a change in the determination of the energy intensity indicator (EnPI) for the technologies used so that they meet the conditions of CETIN's business activities and realistically express the reduction of energy intensity.

CETIN's basic energy goals for a period of five years were set by the Energy Policy as follows: for electricity - increase of energy efficiency by 90% for fixed network, increase of energy efficiency by 95% for mobile network and non-decrease of energy efficiency for data centres; for thermal energy, a 20% reduction in consumption; for natural gas, a 30% reduction in consumption. For fixed and mobile networks, this indicator is the specific energy consumption per number of services provided and for data centres the ratio indicator is PUE. Consumption reduction is related to the state and scope of provided services and products to the set initial state of energy consumption.

CETIN's total electricity consumption in 2022 was 237,207 MWh, which represents a slight decrease compared to the previous year, when it was 237,262 MWh. Electricity consumption in the mobile network amounted to 101,105 MWh, fixed network 136,102 MWh. Total gas consumption decreased by 22% to 1926 MWh (in 2021 it was 2457 MWh). The consumption of extracted heat in 2022 was 16,528 MWh, which represents a decrease of 10% compared to 2021, when CETIN extracted heat in the amount of 18,425 MWh.

In fixed and mobile telecommunications networks, projects are still underway to replace technologies with more modern and more economical ones, install new equipment, bringing a fundamental acceleration of the connection speed for hundreds of thousands of households in fixed networks, and the construction of a nationwide mobile network of the new generation. In data centres, the consumption of electricity depends on the increase in the occupancy of halls by new customers. The development of thermal energy and natural gas consumption is mainly influenced by the ongoing reduction of locations and leased premises and the merging of technologies.

Fuel consumption in 2022 was as follows: diesel consumption for backup current sources (generators) was 24,773 liters, which represents an increase of less than 1%. This consumption is due to the need to ensure the nationwide operation of fixed and mobile networks in the event of a power failure (e.g. due to malfunctions or bad weather), therefore savings cannot be prioritized here. Fuel consumption for vehicles reached a value of 1,688,464 liters (1,665,755 liters in 2021), thus increasing by 1.4% year-on-year.

Water and air protection

Water consumption increased by 5% in 2022 and reached 51.8 thousand litres (49.4 thousand litres in 2021). Wastewater produced by CETIN's operations represents only ordinary pollution common in office operations, and is thus discharged into the sewers in accordance with contracts concluded with companies operating water supply and sewerage systems. CETIN reduced the number of stationary sources from approx. 150 to approx. 130 listed stationary sources of air pollution: 1 boiler room, and above all the number of spare current sources (generators), enabling the technology to operate in the event of a standard power failure. Summary data on their operation and air emissions are reported to the state administration in accordance with the requirements of legal regulations using the Integrated System for Fulfilment of Reporting Obligations in the Environmental Area (ISPOP).

Waste and its collection

CETIN records information on waste production in accordance with applicable legislation. In 2022, CETIN generated 29 types of waste, of which 6 were hazardous. Hazardous waste is not to a significant extent the result of CETIN's normal operating activities, it is produced mainly during the technological change of used equipment and the liquidation of obsolete operations. CETIN produced 1,827 tonnes of waste in 2022, which represents a year-on-year reduction of 18%. Of this, 32 tons were hazardous waste. It was mainly glass, plastic and wood containing dangerous substances (disposal of wooden columns). A total of 162 tons of mixed municipal waste was handed over in 2022, which means a minimum year-on-year increase of 0.6%.

CETIN is involved in the EKO-KOM collective system, which ensures the combined fulfilment of the obligations of take-back and utilisation of packaging waste. As part of fulfilling the obligations of takeback and separate collection of electrical equipment and batteries in cooperation with the collective system REMA System and REMA Battery for the year 2022, CETIN handed over 15 tons of electrical equipment and batteries for ecological disposal. In 2022, CETIN also participated in the Green Company project, within the framework of which it environmentally disposes of company electrical appliances and batteries and also enables its employees to get rid of obsolete electrical equipment through a collection box.

The use of equipment with controlled substances and fluorinated greenhouse gases

In 2022, CETIN used both HFC-type and HCFC-type refrigerants (R22) in technological air conditioning units, which in the event of a leak pose a greater threat to the ozone layer. CETIN's environmental goals, aimed at replacing this technology with a new and safer one for the environment, are primarily focused on them. Refrigerant leaks from technological air conditioners increased year-on-year, reaching a total value of 492 kg in 2022 (this is 4% of the total amount of refrigerant), of which 30.8 kg was of the HCFC type. This was the result of operational accidents of large air conditioners.

Respecting human rights and the fight against corruption

Risks, or products and services, which could have negative impacts

The risk of infringement of human rights in labour relations between employees arises during the business activity undertaken at CETIN. Due to the wholesale nature of CETIN’s business model, which provides infrastructure services exclusively to retail providers, CETIN's business activity does not have any direct impact on the human rights of customers or the public.

The risk of corruption during CETIN's business activity arises during business dealings between CETIN employees and suppliers, customers, government authorities and other external bodies.

Measures applied and care procedures

The fight against corruption and the protection of human rights at CETIN, and throughout the whole PPF group, is governed by the PPF group Code of Ethics and by internal guidelines entitled Corporate Compliance Internal Investigation ("CCII"). CETIN adopted both regulations with effect on June 1, 2017. It is regularly assessed whether the processes set by these rules are up to date and effective. The relevant regulations are updated if necessary.

Code of Ethics

The Code of Ethics describes the fundamental rules which govern CETIN's and its employees' daily operation and sets out the framework within which all other internal regulations at CETIN must be interpreted. The Code is part of the Corporate Compliance programme, which primarily sets out the fundamental principles and rules of conduct for all employees at CETIN and enables compliance checks and remedies to be put in place when shortcomings are discovered or objectionable or illegal conduct identified.

The Code of Ethics is also dedicated to the protection of human rights in all CETIN and PPF group activities. The Code does not permit any form of discrimination of workers – this also applies to the allocation of work and due remuneration. Nor does it permit any form of harassment, intimidation, forced or illegal work. Workers at CETIN are also obliged to consider and respect to the maximum extent the individuality and privacy of their colleagues. It is forbidden to make any statements which are inappropriate, offensive or vulgar in relation to other workers, or to harass, intimidate, demean or insult them in any way.

The Code of Ethics also deals with corruption and the prevention of corrupt conduct. CETIN and PPF group entirely reject any form of bribery and of providing or receiving any unauthorised payments, payments having no legal grounds or any such similar performance. Workers are obliged to familiarise themselves with the relevant rules of legal regulations, the internal regulations at PPF group and the internal regulations of the commercial partner, if available to them, and cultural and social customs before providing or receiving a gift or any other performance (for example, a payment for services). The Code of Ethics also determines the gifts which may be accepted and how to proceed in the case of any attempt at corrupt conduct.

Corporate Compliance Internal Investigation

The objective of the Corporate Compliance Internal Investigation guidelines is to regulate how to proceed within CETIN group (as part of PPF group) in the case of suspicion, investigation or discovery of action which is unethical or improper and/or action which is contrary to legal regulations or the internal regulations at CETIN, or the Code of Ethics at PPF group. The guidelines also determine the main principles, the means of prevention, the structures of responsibility and individual powers, and define the activities carried out during the management of Corporate Compliance and the adoption of corrective measures, both individual and of a systematic character.

The Compliance programme includes an e-learning course entitled Compliance Programme, the proper completion of which newly requires the taking of a test of the acquired knowledge, and to pass this test it is necessary to correctly answer all the questions. Training must be repeated every 2 years.

Employees may report their suspicions of unethical conduct in person to the authorised worker at CETIN (CETIN Compliance Officer) or by e-mail to eticke.zasady@cetin.cz. Another possible channel through which CETIN receives information regarding infringement of the Code of Ethics, or of other regulations, is a public web interface at https://www.cetin.cz/odpovedny-pristup. Any CETIN employee can also submit information using CETIN's intranet.

CETIN also binds all its contractual partners to act in accordance with the Code of Ethics. The following provision is an inseparable part of all newly made or modified contracts:

"[CETIN] has adopted and complies with an internal corporate compliance programme, which is designed such that the activities of [CETIN] comply with applicable legal regulations, rules of ethics, morals, and which includes measures the objective of which is to prevent and detect breaches of mentioned regulations and rules [(the Corporate Compliance programme)].

[The Contractual Partner] (and any individual or legal entity that cooperates with said Contractual Partner and that is used for the fulfilment of obligations arising from [this Agreement] or in relation to its conclusion and performance, i.e. staff members, representatives, or external collaborators) observes and complies with applicable legal regulations, fundamental moral and ethical principles. [The Contractual Partner] rejects any tortious acts and refrains from them. [The Contractual Partner] declares, to the best of [its/his/her] knowledge and belief, that neither [it/he/she] nor any of [its/his/her] staff members, representatives, or external collaborators had breached applicable law and regulations in relation to the conclusion of [this Agreement]. [the Contractual Partner] declares that [its/his/her] activities are legal and all [its/his/her] funds originate from legal sources only.

[The Contractual Partner] is obliged to take all reasonable measures and use [its/his/her] best efforts to prevent [itself/himself/herself] or any of [its/his/her] staff members, representatives, or external collaborators from any infringement of applicable law and regulations committed in relation to the subject matter of [this Agreement].

Irrespective of the subject matter of [this Agreement], [the Contractual Partner] declares that [it/he/she] takes and shall take all reasonable measures and uses and shall use its best efforts to avoid any act or situation within [its/his/her] operation or in [its/his/her] favour which could threaten or damage [its/his/her] reputation in a manner that could result in negative consequences for [its/his/her] counterparties' reputation.

(If [the Contractual Partner] acts for [CETIN] or on its behalf, [the Contractual Partner] will demonstrate that it complies with the stated principles.)".

Key performance indicators and the results of measures applied

Leading indicators of the success of asserting the Code of Ethics and the Compliance programme include the availability of all information about CCII and about the corresponding training for all employees and other workers, as well as the level of training among workers in this area. The Code of Ethics and the Compliance programme are permanently available to all staff on CETIN intranet in the form of the relevant documents and e-learning course. The level of training of all staff in 2022 exceeded 99.65%.

The main lagging indicator of the outcome of applied measures is the quantity and quality of recorded incidents, received through all communication channels specified above. No information was submitted in 2022, the same as in previous years.

Social and employee-related matters

Risks, or products and services, which could have negative impacts

CETIN's business activity, which requires a relatively high number of employees, leads to the risk of failure to adhere to the Labour Code and associated laws and standards, which could lead to risks to the health and legal rights of employees. Insufficient or poor communication between CETIN´s management and employees could have negative impacts on the quality of the working environment, motivation levels and employee satisfaction. Inappropriately set internal policies could lead to discrimination of employees based on sociodemographic features.

Due to the wholesale nature of CETIN's business model, which provides infrastructure services exclusively to retail providers, business activities at CETIN do not have any direct impact on society and the community outside the group of its employees.

Measures applied and care procedures

The main means of due care in relation to employee-related matters are the everyday work of the competent team at the Human Resources unit, cooperation with the trade union organisation, the collective agreement, the Work Regulations and CETIN Code of Ethics.

A trade union organisation has long been active at CETIN, functioning as an independent body supervising employment relationships and fulfilment of the obligations which CETIN has towards its employees, and it enjoys the trust of employees and CETIN management alike. Representatives of the trade union organisation discuss input from employees with CETIN management on a regular basis and in a constructive manner, and CETIN management discusses potential changes in CETIN with union representatives. Together they deal with potential impacts on employees. Employee-related issues are regularly discussed at the Council for Social Dialogue, which is made up of representatives of the trade union, the Board of Directors and members appointed by the Supervisory Board.

The main outcome of the work of the trade union organisation at CETIN is the collective agreement, in which separate chapters deal with the following: Care for Employees, Social Policy and Social Fund, Remuneration and Occupational Health and Safety. Based on the collective agreement, CETIN also provides, for example, a whole range of additional payments in amounts which are above standard when compared with the Labour Code. The collective agreement also establishes the right of employees to flexible benefits in the form of a cafeteria system, meal vouchers, etc.

Preventing discrimination at CETIN is mainly dealt with in CETIN Work Regulations, which state:
„[The Employer is required mainly] not to permit any discrimination in labour relations against Employees on the grounds of race, skin colour, sex, sexual orientation, language, faith and religion, political or other disposition, membership of or activity in political parties or political movements, trade union organisations and other associations, nationality, ethnic or social background, wealth, family, medical condition, age, marital and family status or family obligation. Any conduct on the part of the Employer which does not discriminate directly but in its consequences, is also forbidden.“

In addition to the activities of the trade union organisation, the PPF group Code of Ethics also helps ensure adherence to work regulations. This demands that all employees respect the laws in force and internal regulations at CETIN, such as the collective agreement, the Organisation Regulations and the Work Regulations. CETIN Corporate Compliance Internal Investigation internal guidelines follow on from the Code of Ethics. Among other things, this allows employees and third parties to file an anonymous charge if they suspect failure to adhere to the principles set out in the Code of Ethics.

One of the ways of ensuring open and direct communication between CETIN´s management and employees are personal meetings between members of the management and employees, held occasionally at different places in the Czech Republic, usually those where a larger number of CETIN employees have their regular workplace. Every employee can ask questions at such meetings without fear of possible recriminations by management. A member of the Board of Directors and a member of senior management always attend on behalf of CETIN´s management.

Key performance indicators and the results of measures applied

The aim of all the measures mentioned above, and the checking of these, is to ensure a safe, healthy and socially-responsible work environment and to create good, close relations between CETIN´s management and employees, and among the employees based on mutual respect and adherence to the set rules. As can be seen from the results achieved, CETIN has been successful in achieving this objective.

The leading indicators of success are primarily indicators which show due care for employee protection, motivating employees and improving their professional qualifications, the efforts made by CETIN management to ensure dialogue and open communication with employees and promoting CETIN Code of Ethics.

CETIN spent almost CZK 3.6 million in 2022 on additional payments for the upkeep of protective clothing and work equipment, a drinking regime and difficult work conditions.

CETIN consistently applies an equal approach to employment, remuneration and career growth of its employees irrespective of gender, race or faith. 18% CETIN employees are women, who have a 13% representation in management positions. The average age of an employee is 47.

The main indicators that reflect the results of the measures put in place are the long-term low level of employee turnover, 7.6% per annum, which is around a third of the average for a commercial CETIN in the Czech Republic, and the average length of employment, which is 13 years.

Another significant result is the long-term social cohesion that prevails at CETIN. This cohesion is indicated by the number of labour conflicts or collective protests. In 2022 there was just a negligible number of letters of reprimand[1] issued by CETIN for breach of work obligations. There was no immediate termination of employment relationship[2] with an employee for gross breach of regulations. There were also no labour disputes, collective protests or strikes by employees.

Significant events after the financial statements date

All material events occurring after the financial statements date are disclosed in Note 26 of the Notes on the Consolidated Financial Statements included herein.

[1] According to Section 52(g) of the Labour Code

[2] According to Section 55(1) of the Labour Code

Appendices

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This document is an English translation of the Czech auditor's report.
Only the Czech version of the report is legally binding.

Independent Auditor's Report to the Shareholder of CETIN a.s.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of CETIN a.s. ("the Company") and its subsidiaries (together "the Group"), prepared in accordance with International Financial Reporting Standards as adopted by the European Union, which comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of total comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory notes. Information about the Group is set out in Note 1 to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Basis for Opinion

We conducted our audit in accordance with the Act on Auditors and Auditing Standards of the Chamber of Auditors of the Czech Republic, consisting of International Standards on Auditing (ISAs), which may be supplemented and amended by relevant application guidelines. Our responsibilities under those regulations are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Act on Auditors and the Code of Ethics adopted by the Chamber of Auditors of the Czech Republic, 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.

Other Information

In accordance with Section 2(b) of the Act on Auditors, other information is defined as information included in the consolidated annual report other than the standalone and the consolidated financial statements and our auditor's report. The statutory body is responsible for the other information.

Our opinion on the consolidated financial statements does not cover the other information. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone and the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. In addition, we assess whether the other information has been prepared, in all material respects, in accordance with applicable laws and regulations, in particular, whether the other information complies with laws and regulations in terms of formal requirements and the procedure for preparing the other information in the context of materiality, i.e. whether any non-compliance with those requirements could influence judgments made on the basis of the other information.

Based on the procedures performed, to the extent we are able to assess it, we report that:

- the other information describing matters that are also presented in the standalone and the consolidated financial statements is, in all material respects, consistent with the standalone and the consolidated financial statements; and
- the other information has been prepared in accordance with applicable laws and regulations.

In addition, our responsibility is to report, based on the knowledge and understanding of the Group obtained in the audit, on whether the other information contains any material misstatement. Based on the procedures we have performed on the other information obtained, we have not identified any material misstatement.

Responsibilities of the Statutory Body and Supervisory Board for the Consolidated Financial Statements

The statutory body is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal control as the statutory body determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

The Supervisory Board is responsible for overseeing the Group's financial reporting process.

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

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

As part of an audit in accordance with the above regulations, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of CETIN a.s. ("the Company"), prepared in accordance with International Financial Reporting Standards as adopted by the European Union, which comprise the statement of financial position as at 31 December 2022, and the statement of total comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory notes. Information about the Company is set out in Note 1 to the standalone financial statements.

In our opinion, the accompanying standalone financial statements give a true and fair view of the unconsolidated financial position of the Company as at 31 December 2022, and of its unconsolidated financial performance and its unconsolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Basis for Opinion

We conducted our audit in accordance with the Act on Auditors and Auditing Standards of the Chamber of Auditors of the Czech Republic, consisting of International Standards on Auditing (ISAs), which may be supplemented and amended by relevant application guidelines. Our responsibilities under those regulations 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 Act on Auditors and the Code of Ethics adopted by the Chamber of Auditors of the Czech Republic, 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 the Statutory Body and Supervisory Board for the Financial Statements

The statutory body is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal control as the statutory body 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, the statutory body 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 the statutory body either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Supervisory Board is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the above regulations 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.

As part of an audit in accordance with the above regulations, we exercise professional judgment and maintain professional skepticism 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 the statutory body.
- Conclude on the appropriateness of the statutory body's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statutory Auditor Responsible for the Engagement

Martina Štegová is the statutory auditor responsible for the audit of the consolidated financial statements and standalone financial statements of CETIN a.s. as at 31 December 2022, based on which this independent auditor's report has been prepared.

Prague
1 March 2023

KPMG Česká republika Audit, s.r.o.
Registration number 71

Martina Štegová
Partner
Registration number 2082

Report on relations

between the controlling entity and the controlled entity and between the controlled entity and other entities controlled by the same controlling entity in 2022

The company CETIN a.s., with its registered office at Českomoravská 2510/19, Libeň, 190 00 Prague 9, identification number (IČO): 040 84 063, registered in the Commercial Register administered by the Municipal Court in Prague, file B 20623 (hereinafter the "**Company**" or "**CETIN**"), is required to prepare a report for the accounting period of 2022 on relations between the controlling entity and the Company and between the Company and other entities controlled by the same controlling entity in compliance with Section 82 et seq. of Act No. 90/2012 Coll., on Commercial Companies and Cooperatives (Business Corporations Act), as amended (hereinafter the "**Business Corporations Act**"; this report shall hereinafter be referred to as the "**Report on Related Party Transactions**").

Report on Related Party Transactions for the period of 1 January 2022 - 31 December 2022

As of the end of accounting year 2022 the controlling persons of the Company with a share that allowed its indirect control are Mrs. Renáta Kellnerová and the descendants of Mr. Petr Kellner. For the sake of completeness it is stated that for the part of year 2022 Mrs. Renáta Kellnerová as an administrator of estate of Mr. Petr Kellner had been under applicable legislation registered by the Company as its ultimate beneficial owner. The indirect share in the Company's voting rights was held by Mrs. Renáta Kellnerová and descendants of Mr. Petr Kellner through CETIN Group N.V., which is the sole shareholder of the Company. However, the share of the PPF group in CETIN Group N.V. has been 70 % as of the end of the accounting period of the year 2022. The other 30% share in CETIN Group N.V. is held by global investment fund GIC.

1. Structure of relations between the controlling entity and the Company and between the Company and other companies controlled by the same controlling entity

The company CETIN Group N.V., through which Mrs. Renáta Kellnerová and descendants of Mr. Petr Kellner control the Company, is part of the PPF Group.

The PPF Group has its corporate ownership and controlling structure located in the Netherlands. PPF Group N.V., with its registered office in Amsterdam, is the key holding company of the PPF Group; strategic decisions are adopted on this level, which affect the control of the PPF Group. Specific sub-holding structures are usually set up within the individual business/commercial areas, in which the PPF Group operates and which it considers strategic (banking, financial services, real estate management, telecommunications, biotechnology, and agriculture); these sub-holding structures address various matters relating to the relevant business/commercial area. Special-purpose vehicles (SPVs) are used within these structures, reflecting the special conditions existing within the PPF Group, particularly from the perspective of funding of their acquisitions or transaction history.

According to information provided by PPF a.s., an overview of entities directly or indirectly controlled by the same controlling person, Mrs. Renáta Kellnerová and descendants of Mr. Petr Kellner, has been prepared, including other information about their structure. The overview is shown in Annex 1 to this Report on Related Party Transactions.

2. Role of the Company

The Company is a wholesale provider of infrastructure and other telecommunication services in the area of fixed and mobile telecommunication networks to providers of electronic communication services within the territory of the Czech Republic. Through its points of presence abroad, it also provides voice and data traffic transit services to international operators.

3. Methods and means of control

Mrs. Renáta Kellnerová and descendants of Mr. Kellner have been able to control the Company due to the fact that they held indirectly majority of share of voting rights - through the aforementioned company CETIN Group N.V.. Until the end of hereditary proceeding regarding the estate of Mr. Petr Kellner, Mrs. Renáta Kellnerová had been able to control the Company as administrator of estate of Mr. Petr Kellner.

The exercising of majority of the voting rights is the fundamental means of controlling the Company.

4. Overview of actions pursuant to Section 82(2)(d) of the Business Corporations Act

During the accounting period of 2022 the Company did not take any actions initiated by or in the interest of the controlling entity or companies it controls that would involve disposal of the Company's assets exceeding 10% of the Company's equity capital, as determined based on the financial statements for accounting period immediately preceding to accounting period in relation to which this Report on Related Party Transactions is executed .

Actions pursuant to Section 82(2)(d) of the Business Corporations Act after the end of the accounting period of 2022

From the end of the accounting period of calendar year 2022 to the issuance of this Report on Related Party Transactions, the Company did not take any actions initiated by or in the interest of the controlling entity or companies it controls that would involve disposal of the Company's assets exceeding 10% of the Company's equity capital, as determined based on the financial statements for accounting period immediately preceding to accounting period in relation to which this Report on Related Party Transactions is executed.

5. Overview of mutual contracts

The following contracts existed or were newly concluded by and between the Company and the controlling entity or companies controlled by the same controlling entity during the accounting period of 2022:

contracting party: **Air Bank a.s.**

- Agreement on cooperation, *description of performance:* the agreement enables employees of the Company to consume certain products of Air Bank a.s. on favourable terms provided they met certain conditions.

contracting party: **Art Office Gallery a.s.**

- Lease Contract, *description of performance:* lease of space for running the lines of coaxial cables fed between technological units and antennas and the lease of space for placing antennas and other distribution elements.
- Lease Contracts, *description of performance:* lease of space in technology rooms.

contracting party: **Bestsport, a.s.**

- Agreement on Providing the Documentation, Protection of Information and Prevention of their Abuse, *description of performance:* provision of Company's documentation and commitment to protect the contained confidential information
- Lease Contract, *description of performance:* lease of part of real estate with the purpose of installation of telecommunications devices.
- Lease Contract, *description of performance:* lease of part of real estate with the purpose of car parking.
- Contract on the Establishment of Servitude, *description of performance:* establishment, operation, maintenance and repair of underground telecommunication lines.
- Agreement on special corporate price for accommodation, *description of performance:* determination of price terms concerning the accommodation of employees and guests of the Company, lease of conference rooms.

contracting party: **CETIN Bulgaria EAD**

- Licence Contract, *description of performance:* right to use the trademarks of the Company and determined domains.
- N2N Master Operational Service Agreement, *description of performance*: rendering particularly the IT services, including the services of webhosting.
- N2N Master Operational Service Agreement, *description of performance*: procurement of the IT services particularly.
- Personal Data Processing Agreement, *description of performance:* data processing related to the fulfilment of certain contracts executed with the contracting party.
- Adherence Agreements, *description of performance:* securing of potentional damage which may be caused by the contracting party to the CETIN by breach of obligations set forth in implementation contracts, under which the contracting party is entitled to use the third party products and services.

- Telecommunication Services Agreement, *description of performance:* contract on interconnection, voice termination to the network of contracting party and to other fix and mobile networks in Bulgaria, and transit of international outcoming calls from contracting party to worldwide destinations.

contracting party: **CETIN d.o.o. Beograd**

- Licence Contract, *description of performance:* right to use the trademarks of the Company and determined domains.
- N2N Master Operational Service Agreement, *description of performance*: rendering particularly the IT services, including the services of webhosting.
- N2N Master Operational Service Agreement, *description of performance*: procurement of the IT services particularly.
- N2N Master Operational Service Agreement, *description of performance*: procurement of data connectivity.
- Order Forms for VPN STREAM, *description of performance*: order form for provision of data services provided by Company, N2N Master Operational Service Agreement for this type of services is currently being discussed.
- Personal Data Processing Agreement*, description of performance:* data processing related to the fulfilment of certain contracts executed with the contracting party
- Adherence Agreements, *description of performance:* securing of potentional damage which may be caused by the contracting party to the CETIN by breach of obligations set forth in implementation contracts, under which the contracting party is entitled to use the third party products and services.
- International Electronic Communications Services Master Agreement, *description of performance*: wholesale electronic communication services (lease of capacities in network of contracting party).
- Transitional Services Agreement, *contracting parties include* Telenor d.o.o. Beograd, Telenor d.o.o. Podgorica, *description of performance:* terms and conditions of rendering certain telecommunication services.

contracting party: **CETIN Finance B.V.**

- Programme Manual, *description of performance:* conditions related to issuance of corporate bonds issued by CETIN Finance B.V.
- Subscription Agreement in respect of CZK 3,000,000,000 and CZK 4,866,000,000 Notes (and the associated documentation), relevant banks, *description of performance:* conditions related to issuance of the CZK tranche of corporate bonds issued by CETIN Finance B.V.
- Subscription Agreement in respect of EUR 625,000,000 Notes (and the associated documentation), relevant banks, *description of performance:* conditions related to issuance of corporate bonds issued by CETIN Finance B.V.
- Intra-Group Multi-Currency Loan Agreement of Up To EUR 2,000,000,000 Equivalent (and the following Drawdown Terms), *description of performance*: conditions of the loan provided by CETIN Finance B.V. to the Company in various currencies up to the equivalent of EUR 2bn, due in 1 to 6 years.
- Dealer Agreement (and the associated documentation), *description of performance:* conditions related to issuance of corporate bonds issued by CETIN Finance B.V.
- Trust Deed (and the associated documentation), *description of performance:* conditions related to issuance of corporate bonds issued by CETIN Finance B.V.
- Issue and Paying Agency Agreement (and the associated documentation), *contracting parties include* PPF banka a.s., *description of performance:* conditions related to issuance of corporate bonds issued by CETIN Finance B.V.

contracting party: **CETIN Group N.V.**

- Intra-Group Loan Framework Agreement, *description of performance*: conditions of the loan amounting to EUR 625,000,000 provided by CETIN Group N.V. to the Company.

contracting party: **CETIN Hungary Zrt.**

- Licence Contract, *description of performance:* right to use the trademarks of the Company and determined domains.
- N2N Master Operational Service Agreement, *description of performance*: rendering particularly the IT services, including the services of webhosting.
- N2N Master Operational Service Agreement, *description of performance*: procurement of the IT services particularly.
- Personal Data Processing Agreement*, description of performance:* data processing related to the fulfilment of certain contracts executed with the contracting party.
- Adherence Agreements, *description of performance:* securing of potentional damage which may be caused by the contracting party to the CETIN by breach of obligations set forth in implementation contracts, under which the contracting party is entitled to use the third party products and services.

contracting party: **Duoland s.r.o.**

- Agreement on cooperation regarding the construction of the connection to the public telecommunication network, *description of the performance:* construction and commissioning of a communication connect enabling the contracting party to be connected to the public telecommunication network.

contracting party: **EmbedIT s.r.o.**

- Framework Agreement on Reallocation of Software Costs, *description of performance:* frame terms and conditions for reallocation and payments of costs for granted rights to use the third parties software or maintenance of software rendered by third parties, whereas execution of special implementation contracts is required under this framework agreement.

contracting party: **Gen Office Gallery a.s.**

- Lease Contracts, *description of performance:* lease of space in technology rooms.
- Lease Contract, *description of performance:* lease of space for running the lines of coaxial cables fed between technological units and antennas and the lease of space for placing antennas and other distribution elements.
- Contracts on the Establishment of Servitude, *description of performance:* establishment of servitude, consisting in the establishment, operation, maintenance and repair of underground communication lines of the public communication network on part of the land of the encumbered party.

contracting party: **Home Credit International a.s.**

- Framework Agreement on Reallocation of Software Costs, *description of performance:* frame terms and conditions for reallocation and payments of costs for granted rights to use the third parties software or maintenance of software rendered by third parties, whereas execution of special implementation contracts is required under this framework agreement.
- Agreement on Distribution of Licenses, *description of performance*: reallocation of costs for maintenance of the software by third party.
- Agreement on provision of IT services, *description of performance:* provision of IT services.
- SAP Adherence Agreement, *description of performance:* terms and conditions of right to use software, maintenance of software and cloud services of the company SAP.

contracting party: **Kateřinská Office Building s.r.o.**

- Lease Contract, *description of performance:* lease of part of real estate with the purpose of installation of telecommunications devices.

contracting party: **MOBI BANKA AD BEOGRAD (NOVI BEOGRAD)**

- Adherence Agreements, *description of performance:* securing of potentional damage which may be caused by the contracting party to the CETIN by breach of obligations set forth in implementation contracts, under which the contracting party is entitled to use the third party products and services.

contracting party: **O2 Czech Republic a.s.**

- Mobile Network Services Agreement; *description of performance*: a contract on mobile network services which ensures access for O2 Czech Republic a.s. to the infrastructure and functionalities of the Radio Access Network mobile network on the part of Company and performance by Company consists in the operation and maintenance of the 2G, 3G, LTE, CDMA and 5G networks, consolidation of the 2G and 3G networks, development of the LTE and 5G network.
- Contract on Access to Terminal Sections; *description of performance*: data services according to a new reference offer terminated in regional capitals.
- Contract on Access to the Public Fixed Communication Network; *description of performance*: a contract based on a reference offer, the subject-matter of which is the provision of services involving connection to the network at a terminal point, access to a publicly-accessible telephone services and to broadband services in the Company fixed network.
- Personal Data Processing Contracts, *description of performance*: the processing of personal data associated with the performance of selected contracts entered into with contracting party.
- Contracts on Connection of the Public Communication Network; *description of performance*: provision of electronic communication services and activities to subscribers connected to the networks of the contracting parties and to other users, the connection and maintenance of connection of infrastructures of their public communication networks.
- Service Agreement (+EU, TGR representation) Wholesale Roaming Services, *description of performance*: arrangement of discount contracts with roaming partners on behalf of contracting party.
- Data Centres Service Level Agreement, *description of performance*: lease of space in data centres owned by Company and providing other services related with placement and operation of technologies of contracting party and its customers.
- Contract on Collocation for Specific Locations, *description of performance*: provision of collocation space and physical collocation services in certain locations.
- Contract on the Provision of Carrier-type Services, *description of performance*: Carrier wholesale data services.
- Contracts on the Provision of Billing for Wholesale Services, *description of performance*: provision of billing for wholesale services for contracting party.
- Lease and Sublease Contracts, *description of performance*: lease or sublease of office, storage and other space, as well as movables.
- Contract on the Termination of International Voice Operation; *description of performance*: transit of international operation originating in the fixed and mobile network of contracting party, including operation originating in the O2 Slovakia, s.r.o. network.
- Contract on the Lease of Optical Fibres, *description of performance*: lease of optical fibres.
- Contract on the Provision of Technological Housing Services, *description of performance*: provision of space for placement of technological equipment required for business activities of contracting party and services directly related to the provision of space.
- Master Services Agreement on Signalling and GRX / IPX, *description of performance*: Company ensures SCCP and diameter signalling, GRX/S8 payload mobile data exchange.
- Master Agreement on the Terms and Conditions of the Provision of Mobile Electronic Communication Services; *description of performance*: provision of electronic communication services through mobile networks, supplies of mobile telephones and accessories, and IP Connect Mobile Access Services.
- Contract on the Provision of Address Space; *description of performance*: mutual provision for use of address space (IP Address Space).
- Contract on the Provision of Archiving Services, Principles for Potential Division of Archives and Associated Cooperation, *description of performance:* archiving and access to archived documents within the central archives of contracting party pertaining to Company, under the separation project or relating to joint corporate history of both companies.
- Security Services Agreement, *description of performance:* provision of security services by Company.

- Agreement on the Use of Test Lab – SELFLAB; *description of performance*: use of Company's test lab.
- Non-disclosure Agreements; *description of performance*: maintaining confidentiality regarding business proceedings of the parties.
- Contracts on rendering of professional services of Data Science Centre*, description of performance:* rendering of professional services of implementation and development of procedures and algorithms for processing of huge amounts of data and their aggregation.
- Agreement on provision of DWDM capacity, *description of performance:* provision of DWDM services.
- Agreement on provision of supporting technical services regarding the exercise of cooperation with competent authorities required by law, *description of performance*: supporting technical services regarding the cooperation with competent authorities required by the law.
- Letter of Intent, *description of performance*: confirmation of intent of rendering of digital TV platform services and related rights and obligations of contracting parties, including the amendments and partial agreements on specific steps of implementation.
- Framework agreement for supply of racks and equipment, *description of performance*: supply of racks and equipment including the accessories and installation.
- Provision of space for advertisement, *description of performance*: Company's offer towards its partners to use certain properties of Company by advertisement of partners.
- Framework agreement on terms and conditions of provision mobile services of electronical communication, *description of performance*: provision of electronical communication services through mobile network of O2 Czech Republic a.s. and supply of mobile phones, accessories to mobile phones and further products of O2 Czech Republic a.s. (the agreement had been transferred to the Company as successor company as a result of merger with STEL-INVEST s.r.o.).
- Contract on work, *description of performance:* provision of electro-installation works on connection of brand stores of O2 Czech Republic a.s. to the distribution network (the agreement had been transferred to the Company as successor company as a result of merger with STEL-INVEST s.r.o.).
- Agreement on the use of Telefónica Partners Program, *description of performance*: Company access to Partnership program provided to the O2 Czech Republic a.s. by the company Telefónica, S.A.; *contracting parties include*: CETIN d.o.o., CETIN Bulgaria EAD, CETIN Hungary Zrt.
- Licence Agreement for applications P2000, P8, KOFAX, *description of performance:* granting a license to exercise the right to use the computer programs P2000, P8, KOFAX.
- Agreement on provision of IOOH services, *description of performance:* provision of IOOH services.

contracting party: **O2 Family, s.r.o.**

- Lease Contract, *description of performance*: lease of space for business activities.

contracting party: **O2 IT Services s.r.o.**

- Lease and Sublease Contracts, *description of performance*: lease or sublease of office space from Company.
- Technical Service Specification of the Carrier Services, *description of performance*: data services.
- Contract of ensuring the operation of the infrastructure of the internal certification authority, *description of performance*: ensuring the operation of the infrastructure of the internal certification authority.

contracting party: **O2 Networks, s.r.o.**

- Contract on the Provision of Support Services; *description of performance*: the temporary provision of mutual support services.
- Purchase Contracts; *description of performance*: purchase/sale of assets from/to O2 Networks, s.r.o.
- Contract on the Use of Optical Fibres, *description of performance*: exclusive use of optical fibres of contracting party by CETIN and regular maintenance.
- Contract on the Provision of Carrier-type Services, *description of performance*: Carrier wholesale data services.

contracting party: **O2 Slovakia, s.r.o.**

- Contract on the Provision of Billing for Wholesale Services, *description of performance*: provision of billing for wholesale services for contracting party.
- Master Services Agreement (on Signalling GRX/IPX); *description of performance:* provision of roaming signalling services and roaming data exchange (2G/3G/4G) to O2 Slovakia, s.r.o.
- Service Agreement – Wholesale Roaming Services, *description of performance*: arrangement of discount contracts with roaming partners on behalf of O2 Slovakia s.r.o.
- Letter of Intent, *description of performance*: confirmation of intent of rendering of digital TV platform services and related rights and obligations of contracting parties.
- Non-disclosure Agreements; *description of performance*: maintaining confidentiality regarding business proceedings of the parties.

contracting party: **PPF a.s.**

- Service Level Agreement, *description of performance:* consultancy services.
- Personal Data Processing Contracts, *description of performance*: terms and conditions of parties regarding the data processing.
- Recharge of Costs for trainings, *description of performance*: ensure of trainings.

contracting party: **PPF banka a.s.**

- Master Contract on Payment and Banking Services, *description of performance*: the subject-matter of the contract is the opening of accounts in CZK, EUR and USD.
- Master Contract on Trading on Financial Market (EMA), *description of performance:* financial services – financial market trading.
- Contract on Provision of Investment Services, *description of performance:* investment services – arrangement of trades (purchase or sell of investment instrument) and related services (settlement and administration).
- Agreement on Non-disclosure and Data Processing, *description of performance*: protection of mutually disclosed confidential information and right and obligations of the parties regarding the processing of personal data.

contracting party: **PPF Group N.V.**

- Deliverable FX Spot Transactions, *description of performance*: purchases of EUR and USD by the Company.

contracting party: **Public Picture & Marketing a.s.**

- Master Contract on the Provision of the Services of an Events Agency, *description of performance:* design, preparation and organisation of events and provision of advertising services for different target groups.
- Master Contract on the Provision or Intermediation of Travel Desk Services, *description of performance:* the contracting party provides the Company with a service package consisting of arranging booking of air tickets, accommodation, travel tickets, provision of visas, car rentals, reporting.
- Contracts on the Processing of Personal Data Relating to the Travel Desk Contract; *description of performance:* processing of personal data –CETIN once in the position of administrator and once in the position of processor.

contracting party: **ŠKODA TRANSPORTATION a.s.**

- Lease Contract, *description of performance:* lease of part of real estate with the purpose of installation of telecommunications devices.

contracting party: **TV Nova s.r.o.**

- Agreement on Non-disclosure, *description of performance*: protection of mutually disclosed confidential information.

- Contract on maintenance of backup electricity sources, *description of performance*: maintenance of backup electricity sources – diesel generators, UPS.
- Agreement on location of public communication network, *description of performance*: right of the Company to use part of property of contracting party to locate, including the operate, maintenance and repair of indoor cabling of communication network.

contracting party: **Yettel Bulgaria EAD**

- Adherence Agreements, *description of performance:* securing of potentional damage which may be caused by the contracting party to the CETIN by breach of obligations set forth in implementation contracts, under which the contracting party is entitled to use the third party products and services.
- Telecommunication Services Agreement, *description of performance:* contract on interconnection, voice termination to the network of contracting party and to other fix and mobile networks in Bulgaria, and transit of international outcoming calls from contracting party to worldwide destinations.
- Contract on rendering of professional services of Data Science Centre*, description of performance:* rendering of professional services of implementation and development of procedures and algorithms for processing of huge amounts of data and their aggregation.
- Service Agreement – Wholesale Roaming Services, *description of performance:* arrangement of discount contracts with roaming partners on behalf of contracting party.

contracting party: **Yettel d.o.o. Beograd**

- Adherence Agreements, *description of performance:* securing of potentional damage which may be caused by the contracting party to the CETIN by breach of obligations set forth in implementation contracts, under which the contracting party is entitled to use the third party products and services.
- Telecommunication Services Agreement, *description of performance:* contract on interconnection, voice termination to the network of contracting party and to other fix and mobile networks in Serbia, and transit of international outcoming calls from contracting party to worldwide destinations.
- Contract on rendering of professional services of Data Science Centre*, description of performance:* rendering of professional services of implementation and development of procedures and algorithms for processing of huge amounts of data and their aggregation.
- Personal Data Processing Agreement, *description of performance:* data processing related to the fulfilment of certain contracts executed with the contracting party.
- Letter of Intent, *description of performance:* confirmation of the intent of contracting party to be served with services of the digital TV platform and related rights and obligations of the contracting parties.
- Service Agreement – Wholesale Roaming Services, *description of performance:* arrangement of discount contracts with roaming partners on behalf of contracting party.
- Transitional Services Agreement, *contracting parties include* CETIN d.o.o. Beograd, Telenor d.o.o. Podgorica, *description of performance:* terms and conditions of rendering certain telecommunication services.

contracting party: **Yettel Magyarorzág Zrt**.

- Adherence Agreements, *description of performance:* securing of potentional damage which may be caused by the contracting party to the CETIN by breach of obligations set forth in implementation contracts, under which the contracting party is entitled to use the third party products and services.
- Telecommunication Services Agreement, *description of performance:* transit of international outcoming calls from contracting party to worldwide destinations.
- Interconnect Agreement, *description of performance:* voice termination to the network of contracting party and to other fix and mobile networks in Hungary.
- Contract on rendering of professional services of Data Science Centre*, description of performance:* rendering of professional services of implementation and development of procedures and algorithms for processing of huge amounts of data and their aggregation.
- Personal Data Processing Agreement, *description of performance:* data processing related to the fulfilment of certain contracts executed with the contracting party.

- Letter of Intent, *description of performance:* confirmation of the intent of contracting party to be served with services of the digital TV platform and related rights and obligations of the contracting parties.
- Service Agreement – Wholesale Roaming Services, *description of performance:* arrangement of discount contracts with roaming partners on behalf of contracting party.

From the perspective of the controlled company, the performance based on the aforementioned contracts/agreements was invariably at a level corresponding in terms of price and quality to the services provided on the market by third parties or to third parties, as appropriate. Any other information from the said contracts/agreements cannot be disclosed due to the need to ensure trade secret and the agreed obligation to maintain confidentiality.

6. Conclusion

The most significant event relevant to the Report on Related Party Transactions during the accounting period of 2022 was the end of hereditary proceeding regarding the estate of Mr. Petr Kellner.

The Board of Directors of the Company hereby represents that, based on the evaluation of the role of the Company in relation to the controlling entity and to companies controlled by the same controlling entity, the Company has not enjoyed any special benefits or suffered any disadvantages or risks arising from relations between the Company and the controlling entity and/or companies controlled by the same controlling entity.

The Board of Directors of the Company hereby represents that it made reasonable effort in gathering and verifying information for the purpose of this Report on Related Party Transactions, whereas the conclusions at which it arrived were formulated following careful consideration. Moreover, to the best knowledge of the Board of Directors of the Company, all information presented in this Report on Related Party Transactions is accurate and complete.

In Prague, on 1 March 2023

CETIN a.s.

Annex no. 1 – List of companies directly or indirectly controlled by the same controlling person as of 31 December 2022

Controlling persons: Mrs. Renáta Kellnerová and descendants of Mr. Petr Kellner

Business name	Indentification / registration number	Country of registration	Method and means of control	Note	Interest via
AB 4 B.V.	34186049	The Netherlands	Company controlled by the same controlling entity by way of ownership interest		Air Bank a.s.
AB-X Projekt GmbH v likvidaci	HRB 247124	The Federal Republic of Germany	Company controlled by the same controlling entity by way of ownership interest		Home Credit Group B.V.
Acacias Exp	911177707	Saint Martin	Company controlled by the same controlling entity by way of ownership interest	from 29.8.2022	Dream Yacht Charter Mauritus
Acolendo Limited	HE 434775	Republic of Cyprus	Company controlled by the same controlling entity by way of ownership interest	from 26.05.2022	PPF a.s.
AF Airfueling s.r.o.	02223953	Czech Republic	Company controlled by the same controlling entity by way of ownership interest		Prague Entertainment Group B.V.
Air Bank a.s.	29045371	Czech Republic	Company controlled by the same controlling entity by way of ownership interest		Home Credit N.V.
Alcat S.r.l	1982487	Italy	Company controlled by the same controlling entity by way of ownership interest		Dream Yacht Italia S.r.l
Anse Marcel Marina SAS	484763594	France	Company controlled by the same controlling entity by way of ownership interest		Dream Yacht Saint Martin
ANTHEMONA LIMITED	HE 289 677	Republic of Cyprus	Company controlled by the same controlling entity by way of ownership interest	till 13.10.2022	Comcity Office Holding B.V.
Antille-Sail.com	439340613	Guadeloupe	Company controlled by the same controlling entity by way of ownership interest	from 1.10.2022	Dream Yacht Charter Mauritus
Aqua Lodge	489859827	Guadeloupe	Company controlled by the same controlling entity by way of ownership interest	from 1.10.2022	Dream Yacht Charter Mauritus
Aqualodge	823597950	Martinique	Company controlled by the same controlling entity by way of ownership interest		Dream Yacht Charter

Business name	Indentification / registration number	Country of registration	Method and means of control	Note	Interest via
ARC DEVELOPMENT S.R.L.	27050108	Romania	Company controlled by the same controlling entity by way of ownership interest	from 30.03.2022	PPF Real Estate s.r.o.
Argos Yachtcharter & Touristik GmbH	9313	The Federal Republic of Germany	Company controlled by the same controlling entity by way of ownership interest		Lacani
Archipels croisieres	92125B	France	Company controlled by the same controlling entity by way of ownership interest		Dream Yacht Tahiti
Art Office Gallery a.s.	24209627	Czech Republic	Company controlled by the same controlling entity by way of ownership interest		Office Star Eight a.s.
Asake HW s.r.o. v likvidaci (former eKasa s.r.o.)	05089131	Czech Republic	Company controlled by the same controlling entity by way of ownership interest	till 01.10.2022	O2 Czech Republic a.s.
ASTAVEDO LIMITED	HE 316 792	Republic of Cyprus	Company controlled by the same controlling entity by way of ownership interest	till 30.09.2022	Home Credit Group B.V.
Bammer trade a.s.	28522761	Czech Republic	Company controlled by the same controlling entity by way of ownership interest		Škoda a.s.
Bavella B.V.	52522911	The NetherlandsThe Netherlands	Company controlled by the same controlling entity by way of ownership interest		PPF Group N.V.
Beficery LTD	417922	Republic of Cyprus	Company controlled by the same controlling entity by way of ownership interest		PPF Industrial Holding B.V.
Best Charter	820563815	Guadeloupe	Company controlled by the same controlling entity by way of ownership interest		Dream Yacht Charter
Bestsport holding a.s.	06613161	Czech Republic	Company controlled by the same controlling entity by way of ownership interest		Prague Entertainment Group B.V.
Bestsport Services, a.s. v likvidaci	24215171	Czech Republic	Company controlled by the same controlling entity by way of ownership interest		PPF CYPRUS MANAGEMENT LIMITED
Bestsport, a.s.	24214795	Czech Republic	Company controlled by the same controlling entity by way of ownership interest		LINDUS SERVICES LIMITED

Business name	Indentification / registration number	Country of registration	Method and means of control	Note	Interest via
BLUE SEA HOLDING Sárl	0771845232	Belgium	Company controlled by the same controlling entity by way of ownership interest		Vox Ventures B.V.
Bolt Start Up Development a.s.	04071336	Czech Republic	Company controlled by the same controlling entity by way of ownership interest	from 30.11.2022	O2 Czech Republic a.s.
BONAK a.s.	05098815	Czech Republic	Company controlled by the same controlling entity by way of ownership interest		PPF a.s.
Boryspil Project Management Ltd.	34999054	Ukraine	Company controlled by the same controlling entity by way of ownership interest		Pharma Consulting Group Ltd.
Bravewave Limited	HE 416 017	Republic of Cyprus	Company controlled by the same controlling entity by way of ownership interest		PPF Industrial Holding B.V.
BTV Media Group EAD	130081393	Bulgaria	Company controlled by the same controlling entity by way of ownership interest		CME Bulgaria B.V.
Capellalaan (Hoofddorp) B.V.	58391312	The NetherlandsThe Netherlands	Company controlled by the same controlling entity by way of ownership interest		Seven Assets Holding B.V.
Carolia Westminster Hotel Limited	9331282	United Kingdom of Great Britain and Northern Ireland	Company controlled by the same controlling entity acting in concert by way of ownership interest		CW Investor S.á.r.l.
CEIL (Central Europe Industries) LTD	275785	Republic of Cyprus	Company controlled by the same controlling entity by way of ownership interest		Bravewave limited, Beficery LTD
CETIN a.s.	04084063	Czech Republic	Company controlled by the same controlling entity by way of ownership interest		CETIN Group N.V.
CETIN Bulgaria EAD	206149191	Bulgaria	Company controlled by the same controlling entity by way of ownership interest		CETIN Group N.V.
CETIN d.o.o. Beograd - Novi Beograd	21594105	Serbia	Company controlled by the same controlling entity by way of ownership interest		CETIN Group N.V.
CETIN Finance B.V.	66805589	The NetherlandsThe Netherlands	Company controlled by the same controlling entity by way of ownership interest		CETIN a.s.

Business name	Indentification / registration number	Country of registration	Method and means of control	Note	Interest via
CETIN Finco B.V.	85746592	The NetherlandsThe Netherlands	Company controlled by the same controlling entity by way of ownership interest	from 10.3.2022	CETIN Group N.V.
CETIN Group N.V. (former CETIN Group B.V.)	65167899	The NetherlandsThe Netherlands	Company controlled by the same controlling entity by way of ownership interest		PPF Telecom Group B.V.
CETIN Hungary Zártkörűen Működő Részvénytársaság	13-10-042052	Hungary	Company controlled by the same controlling entity by way of ownership interest		TMT Hungary Infra B.V.
CETIN služby s.r.o.	06095577	Czech Republic	Company controlled by the same controlling entity by way of ownership interest		CETIN a.s.
CIAS HOLDING a.s.	27399052	Czech Republic	Company controlled by the same controlling entity by way of ownership interest		Škoda a.s.
CME Bulgaria B.V.	34385990	The NetherlandsThe Netherlands	Company controlled by the same controlling entity by way of ownership interest		CME Media Enterprises B.V.
CME Investments B.V.	33289326	The NetherlandsThe Netherlands	Company controlled by the same controlling entity by way of ownership interest	till 10.5.2022	CME Media Enterprises B.V.
CME Media Enterprises B.V.	33246826	The NetherlandsThe Netherlands	Company controlled by the same controlling entity by way of ownership interest		TV Bidco B.V.
CME Media Services Limited	6847543	United Kingdom of Great Britain and Northern Ireland	Company controlled by the same controlling entity by way of ownership interest		CME Media Enterprises B.V.
CME Services s.r.o.	29018412	Czech Republic	Company controlled by the same controlling entity by way of ownership interest		CME Media Enterprises B.V.
CME Slovak Holdings B.V.	34274606	The NetherlandsThe Netherlands	Company controlled by the same controlling entity by way of ownership interest		TV Nova s.r.o.
Comcity Office Holding B.V.	64411761	The NetherlandsThe Netherlands	Company controlled by the same controlling entity by way of ownership interest	till 13.10.2022	PPF Real Estate Holding B.V.
Croatia Yacht Club d.o.o.	100001999	Croatia	Company controlled by the same controlling entity by way of ownership interest		Dream Yacht Charter

Business name	Indentification / registration number	Country of registration	Method and means of control	Note	Interest via
Croisiere Cabine Antilles	791273881	Martinique	Company controlled by the same controlling entity by way of ownership interest		Dream Yacht Charter
Culture Trip (Israel) Ltd.	515308609	Israel	Company controlled by the same controlling entity by way of ownership interest		The Culture Trip Ltd
CW Investor S.á.r.l.	B211446	Luxembourg	Company controlled by the same controlling entity acting in concert by way of ownership interest		Westminster JV a.s.
Cytune Pharma SAS	500998703	France	Company controlled by the same controlling entity by way of ownership interest		Sotio Biotech B.V.
Czech Equestrian Team a.s.	01952684	Czech Republic	Company controlled by the same controlling entity acting in concert by way of ownership interest		SUNDOWN FARMS LIMITED
CZECH TELECOM Germany GmbH i.L.	HRB 51503	The Federal Republic of Germany	Company controlled by the same controlling entity by way of ownership interest	till 4.2.2022	CETIN a.s.
CzechToll s.r.o.	06315160	Czech Republic	Company controlled by the same controlling entity by way of ownership interest	till 30.8.2022	PPF a.s.
De Reling (Dronten) B.V.	58164235	The NetherlandsThe Netherlands	Company controlled by the same controlling entity by way of ownership interest		Seven Assets Holding B.V.
DEVEDIACO ENTERPRISES LIMITED	HE 372136	Republic of Cyprus	Company controlled by the same controlling entity by way of ownership interest		TELISTAN LIMITED
DRAK INVESTMENT HOLDING LTD	324472	Cayman Islands	Company controlled by the same controlling entity by way of ownership interest		GONDRA HOLDINGS LTD
Dream Charter Limited	8498778	United Kingdom of Great Britain and Northern Ireland	Company controlled by the same controlling entity by way of ownership interest	from 21.9.2022	Dream Yacht Charter Mauritus
Dream Yacht Americas, Inc.	D13776851	The United States of America	Company controlled by the same controlling entity by way of ownership interest		Dream Yacht Charter
Dream Yacht Australia Pty Ltd	138577634	Australia	Company controlled by the same controlling entity by way of ownership interest		Dream Yacht Charter

Business name	Indentification / registration number	Country of registration	Method and means of control	Note	Interest via
Dream Yacht Bahamas Limited	105631118	The Bahamas	Company controlled by the same controlling entity by way of ownership interest		Dream Yacht Americas, Inc.
Dream Yacht Belize Ltd	239396	Belize	Company controlled by the same controlling entity by way of ownership interest		Dream Yacht Charter
Dream Yacht Caribean	478532559	Martinique	Company controlled by the same controlling entity by way of ownership interest		Dream Yacht Charter
Dream Yacht Club DOO	080648734	Croatia	Company controlled by the same controlling entity by way of ownership interest		Dream Yacht Nordic AB
Dream Yacht Finance France	844801514	France	Company controlled by the same controlling entity by way of ownership interest		Dream Yacht Méditerranée
Dream Yacht Fleet	844858043	France	Company controlled by the same controlling entity by way of ownership interest		Dream Yacht Finance France
Dream Yacht Grenadines Ltd	No.70 of 2015	Grenada	Company controlled by the same controlling entity by way of ownership interest		Dream Yacht Charter
Dream Yacht Group SA	BE0681876643	Belgium	Company controlled by the same controlling entity by way of ownership interest		BLUE SEA HOLDING Sárl
Dream Yacht Charter	C10039041	Republic of Mauritius	Company controlled by the same controlling entity by way of ownership interest		DREAM YACHT GROUP SA
Dream Yacht Charter (Antigua) Limited	C138/13	Antigua a Barbuda	Company controlled by the same controlling entity by way of ownership interest		Dream Yacht Charter
Dream Yacht Charter Balearic, Sociedad Limitada	B57918252	Spain	Company controlled by the same controlling entity by way of ownership interest		Dream Yacht Méditerranée
Dream Yacht Charter Grenada Limited	112OF2013-7013	Grenada	Company controlled by the same controlling entity by way of ownership interest		Dream Yacht Charter
Dream Yacht Charter UK Ltd	7501705	United Kingdom of Great Britain and Northern Ireland	Company controlled by the same controlling entity by way of ownership interest	from 21.9.2022	Dream Charter Limited

Business name	Indentification / registration number	Country of registration	Method and means of control	Note	Interest via
Dream Yacht Charter, SA DE CV (Dream Yacht Mexico)	DYC1408125Z0	Mexico	Company controlled by the same controlling entity by way of ownership interest		Dream Yacht Americas, Inc.
Dream Yacht Italia S.r.l	2113336	Italy	Company controlled by the same controlling entity by way of ownership interest		Dream Yacht Méditerranée
Dream Yacht Malaysia	793437U	Malaysia	Company controlled by the same controlling entity by way of ownership interest		Dream Yacht Charter
Dream Yacht Méditérranée	494440712	France	Company controlled by the same controlling entity by way of ownership interest		Dream Yacht Charter
Dream Yacht Nordic AB	5564283728	Sweden	Company controlled by the same controlling entity by way of ownership interest		Dream Yacht Méditerranée
Dream Yacht Nouvelle-Calédonie	000963892	France	Company controlled by the same controlling entity by way of ownership interest		Dream Yacht Charter
Dream Yacht Saint Martin	812809143	France	Company controlled by the same controlling entity by way of ownership interest		Dream Yacht Charter
Dream Yacht Seychelles Ltd	8427841	Seychelles	Company controlled by the same controlling entity by way of ownership interest		Dream Yacht Charter
Dream Yacht Tahiti	08179B	France	Company controlled by the same controlling entity by way of ownership interest		Dream Yacht Charter
Dream Yacht Tortola INC.	1463569	The British Virgin Islands	Company controlled by the same controlling entity by way of ownership interest		Dream Yacht Charter
Dream Yacht Travel	477550313	France	Company controlled by the same controlling entity by way of ownership interest		Lacani
Dream Yacht USVI LLC	DC0111468	The United States Virgin Islands	Company controlled by the same controlling entity by way of ownership interest		Dream Yacht Charter
Duoland s.r.o.	06179410	Czech Republic	Company controlled by the same controlling entity by way of ownership interest		Prague Entertainment Group B.V.

Business name	Indentification / registration number	Country of registration	Method and means of control	Note	Interest via
DYC HELLAS M.C.P.Y.	EL99759440	Greece	Company controlled by the same controlling entity by way of ownership interest		Dream Yacht Méditerranée
Eastern Properties B.V.	58756566	The NetherlandsThe Netherlands	Company controlled by the same controlling entity by way of ownership interest		PPF Real Estate Holding B.V.
Easy Sailing j.d.o.o za usluge, turisticka agencija	080883331	Croatia	Company controlled by the same controlling entity by way of ownership interest		Croatia Yacht Club d.o.o.
Easy Sailing Single-Member Shipping Limited Liability Company	004313901000	Greece	Company controlled by the same controlling entity by way of ownership interest		Dream Yacht Méditerranée
Ecos Yachting	080422270	Croatia	Company controlled by the same controlling entity by way of ownership interest		Dream Yacht Charter
ELTHYSIA LIMITED	HE 290 356	Republic of Cyprus	Company controlled by the same controlling entity by way of ownership interest		PPF Real Estate Holding B.V.
EmbedInfo Technologies India Private Limited	U72200DL2022FTC392740	Republic of India	Company controlled by the same controlling entity by way of ownership interest	from 21.01.2022	Home Credit International a.s. Home Credit India B.V.
EmbedIT Philippines Inc.	2022010038020-00	Republic of the Philippines	Company controlled by the same controlling entity by way of ownership interest	from 11.01.2022	Home Credit International a.s.
EmbedIT s.r.o. (former Home Credit SSEA Services s.r.o.)	17139708	Czech Republic	Company controlled by the same controlling entity by way of ownership interest	from 12.05.2022	Home Credit N.V.
Embedit Vietnam One Member Company Limited	0317148728	Vietnam	Company controlled by the same controlling entity by way of ownership interest		Home Credit International a.s.
Emeldi Technologies, s.r.o.	25663232	Czech Republic	Company controlled by the same controlling entity by way of ownership interest	till 01.11.2022	O2 Czech Republic a.s.
EMPTYCO a.s.	05418046	Czech Republic	Company controlled by the same controlling entity by way of ownership interest		PPF a.s.

Business name	Indentification / registration number	Country of registration	Method and means of control	Note	Interest via
ENADOCO LIMITED	HE 316 486	Republic of Cyprus	Company controlled by the same controlling entity by way of ownership interest		Home Credit Group B.V.
Erable B.V.	67330495	The NetherlandsThe Netherlands	Company controlled by the same controlling entity by way of ownership interest		PPF Group N.V.
ESK Developments Limited	1611159	The British Virgin Islands	Company controlled by the same controlling entity by way of ownership interest		Chelton Properties Limited
EusebiusBS (Arnhem) B.V.	58163778	The NetherlandsThe Netherlands	Company controlled by the same controlling entity by way of ownership interest		Seven Assets Holding B.V.
FACIPERO INVESTMENTS LIMITED	HE 232 483	Republic of Cyprus	Company controlled by the same controlling entity by way of ownership interest		PPF Group N.V.
Favour Ocean Limited	1065678	People's Republic of China	Company controlled by the same controlling entity by way of ownership interest		Home Credit N.V.
Filcommerce Holdings, Inc	CS 201 310 129	Republic of the Philippines	Company controlled by the same controlling entity by way of ownership interest		HC Philippines Holding B.V.
FLOGESCO LIMITED	HE 172588	Republic of Cyprus	Company controlled by the same controlling entity by way of ownership interest		Gilbey Holdings Limited
FO Management s.r.o.	06754295	Czech Republic	Company controlled by the same controlling entity by way of ownership interest		PPF FO Management B.V.
FO servis s.r.o.	08446407	Czech Republic	Company controlled by the same controlling entity by way of ownership interest		PPF FO Management B.V.
Fodina B.V.	59400676	The NetherlandsThe Netherlands	Company controlled by the same controlling entity by way of ownership interest		PPF Group N.V.
FOR EVENTS s.r.o.	17751543	Czech Republic	Company controlled by the same controlling entity by way of ownership interest	from 22.12.2022	STONES Catering s.r.o.
Fórum Karlín a.s.	08259551	Czech Republic	Company controlled by the same controlling entity by way of ownership interest		Prague Entertainment Group B.V.

Business name	Indentification / registration number	Country of registration	Method and means of control	Note	Interest via
Forward leasing LLP	190740032911	Kazakhstan	Company controlled by the same controlling entity by way of ownership interest		Vsegda Da N.V., LLC Forward leasing
FOSOL ENTERPRISES LIMITED	HE 372077	Republic of Cyprus	Company controlled by the same controlling entity by way of ownership interest		DEVEDIACO ENTERPRISES LIMITED
GABELLI CONSULTANCY LIMITED	HE 160 589	Republic of Cyprus	Company controlled by the same controlling entity by way of ownership interest		VELTHEMIA LIMITED
Ganz-Skoda Electric Zrt.	110045500	Hungary	Company controlled by the same controlling entity by way of ownership interest		ŠKODA TRANSPORTATION a.s.
Gen Office Gallery a.s.	24209881	Czech Republic	Company controlled by the same controlling entity by way of ownership interest		Office Star Eight a.s.
German Properties B.V.	61008664	The NetherlandsThe Netherlands	Company controlled by the same controlling entity by way of ownership interest		PPF Real Estate Holding B.V.
GILBEY HOLDINGS LIMITED	HE182860	Republic of Cyprus	Company controlled by the same controlling entity by way of ownership interest		PPF Real Estate Holding B.V.
GONDRA HOLDINGS LTD	324452	Cayman Islands	Company controlled by the same controlling entity by way of ownership interest		Salonica Holding Limited
GRACESPRING LIMITED	HE 208 337	Republic of Cyprus	Company controlled by the same controlling entity by way of ownership interest		PPF Real Estate Holding B.V.
Grandview Resources Corp.	1664098	The British Virgin Islands	Company controlled by the same controlling entity by way of ownership interest	till 19.12.2022	Bavella B.V.
Guangdong Home Credit Number Two Information Consulting Co., Ltd	76732894-1	People's Republic of China	Company controlled by the same controlling entity by way of ownership interest	till 15.2.2022	Home Credit Asia Limited
HC Asia B.V.	34253829	The NetherlandsThe Netherlands	Company controlled by the same controlling entity by way of ownership interest		Home Credit N.V.
HC Consumer Finance Philippines, Inc	CS201301354	Republic of the Philippines	Company controlled by the same controlling entity by way of ownership interest		HC Philippines Holding B.V.

Business name	Indentification / registration number	Country of registration	Method and means of control	Note	Interest via
HC Finance USA LLC	7241255	The United States of America	Company controlled by the same controlling entity by way of ownership interest	till 17.08.2022	Home Credit US Holding, LLC
HC Philippines Holding B.V.	35024270	The NetherlandsThe Netherlands	Company controlled by the same controlling entity by way of ownership interest		HC Asia B.V.
HCPH Financing I. Inc	CS201727565	Republic of the Philippines	Company controlled by the same controlling entity by way of ownership interest		HC Philippines Holding B.V.
HCPH INSURANCE BROKERAGE, INC.	CS201812176	Republic of the Philippines	Company controlled by the same controlling entity by way of ownership interest		HC Philippines Holding B.V.
Hofplein Offices (Rotterdam) B.V.	64398064	The NetherlandsThe Netherlands	Company controlled by the same controlling entity by way of ownership interest		Seven Assets Holding B.V.
Home Credit a.s.	26978636	Czech Republic	Company controlled by the same controlling entity by way of ownership interest		Home Credit International a.s.
Home Credit Asia Limited	890063	People's Republic of China	Company controlled by the same controlling entity by way of ownership interest		HC Asia B.V.
Home Credit Consumer Finance Co., Ltd	91120116636067462H	People's Republic of China	Company controlled by the same controlling entity by way of ownership interest		Home Credit N.V.
Home Credit Group B.V.	69638284	The NetherlandsThe Netherlands	Company controlled by the same controlling entity by way of ownership interest		PPF Financial Holdings a.s.
Home Credit India B.V.	52695255	The NetherlandsThe Netherlands	Company controlled by the same controlling entity by way of ownership interest		HC Asia B.V.
HOME CREDIT INDIA FINANCE PRIVATE LIMITED	U65910HR1997PTC047448	Republic of India	Company controlled by the same controlling entity by way of ownership interest		Home Credit India B.V., Home Credit International a.s.
HOME CREDIT INDIA STRATEGIC ADVISORY SERVICES PRIVATE LIMITED	U74999HR2017FTC070364	Republic of India	Company controlled by the same controlling entity by way of ownership interest		Home Credit India B.V., Home Credit International a.s.
Home Credit Indonesia B.V.	52695557	The NetherlandsThe Netherlands	Company controlled by the same controlling entity by way of ownership interest		HC Asia B.V.

Business name	Indentification / registration number	Country of registration	Method and means of control	Note	Interest via
Home Credit International a.s.	60192666	Czech Republic	Company controlled by the same controlling entity by way of ownership interest		Home Credit N.V.
Home Credit N.V.	34126597	The NetherlandsThe Netherlands	Company controlled by the same controlling entity by way of ownership interest		Home Credit Group B.V.
Home Credit Slovakia, a.s.	36234176	Slovak Republic	Company controlled by the same controlling entity by way of ownership interest		Home Credit N.V.
Home Credit US Holding, LLC	5467913	The United States of America	Company controlled by the same controlling entity by way of ownership interest	till 30.09.2022	Home Credit Group B.V.
Home Credit US, LLC	5482663	The United States of America	Company controlled by the same controlling entity by way of ownership interest	till 30.09.2022	Home Credit US Holding, LLC
Home Credit Vietnam Finance Company Limited	307672788	Vietnam	Company controlled by the same controlling entity by way of ownership interest		Home Credit N.V.
HOPAR LIMITED	HE 188 923	Republic of Cyprus	Company controlled by the same controlling entity by way of ownership interest		PPF Real Estate Holding B.V.
Horse Arena s.r.o.	04479823	Czech Republic	Company controlled by the same controlling entity acting in concert by way of ownership interest		SUNDOWN FARMS LIMITED
Chelton Properties Limited	1441835	The British Virgin Islands	Company controlled by the same controlling entity by way of ownership interest		Renáta Kellnerová
INTENS Corporation s.r.o.	28435575	Czech Republic	Company controlled by the same controlling entity by way of ownership interest		Bolt Start Up Development a.s.
ITIS Holding a.s.	07961774	Czech Republic	Company controlled by the same controlling entity by way of ownership interest	till 30.8.2022	PPF a.s.
Izotrem Investments Limited	HE 192753	Republic of Cyprus	Company controlled by the same controlling entity by way of ownership interest		Gilbey Holdings Limited
JARVAN HOLDINGS LIMITED	HE 310 140	Republic of Cyprus	Company controlled by the same controlling entity by way of ownership interest		PPF Real Estate Holding B.V., PPF CYPRUS RE MANAGEMENT LIMITED

Business name	Indentification / registration number	Country of registration	Method and means of control	Note	Interest via
Johan H (Amsterdam) B.V.	58163239	The NetherlandsThe Netherlands	Company controlled by the same controlling entity by way of ownership interest		Seven Assets Holding B.V.
Joint-Stock Company " Investments trust"	1037739865052	Russian Federation	Company controlled by the same controlling entity by way of ownership interest		Trilogy Park Holding B.V.
Joint-Stock Company "Intrust NN"	1065259035896	Russian Federation	Company controlled by the same controlling entity by way of ownership interest	till 20.12.2022	Stinctum Holdings Limited
Jokiaura Kakkonen Oy	2401050-2	Finland	Company controlled by the same controlling entity by way of ownership interest	till 31.12.2022	Škoda a.s.
JONSA LIMITED	HE275110	Republic of Cyprus	Company controlled by the same controlling entity by way of ownership interest		PPF Real Estate Holding B.V., PPF CYPRUS RE MANAGEMENT LIMITED
Kanal A d.o.o.	5402662000	Slovenia	Company controlled by the same controlling entity by way of ownership interest		PRO PLUS d.o.o.
Kateřinská Office Building s.r.o.	03495663	Czech Republic	Company controlled by the same controlling entity by way of ownership interest		PPF Real Estate s.r.o.
Komodor LLC	32069917	Ukraine	Company controlled by the same controlling entity by way of ownership interest		West Logistics Park LLC
Lacani	799758412	France	Company controlled by the same controlling entity by way of ownership interest		Dream Yacht Group SA
Langen Property B.V.	61012777	The NetherlandsThe Netherlands	Company controlled by the same controlling entity by way of ownership interest	till 10.8.2022	German Properties B.V.
Latesail Limited	3783328	United Kingdom of Great Britain and Northern Ireland	Company controlled by the same controlling entity by way of ownership interest		Lacani
Letiště Praha Letňany, s.r.o.	24678350	Czech Republic	Company controlled by the same controlling entity by way of ownership interest		Prague Entertainment Group B.V.
Letňany Air Land s.r.o.	06138462	Czech Republic	Company controlled by the same controlling entity by way of ownership interest	till 1.1.2022	Prague Entertainment Group B.V.

Business name	Indentification / registration number	Country of registration	Method and means of control	Note	Interest via
Letňany Air Logistics s.r.o.	06138411	Czech Republic	Company controlled by the same controlling entity by way of ownership interest	till 1.1.2022	Prague Entertainment Group B.V.
Letňany eGate s.r.o.	06137628	Czech Republic	Company controlled by the same controlling entity by way of ownership interest		Prague Entertainment Group B.V.
Letňany Park Gate s.r.o.	06138446	Czech Republic	Company controlled by the same controlling entity by way of ownership interest		Prague Entertainment Group B.V.
Limited Liability Company "Dream Yacht Montenegro" Llc KOTOR	50961329	Montenegro	Company controlled by the same controlling entity by way of ownership interest		Dream Yacht Charter
LINDUS SERVICES LIMITED	HE 281 891	Republic of Cyprus	Company controlled by the same controlling entity by way of ownership interest		Bestsport holding a.s.
LLC "Gorod Molodogo Pokolenija"	1187746792914	Russian Federation	Company controlled by the same controlling entity by way of ownership interest	till 14.6.2022	JARVAN HOLDINGS LIMITED
LLC Alians R	1086627000635	Russian Federation	Company controlled by the same controlling entity by way of ownership interest		JONSA LIMITED
LLC Almondsey	1127747228190	Russian Federation	Company controlled by the same controlling entity by way of ownership interest		PPF Real Estate Holding B.V., LLC Charlie Com.
LLC BRAMA	1107746950431	Russian Federation	Company controlled by the same controlling entity by way of ownership interest	till 31.1.2022	JARVAN HOLDINGS LIMITED
LLC Comcity Kotelnaya	5157746112959	Russian Federation	Company controlled by the same controlling entity by way of ownership interest	till 13.10.2022	Comcity Office Holding B.V.
LLC EASTERN PROPERTIES RUSSIA	1137746929836	Russian Federation	Company controlled by the same controlling entity by way of ownership interest	till 27.4.2022	Bavella B.V., GRANDVIEW RESOURCES CORP.
LLC Fantom	1053001163302	Russian Federation	Company controlled by the same controlling entity by way of ownership interest	till 12.09.2022	PPF Real Estate s.r.o., PALEOS INDUSTRIES B.V.
LLC Financial Innovations	1047796566223	Russian Federation	Company controlled by the same controlling entity by way of ownership interest	till 16.6.2022	LLC Home Credit & Finance Bank

Business name	Indentification / registration number	Country of registration	Method and means of control	Note	Interest via
LLC Forward leasing	1157746587943	Russian Federation	Company controlled by the same controlling entity by way of ownership interest	till 24.05.2022	Vsegda Da N.V.
LLC Home Credit & Finance Bank	1027700280937	Russian Federation	Company controlled by the same controlling entity by way of ownership interest	till 16.6.2022	Home Credit N.V., Home Credit International a.s.
LLC Home Credit Insurance	1027739236018	Russian Federation	Company controlled by the same controlling entity by way of ownership interest	till 15.6.2022	Home Credit N.V.
LLC Charlie Com	1137746330336	Russian Federation	Company controlled by the same controlling entity by way of ownership interest		PPF Real Estate s.r.o.
LLC In Vino	1052309138628	Russian Federation	Company controlled by the same controlling entity by way of ownership interest		Gracespring Limited
LLC ISK Klokovo	1127746186501	Russian Federation	Company controlled by the same controlling entity by way of ownership interest	till 29.3.2022 (subsequently it was in the group from 18.7.2022 till 12.8.2022)	STEPHOLD LIMITED
LLC Kvartal Togliatti	1056320172567	Russian Federation	Company controlled by the same controlling entity by way of ownership interest	till 29.3.2022	PPF Real Estate Holding B.V., PALEOS INDUSTRIES B.V.
LLC LB Voronezh	1133668033872	Russian Federation	Company controlled by the same controlling entity by way of ownership interest	till 27.4.2022	LLC EASTERN PROPERTIES RUSSIA
LLC Logistics - A	1115048002156	Russian Federation	Company controlled by the same controlling entity by way of ownership interest	till 30.3.2022 (subsequently it was in the group from 19.8.2022 to 5.9.2022)	ELTHYSIA LIMITED, PPF CYPRUS RE MANAGEMENT LIMITED
LLC Logistika - Ufa	1150280069477	Russian Federation	Company controlled by the same controlling entity by way of ownership interest	till 29.03.2022	PPF Real Estate s.r.o.
LLC MCC Kupi ne kopi	1027700280640	Russian Federation	Company controlled by the same controlling entity by way of ownership interest	till 15.06.2022	Home Credit N.V.
LLC My Gym	5157746112915	Russian Federation	Company controlled by the same controlling entity by way of ownership interest	till 13.10.2022	Comcity Office Holding B.V.

Business name	Indentification / registration number	Country of registration	Method and means of control	Note	Interest via
LLC Oil Investments	1167746861677	Russian Federation	Company controlled by the same controlling entity by way of ownership interest		PPF Real Estate s.r.o., PALEOS INDUSTRIES B.V.
LLC PPF Life Insurance	1027739031099	Russian Federation	Company controlled by the same controlling entity by way of ownership interest		PPF Group N.V.
LLC PPF Real Estate Russia	1057749557568	Russian Federation	Company controlled by the same controlling entity by way of ownership interest		PPF Real Estate Holding B.V.
LLC RAV Agro	1073667022879	Russian Federation	Company controlled by the same controlling entity by way of ownership interest	till 27.4.2022	Bavella B.V., Grandview Resources Corp.
LLC RAV Agro Pro	1033600135557	Russian Federation	Company controlled by the same controlling entity by way of ownership interest	till 27.4.2022	LLC RAV Agro, LLC RAV Molokoprodukt
LLC RAV Molokoprodukt	1083627001567	Russian Federation	Company controlled by the same controlling entity by way of ownership interest	till 27.4.2022	LLC RAV Agro, Grandview Resources Corp., Bavella B.V.
LLC RAV Myasoproduct - Orel	1135749001684	Russian Federation	Company controlled by the same controlling entity by way of ownership interest	till 27.4.2022	LLC RAV Agro
LLC RAV Niva Orel	1113668051090	Russian Federation	Company controlled by the same controlling entity by way of ownership interest	till 27.4.2022	LLC RAV Agro
LLC Razvitie	1155009002609	Russian Federation	Company controlled by the same controlling entity by way of ownership interest	till 28.12.2022	VELTHEMIA LIMITED
LLC Regional Real Estate	1137746217950	Russian Federation	Company controlled by the same controlling entity by way of ownership interest		PPF Real Estate Limited
LLC ROKO	5107746049329	Russian Federation	Company controlled by the same controlling entity by way of ownership interest		JONSA LIMITED
LLC Sibelectroprivod	1045400530922	Russian Federation	Company controlled by the same controlling entity acting in concert by way of ownership interest	till 24.2.2022	LOSITANTO LIMITED
LLC Skladi 104	5009049271	Russian Federation	Company controlled by the same controlling entity by way of ownership interest	till 28.12.2022	GABELLI CONSULTANCY LIMITED

Business name	Indentification / registration number	Country of registration	Method and means of control	Note	Interest via
LLC Skolkovo Gate	1137746214979	Russian Federation	Company controlled by the same controlling entity by way of ownership interest	till 29.3.2022 (subsequently it was in the group from 19.8.2022 to 7.9.2022)	PPF Real Estate s.r.o.
LLC Sotio	1117746901502	Russian Federation	Company controlled by the same controlling entity by way of ownership interest	till 14.10.2022	PPF Biotech B.V.
LLC Spetsializirovanniy zastroyschik " Delta Com"	1137746330358	Russian Federation	Company controlled by the same controlling entity by way of ownership interest	till 25.3.2022	LLC Skolkovo Gate
LLC Stockmann StP Centre	1057811023830	Russian Federation	Company controlled by the same controlling entity by way of ownership interest		LLC Oil Investments
LLC Strata	7702765300	Russian Federation	Company controlled by the same controlling entity by way of ownership interest	till 26.12.2022	VELTHEMIA LIMITED
LLC Street Retail	1207700449880	Russian Federation	Company controlled by the same controlling entity by way of ownership interest		PPF Real Estate s.r.o., PPF Cyprus RE Management Limited
LLC Torgovij complex Lipetskiy	1074823001593	Russian Federation	Company controlled by the same controlling entity by way of ownership interest	till 29.3.2022 (subsequently it was in the group from 7.6.2022 till 8.7.2022)	JARVAN HOLDINGS LIMITED
LLC Trilogy	1155027001030	Russian Federation	Company controlled by the same controlling entity by way of ownership interest		Trilogy Park Holding B.V.
LLC Trilogy Services	1155027007398	Russian Federation	Company controlled by the same controlling entity by way of ownership interest		Trilogy Park Holding B.V.
LLC Urozhay	1063627011910	Russian Federation	Company controlled by the same controlling entity by way of ownership interest	till 27.4.2022	LLC Yug
LLC Vagonmash	1117847029695	Russian Federation	Company controlled by the same controlling entity acting in concert by way of ownership interest		ŠKODA TRANSPORTATION a.s.
LLC Vsegda Da	5177746179705	Russian Federation	Company controlled by the same controlling entity by way of ownership interest	from 2.06.2022	Vsegda Da N.V., LLC Forward leasing
LLC Yug	1073627001777	Russian Federation	Company controlled by the same controlling entity by way of ownership interest	till 27.4.2022	LLC LB Voronezh

Business name	Indentification / registration number	Country of registration	Method and means of control	Note	Interest via
Logistics Project RU, s.r.o.	14206498	Czech Republic	Company controlled by the same controlling entity by way of ownership interest	from 31.01.2022	PPF Real Estate s.r.o.
LOSITANTO Ltd.	HE157131	Republic of Cyprus	Company controlled by the same controlling entity by way of ownership interest	till 24.2.2022	SATACOTO Ltd.
LvZH (Rijswijk) B.V.	58163999	The NetherlandsThe Netherlands	Company controlled by the same controlling entity by way of ownership interest		Seven Assets Holding B.V.
Maraflex s.r.o.	02415852	Czech Republic	Company controlled by the same controlling entity by way of ownership interest		PPF Group N.V.
Marina Zaton d.o.o. za nauticki turizam i usluge	080861249	Croatia	Company controlled by the same controlling entity by way of ownership interest		Dream Yacht Charter
Marine C	489859827	Guadeloupe	Company controlled by the same controlling entity by way of ownership interest	from 1.10.2022	Aqua Lodge
MARKÍZA - SLOVAKIA, spol s r.o.	31444873	Slovak Republic	Company controlled by the same controlling entity by way of ownership interest		CME Slovak Holdings B.V.
MICROLIGHT TRADING LIMITED	HE 224 515	Republic of Cyprus	Company controlled by the same controlling entity by way of ownership interest		PPF Real Estate Holding B.V.
MIDDLECAP SEAL HOUSE LIMITED	11669616	United Kingdom of Great Britain and Northern Ireland	Company controlled by the same controlling entity acting in concert by way of ownership interest		Seal House JV a.s.
Millennium Hotel Rotterdam B.V.	67331378	The NetherlandsThe Netherlands	Company controlled by the same controlling entity by way of ownership interest		PPF Real Estate Holding B.V.
Millennium Tower (Rotterdam) B.V.	56261330	The NetherlandsThe Netherlands	Company controlled by the same controlling entity by way of ownership interest		Seven Assets Holding B.V.
Miridical Holding Limited	425998	Republic of Cyprus	Company controlled by the same controlling entity by way of ownership interest		PPF a.s.
mluvii.com s.r.o.	27405354	Czech Republic	Company controlled by the same controlling entity by way of ownership interest	till 30.11.2022	Bolt Start Up Development a.s.

Business name	Indentification / registration number	Country of registration	Method and means of control	Note	Interest via
MOBI BANKA AD BEOGRAD (NOVI BEOGRAD)	17138669	Serbia	Company controlled by the same controlling entity by way of ownership interest		PPF Financial Holdings a.s.
Monheim Property B.V.	61012521	The NetherlandsThe Netherlands	Company controlled by the same controlling entity by way of ownership interest		German Properties B.V.
Monchyplein (Den Haag) B.V.	58163603	The NetherlandsThe Netherlands	Company controlled by the same controlling entity by way of ownership interest		Seven Assets Holding B.V.
Montería, spol. s r.o.	27901998	Czech Republic	Company controlled by the same controlling entity by way of ownership interest		PPF FO Management B.V.
Moranda, a.s.	28171934	Czech Republic	Company controlled by the same controlling entity by way of ownership interest		PPF Group N.V.
MP Holding 2 B.V.	69457018	The NetherlandsThe Netherlands	Company controlled by the same controlling entity by way of ownership interest		DEVEDIACO ENTERPRISES LIMITED
Murcja sp. z o.o.	0000905867	Republic of Poland	Company controlled by the same controlling entity by way of ownership interest		PPF Real Estate s.r.o.
My Air a.s.	05479070	Czech Republic	Company controlled by the same controlling entity by way of ownership interest		Air Bank a.s.
Naneva B.V.	67400639	The NetherlandsThe Netherlands	Company controlled by the same controlling entity by way of ownership interest		PPF Group N.V.
Navigare Yachting AB	5566862354	Sweden	Company controlled by the same controlling entity acting in concert by way of ownership interest		Navigare Yachting Holding AB
Navigare Yachting AS	990383960	Sweden	Company controlled by the same controlling entity acting in concert by way of ownership interest		Navigare Yachting Holding AB
Navigare Yachting Bahamas, Ltd	78803C	The Bahamas	Company controlled by the same controlling entity acting in concert by way of ownership interest		Navigare Yachting Holding AB
NAVIGARE YACHTING D.O.O.	43630049107	Croatia	Company controlled by the same controlling entity acting in concert by way of ownership interest		Navigare Yachting Holding AB

Business name	Indentification / registration number	Country of registration	Method and means of control	Note	Interest via
Navigare Yachting Global Holding AB	5569860496	Sweden	Company controlled by the same controlling entity acting in concert by way of ownership interest		BLUE SEA HOLDING Sárl
Navigare Yachting Greece Single Member P.C.	132130909000	Greece	Company controlled by the same controlling entity acting in concert by way of ownership interest		Navigare Yachting Holding AB
Navigare Yachting Holding AB	5565747861	Sweden	Company controlled by the same controlling entity acting in concert by way of ownership interest		Navigare Yachting Global Holding AB
Navigare Yachting Ltd	1779855	The British Virgin Islands	Company controlled by the same controlling entity acting in concert by way of ownership interest		Navigare Yachting Holding AB
Navigare Yachting Ltd under liquidation	EL999903510	Greece	Company controlled by the same controlling entity acting in concert by way of ownership interest		Navigare Yachting Holding AB
Navigare Yachting Operations Company Limited	0835554001869	Thailand	Company controlled by the same controlling entity acting in concert by way of ownership interest		Navigare Yachting Holding AB
Navigare Yachting Services Single Member P.C.	131919703000	Greece	Company controlled by the same controlling entity acting in concert by way of ownership interest		Navigare Yachting Greece Single Member P.C.
Navigare Yachting Seychelles	8429665-1	Seychelles	Company controlled by the same controlling entity acting in concert by way of ownership interest		Navigare Yachting Holding AB
Navigare Yachting Spain S.L.	B16562860	Spain	Company controlled by the same controlling entity acting in concert by way of ownership interest		Navigare Yachting Holding AB
Navigare Yachting USA, Inc.	371800516	The United States of America	Company controlled by the same controlling entity acting in concert by way of ownership interest		Navigare Yachting Holding AB
Navtours INC	1148230619	Canada	Company controlled by the same controlling entity by way of ownership interest		Dream Yacht Charter
Navtours USA INC	1148230619	The United States of America	Company controlled by the same controlling entity by way of ownership interest		Navtours INC
NBWC Limited	1024143	The British Virgin Islands	Company controlled by the same controlling entity by way of ownership interest		ESK Developments Limited

Business name	Indentification / registration number	Country of registration	Method and means of control	Note	Interest via
O2 Business Services, a.s.	50087487	Slovak Republic	Company controlled by the same controlling entity by way of ownership interest		O2 Slovakia, s.r.o.
O2 Czech Republic a.s.	60193336	Czech Republic	Company controlled by the same controlling entity by way of ownership interest		PPF Comco N.V.
O2 Family, s.r.o.	24215554	Czech Republic	Company controlled by the same controlling entity by way of ownership interest	till 31.12.2022	O2 Czech Republic a.s.
O2 Financial Services s.r.o.	05423716	Czech Republic	Company controlled by the same controlling entity by way of ownership interest		O2 Czech Republic a.s.
O2 IT Services s.r.o.	02819678	Czech Republic	Company controlled by the same controlling entity by way of ownership interest		O2 Czech Republic a.s.
O2 Networks, s.r.o.	54639425	Slovak Republic	Company controlled by the same controlling entity by way of ownership interest	from 01.06.2022	PPF Comco N.V.
O2 Slovakia, s.r.o.	47259116 (till 30.05.2022 under ID no. 35848863)	Slovak Republic	Company controlled by the same controlling entity by way of ownership interest	from 1. 6. 2022	PPF Comco N.V.
O2 TV s.r.o.	03998380	Czech Republic	Company controlled by the same controlling entity by way of ownership interest		O2 Czech Republic a.s.
Oceane Yacht Charter LTD	8419691	Seychelles	Company controlled by the same controlling entity by way of ownership interest		Dream Yacht Seychelles Ltd
Office Star Eight a.s.	27639177	Czech Republic	Company controlled by the same controlling entity by way of ownership interest		PPF Real Estate s.r.o.
Office Star Nine, spol. s r. o.	27904385	Czech Republic	Company controlled by the same controlling entity by way of ownership interest		PPF Real Estate Holding B.V.
One Westferry Circus S.a.r.l. (from 30.11.2022 One Westferry Circus B.V.)	B175495 (from 30.11.2022 88358836)	Luxembourg	Company controlled by the same controlling entity by way of ownership interest		PPR Real Estate s.r.o.
Paleos Industries B.V.	66846919	The NetherlandsThe Netherlands	Company controlled by the same controlling entity by way of ownership interest		PPF Real Estate Holding B.V.

Business name	Indentification / registration number	Country of registration	Method and means of control	Note	Interest via
Pharma Consulting Group Ltd.	34529634	Ukraine	Company controlled by the same controlling entity by way of ownership interest		HOPAR LIMITED, PPF CYPRUS RE MANAGEMENT LIMITED
Pilsen Energy Solutions s.r.o.	8845115	Czech Republic	Company controlled by the same controlling entity by way of ownership interest	from 19.9.2022	Škoda a.s.
Plaza Development SRL	22718444	Romania	Company controlled by the same controlling entity by way of ownership interest		PPF Real Estate s.r.o. , PPF CYPRUS RE MANAGEMENT LIMITED
POLL,s.r.o.	62967754	Czech Republic	Company controlled by the same controlling entity by way of ownership interest		ŠKODA TRANSPORTATION a.s.
Pompenburg (Rotterdam) B.V.	58163506	The NetherlandsThe Netherlands	Company controlled by the same controlling entity by way of ownership interest		Seven Assets Holding B.V.
POP TV d.o.o.	1381431000	Slovenia	Company controlled by the same controlling entity by way of ownership interest		PRO PLUS d.o.o.
POTLAK LIMITED	HE362788	Republic of Cyprus	Company controlled by the same controlling entity by way of ownership interest		Renáta Kellnerová
PPF a.s.	25099345	Czech Republic	Company controlled by the same controlling entity by way of ownership interest		PPF Group N.V.
PPF A4 B.V.	63365391	The NetherlandsThe Netherlands	Company controlled by the same controlling entity by way of ownership interest		PPF Group N.V.
PPF Advisory (CR) a.s.	25792385	Czech Republic	Company controlled by the same controlling entity by way of ownership interest		PPF Group N.V.
PPF ADVISORY (RUSSIA) LIMITED	HE 276 979	Republic of Cyprus	Company controlled by the same controlling entity by way of ownership interest		PPF Group N.V.
PPF Advisory (UK) Limited	5539859	United Kingdom of Great Britain and Northern Ireland	Company controlled by the same controlling entity by way of ownership interest		PPF Group N.V.
PPF Art a.s.	63080672	Czech Republic	Company controlled by the same controlling entity by way of ownership interest		PPF a.s.

Business name	Indentification / registration number	Country of registration	Method and means of control	Note	Interest via
PPF banka a.s.	47116129	Czech Republic	Company controlled by the same controlling entity by way of ownership interest		PPF Financial Holdings a.s.
PPF Biotech B.V.	55003982	The NetherlandsThe Netherlands	Company controlled by the same controlling entity by way of ownership interest		PPF Group N.V.
PPF CO 3 B.V.	34360935	The NetherlandsThe Netherlands	Company controlled by the same controlling entity by way of ownership interest		PPF banka a.s.
PPF Comco N.V.	85404632	The NetherlandsThe Netherlands	Company controlled by the same controlling entity by way of ownership interest	from 04.02.2022	PPF Telecom Group B.V.
PPF CYPRUS MANAGEMENT LIMITED	HE 224463	Republic of Cyprus	Company controlled by the same controlling entity by way of ownership interest		PPF Group N.V.
PPF CYPRUS RE MANAGEMENT LIMITED	HE 251 908	Republic of Cyprus	Company controlled by the same controlling entity by way of ownership interest		PPF Real Estate s.r.o.
PPF Financial Holdings a.s.	10907718	Czech Republic	Company controlled by the same controlling entity by way of ownership interest		PPF Group N.V.
PPF Finco B.V.	77800117	The NetherlandsThe Netherlands	Company controlled by the same controlling entity by way of ownership interest		PPF Group N.V.
PPF FO Management B.V.	34186296	The NetherlandsThe Netherlands	Company controlled by the same controlling entity by way of ownership interest		Renáta Kellnerová
PPF FrenchCo SAS	888264744	France	Company controlled by the same controlling entity by way of ownership interest	till 27.10.2022	Škoda a.s.
PPF Gastro s.r.o. (former Mystery Services s.r.o.)	24768103	Czech Republic	Company controlled by the same controlling entity by way of ownership interest		PPF a.s.
PPF GATE a.s.	27654524	Czech Republic	Company controlled by the same controlling entity by way of ownership interest		PPF Real Estate Holding B.V.
PPF Group N.V.	33264887	The NetherlandsThe Netherlands	Company controlled by the same controlling entity by way of ownership interest		Renáta Kellnerová, PPF Holdings B.V.

Business name	Indentification / registration number	Country of registration	Method and means of control	Note	Interest via
PPF Healthcare N.V.	34308251	The NetherlandsThe Netherlands	Company controlled by the same controlling entity by way of ownership interest		PPF Group N.V.
PPF Holdings B.V.	34186294	The NetherlandsThe Netherlands	Company controlled by the same controlling entity by way of ownership interest		Renáta Kellnerová
PPF Industrial Holding B.V.	71500219	The NetherlandsThe Netherlands	Company controlled by the same controlling entity by way of ownership interest		PPF Group N.V.
PPF RE Consulting s.r.o.	24225657	Czech Republic	Company controlled by the same controlling entity by way of ownership interest		PPF Real Estate Holding B.V.
PPF RE Management, a.s.	17083923	Czech Republic	Company controlled by the same controlling entity by way of ownership interest	from 27.04.2022	PPF Real Estate Holding B.V., PPF RE Consulting s.r.o.
PPF Real Estate Holding B.V.	34276162	The NetherlandsThe Netherlands	Company controlled by the same controlling entity by way of ownership interest		PPF Group N.V.
PPF Real Estate I, Inc.	7705173	The United States of America	Company controlled by the same controlling entity by way of ownership interest		PPF Real Estate s.r.o.
PPF REAL ESTATE LIMITED	HE 188 089	Republic of Cyprus	Company controlled by the same controlling entity by way of ownership interest		PPF Real Estate Holding B.V.
PPF Real Estate s.r.o.	27638987	Czech Republic	Company controlled by the same controlling entity by way of ownership interest		PPF Real Estate Holding B.V., PPF RE Consulting s.r.o.
PPF reality a.s.	29030072	Czech Republic	Company controlled by the same controlling entity by way of ownership interest		PPF Real Estate s.r.o.
PPF SECRETARIAL LTD	HE 340708	Republic of Cyprus	Company controlled by the same controlling entity by way of ownership interest		PPF CYPRUS MANAGEMENT LIMITED
PPF Telco B.V.	65167902	The NetherlandsThe Netherlands	Company controlled by the same controlling entity by way of ownership interest		PPF Telecom Group B.V.
PPF Telecom Group B.V.	59009187	The NetherlandsThe Netherlands	Company controlled by the same controlling entity by way of ownership interest		PPF TMT Holdco 2 B.V.

Business name	Indentification / registration number	Country of registration	Method and means of control	Note	Interest via
PPF TMT Bidco 1 B.V.	70498288	The NetherlandsThe Netherlands	Company controlled by the same controlling entity by way of ownership interest		PPF Telecom Group B.V.
PPF TMT Bidco 2 B.V	67332722	The NetherlandsThe Netherlands	Company controlled by the same controlling entity by way of ownership interest		PPF Group N.V.
PPF TMT Holdco 1 B.V.	70498261	The NetherlandsThe Netherlands	Company controlled by the same controlling entity by way of ownership interest		PPF Group N.V.
PPF TMT Holdco 2 B.V.	70526214	The NetherlandsThe Netherlands	Company controlled by the same controlling entity by way of ownership interest		PPF TMT Holdco 1 B.V.
Prague Entertainment Group B.V.	63600757	The NetherlandsThe Netherlands	Company controlled by the same controlling entity by way of ownership interest		PPF Group N.V.
Pro Digital S.R.L.	1003600048028	Moldova	Company controlled by the same controlling entity by way of ownership interest		CME Media Enterprises B.V.
PRO PLUS d.o.o.	5895081000	Slovenia	Company controlled by the same controlling entity by way of ownership interest		CME Media Enterprises B.V.
Pro TV S.R.L.	J40/24578/1992	Romania	Company controlled by the same controlling entity by way of ownership interest		CME Media Enterprises B.V.
PT EmbedInfo Technologies Indonesia	2202220030052	Republic of Indonesia	Company controlled by the same controlling entity by way of ownership interest	from 07.01.2022	Home Credit International a.s. Home Credit Indonesia B.V.
PT Home Credit Indonesia	03.193.870.7-021.000	Republic of Indonesia	Company controlled by the same controlling entity by way of ownership interest		Home Credit Indonesia B.V.
Public Picture & Marketing a.s.	25667254	Czech Republic	Company controlled by the same controlling entity by way of ownership interest		PPF a.s.
Qazbiz partners LLP	190740017254	Kazakhstan	Company controlled by the same controlling entity by way of ownership interest		Vsegda Da N.V., Forward leasing LLP (KZ)
Radiocompany C.J. OOD	131117650	Bulgaria	Company controlled by the same controlling entity by way of ownership interest		BTV Media Group AD

Business name	Indentification / registration number	Country of registration	Method and means of control	Note	Interest via
Raytop Limited	HE415014	Republic of Cyprus	Company controlled by the same controlling entity by way of ownership interest	from 26.7.2022	Renata Kellnerová
RC PROPERTIES S.R.L.	12663031	Romania	Company controlled by the same controlling entity by way of ownership interest		PPF Real Estate s.r.o.
Real Estate Russia B.V.	63458373	The NetherlandsThe Netherlands	Company controlled by the same controlling entity by way of ownership interest		PPF Real Estate Holding B.V.
REDLIONE LTD	HE 178 059	Republic of Cyprus	Company controlled by the same controlling entity by way of ownership interest		Home Credit Group B.V.
REPIENO LIMITED	HE 282 866	Republic of Cyprus	Company controlled by the same controlling entity by way of ownership interest		PPF Real Estate Holding B.V.
RHASKOS FINANCE LIMITED	HE 316 591	Republic of Cyprus	Company controlled by the same controlling entity by way of ownership interest	till 30.9.2022	Home Credit Group B.V.
Roses Yachts S.L	B17778598	Spain	Company controlled by the same controlling entity by way of ownership interest		Drem Yacht Charter Balearic, Sociedad Limitada
RTL Hrvatska d.o.o.	07330149920	Croatia	Company controlled by the same controlling entity by way of ownership interest	from 01.06.2022	CME Media Enterprises B.V.
Saint World Limited	1065677	People's Republic of China	Company controlled by the same controlling entity by way of ownership interest		Home Credit Group B.V.
SALEMONTO LIMITED	HE 161 006	Republic of Cyprus	Company controlled by the same controlling entity by way of ownership interest		PPF Real Estate Holding B.V.
Salonica Holding Limited	1949492	The British Virgin Islands	Company controlled by the same controlling entity by way of ownership interest		Renáta Kellnerová
SATACOTO Ltd.	HE 155018	Republic of Cyprus	Company controlled by the same controlling entity by way of ownership interest	till 24.2.2022	Skoda B.V.
SB JSC Bank Home Credit	513-1900-AO (UI)	Kazakhstan	Osoba ovládaná stejnou ovládající osobou prostřednictvím jednání ve shodě		PPF Financial Holdings a.s.

Business name	Indentification / registration number	Country of registration	Method and means of control	Note	Interest via
SCI LA FORET	309844371	France	Company controlled by the same controlling entity by way of ownership interest		Renáta Kellnerová
SCT Cell Manufacturing s.r.o.	14088266	Czech Republic	Company controlled by the same controlling entity by way of ownership interest		PPF Biotech B.V.
SCTbio a.s.	24662623	Czech Republic	Company controlled by the same controlling entity by way of ownership interest		PPF Biotech B.V.
Seal House JV a.s.	09170782	Czech Republic	Company controlled by the same controlling entity acting in concert by way of ownership interest		PPF Real Estate s.r.o.
Selman Resources Limited	1005589	The British Virgin Islands	Company controlled by the same controlling entity by way of ownership interest		SR Development Limited
SEPTUS HOLDING LIMITED	HE 316 585	Republic of Cyprus	Company controlled by the same controlling entity by way of ownership interest		Home Credit Group B.V.
Seven Assets Holding B.V.	58163050	The NetherlandsThe Netherlands	Company controlled by the same controlling entity by way of ownership interest		PPF Real Estate Holding B.V.
Shenzhen Home Credit Number One Consulting Co., Ltd.	91440300664174257K	People’s Republic of China	Company controlled by the same controlling entity by way of ownership interest		Home Credit Asia Limited
Shenzhen Home Credit Xinchi Consulting Co., Ltd.	91440300796638527A	People’s Republic of China	Company controlled by the same controlling entity by way of ownership interest		Favour Ocean Limited
SIGURNO LIMITED	HE 172539	Republic of Cyprus	Company controlled by the same controlling entity by way of ownership interest		Gilbey Holdings Limited
Skoda B.V.	67420427	The NetherlandsThe Netherlands	Company controlled by the same controlling entity by way of ownership interest	till 31.12.2022	PPF Industrial Holding B.V.
SKODA Transportation Deutschland GmbH	HRD 208 725	The Federal Republic of Germany	Company controlled by the same controlling entity by way of ownership interest		ŠKODA TRANSPORTATION a.s.
Skoda Transportation GmbH (former D - Toll Holding GmbH)	HRB 191929 B	The Federal Republic of Germany	Company controlled by the same controlling entity by way of ownership interest		Škoda a.s.

Business name	Indentification / registration number	Country of registration	Method and means of control	Note	Interest via
Smart home security s.r.o.	06321399	Czech Republic	Company controlled by the same controlling entity by way of ownership interest		Bolt Start Up Development a.s.
SNC T 2008	513120949	France	Company controlled by the same controlling entity by way of ownership interest		Dream Yacht Tahiti
Sofia Communications EAD	130806190	Bulgaria	Company controlled by the same controlling entity by way of ownership interest	till 01.12.2022	CETIN Bulgaria EAD
SOTIO Biotech a.s.	10900004	Czech Republic	Company controlled by the same controlling entity by way of ownership interest		Sotio Biotech B.V.
SOTIO Biotech AG (former Cytune Pharma AG)	CHE-354.429.802	Switzerland	Company controlled by the same controlling entity by way of ownership interest		Sotio Biotech B.V.
SOTIO Biotech B.V. (former Cytune Pharma B.V.)	80316557	The NetherlandsThe Netherlands	Company controlled by the same controlling entity by way of ownership interest		PPF Biotech B.V.
SOTIO Biotech Inc. (former Sotio Biotech LLC)	EIN 35-2424961	The United States of America	Company controlled by the same controlling entity by way of ownership interest		SOTIO Biotech a.s.
Sotio Medical Research (Beijing) Co. Ltd	110000410283022	People’s Republic of China	Company controlled by the same controlling entity by way of ownership interest		SCTbio a.s.
SOTIO Therapeutics AG	CHE-385.585.958	Switzerland	Company controlled by the same controlling entity by way of ownership interest		SCTbio a.s.
SR Boats Limited	2016073	The British Virgin Islands	Company controlled by the same controlling entity by way of ownership interest		SR Development Limited
SR Development Limited	1968975	The British Virgin Islands	Company controlled by the same controlling entity by way of ownership interest		Chelton Properties Limited
SR-R Limited	708998	The British Virgin Islands	Company controlled by the same controlling entity by way of ownership interest		SR Development Limited
Stellar Holding s.r.o.	14005816	Czech Republic	Company controlled by the same controlling entity by way of ownership interest		PPF Group N.V.

Business name	Indentification / registration number	Country of registration	Method and means of control	Note	Interest via
STEPHOLD LIMITED	HE 221 908	Republic of Cyprus	Company controlled by the same controlling entity by way of ownership interest		PPF Real Estate Holding B.V.
STINCTUM HOLDINGS LIMITED	HE 177 110	Republic of Cyprus	Company controlled by the same controlling entity by way of ownership interest	till 20.12.2022	SALEMONTO LIMITED
STONES Catering s.r.o.	27248674	Czech Republic	Company controlled by the same controlling entity by way of ownership interest	from 22.12.2022	Bestsport holding a.s.
Sun Belt Multi I, LLC	20213849720	The United States of America	Company controlled by the same controlling entity by way of ownership interest		PPF Real Estate I, Inc.
Sun Belt Multi II, LLC	38-4133783	The United States of America	Company controlled by the same controlling entity by way of ownership interest	from 14.12.2022	PPF Real Estate Inc.
Sun Belt Office I Interholdco, LLC	20210215807	The United States of America	Company controlled by the same controlling entity by way of ownership interest		PPF Real Estate I, Inc.
Sun Belt Office I, LLC	20210116384	The United States of America	Company controlled by the same controlling entity by way of ownership interest		Sun Belt Office I Interholdco, LLC
Sun Belt Office II Interholdco, LLC	20213597548	The United States of America	Company controlled by the same controlling entity by way of ownership interest		PPF Real Estate I, Inc.
Sun Belt Office II, LLC	20213597547	The United States of America	Company controlled by the same controlling entity by way of ownership interest		Sun Belt Office II Interholdco, LLC
SUNDOWN FARMS LIMITED	HE 310 721	Republic of Cyprus	Company controlled by the same controlling entity acting in concert by way of ownership interest		Vixon Resources Limited, Chelton Properties Limited
SYLANDER CAPITAL LIMITED	HE 316 597	Republic of Cyprus	Company controlled by the same controlling entity by way of ownership interest	from 30.9.2022	Home Credit Group B.V.
Škoda Transportation Italia S.r.l.	07219540486	Italy	Company controlled by the same controlling entity by way of ownership interest	from 3.10.2022	ŠKODA TRANSPORTATION a.s.
Škoda a.s.	14070421	Czech Republic	Company controlled by the same controlling entity by way of ownership interest		PPF Industrial Holding B.V.

Business name	Indentification / registration number	Country of registration	Method and means of control	Note	Interest via
ŠKODA CITY SERVICE s.r.o.	29119057	Czech Republic	Company controlled by the same controlling entity by way of ownership interest		ŠKODA TRANSPORTATION a.s.
ŠKODA DIGITAL s.r.o.	01731530	Czech Republic	Company controlled by the same controlling entity by way of ownership interest		ŠKODA TRANSPORTATION a.s.
ŠKODA EKOVA a.s.	28642457	Czech Republic	Company controlled by the same controlling entity by way of ownership interest		ŠKODA TRANSPORTATION a.s.
ŠKODA ELECTRIC a.s.	47718579	Czech Republic	Company controlled by the same controlling entity by way of ownership interest		ŠKODA TRANSPORTATION a.s.
ŠKODA ICT s.r.o.	27994902	Czech Republic	Company controlled by the same controlling entity by way of ownership interest		ŠKODA INVESTMENT a.s.
ŠKODA INVESTMENT a.s.	26502399	Czech Republic	Company controlled by the same controlling entity by way of ownership interest		Škoda a.s.
ŠKODA PARS a.s.	25860038	Czech Republic	Company controlled by the same controlling entity by way of ownership interest		ŠKODA TRANSPORTATION a.s.
ŠKODA POLSKA Sp.z o.o.	NIP 7010213385	Republic of Poland	Company controlled by the same controlling entity by way of ownership interest		ŠKODA TRANSPORTATION a.s.
ŠKODA SERVIS s.r.o.	26351277	Czech Republic	Company controlled by the same controlling entity by way of ownership interest		ŠKODA INVESTMENT a.s.
ŠKODA TRANSPORTATION a.s.	62623753	Czech Republic	Company controlled by the same controlling entity by way of ownership interest		Škoda a.s.
Škoda Transportation Balkan d.o.o.	21736473	Serbia	Company controlled by the same controlling entity by way of ownership interest		ŠKODA TRANSPORTATION a.s.
ŠKODA TRANSPORTATION UKRAINE, LLC	42614252	Ukraine	Company controlled by the same controlling entity by way of ownership interest		ŠKODA TRANSPORTATION a.s.
Škoda Transportation USA, LLC	81-257769	The United States of America	Company controlled by the same controlling entity by way of ownership interest		ŠKODA TRANSPORTATION a.s.

Business name	Indentification / registration number	Country of registration	Method and means of control	Note	Interest via
ŠKODA TRANSTECH OY	1098257-0	Finland	Company controlled by the same controlling entity by way of ownership interest		ŠKODA TRANSPORTATION a.s., Škoda a.s.
ŠKODA TVC s.r.o.	25247964	Czech Republic	Company controlled by the same controlling entity by way of ownership interest		ŠKODA TRANSPORTATION a.s.
ŠKODA VAGONKA a.s.	25870637	Czech Republic	Company controlled by the same controlling entity by way of ownership interest		ŠKODA TRANSPORTATION a.s.
TALPA ESTERO LIMITED	HE 316 502	Republic of Cyprus	Company controlled by the same controlling entity by way of ownership interest	till 30.09.2022	Home Credit Group B.V.
TANAINA HOLDINGS LIMITED	HE318483	Republic of Cyprus	Company controlled by the same controlling entity by way of ownership interest		TOLESTO LIMITED
Tanemo a.s.	09834273	Czech Republic	Company controlled by the same controlling entity by way of ownership interest		PPF Group N.V.
Te Arearea	07295C	France	Company controlled by the same controlling entity by way of ownership interest		Archipels Croisiéres
TELISTAN LIMITED	HE 341 864	Republic of Cyprus	Company controlled by the same controlling entity by way of ownership interest		PPF Real Estate s.r.o.
Temsa Deutschland GmbH	DE256871263	The Federal Republic of Germany	Company controlled by the same controlling entity acting in concert by way of ownership interest		Temsa Skoda Sabanci Ulaşım Araçları A.Ş.
TEMSA EGYPT for Bus Manufacturing & Engineering SAE	3028	Egypt	Company controlled by the same controlling entity acting in concert by way of ownership interest		Temsa Skoda Sabanci Ulaşım Araçları A.Ş.
Temsa North America, INC.	83-1118821	The United States of America	Company controlled by the same controlling entity acting in concert by way of ownership interest		Temsa Skoda Sabanci Ulaşım Araçları A.Ş.
Temsa Skoda Sabanci Ulaşım Araçları A.Ş.	8380046749	Turkey	Company controlled by the same controlling entity acting in concert by way of ownership interest		Škoda a.s.
Tesco Mobile ČR s.r.o.	29147506	Czech Republic	Company controlled by the same controlling entity by way of ownership interest		O2 Czech Republic a.s.

Business name	Indentification / registration number	Country of registration	Method and means of control	Note	Interest via
Tesco Mobile Slovakia, s.r.o.	36863521	Slovak Republic	Company controlled by the same controlling entity by way of ownership interest		O2 Slovakia, s. r. o.
TFR SAS	FR 27 878443936	France	Company controlled by the same controlling entity acting in concert by way of ownership interest		Temsa Skoda Sabanci Ulaşım Araçları A.Ş.
The Culture Trip (USA) Ltd.	5908200	The United States of America	Company controlled by the same controlling entity by way of ownership interest		The Culture Trip Ltd
The Culture Trip Ltd	7539023	United Kingdom of Great Britain and Northern Ireland	Company controlled by the same controlling entity by way of ownership interest		The Culture Trip Sárl.
The Culture Trip Sárl.	B220626	Luxembourg	Company controlled by the same controlling entity by way of ownership interest		Vox Ventures B.V.
Tianjin Home Credit E-commerce Co., Ltd.	91120116MA075WF70G	People's Republic of China	Company controlled by the same controlling entity by way of ownership interest		Shenzhen Home Credit Xinchi Consulting Co., Ltd.
TIMEWORTH HOLDINGS LTD.	HE 187 475	Republic of Cyprus	Company controlled by the same controlling entity by way of ownership interest		PPF Group N.V.
TMT Hungary B.V.	75752824	The NetherlandsThe Netherlands	Company controlled by the same controlling entity by way of ownership interest		PPF TMT Bidco 1 B.V.
TMT Hungary Infra B.V.	81357397	The NetherlandsThe Netherlands	Company controlled by the same controlling entity by way of ownership interest		CETIN Group N.V.
TOLESTO LIMITED	HE 322 834	Republic of Cyprus	Company controlled by the same controlling entity by way of ownership interest		PPF Real Estate Holding B.V., PPF CYPRUS RE MANAGEMENT LIMITED
Trigon II B.V.	56068948	The NetherlandsThe Netherlands	Company controlled by the same controlling entity by way of ownership interest		PPF Real Estate Holding B.V.
Trilogy Park Holding B.V.	60006609	The NetherlandsThe Netherlands	Company controlled by the same controlling entity by way of ownership interest		PPF Real Estate Holding B.V.
Trilogy Park Nizhny Novgorod Holding B.V.	67330355	The NetherlandsThe Netherlands	Company controlled by the same controlling entity by way of ownership interest		PPF Real Estate Holding B.V.

Business name	Indentification / registration number	Country of registration	Method and means of control	Note	Interest via
TV Bidco B.V.	75994437	The NetherlandsThe Netherlands	Company controlled by the same controlling entity by way of ownership interest	till 10.5.2022	TV Holdco B.V.
TV Holdco B.V.	75983613	The NetherlandsThe Netherlands	Company controlled by the same controlling entity by way of ownership interest		PPF TMT Bidco 2 B.V.
TV Nova s.r.o.	45800456	Czech Republic	Company controlled by the same controlling entity by way of ownership interest		CME Media Enterprises B.V.
Usconfin 1 DAC	619282	Ireland	Company controlled by the same controlling entity by way of ownership interest		PPF Financial Holdings a.s.
VELTHEMIA LIMITED	HE 282 891	Republic of Cyprus	Company controlled by the same controlling entity by way of ownership interest		REPIENO LIMITED
Velvon GmbH	HRB 239796	The Federal Republic of Germany	Company controlled by the same controlling entity by way of ownership interest		AB-X Projekt GmbH
Vents de Mer	432981934	France	Company controlled by the same controlling entity by way of ownership interest		Lacani
VGBC Limited	700080	The British Virgin Islands	Company controlled by the same controlling entity by way of ownership interest		Chelton Properties Limited
VGMC Limited	709492	The British Virgin Islands	Company controlled by the same controlling entity by way of ownership interest		ESK Developments Limited
Vixon Resources Limited	144 18 84	The British Virgin Islands	Company controlled by the same controlling entity acting in concert by way of ownership interest		Renáta Kellnerová
Vox Ventures B.V.	65879554	The NetherlandsThe Netherlands	Company controlled by the same controlling entity by way of ownership interest		PPF Group N.V.
Vsegda Da N.V.	52695689	The NetherlandsThe Netherlands	Company controlled by the same controlling entity by way of ownership interest		Home Credit N.V., Forward leasing LLP (KZ)
VÚKV a.s.	45274100	Czech Republic	Company controlled by the same controlling entity by way of ownership interest		Škoda a.s.

Business name	Indentification / registration number	Country of registration	Method and means of control	Note	Interest via
Wagnerford Holdings Limited	HE 210154	Republic of Cyprus	Company controlled by the same controlling entity by way of ownership interest		MP Holding 2 B.V.
Wagnerford LLC	5087746372819	Russian Federation	Company controlled by the same controlling entity by way of ownership interest		Wagnerford Holdings Limited
West Hillside Limited	1582181	The British Virgin Islands	Company controlled by the same controlling entity by way of ownership interest		Chelton Properties Limited
West Logistics Park LLC (WLP)	35093235	Ukraine	Company controlled by the same controlling entity by way of ownership interest		Izotrem Investments Limited
Westminster JV a.s.	05714354	Czech Republic	Company controlled by the same controlling entity acting in concert by way of ownership interest		PPF Real Estate s.r.o.
Wilhelminaplein (Rotterdam) B.V.	59494034	The NetherlandsThe Netherlands	Company controlled by the same controlling entity by way of ownership interest		PPF Real Estate Holding B.V.
Yettel Bulgaria EAD (former Telenor Bulgaria EAD)	130460283	Bulgaria	Company controlled by the same controlling entity by way of ownership interest		PPF TMT Bidco 1 B.V.
Yettel d.o.o. Beograd (former Telenor d.o.o. Beograd)	20147229	Serbia	Company controlled by the same controlling entity by way of ownership interest		PPF TMT Bidco 1 B.V.
Yettel Magyarország Zrt. (former Telenor Magyarország Zrt.)	13-10-040409	Hungary	Company controlled by the same controlling entity by way of ownership interest		TMT Hungary B.V.
Yettel Real Estate Hungary Ztr. (former Telenor Real Estate Hungary Ztr.)	13-10-041060	Hungary	Company controlled by the same controlling entity by way of ownership interest		TMT Hungary B.V.
Ziza d.o.o za trgovinu, ugostiteljstvo, turizam i promet	060159616	Croatia	Company controlled by the same controlling entity by way of ownership interest		Marina Zaton d.o.o. za nauticki turizam i usluge

CETIN a.s.

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS (AS ADOPTED BY THE EU)

The consolidated financial statements were approved by the Board of Directors on 1 March 2023 and were signed on its behalf by:

Filip Čába	**Michal Frankl**
Vice-chairman of the Board of Directors	Member of the Board of Directors

CONTENT

CONSOLIDATED STATEMENT OF TOTAL COMPREHENSIVE INCOME

In CZK million	Note	For the year ended 31 December 2022	31 December 2021
Revenues*	5	18,882	18,430
Expenses	6	(9,653)	(9,544)
Earnings before impairment loss, interest, tax, depreciation and amortization (*EBITDA*)		**9,229**	**8,886**
Depreciation and amortisation	9, 10, 11	(5,516)	(5,403)
Impairment loss	9, 11	(36)	(159)
Operating profit (*EBIT*)		**3,677**	**3,324**
Finance income	7	586	552
Finance costs	7	(690)	(649)
Profit before tax		3,573	3,227
Corporate income tax	8	(718)	(653)
Profit for the year		**2,855**	**2,574**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Translation differences		-	2
Cash flow hedges – effective portion of changes in fair value	23	-	(111)
Related deferred tax	18	-	21
Total other comprehensive income, net of tax		**-**	**(88)**
Total comprehensive income, net of tax		**2,855**	**2,486**
Profit attributable to:			
Equity holders of the Company		2,855	2,574
Total comprehensive income attributable to:			
Equity holders of the Company		2,855	2,486

*31 December 2021 adjusted – change of presentation is further described in Note 3n – Revenues and expenses

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

In CZK million	Note	31 December 2022	As of 31 December 2021
ASSETS			
Property, plant and equipment	9	47,945	47,781
Intangible assets	11	2,630	2,151
Right of use assets	10	4,649	4,926
Other assets	14	475	469
Non-current assets		**55,699**	**55,327**
Inventories	12	105	96
Trade and other receivables	13	2,907	2,903
Advance payments and other assets	14	759	646
Cash and cash equivalents	15	456	740
Current assets		**4,227**	**4,385**
Non-current assets held for sale	9	**18**	**5**
Total assets		**59,944**	**59,717**
EQUITY AND LIABILITIES			
Share capital	23	3,102	3,102
Other funds	23	14,620	14,620
Retained earnings	23	3,601	2,600
Total equity		**21,323**	**20,322**
Long-term financial debts	17	15,071	20,389
Deferred tax liability	18	5,751	5,910
Non-current provisions for liabilities and charges	19	136	214
Lease liability	17	4,051	4,247
Non-current other liabilities	16	1,437	1,459
Non-current liabilities		**26,446**	**32,219**
Short-term financial debts	17	4,904	23
Trade and other payables	16	6,254	6,069
Lease liability	17	816	844
Income tax liability	8	139	152
Provisions for liabilities and charges	19	62	88
Current liabilities		**12,175**	**7,176**
Total liabilities		**38,621**	**39,395**
Total equity and liabilities		**59,944**	**59,717**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2022

In CZK million	Note	Share capital	Other capital funds	Retained earnings	Total
As of 1 January 2022		**3,102**	**14,620**	**2,600**	**20,322**
Profit for the year		-	-	2,855	2,855
Total comprehensive income		**3,102**	**14,620**	**2,855**	**2,855**
Dividends paid	23	-	-	(1,850)	(1,850)
Other distribution and rounding		-	-	(4)	(4)
As of 31 December 2022		**3,102**	**14,620**	**3,601**	**21,323**

For the year ended 31 December 2021

In CZK million	Note	Share capital	Foreign exchange translation reserve	Hedging reserve	Other capital funds	Retained earnings	Total
As of 31 December 2020		**3,102**	**(2)**	**90**	**14,620**	**2,567**	**20,377**
Impact of the merger*		**-**	**-**	**-**	**-**	**-**	**-**
As of 1 January 2021		**3,102**	**(2)**	**90**	**14,620**	**2,567**	**20,377**
Profit for the year		-	-	-	-	2,574	2,574
Effective portion of changes in fair value of cash-flow hedges		-	-	(461)	-	-	(461)
Net change in fair value of cash-flow hedges transferred into income statement		-	-	350	-	-	350
Tax on items taken directly to or transferred from equity		-	-	21	-	-	21
Other comprehensive income		-	2	-	-	-	2
Total comprehensive income		**-**	**2**	**(90)**	**-**	**2,574**	**2,486**
Dividends paid	23	-	-	-	-	(2,536)	(2,536)
Other distribution and rounding		-	-	-	-	(5)	(5)
As of 31 December 2021		**3,102**	**-**	**-**	**14,620**	**2,600**	**20,322**

* The subsidiary STEL-INVEST s.r.o. was merged with CETIN a.s. with effect from 1 February 2021 as part of a domestic merger with the financial impact to retained earnings of 413 ths. CZK. The decisive date of this merger was 1 January 2021.

CONSOLIDATED STATEMENT OF CASH FLOWS

In CZK million	Note	For the year ended 31 December 2022	31 December 2021
Profit for the year		2,855	2,574
Non-cash adjustments for:			
Depreciation and amortisation	9, 10, 11	5,516	5,403
Impairment loss	9, 11	36	159
Profit on sale of property, plant and equipment	9	(49)	(42)
Net finance costs/revenues	7	602	574
Foreign exchange gains/losses (net)	7	(498)	(477)
Bad debts		(5)	(27)
Tax expense	8	718	653
Operating cash flow before working capital changes		**9,175**	**8,817**
Working capital adjustments:			
Change in trade and other receivables		(99)	(174)
Change in inventories		(9)	(29)
Change in trade and other payables		(120)	(413)
Change in provisions		(25)	(32)
Cash flows from operating activities		**8,922**	**8,169**
Interest received		19	5
Income tax paid	8	(888)	(792)
Net cash flow from operating activities		**8,053**	**7,382**
Cash flows from investing activities			
Purchase of property, plant and equipment and intangibles		(5,399)	(3,976)
Proceeds from sales of property, plant and equipment and intangible assets		32	28
Net cash used in investing activities		**(5,367)**	**(3,948)**
Cash flows from financing activities			
Interest paid related to bonds		(61)	(287)
Interest paid related to intra-group loan		(265)	-
Interest paid from lease liability		(172)	(142)
Interest received from hedging derivative		-	29
Other finance charges received/paid		-	(46)
Grant of loan		-	15,888
Repayment of bonds		-	(15,884)
Net proceeds from settlement of hedging derivatives		-	(857)
Net proceeds from settlement of FX derivatives		(77)	52
Cash collateral placed due to derivatives transactions	13	88	325
Dividends paid	23	(1,850)	(2,536)
Lease payments		(645)	(639)
Net cash used in financing activities		**(2,982)**	**(4,097)**
Net increase in cash and cash equivalents		**(296)**	**(663)**
Cash and cash equivalents at beginning of year	15	740	1,411
Effect of foreign exchange rate movements on cash and cash equivalents		12	(8)
Cash and cash equivalents at the year end	15	**456**	**740**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

CETIN a.s. Group (Group) consists of CETIN a.s. (Company) and its subsidiaries: CETIN Finance B.V. and CETIN služby s.r.o.

The Company has the form of a joint stock company and is incorporated and domiciled in the Czech Republic. The address of its registered office is Českomoravská 2510/19, Praha 9, 190 00, Czech Republic.

The sole shareholder of the Group as of 31 December 2022 is CETIN Group N.V. (part of the PPF Group). Further details are described in Note 23.

The Company is the leading telecommunications provider in the Czech market providing fully integrated services. It is understood as the access, aggregation, and backbone infrastructure, mediating the access of customers of other operators to their fixed and mobile voice, data, and video services.

The number of employees employed by the Group amounted in average to 2,256 in 2022 (2021: 2,242).

The consolidated financial statements were approved for issue by the Company's Board of Directors on 1 March 2023.

2. BASIS OF PREPARATION

The principal accounting policies applied in the preparation of the consolidated financial statements are set out below. The policies have been consistently applied to all years presented, unless otherwise stated.

The consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU. IFRS comprise standards and interpretations approved by the International Accounting Standards Board (IASB) and the IFRS Interpretations Committee.

The consolidated financial statements were prepared under the historical cost convention except for non-current assets held for sale which are measured at lower of cost and fair value less cost to sell, and financial derivatives which are measured at fair value as disclosed in the accounting policies below.

The amounts shown in the consolidated financial statements are presented in millions Czech crowns (CZK million), if not stated otherwise.

Use of estimates, assumptions, and judgements

In preparing these consolidated financial statements in conformity with IFRS, management has made judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

The Group makes forward-looking estimates and assumptions. The resulting accounting estimates might be, by definition, different from the related actual results.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates and assumptions that might have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next years are discussed below:

(1) Income taxes and deferred taxes

The Group estimates the liability for current income taxes and in consideration of the temporary differences also for the deferred tax. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business and the measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Group expects to recover or settle the carrying amount of assets and liabilities. Where the final tax-non-deductible/non-taxable items are different from the amounts that were calculated, such differences will impact the current income and deferred tax provisions in the year in which such determination is made (see Note 8 and Note 18).

(2) Property, plant and equipment and intangible assets

The accounting treatment of investments in property, plant and equipment and intangible assets entails the use of estimates to determine the useful life for depreciation and amortization purposes and to assess fair value at their acquisition dates for assets acquired in business combinations.

Determining useful life requires making estimates in connection with future technological developments and alternative uses for assets. There is a significant element of judgment involved in making technological development assumptions, since the timing and scope of future technological advances are difficult to predict. Further details are described in Note 3c – Property, plant and equipment and Note 3d – Intangible assets.

When an item of property, plant and equipment or an intangible asset is considered to be impaired, the impairment loss is recognised in profit or loss. The decision to recognise an impairment loss involves estimates of amount of the impairment, as well as analysis of the reasons for the potential loss. Furthermore, additional factors, such as technological obsolescence, the suspension of certain services and other circumstantial changes are taken into account.

The Group evaluates the performance of its cash-generating units regularly to identify potential impairments. Determining the recoverable amount of the cash-generating units also entails the use of assumptions and estimates and requires a significant element of judgment.

(3) Provisions and contingent liabilities

The Group's treatment of obligations with uncertain timing and amount depends on the management's estimation of the amount and timing of the obligation and probability of an outflow of resources embodying economic benefits that will be required to settle the obligation (both legal and constructive). A provision is recognised when the Group has a present obligation as a result of past events, it is probable that an outflow of resources to settle the obligation will be required and a reliable estimate of the amount of the obligation can be made (see Note 19). The Group recognises provision for dismantling assets, which is part of the costs of the assets, which the Group is required to dismantle at the end of their useful lives. The change in the estimates is recorded to the related fixed assets.

Contingent liabilities are not recognised but are disclosed in the note to the financial statements (Note 20), their existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. Contingent liabilities are assessed continually to determine whether an outflow of resource embodying economic benefits has become probable. If it becomes probable that an outflow of future economic benefits will be required for an item previously dealt with as a contingent liability, a provision is recognised in the financial statements of the period in which the change in probability occurs.

(4) Receivables

Trade receivables are carried at original amount less loss allowance. The Group calculates loss allowances for receivables at the amount of expected credit losses over the life of the financial asset. Details regarding the determination of receivables impairment are stated in Note 3g – Financial assets.

(5) Mobile network services agreement

Amongst the most important contracts of the Group are Mobile network services agreement as described in Note 24. The Group assessed the contract, including amendments, as the provision of a service, because the performance provided under this contract was not dependent on the use of a specific asset and/or one customer does not have the right to obtain substantially all of the economic benefits from the asset during the period of use.

(6) Leasing

When measuring the lease liability, the incremental borrowing rate is applied. This incremental borrowing rate used for discounting of future lease payments is based on the current interest rate defined as reference rate adjusted by Group´s spread and further adjusted by lease specific adjustment.

The right of use assets is depreciated in accordance with the length of the lease contract. For contracts concluded for an indefinite period (or contracts with the possibility of extension on the part of the Group), based on management's assessment, plans, and expected changes in technology it was set a depreciation period till 31 December 2030. The contracts mainly represent lease relations due to the location of technological equipment of both mobile and fixed networks.

3. SIGNIFICANT ACCOUNTING POLICIES

Adoption of new or revised IFRS standards and interpretations (includes standards and interpretations applicable to the Group)

New IFRS not effective as of 31 December 2022 (includes standards applicable to the Group)

At the date of preparation of the accompanying consolidated financial statements, the following IFRS had been published, but their application was not mandatory. The Group intends to adopt those standards when they become effective.

Standards and amendments		**Effectiveness***
IFRS 10 and IAS 28 (amendment)	Sales or contributions of assets between an investor and its associate/joint venture	postponed indefinitely
IAS 1 (amendment)	Classification of liabilities as short-term and long-term Disclosure of accounting policies	1 January 2023
IAS 8 (amendment)	Definition of accounting estimates	1 January 2023
IAS 12 (amendment)	Deferred tax related to assets and liabilities arising from a single transaction	1 January 2023

* Effective for the period commencing from the stated date

Expected impact of IAS 12 amendment

Amendments to IAS 12 clarify that there is no exemption for lease to be a transaction which gives rice to equal and offsetting temporary differences. Since the Group accounted for deferred tax on a lease under the net approach, the impact of the amendment of IAS 12 will be presented in the statement of financial position to present separately the deferred tax asset and the deferred tax liability to the lease. If the Group adopted in 2022, the deferred tax asset to the lease amounted to CZK 925 million and deferred tax liability to the lease amounted to CZK 884 million CZK.

Regarding the application of the other standards and amendments the Group is currently assessing the impact. Based on the analyses made to date, the Group estimates that adoption of these standards and amendments will not have a significant impact on the financial statements in the initial period of application.

The Group has consistently applied the accounting policies set out below, except as descried above in the section Adoption of new or revised IFRS standards and interpretations.

a) Basis of consolidation

Consolidation

The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group (date of acquisition) and are no longer consolidated from the date when the Group ceases to have control.

Intercompany transactions and balances among the Group companies are eliminated unless the transaction provides evidence of an impairment of the asset transferred. The accounting policies for subsidiaries are changed, where necessary, to ensure consistency with the policies adopted by the Group and other companies within the Group.

Business Combination

A business combination is accounted for using the acquisition method. The consideration transferred in a business combination is the fair value of the assets transferred, the liabilities incurred, and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition related costs are expensed when incurred. The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. The excess of the fair value of the Group´s share of the identifiable net assets acquired over the considerations transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree is recorded as gain in profit or loss on the acquisition date. For detail refer to Note 3d – Intangible assets.

b) Foreign currencies

(i) Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The Functional currency of the Company is the Czech crown (CZK). The consolidated financial statements are presented in Czech crowns (CZK), which is the Group's presentation currency. The Functional currency of subsidiaries is their local currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when deferred in other comprehensive income as qualifying cash flow hedges. Such balances of monetary items are translated at year-end exchange rates. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

(iii) Group companies

Profit or loss of foreign entities are translated into the Group's reporting currency at the average exchange rates for the year and their statements of financial position are translated at the exchange rates ruling on the balance sheet date. Exchange differences arising from the translation of the net investment in foreign entities and of borrowings and other currency instruments designated as hedges of such investments are taken to other comprehensive income.

When a foreign entity is sold, such exchange differences are recognised in profit or loss as part of the gain or loss on sale.

c) Property, plant, and equipment

All property, plant and equipment are initially recorded at cost and, except for freehold land, are subsequently carried at its cost less any accumulated depreciation and accumulated impairment losses. Freehold land is subsequently stated at cost less any accumulated impairment charges.

Property, plant, and equipment acquired in the business combination are stated at their acquisition costs (which are equal to their fair value at the effective date of the business combination) less accumulated depreciation and accumulated impairment charges.

Property, plant, and equipment include all costs directly attributable to bringing the asset to working condition for its intended use. With respect to the construction of the network, this comprises every expenditure up to the customers' premises, including the cost of contractors, materials, direct labour costs and interest cost incurred during the course of construction. The costs also include, where appropriate, the estimated costs of dismantling and removing the asset and restoring the site.

Subsequent costs are recognised as property, plant and equipment only if it is probable that future economic benefits associated with the item will flow to the Group and the cost can be measured reliably.

Repairs and maintenance costs are expensed as incurred.

Significant spare parts with the useful life longer than one year are recognised as property, plant and equipment.

Items of property, plant and equipment that are retired are not intended for sale and are not expected to create any future economic benefits or are otherwise disposed of, are eliminated from the consolidated statement of financial position, along with the corresponding accumulated depreciation. Any gain or loss arising from retirement or disposal is included in net operating income, i.e., net gain or loss is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Items of property, plant, and equipment, excluding freehold land, are depreciated from the time they are available for use, using the straight-line method. Depreciation ceases at the earlier of the date the asset is either de-recognised or at the date the asset is classified as held for sale.

Depreciation does not cease, when the asset becomes temporarily idle or retired from active use, unless the asset is fully depreciated.

Estimated useful lives adopted in the consolidated financial statements are as follows:

	Years
Buildings and constructions	From 9 to 56
Ducts, cables, and related plant	From 11 to 45
Communication technology and related equipment	From 1 to 36
Other fixed assets	From 1 to 11

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (refer to Note 3f – Impairment of assets).

d) Intangible assets

Intangible assets of the Group include computer software and rights (easements, domain). Computer software mainly represents the external acquisition costs of the Group's information systems that are intended for use within the Group. Generally, costs associated with developing or maintaining computer software programs are recognised as an expense as incurred. However, costs that are directly associated with identifiable and unique software products controlled by the Group and that have a probable economic benefit exceeding the cost beyond one year, are recognised as intangible assets. Computer software costs recognised as assets are amortised using the straight-line method over their useful lives, generally from three to nine years. Rights are amortised according to period for which the Group is allowed to utilise the rights.

Intangible assets of the Group acquired in business combinations are stated at their acquisition costs (which are equal to their fair value at the date of acquisition) less accumulated amortisation and accumulated impairment charges and are amortised on a straight-line basis over their estimated useful lives.

Intangible assets with an indefinite useful life are not amortised. They are subject to the regular impairment reviews (see Note 11).

The Group reviews at least at the balance sheet date the useful lives of intangible assets that are not amortised to determine whether events and circumstances continue to support an indefinite useful life assessment for that asset. If they do not, the change in the useful life assessment from indefinite to finite is accounted for as a change in an accounting estimate.

On the balance sheet date, carrying amounts, residual values and the useful lives of assets are reviewed, revised and if necessary, prospectively amended and accounted for as a change in an accounting estimate.

Intangible assets that are no longer in use and no future economic benefits are expected or that are disposed of for any other reason are de-recognised from the consolidated statement of financial position together with the corresponding accumulated amortisation (for amortised assets only). All gains or losses arising in this respect are recognised in net operating income, i.e., net gain or loss is determined as the difference between net disposal proceeds, if any, and the carrying amount of the asset.

Intangible assets, except for the assets with an indefinite useful life, are amortised using the straight-line method from the time they are available for use. Amortisation ceases at the earlier of the date the asset is de-recognised, the date the asset is classified as having the indefinite useful life or the date the asset is classified as held for sale.

e) Non-current assets classified as held for sale

The Group classifies separately in the consolidated statement of financial position a non-current asset (or disposal group) as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. For this to be the case, the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets (or disposal groups), its sale is highly probable, and sale is expected within one year.

The Group measures a non-current asset (or disposal group) classified as held for sale at the lower of its carrying amount and fair value less costs to sell.

The Group recognises an impairment loss for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell and is accounted for as an impairment loss with impact on profit or loss of the relevant period.

From the moment the asset is classified as held for sale and eventually revalued, it ceases to be depreciated/amortised and is reviewed only from an impairment point of view.

Any gain from any subsequent increase in fair value less costs to sell, but not in excess of the cumulative impairment loss that has been recognised, is determined and is accounted for in profit or loss.

f) Impairment of non-financial assets

Non-financial assets, except inventory and deferred tax assets, are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable or at least on an annual basis for intangibles with an indefinite useful life and for intangibles not yet in use. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of an asset’s net selling price and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level, for which there are separately identifiable cash inflows (cash-generating units).

Impairment losses are recognised in expenses when incurred. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset’s recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss in the period in which the reversal occurs.

The Group makes an assessment at least at each balance sheet date whether there is any indication that an impairment loss may no longer exist, may have decreased, or may have increased. If any such indication exists, the Group estimates a recoverable amount of the assets and compares to the carrying value (net of the impairment allowance). In assessing whether there is any indication that the impairment loss recognised in the past may no longer exist, the Group considers both external and internal sources of information (asset's market value, changes expected in the market, including technological, economic or legal changes, market interest rates, significant changes with effect on the Group in the extent to which, or manner in which, the assets are used or are expected to be used, evidence available from internal reporting indicating economic performance of assets etc.). Where an estimate of recoverable amount is calculated, there are a number of management assumptions used.

g) Financial assets and liabilities

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

(i) Financial assets

According to IFRS 9, all financial assets are classified as measured at amortised cost, at fair value through other comprehensive income ("FVOCI") or at fair value through profit and loss ("FVTPL").

Except for trade receivables without a significant financing component, a financial asset is initially measured at fair value plus (for an item not at FVTPL category) transaction costs that are directly attributable to its acquisition. Subsequent measurement of individual categories of financial assets relevant to the Group is as follows.

<u>Financial assets measured at fair value though profit and loss</u>
These assets are subsequently measured at fair value and are included in current or non-current assets based on the period when they are settled. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

<u>Financial assets at amortised cost</u>
These financial assets are subsequently measured at amortised cost using the effective interest method and are included in current and non-current assets based on the period when they are settled. The amortised cost is reduced by impairment losses (see section B below). Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

(ii) Impairment of financial assets

In accordance with IFRS 9, entities calculate the loss allowance for financial assets as equal to the 12-month expected credit losses or equal to the expected credit losses over the life of the financial assets.

The Group calculates loss allowances for receivables and contract assets at the amount of expected credit losses over the life of the financial asset. For cash and cash equivalents and loans provided, the Group calculates loss allowances equal to the 12-month expected credit losses unless there has been a significant increase in the credit risk since initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Group compares the default risk of a financial instrument at the balance sheet date with the risk at the date of initial recognition and considers reasonable and supportable information that is relevant and available without undue cost or effort and that indicates a significant increase in the credit risk. The assessment is mainly based on the Group's historical experience, available information, and market analyses, including actual macroeconomic indicators and future forecasts.

(iii) Financial liabilities

Financial liabilities are classified as measured at amortised cost or at fair value though profit and loss ("FVTPL").

A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. These financial liabilities are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss.

Other financial liabilities are recognised initially at fair value, net of transaction costs incurred. In subsequent periods, they are stated at amortised cost using the effective interest rate method; any difference between the amount initially recognised and the redemption value is recognised in profit or loss over the related period.

Financial liabilities are classified as current liabilities unless the Group has an unconditional right to settle the liability for at least 12 months after the balance sheet date.

Borrowing costs on debts used to finance the acquisition and construction of qualifying assets are capitalized during the period of time that is required to complete and prepare the asset for its intended use. Other interest costs are recognised directly in profit and loss.

(iv) Derecognition of financial instruments

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The write off is recognised when the Group considers that there are no realistic prospects of recovery of the asset or when the Group`s legal right to such asset has ceased to exist. Even if the Group expects no significant recovery from the amount written off, the financial asset still could be subject to enforcement activities in order to comply with the Group's terms and conditions. The losses from write-offs are recognised in the position Impairment loss on financial assets.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The potential difference between the carrying amount extinguished and the consideration paid is recognised in profit or loss.

(v) Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously. Legally enforceable right cannot be dependent on future event and it has to be executable in ordinary business and also in case of failure, insolvency or bankruptcy of the Group or a counterparty.

Amounts receivable from and payable to other domestic and foreign operators related to transit are netted and settled net on a regular basis.

h) Leases

The Group applies standard IFRS 16, which specified how to recognise, measure, present and disclose leases. The standard provided a single lessee accounting model, requiring lessees to recognise assets and liabilities for all major leases.

At inception of a contract, the Group assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a lessee:

The Group recognises a right of use asset and a lease liability at the lease commencement date. The right of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The assets are depreciated to the earlier of the end of the useful life of the right of use asset or the lease term using the straight-line method as this most closely reflects the expected pattern of consumption of the future economic benefits. The lease term includes periods covered by an option to extend if the Group is reasonably certain to exercise that option. In addition, the right of use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. The lease term includes periods covered by an option to extend if the Group is reasonably certain to exercise that option. In addition, the right of use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is subsequently measured at amortized cost using the effective interest method. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension, or termination option.

When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the right of use asset or is recorded in profit or loss if the carrying amount of the right of use asset has been reduced to zero.

The Group does not recognise right of use assets and liabilities for leases of low-value assets (copy machines, other office equipment). The lease payments associated with the low-value assets leases are recognised as an expense on a straight-line basis over the lease term. The Group has decided to recognise lease and non-lease components separately.

As a lessor:

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is finance lease. If not, then it is operating lease.

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other revenue'.

i) Inventories

Inventory is stated at the lower of cost or net realisable value. Costs of inventories include the purchase price and related costs of acquisition (transport, customs duties, and insurance). The cost of inventory is determined using weighted average cost. Net realisable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses.

j) Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts, if any, are shown within borrowings in current liabilities section of the consolidated statement of financial position.

k) Current and deferred income taxes

Taxation expense represents both current and deferred taxation, where appropriate.

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws, used to compute the amount are those that are enacted or substantively enacted by the balance sheet date in the relevant country.

Income tax relating to items recognised directly in other comprehensive income is recognised in other comprehensive income and not in profit or loss.

Deferred income taxation is calculated using the liability method applied to all temporary differences arising between the tax basis of assets and liabilities and their carrying values for financial reporting purposes. Currently enacted tax rates and laws expected to apply when the asset is realized, or the liability is settled are used to determine the deferred income tax.

The principal temporary differences arise from differences in the tax and accounting values of property, plant and equipment, impairment of receivables and any write-down for obsolete and slow-moving inventories, non-tax deductible allowances and provisions, unused tax credits and, in relation to acquisitions, on the difference between the fair values of the net assets acquired and their tax base.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

The Group accounts for the tax consequences of transactions and other events in the same way that it accounts for the transactions and other events themselves. Thus, for transactions and other events recognised in profit or loss, any related tax effects are also recognised in profit or loss. For transactions and other events recognised directly in equity, any related tax effects are also recognised directly in equity.

Deferred income tax assets and tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority. The same applies for offsetting of current tax assets and liabilities.

Deferred income taxes are calculated using currently enacted tax rates expected to apply when the asset is realized, or the liability settled.

l) Employee benefits

(i) Pension insurance and supplementary pension insurance

The Group remits contributions to the state pension insurance scheme at the statutory rates applicable during the period which are based on gross salaries. The contributions to the state budget for the funding of the state pension insurance correspond to the defined contribution plans. The contribution expense is charged to profit or loss in the same period as the related salary expense. The Group also provides its employees with supplementary pension insurance in the form of payments to insurance companies within the framework of a valid pension plan. These contributions are charged to profit or loss in the period to which the contributions relate. The Group has no further payment obligations once the contributions have been paid.

(ii) Redundancy and severance payments

Employees whose employment was terminated before term citing statutory reasons are entitled for redundancy and severance payment. The Group recognises provision for redundancy and severance payments when it is demonstrably committed to terminate the employment of current employees according to a detailed formal plan without the possibility of opt-out. Severance payments falling due more than 12 months after the balance sheet date are discounted to present value. The Group presently has no redundancy and severance obligations falling due more than 12 months after the balance sheet date.

(iii) Bonus plans

The Group recognises employee bonuses related to the given accounting period in accordance with the expectations of achievement of the targets of the Group, which take into consideration key performance indicators such as turnover or free cash flow after adjustments. The Group recognises a provision where the Group is contractually obliged to grant bonuses or where there is a past practice that has created a constructive obligation.

m) Provisions

Provisions are recognised when the Group has either a present legal or constructive obligation resulting from past events, and it is probable that an outflow of resources will be required to settle the obligation assuming that a reliable estimate of the amount can be made. Where the Group expects a provision to be reimbursed, e.g., based on insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

The asset retirement obligation recognised represent the best estimate of the expenditures required to settle the present obligation at the current balance sheet date. Such cost estimates, expressed at current price levels at the date of the estimate, are discounted on 31 December 2022 using a long-term real rate of interest in the range from 6.40% to 7.65% per annum to take into account the timing of payments. The initial discounted cost amounts are capitalized as part of property, plant and equipment and are depreciated over the lives of the sites. As of 31 December 2022, the estimate for the effect of the expected long-term inflation is 2%. The decommissioning process is expected to continue for a period of up to 45 years. The estimate of future decommissioning costs is based on useful live of technology.

n) Revenues and expenses

From 2022, the Group decided to present Revenues as one single figure in the statement of comprehensive income instead of splitting them into Revenues and Other income from non-telecommunications services due to the insignificance of Other income from non-telecommunications services. Both of these items include revenues recognised in accordance with the IFRS 15 standard, so even from this point of view, the related revenues can be presented in aggregate. In 2021, total revenues of CZK 18,430 million were reported as revenues of CZK 18,183 million and other revenues from non-telecommunications services of CZK 247 million. A more detailed breakdown of revenues is given in Note 5.

Revenue, shown net of Value Added Tax and any discounts, and after eliminating sales within the Group, comprises goods sold, and services provided. Revenues are measured at their fair value of the consideration received or receivable. The amount of revenue is recognised if it can be measured reliably, and it is probable that the economic benefits associated with the transaction will flow to the Group. If necessary, revenue is split into separately identifiable components.

Revenue and expenses are recognised on an accrual basis, i.e., when the flow of goods or services takes place, regardless of when the payment or collection is being made.

Revenue from mobile services includes in particular revenue from provision of a service of coverage of mobile signal mainly for O2 Czech Republic a.s. and other telecommunication operators. The service is provided on continuous basis and is regularly invoiced in the form of a service fee. The contract with O2 Czech Republic a.s. is a long-term contract (Note 24). The revenue is recognised over the time as the same services are provided evenly through the contract.

Revenue from mass services of the fixed network represents revenue from provided access to the public fixed communications network (Internet, television lines and fixed phone lines). The service is provided and invoiced on continuous basis. The revenue is calculated as a price for the network line and the number of lines provided. The network line is used for price calculation but does not in itself represent a separate customer benefit. The revenue is recognised over the time.

Revenue from data services represents a fee for access to end points of the existing telecommunication network. The service is provided on continuous basis and is regularly invoiced. The revenue is calculated as a price for the network line and the number of lines provided. The network line is used for price calculation but does not in itself represent a separate customer benefit. The revenue is recognised over the time.

Other telecommunication revenues include but are not limited to revenues from the granting of the entitlement to use the spare capacity of the optical fibre (dark fibre); the revenues are deferred at the time of signing of the contract and recognised as revenue on straight-line basis over the contract term. The contracts contain significant substitution right regarding the optical fibre. Revenue from housing represents data centre services; the revenue occurs continuously in accordance with the invoicing.

Revenue from transit represents the service of routing and termination of mostly international voice traffic of international operators utilising the points of presence outside of the Czech Republic. The revenue is calculated by valuation of the incoming and outcoming minutes based on the measurement of the monthly traffic. The revenue is recognised over the time.

Revenues from the network sharing project are recognised at net value. These are mutually provided services of the same nature and in the same value within the project, representing a barter transaction without financial performance. The revenue is recognised on an ongoing basis. The revenue is recognised over the time.

The accounting entity accounts for the financing component – interest if the payment and delivery of the goods/services do not occur at the same time or, more precisely with a difference of up to

1 year. This way the accounting entity reflects the time value of money. The Group will receive the payment ahead of the performance of the service. Starting from 1 January 2018, the Group has been recognising the financing component (interest expense) on monthly basis. It is an accounting adjustment which increases the straight-line revenues from the service provided while accounting for the interest expense for the financing of the Group by the recipient of the service.

o) Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders.

p) Accounting for financial instruments and hedging activities

Derivative financial instruments are initially recognised in the consolidated statement of financial position at fair value and subsequently are re-measured at their fair value. The method of recognising the resulting gain or loss is dependent on whether the derivative is designated as a hedging instrument and on the nature of the item being hedged. On the date a derivative contract is entered into, the Group designates certain derivatives as either:

a) hedge of the fair value of a recognised asset or liability (fair value hedge), or

b) hedge of a forecasted transaction or of a firm commitment (cash flow hedge).

The Group has used the transitional provisions in IFRS 9 and continues to apply IAS 39 for existing hedging relations. As of 31 December 2022, the Group has not entered into any new hedging relations for which standard IFRS 9 has been applied and all hedging relations follow IAS 39.

Changes in the fair value of derivatives that are designated and qualified as fair value hedges and that are highly effective are recorded in profit or loss, along with changes in the fair value of the hedged asset or liability that is attributable to the hedged risk.

Changes in the fair value of derivatives that are designated and qualified as cash flow hedges and that are highly effective are recognised in other comprehensive income. Where the forecasted transaction or firm commitment results in the recognition of an asset or of a liability, the gains and losses previously deferred in other comprehensive income are transferred from other comprehensive income and included in the initial measurement of the cost of the asset or liability. Otherwise, amounts deferred in other comprehensive income are transferred to profit or loss and classified as income or expense in the same periods during which the hedged firm commitment or forecasted transaction affects profit or loss.

Certain derivative transactions, while providing effective economic hedges under the Group's risk management policies, either do not qualify for hedge accounting under the specific rules in IAS 39 or the Group has elected not to apply the specific IAS 39 hedge accounting provisions. Changes in the fair value of such derivative instruments that do not qualify for hedge accounting are recognised immediately in profit or loss.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting under IAS 39, any cumulative gain or loss existing in other comprehensive income at that time remains in other comprehensive income and is recognised in profit or loss when the committed or forecasted transaction ultimately is recognised in profit or loss. However, if a committed or forecasted transaction is no longer expected to occur, the cumulative gain or loss that was reported in other comprehensive income is immediately transferred to profit or loss.

The Group documents at the inception of the transaction the relationship between the hedging instruments and the hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The process includes linking all derivatives designated as hedges to specific assets and liabilities or to specific firm commitments or forecast transactions.

The Group also documents its assessment, both at the hedge inception and on an ongoing basis, whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

Fair value estimation

Except for currency options, the fair values of the derivative financial instruments reflect estimates based on calculations performed using the Group's own discounted cash flow models (using market rates). The fair value of currency options is based on information obtained from external parties, including the Group's bankers.

q) Alternative earnings measures

The Group presents certain alternative earnings measures such as EBITDA, EBIT which are not defined by IFRSs. As used in these consolidated financial statements, the following terms have the following meaning:

"EBITDA" refers to income before income taxes, finance income (costs), depreciation and amortization, and impairment of property, plant and equipment and intangible assets.

"EBIT" refers to income before income taxes and finance income and finance costs.

4. SEGMENT INFORMATION

The Group recognises two main operating segments:

- Domestic services – provision of wholesale telecommunication services (mobile, fixed and data services) to other Czech telco operators, utilising the Group's network infrastructure in the Czech Republic; this is the core business of the Group.

- International transit - routing and termination of mainly international voice traffic to international operators, utilising the points of presence outside of the Czech Republic.

The International transit business of the Group is reported separately for these reasons:

I. The nature of the international transit business is fundamentally different from the core business of the Group. In the case of the core business, the Group is selling services of its own network infrastructure in the Czech wholesale telecommunication market. In the case of the international transit business, the Group acts as a provider of interconnection between international operators, earning a small margin on the difference between the units of traffic purchased and sold.

II. The financial risk exposure of the international transit business is significantly lower compared to the core business of the Group. The impact of the potential impairment of carrying value of assets related to the international transit business is marginal as the international transit business is not capital intensive.

III. Discrete financial information is available for the international transit business and the management assesses its performance and makes decisions about the resources to be allocated to this segment separately, with no impact on the core business of the Group.

The Group is capable of achieving substantial revenue from international transit services, while the EBITDA margins from the segment is on a completely different scale from the core business, due to the intermediary nature of transit services.

The operating results of all segments are regularly controlled and reviewed by the chief operating decision maker only to the level of EBIT.

Year ended 31 December 2022	**Domestic services**	**International transit**	**Total reportable segments**
In CZK million			
Revenues	13,534	5,348	18,882
Costs	(4,579)	(5,074)	(9,653)
Earnings before impairment loss, interest, tax, depreciation and amortization (*EBITDA*)	**8,955**	**274**	**9,229**
Total depreciation and amortization	(5,495)	(21)	(5,516)
Impairment charge	(36)	-	(36)
Operating income (EBIT)	**3,424**	**253**	**3,677**
Net financial loss			(104)
Profit before tax			3,573
Corporate income tax			(718)
Profit for the year			**2,855**
As of 31 December 2022			
Total assets	**59,130**	**814**	**59,944**
Trade and other payables	5,639	681	6,320
Lease liability	4,867	-	4,867
Other liabilities	27,434	-	27,434
Total liabilities	**37,940**	**681**	**38,621**
Capital expenditure (Property, plant, equipment and intangible assets additions)	**5,463**	**11**	**5,474**

Year ended 31 December 2021	**Domestic services**	**International transit**	**Total reportable segments**
In CZK million			
Revenues	12,465	5,965	18,430
Costs	(3,843)	(5,701)	(9,544)
Earnings before impairment loss, interest, tax, depreciation and amortization (*EBITDA*)	**8,622**	**264**	**8,886**
Total depreciation and amortization	(5,382)	(21)	(5,403)
Impairment charge	(159)	-	(159)
Operating income (EBIT)	**3,081**	**243**	**3,324**
Net financial loss			(97)
Profit before tax			3,227
Corporate income tax			(653)
Profit for the year			**2,574**

As of 31 December 2021			
Total assets	**58,810**	**907**	**59,717**
Trade and other payables	5,280	789	6,069
Lease liability	5,091	-	5,091
Other liabilities	28,235	-	28,235
Total liabilities	**38,606**	**789**	**39,395**
Capital expenditure (Property, plant, equipment and intangible assets additions)	**4,695**	**32**	**4,727**

The Group presents the segments in the category of operating revenues and expenses. Finance revenues and expenses and tax expenses are presented for the whole Group.

Revenues from one customer from segment Domestic services and International transit represent more than 10% of Group’s revenues. For the year ended 31 December 2022 these revenues are CZK 10,064 million (31 December 2021: CZK 9,405 million).

The following table shows the split of revenues according to the location of the entity where the revenues are originated:

Revenues **In CZK million**	**Year ended** **31 December 2022**	**Year ended** **31 December 2021**
Czech Republic	13,477	12,618
Germany	690	648
Slovakia	403	390
Other EU countries	2,045	2,336
Switzerland	92	111
Other Non-EU countries	2,175	2,327
Total revenues	**18,882**	**18,430**

5. REVENUES

(i) Categorization of revenue from contracts with customers

The following table shows the classification of the revenues from contracts with customers according to the main operating segments and products provided. The degree of categorization of the revenues from contracts with customers reflects the specific sector of the Group as well as the method the Group uses for reporting and monitoring revenues for internal purposes. The table also shows the total lines allowing for reconciliation of revenue to the data reported in the segment analysis according to IFRS 8 (Note 4).

Revenues **In CZK million**	**Year ended** **31 December 2022**	**Year ended** **31 December 2021**
Domestic service		
Revenues from mobile network services	5,918	5,237
Revenues from fixed network mass service	4,588	4,482
Revenues from data services	1,400	1,377
Other revenues	1,628	1,369
	13,534	**12,465**
International transit		
Revenues from transit services	5,348	5,965
Total	**18,882**	**18,430**

Revenues from related parties are disclosed in Note 24.

The following table shows the classification of the revenues from contracts with customers according to the primary geographical market.

Revenues **In CZK million**				**Year ended** **31 December 2022**
Domestic service	**Czech Republic**	**EU**	**Non-EU**	**Total**
Revenues from mobile network services	5,918	-	-	5,918
Revenues from fixed network mass service	4,588	-	-	4,588
Revenues from data services	1,309	55	36	1,400
Other revenues	1,461	92	75	1,628
	13,276	**147**	**111**	**13,534**
International transit	**Czech Republic**	**EU**	**Non-EU**	**Total**
Revenues from transit services	201	2,991	2,156	5,348
Total	**13,477**	**3,138**	**2,267**	**18,882**

Revenues **In CZK million**				**Year ended** **31 December 2021**
Domestic service	**Czech Republic**	**EU**	**Non-EU**	**Total**
Revenues from mobile network services	5,237	-	-	5,237
Revenues from fixed network mass service	4,482	-	-	4,482
Revenues from data services	1,291	51	35	1,377
Other revenues	1,300	45	24	1,369
	12,310	**96**	**59**	**12,465**
International transit	**Czech Republic**	**EU**	**Non-EU**	**Total**
Revenues from transit services	308	3,278	2,379	5,965
Total	**12,618**	**3,374**	**2,438**	**18,430**

The Group does not recognise any significant revenues from services at a point in time, all significant revenues are recognised over time.

(ii) Receivables from contracts with customers, contract assets and contract liabilities

Receivables from contracts with customers are described in Note 13. They are trade receivables.

A contract asset is the right of the Group to a consideration in exchange for goods or services which the Group has already transferred to customers and which are not receivable yet. As the Group provides its supplies in the course of time, there are no contingencies for invoicing, the Group issues invoices regularly on monthly basis, it does not have any significant contractual assets recorded.

A contract liability is an obligation of the Group to deliver goods or provide services for which the Group has already received consideration from the customers. Contract liabilities are in particular the dark fibre services – granting of the entitlement to use the spare capacity of the optical fibre paid for by the customers. These are services which are typically provided for 15 – 20 years. A portion of the fees is invoiced and collected at the beginning of the provision of this service, but the service will be provided in the years to come. It includes activation fees for these services which do not constitute a standalone performance obligation and are therefore distributed throughout the term of the contract with the customers, i.e., the actual provision of the service. These expected revenues will be recognised during the upcoming years.

The amount of CZK 311 million, which was recognised as of 1 January 2022 as contract liabilities, was recognised as revenues in 2022 (2021: CZK 363 million).

Contract balances:

In CZK million	**Note**	**31 December 2022**	**31 December 2021**
Trade receivables	13	2,901	2,809
Contract liabilities (included in the position Deferred revenue and Other non-current liabilities)	16	1,689	1,774

In 2022, the Group did not recognise any revenue from contract liabilities which were met (or partially met) in prior periods.

(iii) The expected revenues from concluded contracts with customers

The following table includes revenues which are expected by the Group to be recognised in the future. These are revenues related to performance obligations that are unsatisfied (or partially unsatisfied) as of 31 December 2022.

As of 31 December 2022	**Performance obligations to be satisfied**				
In CZK million	**Less than 1 year**	**Between 1-2 years**	**Between 3-5 years**	**More than 5 years**	**Total**
Revenues from mobile network services	147	147	245	47	586
Other revenues	134	134	393	592	1,253
Total	**281**	**281**	**638**	**639**	**1,839**

As of 31 December 2021	**Performance obligations to be satisfied**				
In CZK million	**Less than 1 year**	**Between 1-2 years**	**Between 3-5 years**	**More than 5 years**	**Total**
Revenues from mobile network services	131	131	299	39	600
Other revenues	134	134	401	718	1,387
Total	**265**	**265**	**700**	**757**	**1,987**

The Group applies the practical expedient of the standard and does not disclose in the table above information about contracted revenues with originally expected term of contract 1 year or less and contracted revenues for which are expected revenues recognised to the amount corresponding to the right to invoice.

(iv) Financing component

The Group has identified one revenue group where the time difference between the consideration received (incoming payment) and provision of the service is more than 1 year. These are the dark fibre services – granting of the entitlement to use the spare capacity of the optical fibre (dark fibre). The Group recognises increase in revenues and interest expense.

For more information see Note 3 – Significant Accounting Policies.

Financing component **In CZK million**	**Year ended** **31 December 2022**	**Year ended** **31 December 2021**
The amount which increases the revenues	30	27
Interest expense	(42)	(40)

6. EXPENSES

Expenses **In CZK million**	**Year ended** **31 December 2022**	**Year ended** **31 December 2021**
Supplies	(5,396)	(5,926)
Staff costs	(1,467)	(1,324)
External services	(2,735)	(2,240)
Provisions for bad debts and inventories	5	27
Other expenses	(60)	(81)
Total expenses	**(9,653)**	**(9,544)**

Supplies include mainly costs of transit and interconnection costs.

The Group does not participate in any pension plans.

Statutory auditor's fees during the year ended 31 December 2022 amounted to CZK 6 million (31 December 2021: CZK 7 million).

Purchases from related parties are disclosed in Note 24.

7. FINANCE INCOME AND COSTS

In CZK million	**Year ended** **31 December 2022**	**Year ended** **31 December 2021**
Finance income		
Interest income	19	5
Foreign exchange gain (net)	498	477
Other finance income	69	70
Total finance income	**586**	**552**

In CZK million	Year ended 31 December 2022	Year ended 31 December 2021
Finance costs		
Interest expenses related to intra-group loan	(283)	(18)
Interest expenses related to bonds	(67)	(255)
Interest expenses related to financial component	(42)	(40)
Interest expenses related to lease liability	(172)	(142)
Other finance costs	(126)	(194)
Total finance costs	**(690)**	**(649)**

The Group recognises foreign exchange gains and losses on a net basis.

In 2021, the item Interest expenses related to bonds included the net interest income from hedging derivatives at the amount of CZK 29 million. In 2022, the Group did not use any hedging derivatives.

8. INCOME TAX

In CZK million	Year ended 31 December 2022	Year ended 31 December 2021
Total income tax expense is made up of:		
Current income tax charge	877	808
Deferred income tax credit (Note 18)	(159)	(155)
Total income tax expense	**718**	**653**

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the basic tax rate of the home country of the Group as follows:

In CZK million	Year ended 31 December 2022	Year ended 31 December 2021
Profit before tax	3,573	3,227
Income tax charge calculated at the statutory rate of 19%	(679)	(613)
Tax non-deductible expenses	(22)	(12)
Income tax related to prior years	(8)	(10)
Other differences	(9)	(18)
Income tax expense	**(718)**	**(653)**
Effective tax rate	20.10%	20.24%

As of 31 December 2022, the total amount of provisions for current income taxes is CZK 867 million (31 December 2021: CZK 798 million), the total amount of advances paid for income taxes is CZK 728 million (31 December 2021: CZK 646 million), the net deferred tax liability is CZK 5,751 million (31 December 2021: CZK 5,910 million).

9. PROPERTY, PLANT AND EQUIPMENT

In CZK million	Land, buildings and construction	Ducts, cables and related plant	Communication technology and related equipment	Other fixed assets	Construc-tion in progress	Total
As of 31 December 2022						
Opening net book amount	4,862	32,537	7,552	299	2,531	**47,781**
Additions	154	999	1,639	95	1,504	**4,391**
Disposals	(9)	(1)	(1)	-	(8)	**(19)**
Transfers	64	399	400	29	(892)	-
Reclassifications	-	-	5	-	1	**6**
Depreciation	(267)	(1,945)	(1,863)	(90)	-	**(4,165)**
Impairment	-	-	(1)	-	(35)	**(36)**
Reclassification to/from Assets held for sale	(13)	-	-	-	-	**(13)**
Closing net book amount	**4,791**	**31,989**	**7,731**	**333**	**3,101**	**47,945**
As of 31 December 2022						
Cost	7,383	47,456	17,770	746	3,223	**76,578**
Accumulated depreciation	(2,592)	(15,467)	(10,039)	(413)	(122)	**(28,633)**
Net book amount	**4,791**	**31,989**	**7,731**	**333**	**3,101**	**47,945**

Additions represent investments in telecommunication infrastructure and related equipment.

In CZK million	Land, buildings and construction	Ducts, cables and related plant	Communication technology and related equipment	Other fixed assets	Construc-tion in progress	Total
As of 31 December 2021						
Opening net book amount	5,012	33,080	8,043	309	1,760	**48,204**
Additions	82	1,011	1,020	62	1,768	**3,943**
Disposals	(11)	(1)	(2)	(1)	(6)	**(21)**
Transfers	88	376	372	9	(845)	**-**
Reclassifications	-	(1)	3	4	3	**9**
Depreciation	(304)	(1,928)	(1,884)	(84)	-	**(4,200)**
Impairment	-	-	-	-	(149)	**(149)**
Reclassification to/from Assets held for sale	(5)	-	-	-	-	**(5)**
Closing net book amount	**4,862**	**32,537**	**7,552**	**299**	**2,531**	**47,781**
As of 31 December 2021						
Cost	7,264	46,060	16,706	654	2,704	**73,388**
Accumulated depreciation	(2,402)	(13,523)	(9,154)	(355)	(173)	**(25,607)**
Net book amount	**4,862**	**32,537**	**7,552**	**299**	**2,531**	**47,781**

As of 31 December 2022, the carrying value of land, which is non-depreciated asset, amounted to CZK 155 million (31 December 2021: CZK 160 million).

In 2022 the impairment for tangible assets of CZK 36 million relates to failed projects in process and spare parts and material for investment to be liquidated (31 December 2021: CZK 149 million).

As of 31 December 2022, the Group has identified Assets held for sale in the net book value of CZK 18 million (31 December 2021: CZK 5 million). As of 31 December 2022 and 31 December 2021 all the Assets held for sale is part of the Domestic services segment.

No property, plant and equipment were pledged as of 31 December 2022 and 31 December 2021.

For the year ended 31 December 2022, the Group achieved a total gain from the sale of the fixed assets of CZK 65 million (31 December 2021: CZK 58 million) and total losses of CZK 16 million (31 December 2021: CZK 16 million).

The Group has concluded contracts with T-Mobile Czech Republic a.s. related to the sharing of mobile networks. Companies provide each other services related to the sharing of active and passive 2G and 3G network elements and the sharing of LTE technologies for mobile networks based on geographical distribution of the Czech Republic territory. Contracts are based on the principle of balance. Revenue and costs relating to network sharing are reported in net value because the services provided within the project are of the same nature and value. This is a barter transaction without financial performance.

10. RIGHT OF USE ASSETS

In CZK million	Land, buildings and construction	Ducts, cables and related plant	Communication technology and related equipment	Other fixed assets	Total
As of 31 December 2022					
Opening net book amount	4,375	34	415	102	**4,926**
Additions	30	1	28	46	**105**
Modifications	305	-	43	10	**358**
Disposals	-	-	-	-	**-**
Reclassifications	2	-	-	1	**3**
Depreciation	(622)	(1)	(59)	(61)	**(743)**
Impairment	-	-	-	-	**-**
Closing net book amount	**4,090**	**34**	**427**	**98**	**4,649**
As of 31 December 2022					
Cost	6,496	44	639	307	**7,486**
Accumulated depreciation	(2,406)	(10)	(212)	(209)	**(2,837)**
Net book amount	**4,090**	**34**	**427**	**98**	**4,649**

In CZK million	Land, buildings and construction	Ducts, cables and related plant	Communication technology and related equipment	Other fixed assets	Total
As of 31 December 2021					
Opening net book amount	4,348	46	436	90	**4,920**
Merger impact	(6)	-	4	(3)	**(5)**
Additions	54	-	3	69	**126**
Modifications	598	(11)	30	6	**623**
Disposals	-	-	-	-	**-**
Reclassifications	-	-	-	-	**-**
Depreciation	(619)	(1)	(58)	(60)	**(738)**
Impairment	-	-	-	-	**-**
Closing net book amount	**4,375**	**34**	**415**	**102**	**4,926**
As of 31 December 2021					
Cost	6,181	43	568	252	**7,044**
Accumulated depreciation	(1,806)	(9)	(153)	(150)	**(2,118)**
Net book amount	**4,375**	**34**	**415**	**102**	**4,926**

In 2021, the lease term for leases for an indefinite period was reassessed to be in line with the long-term plan of the Group. The lease term for these contracts was extended to 31 December 2030. Total impact on the balance of Right of use assets amounted to CZK 223 million. Further details are described in Note 2(6).

The right of use assets arising from leases between related parties are disclosed in Note 24.

11. INTANGIBLE ASSETS

In CZK million	Goodwill	Software	Rights and other	Construction in progress	Total
As of 31 December 2022					
Opening net book amount	16	1,725	292	118	**2,151**
Additions	-	934	37	112	**1,083**
Disposals	-	-	-	-	**-**
Transfers	-	32	11	(43)	**-**
Reclassifications	-	3	1	-	**4**
Amortisation charge	-	(591)	(17)	-	**(608)**
Impairment	-	-	-	-	**-**
Closing net book amount	**16**	**2,103**	**324**	**187**	**2,630**
As of 31 December 2022					
Cost	16	5,139	452	187	**5,794**
Accumulated amortisation	-	(3,036)	(128)	-	**(3,164)**
Net book amount	**16**	**2,103**	**324**	**187**	**2,630**

In CZK million	Goodwill	Software	Rights and other	Construction in progress	Total
As of 31 December 2021					
Opening net book amount	16	1,414	277	135	**1,842**
Additions	-	690	22	72	**784**
Disposals	-	-	-	-	**-**
Transfers	-	72	13	(85)	**-**
Reclassifications	-	(6)	-	6	**-**
Amortisation charge	-	(445)	(20)	-	**(465)**
Impairment	-	-	-	(10)	**(10)**
Closing net book amount	**16**	**1,725**	**292**	**118**	**2,151**
As of 31 December 2021					
Cost	16	4,181	410	118	**4,725**
Accumulated amortisation	-	(2,456)	(118)	-	**(2,574)**
Net book amount	**16**	**1,725**	**292**	**118**	**2,151**

All of the Group’s intangible assets with finite lives are amortised and are subject to an annual review of impairment indicators and a review of their useful lives. Other intangible assets are tested annually for impairment.

12. INVENTORIES

In CZK million	31 December 2022	31 December 2021
Telecommunication material	57	58
Other	48	38
Total	**105**	**96**

The inventories stated above are net of an allowance cumulative write down for obsolete inventory of CZK 7 million (31 December 2021: CZK 7 million). The number of inventories recognised as an expense is CZK 212 million (31 December 2021: CZK 155 million).

In 2022 and 2021, the Group had no inventories pledged as a security for liabilities.

13. TRADE AND OTHER RECEIVABLES

In CZK million	31 December 2022	31 December 2021
Trade receivables from third parties (net)	1,727	1,830
Receivables with related parties (Note 24)	1,174	979
Derivative financial assets	-	1
Cash collateral placed due to derivatives transactions (Note 17)	-	88
Other debtors (net)	6	5
Total trade and other receivables	**2,907**	**2,903**

In 2022 and 2021, all the receivables were short-term.

In 2022 the Cash collateral placed due to derivatives transactions was settled. Cash collateral placed represented the one-side collateral of derivative transactions of the Group, see Note 17. Cash collateral placed resulted from Group’s obligation to place the cash collateral to the derivative transaction counterparty and for the period of the derivative transaction, where the amount of collateral was calculated from nominal and fair value of the financial derivative.

Receivables from related parties are disclosed in Note 24.

Trade receivables and other debtors are stated net of bad debt provision of CZK 62 million (31 December 2021: CZK 69 million).

31 December 2022				Overdue		
In CZK million	Due	Less than 90 days	91 and 180 days	181 and 365 days	More than 365 days	**Total**
Trade receivables and other debtors	2,702	197	15	16	39	**2,969**
Bad debt provision	(16)	-	(3)	(7)	(36)	**(62)**
Total	**2,686**	**197**	**12**	**9**	**3**	**2,907**

31 December 2021 **In CZK million**	Due	Less than 90 days	Overdue 91 and 180 days	181 and 365 days	More than 365 days	**Total**
Trade receivables and other debtors	2,604	164	27	32	56	**2,883**
Bad debt provision	(8)	-	(2)	(11)	(48)	**(69)**
Total	**2,596**	**164**	**25**	**21**	**8**	**2,814**

Bad debt provisions **In CZK million**	
As of 1 January 2021	**103**
Additions	38
Write-offs	(8)
Paid receivables	(64)
As of 31 December 2021	**69**
Additions	33
Write-offs	(2)
Paid receivables	(38)
As of 31 December 2022	**62**

The Group's historical experience regarding the collection of accounts receivable is consistent with the recorded allowances. Because of these factors, the management believes that no additional credit risk beyond the amounts provided for is inherent in the Group's trade receivables.

Financial instruments that are subject to an enforceable master netting arrangement or similar agreement include particularly interconnection services. Financial instruments are as follows:

In CZK million	**31 December 2022**	**31 December 2021**
Gross amounts of trade receivables	2,008	2,113
Amounts that are set off against trade payables (Note 16)	(351)	(432)
Net amounts of trade receivables	**1,657**	**1,681**

14. ADVANCE PAYMENTS AND OTHER ASSETS

In CZK million	**31 December 2022**	
	Short-term	**Long-term**
Prepayments	140	463
Advance payments	438	12
Tax receivables for indirect taxes	181	-
Advance payments and other assets	**759**	**475**

In CZK million	**31 December 2021**	
	Short-term	**Long-term**
Prepayments	138	458
Advance payments	310	11
Tax receivables for indirect taxes	198	-
Advance payments and other assets	**646**	**469**

Prepayments comprise primarily prepaid expenses related to purchases of capacity upgrade from T-Mobile Czech Republic a.s. for O2 Czech Republic a.s. under the network sharing project of CZK 520 million (31 December 2021: CZK 502 million), and prepaid expenses from International transit of CZK 0 million (31 December 2021: CZK 1 million).

Advance payments comprise primarily the advances paid for electricity. The year-on-year increase in advance payments occurred in connection with a significant increase of price for electricity.

15. CASH AND CASH EQUIVALENTS

In CZK million	**31 December 2022**	**31 December 2021**
Cash at bank accounts and other cash equivalents	6	7
Cash at bank accounts and other cash equivalents (intercompany)	450	733
Total cash and cash equivalents	**456**	**740**

The item Cash at bank accounts and other cash equivalents includes the balance of bank accounts of the Special Partnership Accounts of CZK 4 million (31 December 2021: CZK 4 million). These are partnerships with other business parties founded for a specific purpose, where the Group is in a leading role. The usage of bank accounts of the Special Partnership Accounts is limited by mutual agreement.

As of 31 December 2022 and 31 December 2021, the Group had no available undrawn uncommitted overdraft facility.

As of 31 December 2022 and 31 December 2021, no cash and cash equivalents were pledged.

16. TRADE AND OTHER PAYABLES

In CZK million	**31 December 2022**	
	Short-term	**Long-term**
Trade creditors	5,563	-
VAT, other taxes and social security liability	122	-
Deferred revenues	224	1,092
Employee wages and benefits	269	-
Other creditors	76	345
Trade and other payables	**6,254**	**1,437**

In CZK million	**31 December 2021**	
	Short-term	**Long-term**
Trade creditors	5,285	-
VAT, other taxes and social security liability	113	-
Deferred revenues	351	1,112
Employee wages and benefits	244	-
Other creditors	1	347
Financial derivatives	75	-
Trade and other payables	**6,069**	**1,459**

Payables to related parties are disclosed in Note 24.

As of 31 December 2022 and 31 December 2021, deferred revenues were made up primarily of deferred revenues from installation fees related to the entitlement to use the spare capacity of the optical fibre.

Financial instruments that are subject to an enforceable master netting arrangement or similar agreement include particularly interconnection services. Financial instruments are as follows:

In CZK million	**31 December 2022**	**31 December 2021**
Gross amounts of trade creditors	508	632
Amounts that are set off against trade receivables (Note 13)	(351)	(432)
Net amounts of trade creditors	**157**	**200**

17. FINANCIAL LIABILITIES AND FINANCIAL RISK MANAGEMENT

Financial liabilities

In CZK million	**31 December 2022**	**31 December 2021**
Bonds in local currency	4,860	4,851
Intra-group loan in foreign currency	15,071	15,538
Accrued interest	44	23
Total financial liabilities	**19,975**	**20,412**
Repayable:		
Within one year	4,904	23
Between one and five years	15,071	20,389
Total financial liabilities	**19,975**	**20,412**

Intra-group loan from the parent company

On 24 November 2021 the Company entered into an intra-group loan agreement with its parent company CETIN Group N.V. in an amount equal to EUR 625 million. The intra-group loan has a floating interest rate of EURIBOR plus 1.50% and is due on 24 August 2026. The intra-group loan was drawn on 3 December 2021. The main purpose of the intra-group loan was to refinance the issued EUR bonds due on 6 December 2021.

All conditions and obligations resulting from the intra-group loan agreements were met as of 31 December 2022

Issued Bonds

In million CZK					**Nominal value**		**Net carrying value**	
Date of issue	**Maturity**	**ISIN**	**Interest rate**	**Curr**	**2022**	**2021**	**2022**	**2021**
6 December 2016	6 December 2023	XS1529936335	1.250	CZK	4,866	4,866	4,863	4,856
Total					**4,866**	**4,866**	**4,863**	**4,856**

All conditions and obligations resulting from bonds emission were met as of 31 December 2022.

CZK 4,866 million issued bonds due on 6 December 2023 will be very likely refinanced on 6 December 2023. The company CETIN Group N.V., the sole shareholder of the Company, is ready, if necessary, to provide the Group with the necessary financial support to refinance the issued bonds amounting to CZK 4,866 million. In terms of the refinancing, the Company received from the parent company CETIN Group N.V. signed letter of support.

Reconciliation of movements of liabilities to cash flows arising from financing activities:

In million CZK	**Lease liability**	**Bonds**	**Intra-group loan**
Balance as of 1 January 2022	**5,091**	**4,856**	**15,556**
Payments of lease liability/Repayment of bonds/Intra-group loan drawing	(645)	-	-
Interests paid	(172)	(61)	(265)
Total changes from financing cash flows	**(817)**	**(61)**	**(265)**
The effect of changes in foreign exchange rates	**(16)**	**-**	**(463)**
New leases	437	-	-
Other expenses	-	1	-
Interest expenses	172	67	283
Total liability-related other changes	**609**	**68**	**283**
Balance as of 31 December 2022	**4,867**	**4,863**	**15,111**

In million CZK	**Lease liability**	**Bonds**	**Intra-group loan**
Balance as of 1 January 2021	**5,068**	**21,256**	**-**
Payments of lease liability/Repayment of bonds/Intra-group loan drawing	(639)	(15,884)	15,888
Interests paid	(142)	(287)	-
Total changes from financing cash flows	**(781)**	**(16,171)**	**15,888**
The effect of changes in foreign exchange rates	**(81)**	**(522)**	**(350)**
New leases	743	-	-
Other expenses	-	9	-
Interest expenses	142	284	18
Total liability-related other changes	**885**	**293**	**18**
Balance as of 31 December 2021	**5,091**	**4,856**	**15,556**

Financial risk management

The Group is exposed to a variety of financial risks, including the effects of changes in debt market prices, foreign currency exchange rates and interest rates as a result of ordinary business, debt taken on to finance its business and net investment in foreign operations. The Group's overall risk management focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Group. The Group uses either derivative financial instruments or non-derivative instruments (such as cash instruments) to hedge certain exposures.

The Group does not conduct any speculative trading activities.

Risk management is carried out by the treasury department according to the approved Treasury Policy that address specific areas, such as foreign exchange risk, interest rate risk, credit risk, liquidity risk, use of derivative financial instruments and investing excess liquidity.

(i) Foreign currency risk

The Group is exposed to foreign currency risk arising from various currency exposures, primarily with respect to positions at EURO and partially to positions at US dollar:

a) financial position items (such as debt, receivables, payables) denominated in foreign currency,
b) probable forecasted transactions (such as purchases or sales) denominated in foreign currency.

The Group's objective in managing its exposure to foreign currency fluctuations is to minimize reported earnings and cash flow volatility associated with foreign exchange rate changes.

The Group's exposure to currency risk as quantitative data.

In CZK million	**31 December 2022**		**31 December 2021**	
	EUR	**USD**	**EUR**	**USD**
Cash and cash equivalents	**61**	**12**	**7**	**3**
Trade receivables	268	45	236	62
Loan drawing	(15,071)	-	(15,538)	-
Trade payables	(1,106)	(177)	(1,353)	(121)
Net statement of financial position exposure	**(15,848)**	**(120)**	**(16,648)**	**(56)**
Next 12 months forecast sales	1,500	141	1,382	45
Next 12 months forecast purchases	(2,212)	(274)	(1,488)	(227)
Net forecast transaction exposure	**(712)**	**(133)**	**(106)**	**(182)**
Financial derivatives	-	-	2,859	-
Net exposure	**(16,560)**	**(253)**	**(13,895)**	**(238)**

CZK	**Average rate for the year ended**		**Year-end spot rate**	
	31 December 2022	**31 December 2021**	**31 December 2022**	**31 December 2021**
EUR 1	24.565	25.645	24.115	24.860
USD 1	23.360	21.682	22.616	21.951

The Group also has an exposure to GBP and CHF, but due to its insignificance it is not included in the net position neither used within GAP analysis for the stress position.

In 2016 – 2021, the Group applied hedge accounting using a cross-currency swap. With the maturity of EUR bond, on 6 December 2021, hedge accounting ceased to be applied and the cross-currency swap was settled.

The following nominal value of foreign exchange contracts was used by the Group to manage the currency risk:

In CZK million	**Nominal value**	
Trading derivatives	**31 December 2022**	**31 December 2021**
FX swap (Note 24)	-	2,924

In CZK million	**Fair value**	
Trading derivatives	**31 December 2022**	**31 December 2021**
FX swap (Note 24)	-	(74)

In 2021, the derivative transactions were collateralized by cash collateral placed – see Note 13.

Remaining maturity of financial derivatives – contracted amounts (nominal value):

31 December 2022 **In CZK million**	**Within 1 year**	**1 – 5 years**	**More than 5 years**	**Total**
FX swap	-	-	-	-

31 December 2021 **In CZK million**	**Within 1 year**	**1 – 5 years**	**More than 5 years**	**Total**
FX swap	2,924	-	-	2,924

The following table demonstrates the sensitivity to a reasonably possible change in foreign exchange rates.

In CZK million	**Effect on profit before tax**	
FX risk	**Year ended 31 December 2022**	**Year ended 31 December 2021**
12 forthcoming months “GAP”analysis impact to Profit and loss statement*	(841)	(707)
12 forthcoming months “GAP” analysis impact to Equity/OCI*	-	-

* 12 forthcoming months “GAP” analysis represent FX risk modelling 5% negative development of EUR/CZK and USD/CZK FX rate. The GAP analysis works with the difference between FX inflows and FX outflows = “GAP” within particular month. The sum of next 12-month exposure defines the total exposure against which are the changes in EUR/CZK rate applied. The change in FX rate is symmetrical.

(ii) Interest rate risk

Up to 3 December 2021, the Group's income and operating cash flows were substantially independent of changes in market interest rates. The short-term and long-term debt as well as cash assets can be maintained on both floating and fixed interest rates. Up to 3 December 2021, all interest-bearing liabilities (EUR 625 million bonds due 6 December 2021 and CZK 4,866 million bonds due 6 December 2023) were on fix rate. Since 3 December 2021 the EUR 625 million intra-group loan due 24 August 2026 is on floating rate. CZK 4,866 million bonds due 6 December 2023 remained on fix rate. Cash is being accumulated between dividend payments. Currently cash is invested using fixed rate. The year average cash amount is negligible when compared to liabilities – i.e., CZK 680 million CZK – month end averages in 2022. The Group may sometimes use interest rate swaps, forward rate agreements and option-based products to manage a desired mix of fixed and variable interest rates.

The Group's objective in managing its exposure to interest rate fluctuations is to minimize reported earnings and cash flow volatility associated with interest rate changes.

As of 31 December 2022, the Group was exposed to interest rate risk arising from the intra-group loan of EUR 625 million on floating rate, which is due 24 August 2026.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates arising from cash investments.

In CZK million	**Effect on profit before tax**	
	Year ended	**Year ended**
IR risk	**31 December 2022**	**31 December 2021**
Stress testing* (all impact is to Profit and loss statement)	(144)	(146)

* IR risk used stress scenario represents immediate one-off change of interest rates along the whole yield curve by 1% in an unfavourable direction. The calculation of unfavourable impact on Group cash flows (due to an increase in interest expense or drop in interest received relating to financial assets and financial liabilities) is made each month on a floating basis within a 12-month time frame.

(iii) Liquidity risk

The Group's essential objective of liquidity risk management is having access to the cash resources sufficient to meet all its cash payment obligations as they fall due, allowing some flexibility. The cash resources consist of generated cash position maintained in highly liquid instruments.

The Group is particularly focused on the liquidity profile within the time horizon of the next 12-18 months considering projected cash flow from operations and maturity structure of both debt obligations and financial investments

The table below summarizes the maturity profile of the Group's financial and trade liabilities at 31 December 2022 based on contractual undiscounted payments. Values include projections of future interests.

As of 31 December 2022

In CZK million	Carrying amount	Less than 3 months	3 to 12 months	1 to 5 years	More than 5 years
Bonds and intra-group loan (incl. future interest payments)	19,975	137	5,341	17,118	-
Lease liability (incl. future interest payments)	4,867	247	740	3,721	1,045
Trade and other payables (excluding Deferred revenue)	6,030	4,038	1,962	31	-
Total	**30,872**	**4,422**	**8,043**	**20,870**	**1,045**
Non-current other liabilities (excluding Deferred revenue)	345	-	-	345	-

As of 31 December 2021

In CZK million	Carrying amount	Less than 3 months	3 to 12 months	1 to 5 years	More than 5 years
Bonds and intra-group loan (incl. future interest payments)	20,412	57	238	21,331	-
Lease liability (incl. future interest payments)	5,091	243	728	3,802	1,216
Financial derivatives	75	75	-	-	-
Trade and other payables (excluding Deferred revenue)	5,643	3,522	2,099	15	14
Total	**31,221**	**3,900**	**3,065**	**25,148**	**1,230**
Non-current other liabilities (excluding Deferred revenue)	347	-	-	347	-

In 2022 and 2021, the Group did not have any guarantees to third parties (except for the Cross Guarantee described in Note 24).

The Group does not record any potential risk associated with the Cross Guarantee; exposure is zero, more details can be found under Section (iv) Credit risk.

(iv) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial asset fails to meet its contractual obligations and arises principally from the Group's trade receivables. The majority of the Group's customers have been transacting with the Group (respectively with the Demerged Company) over a long time period.

The Cross Guarantee is limited to the value of the net assets that passed to the Company during the Separation, assessed by expert valuation as CZK 46.9 billion. As of the date of the Separation (1 June 2015), the total monetary debts of O2 Czech Republic a.s. amounted to CZK 12.6 billion, of which CZK 3.2 billion were long-term liabilities, including long-term loans in the amount of CZK 3.0 billion. CZK 9.4 billion were short-term liabilities, including short-term loans in the amount of CZK 4.0 billion. As of 30 September 2016, both loans have been repaid. The Group is not exposed to any significant risk due to the application of the guarantee, in the case of O2 Czech Republic a.s. it is a profitable company. According to the announcement of O2 Czech Republic a.s., at the end 2022, the number of debts secured by Company's guarantee amounts to approximately CZK 2.8 million.

The Group trades only with recognised, creditworthy third parties. Receivable balances are monitored on an ongoing basis resulting in an insignificant Group's exposure to bad debts. The maximum exposure is the carrying amount as disclosed in Note 13. There is no significant concentration of credit risk within the Group in respect to unrelated parties. The Group also has significant trade with companies from the PPF Group (see Note 24), mainly with O2 Czech Republic a.s. which is a profitable company and trading with it does not represents any significant credit risk for the Group.

The exposition of the Group to any potential worsening of credit market, resulting from macroeconomic uncertainties associated with energy prices, inflation, and the geopolitical situation (the war in Ukraine and the development in China), is limited, since the Group as a wholesale provider has business relations with the largest and financially sound partners. E.g., the Group´s biggest partner O2 Czech Republic a.s. is part of PPF Group and T-Mobile Czech Republic a.s. as part of the group Deutsche Telecom AG which has been assigned investment grade rating. In 2022 the age structure of the receivables has not deteriorated. No significant receivables write-offs have been accounted for and the Group has not identified any new significant risk when compared to those of 2021.

With respect to credit risk arising from the financial assets of the Group, which comprise cash and cash equivalents and certain derivative instruments, the Group's exposure arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

Credit Risk is managed by:

- monitoring of accounts receivables: regular monitoring of payment moral of existing customers and monitoring and analysing of the receivable aging structure (internal and external indicators of any potential bad debts),
- collection process: Collection from active customers is in the competence of the accounting unit; subsequent collection is the responsibility of the Treasury unit, Legal unit and Accounting unit.

All the banking services to the Group are provided by PPF banka who is a part of PPF Group. When and if the Group is ever exposed to external banking counterparty credit risk the credit approach will follow the best industry practice established with the close cooperation with PPF Group.

Offset of financial assets and financial liabilities

	Relevant amount offset/not offset in the consolidated statement of financial position as of 31 December 2022					
In million CZK	Amount of an asset/liability presented in the consolidated statement of financial position	Amount of an asset/liability offset in the consolidated statement of financial position	Net amount presented in the consolidated statement of financial position	Financial instrument	Received/ provided cash collateral	**Total**
Assets						
Trade receivables	2,008	(351)	1,657	-	-	**1,657**
Total assets	**2,008**	**(351)**	**1,657**	**-**	**-**	**1,657**
Liabilities						
Trade payables	508	(351)	157	-	-	**157**
Total liabilities	**508**	**(351)**	**157**	**-**	**-**	**157**

	Relevant amount offset/not offset in the consolidated statement of financial position as of 31 December 2021					
In million CZK	Amount of an asset/liability presented in the consolidated statement of financial position	Amount of an asset/liability offset in the consolidated statement of financial position	Net amount presented in the consolidated statement of financial position	Financial instrument	Received/ provided cash collateral	**Total**
Assets						
Positive values of financial derivatives	1	-	1	-	-	**1**
Trade receivables	2,113	(432)	1,681	-	-	**1,681**
Total assets	**2,114**	**(432)**	**1,682**	**-**	**-**	**1,682**
Liabilities						
Negative values of financial derivatives	75	-	75	-	(88)	**(13)**
Trade payables	632	(432)	200	-	-	**200**
Total liabilities	**707**	**(432)**	**275**	**-**	**(88)**	**187**

(v) Fair values estimation

The Group uses the following hierarchy to determine and disclose the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs that have a significant effect on the recorded fair value and that are not based on observable market data.

As of 31 December 2021, the Group held only foreign currency swap and forward contracts classified as Level 2 financial instruments measured at fair value.

During the reporting period ending 31 December 2022, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

The following table shows estimated values and fair values of financial assets and financial liabilities which are not stated in fair value in the statements of financial position:

In CZK million			**31 December 2022**			
Financial liabilities	**Level 1**	**Level 2**	**Level 3**	**Fair value**	**Carrying amount**	**Difference**
Bonds (inc. accruals)	-	4,578	-	4,578	4,863	(285)

In CZK million			**31 December 2021**			
Financial liabilities	**Level 1**	**Level 2**	**Level 3**	**Fair value**	**Carrying amount**	**Difference**
Bonds (inc. accruals)	-	4,598	-	4,598	4,856	(258)

The fair value of bonds as of 31 December 2022 and 31 December 2021 has been determined using market price as bonds are traded on the public market.

Financial assets and liabilities, mainly represented by cash and cash equivalents, receivables and other assets, trade and other payables and intra-group loan, are not listed in the table, as their fair value equals the carrying amount.

Financial instruments in fair value

In CZK million	Fair value 31 December 2022			Fair value 31 December 2021		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Positive fair values of financial derivative instruments	-	-	-	-	1	-
Negative fair values of financial derivative instruments	-	-	-	-	75	-

In 2021, the fair value of financial derivative instruments was calculated by discounting the expected future cash flows at prevailing interest rates as of 31 December 2021.

18. DEFERRED INCOME TAXES

Short-term and long-term deferred taxes were calculated at a tax rate 19% (valid for Czech Republic) as of 31 December 2022 and 31 December 2021.

In CZK million	31 December 2022	31 December 2021
Opening balance	5,910	6,087
Profit or loss tax charge	(159)	(155)
Valuation gain/(losses) – cash flow hedge	-	(22)
Closing balance	**5,751**	**5,910**

The following amounts, determined after offsetting, are shown in the consolidated statement of financial position:

In CZK million	31 December 2022	31 December 2021
Deferred tax liability	5,751	5,910
Total	**5,751**	**5,910**

The deferred tax liability includes CZK 248 million (31 December 2021: CZK 183 million) to be realized in less than 12 months and CZK 5,503 million (31 December 2021: CZK 5,727 million) to be realized in more than 12 months.

The deferred tax is determined by these components:

In CZK million	Consolidated statement of financial position	
	31 December 2022	31 December 2021
Temporary differences relating to:		
Property, plant and equipment	5,773	5,922
Intangible assets	121	124
Trade receivables, inventories, provisions and other differences	(102)	(105)
Leasing	(41)	(31)
Total	**5,751**	**5,910**

In CZK million	Consolidated statement of total comprehensive income	
	Year ended 31 December 2022	Year ended 31 December 2021
Temporary differences relating to:		
Property, plant and equipment	(150)	(196)
Intangible assets	(2)	3
Trade receivables, inventories, provisions and other differences	3	41
Leasing	(10)	(3)
Total	**(159)**	**(155)**

19. PROVISIONS

In CZK million	Asset retirement obligation	Other provisions	Total
As of 1 January 2021	**381**	**111**	**492**
Additions during the year	7	11	18
Utilised during the year	(4)	(40)	(44)
Released during the year	-	-	-
Change of estimate	(164)	-	(164)
As of 31 December 2021	**220**	**82**	**302**
Additions during the year	4	7	11
Utilised during the year	-	(31)	(31)
Released during the year	-	-	-
Change of estimate	(84)	-	(84)
As of 31 December 2022	**140**	**58**	**198**

In CZK million	Asset retirement obligation	Other provisions	Total
As of 31 December 2022			
Short-term provisions	4	58	62
Long-term provisions	136	-	136
	140	**58**	**198**
As of 31 December 2021			
Short-term provisions	6	82	88
Long-term provisions	214	-	214
	220	**82**	**302**

The Group recognised provision for estimated cost of dismantling and removing assets and restoring sites of CZK 140 million (31 December 2021: CZK 220 million). Scenarios of future costs based on management estimation, market prices, and historical costs were discounted to present value. Discount rates are paired to the expected dates of future dismantling and removing of assets. In accordance with the plan of the liquidation of the sites within the network sharing project, the increase of provision was of CZK 4 million (31 December 2021: CZK 0 million). Due to no change of rented premises, the Group further did not refine the provision for dismantling, removing tangible assets and restoring them in technological buildings (31 December 2021: CZK 7 million), neither utilised provision (31 December 2021: CZK 4 million).

Due to an update of discount rate the provision decreased by CZK 84 million (31 December 2021: decreased by CZK 164 million).

Other provisions include above all the provision for redundancy cost of CZK 51 million (31 December 2021: CZK 71 million). Other provisions for which the expected timing of payments is not certain are expected to be utilised within the next 12 months from the balance sheet date.

20. CONTINGENT LIABILITIES

In October 2016, the European Commission announced the commencement of the formal phase of an investigation in respect of cooperation among O2 Czech Republic a.s., the Company and T-Mobile Czech Republic a.s. regarding the mobile network sharing.

The European Commission within the proceedings examined whether this cooperation restricts competition in the Czech Republic and harms the innovations in contrary to EU antitrust rules. The Company fully cooperated with EC during the investigation.

The European Commission on 11 July 2022 issued the decision closing the investigation of mobile network sharing without declaration of violation of the legislation. These commitments address the modernisation of mobile network, pricing of so-called unilateral network deployments, not extend the geographical scope of the existing network sharing, and adjustments of agreements to limit information exchange to the absolutely necessary for the operation of the shared network. The monitoring the compliance with the commitments is provided by independent entity, so called monitoring trustee. As of 31 December 2022, the Company fulfils all abovementioned commitments.

21. LEASE LIABILITY AND COMMITMENTS

Lease liability under IFRS 16 is measured at the present value of the remaining discounted lease payments arising from leases previously classified as operating leases under IAS 17 More information is described in Note 3h – Leases.

Amounts recognised in profit or loss:

In CZK million	**Year ended 31 December 2022**	**Year ended 31 December 2021**
Interest on lease liability	172	142
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	2	2

Amounts recognised in statement of cash flows:

In CZK million	**Year ended 31 December 2022**	**Year ended 31 December 2021**
Total cash outflow for leases under IFRS 16	(817)	(781)

The lease liability arising from leases under IFRS 16 between related parties is disclosed in Note 24.

Operating leases:

As of 31 December 2022

In CZK million	Less than 1 year	1 to 5 years	More than 5 years
Operating leases - lessor	121	244	15

As of 31 December 2021

In CZK million	Less than 1 year	1 to 5 years	More than 5 years
Operating leases - lessor	115	219	39

Capital expenditure contracted but not yet recognised in the financial statements as of 31 December 2022 amounted to CZK 884 million (31 December 2021: CZK 721 million). Most of the contracted amounts relates to telecommunication networks and service contracts.

22. REGULATED SERVICES

The Group performs communication activities as defined in the Act on Electronic Communications based on a notification and a certificate from the Czech Telecommunications Office (CTO) no. 3987/1 as amended by later changes n. 3987/6.

The communication activities include (within the territory of the Czech Republic):

1. Public fixed communications network,
2. Provision of public and non-public communication services
   a) Interpersonal communication service
   b) Call transit
   c) Leased lines
   d) Television and radio signal distribution
   e) Data service
   f) Internet access service

The activities of the Group are subject to statutory regulation and supervision by the Czech national regulatory authority, the CTO. The CTO is an independent regulatory body that regulates electronic communications and postal services in the Czech Republic. The relevant regulatory framework is set forth mainly in the Act No. 127/2005 Coll. on Electronic Communications and other changes in some related legislation, together with secondary legislation and decisions of the CTO. As a member state of the European Union, the Czech Republic is subject to EU telecommunications regulation and the Electronic Communications Act thus implements the EU regulatory framework into the Czech legal system.

For certain revenues streams there is price regulation in the form of the maximum allowed price imposed by CTO. These streams are:

- provision of co-location services

There is also further set maximal price gap between related services - e.g., xDSL.

23. EQUITY

	31 December 2022	31 December 2021
Nominal value per ordinary registered share (CZK)	10	10
Number of shares	310,220,067	310,220,067
Ordinary share capital (in CZK million)	3,102	3,102

Shareholders of the Company were as follows:

	31 December 2022	31 December 2021
CETIN Group N.V.	100.00%	100.00%

Capital management

The Company's objectives when managing its capital are:

a) to safeguard the Company's ability to continue as a going concern so that it can provide value for its shareholders, and
b) to comply with all relevant legal requirements.

The investment strategy of the Company in respect of managing its capital is to focus its investment activities on areas with the highest added value. That is on areas where the Company is currently strong and can utilise its scale and on areas with high growth potential. These areas are mainly improvement and development of fixed and mobile broadband infrastructure for wholesale customers of the Company. These are namely increasing the availability of high-speed fixed internet via installing fibre access (FTTH), via significant remote DSLAMs rollout and the construction of a new generation 5G mobile network along with the extensive modernization of the radio access network (RAN). In the mobile network will also continue the further deployment of LTE network for mobile broadband. Additional investments into technology upgrades, as well as internal systems development and efficiency projects are also among the objectives of capital management.

In the following periods, the Board of Directors will continue to make in-depth analysis and assessment of the current and forecasted results of the Company, including any potential investments and their impact on cash flow generation and will optimize the capital structure to serve the purpose of achieving these plans.

There are no other specific objectives. The Company realizes certain investments and transactions to comply with all relevant legal requirements and its contractual obligations.

The Company is not subject to any externally imposed capital requirements.

Retained earnings

The General Meeting, held on 3 March 2022, approved the statutory financial statements for year ended 31 December 2021 and approved the distribution of dividends of CZK 1,850 million from profit for the year ended 31 December 2021. The payment was proceeded in three instalments. The first instalment in the amount of CZK 963 million was paid on 31 March 2022, the second instalment in the amount of CZK 450 million was paid on 30 September 2022 and the third instalment in the amount of CZK 437 million was paid on 15 December 2022.

As of 31 December 2022, the Retained earnings amounted to CZK 3,601 million (31 December 2021: CZK 2,600 million).

Gains and Losses from revaluation

a) Gains and Losses from revaluation arising from Cash Flow Hedges

In CZK million	**2022**	**2021**
The fair value of the effective part of cash flow hedges as of 1 January	-	111
Deferred tax asset/(liability) arising from revaluation gains and losses at 1 January	-	(21)
Total balance as of 1 January	**-**	**90**
Net profit/(loss) from the change in the fair value of a hedge instruments for the period		
Cross-currency swap	-	(461)
Accumulated net profit/(loss) arising from cash flow hedges for the period recognised through profit or loss		
Cross-currency swap	-	350
Tax effect of cash flow hedges for the period	-	21
The fair value of the effective part of cash flow hedges at 31 December	-	-
Deferred tax asset/(liability) arising from revaluation gains and losses at 31 December	-	-
Total balance as of 31 December	**-**	**-**

With the maturity of EUR bond, on 6 December 2021, hedge accounting ceased to be applied and the cross-currency swap was settled.

b) Foreign exchange translation reserve

As of 31 December 2022, the Group presented foreign exchange translation reserve CZK 0 million (31 December 2021: CZK (2) million).

Other funds

As of 31 December 2022, other funds of CZK 14,620 million (31 December 2021: CZK 14,620 million) represent other capital funds created from the contributions provided by shareholders.

24. RELATED PARTY TRANSACTIONS

The company CETIN Group N.V. is part of PPF Group. As of the end of accounting year 2022 the controlling persons of the Company with a share that allowed its indirect control are Mrs. Renáta Kellnerová and the descendants of Mr. Petr Kellner. For the sake of completeness, it is stated that for the part of year 2022 Mrs. Renáta Kellnerová as an administrator of estate of Mr. Petr Kellner had been under applicable legislation registered by the Company as its ultimate beneficial owner.

PPF Group invests into multiple market segments such as banking and financial services, telecommunications, real estate, retail, insurance, metal mining, agriculture, and biotechnology. PPF Group's reach spans from Europe to Russia, the USA and across Asia.

Sales and purchase transactions with related parties are based on contractual agreements negotiated on normal commercial terms and conditions and at market prices. Outstanding balances of assets and liabilities are unsecured, interest-free (excl. financial assets and liabilities used for financing) and the settlement occurs either in cash or by offsetting. The financial asset balances are tested for the impairment at the balance sheet date, and no allowance was recognised.

The following transactions were carried out with related parties:

a) Transactions with related parties

	Assets/Liabilities as of	
In CZK million	**31 December 2022**	**31 December 2021**
Receivables from provided services		
Companies in PPF Group	1,174	979
of which: O2 Czech Republic a.s.	1,000	855
Positive fair value of derivatives		
Companies in PPF Group (Note 17)	-	1
Payables from purchased services		
Companies in PPF Group	(478)	(444)
of which: O2 Czech Republic a.s.	(154)	(202)
Negative fair value of derivatives		
Companies in PPF Group (Note 17)	-	(75)
Nominal value of derivatives		
Companies in PPF Group (Note 17)	-	(2,924)

In CZK million	Assets/Liabilities as of 31 December 2022	31 December 2021
Cash equivalents		
Companies in PPF Group	450	733
Right of use assets		
Companies in PPF Group	31	26
Received loans		
Shareholders (Note 17)	(15,111)	(15,556)
Lease liability		
Companies in PPF Group	(32)	(27)

In CZK million	Volume of mutual transactions Year ended 31 December 2022	Year ended 31 December 2021
Sale of services (revenues and other income)		
Companies in PPF Group	10,719	10,132
of which: O2 Czech Republic a.s.	10,064	9,460
Purchase of services		
Companies in PPF Group	(642)	(710)
of which: O2 Czech Republic a.s.	(113)	(128)
Interests from received loans		
Shareholders	(283)	(19)
Net gain/loss on fair value of derivatives		
Companies in PPF Group	(55)	(74)

As of 31 December 2022, the Group has a long-term liability due in less than 5 years arising from the intra-group loan received from the parent company CETIN Group N.V., the Group drew the intra-group loan in 2021. In 2022 the interests arising from the intra-group loan were paid to the parent company CETIN Group N.V.

Receivables and payables relating to the sale and purchase of goods and services are included in trade receivables and payables described in Note 13 and 16.

For the year ended 31 December 2022, capital expenditures from related parties amounted to CZK 15 million (31 December 2021: CZK 0 million).

For the year ended 31 December 2022, the Group made a donation to Nadace PPF of CZK 50 million (31 December 2021: CZK 40 million).

In connection with Separation new business relations with O2 Czech Republic a.s. were established as of 1 January 2015 by virtue of the purchase of fixed and mobile telecommunications services and other services. These services are provided based on wholesale agreements and represent significant revenues for the Group.

Amongst the most important wholesale agreements are the following:

a) mobile network services agreement

The subject of agreement is the provision of a service of coverage by mobile CDMA, 2G, 3G, 5G and LTE signal in the Czech Republic. The agreement also contains arrangements about development, operation and maintenance of the network, transfer capacity of the network, new services, extension of new services and collocation. The agreement valid from 2 June 2015 has been concluded for a period of 30 years. The Company was obliged to provide the services for a period of 7 years for an annual fixed payment of CZK 4.4 billion. During 2021 the Company signed an amendment to the agreement valid from 1 January 2022 to 31 December 2051, thereby extending the period of providing the mobile network service to 30 years. For the next ten years the Company will receive a base fee of CZK 5.2 billion for the services increased annually for expected and additional special incremental projects and increases of network capacity. Received payments for services may be adjusted depending on the development of inflation and the development of energy prices. 2 years before the end of this initial period the Company will start to negotiate new terms for the next period.

b) agreement on the access to the public fixed communications network (so-called MMO)

The subject of the MMO agreement is access to the public fixed communications network of CETIN, provision of the wholesale service of interconnection at the end point, and the wholesale service of access to publicly available services of electronic communications and related additional services. The agreement is concluded for an indefinite period, where the Company receives monthly charges (number of access points multiplied by unit price. The Company expects continuation of performance according to the contract.

c) agreement on access to end points (so-called RADO) and others.

The Company enables O2 Czech Republic a.s. access to end points, which include provision of transfer capacity between the end point of the electronic communications network and the transfer point located in a collocation within the area of a single region. The agreement is concluded for an indefinite period. The Company will receive one-off fee for establishment, speed change, relay or relocation of the end point and regular monthly fees for provided sections based on transfer speed. The contract is concluded for an indefinite period.

One of the legal consequences of the Separation was the creation of the Cross Guarantee, whereby the Company guarantees the monetary and non-monetary debts of O2 Czech Republic a.s. that remain O2 Czech Republic a.s. The Cross Guarantee is a secondary liability for the Guarantor, covering the monetary and non-monetary debts existing at the date of the Separation (1 June 2015).

The Cross Guarantee is limited to the value of the net assets that passed to the Company during the Separation, assessed by expert valuation as CZK 46.9 billion. As of the date of the Separation (1 June 2015), the total monetary debts of O2 Czech Republic a.s. amounted to CZK 12.6 billion, of which CZK 3.2 billion were long-term liabilities, including long-term loans in the amount of CZK 3.0 billion. CZK 9.4 billion were short-term liabilities, including short-term loans in the amount of CZK 4.0 billion. As of 30 September 2016, both loans have been repaid. The Cross Guarantee is not limited in time and may be exercised at any time until all of the debts thus secured have ceased to exist. According to the announcement of O2 Czech Republic a.s., at the end of 2022, the number of debts secured by Company's guarantee amounts to approximately CZK 2.8 million.

b) Remuneration and loans provided to member of board of directors, supervisory board, and key management

	Year ended 31 December 2022	**Year ended 31 December 2021**
Remuneration in CZK million		
Board of directors	75	33
Supervisory board	-	-
Key management	49	46
Total	**124**	**79**
Number of members		
Board of directors	4	4
Supervisory board	3	3
Key management	12	11
Total	**19**	**18**

No loans were provided to members of the Board of Directors and Supervisory Board in 2022 and 2021.

During the year ended 31 December 2022, the Board of Directors received an outstanding reward.

25. SUBSIDIARIES

As of 31 December 2022

Subsidiaries		Group's interest	Cost of investment in CZK million	Country of incorporation	Activity	Method of consolidation
1.	CETIN Finance B.V.	100%	56	Netherlands	Financial services	Full consolidation
2.	CETIN služby s.r.o.	100%	*0	Czech Republic	Other services	Full consolidation
Total			**56**			

*200 ths. CZK

As of 31 December 2021

Subsidiaries		Group's interest	Cost of investment in CZK million	Country of incorporation	Activity	Method of consolidation
1.	CETIN Finance B.V.	100%	56	Netherlands	Financial services	Full consolidation
2.	CETIN služby s.r.o.	100%	*0	Czech Republic	Other services	Full consolidation
Total			**56**			

*200 ths. CZK

26. MATERIAL SUBSEQUENT EVENTS

No subsequent events have occurred after the balance sheet date with the material impact to the financial statements for the year ended 31 December 2022.

CETIN a.s.

STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS (AS ADOPTED BY THE EU)

The financial statements were approved by the Board of Directors on 1 March 2023 and were signed on its behalf by:

Filip Cába	**Michal Frankl**
Vice-chairman of the Board of Directors	Member of the Board of Directors

CONTENT

STATEMENT OF TOTAL COMPREHENSIVE INCOME

In CZK million	Note	For the year ended 31 December 2022	31 December 2021
Revenues*	5	18,882	18,430
Expenses	6	(9,648)	(9,540)
Earnings before impairment loss, interest, tax, depreciation and amortization (*EBITDA*)		**9,234**	**8 890**
Depreciation and amortisation	9, 10, 11	(5,516)	(5,403)
Impairment loss	9, 11	(36)	(159)
Operating profit (*EBIT*)		**3,682**	**3,328**
Finance income	7	604	554
Finance costs	7	(693)	(655)
Profit before tax		3,593	3,227
Corporate income tax	8	(718)	(653)
Profit for the year		**2,875**	**2,574**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Cash flow hedges – effective portion of changes in fair value	23	-	(111)
Related deferred tax	18	-	21
Total other comprehensive income, net of tax		**-**	**(90)**
		-	
Total comprehensive income, net of tax		**2,875**	**2,484**
Profit attributable to:			
Equity holders of the Company		2,875	2,574
Total comprehensive income attributable to:			
Equity holders of the Company		2,875	2,484

*31 December 2021 adjusted – change of presentation is further described in Note 3m – Revenues and expenses

STATEMENT OF FINANCIAL POSITION

In CZK million	Note	As of 31 December 2022	As of 31 December 2021
ASSETS			
Property, plant and equipment	9	47,945	47,781
Intangible assets	11	2,630	2,151
Right of use assets	10	4,649	4,926
Investment in subsidiaries	25	56	56
Other assets	14	475	469
Non-current assets		**55,755**	**55,383**
Inventories	12	105	96
Trade and other receivables	13	2,907	2,903
Advance payments and other assets	14	759	646
Cash and cash equivalents	15	362	631
Current assets		**4,133**	**4,276**
Non-current assets held for sale	9	**18**	**5**
Total assets		**59,906**	**59,664**
EQUITY AND LIABILITIES			
Share capital	23	3,102	3,102
Other funds	23	14,615	14,615
Retained earnings	23	3,604	2,582
Total equity		**21,321**	**20,299**
Long-term financial debts	17	15,071	20,357
Deferred tax liability	18	5,751	5,910
Non-current provisions for liabilities and charges	19	136	214
Lease liability	17	4,051	4,247
Non-current other liabilities	16	1,437	1,459
Non-current liabilities		**26,446**	**32,187**
Short-term financial debts	17	4,866	24
Trade and other payables	16	6,255	6,070
Lease liability	17	816	844
Income tax liability	8	140	152
Provisions for liabilities and charges	19	62	88
Current liabilities		**12,139**	**7,178**
Total liabilities		**38,585**	**39,365**
Total equity and liabilities		**59,906**	**59,664**

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2022

In CZK million	Note	Share capital	Other capital funds	Retained earnings	Total
As of 1 January 2022		**3,102**	**14,615**	**2,582**	**20,299**
Profit for the year		-	-	2,875	2,875
Total comprehensive income		**-**	**-**	**2,875**	**2,875**
Dividends paid	23	-	-	(1,850)	(1,850)
Other distribution and rounding		-	-	(3)	(3)
As of 31 December 2022		**3,102**	**14,615**	**3,604**	**21,321**

For the year ended 31 December 2021

In CZK million	Note	Share capital	Hedging reserve	Other capital funds	Retained earnings	Total
As of 31 December 2020		**3,102**	**90**	**14,615**	**2,540**	**20,347**
Impact of the merger*		-	-	-	7	7
As of 1 January 2021		**3,102**	**90**	**14,615**	**2,547**	**20,354**
Profit for the year		-	-	-	2,574	2,574
Effective portion of changes in fair value of cash-flow hedges		-	(461)	-	-	(461)
Net change in fair value of cash-flow hedges transferred into income statement		-	350	-	-	350
Tax on items taken directly to or transferred from equity		-	21	-		21
Total comprehensive income		**-**	**(90)**	**-**	2,574	**(2,484)**
Dividends paid	23	-	-	-	(2,536)	(2,536)
Other distribution and rounding		-	-	-	(3)	(3)
As of 31 December 2021		**3,102**	**-**	**14,615**	**2,582**	**20,299**

*The subsidiary STEL-INVEST s.r.o. was merged with CETIN a.s. with effect from 1 February 2021 as part of a domestic merger. The decisive date of this merger was 1 January 2021.

STATEMENT OF CASH FLOWS

		For the year ended	
In CZK million	**Note**	**31 December 2022**	**31 December 2021**
Profit for the year		2,875	2,574
Non-cash adjustments for:			
Depreciation and amortisation	9, 10, 11	5,516	5,403
Impairment loss	9, 11	36	159
Profit on sale of property, plant and equipment	9	(49)	(42)
Net finance costs/(revenues)	7	588	579
Foreign exchange gains/losses (net)	7	(499)	(478)
Bad debts		(5)	(27)
Tax expense	8	718	653
Operating cash flow before working capital changes		**9,180**	**8,821**
Working capital adjustments:			
Change in trade and other receivables		(99)	(192)
Change in inventories		(9)	(29)
Change in trade and other payables		(120)	(405)
Change in operation provisions		(25)	(32)
Cash flows from operating activities		**8,927**	**8,163**
Interest received		17	5
Income tax paid	8	(887)	(790)
Net cash flow from operating activities		**8,057**	**7,378**
Cash flows from investing activities			
Purchase of property, plant and equipment and intangibles		(5,399)	(3,976)
Proceeds from sales of property, plant and equipment and intangible assets		32	28
Dividends received		20	-
(Investment)/deinvestment in subsidiaries		-	7
Net cash used in investing activities		**(5,347)**	**(3,941)**
Cash flows from financing activities			
Interest paid related to received loan		(70)	(304)
Interest paid related to intra-group loan		(265)	-
Interest paid from lease liability		(172)	(142)
Interest received from hedging derivative		-	29
Other finance charges received/paid		-	(46)
Grant of loans		-	15,888
Repayments of loans		-	(15,860)
Net proceeds from settlement hedging derivates		-	(857)
Net proceeds from settlement FX derivates		(77)	52
Cash collateral placed at bank due to derivatives transactions	13	88	325
Dividends paid	23	(1,850)	(2,536)
Lease payments		(645)	(639)
Net cash used in financing activities		**(2,991)**	**(4,090)**
Net increase/decrease in cash and cash equivalents		**(281)**	**(652)**
Cash and cash equivalents at 1 January	15	631	1,278
Effect of foreign exchange rate movements on cash and cash equivalents		12	5
Cash and cash equivalents at the year end	15	**362**	**631**

NOTES TO FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company has the form of a joint stock company and is incorporated and domiciled in the Czech Republic. The address of its registered office is Českomoravská 2510/19, Praha 9, 190 00, Czech Republic.

The sole shareholder of the Company as of 31 December 2022 is CETIN Group N.V. (part of the PPF Group). Further details are described in Note 23.

The Company is the leading telecommunications provider in the Czech market providing fully integrated services. It is understood as the access, aggregation, and backbone infrastructure, mediating the access of customers of other operators to their fixed and mobile voice, data and video services.

The number of employees employed by the Company amounted in average to 2,256 in 2022 (2021: 2,242).

The financial statements were approved for issue by the Company's Board of Directors on 1 March 2023.

2. BASIS OF PREPARATION

The principal accounting policies applied in the preparation of the financial statements are set out below. The policies have been consistently applied to all years presented, unless otherwise stated.

The financial statements were prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU. IFRS comprise standards and interpretations approved by the International Accounting Standards Board (IASB) and the IFRS Interpretations Committee.

The financial statements were prepared under the historical cost convention except for non-current assets held for sale which are measured at lower of cost and fair value less cost to sell, and financial derivatives which are measured at fair value as disclosed in the accounting policies below.

The amounts shown in the financial statements are presented in millions Czech crowns (CZK million), if not stated otherwise.

Use of estimates, assumptions, and judgements

In preparing these financial statements in conformity with IFRS, management has made judgements, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

The Company makes forward-looking estimates and assumptions. The resulting accounting estimates might be, by definition, different from the related actual results.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates and assumptions that might have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next years are discussed below:

(1) Income taxes and deferred taxes

The Company estimates the liability for current income taxes and in consideration of the temporary differences also for the deferred tax. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business and the measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Company expects to recover or settle the carrying amount of assets and liabilities. Where the final tax-non-deductible/non-taxable items are different from the amounts that were calculated, such differences will impact the current income and deferred tax provisions in the year in which such determination is made (see Note 8 and Note 18).

(2) Property, plant and equipment and intangible assets

The accounting treatment of investments in property, plant and equipment and intangible assets entails the use of estimates to determine the useful life for depreciation and amortization purposes and to assess fair value at their acquisition dates for assets acquired in business combinations.

Determining useful life requires making estimates in connection with future technological developments and alternative uses for assets. There is a significant element of judgment involved in making technological development assumptions, since the timing and scope of future technological advances are difficult to predict. Further details are described in Note 3b – Property, plant and equipment and Note 3c – Intangible assets.

When an item of property, plant and equipment or an intangible asset is considered to be impaired, the impairment loss is recognised in profit or loss. The decision to recognise an impairment loss involves estimates of amount of the impairment, as well as analysis of the reasons for the potential loss. Furthermore, additional factors, such as technological obsolescence, the suspension of certain services and other circumstantial changes are taken into account.

The Company evaluates the performance of its cash-generating units regularly to identify potential impairments. Determining the recoverable amount of the cash-generating units also entails the use of assumptions and estimates and requires a significant element of judgment.

(3) Provisions and contingent liabilities

The Company's treatment of obligations with uncertain timing and amount depends on the management's estimation of the amount and timing of the obligation and probability of an outflow of resources embodying economic benefits that will be required to settle the obligation (both legal and constructive). A provision is recognised when the Company has a present obligation as a result of past events, it is probable that an outflow of resources to settle the obligation will be required and a reliable estimate of the amount of the obligation can be made (see Note 19). The Company recognises provision for dismantling assets, which is part of the costs of the assets, which the Company is required to dismantle at the end of their useful lives. The change in the estimates is recorded to the related fixed assets.

Contingent liabilities are not recognised but are disclosed in the note to the financial statements (Note 20). Their existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent liabilities are assessed continually to determine whether an outflow of resource embodying economic benefits has become probable. If it becomes probable that an outflow of future economic benefits will be required for an item previously dealt with as a contingent liability, a provision is recognised in the financial statements of the period in which the change in probability occurs.

(4) Receivables

Trade receivables are carried at original amount less loss allowance. The Company calculates loss allowances for receivables at the amount of expected credit losses over the life of the financial asset. Details regarding the determination of receivables impairment are stated in Note 3f – Financial assets.

(5) Mobile network services agreement

Amongst the most important contracts of the Company are Mobile network services agreement as described in Note 24. The Company assessed the contract, including amendments, as the provision of a service, because the performance provided under this contract was not dependent on the use of a specific asset and/or one customer does not have the right to obtain substantially all of the economic benefits from the asset during the period of use.

(6) Leasing

When measuring the lease liability, the incremental borrowing rate is applied. This incremental borrowing rate used for discounting of future lease payments is based on the current interest rate defined as reference rate adjusted by Company´s spread and further adjusted by lease specific adjustment.

The right of use assets is depreciated in accordance with the length of the lease contract. For contracts concluded for an indefinite period (or contracts with the possibility of extension on the part of the Company), based on management's assessment, plans, and expected changes in technology it was set a depreciation period till 31 December 2030. The contracts mainly represent lease relations due to the location of technological equipment of both mobile and fixed networks.

3. SIGNIFICANT ACCOUNTING POLICIES

Adoption of new or revised IFRS standards and interpretations (includes standards and interpretations applicable to the Company)

New IFRS not effective as of 31 December 2022 (includes standards applicable to the Company)

At the date of preparation of the accompanying financial statements, the following IFRS had been published, but their application was not mandatory. The Company intends to adopt those standards when they become effective.

Standards and amendments		**Effectiveness***
IFRS 10 and IAS 28 (amendment)	Sales or contributions of assets between an investor and its associate/joint venture	postponed indefinitely
IAS 1 (amendment)	Classification of liabilities as short-term and long-term Disclosure of accounting policies	1 January 2023
IAS 8 (amendment)	Definition of accounting estimates	1 January 2023
IAS 12 (amendment)	Deferred tax related to assets and liabilities arising from a single transaction	1 January 2023

* Effective for the period commencing from the stated date

Expected impact of IAS 12 amendment

Amendments to IAS 12 clarify that there is no exemption for lease to be a transaction which gives rice to equal and offsetting temporary differences. Since the Company accounted for deferred tax on a lease under the net approach, the impact of the amendment of IAS 12 will be presented in the statement of financial position to present separately the deferred tax asset and the deferred tax liability to the lease. If the Company adopted in 2022, the deferred tax asset to the lease amounted to CZK 925 million and deferred tax liability to the lease amounted to CZK 884 million CZK.

Regarding the application of the other standards and amendments the Company is currently assessing the impact. Based on the analyses made to date, the Company estimates that adoption of these standards and amendments will not have a significant impact on the financial statements in the initial period of application.

The Company has consistently applied the accounting policies set out below, except as descried above in the section Adoption of new or revised IFRS standards and interpretations.

a) Foreign currencies

(i) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ("the functional currency"). The financial statements are presented in Czech crowns (CZK), which is the Company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when deferred in other comprehensive income as qualifying cash flow hedges. Such balances of monetary items are translated at year-end exchange rates. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

b) Property, plant, and equipment

All property, plant and equipment are initially recorded at cost and, except for freehold land, are subsequently carried at its cost less any accumulated depreciation and accumulated impairment losses. Freehold land is subsequently stated at cost less any accumulated impairment charges.

Property, plant, and equipment acquired in the business combination are stated at their acquisition costs (which are equal to their fair value at the effective date of the business combination) less accumulated depreciation and accumulated impairment charges.

Property, plant, and equipment include all costs directly attributable to bringing the asset to working condition for its intended use. With respect to the construction of the network, this comprises every expenditure up to the customers' premises, including the cost of contractors, materials, direct labour costs and interest cost incurred during the course of construction. The costs also include, where appropriate, the estimated costs of dismantling and removing the asset and restoring the site.

Subsequent costs are recognised as property, plant, and equipment only if it is probable that future economic benefits associated with the item will flow to the Company and the cost can be measured reliably.

Repairs and maintenance costs are expensed as incurred.

Significant spare parts with the useful life longer than one year are recognised as property, plant and equipment.

Items of property, plant and equipment that are retired are not intended for sale and are not expected to create any future economic benefits or are otherwise disposed of, are eliminated from the statement of financial position, along with the corresponding accumulated depreciation. Any gain or loss arising from retirement or disposal is included in net operating income, i.e., net gain or loss is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Items of property, plant, and equipment, excluding freehold land, are depreciated from the time they are available for use, using the straight-line method. Depreciation ceases at the earlier of the date the asset is either de-recognised or at the date the asset is classified as held for sale.

Depreciation does not cease, when the asset becomes temporarily idle or retired from active use, unless the asset is fully depreciated.

Estimated useful lives adopted in the financial statements are as follows:

	Years
Buildings and constructions	From 9 to 56
Ducts, cables, and related plant	From 11 to 45
Communication technology and related equipment	From 1 to 36
Other fixed assets	From 1 to 11

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (refer to Note 3e – Impairment of assets).

c) Intangible assets

Intangible assets of the Company include computer software and rights (easements, domain). Computer software mainly represents the external acquisition costs of the Company's information systems that are intended for use within the Company. Generally, costs associated with developing or maintaining computer software programs are recognised as an expense as incurred. However, costs that are directly associated with identifiable and unique software products controlled by the Company and that have a probable economic benefit exceeding the cost beyond one year, are recognised as intangible assets. Computer software costs recognised as assets are amortised using the straight-line method over their useful lives, generally from three to nine years. Rights are amortised according to period for which the Company is allowed to utilise the rights.

Intangible assets of the Company acquired in business combinations are stated at their acquisition costs (which are equal to their fair value at the date of acquisition) less accumulated amortisation and accumulated impairment charges and are amortised on a straight-line basis over their estimated useful lives.

Intangible assets with an indefinite useful life are not amortised. They are subject to the regular impairment reviews (see Note 11).

The Company reviews at least at the balance sheet date the useful lives of intangible assets that are not amortised to determine whether events and circumstances continue to support an indefinite useful life assessment for that asset. If they do not, the change in the useful life assessment from indefinite to finite is accounted for as a change in an accounting estimate.

On the balance sheet date, carrying amounts, residual values and the useful lives of assets are reviewed, revised and if necessary, prospectively amended and accounted for as a change in an accounting estimate.

Intangible assets that are no longer in use and no future economic benefits are expected or that are disposed of for any other reason are de-recognised from the statement of financial position together with the corresponding accumulated amortisation (for amortised assets only). All gains or losses arising in this respect are recognised in net operating income, i.e., net gain or loss is determined as the difference between net disposal proceeds, if any, and the carrying amount of the asset.

Intangible assets, except for the assets with an indefinite useful life, are amortised using the straight-line method from the time they are available for use. Amortisation ceases at the earlier of the date the asset is de-recognised, the date the asset is classified as having the indefinite useful life or the date the asset is classified as held for sale.

d) Non-current assets classified as held for sale

The Company classifies separately in the statement of financial position a non-current asset (or disposal group) as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. For this to be the case, the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets (or disposal groups), its sale is highly probable, and sale is expected within one year.

The Company measures a non-current asset (or disposal group) classified as held for sale at the lower of its carrying amount and fair value less costs to sell.

The Company recognises an impairment loss for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell and is accounted for as an impairment loss with impact on profit or loss of the relevant period.

From the moment the asset is classified as held for sale and eventually revalued, it ceases to be depreciated/amortised and is reviewed only from an impairment point of view.

Any gain from any subsequent increase in fair value less costs to sell, but not in excess of the cumulative impairment loss that has been recognised, is determined and is accounted for in profit or loss.

e) Impairment of non-financial assets

Non-financial assets, except inventory and deferred tax assets, are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable or at least on an annual basis for intangibles with an indefinite useful life and for intangibles not yet in use. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of an asset's net selling price and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level, for which there are separately identifiable cash inflows (cash-generating units).

Impairment losses are recognised in expenses when incurred. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss in the period in which the reversal occurs.

The Company makes an assessment at least at each balance sheet date whether there is any indication that an impairment loss may no longer exist, may have decreased, or may have increased. If any such indication exists, the Company estimates a recoverable amount of the assets and compares to the carrying value (net of the impairment allowance). In assessing whether there is any indication that the impairment loss recognised in the past may no longer exist, the Company considers both external and internal sources of information (asset's market value, changes expected in the market, including technological, economic or legal changes, market interest rates, significant changes with effect on the Company in the extent to which, or manner in which, the assets are used or are expected to be used, evidence available from internal reporting indicating economic performance of assets etc.). Where an estimate of recoverable amount is calculated, there are a number of management assumptions used.

f) Financial assets and liabilities

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

(i) Financial assets

According to IFRS 9, all financial assets are classified as measured at amortised cost, at fair value through other comprehensive income ("FVOCI") or at fair value through profit and loss ("FVTPL").

Except for trade receivables without a significant financing component, a financial asset is initially measured at fair value plus (for an item not at FVTPL category) transaction costs that are directly attributable to its acquisition. Subsequent measurement of individual categories of financial assets relevant to the Company is as follows.

<u>Financial assets measured at fair value though profit and loss</u>
These assets are subsequently measured at fair value and are included in current or non-current assets based on the period when they are settled. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

<u>Financial assets at amortised cost</u>
These financial assets are subsequently measured at amortised cost using the effective interest method and are included in current and non-current assets based on the period when they are settled. The amortised cost is reduced by impairment losses (see section B below). Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

(ii) Impairment of financial assets

In accordance with IFRS 9, entities calculate the loss allowance for financial assets as equal to the 12-month expected credit losses or equal to the expected credit losses over the life of the financial assets.

The Company calculates loss allowances for receivables and contract assets at the amount of expected credit losses over the life of the financial asset. For cash and cash equivalents and loans provided, the Company calculates loss allowances equal to the 12-month expected credit losses unless there has been a significant increase in the credit risk since initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Company compares the default risk of a financial instrument at the balance sheet date with the risk at the date of initial recognition and considers reasonable and supportable information that is relevant and available without undue cost or effort and that indicates a significant increase in the credit risk. The assessment is mainly based on the Company's historical experience, available information, and market analyses, including actual macroeconomic indicators and future forecasts.

(iii) Financial liabilities

Financial liabilities are classified as measured at amortised cost or at fair value though profit and loss ("FVTPL").

A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. These financial liabilities are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss.

Other financial liabilities are recognised initially at fair value, net of transaction costs incurred. In subsequent periods, they are stated at amortised cost using the effective interest rate method; any difference between the amount initially recognised and the redemption value is recognised in profit or loss over the related period.

Financial liabilities are classified as current liabilities unless the Company has an unconditional right to settle the liability for at least 12 months after the balance sheet date.

Borrowing costs on debts used to finance the acquisition and construction of qualifying assets are capitalized during the period of time that is required to complete and prepare the asset for its intended use. Other interest costs are recognised directly in profit and loss.

(iv) Derecognition of financial instruments

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The write off is recognised when the Company considers that there are no realistic prospects of recovery of the asset or when the Company`s legal right to such asset has ceased to exist. Even if the Company expects no significant recovery from the amount written off, the financial asset still could be subject to enforcement activities in order to comply with the Company's terms and conditions. The losses from write-offs are recognised in the position Impairment loss on financial assets.

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The potential difference between the carrying amount extinguished and the consideration paid is recognised in profit or loss.

(v) Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously. Legally enforceable right cannot be dependent on future events, and it has to be executable in ordinary business and also in case of failure, insolvency or bankruptcy of the Company or a counterparty.

Amounts receivable from and payable to other domestic and foreign operators related to transit are netted and settled net on a regular basis.

g) Leases

The Company applies standard IFRS 16, which specified how to recognise, measure, present and disclose leases. The standard provided a single lessee accounting model, requiring lessees to recognise assets and liabilities for all major leases.

At inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a lessee:

The Company recognises a right of use asset and a lease liability at the lease commencement date. The right of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The assets are depreciated to the earlier of the end of the useful life of the right of use asset or the lease term using the straight-line method as this most closely reflects the expected pattern of consumption of the future economic benefits.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. The lease term includes periods covered by an option to extend if the Company is reasonably certain to exercise that option. In addition, the right of use asset is periodically reduced by impairment losses, if any, and adjusted for certain re- measurements of the lease liability.

The lease liability is subsequently measured at amortized cost using the effective interest method. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension, or termination option.

When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the right of use asset or is recorded in profit or loss if the carrying amount of the right of use asset has been reduced to zero.

The Company does not recognise right of use assets and liabilities for leases of low-value assets (copy machines, other office equipment). The lease payments associated with the low-value assets leases are recognised as an expense on a straight-line basis over the lease term. The Company has decided to recognise lease and non-lease components separately.

As a lessor:

When the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for a major part of the economic life of the asset.

The Company recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other revenue'.

h) Inventories

Inventory is stated at the lower of cost or net realisable value. Costs of inventories include the purchase price and related costs of acquisition (transport, customs duties, and insurance). The cost of inventory is determined using weighted average cost. Net realisable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses.

i) Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of the statement of cash flows, cash and cash equivalents comprise cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts, if any, are shown within borrowings in current liabilities section of the statement of financial position.

j) Current and deferred income taxes

Taxation expense represents both current and deferred taxation, where appropriate.

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws, used to compute the amount are those that are enacted or substantively enacted by the balance sheet date in the relevant country.

Income tax relating to items recognised directly in other comprehensive income is recognised in other comprehensive income and not in profit or loss.

Deferred income taxation is calculated using the liability method applied to all temporary differences arising between the tax basis of assets and liabilities and their carrying values for financial reporting purposes. Currently enacted tax rates and laws expected to apply when the asset is realized, or the liability is settled are used to determine the deferred income tax.

The principal temporary differences arise from differences in the tax and accounting values of property, plant and equipment, impairment of receivables and any write-down for obsolete and slow-moving inventories, non-tax deductible allowances and provisions, unused tax credits and, in relation to acquisitions, on the difference between the fair values of the net assets acquired and their tax base.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

The Company accounts for the tax consequences of transactions and other events in the same way that it accounts for the transactions and other events themselves. Thus, for transactions and other events recognised in profit or loss, any related tax effects are also recognised in profit or loss. For transactions and other events recognised directly in equity, any related tax effects are also recognised directly in equity.

Deferred income tax assets and tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority. The same applies for offsetting of current tax assets and liabilities.

Deferred income taxes are calculated using currently enacted tax rates expected to apply when the asset is realized, or the liability settled.

k) Employee benefits

(i) Pension insurance and supplementary pension insurance

The Company remits contributions to the state pension insurance scheme at the statutory rates applicable during the period which are based on gross salaries. The contributions to the state budget for the funding of the state pension insurance correspond to the defined contribution plans. The contribution expense is charged to profit or loss in the same period as the related salary expense. The Company also provides its employees with supplementary pension insurance in the form of payments to insurance companies within the framework of a valid pension plan. These contributions are charged to profit or loss in the period to which the contributions relate. The Company has no further payment obligations once the contributions have been paid.

(ii) Redundancy and severance payments

Employees whose employment was terminated before term citing statutory reasons are entitled for redundancy and severance payment. The Company recognises provision for redundancy and severance payments when it is demonstrably committed to terminate the employment of current employees according to a detailed formal plan without the possibility of opt-out. Severance payments falling due more than 12 months after the balance sheet date are discounted to present value. The Company presently has no redundancy and severance obligations falling due more than 12 months after the balance sheet date.

(iii) Bonus plans

The Company recognises employee bonuses related to the given accounting period in accordance with the expectations of achievement of the targets of the Company, which take into consideration key performance indicators such as turnover or free cash flow after adjustments. The Company recognises a provision where the Company is contractually obliged to grant bonuses or where there is a past practice that has created a constructive obligation.

l) Provisions

Provisions are recognised when the Company has either a present legal or constructive obligation resulting from past events, and it is probable that an outflow of resources will be required to settle the obligation assuming that a reliable estimate of the amount can be made. Where the Company expects a provision to be reimbursed, e.g., based on insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

The asset retirement obligation recognised represent the best estimate of the expenditures required to settle the present obligation at the current balance sheet date. Such cost estimates, expressed at current price levels at the date of the estimate, are discounted on 31 December 2022 using a long-term real rate of interest in the range from 6.40% to 7.65% per annum to take into account the timing of payments. The initial discounted cost amounts are capitalized as part of property, plant and equipment and are depreciated over the lives of the sites. Each year, the provisions are increased to reflect the accretion of discount and to accrue an estimate for the effects of inflation, with the charges being recognised as a component of interest expense. As of 31 December 2022, the estimate for the effect of the expected long-term inflation is 2%. The decommissioning process is expected to continue for a period of up to 45 years. The estimate of future decommissioning costs is based on useful live of technology.

m) Revenues and expenses

From 2022, the Company decided to present Revenues as one single figure in the statement of comprehensive income instead of splitting them into Revenues and Other income from non-telecommunications services due to the insignificance of Other income from non-telecommunications services. Both of these items include revenues recognised in accordance with the IFRS 15 standard, so even from this point of view, the related revenues can be presented in aggregate. In 2021, total revenues of CZK 18,430 million were reported as revenues of CZK 18,183 million and other revenues from non-telecommunications services of CZK 247 million. A more detailed breakdown of revenues is given in Note 5.

Revenue, shown net of Value Added Tax and any discounts, and after eliminating sales within the Company, comprises goods sold, and services provided. Revenues are measured at their fair value of the consideration received or receivable. The amount of revenue is recognised if it can be measured reliably, and it is probable that the economic benefits associated with the transaction will flow to the Company. If necessary, revenue is split into separately identifiable components.

Revenue and expenses are recognised on an accrual basis, i.e., when the flow of goods or services takes place, regardless of when the payment or collection is being made.

Revenue from mobile services includes in particular revenue from provision of a service of coverage of mobile signal mainly for O2 Czech Republic a.s. and other telecommunication operators. The service is provided on continuous basis and is regularly invoiced in the form of a service fee. The contract with O2 Czech Republic a.s. is a long-term contract (Note 24). The revenue is recognised over the time as the same services are provided evenly through the contract.

Revenue from mass services of the fixed network represents revenue from the provided access to the public fixed communications network (Internet, television lines and fixed phone lines). The service is provided and invoiced on continuous basis. The revenue is calculated as a price for the network line and the number of lines provided. The network line is used for price calculation but does not in itself represent a separate customer benefit. The revenue is recognised over the time.

Revenue from data services represents a fee for the access to end points of the existing telecommunication network. The service is provided on continuous basis and is regularly invoiced. The revenue is calculated as a price for the network line and the number of lines provided. The network line is used for price calculation but does not in itself represent a separate customer benefit. The revenue is recognised over the time.

Other telecommunication revenues include but are not limited to revenues from the granting of the entitlement to use the spare capacity of the optical fibre (dark fibre); the revenues are deferred at the time of signing of the contract and recognised as revenue on straight-line basis over the contract term. The contracts contain significant substitution right regarding the optical fibre. Revenue from housing represents data centre services; the revenue occurs continuously in accordance with the invoicing.

Revenue from transit represents the service of routing and termination of mostly international voice traffic of international operators utilising the points of presence outside of the Czech Republic. The revenue is calculated by valuation of the incoming and outcoming minutes based on the measurement of the monthly traffic. The revenue is recognised over the time.

Revenues from the network sharing project are recognised at net value. These are mutually provided services of the same nature and in the same value within the project, representing a barter transaction without financial performance. The revenue is recognised on an ongoing basis. The revenue is recognised over the time.

The accounting entity accounts for the financing component – interest if the payment and delivery of the goods/services do not occur at the same time or, more precisely with a difference of up to 1 year. This way the accounting entity reflects the time value of money. The Company will receive the payment ahead of the performance of the service. Starting from 1 January 2018, the Company has been recognising the financing component (interest expense) on a monthly basis. It is an accounting adjustment which increases the straight-line revenues from the service provided while accounting for the interest expense for the financing of the Company by the recipient of the service.

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

n) Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

o) Accounting for financial instruments and hedging activities

Derivative financial instruments are initially recognised in the statement of financial position at fair value and subsequently are re-measured at their fair value. The method of recognising the resulting gain or loss is dependent on whether the derivative is designated as a hedging instrument and on the nature of the item being hedged. On the date a derivative contract is entered into, the Company designates certain derivatives as either:

a) hedge of the fair value of a recognised asset or liability (fair value hedge), or

b) hedge of a forecasted transaction or of a firm commitment (cash flow hedge).

The Company has used the transitional provisions in IFRS 9 and continues to apply IAS 39 for existing hedging relations. As of 31 December 2022, the Company has not entered into any new hedging relations for which standard IFRS 9 has been applied and all hedging relations follow IAS 39.

Changes in the fair value of derivatives that are designated and qualified as fair value hedges and that are highly effective are recorded in profit or loss, along with changes in the fair value of the hedged asset or liability that is attributable to the hedged risk.

Changes in the fair value of derivatives that are designated and qualified as cash flow hedges and that are highly effective are recognised in other comprehensive income. Where the forecasted transaction or firm commitment results in the recognition of an asset or of a liability, the gains and losses previously deferred in other comprehensive income are transferred from other comprehensive income and included in the initial measurement of the cost of the asset or liability. Otherwise, amounts deferred in other comprehensive income are transferred to profit or loss and classified as income or expense in the same periods during which the hedged firm commitment or forecasted transaction affects profit or loss.

Certain derivative transactions, while providing effective economic hedges under the Company's risk management policies, either do not qualify for hedge accounting under the specific rules in IAS 39 or the Company has elected not to apply the specific IAS 39 hedge accounting provisions. Changes in the fair value of such derivative instruments that do not qualify for hedge accounting are recognised immediately in profit or loss.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting under IAS 39, any cumulative gain or loss existing in other comprehensive income at that time remains in other comprehensive income and is recognised in profit or loss when the committed or forecasted transaction ultimately is recognised in profit or loss. However, if a committed or forecasted transaction is no longer expected to occur, the cumulative gain or loss that was reported in other comprehensive income is immediately transferred to profit or loss.

The Company documents at the inception of the transaction the relationship between the hedging instruments and the hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The process includes linking all derivatives designated as hedges to specific assets and liabilities or to specific firm commitments or forecast transactions.

The Company also documents its assessment, both at the hedge inception and on an ongoing basis, whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

Fair value estimation

Except for currency options, the fair values of the derivative financial instruments reflect estimates based on calculations performed using the Company's own discounted cash flow models (using market rates). The fair value of currency options is based on information obtained from external parties, including the Company's bankers.

p) Alternative earnings measures

The Company presents certain alternative earnings measures such as EBITDA, EBIT which are not defined by IFRSs. As used in these financial statements, the following terms have the following meaning:

"EBITDA" refers to income before income taxes, finance income (costs), depreciation and amortization, and impairment of property, plant and equipment and intangible assets.

"EBIT" refers to income before income taxes and finance income and finance costs.

4. SEGMENT INFORMATION

The Company recognises two main operating segments:

- Domestic services – provision of wholesale telecommunication services (mobile, fixed and data services) to other Czech telco operators, utilising the Company's network infrastructure in the Czech Republic; this is the core business of the Company.

- International transit - routing and termination of mainly international voice traffic to international operators, utilising the points of presence outside of the Czech Republic.

The International transit business of the Company is reported separately for these reasons:

I. The nature of the international transit business is fundamentally different from the core business of the Company. In the case of the core business, the Company is selling services of its own network infrastructure in the Czech wholesale telecommunication market. In the case of the international transit business, the Company acts as a provider of interconnection between international operators, earning a small margin on the difference between the units of traffic purchased and sold.

II. The financial risk exposure of the international transit business is significantly lower compared to the core business of the Company. The impact of the potential impairment of carrying value of assets related to the international transit business is marginal as the international transit business is not capital intensive.

III. Discrete financial information is available for the international transit business and the management assesses its performance and makes decisions about the resources to be allocated to this segment separately, with no impact on the core business of the Company.

The Company is capable of achieving substantial revenue from international transit services, while the EBITDA margin from the segment is on a completely different scale from the core business, due to the intermediary nature of transit services.

The operating results of all segments are regularly controlled and reviewed by the chief operating decision maker only to the level of EBIT.

Year ended 31 December 2022	**Domestic services**	**International transit**	**Total reportable segments**
In CZK million			
Revenues	13,534	5,348	18,882
Costs	(4,574)	(5,074)	(9,648)
Earnings before impairment loss, interest, tax, depreciation and amortization (*EBITDA*)	**8,960**	**274**	**9,234**
Total depreciation and amortization	(5,495)	(21)	(5,516)
Impairment charge	(36)	-	(36)
Operating income (*EBIT*)	**3,429**	**253**	**3,682**
Net financial loss			(89)
Profit before tax			3,593
Corporate income tax			(718)
Profit for the year			**2,875**
As of 31 December 2022			
Total assets	**59,092**	**814**	**59,906**
Trade and other payables	5,640	681	6,321
Lease liability	4,867	-	4,867
Other liabilities	27,397	-	27,397
Total liabilities	**37,904**	**681**	**38,585**
Capital expenditure (Property, plant, equipment and intangible assets additions)	**5,463**	**11**	**5,474**

Year ended 31 December 2021 **In CZK million**	**Domestic services**	**International transit**	**Total reportable segments**
Revenues	12,465	5,965	18,430
Costs	(3,839)	(5,701)	(9,540)
Earnings before impairment loss, interest, tax, depreciation and amortization (*EBITDA*)	**8,626**	**264**	**8,890**
Total depreciation and amortization	(5,382)	(21)	(5,403)
Impairment charge	(159)	-	(159)
Operating income (*EBIT*)	**3,085**	**243**	**3,328**
Net financial loss			(101)
Profit before tax			3,227
Corporate income tax			(653)
Profit for the year			**2,574**
As of 31 December 2021			
Total assets	**58,757**	**907**	**59,664**
Trade and other payables	5,281	789	6,070
Lease liability	5,091	-	5,091
Other liabilities	28,204	-	28,204
Total liabilities	**38,576**	**789**	**39,365**
Capital expenditure (Property, plant, equipment and intangible assets additions)	**4,695**	**32**	**4,727**

The Company presents the segments in the category of operating revenues and expenses. Finance revenues and expenses and tax expenses are presented for the whole Company.

Revenues from one customer from segment Domestic services and International transit represent more than 10% of the Company's revenues. For the year ended 31 December 2022 these revenues are CZK 10,064 million (31 December 2021: CZK 9,405 million).

The following table shows the split of revenues according to the location of the entity where the revenues are originated:

Revenues **In CZK million**	**Year ended** **31 December 2022**	**Year ended** **31 December 2021**
Czech Republic	13,477	12,618
Germany	690	648
Slovakia	403	390
Other EU countries	2,045	2,336
Switzerland	92	111
Other Non-EU	2,175	2,327
Total revenues	**18,882**	**18,430**

5. REVENUES

(i) Categorization of revenue from contracts with customers

The following table shows the classification of the revenues from contracts with customers according to the main operating segments and products provided. The degree of categorization of the revenues from contracts with customers reflects the specific sector of the Company as well as the method the Company uses for reporting and monitoring revenues for internal purposes. The table also shows the total lines allowing for reconciliation of revenue to the data reported in the segment analysis according to IFRS 8 (Note 4).

Revenues **In CZK million**	**Year ended** **31 December 2022**	**Year ended** **31 December 2021**
National services		
Revenues from mobile network services	5,918	5,237
Revenues from fixed network mass service	4,588	4,482
Revenues from data services	1,400	1,377
Other revenues	1,628	1,369
	13,534	**12,465**
International transit		
Revenues from transit services	5,348	5,965
Total revenues	**18,882**	**18,430**

Revenues from related parties are disclosed in Note 24.

The following table shows the classification of the revenues from contracts with customers according to the primary geographical market.

Revenues **In CZK million**				**Year ended** **31 December 2022**
Domestic service	**Czech Republic**	**EU**	**Non-EU**	**Total**
Revenues from mobile network services	5,918	-	-	5,918
Revenues from fixed network mass service	4,588	-	-	4,588
Revenues from data services	1,309	55	36	1,400
Other revenues	1,461	92	75	1,628
	13,276	**147**	**111**	**13,534**
International transit	**Czech Republic**	**EU**	**Non-EU**	**Total**
Revenues from transit services	201	2,991	2,156	5,348
Total	**13,477**	**3,138**	**2,267**	**18,882**

Revenues **In CZK million**				**Year ended** **31 December 2021**
Domestic service	**Czech Republic**	**EU**	**Non-EU**	**Total**
Revenues from mobile network services	5,237	-	-	5,237
Revenues from fixed network mass service	4,482	-	-	4,482
Revenues from data services	1,291	51	35	1,377
Other revenues	1,300	45	24	1,369
	12,310	**96**	**59**	**12,465**
International transit	**Czech Republic**	**EU**	**Non-EU**	**Total**
Revenues from transit services	308	3,278	2,379	5,965
Total	**12,618**	**3,374**	**2,438**	**18,430**

The Company does not recognise any significant revenues from services at a point in time, all significant revenues are recognised over time.

(ii) Receivables from contracts with customers, contract assets and contract liabilities

Receivables from contracts with customers are described in Note 13. They are trade receivables.

A contract asset is the right of the Company to a consideration in exchange for goods or services which the Company has already transferred to customers and which are not the receivable yet. As the Company provides its supplies in the course of time, there are no contingencies for invoicing, the Company issues invoices regularly on monthly basis, it does not have any significant contractual assets recorded.

A contract liability is an obligation of the Company to deliver goods or provide services for which the Company has already received consideration from the customers. Contract liabilities are in particular the dark fibre services – granting of the entitlement to use the spare capacity of the optical fibre paid for by the customers. These are services which are typically provided for 15 – 20 years. A portion of the fees is invoiced and collected at the beginning of the provision of this service, but the service will be provided in the years to come. It includes activation fees for these services which do not constitute a standalone performance obligation and are therefore distributed throughout the term of the contract with the customers, i.e., the actual provision of the service. These expected revenues will be recognised during the upcoming years.

The amount of CZK 311 million, which was recognised as of 1 January 2022 as contract liabilities, was recognised as revenues in 2022 (2021: CZK 363 million).

Contract balances:

In CZK million	**Note**	**31 December 2022**	**31 December 2021**
Trade receivables	13	2,901	2,809
Contract liabilities (included in the position Deferred revenue and Other non-current liabilities)	16	1,689	1,774

In 2022, the Company did not recognise any revenue from contract liabilities which were met (or partially met) in prior periods.

(iii) The expected revenues from concluded contracts with customers

The following table includes revenues which are expected by the Company to be recognised in the future. These are revenues related to performance obligations that are unsatisfied (or partially unsatisfied) as of 31 December 2022.

As of 31 December 2022	**Performance obligations to be satisfied**				
In CZK million	**Less than 1 year**	**Between 1-2 years**	**Between 3-5 years**	**More than 5 years**	**Total**
Revenues from mobile network services	147	147	245	47	586
Other revenues	134	134	393	592	1,253
Total	**281**	**281**	**638**	**639**	**1,839**

As of 31 December 2021	**Performance obligations to be satisfied**				
In CZK million	**Less than 1 year**	**Between 1-2 years**	**Between 3-5 years**	**More than 5 years**	**Total**
Revenues from mobile network services	131	131	299	39	600
Other revenues	134	134	401	718	1,387
Total	**265**	**265**	**700**	**757**	**1,987**

The Company applies the practical expedient of the standard and does not disclose in the table above information about contracted revenues with originally expected term of contract 1 year or less and contracted revenues for which are expected revenues recognised to the amount corresponding to the right to invoice.

(iv) Financing component

The Company has identified one revenue group where the time difference between the consideration received (incoming payment) and provision of the service is more than 1 year. These are the dark fibre services – granting of the entitlement to use the spare capacity of the optical fibre (dark fibre). The Company recognises increase in revenues and interest expense.

For more information see Note 3 – Significant Accounting Policies.

Financing component **In CZK million**	**Year ended** **31 December 2022**	**Year ended** **31 December 2021**
The amount which increases the revenues	30	27
Interest expense	(42)	(40)

6. EXPENSES

Expenses **In CZK million**	**Year ended** **31 December 2022**	**Year ended** **31 December 2021**
Supplies	(5,396)	(5,926)
Staff costs	(1,467)	(1,324)
External services	(2,730)	(2,236)
Provisions for bad debts and inventories	5	27
Other expenses	(60)	(81)
Total expenses	**(9,648)**	**(9,540)**

Supplies include mainly costs of transit and interconnection costs.

The Company does not participate in any pension plans.

Statutory auditor's fees during the year ended 31 December 2022 amounted to CZK 5 million (31 December 2021: CZK 6 million).

Purchases from related parties are disclosed in Note 24.

7. FINANCE INCOME AND COSTS

In CZK million	Year ended 31 December 2022	Year ended 31 December 2021
Finance income		
Interest income	17	5
Foreign exchange gain (net)	499	478
Other finance income	88	71
Total finance income	**604**	**554**
Finance costs		
Interest expenses related to intra-group loan	(283)	(18)
Interest expenses related to received loan	(70)	(261)
Interest expenses related to financial component	(42)	(40)
Interest expenses related to lease liability	(172)	(142)
Other finance costs	(126)	(194)
Total finance costs	**(693)**	**(655)**

The Company recognises foreign exchange gains and losses on a net basis.

In 2021, the item Interest expenses related to intercompany loan included the net interest income from hedging derivatives at the amount of CZK 29 million. In 2022 the Company did not use any hedging derivatives.

8. INCOME TAX

In CZK million	Year ended 31 December 2022	Year ended 31 December 2021
Total income tax expense is made up of:		
Current income tax charge	877	808
Deferred income tax credit (Note 18)	(159)	(155)
Total income tax expense	**718**	**653**

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the basic tax rate of the home country of the Company as follows:

In CZK million	Year ended 31 December 2022	Year ended 31 December 2021
Profit before tax	3,593	3,227
Income tax charge calculated at the statutory rate of 19%	(683)	(613)
Tax non-deductible expenses	(22)	(12)
Income tax related to prior years	(8)	(10)
Other differences	(5)	(18)
Income tax expense	**(718)**	**(653)**
Effective tax rate	19.98%	20.24%

As of 31 December 2022, the total amount of provisions for current income taxes is CZK 868 million (31 December 2021: CZK 798 million), the total amount of advances paid for income taxes is CZK 728 million (31 December 2021: CZK 646 million), the net deferred tax liability is CZK 5,751 million (31 December 2021: CZK 5,910 million).

9. PROPERTY, PLANT AND EQUIPMENT

In CZK million	Land, buildings and construction	Ducts, cables and related plant	Communication technology and related equipment	Other fixed assets	Construc-tion in progress	Total
As of 31 December 2022						
Opening net book amount	4,862	32,537	7,552	299	2,531	**47,781**
Additions	154	999	1,639	95	1,504	**4,391**
Disposals	(9)	(1)	(1)	-	(8)	**(19)**
Transfers	64	399	400	29	(892)	-
Reclassifications	-	-	5	-	1	6
Depreciation	(267)	(1,945)	(1,863)	(90)	-	(4,165)
Impairment	-	-	(1)	-	(35)	(36)
Reclassification to/from Assets held for sale	(13)	-	-	-	-	(13)
Closing net book amount	**4,791**	**31,989**	**7,731**	**333**	**3,101**	**47,945**
As of 31 December 2022						
Cost	7,383	47,456	17,770	746	3,223	**76,578**
Accumulated depreciation	(2,592)	(15,467)	(10,039)	(413)	(122)	**(28,633)**
Net book amount	**4,791**	**31,989**	**7,731**	**333**	**3,101**	**47,945**

Additions represent investments in telecommunication infrastructure and related equipment.

In CZK million	Land, buildings and construction	Ducts, cables and related plant	Communication technology and related equipment	Other fixed assets	Construc-tion in progress	Total
As of 31 December 2021						
Opening net book amount	5,012	33,079	8,041	309	1,760	**48,201**
Additions	82	1,011	1,020	62	1,768	**3,943**
Disposals	(11)	(1)	(2)	(1)	(6)	**(21)**
Transfers	88	376	372	9	(845)	**-**
Reclassifications	-	-	4	2	3	**9**
Merge	-	-	1	2	-	**3**
Depreciation	(304)	(1,928)	(1,884)	(84)	-	**(4,200)**
Impairment	-	-	-	-	(149)	**(149)**
Reclassification to/from Assets held for sale	(5)	-	-	-	-	**(5)**
Closing net book amount	**4,862**	**32,537**	**7,552**	**299**	**2,531**	**47,781**
As of 31 December 2021						
Cost	7,264	46,060	16,706	654	2,704	**73,388**
Accumulated depreciation	(2,402)	(13,523)	(9,154)	(355)	(173)	**(25,607)**
Net book amount	**4,862**	**32,537**	**7,552**	**299**	**2,531**	**47,781**

As of 31 December 2022, the carrying value of land, which is non-depreciated asset, amounted to CZK 155 million (31 December 2021: CZK 160 million).

In 2022, the impairment for tangible assets of CZK 36 million relates to failed projects in process and spare parts and material for investment to be liquidated (31 December 2021: CZK 149 million).

As of 31 December 2022, the Company has identified Assets held for sale in the net book value of CZK 18 million (31 December 2021: CZK 5 million). As of 31 December 2022 and 31 December 2021 all the Assets held for sale is part of the Domestic services segment.

No property, plant and equipment were pledged as of 31 December 2022 and 31 December 2021.

For the year ended 31 December 2022, the Company achieved a total gain from the sale of the fixed assets of CZK 65 million (31 December 2021: CZK 58 million) and total losses of CZK 16 million (31 December 2021: CZK 16 million).

The Company has concluded contracts with T-Mobile Czech Republic a.s. related to the sharing of mobile networks. Companies provide each other services related to the sharing of active and passive 2G and 3G network elements and the sharing of LTE technologies for mobile networks based on geographical distribution of the Czech Republic territory. Contracts are based on the principle of balance. Revenue and costs relating to network sharing are reported in net value because the services provided within the project are of the same nature and value. This is a barter transaction without financial performance.

10. RIGHT OF USE ASSETS

In CZK million	Land, buildings and construction	Ducts, cables and related plant	Communication technology and related equipment	Other fixed assets	Total
As of 31 December 2022					
Opening net book amount	4,375	34	415	102	**4,926**
Additions	30	1	28	46	**105**
Modifications	305	-	43	10	**358**
Disposals	-	-	-	-	**-**
Reclassifications	2	-	-	1	3
Depreciation	(622)	(1)	(59)	(61)	**(743)**
Impairment	-	-	-	-	**-**
Closing net book amount	**4,090**	**34**	**427**	**98**	**4,649**
As of 31 December 2022					
Cost	6,496	44	639	307	**7,486**
Accumulated depreciation	(2,406)	(10)	(212)	(209)	**(2,837)**
Net book amount	**4,090**	**34**	**427**	**98**	**4,649**

In CZK million	Land, buildings and construction	Ducts, cables and related plant	Communication technology and related equipment	Other fixed assets	Total
As of 31 December 2021					
Opening net book amount	4,332	46	436	79	**4,893**
Additions	54	-	3	69	**126**
Modifications	598	(11)	30	6	**623**
Disposals	-	-	-	-	-
Reclassifications	-	-	-	-	**-**
Merger	10	-	4	8	**22**
Depreciation	(619)	(1)	(58)	(60)	**(738)**
Impairment	-	-	-	-	**-**
Closing net book amount	**4,375**	**34**	**415**	**102**	**4,926**
As of 31 December 2021					
Cost	6,181	43	568	252	**7,044**
Accumulated depreciation	(1,806)	(9)	(153)	(150)	**(2,118)**
Net book amount	**4,375**	**34**	**415**	**102**	**4,926**

In 2021, the lease term for leases for an indefinite period was reassessed to be in line with the long-term plan of the Company. The lease term for these contracts was extended to 31 December 2030. Total impact on the balance of Right of use assets amounted to CZK 223 million. Further details are described in Note 2(6).

The right of use assets arising from leases between related parties are disclosed in Note 24.

11. INTANGIBLE ASSETS

In CZK million	Goodwill	Software	Rights and other	Construction in progress	Total
As of 31 December 2022					
Opening net book amount	16	1,725	292	118	**2,151**
Additions	-	934	37	112	**1,083**
Disposals	-	-	-	-	**-**
Transfers	-	32	11	(43)	**-**
Reclassifications	-	3	1	-	**4**
Amortisation charge	-	(591)	(17)	-	**(608)**
Impairment	-	-	-	-	**-**
Closing net book amount	**16**	**2,103**	**324**	**187**	**2,630**
As of 31 December 2022					
Cost	16	5,139	452	187	**5,794**
Accumulated amortisation	-	(3,036)	(128)	-	**(3,164)**
Net book amount	**16**	**2,103**	**324**	**187**	**2,630**

In CZK million	Goodwill	Software	Rights and other	Construction in progress	Total
As of 31 December 2021					
Opening net book amount	-	1,414	277	135	**1,826**
Additions	-	690	22	72	**784**
Disposals	-	-	-	-	**-**
Transfers	-	72	13	(85)	-
Reclassifications	-	(6)	-	6	**-**
Merger	16	-	-	-	**16**
Amortisation charge	-	(445)	(20)	-	**(465)**
Impairment	-	-	-	(10)	**(10)**
Closing net book amount	**16**	**1,725**	**292**	**118**	**2,151**
As of 31 December 2021					
Cost	16	4,181	410	118	**4,725**
Accumulated amortisation	-	(2,456)	(118)	-	**(2,574)**
Net book amount	**16**	**1,725**	**292**	**118**	**2,151**

All of the Company's intangible assets with finite lives are amortised and are subject to an annual review of impairment indicators and a review of their useful lives. Other intangible assets are tested annually for impairment.

12. INVENTORIES

In CZK million	31 December 2022	31 December 2021
Telecommunication material	57	58
Other	48	38
Total	**105**	**96**

The inventories stated above are net of an allowance cumulative write down for obsolete inventory of CZK 7 million (31 December 2021: CZK 7 million). The number of inventories recognised as an expense is CZK 212 million (31 December 2021: CZK 155 million).

In 2022 and 2021, the Company had no inventories pledged as a security for liabilities.

13. TRADE RECEIVABLES AND OTHER ASSETS

In CZK million	31 December 2022	31 December 2021
Trade receivables from third parties (net)	1,727	1,830
Receivables with related parties (Note 24)	1,174	979
Derivative financial assets	-	1
Cash collateral placed due to derivatives transactions (Note 17)	-	88
Other debtors (net)	6	5
Total trade and other receivables	**2,907**	**2,903**

In 2022 and 2021, all the receivables were short-term.

In 2022 the Cash collateral placed due to derivatives transactions was settled. Cash collateral placed represented the one-side collateral of derivative transactions of the Company, see Note 17. Cash collateral placed resulted from Company's obligation to place the cash collateral to the derivative transaction counterparty and for the period of the derivative transaction, where the amount of collateral was calculated from nominal and fair value of the financial derivative.

Receivables from related parties are disclosed in Note 24.

Trade receivables and other debtors are stated net of bad debt provision of CZK 62 million (31 December 2021: CZK 69 million).

31 December 2022		Overdue				
In CZK million	Due	Less than 90 days	91 and 180 days	181 and 365 days	More than 365 days	**Total**
Trade receivables and other debtors	2,702	197	15	16	39	**2,969**
Bad debt provision	(16)	-	(3)	(7)	(36)	**(62)**
Total	**2,686**	**197**	**12**	**9**	**3**	**2,907**

31 December 2021 **In CZK million**	Due	Overdue Less than 90 days	91 and 180 days	181 and 365 days	More than 365 days	**Total**
Trade receivables and other debtors	2,604	164	27	32	56	**2,883**
Bad debt provision	(8)	-	(2)	(11)	(48)	**(69)**
Total	**2,596**	**164**	**25**	**21**	**8**	**2,814**

Bad debt provisions **In CZK million**	
As of 1 January 2021	**103**
Additions	38
Write-offs	(8)
Paid receivables	(64)
As of 31 December 2021	**69**
Additions	33
Write-offs	(2)
Paid receivables	(38)
As of 31 December 2022	**62**

The Company's historical experience regarding the collection of accounts receivable is consistent with the recorded allowances. Because of these factors, the management believes that no additional credit risk beyond the amounts provided for is inherent in the Company's trade receivables.

Financial instruments that are subject to an enforceable master netting arrangement or similar agreement include particularly interconnection services. Financial instruments are as follows:

In CZK million	**31 December 2022**	**31 December 2021**
Gross amounts of trade receivables	2,008	2,113
Amounts that are set off against trade payables (Note 16)	(351)	(432)
Net amounts of trade receivables	**1,657**	**1,681**

14. ADVANCE PAYMENTS AND OTHER ASSETS

In CZK million	**31 December 2022**	
	Short-term	**Long-term**
Prepayments	140	463
Advance payments	438	12
Tax receivables for indirect taxes	181	-
Advance payments and other assets	**759**	**475**

In CZK million	**31 December 2021**	
	Short-term	**Long-term**
Prepayments	138	458
Advance payments	310	11
Tax receivables for indirect taxes	198	-
Advance payments and other assets	**646**	**469**

Prepayments comprise primarily prepaid expenses related to purchases of capacity upgrade from T-Mobile Czech Republic a.s. for O2 Czech Republic a.s. under the network sharing project of CZK 520 million (31 December 2021: CZK 502 million), and prepaid expenses from International transit of CZK 0 million (31 December 2021: CZK 1 million).

Advance payments comprise primarily the advances paid for the electricity. The year-on-year increase in advance payments occurred in connection with a significant increase of price for electricity.

15. CASH AND CASH EQUIVALENTS

In CZK million	**31 December 2022**	**31 December 2021**
Cash at bank accounts and other cash equivalents	5	7
Cash at bank accounts and other cash equivalents (intercompany)	357	624
Total cash and cash equivalents	**362**	**631**

The item Cash at bank accounts and other cash equivalents includes the balance of bank accounts of the Special Partnership Accounts of CZK 4 million (31 December 2021: CZK 4 million). These are partnerships with other business parties founded for a specific purpose, where the Company is in a leading role. The usage of bank accounts of the Special Partnership Accounts is limited by mutual agreement.

As of 31 December 2022 and 31 December 2021, the Company had no available undrawn uncommitted overdraft facility.

As of 31 December 2022 and 31 December 2021, no cash and cash equivalents were pledged.

16. TRADE AND OTHER PAYABLES

In CZK million	**31 December 2022**	
	Short-term	**Long-term**
Trade creditors	5,564	-
VAT, other taxes and social security liability	122	-
Deferred revenues	224	1,092
Employee wages and benefits	269	-
Other creditors	76	345
Trade and other payables	**6,255**	**1,437**

In CZK million	**31 December 2021**	
	Short-term	**Long-term**
Trade creditors	5,285	-
VAT, other taxes and social security liability	113	-
Deferred revenues	351	1,112
Employee wages and benefits	244	-
Other creditors	2	347
Financial derivatives	75	-
Trade and other payables	**6,070**	**1,459**

Payables to related parties are disclosed in Note 24.

As of 31 December 2022 and 31 December 2021, deferred revenues were made up primarily of deferred revenues from installation fees related to the entitlement to use the spare capacity of the optical fibre.

Financial instruments that are subject to an enforceable master netting arrangement or similar agreement include particularly interconnection services. Financial instruments are as follows:

In CZK million	**31 December 2022**	**31 December 2021**
Gross amounts of trade creditors	508	632
Amounts that are set off against trade receivables (Note 13)	(351)	(432)
Net amounts of trade creditors	**157**	**200**

17. FINANCIAL LIABILITIES AND FINANCIAL RISK MANAGEMENT

Financial liabilities

In CZK million	**31 December 2022**	**31 December 2021**
Received loan in local currency	4,822	4,819
Intra-group loan in foreign currency	15,071	15,538
Accrued Interest	44	24
Total financial liabilities	**19,937**	**20,381**
Repayable:		
Within one year	4,866	24
Between one and five years	15,071	20,357
Total financial liabilities	**19,937**	**20,381**

Intercompany loan agreement

On 7 December 2016 the Company entered into an intercompany loan agreement with CETIN Finance B.V. amounting CZK 24,680 million in form of three facilities: maturity 1 year (CZK 2,998 million) with nominal interest rate of 0.2759%, 5 years (EUR 624 million) with nominal interest rate of 1.4881% and 7 years (CZK 4,822 million) with nominal interest rate of 1.451%. The interest rate is fixed over the loan maturity. During 2017 the first facility totalling CZK 2,998 million was repaid, the second facility totalling EUR 624 million was repaid as of 3 December 2021. The third facility will be very likely refinanced on 6 December 2023. The company CETIN Group N.V., the sole shareholder of the Company, is ready, if necessary, to provide the Company with the necessary financial support to refinance the received loan amounting to CZK 4,822 million. In terms of the refinancing, the Company received from the parent company CETIN Group N.V. signed letter of support.

All conditions and obligations resulting from the intercompany loan agreements were met as of 31 December 2022.

Intra-group loan from the parent company

On 24 November 2021 the Company entered into an intra-group loan agreement with its parent company CETIN Group N.V. in an amount equal to EUR 625 million. The intra-group loan has a floating interest rate of EURIBOR plus 1.50% and is due on 24 August 2026. The intra-group loan was drawn on 3 December 2021. The main purpose of the intra-group loan was to refinance the intercompany loan repaid on 3 December 2021.

All conditions and obligations resulting from the intra-group loan agreements were met as of 31 December 2022.

Reconciliation of movements of liabilities to cash flows arising from financing activities:

In million CZK	**Lease liability**	**Received loan***	**Intra-group loan****
Balance as of 1 January 2022	**5,091**	**4,825**	**15,556**
Payments of lease liability/Repayment of received loan/Intra-group loan drawing	(645)	-	-
Interests paid	(172)	(70)	(265)
Total changes from financing cash flows	**(817)**	**(70)**	**(265)**
The effect of changes in foreign exchange rates	**(16)**	**-**	**(463)**
New leases	437	-	-
Other expenses	-	1	-
Interest expenses	172	70	283
Total liability-related other changes	**609**	**71**	**283**
Balance as of 31 December 2022	**4,867**	**4,826**	**15,111**

In million CZK	**Lease liability**	**Received loan***	**Intra-group loan****
Balance as of 1 January 2021	**5,042**	**21,212**	**-**
Impact of the merger with the subsidiary	26	-	-
Payments of lease liability/Repayment of received loan/Intra-group loan drawing	(639)	(15,860)	15,888
Interests paid	(142)	(304)	-
Total changes from financing cash flows	**(755)**	**(16,164)**	**15,888**
The effect of changes in foreign exchange rates	**(81)**	**(522)**	**(350)**
New leases	743	-	-
Other expenses	-	9	-
Interest expenses	142	290	18
Total liability-related other changes	**885**	**299**	**18**
Balance as of 31 December 2021	**5,091**	**4,825**	**15,556**

* Received loan from CETIN Finance B.V.
** Intra-group loan from CETIN Group N.V.

Financial risk management

The Company is exposed to a variety of financial risks, including the effects of changes in debt market prices, foreign currency exchange rates and interest rates as a result of ordinary business, debt taken on to finance its business and net investment in foreign operations. The Company's overall risk management focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Company. The Company uses either derivative financial instruments or non-derivative instruments (such as cash instruments) to hedge certain exposures.

The Company does not conduct any speculative trading activities.

Risk management is carried out by the treasury department according to the approved Treasury Policy that address specific areas, such as foreign exchange risk, interest rate risk, credit risk, liquidity risk, use of derivative financial instruments and investing excess liquidity.

(i) Foreign currency risk

The Company is exposed to foreign currency risk arising from various currency exposures, primarily with respect to positions at EURO and partially to positions at US dollar:

a) financial position items (such as debt, receivables, payables) denominated in foreign currency,
b) probable forecasted transactions (such as purchases or sales) denominated in foreign currency.

The Company's objective in managing its exposure to foreign currency fluctuations is to minimize reported earnings and cash flow volatility associated with foreign exchange rate changes.

The Company's exposure to currency risk as quantitative data.

In CZK million	**31 December 2022**		**31 December 2021**	
	EUR	**USD**	**EUR**	**USD**
Cash and cash equivalents	**49**	**12**	**7**	**3**
Trade receivables	268	45	236	62
Received loans	(15,071)	-	(15,538)	-
Trade payables	(1,106)	(177)	(1,353)	(121)
Net statement of financial position exposure	**(15,860)**	**(120)**	**(16,648)**	**(56)**
Next 12 months forecast sales	1,500	141	1,382	45
Next 12 months forecast purchases	(2,212)	(274)	(1,488)	(227)
Net forecast transaction exposure	**(712)**	**(133)**	**(106)**	**(182)**
Financial derivatives	-	-	2,859	-
Net exposure	**(16,572)**	**(253)**	**(13,895)**	**(238)**

CZK	Average rate for the year ended		Year-end spot rate	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
EUR 1	24.565	25.645	24.115	24.860
USD 1	23.360	21.682	22.616	21.951

The Company also has an exposure to GBP and CHF, but due to its insignificance it is not included in the net position neither used within GAP analysis for the stress position.

In 2016 – 2021, the Company applied hedge accounting using a cross-currency swap. In December 2021 hedge accounting ceased to be applied and the cross-currency swap was settled due to the received loan maturity.

The following nominal value of foreign exchange contracts was used by the Company to manage the currency risk:

In CZK million	Nominal value	
Trading derivatives	31 December 2022	31 December 2021
FX swap (Note 24)	-	2,924

In CZK million	Fair value	
Trading derivatives	31 December 2022	31 December 2021
FX swap (Note 24)	-	(74)

In 2021 the derivative transactions were collateralized by cash collateral placed – see Note 13.

Remaining maturity of financial derivatives – contracted amounts (nominal value):

31 December 2022 In CZK million	Within 1 year	1 – 5 years	More than 5 years	Total
FX swap	-	-	-	-

31 December 2021 In CZK million	Within 1 year	1 – 5 years	More than 5 years	Total
FX swap	2,924	-	-	2,924

The following table demonstrates the sensitivity to a reasonably possible change in foreign exchange rates.

In CZK million	Effect on profit before tax	
FX risk	Year ended 31 December 2022	Year ended 31 December 2021
12 forthcoming months “GAP” analysis impact to Profit and loss statement*	(843)	(707)
12 forthcoming months “GAP” analysis impact to Equity/OCI*	-	-

* 12 forthcoming months “GAP” analysis represent FX risk modelling 5% negative development of EUR/CZK and USD/CZK FX rate. The GAP analysis works with the difference between FX inflows and FX outflows = “GAP” within particular month. The sum of next 12-month exposure defines the total exposure against which are the changes in EUR/CZK rate applied. The change in FX rate is symmetrical.

(ii) Interest rate risk

Up to 3 December 2021 the Company’s income and operating cash flows were substantially independent of changes in market interest rates. The short-term and long-term debt as well as cash assets can be maintained on both floating and fixed interest rates. Up to 3 December 2021 all interest-bearing liabilities (EUR 624 million intercompany loan due 6 December 2021 and CZK 4,822 million intercompany loan due 6 December 2023) were on fix rate. Since 3 December 2021 the EUR 625 million intra-group loan due 24 August 2026 is on floating rate. CZK 4,822 million intercompany loan due 6 December 2023 remained on fix rate. Cash is being accumulated between dividend payments. Currently cash is invested using fixed rate. The year average cash amount is negligible when compared to liabilities – i.e., CZK 680 million – month end averages in 2022. The Company may sometimes use interest rate swaps, forward rate agreements and option-based products to manage a desired mix of fixed and variable interest rates.

The Company’s objective in managing its exposure to interest rate fluctuations is to minimize reported earnings and cash flow volatility associated with interest rate changes.

As of 31 December 2022, the Company has been exposed to interest rate risk arising from the intra-group loan of EUR 625 million on floating rate, which is due 24 August 2026.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates arising from cash investments.

In CZK million	Effect on profit before tax	
FX risk	Year ended 31 December 2022	Year ended 31 December 2021
Stress testing (all impact is to Profit and loss statement) *	(144)	(146)

* IR risk used stress scenario represents immediate one-off change of interest rates along the whole yield curve by 1% in an unfavourable direction. The calculation of unfavourable impact on Company cash flows (due to an increase in interest expense or drop in interest received relating to financial assets and financial liabilities) is made each month on a floating basis within a 12-month time frame.

(iii) Liquidity risk

The Company's essential objective of liquidity risk management is having access to the cash resources sufficient to meet all its cash payment obligations as they fall due, allowing some flexibility. The cash resources consist of generated cash position maintained in highly liquid instruments.

The Company is particularly focused on the liquidity profile within the time horizon of the next 12 - 18 months considering projected cash flow from operations and maturity structure of both debt obligations and financial investments.

The table below summarizes the maturity profile of the Company's financial and trade liabilities at 31 December 2022 based on contractual undiscounted payments. Values include projections of future interests.

As of 31 December 2022

In CZK million	Carrying amount	Less than 3 months	3 to 12 months	1 to 5 years	More than 5 years
Received loans (incl. future interest payments)	19,937	137	5,306	17,118	-
Lease liability (incl. future interest payments)	4,867	247	740	3,721	1,045
Trade and other payables (excluding Deferred revenue)	6,031	4,039	1,962	31	-
Total	**30,835**	**4,423**	**8,008**	**20,870**	**1,045**
Non-current other liabilities (excluding Deferred revenue)	345	-	-	345	-

As of 31 December 2021

In CZK million	Carrying amount	Less than 3 months	3 to 12 months	1 to 5 years	More than 5 years
Received loans (incl. future interest payments)	20,381	57	247	21,296	-
Lease liability (incl. future interest payments)	5,091	243	728	3,802	1,216
Financial derivatives	75	75	-	-	-
Trade and other payables (excluding Deferred revenue)	5,644	3,526	2,099	15	14
Total	**31,191**	**3,901**	**3,074**	**25,113**	**1 230**
Non-current other liabilities (excluding Deferred revenue and Derivatives)	347	-	-	347	-

In 2022 and 2021, the Company did not have any guarantees to third parties (except for the Cross Guarantee described in Note 24).

The Company does not record any potential risk associated with the Cross Guarantee; exposure is zero, more details can be found under Section (iv) Credit risk.

(iv) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial asset fails to meet its contractual obligations and arises principally from the Company's trade receivables. The majority of the Company's customers have been transacting with the Company (respectively with the Demerged company) over a long time period.

The Cross Guarantee is limited to the value of the net assets that passed to the Company during the Separation, assessed by expert valuation as CZK 46.9 billion. As of the date of the Separation (1 June 2015), the total monetary debts of O2 Czech Republic a.s. amounted to CZK 12.6 billion, of which CZK 3.2 billion were long-term liabilities, including long-term loans in the amount of CZK 3.0 billion. CZK 9.4 billion were short-term liabilities, including short-term loans in the amount of CZK 4.0 billion. As of 30 September 2016, both loans have been repaid. The Company is not exposed to any significant risk due to the application of the guarantee, in the case of O2 Czech Republic a.s. it is a profitable company. According to the announcement of O2 Czech Republic a.s., at the end 2022, the number of debts secured by Company's guarantee amounts to approximately CZK 2.8 million.

The Company trades only with recognised, creditworthy third parties. Receivable balances are monitored on an ongoing basis resulting in an insignificant Company's exposure to bad debts. The maximum exposure is the carrying amount as disclosed in Note 13. There is no significant concentration of credit risk within the Company in respect to unrelated parties. The Company also has significant trade with companies from the PPF Group (see Note 24), mainly with O2 Czech Republic a.s. which is a profitable company and trading with it does not represents any significant credit risk for the Company.

The exposition of the Company to any potential worsening of credit market, resulting from macroeconomic uncertainties associated with energy prices, inflation, and the geopolitical situation (the war in Ukraine and the development in China), is limited, since the Company as a wholesale provider has business relations with the largest and financially sound partners. E.g., the Group´s biggest partner O2 Czech Republic a.s. is part of PPF Group and T-Mobile Czech Republic a.s. as part of the group Deutsche Telecom AG which has been assigned investment grade rating. In 2022 the age structure of the receivables has not deteriorated. No significant receivables write-offs have been accounted for and the Company has not identified any new significant risk when compared to those of 2021.

With respect to credit risk arising from the financial assets of the Company, which comprise cash and cash equivalents and certain derivative instruments, the Company's exposure arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

Credit Risk is managed by:

- monitoring of accounts receivables: regular monitoring of payment moral of existing customers and monitoring and analysing of the receivable aging structure (internal and external indicators of any potential bad debts),
- collection process: Collection from active customers is in the competence of the Accounting unit; subsequent collection is the responsibility of the Treasury unit, Legal unit and Accounting unit.

All the banking services to the Company are provided by PPF banka who is a part of PPF Group. When and if the Company is ever exposed to external banking counterparty credit risk the credit approach will follow the best industry practice established with the close cooperation with PPF Group.

Offset of financial assets and financial liabilities

	Relevant amount offset/not offset in the statement of financial position as of 31 December 2022					
In million CZK	Amount of an asset/liability presented in the statement of financial position	Amount of an asset/liability offset in the statement of financial position	Net amount presented in the statement of financial position	Financial instrument	Received/ provided cash collateral	**Total**
Assets						
Trade receivables	2,008	(351)	1,657	-	-	**1,657**
Total assets	**2,008**	**(351)**	**1,657**	**-**	**-**	**1,657**
Liabilities						
Trade payables	508	(351)	157	-	-	**157**
Total liabilities	**508**	**(351)**	**157**	**-**	**-**	**157**

Relevant amount offset/not offset in the statement of financial position as of 31 December 2021

In million CZK	Amount of an asset/liability presented in the statement of financial position	Amount of an asset/liability offset in the statement of financial position	Net amount presented in the statement of financial position	Financial instrument	Received/ provided cash collateral	**Total**
Assets						
Positive values of financial derivatives	1	-	1	-	-	**1**
Trade receivables	2,113	(432)	1,681	-	-	**1,681**
Total assets	**2,114**	**(432)**	**1,682**			**1,682**
Liabilities						
Negative values of financial derivatives	75	-	75	-	(88)	**(13)**
Trade payables	632	(432)	200	-	-	**200**
Total liabilities	**707**	**(432)**	**275**		**(88)**	**187**

(v) Fair values estimation

The Company uses the following hierarchy to determine and disclose the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs that have a significant effect on the recorded fair value and that are not based on observable market data.

As of 31 December 2021, the Company held only foreign currency swap and forward contracts classified as Level 2 financial instruments measured at fair value.

During the reporting period ending 31 December 2022, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

The following table shows estimated and fair values of fin. assets and fin. liabilities which are not stated in fair value in the statement of financial position:

In CZK million			**31 December 2022**			
Financial liabilities	**Level 1**	**Level 2**	**Level 3**	**Fair value**	**Carrying amount**	**Difference**
Interest bearing loans and borrowings (inc. accruals)	-	4,578	-	4,578	4,826	(248)

In CZK million			**31 December 2021**			
Financial liabilities	**Level 1**	**Level 2**	**Level 3**	**Fair value**	**Carrying amount**	**Difference**
Interest bearing loans and borrowings (inc. accruals)	-	4,598	-	4,598	4,825	(227)

The fair value of borrowings as of 31 December 2022 and 31 December 2021 has been determined by market value of bonds which are traded on the public market.

Financial assets and liabilities, mainly represented by cash and cash equivalents, receivables and other assets, trade and other payables and intra-group loan, are not listed in the table, as their fair value equals the carrying amount.

Financial instruments in fair value

In CZK million	**Fair value 31 December 2022**			**Fair value 31 December 2021**		
	Level 1	**Level 2**	**Level 3**	**Level 1**	**Level 2**	**Level 3**
Positive fair values of financial derivative instruments	-	-	-	-	1	-
Negative fair values of financial derivative instruments	-	-	-	-	75	-

In 2021 the fair value of financial derivative instruments was calculated by discounting the expected future cash flows at prevailing interest rates as of 31 December 2021.

18. DEFERRED INCOME TAXES

Short-term and long-term deferred taxes were calculated at a tax rate 19% (valid for Czech Republic) as of 31 December 2022 and 31 December 2021.

In CZK million	**31 December 2022**	**31 December 2021**
Opening balance	5,910	6,087
Profit or loss tax charge	(159)	(155)
Valuation gain/(losses) – cash flow hedge	-	(22)
Closing balance	**5,751**	**5,910**

The following amounts, determined after offsetting, are shown in the statement of financial position:

In CZK million	**31 December 2022**	**31 December 2021**
Deferred tax liabilities	5,751	5,910
Total	**5,751**	**5,910**

The deferred tax liability includes CZK 248 million (31 December 2021: CZK 183 million) to be realized in less than 12 months and CZK 5,503 million (31 December 2021: CZK 5,727 million) to be realized in more than 12 months.

The deferred tax is determined by these components:

In CZK million	**Statement of financial position**	
	31 December 2022	**31 December 2021**
Temporary differences relating to:		
Property, plant and equipment	5,773	5,922
Intangible assets	121	124
Trade receivables, inventories, provisions and other differences	(102)	(105)
Leasing	(41)	(31)
Total	**5,751**	**5,910**

In CZK million	**Statement of total comprehensive income**	
	Year ended 31 December 2022	**Year ended 31 December 2021**
Temporary differences relating to:		
Property, plant and equipment	(150)	(196)
Intangible assets	(2)	3
Trade receivables, inventories, provisions and other differences	3	41
Leasing	(10)	(3)
Total	**(159)**	**(155)**

19. PROVISIONS

In CZK million	Asset retirement obligation	Other provisions	Total
As of 1 January 2021	**381**	**111**	**492**
Additions during the year	7	11	18
Utilised during the year	(4)	(40)	(44)
Released during the year	-	-	-
Change of estimate	(164)	-	(164)
As of 31 December 2021	**220**	**82**	**302**
Additions during the year	4	7	11
Utilised during the year	-	(31)	(31)
Released during the year	-	-	-
Change of estimate	(84)	-	(84)
As of 31 December 2022	**140**	**58**	**198**

In CZK million	Asset retirement obligation	Other provisions	Total
As of 31 December 2022			
Short-term provisions	4	58	62
Long-term provisions	136	-	136
	140	**58**	**198**
As of 31 December 2021			
Short-term provisions	6	82	88
Long-term provisions	214	-	214
	220	**82**	**302**

The Company recognised provision for estimated cost of dismantling and removing assets and restoring sites of CZK 140 million (31 December 2021: CZK 220 million). Scenarios of future costs based on management estimation, market prices, and historical costs were discounted to present value. Discount rates are paired to the expected dates of future dismantling and removing of assets. In accordance with the plan of the liquidation of the sites within the network sharing project, the increase of provision was of CZK 4 million (31 December 2021: CZK 0 million). Due to no change of rented premises, the Company did not further refine the provision for dismantling, removing tangible assets and restoring them in technological buildings (31 December 2021: CZK 7 million), neither utilised provision (31 December 2021: CZK 4 million).

Due to an update of discount rate the provision decreased by CZK 84 million (31 December 2021: increased by CZK 164 million).

Other provisions include above all the provision for redundancy cost of CZK 51 million (31 December 2021: CZK 71 million). Other provisions for which the expected timing of payments is not certain are expected to be utilised within the next 12 months from the balance sheet date.

20. CONTINGENT LIABILITIES

In October 2016 the European Commission announced the commencement of the formal phase of an investigation in respect of cooperation among O2 Czech Republic a.s., the Company and T-Mobile Czech Republic a.s. regarding the mobile network sharing.

The European Commission within the proceedings examined whether this cooperation restricts competition in the Czech Republic and harms the innovations in contrary to EU antitrust rules. The Company fully cooperated with EC during the investigation.

The European Commission on 11 July 2022 issued the decision closing the investigation of mobile network sharing without declaration of violation of the legislation. These commitments address the modernisation of mobile network, pricing of so-called unilateral network deployments, not extend the geographical scope of the existing network sharing, and adjustments of agreements to limit information exchange to the absolutely necessary for the operation of the shared network. The monitoring the compliance with the commitments is provided by independent entity, so called monitoring trustee. As of 31 December 2022, the Company fulfils all abovementioned commitments.

In a relation with the bonds issued in 2016 by the subsidiary CETIN Finance B.V., the Company provided a guarantee that, in case of non-fulfilment of the obligations of CETIN Finance B.V. arising from the bonds issue, the Company as a guarantor will be obliged to fulfil these obligations. Cash, which the subsidiary CETIN Finance B.V. received from the bond issue, was fully provided to the Company in a form of intercompany loan (see Note 17).

21. LEASE LIABILITY AND COMMITMENTS

Lease liability under IFRS 16 is measured at the present value of the remaining discounted lease payments arising from leases previously classified as operating leases under IAS 17. More information is described in Note 3g – Leases.

Amounts recognised in profit or loss:

In CZK million	**Year ended 31 December 2022**	**Year ended 31 December 2021**
Interest on lease liability	172	142
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	2	2

Amounts recognised in statement of cash flows:

In CZK million	**Year ended 31 December 2022**	**Year ended 31 December 2021**
Total cash outflow for leases under IFRS 16	(817)	(781)

The lease liability arising from leases under IFRS 16 between related parties is disclosed in Note 24.

Operating leases:

As of 31 December 2022

In CZK million	Less than 1 year	1 to 5 years	More than 5 years
Operating leases - lessor	121	244	15

As of 31 December 2021

In CZK million	Less than 1 year	1 to 5 years	More than 5 years
Operating leases - lessor	115	219	39

Capital expenditure contracted but not yet recognised in the financial statements as of 31 December 2022 amounted to CZK 884 million (31 December 2021: CZK 721 million). Most of the contracted amounts relates to telecommunication networks and service contracts.

22. REGULATED SERVICES

The Company performs communication activities as defined in the Act on Electronic Communications based on a notification and a certificate from the Czech Telecommunications Office (CTO) no. 3987/1 as amended by later changes n. 3987/6.

The communication activities include (within the territory of the Czech Republic):

1. Public fixed communications network,
2. Provision of public and non-public communication services
   a) Interpersonal communication service
   b) Call transit
   c) Leased lines
   d) Television and radio signal distribution
   e) Data service
   f) Internet access service

The activities of the Company are subject to statutory regulation and supervision by the Czech national regulatory authority, the CTO. The CTO is an independent regulatory body that regulates electronic communications and postal services in the Czech Republic. The relevant regulatory framework is set forth mainly in the Act No. 127/2005 Coll. on Electronic Communications and other changes in some related legislation, together with secondary legislation and decisions of the CTO. As a member state of the European Union, the Czech Republic is subject to EU telecommunications regulation and the Electronic Communications Act thus implements the EU regulatory framework into the Czech legal system.

For certain revenues streams there is price regulation in the form of the maximum allowed price imposed by CTO. These streams are:

- provision of co-location services

There is also further set maximal price gap between related services - e.g., xDSL.

23. EQUITY

	31 December 2022	31 December 2021
Nominal value per ordinary registered share (CZK)	10	10
Number of shares	310,220,067	310,220,067
Ordinary share capital (in CZK million)	3,102	3,102

Shareholders of the Company were as follows:

	31 December 2022	31 December 2021
CETIN Group N.V.	100.00%	100.00%

Capital management

The Company's objectives when managing its capital are:

a) to safeguard the Company's ability to continue as a going concern so that it can provide value for its shareholders, and

b) to comply with all relevant legal requirements.

The investment strategy of the Company in respect of managing its capital is to focus its investment activities on areas with the highest added value. That is on areas where the Company is currently strong and can utilise its scale and on areas with high growth potential. These areas are mainly improvement and development of fixed and mobile broadband infrastructure for wholesale customers of the Company. These are namely increasing the availability of high-speed fixed internet via installing fibre access (FTTH), via significant remote DSLAMs rollout and the construction of a new generation 5G mobile network along with the extensive modernization of the radio access network (RAN). In the mobile network will also continue the further deployment of LTE network for mobile broadband. Additional investments into technology upgrades, as well as internal systems development and efficiency projects are also among the objectives of capital management.

In the following periods, the Board of Directors will continue to make in-depth analysis and assessment of the current and forecasted results of the Company, including any potential investments and their impact on cash flow generation and will optimize the capital structure to serve the purpose of achieving these plans.

There are no other specific objectives. The Company realizes certain investments and transactions to comply with all relevant legal requirements and its contractual obligations.

The Company is not subject to any externally imposed capital requirements.

Retained earnings

The General Meeting, held on 3 March 2022, approved the statutory financial statements for year ended 31 December 2021 and approved the distribution of dividends of CZK 1,850 million from profit for the year ended 31 December 2021. The payment was proceeded in three instalments. The first instalment in the amount of CZK 963 million was paid on 31 March 2022, the second instalment in the amount of CZK 450 million was paid on 30 September 2022 and the third instalment in the amount of CZK 437 million was paid on 15 December 2022.

As of 31 December 2022, the Retained earnings amounted to CZK 3,604 million (31 December 2021: CZK 2,582 million).

Gains and Losses from revaluation arising from Cash Flow Hedges

In CZK million	**2022**	**2021**
The fair value of the effective part of cash flow hedges as of t 1 January	-	111
Deferred tax asset/(liability) arising from revaluation gains and losses at 1 January	-	(21)
Total balance as of 1 January	**-**	**90**
Net profit/(loss) from the change in the fair value of a hedge instruments for the period		
Cross-currency swap	-	(461)
Accumulated net profit/(loss) arising from cash flow hedges for the period recognised through profit or loss		
Cross-currency swap	-	350
Tax effect of cash flow hedges for the period	-	21
The fair value of the effective part of cash flow hedges at 31 December	-	-
Deferred tax asset/(liability) arising from revaluation gains and losses at 31 December	-	-
Total balance as of 31 December	**-**	**-**

In December 2021, hedge accounting ceased to be applied and the cross-currency swap was settled due to the received loan maturity.

Other funds

As of 31 December 2022, other funds of CZK 14,615 million (31 December 2021: CZK 14,615 million) represent other capital funds created from the contributions provided by shareholders.

24. RELATED PARTY TRANSACTIONS

The company CETIN Group N.V. is part of PPF Group. As of the end of accounting year 2022 the controlling persons of the Company with a share that allowed its indirect control are Mrs. Renáta Kellnerová and the descendants of Mr. Petr Kellner. For the sake of

completeness, it is stated that for the part of year 2022 Mrs. Renáta Kellnerová as an administrator of estate of Mr. Petr Kellner had been under applicable legislation registered by the Company as its ultimate beneficial owner.
PPF Group invests into multiple market segments such as banking and financial services, telecommunications, real estate, retail, insurance, metal mining, agriculture, and biotechnology. PPF Group's reach spans from Europe to Russia, the USA and across Asia.

Sales and purchase transactions with related parties are based on contractual agreements negotiated on normal commercial terms and conditions and at market prices. Outstanding balances of assets and liabilities are unsecured, interest-free (excl. financial assets and liabilities used for financing) and the settlement occurs either in cash or by offsetting. The financial asset balances are tested for the impairment at the balance sheet date, and no allowance was recognised.

The following transactions were carried out with related parties:

a) Transactions with related parties

	Assets/Liabilities as of	
In CZK million	**31 December 2022**	**31 December 2021**
Receivables from provided services		
Companies in PPF Group	1,174	979
of which: O2 Czech Republic a.s.	1,000	855
Positive fair value of derivatives		
Companies in PPF Group (Note 17)	-	1
Payables from purchased services		
Companies in PPF Group	(478)	(444)
of which: O2 Czech Republic a.s.	(154)	(202)
Negative fair value of derivatives		
Companies in PPF Group (Note 17)	-	(75)
Nominal value of derivatives		
Companies in PPF Group (Note 17)	-	(2,924)

In CZK million	Assets/Liabilities as of 31 December 2022	31 December 2021
Cash equivalents		
Companies in PPF Group	357	625
Right of use		
Companies in PPF Group	31	26
Received loans		
Subsidiaries (Note 17)	(4,826)	(4,825)
Shareholders (Note 17)	(15,111)	(15,556)
Lease liability		
Companies in PPF Group	(32)	(27)

In CZK million	Volume of mutual transactions Year ended 31 December 2022	Year ended 31 December 2021
Sale of services (revenues and other income)		
Companies in PPF Group	10,719	10,132
of which: O2 Czech Republic a.s.	10,064	9,460
Purchase of services		
Companies in PPF Group	(642)	(710)
of which: O2 Czech Republic a.s.	(113)	(128)
Interests from received loans		
Subsidiaries	(70)	(290)
Shareholders	(283)	(19)
Net gain/loss on fair value of derivatives		
Companies in PPF Group	(55)	(74)

As of 31 December 2022, the Company has a long-term liability due in less than 5 years arising from the intra-group loan received from the parent company CETIN Group N.V., the Company drew the intra-group loan in 2021. In 2022 the interests arising from the intra-group loan were paid to the parent company CETIN Group N.V.

Receivables and payables relating to the sale and purchase of goods and services are included in trade receivables and payables described in Note 13 and 16.

In connection with bonds issued the Company granted a guarantee to its subsidiary CETIN Finance B.V. (see Note 20).

For the year ended 31 December 2022, capital expenditures from related parties amounted to CZK 15 million (31 December 2021: CZK 0 million).

For the year ended 31 December 2022, the Company made a donation to Nadace PPF of CZK 50 million (31 December 2021: CZK 40 million).

In connection with Separation new business relations with O2 Czech Republic a.s. were established as of 1 January 2015 by virtue of the purchase of fixed and mobile telecommunications services and other services. These services are provided based on wholesale agreements and represent significant revenues for the Company.

Amongst the most important wholesale agreements are the following:

a) mobile network services agreement

The subject of agreement is the provision of a service of coverage by mobile CDMA, 2G, 3G, 5G and LTE signal in the Czech Republic. The agreement also contains arrangements about development, operation and maintenance of the network, transfer capacity of the network, new services, extension of new services and collocation. The agreement valid from 2 June 2015 has been concluded for a period of 30 years. The Company was obliged to provide the services for a period of 7 years for an annual fixed payment of CZK 4.4 billion. During 2021 the Company signed an amendment to the agreement valid from 1 January 2022 to 31 December 2051, thereby extending the period of providing the mobile network service to 30 years. For the next ten years the Company will receive a base fee of CZK 5.2 billion for the services increased annually for expected and additional special incremental projects and increases of network capacity. Received payments for services may be adjusted depending on the development of inflation and the development of energy prices. 2 years before the end of this initial period the Company will start to negotiate new terms for the next period.

b) agreement on the access to the public fixed communications network (so-called MMO)

The subject of the MMO agreement is access to the public fixed communications network of CETIN, provision of the wholesale service of interconnection at the end point, and the wholesale service of access to publicly available services of electronic communications and related additional services. The agreement is concluded for an indefinite period, where the Company receives monthly charges (number of access points multiplied by unit price. The Company expects continuation of performance according to the contract.

c) agreement on access to end points (so-called RADO) and others.

The Company enables O2 Czech Republic a.s. access to end points, which include provision of transfer capacity between the end point of the electronic communications network and the transfer point located in a collocation within the area of a single region. The agreement is concluded for an indefinite period. The Company will receive one-off fee for establishment, speed change, relay or relocation of the end point and regular monthly fees for provided sections based on transfer speed. The contract is concluded for an indefinite period.

One of the legal consequences of the Separation was the creation of the Cross Guarantee, whereby the Company guarantees the monetary and non-monetary debts of O2 Czech Republic a.s. that remain O2 Czech Republic a.s. The Cross Guarantee is a secondary liability for the Guarantor, covering the monetary and non-monetary debts existing at the date of the Separation (1 June 2015).

The Cross Guarantee is limited to the value of the net assets that passed to the Company during the Separation, assessed by expert valuation as CZK 46.9 billion. As of the date of the Separation (1 June 2015), the total monetary debts of O2 Czech Republic a.s. amounted to CZK 12.6 billion, of which CZK 3.2 billion were long-term liabilities, including long-term loans in the amount of CZK 3.0 billion. CZK 9.4 billion were short-term liabilities, including short-term loans in the amount of CZK 4.0 billion. As of 30 September 2016, both loans have been repaid. The Cross Guarantee is not limited in time and may be exercised at any time until all the debts thus secured have ceased to exist. According to the announcement of O2 Czech Republic a.s., at the end of 2022, the number of debts secured by Company’s guarantee amounts to approximately CZK 2.8 million.

b) Remuneration and loans provided to member of board of directors, supervisory board, and key management

	Year ended 31 December 2022	**Year ended 31 December 2021**
Remuneration in CZK million		
Board of directors	75	33
Supervisory board	-	-
Key management	49	46
Total	**124**	**79**
Number of members		
Board of directors	4	4
Supervisory board	3	3
Key management	12	11
Total	**19**	**18**

No loans were provided to members of the Board of Directors and Supervisory Board in 2022 and 2021.

During the year ended 31 December 2022, the Board of Directors received an outstanding reward.

25. SUBSIDIARIES

As of 31 December 2022

Subsidiaries		Company's interest	Cost of investment in CZK million	Country of incorporation	Activity
1.	CETIN Finance B.V.	100%	56	Netherlands	Financial services
2.	CETIN služby s.r.o.	100%	*0	Czech Republic	Other services
Total			**56**		

*200 ths. CZK

As of 31 December 2021

Subsidiaries		Company's interest	Cost of investment in CZK million	Country of incorporation	Activity
1.	CETIN Finance B.V.	100%	56	Netherlands	Financial services
2.	CETIN služby s.r.o.	100%	*0	Czech Republic	Other services
Total			**56**		

*200 ths. CZK

26. MATERIAL SUBSEQUENT EVENTS

No subsequent events have occurred after the balance sheet date with the material impact to the financial statements for the year ended 31 December 2022.